

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 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**.
- The employee required contribution rate (referred to as the "employee contribution") is equal to 7.25% of the eligible salary since January 1st, 2019.
- For 2021, the PA equals **2.00** multiplied by the sum of the regular contributions you paid to the Plan during that year.
- The PA reduces your RRSP contribution room for the following year. This means that the **2021** PA will reduce your RRSP contribution room for **2022**.

Example of a PA calculation

Paul earned \$50,000 in 2021. He contributed \$3,625 in 2021 as regular contributions, corresponding to 7.25% of his earning. He also contributed \$ 375 during a leave of absence (type other than 2.6). His PA is established by multiplying \$4,000 ($\$3,625 + \375) by **2.00**, which equals \$8,000.

During the year, he also contributed \$250 during a leave of absence of type 2.6 *Other leave of absence WITHOUT salary*.

An amount of **\$8,250** ($\$8,000 + \250 , rounded to the nearest dollar) will be entered in **Box 52** of Paul's **T4 slip**. Paul's RRSP contribution room for 2022 will be decreased by **\$8,250**.

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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APPOINTED PLAN ADMINISTRATOR

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