



Suite 400, 22 Sir Winston Churchill Avenue
 St. Albert, Alberta, T8N 1B4
rpsadvisor@shaw.ca
 Phone (780) 460 9599
 Fax (780) 460 1816
 Toll Free (888) 461 9599



From the Desk of Laszlo Szojka

SPRING 2014

DEATH and the Two Absolutes

There are only two Absolutes: Death and Taxes. However, I wanted to touch base regarding things one should have ready before these things do happen. The ONE question I ask people when I meet them is, "Do you have a Will?"

It's a sobering fact that when I ask that question, the response is around 60% 'NO.' Of the 40% that have a will, most have not reviewed it in the last 2 to 10 years and some even have wills that are over 25 years old. The basic rule of thumb is EVERYONE should have a WILL and it should be reviewed once every five years OR whenever there is a significant life change. For example, these definitely would qualify for an update on a will: Marriage, divorce, death of a spouse/child, change of career, birth of a child or grandchild, self-employment or many other major life event such as disability or relocation. If you die without a WILL, you are said to have died "Intestate" or without a will. The reality is, you did die with a will, but a will created by the laws of your province and your estate gets settled according to the Intestate Succession Act of your particular province. Most people do not spend their lovely evenings and holidays reading Provincial Legislation. This then sadly means you really have no idea how your estate/accounts/assets will be handled and more importantly, if you have minor children, where they might end up. People assume that things will be taken care of by government legislation and in reality, do not understand the full importance of an actual well drawn up Will!

Of the Estates I have dealt with in the past 22 years of business, it amazes me how few people discuss the details of their wills with their beneficiaries. It is SO important to not only get a WILL done by a qualified Estate/Family Lawyer, it is also important to discuss your wishes ahead of time with many of the beneficiaries and family. The value to get a qualified person to draw up a will far exceeds the price. I have seen families torn apart over something as simple as a piece of art or cup and saucer. Imagine how families cope with decisions like: Who shall raise my 5 year old? Why is my spouses' ex-spouse getting everything? Why am I having to sell the family business, farm, house because my spouse died? Why did my family get broken up?

Not to leave other documents out, but the WILL is only one of three documents that you require. Another important one is the 'Enduring Power of Attorney.' This is NOT to be confused with the 'Power of Attorney.' Both have a place but the simple way to describe the difference is a 'Power of Attorney' is used in case you want someone else to handle your financial affairs WHILE you are still competent to make decisions. 'ENDURING Power of Attorney' is used by someone you designate while you are NOT competent to make decisions. The key thing however is that any 'Power of Attorney' you set up becomes instantly useless when you become disabled or temporarily incompetent. Only the 'Enduring Power of Attorney' will help you when you are no longer able to make decisions. THIS distinction is EXTREMELY important for aging parents, spouses or potentially for ANY adult over the age of 18. So if you are 18 and over reading this and think WILLS and other documents don't apply to you, you are 100% wrong.

The last document you need to have is a 'Personal Directive.' As you can imagine, this one is for giving directions to your family and medical personal of your wishes in the event something happens to you and you cannot speak for yourself. I noted on a recent hospital visit with one of my children a sign on the admitting window. It read, "Please provide your Personal Directives before admission." This is a VERY telling statement and if you do not have this document, and end up at the hospital, be prepared for all kinds of medical treatment or even lack of treatment even if your family says "YES or NO" to them.

So to recap, you need three documents prepared by an Estate/Family lawyer. The WILL, Enduring Power of Attorney, and your Personal Directive. It will run about \$500 to \$900 for a couple and half that for a single person. Please understand, that money you spend is not only for your piece of mind, but to give your loved ones a gift that you thought of them even though you are no longer able to speak for yourself. To give you an idea, estates that are not prepared properly or even not at all, the cost can range from time to hundreds of thousands of dollars and heartache. In my 22 years, I thought I have seen everything, but you know what, I haven't.

OAS CHANGES if you are born before JANUARY 1962

Take heart, if you were born in March 1958 or before, you are eligible at age 65 for OAS. If you were born in February of 1962 and later, your new eligibility is now 67. Now, the real funny logic of government comes into play. If you were born between March 1958 and January 1962, they have the most bizarre formula in calculating when you qualify. It would take a page and a degree in differential calculus just to show all the extra months you would have to wait depending on what MONTH and YEAR you were born in those 'in between' years. Needless to say, it is a GRADUATED phase in over those years. So please Google 'Ages of eligibility OAS Rules' and smile. I'm glad my taxes went to such a good mathematical/Statistical analysis and table explanation on the Service Canada Web site. Heaven forbid if someone made retirement planning a simple procedure.

Written by Laszlo Szojka