Finances for Seniors Summary

There were several major topics discussed

1. Wills & Letter of Instruction
2. Power of Attorney (POA)
3. Probate Fees
4. Gifted Money & Joint Accounts

Wills, POA & Letter of Instruction

- A Will
  - Write one!
  - Tell people that you trust where it is and how to best access it.
  - Review it often. A good rule of thumb is ~1x/year.

- Powers of Attorney (POA): Healthcare & Finances
  - Really there are two POA positions, and you can appoint different people to each role as they may require different skillsets.
  - Consider your values and appoint people whose values align with your values.
    - Examples: Do you pay your bills on time, views on healthcare treatments, etc.

- Letter of Instruction
  - This an addition to legal documents in which you explicitly outline your wishes.
  - It is effectively a wish list for what you want to occur when you no longer have the capacity to communicate what it is that you want (it is more than just a living Will).

- Social Media
  - These include platforms such as: Facebook, Instagram, Tik Tok, websites, paid subscriptions, and the passwords to all online accounts.
  - Should something happen, does someone have the capability and instructions to handle these accounts appropriately? This is important to consider!

Probate Fees (Estate Administration Tax)
- These are fees based on the total value of the property in your estate that are paid to the Ontario government when you die. The less property you have in your estate when you die, the lower your probate fees.
- In Ontario, these fees are ~1.5% of your estate.
- There are ways to reduce what is deemed your estate, although effectively it is what you own
  - It is important to know that trying to avoid probate fees can sometimes result in an increase of income taxes, meaning you will pay more to the government!
  - Probate fees are applied only on the estate (**not the beneficiary**).

Gifted Money to Adult Children
- Important questions to consider:
  - Is your child married or in a common-law relationship?
  - Do you have multiple children?

    - Do your children (and their spouses) handle money differently?
- Consider the “fair vs. equal” debate:
    - Potential to gift what each person would consider valuable, even if the financial value is very different (Ex. School tuition of a medical degree vs. a general undergraduate degree).
    - Potential to gift what is of equal financial value.
        - Consider after-tax implications, as this will change the value of the gifted money.

<u>Joint Accounts</u>

- Positives:
    - Rights of Survivorship:
        - Accounts are uninterrupted, simply an account transfer to the remaining account holder.
- Negatives:
    - Adding a person to the account can sometimes cause deemed imposition.
    - Adding a name doesn’t change who pays taxes on that account while both parties are still alive
    - Risks involved with co-account holder (Ex. children).
        - Even if just for the sake of access, once listed on the account, the child becomes an account owner.
        - If that child’s relationship with money or the law are negatively impacted (Ex. lawsuits, divorce, etc.), you become involved in any negative financial situation they are involved in. This is because the joint account is now part of that child’s assets.

The above information are general guidelines and considerations. It is advised that you speak with a professional, such as a financial advisor, a lawyer (or both!), to ensure you are creating the best financial plan for you!