

New Regulations on Registered Pension Plans

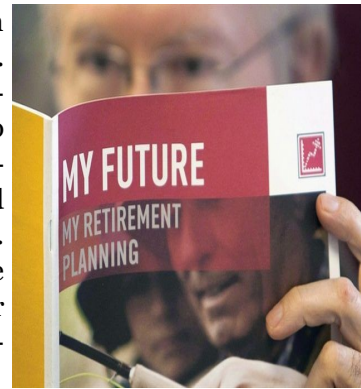
On February 25th, 2012, new regulations on pooled registered pension plans were established under Bill C-25. As well, the bill amended Registered Pension Plan clauses under other legislation in ways that will offer tax shelter opportunities to certain individuals.

What makes Bill C-25 of particular interest is legislation which notes that, retroactive to March 2009, employees of companies protected under bankruptcy and certain creditors' arrangements will now have the opportunity to include their employers' RPP contributions in the amounts transferred from their RPP to other registered plans such as their RRSP.

During 2009 and 2010, employee pension contributions transferred from an RPP to an RRSP were prorated based on the employer's contributions. Given that financially unstable or bankrupt companies such as Nortel Networks had underfunded their pension plans as their financial position deteriorated, employees often previously

lost out on reduced pension contribution room (i.e. RRSP) that would have otherwise been available to them by means of a Pension Adjustment reported on their annual T4 slips. However it may be that the pension plan will never meet the retirement obligations.

Under this legislation, for employees who transferred their pension's worth between February 2009 and before 2011, their pension contribution room will retroactively be re-instated to recapture previously lost tax shelter arising from Pension Adjustments, within certain limits.



How to take advantage of this:

Affected individuals should receive form T10 Pension Adjustment Reversal (PAR) from their previous employer. This form will provide the amount of additional funds that the employee can either contribute into an RRSP or transfer from their RPP into the RRSP.

Option 1: Retroactive Application

For individuals who would like their contribution to apply to their 2009 or 2010 personal tax reporting years, the contribution must be made before December 31, 2012. The appropriate deductions will be made to their 2009/2010 tax returns.

Option 2: Application to a Subsequent Year

Individuals also have the option to apply their contribution room to a subsequent year.

Either option can be advantageous depending on one's marginal income tax rate and other income tax considerations for the year being considered. We strongly advise affected individuals to contact their professional advisor before December 31, 2012 to determine the best strategy.

For the procedures to follow, please contact us at Logan Katz.

This'n That at Logan Katz

Logan Katz Breakfast Seminars

On October 18th, Logan Katz hosted the Countdown to the New Not-for-Profit Law and the NPO Accounting Standards breakfast seminar. In collaboration with Drache Aptowitz LLP, Logan Katz was pleased to welcome Adam Aptowitz, who addressed the new legislation of NPO Corporate Tax Law and Logan Katz's own Anjali Dilawri and Brenda Valente discussed the changes in the Accounting Standards for NPOs.

On November 13th Logan Katz will be hosting another breakfast seminar at the Ottawa Hunt & Golf Club. "Tips to Prevent Fraud in Your Own Business" will be discussed. Please come join us.

What's Going on at Logan Katz ?

Logan Katz's male staff members are participating in this fall's Stache for Ca\$H event. The Ottawa Regional Cancer Foundation and Ottawa Fire Services are working together to raise funds for men's cancers and the purchases of new surgical equipment. If you're interested in sponsoring our team for this incredibly worthwhile event, please visit www.ottawacancer.ca/LOGANKATZ.aspx. We would really appreciate your support!

September On-Line Poll

The Logan Katz September on-line poll asked "Do you support the city council committee's recommendation that Ottawa establish a new full-fledged casino?" Our non-scientific results were 46% YES, 46% NO and 8% Maybe, still weighing the pros and con. Visit our website to participate in our monthly polls.