

CASE IN POINT

Sales Tax Estate Planning Underwriting & Product Newsletter

Spousal trust set up Jan. 1 2013 – Dec. 31, 2015



Spousal trusts are commonly set up by spouses/partners who are in second marriages or long term relationships. The trust provides lifetime income to the surviving spouse. When that spouse passes, the assets go to the children or other beneficiaries of the person who set up the trust. This way, the person who set up the trust in their will, is assured that his or her children get any remaining assets instead of the heirs of the second spouse's will.

Meet Eleanor, who was widowed May 10, 2014. Her second husband, Mitch had set up a spousal trust in his will. Eleanor and the trust have been paying income tax according to graduated rates available to individuals.

What happens now that the new rules are in force?

The trust is deemed to have a yearend on Dec. 31, 2015. The income and any unrealized capital gains are taxed according to graduated income tax rates. The trust now moves to calendar year reporting effective Jan. 1, 2016. The spousal trust now pay income tax at the new federal top marginal tax rate of 33% which also took effect Jan. 1, 2016 plus applicable provincial income taxes from thereon.

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Peter works with independent advisors and other professionals raising awareness on issues and concerns faced by affluent individuals, professionals and business owners. He supports efforts in researching and developing optimal solutions for clients aimed at improving their financial well-being and supporting their personal wishes and lifestyles. He annually provides 100's of workshops, seminars and technical support throughout the country on tax, retirement income and estate planning issues, concepts and strategies to both advisors and consumers. As a Registered Financial Gerontologist, a good deal of his time is spent on building awareness and educating people of all professions who work with or specialize in the needs, expectations and issues of elders. Comprehensive lifestyle planning is an important element of these processes.

The Sales, Tax, Estate Planning, Underwriting & Product (STEPUP) team provides internal and broker support, including seminars, education, advanced concept illustrations & Client case technical consultations.

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