

Employer Bulletin

from the Pension Corporation

To: College Pension Plan employers

Date: October 21, 2005

Topic: College Pension Plan reporting requirements for high-income earners

Direction: Your organization may be affected by the 2005 pension contribution maximum set by the Canada Revenue Agency under the federal *Income Tax Act* and its regulations [8503(4)].

For the 2005 tax year, the maximum tax deductible contribution amount is **\$13,180**. Plan members are eligible to claim a tax deduction for pension plan contributions up to this amount, even if the amount actually paid to the pension plan under its rules is higher.

Based on the plan's current contribution rates, we estimate annual pensionable salaries greater than **\$155,000** will reach the maximum tax deductible amount. The pension plan rules require that members contribute based on all pensionable salary, and that the pension plan will provide a benefit based on all pensionable salary and service. This means that you are required to deduct, remit and report contributions on all pensionable salary, but you only report up to the maximum tax deductible contribution amount of \$13,180 on the member's 2005 T4 slip.

For example, a member who earns \$190,000 annually would reach the maximum tax deductible contributions at \$155,000 but would continue to pay contributions for the total salary of \$190,000. You report the maximum tax deductible contribution amount of \$13,180 on the member's 2005 T4 slip even though contributions were made in excess of that amount.

The maximum tax deductible contribution amount may change from year to year. Next year, and in subsequent years, we will inform you in late summer of the new maximum contribution amount. This information will be posted in the employer section of our website at pensionsbc.ca.

If you require clarification, please contact us at the numbers and addresses on the reverse.

Over...

College Pension Plan

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PENSION CORPORATION



This publication provides general information about the pension plan and is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents will apply.