



# Does Your Estate Plan Need a Checkup?

KPMG ENTERPRISE

Here is a questionnaire to help you assess the wellness of your estate plan. If you score a perfect 10—congratulations! If you score between 8 and 9 points, your estate plan may well be in good shape. If you score between 5 and 7 points, you may wish to examine your estate plan again. If your score is below 5, your estate plan may require urgent care!

Inconvenient truths	Questions	Yes/No 1 point for each "Yes"	Benefits
If you do not have a will, provincial law will determine how your assets are distributed.	Do you have a will and have you reviewed your will in the past two years?		<ul style="list-style-type: none"> <li>• Distribute assets according to your wishes</li> <li>• Indicate person(s) you prefer to have custody of minor children and protect your children from family law legislation</li> <li>• Avoid cumbersome process to obtain court approval for asset distribution</li> <li>• Reflect changes in personal situation, tax, family, and succession law</li> </ul>
Probate fees in Ontario are the highest in Canada—1.5 percent of the estate value in excess of \$50,000.	Do you know how much you have to pay for probate?  Have you considered using multiple wills?		<ul style="list-style-type: none"> <li>• Eliminate probate on assets that can be kept out of your will or segregated into multiple wills</li> <li>• Facilitate administration of assets in different countries</li> <li>• Avoid asset ownership becoming public record</li> </ul>
A deceased person is deemed to have disposed of all capital property immediately before death, and has to pay capital gains tax on accrued gains.	Have you considered transferring property during your lifetime, while still retaining control over the property, to: <ul style="list-style-type: none"> <li>– A family trust?</li> <li>– A spousal trust?</li> <li>– A joint spousal trust?</li> <li>– An alter ego trust?</li> </ul>		<ul style="list-style-type: none"> <li>• Defer capital gains tax on death</li> <li>• Reduce or eliminate probate fees</li> <li>• Hold and use income and capital of trust property for specified persons</li> <li>• Avoid income tax arising on certain transfers</li> <li>• Establish financial security of surviving spouse during spouse's lifetime and ability of residual beneficiaries to receive trust capital after surviving spouse's death</li> <li>• Protect your wealth from transfer outside your family after your death</li> <li>• Preserve wealth for "spendthrift" beneficiaries</li> <li>• Provide lifetime resources for disabled children or other beneficiaries</li> </ul>



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The thought of giving up control of your business, or allocating growth in your company to family members, gives you a migraine.	Have you considered an estate freeze using a family trust?		<ul style="list-style-type: none"> <li>• Reduce capital gains tax on death</li> <li>• Reduce probate fees</li> <li>• Allow future growth to accrue to children and other descendants</li> <li>• Split income between family members</li> <li>• Facilitate family business succession planning</li> <li>• Multiply capital gains exemption</li> </ul>
No one can be immortal, but a legacy can.	Do you wish to make a philanthropic gift and reduce taxes at the same time?		<ul style="list-style-type: none"> <li>• A gift by will generates donation credit that can offset tax otherwise payable</li> <li>• A gift of publicly-traded securities to private and public foundations can generate donation credit but no capital gains tax</li> </ul>
You have to pay your life insurance premiums out of your own pocket as these expenses are generally not tax deductible.	Do you have a life insurance policy?		<ul style="list-style-type: none"> <li>• Ensure beneficiary receives tax-free policy proceeds</li> <li>• Provide a source of liquid assets to pay capital gains tax</li> <li>• Equalize estate</li> <li>• Facilitate business succession planning</li> <li>• Allow for replacement income for dependants</li> <li>• Emergency or children's education fund</li> <li>• Pay final expenses</li> </ul>
If you become permanently incapacitated and you do not have a power of attorney, a provincial public trustee will take control or be involved in your financial affairs.	Do you have financial and medical powers of attorney appointing an agent to make decisions on your behalf?		<ul style="list-style-type: none"> <li>• Retain control over financial and medical decisions</li> <li>• Appoint a trusted person to act in your stead</li> </ul>
Canadian residents owning any US property can be subject to US estate tax.	If you are a Canadian resident but own US situs property, have you taken steps to insulate yourself from US estate taxes?		<ul style="list-style-type: none"> <li>• Structuring US real estate and assets in such a way that can help reduce or eliminate the potential liability from US estate tax can lead to benefits (for the estate) of up to 45 percent of the value of the US property</li> </ul>
Gifts or bequests to your children or relatives that are US persons can create unintended US reporting or US tax hardships on them.	Have you structured your financial affairs and estate to avoid unintended US taxation to any US children or relatives?		<ul style="list-style-type: none"> <li>• Structure your financial affairs with your US children or relatives in mind and provide them with tax benefits rather than tax nightmares</li> </ul>

## How can KPMG Enterprise™ help?

Your estate plan is an important component of your financial planning strategy. Your KPMG Enterprise adviser can help you to devise a practical and thorough estate and retirement planning approach that can help keep you on track toward reaching your personal financial goals. For more details, please contact your KPMG Enterprise adviser.

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