

Notice to Americans Working in Canada

If you are a member of Actors' Equity Association (U.S.) and you are working temporarily in Canada on a Canadian Theatre Agreement (CTA) contract, you have two alternatives for the retirement funds you earn in Canada. The CTA contracts require contributions to a Registered Retirement Savings Plan. As a temporary visitor you may participate in the RRSP or you may have your funds diverted for credit to your Equity League Pension.

Option One

Contribute to a Canadian RRSP

- ◆ You must open an RRSP by completing an application form; and
- ◆ Close out your RRSP when you leave Canada; and
- ◆ Deposit the funds to an IRA your pension.

Option Two

Direct contributions to your Equity League Pension

- ◆ You must file a Pension Designation form with Canadian Actors' Equity Association; and
- ◆ Funds will automatically be redirected to your pension.

In most instances American artists working in Canada will derive more benefit from having their funds credited to the Equity League Pension. These contributions will be included in the determination of your vesting requirements and will be included in the calculation of the benefits you will ultimately receive. RRSPs provide some tax advantages but not in the first year. Furthermore, the funds must be deregistered when you leave Canada and they cannot be transferred directly into an IRA.

The CTA contract requires that 6% is deducted from your fees which is sent to Equity for deposit to an RRSP. However, the Equity League Pension

permits contributions from the producer only. If you opt to have funds sent to the Equity League Pension, arrangements must be made with the theatre so that no deduction are made from your fees and that the theatre will contribute 3% on your behalf. These arrangements should be made at the time of negotiating your fees because the additional 3% should be considered as part of your total compensation package.

Although the retirement funds are being deposited to your Pension, under Canadian tax law they are considered income which is taxable in Canada. The employer contribution will be included in income on the tax reporting slips issued by the producer.

In some circumstances a Registered Retirement Savings Plan (RRSP) may be more advantageous for an AEA members. It is a method of tax deferral intended to move income from a period of high tax to a period when the participant is taxed at a lower rate, which is normally after retirement. By contributing to an RRSP one's taxable income is reduced by the amount of the contribution. The interest earned on the investments is also accumulated without tax until it is withdrawn. Since the income is not eroded by tax, the amount compounded year after year is greater than it would be outside the RRSP.

Funds may be withdrawn from an RRSP at any time but it is subject to a deduction for income tax. There are limits on the amount that can be contributed to an RRSP which is based on the previous year's Canadian taxable earnings.

Please make sure that you either complete a designation form or open an RRSP. If you do neither, contributions received on your behalf will be donated to the Actors' Fund of Canada.