



MANAGING THE HOME AS AN ASSET – ESTATE PLANNING HOUSING OPTIONS

HOUSING OPTION	THE POSITIVES	THINGS TO CONSIDER
Adult Child as a Joint Owner	<ul style="list-style-type: none"> • Adult Child has continued housing in event of parents' deaths; • Sense of pride/self-sufficiency may come with home ownership 	<ul style="list-style-type: none"> • Any funds paid from a trust for operating expenses would count as income to the Adult Child for ODSP purposes; • Home management/maintenance may be challenging for the Adult Child • Home vulnerable to current and future creditors of all the owners • All joint owners must agree if wish to change arrangement in future (e.g., Mortgage, sale of house) • Home subject to division of property in event of Adult Child's divorce • If Adult Child owns another real property, sale of family home could be subject to capital gains • No control of ultimate disposition of the home i.e., would fall into estate of Adult Child
Sibling as a Joint Owner, for benefit of Adult Child	<ul style="list-style-type: none"> • Adult Child has continued housing in event of parents' deaths; • Sibling can take over management/maintenance of the home 	<ul style="list-style-type: none"> • Above points also apply; • Home becomes an asset of the sibling upon death of parent(s). • No guarantee that sibling will use the home for the Adult Child as intended; • If sibling became incapable, home may not be able to be kept for Adult Child; • Upon death of sibling, unless provisions made in sibling's Will, home would be distributed to sibling's beneficiaries.
Outright Gift to Adult Child	<ul style="list-style-type: none"> • Adult Child has continued housing in event of parents' deaths; • Sense of pride/control/self-sufficiency as a result of home ownership; 	<ul style="list-style-type: none"> • Any funds paid to the Adult Child from a trust for operating expenses would count as income to the Adult Child for ODSP purposes. If exceeds \$10K, will affect ODSP; • Home management/maintenance may be challenging for the Adult Child; • Home vulnerable to creditors of Adult Child; • Home vulnerable in the event of a marriage breakdown; • Parent has no control over the ultimate disposition of the home; • If home needs to be sold, receipt of the sale proceeds by the Adult Child could affect ODSP.



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Life Interest in the Home for Adult Child (Parent's Will gives right to Adult Child to continue living in family home)	<ul style="list-style-type: none"> • Adult Child has continued housing in event of parents' deaths; • Ownership of the home remains in the estate of the parent and parent can therefore control ultimate disposition of the home; • Home maintenance/management performed by Executor of parent's Estate; • Estate funds can be set aside and used to maintain the home. As such, no effect on Adult Child's ODSP; • Terms and conditions attaching to the life interest are set out in the parent's Will. 	<ul style="list-style-type: none"> • Must determine how long the life interest continues, e.g., life of Adult Child? Or as long as home is needed? • Need to identify source of capital and operating expenses. If the estate, then need to determine in the parent's Will how much to set aside from the estate to cover operating expenses; Need to direct how the home is dispersed when Adult Child no longer requires it.
Home as an Asset of a Henson Trust	<ul style="list-style-type: none"> • Adult Child has continued housing in event of parents' deaths; • Henson Trust is not considered an asset of the beneficiary for ODSP purposes. If the trust owns the home, any expenses paid to maintain the home is not considered income to the Adult Child for ODSP purposes; • Trustee has absolute discretion regarding the payments made from the trust. Expenses for capital and operating can be paid from the trust; • Trust may receive favourable tax treatment is qualifies as a 'qualified disability trust'; • Trust may be able to claim principal residence exemption upon disposition of the home; • Trust offers flexibility to accommodate Adult Child's future needs; • Henson Trust, and therefore the home, not subject to creditors of Adult Child. 	<ul style="list-style-type: none"> • Trustee(s) must be identified to manage the trust during the lifetime of the Adult Child. Series of alternates should be appointed and/or professional Trustee; • Adult Child must deal with Trustee(s) for any property maintenance/emergency expenses May increase feelings of dependency/lack of control; • Trustee has absolute discretion regarding the payments from the trust. Choice of Trustee(s) critical.