

RRSP SEASON

Registered retirement savings plan (RRSP) season can be a busy time. It's a terrific opportunity for existing plan members to increase payroll deductions, revisit their investment profiles and make any necessary investment strategy changes. Employees that have not joined a group arrangement sponsored by their Employer is missing out and should seize this opportunity to pay themselves first by investing in their future through tax-deferred investing.

Though our government budget has promised to eliminate the 30% RRSP foreign content limit, we should still remain cautious as we endeavour to balance our portfolio among many of the world's markets (97% of the world's capitalization resides outside of Canada). Investors now have the whole world as their buffet table, 100% of their RRSP investments can be of multinational origin.

Your RRSP investment portfolio, regardless of how you diversify, as in the past, should always reflect your goals and stay within your tolerance for risk. Now that the 30% RRSP limit is no more, we can benefit from the fact that, at various times, one or more of the world's markets may outperform the Canadian market.

NEED OUR HELP:

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DID YOU KNOW?

Your maximum **RRSP contribution** (employee and employer, where applicable):
For 2005, the lesser of \$16,500 and 18% of the previous year's earned income.

Maximum dollar limit, increasing over the next few years are as follows:

2006	\$18,000
2007	\$19,000
2008	\$20,000
2009	\$21,000
2010	\$22,000
2011	indexed

RRSP room will be reduced by previous year's employee and employer RPP and/or DPSP contributions (P.A.) and Past Service P.A. Check your Canada Revenue Agency (CRA) income tax assessment for your available RRSP room.

Your maximum **RPP contribution** (employee and employer, where applicable):
For 2005: the lesser of \$18,000 and 18% of the current year's income from the Plan Sponsor.

Maximum dollar limit, increasing over the next few years are as follows:

2006	\$19,000
2007	\$20,000
2008	\$21,000
2009	\$22,000
2010	indexed

Total employee/employer contributions must be reported to CRA. This total Pension Adjustment (P.A.) is used by CRA to calculate RRSP room for the following year.

ONTARIO ENDS MANDATORY RETIREMENT

On December 12th, 2005 the Ontario legislation eliminating mandatory retirement received Royal Assent. From December 12, 2006, it will be unlawful to compel Ontario employees to retire.

According to a Mercer's article, as a result of this legislation, employers will not be able to dismiss employees that are age 65 or older unless the employer has legal cause or age is a demonstrable occupational requirement of the position. Both instances require clear and convincing evidence, based on the particular circumstances of each individual. Absence of this evidence will necessitate working notice or compensation in lieu of notice.

Existing rules for participation in pension plans will not be affected by the elimination of mandatory retirement. Generally, older employees must be allowed to continue to accrue benefits in a pension plan until the end of the calendar year in which the employee reaches age 69. Pension Plans will continue to be regulated by the Pension Benefits Act.

Employers do not need to provide non-pension benefits to older employees. However, in the absence of adequate notice that this will be the employer's policy, a failure to provide these benefits may be viewed as constructive dismissal of older employees.