

# BRAMPTON BOARD of TRADE

## Trade Talks

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**Tom ALLAIN, CFP**  
Certified Financial Planner  
905-796-1219  
[www.trallain.ca](http://www.trallain.ca)  
tom@trallain.ca

### Estate Planning 101 The Basics

Nobody likes to contemplate his or her own death. Even when they do face this gloomy topic, many people tend to think only of how much they will be missed by their loved ones. They fail to consider how difficult it might be for their survivors to manage their estate.

By refusing to face up to the eventuality of their own deaths, many people fail to plan for the continued care and support of their families in the event of their death. As a result, their children not only lose a parent, but also lose an important source of economic support. What happens if both parents die at the same time?

Now pragmatically consider how hard you have worked during your lifetime to build up that business, how long it took you to pay for that cottage, or how dedicated you were in putting money into your RRSP, year after year, in contemplation of your future retirement. What would happen to all of that if you died today? Would it all go to your spouse, your children, or the taxman? Do you know? Maybe not. Do you Care? Probably!

Estate planning is about planning for the future. Unfortunately, for a future when the person doing the planning will not be alive or capable of making decisions. However, this does not mean that he or she cannot influence that future. Two very important documents, a will and a power of attorney can be used to empower and provide instructions to your selected representatives when you are no longer able to look after your own affairs.

Through a will, a person can appoint a personal

representative to oversee the administration of their estate after their death, and trustees to manage estate assets until they can be distributed to their beneficiaries. A will does much more than outline specific bequests. It can be used:

- To establish trusts for the benefit of children, spouses or other loved ones
- To grant administrative powers to trustees
- To nominate guardians for minor children

To some extent, a will gives a person some control over their assets from beyond the grave.

In estate planning, a power of attorney can be used to plan for a time when a person is still alive but no longer capable of making their own decisions due to physical or mental incapacity. A power of attorney for property deals with financial and property affairs, while a power of attorney for personal care allows an individual to choose a person to make their personal care and health care decisions when they are no longer able.

A power of attorney allows you to delegate your financial decisions to an agent of your choosing in the event that you become incapacitated by illness or accident, or simply in the event that you are on holiday. However, depending on how it is drafted, a power of attorney can grant tremendous powers to your chosen agent. You must have confidence in your agent and you may want to place restrictions on exactly when the power of attorney of property comes into effect.

*Tom Allain, CFP is an Independent Certified Financial Planner associated with Ten Star Financial Inc. specializing in comprehensive Financial Planning, Investment Planning and Insurance Planning to Owner/Managers, and Business Professionals. For your free copy of "Working with your advisor to plan for your estate" give us a call at (905) 796-1219 or e-mail us at tom@trallain.ca*