

# Estate planning peace-of-mind:

Take steps now to reduce probate fees and expenses



Every estate must file a final (or 'terminal') tax return after the death of an individual. This can trigger probate fees and other expenses.

Owning deferred annuity policies such as segregated funds and term funds can help ease the burden on your estate by passing amounts directly to your beneficiaries, outside of your estate and the probate process.<sup>1</sup>

## Probate Fees

- Fees or taxes charged by the provinces for confirming a will is valid and the executor has the authority to act, referred to as "Letters of Probate" (essentially a tax on your estate).
- There is no limit on fees (except for Quebec, Alberta, and the Territories).
- Fees and taxes could be as high as 1.5% of your estate.

## Deferred Sales Charges (DSCs) at Death

- Unlike most mutual funds<sup>2</sup>, generally no charges are applied to segregated fund policies at the time of death.

## Legal and Executor Fees

- Legal and executor fees usually range from 3% - 6% of the estate.
- Executors are responsible for locating the will, arranging the funeral, ascertaining names and addresses of beneficiaries and next of kin, finding the assets and liabilities, and tax return preparation.

- Executors usually charge a fee of up to 5% on average, of the value of the assets transferred under the will in most jurisdictions.
- Lawyers or notary, as executors, will often charge a percentage of the assets valued in the estate.
- Segregated fund and term fund policies with a named beneficiary do not form part of the estate and are not subject to any executor, legal or trustee fees.

## Accounting Fees

- For larger and more complicated estates, an accountant could be needed to file the final tax returns and ensure the orderly transition of assets.
- Fees usually range from another 2% - 5% of the total estate assets.
- Unlike GICs and most mutual funds<sup>3</sup> segregated fund and term fund policies, do not form part of the estate and go directly to named beneficiaries. This means the accounting fees will be significantly lower (and should generally only relate to the preparation of tax returns).

<sup>1</sup> Not applicable in Québec, as notarial wills do not need to be probated by the court and, for holograph wills and wills made in presence of witnesses, probate fees are minimal.

<sup>2</sup> Standard Life Mutual Funds Ltd. does not charge any deferred sales charges for surrender on death of the holder of an individual account.

<sup>3</sup> Registered mutual funds can bypass probate. Not applicable in Quebec.

*Remember... you must name a beneficiary (other than the estate) on your segregated fund and term fund policies to ensure these assets go directly to the beneficiary and avoid fees.*

## Take a look at how owning segregated and term fund policies can increase your estate

The example below compares a \$100,000 investment fund and a \$100,000 guaranteed investment over 10 years. The result shows a \$24,782.65 benefit to the estate using segregated fund and term fund policies.



### Estate Taxes on Investments

Input Data
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Province :	Ontario		
Investment Fund Amount :	\$100,000.00	Mutual Fund	Segregated Fund
Life Expectancy :	10 years		
Rate of Return :	8.00 %		
Additional Management Fee :	N / A		
Fund Value :	\$215,892.50		
DSC Charges (0%-7%) 3	\$6,476.77		
<b>Fund Value at Death :</b>	<b>\$209,415.72</b>	<b>A</b>	<b>\$206,103.16</b>
Guaranteed Fund Amount :	\$100,000.00	GIC	Term Fund
Life Expectancy :	10 years		
Rate of Return :	4.00 %		
<b>Fund Value at Death :</b>	<b>\$148,024.43</b>	<b>B</b>	<b>\$148,024.43</b>
<b>Total Fund Value at Death :</b>	<b>\$357,440.15</b>	<b>A+B</b>	<b>\$354,127.59</b>
<b>Total Fees :</b>	<b>\$28,095.21</b>		<b>N / A</b>
<b>Net Fund Value at Death :</b>	<b>\$329,344.94</b>		<b>\$354,127.59</b>
<b>Savings :</b>			<b>\$24,782.65</b>

**Total Fees :**

Probate Fees :	\$4,861.60
Legal Fees (3% - 6%) 4	\$14,297.61
Accounting Fees (2% - 5%) 2.5	\$8,936.00
<b>Total Fees :</b>	<b>\$28,095.21</b>

Assumptions: Non-Registered assets. All values are estimates and for illustration purposes only. Not jointly owned with rights of survivorship as this method also allows for probate bypass.

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*Estate taxes based on Ontario. Amounts revised as per October 2009 Tax and Estate Issues Pointer Card.*

**Your advisor has tools to help you estimate the potential impact on your estate. Ask about the estate planning advantages of owning segregated fund and term fund policies in your portfolio.**

*This information is subject to change. Consult a legal advisor for specific information.*

*Ideal Segregated Funds and Term Funds are offered under Standard Life's savings and retirement income plans, which are insurance products.*

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