

e2r Alert!

Human Resources and Payroll Preparation for 2012

The start of a New Year often prompts a checklist of “to-dos” for HR and Payroll practitioners. To help you prepare and start 2012 off on the right foot, we have outlined below a few notable topics that will require your attention before January 2012.

Changes to the Canada Pension Plan (CPP) Contribution Rules

On January 1, 2012, changes to the rules for deducting CPP contributions will come into effect.

Under the new rules and starting January 1, 2012, employers may have to deduct CPP contributions from the pensionable earnings paid to an employee who is 60 to 70 years of age, even if the employee is receiving a CPP or Quebec Pension Plan (QPP) retirement pension.

Under the new rules, an employee who works for you and receives a CPP or QPP retirement pension will now have to contribute to the CPP if he or she is:

- 60 to 65 years of age;
- 65 to 70 years of age, unless the employee has filed an election with you to stop paying CPP contributions; or
- 65 to 70 years of age, if the employee revoked his or her election to stop paying CPP contributions in 2013 or later.

If, in December 2011, an employee is at least 65 years of age and is receiving a CPP or QPP retirement pension and does not want to start contributing to the CPP in January 2012, then that employee should make his or her election to stop contributing to the CPP by providing a copy of a signed and completed Form CPT30 to you as early as possible in December.

2012 Employment Insurance (EI) and Canada Pension Plan Rates

At the start of each year, Canada Revenue Agency announces the maximum pensionable earnings, the annual basic exemption, and the rate for you to calculate the amount of CPP and EI to deduct from your employees.

It is important for employers to be aware of any changes in 2012 to ensure that payroll deductions are accurate on the first pay of the New Year.

It may be helpful to send a communication to employees prior to the first pay of the New Year to remind them that they may see a decrease in their total net pay as statutory deductions (i.e. CPP, EI) will resume. This will apply to employees who reached the contribution limits for statutory deductions the previous year.

Performance Reviews

Although performance and salary reviews can be conducted at any time throughout the year, many organizations choose the end of each calendar year to undergo this process.

If this is the case for your organization, this is the time of year to ensure that performance reviews for all employees are completed so that new goals and expectations can be set to start the year out right.

Part of the performance review process may include discussions surrounding annual salary increases and bonuses. Any cost of living adjustments may be communicated to employees at this time as well.

Formal performance reviews provide an opportunity for employers to help manage, develop and evaluate an employee which in turn enables regular communication with respect to employee performance. e2r Solutions® can assist in developing a performance management program customized to the needs of your organization.

Other reminders to prepare for 2012:

- Review the year end as well as the 2012 payroll schedule to determine if there are any conflicts in dates for processing payroll or paydays (i.e. statutory holidays)
- Send a reminder notice to all employees to file new TD1s (federal and provincial) and TP-1015.3-V (for Quebec) if their personal situation has changed
- Communicate any changes to payroll deductions (e.g. change in benefit rates)
- Ensure all year-end bonuses are communicated to employees and paid out
- Publish a calendar designating the statutory holidays that your organization will observe – you may also at this time choose to advise employees of any company-wide shutdowns or blackout periods for vacation
- Ensure that all required health and safety and/or employment standards postings are up-to-date
- Review annual training requirements to ensure compliance (e.g. respect in the workplace training, WHMIS training, etc.)
- Vacation
 - Has all vacation time been used? If not, is there a carry-over?
 - Are accruals correct?
 - Has vacation pay been reconciled against total annual earnings (including discretionary bonuses and commissions) and paid out accordingly?
 - Are new accruals set up for the New Year?

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