Top 10 Reasons Why an FPP Serves Your Family Enterprise

1. Create Significant Deductions

The FPP creates significant tax deductions, which can be used to keep the business under the small business rate or applied to the high rate.

1. Deliberate. Planned. Future Income

An income for beyond the last day at the office.

1. Past Buy Back

Most owners invest in their business first. The FPP offers the ability to go back and recover lost years when RRSP contributions were not made and pass the tax savings on to their company.

1. Creditor Proof

All assets in an FPP are creditor proof. Planned pension contributions receive “super-priority” status, which ranks above the claims of secured creditors like major commercial lenders and banks.

1. Flexibility

Owners know that cash flows can swing wildly with the business cycle. An FPP offers the flexibility to flip between DB and DC accounts to conserve cash, smooth income during volatile years, and recover assets when profits improve.

1. Preserve the Lifetime Capital Gains Exemption

Create $1.6 Million+ of Tax Free Capital Gains. The significant deductions created in an FPP can be used to purify a corporation with passive assets, which can help preserve the shareholders’ lifetime capital gains exemption.

1. Intergenerational Wealth Transfer

Unlike RRSPs that eventually trigger a taxable disposition upon death, an FPP has the ability to pass, tax deferred, to the next generation of family business owners.

1. All Ages

An FPP can benefit all entrepreneurs between ages 18-71.

1. Conserve the Small Business Deduction

Investment income inside an FPP grows tax exempt and does not create passive income. Business owners that redirect corporate resources to fund their pension assets will not jeopardize their low corporate tax rate on profits and in associated companies.

1. Broader Investment Options

An FPP allows entrepreneurs to invest in what they like: real estate, other businesses and/or franchises, private equity, public equity, exempt markets, etc.