



Snapshots™

DIVORCE: ESTATE PLANNING AND INSURANCE

WHEN YOUR MARRIAGE BREAKS UP, YOU MAY WANT TO CHANGE WHO RECEIVES YOUR ASSETS IN THE EVENT OF YOUR UNTIMELY DEATH.

There are various issues to consider:

a. Your Will

Usually couples make each other the beneficiary of their Wills. When you get divorced, any provisions in the Will where the former spouse is left assets or made the Executor are revoked. Therefore, you will need to reassess the provisions in your Will. Consequently, if you are drafting a new Will after a marriage breakdown, you should make sure that any dependent children are properly provided for on your death. The Family Law court can step in and overrule your Will if you don't. Take the opportunity to review this [Will planning checklist](#) on important issues to consider when creating a Will, and refer to this [estate planning checklist](#) which provides insight to the areas you should give attention to when planning your estate. Complete this [personal record keeper](#) to help you gather and update important information that you can share with loved ones including your executor or executrix. It is also a good idea to complete this [personal and financial log book](#) and provide me with a copy so that I could have a better understanding on how your financial situation is changing.

Here is a link to a basic Will: [Last Will and Testament](#)

A lawyer should be consulted when a Will is being considered. There are legal and family issues that need to be addressed if this route is taken.

b. RRSPs and RRIFs and Life Annuities

With these investment structures you can (and should in most circumstances) have named beneficiaries. When your relationship breaks down you will need to look at these to determine if the beneficiaries are still appropriate in your new situation.

Insurance

In many cases, married couples name each other as the beneficiaries of their life insurance policies. If you are becoming separated or divorced, you may want to reconsider who you name as your beneficiary. If you do not contact the insurance company, your former spouse will continue to be the beneficiary of the policy. In the case of relationship breakdown, you may want to change the insurance coverage on your life in order to provide for your children should anything happen to you.

Depending on the nature of the separation agreement, you may be required to buy life insurance with your former spouse and/or children named as the beneficiaries. This is typically the case where spousal and/or child support is being paid by the primary income earner. This ensures that if the supporting spouse dies, there would be enough money to support the children. In the case of this type of policy, the beneficiaries are 'Irrevocable'. That means the beneficiary cannot be changed to someone else without the written permission of the current beneficiary. Let's discuss how your relationship breakdown impacts your insurance coverage.

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