

IPP

Individual Pension Plan

An Individual Pension Plan or IPP is a defined benefit pension plan registered with the Canada Revenue Agency (CRA) and the provincial regulator. It allows individuals between the ages of 40-71 to substantially increase their retirement savings compared to an RRSP. Not only are the regular annual contributions greater than an RRSP, the expenses incurred in managing the assets are also tax deductible. This allows for further contributions to top-up the plan and maximize the assets available for tax-sheltered growth.

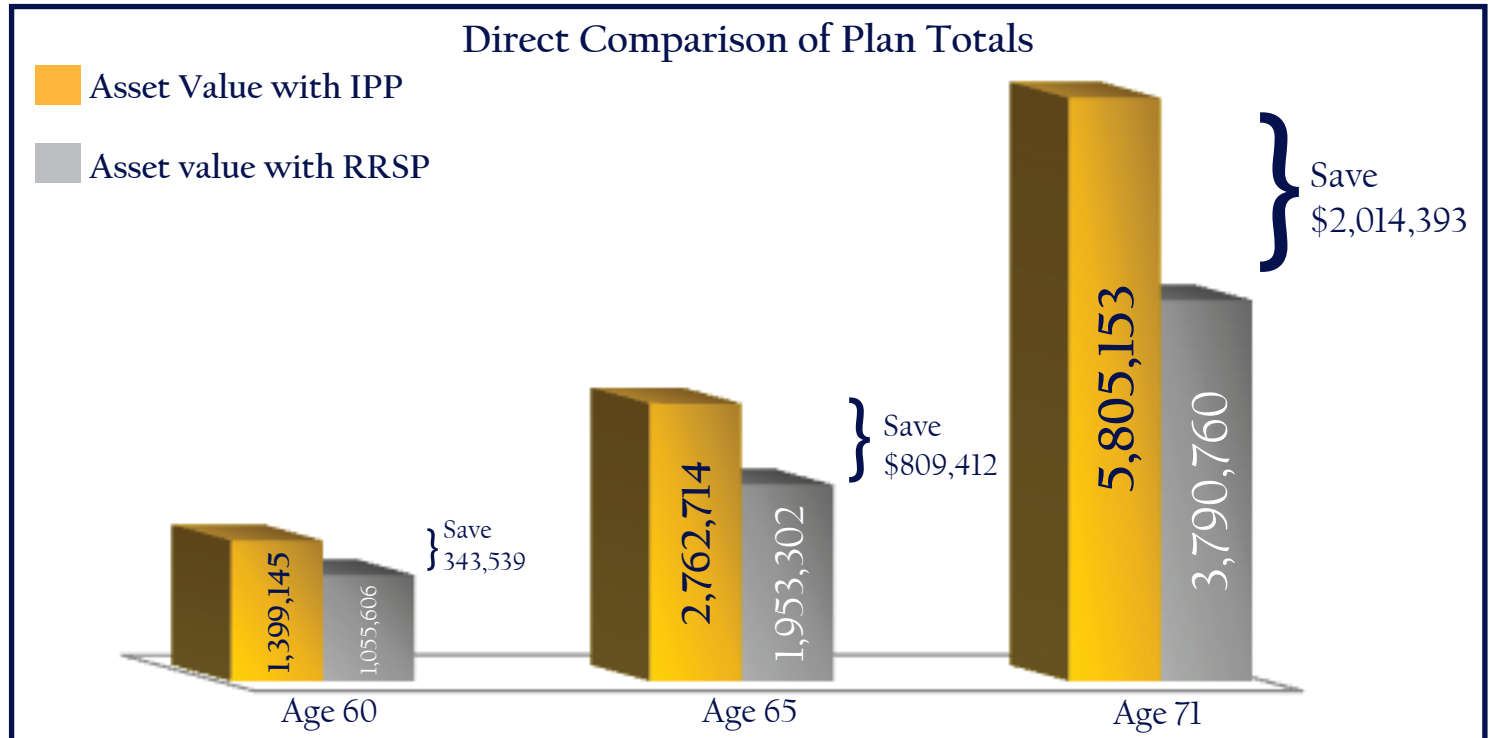
Highlights

- ✓ Larger regular contributions than an RRSP (25-70% more)
- ✓ Potential to purchase optional Past Service back to 1991
- ✓ Additional contributions available for members who retire prior to age 71
- ✓ Plan expenses are deductible by the plan sponsor
- ✓ Assets are secured from creditors
- ✓ Multiple individuals may participate in a single plan
- ✓ Multiple corporations may participate in making contributions and obtaining the deductions
- ✓ Plan surplus belongs to the participants
- ✓ Additional Voluntary Contributions (AVC) (with remaining RSP assets)



IPP vs. RRSP Comparison

Comparison is based on a 45 year old male with no past service. Assumptions include a 7.5% rate of return on assets, 2% reimbursable expenses, and maximum contributions to age 71.



IPP vs. RRSP Comparison

Benefits	RRSP	IPP
CRA Approved	Yes	Yes
Tax Deferred Growth	Yes	Yes
Creditor Proof	Partially	Yes
Deductibility of Management Fees	No	Yes
Taxes Due Upon Death of Spouse	Yes	No (if children are part of plan)
Deposits	Personally (after taxes)	Corporately (before tax)
Contribution Room (Current)	18% of earned income (max. \$22,000)	Up to 70% greater deposits into IPP
Contribution Room (Past)	Unused room carry forward (unlimited)	Back to either 1991 or when the company was incorporated