An earlier version of this article appeared in *National Post* October 27, 2007

The estate plans of effective people

December 2008

The term estate planning conjures images of wealthy philanthropists living out their retirement years on a tropical island, sipping pina coladas, while managing a plethora of family trusts and private foundations.

In truth, estate planning is important for everyone, not just the rich. If you have any assets at all, you need an estate plan so these assets go to the people you care about.

Herewith, a 10-step guide to an effective estate plan.

1. Designate a team of professionals
You don't have to go it alone. Get your financial advisor, lawyer and accountant involved to ensure that your plan works legally and is tax-effective as well.

2. Draw up a household balance sheet
This is a snapshot of your financial position, wherein you list your assets and liabilities. It's a great starting point to ensure everything is properly dealt with.

3. Understand your life insurance needs
Life insurance can play a critical role in any estate plan, ensuring that extra funds can become available to take care of loved ones, to pay any taxes owing upon death or simply to leave a greater inheritance.

4. Draw up your will
Having a will is only one step in the estate-planning process, but it's an important one. If you die without one, provincial law dictates who gets your assets upon death, which may not coincide with what you intended.

5. Establish a power of attorney for property
A power of attorney gives someone else the legal ability to deal with your financial affairs should you become incapacitated.

Jamie Golombek CA, CPA, CFP
Managing Director, Tax & Estate Planning
CIBC Private Wealth Management

6. Establish a power of attorney for personal care

This power of attorney authorizes someone to make personal, health and medical decisions on your behalf in case of incapacity.

7. Minimize taxes and other fees

A tax specialist can advise you on the tax benefits of leaving certain assets to certain people. For example, appreciated securities can be left to a charity tax-free, while other appreciated property, as well as your RRSP and RRIF, can be left to a spouse or partner on a tax-deferred rollover basis.

8. Keep track of accounts and important information

Make a list of your key personal information, advisors, important documents (and their locations), accounts and other financial assets, and put this list in a safe place so it can be easily referenced by your estate executor later on.

9. Review and update your plan regularly

Major life events provide a good time to update your plan. The birth of a child, separation or divorce, death of a parent, et cetera, could all impact your original plan.

10. Let someone know

Often the hardest step, it is a good idea to let your family know what you're planning to do, at least in general terms. That way, there are no shocking revelations from beyond the grave. Unless that's something you want!

For more information

Talk to your CIBC Wood Gundy Investment Advisor for more information or visit www.cibcwoodgundy.com to find an Advisor