

The Way of the Pension Adjustment (PA) and the ATRF/LAP

If you belong to a Registered Pension Plan, (ie. ATRF), you'll receive a pension adjustment (PA) each year. The PA represents the deemed value of the pension benefit you build in a year. Keep in mind that your RRSP contribution room in a given year is reduced by the amount of your PA for the previous year.

You can contribute up to 18% of your earned income to a registered plan up to a certain maximum (see CRA's website at www.cra-arc.gc.ca for specific limits), less any pension adjustment (PA) you receive. Contributions can be claimed as a tax deduction. What's more, all income generated inside an RRSP grows on a tax-deferred basis until it's withdrawn from the plan.

As a Member of the ATRF – “How Much Can You Contribute to Your RRSP?”

- Your RRSP contribution limit will be on your latest *Notice of Assessment* or *Notice of Reassessment* that you received from Canada Revenue Agency (CRA) following the processing of your preceding year's income return.
- If you would like to calculate your RRSP contribution limit, use the format in the box below. It shows how the RRSP contribution limit for 2007 is calculated for someone with an earned income of \$72,865.

18% of earned income for the immediately preceding year (18% x \$72,865) (max. \$19,000)	\$ 13,116
<i>Minus:</i> Pension Adjustment for the immediately Preceding year (2006). Your PA is reported On your T4 and T4A slips.	<u>\$10,272</u>
RRSP contribution limit for the current year (2007)	\$2,844 *

***This limit can be reached with a monthly payroll deduction of \$237 over a 12 month period.**