ESTATE PLANNING

January 17, 2024
Presented by William S. Lockington for
New Canadians Centre Peterborough

Powers of Attorney and My Will Independent but Working Together	
My Powers of Attorney • Property (financial/assets) • Personal Care	My Will Estate Trustee (Executor)

Disposition by Title or Designation	**Disposition by Will**
• jointly owned assets - real estate - investments • designated beneficiaries (i) insurance (ii) RRSPs and RRIFs (iii) TFSA	All other assets or interests generally held or owned in the sole name of the person making the Will

Power of Attorney for Property	**Power of Attorney for Personal Care**
• 18 and mentally capable • Know property and approximate value • Aware of obligations to dependents • Understand authority given • Knows attorney must account • Understand you can cancel • Appreciate value could decline • Appreciate attorney could misuse	• 16, mental ability to know whether attorney truly cares about you and he or she can make personal care decisions if necessary • made freely, no pressure • who can/can/t – health care providers, landlords, psw • one or more • housing, health, nutrition, safety, hygiene, clothing

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A PERSONAL PLANNING CHECKLIST & CONSIDERATIONS

MANAGING YOUR ASSETS IN LIFE AND THEREAFTER

Powers of Attorney and My Will Independent but Working Together	
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Your estate plan should involve plans for living as well as for dying.

Your planning should involve a combination of the tools available:

1. Will
2. Powers of Attorney: (a) Property
   (b) Personal Care
3. Gifts
4. Tax Planning – crystallization of available capital gains

WILLS

If you die without leaving a Will, you die "intestate". A court then must appoint administrators to deal with the estate and the estate is distributed according to statute. If you are married your spouse will not receive the entire estate, but what is known as the "preferential" share, with the balance divided among any children.

If you die leaving no spouse, no children, no grandchildren, parent, brother, sister, nephew or niece, the estate is divided among the next-of-kin.

To avoid lost planning opportunities, you should make a form of Will.

Will considerations:
- Executors
- Personal Effects
- Guardians

MAKE IT EASY ON YOUR FAMILY AND YOUR EXECUTORS.

POWERS OF ATTORNEY

It is not only important to consider your death, but also what would happen if you became incompetent owing to accident or illness. Two types of Powers of Attorney currently exist. A ***Continuing Power of Attorney for Property*** allows you to appoint someone you want to take over your financial affairs when you are rendered incapable. The Power of Attorney may be extremely limited or confer on the attorney the right to do anything that the person giving the

Power of Attorney (the Donor) may do. A ***Power of Attorney for Personal Care*** allows you to name a person to make personal care decisions for you if you become incapable. Personal care decisions include health care, nutrition, clothing, housing, hygiene and safety.

LIVING WILLS

A Living Will sets out in writing an individual's specific wishes regarding consent or refusal of medical treatment normally in the event of a terminal illness. The Living Will may designate one or more individuals to carry out your wishes. Some of the traditional Living Will language is now often incorporated by language in a Power of Attorney for Personal Care.

IMPORTANCE OF MAKING A WILL

A Will is a legal document that states how your property is to be distributed after your death. Many people do not make Wills, thinking that to do so is either complicated, expensive or both. In fact, the opposite is true.

If, however, you die without leaving a valid Last Will and Testament, your property will be distributed to your heirs under the province's laws of descent (who will inherit your property) and distribution (what they will inherit). In short, these laws are the province's way of writing a Will for you if you neglect to do so yourself.

When you die, **IF YOU HAVE NOT MADE A WILL** here is what happens:

1. You die intestate (without a Will).

2. The provisions of the *Succession Law Reform Act* (Ontario) will govern and direct who may administer your estate and who gets the assets.

3. A spouse, children, siblings or parents may apply to act as your personal representative to handle your estate. He/she obtains a Certificate of Estate Trustee Without a Will and is known as the Trustee. Family fights may break out, especially when two or more people want to play this starring role.

4. Unless your assets are jointly owned or have a named beneficiary, the provisions of the *Succession Law Reform Act* (Ontario) provide the order in which survivors will share in your estate. For example:

   (a) If you die leaving only a spouse, the spouse may receive your entire estate.
   (b) If you die leaving a spouse and children, the spouse receives the first $200,000.00 and anything above that amount is shared by the spouse and your child/children in certain proportions.
   (c) If there is no spouse and no children/grandchildren and your parents are alive, they will share your estate equally.
   (d) If there is no spouse, children/grandchildren and no parents, your brothers and sisters share and so on down the family tree.
   (e) If there is no relative/next of kin remaining, the ultimate beneficiary may be the Crown.

THE RESULT: Your assets may not be disposed as you wish.

An intestacy represents more than one lost personal planning opportunity.

You may want something other than the “statutory Will”, such as all of your estate to your surviving spouse.

It should be noted that where there is no Will, the shares for minor children under the age of majority will be paid into Court and will be supervised by the Official Guardian which can be time consuming and expensive for your estate.

You may wish to appoint a guardian for your young children.

Common-law spouses may be completely left out of the division of your assets.

What to do now before it’s too late: MAKE YOUR WILL.

UPDATING YOUR WILL

Most people make their Wills at different stages in their lives. A good rule of thumb is to review your Will every time there is a change in your circumstances, such as:

death in the family
marriage
birth of a child
divorce

All of these events may prompt you to make changes in your Will. Bear in mind that if you marry, any Will you have made previously is automatically revoked (cancelled), unless specifically stated to be made in contemplation of marriage. A divorce of a person results in any provision in his/her Will made for the previous spouse being dealt with as if the ex-spouse had died before the testator made the Will, but does not revoke a Will.

At a minimum, your Will should be reviewed every five years to be certain that it is still an expression of your current wishes.

Remember, you cannot simply cross out, write over top, make stars pointing to additions and initial them on your Will. When you wish to make a change to a Will you do so by a “codicil” (a document of amendment). This document basically states what the additions and deletions are to your Will, identifies the Will, and confirms all other terms of the Will. This codicil or amendment must be formally signed in accordance with the provisions of the *Succession Law Reform Act.* Your changes may be so extensive that a whole new Will should be prepared. Give this some thought.

You can do such a thing as a handwritten or holograph Will. You are best to review this with a lawyer. You are not playing a very amusing joke on your loved ones by doing creative writing with such an important document.

PROBATE

“Probate”, which comes from a Latin word meaning “prove”, is the legal process and procedures which establishes the validity of a person’s Last Will and Testament. It is also the legal term for settling a deceased’s estate. Probate allows for the transfer of assets from the deceased to his or her heirs, as stipulated in the Will. The person in charge of handling this process is the Executor named in the Will who will receive a Certificate of Appointment of Estate Trustee with a Will (issued by Court Order) which confirms the authority of the Executors named in the Will to deal with the assets.

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Not all assets of the deceased need to be included in what is known as the “probateable value of the estate”. If a testator leaves all of his or her assets to a spouse, either because assets were held jointly with right of survivorship with that spouse, or were given to a spouse by way of designation of beneficiary (life insurance, RRSP, etc.) most institutions will only require proof of death of the testator in order to transfer those assets into the sole name of the surviving spouse.

For assets held only in the testator’s name, such as stocks, bonds and real estate, probate of the Will will be required in order to satisfy the institutions which hold the record of title of such assets that:

1. The person who is holding him or herself out to be the personal representative of the deceased has the authority to do so; and
2. The people who the representative says are entitled to those assets under the terms of the Will are in fact so entitled.

“Probate Fees” are paid at the time at which the Will is submitted to the appropriate court for probate and are payable to the Minister of Finance based on the value of the estate which is to be administered. The fees to be paid are:

$5.00 per $1,000.00 value of the estate up to $50,000.00; and
$15.00 per $1,000.00 value of the estate over $50,000.00
(For ease of reference, $15,000 per $1 Million of estate value)

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WILL CONSIDERATIONS

1. MY TWO ESTATES

Disposition by Title or Designation	Disposition by Will
• jointly owned assets - real estate - investments • designated beneficiaries (i) insurance (ii) RRSPs and RRIFs (iii) TFSA	All other assets or interests generally held or owned in the sole name of the person making the Will

2. WHAT IS A WILL?

3. IF I DIE AND DO NOT HAVE A WILL, WHO DIVIDES MY ASSETS AND HOW ARE THEY DIVIDED?

4. MAKING MY WILL – CONSIDERATIONS:

(i) My Executors or Trustees – who and qualifications
(ii) My Beneficiaries
- Personal property – chattels etc.
- Specific gifts
- My charitable interests
- The remainder (residue)

5. OTHER CONSIDERATIONS:

- If I have a family cottage, how do I handle this?
- Disabled beneficiaries
- Education trusts
- Multiple Wills

6. FAMILIES DON'T FIGHT – THE GREAT MYTH AND MY PERSONAL EXPERIENCE

- Communication
- 'Values' and valuables

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POWER OF ATTORNEY CONSIDERATIONS

Power of Attorney for Property	Power of Attorney for Personal Care
• 18 and mentally capable • Know property and approximate value • Aware of obligations to dependents • Understand authority given • Knows attorney must account • Understand you can cancel • Appreciate value could decline • Appreciate attorney could misuse	• 16, mental ability to know whether attorney truly cares about you and he or she can make personal care decisions if necessary • made freely, no pressure • who can/can/t – health care providers, landlords, psw • one or more • housing, health, nutrition, safety, hygiene, clothing

What is it?
A Grant of Authority – Agency
Not a Lawyer

Who do you appoint?
Family/non-family/institution
One or more - joint/several - do they get along - collaboration

Conditions/Restrictions – examples
- Specific to a need – real estate etc.
- Requirements to consult family/advisors etc.
- Type of investments
- Priority/dispute resolution
- Capacity

Effective Date
- When PoA signed/event/condition
- Personal Care – incapable of making an informed decision

Compensation
- 3% revenue received and disbursed
- 3/5 of 1% on average annual value
- share if more than one
- stipulated compensation

Issues & Questions
- confusion between powers of attorney and estate trustees (executors)
- who – very important
- activation
- sale of assets
- distribution of assets before death
- banking
- trying to please everyone
- communication – intention/instructions
- tell them they are appointed

Challenges
- reluctance to discuss
- sibling rivalry
- accessibility
- confusion
  - heroic measures, medically assisted dying
  - competent and consenting adult, irremediable health conditions, intolerable suffering and death is reasonably foreseeable (MAID – Medical Assistance In Dying)

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THE MYTH LIST

1. Probate fees will significantly erode my estate.
2. Death taxes will significantly erode my estate.
3. I should put all my assets in joint names to avoid probate fees and death taxes.
4. I should gift all my estate to my children to avoid death taxes and probate fees.
5. Executors and Powers of Attorney are the same person.
6. Living Wills and Powers of Attorney are the same thing.
7. All beneficiaries are happy.
8. Families don't fight.

POWER OF ATTORNEY MYTH LIST

1. I have executed a Will so I have no need for a Power of Attorney. My executor will take care of any decisions regarding my health care.
2. I made X my executor so I cannot have him or her as my attorney; or conversely I made X my executor, so I have to have him or her as my attorney.
3. I executed a Power of Attorney 10 years ago, so I do not need to do another.
4. Once I sign my Power of Attorney, it cannot be changed.
4. I have to appoint my child as attorney, but I really do not feel he or she could do the job.
5. My spouse or my children will be able to make any health care decisions for me, so I do not need to make a Power of Attorney for personal care.
   BIG MYTH - my spouse or children always do what I have told them.
6. You have to tell someone you have named them as attorney in a Power of Attorney document.
7. I should put my Power of Attorney document in my safety deposit box.
8. A personal care Power of Attorney and a Living Will are the same.
9. A Power of Attorney changes my Will.
11. I can write my own Power of Attorney for Personal Care.
12. I am only 30, I do not need a Personal Care Power of Attorney.
13. Families never quarrel about decisions regarding health care.

The Client Advisor

Effective Estate Plans

by Bill Lockington

Estate planning can be a daunting exercise for most people. The reluctance to effectively "put our affairs in order" is natural. It involves a personal investment in time, emotional commitment and professional advice. Having an organized process of planning is half the battle.

Estate planning is important for everyone; only you can determine the exact manner in which your assets will be transferred on death and provision made for those significant people in your life.

A very practical outline of considerations has been written by Jamie Golombek, C.A. For your assistance, we have included the *10-step Guide for Effective Estate Planning* in this Advisor.

LLF Lawyers LLP is a full service legal firm serving a wide range of private businesses, public sector institutions, professionals and individuals throughout Ontario. Providing timely and practical advice to its clients, the lawyers of the firm provide specific counsel and advocacy in matters of property, business, dispute resolution and estate planning and administration.

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1. ***Designate a team of professionals***
You don't have to go it alone. Get your financial advisor, lawyer and accountant involved to ensure that your plan works legally and is tax-effective as well.

2. ***Draw up a household balance sheet***
This is a snapshot of your financial position, wherein you list your assets and liabilities. It's a great starting point to ensure everything is properly dealt with.

3. ***Understand your life insurance needs***
Life insurance can play a critical role in any estate plan, ensuring that extra funds can become available to take care of loved ones, to pay any taxes owing upon death or simply to leave a greater inheritance.

4. ***Draw up your will***
Having a will is only one step in the estate-planning process, but it's an important one. If you die without one, provincial law dictates who gets your assets upon death, which may not coincide with what you intended.

5. ***Establish a power of attorney for property***
A power of attorney gives someone else the legal ability to deal with your financial affairs should you become incapacitated.

6. ***Establish a power of attorney for personal care***
This power of attorney authorizes someone to make personal, health and medical decisions on your behalf in case of incapacity.

7. ***Minimize taxes and other fees***
A tax specialist can advise you on the tax benefits of leaving certain assets to certain people. For example, appreciated securities can be left to a charity tax-free, while other appreciated property, as well as your RRSP and RRIF, can be left to a spouse or partner on a tax-deferred rollover basis.

8. ***Keep track of accounts and important information***
Make a list of your key personal information, advisors, important documents (and their locations), accounts and other financial assets, and put this list in a safe place so it can be easily referenced by your estate executor later on.

9. ***Review and update your plan regularly***
Major life events provide a good time to update your plan. The birth of child, separation or divorce, death of a parent, et cetera, could all impact your original plan.

10. ***Let someone know***
Often the hardest step, it is a good idea to let your family know what you're planning to do, at least in general terms. That way, there are no shocking revelations from beyond the grave. Unless that's something you want!

Jamie Golombek, CA, CPA, CFP, CLU, TEP, is the vice-president, taxation and estate planning, at AIM Trimark Investments in Toronto.

The Client Advisor

Addressing Generational Needs

The Family Discussion

By Bill Lockington

The modern family unit is often a co-mingling of interests, assets and generational traits. Shared cottages, parents and children working in the family business, second marriages with dual families and care giving and personal management to any elderly mother or father, are all situations in which the financial affairs of families become increasingly inter-twined and complex. Combined with generational differences in attitudes, expectations and values, you have a recipe for misunderstanding and emotional tension influencing otherwise normal family relationships.

As professional advisors, we counsel family members to be pro-active in ordering their affairs; ensuring wills and powers of attorney are prepared to clearly express one's intentions. This is a regular part of our advice. However, these well intentioned and essential steps often focus primarily on the more practical matters of minimizing taxes and preserving capital. As such, they

For more information on planning ahead, contact us at (705) 742-1674.
Bill Lockington

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are only part of a successful "family management plan". Communication and dialogue between family members must support the formal planning.

Many families avoid discussing "business or financial" matters. Parents are understandably reluctant to divulge their personal affairs, coming from a generation which respected privacy. Adult children, on the other hand, frequently defer speaking about inheritances or transition issues for fear of being seen as presumptuous, impatient, or acquisitive. This can lead to a stand-off between generations, leaving intentions and financial assets unknown until an unforeseen death or personal incapacity compels disclosure; too late for proper understanding and appreciation.

The "family discussion" is essential to minimizing emotional and financial toll. The family cottage or family business are good examples. Parents may want the cottage to stay in the family forever, but if children are living at a distance, will their share be of value to them, or will they contribute to expenses? Do the children want to keep the cottage or share in other ways? The family business has particular succession issues, especially where the skills and participation interests of siblings may differ.

Contemplation of the future need for personal care and assistance in managing financial affairs is another "touchy" topic. Few people relish dealing with what will be a certainty in the human condition. Parents are reluctant to think they could be anything but forever independent and children refuse to acknowledge parents having needs. It is no surprise that family members, placed in the position of managing a parent's estate or financial affairs, often know little about the extent or location, or source of their parent's income and assets, not to mention their intentions and wishes.

Not all family members need the responsibility of helping with a parent's affairs. Skills, geographical proximity, and sibling order may influence the decision as to who manages and is accountable. All family members however should participate in an active and continuing dialogue about the "family assets" and their management. This ensures continuing good relationships between siblings, eliminates uncertainty and promotes a sense of inclusion and contribution for all family members.

Parents can lead the family discussion by agreeing to discuss the particulars of their financial affairs with their children and perhaps grandchildren. Spouses and

partners can be part of the discussion unless there is a compelling reason to exclude them. Family advisors (lawyers, accountants and financial advisors) may be asked to attend as a resource, promoting discussion, providing a professional perspective and counselling when differences arise and solutions are needed.

Family planning requires good professional advice. Make it effective by willingly discussing options and arrangements before the need arises. This will facilitate an understanding of each family member's expectations, and contribute to future family harmony.

This Client Advisor is a general discussion of the matters discussed in it and should not be relied upon as legal advice. If you require legal advice, we would be pleased to discuss with you the issues raised by this Client Advisor in the context of your particular circumstances.

Your Money

Avoid Family Feuds Over Your Estate

Poor planning can tear a family apart

By Les Kotzer and Olev Edur

Planning your estate and creating a will can be complicated undertakings, especially when you have children and perhaps other loved ones or charities that you want to benefit.

In addition to all the thought and effort that has to go into ensuring that you're maximizing the value of your bequests by minimizing taxes and other costs, you have to see to it that everyone is treated equitably. In a situation in which interests can be in conflict, you must take pains to ensure that you don't create rifts and hard feelings among all concerned.

A poorly planned estate, or one that isn't planned at all, can tear a family apart and create undying resentment and bitterness. To avoid this fate, wills lawyer Les Kotzer, of Fish & Associates in Thornhill, ON, provides the following tips for avoiding family inheritance feuds.

Photo: iStock/shibanuk.

1. Remember that communication is vital.

Silence is not golden when it comes to wills and inheritances. Not talking to your children about these important issues and keeping your head in the sand is dangerous and can lead to disputes after you pass away. It's important to let your children know how to reach your lawyer, your accountant, and your financial advisor. Where can your children find your will and your power of attorney? Does anybody owe you money or do you owe anybody money? What are your wishes regarding funerals or cremation? If you don't tell them, your children will have to guess.

You also should discuss whether one or more of your children want to serve as your executor or power of attorney or not, so that they don't simply find out upon your incapacity or death. One of your children may not want to do it; if you've appointed him or her and he or she rejects the appointment, the others may look at him or her as a traitor to the family.

2. Take care with executor appointments.

If you appoint only one child as executor, your other kids may harbour feelings of jealousy because they weren't appointed and may make the chosen one's life a misery. In particular, beware of appointing a child likely to end up becoming a "dictator" executor. As sole executor, for example, he or she will have the power to sell your cottage and divide the proceeds rather than keeping the cottage in the family. All the others may want to keep the cottage, but the executor doesn't have to listen to them, may not care about the cottage, and may sell it to a third party. The same could apply to your cherished family home. Your executor doesn't have to ask the other children whether to sell. He or she has the power as executor to whatever he or she chooses.

You also must understand that if you appoint two executors, they have to act together. Can they get along and work together, or will every discussion about your estate be a battle? Similarly, if you appoint three children as executors and don't have a majority clause put in your will, it means all decisions will have to be unanimous. Can all executors agree or will there be deadlocks?

3. Review your beneficiary designations.

You may have named one child as your beneficiary on your RRSP or life insurance, thinking that child would share the proceeds with the other kids when you pass away. But when you die and he or she gets these proceeds, he or she doesn't have to share them with the other children. Being named as a beneficiary means you own the money and have no legal obligation to share.

Sometimes it's wise to appoint your estate as the beneficiary on an asset such as life insurance, despite the probate implications, so that you know there will be money to pay your debts and funeral expenses. If you name a child, he or she can use it for himself or herself and not use the money to pay debts or funeral expenses. This can cause real family tension after you pass away, so make sure to review your designations on an ongoing basis.

4. Think fairness rather than equality.

It's foolish to think that leaving everything in your will equally to all your kids will automatically prevent them from fighting after you die. Stamping an equal sign on your will can lead to more fighting, especially if, for example, you have a caregiving child who has given up a great deal of his or her life to help you while the others have not helped, or if you have at some point already given a large sum of money to one child in your lifetime.

Is it really fair to give the caregiving child the same as children who rarely see you? Is it fair that the child who received a large sum of money during your lifetime gets to keep that money as well as sharing evenly in the rest of your estate? Not thinking this through can lead to acrimony and bitterness among your children.

At the same time, beware the 90/10 rule mistake—leaving one child the bulk of your estate and another child a small percentage. By giving one, say, 10 per cent, you've given him or her an entry into the estate, and he or she can make the 90 per cent beneficiary's life miserable by questioning everything he or she does. A better solution is to leave a fixed payout amount rather than a percentage of the estate itself, so that once paid, he or she is out of the equation.

5. Be cautious about sharing real estate.

Leaving real estate equally to all your children means they become co-owners, but can they work together or will they be constantly battling over management of the property? Will their spouses interfere? It may be better to leave one building to one child and another building to another child so that they aren't co-owners. If the buildings don't have the same value, or if there's only one property, a monetary gift can compensate for the difference.

6. Think about the allocation of personal effects.

When it comes to special items such as Mom's wedding ring or the treasured painting over the fireplace, try to create a neutral solution for who gets what. You can't split a painting on the wall or a table in the hall, so one solution would be to have the kids flip a coin or draw straws for any potential causes of conflict. Similarly, if one child bought you a valuable personal item, don't leave it to another child; leave it to the child who gave it to you. Leaving it up to the kids to decide could create terrible battles.

7. Remember that second marriages create special considerations.

If you're in a second marriage or relationship with children from a previous marriage, consider leaving everything to your new spouse and asking that when you both die, your estate be divided among all of the children.

Remember that after you pass away and your new spouse or partner has inherited all of your assets, he or she can make a new will and cut out the children from your first marriage. Planning based on trust may leave those children with nothing. Spouses in second marriages should consider seeing separate lawyers to protect their unique interests.

8. Be wary of homemade wills.

A homemade will can have many dangers. First, is it valid? Does it comply with the formalities required by law? Does it use words that have multiple interpretations? For example, "my gold ring" could mean the 14k ring or the 10k ring. Does the will designate backup executors and backup beneficiaries? If your son isn't alive when you die, does his share go to his own children or does it go to your other children? Homemade wills are often a recipe for a family battle, and parents who use them are often planting the seeds of destruction for their own family.

9. Make sure to review and update often.

If your will leaves your son the house on Nightingale Street, but you move to Hummingbird Street and don't update your will, your son won't get the new house. In addition, asset values can change over time; it's important to review your will and the value of your assets regularly to avoid the inequality you're trying to avoid and to make sure that everyone continues to get what you intend them to get. ▮

Joint ownership of homes, assets can lead to problems

Several unintended consequences can arise when you legally add another person's name

TIM CESTNICK

OPINION

TAX MATTERS

FCPA, FCA, CPA(IL), CFP, TEP, author, co-founder and CEO of Our Family Office Inc. He can be reached at tim@ourfamilyoffice.ca

If you add a joint owner to your principal residence, you will only be able to use your principal residence exemption on your share of the home later when it's sold, or you die. DARRYL DYCK/THE CANADIAN PRESS

I recently met a couple in their 70s who asked me about putting their home in joint names with their son, Gerald. The plan is that Gerald, who I met, will inherit the home one day. Gerald is single, age 40, living in his parents' basement and tells me he's looking for the woman of his dreams. When he told me this, I immediately had visions of starting a new dating website for guys like Gerald who, in an era when real estate ownership is beyond the reach of so many people, might be very attractive to women who want a guy who owns a home.

I then snapped out of my daydream and explained why joint ownership of a home – and of other assets more generally – is usually a bad idea. Let me explain.

1. You might trigger taxes. When putting a person other than your spouse on title as joint owner of an asset, you'll generally be deemed to have sold that portion of the asset at fair market value, which could give rise to a tax bill. You could avoid this by creating a bare trust arrangement in which the other person on title is considered to hold their portion of the asset for you, in trust. This gets complicated, however, in part due to new filing requirements for trusts, and a bare trust may not allow you to avoid probate fees on the asset. Speak to a lawyer specializing in trusts.

2. Assets could be exposed to creditors. If the person who jointly owns an asset with you is subject to the claim of creditors – perhaps due to a bankruptcy or for some other reason – the value of the asset you hold jointly could be subject to the claim of creditors. Similarly, if the other owner owes money to the Canada Revenue Agency, the asset could be seized to pay off the tax debt.

3. You could lose control. Owning an asset with another person will mean you no longer have full control over the asset. Further, you may have difficulty using it as collateral without the agreement of the joint owner, and this lack of control could be permanent.

4. You could still face tax. If you hope that naming another person as joint owner will save you taxes, this may not be the case. If the asset generates income and the joint owner is your spouse, the attribution rules in our tax law will cause you to pay the tax on all income earned on the asset (unless you charge the prescribed rate of interest on the value transferred to your spouse). And naming your child as a joint owner still leaves you on the hook for taxes on the portion of the asset still owned by you when you die.

5. A principal residence could be taxable. If you add a joint owner to your principal residence, you will only be able to use your principal residence exemption on your share of the home later when it's sold, or you die. The portion owned by the other person may be taxable if, for example, they have another residence as well.

6. Additional filings may be required. There's a deadline of April 30, 2024, to file the new Underused Housing Tax (UHT) return for those caught under these rules (see my article dated Feb. 8, 2023). If you own income-producing real estate jointly with your spouse or another person, it's quite possible that CRA will consider this to be a partnership, in which case there's a requirement to file a UHT return annually. The penalties for failing to file are steep, at $5,000 for each individual for each property.

7. Who gets what may not be appropriate. When you add a person as a joint owner on an asset, the asset will generally pass to that individual when you die. It may not be clear whether your intention is to have that one person inherit the asset or that the asset should be shared with all of your heirs when you're gone. There's no requirement for the joint owner to share the asset, which may not be your intention.

8. Legal battles could result. If certain people feel that your intention was to leave assets equally to various beneficiaries, but joint ownership did not include each of them, it's very possible that a battle in court could result over the division of your estate when you're gone. It's important to make your intentions clear to all beneficiaries before you die.

If any of these drawbacks to joint ownership concern you, think twice before putting assets in joint names, and speak to a lawyer specializing in trusts and estates for advice.

Stocks gain on easing U.S. producer prices

North American equity markets closed slightly higher on Wednesday, as fresh U.S. inflation data reinforced investor hopes that the Federal Reserve is done raising interest rates. The Canadian benchmark stock index saw its fifth straight day of gains, although food retailers lost ground after reporting quarterly results.

Stocks had rallied on Tuesday after a softer-than-expected Consumer Price Index reading boosted optimism the Fed might be able to avoid raising rates further.

Additional data on Wednesday showed the biggest decline in producer prices in 3½ years in October on the back of cheaper gasoline, offering more evidence of easing price pressures.

The Producer Price Index was down 0.5 per cent month-on-month, well below the estimate of a 0.1-per-cent rise.

Also on Wednesday, U.S. retail sales data showed a smaller-than-expected decline of 0.1 per cent in October, against forecasts of a 0.3-per-cent fall, according to economists polled by Reuters.

"Those two data points reaffirmed the message from Tuesday that the Fed seems to be navigating the soft landing quite well," said Ronald Temple, chief market strategist at Lazard.

After the big move in Wall Street's three major indexes in the previous session, Mr. Temple said Wednesday's data "doesn't change the narrative."

Money market traders have fully priced in odds that the U.S. central bank will keep rates steady in December. They also see the first rate cut of the cycle to kick off next spring in both the U.S. and Canada.

Bond yields bounced back on Wednesday, however, with the U.S. benchmark 10-year yield up about 10 basis points to 4.540 per cent.

Canadian bond yields were up by a similar degree.

Treasury yields plummeted on Tuesday following the U.S. inflation report, pushing the 10-year Treasury yield down by its largest daily amount since March.

The mixed economic data Wednesday will likely stall any further large moves in yields, said Ian Lyngen, head of U.S. rates strategy at BMO Capital Markets Fixed Income Strategy Team.

"We expect the market will drift sideways from here and a downward bias in yields will emerge as the weekend approaches," he said.

Further aiding the mood in stock markets Wednesday, the U.S. House of Representatives passed a temporary spending bill that would avert a government shutdown, with broad support from lawmakers from both parties.

The S&P/TSX Composite Index ended up 0.2 per cent at 20,057.89, its highest closing level since Sept. 20.

The Toronto market's technology sector added 2.1 per cent, while utilities rose 1.2 per cent and heavily-weighted financials ended 0.4 per cent higher.

Energy was a drag, falling 1.2 per cent, as oil settled down 2 per cent at US$76.66 a barrel. Oil was pressured by a bigger-than-expected rise in U.S. crude inventories and record U.S. crude production.

Consumer staples was another weak spot, falling 2.6 per cent, as investors weighed the results of major food retailers.

Metro Inc shares fell 6.8 per cent and shares of Loblaw Companies Ltd. gave back their earlier gains to end 2.2 per cent lower.

On Wall Street, shares in Target surged 17.8 per cent in its biggest one-day percentage gain since August, 2019, after the retailer forecast a fourth-quarter profit largely above expectations on easing supply-chain costs.

Target's bright outlook lifted shares of other retailers including Macy's, which rose 7.5 per cent, and Kohl's, which closed up almost 9 per cent.

The S&P 500 gained 0.16 per cent.

REUTERS, GLOBE STAFF