

the Zlotnik, Lamb
& Company
employee
benefits update

[an employee benefits newsletter for clients and friends]

Our goal as benefit consultants is to provide our clients with the most cost effective and efficient system of providing Employee Benefits to their company.

ZLOTNIK LAMB & COMPANY

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"Financial advice is only as good as the person you ask."



Employee Benefits

**SUMMARY OF CONTRIBUTIONS & BENEFITS
CANADA / QUEBEC PENSION PLANS
AS AT JANUARY 1, 2005**

	CPP Maximum	QPP Maximum
Year's Maximum Pensionable Earnings (YMPE)	\$41,100	\$41,100
Year's Basic Exemption (YBE)	3,500	3,500
Maximum Contributory Earnings (YMPE-YBE)	37,600	37,600
Maximum Annual Contribution		
<ul style="list-style-type: none"> Employee (CPP 4.95%/QPP 4.95% of employment earnings up to YMPE less YBE) 	1,861.20	1,861.20
<ul style="list-style-type: none"> Employer (same as the employee's) 	1,861.20	1,861.20
<ul style="list-style-type: none"> Self-Employed (CPP 9.9%/QPP 9.9% of employment earnings up to YMPE less YBE) 	3,722.40	3,722.40
Maximum Monthly Retirement Pension		
<ul style="list-style-type: none"> Age 60 	**580.13	**580.13
<ul style="list-style-type: none"> Age 65 	**828.75	**828.75
Death Benefit		
<ul style="list-style-type: none"> Maximum Death Benefit 	2,500.00	2,500.00
<ul style="list-style-type: none"> Maximum Monthly Spouse's Pension 		
<ul style="list-style-type: none"> Under Age 55 	462.42	699.42
<ul style="list-style-type: none"> Age 55-64 	462.42	710.37
<ul style="list-style-type: none"> Age 65 or older 	497.25	497.25
<ul style="list-style-type: none"> Monthly Orphan's Pension (each child)* 	195.96	62.22
Disability Benefit		
<ul style="list-style-type: none"> Maximum Monthly Contributor's Pension 	***1,010.20	***1,010.20
<ul style="list-style-type: none"> Monthly Child(ren)'s Pension* 	195.96	62.22

* A 'dependent child' is defined as up to age 18 (25 if in full time attendance at school)

** Retirement pension available upon contributor's reaching 60 years of age, with actuarial adjustment

*** Under age 60 - unable to do any job and disability is serious and indefinite

Age 60-64 - unable to do his/her own job

Old Age Security

Payable to every person in Canada age 65 and over who fulfils the residence requirements. The benefit is adjusted quarterly based on the Consumer Price Index.

Basic Benefit \$471.76 per month (January - March)

Employment Insurance Benefits

Maximum Insurable Earnings	\$750.00 / week, \$39,000 / year
Benefit Rate	55% of insured earnings to a maximum benefit of \$413 per week
Contribution Rates	
Employee	1.95% of insurable earnings
Employer	1.4 times employee rate (2.73%)
Employer rate if there is an approved Short Term Disability program in place	1.236 times employee rate (2.41%)

→ Zlotnik, Lamb & Company

At your service

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TAXATION OF EMPLOYEE BENEFITS

Employer Sponsored Plans	Employee Contributions Tax Deductible?	Employer Contributions Tax Deductible to Employer?	Employer Contributions Taxable to Employee?	Benefits Received Taxable to Recipient?
Group Life	No	Yes	Yes	No
Dependent Life	No	Yes	Yes	No
Group AD&D	No	Yes	No	No
Survivor Income Benefit	No	Yes	(2)	Interest Element Only (5)
Group Health	No (1)	Yes	No	No
Group Income Replacement (WI & LTD)	No	Yes	No	(3)
Salary Continuance (Sick Pay)	N/A	Yes	N/A	Yes
Registered Pension Plan (4)	Yes	Yes	No	Yes (5)
Group RRSP (4)	Yes	Yes	Yes	Yes (5)
Deferred Profit Sharing Plan (4)	No	Yes	No	Yes (5)
1 – Employee Contributions are deductible only under allowable medical expense deduction. 2 – Commuted value is added to the Group Life Insurance. 3 – Benefit is non-taxable if 'employee pay all' policy. 4 – Tax status shown applies within certain maximum allowable limits. 5 – First \$1,000 annual pension income or qualified pension income is tax exempt, up to a maximum credit of \$170. Not applicable to lump sum payments or to RRSP/DPSP annuities before age 65. The first \$1,000 of interest is no longer exempt.				
Government Sponsored Plans	Employee Contributions Tax Deductible?	Employer Contributions Tax Deductible to Employer?	Employer Contributions Taxable to Employee?	Benefits Received Taxable to Recipient?
CPP/QPP	Yes	Yes	No	Yes
Old Age Security				
Basic Benefit	N/A	N/A	N/A	Yes
Spouse's Allowance	N/A	N/A	N/A	No
Guaranteed Income Supp.	N/A	N/A	N/A	No
Employment Insurance	Yes	Yes	No	Yes
Workers' Compensation	N/A	Yes	No	No
Taxable benefits are conferred if employer pays employee's portion, but employee can claim the corresponding amount as a tax deduction.				

This summary was designed as a quick reference guide. If you have any questions concerning the above please contact ZLOTNIK, LAMB & COMPANY at 604.688.7208 or 1.800.663.1499.