

The Critical 10

Four years before retirement

What are my short- and long-term goals?

Retirement planning is more than just making sure your investment portfolio is in order. The Critical 10 advocates considering estate planning, insurance, income and philanthropic planning issues as important elements of a successful comprehensive retirement plan.

The final years preceding retirement are a time when many Canadians are enjoying high employment earnings. This is also the time many Canadians worry about upcoming financial obligations that may arise from elderly parents or the needs of young adult children. Ongoing commitment and review of your insurance protection can mitigate the risk to your family of the impact of early death or disability. Estate planning and will reviews are also undertaken during this stage in life. Choosing a capable and willing executor is a very important component of estate planning.

Many Canadians use this stage of life to include young adult children in the estate process by naming them as executors to their wills in some capacity. While it is tempting to appoint more than one child as executor, the process of execution of your final wishes can go a lot smoother if you make your selection of a single executor based on the following criteria:

1. **Availability** — Does your executor have time to commit to all the duties regarding administering your estate? These duties include the safeguarding of assets, funeral and burial issues, probate, tax and distribution of assets.
2. **Complexity** — Is your executor capable of dealing with some of the more complex issues that may arise in a larger estate? These issues can include business succession, family law, potential foreign investments or property and tax planning.
3. **Proximity** — It is much easier for an executor that lives in the same city or province to find the time to meet with accountants, lawyers and bankers than someone who is many miles away.
4. **Personality** — Emotions sometimes can run high between grieving heirs. A good executor can deal with the hard issues in an effective manner that preserves harmony between all concerned.



Invesco Canada has published a very helpful chart that illustrates the various executor responsibilities.

- Step 1 Locate and review the will
- Step 2 Make funeral arrangements
- Step 3 Solicit professional counsel
- Step 4 Notify beneficiaries of bequest
- Step 5 Secure estate assets
- Step 6 Open estate account
- Step 7 Submit will for probate
- Step 8 Advertise for estate creditors
- Step 9 Convert residual estate assets to cash
- Step 10 Pay financial obligations
- Step 11 Complete final tax returns/ obtain clearance certificate
- Step 12 Distribute inheritance
- Step 13 Make trust arrangements
- Step 14 Prepare estate accounts
- Step 15 Close estate accounts

By law, every executor is entitled to receive some form of compensation for their work on the estate. If you choose to compensate an adult child for his or her work on the estate, this may be an issue you wish to address during a family or estate meeting.

Your executor must accept a duty of care to act in the best interests of all beneficiaries of the estate. Failure to act honestly, judiciously and to the best of their ability could result in personal liability for your executor. Some recommendations for executing the duty of care include:

- Do not deal with estate property in any way that personally benefits you.
- Keep a record of the thought put into your decisions made as an executor.
- Invest estate property, as needed, in safe investments.
- Do not choose a side in any discord among beneficiaries.
- Above all, sincerely listen to the concerns of the beneficiaries.

One of the most common questions executors ask themselves is if this is an honour or a burden. Many young adult children would prove to be very capable and have the disposition to deal with all the emotional issue around settling an estate. It is also important to let your executor know that he or she is not alone. It is very common and acceptable for your executor to hire outside help from professionals such as accountants, lawyers and trust officers who are experts in their related disciplines. Fees associated with these professionals are charged to your estate. It is a good idea to give your executor the power to hire these professionals in your will.