

Date: July 10, 2008  
To: CBE Staff Association Members  
From: Telus Sourcing Solutions Payroll Services  
Subject: Staff Association Signing Bonus Payment

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Provisions for a signing bonus were included in the recently ratified Staff Association Collective Agreement. This provision was an \$800 prorated payment based on full-time equivalency (FTE) payable to all permanent and probationary employees employed (including employees on leave or layoff) as of the date of ratification, which was June 25, 2008.

This payment has been processed and will be deposited into your bank account on Friday, July 11<sup>th</sup>. Some of you may have already seen your deposit information in PeopleSoft.

The methodology for calculating the amount of the bonus is as follows:

- You had to be a regular employee, active with the Staff Association on June 25, 2008
- If you were a full-time employee, with an FTE of 1.0, you received the entire \$800
- If you were an employee with an FTE less than 1.0, then you received a pro-rated portion of the \$800, based on your FTE. The formula for this is  $800 * [\text{FTE ratio}] = \text{bonus amount}$ . Some examples are:
  - If your FTE is 0.8, then your bonus amount was \$640
  - If your FTE is 0.5, then your bonus amount was \$400
  - If your FTE is 0.25, then your bonus amount was \$200

The taxation of these bonuses was done in accordance with the Bonus Tax Method as prescribed by the Canada Revenue Agency (CRA). The taxation depends on your income bracket. The information posted on the CRA website referring to a 15% flat deduction on bonuses under \$5,000 is an error on the part of CRA. We have confirmed with CRA that the 15% flat deduction is on regular earnings under \$5,000. The correct information can be found on page 24 in the following document:

T4001 - CRA Employers' Guide to Payroll Deductions and Remittance  
<http://www.cra-arc.gc.ca/E/pub/tg/t4001/t4001-07e.pdf>

To confirm your deductions, use the CRA tool to provided in the following link:

<https://apps.cra-arc.gc.ca/ebci/rhpd/startLanguage.do?lang=English>

\*Note: ensure you use July 1, 2008 and AB as your source

For example, an individual who earns between approximately \$38,000 and \$76,000 per year is in the 32% tax bracket, which means that any income made over and above regular pay (such as a bonus) will be taxed at that rate.

## EXAMPLE

A sample has been provided below based on a permanent 12 month employee earning \$54,274.48 annually. The tax on the bonus is \$176 Federal Tax (22%) and \$80 Provincial Tax (10%), amounting to total tax deductions of \$256 or 32%.

Pay period	Biweekly (26 pay periods a year)
Pay period ending date	
Province of employment	Alberta
Federal amount from TD1	Claim Code 1 (Minimum - 9,600.00)
Provincial amount from TD1	Claim Code 1 (Minimum - 16,161.00)
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Salary or wages for the pay period	2,087.48
Total EI insurable earnings for the pay period	2,887.48
Taxable income	2,087.48
Cash income for the pay period	2,087.48
Federal tax deductions	280.06
Provincial tax deductions	135.97
Requested additional tax deduction	0.00
Total tax on income	416.03
CPP deductions	96.67
EI deductions	36.11
Amounts deducted at source	0.00
Total deductions on income	548.81
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Total current bonus payable	800.00
Federal tax deductions on bonus	176.00
Provincial tax deductions on bonus	80.00
Total tax deductions on bonus	256.00
CPP deductions on bonus	39.60
EI deductions on bonus	13.84
RRSP, etc., deducted from current bonus	0.00
Total deductions on bonus	309.44

If you have any question, please contact the CBE Employee Contact Centre at [1-877-353-2555](tel:1-877-353-2555) or email at [CBE.ClientServicesCentre@telus.com](mailto:CBE.ClientServicesCentre@telus.com)