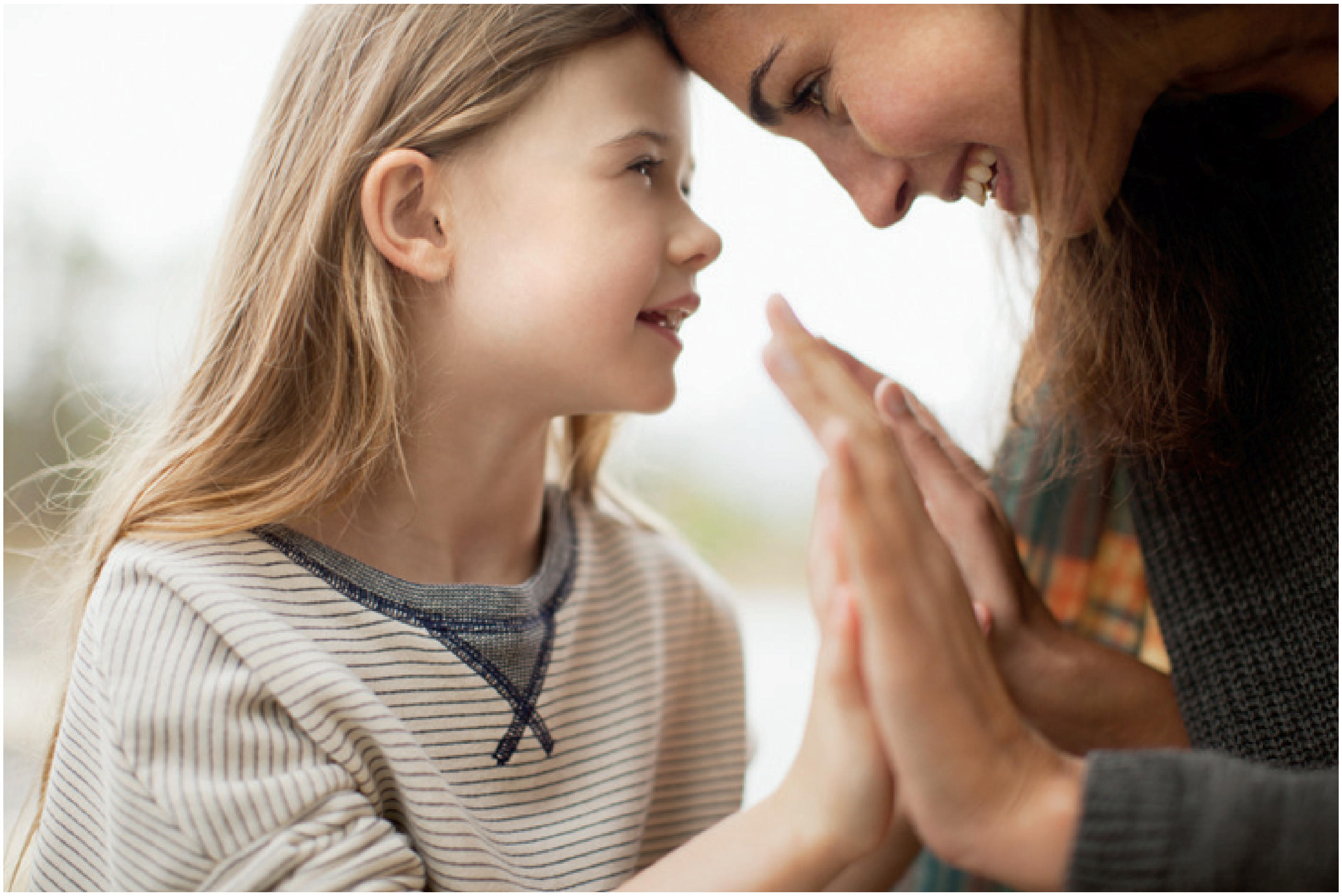
Plan today... for tomorrow

NATIONAL BANK FINANCIAL
WEALTH MANAGEMENT



Living in the moment and enjoying time spent with loved ones are critical in life – but just as important is planning today to minimize future unexpected events.

The goal of estate planning is to guarantee protection of those closest to you, from the first moments when you can no longer ensure their well-being and look after their financial security.

Each plan is unique and must therefore reflect your wishes and life choices. This guide is your tool to personalize your plan and will allow you to enjoy the present without worrying about the future. The expertise provided by your Advisor and their network of specialists will help you complete this task. They will understand how to translate your most important wishes into a tangible plan using strategies adapted to your situation.

The Value of a Personalized Estate Plan

An estate plan will allow you to:

- plan the steps and ensure the transfer of your assets at your death, according to your wishes;
- maintain your family's quality of life in the short and/or long term;
- reduce probate fees (no probate fees in Quebec) and optimize taxation on revenues;
- anticipate funeral costs and allow your loved ones to mourn without having to deal with administrative formalities;
- plan charitable donations, if appropriate; and,
- appoint those who will carry out your wishes in case of incapacity.

There are very few certainties in life, but unfortunately death is one of them. It can happen anytime, and even if it is inevitable, its aftermath can be completely planned. Doing nothing or waiting until it is too late is certainly not in the best interest of your family or your business.

DID YOU KNOW…?

- Common-law spouses (*de facto* spouses in Quebec) inherit nothing according to the laws of intestate succession.
- Legally married spouses, even if they are living separate and apart, inherit in the absence of a will. Only divorced spouses do not inherit.
- Your spouse's children do not automatically inherit from you, even if you have always considered them as your children.
- If the deceased is divorced and his/her only legal heirs are immediate children that are minors, the surviving parent (ex-spouse), as legal guardian of the children, will manage the assets that the children inherit.
- The division of family patrimony and the settlement of a matrimonial regime or civil union override succession laws.

Your Estate Plan in Five Steps

Establishing a balance sheet allows you to better understand your financial situation. The following five steps cover the entire process that you will need to follow.

1. **ESTABLISH** your household balance sheet
2. **DRAW UP** your legal documents
3. **UNDERSTAND** your risk protection needs
4. **ANTICIPATE** settlement of your estate
5. **UPDATE** your plan regularly

1 ESTABLISH your household balance sheet

Your household balance sheet is a summary of your financial situation. It allows you to determine the net worth of your estate. The balance sheet represents the difference between your assets (what you own) and your liabilities (what you owe). It also identifies the location of your assets (bank accounts, credit cards, investments, safety deposit box, insurance, pension plans, etc.).

This balance sheet will help you:

- establish a picture of your financial situation;
- determine any potential threats that you may have to face if there are changes in your personal situation, especially in the case of death or disability;
- evaluate your degree of risk tolerance; and,
- reflect upon the lifestyle to which you aspire and what really counts for you – thinking that will be very useful for your long-term planning.

2 DRAW UP your legal documents

Your Will

Peace of mind and the avoidance of many headaches for your loved ones following your death are the main benefits of making a will. Having a will can also ensure that your possessions will be passed on to your chosen beneficiaries according to your wishes.

In addition, your will allows you to:

1. name the person (liquidator, executor or estate trustee) or institution who will manage your estate following your death;
2. name a person (guardian) responsible for minor children. The right to name a guardian belongs to the last surviving parent; and,
3. identify limits with respect to the use of your assets.

There are three types of wills:

Will made in the presence of witnesses

- Signed by you in the presence of two witnesses, each of which must countersign in your presence.
- A witness cannot be one of your beneficiaries or their spouses; if so, their inheritance may be invalidated.
- This will is generally written up by a lawyer to guarantee its compliance with the law and to ensure that it meets your needs without causing problems in the future.

Holographic will (not accepted in some provinces)

- Entirely written, dated and signed by you.
- No witness is required.
- Not recommended, as this type of will may create considerable legal complications.
- Your heirs may have difficulties interpreting your wishes.

Notarial will (Quebec only)

- Drafted in front of a notary.
- Signed by you, a witness and the notary.
- Filed by the notary in a specialized register (Notarial Record).

DID YOU KNOW...?

Less than 50% of Canadians have a will.

A study by the *Angus Reid Forum* shows that:

- 56% of Canadians do not have a will;
- 71% do not have a mandate given in anticipation of incapacity;
- Only 12% of young people aged 27 to 34 have a will.

The study revealed that it is often a pivotal moment in a person's life that pushes them to draw up a will:

- 30% did so after the birth of a child;
- 20% because of a change in civil status (32% in Quebec);
- 13% because they were buying a residence.

Your Protection Mandate

Outside of Quebec: Power of Attorney for Property and Financial Affairs

Unfortunately, the more time goes by, the more the risk of not being able to make decisions, be they financial or personal, goes up. We can nevertheless make the necessary arrangements to designate someone responsible for making decisions that affect us.

A protection mandate given in anticipation of incapacity, or power of attorney for property, gives one or more persons the power to manage your financial situation if you are unable.

Outside of Quebec: Power of Attorney for Personal and Health Care

Medical decisions or those associated with our personal well-being must often be made rapidly when someone is gravely ill. One or more members of your family are, in this case, solicited to make these decisions in your name. The protection mandate (Quebec) or power of attorney (other provinces) remains the reference tool for identifying your wishes.

3 UNDERSTAND your risk protection needs

Have you accumulated a certain amount of personal wealth? If so, now is definitely the time to plan how you will protect, transfer and distribute this wealth while minimizing risk and tax implications. In addition, over the years, you have probably signed up for various insurance products to meet specific needs. We can help you reconcile all your policies and confirm together that your insurance policies:

- are consistent with your estate plan;
- are complementary;
- offer you complete coverage; and,
- together, represent the most advantageous solution for your current situation.

It is important to work with your Advisor and to discuss your long-term financial objectives regarding insurance needs. Life insurance policies can be used to do the following:

Replace income.

Following your death, your loved ones may have no income and may be unable to work. Your insurance payout can be invested to allow you to compensate in part or in whole for the loss of income.

Bequeath an inheritance.

If you do not own many assets, life insurance can be an excellent way to bequeath an inheritance to your beneficiaries.

Cover certain expenses.

We often underestimate the amount of money required to cover many necessary expenses, for example, funeral costs, administration of an estate, tax management, as well as debts that must be repaid.

Minimize estate taxes.

Income taxes can be one of the largest liabilities on your balance sheet. When assets are not directly transferred to a surviving spouse, the value of the estate can be significantly smaller than expected following the settlement of taxes paid on the estate. These amounts can come from the disposition of certain assets, among other things. Dispositions can be made in different ways, in particular on assets other than the principal residence of an individual (the family home, for example).

4 ANTICIPATE settlement of your estate

Name your executor/liquidator.

One of the most important decisions that you make in the context of estate planning is the choice of person or institution that will manage the terms of your will after your death. Your liquidator (in Quebec), estate trustee (in Ontario) or executor (in other provinces) is responsible to settle and manage your situation after your death. The person or institution that you choose should be the best suited for this role.

Finally, some people prefer using the services of a corporate executor (trust company or law office). This choice can be the result of several realities such as:

- You do not know a person who has the profile or expertise to be your executor;
- You do not have a family member or friend who lives close to you or that you wish to involve;
- You foresee potential family conflicts.

National Bank Trust

Our partner, National Bank Trust, can help during the settlement of your estate. You can designate them in your will as liquidator or co-liquidator with one or a few of your close relations. Furthermore, if you have named a liquidator but you wish to obtain assistance or want to give this important task and heavy responsibility to a team of experts, our National Bank Trust partners are there to help you. Your Advisor can guide you and speak to you about the services that they offer.

5 UPDATE your plan regularly

Keep your estate plan up-to-date.

We can never insist enough: it is critical to update all the information associated with your estate plan regularly, ideally once a year.

This update will allow you to confirm that your choices are still in line with your expectations, and thereby review your financial plan to ensure that your objectives are achieved over time.

Inform your loved ones.

Completing the five steps that we have described above is an essential process to follow to ensure peace of mind. However, the implementation of your wishes cannot be completed efficiently and effectively without having communicated the details to your loved ones during your lifetime. A member of your family or one of your close friends whom you trust must be informed of your plan. This person will be better able to collaborate with your Advisor to ensure the implementation of your estate plan. You can provide this trusted person certain details that will make the work easier and thereby avoid potential misunderstanding.

Keep all relevant information in a safe place to simplify your liquidator's job.

One of the activities your liquidator will undertake is to gather all the necessary information to settle your estate. Help him/her by gathering all necessary information: birth certificates, passports, bank accounts, insurance policy numbers and other legal documents. After having gathered this information, all you have to do is tell a trusted loved one the location, so they can notify your liquidator.

DID YOU KNOW...?

To meet the new realities of our society, estate planning must also evolve. Individuals and their Advisors should expand their discussions to include new aspects to estate planning. For example, your plan should include more of the following aspects over time:

1. We should look beyond tangible material assets to include digital assets and personal information (e.g., online accounts such as Amazon™, eBay™, etc., email accounts, loyalty programs and miles, grocery points, virtual accounts such as PayPal™, social media accounts such as Facebook™ and Twitter™, photo storage/sharing, personal websites and blogs).

2. In many cases, in the context of the aging of the population, we should also foresee alternatives for the care of our parents should we die before them. We should anticipate how they will be supported after our departure.

3. Another phenomenon that was rarely observed in the past but that has grown recently is the status of our pets. As animals are increasingly considered "members of the family," we need to also consider their needs following our death or disability (50% of Canadians now own a pet).

In Conclusion

Your estate planning requires time and reflection, but will bear witness to your vigilance and attention with respect to your loved ones.

By your side, our experts will provide permanent and conscientious support for you in all the steps of a successful plan.

By choosing to complete your estate plan with our experts, you are offering yourself peace of mind.

Estate Planning: Checklist

The five-step checklist below allows you to manage your estate planning process and keep your plan updated.

		To do	Work in progress	Completed	Notes
1	Establish your household balance sheet	☐	☐	☐	
2	Draw up your legal documents	☐	☐	☐	
3	Understand your needs for protection	☐	☐	☐	
4	Foresee the settlement of your estate	☐	☐	☐	
5	Update your plan regularly	☐	☐	☐	

For more information,
do not hesitate to meet with your
Investment Advisor today.

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