CANADIAN WESTERN TRUST
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Individual Pension Plan ("IPP")

What is an IPP?

An Individual Pension Plan (IPP) is a registered defined benefit pension plan created by an employer for their employee(s). The objective of an IPP is to take maximum advantage of the corporate tax shelter opportunities available under the Income Tax Act.

Who is suitable for an IPP?

- ✓ An individual approximately 40 – 60 years of age
- ✓ An executive, incorporated professional or business owner
    - e.g. doctors, lawyers, engineers, dentists, retail firms, restaurant franchises, auto dealerships, etc.
- ✓ An individual whose income exceeds $100,000
    - This is approximately the income amount where the contribution limit in an IPP begins to surpass that of an RRSP, which is limited to 18% of income (up to a maximum of $21,000 for 2009)

What is the IPP Advantage?

- ✓ The chart below illustrates the first year advantage of an IPP over an RRSP for an individual with earnings of $116,667 and current service from 1991 (for 2008 tax year).

Age	2008 IPP Contribution	2008 RRSP Contribution	**2008 IPP Advantage**
40	$87,400	$20,000	**$67,400**
45	$126,100	$20,000	**$106,100**
50	$168,600	$20,000	**$148,600**
55	$215,200	$20,000	**$195,200**
60	$266,500	$20,000	**$246,500**
62	$288,400	$20,000	**$268,400**

Source: IPP INC.

- ✓ There is an opportunity to make contributions for past service.
    - The IPP can recognize service with a sponsoring employer prior to implementation. Past service can be credited as far back as 1991.
- ✓ There is an opportunity to consolidate registered retirement and pension plan.
    - A "Qualifying Transfer" can be made from an RRSP to an IPP in cash or in kind without any tax consequences. Qualifying Transfer amounts are simply moved to the IPP and re-labelled as pension assets.

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