

PENSION UPDATE

2005 FEDERAL BUDGET IMPACTS ON RETIREMENT PLANS

On February 23, 2005 the Minister of Finance, Ralph Goodale, announced the 2005 Federal Budget. The budget contains some important changes that will affect retirement savings plans. Some areas of particular interest for plan sponsors and their members include:

Removal of Foreign Content Limits

Effective immediately, the government announced its plan to repeal the Foreign Content Limit of 30 per cent for all registered retirement savings investments

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The Schedule of 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)
2005	\$16,500	\$18,000	\$2,000	\$9,000
2006	\$18,000	\$19,000	\$2,111	\$9,500
2007	\$19,000	\$20,000	\$2,222	\$10,000
2008	\$20,000	\$21,000	\$2,333	\$10,500
2009	\$21,000	\$22,000	\$2,444	\$11,000
2010	\$22,000	Indexed **	Indexed **	Indexed **
2011	Indexed **	Indexed **	Indexed **	Indexed **

Contribution Limit Increases

The government has proposed a contribution limit increase for Registered Pension Plans (RPPs), Registered Retirement Savings Plans (RRSPs), Deferred Profit Sharing Plans (DPSPs) and Defined Benefit (DB) Pension Plans. This increase will allow investors to increase their long-term savings.

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

CDIC Insurance Increase

The Government is increasing the

Canada Deposit Insurance Corporation (CDIC) deposit insurance coverage from \$60,000 for insurable deposits to \$100,000, effective immediately. Deposit insurance protects eligible deposits at CDIC member institutions in case of the failure of a member institution. The limit was last amended in 1983.

Though not yet law, it is currently expected that the budget will be voted into affect by Parliament.

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.

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