

Understanding Your Alliance Retiral Fund Contribution Maximum

We would like to take this opportunity to outline the contribution rules regarding your Christian and Missionary Alliance (C&MA) Registered Pension Plan. This Registered Pension Plan is governed by the annual maximums determined by Canada Revenue Agency (CRA).

Required Contributions

Canadian workers are required to contribute 5% of earnings via payroll deduction. C&MA is required to contribute 5% of your earnings to the plan.

For missionary employees, C&MA is required to contribute 18% of the lowest missionary field allowance rate to the plan. Missionary workers are not required to contribute.



Voluntary Contributions

Member voluntary contributions can be made only via payroll deduction as either a percentage or dollar amount; however, you need to remember to not exceed the CRA maximum. You may not make lump sum contributions to the plan.

Contribution Limits

The total of all contributions to the plan – member, sponsor and voluntary – cannot exceed the CRA annual maximum of 18% of your current year's earned income up to \$27,230 for 2019. As the 5% employee and 5% employer contribution equals 10%, that means that if you choose to make a voluntary contribution, it may only be up to a maximum of 8% (for a total 18% contribution). However, in any case, the total dollar amount contributed cannot exceed the current CRA maximum.

For example, an employee with earned income of \$50,000 can only contribute a maximum total dollar amount of \$9,000 for the year ($\$50,000 \times 18\%$). As the total 10% contribution equals \$5,000, this means that the employee can only voluntarily contribute up to \$4,000.

Employees with higher income may find that the required contributions alone are very close to the allowed maximum and need to ensure they do not exceed it. There can be a penalty of 1% per month on excess contributions in the plan and those amounts would need to be removed from the plan.

Impact on your RRSP Limit

The total of all contributions to the C&MA pension plan are reported on your T4 slip in box 52 as a Pension Adjustment. Your RRSP limit the following year will be reduced by this amount and CRA will calculate your available RRSP contribution room each year on your Notice of Assessment.

Transfers-in

You may transfer in amounts from other registered plans. Amounts transferred in do not count towards your current year's contribution maximum. Any locked-in pension amounts transferred will be administered according to the rules of the applicable legislation.

If you have any questions about your allowed maximum we suggest you contact your payroll administrator or Reuter Benefits at 1-800-666-0142 or via email at retire@myretirement-alliance.com.