
Money purchase pension plan



Wealth
Management

How it works

Companies with money purchase pension plans make yearly, fixed contributions for all eligible employees.

Money purchase pension plans are most appropriate for:

- Established firms that want to provide employees with a consistent contribution each year.

Key advantages for the employer

- You can make significant contributions to your own and your employees' retirement plans, allowing for significant tax-deferred growth of income and tax deductions for you.
- Contributions can be integrated with Social Security, allowing highly-compensated employees to receive a larger portion of the contribution.
- Tax-deductible contributions of up to 25% of your total eligible payroll can be made.
- You can restrict participation to employees who are at least 21, work at least 1,000 hours per year and are not covered by a collective bargaining agreement.

Key advantages for your employees

- The plan is a visible addition to your employee benefit package.
- For 2019, each eligible employee can receive a contribution of up to \$56,000 or 100% of compensation, whichever is less.
- Earnings grow and compound tax-deferred.
- Employees may have the flexibility to choose from a broad range of investment options.

What you should know about money purchase pension plans

You can select a self-trusteed or third-party trusteed plan enabling you to:

- Use either standardized or non-standardized prototype plan documents.
- Design your own plan with:
 - A variety of vesting options (from immediate to as long as seven years).
 - Loan provisions, if desired.
- Establish a self-directed account for each plan participant or pool all assets together, giving you a wide range of investment flexibility.

How RBC Wealth Management can help you

Your RBC Wealth Management® financial advisor can work closely with you to help you determine how a money purchase pension plan can work for your company. We can help you and your tax advisor establish the plan and meet record keeping and reporting requirements.

In addition, your financial advisor can offer you and your employees a full range of investment options to help implement a plan.

Investment and insurance products offered through RBC Wealth Management are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, or guaranteed by, a bank or any bank affiliate, and are subject to investment risks, including possible loss of the principal amount invested.

RBC Wealth Management does not provide tax or legal advice. We will work with your independent tax/legal advisor(s) to help create a plan tailored to your specific needs.