

Worth:	25% of final mark in course
Report Due date:	April 18, 2021 at 11:59pm in FOL Drop Box
Late penalty:	20% per day

Statement on Academic Offences:

Your work must be original and cheating will not be tolerated. Fanshawe College is committed to Academic Integrity. Academic offences are taken seriously and students are directed to read the appropriate policy, specifically, the definition of what constitutes an offence, at the following site: <https://www.fanshawec.ca/aboutfanshawe/corporate-information/policies/academic-and-research>

Instructions:

1. Analyze the case below and create a written insurance plan.
2. Your analysis of this case should be typewritten and professional in appearance.
3. The response should not exceed 12 pages (excluding title page). Thus also excludes an Appendix where you should put detailed calculations to show your work. Please attach any EXCEL or NUMBERS spreadsheets separately.

Zeus Georgiou and Hera Kormos

Zeus and Hera have been living in a common law relationship for the last ten years. Zeus is fifty-two and Hera is forty-four. They live in London, Ontario. Zeus and Hera never had children together.

Zeus fathered a child while he was at the University of Calgary. This child, Athena, is now twenty-eight years old and married to Mark. They have recently had twins – Sherry (2) and Terry (2). Athena’s mother, Emily, married Paolo after University. Paolo never adopted Athena. **Zeus has two siblings, Apollo & Creed. They both live in the Toronto area.**

Hera has never been married and has no children. Her parents, Philip and Angela, are both seventy two. They divorced several years ago. Angela remarried Dwight. Dwight has seven children from his first marriage. They live in Alberta. Philip is single and lives in Maui, Hawaii.

Hera has two siblings – Andy (46) and Meredith. Meredith was killed in a car accident several years ago. She had two children – Misty (20) and Shadow (22). Misty and Shadow are both poor with finances and live somewhat irresponsible lives. Andy is married to Erin. They have two children – Emily (18) and Adele (16). Adele was born with cerebral palsy and is eligible to claim the Disability Tax Credit and is on ODSP. They live in Ottawa, Ontario.

Recently, Zeus and Hera decided to visit Hera’s dad in Hawaii. On the flight, Hera became bored and decided to finally write a will. She took out a piece of paper and a pen and proceeded to write out her testamentary intentions. The document was entirely in her handwriting, signed and dated by Hera. In it, she specifically left her house and RBC accounts to Zeus. She failed to mention any other assets. All of her assets are listed below. She did a Power of Attorney for Personal Care appointing Zeus. She did not do a Power of Attorney for Property.

Zeus has never done a will or Powers of Attorney. He would like to leave his estate to Hera so that she can use the income for the rest of her life. On her death, he wants the remaining assets (if any) to go to the Canadian Cancer Society. Tax planning is not an aspect of his desire to leave the remaining wealth to charity.

Their goals are:

- As much as possible, to ensure that the lifestyle of the survivor is maintained should one partner pass away;
- **Zeus wants the inherited cottage to stay in his family and be available for his partner and siblings;**
- Minimize taxation at death (including probate);

Zeus and Hera's assets are as follows:

Asset	Owner	Valuation	Comments
London, Ontario home	Zeus & Hera as tenants in common (50/50)	FMV \$600,000 ACB \$250,000	Principal residence, no mortgage. Each party contributed equally to purchase price
RRSP at RBC	Zeus	FMV \$700,000 ACB \$230,000	No beneficiary named
RRSP at RBC	Hera	FMV \$540,000 ACB \$210,000	Philip & Angela named as equal beneficiaries
MoonLife Insurance Policy	Hera is the policy owner, Zeus is the life insured	T-100 Policy Face amount \$450,000	No beneficiary named
Cottage in Muskoka	Zeus	FMV \$500,000 ACB \$250,000	Inherited from Zeus' mother when she died in 2018
Non-registered investment account at RBC	Zeus	FMV \$450,000 ACB \$200,000	
Non-registered investment account at CIBC	Hera & Andy	FMV \$550,000 ACB \$100,000	Inherited from their Grandmother when she passed away
2019 Lexus SUV	Hera	FMV \$45,000	
Western Duplex	Hera	FMV \$450,000 ACB \$225,000	Property is rented to students and nets about \$1,400 month in taxable income

Required:

1. Clearly explain and demonstrate the client's estate situation today where Zeus & Hera are in a common accident and:
 - a. Zeus dies and Hera survives;
 - b. Hera dies and Zeus survives;
 - c. **Hera dies, Zeus is left legally** incapable and then dies six months later.

Be sure to discuss estate asset distribution and income taxation (not probate).

(30 marks)

2. Explain the concept of probate in Ontario to the clients (5 marks)
3. What is the Ontario Estate Administration Tax (probate) where:
 - a. Zeus dies and Hera survives (3 marks)
 - b. Hera dies and Zeus survives (3 marks)
4. Zeus and Hera suggest making each other joint tenants on all their non-RRSP assets and naming each other as beneficiaries on all RRSPs and insurance policies to avoid Ontario probate tax. Using an example, discuss the merits of this plan with the clients (12 marks).
5. The couple has asked you to make some suggestions about their estate planning needs. They fully appreciate you are not a lawyer but also know you have some understanding of the things they need to consider and the solutions available to achieve their goals. They want you to:
 - a. Identify and explain 5 things they can do with a Will that will achieve their planning goals (25 marks);
 - b. Discuss Powers of Attorney for Personal Care & Property and whether the client needs Powers of Attorney and suggestions you would make (10 marks);
 - c. Identify and explain at least 3 tactics to reduce income taxation at death for these clients (12 marks)
6. Up to 10 marks will be deducted for spelling errors, grammar issues, poor paragraphing, poor presentation and poorly organized responses.