
ESTATE PLANNING: AN ESSENTIAL STRATEGY FOR FACING ANY EVENTUALITY ACCORDING TO LAURENTIAN BANK

Montréal, October 15, 2010 – The month of October being the month of financial planning, the time has come to reflect on all the aspects of a sensible financial plan. The finality of death is something that touches the entire population, yet few people confront this reality in a systematic fashion, hence why it is important to be thinking about estate planning in order to avoid a host of possible problems.

Always committed to working in the best interests of its clients, Laurentian Bank's global offerings include the consulting services of its experts in the field of estate planning. To steer clear of any pitfalls that could present themselves due to the complexity of an estate transfer, the Bank is pleased to offer its clientele the services of its financial planners and of its team of experts at its Laurentian Trust subsidiary.

The Will: Key to Successful Estate Transfer

Essentially, a will assures that a decedent's last wishes are respected. It allows for the identification of designated heirs and helps avoid complications when it is time for the assignment of assets after a death. Without a will, the devolution of belongings will be governed by the provisions of the Québec Civil Code, which may run counter to the desires and prerogatives of the decedent.

There are three types of wills — holograph wills, wills made in the presence of witnesses, and notarized wills. However, only the notarized will is recommended because the other two types must be probated to be valid, which involves additional costs. "According to recent statistics," explains Alain Fortier, Senior Manager at Laurentian Trust, "more than 50% of Québécois do not have a will. Furthermore, a sizeable proportion of those who have prepared a will probably have an outdated document."

There are three fundamental questions that must be answered when preparing a will. The first is who is the decedent and who are the family members and loved ones involved? Secondly, what does the decedent want and how do they wish their estate to be settled? Finally, what is this person worth in terms of the value of their assets?

Normally, the primary objective of a testator — the person disposing of their assets via a will — is to pass on their assets to one or more heirs of their choosing. They wish to protect their heir(s), minimize the tax liabilities, and shield them from the problems and administrative burdens that can be associated with the settlement of an estate. In that regard, there are numerous strategies possible that could make a big difference but are not adequately understood by testators. Fortunately, financial planners possess the knowledge and expertise that can enable testators to take full advantage of these strategies.

The Often Neglected Mandate in Case of Incapacity

Another important aspect of estate planning concerns the mandate in case of incapacity. Many circumstances could result in a person becoming physically or mentally incapacitated. The proper planning in that event will ensure that the client has identified the representative — an individual or institution — that will see to the administration of their assets and personal affairs in case of incapacity.

“It is important to consider that the representative could have the power to sell all the assets,” underlines Alain Fortier. “The representative may have to administer the assets over the course of a number of years without needing to account for their actions to anyone. Therefore, the choice of a representative is a very important one. In any event, the decision must be made in the best interests of the person who is incapacitated and not in those of their spouse. Such decisions may pertain, for example, to the sale of a house, the payment of debts, and sometimes even to the weekly grocery order.”

If there is no mandate in the case of incapacity, a family meeting must be held, which must include the mother and father, other direct ascendants (grandparents), brothers and sisters, and the spouse. A representative will then be selected by the family, which will also choose three other people to form a tutorship council in order to oversee the representative’s administrative activities. It is the responsibility of the Public Curator to monitor and analyze the financial statements and to possibly question certain decisions made by the representative.

The Role of Laurentian Trust

In appointing Laurentian Trust as the authorized agent to administer their assets, a client gains the benefit of extensive management, administrative and tax planning expertise. Calling upon the services of Laurentian Trust professionals will assure clients of the security of their family inheritance and enable them to conserve their quality of life. Finally, Laurentian Bank and Laurentian Trust financial planners can take charge of the many different procedures required and assure that all legal and tax questions will be properly settled.

About Laurentian Bank

Laurentian Bank of Canada is a banking institution operating across Canada and offering its clients diversified financial services. Distinguishing itself through excellence in service, as well as through its simplicity and proximity, the Bank serves individual consumers and small and medium-sized businesses. The Bank also offers its products to a wide network of independent financial intermediaries through B2B Trust, as well as full-service brokerage solutions through Laurentian Bank Securities.

Laurentian Bank is well established in the Province of Quebec, operating the third-largest retail branch network. Elsewhere throughout Canada, it operates in specific market segments where it holds an enviable position. Laurentian Bank of Canada has more than \$23 billion in balance sheet assets and more than \$14 billion in assets under administration. Founded in 1846, the Bank employs more than 3,600 people.

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