

Individual Pension Plan (IPP) Benefit Analysis

For
John Doe
of ABC Company

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Building **your** future

How you can benefit from an IPP

An analysis of the pension plan for John Doe of ABC Company

An Individual Pension Plan (IPP) is a defined benefit pension plan tailored to business owners and highly paid executives. The IPP allows the sponsoring company to fund a defined benefit style plan. This results in a higher benefit for the members at retirement, and can yield greater company funding and increased retirement savings.

How much can be funded each year?

The annual funding (current service) is a percentage of earnings up to a maximum. Estimated IPP funding room compared to RRSP contribution room is as follows:

Year	IPP Funding Room (\$)	RRSP Funding Room (\$)	IPP Advantage (\$)
2025	36,300	26,100	10,200
2026	37,000	26,100	10,900
2027	37,700	26,100	11,600

In addition to the annual funding above, the company can also contribute on a tax deductible basis for any past service earnings with the sponsoring company.

How much can be funded for Past Service?

The past service funding is made up of two components:

- Company funding, which is a tax deductible contribution for the company
- Personal RRSP Transfer and/or Unused RRSP Room

Year	Past Service Funding (\$)	RRSP Transfer for John Doe (\$)	RRSP Room utilized for John Doe (\$)
2025	512,500	542,100	0

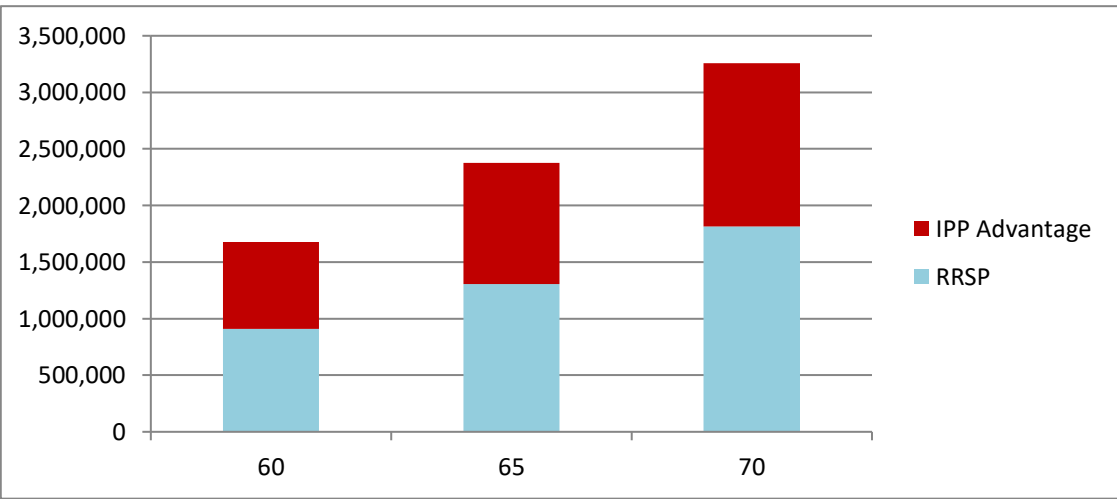
How much more can I save with an IPP?

The IPP Advantage provides additional savings due to

- Past Service Funding
- Higher annual contribution room

The IPP allows you to save more , increasing your financial security in retirement. The difference between the IPP and a funded RRSP at various retirement ages is highlighted below.

Asset Accumulation			
Age	IPP Investments (\$)	RRSP Investments (\$)	IPP Advantage (\$)
60	1,678,000	908,500	769,500
65	2,378,100	1,307,300	1,070,800
70	3,256,300	1,816,300	1,440,000



Notes:

The figures presented are estimates only. Actual amounts will vary based on actual experience.

Additional IPP Analysis: IPP vs RRSP

John Doe of ABC Company

How does the IPP compare to a traditional RRSP strategy?

The table below outlines, at each age, the difference between the annual IPP contribution room and RRSP contribution room. It also shows the projected accumulated amounts in both the IPP and RRSP. This highlights how much more will accumulate over time in the IPP due to Past Service funding and higher contribution room. The IPP Advantage columns show the benefit of the IPP. All projected amounts are estimates only, and will be subject to change based on actual future experience.

			IPP		RRSP		IPP Advantage	
Year	Age	Projected T4 Earnings (\$)	Eligible Contribution Room (\$)	Accumulated Investment Amount (\$)	Eligible Contribution Room (\$)	Accumulated Investment Amount (\$)	Eligible Contribution Room (\$)	Accumulated Investment Amount (\$)
Previous Plan Transfer			0					
Qualifying Transfer:			542,100		542,100			
Past Service Contribution:			512,500				512,500	
2025	55	145,000	36,300	1,144,600	26,100	596,000	10,200	548,600
2026	56	145,000	37,000	1,239,700	26,100	652,500	10,900	587,200
2027	57	145,000	37,700	1,340,300	26,100	711,900	11,600	628,400
2028	58	145,000	38,400	1,446,700	26,100	774,300	12,300	672,400
2029	59	145,000	39,100	1,559,100	26,100	839,700	13,000	719,400
2030	60	145,000	39,900	1,678,000	26,100	908,500	13,800	769,500
2031	61	145,000	40,600	1,803,500	26,100	980,600	14,500	822,900
2032	62	145,000	41,400	1,936,100	26,100	1,056,400	15,300	879,700
2033	63	145,000	42,200	2,076,200	26,100	1,136,000	16,100	940,200
2034	64	145,000	43,000	2,224,100	26,100	1,219,500	16,900	1,004,600
2035	65	145,000	41,800	2,378,100	26,100	1,307,300	15,700	1,070,800
2036	66	145,000	40,900	2,538,900	26,100	1,399,400	14,800	1,139,500
2037	67	145,000	39,900	2,706,800	26,100	1,496,100	13,800	1,210,700
2038	68	145,000	39,000	2,882,100	26,100	1,597,700	12,900	1,284,400
2039	69	145,000	38,000	3,065,100	26,100	1,704,300	11,900	1,360,800
2040	70	145,000	37,000	3,256,300	26,100	1,816,300	10,900	1,440,000
2041	71	145,000	36,000	3,456,000	26,100	1,933,800	9,900	1,522,200
TOTALS			1,722,800	3,456,000	985,800	1,933,800	737,000	1,522,200

Assumptions

Earnings are assumed to increase at 0.0% per annum. Average Industrial Wage and DB limits are assumed to increase at 3.0% per annum.

Accumulation assumes annual rate of return of 5.0%.

Please note that these are assumptions only and actual experience will vary.