Tax repercussions of Plan contributions on your income tax return

Your membership in the Régime complémentaire de rentes des techniciens ambulanciers/paramédics et des services préhospitaliers d’urgence has tax implications, as some contributions are tax deductible and others are not. Moreover, a Pension Adjustment (PA) is declared each year, which reduces your RRSP contribution margin for the subsequent year. The following summarizes the repercussions of your Plan contributions on your income tax return.

Plan contributions

- Your Plan contributions and any additional voluntary contributions are fully deductible from your taxable income. These contributions are shown in Box 20 of your T4 slip and Box D of your Relevé 1.

- Your employer’s contributions and the interest they earn are not taxable, nor can they be deducted from your taxable income.

- Income taxes will be deducted from pension benefits you receive from the Plan in the future.

The Pension Adjustment (PA)

- The PA represents the value, as estimated by the Canada Revenue Agency (CRA), of the pension benefits you have accrued during the year. Your PA is shown in Box 52 of your T4 slip.

- As a result of the Plan amendment made as at January 1st, 2019 the employee required contribution rate (referred to as the "employee contribution") has been modified as at January 1st, 2019 to 7.25% of the eligible salary.

- For 2019, the PA equals 2.00 multiplied by the sum of the regular contributions you paid to the Plan during that year. To this amount are added additional voluntary contributions and retroactive contributions paid during the year, if any.

- The PA reduces your RRSP contribution room for the following year. This means that the 2019 PA will reduce your RRSP contribution room for 2020.

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1 Since January 1st, 2019 additional voluntary contributions are not allowed.
Example of a PA calculation

Paul earned $50,000 in 2019. He contributed $3,625 in 2019 as regular contributions, corresponding to 7.25% of his earning. His PA is established by multiplying $3,625 by 2.00, which equals $7,250.

During the year, he also contributed $0 in additional voluntary contributions and $250 in retroactive contributions.

An amount of $7,500 ($7,250 + $0 + $250, rounded to the nearest dollar) will be entered in Box 52 of Paul’s T4 slip. Paul's RRSP contribution room for 2019 will be decreased by $7,500.

Any questions?

For more information, please contact us via our Client Contact Centre at 1.866.874.4069, Monday through Friday, between 8:30 a.m. and 5:00 p.m., or by e-mail at: rrtap@aon.ca.

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