

# Glossary of Estate Planning Terms

*For general information only*

**ADJUSTED COST BASE:** The “tax cost” that is used to determine the capital gain or capital loss realized on the disposition of a capital property.

**ADMINISTRATOR:** An individual or corporation appointed by a court to administer the estate of a person who dies without making a will, or the estate of a person who dies with a will, but without anyone prepared or able to act as executor.

**BENEFICIARY:** A person entitled to receive a gift or benefit pursuant to the terms of a Will, insurance policy, RRSP, trust deed or other such document.

**BEQUEST/LEGACY:** A gift received from an individual through a will.

**BUY-SELL AGREEMENT:** An agreement between business partners or shareholders which sets out important matters concerning their business relationship, including the manner in which the interests of each of the partners or shareholders are to be purchased on retirement and on death.

**CODICIL:** A legal document prepared as an addition or addendum to a will by which a Testator can make changes to the provisions of his earlier will without executing a new will.

**ESTATE:** A person’s estate consists of all the property which is owned at death and which can be disposed of by his/her will. The “net estate” is the total of such property less any debts owed by the person at death.

**ESTATE TRUSTEE:** A person or corporation appointed by a will to carry out the administration of the estate. The Executor’s function is to probate the Will, settle any debts and distribute the estate. The trustee’s function is to carry out the terms of any ongoing trusts. Typically, the Executor and the Trustee are the same person or corporation and often the terms are used interchangeably.

**GUARDIAN:** A legal guardian is a parent living with and supporting his or her child. Also, a person appointed by the court to be the guardian or a person appointed in the Will of the child’s parent or legal guardian to be the guardian of that child. Guardianship ceases once the child reaches the age of majority.

**HOLOGRAPH WILL:** A will written in the Testator’s/Testatrix’s own hand and signed by the Testator/Testatrix without witness.

# Glossary of Estate Planning Terms *...continued*

**INTESTATE:** The term used to describe the estate of a person who dies without leaving a will.

**ISSUE:** A term commonly used in a will which may mean either the person's children or grandchildren or all the Testator's lineal descendants, depending upon the context in which it is used.

**JOINT TENANCY:** A form of co-ownership under which the interest of a deceased person automatically passes to the co-owners.

**LETTERS OF A COURT-APPROVED DOCUMENT GIVING A PERSON THE RIGHT TO ADMINISTER ADMINISTRATION:**  
The estate of a person who dies without leaving a will.

**PER CAPITA:** (A Latin term.) A gift to issue in equal shares "per capita" means that the gift will be divided amongst the children surviving at the Testator's/Testatrix's death, (i.e. count the heads and divide it amongst them).

**PER – STIRPES:** In contract, a gift to issue in equal shares "per stirpes" means that if any one child predeceases the Testator/Testatrix's that child's share will be passed on to that child's children, for example, the Testator's/Testatrix's grandchildren. (A Latin term.)

**PRINCIPAL RESIDENCE:** An owner-occupied home that can be sold at a profit without paying income or capital gains tax.

**PROBATE:** The procedure by which the court declares the deceased person's last will to be valid. A "Grant of Probate" is the Executor's proof of his capacity to act as Executor.

**RESIDUE:** "Residue of an estate" commonly refers to the remainder of an estate after all debts and administration expenses have been paid and all specific gifts of property and cash legacies have been given out.

**SPOUSE:** For purposes of the Income Tax, a spouse includes a common-law spouse.

**TENANCY IN COMMON:** A form of co-ownership under which the co-owner's interest can be gifted, sold or bequeathed to any person.

**TESTATOR/TESTATRIX:** A person who makes a Will.

**TRUST:** An arrangement under which assets are set aside by an individual and administered by a trustee for the benefit of another person.

**WILL:** A legal document made in accordance with certain formalities by a person while alive which takes effect on death and disposes of his/her property. It is signed by a Testator/Testatrix in the presence of two competent witnesses at the same time.

