

IPP Implementation Request Form – Part 1 of 2

IPP Implementation Part 1 consists of four (4) sections – A, B, C and D as follows:

- SECTION A: General Information (Page 1)
- SECTION B: IPP Feasibility Checklist (Page 2)
- SECTION C: Supporting Documentation Checklist (Page 5)
- SECTION D: Credit Card Prepayment Form (Page 6)

SECTION A: GENERAL INFORMATION

Thank you for choosing Westcoast Actuaries for your actuarial service needs. This page provides the steps to submitting an application to implement an IPP. Please call us at 1-888-888-1668 or email info@WAInc.ca for further information or assistance.

1. Both the Employer and the Employee must carefully review the IPP feasibility study in Section B of this document, and then sign and initial that they have understood and wish to implement the IPP.
2. The checklist and supplemental information requested in Section C, and the Credit Card Prepayment Form in Section D can be either faxed (604.730.1886), scanned and emailed (IPP@WAInc.ca) or couriered to Westcoast Actuaries.
3. Complete the 2nd of the two part IPP Implementation Request Form (available at www.westcoast-actuaries.com/ipp_implement.htm) and submit electronically to Westcoast Actuaries via email.
4. A representative of Westcoast Actuaries Inc. will contact you within 2 business days.

SECTION B: IPP FEASIBILITY CHECKLIST

This checklist is used to determine if an IPP is feasible for the Employer and Employee, and it must be initialed and signed by both parties before undertaking the IPP Implementation process. Please call us at 1-888-888-1668 or email info@WAInc.ca for further information or assistance.

FOR THE EMPLOYEE	INITIALS
1. IPP is a replacement program for RRSP. The IPP member gives up RRSP contribution room to receive IPP pension benefits.	
2. Past service benefits are available only if the Employee transfers personal RRSP assets into the IPP and/or has unused RRSP contribution room reduced. The RRSP asset transfer amount and/or the reduction of unused RRSP contribution room are calculated using a prescribed formula in the tax legislation based on the Employee's employment income history.	
3. IPP funds are locked-in, they are not available for cash withdrawal and must be used for pension.	
4. The IPP pension payout is fixed, except for the annual inflation adjustments. It does not provide the flexibility on withdrawal amounts available with RRSP or RRIF funds.	
5. A lump sum transfer option to a locked-in RRSP/RRIF is available upon Plan termination. However, plan assets in excess of the maximum transfer limit prescribed by tax legislation must be paid in cash and are subject to immediate taxation.	
6. IPP investments must adhere to pension fund investment standards, which include higher quality and diversification standards than RRSP.	

Employee Signature

Employee Name

Date

SECTION B: IPP FEASIBILITY CHECKLIST (CONT'D)

FOR THE EMPLOYER	INITIALS
1. The Employer is an incorporated business. ⁽¹⁾	
2. There is a bona-fide employment relationship between the Employee and the Employer.	
3. The Employee receives T4 type employment income ⁽¹⁾ from the Employer.	
4. The Employer is highly profitable and has steady cash flows to meet the funding requirements of the IPP.	
5. The IPP is intended to provide pension benefits over the long-term ⁽²⁾ .	
6. The Employee is at least age 40 and not yet age 72 ⁽³⁾	
7. The Employer must make minimum contributions to the IPP unless the IPP is exempt from registration under applicable pension legislation ^{(4) (5)} .	
8. Due to ongoing funding restrictions imposed by Income Tax Regulations, an IPP may not be as adequately funded relative to the lump sum commuted value or the cost of purchasing an annuity upon plan termination, and extra contributions may be required at plan termination.	
9. The Employer is the Plan Administrator for the IPP and is responsible for the filing requirements imposed by the tax and pension legislation ⁽⁶⁾ .	
10. IPP investments must adhere to pension fund investment standards, which include higher quality and diversification standards than RRSP.	
11. Contributions for past service and current service can only be made by the Employer. No company other than the Employer is entitled to contribute to the IPP.	
12. Only T4 type income is pension eligible. Other forms of income such as dividends are not pension eligible.	
13. Only income from the Employer is pension eligible. Income paid by companies other than the Employer is not pension eligible.	

Employer Authorized Signature

Authorized Name

Date

(1) Only T4 employment income is pension eligible. Sole proprietor income, partnership income, self-employment income and dividend income are not pension eligible.
 (2) CRA prohibits the use of an IPP as a one-time short-term tax shelter.
 (3) The IPP contribution advantage over RRSP increases with age.
 (4) Provinces in which IPPs are exempt from registration under applicable pension legislation include B.C., Alberta (connected employees only), Manitoba, Quebec (connected employees only), and P.E.I.. (Cont'd on next page.)

SECTION B: IPP FEASIBILITY CHECKLIST (CONT'D)

- (5) The minimum employer contributions required by applicable pension legislation is generally the sum of the following:
- ▶ Cost of current year benefit being accrued by the IPP member;
 - ▶ If an actuarial valuation of the plan reveals a deficit, the payments required to amortize such deficit over 15 years;
 - ▶ If an actuarial valuation of the plan reveals a deficit, the payments required to amortize such deficit over 15 years;

It is important that the Employer and the Employee both have a clear understanding of the sources of future IPP funding, whether it is a new funding commitment by the Employer or the funding is charged against the total compensation of the Employee.

- (6) Westcoast Actuaries Inc. provides an IPP Service Package for an annual fee to assist the Employer in meeting these responsibilities. The annual fee varies by jurisdiction. For further details on our IPP Service Package please visit http://www.westcoast-actuaries.com/ipp_service_package.htm.

This Feasibility Study is for general information only. As it is impossible to include all situations, circumstances and exceptions in a checklist such as this, a further review or feasibility study should be undertaken prior to establishing an Individual Pension Plan (IPP). Every effort has been made to ensure the accuracy of the information contained in this commentary. However, because of the nature of the subject, no person or firm involved in the preparation or distribution of this commentary accepts any liability for its contents or use.

SECTION C: SUPPORTING DOCUMENTATION CHECKLIST

You must send copies of the following supporting documentation to Westcoast Actuaries Inc. Check each box once you enclose the item. If all of the required documents are enclosed then the Employer does not need to sign the waiver below.

- 1. Is the Employer recognizing past service under the IPP? YES – cont. to Q2. NO – skip to Q4.
- 2. For each prospective IPP plan member (Employee) you must provide either: Enclosed
 - a) Copy of a letter¹ sent to a CRA Tax Centre requesting taxpayer information, or
 - b) Taxpayer information summary provided by a CRA Tax Centre, or
 - c) Employer issued T4 slips for all years of past service to be recognized under the IPP
- 3. Most recent RRSP account statement for each Employee with past service Enclosed
- 4. Driver license or other government issued ID for the Employee Enclosed
- 5. Driver license or other government issued ID for the Employee’s Spouse ² Not Applicable Enclosed

Waiver of Supporting Documentation *required if the above documents will not be provided.*

I _____ (PRINT NAME), am an authorized signatory of _____ (PRINT EMPLOYER NAME). I understand that without copies of the information listed above Westcoast Actuaries Inc. cannot verify data submitted with the IPP Implementation Request. I accept full responsibility for the accuracy of the data as submitted. I understand that the Canada Revenue Agency will independently check all data supplied with the IPP Implementation and errors will result in delays and additional fees chargeable to the Employer.

Authorized Signature

Date

1. Letter request for taxpayer information is available online at www.westcoast-actuaries.com/ipp_implement.htm
 2. ‘Spouse’ is defined in provincial pension legislation and includes common law

SECTION D: CREDIT CARD PREPAYMENT FORM (OPTIONAL*)

This prepayment form is to authorize Westcoast Actuaries Inc. to administer a one time charge to the below-specified credit card for the first annual IPP fee. Westcoast Actuaries will invoice the Employer each February thereafter.

After submitting the IPP Implementation Request Form online, you may return this prepayment form and the supporting documentation to Westcoast Actuaries.

For details on our IPP Annual Service Package and fees, please see our website:
http://www.westcoast-actuaries.com/ipp_service_package.htm.

Date:	_____
Name of Billing Company/Contact:	_____
Phone Number:	_____
For:	<u>First annual IPP fee only</u>
Card Type:	<input type="checkbox"/> Visa <input type="checkbox"/> Mastercard
Card Number:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Card Expiry Date:	(MM/YY): <input type="text"/> <input type="text"/> / <input type="text"/> <input type="text"/>
Name on Card:	_____
Signature:	_____

Accounting Department Use Only
Authorization Number: _____

** Note that this prepayment form is optional and serves to expedite the IPP implementation process. If you do not include this form with the IPP application, then an invoice will be sent to the Employer to be paid before the IPP documents are prepared.*