Death of a Spouse or Partner

What's next for your finances?

The trauma of losing your spouse or common-law partner ("Partner") will be difficult. Meanwhile, within the first six months, there are some immediate financial concerns you'll need to deal with. Your TD advisor will be able to provide you with critical support.

How is your cash flow?

How is your cash flow for **day-to-day living**? Is the loss of your spouse affecting your ability to meet monthly expenses due to lost income or assets that are tied up in the estate while it is being settled? Your Partner's estate may have left debts or taxes owing. It may take a while, possibly years, to settle the estate. You may need credit in the meantime to sustain yourself.

One of the obvious expenses you are likely to face is **funeral expenses**. However, if funeral arrangements were made in advance, the federal *Income Tax Act* provides a special exemption for any income earned on pre-paid funeral arrangement funds. It's possible to contribute up to $35,000 to an arrangement that covers both funeral and cemetery services. If these services are provided by two different companies, contributions of $15,000 for funeral services and $20,000 for cemetery services are covered by the exemption. If your deceased spouse did not take advantage of this exemption, you might consider doing so to assist your heirs.

Consider speaking with your TD advisor about the expenses and income sources affecting your cash flow. Your advisor can help you calculate your needs and how to get over any short-term gaps.

Establish your income sources

Most likely your Partner named you as the **beneficiary** of several income sources, for example: employer pension benefits, a life insurance policy, registered plans (e.g., Registered Retirement Savings Plan) as well as banking and non-registered investment accounts.

You may also qualify for certain **government benefits** such as:

- *Canada Pension Plan/Quebec Pension Plan Benefits (CPP/QPP)*

  There are three types of benefits from these plans that may be paid to a surviving partner.

  1. **Survivor's Pension**: a monthly pension benefit up to 60% of your deceased Partner's monthly CPP benefit. The amount you receive will be based on how much and how long your partner paid into CPP/QPP.
  2. **Death Benefit**: a one-time payment based on how much and how long your partner paid into CPP/QPP.
  3. **Children's Benefit**: a monthly benefit intended to support dependent children of a deceased CPP/QPP contributor.

- *Old Age Security Survivor Allowance*

  This may be available to survivors who are between ages 60-64, resident in Canada, and have not remarried or entered into a (new) common-law partnership.

For more information on CPP/QPP, please ask you advisor for TD's article: **Government Benefits: The foundation of your retirement income.**

> At some point, consider speaking with your TD advisor about how to **invest or otherwise handle the assets you have inherited.**

Your inheritance

Along with the funds coming from the sources named above, you may have received additional assets from your Partner. At some point, consider speaking with your TD advisor about how to **invest or otherwise handle the assets** you have inherited. You are likely to want to take into account the additional income and assets in updating your wealth plan.

Dealing with your Partner's estate

Aside from assets that your Partner may have passed on to you, he or she may have included other bequests in their Will for other individuals or charities. If you are the executor, you will have to ensure your Partner's wishes are fulfilled accurately and in a timely manner.

Here are some of the key responsibilities of an executor:

- Identifying all bank and investment accounts and obtaining information regarding balances and any outstanding debts
- Locating insurance policies and applying for amounts payable to the estate
- Ensuring all property (including investments, real estate, and businesses) are managed, insured and protected as necessary during the administration of the estate
- Fulfilling lawful bequests set out in the Will
- Obtaining proper appraisals of certain assets that are acceptable to the Canada Revenue Agency (CRA) before disposing of them (i.e., transferring, selling or donating)
- Minimizing the tax liability faced by your Partner's estate
- Retaining sufficient cash to settle the final expenses of the estate

Executor Assistance

For some people, fulfilling the executor role may be daunting, especially when grieving the loss of a partner. Consider speaking with your advisor about the executor assistance service provided by **TD Wealth Private Trust**.

These services include: record-keeping, collecting income owed to the estate, banking, investment and tax preparation, as well as communicating with family members and beneficiaries. This would relieve you of the burden of estate administration, while helping to ensure you are thoroughly informed in your capacity as executor of any decisions that are made affecting the estate.

If you are working with a lawyer, request assistance to ensure you perform your duties as an executor in an expeditious and legally accountable manner. You could consider speaking with your advisor about consulting with TD trust about the executor services they provide.

Making a new Estate Plan

If you have completed a Wealth Plan, you will likely have reviewed Estate Planning issues too. The principal documents involved include your **Will and your Power of Attorney ("POA")** forms. The former deals with how your assets will be handled after your death by your executor(s). The latter focuses on the management of your assets while you are still alive, but incapacitated. The person(s) you name as your attorney will handle those matters. The POA appointment ends when you die. Then your executor will take over — administering your estate as legally required.

> In Canada, there are two main types of POA: one for property and one is for personal care.

Please note that "attorney" in this situation is not equivalent to a lawyer. Think of this person as acting on your behalf within the legal parameters set out in your POA document and the law. An attorney is a person, whereas a POA is a document.

In Canada, there are **two main types of POA**: one for property and one is for personal care. In some provinces and territories, you can name one or more people as your co-attorneys for property and personal care. You can also draft specific limitations within each POA. For example, you may give one person the ability to deal with your banking, and another person the responsibility over your home. You could consider naming a trust company as your attorney for property to relieve an individual from the administrative burdens involved in acting as the attorney.

Further, how do you wish to distribute your estate? Who will you choose as **executor(s)** and possibly **contingent executor(s)**? Many people choose an executor based on personal connection; however, it's wise to also ensure your executor can handle financial matters, and work with financial, legal, and tax professionals. Other important considerations include your executor's interest, age and geographic proximity. An executor who lives far away will likely face legal hurdles as well personal expenses in fulfilling their duties.

Consider naming a **corporate executor** — alone or with one or more other individuals. If you choose the second option, the corporate executor would take on the bulk of the tasks involved in administering the estate.

Speak with your advisor about consulting with a specialist from **TD Wealth Private Trust**. As previously noted, their expertise could relieve your heirs of the administrative burden of administering your estate, while ensuring it is handled professionally.

Review your Will and POA documents. Are changes required? Discuss your options with your TD advisor and your lawyer. Consider your options for naming a knowledgeable executor: an individual, a corporate executor, or both.

A new Wealth Plan

This is an opportunity for you develop a new **Wealth Plan**, reviewing a range of considerations.

For example, do you have adequate **insurance coverage**? While you may have received assets from your Partner on a tax-deferred basis, if you pass them on when you die, there may be a substantial capital gains tax bill for your heirs to pay. This is common with properties such as the family cottage or an RRSP. The death benefit from an insurance policy could be used to pay that tax bill.

You may have named your Partner as the beneficiary of your pension benefits, registered plans and life insurance policy. It's time to review those **beneficiary designations** to ensure they're in line with your current wishes.

Now you can:

- Review your immediate needs and speak with your TD advisor to help ensure you have sufficient cash flow
- Work with your TD advisor to help you identify the government benefits you may be entitled to receive
- Work with the necessary professionals to help ensure your Partner's estate is properly distributed
- Work with your TD advisor and other professionals to build a new Wealth Plan and review your estate planning documents (e.g., Will and POAs)

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