

Cap Taxes with an Estate Freeze

An estate freeze caps the current value of your appreciating assets and passes all future growth to the next generation, deferring the related tax bill for years or decades.

What is an Estate Freeze? The "freezer" locks in the current value of chosen assets. Future appreciation accrues to children, grandchildren, or a family trust.

Who Should Consider It?

- Business owners planning succession to family members
- Those with appreciating assets: portfolios, real estate, or small business shares
- Those in higher tax brackets wanting to defer significant future tax liabilities
- Families wanting to split income and use capital gains exemptions (up to \$1,016,836 in 2024)

How It Works: The owner exchanges common shares for fixed-value preferred shares (no tax with the proper Income Tax Act election). New common shares capturing all future growth are issued to children, grandchildren, or a family trust.

Risks: If structured improperly, the CRA may disallow the freeze entirely, potentially resulting in double taxation. Always work with qualified legal and tax professionals.