



PRIVATE WEALTH
MANAGEMENT

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Plan for memories today and leave a legacy for tomorrow

A guide to help you start the
wealth transfer conversation





Preparing your family for the future starts with a conversation today

Did you know that many Canadian families are not adequately prepared to pass on their wealth? The main reason is often a lack of communication.

Preserving your wealth and family legacy requires the right planning, and it all starts with open conversations. This guidebook outlines essential topics to help you begin meaningful discussions with your family and beneficiaries.

Developing trust and accountability is key to strengthening family communication and building intergenerational wealth. It's also important to have these conversations and make decisions before a time of crisis when emotions run high.

Include your children and grandchildren in the process. Involving young children and grandchildren early on will teach them critical financial literacy lessons, so they are better prepared to manage their inheritance.



70% of affluent Canadians anticipate leaving an inheritance. However, only 57% say they are reasonably well prepared to execute their future wealth transfer.¹

Why is legacy planning important?

Legacy planning, which is also referred to as estate planning, prepares you to distribute your assets to family, friends or charities after death. It ensures that the wealth you've accumulated is passed on in a way that aligns with your values and wishes.

The last thing any family wants is to be caught off guard by an illness or accident, without a proper wealth transfer plan in place. When surviving family members are left to divide assets and real estate, it can cause confusion and disagreements – especially if multiple children and beneficiaries are involved. The additional stress related to unforeseen tax implications can further complicate an already emotional time.

That's why it's so important to plan today. The right estate plan is unique to you and considers all aspects of your family's needs, today and tomorrow. Planning in advance helps you identify tax saving opportunities, mitigate potential financial gaps and maximize your current lifestyle.

While it can be an uncomfortable conversation, talking about wealth transfer openly with family members can strengthen relationships over generations.

¹ Source: Ipsos Canada, Wealth Transfer: Canadians & Financial Advice, 2020.

How to start the conversation

It's never too early to put a wealth transfer plan in place, and you don't have to feel like it's set in stone. As your family grows and evolves, so can your plan.

Working together to create a family mission statement is a great place to start. You can use IG's *Create Your Family Mission Statement* workbook. It's a fun, collaborative way to help align your family's goals, and get to know each other better by exploring shared aspirations and values.

“An estimated \$1.1 trillion is set to exchange hands across generations by 2026.²”

² Investor Economics 2018



10 key considerations to help shape your legacy

1 Clearly define what legacy planning means to you

Having conversations with your parents or children about topics like death and inheritance can be uncomfortable. However, initiating these conversations from a values-based and aspirational tone often helps ease into the heavier topics. Whatever approach you decide to take, the first step is always the most important. Here are some things to consider:

- Express why this topic is important to you and be prepared to listen.
- Refer to your family mission statement and reflect on your values.
Consider your goals: do they include financial security for future generations, tax avoidance, education, family reputation, philanthropy?
- Think about emotions and feelings – what’s important for your family? Is it peace of mind, harmony, greater accountability, better communication?



TIP:

To help family members feel more invested in the outcome, it helps to approach this as a values- and goals-based conversation, rather than simply talking about the details of a will.

Why is legacy planning important to you?

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Prepare now for the unexpected

Our needs change over time, and the financial well-being of loved ones can be impacted across generations. Whether for yourself or your parents, it's important to keep your family informed and ensure you have the right risk protection plan in place. Some initial considerations include:

- Do you have a long-term care plan? As you age, do you know your options? For example, do you want to age at home? What about caregiving costs?
- Do you have insurance policies in case you need extensive medical care?
- What is the level of protection that your family requires/wants?
- Do you have or need insurance to fund the gap for taxes or debts owing at the time of death?

How can you prepare for the unexpected?



3 Think about your family structure

The way you shape your legacy will largely depend on the structure of your family. Every family has different dynamics and a well-structured estate plan is unique to each family situation.

- Are you in a traditional first marriage where all the children in the family are the natural or adoptive children of both partners?
- Are there any stepchildren/stepparent relationships in the mix?
- Is the family patriarch/matriarch separated but not divorced?
- Is there a former spouse or partner who needs to be considered?

Estate planning for blended families can be considerably more complex; you'll have to consider not only the needs of the surviving spouse, but also the needs of the children from the previous relationship. For example, although it might be quite common for one partner to leave their entire estate to a surviving spouse in the case of a traditional first marriage, that is often not recommended for a blended family, given that assets left to a new spouse may or may not eventually make their way back to children from a deceased spouse.

Another important consideration is beneficiaries with special needs. Have their future needs been considered and accounted for?

What are the important considerations about your family structure?



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Ensure your estate is passed on in the most tax effective manner

Speak to a tax expert to ensure that your estate will be structured in a way that results in the highest after-tax result. For example, many people worry about “probate fees” (also called “estate administration taxes” in Ontario). However, in most cases, it’s income taxes that can take the biggest bite of your estate (particularly in Manitoba and Quebec, where there are no probate fees).

What questions would you like to ask a tax expert?

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Take care with special assets like family businesses and vacation properties

Depending on your family structure, when dividing up an estate, some assets may be more appealing to one recipient than another. Ensure everyone is clear on the decisions and reasons, including tax implications and responsibilities. Considerations may include:

- If you have a family business, will it stay in the family or be sold? Have you spoken to your family members to determine if anyone is interested in taking it over?
- Are there multiple residential properties? Is a certain location, such as a vacation property or cottage, of interest to one or more children?

If you have several children and want to treat them equally, it is usually recommended that you simply divide your estate equally and not specify who will receive what.

However, if there is a particularly large item such as a business or vacation property that you know one child will want, you should discuss this with your family to ensure that everyone understands the plan and feels comfortable that they are being treated fairly.

Keep in mind that if a child wants a specific item, they can “buy” that item from the estate using their portion of the inheritance. However, you may want to ensure that the estate is large enough to allow this to happen. Insurance may be necessary to fund any gaps.

Are there any special assets you want to give more thought to?

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Address personal items with sentimental value

Value isn't always defined by dollars. Often there are items that hold great sentimental value, such as family heirlooms, jewelry, artwork or furniture.

- Are there certain gifts you feel strongly about passing on to a specific person?
- Have you shared your intentions with your family, to understand their feelings and requests?



TIP!

Unless you feel strongly about leaving a particular asset to a specific person, it's generally recommended not to be too detailed in your will. It's often impossible to know what you may or may not eventually own. If a certain item is no longer part of your estate when you pass, it may lead to disappointment.

What items hold sentimental value to your family?

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Consider a trust

If a beneficiary is still relatively young or is someone requiring oversight in managing a large amount of money, consider how best to structure the inheritance so it is used appropriately.

- Consider writing your will such that the assets are left to a trust established for your beneficiary's benefit rather than to the beneficiary outright.
- Speak to your lawyer about how to structure the trust. Before you see the lawyer, consider when your children might be mature enough to receive a large amount of money.
- In many cases, it is recommended that an inheritance be paid out to beneficiaries in a gradual manner (for example, some at age 25, another portion at age 30, with the remainder being paid out at age 35 or even older depending upon how large the estate is).
- If you are creating trusts in your will that may continue for a long time, determine who will act as trustee. In some cases, the best option may be to appoint a professional trustee if you have no family members or acquaintances who would be appropriate to act as trustee.

What are some reasons you might need to create a trust?

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Plan charitable giving carefully to maximize the tax benefits

How will charitable giving benefit your overall estate? A carefully constructed giving plan helps create a legacy that expresses your values and the causes you care about, while also reducing your income tax liability. Key considerations include:

- **Timing** – You don’t need to wait to donate until your death. Explore giving during your lifetime to maximize tax benefits and begin to have an impact for others.
- **Flexibility in what and how you give** – Determine which strategy will produce the best results for your family. Maybe it’s naming a charity as a beneficiary, donor advised funds or donating insurance policies. You can even donate publicly traded securities “in kind,” which is more tax-efficient than donating money directly.

Remember to include family members in the discussion. Do you want to include causes that are important to children and grandchildren? Ensure everyone understands how your wishes will factor into your overall estate plan and indicate your charitable giving plans clearly in your will.

What causes are important to your family?

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Identify roles

Choosing a **personal representative** (sometimes referred to as an “executor/executrix,” “liquidator” or “estate trustee” depending on where you live) is a critical decision during the estate planning process.

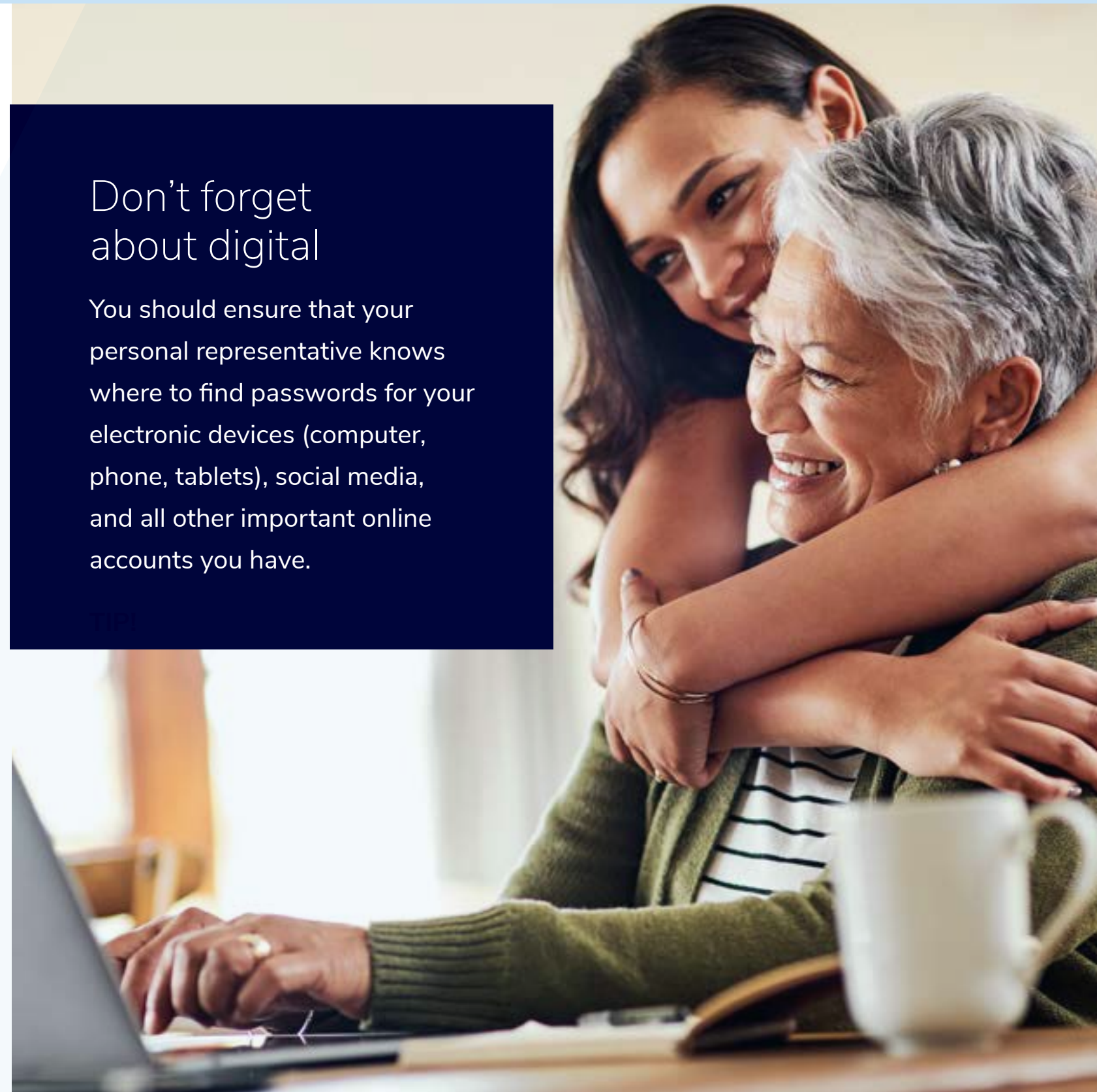
The personal representative will be responsible for many tasks, including locating the will, contacting the beneficiaries, and ensuring that the family’s wishes are carried out as outlined. Ensure your personal representative knows where you keep your estate documents so they can easily be located when necessary.

When choosing a personal representative, key questions to consider are:

- Do you want to choose a family member, a friend or a professional to be your personal representative?
- Does the personal representative live close by? It’s generally recommended that you choose someone who lives in your home province. It can be particularly problematic to choose a non-resident of Canada.
- Do they have an eye for detail?
- Do they understand the time commitment, and have you made sure they’re on board before you proceed?

Don’t forget about digital

You should ensure that your personal representative knows where to find passwords for your electronic devices (computer, phone, tablets), social media, and all other important online accounts you have.





TIP!

Choose your personal representative before meeting with your lawyer.

Other roles to think about:

- Power of attorney
- Trustee of any trusts you establish as part of your estate plan
- Guardian, if you have young children

Caregiving is often overlooked and should be discussed when planning for long-term care. Questions to ask may include:

- How might the responsibilities be divided amongst your children?
- Will you need to hire someone?
- If one of your children assumes the role – will they need to take time away from earning an income and will you cover this financial gap?

Who do you think would be a good choice to act as your personal representative? Why?

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Address financial literacy, especially with children

These conversations will include many financial terms that some family members, especially children, may not understand. If you also need additional guidance on a topic, your IG Consultant has access to a variety of educational resources and subject-matter experts.

Ultimately, it is important to foster a welcoming environment that encourages family members to ask questions, express their opinions without judgement, and have an opportunity to learn. Your goal is to pass down your financial knowledge and advice, so everyone gets value out of these discussions. Some questions to ask your children are:

- Do you want to improve your overall financial literacy?
- What specific areas are you most interested in?
- What type of learning environment suits you best?
- Are you open to speaking with our financial advisor?

Are there any financial areas you would like your family members to learn more about?

Summarize and reflect on your conversation

It's important to identify next steps and any additional ideas or outstanding questions. Also, if needed, give everyone time to reflect on how they feel. Once you have given the discussion some thought, some key questions include:

- Can your family identify three key takeaways from this conversation?
- Do you need to regroup as a family? Should anyone else join?
- Should you schedule regular meetings?
- Do you need the support of any external advisors, for example, an estates lawyer? Remember to research your advisors' credentials to ensure that they specialize in the area of expertise you need assistance with. Your IG Consultant can also provide you with a list of referrals.



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We tailor our strategies to fit your unique personal and business needs, taking a proactive approach to keep you ahead in your evolving financial journey.

A key to your financial well-being is our ability to engage the right experts to meet those needs so you can benefit from as many financial opportunities as possible.

With 37+ years of experience, our team will help you build confidence in your future as we aim to protect and manage your wealth. Whether you are planning for retirement, have increasingly complex tax considerations, or are evaluating the best options to share your wealth, we will strive to ensure that each part of your financial picture is synchronized with the others.

We will achieve this through accountability, a specialized collaborative approach, and our commitment to provide a superb client experience. For you, this means more time to enjoy your life with the confidence that your financial affairs are in good hands.



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