



Wealth  
Management

# the Navigator

INVESTMENT, TAX AND LIFESTYLE PERSPECTIVES FROM RBC WEALTH MANAGEMENT SERVICES



Bosak Wealth Management  
of RBC Dominion Securities  
Suite 400  
63 Church St  
St. Catharines, ON L2R 3C4  
[www.bosakwealthmanagement.com](http://www.bosakwealthmanagement.com)

Adam Bosak, PFP, CIM, FCSI  
Senior Wealth Advisor  
& Portfolio Manager  
Tel: 905-988-5441  
[adam.bosak@rbc.com](mailto:adam.bosak@rbc.com)

Jonathan Pappas, CFP, PFP  
Associate & Financial Planner  
Tel: 905-934-4149  
[jonathan.pappas@rbc.com](mailto:jonathan.pappas@rbc.com)

Kim Bertrand  
Associate  
Tel: 905-988-5025  
[kim.bertrand@rbc.com](mailto:kim.bertrand@rbc.com)

Jaime Bosak, BA (Hon)  
Associate  
Tel: 905-934-4149  
[jaime.bosak@rbc.com](mailto:jaime.bosak@rbc.com)

PRIVATE  
INVESTMENT  
MANAGEMENT™

## Individual Pension Plans

To enhance the retirement income of an incorporated business owner, incorporated professional or key employee, an individual pension plan (IPP) may be a possible solution. An IPP is designed to provide asset diversification, increased retirement savings when compared to a registered retirement savings plan (RRSP), tax deferral opportunities and possibly creditor protection. This article discusses the key concepts associated with IPPs.

**Any reference to a spouse in this article also includes a common-law partner.**

### What is an IPP?

As a business owner, professional or an employee of a private corporation, you may not be part of a registered pension plan. Instead, you may have set up an RRSP for your retirement savings. An IPP can be thought of as a replacement for your RRSP. Similar to an RRSP, room is earned if you earn employment income from the corporation and funds in the IPP grow on a tax-deferred basis.

An IPP is a defined benefit (DB) registered pension plan established by a corporation for a controlling shareholder or specified individuals. Specified individuals are either connected to the corporation (generally, this means that they, or in combination with someone they are related to, own 10% or more of the corporation's shares) or are non-connected to the corporation (generally key employees who earn

more than 2.5 times the yearly maximum pensionable earnings (YMPE)). Connected and non-connected members are subject to different rules that will affect funding requirements and their termination and death benefits. Family members can also be included in the plan if they work for the corporation. An IPP is limited to three or fewer plan members but there's no limit to the number of IPPs a corporation can sponsor. Like other DB pension plans, an IPP is designed to pay out an income stream that's determined by a benefit formula at retirement.

An IPP is intended to offer the maximum pension benefits permitted under the Income Tax Act (the "Act") and must be created and administered according to the Act and the Income Tax Regulations. Under tax legislation, IPPs are known as designated plans, meaning they must abide by the

restrictions and assumptions in the regulations. As well, federal or provincial pension legislation may also need to be adhered to. The various pieces of legislation may restrict the amount of contributions that can be made to an IPP, the types of investments that can be made in the IPP and the retirement benefits that can be provided by the IPP. All of these items are discussed in more detail later in the article.

## Funding an IPP

The corporation that establishes an IPP is commonly referred to as the sponsoring corporation. The sponsoring corporation is responsible for funding the IPP and maintaining sufficient assets in the plan to provide the required retirement benefit.

The funding phase of an IPP mainly happens when a member is working and accumulating service years. The following are the types of funding that may be required:

1. Funding for the current year of service;
2. Funding for past years of employment with the sponsoring corporation; and
3. Optional funding; and
4. Deficit or shortfall funding.

In all cases, the amount of funding required is determined by an actuary. Contributions by the sponsoring corporation are mandatory for non-connected members in all jurisdictions except for PEI, which doesn't have pension legislation, and New Brunswick, when a non-connected member is a member of a connected person's IPP. For connected members, contributions by the sponsoring corporation are only mandatory in Saskatchewan, Newfoundland and federally regulated plans. All other jurisdictions do not require the sponsoring corporation to contribute to the IPP.

The corporation is also responsible for obtaining actuarial valuations every three to four years depending on the applicable pension legislation. If there is a deficit (a shortfall in assets needed to provide the promised retirement benefit), the sponsoring corporation may need to make top-up contributions. If surplus assets build up in the plan, the corporation may need to take a contribution holiday before making new contributions.

An IPP can be set up using a life insurance deposit administration contract or a pension trust. This article only addresses an IPP set up as a pension trust. As with any trust, an IPP will need a trustee. The trustee can either be a corporate trustee or a group of at least three individuals. If an IPP is set up for non-connected members, at least one of the individuals will need to be independent of the corporation establishing the IPP. Saskatchewan, Newfoundland and federally regulated plans require an independent trustee for connected members. All other

Employee contributions to an IPP are possible and you will be entitled to a deduction on your tax return for any contributions you make.

jurisdictions do not require an independent trustee for a connected member plan.

Contributions of cash are allowed for all IPPs. In-kind contributions can be made to IPPs for connected persons, except for IPPs that are governed by Saskatchewan, Newfoundland and federal pension legislation. PEI allows in-kind contributions for non-connected members.

Employee contributions to an IPP are possible and you will be entitled to a deduction on your tax return for any contributions you make.

### 1. Current service funding

Although an IPP can be set up for you at any age between 18 and 71, around age 40, IPP funding rates and RRSP contribution rates are about equal. The annual amount allowed to fund an IPP before age 40 would be lower than what you could contribute to an RRSP. Annual funding to an IPP after age 40 would be higher than the maximum allowed as an RRSP contribution.<sup>1</sup>

The reason for this is an IPP has to provide a set benefit at retirement. The older you are when you set up the IPP, the fewer number of years you have until retirement. The closer you are to retirement, the fewer number of years the funding contributions can grow. The less time that contributions can grow, the more contributions are needed to provide that set level of benefits.

As a designated plan, the maximum amount allowed as a contribution to the IPP is restricted by rules found in the Income Tax Regulations. These rules set out the assumptions that an actuary must use in their calculations and include (not exhaustive):

- Future investment interest rate of 7.5%;
- Future inflation rate of 4%;
- Future salary increases of 5.5%;
- A retirement age no earlier than 65;
- Post-retirement inflation adjustments cannot exceed increases in the Consumer Price Index (CPI) less 1%; and
- Life expectancy as specified in the 1983 *Group Annuity Mortality Table*.

<sup>1</sup> An RRSP has a set maximum annual contribution rate of 18% of earned income (up to the annual limit), regardless of your age.

In addition, the actuary must also account for the member's age, years of service, their employment income from the corporation, the formula defined in the IPP agreement and the prescribed maximum annual DB limits when determining the required funding amount.

IPP contributions can be made for a member with any amount of employment income. However, in order for the corporation to make the maximum current-year funding contribution, your employment income must equal or exceed the current year's money purchase (MP) limit divided by 18%. For example, let's assume the MP limit for the year is \$30,780. You would divide this by 18% to get the result of \$171,000. In order for the corporation to contribute the maximum amount to your IPP, your employment income must be at least \$171,000. Any income above this level will not increase the funding allowed for the current year. Since the MP limit is indexed annually, you'll need to review the amount of your employment income annually as well. It's important to note that dividends are not employment income for pension purposes.

A sponsoring company is required to make contributions for non-connected members. Only Saskatchewan, Newfoundland and federally regulated IPPs require the sponsoring corporation to make contributions for connected members. For connected members in all other jurisdictions, if the sponsoring company does not make contributions for connected members, the retirement benefits will be reduced.

## 2. Past service funding

Setting up an IPP may provide the opportunity for the sponsoring corporation to make tax-deductible contributions for past years of service. As the IPP member, you must have earned employment income in past years from the sponsoring corporation to be credited with service years that occurred prior to the establishment of an IPP. These earnings are used by the actuary to determine the total amount of past-service contributions that should be made to the IPP on your behalf. Past service cannot be accrued for years where you were operating your business as a sole proprietor or partnership.

Once the total amount of the past-service contribution is determined, a portion must come from your RRSP, if you have one, with the balance coming from the sponsoring corporation. The amount that comes from your RRSP is called a "qualifying transfer." The qualifying transfer is meant to adjust your overall registered retirement savings so that you'd be in the same position as if you'd contributed to the IPP for those past years that you're now receiving pension credits for. A qualifying transfer must be completed within 90 days after official registration of the IPP. Although transfers from a deferred profit sharing plan (DPSP) or

A sponsoring company is required to make contributions for non-connected members. Only Saskatchewan, Newfoundland and federally regulated IPPs require the sponsoring corporation to make contributions for connected members.

a defined contribution (DC) pension plan can also be used for the qualifying transfer, generally, most business owners are unlikely to have these. The calculation of the qualifying transfer is complex and beyond the scope of this article. It would be calculated by the actuary as part of the calculations they must do when setting up an IPP.

The portion of the past-service contribution to be funded by the sponsoring corporation may or may not be mandatory depending on the pension legislation governing the IPP.

## 3. Optional funding

At retirement, if you decide to keep the IPP and receive payments from the plan, your corporation can make additional contributions to the IPP. One portion of terminal funding is deficit funding, which is used to fund any remaining shortfall in the plan. More details regarding deficit funding is discussed in the next section. The other portion is called optional funding, which is used to fund enhanced benefits. Enhanced benefits can include:

- Early retirement benefits;
- Bridge benefits;
- A fully CPI-indexed pension (limited to CPI-1% during current funding);
- Enhanced survivor benefits by using your spouse's actual age; or
- More conservative assumptions for the actuarial valuation.

In order for your corporation to make additional contributions to your IPP to fund the enhanced benefits, the maximum funding restrictions that apply to designated plans have to be removed by the Canada Revenue Agency (CRA). The designated plan status can only be removed by the CRA when a plan begins payments to all members of the IPP. Therefore, if you have a younger spouse who is also a plan member, and you are considering taking advantage of the terminal funding option, it may be best to have separate plans for each of you. This will allow the designated plan status to be removed from your plan should you wish to retire before your spouse.

An actuary will usually help with applying to the CRA to remove the designated plan status as part of calculating the terminal funding needed. If the IPP has a surplus at

retirement, the surplus needs to be used first to fund the additional liability created by the enhanced benefits before the sponsoring corporation can make any terminal funding contributions.

It is important to realize that by increasing the retirement benefits of the IPP by terminal funding of enhanced benefits, the funding risk to the sponsoring corporation may increase on an ongoing basis. The IPP will require an ongoing corporate sponsor to ensure the plan is properly funded and administered in future, even during retirement.

Since a terminal funding payment could be quite large, it can help purify your corporation. Purifying your corporation generally involves removing passive investments that prevent you from qualifying for the lifetime capital gains exemption (LCGE) if you decide to sell the shares of your corporation. Alternatively, the terminal funding payment could reduce the taxable income in your corporation if you sell the assets of your corporation. Note that if you're planning on selling the shares of your corporation, you should speak with a qualified tax advisor to plan for your IPP, since it's unlikely a new owner would want to fund your IPP on an ongoing basis.

#### 4. Deficit or shortfall funding

An IPP may have a shortfall if there is an insufficient return on its investments. An IPP's expenses can also contribute to a deficit. If there is a shortfall, a sponsoring corporation will need to make additional contributions, in addition to the current-service contributions, for non-connected members. Only Saskatchewan, Newfoundland and federally regulated IPPs require the sponsoring corporation to make contributions for deficit funding where the IPP is for connected members.

Upon pension commencement, or plan windup, if the plan is in a deficit position, the sponsoring corporation is required to contribute more to the IPP to eliminate the deficit position for non-connected plan members. Only plans set up under federal legislation are required to eliminate the deficit for connected persons. Where a plan deficit is not eliminated, pension benefits will need to be reduced to reflect the lesser amount of funds available.

### Tax implications while funding the IPP

#### For the corporation

The sponsoring corporation may be able to deduct the IPP contributions it makes in a tax year, or up to 120 days after its tax year-end for tax purposes. In order for the contributions to be deductible, the contributions must relate to service in the current tax year or a previous year. Contributions that relate to service after the end of the tax year would not be deductible.

It is important to realize that by increasing the retirement benefits of the IPP by terminal funding of enhanced benefits, the funding risk to the sponsoring corporation may increase on an ongoing basis.

Investment management fees may be tax deductible if they are paid outside the IPP and by the sponsoring corporation. Investment management fees can be charged to and paid from the IPP directly. This could result in a deficit within the plan. At the time of the required actuarial valuations (every third or fourth year, depending on the applicable pension legislation), the actuary will notify the plan sponsor if they must make up a deficit caused by the payment of management fees with an additional contribution. The additional contribution may be deductible by the corporation.

#### For the plan member

As with all pension plans, the funds your corporation contributes to an IPP are not taxable to you as the plan member. However, you will receive a pension adjustment (PA) that reduces your RRSP contribution room for the following year. The purpose of the PA is to reflect the value of the tax-deferred benefits that an employee is receiving by being a member of a registered pension plan. Due to the way the PA is calculated, assuming you have no carry-forward RRSP room and you're maximizing your pension benefits, you will accumulate \$600 of RRSP contribution room per year.

### Investing the funds in the IPP

#### Allowable investments

An IPP can invest in securities similar to those allowed in an RRSP, such as stocks, bonds, mutual funds, pooled funds, GICs, and term deposits, but it may be subject to some further restrictions due to pension legislation.

The trustees of the IPP have a duty to invest the assets in the IPP in a manner that a "prudent investor" would in similar circumstances. In addition, no more than 10% of the market value of the plan, at the time it is being invested, can be invested in any one corporation's securities (which includes their shares, bonds and other equity). There are exceptions to the 10% rule for mutual funds, pooled funds and government bonds.

Where an IPP is set up as a pension trust, and the trustees desire to use managed funds (for example, mutual funds or pooled funds), the IPP trust agreement must contain provisions to allow the trustees to delegate their investment powers.

## IPP at retirement

At retirement, an IPP can either begin to make pension payments or the commuted value of the IPP can be transferred to a retirement savings plan.

### Payments from the IPP

For an IPP to remain in force during retirement, the IPP must continue to be sponsored by a corporation. Payments from the IPP are paid out for life. The retirement income payments will be taxable to you as you receive them in retirement. These payments are eligible for pension income splitting and the federal pension income tax credit at any age. Please note that for Quebec provincial tax purposes, you must be age 65 or older in order to be eligible for pension income splitting.

You can generally start taking your pension as early as age 55 (could be earlier, depending on the legislation that governs your pension), or as late as the year after the year in which you turn 71. After age 71, a minimum payment is required to be paid that is the greater of:

- The retirement benefits payable under the plan terms; and
- The IPP minimum amount.

The IPP minimum amount is the same amount that would be paid out if the plan was a RRIF and the plan member was a RRIF annuitant. The CRA will revoke an IPP's registration if the greater of the two amounts is not paid. If revoked, the plan will be treated as a retirement compensation arrangement (RCA), which may result in immediate tax consequences.

The amount of lifetime retirement benefits payable under the plan terms is determined using the formula in the IPP limited by the DB limit (1/9<sup>th</sup> of the MP limit) multiplied by the number of years of service earned. The benefit formula is based on a percentage of earnings during the service years from the same employer, and cannot be greater than 2% for each year. For example, if you earned \$120,000 during a service year, your pension will provide you with \$120,000 x 2%, or \$2,400 of pension benefit in retirement for that year. The calculation becomes complex when multiple years are involved.

The Act has different rules and restrictions on the IPP benefits formula for calculating the retirement benefits for connected and non-connected persons. A non-connected person's benefits can be based on an indexed, best 3-year average earnings for all years of service. A connected person's benefits are calculated differently for pre-1991 and post-1990 service. Service before 1991 can use the same formula as a non-connected person but service after 1990 must use an "indexed earnings" formula contained in the Act.

The amount of lifetime retirement benefits payable under the plan terms is determined using the formula in the IPP limited by the DB limit (1/9<sup>th</sup> of the MP limit) multiplied by the number of years of service earned.

The actuary will use the member's status (connected or non-connected), the formula in the plan, plus any additional terminal funding options chosen to determine the retirement benefits payable under the plan. The Act requires that this calculation be done by an actuary.

### Commuting the value of the IPP

An alternative to receiving retirement benefits from an IPP is to collapse the IPP and transfer the value of the plan to another retirement option. The present value of all the future pension benefit payable that can be paid out to you when leaving an IPP is known as the commuted value. Only an actuary can perform this calculation using the assumptions and discount rates provided by the Canadian Institute of Actuaries, the formula specified in the plan and taking into account the month of termination. If the commuted value exceeds the amount of the IPP assets, the employer may have to fund the shortfall.

In cases where a pension plan winds up, such as when the sponsoring corporation is sold, a commuted value can be paid out to you. If the pension has already started to pay a retirement benefit, the legislation governing the IPP may limit your options to transferring your plan to another sponsor or buying an annuity that provides similar benefits.

If no retirement benefits have been paid to you before you take the commuted value, you may be entitled to a pension adjustment reversal (PAR). The PAR increases your RRSP deduction room to restore some of your RRSP room that was reduced by PAs in previous years and is reported to you on a T10 slip from your employer.

There are three options that may be available to you when commuting the value of your IPP.

### Transfer to retirement savings vehicle

Transferring the commuted value of your IPP benefits to another retirement savings vehicle is a common option. Generally, a portion of the commuted value must go into a locked-in plan. There are exceptions to this rule for connected members of an IPP governed by New Brunswick, Ontario, Quebec and PEI legislation. These connected members may be able to transfer their IPP to their RRSP. It is important for members of Ontario-governed IPPs to note that an IPP started before December 2020 is subject to locking-in, unless the connected IPP member has formally chosen to opt out of the provincial regulations.



The Income Tax Regulations limit the amount of the commuted value that can be transferred to a locked-in plan or RRSP on a tax-deferred basis. Amounts of the commuted value that are in excess of the limits in the regulations will be paid in cash to you, which is immediately taxable. If you have adequate unused RRSP deduction room, you can defer the tax on this cash payment by contributing the funds to your RRSP. The plan administrator is responsible for ensuring the commuted value and the amount that can be transferred tax-deferred to another retirement savings vehicle is calculated and communicated to you.

### Using the commuted value to purchase an annuity

It is possible to use the IPP commuted value to purchase an annuity. The amount of the commuted value needed to purchase an annuity that provides the same amount of benefits as the IPP would have provided can be transferred on a tax-deferred basis to the annuity provider. Amounts not used to purchase the annuity will have to be paid to you in cash but are usually less than the amount of cash received when transferring to a locked-in plan.

If an annuity providing similar benefits costs more than the value of the IPP, the sponsoring corporation may need to make additional contributions to fund the annuity purchase. If the annuity is materially different from the expected IPP retirement benefits, a tax-deferred transfer may not be possible.

You are taxed on the annuity payments in the years you receive them. Speak with a life licensed insurance representative for more information regarding this option.

### Transferring to another DB plan

You may be able to transfer all or part of the IPP to a new employer's DB plan.

If your new employer is willing to accept the full commuted value to buy service in the new plan, the entire commuted value can be transferred to the new DB plan on a tax-deferred basis. If your new employer is only willing to accept a portion of the commuted value, that portion can be transferred to the new plan on a tax-deferred basis. The amount that's not accepted will be paid out in cash to you and taxed as ordinary income.

## IPP at death

### Beneficiary designation

Spouses of connected members are automatically entitled to the pre- or post-retirement death benefits from an IPP in all jurisdictions except New Brunswick, Ontario and PEI. Spouses of non-connected members are entitled to death benefits in all jurisdictions except PEI. The IPP documentation will specify the death benefit that's available while also respecting the legislative

If an annuity providing similar benefits costs more than the value of the IPP, the sponsoring corporation may need to make additional contributions to fund the annuity purchase.

requirements that apply to them. A spouse can waive their entitlement to the death benefit by signing a waiver in some cases. A waiver can usually be revoked at any time while the member is alive.

A beneficiary can be named to deal with a situation where the member has no spouse.

### Member's death before receiving a pension

If an IPP member dies before retirement, while still employed by the sponsoring corporation, a death benefit, equal to the commuted value of the member's accrued pension payable at age 65, will be payable to the member's spouse, if there is one. The commuted value may or may not be locked in. Generally, the commuted value will remain locked in for federal, British Columbia, Alberta and Manitoba legislated plans and will need to be transferred to a locked-in plan or used to purchase an annuity on a tax-deferred basis. In all other jurisdictions, the surviving spouse can transfer the commuted value to an RRSP/RRIF, or purchase an annuity on a tax-deferred basis. Any amounts that are not transferred to a tax-deferred vehicle and paid as a lump-sum cash payment will be taxable to the recipient.

If there is no spouse, the commuted value will generally be paid as a lump-sum cash payment to the non-spouse beneficiary and is taxable to the beneficiary.

### Member's death while collecting a pension

An IPP will specify the types of death benefits payable when a death occurs after the IPP is in pay. The option you choose can affect the benefits your survivor or beneficiary will receive.

If the sponsoring corporation is still in existence after the member's death and the member had a spouse, the minimum survivor pension that your spouse must receive, unless they waive their entitlement, is 60% of the member's pension. Your surviving spouse would be taxed on the payments they receive after death. On the death of the surviving spouse, there may be a residual benefit payable to any remaining survivors or the survivor's estate.

If the corporation is wound up, your spouse may need to purchase an annuity with the IPP's funds or transfer them to a retirement savings vehicle.

If you do not have a spouse on death, your beneficiary will generally inherit the funds in the IPP as a lump-sum cash payment taxable to them upon receipt. You may be able to name a beneficiary on the plan or alternatively, you can name a beneficiary in your Will.

## Surplus

Generally, IPPs are designed so that any surplus left in the IPP following the member's or their spouse's death is payable to their estate or to their designated beneficiary. The surplus that is paid out would be taxable to the recipient.

In a multigenerational family IPP, the surplus that accumulated while a parent was an IPP plan member can be left in the IPP when the parent ceases to be a plan member. The surplus can be left to benefit the children. This effectively results in a tax-deferred intergenerational transfer of some of the assets within the IPP.

## Advantages and considerations of an IPP

Here are some advantages and considerations to keep in mind when determining if an IPP makes sense for you.

### Advantages

- An IPP is designed to maximize tax-deferred retirement savings under the Act. This can be a powerful retirement savings tool for owner-managers, especially if you are close to retirement with inadequate retirement savings. The IPP allows the use of pre-tax corporate income to help you catch-up/increase your retirement savings;
- An IPP may allow you to remove money from your corporation on a tax-deferred basis;
- Since the IPP is a separate legal entity for tax purposes, funding the IPP can reduce the amount of passive assets in your corporation potentially allowing your corporation to continue to benefit from the small business deduction (SBD). The SBD reduces the corporate tax rate on active business income. Your corporation's access to the SBD may be affected if the corporation earns over \$50,000 of passive income;
- There are generally two ways to sell your business. You can either sell your shares of the corporation that houses the business or the assets of the business. Selling assets could result in the corporation having large capital gains or recapture. A large terminal funding, done at the time of an asset sale of the business, may provide a large deduction against the income inclusion;
- Setting up an IPP can help you remove surplus assets from the corporation before a sale happens. This may help you qualify for the LCGE in the event you sell the shares of your corporation;
- Placing funds in an IPP helps diversify where you hold your assets. Since the IPP is a separate tax entity, you would be splitting your investments between your

The IPP can be a useful tool to help incorporated business owners, incorporated professionals or your key employees save for retirement.

corporation and your IPP without triggering immediate tax consequences;

- Placing funds in an IPP may help you protect the assets from creditors. This protection is provided under pension legislation; and
- You can set up an IPP for one or more key employees to enhance employee benefits in a tax-efficient manner.

### Considerations

- Mandatory funding requirements under pension legislation will generally require a corporation to make contributions. You will want to consider whether meeting these funding requirements will be an issue for your corporation;
- Funds no longer belong to the corporation. Once the corporation transfers funds into an IPP, those funds and the associated growth belong to the plan members. The funds cannot be transferred back to the corporation for the corporation's use;
- IPPs require an ongoing commitment from the corporation. Be sure to understand and consider the costs required to maintain an IPP; and
- An IPP may need to be wound up if the corporation is sold.

### Conclusion

The IPP can be a useful tool to help incorporated business owners, incorporated professionals or your key employees save for retirement. Ask your RBC advisor for more information or for a personalized illustration to see if an IPP makes sense for you or your employees.

*This article may contain strategies, not all of which will apply to your particular financial circumstances. The information in this article is not intended to provide legal, tax or insurance advice. To ensure that your own circumstances have been properly considered and that action is taken based on the latest information available, you should obtain professional advice from a qualified tax, legal and/or insurance advisor before acting on any of the information in this article.*



Wealth  
Management

---

This document has been prepared for use by the RBC Wealth Management member companies, RBC Dominion Securities Inc. (RBC DS)\*, RBC Phillips, Hager & North Investment Counsel Inc. (RBC PH&N IC), RBC Global Asset Management Inc. (RBC GAM), Royal Trust Corporation of Canada and The Royal Trust Company (collectively, the "Companies") and their affiliates, RBC Direct Investing Inc. (RBC DI)\*, RBC Wealth Management Financial Services Inc. (RBC WMFS) and Royal Mutual Funds Inc. (RMFI). \*Member-Canadian Investor Protection Fund. Each of the Companies, their affiliates and the Royal Bank of Canada are separate corporate entities which are affiliated. "RBC advisor" refers to Private Bankers who are employees of Royal Bank of Canada and mutual fund representatives of RMFI, Investment Counsellors who are employees of RBC PH&N IC, Senior Trust Advisors and Trust Officers who are employees of The Royal Trust Company or Royal Trust Corporation of Canada, or Investment Advisors who are employees of RBC DS. In Quebec, financial planning services are provided by RMFI or RBC WMFS and each is licensed as a financial services firm in that province. In the rest of Canada, financial planning services are available through RMFI, Royal Trust Corporation of Canada, The Royal Trust Company, or RBC DS. Estate and trust services are provided by Royal Trust Corporation of Canada and The Royal Trust Company. If specific products or services are not offered by one of the Companies or RMFI, clients may request a referral to another RBC partner. Insurance products are offered through RBC Wealth Management Financial Services Inc., a subsidiary of RBC Dominion Securities Inc. When providing life insurance products in all provinces except Quebec, Investment Advisors are acting as Insurance Representatives of RBC Wealth Management Financial Services Inc. In Quebec, Investment Advisors are acting as Financial Security Advisors of RBC Wealth Management Financial Services Inc. RBC Wealth Management Financial Services Inc. is licensed as a financial services firm in the province of Quebec. The strategies, advice and technical content in this publication are provided for the general guidance and benefit of our clients, based on information believed to be accurate and complete, but we cannot guarantee its accuracy or completeness. This publication is not intended as nor does it constitute tax or legal advice. Readers should consult a qualified legal, tax or other professional advisor when planning to implement a strategy. This will ensure that their individual circumstances have been considered properly and that action is taken on the latest available information. Interest rates, market conditions, tax rules, and other investment factors are subject to change. This information is not investment advice and should only be used in conjunction with a discussion with your RBC advisor. None of the Companies, RMFI, RBC WMFS, RBC DI, Royal Bank of Canada or any of its affiliates or any other person accepts any liability whatsoever for any direct or consequential loss arising from any use of this report or the information contained herein. ®/™ Registered trademarks of Royal Bank of Canada. Used under licence. © 2022 Royal Bank of Canada. All rights reserved. NAV0231 (02/22)