

THE INDIVIDUAL PENSION PLAN A VERY USEFUL RETIREMENT PLANNING VEHICLE

The Individual Pension Plan (IPP) is a defined benefit pension plan created by a Corporation and designed to provide retirement benefits and tax deductible contributions under the Income Tax Act (ITA). It produces a tax advantage increasing with the age of the plan participant.

Main advantages of the IPP

- The tax deductible contributions can be greater than those of Registered Retirement Savings Plans (RRSP) when the participant is aged 45 or over. Please consult the comparison between the IPP and the RRSP in the exhibit below.
- In certain cases, the purchase of past service for a prior period up to 1991 results in past service plan contributions.
- All plan contributions are tax deductible for the Corporation.
- IPP Investment income grows tax free and IPP assets are fully protected against creditors.
- Employer contributions are not considered taxable benefits (not subject to social taxes).
- The spouse of a participant can also be plan member if she/he is employed by the same employer or a connected employer increasing the tax advantage.
- Various options are possible at retirement including an annuity or the transfer of the accumulated value of benefits to another savings vehicle.
- Expenses related to the IPP implementation and administration are fully tax deductible by the employer.
- Transferring amounts to an IPP reduces shareholders' equity potentially taxable upon selling the business.

To whom the IPP fits in?

The IPP fits in for a successful business owner or a professional incorporated with T4 earnings who wishes to maximize her/his tax deferred retirement savings. The advantage increases for higher T4 earnings up to the ceiling under the ITA.

GBC Consultation Avantages Sociaux can assist you with your IPP needs. Please contact us for assistance at [514 274-1964](tel:5142741964) or at denis.plouffe@globalbenefit.ca.

Age	45	50	55	60	65	
Contributions	IPP					RRSP
2012	27 000 \$	29 700 \$	32 600 \$	35 800 \$	39 300 \$	22 970 \$
2013	29 000 \$	31 900 \$	35 000 \$	38 500 \$	*	23 820 \$
2014	31 200 \$	34 300 \$	37 700 \$	41 400 \$	*	Indexé

* Subject to an actuarial equivalence

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