



## Bill 124 Remedy Webinar Summary

Important information from the Unlocking Financial Potential: Strategies for Bill 124 Settlement webinar.

### Key Takeaways from Webinar

- Impact is on 2024 tax year – income will not be spread across the previous tax years from 2019.
- Keep in mind there are two increases and two lump sum payments from the remedy in 2024. You should plan ahead for additional taxes and seek guidance on solutions if you are receiving this and your retirement gratuity all in the year 2024.
- All amounts estimated in the sessions are based on gross figures, and do not include unique circumstances for unpaid leaves, strike days, mid-year grid movements, and deductions that are to be made from 2019-2024.
- Deductions may include E.I payments, CPP and pension contributions, LTD etc.
- Speak to us regarding debt repayment vs investment tools at your disposal to minimize taxes as you may move over into the next tax bracket for the 2024 tax year.

### Webinar Summary

#### The Remedy

##### Compensation Increases:

Year 1 (Sept 1, 2019-Aug 31, 2020)	0.75%
Year 2 (Sept 1, 2020-Aug 31, 2021)	0.75%
Year 3 (Sept 1, 2021-Aug 21, 2022) <i>(Binding Arbitration was the route for Year 3 of the 2019-2022 collective agreement)</i>	2.75%

##### Special Notes on Remedy:

- Pension contributions and deductions will be made based on this increase.
- LTD will be paid by your benefits provider – for questions on this please reach out to your provider.
- Remedy payment is considered income in this tax year (2024).
- Your “best 5 years” are to be amended in pension calculation, retirees may be affected.



## Sample remedy calculations\*

*Income, Pension and Tax Impacts for \$50,000 Contract (estimated)*

### Income:

School Year	Old Contract	Remedy Applied	Gross Total
2019 - 2020	\$50,000	\$50,371	\$7,633
2020 - 2021	\$50,500	\$51,252	
2021 - 2022	\$51,005	\$53,174	
2022 - 2023	\$51,005	\$53,174	
2023 - 2024	\$51,005	\$53,174	

### Pension:

Best 5 Years'/60 Months Average	New 5 Years'/60 Months Average	Annual Gross Difference
\$50,000	\$53,705	
Monthly Payment	New Monthly Payment	\$2,223
\$2500	\$2,685.25	

### Taxes:

Income	Estimated Tax	After Tax Income
\$50,000	\$10,423	\$39,577
Income After Remedy	Estimated Tax	After Tax Income
\$60,102	\$13,834	\$46,268



*Income, Pension and Tax Impacts for \$100,000 Contract (estimated)*

**Income:**

School Year	Old Contract	Remedy Applied	Gross Total
2019 - 2020	\$100,000	\$100,742	\$15,266
2020 - 2021	\$101,000	\$102,504	
2021 - 2022	\$102,010	\$106,348	
2022 - 2023	\$102,010	\$106,348	
2023 - 2024	\$102,010	\$106,348	

**Pension:**

Best 5 Years'/60 Months Average	New 5 Years'/60 Months Average	Annual Gross Difference
\$100,000	\$107,410	
Monthly Payment	New Monthly Payment	\$4,446
\$5000	\$5,370	

**Taxes:**

Income	Estimated Tax	After Tax Income
\$100,000	\$26,500	\$73,500
Income After Remedy	Estimated Tax	After Tax Income
\$120,000	\$34,500	\$85,500

\*All figures are for illustrative purposes only. Please consult with your Board and your pension plan for estimates applicable to you. Commentaries and information should not be considered personal investment advice. Please consult with a Financial Advisor about your specific circumstance and needs.

What should I do with my remedy payment?

- Registered Retirement Savings Plan (RRSP):
  - Save on taxes now: contributions to an RRSP are tax-deductible and grow tax-free until withdrawn.
  - A spousal RRSP can help lower a couple's tax rate.
  - For those who may want additional benefits, you can withdraw funds from your RRSP to pay for your own education (lifelong learning plan) or to purchase your first home (first time home buyer's plan).
  
- First Home Savings Account (FHSA):
  - This is a benefit to anyone who may be considered a qualifying first-time home buyer (haven't lived in a home that they have owned this year or 4 previous calendar years)
  - Like an RRSP, save on taxes now: contributions to an FHSA are tax-deductible, grow tax-free and *unlike* an RRSP, withdrawals are tax-free if used for a qualifying home.
  - Contributions can be transferred to an RRSP if a home is not purchased.
  
- Tax Free Savings Account (TFSA):
  - A TFSA allows your money to grow tax-free, meaning this doesn't add onto what you owe to the CRA when you withdraw. What you earn, you keep.
  
- Debt Repayment:
  - Look at your cash flow, and the rate of interest you're paying to determine where you may have the greatest benefit to your bottom line.
  - There are strategies to this as well, just like all the options above.

Special Notes on using remedy for Investment/Debt Repayment:

- In any of the investment buckets (RRSP, FHSA, TFSA, etc.) you can choose from a variety of investment vehicles to hold in those accounts - like a GIC, high-interest savings account or mutual funds, for example.
  
- If you're struggling to understand the variety of options or for more details, please reach out to your advisor if you have one. If not, we would be happy to help guide you in the right direction and give you some things to think about. Our goal is to educate and empower you, so that you can make the best financial decisions for yourself.

**If you are looking to speak with an advisor about the Bill 124 remedy and your situation, we can help!**

Call 1.800.263.9541 to book an appointment today or visit our website to get started!

[www.educatorsfinancialgroup.ca/get-started](http://www.educatorsfinancialgroup.ca/get-started)