

Financial Insights

from Quinn+Cardy Wealth Management
of BMO Nesbitt Burns



Estate Planning: Two Overlooked Areas—Digital Assets & Pets

In your estate plan, have you considered your digital footprint or your pets (if any)?

Your Digital Footprint May Be Larger Than You Think!

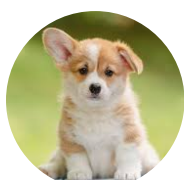


As we spend more time online, our digital footprints have expanded. A 2021 study by McAfee found that the average person has over 100 digital accounts—ranging from social media and subscriptions to financial and utility accounts.¹ Yet, digital estate planning is commonly

overlooked, often leaving loved ones the challenge of navigating a complex web of online assets and accounts. It's important to consider the way we will eventually transfer these assets, and not just for their potential monetary value. Many digital assets contain personal information that can be used by fraudsters to target the deceased or, worse still, relatives who are vulnerable during this difficult time. Others hold sentimental value: digital photographs, videos or other memories stored online or on the cloud can provide comfort to those left behind. Without planning, accessing these accounts may be challenging for loved ones.

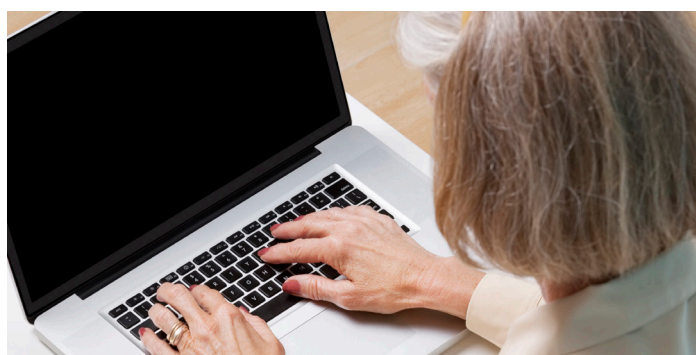
Consider also that Canada doesn't have consistent legislation giving the executor/attorney automatic authority to deal with digital assets. Rules vary by province, if they exist at all.¹ Even if laws do allow for authority, the reality is that access can be difficult if no provisions have been made.

Planning for Pets: A Formal Arrangement Can Help



Many pets are considered part of the family, but they are often overlooked in estate planning. What many don't realize is that pets are legally classified as personal property in Canada. This means you cannot name a pet as a beneficiary in a Will. However, laws are evolving—Alberta

and Quebec have recognized animals as sentient beings and British Columbia has amended its Family Law Act so pets are no longer treated as property in separation or divorce proceedings.²



In estate planning, it's important to plan for a pet's care. While some assume family or friends will naturally step in, this isn't always the case. Without a formal arrangement, disputes or even neglect can occur. It's also important to consider factors like the pet's age, health and specific needs when choosing a caregiver.

Some individuals include provisions in a Will, naming a beneficiary to receive the pet. Allocating funds for care should also be considered, as a beneficiary may decline the responsibility if they cannot afford it. A monetary gift can be made conditional on the beneficiary agreeing to take care of a pet. Others explore establishing a trust, where a third party holds funds for the pet's benefit. However, depending on the jurisdiction and how the trust is structured, a "purpose" trust for a pet may not be legally enforceable. Even if it is valid, the chosen trustee may not be obligated to follow the arrangement as intended. There may also be tax or reporting implications to consider.

If no provision has been made, the executor decides what happens to the pet. For this reason, if you have specific wishes for your pet, it's important to include these in your estate plan.

The Bottom Line: Planning ahead for digital assets and pets may be some of the most thoughtful actions you can take for your loved ones. For a deeper discussion, or for an introduction to an estate planning specialist, please call the office.

1. <https://dig.watch/updates/saskatchewan-ca-introduces-fiduciaries-access-digital-information-act>; 2. <https://www.cbc.ca/news/canada/montreal/quebec-bill-calls-animals-sentient-beings-and-includes-jail-time-for-cruelty-1.3102399>; <https://www.canadianlawyeromag.com/news/opinion/canadian-animal-law-scorecard-heres-what-should-happen-in-2023/>



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