

# The step-by-step process for settling an estate



## Preliminary steps

1. Locate the Will and review it for specific instructions concerning the funeral.

The Will may have been kept among personal papers at home, in a safe deposit box, with a lawyer/notary or elsewhere.

### There are five types of Wills recognized in Canada:

1. **A formal Will:** This is a Will that is normally drawn up by a lawyer and signed according to the requirements of provincial law. (Not applicable in Quebec.)
2. **A holograph Will:** This is a Will that is written and signed entirely by the testator without the use of any mechanical process. It does not have to be witnessed. (Not valid in all provinces.)
3. **A Will made before witness:** This is a Will written by the testator or by a third person and executed before two witnesses. (Only applicable in Quebec.)
4. **An international Will:** This is a Will drafted and signed according to set standards agreed to by certain jurisdictions that have signed an international convention regarding Wills. (Not valid in all provinces.)
5. **A Quebec notarial Will:** This is a Will drawn up and executed before a notary. It does not have to be probated in Quebec.

### When someone dies without a Will

In Canada, if you die without a Will (legally known as dying “intestate”), a court may have to appoint someone to administer your estate.

If, after the death of someone you know, you establish that no Will was written, you have two options:

- if your provincial law entitles you to apply, you can apply to the court to be appointed as administrator of the estate (estate trustee without a Will in Ontario), after which you have the option of enlisting a professional to assist you; or



- if your provincial law entitles you to apply as administrator, you can formally request that the court appoint another person or that a corporate executor for the estate (such as RBC Royal Trust) be appointed as administrator to handle all of the administration and decision-making instead of you handling it yourself.

Contrary to the common belief that the deceased's spouse will inherit everything, in most provinces or territories the spouse does not receive all of the assets. If no family members can be located, the estate assets may ultimately go to the provincial or territorial government.

**In Quebec, when someone dies without a Will (intestate), the office of liquidator becomes the responsibility of the heirs. The heirs, by majority vote, may designate the liquidator. If the heirs cannot agree or if it is impossible to appoint or replace the liquidator, a liquidator may be appointed by the court or named by ministerial order.**

## 2. Assist with funeral arrangements if required.

As the executor, one of your first duties is to assist with the funeral arrangements and take care of payment.

**In Quebec, unless the deceased has specifically requested it, the liquidator does not have this responsibility. Rather, it is up to the heirs to act, and the expenses are charged to the succession.**

Many people pre-arrange their own funerals with a funeral home or preplan their funerals by leaving detailed instructions in their Will or with a family member or friend. If the deceased has died without pre-arranged funeral plans or if his or her wishes were not communicated to anyone, then as executor you should get family members' input on decisions about the funeral arrangements.

### [Contacting the funeral home](#)

Your first step is to contact the funeral home. The funeral director will help plan the visitation, service and burial or cremation.



### The obituary announcement

If you want to place an obituary notice in a local newspaper, the funeral director can help word it and arrange to place it in the newspaper. Be sure to include details about the time and place of visitation and the funeral services. If contributions are preferred instead of flowers, you may want to consider listing any charities the deceased favoured.

### The service

If nothing was pre-arranged or preplanned, you can help family members decide what type of service would be in accordance with the deceased's personal beliefs and values.

- Will it be religious or non-religious, a funeral or a memorial service?
- Will it be held in a place of worship or a funeral chapel?
- Will there be a tribute such as a eulogy, personal remarks or readings from religious texts by a close friend or family member?
- Will you include music in the service?
- Will the casket be covered with flowers or draped with a flag? Veterans and serving members of the Canadian Armed Forces may have the Canadian flag draped over their coffins.
- Will the deceased be buried or cremated?
- Will the remains be interred? Where?

### Veterans' allowance

Veterans of Canada's armed forces and their dependants may be eligible for burial, pension and other benefits if they meet the eligibility requirements. Veterans without sufficient funds to cover their funeral expenses may be eligible for help from the last post fund. Contact your local Veterans' Affairs office for further information.

If you have questions about your executor duties, speak with an RBC advisor, call us at 1-855-833-6511 or visit our website at [rbc.com/royaltrust](https://www.rbc.com/royaltrust).

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### 3. Obtain multiple original copies of the proof-of-death certificate, as most organizations that you will deal with as executor require original documentation.

Proof of death can usually be any of the following:

- Death certificate issued by the province or funeral director
- Burial certificate
- Copy of the coroner's report
- Act of death or certificate of death (Quebec)

You will need several original, notarial or certified true copies of the proof of death as you will be called upon by the deceased's banks, insurance companies, investment firms and other institutions to provide these as you administer the estate.

Obtaining multiple copies at the beginning will help you avoid delays or inconvenience as you proceed with settling the estate.

### 4. Ensure the family's immediate financial needs can be met.

An important part of your role as executor may be to make sure the family's immediate needs are met.

They have to be able to pay their bills and have money to manage their daily expenses.

Once you have proof of death, you may be able to apply for some immediate sources of funds, such as life insurance policies, company pension plans and access to the deceased's bank account (see Allowable expenses, page 20).

### 5. Review any marriage contracts, family law issues or dependant relief issues.

The effects of marriage, such as the family patrimony, compensatory allowance, survival of the obligation to provide support and matrimonial regime legislation, may require that part of the value of the estate be paid to the surviving spouse or descendant.

### In Quebec, it may also mean that the surviving spouse owes money to the estate.

### 6. Probate the Will (if necessary).

A probated Will is a Will that is acknowledged by the courts to be the deceased's last Will and testament.

It confirms the executor and acknowledges his or her authority to carry out the terms of the Will. Most financial institutions require probate before they will release a deceased person's assets because it assures the institution that they are handing over the deceased's assets to the person who is lawfully entitled to receive them.

Without probate, the institution cannot be assured that the Will it has been given is in fact the deceased's last Will. However, if probate has been obtained, even if the Will is challenged or ruled invalid or if a later Will is discovered (thereby revoking the Will), the financial institution cannot be held liable for releasing assets to the executor named in the probate.

When the value of the deceased's assets is relatively small, the financial institution may allow the executor to sign a bond of indemnity in lieu of obtaining probate.

However, executors often find that administering the estate is easier when they obtain probate since it is unlikely that anyone will question their authority to gather and deal with the deceased's assets.

To apply for probate, you will need the following documents:

- Original Will (and any codicils).
- Affidavit of witness to the Will/codicil (in most provinces).
- Depending on the province, the court may also require the executor to list the value of the estate assets on the probate application form supplied (not applicable in Quebec).

**In Quebec, probate can be obtained by depositing a motion for probate before the superior court where the deceased resided. If he or she did not reside in Quebec, the motion for probate is obtained before the court of the district in which the testator died or the district where he or she owned property. The Will may also be probated by a notary on the application of any interested person. Probate is not required for notarial Wills.**

Once the court receives the required documentation from you, it will issue one of the following documents, depending on the province or territory:

Province	Estate documentation	Authorized executor
Ontario	Certificate of appointment of estate trustee with a Will	Estate trustee with a Will
Alberta	Grant of probate	Personal representative
Manitoba, Northwest Territories, Yukon, Nunavut	Grant of probate	Executor
Quebec	Probate Will	Liquidator
British Columbia, Saskatchewan and Atlantic Canada	Letters probate	Executor

These documents confirm that the Will is the deceased's last Will and testament and that it conforms to the law. Depending on the province, it also confirms the authority of the person(s) named as executor(s) in the Will.

The court will issue letters of administration or letters of administration with Will annexed instead of letters of probate or grant of probate, depending on the province, in the following cases (not applicable in Quebec):

- A person dies intestate (without a Will)
- The deceased had a Will but did not appoint an executor
- All the executors named in the Will are deceased, unable to act or decline to act

**In Ontario, where a person has died intestate, letters of administration are known as a certificate of appointment of estate trustee without a Will.**

**In Quebec, where a person has died intestate, a declaration of heirship stating who the legal heirs of the deceased are is generally executed.**

### First Nations members

If the deceased was a First Nation member who ordinarily resided on a reserve, estate documentation as detailed in the chart on the previous page will not be required. A document known as a ministerial order will be issued by the Ministry of Indigenous and Northern Affairs, naming the executor under the provisions of the Indian Act.

#### 7. Pay probate taxes to the provincial government as determined.

In all provinces except Quebec, when an executor applies to the court for probate, a tax must be paid to the provincial government.

The tax is based on the value of the estate assets. Certain assets do not form part of a deceased's estate at death. These generally include jointly owned assets held with right of survivorship and life insurance policies, RRSPs, RRIFs and similar investments that have a beneficiary other than the deceased's estate designated on the plan.

### Beneficiary relationship

#### 8. Communicate directly with beneficiaries, gather information and set expectations.

Settling an estate can often stir up family tensions or create conflict between beneficiaries who are under emotional stress.

As executor, it's important to make every effort to communicate effectively with beneficiaries and to manage tensions where you can to ensure the smoothest possible estate settlement.

Once you've obtained a copy of the Will and the funeral has taken place, arrange a meeting as quickly as possible with the beneficiaries to discuss your duties and obligations to them, as well as their expectations of you and the process you will follow in settling the estate.

Your duties on behalf of the beneficiaries will include some or all of the following:

- Obtaining the grant of probate (or provincial equivalent), if necessary, in order to deal with the deceased's assets
- Paying the estate's debts and taxes
- Producing full accounts to the beneficiaries showing how you have handled the estate assets and obtaining the beneficiaries' written approval of the accounts
- Distributing the personal property and the remainder of the estate to the beneficiaries according to the Will
- Filing the estate's final income tax return (also called the "terminal" return)
- Always being ready to account to the beneficiaries for your handling of the estate's assets

### Beneficiaries typically want to know

- That the executor has done his or her job properly—if the executor misses something, it could have an impact on the beneficiaries
- That the debts and taxes of the estate have been paid
- That reasonable funeral expenses have been paid
- That the estate accounts and investments are earning a reasonable return
- That the executor has distributed the personal property to the designated people
- That the remainder of the estate is being distributed according to the terms of the Will
- What fees the executor will receive for his or her work in administering the estate

### Avoiding conflict over executor's fees

As executor, you are entitled to charge a fee for administering the estate. The fee is payable out of the estate, and details of the executor's (or agent's) fee should be included in the estate accounts.

**In Quebec, the liquidator is entitled to remuneration if he or she is not an heir. As an heir, he or she may be remunerated if the Will so provides or the heirs or the court agrees.**

To avoid conflict or misunderstanding over executor's fees:

- Keep detailed accounts.
- Keep a detailed log of the time spent on each aspect of estate administration to illustrate the number of hours involved.
- Explain how the fee is calculated. Often, the fee is 3% to 5% of the value of the estate, depending on the province. Provincial laws provide that the executor's fee must be fair and reasonable in proportion to the size of the estate and the work done by the executor.

### 9. Provide regular updates to beneficiaries regarding the status of the administration.

Beneficiaries dislike long periods of silence while executors do their work. If they don't hear from the executor, they may let their concerns build and not raise them until the executor presents the estate accounts.

To maintain the best possible relationship with the beneficiaries, it's a good idea for you to be proactive and keep them informed as the administration progresses. By being in regular contact with the beneficiaries, they have a better understanding of the work you are doing. They also have the opportunity to voice concerns as they arise.

It also shows the beneficiaries that you have their best interests at heart, which may prevent the stress and legal costs of having to present the accounts for court approval.

If regular meetings with beneficiaries aren't possible or practical, send regular written updates to all concerned about what you've completed and what your next steps will be.

**10. Provide a copy of the estate summary document to those beneficiaries who are entitled to one.**

Depending on the province, beneficiaries who receive specific bequests (e.g., an item of personal property) are not entitled to a copy of the estate summary. Only those who will receive the balance of the estate need the full document.

**In Quebec, the estate summary document is referred to as an estate inventory.**

**11. Communicate with the residual beneficiaries regarding the distribution process.**

Ongoing updates to the beneficiaries about the estate settlement are key as you will need the residual beneficiaries to provide you with written approval of the estate's accounts confirming that they are satisfied with how the estate has been administered. It is a good idea to obtain signed releases confirming that the beneficiaries accept the amounts shown in the accounts in full satisfaction of their entitlement under the Will and waive their right to sue you in the future.

If a beneficiary refuses to approve the estate accounts, the executor can apply to the court to have the accounts reviewed/approved.

When approved, the executor can distribute the remainder of the estate without the signature of the outstanding beneficiary. However, it is usually wise to avoid an application to court if at all possible as this process causes delays and incurs legal costs.

**Safeguarding the estate assets**

**12. Locate all of the deceased's assets (including any digital assets such as social media accounts and their associated passwords and liabilities).**

**13. Notify banks and institutions where the deceased held accounts or had other dealings.**

Notify the deceased's bank or other financial institutions as soon as possible, and arrange to meet with a bank representative to provide proof of death and present yourself as the executor.

**Allowable expenses**

When a financial institution is advised of a client's death, the deceased's account(s) will be frozen.

This means that no cheques or cash can be withdrawn from the deceased's account for any reason except certain expenses.

These expenses vary between financial institutions, so you should confirm what the deceased's institution will allow. Generally they include funeral expenses, probate taxes, property taxes, income taxes, public utility bills, and auto and home insurance payments.

**In Quebec, generally the following expenses can be paid out of the deceased's account: funeral expenses, court probate fees (for non-notarial form Wills) and, if necessary, public utility bills and debts in urgent need of payment.**



As the executor, you can make arrangements with the bank to have these expenses paid out of the deceased's personal deposit account.

#### **Canada Pension Plan and Quebec Pension Plan deposits**

Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) benefits will still be paid to the deceased for the month of death, and these cheques or direct deposits can be deposited into the deceased's bank account.

#### **GST/HST credits**

If the deceased was receiving GST or HST quarterly credits, the estate is entitled to them if the cheque was issued before the date of death. If the cheque was issued and received after the date of death, the payment must be returned with notification of the date of death.

#### **Old Age Security**

Old Age Security payments will still be paid to the deceased for the month of death, and this cheque or direct deposit can be deposited into the deceased's bank account.

#### **Sole bank accounts**

If the deceased was the only account holder, ask the deceased's bank what it requires in order for them to release the bank account.

In most cases, you will have to provide copies of the estate documentation, such as letters probate or grant of probate.

**In Quebec, estate documentation varies depending on the type of estate (that is, if a Will exists). If there is a Will, it depends on the type of Will (see the chart on page 13).**

#### **Joint bank accounts—all provinces except Quebec**

Joint accounts are typically set up either in the form of joint tenancy with right of survivorship or as tenants in common.

Account documents signed by the deceased with the financial institution may only deal with the legal ownership of the account between that institution and the surviving owner(s).

Supreme Court of Canada decisions have shed some light on the ownership issues that arise when an account is set up as joint tenancy with right of survivorship between the deceased and another person. It is therefore important to try to verify the correct beneficial ownership of these accounts. To do so, you may have to try to determine the intentions of the parties at the time the account was created.

If you determine that the account should be beneficially owned by the estate, you may have to take steps to recover the funds from the surviving owner(s) on behalf of the estate.

**In Quebec, where there is no right of survivorship, you, as liquidator, will need to advise the bank in writing how to dispose of the balance of the account.**

You will be required to provide the bank with a certified true copy of the notarial Will, the probated Will or the declaration of heirship if the person died without a Will, together with written instructions from you (the liquidator) and the surviving account holder, along with a declaration of transmission form.

**14. Cancel all credit card accounts and return cards to issuers.**

Return all credit cards to the issuing financial or other institution as soon as possible so the issuer can block the cards from further use. If the card was in the deceased's name only, make arrangements to pay any outstanding balance if not insured.

If there is a co-applicant on the card, let him or her know that he or she must stop using the card immediately. He or she can make arrangements with the issuer to either maintain the account or apply for a new one.

**15. Open an estate account to deposit income and pay expenses, transferring any balances.**

In most situations, you should open an estate bank account to manage the estate's assets or to pay expenses that may be incurred in the administration of the estate.

You can use the estate bank account to deposit the proceeds from the sale of the deceased's property or pay expenses such as income tax or municipal property taxes.

You can open an estate bank account at any bank or financial institution, whether or not the deceased was a client of that bank. Depending on the financial institution you deal with, you may be able to open an estate bank account before you provide estate documentation (see the chart on page 17).

However, generally no funds can be released until the bank receives the estate documentation. Once the bank has the estate documentation, you can make transactions within the estate bank account.

Cheques on the estate bank account must be signed by the sole executor or, where there is more than one executor named in the Will, jointly by all the estate executors or otherwise as provided in the estate documentation.

**16. Verify that adequate insurance is in place to protect assets.**

To protect the assets from loss, theft or destruction, you should take them into your custody or safeguard them until they are sold or distributed.

You should also evaluate whether there is sufficient insurance coverage for assets such as real estate, vehicles or personal possessions.

Notify the insurance company of the death and request to have your name added as executor to any existing policies. This is especially important for residences that may be left vacant. Homeowners' insurance policies may be rendered invalid if a residence is left vacant for a period of time.

It is also important to notify the insurance company if someone other than the person(s) listed in the policy will be driving the vehicle.

**17. Secure and take control of real property, including real estate.**

**18. Manage real estate and contents, arrange for property management and any other related tasks, prior to its sale or distribution.**

## Valuing the estate

19. Locate all original investment certificates, stocks, bonds, property deeds, etc., in the deceased's personal files and safe deposit box.

### Safe deposit boxes

You will need the key to the deceased's safe deposit box so you can list the contents and access any life insurance policies or other important documents it may contain, such as the Will.

A bank representative may help you, as the executor, to list the contents of the box. In British Columbia, no contents can be released until the safe deposit box items have been itemized.

Estate documentation and written authorization are required to release all the contents of the box to you or the surviving joint lessee. However, certain documents such as cemetery plot deeds, Wills and life insurance policies may be released before estate documentation is received by providing proof of death.

The financial institution will advise you of its policies. Once the financial institution receives the estate documentation, the remaining contents can be released.

If the deceased was the sole owner of the safe deposit box, the bank will require your written authorization to release the balance of the contents. If the deceased held the safe deposit box jointly with another lessee, the surviving lessee must notify the branch in writing to release the remaining contents.

**In Quebec, the joint lessee's and the liquidator's written authorization will be required for the removal of the contents from the safe deposit box.**

### Small estates

In the case of small estates, the financial institution may release the assets of the estate without proper estate documentation. This may allow you to avoid probate costs, where applicable, and any associated legal fees with respect to assets held with the financial institution. Contact the financial institution holding the assets in the name of the deceased to determine its respective requirements.

### Foreign assets

There are particular complexities in dealing with foreign assets, such as Florida properties or U.S. securities, including possible foreign tax reporting and filing obligations. You may wish to consider consulting a tax or legal expert if the estate includes this type of asset.

20. **Identify, value and record estate assets as they stood at the date of death.**

Making an inventory of the estate's assets is one of the most significant tasks you will face. Copies of the deceased's most recent bank statements, investment statements and income tax return, as well as the contents of the safe deposit box, can provide you with details about some of the deceased's assets.

Ideally, the deceased will have left a list of assets that you can use as a starting point.

### When making the inventory

Determine the market value of each asset at the date of death. You will also need the tax cost to calculate capital gains or losses to be reported on the final tax return. The tax cost of an asset is generally its purchase price.

- In the case of an asset such as real estate, the cost of certain capital improvements and renovations may also be included.
- A capital gain is basically the profit earned or realized on the sale or deemed disposition of an asset. For example, if you bought a vacation home at \$100,000 and later sold it for \$150,000, the capital gain on it would be \$50,000.

For life insurance, RRSPs, RRIIFs and similar plans, determine if a beneficiary has been named or if an asset was held jointly, and whether there is a right of survivorship. If so, these assets may not have to be included as part of the estate.

Finally, decide if any assets should be sold and the proceeds paid to the estate. You will need to refer to the Will to determine whether assets are to be transferred to a beneficiary or sold.

**In Quebec, the law prescribes the form and the content of the inventory. The liquidator may be exempt from making the inventory, but there are serious repercussions for the heirs and successors if they agree to such an exemption. They automatically become heirs of the estate and are liable for all debts of the estate, even to the extent of becoming impoverished themselves. If the inventory is made as prescribed by law, the heirs and successors are liable only for the debts up to the value of the property they take.**

### 21. Investigate all debts owed by the deceased.

#### Loans, mortgages, lines of credit

Ask the deceased's bank or other financial institutions for a list of outstanding liabilities, the amount owed on each and whether or not the loans were life insured. The bank will provide the appropriate insurance forms for insured loans and help you process them.

If loans that become the responsibility of the estate were not insured, there are usually two ways they can be repaid:

- Use the proceeds from the estate, such as from the sale of assets or from life insurance policies.
- A financial institution could exercise "right of offset" where the deceased's assets (either investments or cash in a personal deposit account) would be used.

You can meet with a bank representative to discuss how the loans will be repaid.

#### Advertisement for creditors (not applicable in Quebec)

To identify any actual or potential claims against the estate and protect it against any future claims, it is wise to advertise for creditors.

This also protects you as the executor. If advertising for creditors has not been done, you could be personally liable for a creditor's claim that surfaces after the assets have been distributed.

## 22. Apply for and collect the Canada Pension Plan (CPP)/Quebec Pension Plan (QPP) death benefit.

The CPP/QPP death benefit is a one-time payment of up to \$2,500 on behalf of the estate of a deceased CPP/QPP contributor. Application forms are available on the Service Canada and Régie des rentes du Québec websites.

## 23. Contact the deceased's employer or former employer regarding pension plans, retiree benefits and death benefits.

### Employment benefits

If the deceased was employed at the time of death, the employer's human resources department should be able to confirm whether the deceased was entitled to any benefits such as final salary, bonuses, vacation pay or a death benefit.

### Company pensions

Under a company pension plan the deceased's spouse, beneficiary(ies) or estate could be eligible for one of the following benefits:

- A lump sum based on the contributions made to the plan while the deceased was employed, plus interest
- A lump sum based on an actuarial calculation
- A deferred pension benefit

Again, the employer's human resources department should be able to confirm any pension benefits.

## 24. Apply for and collect life insurance and other insurance benefits.

### Life insurance policies

Once you have a copy of the life insurance policy, contact the company to initiate payment. You will be required to provide proof of death together with your written request.

If there is a named beneficiary, the proceeds from the policy will usually be available in about 30 days and paid directly to the named beneficiary.

There may be special procedures for payment if the beneficiary is a minor or a person with a disability. If the deceased named the estate as the beneficiary, there could be a considerable delay before any funds are released to the estate, as estate documentation is required to release the funds.

If you can't find the life insurance policy, contact the OmbudService for Life & Health Insurance (OLHI) to perform a search on your behalf. OLHI can be reached at 1-800-268-8099.

### Other insurance benefits

The deceased may also have been covered by a group insurance plan through his or her employer or other organizations he or she belonged to such as alumni and professional associations. If the deceased was involved in a car, plane or train accident, he or she may be covered by an automobile club or by a credit card issuer.

If you have questions about your executor duties, speak with an RBC advisor, call us at **1-855-833-6511** or visit our website at [rbc.com/royaltrust](http://rbc.com/royaltrust).

### Administering the estate

#### 25. Review the suitability of investments held in the estate and recommend which assets are to be sold to meet cash requirements.

The executor should consider the suitability of specific investments when managing the assets of the deceased. In some cases the Will of the deceased may provide guidance as to which investments the executor is allowed to purchase and hold.

When the Will is silent with respect to suitable investments, the executor must rely on the Trustee Act or comparable legislation of the province (or Civil Code in Quebec) to determine whether an investment is permitted. If an executor makes or holds an investment that is not permitted, he or she may be held personally liable to the beneficiaries for the consequences of that investment.

In most provinces there is no longer a list of authorized investments to guide an executor. These lists have been replaced by the standard of the “prudent person” or “prudent investor.” This requires the executor to invest the assets as a prudent person would invest his or her own property, taking into consideration such things as the needs of the beneficiaries, the need to preserve the estate and the amount and regularity of income required.

It is important to consult with a qualified investment professional to review the risk level of the investments to mitigate any short-term losses. Based on this review, the executor should authorize changes to the portfolio where legally allowable or as set out in the Will.

If cash is required to pay the estate’s debts, certain investments may need to be liquidated. This should also be undertaken prudently, bearing in mind the best interests of the beneficiaries.

#### 26. Invest any surplus cash until the estate is finalized, selecting from allowable investments.

Following the standard of the “prudent person” or “prudent investor,” it is a good idea to invest any surplus cash until the estate settlement is finalized, again considering the needs of beneficiaries and preservation of the estate assets.

#### 27. Assist in establishing any trusts stipulated in the Will.

Trusts are often utilized as a way of passing on assets to future generations or to ensure the long-term needs of a family member or another named individual are met. If a trust is created in the Will for a beneficiary, then the assets as set out in the Will must be delivered by the executor to the appointed trustee(s).

#### 28. Cancel CPP, QPP and/or Old Age Security (OAS) benefits.

When a CPP, QPP and/or OAS pensioner/beneficiary dies, his or her benefits must be cancelled. Benefits are payable for the month in which the death occurs; benefits received after that will have to be repaid. They include the following:

- Old Age Security pension, including
  - Guaranteed Income Supplement
  - Allowance
  - Allowance for the Survivor
- CPP retirement pension
- CPP disability benefits
- CPP children’s benefits
- CPP survivor benefits

You should contact Service Canada and/or the Régie des rentes du Québec as soon as possible to notify them of the date of death.

### 29. Apply for CPP/QPP survivor's pension and/or children's benefits and Allowance for the Survivor.

The deceased's spouse and/or children may be entitled to monthly survivor benefits if the eligibility requirements are met.

For CPP/QPP benefits, the surviving spouse, including a common-law spouse, must generally be at least 35 years old to receive an immediate survivor benefit (unless raising one or more dependent children), and the children must be either under 18 or between 18 and 25 and attending school full time.

There are basically two types of monthly survivor benefits:

- A monthly survivor pension for the spouse
- A monthly orphan benefit for the children, available even if there is still one living parent

Application for these benefits may be made, even if the deceased was not receiving CPP or QPP benefits at the time of death but paid into CPP or QPP during his or her lifetime.

To be eligible for the Allowance for the Survivor, the surviving spouse must reside in Canada or return to reside in Canada, be between 60 and 64 years of age, have a low income and not be remarried or not have entered into a new common-law relationship for more than 12 months.

To receive further information about these benefits, contact your local Service Canada office listed under the Government of Canada section in the telephone directory or check the website at [servicecanada.gc.ca](http://servicecanada.gc.ca).

For information about QPP benefits, contact the Régie des rentes du Québec or visit [rta.gouv.qc.ca](http://rta.gouv.qc.ca).

### 30. Advise the CRA to discontinue or transfer GST/HST credits and child tax benefits.

#### GST/HST credits

It's important to contact the CRA and/or Revenue Quebec to cancel any future GST/HST credits.

#### Child tax benefits

If the deceased was receiving federal or Quebec government child tax benefits, contact your local CRA Tax Centre to advise them of the death. Check to see if the deceased's spouse or children's guardians are entitled to receive these benefits.

**In Quebec, the CRA will forward the change to the Régie des rentes du Québec.**

### 31. Complete documentation and arrange to transfer employment, health, pension and retiree benefits.

Coverage for the deceased's spouse and children under the deceased's former employer's group health insurance plan may also continue for a period of time after his or her death. Find out how many months of coverage the family will have and which medical or dental expenses are covered (if any).

If the deceased was retired at the time of death, arrange to have any pension benefits transferred to the deceased's spouse.

**32. Return the deceased's social insurance card, passport, driver's licence and health card, obtaining any appropriate refunds.**

Return government documents such as the social insurance card, passport, health insurance card and driver's licence. Keep a record of the different cards' numbers or make photocopies of them for future reference as you may need the numbers to claim government benefits or pensions for family members or beneficiaries.

**Social insurance card**

Send the social insurance card, the proof of death and an explanatory note to your local Human Resources Centre of Canada office.

To find the address of the nearest office, look under the Government of Canada section in your telephone directory.

**Passport**

Return the passport to your local passport office or the central passport office with a letter of explanation to:

**Passport office**  
**Foreign Affairs and International Trade Canada**  
**Ottawa, Ontario, K1A 0G3**

**Health insurance card**

Contact your provincial health/social services department and ask if the health insurance card needs to be returned to them. In some provinces, such as Quebec, the funeral director will send back the card on your behalf.

**Driver's licence**

Call your provincial motor vehicle department and ask if you need to return the driver's licence. A refund for the unused portion of the term of the licence may be issued when you return it.

**33. Pay all debts and settle all legitimate claims prior to the final distribution of assets, obtaining receipts for any payments made.**

Once the creditor advertisement period has expired (not applicable in Quebec), you can move on to settling any legitimate claims against the estate. Remember to keep all payment receipts in your estate settlement file.

**In Quebec, the liquidator pays the known creditors and known legatees as and when they present themselves.**

**Taxes**

**34. Obtain a copy of the last tax return filed by the deceased.**

**35. Complete and file all outstanding tax returns and pay any required income taxes.**

This means you may have to complete and file several tax returns as discussed below.



### Final/terminal tax return

You will have to file a final or terminal return for the deceased covering the period from January 1 of the year of death to the date of death.

If the date of death occurred between January 1 and October 31, the tax return is due by April 30 of the following year. If the date of death was between November 1 and December 31, the tax return is due six months after the date of death.

Any taxes owing must be paid at this time. If the taxes owing are not paid by the due date, interest will be added to the final tax bill.

If the return is filed late, penalties will also be charged. You may have to contact the CRA at 1-800-959-8281 or [cra.gc.ca/contact](http://cra.gc.ca/contact), or Revenue Quebec, for information you need to prepare the final return.

Before either will give you any information, you must provide the following:

- Proof of death
- The deceased's social insurance number
- Estate documentation proving you are the executor

You will need to report any income earned or received from January 1 in the year of death until the date of death. This includes, but is not limited to, the following amounts:

- Salary, wages or vacation pay
- Pension income
- Interest on government or corporate bonds
- Income from other assets such as mutual funds, shares, GICs, term deposits, etc.

In addition, there may be a tax advantage to reporting income owing but unpaid as of death on a separate income tax return called a “rights and things” tax return. Rights and things refers to income items that are earned and/or receivable at the time of death, but not received prior to death.

### Capital gains and losses

You must attach a schedule of capital gains and losses with the final return.

Capital gains are basically the profits earned or realized on the sale or deemed disposition of certain assets such as stocks and real estate.

When assets decrease in value, a capital loss will result. For taxation purposes, the deceased is generally considered to have sold most assets at fair market value immediately before death, even though the sale did not actually take place. You will need to determine the fair market value and tax cost of assets in order to calculate any capital gains or losses.

Special rules apply if a net capital loss is realized in the year of death. Special rules may apply to certain properties, including the following:

- Principal residence
- Assets left to a spouse or common-law partner
- Property left to charities
- Farm property
- Eligible shares of a small business corporation

If you have questions about your executor duties, speak with an RBC advisor, call us at **1-855-833-6511** or visit our website at [rbc.com/royaltrust](http://rbc.com/royaltrust).

## RRSPs and RRIFs

When an annuitant dies, the fair market value of his or her RRSPs and RRIFs is generally included in income on the final tax return. In certain circumstances, a plan can continue for a surviving spouse or common-law partner and is not taxed on the deceased's final return.

In other circumstances, if the beneficiary of the RRSP or RRIF is a spouse or common-law partner or an eligible financially dependent child or grandchild, it may be possible to report some or all of the value of the plan on the beneficiary's income tax return rather than on the deceased's final return. This is particularly beneficial if the beneficiary is taxed at a lower tax rate or is able to transfer some or all of the proceeds to a tax-sheltered plan for himself or herself.

## Tax-Free Savings Account (TFSA)

When an annuitant dies, the fair market value of his or her TFSA on the date of death is not subject to tax and will be received by the estate tax-free.

If the TFSA assets are transferred to a beneficiary under the Will, they will still be received by the beneficiary tax-free. However, any growth in value accrued after the date of the annuitant's death will be taxable to the beneficiary when paid out to him or her, or taxed within the TFSA if not paid out by the end of the calendar year following the year of death, unless the surviving spouse or common-law partner becomes the successor holder of the TFSA. Further information is available at [rbc.com](http://rbc.com).

The authority to assign a beneficiary or successor holder at the account level is determined by each provincial jurisdiction. All provinces (except Quebec) allow for the designation of either a successor holder or a beneficiary on a TFSA. You may wish to verify with your legal advisor if any designations made by the deceased are valid.

## Tax deductions and credits

Be sure to claim all available tax deductions and credits, including:

- RRSP contributions (subject to the deceased's deduction limit and the annuitant not being over the RRSP age limit during the year) to the deceased's plan if made prior to death
- RRSP contributions to the deceased spouse's or common-law partner's RRSP made prior to death or within 60 days following the end of the year of death
- Charitable donations and medical expenses as special rules apply in the year of death
- Personal tax credits for the entire year

The CRA has a number of publications that may be helpful, including the following:

- Preparing returns for deceased persons (form T4011)
- Death of an RRSP annuitant (form RC4177)
- Death of a RRIF annuitant (form RC4178)

These publications and other forms are available at your local CRA office or from the CRA website at [cra-arc.gc.ca](http://cra-arc.gc.ca).

### Prior year's tax returns

File all outstanding tax returns from previous years that the deceased was required to file during his or her lifetime. If the deceased died between January 1 and April 30 without having filed the previous year's return, the tax return should be filed no later than six months after the date of death. No interest or penalties will be payable until six months after the date of death. However, if the deceased's death occurred after April 30, the prior year's return is already late, and interest and penalties will apply.

### Estate tax return

If the estate earned income after the deceased's death, a tax return for the estate covering the period from the date of death until the date that the estate assets are distributed to the beneficiaries should be completed and filed.

**If the deceased was a resident of Quebec, you must also complete and file a final Quebec provincial tax return.**

### Foreign income tax return

Depending on factors such as whether the deceased owned foreign property or received foreign-source income, or what the deceased's citizenship or domicile was at death, you may have to complete and file a tax return in another country.

If the deceased was a Canadian resident living part time in the U.S. or was a U.S. citizen or green card holder, you may need to file a U.S. income tax return.

### U.S. estate tax return

If the deceased owned U.S. assets such as securities issued by U.S. corporations or U.S. real estate, or was a U.S. citizen or green card holder, you may need to complete and file a U.S. estate tax return.

For more information, contact the Internal Revenue Service at 1-215-516-2000 or through its website at [irs.gov](https://www.irs.gov).

### Sole proprietorships and partnerships

The deceased may have been a sole business owner or in partnership with others. As the executor, you must address and administer the deceased's business arrangements in either case. For a partnership, there may be partnership or other agreements that will need to be reviewed and dealt with.

**36. Obtain a tax clearance certificate(s) from the CRA (and Revenue Quebec if applicable) once the notice of assessment(s) is received, confirming that all tax liabilities have been settled.**

### Notice of assessment

Once the CRA (and, if applicable, Revenue Quebec) processes the final tax return, it will issue a notice of assessment. A notice of assessment is a statement showing the income tax liability for a particular year and any amount still owing or refundable.

If you don't agree with the notice of assessment, you can file a notice of objection. However, this may delay the final settling of the estate.

### **Tax clearance certificate**

If you agree with the notice of assessment, you should then apply to the CRA (and, if applicable, Revenue Quebec) for a tax clearance certificate (form TX19).

A clearance certificate is a written confirmation that all tax liabilities of the deceased have been paid or that acceptable security for payment has been provided.

The clearance certificate covers not only the year of death, but all prior years as well. If you distribute assets of the estate prior to receiving a clearance certificate, you could be personally liable for any taxes owing if there are not sufficient funds remaining in the estate to cover the payment. The clearance certificate is your assurance that you, as the executor, are relieved of any personal liability for future taxes.

### **Distribution**

#### **37. Begin distributing assets to beneficiaries according to the terms of the Will.**

It is very important that you distribute the assets only after you are certain that there are sufficient funds to pay the deceased's debts and outstanding taxes.

You should also withhold sufficient funds to cover any unexpected tax liabilities until obtaining the tax clearance certificate from the CRA (and, if applicable, Revenue Quebec).

As mentioned previously, certain assets do not form part of the deceased's estate. Assets with a named beneficiary other than the deceased's estate are generally not included in the estate. These assets may, nonetheless, create a tax liability on death, which will be payable by the estate.

#### **38. Distribute specific bequests (personal and household belongings) obtaining receipts from respective beneficiaries**

Gifts of personal belongings are called bequests. The deceased may have itemized a list of personal belongings in the Will or attached a letter to the Will specifying how he or she wants personal possessions to be distributed.

These lists or letters may or may not be legally binding on the executor. You must keep all signed receipts when distributing bequests.

#### **39. Prepare a reckoning of your expenses (and any compensation) as executor.**

As executor, you may be entitled to receive financial compensation. The fee may be stipulated in the Will or agreed upon by the beneficiaries. At a minimum, you are entitled to reimbursement of any reasonable expenses incurred while carrying out your duties.

It may not be advantageous to receive compensation if you are both the main beneficiary of the estate and the executor.

Any compensation you receive, with the exception of reimbursement for direct expenses, is taxable as income, whereas inheritances are not taxable in Canada.

**40. Arrange for the final distribution of the remaining assets, obtaining receipts from each beneficiary.**

After all bequests, legacies, expenses, fees, taxes and debts have been paid, there may be remaining assets of the estate, called the residue. Distribute this to the beneficiaries as set out in the Will and make sure you obtain receipts.

**41. Prepare a final accounting of all assets, liabilities, expenses and the distribution of assets for beneficiaries.**

Your final responsibility is to prepare an accounting to the beneficiaries stating what assets the deceased owned at death, what expenses and debts were paid and how the remaining assets were distributed. You can refer to your estate bank account statement to help you prepare this report.

**42. Have each adult beneficiary approve the accounting and sign a release form.**

When the report is ready, ask the adult beneficiaries to approve it and have them sign your release from further responsibility in administering the estate.

You may also wish to consider having the final report approved by the court.

This might be the best course to take if the beneficiaries are under the legal age of majority or there are any questions about your administration of the estate.

**43. Advise beneficiaries to consult with a financial advisor.**

A professional advisor can assist a beneficiary in developing a long-term financial plan, ensuring that the investment choices the beneficiary makes in handling the inheritance will help to meet his or her immediate and long-term financial goals. He or she can also ensure the most advantageous treatment of an inheritance.