Maximizing your retirement benefits with an Individual Pension Plan (IPP)

An Individual Pension Plan (IPP) is a defined benefit pension plan established by an incorporated company typically for one individual. An IPP may enable you to make higher tax-deductible contributions than the maximum permitted for Registered Retirement Savings Plans (RRSPs) and enhance your retirement income.

Even maximizing your retirement contributions to a RRSP may not provide sufficient income to meet your retirement needs. The IPP may allow you to enhance your retirement income through additional tax efficient contributions.

REASONS TO CONSIDER AN IPP

- Diversify retirement strategy
- Substantially increase retirement savings vs RRSP
- Attain a planned capital accumulation at retirement
- Corporate tax deductions
- Deductible investment management fees
- Generally creditor protected
- Succession Planning
- Facilitate sale of the business

SUITABLE CANDIDATES

- Incorporated Business Owners
- Incorporated Professionals
- Senior Executives

WORKS FOR

- Individuals between the ages of 40 and 71 years
- Individuals earning T4 income versus dividend income
- Individuals who have owned their company for a number of years

MAKING IT EASY – IPPs FROM RBC DOMINION SECURITIES

Establishing an IPP can greatly enhance retirement benefits, but it can also be very complex. That's where our team of professionals can help – by making it easy to establish an IPP that's right for you.

Preferred actuary:

To provide you with premier actuarial services for your IPP, we are working with Buck Consultants®, a Xerox Company, North America's oldest actuarial firm. Established in 1916, Buck Consultants provides pension and health & welfare consulting to more than 15 million people worldwide through its team of 1,700 professionals.

Professional wealth management:

At RBC Dominion Securities, we have been helping individual and corporate clients achieve their financial goals since 1901. Today we are Canada's leading provider of wealth management services.

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Summary Illustration for an Individual Pension Plan (IPP)

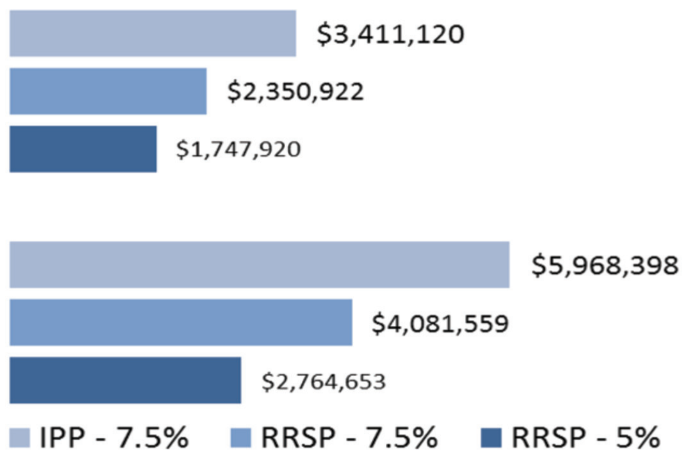
50 year-old client with 21 years of service

An IPP can allow you to significantly improve your tax-assisted retirement savings over the alternative of an RRSP.

Projected Accumulations

To age 65: 45% greater accumulation than an RRSP with 7.5% returns

To age 71: 46% greater accumulation than an RRSP with 7.5% returns



IPP contributions must be set assuming a prescribed rate of return of 7.5%. RRSP accumulations are shown above at 7.5% and 5% investment returns, for comparison purposes. Additional tax-deductible contributions would have to be made to the IPP if investment returns fall short of the 7.5% expectation.

Contributions to the IPP are made by your company and are fully tax-deductible. It is possible for you to recognize the years of past service you had with the company, as long as you transfer a portion of your RRSP into the IPP.

Required RRSP transfer to allow recognition of past service in the IPP: $434,940

Tax-deductible corporate contribution to the IPP relating to past service: $174,462

Note that this contribution can either be made as soon as you set up your IPP or amortized over a number of years.

Going forward, an IPP also allows on-going contributions that are larger than those you would be allowed to make to your RRSP. In your case, this is how they compare for the next 3 years:

Annual Contributions:

	IPP	vs.	RRSP	
2012	$30,088		$22,970	= $7,118 more
2013	$32,349		$23,820	= $8,529 more
2014	$34,774		$25,130	= $9,643 more

Finally, all fees relating to the operation of the IPP are likewise tax-deductible to your company. This includes the investment management fees as well as all actuarial and pension administration fees.

This summary is based on a sample illustration and can be customized for your personal situation. If you are interested in seeing how an IPP could benefit you, please contact your Investment Advisor.

RBC Wealth Management
Dominion Securities