W here There’s a Will….  
There’s a Way

INCORPORATING ESTATE PLANNING
INTO YOUR PRACTICE

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ESTATE PLANNING NAVIGATOR™
What I Want to Accomplish

• My Personal Experiences
• Estate Planning Process
• Client Situations
Golfing in Ireland
Here he meets a leprechaun
He is granted 3 Wishes

- Become an Outstanding Golfer
- Become Incredibly Wealthy
- Have a Great XXX (sex life)
Several Years Later...

- Back at the Same Course
- Duffs a Ball Into the Same Woods
- Guess Who He Meets?
The same Leprechaun!

How's your golf game?
How your money situation?
How are the ladies !!!
Not Bad For A Person In My Occupation!
How I Got Into This Business

- Father
- Ill For 5 Years
- Lack of Discussion about Estate
- Lack of Direction
When My Father Died

Even though my father was sick for 5 years, we as a family were not prepared!

The family had no discussion as to what my father had, or where it was!
My Mother & The Bank

- She was not prepared for the funeral bill
- Majority of Financial Assets in Fathers Name
- Found the keys – Safety Deposit Box not Disclosed By Bank
My father’s Personal Papers Were Disorganized

- Papers Located in Boxes, Drawers and Files
- Nothing Had Ever Been Thrown Out
- Important Papers Missing – Wills, Insurance
No Direction

- Without The Will
- No Executor
- Financial Assets in Limbo
- Cash Flow Reduced
- Bills Were Mounting
I Took Control & Then I Notified

- Lawyer
- Investment Companies
- Financial Advisor: Life only Annuity
- Insurance Company: Could not Find Policy
Other Things To Do

- Car Insurance
- Employee Benefits – Pension Plans
- SIN#
- OHIP
- Handicap Parking Sticker
The Bank

- Will & Death Certificate – Accounts to Mothers Name
- Lawyers Direction – No Probate
- Informed of Safety Deposit Boxes - 4
- They Held $750,000 in Stock Certificates
- Will, PA’s, Funeral Wishes and Details on Investments
I Learned a Valuable Lesson: Where **NOT** to Keep Your Important Paperwork

**Never put them in a Safety Deposit Box**

You Have:

- No Access on Weekends
- No Access if not held Jointly

- My Father had Died On The Thursday Before Thanksgiving: We Had No Bank Access Till Tuesday
The Shocker
(After it was all said and done)

- My Own Estate was set up Wrong
- My Financial Paperwork was Disorganized
- I Had the Wrong Type of Life Insurance, and I was Under-Insured
- I failed to communicate our financial situation to my spouse
- I actually enjoyed the work involved
I Went Back To School

- IFIC Course
- Insurance Course
- Sponsor Companies Course
- Sales Course
- CFP Course
You Would Think I Would Have Learned Something...But

May 1989 I Commenced On My Career as a Financial Planner

Then My Older Brother Called Me Late September @ 1:30am

Bryan Was An Interesting Character
- Sales Job (100% Commission)
- No Assets
- No Credit (Poor)
- No Mortgage (Not Qualified)
- CSV Life Insurance (Cashed)
My Gut Told Me I Was Doing Something Wrong

- I Should Have Been More Professional
- I Should Have Insisted That We Meet Immediately
- I Should Have Expressed My Concern That He Needed To Have Life Insurance...NOW!
- I Should Have...But I Didn’t
I Screwed Up

My Brother Was Found Dead in a Hotel Room
Oct.28th (They Figured He Died on the 26th). He Had
Died of an Aneurism on His Last Sales Trip

He Was Only 47
He Left a Wife, a Son and a Financial Mess
Let’s Talk!

- You Should Be Initiating the Discussion With Your Clients
- You Will Be Surprised at What You Find
- Every Financial Planning Practice Has Estate Horror Stories
Why?
Because Estate Planning Adds Value to Your Practice

- Introduce Yourself to the Next Generation
- Provides Clients With Value Added Service
- Introduces You to Centres of Influence
Planning Estate is Like an Iceberg...

9/10ths of the data is below water and out of sight!
An Estate Plan is Not:

- Having a Will Drafted & Drafting Powers of Attorney

- These are the legal documents needed to implement an estate plan.
Fact Finding Skills

- You Have to Be Part Detective
- You Have to Be Organized
- You Have to Be Methodical
- You Have to “Keep It Simple... Silly”
The Challenge: Devise a Process

- Clean Up The Mess (kitchen junk drawer)
- Simplify and Organize (knowledge)
- Centralize (one location)
Sort & Organize all Personal Papers

- Investments
- Insurance
- Will
- PA’s
- Bank Accounts
- Deeds
- Loans
- Assets
Centralize Important Papers

- Fire Proof Box
- Current
- Relevant
- Safely Stored
- In One Place
Net Worth Statement

- Estate Planning Necessity
- List of All Assets
- List of All Obligations
- Details on Ownership
- Essential for Tax Planning
- And for Estate Planning
Practical Approach

- Determine Beneficiaries
- Who Gets What (asset by asset)
- Family Dynamics Soft Data
- Special Needs Beneficiaries

Special Assets:
- Business
- Cottage
- Collections
- Properties
Develop The Clients Wish List

- Methodical
- Logical
- Asset By Asset
- Criteria For Executors
- Criteria for Guardians
- Creating a Life Legacy

- Special Needs
- Special Assets
- Cottage, Business, Real Estate, Collections
Sometimes 50-50 Isn’t Fair

- Second Marriages
- Family Cottages
- Family Business
- Special Needs Children
- Baa-Baa Black Sheep: Every Family Has One!
Estate Advisory Team

- Financial Planner
- Accountant
- Valuators
- Real Estate
- Business
- Collections
- Lawyer (Estate & Family Law)
- Doctor
The Accountant

- Provides Useful Services
- Can Be Called on a Regular Basis
- Asset Values and ACB’s Revisions
- Tax Planning
The Insurance Agent

- Life Insurance
- It’s a Hidden Gem
- Important Asset Unique to Estate Planning
- May Need Insurance Based Investment Products
Other Team Members

- Real Estate Valuator
- Business Valuator
- Corporate Lawyer
- Family Law Lawyer
- Doctor
- Special Professionals
The Lawyer

- Traditionally, the Lawyer Comes First

- That’s Totally Wrong!

- They Are not Financial Experts

- The Lawyer is Brought in After the Initial Plan is Formulated.

- The Lawyer Drafts The Important Papers Will, PA’s, Buy Sell, Trust Documents
If You Don’t Use A Lawyer That Specializes

- 98% of Wills Are Boiler Plate Text on a Word Program
- Look for Errors
- Look at the Spelling
- Most Wills Can be Finalized as You Wait
- Have it “Explained” Back to You in English
Your Role With the Estate Planning Team

- Gather Information – Hard Data
- Provide Net Worth Report
- Soft Data- Clients Wish List
- Determine Family Dynamics
- Quarterback
- Review Annually and Update
Horror Stories

- Howard Hughes Died in 1976
- Several Phoney Wills
- Died intestate
- 400 Heirs tried to inherit his estate
- Estate settled in 1983
Howard Hughes

- 1983-$2.5 Billion Estate went to 22 Cousins
- 1984 Terry Moore sued the estate for an undisclosed amount (married in 1949 never divorced)
Tax Troubles

- In 1985 The States of Texas, Nevada and California Filed Suit for Estate Taxes.

- Howard Hughes Inherited His Wealth from his Father When He was 18
The Will that Never Was
(Found 16 Years Later)

- First Plane Trip (scared)
- They Typed a Will
- Guardian Chosen Had Died & Spouse Had Remarried
- They Disliked the New Spouse
- They Did Not Have a Valid Will
Last Minute Planning
It is possible to do it all in the end

- Holograph Will

- 1948: Cecil G Harris, a Farmer, Had an Accident - He Was Impaled On A Shaft In His Field

- Wrote With his pen-knife on the Tractor Fender: “In Case I Die in This Mess, I Leave it All to the Wife”
Family Monsters that May Come Back to Haunt You!

- Mother with 4 Daughters
- Will Was Marked Up With Changes
- Depending on Which Daughter Had Gained or Lost Favour
- Will Was Contested on the Grounds that the Mother Was Mentally Incompetent
The Siblings

- Mother Had Died
- Undisclosed Common Law relationship
- Bill (CL Spouse) was executor and with the siblings beneficiary
- Left RPP Payment Via Life Only
- Annuity Guaranteed for 15 years: $42,000 Per Year X 14 years
- Left Open Account $300,000
- ½ of Home Worth $550,000
Greed & Not Need!


- They Wanted to Sell the House

- Their Reasoning Was They Wanted the Full Value of the Estate NOW
Through Questioning I Uncovered

- Bill and Mom Had Lived Common-law for 15 Years. The Income Tax Act Recognized Bill as a Spouse. The Mother Had Not Disclosed The CL Relationship With Her Employer

- The Will Stated that Bill Had a Life Interest in The Mother’s Half of the Home

- Bill Was the Beneficiary of the $400,000 Worth of Registered Accounts (friend)

- Bill and the Siblings Didn’t Get Along Very Well
My Advice – Tread Lightly

- Bill Had A Life Interest in The Home
- Antagonizing Bill Could Bring Negative Result
- The Pension Plan Paperwork Did Not Have Spousal Consent
- The Beneficiary of a Registered Plan may leave the tax bill to the estate.
They Chose Not To Listen

- Bill Hired a Lawyer – Specialized in Estates
- They Lost Their Rights to the Pension Payments  
  (spousal consent not signed)
- They Now Pay For $\frac{1}{2}$ of All Home Expenses
- Bill Intends on Living in the Home Forever
- Bill Cashed in the Registered Accounts
- The Siblings Open Account Paid the Taxes
Demographics

- The Same Forces That Built Your Practice May Be Taking it Away From You!
- The Leading Edge of the Boomers Will Reach 60 This Year!
As the Population Changes

We, as Financial Planners, Need to Shift From:

Asset Gathering/ Accumulation

Shift To:

Retirement Planning and Estate Planning
Remember

- Organize the Client’s Papers (Billable Service)
- Centralize Important Papers (Fire Proof Box)
- Develop a Complete Net Worth (Starting Point)
- List Assets in order of Liquidity and Ownership
Financial Planners are Well Suited to Gather the Essential Data

- Financial Data
- Soft Data - Family Dynamics
- Clients Wish List
Assist The Process

- Provide Reports - Financial and Insurance
- Gather Soft Data - Family Dynamics
- Clients Wish List
Work With Other Professionals

- Accountant
- Estate Lawyers
- Corporate Lawyers
- Insurance Specialist
- Tax Specialist
- Real Estate Valuators
Mrs Appleton Poses The Following Problem to her 6th Grade Class

A Wealthy Man Dies and Leaves a $10 Million Dollar Estate with the Following Instructions:

- 1/5th Goes to My Wife
- 1/5th Goes to My Son
- 1/6th Goes to My Girlfriend
- The Rest Goes To Charity
What Does Each Get?
A Lawyer!
WHERE THERE’S A WILL... THERE’S A WAY

- $20 Canadian + GST, Shipping
- Ideal Way to Introduce Your Clients to Estate Planning
- Ideal Way to Introduce Yourself to the Next Generation
- Adds Deep Value to Your Practice
Thank You!

CIFPs

&

To You, The Audience!
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