

INVESTMENT PLANNING COUNSEL'S

# Special Report



Your Financial  
Planning Centre

## Is it time to have “*the talk*”?

As Ben Franklin so aptly said, “In the world, nothing can be said to be certain except death and taxes.” Yet the subjects of money and death are difficult topics for many married couples and many families; in some family cultures, these two topics may even be considered an absolute taboo.

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It's no surprise then, that the subject of estate planning – a discussion of wills, bequests, powers of attorney, health care directives, long-term care, funeral wishes, etc – is a topic that is often avoided, even as we deal with end-of-life issues for ourselves or for a loved one.

In this special report, we'll examine some of the common stumbling blocks families face in planning for death, how to get the conversation started and what to say once you get the topic on the table.

### STUMBLING BLOCKS

**Fear of facing mortality:** It isn't possible to discuss an estate plan without having to acknowledge that we will die someday. That's probably the underlying reason why so many Canadians don't have wills. Oddly, talking about our own mortality can lead to positive outcomes in our financial plan, not to mention improvements in our family relationships.

**Fear of stirring up old family conflicts:** Few families exist without conflict. Ancient hurts, buried hatchets and other potentially volatile issues can surface when decisions about money and long-term care need to be made. By avoiding issues that may stir up the conflict, the family is simply putting off the inevitable. It is far better to deal with a family conflict at the planning stage than to have to deal with it at a time of crisis.

**Fear of creating new family conflicts:** Parents have the legal right to determine who gets what and who is to be in charge of their assets/estates. Adult children may have a completely different point of view. Many experts recommend that information – particularly if the assets are not intended to be split equally – should be shared in advance when the parents can defend their decisions, rather than withheld until later, when ill will and conflict could arise through misunderstanding.

**Fear of losing control:** An older adult may fear that by making their finances an open book, someone will steal their money, or otherwise gain control over their resources (and therefore their lives). While elder abuse is a fact of life and there is (potentially) some validity to this concern, it is fortunately more of a psychological issue than a real one in most families.

## SETTING THE STAGE

Given the discomfort that people have talking about money and death, it's probably wise to follow a few guidelines to ensure the talk gets off to a good start and a fruitful (and loving) conclusion.

1. As you might imagine, the discussion can go a lot smoother when there are no looming health issues, home care issues or financial crises in the wings. Since life can change unexpectedly, the "talk" should be given a reasonably high priority on your to-do list.
2. Choose a time where stress is minimal. For example, if Thanksgiving is a typical family flashpoint, avoid that holiday. Summer might be a great time when everyone is relaxing at the cottage after dinner.
3. Make sure everyone knows what's on the agenda, and why, so that they can prepare themselves for a matter-of-fact discussion.
4. Meeting in person is likely much more appropriate than email or telephone. If long distance is a must, a video-based instant messaging system like Skype would be better than voice only (and much, much better than text only.) Visual and audio contact is important to gauge the reaction and emotional temperature.
5. Remember that the individual whose estate is being planned has the right to make their own decisions. And there are lots of decisions to be made. Take your time and go slowly. Unanswered questions can be left for a follow-up meeting.
6. Designate a recorder for the meeting. There are many 'soft' details that need to be captured and having a written record could resolve disputes down the road.
7. Don't be afraid to invite expert help, such as a lawyer, accountant, financial planner, executor or mental health professional. Professionals can provide some coaching ahead of time and can give you access to information as well as strategies that can make the discussions go more easily.

## WHAT'S TO BE SAID?

You've set the stage for "the talk" and everyone has agreed to join in the discussion on estate planning. Once the participants get past the dreaded "d" word, the conversation can evolve naturally to discuss many of the topics that must be addressed. Now what? What exactly needs to be covered? Here's a starting checklist to keep the discussion on track.

### **Will**

Where is the will located and what are the highlights of the distribution of assets and liabilities?

### **Executor**

Who is the executor and what financial arrangement is in place to compensate the executor?

### **Bequests**

You may want to leave specific assets, like a cottage or business, to certain beneficiaries while treating all of them fairly. Or, you may want to make a sizeable gift to charity upon your death. These are likely spelled out in your will, but your family should be aware of them and your reasons for the bequests. It's also an opportunity for heirs to identify specific items they'd like to be bequeathed, so that they could be included in the will. Often household items have significant meaning to one child, but which mean nothing to the others. Identifying them now is a way to avoid conflict later.

### **Help in the home**

A large proportion of the elderly will need some sort of help in the home at some point, even if it is just while they are recuperating from an illness. While family members have historically been the first line of defense, the potential need for home care – nurse's aides, cleaners or even companions – must be thought through and considered by all participants.

### Nursing home care

There are substantial differences across Canada in terms of the kinds of care available, the costs borne by individuals for care, residency requirements, and waiting times. Nursing homes can be necessary to provide care when an individual cannot care for him or herself safely at home and/or the family cannot provide appropriate care. Like help at home, these costs need to be planned for.

### Tax Planning

The tax implications on death are complex and best discussed with an advisor. Your advisor can help you minimize and defer tax and other costs arising on your death and allow for a smooth and timely transfer of assets to your beneficiaries.

### Health Care Directives

In other countries, this might be known as a 'living will'. It is a document which appoints someone to make decisions about your health or personal care should you become incapacitated.

### Power of Attorney

A power of attorney is a document which authorizes someone to act on your behalf in a number of matters ranging from signing cheques, purchasing, selling or dealing with investments; collecting rents, profits or commissions; managing, buying or selling real estate, conducting business operations (but not health care). A power of attorney terminates upon your death, unlike a will which provides for the handling and distribution of your estate after your death. Both a will and a power of attorney are needed.

### Funeral wishes

An entire range of options exists on this subject – from prepaying and preplanning the entire funeral, to simple wishes for cremation with no ceremony. If you have specific thoughts about how you'd like to be remembered, now is the time to bring them up and share them with your loved ones.

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*Your estate wishes are too important to leave to chance. As you can see there's plenty to think about and plenty to talk about with family. If you'd like more information about getting started on creating or your updating your plan, please ask for our complimentary guide "The Art and Science of Estate Planning". It's free. And we'd be happy to answer any questions you might have.*



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