

## Naming Your Executor: Friend or Pro?

A key element of estate planning is choosing an executor, someone you trust to carry out the instructions in your will. To ensure that the administration of your estate is completed efficiently and economically, it's important to carefully evaluate your needs and choose your executor wisely.

### What exactly does an executor do?

On a basic level, executors are responsible for collecting, evaluating and overseeing the assets of an estate, paying any debts and dividing what remains of the estate among the beneficiaries. It's estimated that estate settlement duties in Canada involve about **40-60 basic tasks** and consume on average over **570 hours of time!**<sup>1</sup> The key responsibilities of an executor may include:

- Making funeral and burial arrangements
- Locating the deceased's final will
- Paying estate/probate fees
- Locating and notifying all beneficiaries named in the will, or under the intestacy laws if there is no will
- Getting an appraisal value for the assets of the estate
- Applying to have the will validated by a court (probate)
- Completing a final tax return for the deceased, as well as any returns required for the estate
- Putting a notice out for creditors notifying them that the person has died
- Paying all debts owing by the deceased
- Dividing the estate as outlined in the will (or legislation if there is no will)
- Providing financial information about the estate to the beneficiaries

### Who should you choose?

It's very common for Canadians to ask a trusted family member or friend to act as the executor of their estate, and many people find it a difficult honour to refuse. What they may not realize, however, is that the position can come with significant – or even onerous – responsibility and potential liability.

In uncomplicated cases, having a personal relationship with the deceased can provide a sense of comfort and understanding for their beneficiaries, and the estate can be administered on a cost-effective basis, ideally with few hiccups. Acting as executor for a more complex estate, however, can be difficult and time consuming, or fraught with confusion, pressure and family conflict. It's possible to eliminate this stress for individual executors and achieve a professional, efficient result by naming a corporate executor or co-executor.

### When should you consider using a corporate executor?

There are several scenarios that can benefit from a more knowledgeable, impartial party in the role of executor or trustee:

- ✓ Blended families
- ✓ Complex or dependent beneficiaries
- ✓ Complex planning (i.e., settling the estate across multiple jurisdictions)
- ✓ Business owners
- ✓ Non-resident family members

<sup>1</sup>EstateExec Survey, 2018

## Why name a corporate executor?

For anything beyond basic estate administration, naming a corporate executor or trustee can be substantially beneficial. Here are a few ways it can help:



### Knowledge and expertise

Corporate executors have specialized resources and experience to tackle tricky estate details and wealth matters that may prove difficult for individuals. For example, they can evaluate the most efficient means for settling an estate involving multiple jurisdictions or set up an advisory board of directors for an ongoing business with the help of business, legal and wealth advisors.



### Time

Although they are usually compensated for their time, individual executors can be surprised by the extensive commitment estate administration requires. Delays caused by legal action, or by unfamiliarity with government agencies, financial institutions and other third parties are also common. With extensive experience and resources to complete the most complex tasks quickly and efficiently, a corporate executor is likely to save considerable time in completing the settlement of the estate.



### Sound judgement and impartiality

It's not unusual for families to disagree over the details of an estate, putting an individual executor in a difficult position and personal relationships at risk. Corporate executors provide unbiased decision-making to settle unforeseen issues that may arise due to a lack of clarity in the will of the deceased or a dispute amongst beneficiaries.



### Trustworthy and accountable

Professional corporate executors provide reliable, professional service in all interactions and peace of mind that your wishes will be respected. As corporate trustees are also insured, it relieves an individual executor from personal liability if an error should occur in the administration of the estate.



### Continuity

The activities of more complex estates can continue for several years or even generations, and a corporate executor can act as trustee or power of attorney to ensure a seamless continuation throughout. The ongoing support of a dependent, for example, may require an individual executor to continue their duties beyond their physical or mental capabilities, making the hiring of a corporate executor or trustee a good choice.

## How much will it cost?

Most executors are compensated for their services, whether they are acting individually or as part of a corporate entity hired by the estate. Corporate executors typically charge a percentage fee based on the average value of the estate, which may exceed what a friend or family member would charge for their services. Whether it's worth paying the extra money to ensure a timely, smooth settlement depends on the needs of the estate and the expectation of the individual.

For more information about estate planning and the services of a corporate executor, please contact your Wellington-Altus Advisor.

The information contained herein has been provided for information purposes only. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. Wellington-Altus Financial Inc. (Wellington-Altus) is the parent company to Wellington-Altus Private Wealth (WAPW), Wellington-Altus Private Counsel Inc. (WAPC), Wellington-Altus Insurance Inc. (WAI) and Wellington-Altus USA. Wellington-Altus (WA) does not guarantee the accuracy or completeness of the information contained herein. WAPW is a member of the Canadian Investor Protection Fund and the Investment Industry Regulatory Organization of Canada.

©2023, Wellington-Altus Private Wealth Inc., Wellington-Altus Private Counsel Inc., Wellington-Altus Insurance Inc. and Wellington-Altus USA. ALL RIGHTS RESERVED. NO USE OR REPRODUCTION WITHOUT PERMISSION.

www.wellington-altus.ca.

01/2023