

Avoiding Conflict in Estate Planning?

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SPEAKER	TRANSCRIPTION
	<p>[00:00:00.00]</p> <p>[MUSIC PLAYING]</p>
DORETTA THOMPSON:	<p>[00:00:11.24]</p> <p>Hello, you're listening to Mastering Money, where we explore the many aspects of good financial decision making. I'm Doretta Thompson, financial literacy leader for Chartered Professional Accountants of Canada. We provide no cost programs and free online resources that help Canadians own their finances and learn the language of money.</p> <p>[00:00:31.92]</p> <p>This season we're looking at retirement in Canada and discussing ways we can plan and save for a secure retirement even in the face of economic uncertainty and the obstacles that life can throw at us as we age because understanding your options and making thoughtful decisions is the best way to chart your path to a thriving retirement.</p> <p>[00:00:54.53]</p> <p>My guests today are Larry and Kimberly Short of Short Financial with IA private wealth, an independent full service wealth management and financial planning practice located in Saint John's Newfoundland and Labrador as well as in Toronto, Ontario. Larry is a CPA, a certified financial planner, certified investment manager, and a popular speaker and longtime volunteer with the CPA financial literacy program.</p> <p>[00:01:19.70]</p> <p>His partner in Short Financial, Kimberly, is a portfolio manager, trust and estate practitioner, certified financial planner, and Chartered investment manager. Larry and Kimberly help people find solutions to reach and maintain financial independence. Kimberly and Larry are also the co-authors of CPA Canada's upcoming book on estate planning, <i>The Last Act Closing the Book on Your Finances</i>.</p> <p>[00:01:44.75]</p> <p>The book will launch in November for financial literacy month, and you can pre-order it from the link in the podcast notes. Both Larry and Kimberly have been guests before in Mastering Money, and I'm delighted to have them both back today. Larry, do you want to start and tell us a little bit about your career?</p>

SPEAKER**TRANSCRIPTION**

LARRY SHORT:

[00:02:02.39]

I started a long time ago, I guess just after the dinosaurs died.

DORETTA THOMPSON:

[00:02:06.44]

[LAUGHTER]

LARRY SHORT:

[00:02:07.13]

So 32, 33 years ago, I came into this business after completing my accounting designation. And over that time, I have seen a dramatic change, of course, as one survives in this industry through various recessions, market crashes and the like.

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But also seeing the evolution of the industry moved towards that full service concept where the one advantage that investment advisors have over every other professional that you tend to deal with is that we get to ask about everything. So we get to ask about your health, your money, in many cases your relationships, your businesses, your insurance, et cetera. And that's evolved quite nicely to bring us to where we are today.

DORETTA THOMPSON:

[00:02:49.89]

So an awesome career for somebody that has really got that kind of voyeuristic, I want to know something about I want to know everything about you. .

LARRY SHORT:

[00:02:58.64] :

Yes. It's one thing to have this alphabet soup of letters behind our names, both myself and Kimberly have many designations, but the real knowledge that we're hoping to bring out in this book and through this podcast is the experience that we've had in dealing with so many families over the years.

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Although we've put in place sound financial plans, we've almost always seen some significant change to that plan happen over time, meaning that it's not something that you can just print off once and file in a briefcase to say it's done and it's checked off, it's something that evolves. And we're hoping that both the book and this podcast will help educate people as to what sort of things they should be looking for and what questions they should be asking.

DORETTA THOMPSON:

[00:03:42.20]

And Kimberly, your pathway has been a little bit different towards helping people in this area.

KIMBERLEY SHORT:

[00:03:47.75]

Yes, I started in the field of philanthropy and so that gave me a great background in what motivates people with their charitable giving. And that was a lovely segue into financial planning and money management. And then, of course, onto estate planning. That's been a very holistic approach with our clients to make sure that we're meeting their goals during their lifetime and beyond.

DORETTA THOMPSON:

[00:04:12.29]

And what a nice segue. What exactly is estate planning? Would you like to give us the kind of high level view of what estate planning is?

KIMBERLY SHORT:

[00:04:23.03]

Yeah, I think that's a really technical term and we do our best to avoid it because I think that people, number one, cringe, it's a cringeworthy experience, but also it's something that's probably not well understood. And so I think traditionally, we think of what will happen to our money after we've left the world and the document called a will? That's certainly part of estate planning.

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Another part and I would argue equally or more important is how we care for ourselves during our lifetime. And so who becomes our substitute decision maker or makers at a time of incapacity? And that can be anything from our health care to decisions about our money.

LARRY SHORT:

[00:05:02.39]

So Larry, when should Canadians start thinking about estate planning? Is it something that only people approaching retirement should be thinking about or are there other really key places and times when people should be thinking about these issues? And as Kimberly said, not just estate planning, but living et cetera and care what those decisions might be for a time that you're no longer making decisions.

[00:05:27.86]

Both Kimberly and I are certified financial planners. And as certified financial planners, we believe that every single Canadian should have a financial plan. Unfortunately, the vast majority of Canadians do not have a financial plan. So regardless of your age, you need to start with that financial plan.

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As a sub part of that financial plan is your estate plan. That is, it's one thing to say, here's how I plan to live my life, here's how I'm going to accumulate assets and spend them, and here's how buy my house and make sure my children are educated. But part of that is also how do you distribute the assets you currently have even if they're minor, even if they're not significant. And that is effectively how your estate plan integrates into your life.

LARRY SHORT:

[00:06:09.51]

The other part that most people don't really understand is that in the absence of you writing your estate plan, the provincial and territorial governments already have one written for you. So the government has already said, we're not going to let you die without some sort of way to distribute your assets because guess what? We're the government and we want a piece of that in form of tax. So many people are surprised to learn that the government has already have a plan for you.

[00:06:35.41]

So when we're talking about getting your estate plan done, it means really modifying the one that the government has already had for you. So that may be a motivator, but sometimes people are shocked to find out that in the absence of you writing your own estate plan, provincial and territorial governments already have one written for you that may extract as much tax from your estate as they possibly can.

KIMBERLEY SHORT:

[00:07:01.03]

It's also about your decision maker appointment. So at a time I can't make decisions for myself, who would I like to make those decisions on my behalf? And beyond my lifetime, who becomes my decision maker? And that's a really important appointment at any life stage. Whether I'm a single person, just entered my career, one might recognize that I would need a substitute decision maker at a time my disability, for example.

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Or later on in life, my decision maker and trustee might be in relation to who's going to be a guardian to my children? Or perhaps entering elder years, I want to substitute decision maker regarding my personal care. So all life stages really dictate some need for estate planning. There would be very few people in Canada, Doretta, that would not need some form of estate planning done.

DORETTA THOMPSON:

[00:08:01.02]

That's interesting and very important for people to think about. Do you find in your practice that there are certain life stages that really trigger people to think about these things-- marriage, having children, et cetera? Some of them may be obvious, some of them may be not so obvious and that people should really think about?

KIMBERLEY SHORT:

[00:08:19.83]

Yeah, absolutely. We've seen that in a number of cases calls to our office because someone has experienced a particular event in their life, certainly having a child is a great example of that. And I think in our personal lives, it's what caused Larry and I to take action and say, you know what? We looked at each other and said, oh, this is the time now, we really have to make our estate plan, right after we had our son.

SPEAKER**TRANSCRIPTION**

KIMBERLEY SHORT:

[00:08:46.20]

Other things-- getting married, getting divorced, getting into elder years. We've certainly had clients if they're experiencing some forgetfulness at whatever stage in life. It causes them to say, hang on a second, what's going to happen if I'm not able to make my own decisions anymore?

[00:09:06.42]

And then during COVID, that wasn't really a life stage. I mean, that was a global pandemic that caused us all to stop and have a moment or two or a couple of years of introspection and face our own mortality or at least morbidity risk and say, these are the times now we want to sit and have that discussion with a qualified professional.

DORETTA THOMPSON:

[00:09:29.94]

Right. I think another one that would affect some people too is if they have, say, a child with a disability and they have concerns about that child as an adult and after their death, et cetera, for the support of that. Is that something you also see Larry?

LARRY SHORT:

[00:09:46.20]

Yes. So we used to call these things milestones, which I think if we convert the metric are, I don't know, 1.6 kilometer stones now. But again, it's one thing for people to say, yes, I have now gotten married or have had a child and I should get my will up. But the fact is that many people are not aware that when they get a divorce, it may not change your will.

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It was the case that it didn't change the will, and there's been some cases recently that affect that decision. But imagine for a moment that you've gone through a divorce and you are not aware that the previous spouse, who you may not have broken up with on an annual basis with, would still inherit a significant amount of your assets because you have not revised your will

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And when I said that to one particular lady because she had come to see me just after divorce, I said, do you have your will revise? She said, no. And I said, here's the circumstances that may happen. I was between her and the door and I almost got trampled as she got through that door to get out to get to see her lawyer.

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As well, we had to be very aware that common law marriage does not necessarily provide the same protections under the provincial and territorial acts as formal marriages do. And as a consequence, when somebody does get married or become joined in a common law basis, sometimes they believe that provincial or territorial law that covers distribution of assets would apply.

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And so these milestones are really important. And then your question about having a disabled child, this is particularly important because there are specific provisions that can be put into your will to protect the money that is left to that disabled child. And it involves something called a trust.

LARRY SHORT:

[00:11:36.42]

And Kimberly and I have experienced in the Caribbean where trusts are used for a lot more than just estate planning, and to a large extent, the use of trust there is done on a highly expert level. Whereas in Canada, we're not seeing as many trusts set up as part of a will or it's set up explicitly as part of a will.

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And this is something particularly to those individuals who may have a disabled child really should be looking into to make sure that they don't have just one of these simple wills which says whatever spouse 1 has goes to spouse 2, and then when spouse two passes away, it goes the children, that if there is a disabled child, they should make specific provisions in there.

DORETTA THOMPSON:

[00:12:16.65]

Let's just back up for a second. And you've mentioned trust and that they're not used in Canada the same way you've seen them used elsewhere. What exactly is a trust? And how should people be thinking about then? Kimberley?

KIMBERLEY SHORT:

[00:12:27.75]

Trust is a complex topic. And I think as much as people cringe at estate planning, I think the cringe is much larger when we use the word trust because it is a complex instrument in estate planning and in financial planning. It can be different things for different people. Effectively, we think of it like an entity that can hold your wealth on your behalf and distribute to a number of beneficiaries.

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It can be settled, which means simply brought into existence by an outside party. So in the example that Larry's given, using a trust for a disabled adult child could be an advantageous thing for parents to set up, and settle is the word, for that disabled child. And they become the beneficiary meaning that the money flows out of the trust as an income support for that child during their lifetime.

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And then may not be included as an asset of that child for the calculation of other social government benefits. And that's an example of a trust that can be very powerful in preserving other government supports for disabled people. Trusts are often used otherwise set up perhaps for families that wish to have those income supports in place for multi generations or more than one child in a family that may require different levels of support, or where there's privacy that's needed on distribution of the assets by the parents. And so that's another benefit, I guess, of a trust.

DORETTA THOMPSON:

[00:14:13.54]

So I think a lot of us might think generally of trust as being something just for really wealthy people, and you hear about trust fund kids and that sort of thing. But do trusts have a very meaningful thing for more people than that, more people than high wealth individuals?

LARRY SHORT:

[00:14:31.44]

As Kimberly alluded to, the trust discussion can become very complicated, and it is specific knowledge that is needed in order to make sure that they're put in place properly, which is why Kimberly sought out and was successful in obtaining the trusts and estate planning designation. And that adds a tremendous amount of knowledge to our practice and to our book.

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The key part with trusts was that they have been used by wealthy families over the years and date back to the 1600, 1500, 1400s. Many individuals inadvertently create trusts when they do things such as they have two children, say age two and four, and they then appoint a guardian in their will in the event that something should happen to them.

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So again, going back to milestones, you have a couple of children, you realize when something happened to me and my spouse, we need to make sure that the children are taken care of. So therefore, we're going to appoint somebody as a guardian who's going to take care of them.

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So in doing so, you've actually created a trust. Because unless you explicitly state a second trustee, somebody who's going to take care of the money separate from taking care of raising the child, you have created a trust inadvertently without really thinking about it. And what we're saying is that one should know enough about trusts, to ask more questions when you go see your lawyer, and determine whether or not that trust should be set up where you have a separate trustee.

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And then something even-- a third thing that is often not used in practice in Canada called a protector. Sometimes we hear in the news about, unfortunately, the bad stories about trust, which is that somebody made off with the money and that it was not used as intended by the parents or the persons called a settlor, the people that established the trust.

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So the intention in the book, and again, this podcast is, many people afterwards come back and say, I didn't know I should be asking about this. So how do we educate people to know what are the questions they should be asking? So that's the entire intention of our book coming out.

SPEAKER**TRANSCRIPTION**

LARRY SHORT:

[00:16:33.25]

And we delve into it in using plain English in small words, so very, very little jargon in there, and pulling a lot of the knowledge that is in Kimberly's head about how these things work and including some experience that we've had over the years where we've seen these used successfully and unsuccessfully to say, here's what you should be watching out for.

KIMBERLEY SHORT:

[00:16:52.93]

In answer to your question, Doretta, more than high wealth families are using trust, just sometimes they don't realize that they're using them.

DORETTA THOMPSON:

[00:17:02.30]

It's interesting. One of the things that I've heard you both comment on, simple versus complex in different ways. And I think a lot of people maybe have this idea that their will, or I'm not wealthy, it's not-- so therefore, it is not complicated.

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What is the difference? What really is a simple will and what are the kind of complexities that should really twig for people and thinking, oh, wait, so I'm not a multimillionaire but still I have issues I need to think about in estate planning? Larry?

LARRY SHORT:

[00:17:33.16]

It's kind of right back to that whole question of what is the average investor doing? So we hear about this from time to time. We've never met an average investor, we've never met an average person who is going to put together a will to say, this is a standard will that you could be that you can use, much like the lawyer approved legal will kit, we have never met that lawyer, we've never met that person.

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So each person is as unique as their thumbprint. And in many cases, they make the mistake, and the most common mistake that we do see is that people make assumptions. They assume that if something should happen to them, of course my spouse is going to get all my money. Not going to happen.

[00:18:13.03]

In most cases, if there's any children involved, that changes the formula. Or that because they've been living with somebody for umpteen number of years, of course they're considered by a spouse. So therefore, they will get my assets. So in every instance, we have encountered, except for maybe one or two, it's rare that we see a simple will. There's always some complication. So that's piece one.

LARRY SHORT:

[00:18:40.72]

Piece two though, is that creating a will is not about you. It's about the people that love you and that you love that are surrounding you. And when you pass away, you want to be sure that you give them a gift, it sounds odd, doesn't it? But that gift is time, time and lack of complication.

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So as a consequence, when you write a will, you are giving instructions that are clear and plain as possible as they can be, that allows your loved ones to mourn, that allows your family to stay together, minimizes as much tax as you possibly can, and gives them the benefit of the time to be able to go through that traumatic loss of missing you.

DORETTA THOMPSON:

[00:19:25.06]

I like that, you're really thinking about continuing to kind of love and respect and support your family with what you do with your final planning. So when people are planning their estates or planning to look at their wills and other arrangements as Kimberly was referring to with planning around alternate decision makers et cetera, what steps should people take to really think about minimizing conflict in their families and making sure that they've covered all their bases?

KIMBERLY SHORT:

[00:19:25.03]

The number one thing that we've seen be very helpful to our client families is sitting and communicating that with their families in advance. So the number one helpful thing that we've seen for our clients as much as it can create a difficult conversation is it can be a very helpful process to talk about who mom and dad or aunt and uncle or grandparents want to be their substitute decision makers.

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The number one thing that we've seen that would be very helpful to our client families is sitting and communicating that with their families in advance. So the number one helpful thing that we've seen for our clients as much as it can create a difficult conversation is it can be a very helpful process to talk about who mom and dad or aunt and uncle or grandparents want to be their substitute decision makers, be that they're decision makers

[00:20:22.15]

Be that they're decision makers during their lifetimes or beyond, when it's a comprehensive discussion with the family to talk about the intention and the thought process around who they want to make their personal care, or medical decisions, or the power of attorney type of decisions around their financial affairs during their lifetime, or to be the executor of the will after they're gone from the world.

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It helps give a little bit of that flavor to the thought process that went into those decisions. Too often, we've seen scenarios where it was a very, not necessarily just informal, but almost as an afterthought. At Sunday dinner, oh, pass the mashed potatoes, and Johnny, I want you to be my power of attorney, and Susie, can you please be my executor? And so we really encourage families to sit and have that conversation.

SPEAKER**TRANSCRIPTION**

DORETTA THOMPSON:

[00:21:19.58]

Let's just take a moment to pull apart those two roles and exactly what they mean. Because they are not the same role. Although, many people may appoint the same person or people to fulfill both roles. What's the difference between a power of attorney and an executor?

KIMBERLEY SHORT:

[00:21:36.19]

A Power of attorney decision maker is somebody that acts during the person's lifetime and, potentially, during the person's incapacity. So we think about somebody that's stepping into my shoes at a time when, perhaps, I'm medically unable to make decisions for myself. If the time comes and I pass away, that power of attorney appointment is over at the time of my death. Then once I am gone from the world, it's my executor who takes over as my decision maker.

DORETTA THOMPSON:

[00:22:08.83]

And I'm going to explore executor in a second. But one thing I do want to just remind our listeners of this, we did do a podcast in our last series with Dr. Darren Hyland on preparing for the unexpected advanced serious illness planning. And it really looks into the things you should think about in appointing somebody to make those decisions and how to be really sure that they understand what your real wishes are.

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And there's an interesting free tool that he has to help you go through that process. So we'll provide the link to that in the podcast notes as well to remind our listeners that these are serious decisions to make when you're inviting people to take on these roles and your responsibility to make sure that they do understand what's involved in those roles and what your thought process is. Larry.

LARRY SHORT:

[00:22:57.79]

So a couple of points there. One is that all of this discussions about wills, estates, trusts, and the like, there's a huge taboo in this country of parents talking to their children about how much money they have. And that alone-- if that could be broken and individuals would-- families would actually start talking to potential beneficiaries to say, look, here's where we are, here's what we're hoping to do.

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Eventually, we're going to pass on, here's who the executor is, here's who my trustee is, here is whom I protector is, and here is how we're thinking of dividing up this money between you and your 13 brothers and sisters. That alone, if we could get people to break through that taboo, that's a huge lift in communicating and ensuring that the family stays together afterwards.

LARRY SHORT:

[00:23:45.10]

And I really want to emphasize this because unfortunately, Kimberly and I have both seen circumstances where well intentioned distribution of assets was completely misunderstood when it actually happened and there were rivalries built up within families and people literally stopped going to each for other Christmas or Yom Kippur or whatever. This communication, this taboo that we're trying to break through can be done in something called a family meeting.

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So in a family meeting, you put together your will and estate, and then you sit with the family and you say, hi, we've invited you here to talk about who's going to get the kitchen table and to have that full and frank discussion. A second part to that is something called a letter of wishes. Again, something we've seen practiced outside of Canada a lot, but not necessarily in Canada at all.

LARRY SHORT:

[00:24:32.32]

And it is a final letter to your family that says, hi here, you are reading the will, and here's what we were thinking. And sometimes in there, you need to remind individuals of sometimes that there is convenient forgetting of gifts that were given to various family members along the way. Because again, particularly in a large family or even two or three, children, which I guess these days would count as a large family, sometimes one child has helped out more than another.

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And that may be confidential to the other children. And as a consequence, it has to factor in or may factor in the final distribution of assets. So all of this involves something called communication, which is, again, when you have taboos in existence is very, very difficult to do.

KIMBERLY SHORT:

[00:25:18.55]

Regarding the taboo, Larry, yes, it certainly is the case that a lot of intergenerational conversations around money don't happen, because people don't necessarily want to put up their bank and portfolio statements on a screen and share them with their children or nieces and nephews and grandchildren.

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But I think the really important part of the conversation is around the decision-making that will happen around the gifting. Or what will happen when mom or dad or aunt or uncle are incapacitated or unable to make their own decisions? So it is important to have a tool to guide a discussion around health care direction provided to a substitute decision maker.

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To say to Susie, Susie, I'd like you to make my decisions around my continued care at a time of my incapacity. These are my values and these are specific intervention points and methods I would like use. And that may be a very different substitute decision maker than I would have for my finances, as an example. I may choose Marie to be my substitute decision maker on my finances.

SPEAKER**TRANSCRIPTION**

KIMBERLY SHORT:

[00:26:33.18]

And so those are two very different documents. The first is often referred to as an advanced health care directive or a personal directive and the second is a power of attorney. And so we do see different choices from our client families depending on the nature of their relationships in their family and with their friends for those different purposes.

LARRY SHORT:

[00:26:57.09]

Can you just tell us the name of that doctor again?

DORETTA THOMPSON:

[00:27:00.74]

Yeah, it's Dr. Darren Hyland. And our podcast was on preparing for the unexpected advanced serious illness planning. And it's called the Plan Well guide. We'll make sure there's a link to the Plan Well guide again in the notes to the episode.

LARRY SHORT:

[00:27:15.43]

Whether it is an individual being appointed as a power of attorney for medical purposes or any other appointment, one has to realize that the appointment can always be rejected. Often, we see people say, as can be brought up earlier, they're sitting down with some friends and they say, can you pass the mashed potatoes. Oh, by the way, would you mind being my executor? And they often say, yes, because they feel it's a great honor to be appointed executor.

[00:27:41.16]

We've written an article called Why you do not want to be an executor. And it's also included in the book. Because it is an awful lot of responsibility. If you have not gone through this before, it is a lot of work. And many people who have done it have ended up in circumstances where they've had to make decisions and ended up with members of their family or friends who never talked to them afterwards again.

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So be very wary if somebody says, will you be my executor? You want to go take a look at this checklist first to see exactly what needs to be done. The flip side of that is that when you do appoint an executor, that executor may look at it the work that is involved in settling your estate and say, you know what, I don't want to do this, I want a hands out of here.

[00:28:22.51]

So this is why it's really important that selecting your executor, your powers of attorney, et cetera, your trustees, your guardians, is so vital. And so how do you interview for this? How do you ask people those questions? And as an individual who is being asked to take on that responsibility, do you know what you're signing up for? So again part of the podcast, part of the links to the various websites, hours included, to be able to find these articles and to the book. This is what we're trying to help individuals understand.

DORETTA THOMPSON:

[00:28:54.72]

So Larry if I'm sitting down to write or update my will and I'm thinking about choosing an executor, what do you think are the top things I need to think about in selecting who I might want to ask to be my executor?

LARRY SHORT:

[00:29:09.39]

The most important factor is competence, has this person done this before? So if the individual is a friend or a family member, particularly family members, if there's anything within the family that is already contentious, then when you pass on, it is going to become more contentious. So if there's somebody who feels rejected or someone who feels hard done by, as the Newfoundlanders put it, then appointing someone who they perceive as a rival, for example, could only make situation worse.

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As well the sense of trying to treat everybody in the family fairly means then that if you do appoint somebody in the family as being an executor, you have to be sure that your will is very, very explicit, and that they're not interpreting or guessing what you meant. So it's one thing to say that the contents of the house will go to such and such a child, but that the contents of the house include the jewelry that may be valued a lot more than the value of the house.

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Were you considering that you gave someone your cottage but somebody else was using that cottage a lot more? It's more of not placing the executor, particularly a member of the family, in that conflict of interest where it may be perceived that they could take advantage of the fact that they're executor.

KIMBERLY SHORT:

[00:30:37.41]

Further to the complicated situations or the multi sibling scenario when mom and dad are both gone from the world, there are plenty of times where a professional executor is the right choice. And understanding a professional executors competencies and their fee schedule for acting in that capacity is instrumental to someone's comfort level in appointing a professional to do that. It can be a very good choice for a lot of families for having a professional who has done this role many, many times and can get through the process quickly and in a detached way.

DORETTA THOMPSON:

[00:31:19.95]

I think we've probably all heard horror stories of families really being fractured in permanent ways because of what was in mom and dad's will, for example, and not understanding the context or just having it go really, really sideways. I'm sure you've seen that.

KIMBERLY SHORT:

[00:31:38.85]

Yes, Doretta, I think a letter of wishes is a great thing that we've seen a number of our client families use very successfully to help with those feelings after mom and dad have passed and there's a multi sibling scenario and maybe something in the will that might not have seemed fair or equitable, but in fact was probably intended in a fair hand type of way.

[00:32:05.74]

And so a letter of wishes is a powerful tool, not a legally binding one, but it simply is something that I as a mother might word to my children to say, dear children, the gifts and the will may not equal the same value to each of you. But might I remind you that I helped Marie establish her business when she first started out. And I helped Susie when she first had children with the costs that were quite substantial.

[00:32:36.45]

And so I've taken that into account with my final distribution in the will. And the most important thing for me as your mother is to remind you that your each other siblings and I've left you in the world together to continue on with the harmonious relationship I raised you to have.

[00:32:53.46]

Today we've talked a lot about mom and dad distributing to children. And the world is so much bigger than that family structure. There are aunts and uncles that distribute to nieces and nephews, there are single people that give to charity and friends and family, there are families that have multiple marriages and children from multiple marriages.

[00:33:14.10]

And with all these different types of family structures and estate planning needs, these particular scenarios do present themselves in those different ways. And so there's opportunity for disagreement, but also opportunity for assuaging feelings of those potential beneficiaries from the estate by creating a letter of wishes to express one's intention after we're gone.

DORETTA THOMPSON:

[00:33:41.40]

So one thing, if we could take another little view about wealth distribution. One of the things that we're seeing, particularly with the changes in the residential real estate market, is parents gifting their children significant sums of money for house down payments, for example

DORETTA THOMPSON:

[00:34:00.48]

Does that giving gifts during your lifetime, does that make a difference? Can it minimize conflict? Or you've talked about instances where it can actually create conflict because it hasn't been acknowledged in the will. What do you see in that kind of space where people are giving money while they're still alive? Kimberly.

SPEAKER**TRANSCRIPTION**

KIMBERLEY SHORT:

[00:34:21.27]

We've seen a good bit of it. And I think that it makes sense to give to a loved one at their time of need and when they can most benefit from it, if in fact you have a surplus yourself. So going back to if I have a child who is trying to buy their first home and I have a surplus sitting in my savings account that is not something I need for my own retirement income and security, it may well make sense for me to gift to that adult child in that way.

[00:34:50.70]

With respect to estate planning, it's really important, and it really does go back to that whole discussion about letters of wishes. If we have more than one child, after we're gone from the world, to remind them of those gifts that were done during my lifetime. To say, don't forget, Susie, I did help you buy your house. And so I took that into account when I was giving up my estate and drawing on my will.

[00:35:17.52]

So yes, it can help, and Yes it can also create issues if we don't remind our family members in one way or another. And I do believe in most cases, the best way to remind them is during our lifetimes via family meetings. To view the family and our finances, almost like a business meeting, and sit at the kitchen table and say, this is what I've done during my lifetime with my wealth accumulation and gifting to you my children. And therefore, here's what you're going to find when you go to distribute my estate.

LARRY SHORT:

[00:35:52.95]

As well, can modify your will during your life in order to make provision for such outright gifts. So if you are going to give Susie \$100,000, then you can reduce the ultimate distribution from the will by an equal proportion accordingly. And you call your lawyer and say, I want a codicil done because I just granted one of my children x amount of dollars and I want their inheritance to drop by that amount when I pass away.

[00:36:21.28]

So we would recommend that particularly if it's a large sum or a significant amount of specific proportion of your estate. The other side to that, though, is the fact that there is a potential, there is a temptation there that individuals give away too much of their estate while they're alive and consequently compromise their own retirement.

[00:36:41.65]

So at some point, you recognize that you've helped your child or children through education, you've helped them through getting a down payment on their home, you've helped them with this particular expense or another, but at some point you have to draw the line and say, no this is sufficient, this is as far as I take it because you do not want to be endangering your own retirement. And again, that's part and parcel of that whole financial planning rolled into the estate plan.

SPEAKER	TRANSCRIPTION
DORETTA THOMPSON:	<p>[00:37:07.67]</p> <p>Yeah, I think that's an incredibly important caveat because we are, in fact, starting to see that. Where people are in an attempt to help their children actually jeopardizing their own retirements.</p>
LARRY SHORT:	<p>[00:37:18.09]</p> <p>Yeah, and one of the ways that you protect yourself from doing that is you turn to the child and say, yes, I can help you out with this amount of money, which basement apartment are you selecting for me to live in?</p>
DORETTA THOMPSON:	<p>[00:37:27.12]</p> <p>[LAUGHTER]</p>
LARRY SHORT:	<p>[00:37:27.87]</p> <p>Or when will you be-- will I be moving in with you? So you can make it amusing, but you can also get across a message that there is a limit there, that it can't be mom and dad money box writing a check all the time. But if you do rate the check, then you have it acknowledged particularly if there's more than one beneficiary by using that codicil, a technical term which means a revision to a will.</p>
DORETTA THOMPSON:	<p>[00:37:50.07]</p> <p>Larry and Kimberly, you are our partners in life as well as partners at Short Financial. And if you're comfortable talking about it, have you got your estate planning in good order or is it a case of the shoemaker's children going shoe-less?</p>
DORETTA THOMPSON:	<p>[00:37:50.07]</p> <p>Larry and Kimberley, you are our partners in life as well as partners at Short Financial. And if you're comfortable talking about it, have you got your estate planning in good order? Or is it a case of the shoemaker's children going shoeless?</p>
KIMBERLEY SHORT:	<p>[00:38:04.11]</p> <p>I love this question, I love that analogy. We certainly did do our estate plan when we had our son, and I mentioned it earlier in this podcast. In fact, we were on a flight and had not done it and our son was an infant. And we hit a point of turbulence and I grabbed Larry's hand and we sort of wide eyed looked at each other and I said, that's it we've got to get the estate plan done.</p> <p>[00:38:28.11]</p> <p>And like anyone else, what had held us up in that moment was considering his guardianship, it had nothing to do with wealth, it had nothing to do with substitute decision making around assets, it had solely to do with who was going to raise our child and how was that going to go? That was a difficult decision and yet a clear cut one looking back.</p>

SPEAKER**TRANSCRIPTION**

KIMBERLEY SHORT:

[00:38:51.93]

And during the process of writing this book on estate planning, we again looked at each other and said, well, we now have a son who's about to go off to University, and that's probably a very different estate plan, we would certainly tell our clients it is. And so it's time to do it again.

[00:39:10.15]

And so the answer to your question is yes, Doretta, our estate plan's done well, and something that I take great comfort in having done. It wasn't easy to do. And in fact, we had to use our own tools in order to guide ourselves through the process. It was difficult to start and wonderful when finished.

DORETTA THOMPSON:

[00:39:29.76]

I will tell you, Kimberly, that when I was going through the proofs of the book, I did the same thing. [LAUGHS] Saying, oh, I need to rethink this and make sure everything's up to date. [LAUGHS]

LARRY SHORT:

[00:39:41.10]

It is interesting in talking with a lot of individuals when I ask them about, do you have your will done? They come back with a story about, well, I'll get around to doing it. And sometimes, you dig a little deeper and they find out, well, I'm afraid to write my will because I'm not ready to die yet, as if the universe was looking on them to make a decision as to, please put your affairs in order so that we can check you out of this version of reality when in fact, the universe really does not care whether you have something written.

[00:40:10.02]

And again, I'll bring you back to the point that there's already a will written for you, which comes down to the question of do you want to modify that? In our particular case, the discussion about who would be raising our child, that became the biggest single element, as Kimberly was talking about. And then once we resolved that, everything else just easily fell into place.

DORETTA THOMPSON:

[00:40:31.98]

As we bring our conversation to a close here, can you give us some thoughts on where Canadians could get advice on estate planning? Who should they talk to and what should they think about in reaching out for advice and help?

LARRY SHORT:

[00:40:45.69]

First of all, recommend that you go and talk with your financial planner. And you want to be sure that financial planner is a truly certified financial planner, so having the proper designations so that they can prepare a financial plan for you.

SPEAKER**TRANSCRIPTION**

LARRY SHORT:

[00:40:58.86]

You want to be sure that it's not just a plan that looks at one aspect of your life, you would like to have it to look at all aspects of your life. And presumably, that financial planner would have professionals around them that would then be able to assist you in putting together your will and estate plan.

DORETTA THOMPSON:

[00:41:17.39]

Larry and Kimberly, thanks so much for joining us today. An estate planning is the final gift you can leave your loved ones, and I'm sure our listeners feel better prepared having listened to our conversation today.

[00:41:27.20]

[MUSIC PLAYING]

[00:41:30.55]

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[00:42:29.30]

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[00:43:01.78]

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