

What to do in the Event of a Death? **Surviving Person's / Executor's Checklist**

The following is meant to aid in the event of the passing of a spouse, family member or friend and outlines the general steps a surviving individual or executor can use to ensure final wishes are met.

Executors of an estate must be ready to deal with various individuals and organizations such as lawyers, the Canada Revenue Agency, provincial authorities, insurance companies, real estate agents, business valuers, creditors, beneficiaries, and other professional advisors.

One of the first steps is to identify and contact the Executor. Once the Executor is identified and has been notified, s/he should meet with the estate lawyer and contact the accountant who has handled the affairs of the deceased.

The following is meant to aid in ensuring all the proper steps have been taken. It is important to realize that this document is not an exhaustive listing and should be used only as an aid.

General

□ Death Certificates

- Several certificates should be requested, as they are necessary to be filed with different parties (i.e. insurance companies, CRA, lawyers, et cetera). See the appendix below for a link to the Government of Ontario website and instructions on how to obtain a death certificate.

□ Obtain Will(s)

- Depending on the situation, a deceased individual may have more than one Will; and each relating to different assets and how those assets should be distributed.
 - Included in the Will, you should find the identity of the Executor. Wills can be found at lawyers' office, safety deposit box, in a home safe, et cetera.

□ File for "Certificate of Appointment" of Estate Trustee (if applicable)

- A certificate of appointment of estate trustee is a court issued document granting authority to the estate trustee (or executor) to act on the provisions of the Will. See the appendix below for a link to the Ontario Ministry of the Attorney General for more information.
 - A certificate of appointment of estate trustee does not always have to be obtained. The assets of the estate are the deciding factor.
 - If uncertain whether a certificate is to be obtain, contact your legal counsel.

- If no Will is in effect, the certificate is issued to an estate trustee to manage and distribute the estate.

□ **Identify Beneficiaries**

- Notify the beneficiaries, including charities, that they have an interest in the estate and outline your role to them.
- Assess all dependents and consider their needs. Place emphasis on dependents, to ensure their immediate needs are being met.

Consider Various Government Agencies and their Requirements

□ **Cancel all benefits being paid to the deceased**

- Identify all benefits being paid to the deceased and have those payments stopped. Consider the following sources:
 - Prior year's income tax return
 - Old Age Security (OAS)
 - Canadian and/or Quebec Pension Plans (CPP/QPP)
 - Out of country income sources should also be considered, if applicable
 - For example, in the US, the US social security office should be contacted and notified.

□ **Cancel Social Insurance Number (SIN)**

- Contact Human Resources Development Canada to cancel deceased individual's social insurance number (SIN).

Identify all Assets and Related Liabilities

□ **Obtain Benefits Payable to Estate**

- Depending on the situation, there may be several sources of monies payable to the estate. The following outlines some common sources:
 - Current and former employers. This can include amounts payable through employer health plans, pension plans, etc. Also important to seek any survivor benefits that may exist from such sources. It is important to contact all current and former employers to determine if any amounts are owed to the estate.
 - CPP Death Benefit. A single lump-sum payment is made to the estate. The maximum benefit is \$2,500.
 - Life insurance policies. An individual may have more than one life insurance policy. It is important to contact all insurance providers.
 - Other insurance policies. There are several other insurance policies in effect that may owe monies to the estate in the event of a death; such as mortgage/loan insurance, accident insurance and credit card insurance to name a few.
 - Service/veterans clubs. Amounts can commonly be owed to an estate from such organizations.

- The options available for remaining pensions and annuities should be considered.
 - Assess whether monthly income from such sources, or a payout of the value, should be done. If unsure about the best course of action, seek professional advice.
- Deal with the Bank and other Financial Institutions**
 - Do a search for all bank accounts.
 - Contact the deceased's financial institution(s) notifying them of the death of the account holder.
 - You can also do a search for inactive bank accounts that have been transferred to the Bank of Canada to act as custodian of the account. See the appendix below for a link to the Bank of Canada to do a search for unclaimed bank accounts.
 - Cancel all automatic withdrawals/payments, pre-authorized savings programs and if applicable, any securities (stock) trading activities.
 - Obtain all share certificates for stocks, bonds and GIC's that are not held with the financial institution.
 - Such items may be held in a safety deposit box
 - Once all items have been removed from the safety deposit box, have it closed
- Set up a Bank Account in the Name of the Estate**
 - Once all accounts have been identified, open a bank account for the estate and transfer amounts into that account.
 - Register the account in the name of the estate, labeled as "The Estate of ..."
- Manage the Assets of the Estate**
 - Develop a detailed listing/inventory of the assets of the deceased.
 - Register all identified assets into the name of the estate, and label as "The Estate of ..."
 - Cancel any insurance policies on a home, car, or other personal use property.
 - Remember, only cancel the insurance policy once title to the insured item has been transferred, sold or disposed of to avoid any liability exposure.

Settle all Claims and Debts of the Deceased

- Identify all liabilities of the deceased.
 - o This includes mortgage, personal loans/credit cards, business related debts, et cetera.
- Cancel all credit cards
- Pay all identified creditors
 - o If you are unsure whether all claims against or debts owed by the estate have been identified, arrange for the publication of a notice of "Advertisement for Creditors and Others" in a local paper to help identify such claims.
- Ensure there are sufficient assets in the estate to pay all debts, including taxes payable upon death, prior to any disbursements to the beneficiaries, to ensure no personal liability for the estate trustee.
- Cancel telephone, television and internet services, club memberships, newspaper and magazine subscriptions, and any other such services that may apply to the particular situation.
- Contact the post office to have all mail forwarded or redirected to an appropriate address and notify all parties of the change of address.

Filing of Required Tax Returns

Prior Year and Optional Tax Returns

- Ensure all filings are up to date for any years prior to the year of death.
- You can also have optional tax returns prepared to report some income inclusions on them instead of all on the final return.
 - o There are three optional returns:
 1. Return for Rights or Things
 2. Return for a Partner or Proprietor
 3. Return for Income from a Testamentary Trust
 - o Each return has specific guidelines and applies in only certain situations. See the appendix below for a link to the Canada Revenue Agency and a "Guide on Preparing (Tax) Returns for a Deceased Individual" for more information on optional returns.
- Identify opportunities for tax savings or deferrals
 - o Consult your accountant or tax advisor to help identify opportunities and instances where elections can be made to help reduce the tax burden of the estate.

□ **Preparing the Final Tax Return**

- Deadline for filing the tax return is the later of (i) 6 months from the date of death; or (ii) April 30th, of the year following death (June 15 if the deceased was self-employed).
- Consider any foreign requirements for assets held outside of Canada.
 - Also, if the deceased has foreign citizenship, consider whether there are any foreign filing requirements. For example, a US Citizen, no matter the residency, is required to file annual tax returns with the Internal Revenue Service (IRS).

□ **Other Considerations**

- For each year the estate exists, an estate tax return (T3) must be filed with the CRA. See the appendix below for a link to the Canada Revenue Agency and a guide on "T3 Trust Returns."
- Ensure all tax liabilities with the CRA or refunds owing to the estate have been paid or received.
- If desirable, obtain a tax clearance certificate from the CRA, which certifies that all amounts the deceased individual is liable for has been paid.
 - To obtain a certificate, complete form TX19, Asking for a Clearance Certificate, and file it with the CRA.

Distribute the Assets of the Estate to Beneficiaries

□ **Distribution to Related Beneficiaries**

- Consider the needs of the deceased's spouse and/or dependents.
 - Make funds available to cover any expenses that should be dealt with over the short term.
- Disburse the assets of the estate (including property) in accordance with the terms of the Will and in accordance with any restrictions therein.
 - Some items held by the estate may not be specifically mentioned in the Will, and this case, should be transferred or disposed of in a proper manner. Any such transfers or disposals should be discussed with the beneficiaries prior to any action.
 - Before making disbursements to non-resident beneficiaries, ensure you obtain and file Section 116 Clearance Certificate with the CRA to avoid the withholding tax requirement of 25%.

- Identify all items that can be rolled over or transferred to the spouse.
 - Any joint bank accounts should revert directly to the surviving individual, when the bank is notified of an individual's death.
 - RRSP(s)/RRIF(s) should be rolled over to the named beneficiaries in the policy.

- If stocks and bonds are to be transferred, complete the necessary paper work to ensure proper transfer of title to the beneficiary.

- Establish testamentary trust(s), in accordance with the provisions of the Will, if applicable.

- Donation of Shares**
 - Arrange for donations to charities as provided for in the Will, if applicable.
 - If the Will involves the transfer of shares to a charity, ensure the proper paper work is filed. Such donations are eligible for a donation receipt.
 - Tax Planning Note: When preparing a Will or in execution of one, consider donating shares with unrealized gains. This is because the capital gain (difference between the cost base of the shares and the fair market value), is not included on the donor's tax return, yet, the donation receipt from the charity is issued for the fair market value of the shares.
 - Conversely, try to avoid the donation of shares where there will be a capital loss, since the loss will not be available for deduction on the deceased's final tax return.

- Disbursements to the Executor**
 - Obtain reimbursement from the estate for all expenses incurred while undertaking the administration of the estate
 - This includes reasonable fees for work undertaken as executor
 - The CRA considers any amount paid to an Executor as compensation for performing his/her duties, and is to be reported as employment income in the year received.

- Wind-up the Estate**
 - Pay all accounting, legal and other professional fees incurred.

 - Close the estate bank account.

Other Information

Surviving Person(s)

- CPP Survivors Benefit:** the surviving spouse and/or living dependents of a deceased may be eligible to receive CPP benefits. See the appendix below for a link to Service Canada and more information on obtaining CPP Death Benefits.

Helpful Tip

- Many times, parties that should be contacted or considered are overlooked, for various reasons, none of which are intentional.
- One easy way to help ensure all necessary parties have been considered is to review the checkbook and/or bank statement of the deceased for at least the preceding 12 months to see where money had been paid to, and if you have considered those parties.
 - This is helpful in identifying creditors, insurance companies/policies, et cetera.

Surviving Spouse

- The surviving individual may need to update his/her Will to take into consideration any change the death of the person has brought to their particular situation.
- Any difficulties identified during the accumulation and disbursement of the estate of the deceased individual should be considered and planned for, as well.

APPENDIX

The above information is intended to act as a guide for a surviving individual and/or assigned administrator of an individual's estate. Please refer below for other valuable information intended to help supplement what has been provided above. Please note this document is not an exhaustive listing as an individual's situation may vary. It is important to consult legal, accounting and other professional advice when confronted with the death of an individual.

Other Sources of Information

- Canada Revenue Agency:**
 - "What to do Following a Death."
<http://www.cra-arc.gc.ca/E/pub/tg/rc4111/rc4111-09e.pdf>
 - Guide on "Preparing (Tax) Returns for a Deceased Individual."
<http://www.cra-arc.gc.ca/E/pub/tg/t4011/t4011-09e.pdf>
 - Guide on preparing "T3 Trust Returns."
<http://www.cra-arc.gc.ca/E/pub/tg/t4013/t4013-09e.pdf>
- Service Canada:**
 - "During your time of loss...information for survivors"
<http://www.servicecanada.gc.ca/eng/isp/pub/factsheets/loss.shtml>
 - "Dealing with a Death in Ontario"
<http://www.canadabenefits.gc.ca/faeclist.jsp?&lang=en&catid=12&geo=5>
 - "Dealing with a Death in Quebec"
<http://www.canadabenefits.gc.ca/faeclist.jsp?&lang=en&catid=12&geo=6>
 - "Canceling (Government) Benefits Following the Death of a Pensioner/Beneficiary"
<http://www1.servicecanada.gc.ca/eng/isp/common/cancel.shtml>
- Bank of Canada**
 - Search for unclaimed bank account balances.
<http://www.bankofcanada.ca/en/ucb/index.html>

- Government of Ontario**
 - Information on death registration
http://www.ontario.ca/en/life_events/death/stel02_119205
 - "What to do when someone dies"
http://www.ontario.ca/en/life_events/death/004448
- Ontario Ministry of the Attorney General:**
 - "Frequently Asked Questions About Estates."
<http://www.attorneygeneral.jus.gov.on.ca/english/estates/estates-FAQ.asp#s3>
- Government of Quebec**
 - "What to do in the event of a death"
<http://www.deces.info.gouv.qc.ca/en/>

Note: all the website links are valid as at June 24, 2010