

(Music starts)

Title:

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(Pallett Valo Logo)

New Title:

On eliminating or reducing Probate fees

(Music carries under visual)

(talking Head)

Probate planning is a valid objective of anybody in Ontario and probate planning is the way that we help our clients either reduce, or avoid all together, the probate fee. There are good and bad ways to plan for the probate tax.

(“B” Roll)

Arguably, a bad way to avoid probate fees is using joint ownership. Joint ownership is arguably a bad way because it has a lot of inherent risks and it might not even reduce the probate fee at the end of the day.

(talking head)

Some of the risks include income tax consequences, some of the risks include creditor exposure so if there's a judgement against a child who you've made a joint owner, the judgement creditor might seek those assets. It might expose the assets to marital claims. And again, as I've already said, it may not avoid the probate fee at all.

(“B” Roll)

Better tools to avoid or reduce the probate fee include multiple wills, and something called an alter ego trust. Multiple wills are well recognized in Ontario as a valid tool because through the processes that we've

developed, the government has recognized that we can have a separate will for those assets that require probate, and another will for those assets that don't require probate.

(talking head)

So this is a well acknowledged and valid way to plan for probate fees. By putting joint accounts, private company shares, personal effects and maybe loans receivable in the non probate will you can significantly reduce the amount of probate tax that might be payable.

("B" Roll)

Alter ego trusts are a really neat tool. They are only available for those that are over the age of 65. And what's done is that an individual will settle a trust for themselves, will retain all the control over that trust, and by moving the assets into the trust, all the assets in the trust will not be subject to the probate tax.

(talking head)

What's special about the alter ego trust as a tool is it might help our clients avoid the probate process altogether. Because its the process that creates the liability for the executors and many, many clients want their children's lives to be simple and want the estate administration to be simple. And for us, alter ego trusts are becoming a very successful or a strong tool in probate planning. I hope that was helpful.

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