



# The Family Cottage

## 50+ questions to ask

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### Family and management considerations

1. Here is a common sentiment with clients; My family loves the family cottage! One day it will be theirs! What are your thoughts on this?

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2. Is it your desire that the cottage remain in the family for successive generations?

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3. Are any of your children or grandchildren interested in taking over the vacation property?

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4. Where are the potential heirs located and might this impact their interest in receiving the cottage?

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5. What, if any, are the rules for sharing the property now?

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6. How well does everyone follow any applicable rules?

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7. Can your entire family work together peacefully on co-ownership of the property?

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8. What happens if children or their spouses don't agree or cooperate?

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9. Will a majority rule decision making mechanism be employed if multiple family members are to own the cottage?

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10. What plans have been made if one or more children are not financially able to pay their share of the expenses?

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11. Have you considered having all future owners sign a co-ownership/cottage agreement?

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12. Would you like to have something documented that expresses your wishes and values on how disputes should be resolved?

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13. Is it more important for the property to stay in the family or for the family to live on in harmony?

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14. What about those who aren't interested in the property because of where they live, or who may already have a property or other priorities?

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15. Have you discussed plans for the property with your children?

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16. Would any of the family members be interested in an information session to discuss this topic?

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### **Property and ownership details**

17. Where is the property located?

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18. How is the ownership of your vacation property structured now?

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19. If the property is located outside of Canada, what have you learned about any of the tax and ownership considerations?

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20. What have you done in terms of (re)structuring the ownership of your vacation home located outside of Canada?

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### Transfer considerations

21. If you do want to pass on this property to succeeding generations, how will it be done; a gift, a sale, or simply putting their name on title?

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22. Do you understand the differences between gifting the property vs selling it?

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23. How would you handle the transfer, gift or sale of the property to one of several children and still ensure fair/equitable gifting to the other children?

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24. How do you want your children to own the family cottage? As joint owners with rights of survivorship or as tenants in common? How conversant are you with the benefits and drawbacks of each structure?

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25. If you intend to continue to use the property for as long as possible and pass it along after you're gone, would you like to explore the options available to pass it along?

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26. When might that property change hands? During your lifetime? At your passing? When you and your spouse/partner have both passed away?

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27. What plans have you made for the property, including its transfer to a non-share capital corporation or a trust?

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28. When did you last review your plans regarding the transfer of ownership of the property to determine how well it fits with your current situation?

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29. What do your Will and Power of Attorney documents say about handling your vacation property?

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### Present owner usage plans

30. Do you have all the income you need during your entire retirement or might the vacation property be a source of revenue or cash flow savings?

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31. A lot more people are moving to their vacation properties as a result of the pandemic and working from home using the internet. What are your experiences and views on that?

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32. Would you consider retiring to the cottage and also owning a second residence?

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33. Have you considered the strategy of declaring the vacation property as your principal residence?

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### Taxes, expenses and funding considerations

34. What price would you set for the property? How does that compare to the fair market value?

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35. What do you estimate the tax impact to be for your situation? Where did you get that number? Would you like to see what it could be?

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36. What do your documents, including your Will and Power of Attorney documents, say about paying for the taxes on transfer?

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37. Will assets designated for someone need to be sold to pay the bill or has funding been earmarked to cover taxes and transfer costs?

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38. If your children will buy the vacation property from you or even deal with the taxes on transfer on your passing, where will they get the money to pay for it?

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39. Would you like to review how each transfer of ownership may be funded?

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40. If multiple children are interested in the property, what plans have been made to handle upkeep, property taxes, utilities, improvements?

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41. Where would the money come from to pay for costs and expenses associated with the property initially and ultimately?

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42. Do you understand what might happen if you sell the property for either more or less than it is worth?

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43. Has someone explained the tax and other consequences of the various types of transfers or ownership structures to you?

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44. Are you aware of how insurance can assist with succession planning for the family cottage?

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### **Family law considerations**

45. Have you considered having discussions with the family members who will own/inherit the cottage about limitations on the future transfer of their ownership interests?

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46. What do you know or understand about the implications of owning a family vacation property and marital breakdown?

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47. How concerned are you about marital breakdown issues for yourself or your children and the impact it could have on your family vacation property?

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### Closing questions

48. Have you recently stress tested your plans to make sure all plans, solutions and strategies are continuing to do the job they were designed to do when you first set them up?

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49. Would you be interested in seeing how you can pass more of your estate, including this asset to your heirs and charities instead of to the tax department?

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50. Who else do you know that might have similar concerns or issues?

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51. How might we arrange to get an introduction to them?

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### The Empire Life Insurance Company

259 King Street East  
Kingston, ON K7L 3A8

 For more information, contact your Empire Life Sales Representative.

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empire.ca investment@empire.ca 1 877 548-1881

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