Managing Alone

Your Trusted Advisors' Guide to Surviving the Death of Your Spouse

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&
Janet Baccarani, CFP

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“I met Jennifer at a very vulnerable time in my life. About seven months prior, my husband had died suddenly and I had been inundated with financial advisors trying to get me to work with them on the financial aspects of his estate. I was totally unprepared because he was the one who had managed the finances. I was also dealing with a disabled daughter who had started her path to semi-independent living. I questioned how I was going to not only plan for this, but how was I going to afford it?

When I met with Jennifer, I instantly felt at ease. Jennifer had asked me to bring in everything I felt would pertain to my financial situation and, I have to admit, I really wasn’t sure what ‘everything’ was or meant so I took everything! Jennifer did not laugh or make me feel inadequate. She reassured me by looking at each document and reviewing what it was and meant. I left feeling so relieved. I was sure I had made the right decision in talking to Jennifer.

I recently met again with Jennifer. I am now aware of all my investments as well as my spending. Jennifer listened to me. I cannot emphasize enough how important that was to me. Anytime I have a question or I need to talk to anyone at Dedicated Financial Solutions, they have been there for me.

The personal, patient guidance that I was given at one of the most difficult times in my life will forever be remembered.”

~Linda Broadbent, Widow

“I trust both Janet and Jennifer very much. They provide me with the peace of mind that my finances are in good health.”

~Nely Laning, Widow

“Highly recommended! Doing a great job with my investments and I trust them. Janet and Jennifer are pleasant people to deal with and always keep me well informed about the activity in my portfolio.”

~Arleen Wig, Widow

“The loss of a spouse triggers an emotional avalanche that is only made more devastating by the financial concerns that so often come crashing in at the same time. Much has been written about dealing with the ‘feeling’ side of the equation – not enough about the money side. *Managing Alone* fills that void – comprehensively and compassionately. Using real life stories and real life solutions, based on their extensive experience as financial advisors, Jennifer Black and Janet Baccarani offer insight, counsel, direction, encouragement and, most importantly, specific information to guide recent widows and widowers through the financial transition to the next stage of their lives. This book could be the most valuable gift anyone could give or receive.”

~George Hartman, Managing Director, Accretive Advisor

“*Managing Alone* illustrates how you don’t have to be alone when it comes to handling your finances after losing someone you care deeply about. This book uses anecdotal situations to explore options, is easy to comprehend and provides great advice."

~Pattie Lovett-Reid, Chief Financial Commentator, CTV News

To my parents who taught me values and encouraged me along the way. To my husband, Kevin, without whom I could not have done any of this. To my daughters, Sara and Kayla, who teach me something new each day and remind me to live.

~ Jennifer Black

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About the Authors

Jennifer Black BSEd, CFP, FMA, CPCA, FCSI, CIM

After a successful tennis career, Jennifer joined Janet in the financial industry in 2003. Jennifer quickly discovered how much she enjoys working with people and helping them to achieve their goals. Leveraging the discipline and work ethic developed during her tennis career, Jennifer has been instrumental in creating the successful process used by Dedicated Financial Solutions. Each meeting has a specific focus, ensuring that clients are always accomplishing something that will move them closer to achieving their goals.

As a Certified Financial Planner and Canadian Investment Manager, Jennifer has an inherent ability to understand clients' needs, help them clarify their goals and develop portfolios to help them reach those goals quickly and efficiently. Jennifer is co-owner of Dedicated Financial Solutions and is also a financial advisor with a Canadian investment dealer where she currently has the honour of sitting on the Advisory Council.

Jennifer still enjoys playing tennis and also enjoys golf and spending time with family. She lives in Mississauga with her husband, Kevin, and their two daughters. She enjoys watching her daughters find their passions and work toward their own goals.

Janet Baccarani, BSc, MBA, CPA, CA, CFP, FMA, CPCA

As a Chartered Accountant and Certified Financial Planner, Janet has assisted clients with tax-related matters and in creating and preserving wealth for their families since 1998. She is dedicated to helping her clients find the right blend of wealth creation and preservation for their long-term security and family needs. Janet's executive-level business experience has given her an in-depth understanding of the unique financial planning requirements of time-challenged corporate executives and business owners.

Janet is co-owner of Dedicated Financial Solutions and is also a financial advisor with a Canadian investment dealer. She is a former director of the tax and accounting division of one of Canada's foremost publishers of taxation information for legal and accounting professionals. She serves on the board of the Etobicoke CA Association and is on the board of the Volunteers of Trillium Health Centre.

Janet and her husband, Zito, have made their home in Etobicoke for over 30 years, where they raised two children. Janet enjoys travel, golf, tennis, theatre, music and the company of her two granddaughters.

CPA = Chartered Professional Accountant
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For additional questions or to discuss your specific situation, contact us today to schedule your free 30-minute call.

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To book Janet and Jennifer for a speaking engagement, contact info@dedicatedfinancialsolutions.ca or go to www.createwealthnow.ca/speaking.

To order additional copies of this book go to
www.managingalone.ca or
use the order forms at the back of this book.

Introduction

Widowhood is not limited by age or gender. It can happen to both men and women, young and old, in a variety of circumstances. This book is meant for anyone who must now cope on their own, without their life partner's help and support. Widowhood is of course common for older people, but it is not unusual for people in the prime of life to find themselves, very possibly with young children, the lone survivor of what they had planned as a lifelong relationship. And it's not unusual for widows and widowers of any age to find themselves suddenly faced with a staggering number of questions and decisions to make about their financial situation, even if they had made some plans and financial arrangements in advance. For many people who have lost their spouse, the overwhelming sense of loss is compounded by a feeling of financial helplessness and uncertainty.

If it happened to you, would you be prepared? Would you know what to do?

Most of our clients are like the people in this book – intelligent, capable, competent people, but not always completely aware of their financial situation. Some of the widows and widowers featured in this book spent the better part of their adult lives with their financial affairs being managed by their spouse. It was a system that worked well until one partner was suddenly no longer there.

Our North American culture isn't comfortable with the subject of death, and few of us know how to cope with the pain of loss and grief. We're rarely encouraged to express our sorrow, so we've learned to control our feelings and to hide our pain. So it's natural that you may be reluctant to turn to friends, family and others for help – both with your emotional distress and your financial worries. This discomfort with and fear of death also makes it very difficult for people to discuss death and plan for it – avoiding those topics is extremely common. But addressing them can make the situation much easier for those who are left behind.

Each of us will handle the loss of a spouse differently, but we will grieve and we will need help. In the following chapters you will read about men and women who have lost a spouse. We hope you can relate to some of them and learn from their stories. As financial planners, we've worked with many widows and widowers and have grown to understand a number of issues they face.

Our website, Widowed.ca, came about after a friend's husband passed away. She first came to us for help getting life insurance on herself. During our meeting it became clear that the woman's young daughter was not receiving the Canada Pension Plan children's benefit – but she should have been. Over the next few days we tried to determine what had gone wrong.

It is very common for funeral homes to help with completing paperwork and forms at the time of the funeral. Although this can be a relief to a stressed, grieving spouse, it is not always the best solution and does not always cover the entire benefits process. And most people don't care to hear, right after their spouse has died, that they may be entitled to money as a result of that death. They'd rather have their partner back.

As well, immediately before and after the funeral, everything seems to be happening at once. The surviving spouse is overwhelmed and it's hard to take everything in. Even if they are told about it, often people don't truly "hear" or remember that they are entitled to financial benefits.

When we finally figured everything out for our friend, it turned out that, although the funeral home had completed and submitted the forms, the government had entered the information into its system incorrectly, and the payments to her daughter never began. Errors do happen, but if our friend had properly understood what her daughter was entitled to, she could have followed up and had the problem corrected much sooner.

Working with a professional who deals with these issues daily, whether it's an accountant or a financial planner, helps avoid such problems and makes it easier to correct them immediately if they do occur.

Once we cleared everything up, because it had been the government's error, the government provided the full amount of the benefits that should have been paid over those two years, with interest. The money was a big help – it enabled our friend to keep her daughter in her chosen school for another year.

We realized our friend couldn't be the only one who had had a problem with government survivors' benefits and Widowed.ca was born. When Widowed.ca began, it was purely a place where people could find out what government benefits they were entitled to. We wanted to make the information available so that people could get it whenever they were ready to hear the information, be it 10 days or 10 months after losing their spouse.

Since then we have grown Widowed.ca to include bloggers who share their own experiences of being widowed writing about different issues they have faced and also their triumphs in overcoming challenges. We have included links to trustworthy local resources for individuals to contact if they have a need – another problem our friend had mentioned was that she had had an accountant who made a mess of both her tax return and her husband's final return, leaving her in a very bad spot. She expressed that she had had difficulty finding someone she knew she could trust.

So visitors to Widowed.ca can now search for professionals such as lawyers, accountants, mortgage specialists and therapists from the resource pool we have built for our clients. The service providers listed there have been vetted through reference checks with their own clients. Once we had added these service providers to our website, we asked that they provide informative articles or blog posts that would benefit the widows, widowers and their loved ones who visit our site. The aim is to offer information provided by experts – they know their industry and services best and can educate our site visitors on how to deal with some of the issues faced by surviving spouses.

The most recent addition to Widowed.ca is a forum that allows widows and widowers to connect, to share and to support one another. Our focus is not on providing online grief support but rather on providing an open area for people who are looking to connect with others who are in the same situation. We have seen some very difficult stories on the forum and continue to provide as many resources as we can to help these people through their situations. Some of the most helpful information shared talks about things that work.

Our passion at Dedicated Financial Solutions is helping people. Widowed.ca allows us to help many people at once, many more than we possibly could in person. We hope to achieve that with this book as well.

About the Book

This book is an extension of our drive to help widowed people get on with their lives by offering resources, ideas, personal stories and financial advice. It's organized into chapters, each of which tells the story of someone who has lost their spouse. Each chapter focuses on two or three financial issues that are critical for that particular widow or widower, giving details on those topics. The book provides information on how to:

- Locate and access your deceased spouse's assets
- Learn what benefits the Canadian government provides to widows/widowers and their children
- Analyze your financial situation to help determine the best use of insurance proceeds
- Establish your own credit and financial identity, and why this is important
- Set up a trust to protect your estate
- Recognize unexpected costs of buying and selling a home
- Buy or lease a car with confidence
- Obtain insurance that provides the right coverage at the lowest possible cost
- Develop a financial plan that will protect your family if you die and allow them to live comfortably
- Plan for your retirement now that things have changed
- Deal with final expenses and your spouse's final tax return
- Go through the probate process and execute your spouse's will
- Manage if your spouse did not leave a will
- Update your will (and why this is important)
- Get your and your spouse's affairs in order when you know death is imminent

- Enter into business or loan arrangements with family members
- Choose advisors you can trust to help you accomplish these tasks

The topics of grief and emotional coping following the death of a loved one have been covered extensively elsewhere – and are not our areas of expertise – so we have not addressed those subjects here. We focus instead on financial matters following death. The More Resources section at the back of the book lists some books and websites that offer help with grief and the emotional side of widowhood.

10 Tips to Help You Cope

We talked to many widows and widowers before we launched Widowed.ca and before we began putting this book together. In addition to discussing their financial concerns, they told us about some of the things that helped them in the months and years after they lost their spouses. We would like to pass those suggestions on to you.

- If you don't already have one, get a companion animal and let your pet help you grieve.
- Touching helps. Take time for a massage.
- Talk to others who have experienced a similar loss – with them, you can express your sadness.
- Ask for help with tasks such as errands and repairs – people want to help.

- Let people know if and when you want to be alone. It's not personal, so assure them they are not being rejected.
- Find a place you can go for a good cry. Your feelings are normal.
- Use time when you are alone to remember, dream and think. Take time to process what happened.
- Identify your loneliest times and plan activities to keep you busy around those times.
- Realize that no one truly understands the relationship you had with your spouse.
- Let people know you want to remember – encourage others to talk and share stories about your spouse with you.

The 10 stories you are about to read are based on fact. The names have been changed, as have some of the details, to keep our promise of privacy to the people who have shared their experiences. We welcome your feedback or questions at Widowed.ca.

Jennifer Black
Janet Baccarani

Kayla

A New Start for a Young Widow

Kayla, age 25, and Jacob, 26, had been together from the time they were young teenagers. They met on the high school football field – he a football star and she a cheer-leader. They lived for the fun of the moment but planned to go to college and then marry.

After the final game of the season in Jacob's last year of school, amid celebrations that included a few beers, Jacob and Kayla found themselves overwhelmed by the mood and by their love and things went farther than they in-tended. Weeks later, Kayla tearfully told Jacob the news: she was pregnant.

They married right away, college plans put on hold. No one but their immediate families knew their situation. Kayla was able to finish the school year hiding the truth, but as soon as school ended and Jacob graduated, they moved to another town. They didn't want anyone to know they "had to" get married. They even agreed to tell everyone their wedding date was actually a year before it really was.

They found a small apartment and Jacob got a job in an auto parts factory. Kayla enjoyed looking after him, packing his lunch and making dinner for them, and she busied herself preparing for the baby. But she had no experience with a household budget, banking or anything of the sort. Jacob took care of all that, and she had complete faith in him.

Jacob quickly got promoted, and they decided that he would forgo college. When the baby was born, Kayla delighted in caring for him; they knew they wanted more children. Two and a half years later, their daughter was born, and three years after that, another son. Jacob was promoted again – he was now lead hand for the auto parts shop he worked for – and was making a good living, with benefits, enabling the couple to purchase a house, albeit with a hefty mortgage and some help from their parents. Even so, Jacob was also able to put aside a little in a registered retirement savings plan with matching funds from his employer.

Kayla enjoyed her role as a stay-at-home wife and mother. She felt her role was to be there for Jacob and the kids and to look after their home. She still didn't know much about their finances – Jacob paid the bills, did the banking and handled everything financial. But Kayla now at least knew how to run the house on a budget. She was thrifty, sewing some of their clothes and doing all their home decorating herself.

Life for Kayla and her family was good. They had their own home, excellent health, good friends and family, and few money worries. Sure, they had to watch their spending, but as long as they lived within their means, life was good.

In the fall, Jacob enjoyed duck hunting with his friends. Early one Saturday, when their children were aged seven, four and the baby just six months, Jacob packed his gun, decoys, hip waders and a case of beer and kissed his wife and kids goodbye. He and the guys planned to spend the weekend in duck blinds and come home with the makings of some delicious duck dinners. Kayla was taking the kids to a local fun fair that afternoon to treat them to rides and cotton candy. It was going to be a great weekend for everyone.

On Sunday morning, there was a knock at the door. Kayla opened the door and was greeted by two grim-faced police officers. They asked Kayla to sit down and then explained that Jacob was gone. He had been wading out from the duck blind to pick up a duck he had shot. He had stepped into deep water and his hip waders had filled up, quickly pulling him under the water. His friends had not been able to get to him in time.

Just like that, at only 25, Kayla was a widow.

She collapsed when she heard the news. Her two older children came to her and tried to get her to stop crying, not understanding what had happened. Kayla had no idea what to do. She couldn't imagine her life without Jacob.

Her friends and family helped her through the days following Jacob's death and supported her through the funeral. But afterward she began to realize that she had no knowledge of her financial situation. The bank account was in Jacob's name and, when she went to the bank machine to get some cash, she discovered that it had been frozen because of his death. She didn't know about insurance, mortgages, bill paying or financial planning. She had no money – what was she going to do? The only work she had done since her children had been born was occasionally providing daycare and babysitting to other neighbourhood children, but this income was unpredictable and had never amounted to much. She and Jacob had never even reported these earnings for income tax purposes. Kayla had absolutely no idea how to run a household from a financial standpoint.

With a lot of help from a neighbour she began to sort things out, getting a better picture of her financial situation.

Financial Situation

Overall Financial Preparedness: ★☆☆☆☆

Jacob's Monthly Income: $4,500

Kayla's Monthly Income: Approx. $500/month from occasional daycare

Union Pension Plan: Jacob paid into it for 7 years; Kayla has no pension

Canada Pension Plan: Jacob paid into it from age 18; Kayla has not contributed (exempt before age 18)

RRSPs: In Jacob's name, approx. value $15,000; no beneficiary named

Other Investments: None

Bank Account: In Jacob's name, balance approx. $5,000

Life Insurance: $50,000 on Jacob from employer, naming Kayla as beneficiary; none on Kayla

House: Owned in Jacob's name; value $200,000; life-insured mortgage

Car: Late model; monthly payment $400, financed

Credit Cards: 2 in Jacob's name with life insurance on outstanding balances

Other Debts: None

Kayla's Credit History: No personal credit history, has never borrowed money, has not had her own bank account since marrying

Will: Jacob did not have a will

Main Issues for Kayla

After sorting through many papers with her, Kayla's neighbour urged her to see a financial planner who made her a list of the chief financial concerns she was facing.

Now that she was beginning to learn how personal and household finances worked, Kayla realized she was facing an even bigger problem: she didn't know if she had enough money to get by.

- Because Jacob had no will, it is more difficult to determine beneficiaries – the court must decide. Kayla will have to complete a number of forms and apply to the provincial court to receive a Certificate of Appointment of Estate Trustee without a Will naming her as administrator of the estate. She may have to pay an estate administration tax (probate fee). This process can take several months and can be expensive, because a notary/lawyer is required.
- Because the bank account was in Jacob's name only, at the time of his death it was frozen. Accounts in the deceased's name will remain frozen until the rightful beneficiaries are identified; then assets can be transferred to those beneficiaries. This process takes much longer if there is no will because of the court process of determining who the beneficiaries are.
- The frozen bank account, and Kayla's lack of income, meant she has no cash with which to pay bills and meet daily expenses.
- Jacob's RRSP was also frozen because no beneficiary was named, so Kayla could not cash it in to provide herself with some money for immediate expenses.
- Jacob's company life insurance did name Kayla as the beneficiary, and the insurance company paid it out within 10 days of Kayla notifying them of Jacob's pass-

ing. But Kayla didn't know the best use for the money – using it for funeral expenses, legal expenses and maybe paying off the car loan, or saving it to meet day-to-day expenses.

- Kayla needed to buy insurance to ensure that she and her children would be secure financially if she were unable to work, and that her children would be looked after if she were to die.
- Kayla needed ongoing financial planning assistance.

Kayla was greatly concerned that she would not be able to get by and look after her children. She didn't know whether she would be able to keep the house, but she didn't want to put the children through the stress of moving so soon after losing their father. She wondered if she would have to depend on her family for financial support. She did not want to be in that position.

Help for Kayla

Losing a spouse is enough of a burden without the additional stress of feeling helpless financially. Jacob's small life insurance policy was enough to cover funeral expenses and other estate costs but would not secure Kayla's future.

Kayla needed to see a lawyer right away to begin the process of applying for the Certificate of Appointment to allow her to administer Jacob's estate.

The financial planner urged Kayla to make an appointment with her bank. At that meeting she learned, to her shock, that the bank would not pay the mortgage life insurance. The bank said that the couple had not disclosed the fact that Jacob engaged in "dangerous activities." That, and the fact that he had traces of alcohol in his system at the time of his accident, voided the policy, they said. The bank reminded Kayla that if she were not able to meet the scheduled mortgage payments, they would foreclose on her house.

Kayla was in a panic. She had been counting on the mortgage insurance.

Accessing Frozen Accounts

To change ownership of Jacob's bank accounts and RRSP, Kayla needed to provide the bank with a letter of direction and Jacob's death certificate. A letter of direction is a letter from Kayla stating that she requires access to the accounts because they belonged to her spouse, who has just passed away. The letter had to clearly outline what she wanted done and must include the account numbers. The bank also asked her for a copy of her marriage certificate to prove that she was Jacob's legal spouse.

Kayla got the death certificate from the funeral home. They provided a dozen original copies of the certificate because many different institutions would require it. In addition to the bank, for example, the company financing the car would require one to transfer the loan to Kayla, and she would need to submit one with her application for the Certificate of Appointment.

Government Assistance for Widows and their Children

Kayla found the Service Canada website and worked her way through the paperwork to apply for the government funding for which widows and children are eligible: the Canada Pension Plan (CPP) provides a death benefit, survivor's benefit and children's benefits.

CPP Death Benefits

As Jacob's surviving spouse, Kayla can apply for the CPP death benefit. She should do so as soon as possible. She can get an application form at a Service Canada office (forms can also be found online at www.servicecanada.gc.ca and printed). Jacob's CPP death benefit was $2,050.

Many funeral homes will help with this process by completing the necessary forms and sending them off on behalf of the surviving spouse. However, if the widow or widower isn't aware that they are entitled to benefits, and if there is a problem or mistake with the application, causing no benefits to be paid, they may not realize they aren't receiving something they are entitled to. If the surviving spouse submits the application themself, they will know to follow up if the benefits are not correct or never arrive.

CPP Survivor's Benefits

CPP survivor's benefits are paid to the surviving spouse (including a common-law spouse), dependent children, or both, of someone who contributed to the Canada Pension Plan or who was receiving CPP retirement benefits. Children must be under 18, or under 25 if they are enrolled in school full time.

Eligibility for the benefit depends on how many years the deceased contributed to the CPP. Because Jacob had contributed continuously for nine years, Kayla was eligible for a small benefit. How much she would receive depended on Jacob's age and how much he had contributed to the plan over the years. The maximum amount a surviving spouse can receive changes each year; in 2013, the maximum spousal pension for those over 65 was $607 per month and for those under 65 it was $556.

Each of Jacob and Kayla's children can receive a benefit of $228 (in 2013) per month.

To apply for survivors' benefits, Kayla needed to get a Canada Pension Plan Death Benefit Application Kit from a Human Resources Canada Centre or from the funeral home. She could also get it by calling 1-800-277-9914 or online at www.servicecanada.gc.ca. She would also need the following:

- Jacob's death certificate
- Their marriage certificate (if they had not been married, she would need a statutory declaration of a common-law relationship)
- Jacob's social insurance number
- Social insurance numbers for her and the children (or their birth certificates, if they didn't have SINs)

Use of Insurance Proceeds

Kayla received Jacob's $50,000 company life insurance policy. Her first instinct was to put it toward the mortgage, after paying for the funeral, estate administration tax and lawyer's fees. The large mortgage balance frightened her and she wanted to improve her chances of keeping her house. But the financial planner advised her to first look at all her expenses to help her find the best use for the money. If she paid down the mortgage, she would tie up cash she could otherwise use to relieve immediate cash flow problems. The planner helped her calculate what the difference would be between putting the cash on the mortgage, and therefore having a lower monthly mortgage payment, and having a higher payment but also having cash on hand for day-to-day – and unexpected – expenses.

The planner talked with Kayla about her expenses and did a cash flow analysis. Her expenses included the mortgage payment and all the expenses of running the house: property taxes, maintenance, home insurance and utilities (water, gas and electricity). There were also cable television, telephone (land line and cell) and Internet bills and, of course, food. Kayla said they didn't need to budget anything for clothing for the first year because she could make do with what they had, making alterations as the kids grew and shopping at the thrift store when necessary.

Kayla said that the older children's activities – karate for her oldest, ballet for her daughter and swimming for both of them – were important and she wanted to keep them enrolled if at all possible. She didn't want them to have to give things up because of the situation. She wanted them to still be able to spend time with their friends and to participate in sports and dance. She believed sticking with their familiar routine would help them adjust.

Jacob and Kayla had had only one car, which she needed, but she agreed that she could find something more economical. Kayla said that she and Jacob had enjoyed going out and had quite often spent the evening at dinner or a movie. That money would now go toward the household budget.

Kayla and her advisor figured out that it made the most sense for her to keep what was left of the insurance payment on hand rather than put it toward the mortgage. She knew she would have to get a job as soon as she could, and therefore believed she would be able to carry the mortgage, but needed cash now, while Jacob's accounts were still frozen, government benefits hadn't begun and she wasn't working.

Conclusion

Fortunately, Kayla had friends and family to support her, to help her get back on her feet and to help her learn how to survive without her husband and partner. It was a long and difficult journey for her and her children.

Several years after Jacob's death, Kayla remarried. Her second husband adopted her children and they began a new life as a new family. Kayla's experiences following

Jacob's death made her determined to plan better for her new future, even though she and her new husband were young, healthy and financially comfortable. She knew she could no longer assume the worst would never happen. As soon as they were married, they met with a lawyer, a financial planner, an accountant and an insurance agent and made sure that if the unexpected happened again, they would at least be protected from financial hardship.

Planning for the Future

Kayla was determined, this time, to be more aware of and involved in their financial affairs. As part of their financial planning, Kayla and her new husband did the following:

- **Opened joint bank accounts.** Doing so ensures that the accounts won't be frozen, meaning the surviving spouse immediately has access to cash for daily expenses.
- **Switched the ownership of Kayla's house to joint ownership.** If assets are jointly owned with right of survivorship, they do not form part of the deceased's estate but instead pass automatically to the joint owner. This means probate fees will be reduced.
- **Made beneficiary designations on registered retirement accounts and pension plans.** Doing so speeds up payment of benefits and transfer of assets to the surviving spouse, without the asset being subject to probate fees as part of the estate. Talk to the financial institution that holds your RRSPs about naming a beneficiary

for your registered plans. If you are the beneficiary of your deceased spouse's RRSP, it can be rolled into your RRSP tax-free. Your employer's human resources office will be able to help you with naming a beneficiary for your company pension and life insurance.

- **Purchased life and disability insurance and named beneficiaries.** Naming beneficiaries speeds up payment of life insurance benefits and protects them from probate fees: when a beneficiary is named, the insurance proceeds pass directly to the beneficiary and do not form part of the estate. Life insurance enables your beneficiaries to pay your final taxes, probate fees, funeral costs, debts and mortgage, rather than using the rest of your estate for these expenses, and of course replaces your income to provide for your family. You need enough insurance to ensure that your family is financially secure without your income.

The financial advisor told Kayla and her new husband that having enough life insurance from a private insurance company to cover the mortgage was a better bet than getting mortgage insurance through the bank. As Kayla had experienced, with bank mortgage insurance, the surviving spouse does not know until after a death whether the bank would pay out the insurance or not. A private insurance company will make those underwriting decisions at the time you apply for the insurance. As well, private life insurance allows the beneficiary to decide what the proceeds will be used for, whereas bank mortgage insurance can be used only for the mortgage. Funds are needed almost immediately for funeral expenses, and private insurance can cover those.

- **Drafted wills and powers of attorney.** Having an up-to-date will makes things much easier for the survivors when someone dies, speeding up all claims for benefits, and of course ensures that the deceased's wishes are respected. Without a will, your assets are divided up according to the law. A power of attorney ensures that if you are unable to make financial or health decisions, someone you trust has the power to decide on your behalf and to carry out financial tasks for you.
- **Set up automatic bill payment from a joint bank account.** This way, they know the bills will be paid no matter what happens.

Points to think about that may apply to me:

Questions about my situation and whether something may apply to me:

Questions to ask my advisor: