

Financial Insights

from Quinn+Cardy Wealth Management
of BMO Nesbitt Burns

Estate Planning for the Blended Family

Estate planning can be a challenge, even for the most traditional 'nuclear' family. But when more families are non-traditional arrangements, things can quickly become complex.

Here's an increasingly common situation: you want to provide for your children from a previous marriage, as well as your current spouse/common-law partner (CLP) and children. However, the way in which your assets are currently structured may not be meeting this objective.

For example, owning assets jointly with your current spouse/CLP may result in some or even none of those assets being passed along to your children from the previous marriage, even if that wasn't your intention. Why? Because if you predecease your current spouse/CLP, they may end up owning property that you intended to share with children from the previous relationship.

In some provinces, a new marriage can revoke an existing will. This means that if you created a will that left your assets to children from a previous relationship, that will would be rendered invalid once you marry. Provincial laws may also impact how property is equalized after death.

Here are some tips for protecting your assets if you are in a blended family:

Update documents. While this may sound obvious, it isn't uncommon for individuals to forget to update estate planning documents such as wills or Powers of Attorney (POA) after important life events. It is also important to review registered accounts and insurance policies to ensure that the beneficiaries (where applicable) are up to date.

Carefully select an estate representative. Remember that selection of an estate representative can be contentious, especially within a blended family situation. Some individuals think that choosing multiple representatives can help to maintain harmony by not showing favourites, but this often creates further complications during



the estate's settlement. In some cases, choosing a third-party, such as a lawyer or trust company, may be a consideration.

Consider the use of a trust. A trust may help to facilitate the division of assets as desired, particularly in situations that may be complicated by children from different relationships. It can also help to protect assets from claims by former spouses/CLPs.

Create a domestic contract. While the idea of a marriage contract or domestic agreement may be viewed with apprehension, consider that it can provide an opportunity to give certainty and protection to both parties. It may also help open the path to important financial conversations in which both parties set out expectations. Parties will need qualified legal advice to understand what a domestic agreement may accomplish and to properly set one up.

Determine if life insurance can provide benefits. Life insurance offers various benefits, including that it may be an effective way of equalizing an estate.

Given the often more complex nature of blended families, careful planning and foresight can go a long way in protecting your assets, maintaining familial harmony and ensuring your wishes are carried out as desired. As always, please seek professional advice or let us know if we can help connect you with an estate planning specialist.



Quinn+Cardy Wealth Management of BMO Nesbitt Burns

1 First Canadian Place
38th Floor, P.O. Box 150
Toronto, Ontario M5X 1H3

Toll Free: 1-800-263-2286
Fax: 416-359-5346
www.quinncardy.com