

I am thinking of adding my son as a joint owner of my cottage and my investments. Is this a good idea?

Many parents add their children to the ownership of the family cottage and of their investment account with right of survivorship to avoid having those assets probated on death, thus reducing probate costs. There are certain risks that are inherent with this strategy. The CRA may consider that there has been a disposition for tax purposes and therefore, expect to receive from you capital gains tax. In addition, your child will have full rights to the property and your assets will be exposed to creditors of everyone on title.

In a fairly recent case at the Supreme Court of Canada it appears that the court has created a new type of ownership whereby the owner of the property can transfer only the "Right of Survivorship" without transferring current ownership. This is something that should be considered as this potentially provides the opportunity to avoid probate costs without the other risks. Please call me if you wish to discuss this matter further.

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