

# **What to expect when someone close to you dies, and what to do with the inheritance?**

Losing a loved one is difficult and overwhelming. Especially a spouse.

And even though you are dealing with feelings of grief and loss, there are so many legal and financial details to take care of.

Despite the turmoil, if you have received an inheritance, in the back of your mind you might be wondering what to do with that money.

According to [CNN Money](#), over the next 47 years the parents of boomers and baby boomers will transfer between \$41 trillion and \$136 trillion to family and charitable organizations in the United States. And before the year 2026, boomers in Canada are expected to pass on over \$150 billion to the next generation.

This article will introduce you to some choices on how to make the most of an inheritance, large or small.

## **Dealing with feelings of guilt**

If you woke up and learned that you are now suddenly richer because someone left you money, it was probably left to you by someone close who you care about very much and you may be tempted to ignore the money and just let it sit there. But keep in mind that the reason the person included you in their will is because they care, want to help you and make your life better. So you can begin by thinking of ways the money can improve your life now and in the future.

But first, you need to get organized and understand what you have inherited.

## **Get organized with a checklist: There are several documents and records that you need to get together**

One of the best ways to make the inheritance process go smoother is to organize all the essential documents and records that you will need, including the death certificate, the will, documents about your properties like deeds and titles, marriage certificate and birth certificates, social security numbers for you and the deceased, account numbers and statements, statements from mortgages and other loans.

## **Navigating the inheritance process**

One of the first steps of transferring assets after a death is to go through probate court. The will needs to be filed with the probate court right away and an application is filed to open probate for the estate.

If there is no will, there are laws that determine how to distribute assets and pay final bills.

When the deceased has written a last will and testament, their assets will be located and valued, and bills and taxes will be paid before being passed on under the supervision of the court. There is a court hearing, so the judge can validate the will and all of the inheritors will be notified and anyone else can object to the process if they have an updated will or another reason to contest.

## **The executor can make transactions on behalf of the estate**

The court will appoint an estate executor, also called an administrator. This person is usually the spouse, or adult child of the deceased. This person will receive “letters testamentary,” a legal document that allows the executor to make transactions on behalf of the estate. In many cases, the executor may have to post a surety bond with an insurance company or surety agency before completing any transactions.

The process of probate seems complicated, but the state provides most of the forms that are needed.

## **Protecting real estate and other assets of the deceased, paying debts and taxes**

The probate process takes time, and the executor needs to keep the possessions of the deceased safe. This can be challenging if accurate records haven't been kept or if assets aren't disclosed.

Real estate needs to be protected by either physically moving in, or else simply ensuring that the property isn't foreclosed by paying the mortgage, taxes and insurance. Other valuables like jewelry, collectibles and vehicles can be stored in a safe place. Appraisers will determine the value of each asset at the time of death and the executor creates a document listing those items.

All the creditors of the deceased need to be notified of the death and a notice of death needs to be published in the papers so that anyone who is owed money has the opportunity to claim it. Also, taxes need to be filed within nine months and estate taxes may need to be paid.

## **The estate will be distributed with what is left after taxes**

Before the executor can distribute the assets from the estate, the executor must petition the court for permission. Permission is granted once all the steps of the probate process have been completed, including accounting and all the necessary payments and other transactions. If one of the heirs is a minor, the executor must prepare a trust.

## **What do I do if I need the money now, and can't wait for the probate process to slowly unfold?**

If you or any of the heirs needs to access the funds from your inheritance before it is ready, it is possible to get an estate cash advance or probate loan. As a spouse or executor, you may need to get a probate cash advance in order to pay the expenses that come up during the probate process.

## **Resist the temptation to make impulsive decisions when you receive an inheritance.**

It is true, this money is a free gift that was given to you by your loved one, and it is human nature to spend it without a plan.

Why is it so tempting? Why do we think things like, *"He would have wanted me to have fun"* or *"I deserve to enjoy this money after everything I've been through"*?

Claudia Hammond, the author of "Mind Over Money," says that we psychologically treat money that is a gift differently than money that we had to earn.

How you spend the money is completely up to you. But it is a good time to get expert advice, revisit your own financial goals and priorities and make sure that you are taking care of your needs and make investments that will build more wealth for you before you splurge.

## **How to invest a small inheritance wisely.**

Statistics show that most inheritances are completely spent within five years. If the inheritance is modest, like \$46,200 (the average size of an inheritance according to the Federal reserve) it can be easy to blow it quickly on something like a vacation, on clothes, or on a car that will lose value the minute you drive it off the lot.

There are some very common ways that people choose to use the money in hopes that it will help ensure financial stability and their future ability to buy fun things.

## **Improve your lifestyle and financial future.**

A few things that you might consider include:

- **Make home improvements**, but stick to projects that increase the value of your home.
- **Pay off your credit cards** so that you can improve your net worth, save money on fees and interest.
- **Put money towards your mortgage**, get a mortgage to buy your first home or an investment property or invest in a real estate fund.
- **Further your education**. Increase your income by earning a degree or getting an extra qualification that can help you get a better job with a higher salary.
- **Put the money in an emergency fund**. By having 3-6 months' of living expenses stored in an emergency fund you can handle those bumps along the road that could otherwise deplete your wealth or put you back in debt.

**One TRULY smart option is to start investing.** Sometimes, the best place to put your money is counterintuitive. While home improvement and paying down debt may seem smart, it all depends on whether you can make the money work harder for you.

BG Wealth Group offers consulting on ETF funds that mirror a market exchange or index. Our unique index fund approach has lower fees than typical managed funds and often generate higher investment returns. You want to treat it as a part of your nest egg, rather than a winning lottery ticket that you don't take seriously.

## **Becoming a millionaire: What to do with a big inheritance**

If you inherit a large sum, like one million dollars, you will certainly want to start out by taking the practical steps laid out in the previous section, like paying off debts, because even "good debt" can be stressful.

Again, take your time to make any major decisions. And how you proceed will depend on what type of asset you receive.

If it is in the form of cash, you can start by putting it in a Federally insured bank or credit union which will insure the amount up to \$250,000 per depositor. You may have to set up more than one account to get coverage for the full amount.

Using the money as a down payment for a home, or to pay off your home, is another smart move.

## **Is this process of inheritance is same in Canada?**

### **Analyzing the Canadian inheritance process:**

**Let's find out how it works in Canada.**

In a diverse country like Canada, it's only natural that there isn't a one-size-fits-all approach to inheritance. While many provinces handle inheritance law in similar ways, it's important to know the nuances of your particular jurisdiction.

Inheritance is the distribution of assets after someone dies, and it generally goes one of two ways. If the deceased person left a valid, legal will, then the estate is distributed to the beneficiaries named in the will. In the unfortunate and highly stressful situation where someone dies without a will, they are deemed to have died intestate. When someone dies intestate, their estate is dealt with based on provincial rules.

## **Does a spouse automatically inherit everything in Canada?**

Whether or not a spouse automatically inherits everything depends on whether or not the deceased has any descendants and what's specified in their will.

If the deceased person doesn't have descendants and doesn't have a will, it's possible that their spouse would inherit their property as their next of kin. Generally speaking, the surviving spouse will automatically inherit the matrimonial home, however, this will also vary province by province.

If the deceased person names their spouse as their sole beneficiary, barring someone else with a claim contesting the will, the spouse would then inherit the assets. There may be times when this is straightforward, but there will be more when it's not. And if there are children involved, it gets more complicated as the spouse may not get 100% of the assets, based on provincial rules.

So, if you're banking on everything going to your spouse by default, it's better to write a will than to put your hope in the provincial court carrying out your final wishes without a clue as to what you wanted.

## **What happens with complex estates?**

If you have a complicated estate, the very first thing to do is talk to a lawyer. There are a few ways to reduce the costs and headaches of passing on money and property. You might

consider transferring the property to joint ownership with the person you intend to leave it to or setting up a trust fund.

These are often very complicated arrangements, subject to specific rules, depending on your jurisdiction. Talk to a lawyer to be sure that your intentions are clear and will be carried out correctly per your estate planning documents.

## **How long does it take to receive an inheritance in Canada?**

Once filed, probate will take **at least 3 to 6 months**. This does depend on the deceased's province of residence and the size of their estate. During this process, it is possible to contest the will, though it can add a considerable amount of time. You may be waiting years before you can receive your inheritance.

## **If you have inherited a large sum that completely changes your financial picture, you may need to drastically adjust your mindset about money**

It can be a shock to the system, and you may feel like it's not real.

And you may not currently have the resources or the financial skills to manage and grow this wealth.

At BG Wealth, we offer a wealth-building event program designed to help participants connect with their money, invest better and stronger to generate greater returns on all areas of their wealth.

This program is called the Money Mastery Challenge. You will have the opportunity to set time aside to build a tool kit for re-examining your income, creating additional savings, and growing your wealth potential.

This modestly priced program is completely geared towards helping you understand and connect with your finances without any pressure. [Click here for more information.](#)