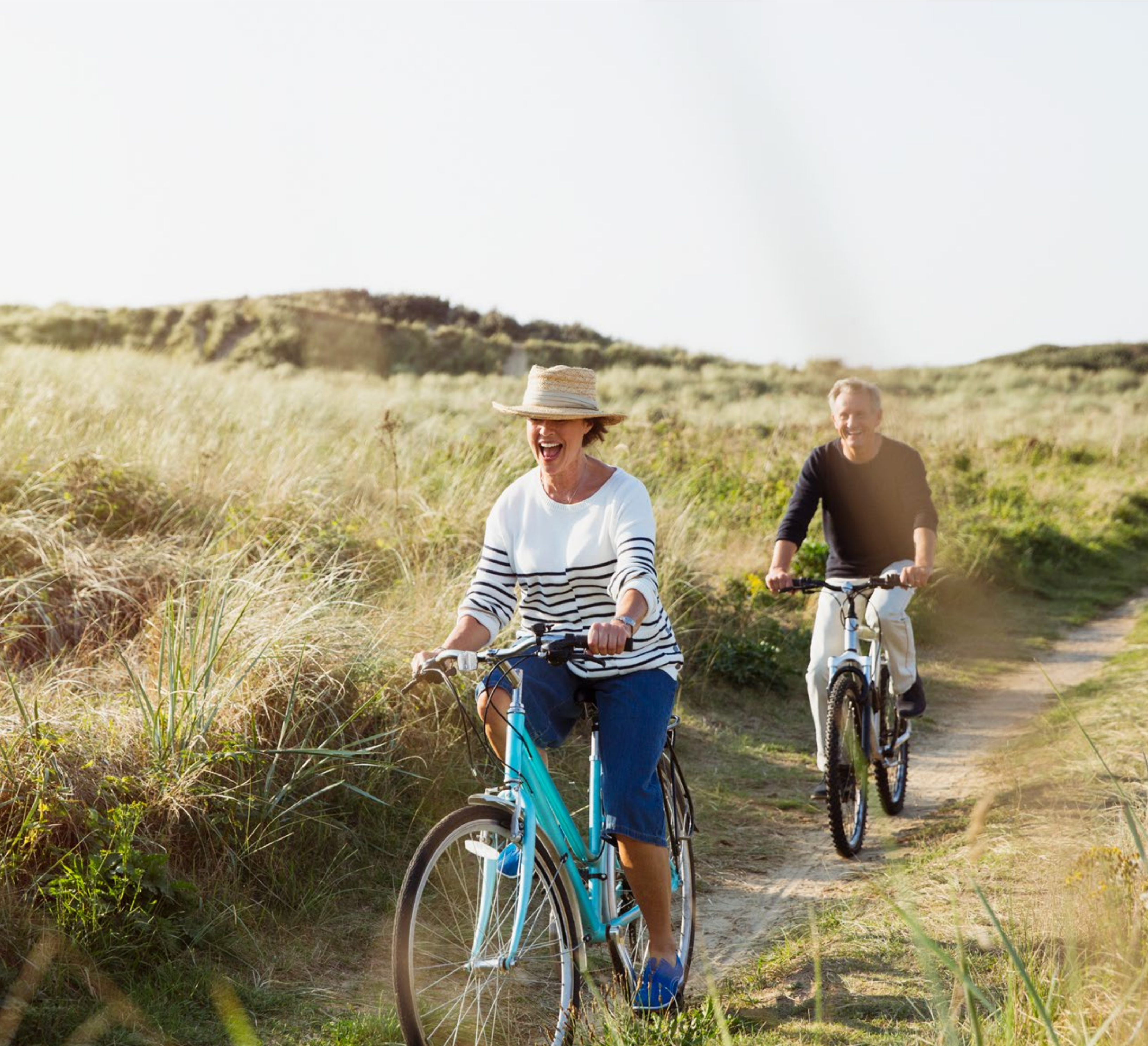
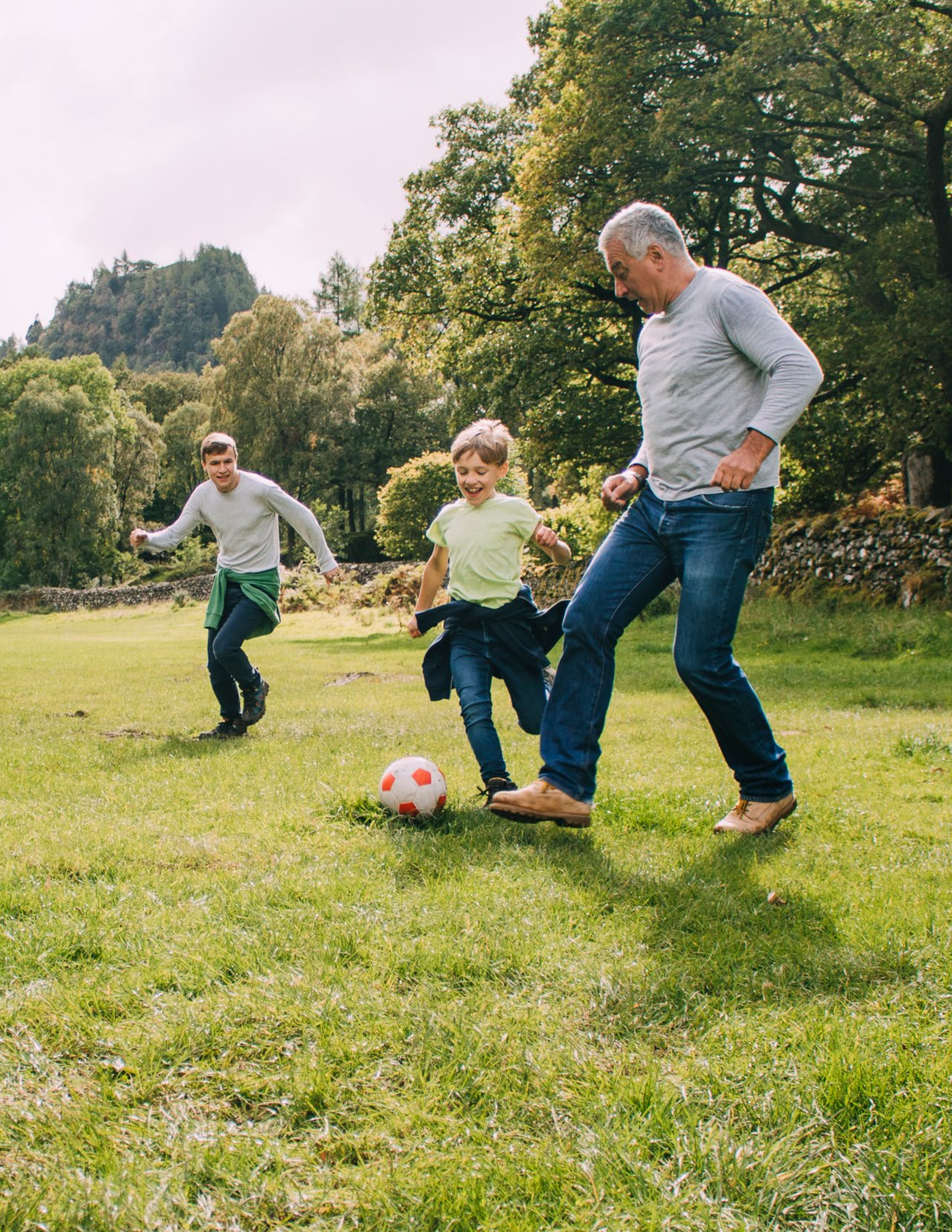
CIBC PRIVATE WEALTH

PLAN FOR RETIREMENT—AND LIFE

Prepare for the moments that make up your life





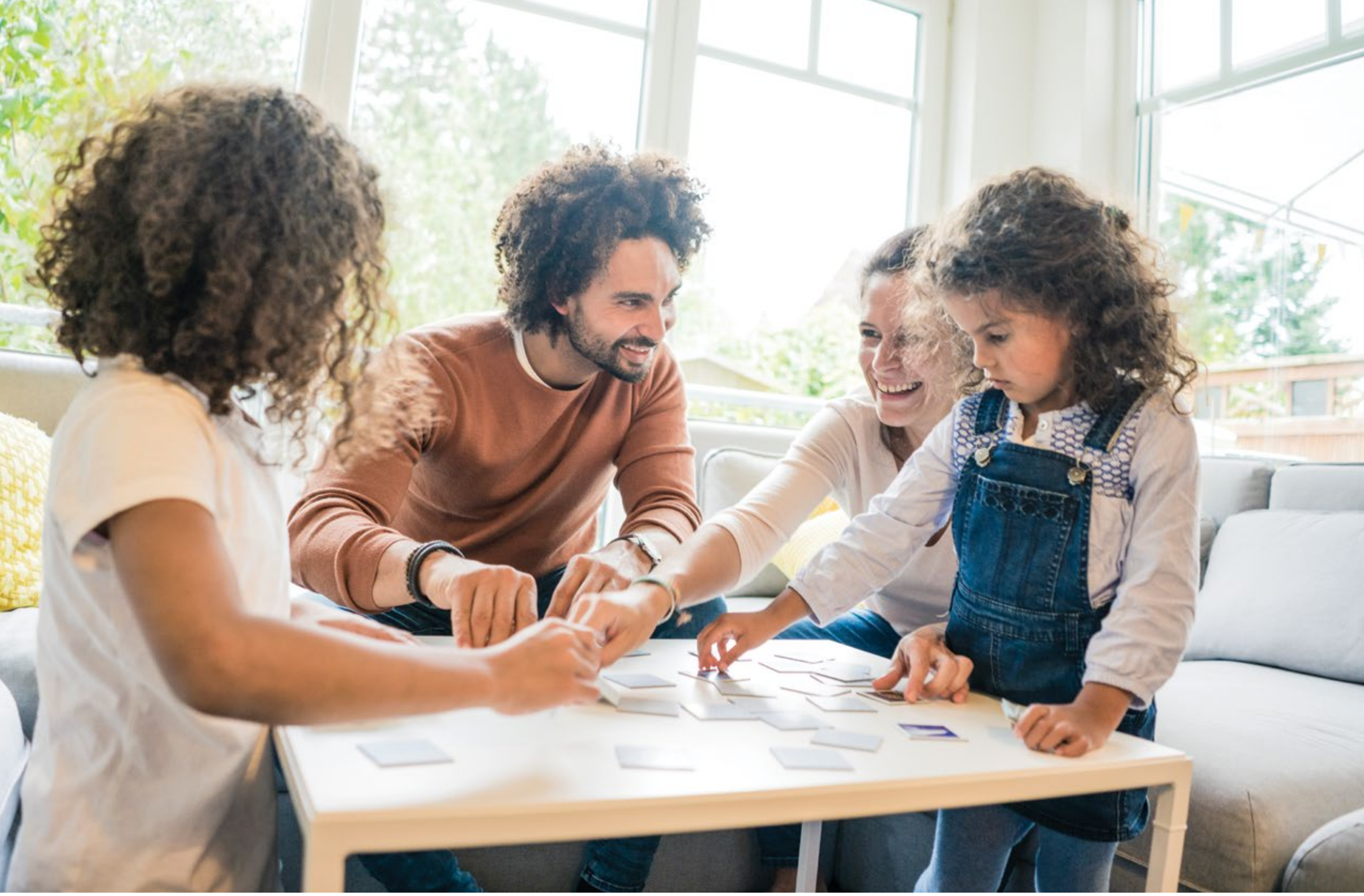
Plan for tomorrow, enjoy today

Your retirement can be whatever you want—more family time, adventurous vacations, or a new career—as long as you've planned successfully.

We once viewed retirement as a brief period in later life, but this isn't today's reality. We're living longer and you could be retired for 30 years or more. The actions you take now will directly impact your future.

Read on for stories of people and families at different life stages, including answers to some important questions. You may gain insights into your own situation.

This is a starting point. From here, we'll work together to assess your needs and goals, to determine the right solutions for you.



Robert and Reena
Focused on now, uncertain about later

Robert and Reena are in their early forties. With two children in school, a mortgage and personal debt, they're focused on today's priorities—their children and work. They haven't planned much for the future, beyond saving for their kids' education. They can improve their financial situation by learning the fundamentals of long-term investing and getting more involved in financial planning.

Managing our day-to-day finances is already difficult. How can we focus on retirement saving?

Competing priorities can make it difficult to put money aside for later. Immediate concerns like your mortgage and everyday expenses take priority, probably along with some medium-term goals like saving for a child's education or a new car. A great way to achieve long-term financial goals is to "pay yourself first" with an automated transfer between your bank and investment accounts. This effective and hassle-free way to save allows your money to be transferred directly into your investment accounts on payday.

Our retirement seems a long time away. How can we predict what life looks like then?

Defining what you want from retirement now helps you successfully prepare for the life you want. Let's discuss how you see your retirement—the reality of where you'll live and what you'll do. Beyond your aspirations, considering unexpected costs and opportunities is important. Together, we'll uncover your true goals and develop a plan to achieve them.

Did you know?

About 43% of retirees thought they planned and saved enough for retirement. Only 15% are living their retirement dream.

Source: Canadians close to retirement not prepared; 50plus.com

How much income will we need when we retire? How much should we be saving?

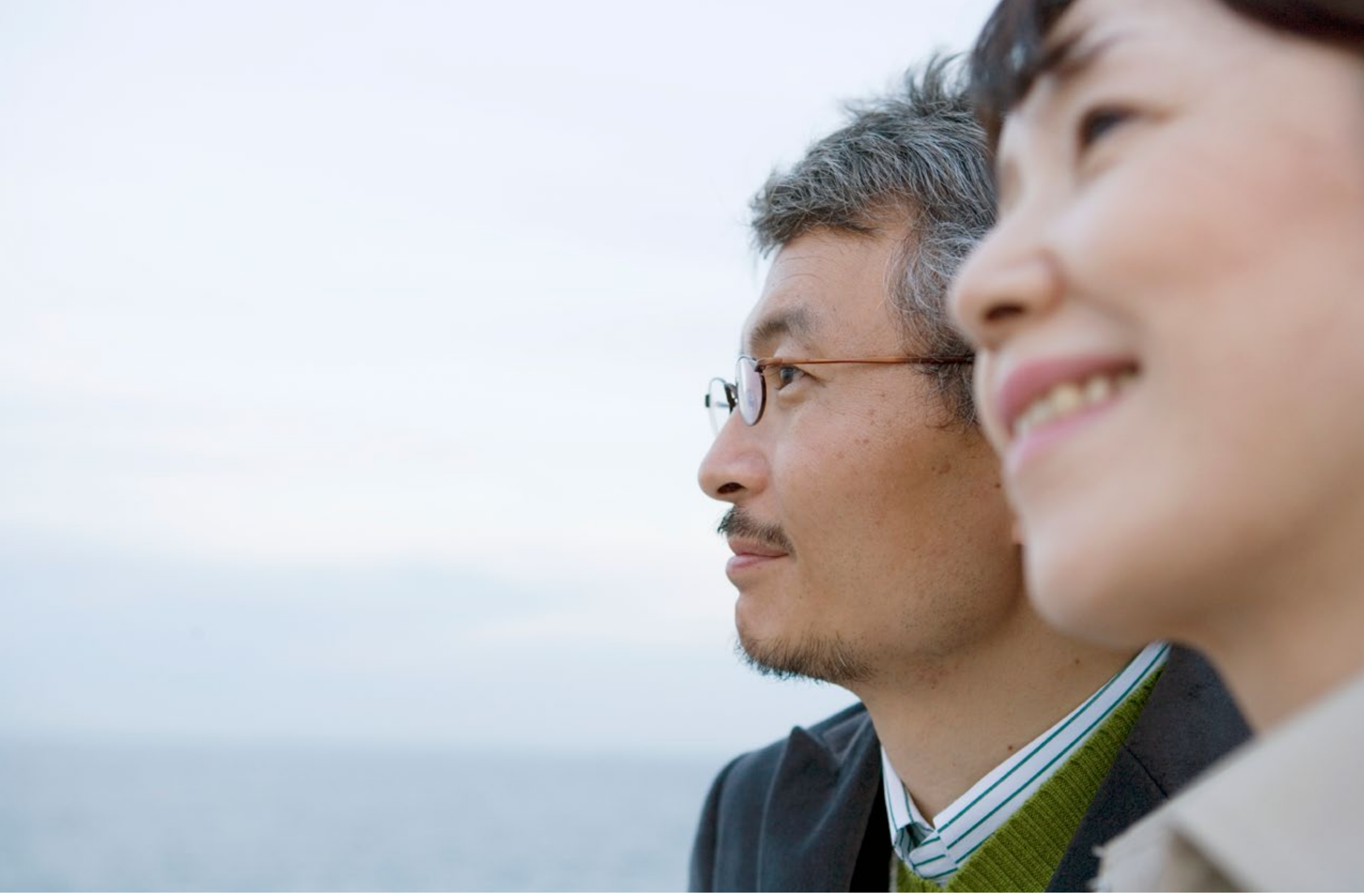
There are no set rules to follow—you're unique and so is your situation and goals. The amount of money you'll need in retirement depends on your living expenses and your ability to generate the income to cover these costs. Ask yourselves:

- When do we want to retire?
- What do we want to do when we're retired?
- Will we have other income?
  (e.g. a pension plan, a part-time job, personal savings, inheritance or funds from the sale of a property)

Once you've thought about these questions, let's look at finding the right solution for you.

Other important questions to answer with your advisor:

How do I learn more about paying down debt?
Where can I learn more about Registered Education Savings Plans (RESPs)?
How can I reduce spending to boost my savings?



Thomas and Victoria
Thinking about what's next

Thomas and Victoria are in their mid-to-late fifties and have one child. They monitor their investments closely and are knowledgeable about the stock market and investing. They want to retire in 10-15 years.

How do we successfully move into retirement?

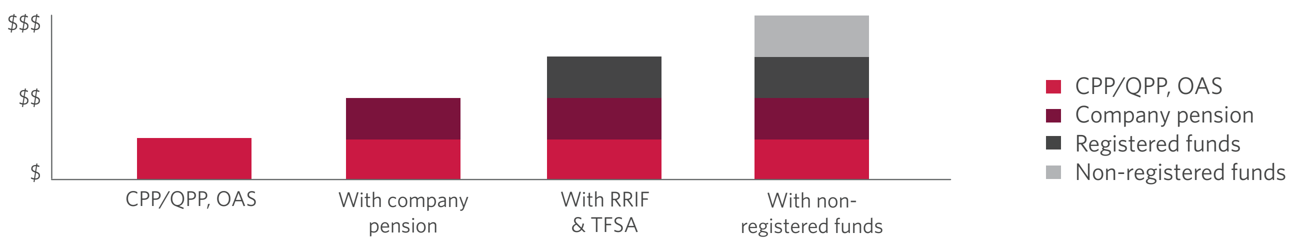
Transitioning into retirement involves many things, including your financial and living circumstances, your family's needs and more. To be successful, it's important to create a plan that considers all your goals, and provides clearly defined steps to accomplish them. Going through the discovery process with us allows you to understand and confirm your goals, then create and maintain your plan. Our holistic approach helps determine if you're financially and emotionally prepared for retirement—and when you're ready, we'll help you ease into it.

Are we emotionally ready to retire?

Being financially prepared is only one aspect of retirement. It's also important to pay attention to your emotions and communicate openly with the people you trust—your family, close friends and professional advisors like us. Much of your life has probably been structured, whether you were at school, in your job or raising a family. Think of your retirement as a blank canvas where you paint the picture of each day. How will you stay happy and engaged? What will your life look like? Your answers may have an impact on your finances, so give these questions some careful thought.

What could be our sources of income in retirement?

Let's look at the different sources of income you may have in retirement:



Graphic for illustration purposes only.

Private Pension Plans (if any):

Defined Benefit (DB) a set payout each year payout

Defined Contribution (DC) depends on amount of contributions, type of investment and performance

Government benefits:

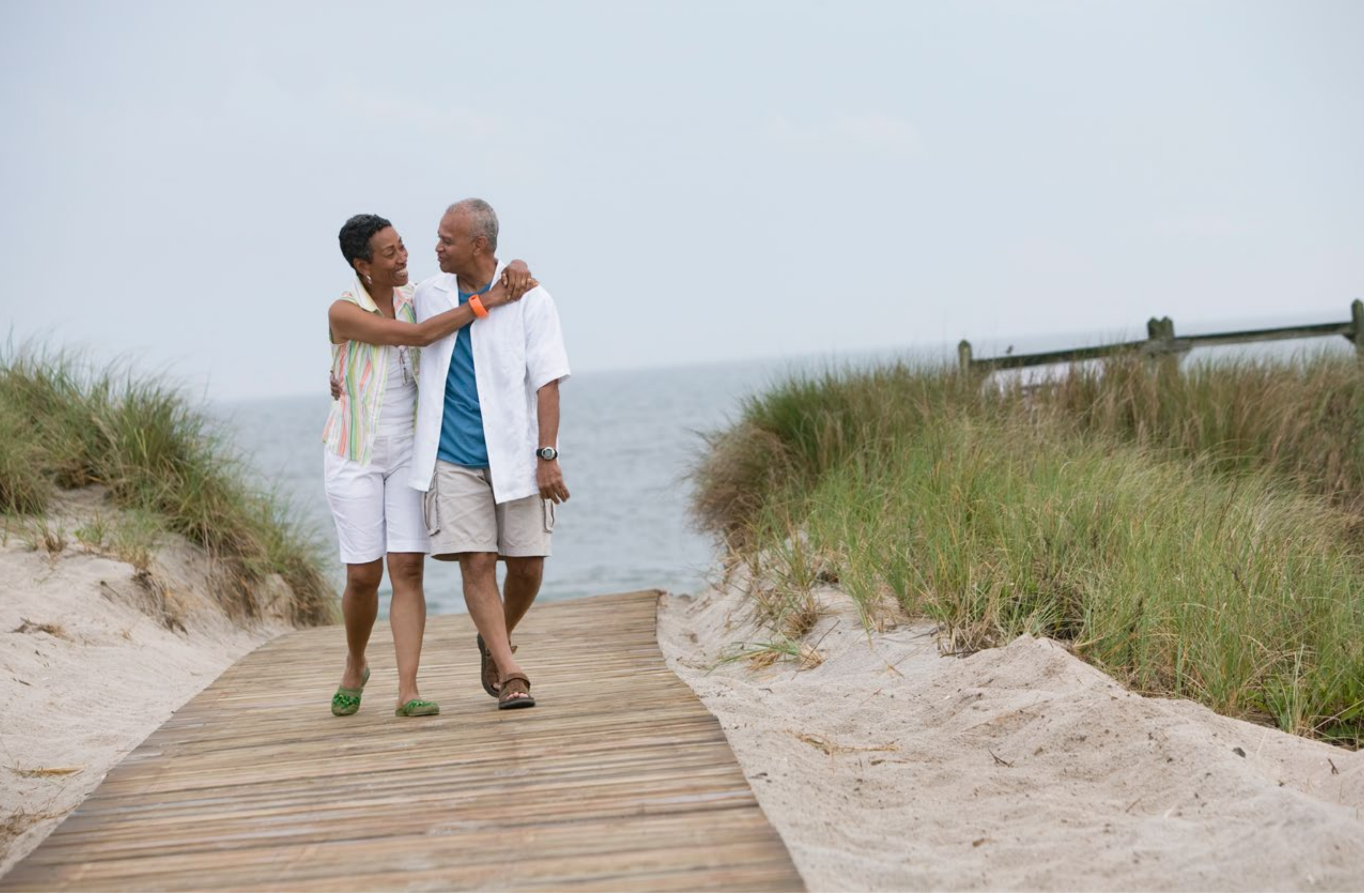
CPP/QPP[1,2] $1,203.75/month max. (2021)

OAS[3] $626.49/month max. (2021 Q2, subject to claw back)

A defined benefit plan provides a pre-determined pension which is guaranteed. A defined contribution plan provides a pension that is based on accumulated contributions and investment earnings. Canada Pension Plan (CPP) and Quebec Pension Plan (QPP) are pension payments available to all working Canadians, funded by mandatory contributions from employers, employees and self-employed Canadians. Old Age Security (OAS) is generally based on Canadian citizenship or legal residence, as well as the period of Canadian residence. If you have an income over **$79,054**, your benefit will be "clawed back" (reduced). If you have an income over **$129,581**, your OAS benefit will be eliminated. You may also have other sources of income such as Registered Retirement Savings Plans (RRSPs), Tax-Free Savings Accounts (TFSAs), non-registered investments and more. We can help identify your retirement cash flow sources and develop a personalized strategy to cover your expenses.

Other important questions to answer with your advisor:

Can I afford to maintain my current lifestyle when I retire?
Are annuities appropriate investments for me in retirement?
How do I know if I'm financially prepared to retire?



Maggie and Sean
Retired, and still supporting their loved ones

Maggie and Sean are in their sixties and have children who are away at university. Although comfortably retired, they monitor their spending and want to minimize taxes when they can. They could downsize, but instead are renovating their house in case their adult children return home.

When can we start receiving OAS and CPP/QPP?

Pension	Age
OAS (Old Age Security)	65 + five years
CPP/QPP (Canada Pension Plan/Québec Pension Plan)	65 +/- five years

You're eligible to receive OAS payments once you're 65. However, you can defer receiving OAS for up to five years in exchange for a higher monthly payment. If you delay receiving OAS, your monthly payment increases by 0.6% for every month you delay it, up to a maximum of 36% at age 70. People who are eligible to receive OAS, have a low income, and live in Canada may be eligible to receive the Guaranteed Income Supplement (GIS), an additional monthly non-taxable benefit.[4]

CPP/QPP payments are taxable benefits available to anyone who has made at least one valid contribution to the plans. You can elect to receive your pension as early as age 60, or you can defer your pension up until age 70. CPP/QPP payments are protected from inflation and are adjusted annually to account for any increase in the cost of living. Your CPP/QPP decision depends on two main factors: how much income you need and your life expectancy. Every person's situation is unique, so it's vital that we discuss your potential sources of income.

How do we financially support our grown children?

You may not think your children will still be living at home as adults, but it's becoming more common. Today, your kids face many challenges—rising rents, student loans, job insecurity and the pressure of saving for a down payment. While continuing to live at home can help your kids, it may be a financial burden for you. That makes it important to plan for this possibility.

Did you know?

42% of young adults (aged 20 to 29) live at home

66% of parents are supporting their grown children

Source: Canada Census 2011

Top five ways parents financially assist their adult children:

1. Rent
2. Debt repayment
3. Vehicle
4. Groceries
5. Cellphone

Source: CIBC September 2015 survey

How can we invest to minimize taxable income and address short-term market risk?

When you retire, taxes and market volatility matter more than ever. Structuring your retirement income to minimize the impact of short-term market volatility is essential. There are ways that may generate tax-efficient income, like investing in securities that provide capital gains or Canadian dividends. There are also ways to help manage market volatility by investing in lower-volatility mutual funds and broadly diversifying your portfolio. We can assist you in deciding the best approach to managing these concerns.

Other important questions to answer with your advisor:

How can I manage my cash flow in retirement?
How do I get financial advice when I'm living and traveling outside of Canada?
What are the pros and cons of downsizing?
Am I prepared for potential health concerns and other surprises?

Deirdre
Turning assets into income

Deirdre is in her mid-sixties and lives alone. She has two grown children and works at a part-time job she loves. She's never been closely involved in her finances, but she'd like to start thinking strategically about her savings and investments—and how to use them effectively.

How do I convert my RRSP into a Registered Retirement Income Fund (RRIF)?

You convert your RRSP to a RRIF in the year you turn 71. The next year, you must withdraw the minimum required. If you need more income, you can increase what you withdraw from your RRIF. (There may be restrictions on the maximum amount you can withdraw for locked-in RRIFs or LIFs (Life Income Funds) that hold funds from a pension plan.)

RRIF basics

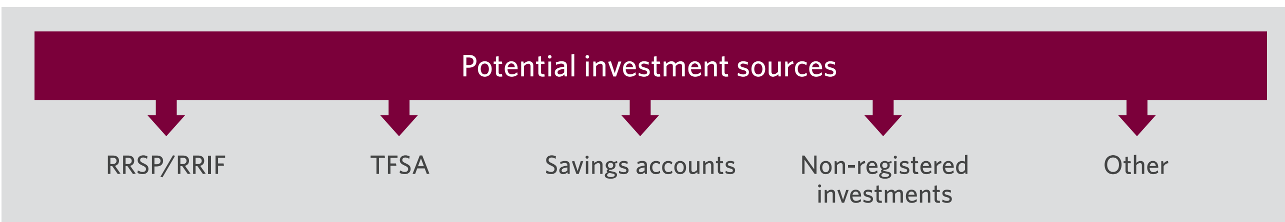
Investment options: same as RRSP

Forced conversion date: December 31 of the year you turn 71

First mandatory withdrawal: The year following conversion from RRSP (72 if converted when 71 years old)

Minimum withdrawal amount in first year: 5.4% of the RRIF balance at the beginning of the year (if 72 years old)

How do I draw down my investments once I'm retired?



You have flexibility if you're able to draw money from your RRIF, TFSA or other potential sources of income. This is highly important when you're on a fixed income. Things to consider: your anticipated tax rate in the current year and in future years, the type of income you'll receive (e.g. capital gains, dividends, interest income), and how using these sources of income will impact your overall financial situation. We can help you build a plan for drawing down your investments, considering any tax implications.

How do I plan to transfer my estate to my family?

Thinking about your estate can be emotional. But when you start planning, you'll likely get more comfortable with the idea. You can gain peace of mind knowing that your wishes will be honoured. We can help you create a robust estate plan that includes gifting to relatives and charities, and checking with you on whether your will and powers of attorney are current.

Estate planning to-dos

- Get your family involved in the conversation
- Regularly review your will and powers of attorney
- Verify that details about your executor(s) are accurate and reflect your intentions
- Consider beneficiaries for RRSPs, RRIFs, TFSAs and pension plans and keep them up-to-date
- Consider implementing trusts for your beneficiaries, either during your lifetime or upon your death
- Consider taxes and expenses that may impact the value of your estate

Other important questions to answer with your advisor:

How do I plan for potential health issues?
Where can I find support after the death of my spouse?
How and when do I start transferring assets to my children?

Your life is a series of moments that can lead you in many directions. Define your path by creating a plan today. It's time to plan for retirement - and life.

Contact your advisor today

It's never too early to begin the conversation

[1] https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html
[2] http://www.rrq.gouv.qc.ca
[3] https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security.html
[4] https://www.canada.ca/en/services/benefits/publicpensions/cpp/old-age-security/eligibility.html

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