

Money Purchase Pension Plan

HOW IT WORKS

Companies with Money Purchase Pension Plans make yearly, fixed contributions for all eligible employees.

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

- A Money Purchase Pension Plan is a visible addition to your employee benefit package.
- For 2011, each eligible employee can receive a contribution of up to \$49,000 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.

MONEY PURCHASE PENSION PLANS ARE MOST APPROPRIATE FOR:

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

NOTE:

Recent favorable tax legislation that enhanced savings possibilities in SEPs and Profit Sharing Plans has created an opportunity to eliminate money purchase pension plans paired together with either a SEP or a Profit Sharing Plan. See your tax advisor to determine whether such an opportunity may be appropriate for you.

WHAT YOU SHOULD KNOW ABOUT MONEY PURCHASE PENSION PLANS

You can select a self-trusted or third-party trusted 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.

Or, you can select a custodial money purchase pension plan providing:

- A standardized prototype plan document.
- 100% immediate vesting.
- Employee eligibility for participation after two years of service.
- Self-directed investment accounts for each participant, all accounts being held at RBC Wealth Management.
- Management of all IRS distribution reporting (1099-R) requirements by RBC Wealth Management.



RBC Wealth Management®

Money Purchase Pension Plan, continued

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 recordkeeping 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.

** 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.*

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