

# Investor Insight

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## Be Aware: The U.S. Estate Tax May Affect You!

When it comes to your estate planning, as a Canadian citizen you may not think that the U.S. estate tax applies to you. But Canadians who hold what is termed as “U.S. situs property” may be subject to this tax. This includes U.S. real estate, such as the condos that most snowbirds escape to during the winter season, and shares of U.S. companies, even if they are held in a Canadian brokerage account, including securities held in registered plans.

Canada does not have an estate tax; rather, your estate is subject to tax on the capital gains resulting from the deemed disposition of your assets at death. Your exposure to U.S. estate tax depends on the amount of U.S. situs assets you own at death and the size of your worldwide estate. Your worldwide estate is made up of the value of all your assets, regardless of where they are held and may even include items such as the death benefit on an insurance policy.

If the value of your U.S. situs assets is less than US\$60,000 at death, you will not be subject to U.S. estate tax regardless of the value of your worldwide assets. In 2015, if the value of your worldwide estate is less than US \$5.43 million at death, you will not be subject to U.S. estate tax regardless of the value of your U.S. situs assets. If the value of your worldwide estate is greater than US\$5.43 million at death and the value of your U.S. situs assets is greater than US\$60,000, you may be subject to U.S. estate tax.

Remember that U.S. estate tax law has changed frequently over the years, so it is important to keep aware of the current rules.

If you may be subject to this tax, there are steps that you can take to potentially minimize the effects. However, given the complexity of the topic, we suggest seeking assistance from a tax specialist familiar with U.S. estate tax law.

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