

PENSION UPDATE

Retirement Plan Administration Updates for 2019

The 2019 limit for tax-deferred contributions to a registered defined contribution (DC) pension plan is the lesser of \$27,230 or 18 per cent of earned income for the current year. This limit applies to the sum of employee and employer contributions as well as additional voluntary contributions. Deferred profit sharing plan (DPSP) contributions by an employer are limited to the lesser of \$13,615 or 18 per cent of earned income for the current year. Funding for DC, DPSP and the deemed value of defined benefit (DB) benefits is reported on annual T4 slips for members.

Registered retirement savings plan (RRSP) contributions are based on earnings for the prior year (2018), less the pension adjustment for 2018 (plus available unused RRSP contribution room from prior years). Available RRSP room for the current year is detailed on individual notice of assessment statements from the Canada Revenue Agency.

	Registered Retirement Savings Plan (RRSP)***	Money Purchase (DC) Registered Pension Plan	Defined Benefit (DB) Registered Pension Plan*	Deferred Profit Sharing Plan (DPSP)	Tax Free Savings Account (TFSA)***
2018	\$26,230	\$26,500	\$2,944	\$13,250	\$5,500
2019	\$26,500	\$27,230**	\$3,025	\$13,615**	\$6,000

* The maximum pension benefit allowable per year of service—pegged at 1/9th the DC funding limit.

The applicable pension adjustment (PA) is nine times the year’s earned DB pension benefit minus \$600.

** The contribution limit will be indexed to the average wage growth rate.

*** Unused contribution room can be carried forward from year to year.

		2018	2019
Canada Pension Plan (CPP)	Year’s Maximum Pensionable Earnings (YMPE)	\$55,900	\$57,400
	Contribution Rate (Employee/Employer)	4.95%	5.10%
	Max Contribution (Employee/Employer - each)	\$2,593	\$2,748
Quebec Pension Plan (QPP)	Contribution Rate (Employee/Employer)	5.40%	5.55%*
	Max Contribution (Employee/Employer - each)	\$2,829	\$2,991**

* Includes the base contribution rate of 5.40% and the first additional contribution rate of 0.15%.

** Includes the maximum base contribution of \$2,910.60 and the maximum first additional contribution of \$80.85.

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