

IPP vs. RRSP

A retirement savings comparison for incorporated professionals

Feature	IPP (Individual Pension Plan)	RRSP (Registered Retirement Savings Plan)
Contribution Limits	Higher annual limits, with additional buybacks for past service and top-up contributions allowed.	Capped at 18% of earned income, up to a fixed annual maximum (e.g., \$32,490 in 2025).
Tax Treatment	Corporate contributions reduce taxable business income. Fees are also deductible to the company.	Personal contributions reduce individual taxable income. Fees are paid with after-tax dollars.
Market Exposure	Market underperformance triggers additional deductible contributions to keep the plan on track.	Fully exposed to market performance. No ability to make up for investment shortfalls.
Contribution Growth	Age-based scaling allows larger contributions as the plan holder gets older.	Flat contribution formula regardless of age or time horizon.
Catch-Up Potential	Allows retroactive contributions for prior years of service.	No ability to buy back or contribute for missed years.
Corporate Benefit	Designed specifically for incorporated professionals. Reduces corporate tax and builds personal wealth.	Personal strategy only—does not offer direct benefits to the corporation.
Retirement Income	Designed to provide a defined benefit in retirement, offering income predictability.	Depends entirely on portfolio performance and withdrawal strategy.

Bottom Line:

For incorporated professionals seeking to maximize contributions, reduce taxes, and build lasting wealth, the IPP offers structural and strategic advantages that go far beyond the RRSP.

If you'd like to explore whether an IPP is right for you or your clients, contact us at info@macnicolasset.com.