

# MEMO

**To:** Northern Employee Benefits Services Employer Members  
**From:** Northern Employee Benefits Services  
**Date:** Tuesday, March 4, 2025  
**Subject:** Supplemental Executive Retirement Plans (SERP)

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The Canada Revenue Agency sets the maximum contribution limit to the NEBS Pension Plan. The maximum wage on which the 8% pension contributions are calculated is \$212,788.50 for 2025. Some Pension Plans (such as Federal Superannuation) have developed an additional supplemental benefit program for employers with over-the-limit employees. These “top-up” programs are called Supplementary Executive (or Employee) Retirement Plans (SERP). The NEBS Pension Committee is gauging interest in developing a SERP for the benefit of employers with employees in this income bracket.

## How SERPs Work:

- Only for employees over the maximum Income Tax Act contributions.
- Only Employer funded (no employee contributions).
- Each employer is an individual sponsor of their own SERP and enters into a separate agreement between themselves and NEBS.
- Each employer sets aside and invests sums of money equal to its liabilities in an earmarked account.
- Each employer remits funds for future benefits payable to its employee(s) based on an annual actuarial costing report.
- The earmarked assets will continue to belong to the employer and will not be held for the benefit of Plan Members.
- The SERP benefits are paid from the employers’ general assets as they fall due and the amount of earmarked assets will be increased or decreased depending on the employers liabilities as determined by the actuary.
- Each payment made by an employer to a member or beneficiary will be deemed as income of the recipient in the year it is received.

As mentioned, this memo is meant to determine any interest in a SERP program in addition to the existing NEBS Pension Plan. If you are interested in this or would like to learn more about this, please contact myself at the NEBS Office by email or phone to discuss or simply state your interest.

Thank you,

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