

More Than You Might Think

Many people put off making a will because they mistakenly believe they have little to leave to anyone. People often have more than they think. Just because you don't have a savings account stuffed with excess cash does not mean you are without wealth. Wealth can be held in many different ways.

It is surprising to me how many people overlook the wealth they have in the form of their home. I heard recently that the price of the average home in Edmonton is over \$400,000. Many homes are listed for much more than that. Edmonton real estate has enjoyed spectacular growth in recent years creating a great deal of wealth for homeowners. Often this is not taken into account.

Another source of wealth that people commonly overlook, I find, is life insurance. Many employers offer group term life insurance benefits to their employees as part of their employment benefits. A surprising number of people are unaware even of the value of this benefit. When I question my clients about this point, I find that many of them are vaguely aware that they have "some kind of insurance through work", but they really don't know what benefits are provided. They just haven't really thought about it. Upon investigation, they often learn that they are entitled to a substantial death benefit. While the level of benefits varies from plan to plan, they are often based on a multiple of the employee's annual salary, and can often exceed \$100,000. People often assume that in order to qualify for the life insurance benefits through their employer's benefits plan that they must die while working in a work related accident. This is usually not the case. Often the benefits are payable no matter what the cause of death.

People who own a home and who are aware of the nature and extent of their life insurance benefits may think that they have no need for a will, believing their home and life insurance benefits will go automatically to their surviving spouse or common law partner. If the home is registered in joint names and the proper steps have been taken to name the surviving spouse or common law partner as the beneficiary of the life insurance proceeds, this is correct; however, what people often fail to consider is what will happen if both parties die. Here's where things can get complicated.

If both parents die leaving children surviving them, the home and the life insurance benefits will fall into the estates of the deceased parents, to be divided equally among the surviving children. If the children are minors, the Public Trustee will step in and take control of the assets until each child respectively turns eighteen. As each child turns eighteen, the Public Trustee will turn over everything to which that child is entitled to, no strings attached, and no matter how large the amount of the inheritance. Few people I meet want their children to receive their entire inheritance at age eighteen, yet this is exactly what will occur without a will.

If there are no children (whether minor or adult) involved, other provisions of the ***Intestate Succession Act*** will apply. First entitled to inherit from the deceased are the surviving parents of the deceased, then brothers and sisters, then nieces and nephews. It would be a mistake to assume that both sides of the family will inherit equally. Depending on which of the parties dies first and how long the surviving party clings to life before passing away, there are a number of different possible outcomes. It is possible in certain circumstances for one side of the family to inherit everything to the exclusion of the other.

Basic estate planning documents, properly prepared, can address concerns like these to ensure that in the event of your death, your wealth is divided equitably among your surviving family members.