

Tax Tip

Week of June 6, 2011

Avoiding Probate Fees

Probate fees are a provincial levy assessed on the value of an estate. The rates vary significantly across the country. In Ontario rates are quite high as it charges .5% on the first \$50,000 of an estate and 1.5% of the value of the estate that exceeds \$50,000. On the other hand, Alberta rates are modest. That province's maximum probate fee is \$400.

An individual should consider tactics to reduce or eliminate probate fees. Strategies will include:

- joint ownership of property, so that upon death assets are transferred directly to the individual, rather than included in the value of the estate
- consider distributing portions of the estate before death
- name specific individuals as beneficiaries of insurance policies, RRSP's and RRIF's, rather than transferring the proceeds to the estate
- if one has reached the age of 65, consider establishing an alter-ego trust or a joint partner trust