

Smart Money: Preparing for the inevitable

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Brad Brain: "Although every one of us will die, less than half of Canadians have a valid will. That makes no sense." | Getty Images



There is something very odd that happens, and it happens all the time.

If I was to tell you that there is something that is guaranteed to occur, would you do anything about it? What if I was to tell you that by taking action now you can significantly reduce expense, delay, and burden on your loved ones. Would you do anything?

Amazingly, for the majority of the population, the answer is no. Even though the outcome is inevitable, and by taking action in advance you have an opportunity to get better results, more than half of Canadians remain idle.

Why are so few people proactive about something that is certain to occur? Is it apathy? Is it procrastination? Is it denial?

This thing that is guaranteed to happen is, of course, death. Even if you don't have any exotic estate planning goals, there are still a number of things that are easy to tackle and will yield significant results.

You can name beneficiaries of your RRSP and other retirement plans. There are tax advantages of naming your spouse as beneficiary of your RRSP and as successor annuitant of your TFSA. And don't forget to name a successor subscriber of your kid's RESP so that your children's education account can continue if you die before they go to school.

And, although every one of us will die, less than half of Canadians have a valid will. That makes no sense.

Your will is the document that speaks for you when you are no longer around to do so. If you die without a valid will, things are going to take longer, expenses will be higher, and you may get some unexpected, and unwanted, outcomes.

There are some simple things that you can do to make it easier for the people that have to sort out what you leave behind when you go. One of the big things is to keep a record of all your assets and liabilities, including your digital assets and all your passwords, in a safe location.

It is estimated that the average person now has about one hundred different digital accounts. Many these accounts can probably safely lapse without significant consequence, but some of these accounts will have real value: stores of cherished memories, points programs, and the cash balance in your PokerStars account are all things that you probably don't want to forfeit upon your death.

Just ask the widow and clients of Gerald Cotton. Mr. Cotton was the co-founder and CEO of a cryptocurrency exchange. Apparently, he was the only one who had the password to \$190 million of client accounts when he died suddenly. It is unlikely that money will ever be recovered.

But it isn't just the knowledge about your passwords that may be lost on your death. Is there anything else that you would want people to know about when you aren't here to tell them? Have you loaned money to family or friends? Do you have any charities that you want to support? Is there a family heirloom that you want to pass on to someone special?

Often there are matters that could use some clarification. If you have loaned or gifted money to your kids, is that an advance on their inheritance? Blended families often require some planning to get the outcomes you want, especially if there are children from different relationships.

What about your pets? Who will look after them? What happens to your personal items? Who will be your executor? Who will be your kid's guardian? Have you made arrangements for the taxes that will be triggered on your death?

Can you make up your own will? Yes, you can. Should you try to do your own will? I am going to suggest for most people, probably not. Unless you are a lawyer or a notary public, this is not your field. Let's

leave it to the people who know what they are doing.

Don't leave a mess behind for others to clean up. Get a will and keep it current. You won't be around to use it, but your loved ones will.

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