

EMPLOYEE ADDITIONAL CONTRIBUTIONS

The *Winnipeg Police Pension Plan* allows contributing members to make voluntary Employee Additional Contributions. The employer does not match these contributions and they do not provide the member with any additional credited service.

How do Employee Additional Contributions work?

Voluntary Employee Additional Contributions are an alternative to making contributions to a Registered Retirement Savings Plan (RRSP). **If you are making your maximum contributions to your RRSP, you cannot make Employee Additional Contributions.**

Employee Additional Contributions do not in any way increase your regular defined pension benefit, but are like a separate investment account. At retirement you may convert the accumulated value of your Employee Additional Contributions into an annuity from the *Winnipeg Police Pension Plan* and have the annuity paid in addition to your regular pension, transfer the accumulated value to your RRSP, or receive the monies as a taxable lump sum.

Employee Additional Contributions are deducted biweekly from your pay up to the maximum Canada Revenue Agency (CRA) allows. Lump sum contributions are not permitted. You may increase, decrease or stop your payroll deduction at anytime.

Employee Additional Contributions or RRSP?

Although some contributing members make Employee Additional Contributions, there are a number of reasons why making RRSP contributions may be a better alternative.

Flexibility

RRSPs offer greater flexibility because RRSPs allow you to access the money you have at any time. Employee Additional Contributions can only be refunded to you at retirement, termination of employment, or death.

Income Splitting

Employee Additional Contributions do not give you the opportunity to do income splitting for income tax purposes like a spousal RRSP. Income splitting with spousal RRSPs can be beneficial if one spouse has a higher income than the other spouse.

Investment Choices

With an RRSP you can decide how your money is invested and you can change your asset mix over the years as your investment requirements change. With Employee Additional Contributions you have no say in how your money is invested.

Employee Additional Contributions are invested within the bond portfolio of your Pension Plan. The rate of return for each calendar year is based on the market rate of return of the bond portfolio for the year, net of 0.5% to cover administration costs, and can be positive or negative. For members who withdraw during the year, the rate of return used will include the net market rate of return earned for the part year.

How do I apply?

If you would like to make Employee Additional Contributions, please complete the application on the reverse and return it to the *The Winnipeg Civic Employees' Benefits Program*.

It is your responsibility to determine the maximum amount allowed as a deduction under the *Income Tax Act* (Canada). The maximum is shown on your Notice of Assessment when you file your Income Tax return.

When the maximum is reached, your Employee Additional Contributions must cease. Should you wish to recommence making Employee Additional Contributions in the following year, you must reapply to activate the deduction.