

Limits to eligible earnings and employee contributions

What you need to know

About eligible earnings

Eligible earnings and eligible hours are important when calculating employee contributions – this is because they have a direct impact on the employee contribution amount.

Limits on earnings to declare and eligible hours for general or assistant managers

When you calculate the earnings to declare for general or assistant managers, according to the Plan provisions, you are required to limit the eligible hours worked to the first 37.5 hours worked per week. Any hours worked after the first 37.5 hours per week are not factored into the calculation for earnings to declare and employee contributions for general or assistant managers.

Eligible earnings and eligible hours for all other employees

When an employee is not a general or assistant manager, the Plan provisions require you to calculate an employee's earnings to declare and employee contributions based on the actual hours worked, even if these hours total more than 37.5 hours a week.

About employee contribution limits

In addition to limiting the eligible hours and earnings to declare for general and assistant managers, employee contributions for all positions are also set to a maximum contribution limit each year.

How to calculate the limits to earnings and employee contributions

- For general or assistant managers, declare the actual salary paid for the first 37.5 hours worked per week on data reports for the Plan administrator, LifeWorks. For all other employees, declare the earnings based on the actual hours worked, even if these hours total more than 37.5 hours per week.
- Ensure the employee contribution amount deducted does not exceed the maximum contribution limit set for the year.

Note: You can set the employee contribution limit each year through your payroll system. If you use an automated data transfer module from ACCEO Childcare Services, this limit is automatically updated for the year.

Turn the page to see examples of how these limits apply!



Examples

The contribution limit, provided by the Plan Administrator at the beginning of the year, is set at \$109.20 per week (maximum for 2022) and the Plan contribution rate is 6.6%.

Here is how to calculate actual earnings and contributions.

Example 1

Catherine is a general manager working 37.5 hours per week at a rate of \$48 per hour.

Calculating the salary actually earned and contributions

Eligible earnings = **\$1,800** (37.5 hours x \$48/hour)

Contributions before the limit = **\$118.80** (\$1,800 x 6.6%)

Contributions after the limit = **\$109.20**



This means you must declare the following to the Ariel Portal:

Eligible earnings = **\$1,800**

Employee contributions = **\$109.20**

Eligible hours = **37.5 hours**

Here's what you need to do when reporting the eligible earnings and contribution amounts to the Plan administrator:

- Since the employee contributions are above the limit set for the year, you need to report the employee contribution amount according to the yearly maximum.
- Since the hours worked did not exceed 37.5 hours per week, you need to report the actual eligible earnings and do not need to consider any limits.

Important: You should never reduce the number of hours declared to the Ariel Portal; nor should you lower the hourly rate to reach the maximum eligible earnings.

Example 2

Stephanie, a general manager, works 40 hours per week at a rate of \$48 per hour.

Calculating the salary actually earned and contributions

Earned salary before the 37.5-hour limit = **\$1,920** (40 hours x \$48/hour)

Earned salary after the 37.5-hour limit = **\$1,800** (37.5 hours x \$48/hour)

Contributions before the limit = **\$118.80** (\$1,800 x 6.6%)

Contributions after the limit = **\$109.20**



This means you must declare the following to the Ariel Portal:

Eligible earnings = **\$1,800**

Employee contributions = **\$109.20**

Eligible hours = **37.5 hours**

Although you must declare the earnings without the limits, the earnings must still be limited to 37.5 hours per week because Stephanie is an employee with a general manager position.



Questions?

Feel free to contact a **Childcare Services Contact Centre** representative at **1 844 880-9140**, Monday to Friday, from 8 a.m. to 5 p.m., ET, or by email at **rrcpegq-adminsupport@lifeworks.com**.