

Legislative updates

2019 Canada Revenue Agency (CRA) contribution limits

Annual contribution limits for defined contribution retirement and savings plans:

Registered retirement savings plans: **18% of the previous year's earned income up to the** yearly limit of \$26,500; plus any unused RRSP room from previous years and pension adjustment reversals (PARs), minus any pension adjustments (PAs)

Important reminders:

- Any administrative or recordkeeping charges that the company may be paying on behalf of the plan members is a taxable benefit to the plan member. Therefore, this annual amount must be recorded on their T4.
- If the company does not permit withdrawals of employer contributions while employed, then the company is not required to pay the EI premiums on those contributions.

Deferred profit sharing plans: 18% of the employee's current year earned income up to the yearly limit of \$13,615

Important reminders:

- In accordance with the Income Tax Act (Canada), the following persons may not become members of a DPSP 1) a person related to the employer; 2) a person who is, or is related to, a specified shareholder of the employer or of a corporation related to the employer; 3) where the employer is a partnership, a person related to a member of the partnership; or 4) where the employer is a trust, a person who is, or is related to, a beneficiary under the trust.
- A pension adjustment reversal (PAR) restores RRSP contribution room to individuals who terminate, but who were not fully vested at the time they terminated. Canada Revenue Agency requires that all PAR reporting be complete and mailed within 60 days after the end of the calendar quarter in which the termination benefit payment was made.

Defined contribution pension plans: 18% of the employee's current year earned income up to the yearly limit of \$27,230

Important reminders:

- Pension plans registered in Ontario with assets of \$3,000,000 or more must file an auditor's report respecting the financial statements
- If a member joining your pension plan is a "connected person", CRA requires you to complete a connected person information return (T1007) within 60 days of the date the member joins the pension plan
- Any changes to your pension plan will require a plan amendment be filed with the provincial and federal pension authorities. Your client relationship manager can assist you with the government filings

Please notify your customer service specialist if a plan member's province of employment changes as this may impact their termination/retirement options

Tax-free savings account (TFSA): \$6,000 contribution limit.