
PERSONAL TAX PLANNING

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A REVIEW OF INDIVIDUAL PENSION PLANS

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There is a general lack of knowledge about individual pension plans (IPPs) in the Canadian tax and pension community. An IPP is essentially a retirement savings vehicle that takes the form of a pension plan in which retirement income can be accumulated on a tax-deferred basis for one or a few individuals. The main benefit of the IPP is the possibility to make greater tax-deductible contributions than are permitted for a registered retirement savings plan. An IPP can be an essential planning tool for small-business owners, incorporated professionals, and senior executives who seek to maximize their retirement nest egg. This article provides an overview of the nature and tax treatment of the IPP.

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