



 YOUR GUIDE TO ESTATE PLANNING



For what matters.



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## ESTATE PLANNING CUSTOMIZED FOR YOU

An estate plan recognizes your financial accomplishments so that the path you have followed can continue for the benefit of those who are important to you.



## BUILDING YOUR COMPREHENSIVE ESTATE PLAN



Skillful planning and careful management have placed you on the path to your personal and financial goals. An effective estate plan plays a key role in preserving and protecting what you have accomplished for the future. Your CIBC Advisor and our team of estate planning specialists can give you the guidance you need to identify key estate planning issues to explore.



### GOALS FOR YOUR ESTATE PLAN

Most Canadians 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 CIBC Advisor can help you identify how these objectives apply to your individual circumstances. Once your needs are clear, our estate planning specialists can build your estate plan and create strategies that will help you meet your goals.

Depending on your particular requirements, your estate plan may include more sophisticated strategies such as trusts, charitable giving or joint ownership for preserving and protecting assets.



## ESTATE PLANNING ESSENTIALS

### YOUR WILL — PASSING YOUR ASSETS TO YOUR BENEFICIARIES

Your will is the key to ensuring 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), and beneficiaries and directions on how your assets will be distributed. If you are a parent of minor children, your will should also include provisions for the appointment of a guardian.<sup>1</sup>

<sup>1</sup> 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.

### APPOINTING AN EXECUTOR

The executors named in your will are responsible for administering and distributing your estate following your death. As you prepare your estate plan, consider your potential candidates in light of their level of competence, skills, proximity to the assets of your estate, availability, and willingness to sacrifice personal commitments to fulfill their duties.

Any executor you select must have the ability to balance personal time commitments in order to manage a variety of functions and professional

advisors. 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 probate<sup>2</sup>
- Paying any probate tax charged by the courts<sup>3</sup>
- Collecting your assets
- Paying any debts
- Preparing required tax filings
- Distributing the estate
- If appointed as trustee, administering any trusts established under the will

Given the complexity of the tasks involved and the potential challenges, it's important to select an executor who has the appropriate skills. You do not necessarily need to choose a lawyer or tax professional, but name someone who has a level of competence in investment management and is capable of filing the necessary tax returns.

The selection of an executor need not be restricted to an individual. You may consider a corporate executor which combines specialized expertise, neutrality, continuity and the required resources to distribute your estate with ease and efficiency. A trust company, such as CIBC Trust, is often the wise choice.

You also may wish to appoint more than one executor to administer your estate. By involving



AS A PARENT, YOU'LL WANT TO CHOOSE A GUARDIAN WHO WILL RESPECT YOUR WISHES FOR YOUR CHILDREN.

a family member or friend as co-executor with CIBC Trust, you can get the best of both worlds — the financial expertise and estate settlement experience of CIBC Trust and the sensitivity and compassion of a personal associate.

<sup>2</sup> 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.

<sup>3</sup> Not applicable in Québec.

### SELECTING GUARDIANS

If you are a parent, it is 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.

### CIBC TRUST CORPORATION

CIBC Trust and its predecessors have been meeting the estate and trust needs of Canadians for more than 90 years. CIBC Trust will work closely with your legal and tax professionals and your CIBC Advisor and estate planning specialists 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.





TO PRESERVE AND PROTECT YOUR ASSETS DURING YOUR LIFETIME, APPOINT SOMEONE YOU KNOW YOU CAN TRUST.

**POWERS OF ATTORNEY —  
TO PROTECT YOU AND YOUR ASSETS**

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 care<sup>4</sup> 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.

<sup>4</sup> 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.







## TRUSTS — A FLEXIBLE ESTATE PLANNING TOOL

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 trustee<sup>5</sup> 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 estate planning specialists and your legal and tax experts can assist in identifying whether 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.

<sup>5</sup> 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.

## JOINT OWNERSHIP OF ASSETS

Joint ownership of assets<sup>6</sup> may provide opportunities to reduce or avoid probate taxes. Assets may be jointly owned as joint tenants with right of survivorship or as tenants in common.

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.

<sup>6</sup> Joint ownership of assets with right of survivorship is not applicable in Quebec.



WITH PROPER PLANNING, YOU CAN LEAVE A LASTING AND MEANINGFUL LEGACY.

## CHARITABLE GIVING — A VARIETY OF STRATEGIES

Recognition of favourite charities in an estate plan can provide a lasting legacy and achieve your philanthropic goals. Different methods to support charities and gain enhanced tax benefits for yourself or your estate can be used. Guided by your CIBC Advisor and our team of estate planning specialists, you may wish to consider some of the following opportunities:

- **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** — 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<sup>7</sup>** — 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.
- **Foundations** — for those seeking a more intricate estate plan. Charitable foundations allow the donor to retain a degree of control over the assets donated while reaping tax benefits offered by charitable giving.

<sup>7</sup> In most situations, RRSP and RRIF beneficiary designations are not permitted in Quebec.





## FOUR STEPS TO AN EFFECTIVE ESTATE PLAN

### STEP 1 — IDENTIFY YOUR GOALS

Your CIBC Advisor, working with our team of estate planning specialists, will begin the development of your estate plan by working with you to identify your goals and your intended beneficiaries. This step provides you with a general assessment of your estate and the potential legacy you will leave your heirs.

### STEP 2 — TAKE INVENTORY

In order to effectively recommend solutions to protect and preserve your assets for your beneficiaries, we will work with you and your other advisors to complete a written inventory of your estate.

By completing a written inventory, you are constructing a clear picture of your estate that will assist your advisors in recommending effective solutions to protect and preserve those assets for your beneficiaries.

The inventory should include all assets owned individually, jointly or through a corporation within or outside your province. Assets for consideration in your inventory are:

- 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)

Including the location of assets such as safety deposit boxes (including the location of keys) and savings and chequing accounts makes this inventory a useful reference tool.

Your inventory should acknowledge all outstanding debts. You should record the values for mortgages and personal loans owed by you and your spouse. Once these obligations have been identified, you will have a sense of the estate to be distributed to your heirs.



### STEP 3 — SEEK SPECIALIZED ADVICE

As your personal inventory takes shape, you will gain a broader understanding of the depth and size of your estate. Completing the inventory may highlight various areas that need greater examination. To formalize your estate plan, we recommend you consult with lawyers<sup>8</sup> and accountants who specialize in tax, trust and estate planning, as well as other specialists, to implement appropriate strategies that will create a lasting legacy for your heirs.

<sup>8</sup> In Quebec, legal advisors may be notaries or lawyers.

### STEP 4 — KEEP YOUR LEGACY SAFE

Our estate planning specialists will develop a comprehensive plan for your estate. The plan will provide for a will and appropriate structures for the efficient transfer of your estate.

As your portfolio of assets grows over time, you need to reassess your estate plan. Periodically, you should conduct a detailed review of your plan with your advisors to ensure it is consistent with your needs and goals. The dedicated guidance of your CIBC Advisor and our estate planning specialists helps you to achieve the goal of protecting your assets. The result: a lasting legacy for the benefit of your beneficiaries.



## MAKING YOUR ESTATE PLAN WORK

Meeting with your CIBC Advisor and our team of estate planning specialists is the starting point for building an effective estate plan. Each step of the way, we will work with you and your tax and legal advisors so your plan continues to meet your evolving goals.

CIBC Trust and its predecessors have been meeting the estate and trust needs of Canadians for more than 90 years. Your CIBC Advisor would be happy to tell you more about the benefits of working with the specialists at CIBC Trust.

To find out how our comprehensive approach can help you manage your estate planning needs, please contact your CIBC Advisor.