

# Individual Pension Plans Quick Facts

If you 45 years or older, an owner, manager, or an incorporated professional, with an annual income over \$100,000, then an IPP is something you may want to consider. Below is information on what an IPP is, how it can benefit you and secure your financial future.

## What is an IPP

- IPPs are defined benefit pension plans for one person
- IPPs are registered with CRA and covered under the Income Tax Act
- Promises a specific level of pension income at retirement according to a predetermined formula
- Retirement pension based on formula equal to percentage of earnings over a given period.
- Contributions are actuarially determined and increase the closer the individual gets to retirement
- Sponsored and funded by the employer
- Contributions by employer are mandatory
- Plan assets are locked-in by pension legislation

## Benefits of an Individual Pension Plan

- Contributions can exceed RRSP maximums
- Contributions increase as plan member gets closer to retirement
- Potential to fund for previous years of service and contribute a significant deductible lump sum
- Contributions and plan expenses are deductible by individual's company
- Retirement income is defined
- Moves corporate money into individual's hands on a tax deferred basis
- Current legislation provides creditor protection to pension plans

## Are IPPs Complicated?

- No, we have made it easy for you to open IPP investment accounts at ScotiaMcLeod
- Your accountant and a pension actuary will help you with all of the steps to setting up your IPP

**Contact me today to find out how your hard earned money can start working for you.**



**David J Ritcey, CFP, CIM, FCSI, CIMA ,TEP**  
**Financial Planner**  
**(902) 678-0048      david\_ritcey@scotiamcleod.com**

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