

Individual Pension Plans (IPPs)

- An Individual Pension Plan (IPP) is an employer-sponsored registered pension plan designed for individuals who are:
 - Incorporated business owners or professionals
 - Earning \$100,000 or more in T4 income
- Enhanced retirement benefits through higher tax-deductible contribution limits when compared to a traditional registered Retirement Savings Plan (RSP).

IPPs are an ideal solution for :

- Incorporated business owners or professionals looking to boost their retirement income
- Employers looking for a way to enhance retirement benefits for a key employee

Key advantages

- Contributions are generally higher than an RSP.
- Employer tax deductions for:
 - Current service contributions
 - Past service contributions
 - Top-up contributions to make up for low investment returns
 - Terminal funding contributions
- Related expenses are tax deductible to the corporation.
- IPP assets are protected from creditors under provincial pension legislation.
- Potential succession planning within a family business.



Considerations

- IPPs are subject to pension legislation at both the federal and provincial levels, requiring that their funds be “locked-in” (except in certain provinces).
- Higher administration costs, including set-up fees, annual reports and actuarial valuations that need to be filed every three or four years.
- Income splitting in the form of a spousal IPP is not available, although the spouse may participate in the IPP if also an employee of the company.

Retirement income options



- As a registered pension plan, the IPP must be used to finance a lifetime pension income.
- Options include:
 - Receive pension payment from the IPP
 - Transfer the plan's assets to another registered vehicle
 - Purchase a life annuity

Making it easy

- Establishing and managing an IPP can be very complex.
- We can help simplify the process and help you establish an IPP that meets your needs.
- To provide premier actuarial services for your IPP, we have partnered with Buck Consultants Ltd., North America's oldest actuarial firm.
- Established in 1916, Buck Consultants Ltd. provides pension and health & welfare consulting to more than 15 million people worldwide through its team of 2,000 professionals.



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