

## Implementation Guide for Advisors

### Attend an IPP Introductory Seminar

- It is essential for Advisors to have a thorough understanding of what an IPP is and how it works before recommending this option to your clients. We offer monthly introductory IPP [seminars and webcasts](#) as well as self-educational tools available on our website.

### Identify IPP Candidates

It is essential that you target the ideal IPP candidates. The ideal candidate for an IPP is an individual who

- is at least 55 years old
- is an employee of a corporation (could be an owner/manager or an executive)
- has an employment income of at least \$150,000 per year.
- has a reliable future employment income stream in excess of \$150,000 per year
- has no foreseeable need to access the fund set aside for retirement
- Gather preliminary data from your IPP Candidate**

The following preliminary data is required to prepare a self-assessment of IPP funding room:

- Date of Birth
- T4 income history since 1991. Often IPP Candidates do not have access to their T4 slips. We recommend they make a request to CRA for this information
- Retirement fund balance (including RRSP/LIRA, RRIF, and Defined Contribution RPP)
- Unused RRSP deduction limit as at previous year-end.

### Online quoting system

Each individual quotation is free, immediate and anonymous. Please note that if your client does not meet the condition to use our quoting system, we will prepare a customized quote for you. You can request this quote by emailing us at [Contact@ownersequityfund.com](mailto:Contact@ownersequityfund.com).

### Present the IPP to your Candidate

Use the results from our Quoting System to present the IPP to your Candidate. If they wish to meet with Sodhi Asset Management they must attend an IPP seminar or webcast by Ravi Sodhi.

## **Choose the IPP Funding Arrangement**

It is important to review each of the IPP funding arrangement options with your client. Choosing an insurance only (IO) policy or deposit administration contract with a Canadian insurance company, or a corporate trustee, will reduce the client's annual fees by 8%. In addition, these institutions will have systems in place to administer IPPs in accordance with pension legislation. Choosing a 3-individual trustee arrangement to fund the IPP will be more costly in terms of annual fees and riskier as there will be no system in place to ensure the IPP assets are administered correctly.

Choosing a 3-individual trustee arrangement to fund the IPP will be more costly in terms of annual fees due to the additional filing requirement. It is also riskier as there will be no institutional system in place to administer the account as a registered account. It is the trustees' duty to ensure the plan assets are managed in accordance with pension and tax laws and Plan terms.

## **Implement the IPP**

First you must submit the completed application form with supporting documentation to SAMI. Within 2 business days SAMI will confirm receipt of the application and issue an invoice.

Upon receipt of invoice payment (and a complete application) SAMI will prepare the IPP Implementation Package. This package will be delivered to you within 5-10 business days.

Upon return of the signed and authorized IPP Implementation Package to SAMI we will submit the IPP for registration with the Canada Revenue Agency and Provincial Regulator (if necessary). Some financial institutions may allow an IPP trust account to be opened at this point. The Employer can make IPP contributions as soon as an account is opened.

After 4-6 weeks CRA will provide provisional registration along with a registration number. All financial institutions will allow an IPP trust account to be opened once the registration number has been issued. SAMI will notify you as soon as provisional registration is received.

After 3-4 months CRA will provide the IPP with official registration. Qualifying Transfers from the IPP Member's RRSP must be processed at this point. SAMI will notify you as soon as official registration is received.

Note that we usually experience very high volume towards the end of the year. To have a pension plan registered effective in a particular year we must receive application form with supporting documentation before December 1st. If the IPP implementation request or information necessary for implementation is

received by SAMI after December 1st we will try our best to get the IPP registered effective during the year but we will not be able to guarantee such.

### **SAMI deliver the IPP implementation documents**

Once SAMI receives payment of the initial fees and has validated the information, an implementation package will be delivered to you within 2 weeks. You should arrange to meet with your client and have them sign the implementation documents.

### **Submit to governing authorities**

Upon receipt of the executed documents from the client, SAMI will submit an application for registration package to the Canada Revenue Agency (CRA) and the provincial governing body as applicable.

### **Setting up an IPP Funding Arrangement**

You will be responsible for setting up the IPP Funding Arrangement. Employer contributions for past service and current service can be made as soon as the IPP Funding Arrangement is ready.

### **CRA issues letter acknowledging receipt of the application**

SAMI will receive a Deemed Registration Letter from CRA and we will provide you with a copy.

### **Official Registration Letter from provincial governing authorities**

For clients subject to provincial registration, the client and SAMI will receive an official registration certificate or letter from the authorities. The timing of registration varies by province. SAMI will provide you a copy of this letter via email.

### **Official Registration letter from CRA**

SAMI will receive an Official Registration Letter from CRA and a copy will be provided to you. It is at this time that SAMI will send an email to you regarding the Qualifying Transfer. This amount, as specified in the actuarial valuation report (AVR), must be transferred from the client's RRSP account to their IPP account within 90 days of the date the official registration was granted.

## **IPP Annual Administration**

### **Invest IPP assets to achieve a conservative rate of growth**

The investment strategy must accommodate the diversification requirements and the “prudent man” standard.

Ensure we receive copies of the IPP’s investment statements

The statements should be provided to us at least once each calendar year and include: January 1st market value; Employer contributions; Employee contributions; Qualifying Transfers; investment earnings; and December 31st market value. The statements should be addressed to us, Attention: IPP STMTS. For easy identification, a statement should include the 7-digit CRA number, the Employer name and the Employee name.

### **Ensure that the Employee’s T4 slip includes a Pension Adjustment (PA)**

It is the Employer’s responsibility to report pension adjustments on T4 slips issued to active IPP members. Retired and inactive IPP members do not need to report PA.

Ensure we are informed of any data changes.

These changes could include: new accountant; new Employer; new beneficiary; new address; etc.