

UN Pension taxation - Canadian residents

x = s/m contribution  
 y = UN contribution  
 z = # of payments and Estimated by IRS tables  
 s/m = UN staff member

Citizens of Canada (only)  
 Citizen of USA or USA and Canada  
 All others

Only if the staff and UN contributions would not have been taxed in the 3rd country if it had been paid in cash to the individual at the time services were performed.

Cost of Pension Plan      x+y                      x                      x+y

Examples:

x = \$100,000

y = \$200,000

x + y OR x only      =                      \$300,000                      \$100,000                      \$300,000

z in months                      =                      360                      360                      360



Monthly Tax Exclusion MTE

(x+y)/z	x/z	(x+y)/z
300,000/360	100,000/360	300,000/360
\$833.33	\$277.78	\$833.33

Monthly pension	\$5,000	\$5,000	\$5,000
Annual Pension	\$60,000	\$60,000	\$60,000

Annual Tax Exclusion ATE

MTE x 12	MTE x 12	MTE x 12
= \$833.3 x 12	\$277.78 x 12	\$833.33 x 12
\$9,999.96	\$3,333.36	\$9,999.96

Taxable Pension	\$50,000.04	\$56,666.64	\$50,000.04
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Pension is taxed at 100% when exclusion amount is fully recovered

**EXCLUSION AMOUNT**

Cannot be greater than BUT NO LIMIT

\$300,000                      \$100,000                      \$300,000

If pension payments started before 1987

UNRECOVERED EXCLUSION AMOUNT

If pension is over joint lives the survivor can continue to take exclusion after s/m 's death. Any unrecovered part on your (or last annuitant's death) is allowed as miscellaneous itemized deduction on the final return of the decedent. This deduction is not subject to the 2% AGI (Adjusted Gross Income).

**LUMP SUM INSTALMENT**

Assume 1/3rd Lump sum, then cost of pension OR recovery period reduced by 1/3

Where tax payer takes a lump-sum before starting of first pension payment and transfers the sum to an RRSP or IRA (Individual Retirement Account ) the cost of the pension plan is reduced proportionately. If lump-sum is not invested in an RRSP or IRA then the period of recovery is proportionally reduced

Citizen or Resident of	Canada (only)	(USA or USA/Canada)	Others
Cost of Balance Pension	\$200,000	\$66,667	\$200,000
MTE Monthly Exclusion	\$555.56	\$185.19	\$555.56
ATE Annual Exclusion	\$6,666.67	\$2,222.22	\$6,666.67

If lump-sum is invested in RRSP or IRA

Recovery in months	240	240	240
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If lump-sum not invested in RRSP or IRA