

News from Payroll & Pensions

First Pay of 2025

When you receive your first few pays in 2025, you will notice that your net pay (after deductions) is lower than the last net pay you received for 2024. This is a normal occurrence at the start of every new 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

One reason why your net pay in January is lower than the net pay in December is 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 restart on the first pay of the year and continue until the 2025 annual limit is reached. For 2025, the CPP rate will remain at 5.95% (2024 - 5.95%) of pensionable earnings but the CPP maximum pensionable earnings has increased to \$71,300 (2024 - \$68,500). Beginning in 2025, the EI rate will decrease to 1.64% (2024 – 1.66%), and the EI maximum insurable earnings will increase to \$65,700 (2024 - \$63,200).

Canada Revenue Agency (CRA) introduced a second ceiling for CPP contributions in 2024 as part of its plan to enhance the CPP program. The second CPP contribution (CPP2) will be 4% of pensionable earnings from the maximum pensionable earnings of \$71,300 to the second ceiling of \$81,200. Only employees with gross pensionable earnings above \$71,300 will be subject to CPP2.

As a result, the 2025 maximum annual contributions are:

- CPP \$ 4,034.10 (2024 \$ 3,867.50)
- CPP2 \$ 396.00 (2024 \$ 188.00)
- EI \$ 1,077.48 (2024 \$ 1,049.12)

Canadian Income Tax (CIT)

The personal exemption amounts for Canadian Income Tax (CIT) have increased, resulting in a lower deduction for 2025. However, if you had provided a tax waiver for 2024 to reduce CIT at source and have not yet filed a new waiver for 2025, then the tax deducted from 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 2025 basic federal exemption is \$16,129 (2024, \$15,705), and the provincial exemption is \$12,747 (2024 \$12,399). 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:

Visit [here for the TD1 Federal form, and](#)
Visit [here for the TD1 Ontario form](#)

2024 Holiday Closure Days

If you elected to be unpaid (i.e. you did not use vacation or lieu time) for any of the 2024 Holiday Closure Days (December 27, 30, 31) then the equivalent hours will be deducted from the following pays:

Salary Employees:

- January 3, 2025; hours related to December 27 will be deducted.
- January 17, 2025; hours related to December 30, 31 will be deducted.

Wage Employees:

- January 10, 2025; hours related to December 27, 30 and 31 will be deducted.

Other Payroll Information:

Pay Advance

From March 1 to June 7, you received a pay advance due to the unavailability of the payroll system. The amounts appear on your payslip as Pay Advance. All employees' pay stubs include the Pay Advances that were deposited to their bank accounts during the Cyber Security Event. Pay Advance earnings were not subject to taxes and will not add to employees' taxable income, essentially acting as a tracker. The Pay Advance total will not appear on your T4. Your 2024 T4 Box 14 will accurately reflect your 2024 Employment income plus taxable benefits.

Parking Taxable Benefit

A reminder to those who have employer-provided parking if you want to reduce your parking taxable benefit for 2024, then you must submit all your 2024 expense reports, including trips, within the first couple of weeks in January.

Please visit: [Here](#)

Electronic 2024 T4s

If you received an electronic T4 for 2023 and you have not revoked your consent, then you will continue to receive an electronic version for 2024. 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](#). The consent page is 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.

2024 Home Office Expense Deduction

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. Canada Revenue Agency (CRA) no longer offers this option.

For 2024, the CRA updated the T2200 form which 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. [Here are the details on the Canada Revenue eligibility criteria and allowable expenses](#) . 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 number #6 of the form.

OMERS Pension Information

Below is some information on the Ontario Municipal Employees Retirement System (OMERS) plan. OMERS is a defined benefit pension plan for City of Hamilton employees and members across Ontario who serve their communities.

For additional information, or to create a myOMERS account to take advantage of their self-service features, including designating and reviewing your beneficiaries and providing a personal email to your account. [Visit here for a OMERS member account.](#)

2025 OMERS Contribution Rate

There are no changes to the OMERS contribution rates.

		2025
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%

*2025 earnings limit for CPP is \$71,300

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 31 of the calendar year following.

To clarify:

- For members returning from an unpaid leave in 2022, the purchase deadline has been extended from December 31, 2023, to December 31, 2024.
- For members returning from an unpaid leave in 2023, the purchase deadline is December 31, 2024.
- For members returning from an unpaid leave in 2024 the purchase deadline is December 31, 2025.

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. For more information about the benefits of an OMERS membership, visit <https://www.omers.com/nft>

If you are an NFT employee, you would have received an offer to join the plan upon hire with the City, from OMERS. If you chose not to join at that time you may still join at any time thereafter by providing the City of Hamilton Pension Section with a completed [Offer of OMERS Membership form](#).

Enrolment into the OMERS plan will be effective at the beginning of the next available pay period from when the pension section receives your completed form. Note: enrolment into the OMERS plan is final and irrevocable and if you receive in lieu of benefits and pension, this benefit will be reduced by the pension portion of 6%. Please provide a personal email address on the enrolment form so OMERS can communicate with you electronically.

OMERS Retirement processing changes

Effective October 30, 2024, OMERS has changed its process on how to initiate your retirement. This is summarized in the [Getting Ready to Retire Guide](#). OMERS employers, like the City, are no longer able to submit your election on your behalf to receive your OMERS pension benefit. You are also now responsible for sending banking, tax forms and spousal information to OMERS. You can start this process, when your employer submits final earnings and service to OMERS after your last paycheque, which is generally two weeks after your retirement date.

You will be prompted via email from OMERS to log in to myOMERS and complete the retirement process. You can also [watch this video](#) *How do I start receiving my OMERS pension?* section for step-by-step instructions on the retirement process including a sample email and navigation to complete the retirement process.

To promote a smooth transition to retirement, it is vital that you register for a myOMERS account as soon as possible. Your contact information includes a personal email address and phone number. [Register for a myOMERS account today](#).

Here is an example of a retirement timeline:

1. Inform your employer of the date you wish to retire.
2. Reach out to City of Hamilton Pension Section to review your pension file, including unpurchased leave periods, for an OMERS pension estimate.
3. Your employer submits final earnings and service to OMERS after your last paycheque, generally two weeks after your retirement date. You will be prompted via email from OMERS to log in to myOMERS and complete the retirement process.
4. Log in to myOMERS to complete your retirement process.
5. Your first pension payment is effective the first of the month following your retirement date. If your last day of employment with your OMERS employer is March 10, the earliest date that you can start your OMERS pension is April 1. Monthly pensions are not pro-rated. Pension payments are typically made on the first business day of each month. See [OMERS Receiving your pension](#) webpage for the payment schedule.

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 5, 2024. Although John's last day worked with the City of Hamilton was Friday August 2, 2024, he arranged to be on paid vacation for the next two weeks and consequently tendered his resignation with an effective date of August 16, 2024. John's enrolment date with Guelph of August 5, 2024, and his continued employment with Hamilton until August 16, 2024 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 2, 2024, and receive a vacation payout at termination.

Scenario 2

Mary was hired by the City of Burlington and started on Monday August 19, 2024. Her last day of work with the City of Hamilton was Friday August 2, 2024. Mary chose August 2, 2024 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 3 and August 18, 2024, 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 3 to August 18, 2024 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.