

How important are wills and estate planning for Canadians?

Learn from an estate administrator exactly what Canadian families should do right now to avoid headaches later.

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Wills and estate planning are a gift to your family

Estate planning is the gift of peace of mind to your family in so many ways. It provides clarity to your loved ones during an already difficult time. By creating a well-thought-out estate plan, you alleviate the burden from their shoulders for making critical decisions about asset distribution, guardianship of children and healthcare. In addition, your family can find solace in knowing your wishes are documented, and they can focus on grieving and healing rather than navigating complex legal and administrative matters, from organizing a funeral to [closing bank accounts](#).

Ultimately, estate planning demonstrates your love and thoughtfulness towards your family. It grants them security, guidance, financial stability and a sense of unity during an otherwise challenging time. By proactively planning and considering their well-being, you provide them with a lasting legacy of care and support.

Wills and estate planning checklist: 10 things Canadian families should do

Over the years, I have worked with hundreds of families during the estate administration process. While I realize I focus on what happens after death, there are tips I'd like to share to help alleviate mistakes or unknowns with your own plan. Being prepared creates a well-thought-out estate plan that protects [assets](#), [minimizes taxes](#) and fees, and ensures a smooth transfer of wealth to future generations. Let's start with the first thing, your will.

1. Wills are a must

When someone passes away without an estate plan, it can lead to legal complexities and disputes among family members. Without a will, the distribution of assets follows predetermined rules outlined by [provincial or territorial laws](#), which may not align with your preferences or reflect your family's unique dynamics. By having a comprehensive and up-to-date will, you ensure that your wishes are respected, including how assets will be distributed and who will act as executor. This minimizes the potential for family conflicts and legal battles. Additionally, proper estate planning can streamline the probate process, saving time and reducing expenses for your beneficiaries.

2. Have a backup plan

Life is unpredictable, and the person you appointed as your executor may become unavailable or be unable to fulfill their duties. That could be due to unforeseen circumstances such as illness, death or personal reasons. Having a backup executor ensures that someone is ready to step in and handle the responsibilities, preventing delays and ensuring a smooth administration of your estate. It's also essential to designate

alternate beneficiaries in case your primary beneficiaries pass away before you; this helps avoid complications and ensures your assets are distributed according to your wishes.

3. **Understand the role you are appointing**

An [executor](#) is the person responsible for managing your estate after you pass. Their duties include locating and managing assets, paying off any debt and taxes, and distributing assets to the beneficiaries. They also act as the liaison between your estate, legal entities and your beneficiaries, ensuring your wishes are fulfilled. Selecting the wrong person to handle your estate affairs can lead to inefficiencies, conflicts and/or mismanagement. So, choose a responsible and trustworthy individual or even an institution for this role. It can be someone you know or even someone you hire, like me, a professional executor.

4. **Have a well-rounded plan**

Estate planning is not just about managing financial matters. The role also encompasses decisions related to healthcare by utilizing personal [powers of attorney](#) documents, which grant someone you trust control over medical decisions should you not be able to make decisions for yourself. Designating beneficiaries and establishing trusts can protect your loved ones from unnecessary financial burdens and uncertainties. A comprehensive plan covers all aspects of your assets and decision-making, leaving you with peace of mind.

5. **Have the talk with your executor**

Share the details of your assets with your executor. This provides them with a comprehensive understanding of your financial picture and allows them to navigate the estate administration process more effectively. That includes letting your executor

know where you bank, invest, hold real estate and other assets, so they can minimize delays later on and ensure the smooth distribution of your assets. This open line of communication also allows your executor to address any questions or concerns they may have, avoiding unnecessary complications down the road.

6. **Communication with family is key**

Clear and open communication with your family and loved ones about your executor is important, but so is having the talk with loved ones and key individuals to help minimize confusion, surprises and potential conflicts. Openly discussing your intentions and sharing essential documents helps prevent misunderstandings and promotes family harmony. This proactive approach allows you to explain your preferences and the rationale behind your decisions, reducing the likelihood of disagreements among family members. Open communication fosters a better understanding of your estate plan, promoting harmony and preserving family relationships during a sensitive and emotional time.

7. **Don't forget your online accounts**

As technology continues to shape our lives, Canadians increasingly rely on digital tools and products, from [social media accounts](#) to [cryptocurrencies](#) and [online subscriptions](#). However, from my experience, many Canadians overlook the importance of including these in their estate planning and wills. You can proactively tackle the complexities of these new types of assets by addressing them in your estate plan. Consulting with legal professionals experienced in digital estate planning can help ensure that your plan adheres to applicable laws, safeguarding the validity and enforceability of your digital asset provisions.

8. **Don't forget about the tax you'll have to pay**

[Canada's tax laws](#) provide various strategies to reduce the tax burden on your estate. By working with an accountant, you can structure your assets and investments to maximize tax efficiency, so you can leave more money for your loved ones and charitable organizations, and legally pay the least amount of tax on your estate with your [final tax return](#). Neglecting to consider tax implications and strategies for reducing estate taxes can result in a considerable tax burden on your beneficiaries. Working with a knowledgeable tax advisor can help mitigate potential tax burdens and optimize the estate plan.

9. **DIY is great, but know when you need help**

While it may be tempting to tackle the entire task of estate planning on your own, know when you need to ask for additional help. Depending on your situation, there's a risk of missed opportunities, such as setting up trusts for [disabled beneficiaries](#), or unintended consequences such as tax planning to reduce the costs on death. Relying on various professionals for items that you are not an expert on brings numerous benefits by allowing you to tap into their extensive knowledge base, ensuring that no crucial details are overlooked. Their expertise, specialized knowledge, tailored solutions, risk mitigation, compliance with legal requirements and emotional support are all valuable assets in creating a comprehensive and effective estate plan. With a team approach, you can confidently navigate the complexities of estate planning, ensuring that your final wishes are respected, your loved ones are protected, and your legacy is preserved.

10. **Update, update, update**

It's not one and done. Estate planning is an ongoing process. Life is dynamic, and circumstances change. Getting married, having children, acquiring new assets or experiencing significant life

events necessitate updates to your estate plan. Regularly review and modify your plan so it aligns with your current wishes and reflects your evolving situation. Failing to update your estate plan can lead to unintended consequences and outdated provisions. For example, a beneficiary may still inherit from your estate even if you had a falling out but never updated your estate plan to remove them.

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Who needs estate planning in Canada?

Estate planning is an essential task that every Canadian should consider, regardless of age or financial status. It provides control, protection and peace of mind. By planning ahead, you preserve your legacy, protect your loved ones, and avoid unnecessary legal complications. Remember, estate planning is not just about wealth; it is about empowering yourself and positively impacting the lives of those you care about most.

Read more on [estate planning](#):

- [What happens to my RRIF when I die?](#)
- [How is a RRIF taxed in the hands of a beneficiary?](#)
- [Is it better to list a beneficiary on registered investments or have the account go to the estate?](#)
- [Can I leave a house to minor children?](#)

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