



LOW MURCHISON RADNOFF LLP
LAWYERS / AVOCATS

LMRLAWYERS.COM

NEWSLETTER

Number 51

September 2013

Executors– There are three kinds of executors for estates: personal, professional and institutional. In most cases, family members or close friends can do the job quite nicely, but in some cases a professional advisor such as a lawyer or an accountant should be selected, and sometimes one of the trust companies is the proper choice. How should you decide?

If the estate is likely to be simple to administer and distributed amongst family members who get along, then the personal executor can be a good choice. But, if the estate is likely to bring out the worst in everyone, or if there is a business or a professional practice, serious consideration should be given to appointing a trusted advisor or an institutional trustee.

The selection of the best executor is one of the issues where a good estates lawyer will spend sufficient time in your planning to ensure that not only is the plan well considered, but that your estate will be well administered.

There is nothing so useless as doing efficiently that which should not be done at all. **Peter F. Drucker**

The Clock is Ticking for Not-For-Profits (Anna N. Keller) Federal not-for-profit corporations need to comply with new legislation – or they may automatically be dissolved. Don't let this happen to you.

The federal government passed a new law, the *Canada Not-for-profit Corporations Act* (NFP Act) which establishes a new set of rules for federally incorporated not-for-profit corporations in Canada. These rules replace the *Canada Corporations Act*.

Under the NFP Act the not-for-profit corporation must replace its letters patent and bylaws with new charter documents by submitting Articles of Continuance to obtain a Certificate of Continuance and creating and filing new bylaws.

Corporations that do not make this transition by the deadline will be assumed to be inactive and will be dissolved. For charities registered under the *Income Tax Act*, dissolution could lead to the revocation of their

charitable registration, which would result in the corporation having to pay revocation tax equal to 100% of the value of their remaining assets.

The deadline for transition is October 17, 2014, however transitioning can take more than a year depending on the structure of the organization. Not-for-profits should start this process now to avoid dissolution.

Your Credit Score– When it's time to apply for a mortgage, a line of credit or any other credit, nothing is more critical than your credit rating. Lenders look to your score to determine if they should take a risk on you, and if they do, what premium they attach to the risk. If you scare them too much, they will either refuse to lend, or will demand a terrible price and harsh conditions.

A bad credit rating may be your fault, and it may not. The first thing you need to do is get a copy of your report and ensure that it is accurate. If you find adverse errors, have the credit bureau correct them. However, if your bad rating is simply chickens coming home to roost, you need to deal with that and be patient.

If, for instance, you are consistently running your cards above half of your credit limit, or are consistently late or delinquent in payments, your score will suffer badly. There is only one way to cure that, which is obvious, and that is to get those payments under control, and that is more often than not the fruit of some tough but necessary lifestyle choice changes. Turn yourself into the kind of borrower to whom, if you were the bank, you would like to lend money.

Liberty means responsibility. That is why most men dread it. **George Bernard Shaw**

Help wanted– A growing firm like ours is always on the lookout for excellent people, staff and lawyers alike. In particular, we would love to find just the right lawyer to fill needs in municipal law, tax law and intellectual property law. We have a simple rule for candidates: we have to respect you, and we have to like you. If you think you know someone who might fit, please let us know.

Seventeen years—Hard to believe, but this edition marks seventeen years that Blake and Bev Feeley of Eastern Ontario Graphics in Chesterville have been printing this Newsletter, always patiently, always on time, always perfect. And before that, and for many years thereafter, reams of letterhead, tens of thousands of envelopes, business cards, note cards and the myriad of paper that fuels a law firm (and believe me, we use a lot of paper!).

Personally, we go back a lot further with Blake and Bev. In the early '80s they printed all editions of the Russell Review, a revival of a long-dormant village newspaper.

Brier Island— There are still a few places on the planet where the pace of life is as it should be, and Brier Island, Nova Scotia is one of them. It's way out there, miles from anywhere, yet still an easy drive (and two ferry rides). A place where sheep graze on the lawns of the inn, the "fast food" joint serves succulent fresh lobster and scallop wraps and the ferry schedule sets the pace of life.

There is no better antidote for the craziness of life-in-the-fast-lane than sitting on the rocks at the end of the world, sea wind in your hair, watching the harbour seals watching you, with absolutely no plans for tomorrow. And when you're hungry, Lavena's Catch has the absolute best seafood you'll ever eat. <http://www.brierisland.com/> and http://www.whalewatchersnovascotia.ca/the_cafe.html

Monday Morning is the day most snap decisions are made to retire. You're back from a great vacation— first solid two week stretch you've had in years— and it occurs to you that if you sold your business, or let the kids take over, you could keep this vacation going for the rest of your life. Why not just do it? Dumb idea.

For economic and for personal reasons, retirement planning for the owner of a business needs to start years in advance. For example, for the capital gains exemption, it could take you two years to fix things if you inadvertently took yourself offside as a Qualifying Small Business Corporation, or worse, never got around to incorporating. And if you don't know what I'm talking about, you surely aren't ready. \$800,000.00 is not chicken feed.

Selling your business or transitioning to a second generation will surely disappoint unless you have two key ingredients: sufficient lead time and good professional guidance.

Successfully turning your business into a retirement asset is a lengthy and detailed process. Left too late, you may find your company is of interest only to the vultures or that taxes will swallow up most of your hard-earned capital.

Even more heartbreaking is to turn the company over to unready kids or employees who will run the place into the ground, destroying all value (and your retirement) in the process.

This autumn and winter, LMR will be running a series of Business Succession seminars with experts from within and outside the firm offering sage guidance on the ins and outs for the business owner. Call for details.

"The Conversation"— Have you had the conversation with your children (or your parents) about what happens if you die or become incapacitated? Assuming you trust them enough (or have been trusted enough) to be named executor and attorney, why would you wait until the person with the information is no longer able to deliver it?

Knowing where the investment accounts are or making an introduction to the banker are really good first steps, but much more important are discussions about such matters as the kind of care that would matter if you become incapacitated, end-of-life decisions and your feelings and wishes about your final resting place.

Parents owe it to their kids not to leave them guessing (or worse, quarrelling) and kids owe it to their parents to be informed. Start the conversation!

Looking the Other Way (Reprise)— Several Newsletters ago we discussed the evil of looking the other way. This is not an "active evil", but a "passive evil". In today's complex and finely nuanced world it is not always easy to discern between good and evil, and our consciences have become dulled. But when we see children kill toddlers, plant bombs and pimp their friends, we know something is amiss.

It comes back, as always, to you and me refusing to pretend we don't see an ongoing evil and having the courage to speak up. The collective will of ordinary citizens refusing to be indifferent can save us from anarchy and make our world a better place.

Pass it on.

Book review— *Work the System, 3rd edition*, by Sam Carpenter is a must-read for every business owner and anyone leading a high-intensity lifestyle. Very readable and down-to-earth, the book is full of pragmatic advice on getting rid of chaos and disorganization at every level of your existence.

All non-attributed content in this Newsletter was written by Norman Bowley. Please direct all comments and criticism to his attention.