



Pharmaguard Estate Planning Essentials

Estate Planning Essentials

There are 3 basic legal documents that should be addressed immediately:

1. A Personal Will
2. Powers of Attorney
3. Shareholder Agreements (if applicable)

Many Pharmacy owners are busy maintaining and managing their stores and often don't take time to plan for tomorrow.

However, it is extremely important to put in place at least some basic planning supported with legal agreements and documents. This will ensure that the business can carry on or be sold in an orderly fashion in the event of your absence or demise. Proper planning now will help to reduce the stress for your family and loved ones who are left to sort through your estate.

Personal Wills

Two out of three adult Canadians do not have a will. Over 50% of them have children. One out of four Canadians will die suddenly. These statistics are scary to say the least. Add the fact that you own a business, as well as personal assets, and without a will to provide direction of your affairs, you are unintentionally creating a recipe for disaster.

With proper will planning you can:

- choose the appropriate person to act as your executor
- nominate guardians for your children (if applicable)
- minimize taxes and probate fees on the transfer of your assets

A will can also help avoid family feuds, spousal disputes, and ensure your assets go to the family members in the way you intended. Without a will, the government decides how your estate will be distributed and the stress, delays, not to mention the additional tax and legal costs, may add up to thousands of dollars.



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Powers of Attorney (POA's)

POA's are essential documents in addition to a will, especially if you are a business owner. The purpose of a POA is to make provision for a substitute decision maker should a situation occur that renders you "mentally incapable". There are a number of reasons why this could happen; an automobile accident or any other type of accident for example. Also, with the increasing onslaught of Dementia and Alzheimer's disease, it makes POA's a very important planning consideration.

Think about your business in such a situation: your suppliers, customers, and employees as well as the banking aspects. Something as simple as signing cheques on your behalf.

Unfortunately, if a person is deemed to be mentally incapable, then another person would need to make an application to the Court to ask to be appointed to act as their representative. Think about the time, hassle and frustration this could create.

Shareholder Agreements (Buy-Sell Agreements)

Partnerships can be a wonderful thing. Two or more people pooling together their resources and working towards building a successful business. However, more than one partnership has deteriorated due to the lack of a shareholder agreement. Situations change and things like health, personal finances, marriage conflict, and addictions can change a once promising opportunity into a nightmare.

The answer is to put in place a Shareholder Agreement that can act as an umpire to resolve disputes and spell out remedies that can be triggered in the event situations cannot be resolved. Provisions can be made for the death, disability, critical illness, or retirement of a partner as well as a formula to value the shares of the corporation.

Obviously the best time to put the agreement in place is at the beginning of the partnership, when everyone is friendly and before any conflicts arise.

Summary

It is essential that you use a lawyer when drafting your legal documents rather than trying to save some money and use a do-it-yourself kit. Lawyers who practice estates, wills, and trusts, etc. have the most up to date knowledge and can ensure your documents are drafted taking into consideration the latest family law, government rules, and planning techniques. It is money well spent.

In addition to these legal documents you should also prepare an "Estate Directory" that can act as a road map to your family in terms of where to locate various documents, who needs to be contacted, names and contact information of your professional advisors, listings of your assets, insurance policies etc. It is amazing how difficult it can be dealing with the details of a person's affairs. A clear guide will be most appreciated at that difficult time. If you would like a working guide to complete your Estate Directory, please contact our office and we will be happy to e-mail you a copy.

In addition, insurance planning is often a cornerstone of a well executed estate plan. At McCaslin Horne, we have many years of experience in assisting our pharmacy clients in arranging proper insurance protection. Please contact us to arrange a private consultation to discuss your individual circumstances.

