



CASE #4

- Employers who wish to provide additional compensation to key executives. The Canadian division of a large multinational firm has a group of well-paid executives critical to their continued success.
- The firm wishes to provide those individuals with secure income in retirement above and beyond what pension restrictions will allow for.

Solution

- An RCA is established for each of the individual executives.
- The company, using the actuarial valuation and certification begins to fund the plans each year.
- The individual executives have input into the investment choices available to them in their RCA.
- Tax sheltered growth occurs in the plan while they are employed by the Canadian division.

Result

Upon retirement, or establishment of non-residency the individuals begin to draw upon the assets in their RCA. For those who retired in Canada a certain stream of income is available to them, well in excess of what a pension plan would have provided.

Of those not resident in Canada they remit a withholding tax to CCRA and enjoy a substantial tax reduction from Canadian marginal rates.

SOME WITHHOLDING RATES AS SET OUT IN TAX TREATIES WITH CANADA	
United States	15%
United Kingdom	0-15%
Ireland	0-15%
Hong Kong/PRC	10-15%
India	25%
Germany	25%
France	25%
Italy	15%

