

Four Essential Pillars To Build Your Estate Plan

You don't need to have a fortune to establish a formal estate plan. In fact, estate planning is part of fundamental financial planning for everyone. Your estate plan ensures that the right people are designated to make important decisions when you can't, and that your property can be efficiently passed on to those you want to receive it.

A solid estate plan rests on four cornerstones: a power of attorney for property, a power of attorney for medical care (both known as "mandates" in the province of Quebec), a will, and life insurance.

1. Power of attorney for property

This document names one or more trusted people to make decisions about your assets and liabilities if you should become incapacitated. You might assume that your spouse can simply take over if you become incapable of making decisions. That's immediately true only if your spouse is named in a power of attorney. Otherwise, your affairs may be tied up until a court or a provincial public trustee decides that your spouse is fit for the job.

2. Power of attorney for medical care

This document is also known as a medical directive or living will. It is often prepared at the same time as your will. It indicates who should make decisions about medical care and how far doctors should go to prolong your life. The goal is to clearly indicate your wishes and avoid arguments that could tear apart the family.

3. Your will

Your will sets out how your assets are to be distributed after death, and names one or more executors (estate trustees, in Ontario; liquidators, in Quebec) to wind up your affairs. If you die without a will, provincial law dictates the distribution of your wealth among your relatives without regard to need and with no provision for friends and relatives beyond your immediate family. In this context, it's easy to see why a will is so useful. It's best to have your will drawn up professionally to make sure that all "what-ifs" are covered and that your wishes conform to the law.

4. Life insurance

Life insurance protects your family's lifestyle if you die prematurely. That need may end or diminish once children are grown, but you might still want coverage for debts, as well as taxes due at death. Life insurance can also fund a significant bequest to one or more favoured charities.

Protect your interests

I can help gauge your insurance needs and guide you in the intricacies of drafting a will and assigning powers of attorney.

Remember, the goal of estate planning is to protect your interests, as well as those of your family, setting things right for the future. .

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