

E-PP™

Executive Pension Plan

Discover the Executive Pension Plan™

AN UNKNOWN FINANCIAL VEHICLE

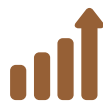
As a business owner or incorporated professional, are you looking for a financial vehicle that can outperform the RRSP to provide security for your golden years? Consider the E-PP™ pension fund: the Executive Pension Plan™ designed specifically for business owners and incorporated professionals. At last, a pension fund for small businesses!

The Morneau tax reform of 2018 changed the rules and led to a scarcity of income accumulation and splitting strategies. Now picture your company sponsoring your RRSPs, making contributions that are fully deductible and exempt from payroll taxes.



Key benefits

- Employer contributions not subject to payroll tax
- Management fees can be deducted by the company
- Plan fees exempt from GST/QST
- Institutional investment platform
- Protection from creditors



Higher contribution levels than RRSPs

- Current service contributions higher than RRSP limits
- Amortization payments (trajectory adjustment):
- Recognize past service
- In case of an actuarial deficit (e.g. return < 7.5%)
- Terminal funding at retirement



Additional tax advantages

- Intergenerational transfer of wealth
- Helps maintain lower tax rate
- Tax planning tool when selling your business
- Retirement income splitting with eligible spouse
- Pension income tax credit

THE E-PP™ AT A GLANCE

Type of investment vehicle

Combination individual pension plan

Contributions

Under age 40: Defined contribution component

Age 40 and up: Defined benefit component

Can switch from one type to the other

Management and administration fees

Deductible

Options at retirement

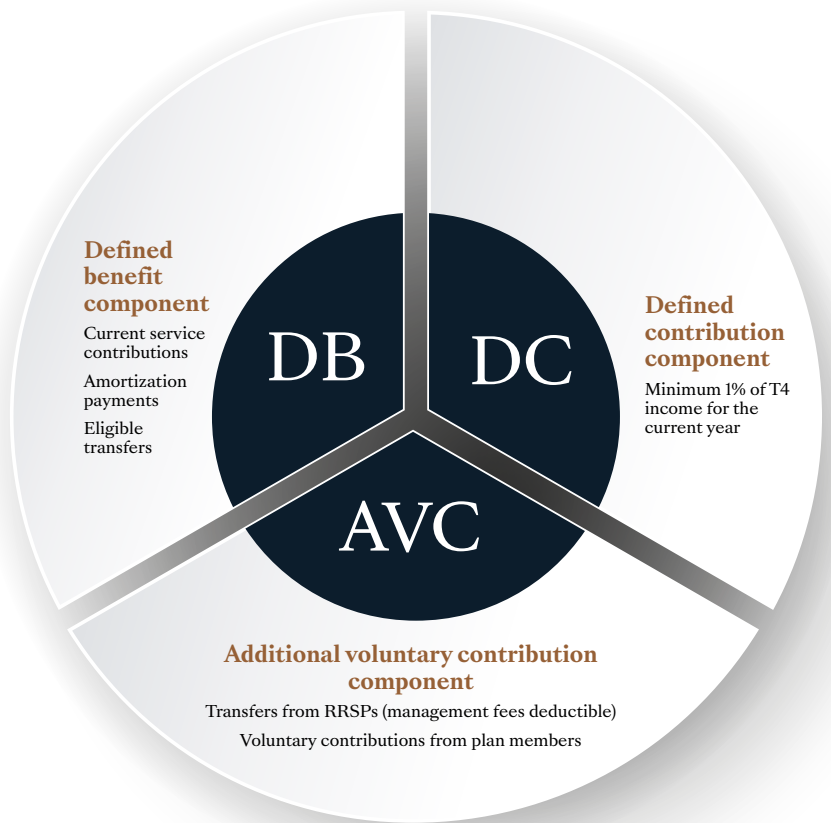
Maintain plan

Transfer to RRSP/RRIF

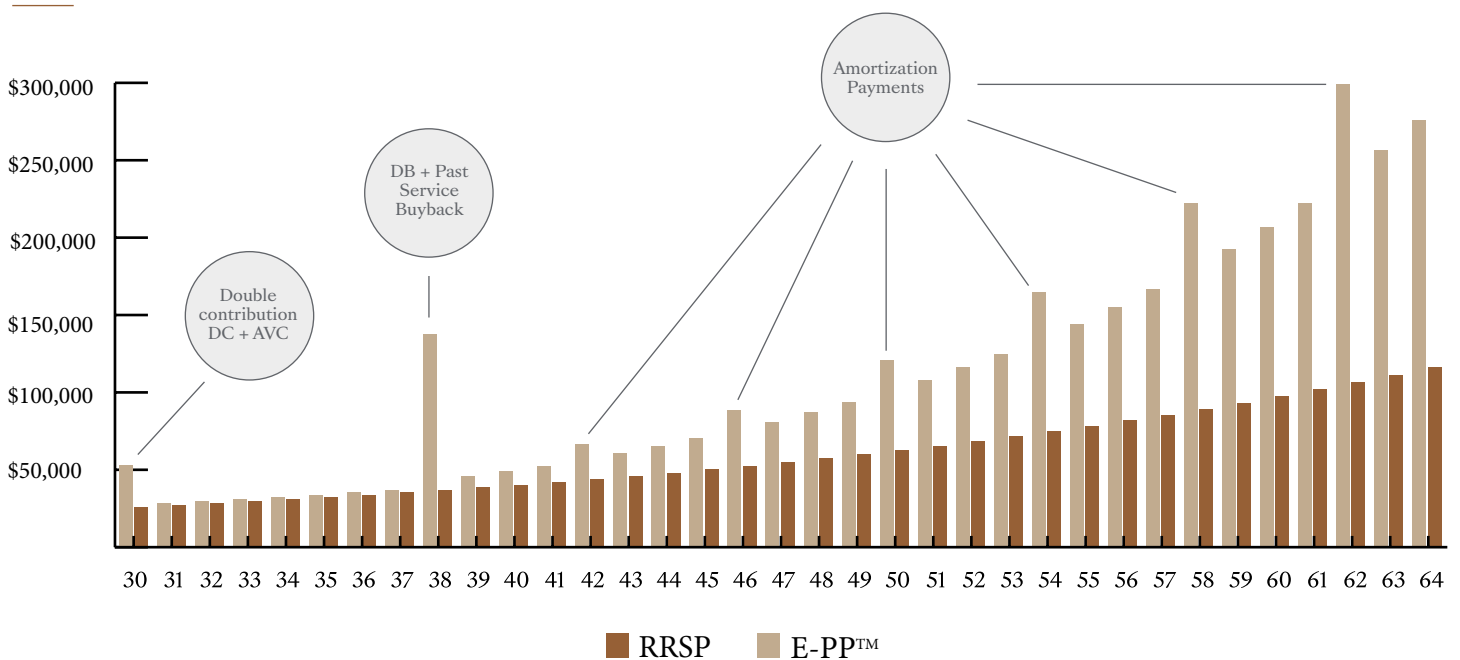
Purchase annuity

Tax advantages


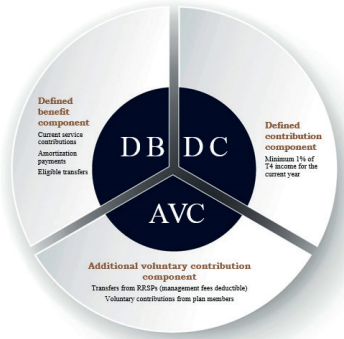
Ability to accumulate up to \$1 million more than an RRSP over 20 years



RRSP OR E-PP™?

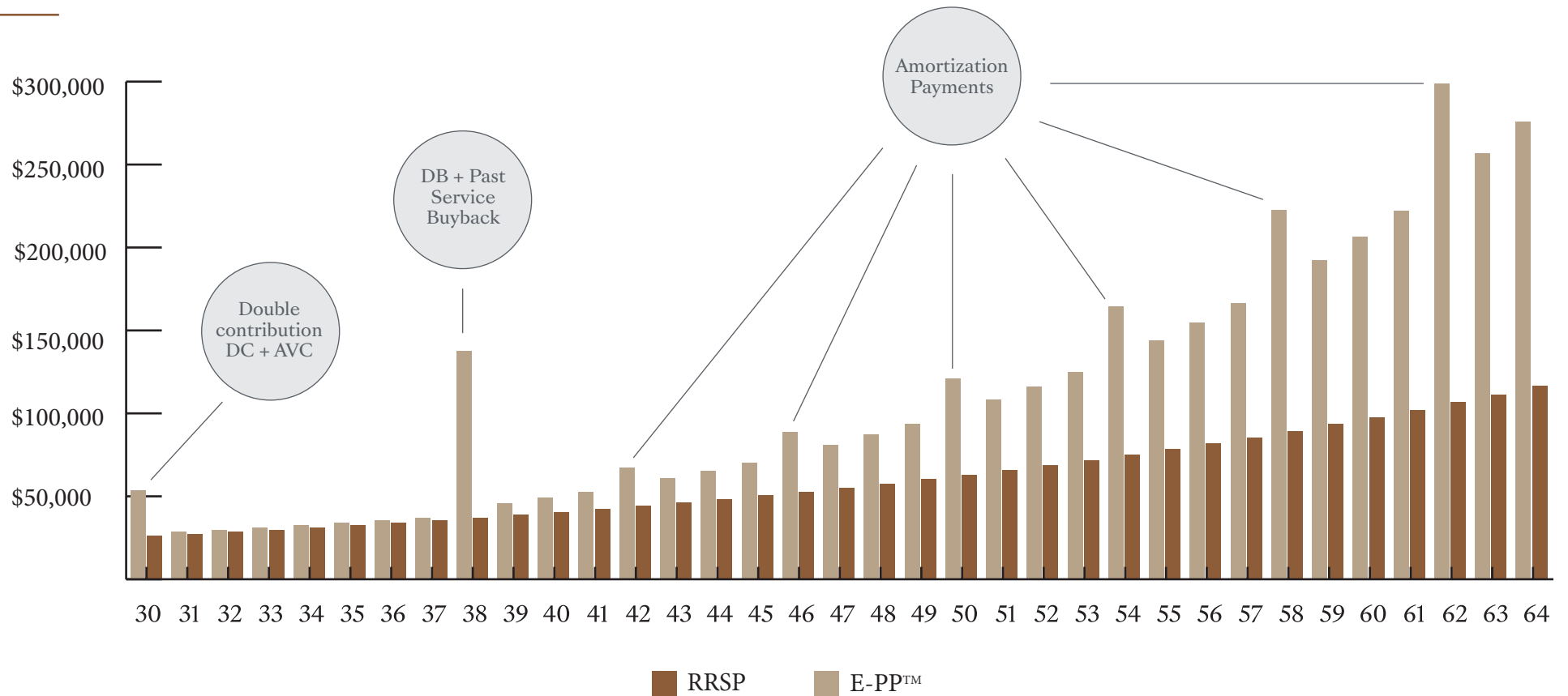


Individual Pension Plan (IPP) or Executive Pension Plan (E-PP™) ?

Pension plan	Conventional IPP	Executive pension plan
1 Pension Plan Type		
2 Deduction of employer contributions	Yes	Yes
3 Employer contributions not subject to payroll tax	Yes	Yes
4 Annual contributions greater than RRSP	After age 40	Always and recovery of the current year's contribution
5 Additional contribution for past service	+	+
6 Additional contribution in the event of an actuarial liability (e.g., return < 7.5%) ¹	+	+
7 Actuarial liability	Must be recorded in financial statements	DB component may be converted to DC component
8 Contribution in the event of actuarial surplus (e.g., return > 7.5%)	Limited	Yes, using the AVC component
9 Additional contribution in the event of early retirement	+	++
10 Management fees can be deducted and are GST/QST exempt	Possible	+++
11 Transfer from existing RRSPs	Limited	Yes
12 Transfer between generations	Impact comparable to RRSPs	+++
13 Add plan members	Not always possible or cost effective	Yes, and efficiently
14 Retirement income splitting with spouse	+	++
15 At retirement, pension income tax credit	Yes	Yes
16 Tax planning tool for the sale of your business	+	++
17 Sale of your business	Another company must be named plan sponsor. Otherwise, plan termination (a portion of the DB component is taxable)	Solution planned when the E-PP™ is set up
18 Protection from creditors	+	+++

1 A return of less than 7.5% does not necessarily result in an actuarial liability.

RRSP or E-PP™ ?



Data	
T4 salary used (2019 and +)	over than \$152,000
Unsuited RRSP contribution room	\$0
Accrued RRSP contributions	\$25,000

Main Assumptions	Projection
Rate of return	5.00 %
Salary increase rate	5.00 %
Inflation rate	2.50 %