CI GLOBAL ASSET MANAGEMENT | Tax, Retirement and Estate Planning

JOINT ACCOUNTS IN QUEBEC

THINGS TO CONSIDER BEFORE PLACING ASSETS IN A JOINT ACCOUNT IN QUEBEC

Control

- Absolute control of the assets will be lost.
- In the case of real property, the ability to rent, mortgage or sell the property without the co-owner's approval may be limited.
- With respect to a joint account (chequing, savings or investment account), the co-owners shall usually specify whether transactions require the consent of one co-owner or both co-owners when the account is opened. In general, the funds held in a joint account belong equally to the co-owners. If the signature of only one person is required for withdrawals, it may be difficult for a co-owner to recover the funds unduly withdrawn by another co-owner.

Family law issues

- The spouse, by marriage or civil union, who divorces or legally separates from the co-owner could make a claim against the value of the transferred assets.
- If the joint account is opened by a couple and the signature of only one person is required for withdrawals, it is important, should they separate, that they quickly agree on the splitting of the assets held in the account.

Claims by creditors

- The assets may be seized and sold to satisfy the co-owner's creditors.

Potential misuse of the transferred property

- Ensure you know and trust the co-owner; be aware of any gambling or spend-thrift issues, for example, that place the assets at risk.

Effect on your estate plan

- In the event of your incapacity or death, will your legal representative have sufficient assets to ensure your well-being during your incapacity or honour your wishes after your death?
- In the event of your death, will your estate have sufficient assets to pay your debts?

- In the event of the death of one of the co-owners, the funds or investments held in a joint account will be frozen during the estate settlement. Withdrawals are usually permitted only to take care of urgent expenses or funeral expenses, at the discretion of the institution. To avoid financial difficulties during the estate settlement, which can take several months, it is recommended that the spouses hold at least one account in their own name.

Tax implications

- Unless the transfer is exempt, it will trigger a disposition that will need to be reported on your tax return.
- Depending on the age of, and relationship to, the co-owner, income tax attribution rules may apply.
- If the asset in question is your principal residence and the co-owner already has a principal residence, any future capital growth of the jointly owned residence may be subject to tax as an individual is entitled to only one principal residence exemption.

THINGS TO CONSIDER AT THE TIME OF TRANSFER

- The shares of the co-owners in the assets shall be taken to be equal unless stated otherwise. Each co-owner can sell or gift his or her share without the other co-owner's permission.
- Make sure that you fully understand your rights and obligations before placing assets in a joint account or transferring a share of your assets to another person.*

*You should get accounting or legal advice prior to transferring any asset into a joint account.

TAX EFFECTS AT A GLANCE

	Joint account (gift)
On transfer	Disposition of the interest divested at fair market value (FMV), unless an exemption applies.
During co-ownership	Income is split among co-owners unless attribution rules apply
Upon your death	Deemed disposition of the interest at FMV, unless an exemption applies.

Visit us at ci.com/en/tax-retirement-and-estate-planning
For more information, speak to your CI sales team.

CI GLOBAL ASSET MANAGEMENT