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# Estate Planning Tips and Traps

**Tags:** estate planning [1]

Julia wants to make sure that her estate passes to her heirs with as little hassle and cost as possible when she dies. She knows she needs a will and decides to buy a do-it-yourself will kit. When she opened it, she soon discovered some serious shortcomings.

Advertised as a 'legal will kit,' she learned that the term 'legal' simply means that the kit does not break any laws. A disclaimer on the first page states that the publisher assumes no responsibility for the validity of a will prepared by the purchaser. Julia certainly wants her will to be valid, so she decided to have a lawyer prepare it.

Peter and Mary used joint bank accounts and term deposits, and joint ownership on their home and cottage, to make transfer at death easier. After Mary died, Peter thought he could use joint ownership with one of his children to avoid probate and transfer property more quickly on his death.

Peter learned that by naming one of his adult children jointly on a bank account or property title might not be such a good idea. If the child experiences financial difficulty or bankruptcy while still on title, Peter's hard-earned assets could be subject to seizure by his child's creditors. Additional problems can occur if the child's marriage breaks down or if Peter re-marries.

Peter can make provisions in his will for the transfer or disposition of his property. Additionally, he can use a money on deposit product with a life insurance company that allows him to name beneficiaries for quick transfer of funds on his death.

Roy, a wealthy barber and widower, owned the building that housed his shop, RRSPs and other investment assets when he died. Unfortunately, he died when markets were low and real estate in his city, especially commercial property, was depressed. His kids had to sell his assets at bargain basement prices to pay the income taxes owing and other estate costs. They received less than sixty cents on the dollar after taxes and fees.

Roy's children want to make sure their kids don't have to experience the same estate shrinkage when they die. By working with their financial advisors, they were able to make sure they have enough life insurance to cover their anticipated tax and estate costs.

Ted and Alice travel a lot and were concerned if something happened to them at the same time. They reviewed the beneficiary designations on their financial products and, where possible, named their adult children as secondary beneficiaries. This means that if they both die at the same time, proceeds will be paid directly to their children without having to pass through the estate.

## Want help with your estate plans?
## Contact our office! [2]

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