

SIX WAYS TO STALL ESTATE PLANNING

We match procrastination with possibilities

“Most people take more time planning their annual vacation than they do planning their estate.”

This common saying may sound like an exaggeration, but the reality is over 50% of Canadians do not have a properly planned and executed Will, Power of Attorney, and Health Care Directive.⁽¹⁾ Why not? In a word: procrastination. Most of us experience some combination of fear and avoidance when faced with the challenges of thinking about our own death, talking openly with our advisors about responsibilities to provide for our loved ones, and making decisions that will ultimately affect many people's lives.

We know procrastination is the most common estate planning mistake. Based on our experience, here are several of the root causes that stall the process. We also offer some suggestions to get past “go.”

I am too busy to worry about estate planning right now.

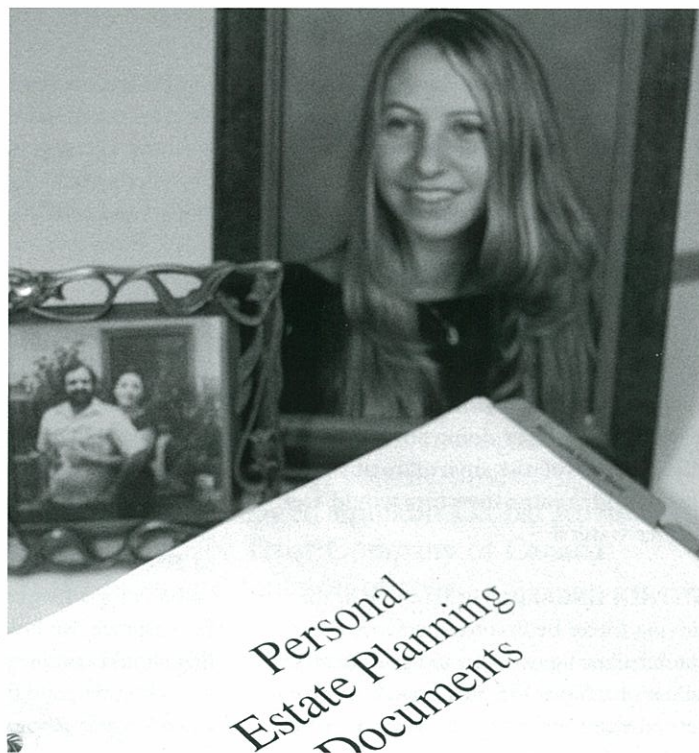
Many time-management gurus differentiate between activities that are “urgent” and those that are “important.” They highlight that a key to lifetime success is to spend as much time as possible on important matters, not urgent things. The trouble is most of us are constantly distracted by urgent demands on our time. We may implicitly understand that estate planning is important, but feel no sense of urgency since we do not expect to die any time soon. We rationalize that there is plenty of time to think about estate planning later, much later in our lifetime. This way of thinking poses two problems:

- Many estate planning tactics take time to achieve results. Last minute planning is seldom as effective as plans prepared and acted upon over a longer period of time.
- You could, of course, die in an accident tomorrow.

We encourage people to think of estate planning as both important and urgent.

Thinking about death, especially my own, is frightening.

Fear of dying is truly a universal feeling. It is difficult to think about our own demise. But as the saying goes, “Nothing is certain in life except death and taxes.” There are two corollaries to this statement. Failing to think about death often means paying a lot more taxes. And the mere acts of thinking or talking about death and taxes will not make either happen.



We recommend approaching estate planning as an intellectual exercise, not an emotional one. By focusing on the financial consequences of your death, you can try to approach the subject from an emotional distance. Many people find thinking and talking about their death from purely a financial perspective has a desensitizing effect. This, in turn, enables them to think and talk more openly about the emotional aspects of the inevitable.

I am confused and intimidated by the complexity of estate planning.

Such procrastination may take shape in two forms. Some people are disinterested in the legal and financial details and have no desire to learn any more than necessary about such matters. Others are perfectionists who feel uncomfortable proceeding with estate planning until they have studied every option and feel they have become true experts themselves.

Our advice to both types of people is the same. First, estate planning does not have to be all that complicated. All estate plans deal with three basic concerns: people, property, and plans. Unless your family relationships (your “people”) or your financial

⁽¹⁾ Results of Ipsos Reid Canada/RBC Financial Group poll conducted between August 11 and August 15, 2006.



affairs (your “property”) are very complex, chances are good that your Will and other estate planning documents will be fairly straightforward. Secondly, in our opinion, effective estate planning is never a “do-it-yourself” activity. We believe professional help is a prudent necessity and generally offsets any reason to become an expert.

My family relationships are strained.

Awkward family situations lead to procrastination in two ways: Fear of confrontation with your family members, and fear of discussing potentially embarrassing family matters with someone outside the family.

Overcoming the reluctance to deal with tough, emotionally charged decisions—such as disinheriting a child who is alienated from the family, or facing fundamental differences of opinion between you and your spouse—is one of the toughest parts of the estate planning process.

Our advice is to engage the services of an impartial professional as early as possible. Estate planners are skilled at recommending solutions to family dilemmas. As with the fear of thinking about death, talking about your family situation with a professional often has the effect of desensitizing your emotions so you can approach problems from a rational and thoughtful perspective. In addition to offering advice about your legal rights and obligations, many estate planners will offer concrete suggestions about how to avoid confrontation or achieve compromises in your estate plan that can improve, or at least not damage, family harmony.

I think estate planning must be very expensive.

The fact is you will need to spend some money for professional estate planning services. Many people resent paying for services that result in intangible benefits. Sometimes, people go to extremes to save money, even trying to write their own Wills (which, in our opinion is one of the most expensive mistakes they will ever make).

We suggest recalling other times in your life when you have paid for professional services. For instance, you have likely paid thousands of dollars in real estate commissions for house transactions. Such a service is quite minor relative to the significance of passing on a lifetime of accumulated wealth to the people or causes most valuable to you. Yet the cost of a professionally prepared Will can be a fraction of the real estate commission you pay for help marketing your home. In this context, we view the cost of professional estate planning services as one of life’s great bargains.

I don’t know what I want to do with my estate.

How to distribute one’s accumulated wealth can be a quandary that keeps you “stuck.” Of course, many people have a strong desire to

ensure their families are secure. But what does “secure” really mean? Does it mean your children will inherit a windfall of wealth and never have to work again? Or, is it enough to provide your children with a modest inheritance so they can enjoy otherwise unaffordable luxuries? Perhaps you wish your estate to be used to achieve a significant philanthropic goal, leaving a long lasting community legacy? Perhaps you have remarried and are torn between your wish to benefit your children from a prior marriage and your responsibility to your current spouse. If these types of decisions are proving difficult, we have two suggestions:

- First, recognize there are no universal “correct” answers. Only you can decide how to distribute your estate. What is right for others may not be right for you.
- Second, make decisions based on your fundamental values and principles. Some people will establish a “Family Wealth Mission Statement” to articulate their attitudes and beliefs about money and how it should be productively employed by the family. Having a clear idea of what you want to achieve through your estate typically makes it easier to make the specific decisions about who gets what.

Stepping Ahead

Most of us overcome procrastination when there is a payoff for moving forward. Your reward for completing an effective estate plan will come in the form of personal peace of mind, decreased stress, and the potential to clarify and improve family relationships. You will have the satisfaction of leaving a lasting legacy for future generations. We believe all of these benefits can leave you wondering why you waited so long to put an estate plan in place and procrastination far behind.