INFORMATION SHEET
Past Service Pension Adjustment (PSPA)

IMPORTANT

If the PSPA results in negative RRSP contribution room, there are no over-contribution penalties. CRA treats this as a special adjustment.

It is important to monitor your RRSP room after 2026 and adjust RRSP contributions if needed. RRSP contributions made after the PSPA is reported could result in penalties if they exceed your available room. Please speak with a tax professional or financial advisor for guidance.

Pension Benefit Improvements

Effective January 1, 2026, your SHEPP pension benefit was enhanced to provide higher basic lifetime pension for any service between January 1, 2001 and December 31, 2024. The impact of this improvement was reflected in your pension statement (as at December 31, 2025).

As a result of the improvement, a Past Service Pension Adjustment (PSPA) has been reported to the Canada Revenue Agency (CRA).

What is a Past Service Pension Adjustment (PSPA)?

Each year that you are an active member of SHEPP, your employer reports a Pension Adjustment (PA) to Canada Revenue Agency (CRA) on your T4 slip. The PA reflects the value of the pension benefit you have earned during that year and decreases your available RRSP room.

A PSPA occurs when your pension plan retroactively improves your benefits, meaning you are now entitled to more pension for service you have already earned.

As this increase provides additional tax-deferred retirement savings, the CRA tracks the added value through a PSPA. Generally, the PSPA will be the difference in the revised PAs and the original PAs. This adjustment reduces your Registered Retirement Savings Plan (RRSP) contribution room to ensure you stay within the overall tax-deferred savings limits, as determined by CRA.

What Do I Need to Do?

SHEPP is required to report PSPAs to CRA. SHEPP will also provide you with a **T215 tax slip,** which shows that the PSPA was filed. You should receive this in 2026. **No action is required. Just retain this copy for your records.**

The PSPA reflects the increase in your pension benefits and as a result it reduces the maximum amount you can contribute to your RRSP. This means you will have less room for any additional RRSP contributions, so it is a good idea to keep an eye on your RRSP room when you are making contributions in the future.

If you have automatic RRSP contributions set up, or if your 2025 Notice of Assessment showed a small amount of available RRSP room, please monitor your contributions carefully to avoid over-contributing.

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What can I expect for the 2026 tax year?

CRA will include the PSPA on your 2026 Notice of Assessment. You'll find it in the RRSP Deduction Limit Statement section. It will appear as a line labeled:

"Minus: 2027 net past service pension adjustment (PSPA)"

This amount will be factored into the calculation of your available RRSP contribution room for 2027. See the last page of this document for more information.

Why does the PSPA reduce my RRSP contribution room?

The PSPA reduces your RRSP contribution room because it reflects an increase in your tax-deferred retirement savings (your pension). The CRA wants to make sure everyone gets similar tax advantages for retirement savings, so it adjusts your RRSP contribution room accordingly.

Additional information regarding PSPAs can be found on **canada.ca**.

Do I owe any money because of the PSPA?

No, you do not owe any money. The PSPA is a tax adjustment that affects your RRSP contribution room. It is not an additional cost or payment.

REMEMBER

- **PSPA is Not Money You Have to Pay:** It is an adjustment for tax purposes, not an additional fee or charge to you.
- **Your PSPA May Affect Future RRSP Contributions** by reducing your available contribution room in future years.
- The PSPA is a tax adjustment related to past service benefits and **does not affect pension plan contributions**.
- It is important to understand that this is an adjustment made by the pension plan to **comply with tax limits**.

Do I need to do anything when the PSPA is reported?

No action is required. SHEPP has reported the PSPA to the CRA. Be aware that it will reduce your available RRSP contribution room, which means you should monitor your RRSP contributions to avoid over-contributing in the future.

What happens if my RRSP room becomes negative because of the PSPA?

If your RRSP room becomes negative, do not worry. There are no over-contribution penalties because of an exempt PSPA (a PSPA approved by CRA temporarily allows negative RRSP room).

The CRA treats this as a special adjustment. You should keep an eye on your RRSP room in the future and adjust your contributions if needed.

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Can I still contribute to my RRSP after the PSPA is reported?

Yes, you can still contribute to your RRSP if you have not exceeded CRA contribution limits. You need to check your RRSP room carefully after the PSPA is reported.

Note that if you have negative RRSP room as a result of a PSPA, contributing could lead to penalties. Be especially careful if you have automatic RRSP contributions set up and consider reviewing or adjusting them after the PSPA is reported.

I'm 71 and I've already converted my RRSP to a RRIF. Does this apply to me?

Although your RRSP has already been converted to a RRIF, CRA still requires that you receive a T215 slip. While RRSP contribution room is no longer a concern, you should retain this copy for your records.

What if I've already contributed the maximum to my RRSP?

It depends on the timing of the contributions and if the contribution occurs after 2025. Extra attention is required if you have a small amount of RRSP room after the 2025 tax year and the reported PSPA reduces your available room to be a negative number (less than 0). Further contributions in 2026 may result in penalties from CRA.

Please consult a tax professional or financial advisor for guidance if you are uncertain of your personal situation.

What should I do if I'm close to my RRSP contribution limit?

If you are close to your RRSP contribution limit, the PSPA might reduce your available room, so you may need to adjust your contributions for future years. It's a good idea to review your RRSP contribution room after the PSPA is reported to avoid exceeding the limit. A tax professional or financial advisor should be able to advise you on your personal financial situation.

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How can I track my RRSP room?

You can track your RRSP contribution room by checking your Notice of Assessment from the CRA or by logging into your CRA account online. This will show how much room you have left for RRSP contributions in the current year.

Your RRSP deduction limit for 2027 will be included with your 2026 Notice of Assessment from CRA. The calculation of your RRSP deduction limit for 2027 will include the PSPA amount as noted in your T215 tax slip. We have highlighted the line that your PSPA will be on for emphasis.

RRSP deduction limit for 2026	
Minus: Employer's PRPP contributions for 2026	
Minus: Allowable RRSP contributions deducted for 2026	
Unused RRSP deduction limit at the end of 2026	
Plus: 18% of 2026 earned income ($00,000)	
Minus: 2026 pension adjustment	
Minus: 2027 net past service pension adjustment (PSPA)	
Plus: 2027 pension adjustment reversal	
Your RRSP deduction limit for 2027	

If you are unsure about how the PSPA affects your RRSP room or need help adjusting your contributions, consult a tax professional or financial advisor. They can assist with any tax-related questions. They can also help you interpret your Notice of Assessment and plan future contributions based on your updated RRSP room.

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