

Keep It, Protect It, Pass It On - Making Money Work For You and Your Heirs!

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**KEEP IT
PROTECT IT
PASS IT ON**

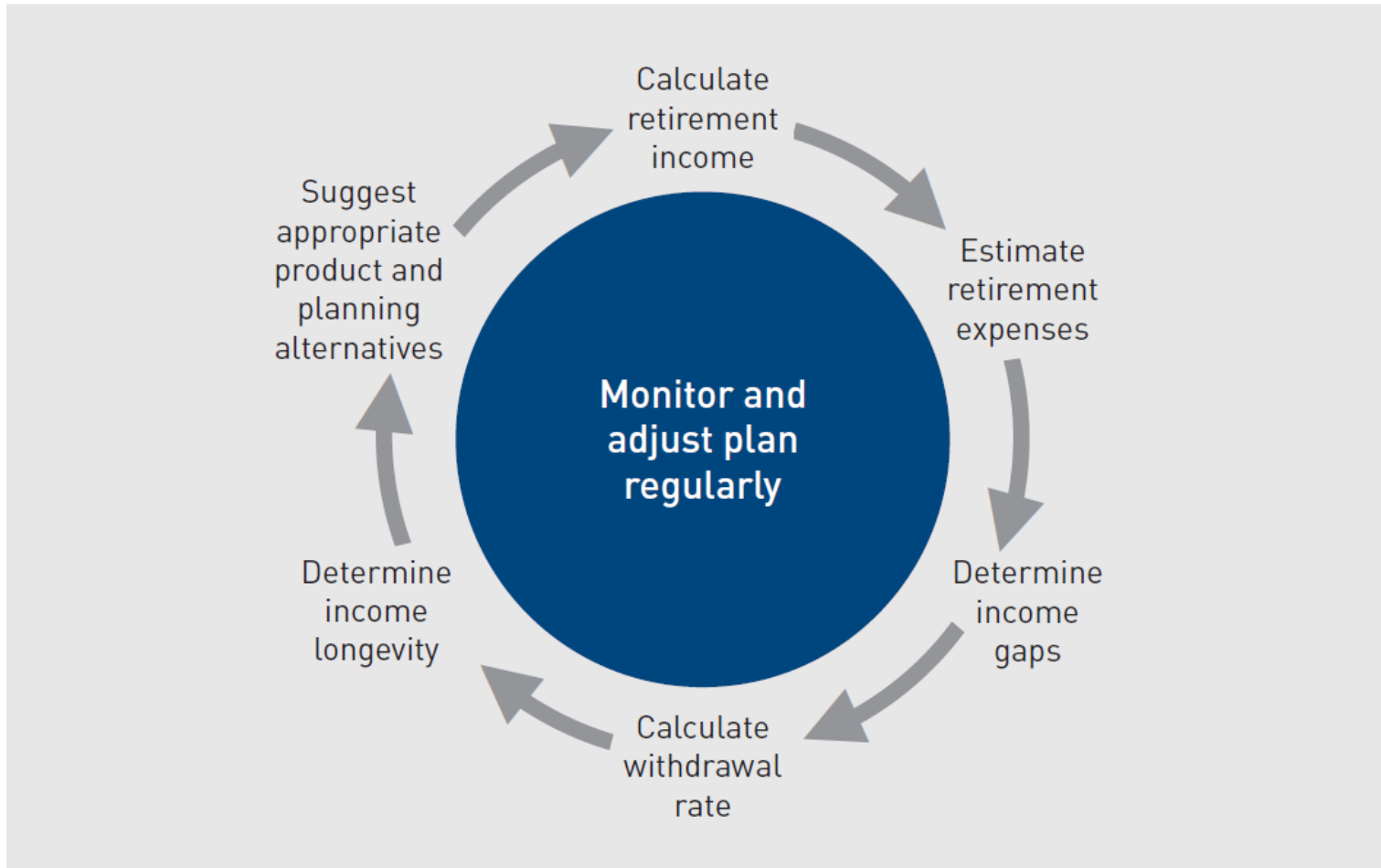
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Will I Have Enough?


- Vision of Retirement
- Snap Shot of the current financial situation
- Risk, Investments and Inflation
- Retirement Income Planning

Retirement Income Planning





Protect it.....

- Against Inflation
 - Against Health Issues
 - Against Taxation
 - Against Abuse
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Passing it On

- Estate Planning
- Discuss Legacy
- Using Insurance
- The Grand Kids



ENDURING POWER OF ATTORNEY



What is a Power of Attorney?

- A document where an adult (donor) authorizes another person whom they trust (attorney) to act on his/her behalf with respect to financial affairs while the donor is alive
- Allows Albertans to allow another trusted person to make financial decisions on their behalf
- Financial & property decisions only

Terms Used in the Powers of Attorney Act

- **Donor** – the person who writes a power of attorney (“donates” his/her authority)
- **Attorney(s)** – the person or people named in the Power of Attorney or Enduring Power of Attorney (EPA) to make financial and property decisions
- **Contingency** – a specific event (e.g., loss of capacity, admission to long-term care) upon which the EPA comes into effect.
 - The contingency is typically the donor’s mental incapacity with respect to financial & property decisions

Types of PA in Alberta

- 1. Standard** – takes effect as soon as it is signed and stops on a specific date or if the donor becomes incapable
- 2. Immediate and Enduring** – takes effect as soon as it is signed and specifies the attorney’s authority continues even if donor becomes mentally incapacitated
- 3. Springing** - is written to “spring into effect” when the donor becomes mentally incapacitated or when some other specified event or date occurs

What Can Be Included in an EPA?

- Any instructions or specific terms the attorney must abide by
 - **Tip**: does the EPA state the attorney can deal with real property? If so, ensure the witness to the EPA has completed an “Affidavit of Execution”
- Any other attorneys named in EPA & how decisions are to be made (e.g., jointly, separately) or “primary” and “alternate” attorneys.
- If the attorney can be paid for role
- Who can determine “contingency”

Attorney Authority/Duties

- Subject to terms of EPA, an attorney has the authority to do anything on behalf of the donor
- May exercise authority for the maintenance, education, benefit and advancement of the donor's spouse, AIP, and dependent children
- Obligated to exercise authority to protect the donor's interests (estate) for any period of time the donor is incapable

Considerations - Attorneys

- While EPA is in effect, an attorney cannot refuse to act. Must apply to Court for “leave to renounce” attorney appointment.
 - Attorney has a duty to act until other arrangements have been made to protect the donor’s estate (other attorney takes over; trusteeship order in place)
- May apply to Court for advice or direction respecting management/administration of donor’s property.

Concerns About Attorneys

- Concerned party can apply to Court to have attorney submit accounts
- Concerned party can make a trusteeship application to replace the attorney
- OPGT has no authority to investigate attorneys but if there is no one else to intervene ... may consider trusteeship application to replace attorney
 - Need evidence!
 - Unpaid facility fees, unpaid medication bills, etc.

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“It’s death and taxes here to see you – death wants to come in first.”

Last Will and Testament

**One of the most important documents
that the majority of people
do not have...**

- Ensure valid and reflects current situation
- Flexibility in planning
- Consultation amongst client, legal, tax, and investment or insurance advisors

Options to Mitigate Probate

- Joint ownership or Beneficiary designations
- Creating a Spousal Trust prior to death
- Multiple Wills
- Alter-ego or Joint Spousal Trusts

Tax on Death

General Rule

- Deemed disposal of all assets at FMV immediately before death

Planning

- Graduated Rate Estate
- Spousal Rollover → ability to transfer at ACB or at FMV
- Capital Gain Deduction
- Intergenerational Rollover
 - Qualifying farm / fishing property to child
 - Qualifying farm / fishing property to parent

Tax on Death: Shares of Companies

#1

Tax on Terminal Return

#2

Tax on eventual winding up

US Estate Tax

- Applies to US situs assets
 - FMV > \$60,000
- Rate dependent on worldwide assets
 - Worldwide assets > \$5.45M
- Ways to Mitigate
 - Use of cross-border trusts
 - Life insurance
 - Non-recourse debt



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