

Estate Tax Planning Gone Awry

B'nai Brith Canada Estates and Trusts Group May 30th, 2018 Seminar

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and



Charles B. Wagner

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In this year's seminar, the B'nai Brith Canada Estates and Trusts Group presents a scenario involving an estate freeze. The vignettes feature top-tier lawyers and accountants role-playing the clients and professionals involved.

The fictional scenario is based on an amalgamation of similar real cases. The parents exchange their shares in the family company for a different class of shares with a fixed value equal to the company's assets. The new shares also let the parents continue to run the bakery business. A trust is then created whose beneficiaries are their two sons. The trust owns a separate class of shares designed to increase in value with the company's future growth. This is an estate freeze. Without it, upon the death of the parents, their estates would

pay tax on the increased value of the shares.

With the freeze, the parents retain control of the company and their estates do not pay tax on that future growth.

In our scenario, the oldest son marries someone whom the parents fear is a financial predator. Friction ensues. The son commences an application under the Business Corporations Act claiming he is an oppressed minority shareholder and asks the court to either make his parents buy out his shares or wind up the company.

Our program qualifies for CPD hours. Attendees will better understand the issues as they are fleshed out in the vignettes followed by panel discussions.

The motivation for these seminars was rooted in the realization that there were many

people in Canada who laid the foundation of their estates in the 1950s and 1960s. Today, their children are set to inherit a fortune. Baby boomers in Canada now stand to inherit \$1-trillion worth of wealth. With that much money on the line, estate litigation is inevitable. People live longer and they become more susceptible to experiencing chronic degenerative conditions, including cognitive decline. New wills that are made later in life will result in more will challenges. As people age and their loved ones start tugs-of-war over family money, there will be more guardianship litigation. Moreover, a vulnerable aging population means that there will likely be many wealthy, cognitively limited, vulnerable individuals available to be preyed upon. It was clear that

the Tzulent of changing demographics, family jealousies, greed and need required enhanced CLEs for lawyers and accountants. My hope was to assist the planning professionals to protect the elderly in our community and the litigators to provide effective advocacy to secure the just, most expeditious and least expensive determination of estate litigation on its merits. We have worked hard each year to produce an event we can be proud of. Last year there were over 150

attendees who appreciated the seminar. We expect most to return again this year.

As the event grew in stature more and more of the industry signed on to sponsor the seminar. Today our sponsors include B'nai Brith Canada, Scotiabank Wealth Management, RBC Wealth Management Estate & Trust Services, Wagner Sidlofsky LLP, Hull & Hull LLP, Gowling WLG, WEL Partners, Torkin Manes, Weir Foulds LLP, KRMC and YorkStreet Dispute Resolution Group Inc.

The event will take place on May 30, 2018 at Sha'arei Shomayim Synagogue at 470 Glencairn Avenue, Toronto, Ontario M5N 1V8 and is open to lawyers and accountants. To reserve your place please contact Ellen Ostofsky at B'nai Brith Canada at (416) 633-6224 x104 or elleno@bnaibrith.ca



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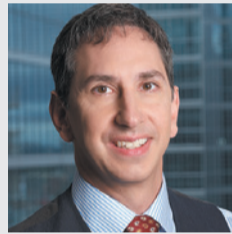
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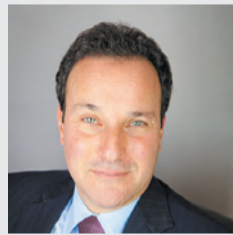
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Shaarei Shomayim Synagogue | 470 Glencairn Avenue, Toronto

Registration & Breakfast for May 30, 2018, 7:30 AM

Program: 8:00 AM – 12:00 noon | Cost: \$136 plus HST

To register, contact Ellen Ostofsky at 416-633-6224 x104 or at elleno@bnaibrith.ca

This program is eligible for CPD hours required of Lawyers and Accountants

www.bnaibrith.ca/trustandestates

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