

# *Employer* **Bulletin**

from the Pension Corporation

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**To:** Municipal Pension Plan employers, unions and associations

**Date:** August 1, 2007

**Topic:** Municipal Pension Plan reporting requirements for high-income earners

**Direction:** Your employees who are members of the Municipal Pension Plan may be affected by the 2007 maximum deductible pension contribution limit. This limit is set by Canada Revenue Agency under the federal *Income Tax Act* and its regulations [8503(4)].

For the 2007 tax year, the maximum deductible pension contribution for income tax purposes is **\$14,580** for general members and **\$15,000** for members with a special agreement (SA). SAs apply mostly to police officers and firefighters, but also apply to some school board and municipal employees. Plan members can only claim a tax deduction for Pension Plan contributions up to this amount, even if the amount actually deducted and contributed to the Pension Plan under its rules is higher.

The Plan Rules require members to contribute to the Plan based on all of their pensionable salary, and require the Pension Plan to provide a benefit based on all of the member's pensionable salary and service. This means that you are required to deduct, remit and report contributions on all pensionable salary, but you are required only to report up to the maximum deductible contribution amount of \$14,580 (\$15,000 for members with an SA) on the member's 2007 T4 slip.

The maximum deductible contribution amount may change from year to year. To advise you of any new maximum amount, we will post a bulletin in the employer section of the Municipal Pension Plan website at **mpp.pensionsbc.ca**.

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

*Over...*

## Contact Information

### Employer Services

#### Mailing address:

Employer Services  
PO Box 9460  
Victoria BC V8W 9V8

#### Phone:

Victoria 250 356-9701  
Toll-free  
in North America 1 800 663-8823

#### Fax:

250 356-1784

#### E-mail:

[employer.services@pensionsbc.ca](mailto:employer.services@pensionsbc.ca)

#### Web:

[mpp.pensionsbc.ca](http://mpp.pensionsbc.ca)

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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.