

Of Presidents and Executors/Executrix's

How Estate Planning Affects Estate Administration

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Settling an estate is a serious business. In many ways, settling an estate is like running a business. The duties of an executor or executrix are similar to the duties of the president of a company.

To successfully run a company, a president needs an understanding of the nature of the business. A president should be familiar with the assets and liabilities of the company and be able to manage the income and expenses. To lead the company, a president should take guidance from a business plan.

Every president has to make decisions. Most of those decisions will affect the company and its shareholders. Whether decisions turn out to be good or bad, a president must be willing to accept responsibility for them.

To help with decisions, a president may interact with a number of individuals, companies or institutions. Professionals can provide legal, tax and other expertise. Issues regarding banks, insurance companies and Revenue Canada (CRA) should be considered. Creditors, debtors, suppliers, customers, partners, agents, shareholders and others can affect the decision making process.

One of the most important relationships a company has is to its shareholders. Shareholders are entitled to receive regular financial statements and have the right to vote on numerous issues. A company is accountable to the shareholders. And, shareholders can influence a company.

To successfully settle an estate, an executor/executrix needs to understand the nature of the estate. An executor/executrix must become familiar with the assets and liabilities of an estate and be able to manage the income and expenses. To settle an estate, an executor/executrix is guided by an estate plan that is detailed in the Will.

An executor/executrix must make decisions and is responsible for the consequences. To help make decisions, an executor/executrix may seek help from professionals with legal, tax and other expertise. Issues regarding banks, insurance or investments companies and Revenue Canada (CRA) should be considered. Creditors, debtors, business partners, agents, beneficiaries and others can affect the decision making process.

One of the most important relationships an estate has is with its beneficiaries. Beneficiaries are entitled to receive regular financial statements and have the right to vote on numerous issues. An executor/executrix is accountable to the beneficiaries and the beneficiaries can also influence the settlement of an estate.

In succession planning, a president of a company would give careful consideration to the selection of a successor. Once selected, a president would discuss the obligations and responsibilities of the position with the candidate and seek their consent. It may be appropriate to inform and possibly seek the approval of the shareholders. The timely disclosure of vital information would likely ease the transition.

The goal of succession planning is to ensure that when the time comes, that the incoming president can immediately carry out their duties for the benefit of the company and its shareholders.

In estate planning, imagine yourself as the president of YourName Inc. You should give the same consideration to your selection of personal representatives as if he/she is your incoming president. Discuss the nature of your estate with them. Discuss the obligations and responsibilities with them. Ask for their consent.

It may be appropriate to inform and possibly seek the approval of your beneficiaries; certainly, the timely disclosure of vital information will facilitate the settlement of your estate.

The goal of estate planning is to ensure that when the time comes, that your executor/executrix can immediately carry their duties for the benefit of the beneficiaries.

Some people have trouble discussing their estate plans with anyone. Their estate ends up being a surprise for everyone. If your estate surprises your executor/executrix, trustee, guardian or your beneficiaries, you may intentionally create problems. You won't live to regret it. BUT, everyone else will.