

## Common-law relationships, finance and the law



Understanding your rights  
is an important part of your  
overall financial plan.

**COMMON-LAW RELATIONSHIPS** have become an increasingly popular choice for Canadians who want to share their lives together. In fact, according to Statistics Canada, the number of couples choosing to live common-law rose almost 14 per cent from 2006 to 2011 (close to three per cent more than the increase in married couples over the same time period).<sup>1</sup>

As more couples opt for common-law arrangements, there is a growing need to understand each partner's rights as an important aspect of successful financial planning. Note that legislation related to family law differs from one province or territory to another; for example, in some provinces common-law spouses can share in property rights and in others they cannot. It's a good idea to seek legal advice regarding your rights if you and your spouse decide to live common-law.

Here are some measures that partners can take to help define their financial rights in a common-law relationship.

### Sign a cohabitation agreement

A cohabitation agreement can be used to give common-law couples the same rights as married couples. It is a legal document that outlines details such as how your property rights will be shared, how debt will be addressed, and whether or not assets will be equally divided. The benefit of a documented agreement is that it helps ensure you are both on the same page when it comes to your finances. It should be in writing and signed by both spouses.

### Create a will

A will is another key component to your overall financial plan. A will is a written document that stipulates how you'd like your assets distributed and can also deal with your debt when you pass away. It is important that your will and your cohabitation agreement do not conflict with one another to avoid potential litigation.

<sup>1</sup>[www12.statcan.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011001-eng.cfm](http://www12.statcan.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011001-eng.cfm). Sources: Ministry of the Attorney General (Ontario), "What you should know about family law," November 2012, available at [www.attorneygeneral.jus.gov.on.ca/english/family/familyla.pdf](http://www.attorneygeneral.jus.gov.on.ca/english/family/familyla.pdf), and *Family Law Act*, available at [www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_90f03\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90f03_e.htm).

## Review beneficiary designations

When making a will or creating a cohabitation agreement, it's also a good time to review any current beneficiary designations you have in place. Confirm that your beneficiary designations for life insurance policies, TFSAs, RRSPs, and other investments (where permitted) are consistent with legal obligations set out in the cohabitation agreement and your will.

## Getting started

The process is complicated, but there are professionals that can help ensure you have a proper plan in place. A lawyer who specializes in family law can provide you with advice to ensure your rights are protected. At the same time, you may also wish to speak to an estate lawyer to help with your overall estate planning strategy. These professionals can work with your advisor to best address your particular situation. ■



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