

EVENT REVIEW:

What about the cottage?

For clients of the Byckowski Wealth Management Group, our recent event addressed general tools, considerations and special assets, like a family cottage, when creating your estate plan.



"A family cottage requires special planning because it is different than most assets – it often has strong emotional attachments for each family member," said **Lisa Sticht-Maksymec**, our event guest speaker and estate lawyer with [Pallett Valo LLP](#).

Lisa outlined a number of options to consider in your estate plan for passing along the family cottage, including:

- **transfer the ownership** of the cottage outright during your lifetime, or upon your death;
- **make children joint owners** during your lifetime (but be careful!);
- **use a corporation** which could own the cottage and you own the shares and make use of multiple Wills to reduce probate taxes;
- **create a trust** to hold the cottage including a trust fund to pay for its upkeep. Such a trust could be created when you first acquire the cottage, or later during your lifetime or in your Will to come into effect upon your death

Other Considerations

There are many things to consider when planning for the succession of the cottage:

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| When is the best time? (Often driven by tax planning) | What if a child unexpectedly pre-deceases you? |
| Who uses the cottage? | How will the maintenance expenses be paid? |
| How often do they use it? | How will the work and costs be shared? |
| What are the children's expectations and wishes? | Does everyone get along? |
| How realistic are they? | What about their spouses? |
| Who can afford to keep the cottage? | What should happen if there is unequal participation? |
| Who can afford to buy the cottage? | What if a child gets divorced? |
| How will capital gains taxes be paid? | |

Because of all the options, differences in expectations and emotional attachments, Lisa advises, "There is no substitute for a good family discussion about the cottage."



General Estate Planning Objectives

Cottage or not, each family and individual will need to draw up an estate plan that is specific to their own personal and family circumstances. Many find the task to be complex and difficult.

Barbara Byckowski encourages clients to begin their estate planning: *"It's a process that takes time and work, but*

well worth it to ensure your estate is looked after how you wish." Old Wills should also be reviewed from time to time to make sure the plan still makes sense.

Lisa identified the common objectives most people consider when developing a comprehensive estate plan:

- reduce probate tax
- minimize income tax
- protect assets from creditors
- protect vulnerable beneficiaries
- continue to influence after your death
- keeping assets within the family
- leaving a legacy for our loved ones
- ensuring an orderly distribution of estate, while minimizing conflict

Estate Planning Tool Kit:

Will – Must be executed pursuant to legislated formalities. Everyone should have a proper Will. In some cases a person could have two or more valid Wills to govern their assets (provided they are drafted carefully and properly).

Trusts – An arrangement whereby a person (the settlor) transfers assets to another person (the trustee) for the benefit of another person (the beneficiary). Trusts can be set up during your lifetime ("inter vivos trust") or in your Will or RRSP/life insurance beneficiary designations ("testamentary trusts"), which will come into effect after death.

Powers of Attorney – for property and for personal care – a critical tool to have in the event you cannot make decisions for yourself.

Beneficiary Designations – These commonly include designations in your RRSP or RIF plans, pensions and life insurance.



Understanding of your Assets

A key step in the estate planning process is to have an understanding on the four categories of assets that may be part of your estate plan.

1. SOLELY OWNED ASSETS: those assets that are only in your name.

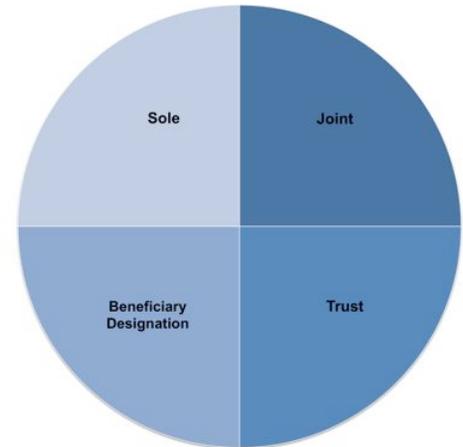
2. JOINT ASSETS: there are two kinds

A) **joint tenancy** (with right of survivorship) – typically used for assets owned between spouses. Upon the death of one owner, the asset passes outside the estate “by right of survivorship” to the surviving owner(s).

B) **tenancy in common** – often used for assets in a business arrangement or when creditor protection is an issue. The interest of the deceased joint owner passes to his/her estate while the remaining joint owner(s) keep their interest in the property.

3. BENEFICIARY DESIGNATION: assets such as RSP’s, RIF’s or life insurance with designated beneficiaries other than “estate”. This allows the asset to by-pass the estate directly into the hands of the named beneficiaries.

4. ASSETS HELD IN TRUST FOR ANOTHER: One person may be the “legal” owner of the property (because it is registered in their name) but the true ownership (beneficial ownership) really belongs to someone else.



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Byckowski Wealth Management is part of your team

A well thought-out and comprehensive estate plan can be achieved by taking the time to get appropriate advice from a number of professionals including your financial advisor, financial planner, lawyer, accountant, tax specialist and insurance specialist.

Clients are encouraged to discuss with Barb how she can assist in accessing RBC Wealth Management resources to implement a comprehensive estate plan, such as [Rebecca Henri](#), CFP, Financial Planning Specialist with RBC Dominion Securities.

About Pallett Valo LLP

Pallett Valo LLP is the largest and one of the most respected law firms in Peel Region. The firm's roots began with the establishment of Pallett & Pallett in 1948. Today the firm consists of a group of dynamic legal advisors, strategists and supporters of the entrepreneurial leaders and business managers of today and tomorrow. Lisa Sticht-Maksymec is a member of the firm's Wills, Estates & Trusts Practice, the Estate Litigation Group and the Family Business Law Group.

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GET IN TOUCH:

For a free no-obligation consultation on this or other wealth management topic, contact Barb: [Email](#)
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FURTHER READING:

Visit our [online library](#) for resources reviewed by Barb on investments, retirement, estate planning, insurance, and more...

About the Byckowski Wealth Management Group

We advise clients on the 'big picture' of retirement and estate plans, along with day-to-day guidance on their investments, income and tax strategies.

The client is our focus: your individual circumstances, goals and stage in life. We provide you the basis for good decisions, regardless of global market conditions. Our goal is to help clients be well informed, be confident, remarkable and have the wealth to be extraordinary.

Barbara Byckowski is an Investment Advisor with RBC Dominion Securities Inc. Member CIPF.

**Providing exceptional family
wealth counsel.**



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