Estate Transfer Estimate

User Reference

Insurance

Purpose

This calculator may help the client understand and visualize the impact of income tax and probate/estate administration tax ("EAT") on their estate. It is not meant to replace the need for professional advice from competent professionals. Similarly, it is not meant to be a comprehensive income tax liability calculator, and as such, only focuses on the taxes resulting from rules regarding the deemed disposition on death.

Comparison Age	The life expectancy age of the client.
Beneficiary	When a beneficiary has been designated for an asset, its value is not included in the calculation of the estate for probate/EAT purposes.
RRSP / RRIF	When the current age is less than 72 years, usually, the individual will have an RRSP. It is assumed that the individual will not have a RRIF before age 72. When the current age is more than 71, the individual will not have an RRSP, buy may have a RRIF. When the amount is entered as an RRSP, the calculator assumes that at age 71 the RRSP is converted to a RRIF, and then every year the minimum required amount is withdrawn from RRIF.
Non-registered investments (other)	This line represents income focused investments. It is assumed that the income will be reinvested. Because the income will be taxed annually, the adjusted cost base of the asset will also grow on an annual basis. So, at the time of disposition, the asset will likely have an adjusted cost base close to the fair market value. Hence, it is assumed that its disposition will not result in a material capital gain/loss, and consequently, ignored in this calculation.
Principal residence	As it is a personal use property any loss on the disposition is considered zero. To the extent that the gain will qualify for the principal residence exemption, please select the appropriate percentage in Deductions section. The principal residence is considered for the purpose of calculating probate/EAT regardless of its status for Income Tax purposes.
Business/rental assets	Being depreciable assets, they will not generate any capital loss, but may produce capital gains. If there is a loss it should be entered as a terminal loss in a separate line. If the proceeds of disposition are higher than the adjusted cost base, the excess (up to the original cost) should be entered as recaptured depreciation separately.
Business shares	Any gain on disposition of business shares may qualify for the lifetime capital gains exemption. To the extent that the gain qualifies for the lifetime capital gains exemption, please enter the amount in Deductions section.
Guaranteed portion of annuity	When the individual dies while being owner and annuitant under an annuity with a portion of the guaranteed term still remaining, a lump-sum payment to be made to the beneficiary may be treated as its fair market value. To the extent this fair market value is higher than the adjusted cost basis of the annuity, it will result in taxable income. Please contact the insurer for the relevant value or refer to the annuity quote.
Mortgage	If a mortgage is secured by creditor insurance, the insurer will pay the balance of the mortgage to the lender upon the death of the borrower. So, please do not claim a deduction for such mortgages.
Other Items	
Surplus / (shortfall)	This calculation shows, if there are sufficient liquid assets available to pay the taxes and other final expenses. A shortfall would mean that the estate may have to liquidate other assets to raise the required cash. If the calculation shows, a surplus, it does not mean that there is no need for life insurance. The estate will still suffer a shrinkage due to cash being used to pay for taxes and other expenses. So, a life insurance can still help preserve the liquid assets of the estate.
Expected shrinkage in the estate	This amount represents the cash the estate will need to pay for various expenses and taxes. Obviously, this will reduce the amount available for the beneficiaries of the Estate. So, if the goal is to preserve 100% of the estate for the beneficiaries, then permanent insurance coverage that is sufficient to cover (i) the shrinkage amount, and (ii) the probate/EAT should be considered in order to preserve the full value of the estate.