

# Retiring Allowance

A retiring allowance is an amount you receive on or after retirement from an office or employment in recognition of long service. You may also receive this amount if you lose your office or employment, whether you are dismissed or resign.

It may include payment for unused sick leave and amounts you receive for loss of office or employment, whether as a payment of damages or a payment under an order or judgment of a tribunal.

It **does not** include accumulated vacation leave credit or income from a retirement compensation arrangement.

A retiring allowance may be made in lump-sum payments, but you must include them in income when you receive them.

Generally, the amounts should be shown on these slips:

- [T4A](#), Statement of Pension, Retirement, Annuity and Other Income
- [T3](#), Statement of Trust Income Allocations and Designations

If your retiring allowance is shown on a T3, details will be shown in box 47 and in the footnotes area of the slip.

You may be able to contribute (transfer directly or indirectly) part or all of your retiring allowances to your registered retirement savings plan (RRSP) or registered pension plan (RPP).

Tax **will not** be withheld from the part of your retiring allowance that your employer **transfers directly** to your RRSP or your RPP.

Tax will be withheld from the portion of your retiring allowance that is **not transferred directly** to your RRSP or your RPP by your employer.

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