

## Estate Planning Insight: Letter of Wishes Overview

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Effective estate planning can provide peace of mind for you and your family. Your estate planning professional will guide you through the process and help with the various documents that are required to ensure your plans are carried out as intended. At Cidel, we understand that your needs and circumstances are unique. A Letter of Wishes can be used in combination with your Will to ensure that your intentions and personal voice are reflected in your plans.

### What is a Letter of Wishes?

A Letter of Wishes is a document drafted by a testator that provides guidance to executors and trustees on how the testator would like an estate or trust to be administered. It can be a helpful document for a trustee, as the letter frequently contains information about a testator's personal values, their investment philosophy, and how estate property should be managed generally. Although a Letter of Wishes is not legally binding, it can help inform the trustee about a testator's wishes, acting as a guide for the trustee when exercising its discretion under a Will.

### What does a Letter of Wishes say?

Commonly, a Letter of Wishes will address a variety of topics and may include the following:

- Guidance on distributing personal effects;
- Insight into items of sentimental value;
- The testator's views on how the estate's property should be invested;
- A list of factors the trustee should consider when making discretionary distributions to beneficiaries, (i.e. periodic allowances, travel, real estate purchases, education costs, etc.);

- The testator's intention behind broad terms, such as "sufficient funds";
- Insight into testator's financial values, such as encouraging financial literacy, the value of money, what is an appropriate standard of living, lifestyle preferences, or travel considerations;
- A description of family relationships and family values; and
- Guidance on whether the assets are to completely fund the lifestyle of the beneficiary, or whether the intention is for the beneficiary to provide his/her own support.

A Letter of Wishes is a convenient and cost-effective way for a testator to update guidelines to the trustees without having to formally revise their Wills. In addition, a Letter of Wishes offers privacy to the testator because it does not form part of the Will and is not required to be submitted to the Courts when applying for "probate". Lastly, a Letter of Wishes is an opportunity for a testator to communicate their wishes in a more personal and sentimental manner than a formal Will typically permits.

While a lawyer is not required to draft or update a Letter of Wishes, it is recommended that a testator obtains legal advice where a Letter of Wishes is to be provided to a trustee. Each time a Letter of Wishes is updated, it is recommended that it is validly executed, the original is kept together with the original Will, and a copy is provided to the testator's lawyer, trustee, and other trusted advisors.

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