

Is an Individual Pension Plan (IPP) for you?

IPP: An investment account that is registered under the Income Tax Act for ONE person, who has set up their own corporation and who works for that corporation.

IPP accounts are just one of the many accounts types which we professionally manage for our clients. In all cases we utilize our proprietary risk management approach. Although IPP accounts have commonly been managed by Investment Counsel firms such as ours in the province of Quebec, in Ontario these accounts were more commonly opened with insurance companies as the managers. In recent years, investors have become increasingly less willing to pay the multiple management fees of insurance company mutual funds, and have been looking for a more cost effective way to manage IPP accounts. Our firm manages IPP accounts with the same low fee schedule as we do any other type of account, as per our fee schedule posted on our web site.

Data of the typical scenario			
Date of birth:	January 5, 1955		
Date of hire:	1 January, 1981		
Sum of contributions made by the company to a pension plan before 1981:	\$0		
Historical compensation			
year	Annual compensation (without div.) \$	Connected service (months)	Non-Connected service (months)
2004	100,000		
2003	100,000	12	
2002	100,000	12	
2001	100,000	12	
2000	100,000	12	
1999	100,000	12	
1998	100,000	12	
1997	100,000	12	
1996	100,000	12	
1995	100,000	12	
1994	100,000	12	
1993	100,000	12	
1992	100,000	12	
1991	100,000	12	
1981	100,000	12	

Sample IPP quotation for person earning annual employment income of 100K from their company.

We work with third party actuaries and accountants to determine whether an IPP structure makes the best sense for the client.

The most likely candidates who would benefit from this type of account structure:

Ideal Candidates:

- are at least 35-40 years old.
- have a steady employment income of over \$75,000
- already maximized your RRSPs

Benefits Include:

1. Income earned in the plan is tax-deferred until withdrawn.
2. Better creditor protection than most RRSPs.
3. Ability to make larger tax-deductible annual contributions than RRSPs.
4. Ability to make large tax-deductible lump sum payments for past service contributions.
5. Employer paid interest on borrowed funds to make the IPP contribution and IPP fees are tax-deductible.

6. More security in client knowing exactly how much retirement benefits they will receive, ie., it is a defined benefit plan. Investment risk is on the corporation funding the IPP.
7. Bear investment environment can erode the value of an RRSP and make an IPP more attractive.

Call us today to receive a free actuarial quote as to whether an IPP makes sense for you. Tel: (705) 792-3991



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