



Wealth Plan
Your Estate Plan

Prepared for:
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Anytown, Ontario
May 19, 2010

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A note about information used to prepare your estate plan:

In preparing this plan, we have not reviewed any of your documents and have relied on the accuracy and completeness of the information that you have provided to us. If there are material inaccuracies or omissions in the information provided, this may affect our analysis and recommendations. Minor discrepancies should not affect our conclusions.

The planning strategies contained here are based on your current circumstances and testamentary intentions. In providing you with this plan, our intent is to recommend planning strategies for you to consider. It is not our intent to take the place of your legal advisors, who should assist you in analyzing and implementing these strategies.

WHY IS ESTATE PLANNING SO IMPORTANT?

No one can predict the future with absolute certainty. But with a solid estate plan, you can gain peace of mind knowing that arrangements are in place for your family and estate for the future.

The estate planning process involves several key components, including:

- understanding your current circumstances and intentions, your projected tax liability on death, what assets will be available on your death and how they are owned
- establishing plans for the distribution of your assets that reflect your final wishes, take into account the needs and circumstances of your beneficiaries, and ultimately minimize taxes payable by your beneficiaries
- preparing a will or reviewing an existing will to ensure that it reflects your wishes
- making appropriate beneficiary designations for your retirement plans, life insurance policies and TFSAs
- ensuring that documents are in place so that property, financial, and health care decisions will be looked after on your behalf in the event you are not able to do so yourself.

About your estate plan

It's never too early or too late to start thinking about estate planning.

In this document, you will find estate planning strategies to help you plan for your family and your legacy, based on what you have told us about your current circumstances and intended objectives. Throughout your estate plan, you will see recommended action items as well as additional options and considerations for you to take into account.

- ☞ This symbol indicates our recommended action items for your estate plan.

Once you have carefully reviewed each section with your advisor Laura Smith, you should consider all of the recommendations in this document with your legal advisors, to ensure that your wishes are properly carried out.

A word about probate

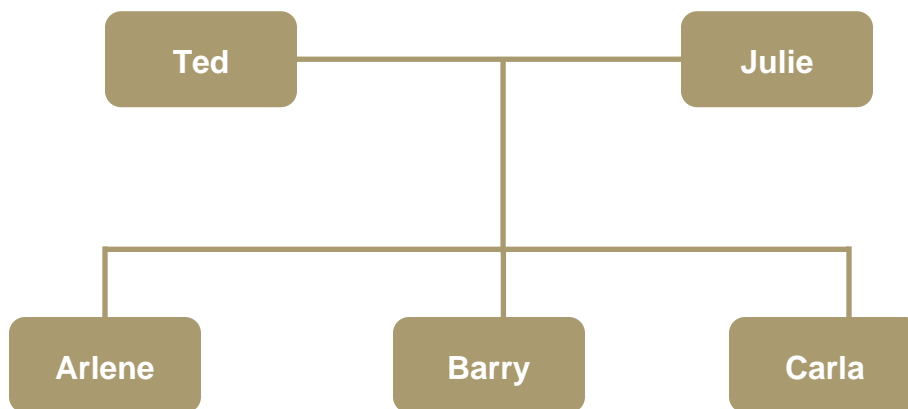
When a will is submitted for probate (a court process for confirming the executor's authority), a one-time fee is imposed based on the value of the estate. While certain strategies may reduce probate fees, and it is one of many considerations, this should generally not be the overriding factor in your planning. If you are considering any strategy to reduce probate fees that is not mentioned in this plan, we recommend that you weigh the potential probate savings and administrative benefits against other potential lost opportunities and concerns.

YOUR CURRENT SITUATION

Based on what you have told us, here are the details of your personal situation and specific wishes that form the starting points of our analysis and recommendations.

Your family

Family is at the heart of all estate planning. This diagram and the details below reflect your family:



- Ted is currently 50 years old and Julie is currently 45 years old.
- You have three children, Arlene, who is 20, Barry, who is 16 and Carla, who is 14. All three of your children live with you.
- You have advised us that you are all residents of Canada for income tax purposes. You have also advised us that none of you are US citizens or US Green Card holders.

Your wishes

We understand that you intend to distribute your assets on death as follows:

- You wish to have all your assets pass to each other when the first of you dies, with the exception of Julie's jewellery, which she wishes to leave to your daughters on her death.
- Once both of you have died, your assets are to be divided equally among your children.

Your assets, liabilities and life insurance

In Appendix 1, we have detailed your current assets, liabilities and life insurance.

Your tax liability on death

In Appendix 2, we estimate the tax liability in the event both of you were to die today, as well as the net amount to be left to your beneficiaries.

STRUCTURING THE DISTRIBUTION OF YOUR ASSETS

Detailed recommendations

The key focus of your estate planning is determining how to structure the distribution of your assets on death in a way that achieves your final wishes and minimizes taxes. In this section, we provide you with our recommendations and proposals.

TESTAMENTARY TRUSTS

The most significant estate planning strategy in your situation would be the use of testamentary trusts, due to the many valuable benefits they can provide for your beneficiaries. A testamentary trust is a trust that is created on death for the benefit of one or more beneficiaries.

Tax savings using an Ontario trust

A testamentary trust is taxed at the same graduated rates that apply to individuals. Income earned on assets held in a testamentary trust can be taxed in the trust, instead of being added to the income of beneficiaries and taxed to them personally. This allows more income to be taxed at lower rates, resulting in tax savings. After-tax funds can then be paid to beneficiaries on a tax-free basis.

As illustrated in the chart below, tax savings could be achieved *each and every year* following the establishment of the testamentary trust. Further savings could be realized if the trust income is split between the trust and its beneficiaries.

Who earns the income?	Beneficiary's Income Tax Bracket		
	<u>High</u> > \$127,021	<u>Upper-Middle</u> \$81,942 - \$127,021	<u>Lower-Middle</u> \$40,970 - \$81,941
If beneficiary earns \$25,000 of additional income, the tax liability is:	\$11,600	\$10,850	\$7,950
If testamentary trust earns \$25,000 of income, the tax liability is:	\$5,250	\$5,250	\$5,250
Annual tax savings	\$6,350	\$5,600	\$2,700

Our recommendations

We recommend that you incorporate the following trusts in your planning:

- a spousal trust for Ted's benefit in Julie's will
- a separate insurance trust for the life insurance on Ted's life
- a separate testamentary trust for each of your children once both of you have died

SPOUSAL TRUST

- We recommend that Julie provide for Ted through a spousal trust in her will, instead of making a direct gift to him.

A spousal trust is a special form of testamentary trust that provides specifically for a surviving spouse. In order for a trust to qualify as a spousal trust for tax purposes, it must meet certain criteria, including the requirement that the spouse must be entitled to all the income of the trust during his or her lifetime and that no one other than the spouse can receive or otherwise obtain the use of the trust income or capital while the spouse is alive.

Benefits of the spousal trust

The key benefit of using a spousal trust for Ted is the ongoing annual tax savings that the trust would provide for Ted. A spousal trust can also help to protect Ted's inheritance from claims by possible creditors or others.

Planning the spousal trust

When planning the spousal trust for Ted you will need to consider a number of important matters, including:

- the specific objectives of the spousal trust
- the possible need for a spousal agreement or a waiver of spousal rights (since a spousal trust may not be sufficient to satisfy legal obligations to a surviving spouse under Ontario family law)
- the selection of trustees
- the investments within the trust.

When Ted dies, any remaining assets in the spousal trust would be distributed under Julie's will. Accordingly, to reflect your current intentions, Julie should provide in her will for these assets to be divided equally among your children. See our comments below regarding the use of testamentary trusts for your children.

Note that on Ted's death, the spousal trust will be considered to have sold all of its assets for their value at that time and income tax would be payable by the spousal trust if there are any accrued and unrealized gains on the assets.

We are not recommending that Ted use a spousal trust for Julie, as we generally recommend a spousal trust if there will be separately-owned non-registered investment assets of at least \$300,000 on death.

- Accordingly, we recommend that Ted use an outright gift in his will to provide for Julie.

SEPARATE INSURANCE TRUST

Separate insurance trust for life insurance payable to Julie

The Sunlife life insurance policy on Ted's life would pay insurance proceeds of \$1,000,000 directly to Julie.

- We recommend that Ted make use of a testamentary trust by having the proceeds of the policy on his life held in a separate "insurance trust" for Julie (and, if desired, other family members), rather than having the proceeds paid directly to her.

Benefits of the insurance trust

The key benefit of Ted using an insurance trust is the ongoing annual tax savings that the trust would provide for Julie, while still keeping the proceeds outside of the estate so that probate fees would not be payable.

An insurance trust can also help to protect insurance proceeds from claims by possible creditors or others and, if established outside of Ted's will, can provide enhanced privacy to the arrangement, if this is important to you.

Planning the insurance trust

In planning the insurance trust, Ted should consider including children, grandchildren or others as additional potential beneficiaries of the insurance trust and should give the trustees of the trusts complete discretion regarding payments of income and capital to or for the benefit of Julie (and any other beneficiaries of the trust). This could provide added flexibility and additional income splitting opportunities.

To create the insurance trust, Ted would make an insurance beneficiary designation directing the insurance proceeds to be paid to one or more "insurance trustees" that Ted would appoint. On Ted's death, these trustees would hold the proceeds for the benefit of the insurance trust beneficiaries in accordance with specific trust terms set out in Ted's will or in a separate document.

If the insurance beneficiary designation is not made through the insurance company, you should provide clear notice of the designation to your insurer.

Ted will also need to consider the following:

- the objectives of the insurance trust, including intentions with respect to the use of income and capital
- the selection of trustees
- the distribution of assets remaining in the trust on Julie's death
- the investments within the trust.

TESTAMENTARY TRUSTS FOR YOUR CHILDREN

- ➔ We recommend that you provide in your wills for your children's shares of your estate to be held in a separate testamentary trust for each child once both of you have died.

Benefits of separate trusts for your children

The use of a testamentary trust enables you to make funds available for the benefit of your children, such as support, education and advancement in life, while also preserving their inheritance for the future.

Your children could also realize other valuable benefits from their trusts as their circumstances evolve. For example, a testamentary trust could significantly reduce the taxes for your children each year their trust is in place. A testamentary trust can also help to protect each child's inheritance from possible family property claims or claims by creditors or others.

Planning the trusts for your children

To maximize the tax savings and other benefits of each child's testamentary trust, you should give the trustees of the trusts complete discretion regarding payments of income and capital to or for the benefit of your child (and any other beneficiaries of the trust). This would enable the trustees to make the most appropriate decisions, taking into account factors such as the needs and circumstances of your child (or other beneficiary) from time to time.

There should also be no set termination date for the trusts. Allowing the trusts to continue with no fixed end date provides the opportunity for your child (and other beneficiaries) to continue to benefit from the trust over the longer term. This can be more advantageous to them than a final distribution of trust assets at a set date or age. Providing the trustees with broad discretionary powers as described above could still enable the trust assets to be distributed instead of being held long term if that was determined to be beneficial.

You will need to consider and decide on the beneficiaries of each child's trust. For greater flexibility, you may wish to include each child's future children (and, if desired, other family members) as possible beneficiaries of the trust. Naming alternate beneficiaries may also help to prevent a successful court application to terminate the trust by a beneficiary hoping to gain access to the assets of the trust, if this is a concern with any of your children.

When planning the trusts for children, you will both also need to consider:

- the selection of trustees
- the distribution of trust assets if your child dies
- the investments within the trust.

RETIREMENT PLANS

We understand that your retirement plans are currently designated to each other in the plan documents and that this reflects your current intentions.

- ⇒ We agree with this designation, as it will allow the retirement plan proceeds to flow tax-free to your surviving spouse.

In addition to naming a primary beneficiary of your retirement plans, you should also make an alternate beneficiary designation in the event your spouse is not alive.

- ⇒ We recommend that each of you designate your estate as the alternate beneficiary of your retirement plans once both of you have died.

Your executors could then pay the applicable income taxes from the proceeds, leaving the balance remaining to available for other planning strategies such as the use of testamentary trusts for your children, as discussed earlier.

While probate fees would be payable on the value of your retirement plans, in most cases, the annual income tax savings and other benefits provided to your children by having these funds held in testamentary trusts will outweigh the one-time cost of probate fees.

LIFE INSURANCE

In addition to our comments above with respect to the use of a separate insurance trust for the Sunlife life insurance policy on Ted's life, you should consider the following with respect to your other life insurance policies:

Life insurance on Julie's life

Julie has indicated that she has designated the proceeds of the Sunlife insurance policy on her life of \$200,000 to her estate.

- We agree with this designation, as it will allow the insurance proceeds to form part of the spousal trust we have recommended that Julie establish for Ted, increasing the potential tax-savings and other benefits of the spousal trust for Ted.

Your jointly-owned last-to-die life insurance payable to your estate

You have indicated that you have designated your estate as the beneficiary of your life insurance on your joint lives totaling \$300,000.

- We agree with this designation, as it will increase the funds available for the testamentary trusts that we recommend you establish for each of your children in your wills, increasing the potential tax-savings and other benefits of the trusts for your children as well.

TAX-FREE SAVINGS ACCOUNTS

We understand that you wish to leave your Tax-Free Savings Accounts (TFSA's) to each other.

- We recommend that you designate each other as the sole beneficiary of your TFSA's in the investment contract rather than by will.

This should allow your TFSA's to continue to be tax exempt following your death and would also result in the TFSA transfer occurring outside of your estate, avoiding probate fees and possible estate creditors.

You should also address how your TFSA's should be dealt with once both of you have died. At that time, the TFSA's will cease to be tax-exempt.

- We recommend that you have your TFSA's form part of the estate once both of you have died, to allow the proceeds to be added to the testamentary trusts we have recommended for your children.

While this would mean that the TFSA's would be subject to probate fees and available to possible estate creditors, such concerns would generally be outweighed by the annual income tax savings and other benefits provided by testamentary trusts.

REAL ESTATE

Your home

Since you own your home jointly, it will pass automatically to the surviving spouse when the first of you dies. If the surviving spouse still owns your home on his or her death, it will be dealt

with according to the terms of his or her will (and will only be subject to probate fees at that time).

You should include in your wills any specific wishes you may have regarding the transfer of your home once both of you have died. If you do not set out your wishes in your wills, your executors will decide on the matter.

- If desired, you could provide in your wills for your home to be held in trust once both of you have died, to enable your children to continue to live in it.

If your home is to be held in trust, you should leave a sufficient sum of money to be held as part of the trust to pay for the upkeep and maintenance of the home (including costs such as utilities, insurance and property taxes). You should also consider giving the trustees of the trust the following:

- the discretion to sell the home and use the proceeds to purchase a replacement home
- the authority to sell the home when it is no longer required or once your children reach a certain age
- specific directions regarding the distribution of sale proceeds and any funds remaining in the trust when the trust has served its purpose.

Julie's cottage

- We recommend that you consider changing the ownership of the vacation property so that you would be joint owners, unless there is a specific reason that Julie is the sole owner.

If you become joint owners, the vacation property would then pass automatically, by right of survivorship, to the surviving spouse when the first of you dies, rather than passing through the estate. This would ease the administration of the estate and eliminate probate fees with respect to the vacation property that would otherwise have been payable if Julie died first.

If Julie continues to be the sole owner of the vacation property until her death, the vacation property would form part of her estate and, unless otherwise set out in her will, be held in the spousal trust we are recommending Julie establish for Ted.

- Julie should consult with your tax and legal advisors about the tax and other implications of having the vacation property held in a spousal trust for Ted or whether she should leave the vacation property outright to Ted in her will.
- Since you have indicated that your vacation property is to go your children once both of you have died, you should determine the most effective transfer option for you and your family and set out your intentions in your wills.

Depending on your wishes and family circumstances, here are some of the transfer options at death you might consider:

- leaving the property outright to your children
- having the property held in a testamentary trust (created by will) for the benefit of your children
- having the estate sell the property, giving one or more of your children a right of first refusal to buy it.

The option you choose can be designed to take into account tax considerations, as well as the unique personal issues and other issues that could arise when dealing with a vacation property.

As part of your planning, you should involve your family members in developing a plan for your vacation property. Such discussions may help to identify who is interested in the property, as well as potential issues that may need to be addressed in your planning.

The use of life insurance may also be considered as part of your planning with respect to your vacation property. For example, life insurance could provide funds:

- to enable a child or children to purchase the property from the estate
- to pay income taxes with respect to the property on your death
- for an equalization payment to a child or children.

SIGNIFICANT ITEMS AND PERSONAL EFFECTS

The distribution of significant items, as well as personal, household or sentimental items, is an important part of estate planning for many people.

- ☞ We recommend that you give your executors guidance or directions regarding how such items are to be distributed, to help ensure your wishes are carried out and also minimize potential conflict among your beneficiaries.

Some options include:

- setting out gifts of specific items in your wills, such as Julie's intended gift of her jewellery to your daughters
- preparing a legally binding memorandum of intended gifts that is attached to and specifically referred to in your wills
- preparing a separate informal memorandum of your wishes

- including a specific mechanism in your wills for the division and distribution of items.

You should consult with your legal advisors to determine the most appropriate options for your situation and also consider addressing the following:

- possible conflict of interest concerns that could arise if, for example, an executor is also an intended beneficiary
- the intended timing of the distribution of items, for example, whether items are to be distributed when the first of you dies or only after both of you have died
- whether your estate or each beneficiary should pay the costs to ship items to the beneficiary.

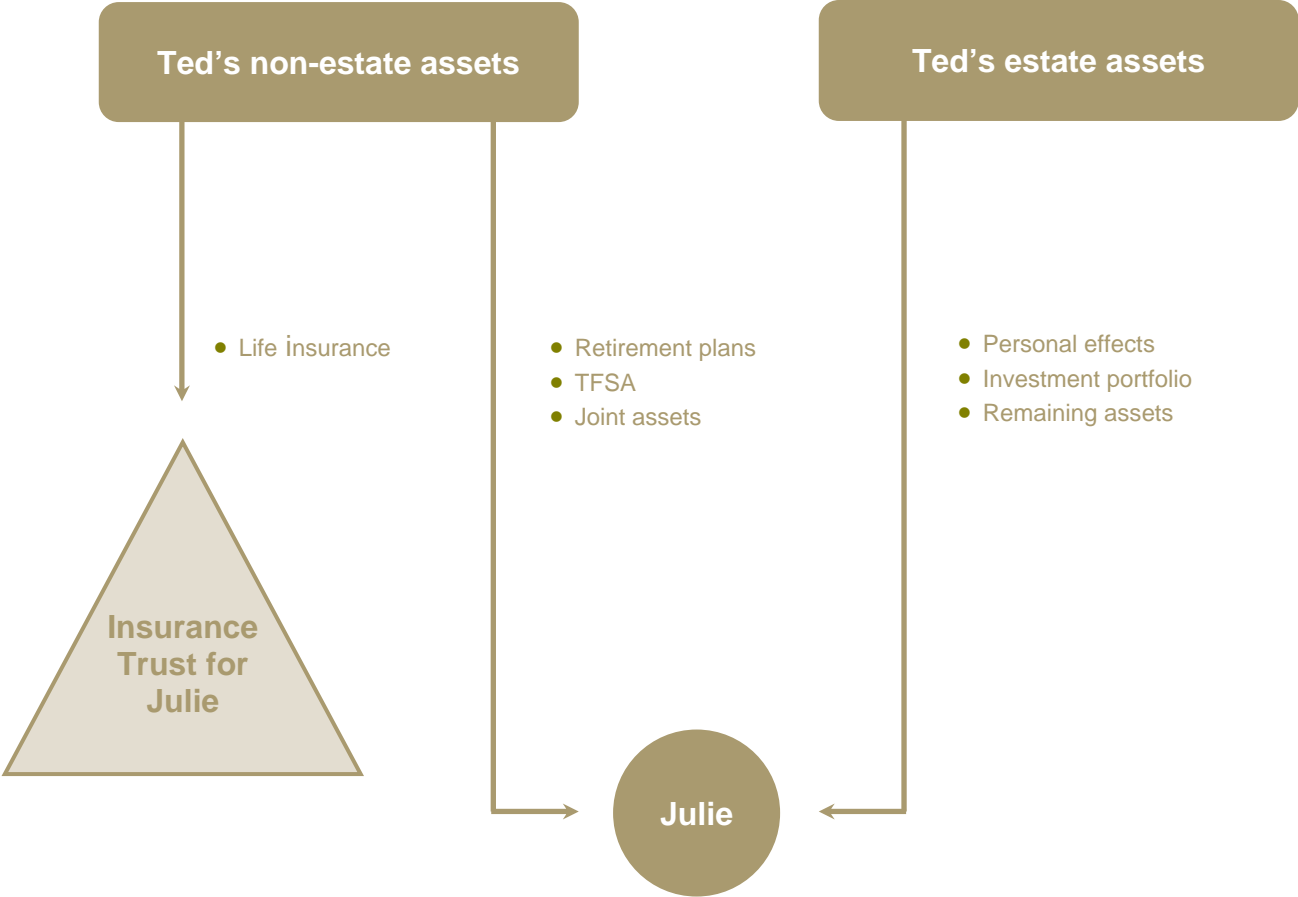
WORST CASE SCENARIO

- We recommend that you include in your wills a provision setting out how the residue of your estate is to be distributed if, at any time, there are assets in the estate but no spouse, child or grandchild of yours is alive at the time.

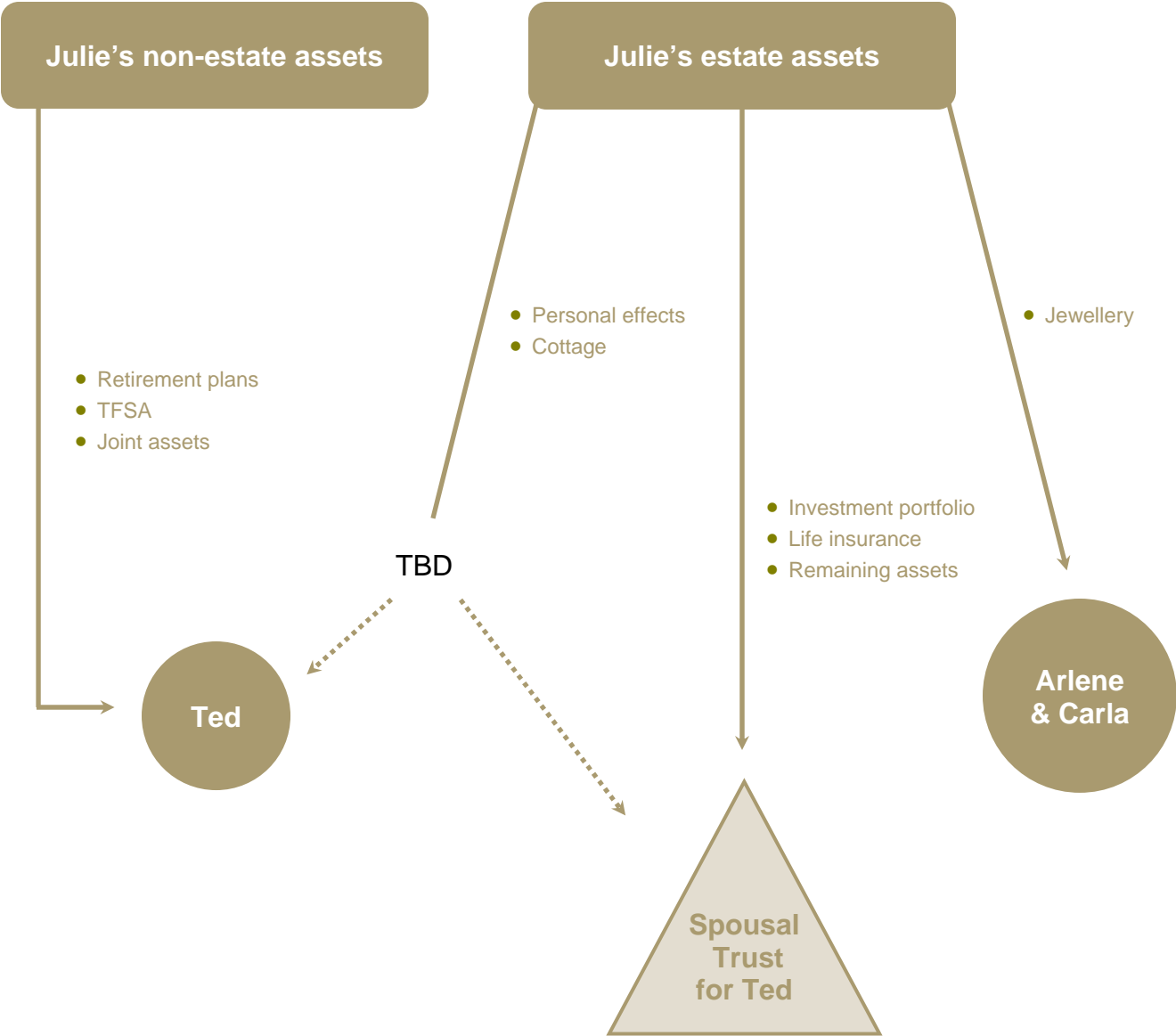
ILLUSTRATION OF PROPOSED DISTRIBUTION STRUCTURE

Our recommendations for structuring the distribution of your assets on death are illustrated on the next three pages.

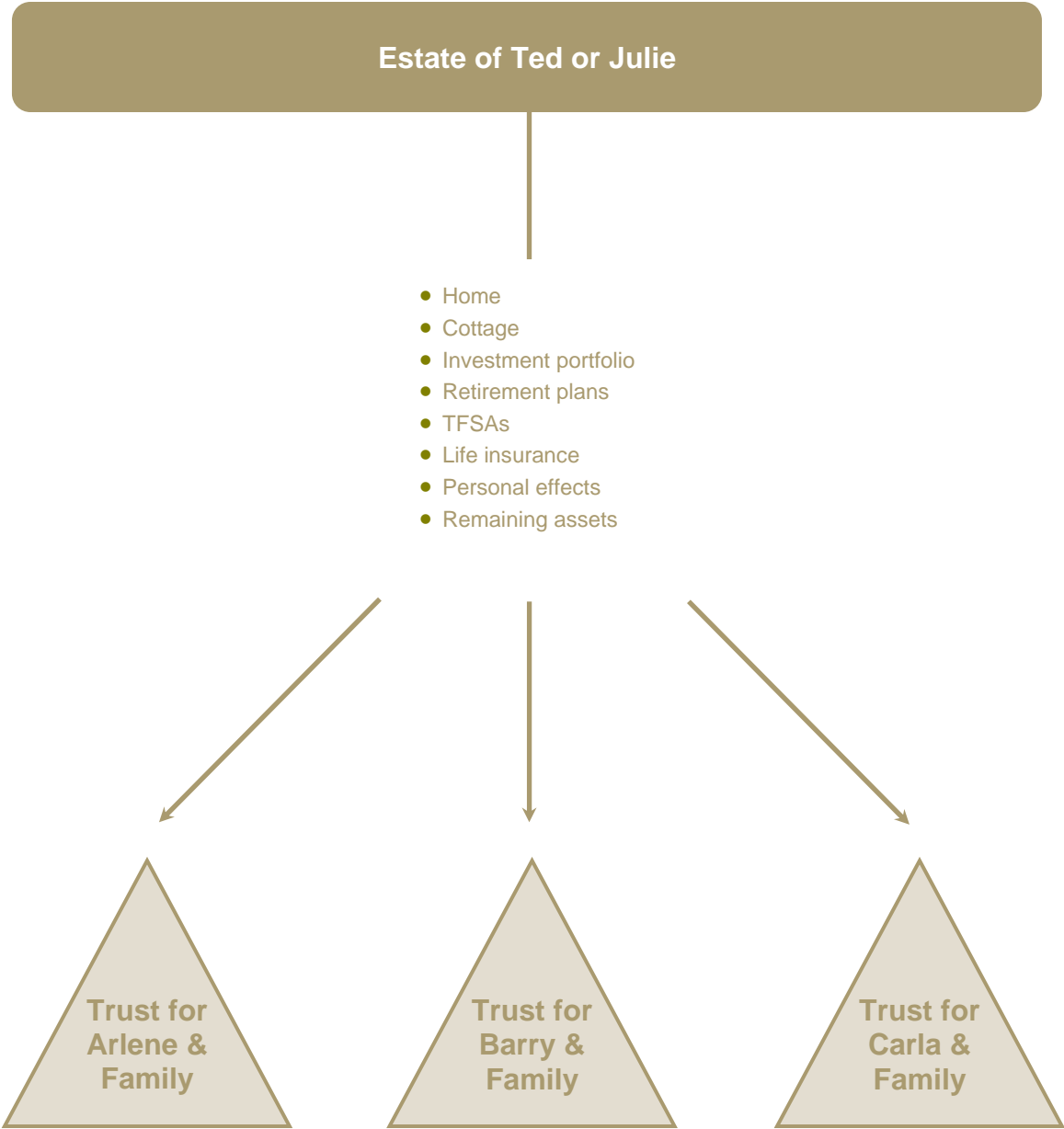
Proposed Distribution Structure: If Ted dies first



Proposed Distribution Structure: If Julie dies first



Proposed Distribution Structure: On the second death



WILL PLANNING CONSIDERATIONS

In this section, we provide you with additional recommendations for your will planning.

EXECUTORS

The appointment of executors under your wills is an important part of your planning, since your executors have the responsibility of ensuring that your estate is administered properly.

You have indicated that you wish to appoint each other as your primary executor and Ted's brother Jeff as your alternate executor.

If Jeff is close in age to you, the likelihood that he will be available and able to act when needed is lessened somewhat.

- You should both consider naming at least one alternate executor who is significantly younger than you.

TRUSTEES FOR TESTAMENTARY TRUSTS

Since we have recommended that you establish testamentary trusts in your wills, you will need to decide on the appointment of trustees.

The trustees of a testamentary trust are responsible for the management and investment of the trust assets, decision-making regarding payments of income and capital to the beneficiaries, and for administrative matters, such as filing the annual tax returns for the trust.

Unless otherwise specified in the will, your executors (or alternate executors) would also be the trustees. You should decide whether this is the most suitable choice in your circumstances.

POWERS OF EXECUTORS AND TRUSTEES

The powers of executors and trustees generally come from the common law and provincial legislation governing trusts and trustees, as well as from the will.

- For more certainty and greater flexibility, your wills should include very broad powers and authorities for your executors and trustees.

This will ensure that they can most effectively and efficiently deal with your estate, your beneficiaries and any trusts you create.

Since the appropriate investment of trust assets is vital to the achievement of the objectives of a trust, you should give your executors and trustees clear direction with respect to their investment powers, including the specific authority to:

- invest in discretionary investment vehicles, such as mutual funds, pooled funds and segregated funds
- delegate investment decisions to a discretionary money manager or investment manager, including authorizing any such manager to sub-delegate its investment management authority.

You should also authorize your executors and trustees to make any tax elections that may be appropriate.

GUARDIANS FOR MINOR CHILDREN

You have indicated that you wish to appoint Julie's sister Adrianna and her husband Steve as guardians for your minor children. Although guardians must still be approved by the courts, whose primary concern is the best interests of children, your wishes and preferences would be persuasive.

As concerns could arise if a couple is separated or divorced at the time they are needed to act as guardians, you should appoint an alternate guardian to act in this event. Alternatively, you could appoint just one person, rather than a couple.

If desired, you could include parameters or guidelines in your wills regarding the guardian's access to funds from your child's trust.

SUCCESSOR SUBSCRIBER FOR RESP

- We recommend that you appoint a successor subscriber in your wills for the RESPs for your children, if permitted under the RESP contract.

The person named would then become the subscriber and would take on responsibility for the RESP.

As a successor subscriber can withdraw capital contributions from the RESP, leaving only the accumulated income for the beneficiary and, if applicable, the Canada Education Savings Grant, it would be important to name a successor subscriber who would act in the interests of your children.

If no successor subscriber is named, your estate can continue to be the subscriber. However, if any other person contributes to the RESP, he or she would become the subscriber.

PROTECTING YOUR BENEFICIARIES' INHERITANCES

- We recommend that you include a clause in your wills that makes it clear you intend to benefit only the beneficiaries you have named and not their spouses or common-law partners (unless also named as a beneficiary).

This may help protect your beneficiaries' inheritances from a possible marital or family property claim. This clause should apply:

- for the purposes of the laws of any jurisdiction that may apply to a beneficiary
- to all property you are leaving to a beneficiary, any income and capital gains from that property, and any property that can be traced from the gifted property
- to beneficiaries who are in a common-law relationship, not just to those who are married.

You should be aware that the success of such a clause will also depend on other factors, such as:

- what your beneficiaries do with their inheritances (e.g. keeping the inheritance in a separate account in their own names can help to provide greater protection)
- the laws in the jurisdiction in which your beneficiaries reside.

INCAPACITY PLANNING

Planning for incapacity is another important part of your planning, to ensure that appropriate arrangements and documents are in place so that your property and financial affairs, as well as health care decisions, will be handled on your behalf in the event you become incapable of looking after these matters yourself.

There are generally two types of documents used to plan for possible future incapacity:

- A power of attorney for property covers your personal property, real estate and financial matters.
- A power of attorney for personal care covers your personal and medical decisions.

POWERS OF ATTORNEY FOR PROPERTY

We understand that neither of you have a power of attorney for property. If you lose mental capacity without having prepared these documents, a court application would be needed to have someone appointed to look after your property and financial affairs.

- ☛ We recommend that each of you have a power of attorney for property prepared as soon as possible to give one or more “attorneys” the authority to deal with your personal and real property and financial matters on your behalf if you become unable to do so yourself.

In this context, the term “attorney” does not refer to a lawyer – it simply means a person acting as your agent.

Continuing documents

You should ensure that your powers of attorney for property are *continuing* – that is, it should expressly state that it is to continue to be effective after you become mentally incompetent. Otherwise, the document will cease to be effective when it is needed the most.

You should be aware that as a result of changes made in 1996 to the Ontario legislation governing powers of attorney (the *Substitute Decisions Act*), there is a concern that a person who has made a *general* continuing power of attorney for property might inadvertently cancel that document by later signing a continuing power of attorney for a specific property or purpose (such as for banking purposes). This is because under the legislation, one of the events that terminates a continuing power of attorney for property is the execution of a new continuing power of attorney, unless the document specifically states that there will be multiple continuing powers of attorney for property. If there is no such statement, you may be left with a power of attorney for property that is much narrower in scope than you would have intended. You should consider this in the future if you sign a power of attorney dealing with specific matters such as banking.

Appointing attorneys

You have indicated that you wish to appoint each other as your primary attorney and Ted's brother Jeff as your alternate attorney.

- If Jeff is close in age to you, you should consider appointing at least one alternate attorney who is younger than you, in the event that he is not able to act on your behalf when needed or for as long as may be needed.
- You should also specify what evidence would be required to verify that the triggering event for your alternate attorney to act has occurred. For example, the death or resignation of an attorney could be evidenced by a death certificate or signed resignation, while incapacity might be evidenced by a medical certificate signed by one or two physicians.

Powers for your attorneys

To be most effective, you should give your attorneys broad powers to act on your behalf, including:

- clear directions with respect to your attorney's investment powers, which should include the express authority to delegate investment decisions through mutual or pooled funds, discretionary money managers or investment counsel and to allow the sub-delegation of investment management authority
- the authority to initiate and implement appropriate planning strategies for you, such as tax planning and asset protection planning.

Your specific intentions

To provide greater certainty and guidance for your attorneys, you should each specifically set out in your powers of attorney any specific wishes or intentions you may have, such as whether or not your attorney may do any of the following:

- transfer any of your assets to your attorney or others and/or to joint ownership with your attorney or others
- make gifts to individuals and/or charities on your behalf
- take payment for acting as attorney aside from reimbursement for expenses the attorney paid on your behalf.

POWERS OF ATTORNEY FOR PERSONAL CARE

We understand that neither of you have a power of attorney for personal care. If you lose mental capacity without having prepared these documents, a court application would be needed to have someone appointed to make personal care decisions for you.

- We recommend that each of you have a power of attorney for personal care prepared to appoint one or more “attorneys” to make personal and health care decisions on your behalf in the event you are not able to make or communicate such decisions yourself.

Appointing attorneys

You have indicated that you wish to appoint each other as your primary attorney. Ted also wishes to appoint his brother Jeff as his alternate attorney for personal care, while Julie wishes to appoint her sister Adrianna as her alternate.

- If your alternate attorneys are close in age to you, you should consider appointing at least one alternate attorney who is younger than you, in the event that the person is not able to act on your behalf when needed, or for as long as may be needed.
- You should also specify what evidence would be required to verify that the triggering event for your alternate attorney to act has occurred.

Your specific wishes

If you wish, you can also include in your powers of attorney for personal care any special wishes or instructions you may have regarding your future care, to provide guidance for your attorneys with respect to your intentions.

ACTION PLAN

Summary of recommendations

Below is a summary of our recommendations for the different components of your estate planning, which you and Laura Smith should review with your legal advisors in light of your circumstances and objectives.

WILLS

Ted

- ⇒ leave an outright gift of the residue in his will to provide for Julie

Julie

- ⇒ create a spousal trust in her will to provide for Ted

Both Ted & Julie

- ⇒ create separate testamentary trusts for each of your children once both of you have died
- ⇒ include a provision for your home to be held in trust to enable your children to continue to live in it, if this is in accordance with your wishes and intentions
- ⇒ include specific provisions regarding Julie's cottage to reflect your intentions
- ⇒ provide guidance to your executors regarding the distribution of significant items and personal effects
- ⇒ appoint an alternate executor who is younger than you
- ⇒ include broad powers for your executors and trustees
- ⇒ appoint an alternate guardian for your minor children
- ⇒ appoint a successor subscriber for your RESPs
- ⇒ include a clause to protect your beneficiaries' inheritance

RETIREMENT PLANS

Both Ted & Julie

- continue to designate each other as the primary beneficiary of your retirement plans in the plan documents
- designate your estate as the alternate beneficiary of your retirement plans once both of you have died.

LIFE INSURANCE

Ted

- have the proceeds of the life insurance policy on his life held in a separate insurance trust for Julie

Julie

- maintain the designation of her estate as beneficiary for the life insurance policy on her life

Both Ted & Julie

- maintain the current designation of your estate as beneficiary for your joint last-to-die life insurance policy

TAX-FREE SAVINGS ACCOUNTS

Both Ted & Julie

- designate each other as the sole beneficiary of your respective TFSAs in the investment contract
- designate your estate as beneficiary of your TFSAs once both of you have died

REAL ESTATE

Julie

- consider changing the ownership of the cottage to joint ownership with Ted
- obtain tax and legal advice about whether the cottage should be held in the spousal trust for Ted or left outright to him in her will, if she will continue to be the sole owner of the cottage

- decide on how you wish to deal with the cottage once both of you have died

POWERS OF ATTORNEY FOR PROPERTY AND FOR PERSONAL CARE

Both Ted & Julie

- prepare powers of attorney for property and for personal care as soon as possible

PERIODIC REVIEW

Both Ted & Julie

- review your wills, powers of attorney, and beneficiary designations for your life insurance, retirement plans and TFSAs regularly, to ensure that they properly reflect your intentions as your circumstances change.

APPENDIX 1: YOUR ASSETS, LIABILITIES AND LIFE INSURANCE

The following chart summarizes your current assets, liabilities and life insurance based on the information provided to us in your estate plan questionnaire dated May 1, 2010 and subsequent discussions with your Assante financial advisor, Laura Smith.

	Ted	Julie	Joint	Total
Non-Registered Assets				
BNS GICs			103,500	103,500
Evolution Portfolio		323,000		323,000
Evolution Portfolio	125,000			125,000
Total Non-Registered Assets	125,000	323,000	103,500	551,500
Registered Assets				
Evolution RRSP	225,000			225,000
BNS RESP	30,000			30,000
BNS TFSA	6,000			6,000
Evolution RRSP		80,000		80,000
Sunlife LIRA		25,000		25,000
BNS TFSA		6,000		6,000
Total Registered Assets	261,000	111,000		372,000
Lifestyle Assets				
Cottage		215,000		215,000
Home			350,000	350,000
Total Lifestyle Assets		215,000	350,000	565,000
Life Insurance				
Sunlife (10-Year Term)	1,000,000			1,000,000
Sunlife (UL - Joint Last to Die)			300,000	300,000
Sunlife (Permanent)		200,000		200,000
Total Life Insurance	1,000,000	200,000	300,000	1,500,000
Total Assets	1,386,000	849,000	753,500	2,958,500
Liabilities				
BNS Mortgage			(85,000)	(85,000)
Total Liabilities			(85,000)	(85,000)
TOTAL	1,386,000	849,000	668,500	2,903,500

APPENDIX 2: YOUR TAX LIABILITY ON DEATH

Determining the size of your estate after all taxes have been paid is a necessary step in properly planning for your beneficiaries once both of you have died.

On your death, the full value of your retirement plans will be taxable unless you leave them to your surviving spouse. Your non-registered assets, such as investments and real estate, will also generally be considered to have been sold for their value immediately before death, unless the assets are transferred to your surviving spouse or to a qualifying spousal trust. If the value is greater than the cost of those assets, one-half of the gain will be taxable.

In the following chart, we identify your assets with untaxed gains for income tax purposes and estimate the potential tax liability in the event both of you were to die today. Life insurance can be a very cost effective tool to help preserve the value of your estate. You may want to discuss this approach with your advisor, Laura Smith.

Source	Calculation of Estimate ¹	Estimated Income Taxes Payable
De-registration of your retirement assets	\$330,000 x 46.41%	\$153,153
Deemed disposition of your non-registered assets	(\$551,500 - \$463,500) x 23.20%	\$20,416
Deemed disposition of your lifestyle assets (excluding your principal residence)	(\$350,000 - \$225,000) x 23.20%	\$29,000
Estimate of Income Taxes Payable		\$202,569

As indicated, the estimated income tax liability if you were both to die today would be approximately \$203,000. The payment of this liability would leave approximately \$2,700,000 for your beneficiaries.

¹ This calculation uses fair market value in the case of income inclusions and fair market value less adjusted cost base in the case of capital items, multiplied by the highest marginal tax rate for that type of income in your province.

APPENDIX 3: ADDITIONAL RESOURCES

Additional information on the estate planning strategies in this plan can be found in the following resources:

- Reference Guide on Spousal Trusts
- Reference Guide on Testamentary Trusts
- Reference Guide on Dealing With Your Vacation Property