CIBC

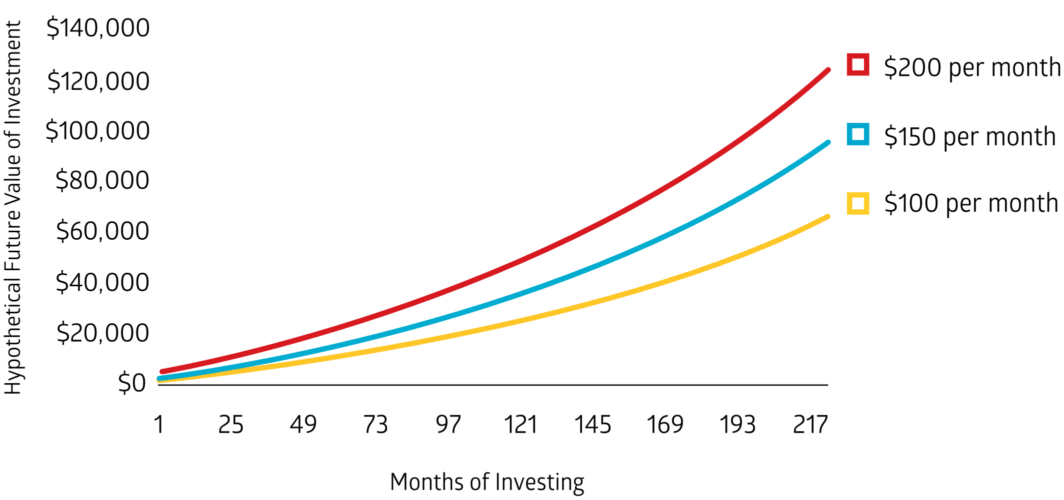
Investing to Achieve your Goals

Whether your goal is to save for your first home, a family vacation or retirement, what you do today may have an impact on your financial future. Here are three common questions we hear from our clients, and some useful answers.

How can I start saving?

The easiest way to start saving is by putting a plan in place today and then contributing regularly. One of the best approaches is to "pay yourself first" by setting up an automated transfer between your bank and investment accounts. This is an effective and hassle-free way to save—the money can be transferred directly into your investment accounts on payday. Over time, monthly investments can add up.

It's easy to increase your contributions at any time. The earlier you start, the better; so you benefit from compounding growth, which can positively affect your savings over the long term.



Investing just $25 per week can grow to over $20,000 in 10 years

This is a hypothetical example to show the benefits of making monthly investments over time. It assumes an initial investment of $2,500 and an average annual return of 7%.This chart does not represent any actual investment, and the projections are before taxes. The value and return may vary, and different investments may perform better or worse than this example.

What are the differences between RRSPs and TFSAs?

RRSPs and TFSAs are both important savings vehicles. Here are some of the key differences to keep in mind when you are choosing where to invest.

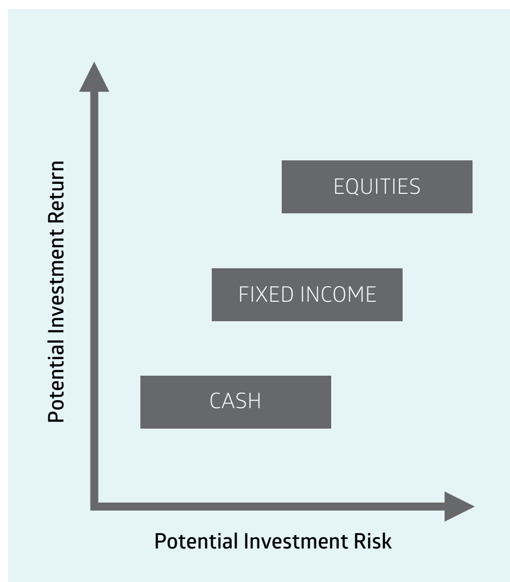
	RRSP	TFSA
Eligibility (valid Social Insurance Number required for both)	• Contribution room accumulates based on earned income • 71 years old or younger	• Contribution room accumulates from age 18 while you are a Canadian resident • Minimum 18 years old
Contribution limit	• 18% of earned income reported in previous year, up to $26,500 (2019) less pension adjustments	• $6,000 in 2019 • Cumulative total of $63,500* (2019) • Withdrawals (other than to correct over-contributions) are added to contribution room the next year
Taxation	• Tax-deductible contributions • Tax-deferred growth • Withdrawals are taxable	• Contributions are not tax-deductible • Tax-free growth • Withdrawals are not taxable

*If you have never contributed to a TFSA, and were at least 18 years old and a Canadian resident as of 2009.

What should I consider when choosing investments?

When choosing investment solutions, it's important to consider your short- and long-term financial goals and your tolerance for risk. A well-diversified portfolio can include equities, fixed income and cash as well as a variety of industry sectors and geographic locations. An advisor can simplify the process and help you make informed decisions suitable for your needs.

ASSET ALLOCATION	CASH	FIXED INCOME	EQUITIES
PROS	• Liquid • Low risk	• Higher return potential • Generally lower to medium risk depending on investment grade • Potential for favourable tax treatment	• Highest return potential • Potential to receive greatest tax benefit
CONS	• Lower return potential	• Interest rate sensitivity	• Higher risk • Higher volatility
EXAMPLE	• Money Market Instruments	• Bonds	• Stocks



Your advisor can help you identify your financial goals and create a plan to achieve them. As your personal situation evolves, your advisor can support you in navigating these important changes.