

## 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®, an ACS 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 2,000 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.

For more information about establishing an IPP, contact your Investment Advisor today.



## INDIVIDUAL PENSION PLAN (IPP)

Enhancing your retirement benefits



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IPP (09/05)



## IS AN IPP RIGHT FOR YOU?

### If you are:

- An incorporated, self-employed business owner or professional who needs to boost your retirement savings
- An employer looking to enhance retirement benefits for a key employee

*The ideal solution may be an IPP from RBC Dominion Securities.*

An Individual Pension Plan (IPP) is an employer-sponsored registered pension plan set up for an individual and designed to provide maximum retirement benefits and tax-sheltered contributions.

### IPPs are ideally suited for:

- Individuals earning \$100,000 or more
- Individuals between the ages of 40 and 69
- Individuals with past service dating back to 1991

### Advantages

- Contributions are generally higher than a registered savings plan (RSP)
- Contributions are tax deductible including:
  - Contributions for past service, if applicable
  - Current 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
- 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
- If the plan develops a deficit, the company will be responsible for additional funding to maintain registration
- If the plan develops high levels of surplus, future contributions may be limited
- 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

### What are the contribution limits?

**Employer:** the limit on employer contributions is the total cost of benefits as calculated by an actuary in accordance with Canada Revenue Agency guidelines.

**Employee:** contributions can be from 0- 9% of salary.

### Can one contribute to an IPP for past service?

Past service contributions often can be made for service from either the date of incorporation or 1991, whichever is earlier.

### What are your retirement income options?

As a registered pension plan, the IPP must be used to finance a lifetime pension income. Options include:

- Pension payment from the plan
- Transfer of the plan's assets to another registered vehicle
- Purchase of a life annuity

### Eligible investments

The same investments eligible for a defined benefit pension plan are generally eligible for an IPP. Your RBC Dominion Securities Investment Advisor can provide a variety of investment strategies to meet your needs.