People. Pensions. Results.

INFORMATION SHEET
Tax Forms

What are TD1 forms used for?

TD1 forms, both provincial and federal, are used to determine the amount of income tax to be deducted at the source of an income payment and remitted to the Canada Revenue Agency (CRA) on your behalf. Each jurisdiction has different eligible amounts, so it is important that you understand what you are entitled to.

If you do not submit the TD1 forms to SHEPP, we will apply the basic exemptions and deduct tax accordingly.

How do I estimate my annual retirement income for completing TD1 forms?

It is important to consider how all sources of retirement income will impact your income taxes when completing the TD1 forms. All payments received from your sources of income in a year will impact your income for which your taxes will be calculated when you file your tax return with the CRA for that year.

Your sources of retirement income may include Registered Retirement Saving Plan (RRSP) or Retirement Income Fund (RIF) withdrawals during the year, SHEPP pension payments, Government forms of pension (such as CPP and OAS), and other personal income.

A financial accountant and/or financial advisor is the best resource to consult with when estimating your annual income for tax planning purposes.

How do I know how much tax will be taken off my pension payment?

Income tax is deducted from your monthly SHEPP pension payment and the amount of tax deducted will depend on your pension amount and the personal exemptions that you've claimed on your TD1 federal and TD1 provincial forms, as well as any additional income tax that you request to be deducted.

The CRA has an online tax calculator called the Payroll Deductions Online Calculator (PDOC) that you and/or your tax professional may choose to use when estimating your net pay.

Additional information about your taxes is available by contacting the CRA.

What if I am going to continue earning employment income in retirement?

You may only claim the basic personal exemptions with one employer or payor for the year.

For example, if you receive $12,000/year in pension income from SHEPP, plus earn an additional $10,000/ year in employment income, your total income for the year is $22,000. If you were to claim the basic exemption with both payors, you will not pay any income tax at the source, since each source of income is below the basic

exemption. This generally will result in a tax liability owed to the CRA when you file your taxes for that year.

If you claim the basic exemption with only one payor and claim $0 on the other, then the payor with which you have claimed $0 will deduct income tax for the full amount of your income each pay period. This does not mean that you will not owe any income tax at the end of the year, as that will depend on your net income from all sources.

Please note that you can change your tax instructions with SHEPP at any time by completing new TD1 forms or providing written instructions and submitting them to our office for processing.

Should I have additional tax deducted?

You may request that SHEPP withhold additional income tax on your behalf by completing the 'Additional tax to be deducted' section with the dollar amount of additional tax you are requesting on page 2 of the federal TD1 form. Please note that any additional tax amount you request will be deducted over and above the required amount determined on the exemptions you have claimed.

A tax professional will be able to look at your total income for the year and help you decide if additional income tax should be deducted from your SHEPP pension payments.

How do I know if I am eligible for additional exemptions?

SHEPP recommends that members speak with a tax professional for assistance determining eligibility for additional exemptions.