Proteus Performance Management

PROTEUS

PENSION UPDATE

January 2004

CONTRIBUTION LIMITS TO REGISTERED SAVINGS PLANS IN 2004

In 2003 the Federal government increased the limit to which one can annually contribute to a registered plan. The limits had been frozen at $13,500 (or an income of $75,000) for quite some time.

In 2004 the limits have again increased, as indicated in our previous Pension Update newsletter. The 2004 limit for tax-deferred contributions to a registered pension plan is $16,500, which is equivalent to an income of $91,666.67. Persons below this limit will continue to be restricted to 18% of earnings.

Sponsors of retirement plans will therefore have to update their administration practices to accommodate the new limits.

If you have any questions about what will be required for your plan, or would like to learn more about our *Governance Process* please contact us at (416) 421-3557 ext. 12 or toll free at 1-877-360-6363.

The Schedule for Retirement Plan Contribution Limits ...

	Registered Retirement Savings Plan (RRSP)	Money Purchase (DC) Registered Pension Plan	Defined Benefit (DB) Registered Pension Plan *	Deferred Profit Sharing Plan (DPSP)
2004	$15,500	$16,500	$1,833	$8,250
2005	$16,500	$18,000	$2,000	$9,000
2006	$18,000	Indexed **	Indexed **	Indexed **
2007	Indexed **	Indexed **	Indexed **	Indexed **

* *This is the maximum pension benefit allowable per year of service*

** *The contribution limit will be indexed to average wage growth*

LATE TRADING AND MARKET TIMING

Putnam, Prudential Securities, Strong Capital Management, Invesco, Bank of America and Alliance Capital Management are under investigation in the U.S. for engaging in late trading and/or market timing activities.

Late trading involves placing an order to buy or sell mutual fund shares at that day's closing price after the 4:00 p.m. market close. Illegal late trading should be distinguished from "after-hours" processing of investment instructions received in good order before the 4:00 p.m. market close.

Market timing is a trading strategy that exploits the fact that a mutual fund's NAV (Net Asset Value) may not reflect real-time information. Market timing is not illegal, but a mutual fund may prohibit its investors from engaging in market timing activities because it may reduce returns for long-term investors.

Market timing is often associated with international mutual funds where the NAV is based on the price of stocks on international exchanges which close before domestic markets. Market timers will buy funds when they know the price they are paying is likely to be low and sell such funds before the fund's NAV reflects the next downturn.

Plan Fiduciaries should factor allegations of improper mutual fund practices into the determination of the continuing appropriateness of a fund and be attentive to activities that materially affect the plan's investment in the fund or expose the plan to additional risk.

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