

ONE-TO-ONE INSIGHTS

# WEALTH PLANNING: WHAT KIDS NEED TO KNOW

November 2021



November is financial literacy month. It's a good time to review your wealth management strategy and to pass on your financial expertise to the young adults in your life. Take a moment to remind them of the importance of starting early to plan for their wealth journey.

Here are some key considerations facing young adults today, and how you can help them.

## Planning today for tomorrow's ambitions

Your young adults probably have specific visions for their lives—their finances and goals are unique. They may also be wondering how to manage their finances to achieve their goals. They'll likely need to handle their assets on several different levels.

For example, banking. At some point, they may need help with full-service banking, cash and liquidity management, or custom credit solutions. Let them know we can help. Our dedicated private banking team can provide them with the solutions that best meet their goals.

On an investment level, remind your young adults of the importance of asset allocation, diversification and risk in an effective investing strategy. If they need advice in this area, we can offer solutions to help meet their risk profile, time horizon and liquidity needs.

Talk to your kids about other goals like retirement and cash flow analysis, tax and estate planning and strategic philanthropy. They may not even know that these are areas that need to be addressed. We can help them develop a 360-degree plan to manage, build and protect their assets.

## Managing inheritances wisely

When the next generation receives their inheritance, they could be overwhelmed. After all, receiving a financial windfall following the death of a loved one can be a source of stress and anxiety. Here are some things to discuss when preparing your kids for the transfer of wealth:

- **Haste leads to waste**—When they receive an inheritance, it's best to avoid making money decisions immediately, especially during an emotional time. They may want to buy something they've wanted for a long time, or share the wealth with others. However, advise them to evaluate their own financial situation before making any major purchases or gifts.
- **Put it away temporarily**—Instead of parking the funds in a chequing account, suggest instead using a separate high-interest savings account. This way, they'll avoid having the money immediately available to them. It's a low-risk way to manage their money and earns them interest on the sum while they're preparing for next steps.
- **Ask for help and build a support team**—We can help your kids create or update a comprehensive financial plan. They'll probably have questions, like what to do about existing debt? Are there tax and cash flow considerations that they should keep in mind? These are complex issues that can't be handled by a single professional.

## DIY investing for the kids

A great way to get the young adults in your life to start saving is by introducing them to do-it-yourself (DIY) investing.

CIBC Investor's Edge is a DIY platform with the right tools to help them learn about other investment strategies and have some fun while doing it! They can explore and understand investment ideas, invest and trade, and stay on top of market trends and investments.

### Investment advisory or management services are also available

It's also important to remind them that it's a good idea to work with us to manage a portion of their portfolio as a complement to a DIY strategy. This way, they benefit from tailored professional advice, investment expertise and time savings.

These factors become especially important during times of market volatility when investing can become stressful and emotional. It's that emotional aspect that could lead to excessive trading, which could be an indication they've lost sight of their investing goals.

When they work with a financial advisor, they don't have to spend time researching and trading, and can also benefit from various planning suggestions.

**Financial literacy month is a great time to review your financial strategy and remind your loved ones of the importance of wealth planning. Contact us anytime to talk about how we can help with all the different aspects of managing finances for the entire family.**

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