

Wills, Trusts & Estates

Estate planning for millennials: No time like the present

By **Emma Hamilton**

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(July 26, 2018, 8:48 AM EDT) -- Who is a "millennial?" A common perception is that millennials are a loosely defined group of people born between approximately 1981 to 1996, some of whom have garnered a notorious reputation for departing from social norms and being social media obsessed.

As millennials enter the workforce and begin acquiring their own assets, it is important to turn our mind to the aging population and the significant wealth transfer by baby boomers to millennials over the next several decades. In preparation, the younger generation should consider preparing a will, giving careful consideration to who they wish to benefit and taking steps to protect family wealth. Not only is succession planning important, a will can clearly reflect one's intentions and alleviates stress for families if an unexpected death occurs.

Why is it important to prepare a will at a young age? A young person who has no dependants and only plans to leave their assets and personal effects to their parents may view the expense of a will as unnecessary, as their wishes can be addressed by the rules of intestacy set out by statute. That being said, a will safeguards against changing circumstances and is an important educational tool for increasing financial literacy.

A millennial may not own any significant property now, or have dependants, but may expect to do so in the future, including by inheritance or deciding to have children. In many jurisdictions, marriage revokes a prior will, unless made in contemplation of marriage. Having wills in place as a young couple will provide protection if either were to die unexpectedly. As well, if they are living common law, under many jurisdictions' legislation, unless explicitly provided for by a will, a common law partner is not entitled to any share of the deceased partner's estate on an intestacy.

Not only is a will a safeguard, it allows one to customize one's planning and decide who to put in charge of one's estate, how to allocate assets, and to whom. What intestacy laws do not contemplate is carrying out particular wishes, including:

- Legacies and bequests of a specific property to family, friends, or charities;
- Multiple residual beneficiaries of their estate who are not related by blood;
- Funeral and burial wishes;
- Executor and trustee appointments;
- Insurance and TFSA/RRSP designations;
- Trust provisions for children (example: 50 per cent at age 25 and the remainder at age 30) and a spouse (example: a spouse and/or family trust); and
- Guardians of minor children.

Another consideration for a tech-savvy generation is digital assets and accounts. For a social media-obsessed generation, very few understand what happens to their accounts and assets on death. Some social media entities, such as Facebook, have privacy rules or terms of use that outline

management of the account on death, whereas others are less specific. Other accounts that are used on a daily basis include Apple iTunes accounts, PayPal, online banking accounts like WealthSimple, Instagram, Uber and Kijiji. Few people consider how they should be dealt with on death.

To ensure there are no issues with access and management, maintaining an accessible account and password list is helpful. It is also important to include a specific designation regarding digital assets and accounts in their power of attorney for property and will to provide the attorney or executor with management power.

Although millennials are looking to buy their first home later than any generation in the last 50 years, they should not forget the importance of protecting their assets when they begin to cohabit with their significant other. Whether it's a cohabitation or prenuptial agreement, a domestic contract along with a will can assist in protecting against a support claim brought by a common law partner or spouse upon separation. As well, it can ensure that their assets, such as gifts and inheritances, are excluded from sharing in the context of a relationship breakdown.

Incapacity planning is also key to the estate planning process. As a young healthy individual in their 20s, incapacity is not top of mind for the average millennial, but accidents or unexpected illness do happen. Having the freedom to appoint their chosen attorney and also making it easier on their family by preventing a costly guardianship application to the court, is important. Powers of attorney for property and personal care should not be overlooked. By the time they become necessary, it may be too late.

It is important to encourage millennials to undertake estate planning as a long-term investment in their future and to allow them to see the value in preventative measures for unanticipated circumstances. Not only that, millennials should understand that having planning in place alleviates the time-intensive and costly process for family members in dealing with an intestacy or a guardianship. Having this conversation early with the younger generation will only make this topic easier in the future and is an important stepping-stone to taking control of one's future.

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