



# Tax Advantaged Personal Pension Plan

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The Personal Pension Plan is a wealth accumulation and tax savings tool specifically designed for business owners and C-suite executives to help accrue sizable retirement savings while paying significantly less tax. **Nigel Kettle** explains why this is the one financial planning tool you should strongly consider.

A tax-free Personal Pension Plan provides you with access to a tax-free cash flow over retirement, tax-free growth on your investments, and investments that remain liquid and safe from volatility.

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As business owners and C-suite executives, you should consider this plan if you:

- ☒ earn income in the highest tax bracket
- ☒ could benefit from additional secure income in retirement
- ☒ want to avoid tax on investment savings and pension income
- ☒ prefer to have a portion of your portfolio insulated from market risks



Even if you have an existing pension plan, you can add meaningfully to your retirement income with the appropriate planning. A Personal Pension Plan offers the opportunity to earn 30% of the income you want in retirement by committing a relatively small proportion of your investable assets. Unlike conventional pension plans, the benefits live on to support your family's security after you're gone.

The money invested can be structured to grow tax-free within the plan and can be accessed to create tax-free cash flow once you retire, or at any time without penalty. If you are subject to the highest marginal tax rates in Canada (53.5%), this represents a substantial savings on the cash flow over retirement. Also, if you're a business owner, there is the added advantage of having your corporation own the plan and funding it with favourably-taxed corporate dollars (i.e., at 26.5%) to avoid higher personal taxes.

At the same time, the plan can provide an element of diversification in your investment portfolio, sheltered from the volatility of the stock market, and with guaranteed increments in value each year. Contributions are usually made over a 10 to 15-year period.

Financial strategies that increase personal wealth and reduce tax liability to you and your family are invaluable and highly recommended. This is achieved principally through the deployment of permanent life insurance strategies that have been tested and accepted.

In the case of the Personal Pension Plan, the plan itself is embedded within a life insurance policy, which ensures that the returns are sheltered both from income tax and the ups and downs of financial markets.

If you'd like to explore the advantages of a Personal Pension Plan speak to our professionals at B. Riley Farber Wealth.

## Avoid the Ticking Tax Bomb in Your Family Business

Taxes are inevitable part of creating wealth through your business, but that doesn't mean you shouldn't look for practical and legal ways to minimize them. [Learn how.](#)

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### Our Contributors

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