



## Artful Dodging

### HOW TO AVOID THESE COMMON WEALTH AND ESTATE PLANNING MISTAKES

Most of us don't plan to fail; we simply fail to plan properly. The basic truth is we don't know what we don't know. Experience has taught me that knowledge is a very powerful weapon against failure, but the question is, how do we leverage this knowledge?

The world's most successful business people tap into this form of leverage by surrounding themselves with a team of highly knowledgeable specialized individuals; with a quarterback to filter and fine tune the stream of knowledge necessary for the tasks at hand. Without a process, people are susceptible to common mistakes in the integrated areas of financial, wealth and estate planning.

*"We don't know what we don't know."*

**WILL:** Not having a Will, or having a home-made Will without proper competent advice, can be equally dangerous. The statements in a home-made Will may have imprecise wording that can open the door for creditors or disgruntled relatives to obtain court decisions which go against the true nature of our wishes. Even a properly drafted Will can be challenged in court and expose your assets to public scrutiny, and expenses and time delays can significantly reduce the value of your estate to your heirs.

**LIFE INSURANCE:** Truth be told, we are all going to die and there is no guarantee on when. Some of us are guilty of having too little insurance, while others have the wrong kind of insurance. Long term planning requires regular reviews of this area as part of the overall total planning.

**TAXATION VS. RETURNS:** When too much emphasis is placed on one area at the expense of others, the result is an imbalance. For example: seeking to maximize investment returns without taking into account potential tax

problems or potential issues with creditors. Simply put, weak risk management in one or more areas can destroy an estate in the blink of an eye.

**GUARDIANS/TRUSTEES:** Picking a responsible guardian for minor children is an important and often difficult task. Some guardians may be great with the actual day to day care of our children but horrible trustees for the allocation of funds (spending money). Sometimes the two roles benefit from being separated.

**JOINT TENANCY/OWNERSHIP:** Adding family members to joint ownership of our properties and bank accounts may have negative consequences which were not in the original game-plan. Joint ownership can sometimes leave us vulnerable to the greed factor of family members or expose our assets to their creditors.

**NO BUSINESS SUCCESSION:** For some, our business is our greatest and biggest asset. Yet surprisingly, very few people have a written, documented plan for business continuation and succession planning in the event of the death, disability, critical illness, divorce, or retirement of key people/shareholders.

**LONGEVITY AND FRAILTY:** Some of us outlive our money, or retire early and by 75 are broke and looking for government assistance, all because of a failure to plan appropriately. Others forget to deal with disability, critical illness insurance, or long term care insurance and see their net worth and income drastically reduced by one or all of these events.

**LACK OF COMMUNICATION:** The truth is we get out of planning what we put into it. There needs to be clear honest communication with our advisors. Our hopes, dreams, values and fears need to be expressed for our team of trusted advisors to give feedback and work efficiently.

Therein is a quick snapshot of some of the issues experience has taught us to expect. This list is by no means exhaustive and all encompassing. Knowledge is power. We all need a team of advisors that work in concert on behalf of our interests. This team requires a leader who is skilled in understanding these different areas of expertise, who can quarterback discussions and filter the communications process; managing time and resources efficiently.

Lastly, we must remember that the planning process is driven by our values and our hopes - not by the desired end result.



To have a deeper conversation about how this subject will affect you or your business, please contact us directly:

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