



PRIVATE WEALTH  
MANAGEMENT

CIBC WOOD GUNDY  
LEY WEALTH MANAGEMENT GROUP

## August 2020 Newsletter



August 7<sup>th</sup>, 2020

### From Gord's Desk:

#### To Delay or Not to Delay CPP, That Is the Question



‘Should I delay claiming my Canada Pension Plan (CPP) payments?’. I get asked this question a lot and my answer varies depending on your financial situation, but I will provide you with some insight to help answer that question.

The first thing to consider is that you are not required to take your CPP benefits as soon as you retire. There is a sizable financial advantage to delaying CPP, however,

fewer than 1% of Canadians choose this option. Over the past decade, Canadians have most often taken their CPP benefits as soon as they're eligible (at age 60) and the main reason is that they are not aware of their of the financial strategy of delaying.

A new report commissioned by the Canadian Institute of Actuaries (CIA) and the Society of Actuaries investigated the financial consequences of delaying CPP payments for five years by looking at workers retiring at age 65 who had sufficient savings to begin drawing CPP pension income at age 70 instead.

If a person starts CPP after age 65, payments increase by 0.7% each month (that's an 8.4% increase per year!), up to a maximum increase of 42% at age 70. Those higher benefits last for life and keep up with inflation. With Canada's aging population and widespread concerns of inadequate retirement income, having worry-free income like CPP matters to your finances.

### **'But how will I secure my retirement net income without claiming CPP?'**

For my clients that have retired early, we have implemented a strategy that secures their net retirement income by bridging the gap with RRSP/RRIF withdrawals. This does three things:

- Maximizes your CPP return
- Takes advantage with withdrawing during low income earning years
- Gives clients peace of mind as 5 years of their income needs are locked in and guaranteed using a laddered GIC strategy that I continue to implement to this day

### **'Won't This Effect My Taxes and Eligibility in Receiving Other Government Benefits?'**

In my experience, and according to experts, when we target a single net annual lifetime retirement income and attempt to get there by either using RRSP/RRIF wealth to augment income or delaying CPP payments, the effects on such factors as personal income taxes and GIS eligibility remain the same in both scenarios.

As your Investment Advisor, my job expands to more than just managing your investment portfolio. In order to do my best for my clients, I aim to understand your entire financial situation and implement an integrated wealth plan that suits your

objectives in the most tax efficient manner. My advice to clients that have reasonable health and can afford to wait - whether working longer or withdrawing from their RRSP/RRIFs - delaying the start of CPP benefits for as long as possible (up to age 70) helps maximize the benefits you will receive.

If you have any questions or just want to discuss your overall financial health, please don't hesitate to reach out as I am always available for a phone call.

Take care and stay safe,

Gord

## Registered Education Savings Plan

The cost of post-secondary education is rising. According to Macleans.ca, the average annual cost of post-secondary education in Canada is over \$19,000. That's why it's never too early to start saving for your children's education through a Registered Education Savings Plan (RESP). A RESP is a tax-deferred investment that allows you to contribute a lifetime maximum of \$50,000 per beneficiary to fund your child's education. In addition, the government may pay a Canada Education Savings Grant (CESG) of up to a lifetime limit of \$7,200 per child, based on your contributions and income.



Please call Angela to find out how you can withdraw funds and what is required. If you would like to receive literature on these plans including the benefits and how to make a withdrawal from your plan contact Angela Brown at (905) 372-5330 or [angela.m.brown@cibc.ca](mailto:angela.m.brown@cibc.ca) and she will be happy to email you out a package.

## CIBC Special Banking Offer for Wood Gundy Clients

We have had a few clients take advantage of this new CIBC banking offer and have reported back with positive reviews. If you are looking to pay less for your banking services and have a more personalized service, see below on a special offer just for you.

As a Wood Gundy client, you can benefit by receiving a full account fee rebate on **one** CIBC Smart Plus Account, but from now to **September 30, 2020**, clients who open their first CIBC chequing account are eligible\* to receive \$300. That's a combined value of over **\$800!**



The all-in-one **CIBC Smart™ Plus Account** includes:

- Annual fee rebate on a premium CIBC credit card of up to \$120, plus up to 3 authorized users
- Unlimited transactions, including *Interac* e-Transfer service
- Unlimited ATM cash withdrawals in Canada, the U.S. and internationally
- Wood Gundy clients automatically get the monthly fee rebated on one Smart Plus Account.
- If you need want more than one Smart Plus Account, you can get the monthly fee rebate for each additional account by meeting the \$6,000 minimum daily balance requirement.

If you are interested in this offer or would like more information, contact Carly at [carly.ley@cibc.com](mailto:carly.ley@cibc.com) or (905) 372-4454.



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