Revised Feb 14, 2024

News from Payroll & Pensions

First Pay of 2024

When you receive your first few pays in 2024, you'll notice that your net pay (after deductions) is lower than the last net pay you received for 2023. This is a normal occurrence with the start of every new tax year. To help you understand why there's a difference between these net pays, please read the following information:

Canada Pension Plan (CPP) & Employment Insurance (EI) Deductions

Many employees reach their maximum annual contributions for CPP and/or EI before the end of each year resulting in a slight increase in net pay for the remaining pays of the year. These deductions recommence on the first pay of the year and continue until the 2024 annual limit is reached. This is one reason why your net pay in January is lower than the net pay in December. For 2024, the CPP rate will remain at 5.95% (2023 - 5.95%) of pensionable earnings but the CPP maximum pensionable earnings has increased to $68,500 (2023 - $66,600). Beginning in 2024, the EI rate will increase to 1.66% (2023 – 1.63%), and the EI maximum insurable earnings has increased to $63,200 (2023 - $61,500).

Canada Revenue Agency (CRA) has introduced a second ceiling in 2024 for CPP contributions as part of their plan to enhance the CPP program. The second CPP contribution (CPP2) will be 4% of pensionable earnings from the maximum pensionable earnings of $68,500 to the second ceiling of $73,200. Only employees who have gross pensionable earnings above $68,500 will be subject to CPP2.

As a result, the 2024 maximum annual contributions are:

- CPP $ 3,867.50 (2023 $ 3,754.45)
- CPP2 $ 188.00 (2023 N/A)
- EI $ 1,049.12 (2023 $ 1,002.45)

Canadian Income Tax (CIT)

The personal exemption amounts have increased resulting in a lower CIT deduction for 2024. However, if you had provided a tax waiver for 2023 to reduce CIT at source and have not yet filed a new waiver for 2024, then the tax deducted on your biweekly pay will increase until a new waiver is filed. Waivers are generally only valid for one calendar year, and it is the employee's responsibility to renew these waivers, if applicable, for the following year.

The 2024 basic federal exemption is $15,705 (2023 $15,000) and the provincial exemption is $12,399 (2023 $11,865). These exemptions can be found in the Tax Data section of your printed or electronic pay advice. If you are claiming more than the basic exemption and your situation has changed such that you are no longer entitled to the additional exemptions, it is your responsibility to complete a new TD1 form otherwise you may find that the taxes deducted from your pay are not sufficient when you file your tax return. If you need to update your personal tax exemptions, you will need to complete and forward both a Federal and Ontario form to Human Resources at hrecadmin@hamilton.ca. To access these forms:

Click here for the TD1 Federal form, and
Click here for the TD1 Ontario form

2023 Holiday Closure Days

If you elected to be non-paid for any of the 2023 Holiday Closure Days (December 27th, 28th, 29th) then the equivalent hours will be deducted from the following pays:

Salary Employees:

- January 5th, 2024; Hours related to December 27th, 28th, 29th will be deducted.

Wage Employees:

- January 12th, 2024; Hours related to December 27th, 28th, 29th will be deducted.

Other Payroll Information:

Parking Taxable Benefit

A reminder to those who have employer provided parking, that if you want to reduce your parking taxable benefit for 2023, then you must submit all your 2023 expense reports including trips within the first couple of weeks in January. For further information on parking taxable benefit please click here

Electronic 2023 T4's

If you received an electronic T4 for 2022 and you have not revoked your consent, then you will continue to receive an electronic version for 2023. If you received a paper version and wish to receive the electronic version, or if you are a new employee who has not yet provided consent, then you will need to provide your consent. Employees who take advantage of the electronic version will have access to their T4 between one and two weeks earlier. To review or provide your consent login here to access *My HR Info*. The consent page is located in the *My Pay* section of Self Service.

This is also a good time to review and update your *My Contact Information* and *My Personal Information* sections in *My HR Info*, to ensure that we have your most recent home address, phone number and email addresses.

2023 Home Office Expense Deduction (revised Feb 14, 2024)

For the 2021 and 2022 tax years, employees who worked from home due to COVID-19 could claim up to $500 using the temporary flat rate method, this is no longer offered by CRA.

New for 2023, CRA now allows employees working in a hybrid situation to claim eligible home office expenses, even without a written employment contract specifying that they have a work from home arrangement. Details on the eligibility criteria and allowable expenses can be found here. Employees who do wish to make a claim will require a T2200 to be completed by the employer. This form would be completed by the employee's supervisor since only they can attest to your work from home arrangement per question #6 of the form.

OMERS Pension Information

Below is some information on the OMERS plan. For additional information, or to create a myOMERS account to take advantage of their self-service features, please click here.

2024 OMERS Contribution Rate

There are no changes to the OMERS contribution rates.

		2024
Normal retirement age (NRA) 65 members	On earnings up to CPP earnings limit*	9.0%
	On earnings over CPP earnings limit*	14.6%
Normal retirement age (NRA) 60 members (Police & Firefighters)	On earnings up to CPP earnings limit*	9.2%
	On earnings over CPP earnings limit*	15.8%

*2024 earnings limit for CPP is $68,500

OMERS Leave Period Purchase deadline extension ends

In 2021, OMERS announced an extension to the leave purchase deadline by one year for members returning to work in 2020, 2021 and 2022. However, this extension has ended and for leaves ending in 2023 or later the deadline is December 31st of the calendar year following.

To clarify:

- For members returning from a non-paid leave in 2022 the purchase deadline has been extended from December 31, 2023 to December 31, 2024.
- For members returning from a non-paid leave in 2023 the purchase deadline is December 31, 2024,

OMERS Non Full-Time Expansion effective January 1, 2023

Enrolment in the OMERS pension plan has always been mandatory for employees defined by OMERS as Continuous Full Time (CFT) employees. Effective January 1, 2023, OMERS allows employees not eligible to enroll at hire, referred to as Non Full-time (NFT), to elect to join the plan at any time after their election is received.
If you are a NFT employee, you would have received an offer to join the plan upon hire from OMERS. If you chose not to join at that time you may still join at any time thereafter by contacting the Pension Section.

Terminating from the City to go to another OMERS Employer

If you choose to terminate from the City to go to another OMERS employer, you should first consider contacting the City's Pension Section to ensure that the termination date you are considering will not negatively impact your OMERS pension benefit.

To clarify this issue please consider the following two scenarios:

Scenario 1

John was hired by the City of Guelph to start work effective Monday August 7, 2023. Although John's last day worked with the City of Hamilton was Friday August 4, 2023, he arranged to be on paid vacation for the next two weeks and consequently tendered his resignation with an effective date of August 18, 2023. John's enrolment date with Guelph of August 7, 2023, and his continued employment with Hamilton until August 18, 2023 resulted in an overlap in OMERS membership between the two employers.

In this scenario, John will not be able to transfer his Hamilton service to his new OMERS record, due to this overlap in service. This means that when he retires, the pension benefit he receives for his time with Hamilton will be based on his current best five-year average salary with the City of Hamilton and the pension benefit he receives for his time with Guelph will be based on his later best five-year average salary with the City of Guelph. If he had been able to transfer his Hamilton service to his new OMERS record, the pension benefit he would have received for his combined service would have been based on his new higher best five-year average salary with the City of Guelph. Assuming a new higher salary rate with the City of Guelph, then transferring his service would have provided a greater pension. Had John realized this impact to his pension he would have chosen to terminate from the City of Hamilton on August 4, 2023, and receive a vacation payout at termination.

Scenario 2

Mary was hired by the City of Burlington and started on Monday August 21, 2023. Her last day of work with the City of Hamilton was Friday August 4, 2022. Mary chose August 4th, 2023 as her last day because she wanted two weeks off before starting her new job. At the time of her termination Mary had two weeks of vacation still owing to her which was subsequently paid out as a lump sum on her final pay. The two-week period between her termination with the City of Hamilton and her start date with the City of Burlington created a two-week employment gap which is not purchasable under OMERS.

Since Mary was not employed by either OMERS employer between August 7, 2023 and August 20, 2023, this gap in service cannot be purchased. It was important for her to have the two weeks off prior to starting with her new employer. Had she realized how this would affect her pension she would have taken two weeks paid vacation for the period August 7, 2023 to August 20, 2023 so that this period would have been pensionable.

If you do choose to leave the City for another OMERS employer, consider contacting one of the City's Pension Analysts to help you make a more informed decision on how your termination date may impact your future OMERS pension benefit.