



CIBC PRIVATE WEALTH

WOOD GUNDY

YOUR GUIDE TO ESTATE PLANNING



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Your goals and legacy, front and centre

You've worked hard and planned carefully to reach your personal and financial goals.

We can help safeguard what you've worked for by building a comprehensive and customized estate plan that protects your assets for your heirs.

Talk to your advisor about the things you need to think about when estate planning. We put your goals and legacy, front and centre.

Building your comprehensive estate plan

Estate planning allows you to critically think through and consider how to best plan the management and distribution of your wealth so that your family will not have chaos to deal with at an extremely difficult time.

Proper estate planning can help lay the groundwork to fulfill your wishes and provide you and your family with peace of mind.



Goals for your estate plan

Most people have three broad goals for their estate plan:

- Protection of assets
- Preservation of a legacy for their heirs or others
- Efficient distribution of their estate in accordance with their wishes

Your advisor can help you identify how these objectives apply to your individual circumstances. Once your needs are clear, your advisor can assemble a team of experts who can build your estate plan and create strategies that will help you meet your goals.

Depending on your needs, your estate plan may include more sophisticated strategies, like trusts, charitable giving or joint ownership.



Estate planning essentials

Creating a will

Your will is the key to making sure that your assets are distributed efficiently, and according to your wishes. For people who have complex estates, this is by no means an easy task.

Included in your will are the names of your executors (known as liquidators, estate trustees or personal representatives, depending on the province), beneficiaries and directions on how your assets will be distributed.

If you're a parent of minor children, you'll likely want to appoint a guardian in your will.¹

Appointing an executor

Executors named in your will administer and distribute your estate following your death.

Guided by the directions in your will, your executor is responsible for:

- Completing funeral arrangements
- Applying to the courts to have the will confirmed as valid — a process known as probate²
- Paying any probate tax charged by the courts³
- Collecting your assets
- Paying any debts
- Preparing required tax filings
- Distributing the estate
- If appointed as trustee, administering any trusts established under the will

When choosing an executor, consider someone who knows your estate and can balance personal commitments and their duties to you. As the executor's role can be complex and challenging, it's helpful if that person has experience in investment management and tax return filing.

You can have more than one executor. You may consider a corporate executor, like CIBC Trust, with the expertise and resources to distribute your estate easily and efficiently. Also, by involving a family member or friend as co-executor with CIBC Trust, you get the best of both worlds. CIBC Trust provides the financial and estate settlement expertise, and your family member or friend offers the sensitivity and compassion of someone close to you.

CIBC Trust Corporation

Since 1916, CIBC Trust and its predecessors have been meeting the estate and trust needs of Canadians. CIBC Trust will work closely with your legal and tax professionals and your CIBC advisor to resolve complex estate planning issues and develop strategies tailored to meet your needs. In addition to trusts, CIBC Trust offers executor and co-executor services as well as acting as your agent if you have been appointed as an executor. The experienced professionals at CIBC Trust are highly skilled at setting up and administering estates and have a long history of providing a complete range of estate and trust services.⁴

Selecting guardians

If you're a parent, it's important to select the most appropriate individuals as guardians for your minor children, to ensure that your wishes for them will be maintained if you and the other parent dies. In the event of your deaths, the court may be required to confirm the guardians you have appointed.

You may also consider incorporating a trust in your will to manage your children's inheritance beyond their age of majority. Your CIBC advisor can work with CIBC Trust to help meet your needs.

As a parent, you'll want to choose a guardian who will respect your wishes for your children.



Powers of attorney (POA)

Your will is binding only following death. To protect you and preserve your estate assets during your lifetime, you may want separate powers of attorney for personal care⁵ and property.

A power of attorney for personal care is used to appoint someone (or more than one person) you trust to make personal-care decisions on your behalf if you are unable to do so. An enduring power of attorney for property grants the person named in the document the right to manage your financial affairs on your behalf if you are unable to do so. If powers of attorney are missing from an estate plan, family members may apply to the courts to act on your behalf. Unfortunately, this can be a lengthy, difficult, and costly process for those involved. A trust company, such as CIBC Trust, can act as your power of attorney for property. Working with your other advisors, we can guide you through the process of establishing your powers of attorney.

To preserve and protect your assets during your lifetime, appoint someone you know you can trust.



Trusts

A trust could play a key role in accomplishing your estate planning objectives. Trusts are flexible estate planning solutions that can meet a sophisticated range of needs. Using a trust, you (the settlor) transfer the ownership of your assets to a trustee⁶ who will administer them for the benefit of the trust's beneficiaries.

Trusts created during your lifetime are called inter vivos trusts. Inter vivos trusts may be used for various purposes to support beneficiaries, for example, providing income to children, spouses or possibly yourself. Following your death, the assets of the trust do not form part of your estate. As a consequence, these assets are not subject to probate fees nor are they disclosed, as they would be in the case of a probated will. The trust deed will define the final distribution of the trust's assets.

Our team of experts can work closely with your legal and tax professionals to determine if your estate plan can benefit from using inter vivos trusts.

If your will allows for the creation of a trust following your death, it is known as a testamentary trust. This type of trust comes into effect at the time of your death. Like an inter vivos trust, a testamentary trust has various purposes, most frequently to provide income for a spouse or other family members. Testamentary trusts are effective for supporting dependants or challenged beneficiaries or to preserve the use of an asset for multiple beneficiaries, such as a family cottage. In some cases, the trust will define how the assets will be distributed during the life of the beneficiaries and after their death.

Joint ownership of assets

Joint ownership of assets⁷ may provide opportunities to reduce or avoid probate taxes.

Assets may be jointly owned in a couple of ways. The difference between the two is how assets are transferred following the death of an owner.

The essential difference is the manner in which assets are transferred following the death of an owner. For joint tenants with right of survivorship, when an owner dies, the asset does not form part of the deceased owner's estate; it is owned solely by the surviving joint tenants. This is not the case for tenants in common. Joint ownership arrangements, particularly if not between spouses, can give rise to unexpected and undesirable consequences. Your CIBC advisor can assess your circumstances and make appropriate recommendations.



With proper planning, you can leave a lasting and meaningful legacy.



Charitable giving

Recognizing your favourite charities in your estate plan can provide a lasting legacy and fulfill your philanthropic goals. You can support charities in different ways, while also taking advantage of tax benefits. Talk to your CIBC advisor about these options.

- **Charitable remainder trusts** — creation of a trust in which you are the income beneficiary during your lifetime. The transfer of capital to the trust will generate an immediate charitable donation tax credit. Upon death, the capital in the trust is paid to the charity designated in the trust document.
- **Bequests** — requests designating a registered charity as a beneficiary in your will. Donations of up to 100% of income can be claimed in the year of death and the preceding year, providing enhanced tax benefits for your estate.
- **RRSP/RRIF beneficiary designations**⁸ — designating a registered charity as a beneficiary in your registered plans. The proceeds from these plans pass outside your estate and consequently are not subject to probate fees. If you designate a charity as beneficiary, the estate will be able to claim a charitable tax credit that may offset taxes payable.



Four steps to an effective estate plan

Step 1 - Identify your goals

Your CIBC advisor begins by understanding your goals and who you want as your beneficiaries. This gives you an overview of your estate and the potential legacy you'll leave your heirs.

Step 2 - Take inventory

Your CIBC advisor works with you and your other advisors to complete a written inventory of your estate. This helps your advisor recommend customized solutions to protect your assets.

The inventory includes assets you own individually, jointly or through a corporation within or outside your province, like:

- Cash and securities
- Real estate
- Registered and non-registered investments
- Pensions
- Life insurance and annuities
- Loans owed to you
- Business interests and personal property (cars, jewellery, art)

It's helpful to include the location of your assets, like safety deposit boxes (and where to find the keys), and savings and chequing accounts.

Your inventory also accounts for outstanding debts, like mortgages and personal loans. This gives you an overall view of the estate you can pass on to your heirs.

Step 3 - Seek specialized advice

Taking inventory of your estate may highlight areas that need to be reviewed. At this stage, it's a good idea to talk with lawyers⁹, accountants and other experts who specialize in tax, trust and estate planning. They can help you develop the right strategies to create a lasting legacy for your heirs.

Step 4 - Review your estate plan regularly

As your portfolio grows over time, it makes sense to review your estate plan regularly. This helps ensure your plan continues to meet your needs and goals, and protect your assets.

Your advisor can assemble a team of experts who can build an estate plan to put your goals and legacy front and center.

Contact your advisor today
It's never too early to begin the conversation

¹ In Quebec, the guardian of minor children is known as a tutor; all references to guardians also apply to tutors. The father and mother are, of right, tutors of their minor child.

² In the province of Québec, holographic and witnessed wills must be probated by the Court. Only a notarial will does not need to be probated by the Court.

³ Not applicable in Québec.

⁴ Joint ownership of assets with right of survivorship is not applicable in Quebec.

⁵ Across Canada, the power of attorney for personal care is also known variously as a Health Care Directive, Personal Directive, Mandate for Incapacity or Representation Agreement. You should consult with your legal advisor for guidance regarding the requirements in your province.

⁶ In Quebec, the trustee does not become the owner of the trust property but the trustee has the obligation to hold and manage the property. The ownership of the property is transferred to the trust.

⁷ Joint ownership of assets with right of survivorship is not applicable in Quebec.

⁸ In most situations, RRSP and RRIF beneficiary designations are not permitted in Quebec.

⁹ In Quebec, legal advisors may be notaries or lawyers.

The information contained in this brochure, including any opinion, is intended to provide general information only and should not be construed as specific advice. Since a consideration of individual circumstances and current events is critical, anyone wishing to act on information should seek independent advice regarding their particular circumstances from a professional experienced in legal and tax matters.

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