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Do You Know the Cost of Dying?

Have you considered the real cost of dying? The best teacher is life experience and it's not until you've settled a loved one's estate that you understand the real 'Cost of Dying'.

Have you considered Last Illness Expenses?

First there may be outstanding bills to pay; perhaps there hasn't been time or money to pay them. If there is a lengthy illness, consider costs like loss of income for the sick and caregiver or modifications to your home to accommodate the sick. Even parking for doctor or hospital visits takes a toll, not to mention additional drugs, treatments, supplies etc. An accident generally incurs costs not paid by your home, car or travel insurances.

You've likely thought about Funeral Expenses,

I suggest people have at least \$10,000 to cover those costs. Don't forget you may want to cover the cost of hotels or flights to bring family home.

Now let's talk Taxes.

Retirement savings plans are deemed to be cashed in and are considered income in the year of death. That income is 100% taxable. I generally suggest people expect to pay about half the value of their RRSP/RRIF in taxes on death. Cottages, properties and capital assets owned may be assessed at today's value and the resulting capital gain taxed as if the asset is sold. If you are a business owner, the impact on your family can be financially devastating if an estate

plan is not in place...but that is a subject for another article.

What about the Settling of the Estate?

Legal and executor fees can be up to 5% of your estate each. If the estate is complicated there can be accounting costs to have the final income tax statement prepared. Probate costs in Ontario are \$250 on the first \$50,000 of your estate and \$15 per thousand beyond that. You may know that it can take over a year to settle an estate. Where will your family's income come from during that time?

Beyond the Immediate Need

Is there enough income to allow your family time to grieve without financial worry?

Is there enough income to protect their lifestyle or perhaps your children's education?

The Solution

There are many ways to avoid unnecessary hardship for your loved ones and unnecessary erosion of your estate. Insurance is one solution providing tax free money at a time when your loved ones need it most and it does so for pennies on the dollar. But it's not the only solution. Talk to a Financial Advisor about the best solution for you.

At Capital Wealth we have the resources to provide expert advice in any situation. Talk to us. **Protect your estate and loved ones against the real 'Cost of Dying'**

