

EMPLOYER INSTRUCTION MANUAL

MUNICIPAL PENSION PLAN

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INTRODUCTION

WELCOME TO THE EMPLOYER INSTRUCTION MANUAL

Municipal Pension Board of Trustees

The Municipal Pension Board of Trustees is responsible for administering the pension plan and managing the pension fund. The board consists of eight people appointed by plan member partners and eight people appointed by the plan employer partners.

The board's duties include establishing investment policy, changing benefits and funding policy, and directing the application of Municipal Pension Plan Rules. The board appoints an independent actuary to assess the plan's financial health every three years through an actuarial evaluation.

Pension plan regulations

A copy of the Municipal Pension Plan Rules is available on the plan's website at mpp.pensionsbc.ca. Copies of legislation affecting the Municipal Pension Plan, such as the *Public Sector Pension Plans Act* (PSPPA), the *Pension Benefits Standards Act* (PBSA), and the *Income Tax Act* (ITA) (Canada), are available from the appropriate authorities.

BC Pension Corporation

The British Columbia Pension Corporation was established on April 1, 2000 under the *Public Sector Pension Plans Act*. We serve some of the largest pension plans in Canada, representing more than 1,000 employers and over 560,000 active and retired members.

Duties of the corporation

The corporation acts as the administrative agent for the Municipal Pension Board of Trustees (the board). Services provided to the pension plan include:

- enrolling employers and employees,
- collecting and recording service, salary, contributions and other information from employers and plan members,
- providing information about plan rules and benefits to employers and plan members,
- calculating and processing pension benefits,
- paying benefits to members,
- managing post-retirement group benefits for the Municipal Retiree Benefit Trust,
- filing documentation with appropriate tax and pension regulators, and
- providing policy advice and secretariat services to the board.

Pension plan website

The corporation maintains the plan's website at mpp.pensionsbc.ca. Through this website, we provide considerable public information as well as information and services that require the use of a username and password (secured web services).

Employers

From the employer website sign-in page, you will be able to access Web Services, employer enrolment and the *Employer Instruction Manual*.

Once signed in to the secure employer website, you will be able to access employer news and education, forms, the *Employer Instruction Manual*, and the employer reporting tools in the Employer Portal.

In the secure Employer Portal, you will find reporting tools and resources, including:

- Employer Reporting (including Data Submission, Plan Member Record Electronic Form, File Pick-up, LTD Start/Stop, LTD Policy Validation and reporting instructions)

- Message Board
- User Management
- View Member Data
- E-Remittance

Members (My Account)

Members can register for My Account by selecting “my account” from the top menu, then “Register” under Sign in help. They will need the last three digits of their SIN and their Person ID number (unique identification number) from their Enrolment confirmation statement or most recent *Member’s Benefit Statement*.

My Account uses 2-step verification to enhance member security. When a member enters their username and password, a one-time code is emailed to them. Members must enter that code within 10 minutes, to verify their identity and proceed to My Account.

Within My Account, members are able to:

- update personal sign in information,
- view personal information, including their service and salary history, and recent *Member’s Benefit Statements*,
- view or change their beneficiary(ies),
- use the personalized purchase cost estimator,
- use the personalized pension estimator,
- scan and upload proof of age and identity documents,
- apply for retirement,
- contact the pension plan securely using *Message Centre*, and
- check the status of their requests in *View your requests*.

Resources and publications

Municipal Pension Plan Rules

A copy of the Municipal Pension Plan Rules is available from the plan’s website at mpp.pensionsbc.ca.

Annual Report and Report to Members

A copy of the board's *Annual Report* is available to members and retired members on the plan's website. A summary version, the *Report to Members*, is produced for distribution to plan members who receive a *Member's Benefit Statement*.

Employer instruction manual

We provide the *Employer Instruction Manual* to help employers administer the pension plan for their employees who are plan members. Manual sections are updated periodically. Check the employer website for updates.

Bulletins and newsletters

The Pension Corporation publishes a monthly, online employer newsletter with information about the pension plan and data reporting. Emails are sent to employers if information is time sensitive or it is for a small group of employers.

Employer bulletins provide detailed information on a topic, when necessary. They are shared in an issue of the employer newsletter or an email.

The corporation publishes and mails *Pension Life* directly to retired members.

Member's Benefit Statement

Member's benefit statements are sent to members every year, showing their status in the plan. It is your responsibility to distribute these statements for us.

Additional information for members and employers

The Municipal Pension Plan provides the [Guide for Plan Members](#), and other resources for members (e.g., information about health benefits, death benefits, etc.) available at mpp.pensionsbc.ca.

Other information

Other resources, such as information for retired members and archived annual reports, are available from the website at mpp.pensionsbc.ca.

Using the *Employer Instruction Manual*

There are 12 major sections:

1. Enrolment
2. Purchasing Service
3. Termination of Employment
4. Retirement
5. Pre-retirement Death
6. Paid Sick Leave and Long-term Disability
7. Reporting
8. Remitting Contributions
9. PAs, E-PAs, PSPAs, APAs & PARs
10. Division of Benefits on Marital Breakdown
11. Employer Enrolment in Group 5
12. Definitions

In this manual, “you” means the employer and “we” and “us” means the Pension Corporation.



Forms

You can download forms from mpp.pensionsbc.ca.

Examples

Detailed examples have been provided to further assist you with your pension-related duties.

Contacting the BC Pension Corporation

Mailing address

Municipal Pension Plan
PO Box 9460
Victoria BC V8W 9V8

Location

2995 Jutland Road
Victoria BC V8T 5J9

Employer Operations (EO)

EO is responsible for all aspects of current data reporting in all pension plans, including: enrolment of new members; changes to members' personal and employment records; payroll reporting of contributions, salary and service data; and production of pension adjustments. Contact information for EO follows.

Employer Operations (all plans)

Toll-free: 1-855-356-9701 (Canada/U.S.)

Fax: 250-356-1784

Email: employer.services@pensionsbc.ca

Client Education Program (CEP)

CEP is responsible for member and employer education programs. In addition to the free eLearning course and webinars we offer plan members, we are offering you an opportunity to host a webinar for your employees. Contact information for CEP:

Toll-free: 1-877-558-5573 (BC)

Fax: 250-953-0415

Email: MPPeducation@pensionsbc.ca

Member Services

Member Services serves both plan members and plan employers. They are responsible for service requests regarding termination of employment, retirement, death of a plan member, and service purchases. Contact information for each plan is as follows:

Municipal Pension Plan

Toll-free: 1-800-668-6335 (Canada/U.S.)

Fax: 250-953-0421

Member Services (other plans)

College Pension Plan

Toll-free: 1-888-440-0111 (Canada/U.S.)
Fax: 250-953-0412

Public Service Pension Plan

Toll-free: 1-800-665-3554 (Canada/U.S.)
Fax: 250-953-0425

Teachers' Pension Plan

Toll-free: 1-800-665-6770 (Canada/U.S.)
Fax: 250-356-8977

WorkSafeBC Pension Plan

Toll-free: 1-888-440-0111 (Canada/U.S.)
Fax: 250-953-0433

Retired members

Contact information for retired members.

Fax: 250-953-0431 (all plans)

Municipal Pension Plan

Toll-free: 1-866-876-6677 (Canada/U.S.)

Retired members (other plans)

College Pension Plan

Toll-free: 1-866-322-8277 (Canada/U.S.)

Public Service Pension Plan

Toll-free: 1-866-876-6777 (Canada/U.S.)

Teachers' Pension Plan

Toll-free: 1-866-876-8877 (Canada/U.S.)

WorkSafeBC Pension Plan

Toll-free: 1-866-322-9277 (Canada/U.S.)

Employer Operations

Employer Operations manages employer contribution rates, employer contribution remittances and other employer billings and payments.

Phone: 250-387-8295

Email: employer.services@pensionsbc.ca

Publications (all plans)

Toll-free: 1-800-663-8823 (Canada/U.S.)

Fax: 250-356-9591

Email: penc.orderproducts@pensionsbc.ca

BC Pension Corporation reception

Phone: 250-387-1002

Email: penc.reception@pensionsbc.ca

Disclaimer

Rules and employer process information in this instruction manual may be subject to change without notice. We will provide you with updated material as rules and/or processes change. Check our website often to confirm that you have up-to-date information before advising your employees on any pension-related matters.

Material contained in this manual applies specifically to the Municipal Pension Plan. If you administer more than one pension plan for your employees, please ensure that you apply the correct plan's rules.

In the event of a conflict between the information contained herein and the plan rules, the plan rules shall apply.

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1 ENROLMENT

1.1 Enrolling your employee

1.1.1 Employees who are connected or related to the employer

You must ensure that no employee you enrol in the pension plan after March 27, 2008, is considered “connected” or “related” to the employer. If a connected or related person was enrolled after that date, you must remove them from the plan.

Employers cannot enrol a “connected” or “related” person in the plan, unless the person is employed under a collective agreement that applies to one or more people who are not connected or related to the employer.

A connected person is someone who owns directly or indirectly 10 per cent or more of the shares of any class of a corporate employer, or someone who does not deal at arms length from the employer. A related person is someone who is connected to the employer by blood relationship, marriage, common-law partnership or adoption. A related person is also someone who controls a corporate employer or is a member of a group that controls the corporation.

The only exception is if the connected or related person is employed under a collective agreement that applies to one or more people who are not connected or related to the employer.

EXAMPLE

An employer’s adult child is a member of the BC Nurses’ Union (BCNU). The employer has applied and been approved for plan membership for the employer’s BCNU employees. As the BCNU collective agreement covers a group rather than just the employer’s adult child, the employer can enrol the member’s adult child in the pension plan.

If the employer’s adult child terminates their BCNU employment and takes another position with the same employer that is not covered by a collective agreement, they are considered to be related to the employer and cannot continue to be enrolled in the plan. Their contributions to the plan must stop and the employer must submit Employee Information at Termination/Retirement online.

Please refer to section 8500(3) of the Income Tax Act Regulations and section 251(2) of the *Income Tax Act* for more detailed information on connected or related persons.

1.1.2 Employee eligibility

When you hire a new employee, you will need to consider whether they need to be enrolled in the pension plan.

An employee must be eighteen years or older and under the age of 71 at the time of enrolment.

An employee must be 18 years or older and under the age of 71 at the time of enrolment to be eligible to be enrolled in the pension plan.

Once you have determined an employee is eligible to join the plan, you will need to follow the enrolment process. Some employers are Municipal Pension Plan employers for certain groups of employees only. For example, the employer might have applied to be an employer for employees covered by a certain collective agreement, but not their excluded or management employees. If you are one of these employers, please remember that the enrolment rules only apply to employees covered under the plan.

If you fail to enrol employees as soon as they become eligible to contribute to the plan—and they have not signed the *Waiver of Pension Coverage*—then you will be required to pay the employer's portion of the arrears. See section 2.4.

Once becoming a member of the pension plan, the employee must continue to contribute until termination of employment. A member must stop contributing to the plan by November 30 of the year they turn 71. This means your employees aged 71 may continue working without interruption, but you must stop collecting pension contributions. In addition, member and employer contributions stop when a regular member reaches 35 years of pensionable service. See section Section 4.1 Eligibility for a pension for more information.

1.1.3 Employer obligation to provide information

The [Guide for plan members](#) contains valuable information that will help your employees learn about plan membership and their pension, which is a provincial legislative requirement of the *Pension Benefits Standards Act* (PBSA).

To meet this legislative requirement, you must provide a paper copy of the guide to your employees on or before their employment date, or at least 30 days before they become eligible to join the plan. A print icon can be found at the bottom of each web page.

Alternatively, you may provide an electronic copy of the guide to your employees. If you choose to do so, you must provide clear, written instructions, which includes the following information:

- where your employees can access the guide (as noted below), and
- if, at any time, they request a paper copy, you must provide it to them.

You can access the guide on the plan's website at mpp.pensionsbc.ca by entering the search term “guide for plan members” and then clicking Guide for plan members.

You must communicate to your employees when and how they become eligible to enrol. Once an employee is eligible, you must advise them whether their enrolment in the plan is mandatory or optional, and, if enrolment is optional, advise employees that they must provide written waivers if they elect not to contribute. An employee cannot waive enrolment with you if they are an active member through another Municipal Pension Plan employer. You can check an employee's status using the Member Validation tool. See section 1.1.16 for instructions.

1.1.4 New employees

For the purposes of this section, an employee is deemed permanent staff of an employer when the employee completes the employer's probationary period unless the employer, by resolution, elects to have this apply at an earlier date.

Mandatory enrolment

Mandatory enrolment rules require that all eligible employees must be enrolled in the plan. Employees who do not have a choice about being enrolled cannot sign a waiver, and they must be enrolled in the plan immediately. Plan Member Record information must be reported to Pension Corporation within 30 days of the employee becoming eligible.

An employer determines whether an employee meets the criteria for full-time employment/capacity/basis over a 12-month period. An employee is employed on a "continuous" basis if there are no breaks (approved leaves of absence or lay-offs) in employment greater than 52 weeks and no termination of employment. An allowable break is a pause that would extend the tracking period to greater than 12 months.

Employees in the mandatory enrolment group include:

- regular, full-time employees in a permanent position,
- regular, full-time employees in a permanent position who have not completed their probation period but are employed in a continuous, full-time capacity with the same employer for 12 months,
- employees who are not full-time but who fill a permanent, full-time position on a temporary, continuous basis for 12 months,
- employees who are not permanent but who are employed on a continuous, full-time basis with the same employer for 12 months,
 - employee must work at full-time capacity, continuously, and without a break of more than 52 weeks (leave of absence, layoff)
 - an allowable break is a pause that would extend the tracking period to greater than 12 months
 - an allowable break does not include time where a casual employee has no available shifts or has turned down offered work
 - if an employee changes to working less than full-time, the 12-month period clock would start over again at zero when they resume work on a full-time basis
- new employees who are already contributing to the plan through another Municipal Pension Plan employer,

- existing employees who start contributing to the plan through another Municipal Pension Plan employer,
- new employees who were contributing to the plan through any Plan employer with a break in service of less than one month and the employee has not applied for a pension, and
- employees who are required to enrol by resolution of the employer, collective agreement, letter of understanding, memorandum of understanding, etc.

We know that employers have challenges monitoring these rules. To protect yourself, we suggest that when you hire someone who is not eligible to enrol in the plan, you explain to them how the plan works and have them sign a form to indicate they are not eligible to join. See section 1.1.13 for an example of the form they should sign.

Optional enrolment

Optional enrolment rules require that all eligible employees must be enrolled in the plan, unless the employee signs a written waiver to opt out of the plan. This means you must obtain waivers from eligible employees, and ensure copies of those waivers are kept on file. In the absence of a waiver, an employer’s failure to enrol eligible employees as soon as they become eligible to contribute to the plan will result in arrears owing.

We will provide a reasonable administrative window so your new employee may exercise their option not to contribute. We are prepared to reverse the enrolment of a new member if we receive a copy of the written waiver within 30 days of the member’s initial eligibility date. If this occurs, you must contact Employer Operations through the message board providing an explanation and attaching a copy of the signed waiver. See section 7.2.1.1 for further information on using the message board.

Outside of this administrative window, the normal “once a contributor, always a contributor” rule applies and enrolment cannot be reversed.

Employees in the optional enrolment group include:

- Employees employed on a continuous basis (including part-time or temporary staff) who have completed two years of continuous employment and earned at least 35 per cent

Continuous employment means employment with a plan employer for a continuous period of time where there has not been a break (lay-off) of more than 52 weeks or termination of employment.

of Canada Pension Plan's Year's Maximum Pensionable Earnings (YMPE) in each of two consecutive calendar years.

- Existing employees who were employed when their employer first became a plan employer, and who would otherwise be subject to mandatory enrolment.
- Employees who are permitted, but not required, to enrol by resolution of the employer, collective agreement, letter of understanding, memorandum of understanding, etc.
- Employees who work for more than one Municipal Pension Plan employer and whose combined employment would give them two years of service and at least 35 per cent of the YMPE.

You must obtain a *Waiver of Pension Coverage* form from your employees who become eligible but are not required to enrol (optional enrolment) and do not wish to enrol. You need to provide a copy of the completed waiver form to us if your employee subsequently chooses to join the plan.

For the purposes of eligibility to join the Municipal Pension Plan, only service with an plan employer can be counted (i.e., not service that would be eligible under the College, Public Service or Teachers' pension plans).

1.1.5 *Waiver of Pension Coverage*

If your employee becomes eligible to contribute under optional enrolment, you must notify and advise them of their options.

Make sure you have obtained signed waivers from eligible employees.

An employee who becomes eligible to enrol in the plan but chooses not to, must complete the *Waiver of Pension Coverage* form. **The signed form is not sent to the Pension Corporation at this time**—it is kept on the employee's file. A copy goes to the employee.

Contributions are not deducted for employees who waive their right to contribute.

If your employee waives their right to contribute, and later chooses to begin contributions, they must complete a *Pension Enrolment Election*. You must submit the *Pension Enrolment Election* form and a copy of the previously signed waiver to us.

Contributions cannot be retroactive—they must begin no earlier than the date the *Pension Enrolment Election* form is signed.

Members cannot purchase service for which they waived enrolment (see section 2 for information on purchasing service).

1.1.6 Employee elects to enrol after waiving

Eligible employees who elect not to participate in the plan may later elect coverage under the plan by applying to you for coverage. Enrolment in such cases cannot be backdated. Election of pension coverage is effective the first pay period following the date of application to become a member and it cannot be cancelled.

Send us copies of the election and waiver forms when notifying us of your employee's election to enrol in the plan. As with any enrolment, you must complete and submit Plan Member Record information electronically within 30 days of enrolment.

If employees who had previously waived enrolment later become subject to mandatory enrolment, you must enrol them. Submit Plan Member Record information electronically within 30 days of enrolment and send copies of their previously signed waiver forms to us. This would occur, for example, when a part-time employee becomes a permanent, full-time employee.

1.1.7 Employees in public safety occupations

“Police officer” in this document means a person appointed under the British Columbia *Police Act* as a provincial constable, special provincial constable, designated constable, municipal constable, special municipal constable, auxiliary constable or enforcement officer. It does not include a person who is a member of the RCMP.

Employees who work in public safety occupations, such as police officers or firefighters, belong in Group 2 or Group 5; participation in Group 2 is automatic for police officers and/or firefighters but participation in Group 5 requires the employer and the union to collectively bargain an agreement. More information about employer enrolment in Group 5 is available under Section 11—Employer Enrolment in Group 5.

Plan members and new employees who are employed in a public safety occupation and whose employer has not enrolled in Group 5 belong in Group 2.

Enrolment in Group 5 is mandatory for:

- all eligible employees who are employed in a public safety occupation and covered by a collectively bargained or negotiated agreement between the employer and the union that specifies membership in Group 5, and
- all eligible non-union employees who are employed in a public safety occupation and qualify for plan membership on or after the date the employer enrolls in Group 5.

Non-union firefighters and police officers (e.g., chiefs and deputies) who are active members when their employer enrolls in Group 5 are given a one-time opportunity to opt out and remain in Group 2. Otherwise, enrolment in Group 5 is mandatory.

When an employee is enrolled in Group 5, all contributions to any special agreement must end. Information about Group 5 contribution rates is found in section 7.3.4.

Plan members will only be permitted to move from Group 5 to another membership group (including returning to Group 2) if:

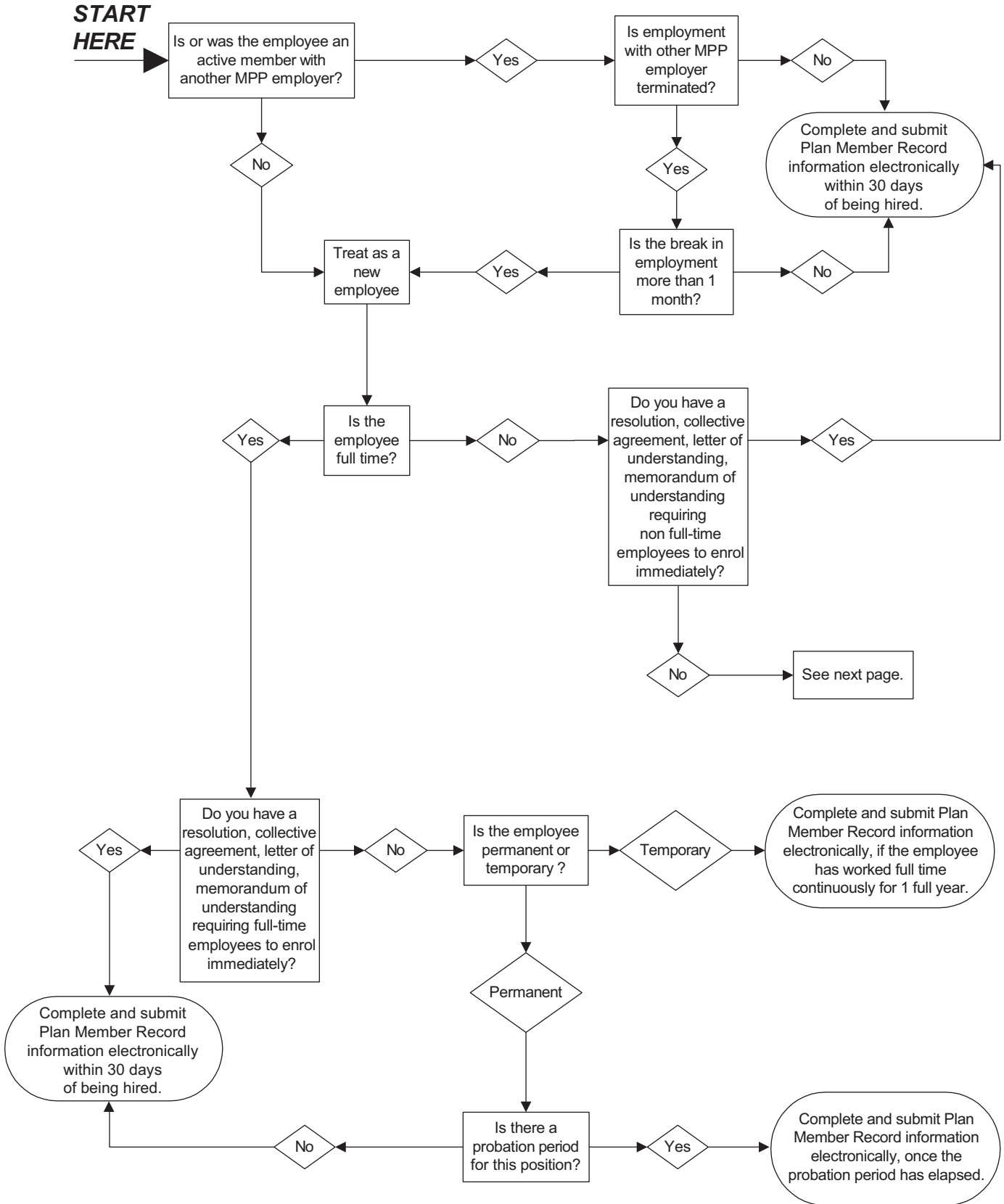
- the member changes employers and the new employer does not participate in Group 5, or
- the member changes positions with the same employer and is no longer working in a firefighter or police officer position. They would then be enrolled in Group 1 or 4.

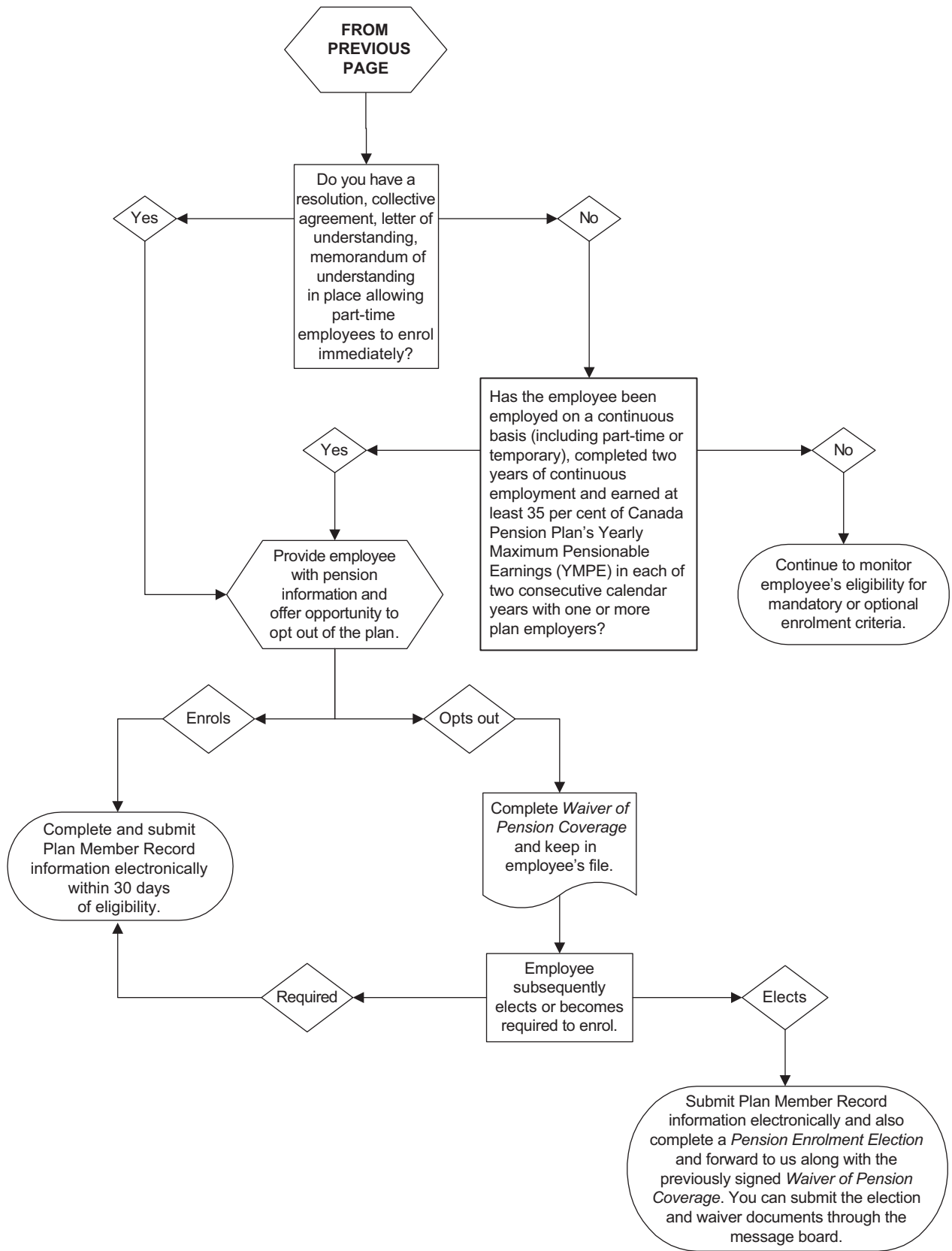
If a Plan member changes employment status (position) with an employer that causes a move into a different employee group, you must submit new Plan Member Record information electronically within 30 days of enrolment. (For information on the Plan Member Record, see section 1.1.15.)

When a member is employed either concurrently or consecutively in a public safety occupation and a non-public safety occupation, they receive separate pensions with different accrual rates and retirement ages.

“Firefighter” means persons who are employed in the fire sector as firefighters or fire chiefs. It also includes any other person employed in, or appointed to, a fire department and assigned to undertake fire protection services, including:

- fire suppression
- fire prevention
- fire safety education
- communication
- training of persons involved in the provision of fire protection services
- rescue and emergency services
- the delivery of all those services





1.1.8 Responsibility of an employer of the Municipal Pension Plan

As an employer under the Municipal Pension Plan, it is your responsibility to:

- determine whether a new employee is already an active member of the pension plan (concurrent employment or coming from another Municipal Pension Plan employer within 30 days) by using the Member Validation tool, which would mean the employee must commence contributing to the pension plan as of the date of hire,
- explain and provide information to all employees who are not already active members of the pension plan on how to qualify for membership,
- track each employee's service and earnings as an employee of your organization to determine when an employee qualifies for enrolment in the plan based on earnings and service with you, and
- determine whether the new employee is currently a retired member of the plan (see section 1.7).

Employees may use service with one or more plan employers to qualify for optional enrolment. **You may be unaware of your employee's service with another plan employer, so you may not know when an employee with other plan employment becomes eligible for optional enrolment. Therefore, it is in your best interest to advise all new employees how they may qualify for enrolment in the plan.**

In accordance with section 80 of the Municipal Pension Plan Rules, employers must provide the Pension Corporation with complete, accurate and timely enrolment information about members. This is necessary for us to properly administer the plan in accordance with the *Pension Benefit Standards Act* (PBSA).

The Pension Corporation sends *Welcome to the Plan* enrolment packages to new plan members whom you have enrolled in the plan. Sometimes, these packages are returned to us by Canada Post because of an incorrect address. Twice a month, the returned packages will be bundled and sent to you. You must distribute the returned packages to the respective employees and provide us with their correct addresses.

You can update employee contact information using the Plan Member Record (PMR) Electronic Form or any of the other electronic methods detailed in section 7.5.

1.1.9 Once a contributor, always a contributor

See section 8.4.2 for more information on refunding ineligible contributions.

Once an employee begins to contribute to the plan, they must continue to contribute regardless of any change in their employment status (full or part time). These conditions apply provided that there is no termination of employment.

Note that if a member is on vacation, an approved leave of absence (including sick leave), long-term disability (approved or unapproved plan), or on layoff while retaining seniority or recall rights and has made a contribution within 275 days, this, this does not constitute a termination of employment for pension plan purposes.

If employment is terminated and the employee is rehired, you must apply enrolment criteria for the employee to become an active plan member again. If you hire/rehire an individual who was contributing to the plan, contributions must continue when their break in employment is one month or less and they have not applied for their retirement benefit before re-commencing employment. If you have an employee in this situation, please contact Employer Operations. We will advise you if you are required to submit a new Plan Member Record.

1.1.10 New employee previously employed by Municipal Pension Plan employer

When you have a new employee who has come to you from another plan employer, you must establish their eligibility:

- if your new employee **is already an active member** under the Municipal Pension Plan (working for another employer), then you must begin deducting and submitting contributions immediately, or
- if your new employee **was an active member** under the Municipal Pension Plan within the last 30 days, you must begin deducting and submitting contributions immediately.

You can see if an employee is an active municipal member by using the Member Validation tool on the secure employer site at mpp.pensionsbc.ca. You can also use the employee “declaration of employment” found in section 1.1.13.

A new employee with your organization is required to contribute to the plan if they meet the eligibility requirements.

1.1.11 How does moving from one position within your organization to another affect plan membership?

If a current employee has moved on a permanent basis to a position for which your organization does not participate in the plan then the employee should be terminated for pension plan purposes and must be treated the same as any other termination of employment (see section 3.1).

1.1.12 Concurrent employment

If you have an employee that is currently employed with another plan employer, or working in more than one position with the same employer, you must report all service and salary and deduct contributions accordingly. If a member accrues more than one year of pensionable service in a calendar year per benefit group, you must report all pensionable service, including service in excess of 12 months. Continue to deduct contributions once the member has accrued one year of service per benefit group.

The plan will cap pensionable service at one year in each benefit group for members who accrue more than 12 months of service per benefit group. Contributory service is capped at 12 months total, regardless of how many benefit groups a member participates in. There will be no adjustment to the reported salary and contributions.

1.1.13 Employee “declaration of employment”

To avoid a possible arrears situation, employers should provide plan information to employees when they are hired so they can determine when they might qualify for membership. It is strongly recommended that all new hires—full-time, part-time, auxiliary or casual—be required to sign a declaration indicating that the employee understands their responsibility to inform the employer should they qualify for plan membership through service with another plan employer.

To collect this employee information and signature, you may wish to create a form such as the one below. See also sections 1.1.3, 1.1.4 and 1.1.8.

Employee “declaration of employment”

1. Are you currently an active member of the Municipal Pension Plan? An active member can be on a leave of absence, long term disability, or on a recall list. You do not have to be currently contributing to be considered an active member. Y/N
2. Have you been in the last 30 days? Y/N
3. Are you currently receiving a retirement benefit from the plan? Y/N
4. I have been provided with an explanation or summary of the pension plan, and of the relevant entitlements and obligations under the pension plan. Y/N
5. I understand how I may combine service and earnings with more than one plan employer to qualify for membership in the plan. Y/N
6. I understand that I must inform my employer if I begin contributions with another plan employer. If I do not inform my employer, enrolment arrears will be billed to me and my employer. I understand I have five years from receiving the notice of arrears or until termination of employment (whichever is earlier) to apply to purchase the arrears period. I understand I have 30 days after termination of employment to apply to purchase service. If I transfer from one employer to another with a break in service of less than one month and is within the five year purchase window, I will not be considered terminated and I am eligible to purchase the arrears period. Y/N

Name (please print) _____

Signature _____ Date _____

1.1.14 *Pension Enrolment Election*

You will need to complete a *Pension Enrolment Election* for an employee who was eligible to contribute, but waived their rights and now wishes to start contributing.

You should have the employee read both sides of the form and you and your employee should complete it together. Make copies for you and your employee. Submit the original to us. Once an employee elects to join the plan, they must continue to contribute until they terminate employment.

1.1.15 **Plan Member Record (PMR)**

Complete and submit your PMRs electronically through our secure employer site at mpp.pensionsbc.ca.

Plan Member Record information must be submitted electronically within 30 days for every member who becomes eligible and begins contributing to the pension plan, whether they come under mandatory or optional enrolment rules. Plan Member Records must be submitted electronically through the Employer Portal. Click *Employer Reporting > Plan Member Record Electronic Form*. Please see section 7.5.1 Plan Member Record information, for information about submitting your PMRs.

A PMR (as well as a *Pension Enrolment Election* form and a copy of the *Waiver of Pension Coverage* form) must be completed and submitted for a member who previously waived their right to contribute and has now asked or is required to be enrolled. You can submit the election form and the waiver form through the message board. For more information about the message board, please see section 7.2.1.1 Message Board.

Occasionally, you may have an employee who is eligible and contributes to two different pension plans within your organization (this can happen if you have an employee who works at two jobs covered by different pension plans, e.g., Municipal and College plans). In this event, you will need to submit separate PMRs for the employee's contributions to each of the pension plans.

If you are enrolling a group of employees, you have the option of using a report instead of submitting an individual PMR for each employee. Please see section 7.5.1 Plan Member Record information, for more information.

1.1.16 Member Validation tool

The Member Validation tool is available through the Employer Portal. Click *Employer Reporting > Plan Member Record Electronic Form*. By entering the employee's SIN, you can check if a new employee is an active pension plan member through another plan employer and whether they should be enrolled. If you have existing employees that are not contributing, you can also check if they are contributing through another employer.

1.1.17 Enrollment Report tool

The Enrollment Report tool is now available through the Employer portal. Click *Employer Reporting* along the dashboard, go to *Plan Member Record*, then under actions click *Enrollment Report*. Enter any start and end date parameters, going as far back as the organization's effective date with the Plan, to generate a historical list of active and terminated employees (who have not taken a benefit) with the organization. You can also filter the columns of data to suit your needs.

1.2 Nomination of beneficiary(ies)

When enrolling an employee, you should provide information about pre-retirement survivor benefits and have the member go to mpp.pensionsbc.ca and sign in to My Account in order to nominate their beneficiary(ies). The plan pays benefits to a plan member's beneficiary(ies) when the member dies prior to receiving a benefit from the plan. Known as a "pre-retirement survivor benefit," the benefit is payable to the beneficiary(ies) of a member who dies,

- while an active plan member, or
- after terminating employment, but who has not yet received a benefit from the plan (i.e., does not take a termination benefit and has not started receiving a retirement benefit).

With a spouse

See section 5 for more information on pre-retirement survivor benefits.

If the plan member has a spouse, the spouse is automatically the member's beneficiary. The plan member does not have to complete a mpp.pensionsbc.ca/submit-a-form-to-name-or-change-a-beneficiary.

A member's spouse can waive entitlement to the preretirement death benefit on the mpp.pensionsbc.ca/submit-a-form-to-waive-your-pre-retirement-death-survivor-benefit form. The member can then designate other beneficiary(ies).

Without a spouse

Members without a spouse (or a spouse who waives entitlement by completing a mpp.pensionsbc.ca/submit-a-form-to-waive-your-pre-retirement-death-survivor-benefit or who have a separation agreement, a divorce decree or court order) can nominate

- a person other than the member's spouse,
- a trust,
- an organization such as a charity or society, or
- the member's estate.

A member can nominate multiple beneficiaries with designated shares, and alternates, either through My Account or by filing a new [Nomination of Beneficiary](#) form. For more information, see the mpp.pensionsbc.ca/beneficiaries-and-your-pension.

Members can change their beneficiary any time prior to death by filing a new [Nomination of Beneficiary](#) form.

If the member has no spouse (or the spouse has waived entitlement), and we don't have a valid [Nomination of Beneficiary](#) form, the benefit will be paid to the member's estate.

For more information about nominating beneficiaries before and after retirement, visit the plan website:

- [Nominating beneficiaries before retiring](#)
- [Nominating beneficiaries after retiring](#)

1.3 Proof of age and identity

Before receiving a retirement benefit, a plan member must supply the Pension Corporation with proof of age and identity documents. Any spouse or person beneficiary who receives a benefit must provide proof of age and identity as well. A CRA number must be provided for an organization beneficiary.

These documents can be provided at any time prior to receiving a retirement benefit, but we recommend that they be provided at the time of enrolment for the member and the member's spouse.

If documents are in a foreign language, translation may be required. The cost of translation is the member's responsibility. The translator must not be a member of the member's family, and must sign and date the translated document.

Providing the documents

You or the employee must provide clear and legible copies of original documents. The member may submit copies of original documents by mail or upload electronic copies by signing in to My Account.

Note that foreign passports and driver's licences must be certified true copies.

Original documents must not be submitted because of the risk of loss or damage and the cost of returning the documents by registered mail.

Gender Identity

Pension Corporation collects gender information for plan administration. Gender information is fundamental as actuaries use this data to help determine the life expectancy of members and whether a pension plan is sufficiently funded.

Members who do not identify as female or male may identify as X. Both the provincial and federal governments allow individuals to change their gender designation to X on government-issued identification such as BC birth certificates, BC driver's licenses, passports and permanent resident cards. In other provinces and territories, individuals may also indicate their gender as X on government identification.

A member updating their gender identity is not required to provide documentation.

The X gender designation recognizes that sex and gender are different concepts that aren't interchangeable.

- “Sex” refers to a person’s biological and physiological characteristics, such as male.
- “Gender” refers to how a person feels internally (e.g., a man), and/or the gender a person publicly expresses in their daily life (e.g., at work, while shopping, at home). A person’s current gender may differ from the sex they were born and may differ from what is indicated on their current legal documents. A person’s gender may change over time.

Proof of age

A clear, legible copy of one of these documents is acceptable:

- current Canadian driver’s licence
- *BC Driver’s Licence and Services Card*
- BC identification card
- *BC Services Card*
- Birth certificate
- Canada Border Services Agency Nexus membership card
- Canadian passport (must be valid and unexpired)
- Canadian citizenship or immigration papers
- Certificate of Indian Status card
- Certificate of Registration of Birth Abroad (RBA)—document issued by Citizenship and Immigration Canada to Canadian parents of children born abroad between 1947 and 1977
- Marriage certificate (if the date of birth is recorded on the document)
- Ontario Health Card
- Permanent Resident Card (PRC) (must be valid and unexpired)
- Foreign passport or driver’s licence (must be a certified true copy of a valid, unexpired document)

Proof of identity

If the member's name has changed, we require a clear copy of one of the above documents showing the member's current name, or all of their legal change of name documents or marriage certificate(s).

Contact us for acceptable alternative documents if the member's original documents are unavailable. There will be a delay in processing the member's benefit if their forms are not completed fully or if documents are missing.

1.4 Enrolment checklist

Enrolment checklist

Remember to...

- Provide your employee with a copy of the [Guide for Plan Members](#) available on the web.
- Advise your employee about the enrolment rules.
- Get your employee to sign the *Waiver of Pension Coverage* form (if applicable).
- Get your employee to complete the employee "declaration of employment".
- Ask your employee if they are already retired and receiving a Municipal Pension Plan retirement benefit.
- Use the Member Validation tool to confirm if a new employee is a member of the plan.
- Complete and submit Plan Member Record information electronically for your employee.
- Ask your employee to sign in to My Account at mpp.pensionsbc.ca and upload documents to establish proof of age and identity. This documentation is required before plan benefits can be paid.
- Ask your employee if they wish to nominate any beneficiary(ies). If they do, they can nominate beneficiaries by signing in to My Account at mpp.pensionsbc.ca.

1.5 Transferring pension rights

If your employee is coming from another Municipal Pension Plan employer please refer to section 1.1.8.

If your transferring employee worked for an employer enrolled in one of the following pension plans, you should treat the employee as a new employee and apply the applicable enrolment rules as you would for any new employee:

- BC College Pension Plan
- BC Public Service Pension Plan
- BC Teachers' Pension Plan
- School District No. 43 Retirement Plan for non-teaching employees
- WorkSafeBC Pension Plan

If your employee has contributed to another pension plan within Canada they should contact the plan directly to see if there is a transfer agreement in place between the two plans.

1.6 Enrolment in the wrong pension plan

A number of employers who participate in pension plans administered by the Pension Corporation have membership in more than one pension plan.

Occasionally, an employer may enrol an employee in a pension plan and find out later that the employee should have been enrolled in a different plan. This can happen, for example, when support staff who should be enrolled in the Municipal Pension Plan are enrolled in the Teachers' Pension Plan.

If this has occurred please contact Member Services.

1.7 Re-employment of retired members

If a retired member—in this case, a person who retired from a Municipal Pension Plan employment and is receiving a plan retirement benefit—returns to work, they continue receiving their benefit and do not enrol in or contribute to the plan.

If an employee is receiving a benefit from a different pension plan, or is receiving a benefit as a survivor of a deceased member, regular plan enrolment rules apply.

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2 PURCHASING SERVICE

Purchasing service means paying for periods of employment not counted as service with the Municipal Pension Plan. Purchasing service may increase a plan member's retirement benefit.

2.1 Non-contributory service

Plan members may be eligible to purchase periods of service when they worked for a Municipal Pension Plan employer but did not contribute to, or accrue service in, the plan. If a member should have contributed to the plan but did not, there may be arrears owing—see section 2.4.

2.1.1 Eligibility to purchase non-contributory service

Plan members may purchase non-contributory service with any employer in the plan, including:

- service during a probationary period prior to a permanent appointment,
- part-time or casual service for which contributions were not made,
- service with a plan employer before the employer was covered for the employee's position under the plan, or
- service for which the member waived enrolment before April 1, 2000.

Plan members may not purchase as non-contributory service:

- time during which they were not employed,
- a period of time during which they were employed with an employer other than a plan employer,
- time with the employer in a position covered by another BC public sector plan,
- service for which the member waived enrolment on or after April 1, 2000,
- service to bring part-time employment up to full-time,
- a period during which the member was on strike or locked-out, or

- service which would cause the member’s pensionable service to exceed:
 - 12 months in a calendar year, or
 - 35 years in total.

2.1.2 Deadlines to purchase non-contributory service

There is a deadline to apply to purchase non-contributory service.

A member must apply to purchase a period of non-contributory service within 30 days after their employment with the employer with whom the service occurred ends, or within five years from the time they first begin contributing to the plan, whichever is earlier.

You must then complete and submit the member’s purchase application to us within 30 days of receiving the application.

If application is not made prior to the deadline, the member will no longer be eligible to purchase the non-contributory period.

2.1.3 Cost to purchase non-contributory service

The cost to purchase non-contributory service may be calculated in one of two ways, depending on the service. The plan member is responsible for the total cost, unless the employer is willing to enter into a cost-sharing arrangement with the member.

The entire non-contributory service period does not have to be purchased. Once the full period of service has been determined, the member may choose to purchase only a portion of it. If this is the case, the [Purchase of Service Application](#) submitted should reflect only the service period the member wishes to purchase.

Current salary and current contribution cost method

“Current” means at the time of application to purchase.

The current salary and current contribution cost method is used for purchases where the employee’s position was covered by the plan.

The cost to purchase is determined by calculating the employee and employer contributions required for the amount of pensionable service to be purchased, using the plan’s

current employee and employer contribution rates (for the appropriate employee group) and the member's current pensionable salary.

Members can estimate the cost to purchase service by signing in to My Account and accessing the personalized purchase cost estimator.

Actuarial value method

The actuarial value method is used for purchases where the employee had service with a plan employer before their position was covered under the plan.

The actuarial value method is used to calculate the actuarial value of the increased benefit that will be provided by the purchased service.

The actuarial value method is typically much more expensive than any other way the plan member can purchase service. If the member has other purchase opportunities such as reinstatements or non-contributory service and leaves under the current salary/current contribution cost, then they may want to obtain costs for those first.

Members cannot estimate the cost to purchase service under the actuarial value method. The plan will provide estimates and final costs.

2.2 Leave of absence (LOA)

Plan members may be eligible to apply to purchase leaves of absence. There are two main categories of leave:

- *Employment Standards Act (ESA)* and *Canada Labour Code (CLC)* provided leaves where the purchase of service is required to be cost-shared between employer and member:
 - Maternity (ESA and CLC)
 - Parental (ESA and CLC)
 - Family responsibility (ESA only)
 - Compassionate care (ESA and CLC)
 - Disappearance of a child (ESA and CLC)
 - Death of a child (ESA and CLC)
 - Bereavement (ESA only)
 - Jury duty (ESA and CLC)

- Critical Illness or injury leave (ESA and CLC)
- COVID-19-related leave (ESA and CLC)
- Personal illness or injury leave (ESA and CLC)
- Domestic or sexual violence leave (ESA and CLC)
- Traditional Aboriginal practices (CLC only)
- Personal leave (CLC only)
- General leaves where the member is responsible for the full cost of purchasing service.

Note: The plan allows cost-sharing of general leave, if provided by employee’s collective agreement.

2.2.1 *Employment Standards Act* LOA Timeframes

The vast majority of MPP employers are provincially regulated, meaning their employees are covered by the *Employment Standards Act*. Refer to the following Purchase of Service table for clarification of leave limits applied per purchase type.

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
In the event of a discrepancy between this table and the <i>Employment Standards Act</i> (ESA) or Income Tax Act Regulations (ITAR), the ESA or ITAR shall prevail.		The Income Tax Act Regulations (ITAR) states purchase leave maximums. *5 years, **3 years
General leave	Based on ER approval.	For a reason other than as listed under the ESA or in excess of ESA limits. Cannot apply to purchase until leave has ended. *5 year ITAR maximum applies
Maternity leave	Pregnant employees can take up to 17 consecutive weeks, beginning no earlier than 13 weeks before the child’s expected due date. Employees can also take up to 6 consecutive weeks following a termination of pregnancy, commencing the day the pregnancy ends. If complications following birth or termination of pregnancy prevent the employee from returning to work, the leave can be extended an additional 6 weeks.	**3 years ITAR maximum applies (1 year per child) *5 year ITAR maximum applies (for portions of the leave not covered by the 3 year ITAR maximum)

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
Parental/adoptive leave	<p>Birth parent: If maternity leave is also taken, up to 61 weeks which must begin immediately after the maternity leave ends.</p> <p>Non-birth/adoptive parent: Up to 62 consecutive weeks, which must begin within 78 weeks of the child's birth or, in the case of adoption, within 78 weeks of placement of the child with the adoptive parent.</p> <p>Can have an additional 5 consecutive weeks if the child has any condition which requires an additional period of parental care, beginning immediately after the end of the original entitlement.</p>	<p>**3 year ITAR maximum applies (1 year per child)</p> <p>*5 year ITAR maximum applies (for portions of the leave not covered by the 3 year ITAR maximum)</p>
Compassionate care leave	Up to 27 weeks within a 52 week period (can be taken in units of one or more weeks).	<p>To provide care or support to a family member with a significant risk of death within 26 weeks.</p> <p>*5 year ITAR maximum applies</p>
COVID-19-related leave	Employee is entitled to unpaid leave for as long as any of the ESA-prescribed circumstances apply to that employee. See Section 2.2.1.1 of this instruction manual.	<p>This leave is a temporary measure and is expected to be repealed and removed from the ESA when no longer needed.</p> <p>*5 year ITAR maximum applies</p>
Leave respecting the disappearance of a child (up to 19 years of age)	Up to 52 weeks beginning on the date of the child's disappearance (can be taken in one unit of time or, with the employer's consent, more than one unit of time).	<p>The child's disappearance must be the result of a crime (e.g., a kidnapping).</p> <p>*5 year ITAR maximum applies</p>
Leave respecting the death of a child (up to 19 years of age)	Up to 104 weeks beginning on the date of the child's death (or is found dead if prior disappearance). The leave can be taken in one unit of time or, with the employer's consent, more than one unit of time.	*5 year ITAR maximum applies
Critical illness or injury leave	Up to 36 weeks (to care for a family member under 19 years of age) or 16 weeks (to care for a family member 19 years of year or older) within a 52 week period (can be taken in units of one or more weeks).	<p>To provide care or support for a family member whose life is at risk due to illness or injury.</p> <p>*5 year ITAR maximum applies</p>
Leave respecting domestic or sexual violence	Up to 5 days paid leave in one or more units of time, plus up to 5 days unpaid leave in one or more units of time, plus an additional 15 weeks unpaid leave taken in one unit or time, or more than one unit of time with the employer's consent.	<p>For prescribed purposes for the employee, or the employee's child or dependent. See Section 2.2.1.9 of this instruction manual for calculating an average day's pay for the paid portion.</p> <p>*5 year ITAR maximum applies</p>
Personal illness and injury leave	Up to 5 paid days and 3 unpaid days per calendar year.	<p>Applies to employees who have worked for their employer for at least 90 days. Both paid and unpaid leave resets every January 1. Unused days from one calendar year do not carry forward to the next. These are minimum requirements that apply even if a collective agreement contains provisions that meet or exceed these requirements.</p> <p>*5 year ITAR maximum applies</p>

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
Family Responsibility Leave	Up to 5 days off each employment year.	Responsibilities related to care, health, or education of a child in the employee's care or immediate family. Employment year is based on the employee's starting date. Unused leave does not roll over to subsequent years. *5 year ITAR maximum applies
Bereavement Leave	Up to 3 days off.	When a death in the employee's immediate family (including adult child). *5 year ITAR maximum applies
Jury Duty	Employee is entitled to leave for as long as necessary to attend court as a juror. It is an unpaid leave, unless the employer and employee agree otherwise.	*5 year ITAR maximum applies

For more information about these leaves, please see [Government of British Columbia Leave of Absence](#).

2.2.1.1 COVID-19-related leave

An employee can take unpaid, job-protected leave related to COVID-19 if they're unable to work for any of the following reasons:

- they have been diagnosed with COVID-19 and are following the instructions of a medical health officer or the advice of a doctor or nurse;*
- they are in quarantine or self-isolation and are acting in accordance with an order of the provincial health officer, an order made under the *Quarantine Act* (Canada), guidelines from the BC Centre for Disease Control or guidelines from the Public Health Agency of Canada;*
- the employer has directed them not to work due to concern about their exposure to others;*
- they need to provide care to an eligible person (i.e., their minor child or a dependent adult who is their child, former foster child, or other person who may be prescribed in the future**), for a reason related to COVID-19, including a school, daycare or similar facility closure;

* Between May 20, 2021 and December 31, 2021, an employee who takes COVID-19-related leave for these reasons may be entitled to up to three days of paid leave in accordance with section 52.121 of the ESA.

- they are outside of BC and unable to return to work due to travel or border restrictions;
- other situations that may be prescribed in the future;

Effective from April 1, 2021 onward, an employee may also request and receive COVID-19-related leave for any of the following additional reasons:

- they are more susceptible to COVID-19 in the opinion of a medical professional because of an underlying health condition, ongoing treatment, or other illness, and are receiving the Canada Recovery Sickness Benefit for the leave;
- they are getting a COVID-19 vaccine (an employee may also be entitled to up to three hours of paid leave for COVID-19 vaccination in accordance with section 52.13 of the BC ESA);
- they are assisting a dependant to get a COVID-19 vaccine, i.e., a child, a dependant adult to whom the employee is a parent or former guardian, a member of the employee's immediate family, a family member identified in section 2 (a) or (b) of the Family Member Regulation, or another person who requires care and is considered like a close relative (whether related to the employee or not), and who is under the day-to-day care of the employee.

Unless otherwise noted, COVID-19-related leave is retroactive to January 27, 2020, the date of British Columbia's first presumptive case of COVID-19. An employee can take this job protected leave for the reasons above as long as they need it, without putting their job at risk. Once it is no longer needed, this leave will be removed from the *Employment Standards Act*.

** Effective from April 1, 2021 onward, an eligible person also includes a member of the employee's immediate family or a family member identified in section 2 (a) or (b) of the Family Member Regulation, or a person who requires care and who is considered like a close relative (whether related to the employee or not).

2.2.2 Canada Labour Code LOA

A small number of MPP employers are federally regulated, meaning their employees are covered by the *Canada Labour Code*. For more information about these leaves, please see [Government of Canada Types of leaves you can receive as an employee working in federally regulated industries and workplaces](#).

2.2.3 Eligibility for purchasing ESA or CLC provided leaves

It is the employer's responsibility to verify the leave period. The plan member must provide you with the birth certificate or adoption papers to verify the birth date. The plan does not need to see these documents.

- You must verify the leave period and ensure *Employment Standards Act* or *Canada Labour Code* requirements in effect at the time of the requested period of service are met. For example: only birth mothers are eligible for maternity leave; birth and adoptive parents are eligible for parental leave.
- Certain ESA and CLC leaves require the employer to obtain (or allow the employer to request) certain documentation (e.g., a medical certificate, birth certificate or adoption papers)—the plan does not need to see this documentation.
- If a member chooses to pay for the employee portion of one of the ESA- or CLC-provided leaves listed in section 2.2.1 above, the employer is required to pay for the employer portion of the leave cost.
- If a member chooses to pay for the employee portion of an ESA- or CLC-provided leave, the employer is required to pay for the employer portion of the leave cost.
- If a leave of absence extends beyond the maximum provided in the ESA or CLC, the additional leave may be purchased as general leave.
- Upon application, a member may choose to continue making pension contributions while on an ESA or CLC leave.

2.2.4 General leave

General leave is any leave where the ESA or CLC does not require the employer to share the cost of purchasing the leave.

2.2.4.1 Full and partial leave

The calculation of service and salary and the leave cost depends in part on whether the member receives full, partial or no salary during the leave period and is based on the amount of eligible service being purchased.

2.2.4.2 Leave of absence with full salary

When a member is on a leave and continues to receive full salary, both you and the plan member continue to contribute to the plan, and pensionable and contributory service are credited in the normal manner. There is no purchase of service available or required in these situations. From the pension plan's perspective, it's as if the member continued to work during that time.

2.2.4.3 Leave of absence with partial salary

Plan members who take a leave of absence with partial pay may be eligible to purchase the difference between the service they would have received if paid their normal salary and the amount of service they were actually credited with based on the salary they were paid while on leave.

2.2.4.4 Periods of reduced pay

Plan members who worked at less than their full assignment for a period of time may be eligible to purchase the difference between the normal, full assignment and the amount actually worked. Canada Revenue Agency (CRA) categorizes these as "periods of reduced pay" and sets out the following rules:

- the plan member must have been employed by you for not less than 36 months,
- only periods of reduced pay after the 36th month requirement is met are eligible, and
- the plan member must have worked at the full assignment at some time during their employment with you prior to the leave period.

Note: For 2020 and 2021 only, the 36-month requirement does not apply. Members who worked at less than their full assignment in 2020 and 2021 may be eligible to

purchase service regardless of the length of time they have been employed. If members qualified for a period of reduced pay under the relaxed eligibility requirements during this time but have since terminated employment or retired, they may still be able to purchase service. Members and employers can contact the plan for more information.

If the full assignment for the plan member is less than 100 per cent full-time, the plan member may purchase only that portion needed to bring it up to the plan member's full assignment, not to full-time.

2.2.4.5 Periods of layoff after January 1, 2020

Members may apply to purchase periods of layoff service that commence on or after January 1, 2020 as a general leave of absence, provided they remain employed during the layoff period.

Eligibility requirements for unionized members

Unionized members with recall rights under a collective agreement are considered laid off and active members during this time. The employment relationship continues until the recall rights expire. Therefore, a unionized member can purchase service from the first day of the layoff period until the earlier of:

- the date they return to work
- the date they resign (i.e., relinquish their recall rights)*
- The date their employment is terminated for pension purposes according to the plan rules (i.e., it's been 275 days since their last contribution)*

Eligibility requirements for non-unionized members

To remain in an employment relationship, non-unionized members must be laid off under the terms of an employment contract, an agreement between the member and employer, or because of established industry norms. During this layoff period, employment continues provided the period does not exceed 13 weeks in a period of 20 consecutive weeks (the maximum length allowed under the ESA). If this threshold is exceeded, the employment relationship ends. Therefore, a non-unionized member can purchase service from the first day of the layoff period until the earlier of:

- The date they return to work (without exceeding the 13-out-of-20-week maximum)
- The date they resign or are terminated by their employer*
- The date the 13-out-of-20-week threshold is exceeded*

Note: Circumstances marked with an asterisk (*) constitute a termination of employment for which you must submit an *Employee Information at Termination/Retirement* (see chapter 3). In these cases, the member must apply to purchase their layoff period within 30 days of termination of employment.

2.2.5 All leave types

The full period of the leave must be purchased unless, as a result of the purchase, the plan member's pensionable service exceeds:

- 12 months in a calendar year, or
- 35 years in total, or
- Canada Revenue Agency maximums (contact CRA or the Municipal Pension Plan for more details)

In these circumstances, the portion of the leave up to the maximum may be purchased.

If plan members wish to purchase a leave of absence for a period during which they contributed to a registered pension plan with any other employer, some restrictions may apply.

If a plan member chooses to continue to make contributions while on an ESA or CLC leave, but then stops making those contributions before the leave period has elapsed, only the leave period already purchased is credited. The member may later apply to purchase the remainder of the ESA or CLC leave (i.e., the portion for which they stopped making contributions during the leave) upon returning to work.

Contact the plan for more information.

2.2.6 Deadlines to purchase leaves

There is a deadline to apply to purchase leaves of absence.

A member must apply to purchase a leave within 30 days after the employment with the employer with whom the leave occurred ends, or within five years of the end of the leave, whichever is earlier.

If a member chooses to continue to contribute during an ESA or CLC leave, they must apply to do so within 30 days of the leave start date. If the member misses this 30 day deadline, they are still eligible to apply at the end of the leave and make a lump sum payment.

You must then complete and submit the member's purchase application to us within 30 days of receiving the application.

If the member indicates they wish to continue to contribute during the leave, the employer must submit application form copies to us monthly.

The member is not required to return to work after the leave, but must have been an active member within 30 days to apply to purchase. This means that if a plan member is not going to return to work after a leave, they must apply while on leave or within 30 days after the end of the leave in order to be eligible to purchase.

If the member does not apply prior to the deadline, the member will no longer be eligible to purchase the leave period.

2.2.7 Cost to purchase leaves

The cost to purchase any leave of absence is calculated using the "Current Salary and Current Contribution" cost method. Under this cost method, the cost to purchase is determined by calculating the employee and employer contributions required for the amount of pensionable service to be purchased, using the plan's current employee and employer contribution rates (for the appropriate employee group) and the member's current pensionable salary.

"Current" means at the time of application to purchase.

If a member chooses to pay for the employee portion of any of the ESA or CLC leaves listed in section 2.2.1 above, the employer is required to pay for the employer portion of the

leave cost. The Plan member is responsible for the full cost of all other leaves, unless the employer is willing to share the cost.

Once a member's leave has ended, they can generate an estimate of the cost to purchase service by signing into My Account and accessing the personalized purchase cost estimator. Once a member is on leave, they should use the fillable PDF located at mpp.pensionsbc.ca/submit-a-form-to-buy-service.

2.3 Reinstatement

If you have an employee who left employment and took a refund of contributions from the plan, they may be eligible to reinstate that service by repaying their contributions plus interest. Members who think they might be eligible to reinstate a refund should visit the plan website at mpp.pensionsbc.ca/reinstating-service-and-paying-back-a-refund.

2.4 Arrears

You must complete a [Purchase of Service Application](#) form. You or your employee must complete Part A. The employee is not required to sign the form. For more information, see section 2.

Arrears occur when a plan member and the employer should have made contributions to the pension plan, but did not. If you are aware of a possible arrears situation for one of your employees, you should notify the employee and submit an application form on behalf of the employee. There are two types of arrears: enrolment arrears and payroll arrears.

2.4.1 Eligibility to purchase arrears

Enrolment arrears

Enrolment arrears occur when:

- a plan member for whom enrolment in the plan is mandatory does not start making contributions when first required,
- a plan member whose enrolment is optional elects to enrol but does not start making contributions from the date of eligibility,
- a plan member whose enrolment is optional does not complete a written waiver to opt out of the pension plan and does not begin contributions, or

Payment for enrolment arrears is optional for plan members.

- a plan member who has previously waived enrolment, elects to enrol but does not start making contributions from the date of election.

Arrears first appeared in the provisions of the Municipal Pension Plan on January 1, 1988. Arrears that occurred before this date (pre-1988) have different payment criteria than arrears that occur after that date (post-1987).

Pre-1988 Arrears: the employer portion of enrolment arrears for periods prior to January 1, 1988, is only required if the plan member's portion is paid. We will notify you when and if your portion is required. You may delay payment of the employer portion of the arrears until the plan member terminates employment or reaches earliest retirement age, whichever occurs first. The cost will increase if you delay payment. You may choose to pay the member portion of arrears on behalf of the member.

When the member portion of the arrears is paid, one-half pensionable service and full contributory service is credited to the plan member. When the employer portion is invoiced, the plan member is then credited with full pensionable service for that period.

Post-1987 Arrears: the employer portion of enrolment arrears for periods from January 1, 1988, is mandatory and must be paid when we send you an invoice. Interest may be applied to the amount you owe if not paid within 30 days. When the employer portion of the arrears is paid, only one-half pensionable service and full contributory service is credited to the member. When both the employer and member portions are paid, the member is credited with full pensionable service for that period.

Payroll arrears

Payroll arrears are mandatory for both employers and plan members.

Payroll arrears occur when you have:

- not made pension deductions on salary paid to a member during a partially paid leave of absence,
- not resumed making pension deductions following a period of unpaid leave (for example, after a maternity leave), or
- for any other reason, not made pension deductions or remitted contributions for an active member.

Payment of payroll arrears is mandatory for both you and the plan member. They must be paid on receipt of the *Statement of Cost*. You are responsible to remit the required employee and employer contributions and collect the employee contributions from the plan member. It is your decision if you want to seek recovery of the employee portion of the cost from your employee.

2.4.2 Deadlines to apply to purchase arrears

Enrolment arrears

You are required to apply to purchase enrolment arrears when an arrears period has been identified.

If there is an arrears period, you will receive an invoice. The payment amount quoted in your invoice is payable immediately. Interest may be applied to the amount you owe if not paid within 30 days. We will determine if the member is eligible to purchase their portion of the arrears cost.

EXAMPLE

A plan member starts working for you on July 1, 2011, and becomes eligible to start contributing October 1, 2011, but does not begin contributing until January 1, 2012. An invoice, which identifies the arrears period, is sent to you on March 1, 2012 and is payable immediately. The member chooses not to purchase arrears at that time, but then applies to purchase the arrears on March 15, 2017. You should send us a request for reapplication to purchase the arrears period, even if you believe the five-year application deadline has expired. When we receive the application we will determine eligibility.

EXAMPLE

A plan member stops working for employer A and starts working for employer B immediately. Six months into their employment with employer B, arrears with employer A are identified. An invoice is sent to employer A that identifies the arrears period. The invoice is payable immediately. The member receives a *Statement of Cost* for the arrears period with employer A. The member has five years from the date of this *Statement of Cost*, or 30 days after termination of employment with all plan employers, to purchase the arrears period, whichever is first.

Note: If two years later, the member stops working for employer B and starts working for employer C within 30 days, the member will still have about two and a half years to purchase their arrears period with employer A.

2.4.3 Deadlines to pay for arrears purchase

Enrolment arrears

Pre-1988: You are responsible for paying the employer portion of the arrears only if the employee pays the employee cost, which is optional. The employer portion of the payment must be made by the time the employee terminates employment or retires, whichever is first.

Post-1987: You are responsible for paying the employer portion of the arrears. The employer portion must be paid on receipt of the invoice we send you. The employee may choose to pay the employee portion, which is optional.

Payroll arrears

When payroll arrears are identified, you are responsible for paying both the member and employer portion of the arrears. You must pay the employer and member portions of the cost on receipt of the invoice we send you. It is your decision if you want to seek recovery of the employee portion of the cost from your employee.

2.4.4 Cost to purchase arrears

The cost to purchase arrears is calculated using the “current salary and current contribution rate” cost method. Under this cost method, the cost to purchase is determined by calculating the employee and employer contributions required for the amount of pensionable service to be purchased, using the plan’s current employee and employer contribution rates (for the appropriate employee group) and the member’s current pensionable salary.

Members can estimate the cost to purchase service by signing in to My Account and accessing the personalized purchase cost estimator.

2.5 Child-rearing break

Plan members who take time off work to raise their own child may be able to have up to five years of this time recognized as contributory service in the plan.

Unlike purchasing a leave, members do not pay to be credited with child-rearing time. Rather, the time is counted as contributory service as long as the member meets the eligibility requirement (see below). If plan members plan to retire under age 60 (55 for public safety employees), additional contributory service from child-rearing time could help them meet the age plus service requirement for an unreduced retirement benefit, or for a lower reduction.

2.5.1 Eligibility for child-rearing time

To qualify for child-rearing time, a plan member must:

- be an active member at the time of application,
- quit work or take an employer-approved leave of absence from the plan to directly and actively care for their own child (by birth or adoption), under age seven,
- not have worked with any other employer during the period,
- return to work and begin making pension contributions again,
- have made pension contributions before they took the time off,
- not have contributed to any registered pension plan during the child-rearing time, and
- have paid back any refund of plan contributions the member might have taken for service immediately before the child-rearing period (see section 2.3 “Reinstatement”).

If the member purchases a leave taken for child-rearing under the leave of absence rules, the member will already have contributory service credited for that period, and will not have additional contributory service credited for child-rearing time.

2.6 Applying to purchase service



You or your employee must complete Part A. The employee is not required to sign the form.

2.6.1 What you and the member must do to apply to purchase service

For leaves, non-contributory service and arrears, plan members cannot apply directly to the pension plan. You must complete a [Purchase of Service Application](#) form. You or your employee may complete Part A.

For reinstatements, plan members should contact the plan.

You must complete a separate application for each purchase type, with the exception of multiple general leaves of absence that occur during the same calendar year; these can be requested on one application. Attach details of dates and service for each leave period. We will combine the periods of service and provide one *Statement of Cost* to the plan member.

2.6.2 Members on leave prior to retirement

If a member is on a leave of absence just prior to retirement and wishes to purchase service:

- The member should apply to purchase that leave (and any other unpaid purchases) prior to their retirement date.
- The member must pay by the due date indicated on the *Statement of Cost*—once the due date is past, the member will not be able to purchase the service.
- If the retirement benefit is processed before the purchase has been completed, it will be amended as soon as the purchased service is credited to the member's account.

Remember, plan members must be active (including being on a leave of absence) to apply to purchase service.

2.6.3 Purchase cost estimates

The member should calculate an estimated cost and determine the estimated increase to pension prior to submitting the application; you may be asked to assist your employees with estimates. An estimated cost allows members to determine if they wish to proceed with the purchase before making formal application and before having you complete the employer portion of the application form.

Plan members can obtain these figures by using the **Online purchase estimator**: Members can do their own estimate using the personalized purchase cost estimator available

on our website through My Account. The estimator has been loaded with each member's current *Member's Benefit Statement* information.

Members who haven't registered for My Account can use the self-registration process.

The online purchase cost estimator will provide the member with an approximate cost to purchase service, the estimated increase to their pension if they purchase service, and a payback feature, which lets the member know how many pension payments they need to receive in order to recoup the cost of purchasing service.

The member should not forward any funds to the corporation until they have received a final costing from the plan.

Members who use the personalized purchase cost estimator and have decided to proceed with the application may print the application form directly from the estimator. It will be populated with the purchase details as entered by the member.

The member should not forward any funds to the corporation based on estimates from the purchase cost estimator or that they have manually calculated. Members can only make payment when they receive a *Statement of Cost* from the plan.

2.6.4 Continuous contributions while on an ESA or CLC leave

For ESA or CLC leaves commencing on or after May 1, 2020, members will be able to contribute to their pension on a continuing basis during the leave. This opportunity gives members who want to buy service the flexibility to choose the option that best fits them: either pay during a leave under the new rule, or buy service in one payment up to five years after the leave under the current rule.

- Members will have 30 days from the leave start date to apply to make continuous contributions. If this 30 day deadline is missed, members will need to wait until the end of the leave period and then apply to purchase the entire period in a lump sum.
- When a member submits a *Purchase of Service* form requesting continuous contribution within 30 days of the leave start date, the employer will date stamp and photocopy the application and submit a copy to the Pension Corporation each month the member is on an ESA or CLC leave. The subsequent applications should document any relevant changes such as an increase in salary.

- The first partial month of leave can be combined with the second full month of leave.
- The *Purchase of Service Application* provides space for the employer to record several pay periods.

2.7 The purchase of service application package

2.7.1 The purchase package overview

The purchase application package has been developed to help the member better understand purchase of service and their role in the purchase process.



2.7.2 Purchase of service information for the member

The [Purchase of Service Application Package](#) provides answers to questions regarding purchasing service, in addition to a brief description of the types of purchases (arrears, leave of absence, non-contributory service) and eligibility.

The [Purchase of Service Application Package](#) also provides information as to the next steps in the purchase process, such as paying for the purchase and tax considerations.

2.7.3 Reviewing and verifying the purchase application form

You or the member must complete Part A. The member is not required to sign the form.

It is critical that you verify and submit purchase applications to us without delay when a member applies to make a purchase. Refer to the Purchase of Service table in Section 2.2.1 for details.

When a [Purchase of Service Application](#) form arrives in your office:

- You must ensure that all applications are date stamped on the day they arrive in your office. This date is deemed to be the “Application Received Date” and should be recorded in the corresponding field in Part B. Pension Corporation staff use this date to:
 - determine the applicable rates to apply to a purchase cost, and
 - determine if the application has been received by the deadline (for example, within 30 days of termination of employment).

- You or your employee must complete Part A of the [Purchase of Service Application](#) form in its entirety. It is the member's responsibility to provide you with as much information as possible for the period of service they wish to purchase.
- It is your responsibility to verify the information submitted by the employee on the purchase of service application form.
- Researching a purchase request will vary case by case; however, you should use your best judgment on how much research time is appropriate, based on individual circumstances.
- Where employment records and periods of service are difficult to verify because records are inaccessible, misplaced or destroyed, consider using the employment verification resources listed in section 2.7.6.1 (you may have to request this information from the member).

2.7.4 Current vs. former employer

- It is the employee's responsibility to provide you with proof of their past employment and service by contacting their former employer directly (if they are still in business), or by using supporting documents as listed below in 2.7.6.1.
- The former employer verifies the employment and service and signs Part C of the application form. If unable to verify any of this information, the former employer returns the application to the member and advises them to search for additional supporting documentation.
- If the former employer is no longer in business, the member must supply you with documentation to support their application.

2.7.5 Default option for non-contributory purchases

In cases where employment records are missing, inaccessible or incomplete, and where both the employer and member agree, a default pensionable service option can be accepted. The default option is 50 per cent pensionable service and 100 per cent contributory service for the period of eligible time the employee wants to purchase. To apply the default on the [Purchase of Service Application](#) form, make sure the "Non-contributory service – no records" checkbox and the "Non-contributory default" checkbox have both been

checked off. See the [Purchase of Service Application](#) on the mpp.pensionsbc.ca website for details, including eligibility and deadlines.

2.7.6 The purchase application form

2.7.6.1 Part A—To be completed by you or plan member

The member must complete all applicable areas; in some instances, members may need assistance to determine the dates and the amount of service eligible for purchase. Keep in mind that the member must exercise due diligence in attempting to find the necessary information before requesting your assistance.

Members must complete the following critical fields:

- Plan member name and address.
- Phone number and email address.
- Type of Purchase—for information on types of purchase and eligibility, see mpp.pensionsbc.ca/what-types-of-service-you-can-buy.
- Period of Service Applying to Purchase—some members may find it difficult to determine the actual dates for the period of service. In some instances you may assist the member in locating these dates; however, the member must exercise due diligence to find the dates prior to contacting you.
- If the member applies to purchase an ESA or CLC leave within 30 days of the leave commencing, they are eligible to choose the continuous contribution payment method.
- Indicate if member was full or part-time—the member must choose either full-time or part-time. If part-time has been selected, a percentage of full-time employment must be indicated by dividing the actual hours worked in the year by the possible full-time hours in the year.

When confirming the information in Part A, remember the following:

- **Current pension plan:** The member can only purchase service that occurred in their current pension plan.

- **Type of purchase:** The member must complete a separate application for each purchase type, with the exception of multiple general leaves of absence that occur during the same calendar year, which can be requested on one application. Attach details of dates and service for each leave period or use the service and salary chart in Part B. We will combine the periods of service and provide one statement of cost to the plan member.
- **Pregnancy/maternity, parental, and adoption leaves:** You must view and verify the accuracy and authenticity of any documents related to the child's date of birth (or adoption) prior to signing the application form. The plan does not need to see these documents.
- **Indicate if they are full-time or part-time;** if part-time, the member will indicate the percentage of full-time employment. The plan will calculate the eligible service based on the start and end dates and the percentage you have given us; or

If the purchase period spans more than one year, the purchase must have the service broken down into separate years on the application or on an attachment.
- **Period of service to be purchased:** You can confirm this information by checking your employment records or, if these records are unavailable, you may need your employee to provide you with some information such as:
 - offer of employment letter,
 - leave approval form or letter,
 - historical timesheets,
 - paycheque stubs,
 - copies of T4s,
 - Employment Insurance – Record of Employment,
 - letter from Canada Revenue Agency, or
 - letter from the Canada Pension Plan.
- Once you have sufficient information to be confident in confirming the requested period of service, you must complete Part B.

2.7.6.2 Part B—To be completed by the current employer

By signing the [Purchase of Service Application](#), you are indicating that you understand you will be billed for the employer portion, if applicable.

It is your responsibility to provide us with the “Current Annual Pensionable Salary” (full-time equivalent). This will be the salary the plan will use to determine the cost of the purchase. Pensionable Salary means the base salary received by a member and includes any additional amounts specified by the board.

Section 7 of this manual describes what types of earnings, compensation or pay are pensionable and lists some exclusions.

EXAMPLE

To calculate the Current Annual Pensionable Salary (full-time equivalent):

1. Calculate the percentage of full-time hours worked.
 - If the employee works 30 hours per week (where a full-time employee works 40 hours per week)
 - Then: $30 \text{ hours} \div 40 \text{ hours} = 75 \text{ per cent}$
2. Calculate the full-time equivalent pay period salary.
 - If the employee earned \$2,250 in their last pay period (including any Adds to Pay deemed pensionable in Section 7 Reporting) before applying to purchase service
 - Then: $\$2,250 \div 0.75 = \$3,000$
3. Calculate the full-time equivalent annual salary.
 - \$3,000 divided by the pay period amount 0.4615 (which equals 12 months divided by 26 pay periods) and multiplied by 12
 - Then: $(\$3,000 \div 0.4615) \times 12 = \$78,006.50$

For ESA leaves, check if the continuous contributions option is selected.

Service and Salary chart

For all requests, indicate the amount of pensionable service and salary paid during the purchase period (e.g., Maternity or Parental/Adoption leave top up), and, if applicable, any current year service that has not yet been reported. For continuous contribution leave purchases, display by month or pay cycle, if applicable. Indicate the service to be purchased based on the total service available in the month or pay cycle. If the costing salary amount changes for continuous contribution leave purchases, update the current annual pensionable salary amount for the purchase period.

If the request is for pregnancy/maternity or parental leave you must provide us with the pensionable service the member has accrued as a result of pregnancy/maternity and/or parental leave top up paid in the purchase period.

Authorized signing officer

By signing Part B, you are confirming the information in Parts A and B, and certifying that the information is true, complete, and correct to the best of your knowledge, based on the purchase eligibility rules for each purchase category. Please refer to purchase eligibility for each type of purchase earlier in this section.

Also, by signing the form you are indicating that you acknowledge the respective employer cost responsibility, if applicable. For example, if an employee pays for the employee portion of a pregnancy/maternity leave, you will be billed for the employer portion of the cost.

We use the current year service information to determine how much service the member is eligible to purchase. Refer to eligibility rules in section 2.1.1.

2.7.6.3 Part C—To be completed by the former employer (if required)

If the period of service being purchased was with an employer with whom the member is no longer employed, the employer for the period being purchased must complete Part C as the Authorized Signing Officer. The current employer is still required to complete Part B of the application form to provide us with the Current Annual Pensionable Salary. If the previous employer no longer exists, and is not an amalgamation, the member must provide you with proof of employment in order for you to verify the period of service.

2.7.7 Forward the application to the Municipal Pension Plan

Once all sections of the form are completed, the form is sent to us. We will produce a *Statement of Cost* and send it to the member. The member must pay by the due date indicated on the statement in order to be eligible to purchase the service at that cost. If the member does not purchase, they may apply to have the cost recalculated, as long as the deadline for that purchase type has not passed (see deadline information under each purchase type in this section) and the member is still eligible to purchase service.

If the member has chosen Option 1: Continuous contribution, submit a copy of Part B after each monthly pay cycle.

Throughout the leave, the member will receive a Statement of Cost from the Plan about once a month. To be eligible to purchase service at the cost listed on the Statement, the member must submit their payment by the due date listed on the Statement. If the member does not pay by the due date, the continuous contribution option expires. Both the member and the employer will be notified of expired continuous contribution options. If the continuous contribution option expires, and the member still wants to purchase service, they must wait until the end of the leave period to apply to have the cost recalculated. Upon recalculation, the member may purchase the services by making a lump sum payment.

2.7.8 Request for an updated purchase cost

In order to receive an updated cost for an expired lump-sum payment, members must formally request an update; they can do so by completing the Request for an Updated Cost section on the *Statement of Cost* and sending it to you. You will review the *Statement of Cost* details to ensure that the member is still eligible to apply to purchase service, and then complete the employer section, providing us with the new “Current Annual Pensionable Salary” (Full Time Equivalent), so we can prepare an updated cost using the most current salary. Once completed, sign the form and forward it to the plan. We will send out a new *Statement of Cost* to the member.

2.8 Paying for purchases

2.8.1 Methods of payment

You are responsible for ensuring the member meets the eligibility rules for the purchase.

There are several possible methods of payment:

- cash from plan member (in the form of a personal cheque or EFT),
- RRSP transfer,
- employer funds,
- employee funds directed from severance payments or retirement allowances, or
- combination of any of the above.

2.8.2 Tax implications

Contributions made to pay for purchases may be tax-deductible. If a member pays in cash (in the form of a cheque or EFT) directly to the Municipal Pension Plan, we will issue a receipt to the member to use when filing their income tax return for the year in which the payment is made.

If the purchase is for post-1990 dates the member must have sufficient RRSP room in order to pay by cash. The member should contact Canada Revenue Agency (CRA) to see if they have enough RRSP room. If a member pays for their purchase by cash and they do not have enough room, CRA will deny the purchase. The Pension Corporation will apply for certification of the purchase during this process.

If a member pays by RRSP transfer, we will not issue a receipt as the funds are already tax sheltered and would have been deducted by the member at the time they were contributed. We will acknowledge receipt of these funds.

If you are paying some or all of the member's purchase, you need to arrange the details of the employer payment with the member. Ensure the payment is made by the due date on the *Statement of Cost* and that the member has completed the "Method of Payment" section on the *Statement of Cost* invoice.

No tax receipts are issued for employer-funded payments, other than severance and retiring allowance payments as set out below. Employer payments will also effect the RRSP limits described above.

2.8.3 Severance pay and retiring allowance

We will bill employers and members separately for their portions.

If the payment is coming from severance pay or retiring allowance, we will issue a tax receipt to the member for the purchase payment and then you will issue a T4 to the member for the income.

It is important that members understand that purchases made from a severance or retiring allowance may affect RRSP room.

2.9 Payment and billing

2.9.1 Arrears

For arrears the employer is automatically billed, at the applicable time, for the employer portion of the cost. We will send you a letter showing the breakdown of the employee and employer costs.

Enrolment arrears

If enrolment arrears occurred before 1988: If the member pays the member contributions for the period of arrears, you must pay the employer contributions for the period.

If enrolment arrears occurred after 1987: When the member applies for the period of arrears, you must pay for the employer contributions for the period. The member has the option to pay their portion.

Employer portion—you can pay in one of two ways:

- through the regular remittance process by reporting the employer portion of the arrears payment on line 6 of your next employer remittance—ensure you include the arrears payment with your remittance, or
- by a separate cheque.

Employee portion—we will send the member a *Statement of Cost* for the employee portion. The member must decide whether or not to pay the employee portion, which may be paid by RRSP transfer or by cash, subject to CRA approval. If the member chooses to pay by cash, we will issue a tax receipt directly to the member. If the member chooses to pay by RRSP, we will send them a *Purchase Confirmation Letter*.

Payroll arrears

In addition to the arrears letter, we will send you the *Statement of Cost* for the employee portion. You must remit both the employee and employer amounts. You are responsible to recover the employee contributions from the member. You are responsible for indicating the deduction for the member's portion on their T4 slip. If you require assistance to complete the T4 with this information please call CRA.

2.9.2. Leave of absence

If the employer is responsible for paying their portion of the leave cost as explained in section 2.2, the member will be sent a *Statement of Cost* for the employee portion. If the member pays for their portion, an invoice is generated and sent to the employer who granted the leave. The employer must pay by the due date indicated on the invoice.

If the member has chosen Option 1, continuous contributions, the Plan will send you an invoice for the employer portion shortly after the member pays their portion.

If the employer is not responsible for paying a portion of the leave cost, the member will be sent a *Statement of Cost* for the full cost. Although you are not required by the plan rules to pay for any portion of the leave cost, you may still have an arrangement with your employee to pay for all or a portion of it. If so, please forward a cheque by the due date indicated on the *Statement of Cost*.

If the member chooses to pay by cash, we will issue a tax receipt directly to the member. If the member chooses to pay by RRSP, we will send them a *Purchase Confirmation Letter*.

2.9.3 Non-contributory service

The member will be sent a *Statement of Cost* for the full cost of the purchase. Although in these cases employers are not required by the plan rules to pay for any portion of this cost, you may have an arrangement with your employee to pay for all or a portion of it. If so, please forward a cheque by the due date indicated on the member's *Statement of Cost*.

2.9.4 Reinstatement

Reinstatements only have an employee cost because the employer contributions were not refunded when a member took a refund from the plan.

If the member chooses to pay by cash, we will issue a tax receipt directly to the member. If the member chooses to pay by RRSP, we will send them a *Purchase Confirmation Letter*.

2.10 Pension transfer agreements

Pension transfer agreements are negotiated agreements between pension plans that allow plan members to carry certain pension rights—including contributions and years of service—from one pension plan to another. They allow members to transfer the service they earned in a former plan (the “exporting plan”) to their current plan, or the plan to which they last contributed (the “importing plan”).

Transfer of full service from one plan to another is not guaranteed. Differences in benefit formulas, salaries and other factors impact transfer calculations.

Transferring pension rights under an agreement can improve the overall benefits that a plan member is entitled to receive. Plan members who transfer under an agreement must leave their contributions on deposit with their plan, rather than take a refund or other benefit, when they terminate employment.

To be eligible to transfer pension rights, the member must meet certain criteria. These depend on transfer arrangements between the two pension plans. The plan member should contact the plan directly to find out if there is an agreement in place with another pension plan, and how to proceed from there.

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3 TERMINATION OF EMPLOYMENT

When a plan member terminates employment with an employer in the Municipal Pension Plan, they will have access to termination options 90 days from the date they leave their job.

The options depend on the member's age and service at the time of termination, and may include:

- a retirement benefit payable at a later date,
- a lump-sum payment of the value of that pension, or
- a refund of the member's contributions, with interest to members who were not vested and terminated before September 30, 2015,

We will notify the member of the options available and make payments when required.

3.1 When has a member terminated employment from the pension plan?

Termination of employment means the end of the member's employment for which you are required to make contributions on their behalf. When a member terminates employment, you must submit the Employee Information at Termination/Retirement online to report:

- the date that the member terminated employment, and
- salary and service information for the part of the reporting period they worked. You will also report this information on your annual *Payroll Report*, but we need the information in the meantime to process the member's termination benefits.

For plan purposes, an employee has terminated employment with your organization when:

- The member has accepted a permanent position for which your organization does not participate in the plan.
- The member is on a seniority or recall list and has not made contributions within 275 days.

Note: If the member is working on a temporary basis in a position for which your organization does not participate in the plan, the member is not terminated. The period during which the employee is in the temporary position would be treated as a leave of absence, which the employee could purchase and the employer could pay the employer contributions for this purchase.

- A member who was entitled to receive benefits under an LTD plan and ceases to be entitled to benefits from the LTD policy is therefore considered terminated. For more information about LTD, see section 6.
- The member has reached latest retirement age; that is, the end of the calendar year when they turn 71.

3.1.1 Termination of employment for pension purposes

If a member commences a pension from one benefit group (such as Group 2 or Group 5), they cannot continue to accrue service in another benefit group (such as Group 1).

Although the member may continue to work, they are “deemed terminated” for pension purposes, and make no further contributions. The plan will contact any affected employer.

3.1.2 Employee eligibility

If an active member transfers from another plan employer to you with less than a one month break in service and has not applied for a benefit, you must immediately enrol the member and begin remitting member and employer contributions on the member’s pensionable salary from the first day of employment with you.

3.1.3 Employment status changes

There are a number of situations when a plan member has not terminated employment and continues to be an active member with the plan.

A change in employment status does not necessarily mean termination of employment. A member is considered employed even if:

- The member is laid off, but still has seniority rights or recall rights under a collective agreement and has made contributions within 275 days.
- The member is a casual employee who has not worked recently, but has not resigned or been dismissed.
- The member changes employment status, but does not resign and is not dismissed (for example, the member changes from full-time to part-time, or part-time to casual, or is involuntarily transferred to a new plan employer).
- The member is on an approved leave of absence (including leave while receiving WorkSafeBC benefits) (see section 6.1 and section 7.3.3.5).
- The member is receiving benefits under an LTD plan, even if you have terminated them for all other purposes.

In the case of an employer ceasing to be a plan employer, the termination date is day of cessation of business.

Note: from the member's perspective, if they are still working for another plan employer, they cannot terminate their membership in the plan or apply for a benefit.

If a plan member has been dismissed and is appealing the dismissal, it may make sense to delay reporting a termination of employment until the issue is resolved. This is because if you reported the termination and the member takes a commuted value or refund and is later reinstated, these payments cannot be reversed. For further information please contact us.

3.2 Termination option eligibility

Members can access their termination options 90 days after the member terminates employment, provided the member does not restart contributing during the 90 days. Termination options depend on a member's age at the date of termination of employment.

If a plan member terminated employment before September 30, 2015, different rules apply and the member's options may be different. Please contact us if you require more information.

The following table outlines the options available based on age for people who terminate employment on or after September 30, 2015. Note that ages for public safety employees are in brackets.

AGE RULES FOR BENEFIT ELIGIBILITY	
Age	Options
Under 55 (50)	Deferred retirement benefit Or Locked-in commuted value payment (funds must be withdrawn before age 55)
55 (50) but under 60 (55)	Deferred retirement benefit Or Immediate retirement benefit (your pension is reduced if your age and contributory service total less than 90 (80))
60 (55) but under 65 (60)	Deferred retirement benefit Or Immediate retirement benefit (your pension is reduced if you have fewer than two years of contributory service)
65 (60) or over	Unreduced retirement benefit

- If a member terminates a public safety occupation and begins employment in a non-public safety occupation (or the reverse), benefit entitlement in the terminated group will vary according to their age when they terminate. Please contact the plan if you require more information.
- Members do not have to cease seniority and recall rights to be eligible for a termination benefit.

Deferred retirement benefits

A benefit payable at a later date. The pension cannot start earlier than age 55 (or 50 for public safety employees).

Commuted value

The commuted value benefit is the amount of money that needs to be set aside today, using current interest rates, to provide enough funds at retirement to pay a pension similar to the pension the member would have received from the plan at the member's earliest retirement age.

3.3 Locking in

When a person is entitled to a benefit (including a commuted value), that benefit is usually "locked-in." This means that the benefit must be used to provide retirement income according to the *BC Pension Benefit Standards Act*. A member can choose to take that benefit as a pension from the plan or may transfer the commuted value of the pension to another pension income provider. If a commuted value is transferred to another pension income provider, it must be transferred to:

- a locked-in retirement vehicle,
- another registered pension plan,
- a LIF (life income fund), or
- to a life insurance company to provide an annuity payable no earlier than age 50.

The financial institution or other pension plan must certify that the funds will be used to provide a retirement benefit.

If the retirement benefit or commuted value amount is under a certain threshold, the member may choose to take the commuted value paid directly to them or have it transferred to an RRSP without locking-in restrictions.

3.4 Income tax

A refund or commuted value payment is not subject to income tax deductions when it is transferred directly from the pension plan to a registered retirement vehicle listed above.

A refund or commuted value payment paid directly to the plan member will have income tax withheld at CRA's flat rate of 10 per cent to 30 per cent, depending on the payment amount. The member may owe more or less tax when they file their return.

3.5 Employee information at termination

Select the EITR Submitted Report to view all the member information you have submitted within a specific time frame.

When a plan member terminates employment, PBSA requires us to provide them with their termination selection statement within 60 days. In order to enable us to comply, submit Employee Information at Termination/Retirement online within 14 days or as soon as the final payroll has been completed.

Sign in to the secure employer website, access the Employer Portal and then select Employee Information at Termination/Retirement in the Employer Reporting section. Follow the prompts to enter the data.

Also submit (or ask the member to submit) any plan member documentation not already on file with the corporation, such as:

- court orders pertaining to the splitting of pension benefits because of marital breakdown.

Termination options will not be available to a member unless we have clear copies of the necessary documents.

It is important to submit Employee Information at Termination/Retirement data to us within 14 days so that we can provide the plan member with their option information.

More information about termination options is available on the plan website at mpp.pensionsbc.ca/what-happens-if-you-leave-your-job.

Effective the date of the employee's termination, a 90 day waiting period is required before the *Termination Selection Statement* is produced. Once the waiting period is satisfied, the employee will receive a *Termination Selection Statement* outlining our calculation of their termination options.

The member can then select an option.

More information about termination options is available on the plan website at mpp.pensionsbc.ca/what-happens-if-you-leave-your-job.

You can access the *Employee Information at Termination/Retirement Report* to view a rollup of the member information you have submitted.

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4 RETIREMENT

This section provides information on getting members' pensions started, whether the member is going directly from Municipal Pension Plan employment to retirement, or the member terminated employment from the plan earlier and now wants the pension payments to begin.

How members get information about their pensions

- The Municipal Pension Plan offers regularly scheduled webinars to members. Check our website at mpp.pensionsbc.ca for more information.
- Members can use the personalized pension estimator, available through My Account on our website, to create pension estimates based on their current service and salary information.
- Members can also review their annual *Member's Benefit Statement*, which provides a summary of pension information.
- Members can request a detailed, researched estimate of their various pension options.
- When a member is within four months of the retirement benefit effective date, they can request a retirement application package from the plan.

The retirement benefit

The Municipal pension formula results in a retirement benefit, but a member may choose other options that will continue to be paid to a beneficiary after their death.

Group health benefits

Rates and coverage for group benefits are **not** guaranteed and might change in the future based on funding availability.

Retiring members of the Municipal Pension Plan may apply for the extended health care plan and/or the dental plan. Depending on a plan member's years of pensionable service, premium subsidies may be available.

The subsidy rates and group benefits currently available to retired members are not guaranteed features of the plan.

The Municipal Retiree Benefit Trust may increase, decrease, or eliminate coverage, premiums and/or deductibles associated with post-retirement health and dental benefits at any time.

ABOUT THE RETIREMENT BENEFIT

4.1 Eligibility for a pension

A member is eligible for an immediate pension when they reach age 55 (50 for public safety employees). Different rules apply for members who were not vested and terminated before September 30th 2015.

A member who is eligible for an immediate pension may choose to defer starting the pension until a later date. A member who is considering deferring their retirement benefit should be advised to contact us for information.

Age 55 (50 for public safety employees) is known as “earliest retirement age.”

If a member is receiving benefits under an LTD plan and their benefits end, they may be eligible to apply for a pension. The member has two choices:

- Receive an immediate pension (refer to Age Rules for Benefit Eligibility in section 3.2), and if their group disability benefits are reinstated by the carrier at a later date, they must notify the Pension Corporation and repay to the plan (in a lump sum), the total amount of the pension paid during the reinstated period, plus interest.
- Choose not to receive an immediate pension because they are appealing the termination of their group disability benefits. They should complete the *Termination of Group Disability Plan Benefits* form available by contacting the pension plan, and indicate they are appealing, along with their application for pension. This determines their retirement benefit effective date if their appeal is unsuccessful.

If a member accepts a lump-sum payment to settle a group disability plan claim, the member is not eligible for a disability benefit from the plan. This does not affect the member’s right to termination or retirement benefits.

Once becoming a member of the pension plan, the employee must continue to contribute until termination of employment

or the end of the year they turn 71. This means your employees aged 71 may continue working without interruption, but you must stop collecting pension contributions from them.

Even though they may still be working, please submit employee termination/retirement information using the online tool within 14 days of termination or as soon as the final payroll have been completed.

Submission of this form activates the retirement process. Select “retirement” on the form and complete all fields required including benefits.

After submitting their employee information at termination/retirement using the online tool, final salary, service and contributions up to November 30 must be reported on your payroll report.

EXAMPLE

If you have an employee born in 1946 who turns 71 in 2017, stop collecting contributions for them effective November 30, 2017—even if they turn 71 in December. Your Payroll Report must not include service, salary or contributions for this employee beyond November 30.

We send your employees a pension estimate and retirement application package the year they turn 71. Please ensure we have their current address. If your employee has recently reported an address change, ask them to use My Account to update their personal information with the pension plan.

4.1.1 Termination of employment

Under the Municipal plan rules, members must terminate all employment with Plan employers to be eligible to receive their retirement benefit. However, if a member has terminated employment with all Plan employers, applies to retire but returns to work with you or another plan employer before their retirement benefit effective date, the member has two options:

- the member can cancel their retirement benefit and recommence contributions to the plan, or
- they can choose to receive their retirement benefit and not recommence contributions.

EXAMPLES

A member terminates their employment on August 15, 2011, applies for their retirement benefit and is set to retire on September 1, 2011 from Employer A. The member begins employment with Employer B on August 20, 2011. The member is still eligible to receive their retirement benefit on September 1, 2011 because they applied for their retirement benefit before they returned to work with a different Plan employer. Alternatively, they could elect to cancel their retirement benefit and recommence contributions to the plan with Employer B.

A member terminates their employment on September 15, 2011 from Employer A, applies for their retirement benefit and is set to retire on October 1, 2011. The member returns to employment with Employer A on September 22, 2011. The member is still eligible to receive their retirement benefit on October 1, 2011 because they applied for their retirement benefit before they returned to work with the same employer. Alternatively, they could elect to cancel their retirement benefit and recommence contributions to the plan with the same employer.

For information about re-employment of a retired member, see section 1.7.

4.2 Pension formula

The Municipal Pension Plan is a defined benefit pension plan, meaning that a member's retirement benefit amount is determined by a set formula. The formula is a set percentage multiplied by the member's highest average salary (HAS) and the member's pensionable service in the plan.

The pension can be made up of two separate components: the "lifetime pension" and the "bridge benefit". The lifetime pension pays for the member's lifetime, and may continue to be paid to another person after the member's death, depending on the form of pension the member chooses at retirement (see section 4.3). If applicable, the bridge benefit pays from the time a member starts to receive a pension until age 65 or the member's death, whichever occurs first.

Note: Group 1 members will have a bridge benefit based on their pre-2022 service only.

If a member is employed in both non-public safety and public safety occupations in the plan, they may be affected by the Separate Pensions Benefit provisions. Please contact the Municipal Pension Plan for more information.

Members who move from Group 2 to Group 5 will have their basic pension calculated using the Group 2 accrual rate of 1.3% / 2% for all service prior to the date the member joined Group 5, and 1.63% / 2.33% / 2.12% for all Group 5 service. The bridge benefit will be calculated using the member's combined Group 2 and Group 5 service.

FORMULA (MEMBER IN GROUP 1)

Lifetime Pension

1.9% × HAS × years of pensionable service after 2021

PLUS

1.3% × HAS (up to and including the YMPE) × years of pensionable service before 2022

PLUS

2.0% × (HAS over the YMPE) × years of pensionable service before 2022

Bridge benefit

0.7% × (HAS up to and including the YMPE) × years of pensionable service before 2022

FORMULA (MEMBER HAS MOVED FROM GROUP 2 TO GROUP 5)

Lifetime Pension

1.3% × HAS (up to and including the YMPE) × years of pensionable service earned in Group 2 under the 2% formula

PLUS

2.0% × (HAS over the YMPE) × years of pensionable service earned in Group 2 under the 2% formula

PLUS

1.63% × HAS (up to and including the YMPE) × years of pensionable service earned under the 2.33% formula before 2022

PLUS

2.33% × (HAS over the YMPE) × years of pensionable service earned in Group 5 under the 2.33% formula before 2022

PLUS

2.12% × HAS × years of pensionable service earned in Group 5 after 2021

If a member is employed in a public safety occupation, the member may have service under both the 2% formula and the 2.33%/2.12% formula.

Bridge benefit

0.7% (HAS up to and including the YMPE) × total years of pensionable service earned under the 2% and 2.33% formula before 2022.

PLUS

0.21% (HAS up to and including the YMPE) × total years of pensionable service after 2021

0.7% (HAS up to and including the YMPE) × total years of pensionable service earned under the 2% and 2.33% formula.

The member receives both retirement and bridge benefits up to age 65. At age 65, the bridge benefit stops and the member's retirement benefit amount drops to just the pension amount.

4.3 Pension options

The monthly pension that results from the lifetime pension formula is payable as the “normal form” of pension. For Group 1 members (and Group 2 and Group 5 members who terminated prior to January 1, 2022), the normal form of pension is a single life pension with no guarantee. This pension:

- is paid for the lifetime of the member,
- stops at the member's death,
- does not carry on to another person, and
- has no minimum payment guarantee.

For Group 2 and Group 5 members who terminate as of January 1, 2022, the normal form of a pension is a single life pension with a 10 year guarantee. This pension:

- is paid for the lifetime of the member,
- carries on to another person if the member dies within 10 years, and
- has payments guaranteed for 10 years.

A plan member may choose another pension option that offers a different level of guaranteed payment.

Single life pensions with a guarantee are pensions that pay for the life of the member and for a set guarantee period if the member dies before the end of the guarantee period.

The guarantee period may be 5, 10 or 15 years. If the member dies before the end of the guarantee period, the rest of the

benefit is paid to the member's beneficiary(ies), or estate if no beneficiary exists. For more information see 1.2 Nomination of Beneficiary(ies).

If the member dies after the end of the guarantee period, no payments are made to the member's beneficiary(ies) or estate.

Joint life pensions pay for the life of the member and the member's spouse; if the spouse lives longer than the member, the spouse continues to receive a benefit.

A member who has a spouse must select an option that guarantees that at least 60 per cent of the member's pension will continue to the spouse after the member's death, unless the spouse waives entitlement, in writing.

Temporary annuities (TA) are temporary monthly payments from retirement to age 65 or the member's death, whichever occurs first. These options provide an increased pension from retirement to age 65 but permanently reduces the lifetime pension. The TA amount is based on the maximum old age security benefit. A full TA, half TA, or quarter TA can be added to any pension option. However, the greater the TA, the greater the reduction of the lifetime pension, so some pensions might not be large enough to qualify for the full or half TA.

When a member selects an optional form, or combination of optional form with a TA, the monthly amount of the lifetime pension is actuarially adjusted. In general, the longer the guarantee period, the lower the monthly pension amount. If applicable, the bridge benefit is the same regardless of the optional form selected.

Choosing a pension option

Here are some things the member should consider when choosing an option:

- Does the member have a spouse?
- Does the member wish to provide a payment to their beneficiary(ies) after death?
- If the member divorces, does that former spouse have an entitlement to a portion of the pension?
- What if the member is widowed with dependent children?
- What if the member or their spouse becomes ill?

- Are there other sources of retirement income?
- Does the member have service in both a public safety occupation and a non-public safety occupation? These members must select the same retirement benefit effective date and pension option for their public safety pensions (Group 2 and Group 5). However, they can select a different retirement benefit effective date and pension option for their non-public safety pension.

For more information on this topic: mpp.pensionsbc.ca/choose-your-pension-option.

4.4 Reduced and unreduced pensions

The member's monthly pension amount will be reduced if the member does not meet certain age and service minimums. These reductions apply to both the lifetime and the bridge portions of the pension.

All members are entitled to a pension at age 55 (50 for public safety employees) but may be subject to reductions based on certain criteria, and the criteria may have different impact on the reduction.

For members other than public safety employees, pensions **will not** have any reductions if:

- The pension starts at age 65 or later, or
- For service earned prior to January 1, 2022, the member's age and contributory service add up to at least 90. (This is called the "rule of 90" or the "age plus service rule".)
- The pension starts at age 60 or later, and the member has two years or more of contributory service.

For members who are employed in public safety occupations, pensions **will not** have any reductions if:

- The pension starts at age 60 or later, or
- The members' age and service add up to at least 80. (This is called the "rule of 80" or the "age plus service rule".)
- The pension starts at age 55 or later, and the member has two years or more of contributory service.

Group 1:

For members other than public safety employees, the member's pension, in respect of service earned prior to January 1, 2022, will be reduced by three per cent **for each year that the sum** of the member's age plus years of contributory service is less than 90 **or** for each year under age 60, **whichever provides the lesser reduction**, provided the member meets the following criteria:

- The member has at least 10 years of contributory service

AND

- The member is at least age 50 at date of termination of employment

OR

- The member is at least age 55 at the date of termination of employment with at least two years of contributory service.

If the member terminates employment at or after age 55 with fewer than two years of contributory service, the pension will be reduced three per cent per year **for every year under age 65**.

In all other situations the reduction is five per cent.

For service earned before January 1, 2022, the member's entire contributory service is used when determining by how much the member's pension is reduced.

In respect of service earned on or after January 1, 2022, the member's pension will be reduced by:

- 6.2 per cent for each year under age 60 if the member has at least two years of contributory service

OR

- 5.2 per cent for each year under age 65 if the member has less than two years of contributory service

Group 2/5:

For members who are employed in public safety occupations, the member's pension will be reduced by three per cent **for each year that the sum** of the member's age plus years of contributory service is less than 80 **or** for each year under age 55, **whichever provides the lesser reduction**, provided the member meets the following criteria:

- The member has at least 10 years of contributory service

AND

- The member is at least age 45 at date of termination of employment

OR

- The member is at least age 50 at the date of termination of employment with at least two years of contributory service.

If the member has fewer than two years of contributory service, the pension will be reduced three per cent per year for every year under age 60.

In all other situations the reduction is five per cent.

If the member terminated employment before September 30, 2015, reductions are determined by the rules in effect at the time the member terminated employment.

4.5 When a member is retiring

When a member is planning to retire, they should apply for retirement by signing in to My Account at mpp.pensionsbc.ca. If the member prefers to apply by mail they can contact the plan to request a Retirement Application Package.

When members have not yet reached retirement age or are not sure of when they wish to retire, there are several resources available to provide them with a pension estimate (see below).

Terminated members with contributions on deposit may contact us for an estimate.

4.5.1 Member's Benefit Statement

We provide each active member an annual *Member's Benefit Statement*. Statements will be sent to you for distribution.

The statement gives current and future pension estimates, and gives a summary of the member's contribution and service history in the plan.

4.5.2 Online pension estimator

Members can do their own pension estimate by signing in to My Account at mpp.pensionsbc.ca to access the personalized pension estimator, which has been loaded with each member's current service and salary information.

The information entered can be modified to create estimates for a number of different scenarios, including:

- retirement dates,
- salary, and
- service assumptions, including purchases.

See section 4.6 for limitations on calculations.

4.5.3 Retirement webinars

The plan provides a pension webinar for its members. The webinars are regularly scheduled or may be requested by employers and employer/employee associations. Members can find a description of the webinar, the schedule and register on the plan website.

All members are welcome to attend, including those receiving benefits under an LTD plan.

4.5.4 Additional information about the pension plan

Pension plan resources can be viewed on the plan's website. Members can contact the pension plan with questions they may have about pensions. Please see the contact list in the front of this manual for details.

4.6 Retirement planning and application

The retirement process is two steps—**planning** and **application**.

Retirement planning—member logs into My Account on our website and uses the personalized pension estimator to explore their pension options.

The estimator allows members to choose as many pension scenarios as they wish. The amount shown on the estimator can help the member plan their retirement, unless there are circumstances that may affect their retirement benefit (e.g., they have a marital breakdown, have received long

term disability service during their career, is a member of group 5 or has service in another plan). Members who cannot perform a calculation on the pension estimator, or who have circumstances that could affect their pension calculation (as stated above), should contact the pension plan.

Members should also be encouraged to attend a retirement webinar. Members can view the schedule and register on the plan website.

Retirement application—when the member applies online for retirement through My Account, they have the opportunity to request an estimate, research options and if required, contact the pension corporation prior to submitting their application.

You will need to submit Employee Information at Termination/Retirement online. You will need to provide us with the member's termination date, group benefit cancellation dates if applicable and the final salary, service and contribution information. You need to submit this data to the Municipal Pension Plan within 14 days of termination or as soon as the final payroll has been completed. The salary, service and contributions reported must be the same as those that appear on the Payroll Report.

4.7 To start the pension

Pensions are not paid for partial months.

We will not accept *Spousal Declaration or Form 2: Spouse's Waiver of 60% Lifetime Survivor's Benefit and/or Beneficiary Rights From a Pension Plan or Annuity After Payments Start* forms if they are dated more than 90 days before retirement.

Once a member is within 90 days of their actual retirement date they should either use My Account to apply online for retirement or contact the pension corporation to obtain a paper application package. Members should complete and submit these forms only if they are definitely retiring.

The member's last paid day is recommended to be as close to the end of a month as possible because pension entitlement begins the first of the month following the last paid day.

You must submit Employee Information at Termination/Retirement online, within 14 days of termination or as soon as the final payroll has been completed. Sign in to the Employer Login section of the website; select Employer Reporting and then select Employee Information at Termination/Retirement.

Follow the prompts to enter the data. Print a copy for your records and a copy for the employee. You can also select the

EITR Submitted Report to view all the member information you have submitted within a specific time frame.

If you determine that the data needs to be amended, you will need to complete and send the *Amended Employee Information at Termination/Retirement* form as soon as possible. This form is available in the Employer Forms section on the plan website.

The member's retirement benefit is effective the first day of the month following their final paid work day, or the first day of the month in which we receive their completed application, whichever is later.

Pension payments are normally deposited two banking days before the end of the month.

4.7.1 Pension estimate

Members can request a pension estimate by signing in to My Account. The estimate gives them the estimated retirement benefit amount payable under the various pension options.

Refer to the Types of Pension Summary on page 4-23 for more information.

The following pension options are the standard options given on the pension estimate, and apply to the retirement benefit only. These options do not affect the bridge benefit.

4.7.2 All members

- **Single life pension, no guarantee (normal form for Group 1):** A pension that is payable for as long as a member lives, but does not provide any pension benefits after the member's death. Payments stop at the end of the month in which the member dies.
- **Single life pension guaranteed 5 years:** A pension that is payable for as long as a member lives. If the member dies before the completion of 60 payments (five years), their beneficiary(ies) will continue to receive payments until 60 payments have been made. No payments are made to the beneficiary(ies) if the member dies after the five-year guarantee period.
- **Single life pension guaranteed 10 years (normal form for Group 2 and Group 5):** A pension that is payable as long as a member lives. If they die before the completion of 120 payments (ten years), their beneficiary(ies) will continue to receive payments until 120 payments have been

made. No payments are made to the beneficiary(ies) if the member dies after the ten-year guarantee period.

- **Single life pension guaranteed 15 years:** A pension that is payable for as long as a member lives. If they die before the completion of 180 payments (15 years), their beneficiary(ies) will continue to receive payments until 180 payments have been made. No payments are made to the beneficiary(ies) if the member dies after the 15-year guarantee period.

Refer to the Types of Pension Summary on page 4-23 for more information.

In addition to the lifetime pension option chosen, the member receives a bridge benefit that is paid until the member reaches age 65 or dies, whichever occurs first. The bridge benefit always stops when the member dies.

4.7.3 Members with a spouse

“Spouse” as defined in the *Pension Benefits Standards Act* means:

- the person you are legally married to and, for the two-year period immediately before the relevant time (e.g., retirement or death), were not living separate from; or, if this does not apply,
- the person, of the same or opposite sex, who has lived and cohabitated with you in a marriage-like relationship for the two-year period immediately before the relevant time.

A member who has a spouse must select an option that ensures a minimum of 60 per cent of the lifetime portion of the pension will go to the spouse on the plan member’s death, unless the spouse waives this right.

- **100% joint life last survivor pension (JLLS):** 100 per cent of the pension amount is payable for the life of the member and the spouse. The pension stops being paid after the death of the last survivor.
- **100% joint life last survivor pension (JLLS) plus a temporary annuity:** 100 per cent of the pension amount is payable for the life of the member and the spouse, plus a temporary annuity (equivalent to 100%, 50% or 25% of the Old Age Security benefit) payable to the member between retirement and the earlier of age 65 or death.
- **60% joint life contributor death (JLCD) pension guaranteed 10 years:** 100 per cent of the lifetime pension is payable for the member’s lifetime. If the member dies within the guarantee period, 100 per cent of the pension continues to be payable to the spouse until the guarantee period expires and then reduces to 60 per cent for the life of the spouse. If the member dies after the guarantee period expires, 60 per cent of the pension is payable for the lifetime of the spouse.

Members may also request additional optional forms of a pension for consideration, including:

- different combinations of single or joint life options with temporary annuities,
- percentages for the JLCD pension other than 60 per cent, and
- no guarantee or a 5-, 10-, or 15-year guarantee on the JLCD pension.

EXAMPLE

A member may choose a 50 per cent JLCD pension with a 15-year guarantee.

If the member does not have a spouse, a single life pension guaranteed five years with a temporary annuity is also quoted automatically.

The joint life pension options are only available to members with a spouse, or a former spouse entitled by a written agreement or court order to joint life benefits from the member's pension plan.

4.7.4 Nomination of beneficiary

Pension options with guarantee periods (as described above), whether chosen as single life pensions on their own or as part of a joint life contributor death option, provide that a benefit be paid after the member's death.

A member can name a beneficiary(ies) to receive any payments remaining if the member dies prior to the end of the guarantee period.

- If a member has a spouse and the spouse has not waived entitlement, the spouse is automatically the member's beneficiary.
- If there is no spouse, or the spouse has waived entitlement, the member may nominate another beneficiary(ies). If a beneficiary is under 19 years of age (a minor) at the time of the member's death, any benefit is paid in trust for the minor beneficiary.
- If the member has no spouse, or the spouse has waived entitlement, and the member has not nominated any other beneficiary(ies), any benefits remaining in the guarantee period are paid as a lump sum to the member's estate.

The nomination of beneficiary(ies) at retirement is separate from any pre-retirement beneficiary nomination the member may have made with respect to pre-retirement survivor benefits. A beneficiary nominated for pre-retirement survivor benefits will not automatically become a beneficiary for the pension.

If a member chooses a joint life option, including combination joint life guarantee options, the beneficiary chosen at retirement must be the spouse and cannot be changed, although the member can nominate an alternate for the guarantee portion in case the spouse dies before the member.

If the spouse has waived their right to 60 per cent of the pension and the member has selected a single life option, then the spouse is the beneficiary during the guarantee period unless stated otherwise on the waiver form. If the spouse allows the member to elect other beneficiary(ies), the member may change beneficiary(ies) at any time prior to their (member's) death or the end of the guarantee period.

If the member does not have a spouse and chooses the single life guarantee option, they can change the beneficiary(ies) at any time prior to their (member's) death and the end of the guarantee period.

At the time the benefit is to be paid, we will require:

- the social insurance number and date of birth of any person beneficiary, and
- the CRA registration number of any beneficiary that is an organization.

4.7.5 Automated direct deposit system

The accuracy of the member's banking information is critical in ensuring that pensions are paid on time.

Retirement benefit payments are deposited directly into the member's bank account if the member lives in Canada or the U.S. Direct deposit of pension payments to banks outside of Canada or the U.S. is not possible.

The deposit information is provided by the member when they sign in to My Account and apply online for retirement. If the member wants their retirement benefit payment deposited to a U.S. bank, they will need to submit a *U.S. Direct Deposit Authorization* form available at mpp.pensionsbc.ca/submit-a-form-to-update-your-bank-account-information. If the payment is to be deposited to an account on which cheques

can be issued, a sample cheque should be attached and clearly marked “VOID” on the face of the cheque.

If a voided cheque is not provided, the member must take the application form to their bank and have a bank official verify/complete the banking data before submitting the application.

4.8 After the pension starts

4.8.1 Changing the pension option

Members may be able to change their pension option by informing the Municipal Pension Plan in writing, within 60 days after their retirement benefit has been granted. After that time, the pension option selected is irrevocable. The date a pension is granted is the later of:

- the effective date of the pension, or
- the date of the letter advising the member of their final pension amounts.

Members can contact the plan if they have questions about changing their pension option.

4.8.2 Cost-of-living adjustments (COLA)

Once a pension starts, it may be increased by cost-of-living adjustments. Once granted, a cost-of-living adjustment becomes part of the basic pension.

Future cost-of-living adjustments are not guaranteed. The Municipal Pension Board of Trustees annually considers all relevant factors to determine if a COLA will be granted. Future cost-of-living adjustments are granted at the discretion of the board, subject to the limits in the plan rules and the *Income Tax Act*. The plan rules provide that a COLA cannot exceed the increase in the CPI, nor can it exceed the amount of money in the plan’s IAA.

Any cost-of-living adjustments the board grants are applied in January. COLA is pro-rated for pensions in effect less than one year and applies to the lifetime and (if applicable) bridge benefit portions of the pension.

4.8.3 Income tax

Pensions are taxable. We will deduct income tax based on the amount we pay the member and from the information the member provides on their TD1(s). If the member has other sources of income, it's their responsibility to ensure they pay sufficient income tax.

Members should complete a new TD1 form if there is a change in their entitlement to personal tax credits. A member can choose to have additional tax deducted from their pension payments at any time, or can have their tax deductions lowered by completing a Form T1213 *Request to Reduce Tax Deductions at Source*.

Retired members should contact Pension Services if they need more information.

4.8.4 Changes to pension payments

Any time the amount of a pension payment changes (e.g., cost-of-living adjustments are applied, the member turns 65 and the bridge benefit stops, income tax changes), we will send a pension statement letter to the member notifying them of the change. We also send a pension statement letter to members each January and July.

4.8.5 Retroactive pay after retirement

Plan members can request to have retroactive salary paid after retirement treated as pensionable earnings. We will not amend a pension where the additional contributions are less than \$100 because of the insignificant impact on the pension created by the additional salary. Before automatically deducting contributions, you should ask the member if they want it treated as pensionable salary.

If contributions are deducted, the salary and contribution information should be reported on your annual *Payroll Report*. See section 7 for reporting instructions.

As with regular reports and remittances, do not deduct pension contributions from non-pensionable salary, such as payment in lieu of vacation or for overtime (see section 7). Contact us if you have questions concerning these payments and deductions.

4.9 Other retirement income

Remember, if the member has other sources of income, it's their responsibility to ensure that they pay sufficient income tax.

The Municipal Pension Plan is only one source of retirement income. Plan members may also have retirement income from other pension plans, income from personal retirement savings such as RRSPs or other investments, and income from federal government pension plans—the Canada Pension Plan (CPP) and old age security (OAS).

Payments of other types of retirement income do not affect the payment of pensions from the plan.

4.9.1 Canada Pension Plan (CPP)

The Canada Pension Plan is a pension plan administered by the federal government that is designed to replace a portion of employment income in case of retirement, death or disability. Most working Canadians contribute to CPP on employment income up to the year's maximum pensionable earnings (YMPE).

Benefits may be payable from age 60 if the member is no longer a contributor to CPP. Benefits will be reduced if the member starts receiving them before reaching age 65.

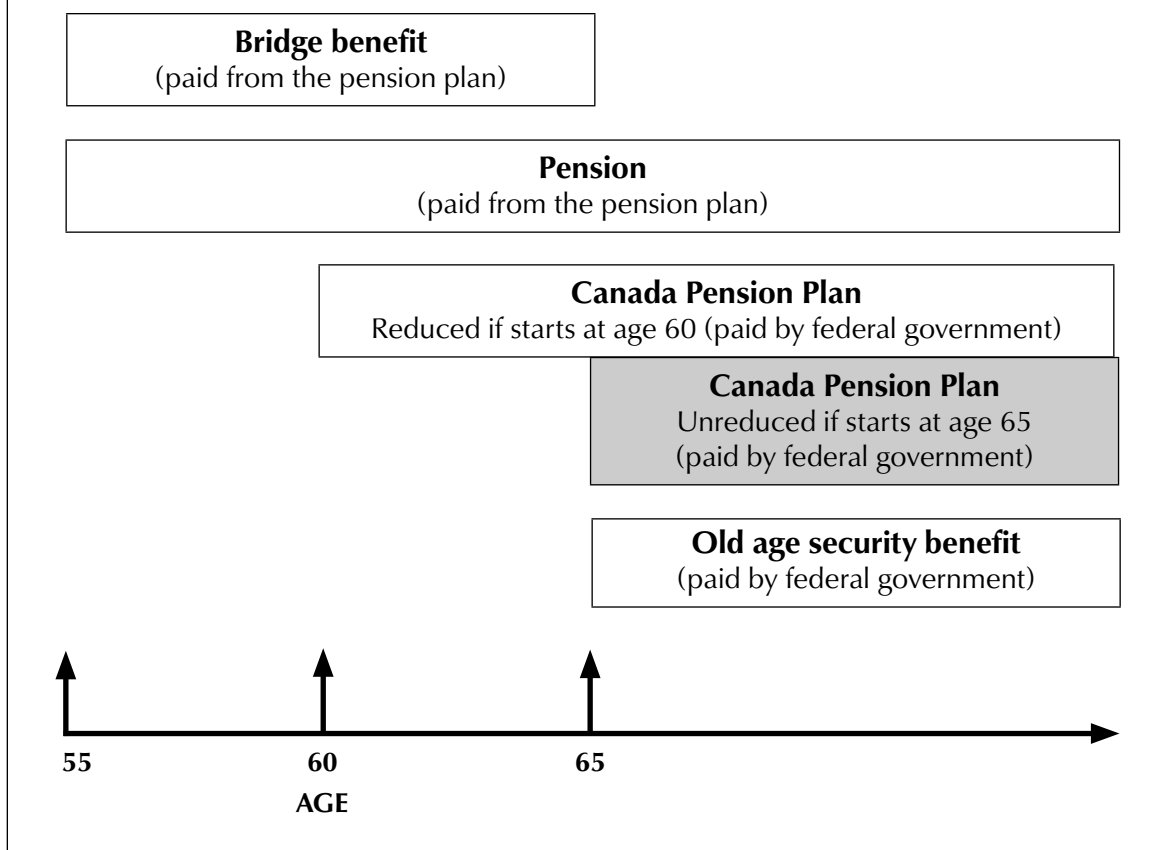
4.9.2 Old age security (OAS)

Old age security (OAS) is a federal income security program that provides basic pension income to all people who meet the residency requirements, starting at age 65. Other benefits may be available to low-income earners, including the guaranteed income supplement as early as age 60.

4.9.3 Applying for federal pensions

Members must apply to Service Canada for CPP and OAS benefits—the benefits will not be paid unless the member applies. See Service Canada under Pensions in the blue pages of the phone book, or check their website at servicecanada.gc.ca. Members can apply up to 12 months before their 65th birthday. Anyone over age 65 should apply immediately so as not to lose any benefits.

Integrated Pension Income From Age 55



4.10 Early Retirement Incentive Program (ERIP)

To ease workforce adjustments such as downsizing or re-organizing, you can elect to pay the extra cost of offering employees early retirement incentives. These incentive packages may include special arrangements for altering eligibility for unreduced pensions. Please note that plan members can never start their pension before their earliest retirement age and that there are *Income Tax Act* (ITA) restrictions on eligibility as well. See our website for further information. When you are ready, you can contact the director of the plan to discuss details.

Types of Pension Summary

TYPES OF PENSION	PAID FOR MEMBER'S LIFE?	PAID AFTER MEMBER'S DEATH?	EARLY RETIREMENT REDUCTION APPLIES?	RECEIVES COST OF LIVING ADJUSTMENT?
Single life pension, no guarantee	Yes	No	Yes	Yes
Single life pension guaranteed 5, 10, or 15 years	Yes	Yes if member dies before the end of the guarantee period. No if member dies after the end of the guarantee period.	Yes	Yes
Joint life pension 100%	Yes	Yes if the spouse is living. No if the spouse is deceased.	Yes	Yes
Joint life pension 60%, no guarantee (or any percentage lower than 100%)	Yes	Yes if the spouse for the joint life is living, paid at the percentage selected. No if the spouse is deceased.	Yes	Yes
Joint life pension less than 100%, guaranteed 5, 10, or 15 years	Yes	Yes if the spouse is living or if the member dies before the end of the guarantee period. No if the spouse is deceased and the member dies after the guarantee period expires.	Yes	Yes
Temporary Annuity	No (paid to the earlier of the member's reaching age 65 or death).	No	n/a	Yes
Bridge Benefit	No (paid to the earlier of the member's reaching age 65 or death).	No	Yes	Yes

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5.2	Reporting a plan member's death	3
5.3	Who is the beneficiary(ies)?	4
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5 PRE-RETIREMENT SURVIVOR BENEFITS

5.1 When are pre-retirement survivor benefits payable?

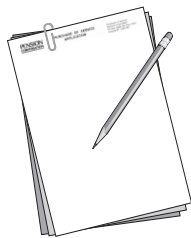
Survivor benefits are paid to a plan member's beneficiary(ies) when the member dies before retiring and still has contributions on deposit in the plan.

5.2 Reporting a plan member's death

Current employee

When an active plan member dies, you must:

- report the member's service, salary and contributions to only the date of death on the *Certification of Death*, and
- submit the *Certification of Death*, a copy of the member's death certificate, and proof of age and identity documents so the benefit can be processed.



In the event that a plan member dies while receiving benefits under an LTD plan, you must enter the LTD stop date online (see section 6 for LTD information).

If you pay salary or lump-sum payments (such as lump-sum vacation payouts) after the date of death, these payments are not pensionable for full-time employees and you should not deduct or report contributions for these payments. However, lump-sum payments may be pensionable for part-time and casual employees. See section 7.3.3.4 for more information.

Do not report service or salary or take contributions for any period after the date of death.

Note: For plan purposes, an active member includes members who are:

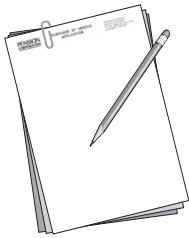
- Actively contributing to the plan.
- No longer contributing to the plan but still working after having accrued 35 years of pensionable service.
- Receiving benefits under an LTD plan.
- On an approved leave of absence and had not terminated employment.

Former employee

When a plan member who previously terminated employment with the plan dies, you are not required to complete a *Certification of Death*. If the member's funds are still on deposit with the plan, we will contact the beneficiary(ies) to obtain the necessary documents. They will need to provide the plan with a copy of the member's death certificate, and proof of age and identity documents, if required, so the benefit can be processed.

For information about termination of employment, see section 3.

5.3 Who is the beneficiary(ies)?



The member's spouse is automatically the beneficiary (unless the spouse has waived entitlement to the pre-retirement death benefit by completing *Spouse's Waiver of Beneficiary Right to Benefits in a Pension Plan, Locked-in Retirement Account, Life Income Fund or Annuity Benefits Before Payments Start*).

If there is no spouse, and no named beneficiary on file prior to the date of the plan member's death, death benefits are paid to the plan member's estate. (See Section 1.2 Determining a member's beneficiary for more information).

5.4 Survivor benefit options

There are different survivor benefit options available under the Municipal Pension Plan.

The survivor death benefit payable depends on:

- member's age at death,
- years of pensionable and contributory service,
- date of death,
- date of termination of employment, and
- identity of the beneficiary.

Survivor benefit options

Plan member over age 55 [50] at date of death

Your spouse is someone you are married to and have not been separated from for more than two years, or someone you have been living with in a marriage-like relationship for at least two years.

The chart below displays the benefits that may be provided by the plan if the member was over the age of 55 (50 for public safety employees) on the date of their death. Based on the date of termination of employment or date of death, different rules may apply.

	BENEFICIARY	
	SPOUSE	NOT A SPOUSE
Survivor benefit?	Benefit	Commutated value
Cost-of-living adjustments?	Yes, non-guaranteed and at discretion of Municipal Pension Board of Trustees	Yes, partially applied in commuted value calculation
Health benefit coverage?	Coverage available for spouse and eligible dependent children. Such coverage is subject to certain conditions, including having continuous comparable coverage for health benefits and paying the required premiums. The Municipal Retiree Benefit Trust may change coverage at any time, including, but not limited to, increasing, decreasing or eliminating coverage and benefits, or changing premiums and deductibles.	No
Tax implications?	Yes, tax is deducted from benefits	Yes, commuted value payments are taxable
Waiver of survivor benefit?	Yes, spouse can agree to waive	Not applicable

Plan member under age 55 [50] at date of death

The chart below displays the benefits that may be provided by the plan if the member was under the age of 55 (50 for public safety employees) on the date of their death. Based on the date of termination of employment or date of death, different rules may apply.

	BENEFICIARY	
	SPOUSE	NOT A SPOUSE
Survivor benefit?	Value of the retirement or commuted benefit value	Commutated value
Cost-of-living adjustments?	Yes, non-guaranteed for retirement benefits and at discretion of Municipal Pension Board of Trustees Yes, cost-of-living adjustments are partially applied in commuted value calculations	Yes, partially applied in commuted value calculation
Health benefit coverage?	Coverage available for spouse and eligible dependent children Such coverage is subject to certain conditions, including having continuous comparable coverage for health benefits and paying the required premiums. The Municipal Retiree Benefit Trust may change coverage at any time, including, but not limited to, increasing, decreasing or eliminating coverage and benefits, or changing premiums and deductibles.	No
Tax implications?	Yes, tax is deducted from benefits No tax on commuted value transferred to locked-in retirement vehicle	Yes, commuted value payments are taxable
Waiver of survivor benefit?	Yes, spouse can agree to waive	Not applicable

Retirement benefit

If a retirement benefit is payable to the surviving spouse, the benefit from the plan is immediately payable and will continue for their lifetime.

Commutated value (CV) payment

If a commuted value is payable to the surviving spouse, it must be transferred to a locked-in retirement vehicle and will not be subject to withholding tax. If a commuted value is payable to a nominated beneficiary or the estate, it is in the form of a cash payment with tax withheld.

Health benefit coverage

A spouse and eligible dependent children can apply for health benefit coverage if a monthly pension is selected. Such coverage is subject to certain conditions, including having had continuous comparable coverage for health benefits, and paying the required premiums. The Municipal Retiree Benefit Trust may change coverage at any time, including, but not limited to, increasing, decreasing or eliminating coverage and benefits, or changing premiums and deductibles.

Waiving survivor benefits

A spouse can agree to waive survivor benefits at any time prior to a Plan member's retirement or following the death of a member who dies prior to retirement, provided a waiver is received before the commencement of any resulting pension. Waiving benefits means the spouse will receive nothing from the plan. The survivor benefits would be paid as a lump-sum to the beneficiary(ies) nominated by the member, or to the member's estate if they did not name a beneficiary. Electing to waive the spousal right to survivor benefits has financial, legal and tax implications. Before deciding to waive a survivor benefit, surviving spouses are strongly urged to obtain legal and tax advice.

Benefit payable to a named beneficiary or estate

When multiple beneficiaries have been nominated, the benefit is split equally unless the member has assigned other proportions. Benefits payable to a named beneficiary or estate are always paid as cash (in the form of a cheque), with tax withheld.

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6 PAID SICK LEAVE AND LONG-TERM DISABILITY

6.1 Paid sick leave

Paid sick leave involves full or partial replacement earnings that a member receives from you, an insurance company, or a trust company. These benefits are usually received when an illness or injury is not work related (which would be covered by WorkSafeBC) and the member does not yet qualify for long-term disability (LTD). Paid sick leave may also be called:

- short-term disability
- weekly indemnity benefits
- short-term illness and injury plan (STIIP)
- sick bank

Paid sick leave does not require approval from the Municipal Pension Plan. This benefit is usually negotiated in a collective agreement. If you are paying sick leave to a member through your payroll system, you must report service and salary and remit contributions based on the member's work schedule and salary before the illness or injury. On your payroll report this service, salary and contributions is reported as service event type as Regular (RG).

If the sick leave is paid at 100 per cent, report 100 per cent service, salary and contributions. If the member is paid a reduced salary while receiving paid sick leave, you must report the service, salary and contributions as if the employee was not sick.

EXAMPLE

Full-time member on a reduced salary:

- works a 7 hour shift and pensionable salary earned for that shift is \$175
- The member becomes ill and is unable to work for 5 shifts
- The member receives 80 per cent of the normal pay (\$175) for those shifts
- If the person in this position is full-time they would work 1820 hours a year Pensionable salary, service and contributions for that week would be calculated as if the member received the full salary.

To calculate this:

You pay the member:

$$\$175 \times 5 \times 80\% = \$700$$

Note: Hours worked in a week may differ/change according to your collective agreement.

You include on the payroll report:

$$\text{Pensionable Salary} = \$175 \times 5 \text{ days} = \$875 \text{ (not reduced)}$$

$$\text{Pensionable Service for sick leave period} = 35 \text{ (5 days} \times 7 \text{ hour shift)} / 1820 \text{ (FTE annual hours)} \times 12 \text{ (months)} = 0.2308 \text{ months}$$

$$\text{Contributions} = \$875 \times 7.8\%^* = \$68.25$$

* Use the Municipal Pension Plan contribution rate for the current year

If a **third party** (e.g., an insurance company or trust company) is paying the sick leave directly to the member, you can either treat these payments as pensionable or non-pensionable earnings.

If you treat these third party payments as **pensionable** earnings, you must report this service, salary and contributions on your payroll report as RG service. This is reported based on the member's work schedule and salary before the illness or injury.

Note: If the practice of reporting third party payments as pensionable earnings is new to you, you can start to do this at any time and you can make the change retroactive to the start of the calendar year in which you make the change.

If you treat the third party sick leave payments as **non-pensionable** earnings, ensure your members know that they are not being credited with service. They may be able to purchase this time as a leave without pay to increase their service. Refer them to the *Purchasing leaves of absence* publication on the website or complete and submit the *Purchase of Service Application*.

6.2 Group disability plans

Many employers have LTD policies that provide benefits to employees who become disabled. You may wish to have your LTD policy approved as a group disability plan under the Municipal Pension Plan Rules.

If a member is receiving LTD benefits under an LTD plan, neither the employer nor the member contributes to the plan, but the member still accrues pensionable and contributory service. You cannot terminate an employee for pension purposes until the carrier terminates the LTD claim. Although you consider the member to have terminated employment for other reasons, the member has not terminated employment for pension plan purposes.

For example, even if you are no longer required to offer them a position (if the period of disability ends because a “two year—own occupation” time frame has passed), the member has still not terminated employment for pension plan purposes. Do not submit Employee Information at Termination/Retirement data while a member is receiving benefits under an LTD plan. When the member stops receiving LTD benefits and has chosen to terminate their employment, only then submit Employee Information at Termination/Retirement online (see section 3 for more information on terminating employment and section 6.3 for information on employer reporting for members receiving benefits under an LTD plan).

If you have an LTD policy that is **not approved** as a group disability plan under the plan rules, plan members receiving LTD benefits will not be credited with service for the LTD period. The member will be either terminated from the pension plan, or on an approved leave of absence, depending on your employment practices for employees on LTD.

6.2.1 LTD policy approval criteria

The Municipal Pension Board of Trustees has set out the following criteria for the approval of an LTD policy as a group disability plan. All three criteria must be met before a group disability plan can be approved:

1. When the disabled plan member starts receiving benefits, the disability plan must provide for continuous coverage to the member until one of the following events occurs:
 - the plan member attains normal retirement age,
 - the plan member accrues 35 years of service, or
 - the plan member returns to active employment.
2. The disability plan must provide that the gross benefits paid during the period of disability will replace at least 50 per cent of the gross salary the plan member earned during employment immediately prior to the disability period. Where the benefits payable under the LTD policy are subject to a non-evidence limit, the LTD policy may still be approved if that limit is at least \$2,500 per month, or if none of the covered employees earn in excess of double the limit. Where there is no non-evidence limit but there is a maximum amount that the LTD policy will pay, the LTD policy may still be approved if that amount is at least \$2,500 per month or none of the covered employees earn in excess of double the amount.
3. The disability plan must include a definition of disability which takes into consideration the plan member's vocation, training, education and experience.

If you have more than one LTD policy to cover different groups of employees, each policy needs to be approved individually.

6.2.2 Applying for LTD policy approval

Please use the *Group Disability Plan Application* form, available at mpp.pensionsbc.ca, if you have an LTD policy that you would like to have approved as a group disability plan.

If you have more than one LTD policy to cover different groups of employees, each plan needs to be approved individually.

To apply to have your LTD policy approved, submit the Group Disability Plan Application form and required attachments to the Policy Branch of the Pension Corporation. If your LTD policy meets the criteria and is approved by the Pension Corporation as an approved group disability plan, we will notify you and update our records.

If the policy does not meet the criteria, we will notify you, and you will have the option of amending your policy and re-applying.

Even if your LTD coverage is provided through the Healthcare Benefits Trust (HBT), you must apply to the Policy Branch of the Pension Corporation if you would like to have your LTD policy approved.

If you change LTD carriers or any terms of the LTD policy, you need to contact the Policy Branch of the Pension Corporation to ensure that the plan still meets the criteria. If the new terms do not meet the approval criteria, we will notify you so you can change the plan to meet the criteria.

If your LTD policy changes or is amended, you will be required to submit a *Group Disability Plan Application* form and supporting documentation to the Policy Branch of the Pension Corporation to confirm the policy still meets the criteria. The form is available on the secure employer website under *Forms*.

6.2.3 Annual LTD policy validation process

All organizations are required to validate their group disability policy information annually. If you have an approved group disability policy, you will sign into the secure employer website to access the online LTD Policy Validation tool to confirm your LTD information.

If you do not have an approved group disability plan, you will still need to sign into the secure employer website to access the online LTD Policy Validation tool to confirm that you do not have an approved LTD policy (policies).

Prior to completing the annual validation process for the first time, you will need to identify the person(s) in your organization who should have access to validate the details of your LTD Policies. Your primary or secondary user will have to assign the role of LTD Policy Validator to these individuals. Only staff with the LTD Policy Validator role can access the online LTD Policy Validation tool.

Access to the tool is through a link on the secured employer section of the pension corporation website, and is available for a limited time. On selecting the link during the LTD Policy

Validation window, your LTD Policy Validator will see a list of all of your open approved LTD policies. We require the LTD Policy Validator to review the details of each policy, and validate that the policy is CORRECT, REQUIRES UPDATE, or has been TERMINATED. If a policy has been terminated, the termination date is required.

If a message is displayed showing that we have no open approved LTD policies on record for your organization, you are required to validate this statement is CORRECT. If the statement is incorrect, select REQUIRES UPDATE.

If the validation process reveals that the information on file about your LTD policy is out of date, you will be required to submit a *Group Disability Plan Approval* form and supporting documentation to the Policy Branch of the Pension Corporation. The form is available on the secure employer website under *Forms*.

6.3 Long-term disability (LTD)

LTD is pensionable when an employer has an approved group insurance/disability plan that pays replacement earnings to qualified members.

For pension purposes, the LTD start date is the date the LTD carrier/administrator has accepted the member to be on a LTD claim.

Once the member has been accepted on LTD, they:

- continue to accumulate pensionable and contributory service in the pension plan as if they were still working, and
- their highest average salary, which is used to calculate their retirement benefit, will be indexed to keep pace with the cost of living.

Members on LTD can view their pension information, and access online tools like the personalized pension estimator, through My Account.

6.3.1 Reporting long-term disability (LTD) information

You must notify us as soon as you are aware that a member has started or stopped LTD.

Based on the LTD start information, the member receives LTD pensionable and contributory service credited automatically to their account each year.

It is important to enter the member's LTD stop date as soon as the period of disability coverage ends so that excess LTD service is not automatically credited to the member's account.

6.3.2 Long-term disability (LTD) reporting options

There are **three** ways for you to report your members' LTD information: individual record, standard format file or Excel file.

If any errors occur while you are submitting LTD information, you may receive a message requesting that you correct and resubmit the information.

Once the data has been submitted, the data goes through a verification process, if no errors are found it will be credited immediately to the member's account.

If errors are identified during the verification process, we will follow up with the person submitting the data.

6.3.2.1 Individual record

Sign in to the secure employer website and access the Employer Portal; select Employer Reporting and then select LTD Start/Stop. Select Employee Lookup. Follow the prompts to enter the mandatory data.

When you have entered the members information you will be able to:

- view the member's LTD history.
- enter the LTD start date if there is **not** an existing open LTD break for the member.
- enter the LTD stop date if there **is** an existing open LTD break.

Optional Service Event

If you are entering a LTD start, you can record regular (RG) service, salary, and contribution information that you paid to the member in the current year prior to their LTD start date.

If you are entering an LTD stop, you can record rehabilitation (RH) service, salary, and contribution information that was

paid during the current year while the member was on LTD.

Note that the data entered here **does not** transfer to your member's account. The applicable RG and RH service event types (see section 7) **must** be included on your payroll report as separate lines of data.

If you enter information here, you can access it at any time on the website by selecting the RG/RH Reconciliation Report. This report can help you create either your payroll report or a secondary report to supplement your payroll report.

If your organization currently reports your members' RG/RH information on your payroll report, you may not need to complete this section.

The start date must be on or after July 28, 2014 (online LTD tool implementation date).

LTD Start and Stop Submitted Report

This report allows you to view all submitted LTD start and stop information, track employees on LTD, and reconcile service event starts and/or stops.

Access the report from the website under the LTD Start/Stop section of the Employer Reporting portal. To generate a report, select LTD Start/Stop Submitted Report, enter the applicable start and stop dates then click Generate Report. If any information has been submitted by the Pension Corporation on your behalf, it will appear on your next report.

6.3.2.2 Standard format file

You can report LTD information for multiple members at the same time by using a standard format file, which is the preferred method of providing data. A standard format file is a fixed width file requiring a Header record that identifies the contents of the report, and a Trailer record that provides totals of the records within the file.

The requirements for the LTD Standard format file report are located in the *Employment Record Layout* instructions located in the Employer reporting section of the website. The *Header and Trailer Record Layout* instructions are in the same location.

The applicable RG and RH service event types (see section 7) **must** be included on your payroll report as separate lines of data.

Reporting salaries on standard format files:

It is **imperative** that the base salary you report reflects the salary at 100 per cent full-time work.

In the “Base Salary Frequency” field, enter the frequency that you pay the member their base salary:

- bi-weekly (BW),
- monthly (MN), or
- annually (AN).

If a member works at less than 100 per cent, report the salary at 100 per cent equal to the frequency you pay the member.

EXAMPLE

A member owns an 80 per cent position and is paid \$60,000 annually (80 per cent of the full-time salary of \$75,000).

When reporting this member’s information, you must provide us with the member’s percentage (in this case, 80 per cent) as well as the salary the member would be making if they were working in a 100 per cent position.

In the “Base Salary” field, enter \$75,000. In the “Base Salary Frequency” field, enter AN. Using this information, our system will convert the \$75,000 annual salary that you report to \$60,000. This converted salary will be used to create the member’s Pension Adjustment (PA) and *Member’s Benefit Statement* (MBS).

6.3.2.3 Excel File

If you are not able to submit in Standard format, you can create an Excel file to report multiple members’ LTD information at the same time.

In the Excel file, you must provide the data in the correct column order with no header row. You can find instructions in the *LTD Service Break Report Layout* document in the Employer Portal. Click *Employer Reporting > Reporting Instructions*.

The applicable RG and RH service event types (see section 7) **must** be included on your payroll report as separate lines of data.

6.3.3 Position owned (%)

Enter 100 in this field if the member owns a 100 per cent full-time position. If the member owns a part-time position, enter the corresponding percentage. This number is based on the member's owned position, not the hours worked.

EXAMPLE

If the member owns a 63 per cent position, but usually works 89 per cent, enter 63.

6.3.4 School district members working less than 12 months in a year

The plan is a 12 month plan. Therefore, plan members who are employed only during the 10-month school term (e.g., teachers' aides, school bus drivers, custodians, lunch-time playground supervisors, and administrative support staff) receive prorated service based on the portion of the year they work.

EXAMPLE

A member owns a 100 per cent position and only works during the 10-month school term and goes on LTD. To calculate their LTD percentage, divide the number of months worked (in this case 10) by 12 months.

$$10 \text{ months} \div 12 \text{ months} \times 100\% = 83.33\%$$

In this case, enter 83.33 in the percentage field when reporting LTD start information.

EXAMPLE

A member owns a 45 per cent position and only works during the 10-month school term and goes on LTD. To calculate their LTD percentage, divide the number of months worked (in this case 10) by 12 months, then multiply this amount by the percentage of the position owned.

$$10 \text{ months} \div 12 \text{ months} \times 100\% = 83.33\%$$

$$83.33 \times 45\% \text{ (position owned)} = 37.50\%$$

In this case, enter 37.50 in the percentage field when reporting LTD start information.

There are some professional employees at school districts (e.g., speech pathologists and psychologists) who receive an annual salary paid in 10 equal payments. Their pensionable and contributory service is credited at 12 months. Therefore, their LTD percentage will be 100 per cent.

Reporting salaries on Excel files:

In the “Base Salary Frequency” field, enter the frequency that you pay the member their base salary:

- bi-weekly (BW),
- monthly (MN), or
- annually (AN).

If a member does not work in a 100 per cent position, do not report the reduced salary that the member receives.

EXAMPLE

A member owns an 80 per cent position and is paid \$60,000 annually (80 per cent of the full-time salary of \$75,000).

When reporting this member’s information, you must provide us with the member’s percentage (in this case, 80 per cent) as well as the salary the member would be making if they were working in a 100 per cent position.

In the “Base Salary” field, enter \$75,000. In the “Base Salary Frequency” field, enter AN.

Using this information, our system will convert the \$75,000 annual salary that you report to \$60,000. This converted salary will be used to create the member’s Pension Adjustment (PA) and *Member’s Benefit Statement* (MBS).

6.3.5 Successive disability

LTD policies may have a successive disability clause. Successive disability usually occurs when a member returns to LTD because of an illness or injury related to their original LTD claim. Successive disability is normally within a certain number of months (as deemed by the LTD policy) from the member’s return to work date.

If this occurs, you must report the successive disability information online. You can find the LTD reporting process under the *LTD reporting options* subheading above.

6.3.6 WorkSafeBC section 16 (Vocational Rehabilitation)

Vocational Rehabilitation Allowance (under section 16 of the *Workers Compensation Act*) is often affiliated with the Healthcare Benefits Trust (HBT).

If a member is approved to receive a Vocational Rehabilitation Allowance, and the LTD policy is an approved group disability plan, for pension purposes the member is deemed to be on LTD and you must submit an LTD start online. If any pensionable salary is paid to the member while on LTD, submit this information on your payroll report as rehabilitation (RH) earnings.

If the Vocational Rehabilitation Allowance is approved retroactively and you previously reported regular (RG) service, contact us through the Message Board and provide:

- the service, salary and contributions that stay under service event type RG.
- any service, salary and contributions to be recorded as service event type RH.
- any portion of this period that contains ineligible contributions (see sections 7 and 8).

6.3.7 WorkSafeBC compensation

There are two options for members receiving WorkSafeBC compensation:

Option 1: Replacement salary is paid directly to the member by WorkSafeBC

Replacement salary paid directly to the member by WorkSafeBC is **not** pensionable. Service, salary and contributions are not reported. For pension purposes the member is deemed to be on an unpaid leave of absence and they may be able to purchase this period of time under the plan's leave of absence purchase provisions (see section 2).

Option 2: Replacement salary is paid to the member through your payroll process

If you receive a member's WorkSafeBC replacement salary and pay the member through your payroll system, the earnings are pensionable. You and the member must make contributions on these earnings.

The member **cannot** be on approved LTD during this payment period. If WorkSafeBC replacement salary is less than their normal percentage of full-time salary and service, they may be able to purchase the difference (see section 2).

6.3.8 Retroactive WorkSafeBC compensation

It is common for a LTD claim or a WorkSafeBC claim to be approved retroactively. For pension purposes, a retroactive claim is one with dates for prior year(s).

Possible scenarios:

- If a member was receiving a benefit from an approved group disability plan and the carrier no longer recognizes the period as an LTD benefit then retroactive WorkSafeBC replacement salary is pensionable. The period must be purchased as arrears (see section 2). Any previous LTD service reported to the Plan must be reversed.
- If a member is receiving a benefit from an approved group disability plan, retroactive WorkSafeBC replacement salary is not pensionable.
- If a member is on an approved LTD policy, retroactive WorkSafeBC replacement salary is **not** pensionable.
- If the member is not on LTD and the WorkSafeBC claim is retroactively paid, the period **must** be purchased as arrears (see section 2).
- If WorkSafeBC has been sending you the member's replacement salary to be paid through your payroll, and then the LTD carrier backdates the member's LTD start date, request a refund of overlapping ineligible contributions (see section 8).

6.3.9 Rehabilitation (RH) salary

If a member returns to work on a rehabilitative trial, the service, salary and contributions paid to them are reported as service event type RH on your payroll report (see section 7).

Although the RH data you report **is not** used in the calculation of the retirement benefit, the LTD service credited during this period **is** used.

6.3.10 LTD termination date

For pension purposes, a member on LTD is **not** considered terminated even if you have removed them from your payroll system for any reason. You will still be required to confirm the member's information on the segment LTD Confirmation Report.

For pension purposes, the member's LTD stop date is the earlier of:

- the date the claim ends per the terms of the approved group disability plan, or
- the member's date of death.

If the LTD stops and the member is age 55 or older, but under age 60, the member may apply for either a regular pension or a disability benefit.

If the LTD stops and the member is under age 55, the member may apply for a disability benefit. If the member does not wish to apply for or is not eligible for a disability benefit, the member is eligible for the regular termination of employment options. See section 3.

If a member terminates employment at the end of their LTD, you must:

- submit LTD stop information online
- submit Employee Information at Termination/Retirement online if the employee is not returning to work

Please note: the LTD stop information must be submitted before the Employee Information at Termination/Retirement; both dates can be entered on the same day.

Members who return to work and recommence contributions to the plan are still active plan members and are not entitled

to any retirement or termination benefits until they have terminated employment.

If the member has started their receiving their retirement benefit and LTD is reinstated, they must notify us. We will then provide guidance.

When the member has been terminated from LTD and is appealing the termination, they should still complete the *Termination of Group Disability Plan Benefits* form because this form documents their retirement benefit effective date which may be backdated if the appeal is unsuccessful. The form is available by contacting the plan.

If a member accepts a lump-sum payment to end the LTD, the member is not eligible for a disability benefit.

In the case of the member's death, submit the LTD stop information online. You must also complete and submit a *Certification of Death* form.

Forms are located on the secure employer website under *Forms*.

6.3.11 Change of long-term disability (LTD) carrier/plan

If you change carriers or any terms of your existing approved group disability plan(s), you must follow the approval process outlined earlier in this section.

6.3.12 Payroll reporting and long-term disability members

To avoid overlapping service events, the effective start date and effective end date for each member on your payroll report must reflect the actual period of time worked.

If a member is accepted on LTD, their LTD start date will only be accepted if the end date for their regular (RG) service event prior to the LTD was submitted correctly. For further payroll reporting information see section 7.

EXAMPLE

If a member's last day at work is May 10, May 10 should be the end date for the RG service event on your payroll report.

If the member is accepted on LTD on May 11, and you enter this date as the LTD start date online, it will be accepted.

After a member has been accepted on LTD and their LTD information has been entered online, the only service, salary and contributions that can be reported on your payroll report is service event type rehabilitation (RH). RH earnings may include salary top up, period(s) the member has returned to work on a trial basis, and any pensionable salary that the collective agreement stipulates must be paid to the member (e.g., sick leave).

6.3.13 Pensionable service overlap

A member on LTD receives pensionable and contributory service posted to their account as service event type LT if they were on LTD for any period during the year.

In the year that the member starts or stops LTD, an overlap of service may occur if the LTD service we post and your payroll reported service goes over the maximum allowable. If this occurs, we will reduce the LTD pensionable service and/or make any adjustments you have identified.

6.3.14 Ineligible service, salary and contributions

In some cases a member's LTD acceptance from the carrier is backdated. If you have been paying the member through the normal payroll process (e.g., using sick leave, other leave banks or WorkSafeBC replacement salary) and have previously reported this service, salary or contributions, you may need to apply for an ineligible refund (see section 7).

6.3.15 Pension adjustment (PA)

When a member has been approved for paid sick leave and/or LTD, service accumulates in their account and they will receive an annual PA statement to file with their income tax return (see section 9).

The benefit entitlement (BE) for a member receiving benefits under an LTD plan is calculated using the salary at the start of the LTD period. Cost of living adjustments are also factored into the calculation.

6.4 LTD Confirmation Report

Annually, an LTD Confirmation Report is posted in the File Pick-up tool in the Employer Portal. Click *Employer Reporting > File Pick-up*.

This report summarizes the information for all your members who are or have been on LTD at the time the report was created. The report only contains posted LTD information that has been successfully entered on your members' accounts prior to the Create Date identified in File Pick-up.

The LTD Confirmation Report contains the following information:

COLUMN TITLE	DESCRIPTION
Plan	MPP
Org	Your employer number
PLAN_ABBREV_NM	MPP
Last Name	Member's last name
First Name	Member's first name
SIN	Member's SIN
EEgrp	Member's employee group (e.g., 04GENRL)
% FT	Percentage the member is entitled to as identified at the LTD start date.
Emply Break Start	Member's LTD start date as entered online
Emply Break End	Member's LTD stop date as entered online
SE Start Date	Member's LTD start date if the LTD started in the current segment. If the LTD start date is not in the current reporting segment, it will be the first day of the calendar month in the current segment.
SE End Date	Member's LTD stop date if the LTD stopped in the current segment. If the LTD stop date is not in the current reporting segment, it will be the last day of the calendar month in the current segment.
Pensionable Srvc	The full amount of service for the segment or prorated service if the start date is in the current segment (see example below).
Contrib Srvc	Contributory service displayed in full months for each month or partial month the member was on LTD for the segment.
Barg. Unit	Member's union affiliation and/or bargaining association.

EXAMPLE

A member is accepted on LTD with a start date of July 10. The member owns a full time position at 100 per cent.

The LTD pensionable service for the first segment totals 5.7097 months.

To calculate this:

Prorate service for July (on LTD for 22 calendar days in July) divided by the total calendar days in July: $(22 \div 31 = 0.7097)$.

Add five full months of pensionable and contributory service (one full month each for the months August through December).

When the December LTD Confirmation Report is posted to File Pick-Up, you **must** review the report and create a message board topic confirming your review.

If any information on the report is inaccurate, you will need to provide the correct information:

- If an LTD member is not on the report and should be, submit their LTD start information online.
- If a member is on the report and they have stopped LTD, notify us through a Message Board topic.
- If the % is incorrect, notify us through a Message Board topic.

LTD pensionable and contributory service is posted to members' accounts in December. This posted service forms part of the member's benefit entitlement and is included in their *Member's Benefit Statement*. **This is why reviewing and confirming the LTD Confirmation Reports is a critical step.**

6.5 Disability benefit

Members should apply directly to the Pension Corporation for a disability benefit.

A disability benefit is a monthly payment paid to members while they are totally and permanently disabled. It is only available to members who are not entitled to benefits from an LTD policy that has been approved as a group disability plan, or if those benefits end.

Members should apply directly to the Pension Corporation for a disability benefit.

6.5.1 Eligibility

Disability benefits are paid to eligible members who are “totally and permanently disabled,” which is defined as follows:

A member is totally and permanently disabled if the member is suffering from a mental or physical condition that

- a) prevents the member from engaging in any employment for which the member is reasonably suited by virtue of the member’s education, training or experience, and
- b) can reasonably be expected to last for the remainder of the member’s lifetime.

The member’s doctor and a doctor appointed by the corporation must certify, in writing, that the member is totally and permanently disabled.

In addition to being totally and permanently disabled, the following criteria must be met for the member to be eligible for a disability benefit. The member must:

- not be entitled to LTD benefits from an LTD policy that has been approved by the Pension Corporation,
- have at least two years of contributory service,
- apply by age 60 (55 for public safety employees),
- have terminated employment, and
- not have accepted a lump-sum payment to settle an LTD claim (the member may be entitled to termination or retirement benefits in this situation).

Note: If the member terminated employment before July 1, 2008, contact the plan.

Once a member has been granted a disability benefit, the member must submit to medical examinations not more than once per year until age 60 (55 for public safety employees).

6.5.2 Application and deadlines

There is a two year deadline to apply for a disability benefit.

The member must apply in writing to the corporation within two years of their last contribution to the plan (or within two years of their last deemed contribution while receiving benefits under an LTD plan).

If a member:

- has applied for LTD benefits, has been denied, and is appealing the denial, or
- has been receiving LTD benefits, the LTD carrier has terminated the benefits and the member is appealing the termination of benefits,

the member should make sure to apply in writing to the plan for a disability benefit within the two-year deadline. They should indicate in their application letter that they are appealing the LTD denial and whether they wish to immediately proceed or delay the application for a disability benefit until the outcome of the appeal is known. Members should maintain contact with us to let us know the status of their appeal.

If a member is receiving benefits under an LTD plan they cannot receive a disability benefit. Therefore, if a member who has been granted a disability benefit and starts receiving LTD benefits or if LTD is reinstated retroactively, the disability benefit is suspended and will have to be repaid, with interest. The member can apply for a retirement or disability benefit when the LTD benefits end.

6.5.3 Pension calculation

Disability benefits do not include a bridge benefit.

If a member has a spouse, the disability benefit is paid as a 100 per cent joint life and last survivor pension (JLLS).

This benefit pays during the period of disability and for the member's life, as long as the member remains totally and permanently disabled until at least age 60 (55 for public safety employees). If the member dies before the spouse, the pension continues for the life of the spouse.

If the member has no spouse, or the spouse waives their entitlement in writing, the disability benefit is paid as a single life pension with no guarantee. This benefit pays during the period of disability and for the member's life, as long as the member remains totally and permanently disabled until at least age 60 (55 for public safety employees).

Disability benefits:

- do not include the bridge benefit,
- are subject to the same COLA adjustments as regular pensions, and
- may provide the member with medical, extended health and dental benefits.

See section 4 for information about group health benefits and COLA.

The monthly amount of the disability benefit is calculated using the member's accrued pensionable service, plus 50 per cent of the "possible" service they would have accrued between the benefit effective date and earliest pensionable age, had they remained in service and continued to receive the same service and salary they earned immediately before the disability. This "possible" service will be different for part-time members than it will be for full-time members.

6.6 Period of disability ends

6.6.1 LTD benefits end

If a member's LTD benefits end,

- the member does not recommence contributions to the plan,
- the member's employment is terminated, and
- the member's options depend in part on the member's age.

If the member is age 55 (50 for public safety employees) or older, the member may apply for a retirement benefit or for a disability benefit, if under age 60 (55 for public safety employees).

If the member is **under** age 55 (50 for public safety employees), the member may apply for a disability benefit. If the member does not wish to apply for, or is not eligible for a disability benefit, the member is eligible for the regular termination of employment options. See section 3.2.

Members who recommence contributions to the plan are still active plan members and are not entitled to any retirement or termination benefits until they have terminated employment.

6.6.2 Disability benefit ends

If, after being granted a disability benefit, a medical examination shows that the member is no longer totally and permanently disabled, and they are under age 60 (55 for public safety employees), the disability benefit stops.

Employers have no role in this process.

If the member returns to work and begins contributing to the plan again, then the member's eventual pension or termination benefit is paid as though the disability pension had never been paid. The member's retirement benefit is not adjusted in any way because of the disability benefit, although the member will not have any service for the period of disability.

If the member does not return to work and does not contribute to the plan again, then they can apply for their retirement or termination benefit under the usual rules. The retirement or termination benefit is paid based on the member's accrued service and salary, with no adjustments, but without the additional service that was used to calculate the disability benefit.

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7 REPORTING

7.1 Introduction

As a plan employer, you report members' service, salary and contributions to us annually, and this information is used to determine members' benefit entitlements. When payroll reporting does not match previously submitted payroll information (e.g., in the event of a termination or retirement), we will contact you. See the applicable sections of this manual for reporting details on enrolment, purchases, termination or retirement.

You and your plan member employees make contributions to the Municipal Pension Plan based on your members' pensionable salary. Members' benefits are calculated based on their accrued pensionable service and highest average pensionable salary. The information you report is also used to calculate your annual contribution rate, annual member pension adjustments (PAs), and to generate annual member's benefit statements. See section 9 for more information on PAs.

This section will answer questions you have about how to report Plan Member Record information, service events (service, salary and contributions), along with variances, types of service and methods for submitting your reports. In addition, we will explain how to report for 35-year members. See section 6 for what to do when members are on LTD, and how to correct previously-posted data.

7.2 Web services

The plan provides members and employers with self-serve information via the member and employer websites. The employer website is also the access point to the Employer Portal.

The secure employer website contains links to training information, the *Employer Instruction Manual*, employer news and newsletters, and forms. Employer reporting is done through the Employer Portal.

The Employer Portal provides access to reporting tools, reporting instructions, E-Remittance and User Management, and allows you to view salary and service for your plan member employees. Access to both the secure employer website and Employer Portal requires registration. See the Web Services section on the employer website sign-in page, accessed from from pensionsbc.ca.

7.2.1 Resources available on the Employer Portal

The Employer Portal is where you will find detailed instructions about employer reporting. You will also be able to access the tools used to report plan member information to Employer Operations. These tools can be accessed via the navigation menu at the top of the Employer Portal home page: Message Board, Plan Member Record Electronic Form, Data Submission, File Pick-up, Reporting Instructions, LTD Start/Stop, LTD Policy Validation and Employee information at Retirement (EITR).

7.2.1.1 Message Board

Message Board allows you to communicate securely with Employer Operations. The message board is used exclusively by employers and Employer Operations staff for the purposes of employer reporting. The message board is a secure, central location to access your correspondence regarding confidential data about employer reporting. If you have existing employees that are not contributing, you can also use this tool to check if they are contributing.

7.2.1.2 Plan Member Record Electronic Form

Service, salary, and contributions cannot be allocated to a member who has not been enrolled via a PMR.

In the Plan Member Record (PMR) Electronic Form tool, you can complete and submit your PMRs and view the history of the PMRs you have submitted. If you have existing employees that are not contributing, you can also use the Plan Member Record/Member Validation tool to check if they are contributing. You can also use this tool to check if existing employees are or should be enrolled.

7.2.1.3 Data Submission

The Data Submission tool is a secure environment where employers submit plan members' personal, address, spousal, employment and service event (contribution, service and salary) data. Data files are accepted in Excel or standard format, and instant feedback is provided on any formatting errors. You can also view the history of the files you've submitted in the submission history section.

7.2.1.4 File Pick-up

Employer Operations places files in File Pick-up for you to download. For example, your electronic Pension Adjustment file would be available in File Pick-up for you to download.

7.2.1.5 Reporting instructions

On the Reporting instructions page you will find detailed instructions on how to format your data files, including written instructions about both Excel and standard format reporting.

7.2.1.6 LTD Start/Stop

Use this tool to report an employee's LTD Start/Stop information once you receive confirmation from an approved LTD carrier or administrator.

7.2.1.7 LTD Policy Validation

This tool allows employers to access their list of open, approved LTD policies and validate each policy.

7.2.1.8 Employee Information at Termination/Retirement (EITR)

Use the Employee Information at Termination/Retirement tool to enter the termination date and final service, salary, and contributions for members who are terminating employment or retiring.

The EITR Submitted Report allows you to track your submitted EITRs and reconcile data on your payroll report.

7.3 Payroll reporting

Report pensionable salary to two decimal places.

Your payroll report is due 10 calendar days after the end of your pay period. This gives us time to process the data and contact you regarding any errors. The information in your report is used to calculate and produce your members' Pension Adjustments (PA) by the end of February.

7.3.1 Pensionable salary inclusions and exclusions

In addition to the types of pay listed here, a member can receive other forms of compensation, which may be pensionable. To determine whether these types of payments should be recognized as pensionable, please contact the plan before deducting and remitting contributions.

Salary for pension purposes includes all earnings that are part of an employee's ongoing compensation for hours of work paid at straight-time rates of pay and paid on a periodic basis. Periodic payments may include payments made on a weekly, bi-weekly, monthly, semi-monthly, seasonal and annual basis. This applies to full-time, part-time, on-call and casual employees.

As per the MPP salary policy, deferred or banked overtime is only pensionable if taken as paid time off. An employer resolution or collective agreement may deem overtime pay as pensionable, provided it is paid in the same period in which it is earned. Any employer resolution or collective agreement making overtime pay pensionable on or after January 1, 2022, must be submitted to us for review.

If you have an existing resolution or agreement from before this date, you do not have to submit it to us for review; however, you must ensure it deems overtime pay as pensionable only when it is paid in the same period in which it is earned. Please contact us if you are unsure or would like to request a review of your existing policy.

For greater clarity, the following lists provide details about inclusions and exclusions:

Inclusions—a member's salary includes the following:

A) Salaries associated with regular pay:

- ongoing compensation relating to scheduled or unscheduled hours of work paid at straight-time rates of pay;
- retroactive pay—paid to compensate for a period of service while the employee was a contributing member of the plan;

- common adds to pay including but not limited to;
 - service/long service/retention pay¹—paid on a periodic basis to employees after a set number of years of service or when the employee becomes eligible for an unreduced retirement benefit or when they have reached pensionable age;
 - acting or substitution pay—paid to employees when working temporarily in a higher paying position;
 - shift differential pay—a premium paid for working certain shifts (e.g., weekends and nights);
 - first aid pay—paid to employees who perform first aid in addition to their regular job;
 - allowances for housing/room and board—a continuous allowance added to salary associated with isolated locations and deemed taxable income by the Canada Revenue Agency;
 - wage premiums paid for doing ‘danger work’ or ‘dirty work’ as defined by union contract—a shift premium paid to employees who work with or in hazardous situations; and
 - trade, qualification or specialty pay—paid on a periodic basis to employees who have additional certification or qualifications.
- insufficient notice pay—only the straight-time rate of pay for the shift worked, not the additional salary premium paid;
- salary paid to a member on a rehabilitation program;
- leave top-up—paid by the employer for pregnancy/maternity, parental, compassionate care and other forms of leave of absence provided for under the *British Columbia Employment Standards Act* or the *Canada Labour Code*;
- training pay—paid to employees (mostly firefighters or police officers) prior to being hired as either probationary or regular member;
- WorkSafeBC payments made through the employer;
- WorkSafeBC or LTD top-up payments made through the employer—paid to employees to top-up their salaries when receiving WorkSafeBC or LTD benefits; and

- cost-of-living payments—an automatic wage increase tied in some way to increases in the cost of living—usually tied to the Consumer Price Index. Must be a continuous add-to pay, not a one-time payment.

See section 7.3.3.4 for more information about vacation and statutory/paid holiday pay reporting.

B) Salaries associated with vacation pay:

- full-time employees—when vacation time is taken; and
- part-time/casual employees—when vacation time is taken or when paid on a periodic basis.

C) Salaries associated with statutory/paid holiday pay:

- full-time employees—when leave is taken for the statutory/paid holiday; and
- part-time/casual employees—when leave is taken for the statutory/paid holiday or when paid on a periodic basis.

See section 6 for more information about reporting sick pay.

D) Salaries associated with paid sick leave:

- paid sick leave paid directly to a member by the employer is pensionable. The employer must report service and salary and remit contributions on paid sick leave;
- paid sick leave paid by a third party (such as an insurance company or benefits trust) to a member can be deemed pensionable by the employer. If paid sick leave paid by a third party is deemed pensionable by the employer, the employer must report service and salary and remit contributions on the paid sick leave;
- paid sick leave paid by a third party (such as an insurance company or benefits trust) that are not deemed pensionable by an employer may be eligible for purchase by a member under the leave of absence provisions of the Municipal Pension Plan Rules; and
- for pensionable paid sick leave, the member will continue to accrue contributory service and employers must report pensionable service and salary based on the member's work schedule before the short-term disability leave. Part-time members will accrue service and salary based on their work schedule immediately before the short-term disability leave.

² Employers already reporting and remitting on STDBs when this policy change came into effect on March 27, 2008, must continue to do so for all employees.

Exclusions—a member’s salary does not include the following:

- lump sum vacation pay—if paid in lieu of vacation entitlement accumulated in a prior year by a full-time employee and not taken as leave;
- overtime pay—unless taken as time off or an employer resolution or collective agreement specifies that overtime pay is pensionable;
- premium or additional pay for statutory/paid holidays worked;
- WorkSafeBC payments when the employee is on approved LTD;
- car, meal, travel and clothing allowances;
- pay for on-call or stand-by hours;
- a lump sum payment(s) (including accrued vacation entitlement(s)) made at the time of termination or retirement—unless it is used to extend the termination date;
- severance pay—unless it is used to extend the termination date;
- grievance pay—unless a period of service is associated with the payment;
- performance or signing bonuses;
- additional pay in lieu of group benefits or payment of premiums for group benefits; and
- Employment Insurance rebate payments.

7.3.2 Pensionable and contributory service

There are two types of pension plan service used in the plan:

- pensionable service, and
- contributory service.

Pensionable service is the actual time worked while contributing to the plan. It is used when determining the amount of the retirement benefit.

Contributory service is the period of a member’s service for which contributions were made by the member or employer. Contributory service is reported as whole months only. If a contribution is made in a month, a whole month of contributory service is reported. It is used to determine the

member's eligibility for a pension, and any early retirement reduction. See section 4 for more information on pensions.

There are some circumstances where the member may not be working but still accrues pensionable and contributory service (for example, a paid leave of absence).

7.3.2.1 Defining "full-time"

The Municipal Plan does not define what constitutes full-time hours; this is determined through terms and conditions of employment, including individual collective bargaining agreements for specific classes of employees. For pension reporting, the minimum number of hours that can be considered full-time in the Municipal Plan is **35 hours per week or 1,820 hours per year**.

When full-time hours are defined by an employer for a particular class of employees, that definition must apply to **all** the employees in that class.

7.3.2.2 Defining "shift-worker" :

If shift worker is defined in a collective agreement, that definition applies.

If there is no such definition, the following guidelines apply:

- The term "shift work" is usually applied where the employer's normal operations during a 24-hour cycle are broken into two or three contiguous work periods, or shifts, each of them representing a full day's work for an employee. A shift worker is a worker who works during one of those work periods, or shifts. (For example, in a hospital where nursing staff must be present 24 hours a day, the 24-hour cycle is split into two 12-hour or three 8-hour shifts.)
- The workplace does not have to operate on a 24-hour cycle to have the term "shift work" apply. The cycle could be for a shorter period of time, as long as it is longer than the period of time a single employee could ordinarily and routinely work the entire period (e.g., an operation that is open 7 a.m. to midnight). In this case, the work cycle must still be split into contiguous shifts of fixed duration, and a worker who works one of those shifts is a shift worker.

- By contrast, regular work during daytime hours during regular workdays in the week, coupled with the assurance or understanding that the work cannot become a revolving shift position, does not constitute shift work or make the employees who hold those positions shift workers.
- A person who works the same daily hours each week is not a shift worker. Shift workers are something other than employees with regular “9 to 5 positions,” or whose weekly hours of work might vary from time to time.

7.3.2.3 Calculating pensionable service

When calculating pensionable service, use one of the following methods:

METHOD 1	Use this method for full-time hourly employees, part-time and casual staff or other employees who work less than 35 hours per week.
METHOD 2	Use this method for full-time salaried employees. If you have part-time salaried employees who work the same schedule all year, you can use this method too.
METHOD 3	Use this method for full-time employees who work shifts.

Below you will find an example of method 1, 2 and 3.

METHOD 1

$$\frac{\text{Actual number of days or hours worked}}{\text{Maximum (full-time) days or hours available to work in the year}} \times 12 = \# \text{ months}$$

METHOD 1—EXAMPLE 1

During the year, the member works 1,500 hours out of a possible 1,820 hours.

Pensionable service credited for the year: $1,500 \div 1,820 \times 12 = 9.8901$ months

METHOD 1—EXAMPLE 2

During the year, the member works an additional 50 hours (at straight time) beyond the normal 1,900 full-time hours for the position.

Pensionable service credited for the year: $1,950 \div 1,900 \times 12 = 12.3158$ months

METHOD 2

Calculate pensionable service by pay period. The following breakdown shows the amount of service to credit for a number of pay period types.

12 (monthly) $12/12 = 1.0000$ month of service per pay period

24 (twice monthly) $12/24 = 0.5000$ months of service per pay period

26 (every two weeks) $12/26 = 0.4615$ months of service per pay period

Occasionally there will be 27 pay periods in a calendar year if you use this method. Regardless of this, each pay period should be calculated as having a potential 0.4615 months of service.

For example, a member works full time during the 27-pay period year.

Pensionable service credited for the year: $0.4615 \times 27 = 12.4605$ months; report 12.46 months.

To pro-rate service for part-time members, multiply the result above by the percentage worked during the pay period.

METHOD 2—EXAMPLE 1

Member works 50 per cent of full-time for 20 of 26 pay periods.

Pensionable service credited for the year: $0.50 \times 0.4615 \times 20 = 4.6150$ months; report 4.62 months.

METHOD 2—EXAMPLE 2

Member works 75 per cent of full time for all pay periods in a 27-pay period year.

Pensionable service credited for the year: $0.75 \times 0.4615 \times 27 = 9.3454$ months; report 9.35 months

METHOD 3

Method 3 is mandatory for full-time shift workers for service earned on or after January 1, 2021.

Method 3, known as the subtractive method, must be used for employees that are full-time shift workers. A full-time shift worker is defined in (7.3.2.1).

In the event that an averaging agreement exists for full-time shift workers, Method 3 is not required. Please refer to one of the other methodologies.

Method 3 is required for full-time shift workers, as they may not work a consistent number of hours per week or per month. Changing shift rotations throughout the year may cause a full-time shift worker to work all their assigned shifts but still end up with fewer hours worked for the year than what is defined as full-time hours for their position. To ensure that a full-time shift worker—that works all of their assigned shifts—receive full pensionable service, Method 3 starts by crediting the employee with 12 months of pensionable service and then subtracts any period during which the employee was on an unpaid leave of absence (LOA).

The Method 3 calculation consists of the following steps:

Step 1:

Determine the number of full-time hours per year for the employee's position—e.g., 1,820 hours per year (see section 7.3.2.1)

Step 2:

If the employee starts or stops working in a full-time shift worker position in the middle of the year, prorate the hours you determined in Step 1 to determine the number of full-time hours for the employee specifically for this partial year. For example, if a full-time shift worker was hired on March 10, there are 297 days from March 10 to December 31, inclusive:

$1,820 \times 297 \div 365 = 1,480.93$ full-time hours for the employee for their first partial year of work

If the employee worked the entire year as a full-time shift worker, the full-time hours for the employee is the same as the full-time hours for their position (i.e., the amount determined in Step 1).

Step 3:

If applicable, determine the number of hours for which the employee was on any unpaid LOA during the year (i.e., the number of hours the employee would have worked during the period of the LOA). Only consider unpaid leaves that occurred during the portion of the year that the employee is a full-time shift worker.

Step 4:

Perform the following calculation:

$$\frac{\text{Annual full-time hours for employee (step 2)} - \text{hours of unpaid LOA (step 3)}}{\text{Annual full-time hours for the position (step 1)}} \times 12 = \begin{array}{l} \# \text{ of months of} \\ \text{pensionable} \\ \text{service reported} \\ \text{for the member} \end{array}$$

All of the following examples are based on an employer defining (e.g., through a collective agreement) full-time hours as 1,820 per year.

METHOD 3—EXAMPLE 1

An employee worked as full-time shift worker throughout the entire year and worked all scheduled shifts.

Step 1: Annual full-time hours for the position: 1,820 hours

Step 2: Annual full-time hours for the employee: 1,820 hours

Step 3: Unpaid LOA: 0 hours

Step 4: $(1,820 - 0) \div 1,820 \times 12 =$ Report 12 months of pensionable service for the member

In this example, it is possible for various reasons (e.g., due to changing shift rotations) that the employee did not actually work 1,820 hours. However, the purpose of Method 3 is to ensure that such anomalies do not cause full-time shift workers to lose pensionable service.

METHOD 3 – EXAMPLE 2

An employee worked as full-time shift worker throughout the entire year, but took six weeks of unpaid leave. During those six weeks, they would have worked 200 hours had they not been on leave.

Step 1: Annual full-time hours for the position: 1,820 hours

Step 2: Annual full-time hours for the employee: 1,820 hours

Step 3: Unpaid LOA: 200 hours

Step 4: $(1,820 - 200) \div 1820 \times 12 =$ Report 10.68 months of pensionable service for the member

Note: If the employee later applies to purchase the service for their LOA, the employer would report as pensionable service to be purchased on the Purchase of Service Application the amount of service necessary to bring the member to a full 12 months of service for the year—i.e., 1.32 months

METHOD 3 – EXAMPLE 3

An employee was a full-time shift worker from January 1–April 30 and then moved to a casual position for the remainder of the year; use Method 3 for January 1–April 30 and Method 1 for May 1–December 31

January 1 to April 30 (120 days, inclusive, on a non-leap year):

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee:
 $120 \div 365 \times 1,820 = 598.36$

Step 3: Unpaid LOAs: 0 hours

Step 4: $(598.36 - 0) \div 1,820 \times 12 = 3.95$ months of pensionable service for the member for January–April

Note: If the member had unpaid LOAs during the year, only those that took place during January–April would be tabulated in Step 3 and used in this calculation.

May 1–December 31:

Method 1 calculation applies. Presume the employee works 400 hours as a casual employee from May–December:

$(400 \div 1,820) \times 12 = 2.64$ months of pensionable service for the member for May–December

Result: Report 6.59 months (3.95 + 2.64) total pensionable service for the member for the year

METHOD 3 – EXAMPLE 4

An employee was a full-time shift worker from January 1–April 30 and then moved to a part-time position for the remainder of the year. The part-time position is 60% of full-time hours (in this example, full-time hours is 1,820 per year, 60% is 1,092 hours or 21 hours per week); use Method 3 for January 1–April 30 and Method 1 for May 1–December 31.

January 1 to April 30 (120 days, inclusive, on a non-leap year):

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $120 \div 365 \times 1,820 = 598.36$

Step 3: Unpaid LOAs: 0 hours

Step 4: $(598.36 - 0) \div 1820 \times 12 = 3.95$ months of pensionable service for the member for January–April

Note: If the member had unpaid LOAs during the year, only those that took place during January–April would be included in Step 3 and used in this calculation.

May 1–December 31:

Method 1 calculation applies. Presume the employee, in addition to working their regular part-time hours of 21 hours per week, picked up additional shifts resulting in 805 total hours worked from May 1–December 31:

$(805 \div 1,820) \times 12 = 5.31$ months of pensionable service for the member for May–December

Result: Report 9.26 months ($3.95 + 5.31$) total pensionable service for the member for the year

METHOD 3 – EXAMPLE 5

An employee was hired as a full-time shift worker on March 10 and remained in this position for the remainder of the year (March 10 to December 31, inclusive, is 297 days).

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $297 \div 365 \times 1,820 = 1,480.93$ hours

Step 3: Unpaid LOA: 0 hours

Step 4: $(1,480.93 - 0) \div 1820 \times 12 =$ Report 9.76 months of pensionable service for the member

METHOD 3 – EXAMPLE 6

An employee was hired as a full-time shift worker on March 10 and remained in this position for the remainder of the year (March 10 to December 31, inclusive, is 297 days) and took 1 week of unpaid leave in which they would have otherwise worked 50 hours.

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $297 \div 365 \times 1,820 = 1,480.93$ hours

Step 3: Unpaid LOA: 50 hours

Step 4: $(1,480.93 - 50) \div 1,820 \times 12 =$ Report 9.43 months of pensionable service for the member

METHOD 3 – EXAMPLE 7

An employee that has worked as a full-time shift worker terminates employment on May 20 (January 1 to May 20, inclusive, is 140 days on a non-leap year).

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $140 \div 365 \times 1,820 = 698.08$ hours

Step 3: Unpaid LOA: 0 hours

Step 4: $(698.08 - 0) \div 1,820 \times 12 =$ Report 4.60 months of pensionable service for the member

METHOD 3 – EXAMPLE 8

An employee that has worked as a full-time shift worker terminates employment on May 20 (January 1 to May 20, inclusive, is 140 days on a non-leap year) and, prior to termination, took 2 weeks of unpaid leave in which they would have otherwise worked 90 hours.

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $140 \div 365 \times 1,820 = 698.08$ hours

Step 3: Unpaid LOA: 90 hours

Step 4: $(698.08 - 90) \div 1,820 \times 12 =$ Report 4.01 months of pensionable service for the member

METHOD 3 – EXAMPLE 9

An employee worked as a full-time shift worker from January 1 to April 17, then as a full-time hourly worker for the remainder of the year; use Method 3 for January 1–April 17 and Method 1 for April 18–December 31.

January 1–April 17 (105 days, inclusive, on a non-leap year):

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $105 \div 365 \times 1,820 = 528.54$

Step 3: Unpaid LOAs: 0 hours

Step 4: $(528.54 - 0) \div 1,820 \times 12 = 3.68$ months of pensionable service for the member for January 1–April 17

April 18–December 31:

Presume the member worked (or otherwise received pensionable salary, e.g., statutory holidays or paid vacation) for 1,295 hours from April 17 to December 31 (this represents working full-time hours for this portion of the year). Method 1 calculation applies:

$(1,295 \div 1,820) \times 12 = 8.53$ months of pensionable service for the member for April 17 to December 31

Result: Report 12.21 months ($3.68 + 8.53$) total pensionable service for the member for the year (see 7.3.3.1)

METHOD 3 – EXAMPLE 10

An employee worked as a full-time shift worker from January 1 to April 17, then as a full-time hourly worker for the remainder of the year; use Method 3 for January 1–April 17 and Method 1 for April 18–December 31. The employee took a 1-week unpaid LOA in February in which they would otherwise have worked 30 hours, and another 1-week unpaid LOA in October in which they would otherwise have worked 35 hours.

January 1–April 17 (105 days, inclusive, on a non-leap year):

Step 1: Annual full-time hours for the position: 1,820

Step 2: Annual full-time hours for the employee: $105 \div 365 \times 1,820 = 523.56$

Step 3: Unpaid LOAs: 30 hours (only use the unpaid LOA that took place during their period as a full-time shift worker)

Step 4: $(523.56 - 30) \div 1,820 \times 12 = 3.25$ months of pensionable service for the member for January 1–April 17

April 18–December 31:

Presume the member worked (or otherwise received pensionable salary, e.g., statutory holidays or paid vacation) for 1,260 hours from April 17 to December 31 (this represents working full-time hours for this portion of the year minus 1 week of unpaid LOA). Method 1 calculation applies:

$(1,260 \div 1,820) \times 12 = 8.31$ months of pensionable service for the member for April 17 to December 31

Result: Report 11.56 months (3.25 + 8.31) total pensionable service for the member for the year (see 7.3.3.1)

7.3.2.4 Reporting 10-month school term employees

Members who work only the 10 months of the school calendar are sometimes paid for July and August statutory holidays. If so, they receive both pensionable and contributory service for those days, which means they earn contributory service for those months.

Plan members who are employed only during the 10-month school term will be credited with 10/12 pensionable service on the basis of a 12-month year.

7.3.3 Specific salary and service issues

See section 6 for instructions on reporting LTD.

7.3.3.1 Service and related salary in excess of 12 months

Report all service accrued, and related salary, even if the member's service exceeds 12 months in a calendar year (e.g., member is employed concurrently at two separate sites within the same organization). We will cap the member's service at 12 months to comply with the *Income Tax Act* but the member will be credited with all of the pensionable salary that was originally reported.

7.3.3.2 Retroactive salary

Retroactive salary is salary received in the current year that needs to be applied to a previous year or previous years.

A member may receive salary retroactively (e.g., contract settlement) for a period that you have already reported. In this event, report salary and contributions only. The corresponding pensionable service will already have been reported with the original salary and service data.

The retroactive salary that applies to the period the employee was a plan member is pensionable and you must report it.

Do not report retroactive salary in regular pay.

If an employee was reported under a previous employee group for a portion of the time covered by the retroactive salary, that portion of the retroactive salary must be reported under the previous employee group. If you have an employee in this situation (for example, a former Group 2 employee who is now in Group 5), please advise Employer Operations.

Contribution rates on retroactive salary are calculated using the date the salary is paid and not the date the salary was earned.

Reporting retroactive salary

It is important that we are able to differentiate regular salary from salary that is retroactive to prior years, because it can affect a member's future retirement benefit. See section 7.4.2 Service event, for further information on service event types.

Method 1 Report retroactive salary using a service event type RT on a separate line on your payroll report and do not include the retroactive salary amount in regular salary. If you report using this method, the pay will automatically be apportioned to the correct period for highest average salary purposes.

EXAMPLE (EXCEL FORMAT)

The member worked full time and was paid \$45,000.00 in 20xx, but \$5,000.00 of the pay was retroactive salary for 20yy.

111111111	Name1	RG	04GENE	40000.00	12.00	12	2796.00		20xx-01-01	20xx-12-31
111111111	Name1	RT	04GENE	5000.00			349.50		20yy-01-01	20yy-12-31

If you are unable to report using method 1, you can report using method 2 or 3. If you use methods 2 or 3, you will be reporting the retroactive salary information on a second Service Event Record.

Method 2 If your payroll system is unable to split out the retroactive pay from the current salary when the payroll report is created, include the retroactive pay in your regular payroll report and submit a second Service Event Record, separate from your regular payroll report. On this report, you must use a service event type AD to remove the retroactive salary from the regular earnings and a service event type RT to apply it to the correct period.

EXAMPLE (EXCEL FORMAT)

The member worked full time and was paid \$45,000.00 in 20xx, but \$5,000.00 of the pay was retroactive salary for 20yy.

Service Event Record (retroactive salary is included)

111111111	Name1	RG	04GENE	45000.00	12.00	12	3145.50		20xx-01-01	20xx-12-31
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Second Service Event Record (adjusts the payroll report amount and shows the retroactive salary as RT)

111111111	Name1	AD	04GENE	-5000.00			-349.50		20xx-01-01	20xx-12-31
111111111	Name1	RT	04GENE	5000.00			349.50		20yy-01-01	20yy-12-31

Method 3 Report retroactive salary on a second Service Event Record, using a service event type RT, and do not include the retroactive salary amount in the regular pay on your regular payroll report.

EXAMPLE (EXCEL FORMAT)

The member worked full time and was paid \$45,000.00 in 20xx, but \$5,000.00 of the pay was retroactive salary for 20yy.

Service Event Record

111111111	Name1	RG	04GENE	40000.00	12.00	12	2796.00		20xx-01-01	20xx-12-31
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Second Service Event Record

111111111	Name1	RT	04GENE	5000.00			349.50		20yy-01-01	20yy-12-31
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35-year members

If an **active** member has already accrued 35 years of pensionable service (35-year members) and receives retroactive salary for a period of time when they were still contributing to the plan, report the additional salary, and deduct contributions. If the retroactive salary is for a period after reaching 35 years, report the salary, but do not deduct contributions.

Special agreements (SA)

Deduct and report SA contributions for active members who receive retroactive pay increases.

Report the retroactive salary payment and the SA contributions on the member’s current year T4. The data will be used to generate the current year’s pension adjustment (PA). See Terminated and retired—special agreements (below) for more information.

Terminated and retired—basic pension

If a member has terminated employment or retired, and subsequently receives retroactive pay for a period of time when they were still an active plan member, contact Member Services at the plan. We will advise you whether or not contributions should be deducted and remitted.

Terminated and retired—special agreements

If the member has terminated or retired, and already converted an SA into an annuity, or received a lump sum payout of their SA account when the retroactive salary payment is made, do not deduct contributions. The SA account has been closed.

7.3.3.3 *Pregnancy/maternity or parental/adoption leave top-up*

Employment Insurance (EI) pays a portion of pre-leave salary to a prescribed maximum. If you ‘top up’ pregnancy/maternity or parental/adoption leave, to a maximum percentage of salary, the top-up is pensionable salary. The pensionable service on the top-up is calculated as a percentage of the full-time equivalent of pre-leave salary.

EXAMPLE

Pre-pregnancy/maternity leave full-time salary = \$5,000 per month
(1 month of pensionable service credited)

Top-up = \$1,500 per month (\$18,000 for the year)

Pensionable service:

$\$1,500 \div \$5,000 = 0.3$ months (3.6 months for the year)

If you pay the top-up as a lump sum at the end of the leave, this is considered payroll arrears. See section 2 and section 8 for information on reporting and paying for arrears.

Note: Members may be able to purchase leaves. See section 2.

7.3.3.4 *Statutory holiday and vacation pay*

When vacation and/or statutory holiday pay is paid on a regular basis and there is a period of time off associated with those payments, then it is pensionable.

Full-time employees:

When there is a payout of banked vacation time for full-time employees at termination or retirement, then the payout is pensionable if it is used to extend the employee’s termination or retirement date.

Part-time and casual employees:

If a plan member works less than full time, any in-lieu or accrued/banked/current year vacation may be pensionable to the extent that the member’s total pensionable service does not exceed 12 months in a calendar year, regardless of whether it is paid on a weekly, bi-weekly, monthly, quarterly, semi-annual, seasonal or annual basis.

You must monitor part-time and casual employees’ pensionable service on an annual basis to ensure the member’s total service (including vacation and statutory holiday pay) does not exceed 12 months in a calendar year. To ensure a maximum of 12 months of pensionable service in a year is reported, if necessary, adjust the salary, service and contributions associated with vacation entitlement you report to the Pension Corporation.

EMPLOYEE STATUS	WHILE ACTIVE			AT TERMINATION OR RETIREMENT			
	VACATION OR STATUTORY HOLIDAY PAY—TIME TAKEN	VACATION OR STATUTORY HOLIDAY PAY—IN LIEU OF TIME OFF	LUMP-SUM PAYMENTS OF ACCRUED VACATION ENTITLEMENT—NO TIME OFF	VACATION OR STATUTORY HOLIDAY PAY—TIME TAKEN	VACATION OR STATUTORY HOLIDAY PAY—IN LIEU OF TIME OFF	LUMP-SUM PAYMENTS OF ACCRUED VACATION ENTITLEMENT—NO TIME OFF	LUMP-SUM PAYMENTS OF ACCRUED VACATION ENTITLEMENT—TIME OFF
FULL TIME 12 MONTHS	Pensionable	n/a	Not pensionable*	Pensionable	n/a	Not pensionable	Pensionable
REGULAR PART TIME OR 10-MONTH SCHOOL DISTRICT EMPLOYEES	Pensionable (up to 12 months)	Pensionable (up to 12 months)	Pensionable (up to 12 months)	Pensionable (up to date of termination)	Pensionable (up to date of termination)	Not pensionable	Pensionable (up to date of termination)
CASUAL	n/a	Pensionable (up to 12 months)	n/a	n/a	Pensionable (up to 12 months)	n/a	n/a

* A member in the health sector, for example, can cover lost or missing shifts with extra shifts, banked or sick time. The member would then be credited for full pensionable service, which is up to 12 months.

Note: Any lump-sum payments of prior year accrued vacation entitlements are not pensionable unless the employee takes time off.

See section 7.3.2.3 for information about calculating pensionable service for shift workers.

PART-TIME AND CASUAL EMPLOYEES EXAMPLE

Here is an example of when you would need to adjust salary, service and contributions for part-time or casual employees:

This is an exception to the requirement in section 7.3.3.1 requiring you to report all service and salary. Vacation pay and statutory holiday pay causing members to exceed 12 months of service is not pensionable.

During the year, the member works 1750 hours of a possible 1820 hours and earns \$35 per hour

Pensionable salary credited for the year: $1750 \times \$35 = \$61,250$

Pensionable service credited for the year: $1750/1820 \times 12 = 11.5384$

Vacation pay is 8% of salary and is paid at the end of the year. A portion of the salary is pensionable because the member accrued less than 12 months of service on their regular salary. The member is still eligible to receive the service credits for that time period. If you were to report all of the regular salary and vacation pay, you would report 12.4615 months of pensionable service (11.5384×1.08) and \$66,150 as pensionable salary ($\$61,250 \times 1.08$). However, the maximum service that can be reported in a calendar year is 12 months. To maximize the service to 12, only some of the vacation pay is pensionable. You should report 12 months pensionable service and \$63,700 pensionable salary ($\$66,150 \times 12/12.4615$).

For information about calculating pensionable service, see section 7.3.3.1. Note that, in some instances, a member can accrue more than 12 months of pensionable service, which you will report if it is the result of vacation and/or statutory pay. For information about holiday and vacation pay, see section 7.3.1.

EXAMPLE

Part time and casual with payments in lieu of vacation and statutory holidays

A casual employee accrues 7 months of pensionable service and earns \$25,000. The employee also receives a supplement each pay period equal to 8.20% of their earnings in lieu of vacation and statutory holidays. The payment is pensionable because there is a period of service associated with it. You should report 7.574 months of pensionable service ($7 \text{ months} \times 1.082$) and \$27,050 as pensionable salary ($\$25,000 \times 1.082$).

EXAMPLE**Part time with vacation payment**

A member works part time (50%) and earns \$20,000 per year.

They receive regular vacation as time off, but have unused vacation at the end of the year. They receive a payout of their accumulated vacation bank equal to \$1,000 worth of time (or .30 months of service).

The payment is pensionable because they are part time and their total service will not exceed 12 months in the calendar year. You should report an additional .30 months of service ($50\% \times (\$1,000 \div \$20,000) \times 12 = .30$) for the vacation pay.

EXAMPLE**School district member terminating on June 30**

A plan member works for a school district for 10 months of the school year. The member accrues 10 months of pensionable service and earns \$37,000. In addition, the member receives a supplement at the end of December and at the end of June equal to 8.2% of their earnings in lieu of vacation and statutory holidays. The member resigns on June 30. The in-lieu payments received at the end of December and at the end of June are both pensionable because they would have been paid even if the member had not terminated. The earnings up to the end of December were reported at the end of the calendar year. To report the January to June earnings, report 6.492 months as pensionable service ($6 \text{ months} \times 1.082$) and \$24,020.40 as pensionable salary ($\$22,200 \times 1.082$). The termination date when submitting Employee Information at Termination /Retirement online would be June 30, YYYY.

Note: This member also receives pay for the July 1 statutory holiday. Because the stat day is after the date of termination it is not pensionable and should not be reported.

EXAMPLE**Full time and terminating (termination date extended)**

A member works full time (12 months) in the year, earns \$50,000 and retires at the end of the year. They receive regular vacation as time off, but have unused vacation of two weeks at the end of the year. The member extends their retirement date by two weeks and stays on a regular payment schedule. The payment during this two-week vacation is pensionable because the member is full time and there is a corresponding period of vacation.

Regular periodic payments don't have to be every pay period. (Regular seasonal or annual payments would qualify.)

Not pensionable examples:

EXAMPLE

Part time and terminating with a vacation payment

A member works part time and resigns on September 17. They receive regular vacation as time off, but have unused vacation when they terminate employment. They receive a payout of their accumulated vacation bank equal to \$1,000 worth of time on their final pay.

A lump-sum payment of a vacation bank at termination or retirement is not pensionable (unless it is used to extend their termination date).

EXAMPLE

Full time and terminating (termination date not extended)

A plan member works full time and retires November 30. They receive regular vacation as time off, but have unused vacation when they retire. The member receives a lump-sum payout of their accumulated vacation bank of \$2,000. The payment is not pensionable because the member works full time and there is no corresponding period of vacation prior to their retirement date.

For information about termination of employment, see section 3.

7.3.4 Contributions

Please ensure your payroll system is updated annually to reflect the YMPE.

For the current employer and member contribution rates, click on *E-Remittance* in the Employer Portal, select the plan, then click on *View Contribution Rates*.

Employers contribute at various rates. We calculate a new rate annually (effective January 1 of each year). If you are an approved Group 5 employer, you will have a separate rate for this group. For more information, see section 8.3.

Both employer and member contribution rates are subject to change.

Both employer and member contribution rates are subject to change, based on an independent actuarial valuation that is performed at least every three years. The last valuation is available within the *Annual Report* under Plan Governance on the secured website. Click *About us > Reports*.

See section 8 for information about how to remit contributions.

Every year we calculate and provide you with your contribution rates. The rates are based on the employee data contained in the payroll reports that you submit. The accuracy of the contribution rate(s) depends on your timely submission of accurate data.

Pay dates on or after January 1 are calculated at the new rate provided by us. For example: pay period ending December 29 but paid on January 1 would be based on the January 1 rate for the entire pay period. The actual day you pay your employees determines the contribution rate used for the entire pay period. For more information, see the plan rules.

7.3.4.1 35 year members

When a plan member has accumulated 35 years of pensionable service, both you and the member stop making contributions (with the exception of applicable special agreement "SA" contributions).

You must continue to report service and salary after the 35-year date because this information is used to calculate the member's highest average salary (HAS).

In the year the member reaches 35 years of pensionable service, you report one regular service event line on your payroll report that includes all pensionable service, contributory service, and pensionable salary, for the entire period but only report the contributions deducted up to the 35-year date. See section 7.8.2 for more information on how the 35-year date is determined and section 7.9.2 for more information on the reporting process for 35-year employees that have SA.

7.3.4.2 *Incorrect contributions or salary reported*

Variances occur when the contributions you report for a plan member are different from the contributions required for the pensionable salary you report for the member. Variances are identified as a result of the data correction process during payroll reporting. See the *Variance Summary Report* for details about the variance process.

We will contact you if there are differences between the information you have reported for members who have terminated or retired, and your payroll reporting data.

7.3.4.3 *ITA limits on T4s*

The Municipal Plan is registered under the *Income Tax Act*, and contributions to the plan are tax-deductible within certain maximums for reporting on members' T4 statements.

The Income Tax Regulation 8503(4) sets maximums on the amount of tax-deductible registered pension plan contributions (these limits affect high wage earners). We will send—and post to the web—a bulletin each year to advise you of the maximum contribution amounts to be shown on the T4. This applies to tax deductibility of the contributions only; you must still make contributions on all earnings.

7.4 Preparing your payroll report

Include payroll data on your report for pay periods that are paid within the current year only.

At the end of each year, submit your annual *Payroll Report* (Service Event Record) containing member service, salary and contributions data for payrolls paid in that year. For example, a pay period that begins December 21, 20yy, but is paid in January 20xx, would be included in your 20xx payroll report.

Detailed information on reporting formats is available on our Employer Reporting home page. Also, see section 7.6, Preparing and submitting your reports, for further details on how to submit your report.

7.4.1 Employee group (for reporting purposes)

You may have several groups of employees whose pension rules vary. These separate employee groups are identified by a specific employee group code.

The employee group is always an eight-character field starting with “04” to indicate it is a plan employee group.

04GENERL—used for most plan members with a *normal retirement age of 65* (most Plan members). This group is made up of group 1 members.

04GESA## (last two digits unique to each special agreement)—used for non-public safety occupations with a special agreement (see section 7.10 for information on special agreements) and with a *normal retirement age of 65*. This group is made up of group 1 members.

04FPGENR—used for firefighters and police officers with a *normal retirement age of 60*.

Firefighters and police officers belong in this employee group if you are not a Group 5 employer or if you do not have special agreements. This group is made up of Group 2 members. Only enrol those employees who meet the definition of firefighter or police officer as defined in the plan rules. This group designation is based on the employee’s function, and not by the organizational unit in which they work. Group 2 employees are those who are trained for, and operate directly in a public safety function. Group 2 employees also have separate group contribution rates.

Support workers who work in a public safety work unit who are not police officers or firefighters do not qualify for inclusion in Group 2.

04FPGRP5—used for firefighters and police officers with a *normal retirement age of 60*, when the employer is an approved Group 5 employer. Public safety occupations belong in this employee group if you are an approved Group 5 employer. This group is made up of Group 5 members. Only enrol those employees who meet the definition of firefighter or police officer as defined in the plan rules. This group designation is based on the employee's function, and not by the organizational unit in which they work. Group 5 employees are those who are trained for, and operate directly in a public safety function. Group 5 employees also have separate group contribution rates.

Support workers who work in a public safety work unit who are not police officers or firefighters do not qualify for inclusion in Group 5.

04FPSA## (last two digits unique to each special agreement)—used for firefighters and police officers with a special agreement (see section 7.10 for information on special agreements) and with a *normal retirement age of 60*. Only enrol those employees who meet the definition of firefighter or police officer as defined in the plan rules. This group is made up of Group 2 members who have a special agreement. This group designation is based on the employee's function, and not by the organizational unit in which they work. Group 2 employees are those who are trained for, and operate directly in a public safety function. Group 2 employees also have separate group contribution rates.

Support workers who work in a public safety work unit who are not police officers or firefighters do not qualify for inclusion in Group 2.

Police officer—means a person appointed under the *Police Act* as a provincial constable, special provincial constable, designated constable, municipal constable, special municipal constable, auxiliary constable or enforcement officer, but does not include a person who is a member of the Royal Canadian Mounted Police.

Firefighter—The Municipal Pension Plan Rules define firefighter as “*persons who are employed in the fire sector*”

1. *as firefighters,*
2. *as a fire chief, and*
3. *any other person employed in, or appointed to, a fire department and assigned to undertake fire protection services which includes:*
 - a) *fire suppression,*
 - b) *fire prevention,*
 - c) *fire safety education,*
 - d) *communication,*
 - e) *training of persons involved in the provision of fire protection services,*
 - f) *rescue and emergency services, and*
 - g) *the delivery of all those services.”*

[Bullets and paragraphing are editorial in nature and have been added for increased readability. See Section 96.1 of the plan rules for the legal definition. In case of any discrepancy between the information provided here and the plan rules, the latter will apply.]

For greater clarity, the definition of firefighter does not include clerical, secretarial or administrative staff.

The following examples illustrate how an employer may apply the definition:

ELIGIBLE

Dispatcher employed in a fire department and assigned to fire protection services (receives fire and emergency calls, and dispatches staff and equipment)

Mechanic employed in a fire department and assigned to fire protection services (fleet and equipment maintenance in the garage and field)

NOT ELIGIBLE

Receptionist employed in a fire department who is not assigned to fire protection activities

Dispatcher employed in a centralized facility, but not a fire department, even if they take fire and emergency calls

Each member's employee group must be included on all reports to the corporation. Please contact Employer Operations if you have any questions.

Changing employee groups

You must create a new Plan Member Record (PMR) for the new employee group. You must complete and submit PMR information electronically within 30 days of the change.

When completing a PMR, remember:

- A 'hire date' is required on the new record. In order for the PMR to be accepted into our system, you need to report the date the member joined this employee group. This should be the same date you enter as the 'contribution start date.'
- The 'contribution start date' on the new record must be the contribution start date under the new employee group.
- In cases where the previous employment group is definitely ending, you must advise us of this through the message board. We need to know a change of employee group has occurred, the PMR has been submitted and the previous employment end date.

See section 7.5.1, Reporting Plan Member Record information, for more information about submitting PMRs.

7.4.2 Service event

Any service, salary and contributions you report are called 'service events.' Enter service event types as shown below.

SERVICE EVENT TYPE VALUES	DESCRIPTION (LINK TO SECTIONS)	SERVICE EVENT MUST ONLY INCLUDE
RG	Regular pensionable earnings	Pensionable service Contributory service Pensionable salary Employee contributions If applicable—employee and employer SA.
RT	Retroactive earnings	Pensionable salary Employee contributions If applicable—employee and employer SA.
RH	Rehabilitation earnings	Pensionable service Contributory service Pensionable salary Employee contributions If applicable—employee and employer SA.

7.4.3 Service Event Record

To create a Service Event Record follow the formatting requirements outlined on the Reporting Instructions page under Employer Reporting in the Employer Portal. Then submit this file through Data Submission. You will find instructions for submitting both standard format files and Excel files on the Employer Reporting page.

The dates must reflect the actual time that the member is working or deemed to be at work.

The effective **start date** for each member on your payroll report is:

- your payroll start date for the segment,
- January 1, or
- the date the member started contributing (if in current segment).

The effective **end date** for each member on your payroll report is:

- your payroll end date for the segment,
- December 31 (if you report based on the calendar year), or
- the last day the member contributed in the segment.

7.4.4 Avoiding common errors

Refer to the reporting instructions for preparing and submitting your reports on the secure employer site.

Annual Report

- Report only employees with service events in the last year.
- Report on members you have paid pensionable salary or service for this year.
- Report members receiving benefits under an LTD plan.
- Ensure you have submitted new members whose contribution start date is in the current year
- Only report current adjustments
- Do not report current or prior year purchase information
- Use natural numbers (i.e., no zeros) in the report columns. Zeros will be rejected and the line will be deleted or you will have to resubmit the report.

- Ensure your payroll start dates for the current year do not overlap with your previous report
- Report each service event type [regular (RG), rehabilitation (RH), retroactive (RT)] as a separate entry
 - When an employee starts or ends long-term disability, the RH and RG must be reported based on the long-term disability dates
- Report pensionable and contributory service and salary for employees with over 35 years of pensionable service
- For employees who are no longer working, report the service event end date as the last day they contributed

LTD Start/Stop

Report the correct end date for your member's RG service event. If an incorrect date is reported, future LTD start dates that overlap a posted RG will cause an error and the LTD start date will not be accepted.

7.4.5 Finalizing your payroll report

After the payroll report is posted to your members' accounts, we make sure the total amounts posted are equal to the total amounts you have remitted throughout the year (see section 8).

In most cases, if a difference is identified, we will contact you. You will need to review your submitted report and notify us about any corrections or additions. If the difference cannot be explained, the segment will be completed and our finance department will be in contact with you to arrange payment adjustments.

7.5 Non-payroll reports

7.5.1 Reporting Plan Member Record information

7.5.1.1 Plan Member Record (PMR) Electronic Form

In cases where all employees move to a new group (e.g., firefighters move from Group 2 to Group 5), you must advise us of this through the message board. Once new PMR information has been submitted for all employees, provide Employer Operations with a list of those employees who transferred. The list must include their SIN, last name, employee group code and end date of the previous employment.

Access the PMR Electronic Form tool

1. Sign in to the secure employer website and access the Employer Portal.
2. Under Employer Reporting, click Plan Member Record Electronic Form.

Create a new PMR

The PMR Electronic Form tool is used to create an employee record in our system. Given there are no errors in the PMR submission, the PMR for the employee will upload to their account instantly. The PMR can be dated up to four months into the future as it will be stored electronically until the indicated contribution start date. Please note—for future dated PMRs, these PMRs are not accessible in this state until the Contribution start date has passed. Please refrain from submitting any updates until this time, or contact Employer Operations if you have any questions.

New PMRs must be completed and submitted within 30 days of the employee's contribution start date for a new employee group, and if a plan member changes employee groups or moves from one plan employer to another.

1. Access the PMR Electronic Form tool.
2. Select Create New Plan Member Record.
3. Complete the required fields marked with an * asterisk:
 - SIN
 - last and given names
 - gender
 - birth, hire, and contribution start dates
 - employee group
 - union affiliation
 - address, city, province, postal code
 - email address
4. Complete the applicable optional fields.
5. Click Submit.

You must create a new PMR when you have an employee who moves into a different employee group (e.g., from Group 2 to Group 5). The hire and contribution start date must be entered as the date the employee moved to the new group.

Update a PMR

Use the Update Existing PMR tool when a plan member's information changes, including when a member with an immigration SIN (begins with 9) obtains a Canadian SIN. Updates to existing PMRs must be completed and submitted within 30 days of the change.

1. Access the PMR Electronic Form tool.
2. Select Update Existing Plan Member Record.
3. Complete the required fields marked with an * asterisk:
 - SIN (if updating from an immigration SIN, enter the Canadian SIN)
 - last name
4. Complete changes to other applicable fields. If updating from an immigration SIN, enter it in the previous SIN field.
5. Click Submit.

Note: When updating a member's Union Affiliation, Bargaining Association, Primary or Secondary Location information, you must also provide the Employee Group.

View PMR Submission History

Use the Submission History tool to view and print the history of the PMRs your organization has submitted.

This tool is located under the Employer Reporting > Data Submission > Submission History section.

PMRs submitted with pending errors will appear under the main File Type: Plan Member Record area on the Data Submission History page. PMRs with pending errors will display with a *Processing* status. Employer Operations will contact the organization if there is any further information required for PMRs in *Processing* status. All PMRs submitted by the organization can be viewed by clicking on the *Rolled Up PMR History* link located underneath the Plan Member Record file. The fully posted PMRs will appear under this report with a *Posted* status.

7.5.1.2 *Creating a report to enrol multiple employees*

You have the option of enrolling employees using a report instead of completing the electronic Plan Member Record for each individual. To do this, you will also need to access our detailed instructions on preparing and submitting reports, available in the Employer Portal. Click *Employer Reporting > Reporting Instructions*.

To create a report that would include all of the required Plan Member Record information, the following records need to be completed and submitted to us through the Data Submission tool:

- Person Record
- Address Record
- Employment Record
- Spouse Record (available if reporting using ‘standard format’ only)

If using Excel format:

- You will not be able to report the spousal information; this information can be provided to us directly by the plan member once you have enrolled them.
- All records—Person, Employment and Address—must be sent to us on the same day.

7.5.2 **Address information**

Report new address information for employees who are plan members on an ongoing basis via the plan member Record Electronic form. Please refer to the Canadian Addressing Guide (available on the Canada Post website) for formatting instructions.

We require up-to-date address information to ensure that plan members receive our correspondence e.g., pension estimate, pension adjustment statement, *Member’s Benefit Statement*.

7.5.3 Plan member union affiliation and employee bargaining (association/sub-sector/component/local) information

Employers must report up-to-date union affiliation and employee bargaining information for all their plan member employees. You can report annually or submit changes on an ongoing basis using the Plan Member Record. Please include this information on the Plan Member Record when you enrol new employees.

If reporting annually, see section 7.6 (Submitting your reports) for information on the data submission format.

On an annual basis, we will audit the union affiliation and employee bargaining information we have on file and provide employers with a listing of member accounts that contain data that is inaccurate or formatted incorrectly. We will request that you provide us with corrected information for these members.

Regardless of how you report this information, please follow these rules:

1. The first five characters (or information provided in column D if using the spreadsheet reporting method) will represent the union affiliation. This is mandatory information and must be reported.

For correct abbreviations to use when reporting, refer to [Appendix A—Union affiliation reporting abbreviations](#). Health sector employers will notice that we have provided the option of reporting the codes that you use in the Health Sector Compensation Information System (HSCIS).

2. The next five characters (or information provided in column E if using the spreadsheet reporting method) are for either the union local, employee bargaining association, sub-sector or component which represents the bargained benefits. If none of these apply, you will report nothing here and leave the field blank.

For correct abbreviations to use when reporting, refer to [Appendix B—Employee bargaining \(association/sub-sector/component\) reporting abbreviations](#). Union locals are not listed here as they are numerous and in most cases specific to a particular employer or group of employers.

If one exists, you must report the number of the local (i.e., 2345, 882H, etc.). Health sector employers will notice that we have provided the option of reporting the codes you use in the Health Sector Compensation Information System (HSCIS).

3. Use only the codes provided in the appendices A and B. Other than providing the union local number, do not create your own codes. See number 5 below.
4. If an employee has more than one position and union affiliation, report the affiliation information for the most worked position.
5. If we have not listed a code for a particular union affiliation or for employee bargaining (association/sub-sector / component) information, we will provide you with one. Please contact us at employer.services@pensionsbc.ca.

The following are some examples of how this information should be reported:

An employee working for a health authority is a member of the British Columbia Nurses Union and the Nurses Bargaining Association.

Union	Bargaining Association
BCNU	NURSE

or, using HSCIS codes,

Union	Bargaining Association
B2	N

An employee working for a group home is a member of the BC Government and Service Employees’ Union and the Health Services and Support—Community Subsector Bargaining Association.

Union	Bargaining Association
BCGEU	COMMU

or, using HSCIS codes,

Union	Bargaining Association
B1	C

An employee working for the City of Surrey is a firefighter and is a member of the International Association of Fire Fighters, local 1271.

Union	Bargaining Association
IAFF	1271

An employee working for a city is a member of the Canadian Union of Public Employees, local 2145.

Union	Bargaining Association
CUPE	2145

An employee working for a regional district is a member of the United Associates of Journeymen and Apprentices of the Plumbing and Pipefitting Industry. The union local is 456.

Union	Bargaining Association
UAJAP	456

An employee working for the Greater Vancouver Regional District is a member of Greater Vancouver Regional District Employees' Union. There is no bargaining association/sub-sector/component or union local.

Union	Bargaining Association
GVRDE	

The employee has **no union affiliation** or does not belong to an employee association or society.

Union	Bargaining Association
NONU	

Any employee who is exempt, excluded or in a management role.

Union	Bargaining Association
NONU	

7.6 Submitting your report(s)

It is your responsibility to ensure the security and confidentiality of information you submit to us.

7.6.1 Submitting through the web

You are required to submit your files through our Data Submission tool, which is designed to make employer reporting easy, secure, efficient and accurate. The Data Submission tool is in the Employer Portal. Click *Employer Reporting > Data Submission*.

If you have not already done so, you will need to set up a profile before you can submit a file to the corporation. Your profile specifies the file types and formats of the data that you submit for employer reporting. Once you access the Data Submission web service, you will be asked to set up a profile.

Data files are accepted in Excel or standard format, and instant feedback will be provided on any formatting issues. Once you have addressed any formatting issues, your data will load directly into our system on the evening of the day you submit it. You can also view the history of the files you've submitted and their current status up to 18 months after the submission.

1. Standard format file

Our standard format is fixed width. It requires a header record to provide details on the submission, and a trailer record to provide the totals of the records on the file. You can access further details on preparing and submitting reports in the Employer Portal. Click *Employer Reporting > Reporting Instructions*.

To find out more about submitting to us in this format, please have your systems expert contact us at employer.services@pensionsbc.ca.

2. Excel format file

If you do not report using our standard format, you must use an Excel formatted spreadsheet. Excel formatted files must provide the correct data elements in a prescribed column order. Detailed information about how to set up and submit your Excel formatted files is available in the Employer Portal. Click *Employer Reporting > Reporting Instructions*.

If you have questions, please contact employer.services@pensionsbc.ca.

7.6.2 Submitting without web access

If you don't have access to our website or have questions about other ways to submit files, please contact us immediately by phone at toll-free (Canada/U.S.) 1-855-356-9701 or by email at employer.services@pensionsbc.ca.

7.7 Payroll Report verification

Once your payroll report has been submitted, it will move through a series of further checks to ensure it meets our requirements. If there are errors, we will contact you for clarification or ask you to submit a corrected report.

The checks occur in two stages: the report is scanned, then individual records are reviewed.

Report

Scanning for the following:

- report is a duplicate
- a report is missing (e.g., last year's report)
- mandatory fields are missing (including fields for individual records)
- the column totals do not balance

Individual record

Reviewing for the following:

- person does not exist in the database (Plan Member Record information was not submitted)
- no record of an active employment with your organization (Plan Member Record information was not submitted)
- pensionable service exceeds contributory service
- reported contributions do not correspond with reported salary (see *Contribution Variance Summary Report*)

7.8 Data validation reports sent to you

7.8.1 Contribution Variance Summary Report

The *Contribution Variance Summary Report* lists plan members whose reported salaries do not match reported contributions. A variance can occur for any of the following reasons:

- insufficient contributions deducted on pensionable salary
- excess contributions deducted on pensionable salary
- payroll report was not reconciled to actual contributions deducted and remitted, and salary and contributions were reported incorrectly (see section 8).

If you receive a *Contribution Variance Summary Report*, correct each individual account following the instructions and return it to Employer Operations.

You must not reflect any of these adjustments on the next year's annual payroll report. If a variance correction results in you having to collect additional contributions or return excess contributions to an employee, the correction must not be reported to us again. It must not be included in future regular remittances or payroll reports. The next year's payroll report must only include pensionable salary paid to the employee in that year and the contributions that were made or deemed to be made on that salary.

7.8.2 35-year employees

When a member is nearing 35 years of pensionable service, we will contact you with information about how much service the member has accumulated as of the last date you reported. We will request that you:

- identify the exact date when the employee will reach the 35-year maximum,
- stop their contributions on that date and,
- confirm with us when contributions have stopped.

For more information on how to calculate pensionable service, see section 7.3.2.3.

EXAMPLE

We advise you in March 20XY that an employee had 34.75 years (417.00 months) of pensionable service as of their last contribution date of 20XX-12-31 and that they will reach 35-years of pensionable service once 3.00 months of pensionable service is earned in 20XY. You determine that on 20XY-03-25, the employee will have earned the required 3.00 months pensionable service to reach the maximum 35-years. You stop contributions on this date and respond to our request confirming contributions have stopped.

If the member's employment situation has changed, please inform us (e.g. a change of status from full-time to part-time, or taking a leave of absence). If you identify an over-contribution prior to submitting your annual Payroll Report, you can refund the excess contributions to the member and adjust your next remittance. For more information, see Section 8 Remitting Contributions.

If a 35-year member receives retroactive pay for a period of time when they were still contributing to the plan, report the additional salary, and deduct contributions. If the retroactive pay is for a period after reaching 35 years, report the salary, but do not deduct contributions.

7.8.3 One year, no contributions

Each year, we may send you a report called *Active Members With No Service Events in Over One Year*. This report lists employees for whom you have not reported any data for the preceding calendar year.

Plan members' names may appear on the report for the following reasons:

- member has terminated employment and Employee Information at Termination/Retirement data has not been submitted
- member is on an extended leave of absence
- member is casual and has not worked for one year
- member is on LTD and long term disability information has not been submitted online
- member is on a seniority or recall list and has not made a contribution for one year.

The report will be accompanied by an email notification outlining what action you will need to take for plan members listed on the report. See section 3 for more information on termination.

IMPORTANT: The termination date for pension plan purposes will be when the member stops contributing to the plan (last day worked) or at the end of the approved leave, whichever is later.

7.9 Special agreements (SA)

Some employers have entered into special agreements (SA) with the Municipal Plan to provide supplementary benefits. Typically, these agreements cover firefighters and police officers, but employers can negotiate to have other members covered.

The agreements require additional employer (and often additional member) contributions. The SA contributions are made over and above the required regular contributions to the plan. The contributions are a percentage of the member's salary, and the percentage varies from one agreement to another.

SA agreements approved **prior to December 31, 2006:**
At retirement or termination, the special agreement contributions are used to provide an additional retirement benefit, or can be paid as a locked-in lump sum.

SA agreements approved **January 1, 2007, or later:**
At retirement or termination, the special agreement contributions can only be paid as a lump-sum, and must be transferred to a locked-in retirement vehicle unless the member qualifies for a small benefit refund on their entire retirement benefit. Contact us for more information.

New or amended agreements are subject to administration fees. Authority to approve special agreements belongs with the Municipal Pension Board of Trustees. If you are considering establishing or amending a special agreement with any or all of your employees, contact our Policy Branch for more information.

7.9.1 Reporting with special agreements

Each special agreement provision is different. The employer and the union negotiate the terms of the agreement and submit the agreement to the Municipal Pension Board of Trustees for approval as part of the pension plan.

The contribution rates required from both plan members and employers are outlined in the agreement.

The *Income Tax Act* (ITA) limits the amount of contributions a member can pay into a registered pension plan each year for tax deduction purposes. For members with a special agreement, this includes both their defined benefit plan and SA contributions. One of the conditions of the special agreement is you are required to make every reasonable effort to ensure the maximum ITA limits are not exceeded.

A Special Agreement calculator is available to help you determine when to stop remitting special agreement contributions for a member in a calendar year. The calculator will reduce the possibility of over-remitting special agreement contributions because it calculates the maximum SA contributions based on the maximum Pension Adjustment amount. The calculator is available in the Resources section of the secured employer section of your plan's website.

Remit member and employer contributions to us at the same time you remit regular contributions (see section 8). Enter the contributions on the *Payroll Report—SA*.

7.9.2 Over 35 years of pensionable service with SA

Members continue to make SA contributions even after they have accrued 35 years of pensionable service.

Employers continue to remit and report these contributions as they did prior to the member reaching their 35 years of service date.

7.10 Key employer reporting dates

The continued success of payroll reporting relies on timely submission of accurate information. You are responsible for reconciling the total monies remitted to the detailed payroll reports filed. This ensures the accuracy of member records for PAs and member's benefit statements. Any delays in submitting information may delay production of your PAs.

REPORTS/FILES REQUIRED	FINAL DATE FOR SUBMISSION
Any changes to your income tax numbers, sort option for Pension Adjustment/ <i>Member's Benefit Statements</i> or listed contacts	Mid-November
Member address changes	December 1
Location, sub-location sort file (if you are provided with one)	December 1
Payment for direct mailing of PA statements to members (if applicable)	Last week in December
*Plan Member Record data (must be reported within 30 days of enrolment)	December 31
LTD confirmation reports	January 10
Annual payroll report(s)	The earlier of January 10, or 10 business days after the last pay period of the reported year

* Submit Plan Member Record information electronically within 30 days of enrolment throughout the year as you enrol employees

Appendix A—Union affiliation reporting abbreviations

A code has been assigned to each union, or organized employee association/society. In most cases this is the same as the union's acronym, but where this exceeds 5 characters, the acronym has been shortened.

Note: Plan members not represented by a union (includes employees that are exempt, excluded or management) have a unique code that must be reported—NONU.

Employers who are members of the Health Employers Association of BC (HEABC) already have a coding system that they use for reporting the union information through the Health Sector Compensation Information System (HSCIS). These codes are shown below and may be used by these employers.

If we have not listed a particular union affiliation, please contact us at employer.services@pensionsbc.ca.

UNION OR ORGANIZED EMPLOYEE ASSOCIATION/SOCIETY NAME	MPP CODES	HSCIS CODES
Plan members who are not represented by a union (includes employees that are exempt, excluded, or management)	NONU	N1
Abbotsford Police Association	APA	
Alberni District Teachers Union	ADTU	
Amalgamated Transit Union (ATU)	ATU	
Association of Local Government Employees Union	ALGEU	
B.C. General Employees' Union (BCGEU)	BCGEU	B1
British Columbia Teachers' Federation	BCTF	
British Columbia Institute of Technology Faculty and Staff Association	FSA	
British Columbia Nurses' Union (BCNU)	BCNU	B2
Canadian Merchant Service Guild	CMSG	
Canadian Office and Professional Employees Union (COPE)	COPE	
Canadian Union of Public Employees (CUPE)	CUPE	C4
Central Coast Non Teaching Staff Association	CCNTS	
Central Saanich Police Association	CSPA	
Christian Labour Association of Canada (CLAC)	CLAC	C2
Construction and Specialized Workers Union (CSWU)	CSWU	C3
Construction Maintenance and Allied Workers Canada (CMAW)	CMAW	
Delta Firefighters Union Local 1763	DFA	
Delta Police Association	DPA	
Francophone Program Teachers' Union	SEPF	
Greater Vancouver Regional District Employees' Union (GVRDEU)	GVRDE	
Health Sciences Association of British Columbia (HSA)	HSA	H2
Hospital Employees' Union (HEU)	HEU	H1
Industrial Wood and Allied Workers of Canada (IWA)	IWA	I4

UNION OR ORGANIZED EMPLOYEE ASSOCIATION/SOCIETY NAME	MPP CODES	HSCIS CODES
International Alliance of Theatrical Stage Employees (IATSE)	IATSE	
International Association of Firefighters (IAFF)	IAFF	
International Association of Heat and Frost Insulators and Allied Workers	IAHFI	
International Association of Machinists and Aerospace Workers (IAMAW)	IAMAW	
International Brotherhood of Electrical Workers (IBEW)	IBEW	I1
International Brotherhood of Painters and Allied Trades	IBPAT	
International Brotherhood of Teamsters (IBT)	IBT	T1
International Longshore & Warehouse Union (ILWU)	ILWU	
International Union of Bricklayers & Allied Craftworkers (BAC)	IUB	
International Union of Painters and Allied Trades (IUPAT)	IUPAT	
International Union of Operating Engineers (IUOE)	IUOE	I3
Kitimat Firefighters Association	KFA	
Nelson Police Association	NPA	
New Westminster Police Officers' Association	NWPOA	
New Westminster Public Library Staff Association	NWPLS	
Nicola Valley Institute of Technology Employee Association	NVITE	
Oak Bay Police Association	OPA	
Operative Plasterers' and Cement Masons' International Association (CPCMIA)	CMIA	
Organized Crime Agency of British Columbia	OCAPA	
Port Moody Police Services Union	PMPSU	
Resident Doctors of BC	PAR	P1
Professional Employees Association (PEA)	PEA	P2
The Professional Institute of the Public Service of Canada	PIPSC	
Public Service Alliance of Canada	PSAC	
Pulp, Paper and Woodworkers of Canada (PPWC)	PPWC	
Saanich Police Association	SPA	
Service Employees International Union	SEIU	
Sheet Metal Workers' International Association	SMWIA	
Surrey Police Union	SPU	
Teachers' Federation Employees' Union	TFEU	
Transit Police Professional Association	TPPA	
Unifor	UNIFO	
Union of British Columbia Municipalities	UBCM	
United Associates of Journeymen and Apprentices of the Plumbing and Pipefitting Industry of the United States and Canada (UAJAP&P)	UAJAP	U1
United Brotherhood of Carpenters' and Joiners of America (UBCJA)	UBCJA	U2
United Food and Commercial Workers Canada (UFCW)	UFCW	U3
United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW)	USW	
University of the Fraser Valley Faculty and Staff Association	UFVSA	
Vancouver Police Officers' Association	VPOA	
Vancouver Police Union (VPU)	VPU	
Vancouver Teachers Federation (VESTA Adult Educators' Sub Local)	VESTA	
Victoria City Police Union	VCPU	
West Vancouver Municipal Employees' Association (WVMEA)	WVMEA	
West Vancouver Police Association	WVPA	

Appendix B—Employee bargaining (association/sub-sector/component) reporting abbreviations

Below is the list of employee bargaining associations, sub-sectors and components that we are aware of.

Union locals are not listed here as they are numerous and in most cases specific to a particular employer or group of employers.

If one exists, you must report the number of the union local (i.e., 2345, 882H, etc.) or report the appropriate code for the employee bargaining association, sub-sector or component which represents the bargained benefits.

Employers who are members of the Health Employers Association of BC (HEABC) already have a coding system for reporting the employee bargaining association information through the Health Sector Compensation Information System (HSCIS). These codes are shown below and may be used by these employers.

If we have not listed a code for a particular union affiliation or for employee bargaining (association/sub-sector/component) information, we will provide you with one. Please contact us at employer.services@pensionsbc.ca.

EMPLOYEE BARGAINING ASSOCIATION, SUB-SECTOR OR COMPONENT	MPP CODES	HSCIS CODES
The number of the union local (i.e., 2345, 882H, etc.)	Number only	
Bargaining Unit Equivalent (health sub-sector)	BUE	B
Colleges and Institutes Support Staff Bargaining Association (CISSBA)	CISSB	
Community Social Services Bargaining Association	CSSBA	
Doctors (health sub-sector)	DOCTO	D
Executive/Excluded (health sub-sector)	EXCLU	E
Health Sciences Professional Bargaining Association	PARAM	P
Health Services and Support—Community Subsector Bargaining Association	COMMU	C
Health Services and Support—Facilities Subsector Bargaining Association	FACIL	F
Nurses Bargaining Association	NURSE	N
Residents (health sub-sector)	RESID	R
Single Agreement (health sub-sector)	SINGL	S

SECTION CONTENTS

8 REMITTING CONTRIBUTIONS

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8 REMITTING CONTRIBUTIONS

This section outlines the process for remitting and balancing employee and employer contributions.

8.1 Payment frequency

The critical date is payroll pay date—the actual date that your employee is paid for the defined pay period.

Funds for Group 5 are remitted and reported separately from Group 1 members. At year end, file a separate reconciled payroll data report for these employees.

Remit contributions on a regular basis, depending on your payroll cycle and the total contributions for the last calendar year.

- If member and employer contributions exceed \$100,000 per year, your payment is due within 15 days of each pay date.
- If member and employer contributions are less than \$100,000 per year, your payment is due within 30 days of each pay date.

The payroll pay date on the Municipal Pension Plan electronic remittance will be used to determine your payment due date. Remit separately for each pay date.

If we don't receive your payment by the due date, late interest will be charged. Refer to Part 2.8 of the Municipal Pension Plan Rules.

8.2 Methods of payment

Electronic remitting (E-Remittance) is our standard process for remitting contributions to the plan. This is done by pre-authorized debit, through the E-Remittance tool in the Employer Portal.

Your primary user will set up the securities access to allow the appropriate individuals access to view, create or approve e-remit transactions. The E-Remittance tool provides these authorized users complete control to set up a remittance in advance, and choose the withdrawal date. System edits help to ensure contributions are in accordance with the plan rules. To remit electronically, refer to the *E-Remittance how-to* document in the E-Remittance tool in the Employer Portal.

If you are unable to remit electronically you can remit by cheque in an emergency. Make your cheque payable to the Municipal Pension Plan and send it with the remittance form to the plan mailing address (not the address on the remittance form).

Municipal Pension Plan
PO Box 9460
Victoria BC V8W 9V8

- If you have members in more than one pension plan administered by the corporation, use the plan-specific remittance form for each plan.
- To order remittance forms, email: employer.services@pensionsbc.ca.

8.3 Contribution remittance form

Pensionable salary – line 1

Report the salary on which contributions were deducted. Salary for employees who have reached 35 years of service should not be included.

Employee contributions – line 2

Report the employee contributions you deducted for this period. Employee contributions are calculated as a percentage of salary (see section 7.3.4 – Contributions).

If employee contribution rates change, apply the new rate to the entire pay period, based on the pay date.

Employer contributions – line 3

Report the employer contributions for this period. If the employer contribution rates change, apply the new rate to the entire period, based on the pay date.

Ordinarily, employer contribution rates may change every three years, following an actuarial valuation. The Municipal Pension Board of Trustees may also direct the calculation of new rates at any time. We will provide you with rates to be applied for employer contributions. These rates are calculated based on member group.

See the plan rules for more information.

Pay date drives the contribution rate, e.g., if your payroll period is December 17 to December 27, and your pay date is January 2, deduct contributions based on the contribution rate in effect on January 1.

Special agreement contributions – line 4

Report employee and employer contributions on line 4 of your remittance if you have a special agreement with the plan. We will allocate the funds accordingly once the *Payroll Report* is received.

Payment of invoiced amounts – line 5

Make payments in a lump sum, within 30 days of the invoice date. We will apply interest to payments not received within 30 days.

Adjustments– line 6

Line 6 is used for adjustments or payments as instructed by the plan.

Current year payroll adjustments should be reported on lines 1, 2 and 3 of your remittance.

You cannot make adjustments to a prior year's salary or contributions. If you find errors in prior years, request an arrears calculation or ineligible refund from the plan.

8.4 Balancing remitted contributions to reported data

The critical date to the balancing process is the pay date.

At the end of the reporting period, (your last pay date in December), balance your remitted contributions and salary to the data you will file on your *Payroll Report* (Section 7.4). This balancing process ensures the pension fund has correct information on which to base pension benefits and PA statements.

To assist with this process, you can download *Balancing Help* from the E-Remittance tool in the Employer Portal. This PDF form, which includes total remittances to date, provides a guideline for balancing remitted funds to payroll data.

Timely and accurate member data is critical to Pension Adjustments, Plan Member Benefit Statements, and the final calculation of benefits upon retirement or termination.

For a complete listing of remittances, download the report Request Remittance Detail. This is available in either PDF or in comma-delimited format, which can be loaded into most spreadsheet applications to assist with your balancing process.

On your Payroll Report include only those pay periods with a pay date within the reporting segment January 1–December 31. Verify all member data and correct errors prior to submitting your Payroll Report and final remittance for the year.

EXAMPLE

You have the following pay periods in December 20yy:

December 4 to December 15, 20yy, paid on December 22. Report this on your 20yy Payroll Report.

December 18 to December 29, 20yy, paid on January 5, 20xx. Report this on your 20xx Payroll Report.

If you have any questions regarding the remittance or balancing process, contact Employer Operations at employer.services@pensionsbc.ca.

8.4.1 Current year arrears

If you discover you have not taken deductions for an employee for a period of service, take the following steps:

1. Advise the employee of the arrears situation and begin deducting contributions at once.
2. Request a purchase of service (POS) calculation (see Section 2). You will be invoiced for employer costs.

Prior year arrears require a POS calculation.

In a situation where the arrears are for the current year only, and the employee agrees to let you recover contributions by the end of the current year, you do not need to request a POS calculation. You can arrange with your employee to deduct the arrears contributions through the normal payroll process. In this case, include salary and contributions on lines 1, 2 and 3 of your regular remittance. Include the service, pensionable salary and contributions with the regular (RG) service event on your *Payroll Report*.

8.4.2 Current year ineligible contributions

If you discover you have taken deductions in error during the current year, take the following steps:

1. Refund the applicable contributions to the member.
2. Include the reduction of salary, employee and employer contributions on your next remittance.

Ensure the *Payroll Report* does not include the ineligible service, salary and contributions that you have refunded and recovered from your remittance. Report all remaining regular service, pensionable salary and contributions as a regular (RG) service event on your next *Payroll Report*.

You cannot refund ineligible contributions for a prior year. Contact Member Services for a refund of employer and employee contributions. If the period overlaps both a current and prior year, you should deal with the current year portion as noted above.

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9 PAs, E-PAs, PSPAs, APAs AND PARs

9.1 Pension Adjustment (PA)

A pension adjustment (PA) represents the value of the pension benefits a member earned in the previous year from their pension plan for service accrued after 1989. The Pension Corporation calculates the PA amount for all pension plan members based on the Service Event data each employer reports for the calendar year. This PA amount must be reported to the Canada Revenue Agency (CRA) each year.

If you choose to have your PA statements produced by the corporation, a T4A slip is created for each member and distributed to you by February 28 each year. Even though we report this information to CRA, it is your responsibility to distribute these to members (including members who are on LTD, LOA, etc.).

If, however, you report the PA amount on your members' T4 slips, we will arrange to provide you with an electronic file. Under this option, you are required to report the PA amounts to CRA directly. When a member has been approved for LTD, service will accumulate in their account and they will receive an annual pension adjustment (PA) statement to file with their income tax return. The benefit entitlement (BE) for a member receiving LTD is calculated using the salary at the start of the LTD period and includes any cost of living adjustments.

PA Calculation

PAs are calculated as follows based on CRA formulas:

$$PA = (9 \times \text{Benefit Entitlement}) - \$600$$

The Benefit Entitlement (BE) for each calendar year is calculated using the plan's pension formula, and the member's total pensionable salary during that year. For Group 1 service before 2022, the plan pays a benefit of 1.3 per cent on pensionable salary up to and including the YMPE and 2 per cent on pensionable salary over the YMPE for

For members under Group 5, the PA for service before 2022 is based on a benefit entitlement of 1.63% of salary up to the YMPE and 2.33% of salary over the YMPE. For service after 2021, the PA is based on a benefit entitlement of 2% of salary and not tied to the YMPE. (The actual benefit is 2.12%, but the portion above 2% is a supplemental benefit and not included in the PA).

Groups 1 and 2. The Group 1 benefit for service after 2021 is 1.9 per cent and not tied to the YMPE.

- If a member does not have full service (12 months) in a year, the BE is calculated using an annualized salary.
- If a member has more than one employer in the same plan, the BE is calculated using a separate annualized salary for each employment and then combined to determine the total PA.
- For a member receiving LTD, the BE is calculated using the salary at the LTD start date and includes any applicable cost of living indexing.
- Members only receive PAs for service up to the 35-year maximum.

EXAMPLE

Full service reported in year (12 months)

- Assume the following for a year **prior to 2022** for a full-time Group 1 plan member:
 YMPE = \$ 48,300
 Pensionable service = 12.00 months
 Pensionable salary = \$50,000 (\$1,700 over the YMPE)
 $BE = (1.3\% \times \$48,300) + (2\% \times \$1,700) = \$ 627.90 + \$34.00 = \$661.90$
 $PA = (9 \times BE) - \$600 = (9 \times \$661.90) - \$600 = \$5,357.10$
 PA reported = \$5,357
- Assume the following for a year **after 2021** for a full-time Group 1 plan member:
 Pensionable service = 12.00 months
 Pensionable salary = \$50,000
 $BE = 1.9\% \times \$50,000$
 \$950
 $PA = (9 \times BE) - \$600 = (9 \times \$950) - \$600 = \$7,950$
 PA reported = \$7,950

If you have a firefighter or police officer in Group 5 who is contributing under the 2.12% formula, substitute 2% for 1.9%.

EXAMPLE

Partial service reported in year (<12 months)

- For Group 1 and 2 plan members, assume the following for a year **prior to 2022**

YMPE = \$ 48,300

Pensionable service = 6.00 months

Pensionable salary (actual earnings) = \$25,000

Earnings received by members who worked part of a year are annualized to calculate an annualized benefit used in a prorated BE formula:

Annualized earnings = $(\$25,000 / 6) \times 12 = \$50,000$

Annualized benefit = $(1.3\% \times \$48,300) + (2\% \times \$1,700) = \$627.90 + \$34.00 = \$661.90$

BE = $(\$661.90 \times 6) / 12 = \330.95

PA = $(9 \times BE) - \$600 = (9 \times \$330.95) - \$600 = \$2,378.55$

PA reported = \$2,379

PAs are rounded to the nearest dollar.

- For Group 1 plan members, assume the following the year 20xx:

Pensionable service = 6.00 months

Pensionable salary (actual earnings) = \$25,000

Earnings received by members who worked part of a year are annualized to calculate an annualized benefit used in a prorated BE formula:

Annualized earnings = $(\$25,000 / 6) \times 12 = \$50,000$

Annualized benefit = $1.9\% \times \$50,000 = \950

BE = $(\$950 \times 6) / 12 = \475

PA = $(9 \times BE) - \$600 = (9 \times \$475) - \$600 = \$3,675$

PA reported = \$3,675

EXAMPLE

Member has service with two different employers in the same plan

- Assume the following for a year **prior to 2022**:

YMPE = \$48,300

Employment A Calculation

Pensionable service = 8.5 months

Pensionable salary (actual earnings) = \$50,000

Earnings received by members who worked part of a year are annualized to calculate an annualized benefit used in a prorated BE formula:

Annualized earnings = $(\$50,000 / 8.5) \times 12 = \$70,588.24$

Annualized Benefit Earned = $(1.3\% \times \$48,300) + [2\% \times \$22,288.24 (\$70,588.24 - \$48,300)] = \$1,073.66$

Benefit Earned = $(\$1,073.66 \times 8.5) / 12 = \760.51

Employment B Calculation

Pensionable service = 3.50 months

Pensionable salary (actual earnings) = \$20,000

Earnings received by members who worked part of a year are annualized to calculate an annualized benefit used in a prorated BE formula:

Annualized earnings = $(\$20,000 / 3.5) \times 12 = \$68,571.43$

Annualized Benefit Earned = $(1.3\% \times \$48,300) + [2\% \times \$20,271.43 (\$68,571.43 - \$48,300)] = \$1,033.33$

Benefit Earned = $(\$1,033.33 \times 3.5) / 12 = \301.39

The Pension Adjustment formula then uses the sum of the Benefits Earned.

Pension Adjustment = $[(\$760.51 + \$301.39) \times 9] - \$600 = \$8,957$

- Assume the following for a Group 1 in a year **after 2021**:

Employment A Calculation

Pensionable service = 8.5 months

Pensionable salary (actual earnings) = \$50,000

Earnings received by members who worked part of a year are annualized to calculate an annualized benefit used in a prorated BE formula:

Annualized earnings = $(\$50,000 / 8.5) \times 12 = \$70,588.24$

When a member has more than one employer in a year, the total PA is sent to the employer with the lowest ORGID.

Annualized Benefit Earned = $1.9\% \times \$70,588.24 = \$1,341.18$

Benefit Earned = $(\$1,341.18 \times 8.5) / 12 = \950

Employment B Calculation

Pensionable service = 3.50 months

Pensionable salary (actual earnings) = \$20,000

Earnings received by members who worked part of a year are annualized to calculate an annualized benefit used in a prorated BE formula:

Annualized earnings = $(\$20,000 / 3.5) \times 12 = \$68,571.43$

Annualized Benefit Earned = $1.9\% \times \$68,571.43 = \$1,302.86$

Benefit Earned = $(\$1,302.86 \times 3.5) / 12 = \380

The Pension Adjustment formula then uses the sum of the Benefits Earned.

Pension Adjustment = $[(\$950 + \$380) \times 9] - \$600 = \$11,370$

RRSP room calculation

CRA uses the PA to calculate a member's RRSP contribution room, to a maximum dollar limit, using the formula below.

EXAMPLE

RRSP room = $(18\% \times \text{previous year's earnings}) - (\text{previous year's PA})$

Continuing with the full service example above for the tax year 20xx (current year), the member will receive their PA by February 28, 20XY (next year), which CRA will use to calculate 20XY RRSP room. Assuming the member had no income other than the \$50,000 pensionable salary, their RRSP room will be calculated as follows:

RRSP room = $(18\% \times \$50,000) - (\$5,357) = \$3,364$

Members enter their PA amount on line 206 of their tax return. CRA calculates each member's RRSP deduction limit for the coming tax year, and sends the member a Notice of Assessment, which includes the amount of their RRSP contribution room for the year.

9.1.1 Distribution of PA statements (T4A slips – paper PA statements)

There are two different options to distribute your members' PA statements:

1. An electronic PA file is sent to you to populate your members' T4 slips. See section 9.1.1.1 Electronic PA (E-PA) files for T4 slips for details.
2. Paper PA Statements (T4A slips) are produced by the corporation and sent to you for distribution to plan members. We will produce and deliver your paper PA statements (T4A) to you for distribution as soon as we are able.

Employer Report

Along with your PA Statements, we provide you with a report listing of your members who are receiving a PA statement. The report contains the member's SIN, name, PA amount, PA type, calculation date and 'notes' if applicable. It lists your members based on the sort option you selected.

PA type

There are different PA types: original, replacement, and amended. The first PA calculated in the tax year for a plan member is the original. If an original PA amount changes before it is reported to Canada Revenue Agency (CRA), then the type becomes replacement. If the PA amount changes after it has been reported to CRA, it becomes an amended PA (APA).

Sort options

There are three different ways to have your PA statements (and Employer Report) sorted.

Name Sort

We put the member's name and address (if on record) on the PA statements and sort them alphabetically by last name.

Location and Name Sort

You choose any description, alpha and/or numeric, up to 29 digits for your location code. The member's name and address are printed on the PA statements and they are sorted alphabetically by last name, within each location code. If you receive paper PA statements, there will be a separator page dividing each location. Employer reports will be separated the same way as the PA statements.

Location, Sub-location and Name Sort

You choose any description, alpha and/or numeric, up to 29 digits for your location code and an additional 30 digits, alpha and/or numeric, for your sub-location code. The member's name and address are printed on the PA statements and they are sorted alphabetically by last name within each location and/or sub-location code.

If you receive paper PA statements, there will be a separator page dividing each location only. Within each location, sub-locations are sorted in ascending order. Employer Reports will be separated the same way as the PA statements.

Members on approved Long-term Disability (LTD)

- If you receive paper PA statements for your members, the information for your LTD members will be listed at the end of the Employer Report, regardless of the sort order you have chosen.
- If we have the member's address, we will mail the paper PA statements (T4A slips) to them directly.
- If you receive an electronic PA file for your members but receive paper PA statements for your LTD members, we will mail the paper PA statements (T4A slips) directly to these members.
- In a year where rehabilitative (RH) service, regular (RG) service, or pensionable salary is reported, and the member was on LTD for the year or part of the year, we will send the paper PA to you for distribution.

Members who terminated employment

The corporation will produce and mail paper PA Statements (T4A slips) directly to members with terminated employments in the calendar year. These members will be listed at the end of your Employer Report.

PA statements not provided

If you have not received a member's PA statement, there could be several reasons. To learn why, look for these 'notes' on the Employer Report:

- "More data expected; PA supplied later"
This means data is still being validated and/or a member worked for more than one employer during a calendar year

and the data from all the employers needs to be posted to the member's account.

- PA amounts are combined for members with more than one plan employment. The PA statement will only be provided to the employer with the lowest ORG ID.
- “Reached 35 years service in prior year”
Members who reached 35 years of pensionable service in a prior year will not receive a PA in any following year.
- “Plan member deceased in tax year”
PA statements are not issued for the year a plan member dies.

9.1.1.1 Electronic PA (E-PA) files for T4 slips

You may choose to have your members' PA information sent to you electronically so that you can populate the PA box on your members' T4 slips.

Considerations for E-PA reporting/files

- Available formats are: fixed width (.dat), tab delimited (.txt), comma delimited (.csv), or extensible markup language (.xml).
 - Fixed width (.dat) is a file that separates the data by defining the length of each field. Alpha character fields are padded with blanks and numeric fields are padded with zeroes.
 - Text pad (.txt) is a tab delimited format where the data is separated with a tab. No extra spaces—ensure your text editor does not automatically convert tabs to spaces.
 - Comma delimited (.csv) is a file that separates the data with commas. No extra spaces.
 - Extensible markup language (.xml) is a flexible way to create common information formats, and share both the information and the format on the web.
- Consult with your IT department and/or payroll provider to ensure you can accept/convert the E-PA files(s) and populate your members' T4 slips.
- Determine if your T4 program will produce a T4 slip for a member who paid no income tax and/or contributions in the tax year (e.g., LTD members). If not, we will produce paper T4s for these members.

- Your electronic PA file will be provided to you in time for you to include on your employee's T4 slip. We will confirm the date we will provide you with your electronic PA file on the *Contact Confirmation For Employers* form you are asked to review each fall.
- Once the E-PA file is created and made available to you it cannot be changed and/or re-formatted. You must ensure you have the correct format selected on the *Contact Confirmation For Employers* form.
- Any original PAs calculated after the E-PA file has been sent to the employer and before the final PA run (done the third weekend each February) will be produced as a paper PA statement (T4A slip) it will be mailed directly to the member.
- Any adjustments to PAs that were originally submitted electronically will be sent to you electronically. We will also provide you with an Employer Report and *Authorization* form. Please note these would be amendments to information you reported on the member's T4 so it must be reported to CRA by you following their prescribed format requirements. This is done each June and December. Refer to section 9.2 for more details.
- Once an E-PA file has been produced, it cannot be recreated to produce paper T4As for members on LTD. If you select E-PAs for LTD members, you must ensure your T4 program can also produce T4 statements for them. Otherwise, you should select 'the corporation provides paper T4As for these members' option.

Contact Employer Operations if you would like to receive a test file.

PA pick-up process for Electronic PAs

We will advise your PA contact by email when your E-PA file is ready for pick-up. E-PA files are retrieved from the corporation's website through the File Pick-up portlet (on the Employer Reporting home page). See section 7.2 Web services, for more information about File Pick-up.

Contact Employer Operations to set up your user ID and password, which are necessary to access your file.

Reporting the E-PAs to CRA and members

You must provide the electronic PAs to members for whom they were generated, and report the amounts to CRA via your T4 file.

9.2 Amended Pension Adjustment (APA)

An amended pension adjustment (APA) is a PA that we have to recalculate because we have received new information about a member's pensionable service or salary. Purchasing a leave of absence or an arrears period can also generate an APA.

We will report the APAs directly to CRA in June and December for members where a paper PA statement (T4A slip) was originally produced for the member by us.

For employers who chose E-PAs, the amended PA employer report will be available for you to download on the corporation's website. Your PA contact will be notified by email when it is available for downloading through the File Pick-up portlet (on the Employer Reporting home page). See section 7.2 Web services, for more information about File Pick-up.

- This is an amendment of information you reported on the member's T4 so it must be reported to CRA by you following their prescribed format requirements.
- You must also notify plan members of the amended PA amount(s). You can choose how to inform your members of the amended PA. It is the employer's responsibility to inform CRA of the amended PA amount(s) if your members reported the original PA amount to CRA. Members do not have to inform CRA of the amended PA.

9.3 Past Service Pension Adjustment (PSPA)

A past service pension adjustment (PSPA) may be issued if a member purchases any post-1989 service. A PSPA corrects the difference between the sum of PAs reported to CRA for that period, and the sum of PAs that include the increased benefits from the purchased service.

A PSPA for the purchase of any post-1989 service must be certified (approved) by CRA.

CRA approval is required if the member wishes to purchase any post-1989 service with cash, in the form of a cheque, or money order.

If the PSPA for a given purchase exceeds the member's unused RRSP contribution room by more than \$8,000, CRA will send the member a letter stating the PSPA cannot be certified.

Members can reduce or eliminate PSPAs by:

- paying for a purchase by transferring funds from an RRSP, or
- de-registering (withdrawing) funds from an RRSP.

If a member has a PSPA that CRA won't certify, and the member cannot or does not take steps to reduce or eliminate the PSPA, the member will not be allowed to make the purchase.

9.4 Tax implications of purchasing service

Non-contributory service and reinstatements

Purchasing post-1989 non-contributory service or reinstating a refund for service that occurred after 1989 will result in a PSPA calculation. Members must either have the PSPA certified, or take steps to eliminate or reduce the PSPA to make the purchase. Purchasing or reinstating service that occurred before 1990 does not create a PSPA calculation and no certification is required.

Leave of absence

When a member purchases a leave of absence, a PSPA or an APA may be created.

If the member purchases the leave by April 30 of the year following the year in which the leave ended, an APA will be calculated and reported to CRA.

If the member purchases the leave after that date, a PSPA is calculated and reported to CRA if it is greater than \$50.

EXAMPLE

For a leave from October 1 to October 31 of any given year, an APA is calculated if the member purchases the leave period before April 30 of the following year. If the member purchases the leave after that date, a PSPA is calculated.

Arrears

Arrears for service after 1989 will generate an APA or a PSPA. If the member's participation in the plan was mandatory during the arrears period, an APA is generated. If the member's participation in the plan was optional during the arrears period, a PSPA is generated and reported to CRA if it is greater than \$50.

Even if a member chooses not to pay their portion of an arrears cost, the employer must always pay their portion, so an APA or a PSPA is always produced.

9.4.1 Receipts for tax deduction of contributions

Contributions made to pay for purchases are tax-deductible in the same way that regular pension plan contributions are. If a member pays cash (in the form of a cheque or money order) or instructs their employer to forward severance pay or retiring allowance to the corporation, we will issue a receipt to the member to use when filing their income tax return for the year in which the payment is made.

If a member pays by RRSP transfer, we will not issue a receipt as the funds are already tax-sheltered and would have been deducted by the member at the time they were contributed. However, we will acknowledge receipt of these funds by sending the member a *Purchase Confirmation Letter*.

If you are paying for some or all of a member's purchase, then no tax receipt will be issued for the employer portion of the purchase.

In the event of payroll arrears you are required to remit both the employee and employer portions and then recover that amount from the member. You are responsible for indicating the deduction for the plan member's portion on their T4 slip.

9.5 Pension Adjustment Reversal (PAR)

It is important that members understand that purchases made from a severance or retiring allowance may affect RRSP room.

Pension Adjustment Reversals (PARs) are issued to restore RRSP contribution room to members who terminate employment and transfer out of the pension plan.

If a member leaves the pension plan before retirement, the total PAs and any PSPAs may have overestimated the value of the benefit earned after 1989, and the member may have lost too much RRSP contribution room. PARs give back that RRSP contribution room, where applicable.

PARs are issued for members who terminate employment after 1996 and transfer their benefit out of the plan, whether to an RRSP, another pension plan, or as a cash payment to the member.

Terminated members who leave their funds on deposit for a deferred retirement benefits do not receive PARs.

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10 DIVISION OF BENEFITS ON MARITAL BREAKDOWN

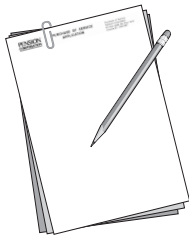
Any spouse who believes they may have an entitlement to a pension should file a [Claim and Request for Information and Notice](#) as soon as possible.

A pension is presumed by law to be a family asset, which means that it may be divided when a marriage breaks down. The *Family Law Act* governs how a pension may be divided between a plan member and their spouse when they separate or divorce. Both parties should consider obtaining legal advice about dividing matrimonial property. The pension plan cannot provide advice about dividing pensions.

For further information, see the website mpp.pensionsbc.ca, or have the member contact Member Services.

The Municipal Pension Plan is a defined benefit plan, meaning that pensions are based on a formula of years worked, earnings and retirement age. The plan member's contributions do not represent the entire value of the pension. If the member's former spouse is considering a cash payment rather than a pension split, it may be necessary to determine the value of the pension in order to divide it fairly. This is called a valuation. If one of your plan members or their former spouse requires a valuation, they should consult an actuary.

A former spouse can protect their entitlement to a share of the pension by submitting a *Claim and Request for Information and Notice*. After the Form P1 is submitted, the Municipal Plan will notify the former spouse of any subsequent significant transactions affecting the pension and can release certain information to the former spouse regarding the affected pension. This information may be needed for an actuary to calculate the value of the pension. A court order or separation agreement is not required to submit the Form P1.



SECTION CONTENTS

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11 EMPLOYER ENROLMENT IN GROUP 5

11.1 Definition of Group 5

Group 5 is a member group established to provide an enhanced retirement benefit for members who are employed as police officers and firefighters. Members in Group 5 will have a higher benefit accrual rate, meaning their retirement benefit will accumulate faster. This is valuable because police officers and firefighters have an earlier retirement age.

Group 5 participation is limited to police officers and firefighters. See section 1.1.5 to determine if your employees are eligible for participation in Group 5.

Group 5 basic pension formula (for service after 2021):

$2.12\% \times \text{HAS} \times \text{years of pensionable service}$

Group 5 basic pension formula (for service before 2022):

$1.63\% \times \text{HAS (up to and including the YMPE)} \times \text{years of pensionable service}$

PLUS

$2.33\% \times (\text{HAS over the YMPE}) \times \text{years of pensionable service}$

11.1.1 Moving Group 2 employees to Group 5

Group 5 differs from Group 2 in that:

- the formula used to calculate the basic pension in Group 5 is higher than that used for Group 2,
- contribution rates for both the member and the employer are higher in Group 5 than in Group 2 (see section 7.3.4 for contribution rates),
- contributions to Special Agreements are not made under Group 5, and
- participation in Group 5 requires that the employer and the union collectively bargain an agreement to join Group 5.

When a member moves from Group 2 to Group 5, member and employer contributions to any Special Agreement must stop.

Group 2 members whose union does not negotiate an agreement to participate in Group 5 will continue as Group 2 members and, if a Special Agreement is in place, it will

continue. Employers will continue to enrol eligible members who meet the definitions of firefighter or police officer in Group 2.

Movement from Group 2 to Group 5 is a permanent one-way change. The only exception will be:

- in a situation where an individual changes employers and the new employer does not participate in Group 5, or
- if the member changes positions with the same employer and is no longer working in a public safety position, in which case they will be enrolled in Group 1.

11.2 Application Process

An employer must apply to the Municipal Pension Board of Trustees (the board) for admission to Group 5 for its police officer and/or firefighter employees. This application must be based on a collectively bargained or negotiated agreement and is subject to the agreement complying with the plan rules and the Board's Terms and Conditions for enrolment in Group 5.

Visit the plan website at mpp.pensionsbc.ca, and click on the Featured Info *Higher Accrual Rate for Police and Firefighters* link to access the Group 5 application form, including terms and conditions for employer enrolment in Group 5.

Enrolment generally occurs on the date the employer's application is approved or a future selected date. Retroactive enrolment will only be approved within the calendar year approval is granted.

12 DEFINITIONS

Accrue. To accumulate over a period of time. For example, service accrues with each month worked.

Active member. Plan member making (or deemed to be making) regular contributions to the plan, including those on an approved leave of absence (with or without pay), those receiving benefits under an LTD plan, and those who are no longer required to contribute because they have earned 35 years of pensionable service.

Actuarial valuation. Assessment of the financial health of a pension plan by an independent actuarial consulting firm.

Amended pension adjustment (APA). A pension adjustment that has been amended after reporting to Canada Revenue Agency. For example, if a member purchases a leave of absence and pays for it before April 30 of the year following the end of the leave, an amended purchase pension adjustment is submitted to include the increased benefit from the leave. (See Pension adjustment.)

Appeal. A person directly affected by a decision made by the Pension Corporation in the application of the Municipal Pension Plan Rules may appeal to the board of trustees. Some examples of plan rule categories that can be appealed are enrolment, purchase of service, pension and survivor benefits. More information is available on the plan website.

Arrears. Contributions owed to the plan for a period when the member should have contributed to the plan but did not.

BC Medical Services Plan (MSP). BC's basic medical insurance plan.

Beneficiary. A recipient of any pre- or post-retirement survivor benefits from the pension plan when the member dies. If the member has a spouse, the spouse is the beneficiary (unless the spouse waives that right). If the member does not have a spouse (or the spouse has waived entitlement), the member can name a new beneficiary(ies). If the member does not have a spouse (or the spouse has waived entitlement), and has not named any beneficiaries, then the beneficiary is the member's estate.

Benefit. A commuted value, pension, refund or any other entitlement payable to a plan member (or their beneficiary(ies) by the pension plan.

Board of trustees. See Municipal Pension Board of Trustees.

Bridge benefit. Formerly called CPP Offset. A temporary pension, paid to the member from the date of retirement until age 65 or death, whichever comes first.

CRA. Canada Revenue Agency

Canada Pension Plan (CPP). The federal pension plan. It applies in all provinces and territories of Canada except Quebec.

Child-rearing. Time a member takes off work to directly and actively care for their dependent child under the age of seven. The member may claim up to five years of child-rearing time as contributory service.

Commuted value. The commuted value benefit is the amount of money that needs to be set aside today, at current market interest rates, to provide sufficient funds to pay for a member's retirement benefit when they retire. The lower the current interest rates, the higher the commuted value will be, because it is assumed that the amount today will earn less from now until the member retires; and, conversely, the higher the current interest rates, the lower the commuted value.

Consumer price index (CPI). The consumer price index measures monthly and yearly changes in the cost of numerous goods and services commonly bought by Canadians. If the combined cost of this "basket" of items goes up, then there has been inflation. The greater the increase, the higher the inflation rate has become.

The CPI is one of the factors the board annually considers to determine if a cost-of-living adjustment will be provided. Future cost-of living adjustments are not guaranteed but, once granted, become part of the basic pension.

Contribution. The amount of money you and your employee are required to pay into their pension plan fund.

Contribution rate. The percentage of salary that you and your employee contribute to the plan. These rates are set separately and change from time to time.

Contributory service. Number of months an employee and/or employer make contributions to the pension plan or during which the member receives benefits under an LTD plan. It is used to determine if a plan member is eligible for a pension and whether their retirement benefit will be reduced (and by how much) should they decide to retire before the age at which the member could receive an unreduced retirement benefit.

Cost of living. The average cost of goods and services required by a person or family, as measured by the consumer price index (CPI). (See Cost-of-living adjustments and Consumer price index.)

Cost-of-living adjustments (COLA). Once a pension starts, it may be increased by cost-of-living adjustments. Once granted, a cost-of-living adjustment becomes part of the basic pension.

Future cost-of-living adjustments are not guaranteed. The Municipal Pension Board of Trustees annually considers all relevant factors to determine if a COLA will be granted. Future cost-of-living adjustments are granted at the discretion of the Board, subject to the limits in the plan rules and the *Income Tax Act*. The plan rules provide that a COLA cannot exceed the increase in the CPI, nor can it exceed the amount of money in the plan's IAA.

Any cost-of-living adjustments the board grants are applied in January. COLA is pro-rated for pensions in effect less than one year and applies to the retirement benefit and bridge benefit portions of the pension.

CPP offset. See Bridge benefit.

Deferred pension. A retirement benefit payable at a later date, either because the plan member terminates employment before the earliest date at which the pension may begin, or because the member chooses to start the retirement benefit at a later date. For example, a member may choose to defer in order to later receive an unreduced retirement benefit.

Defined benefit plan. A pension plan that provides a pension based on a benefit formula tied to a member's salary and years of service.

Defined contribution plan. A pension plan that provides a pension based on the contributions made by you and your employee and the interest earned on those contributions.

Dental benefits. Dental insurance plan that is available to retired members. More information is available on the plan website.

Dependant. A person who, at the time the pension is granted to a member, is dependent on the member for support and is:

- the child or grandchild of the member or the member's spouse, or
- the parent, grandparent, brother, sister, uncle, aunt, niece or nephew, if living in Canada at any time in the year, of the member or the member's spouse.

Disability benefit. A benefit payable to disabled plan members who meet the eligibility criteria established by the pension plan.

Earliest retirement age. The earliest age at which a member can start to receive a pension. For plan members other than public safety employees, this is age 55. For public safety employees, this is age 50.

Early Retirement Incentive Package (ERIP). From time to time, employers introduce temporary retirement incentives to their employees. These incentive packages may include special arrangements for altering eligibility for unreduced benefits.

EHC. See Extended health care.

Employee group. A grouping of one employer's employees who share common characteristics and have a single set of plan rules that are used to determine their retirement benefits. An employer can have more than one employee group, and each employee group has a unique identifier assigned to it.

Employer reporting. On a regular basis, employers covered under the pension plans submit reports of their employees' personal and pension-related data, along with payment of both employee and employer contributions, to the Pension Corporation.

ERIP. See Early Retirement Incentive Package.

Extended health care. Health insurance plan that extends medical coverage beyond what is provided by the MSP and the PharmaCare program.

Family Law Act (FLA). The provincial statute that governs how family assets, including pensions, are divided when a marriage ends in separation or divorce.

Firefighter. The Municipal Pension Plan Rules define firefighter as “*persons who are employed in the fire sector*”

1. *as firefighters,*
2. *as a fire chief, and*
3. *any other person employed in, or appointed to, a fire department and assigned to undertake fire protection services which includes:*
 - a) *fire suppression,*
 - b) *fire prevention,*
 - c) *fire safety education,*
 - d) *communication,*
 - e) *training of persons involved in the provision of fire protection services,*
 - f) *rescue and emergency services, and*
 - g) *the delivery of all those services.”*

[Bullets and paragraphing are editorial in nature and have been added for increased readability. See section 96.1 of the Municipal Pension Plan Rules for the legal definition. In case of any discrepancy between the information provided here and the plan rules, the latter will apply. Plan rules are available on the plan website.]

For greater clarity, the definition of firefighter does not include clerical, secretarial or administrative staff.

Fiscal year. A period of 12 months over which annual accounts and taxes are calculated. The fiscal year for the plan is January 1 to December 31.

Freedom of information. British Columbia’s *Freedom of Information and Protection of Privacy Act* governs the collection of personal information, public rights of access to information and the use and disclosure of personal information by public bodies. The purpose of the act is to make public bodies more accountable to the public and to protect personal privacy.

Fund interest rate. An interest rate specified by the Municipal Pension Board of Trustees, based on the actual earnings of the pension fund. The fund interest rate is used to calculate interest on reinstatement costs.

Group disability plan. See Long-term disability (LTD) policy.

Highest average salary (HAS). The salary used in the calculation of a member's retirement benefit. For Group 1, it is the average of their highest five years of annual salary. For Group 2 and 5 members who terminate employment on or after January 1, 2022, it is the average of their highest four years of salary (otherwise it is the average of their highest five years of annual salary).

Inactive plan member. A member who was an active member, has terminated employment, left their contributions on deposit in the pension plan and is entitled to receive a benefit from the plan at a later date.

Inflation adjustment account (IAA). An account of the pension fund used to pay for cost-of-living adjustments.

Interim pension. Pension paid if a final retirement benefit is delayed (perhaps by incomplete or missing information or by administrative delays). The interim pension is usually less than the anticipated retirement benefit amount to avoid over-paying pensions due to differences between estimated amounts and the final retirement benefit.

Interplan Pension Transfer Agreement (IPTA). Pension transfer agreement effective October 1, 1999 between the Municipal, College, Public Service, Teachers' and other BC public sector pension plans.

Joint life pension. This is a monthly pension that is payable for as long as a member, the member's spouse (or former spouse) lives, and can be chosen with a guarantee period.

Joint trusteeship. With respect to pension plans, the management of a pension plan that is shared between the representatives of both plan members and plan employers.

Latest retirement age. The age at which a member must start receiving retirement benefits.. Latest retirement age is reached on November 30 of the calendar year in which the member turns age 71.

Leave of absence. An employer-approved absence from work, with or without pay.

Life income fund (LIF). A tax-sheltered retirement savings arrangement registered under the *Income Tax Act* (Canada) that meets the locking-in requirements under the *Pension Benefits Standards Act*.

Limited member. A spouse or former spouse of a plan member, who has been designated, as the result of a marital breakdown, as a “limited member” and is entitled to a portion of the plan member’s retirement benefits to be paid directly from the pension plan.

Locked-in. Refers to pension plan funds that cannot be paid in cash. The funds must be used to provide a retirement benefit.

Long-term disability (LTD) policy. A group disability plan that pays long-term disability benefits to qualified persons. Employers may apply to have LTD policies approved for plan purposes. Members receiving benefits under an LTD plan will have pensionable and contributory service credited to them without any employer or employee contributions required.

Marital breakdown. For pension purposes, this means a relationship breakdown between spouses. (See *Family Law Act* and Limited member.)

Member. See mpp.pensionsbc.ca/types-of-plan-members.

Member’s Benefit Statement. Once a year, members will receive a benefit statement through you that describes their status in the plan. The statement gives many details about a member’s account, including:

- pensionable service,
- contributory service,
- accumulated contributions in the plan (including interest),
- contributions made to the plan in the past year,
- earliest unreduced retirement date,
- earliest reduced retirement date, and
- an estimate of the amount of the member’s retirement benefit at the statement date if they are eligible for a pension, plus future pension estimates assuming the member continues to be a member of the plan.

Minor. A person under 19 years of age.

Municipal Pension Board of Trustees. The Municipal Pension Board of Trustees established under the Municipal Pension Plan joint trust agreement. The board is made up of employer and employee group representatives.

Non-contributory service. Period of time a member worked for a pension plan employer but did not contribute to the pension plan.

Normal form. The “normal” form of pension for a member in Group 1 is a single life pension with no guarantee. The “normal” form of pension for a member in Group 2 or 5 who terminates employment on or after January 1, 2022 is a single life pension with a 10 year guarantee (otherwise it is single life pension with no guarantee).

Normal retirement age. Age 65 for employees in Group 1 or age 60 for employees in Group 2 or Group 5.

Offset. See Bridge benefit.

Old age security (OAS). The basic federal income security program for seniors who are age 65 and older.

Past service pension adjustment (PSPA) statement. The difference between the sum of pension adjustments actually reported and the sum of pension adjustments that include any increased benefits from the purchase of post-1990 service. (See Pension adjustment.)

Pay Date. The actual date that your employee is paid, for a defined pay period.

PBSA. See *Pension Benefits Standards Act*.

Pension. A benefit paid by a pension plan.

Pension adjustment (PA). The value of the pension benefits accrued by a member during the calendar year. This information is provided to you electronically for employee T4 slips, or in hard copy before the end of February (for income tax purposes).

Pension Benefits Standards Act (PBSA). The provincial statute designed to protect the interests of British Columbia pension plan members. The PBSA sets minimum standards for BC pension plans in areas such as eligibility, vesting, portability and disclosure to members and sets out rules for the funding and investment of pension plans.

Pension Corporation. The administrative agent for the Municipal Pension Plan.

Pension Enrolment Election (form). Used by an employee who previously waived the right to enrol in the pension plan.

Pension formula. The formula used by the pension plan to determine the amount of the retirement benefit.

Pension plan options. Forms of pensions which provide different guarantees.

Pensioner. See Retired member.

Pension fund. Trust fund in which your contributions and your employee's contributions accumulate and are invested to pay for current and future pension benefits.

Pension plan rules. The Municipal Pension Plan Rules established by the board of trustees with respect to areas such as enrolment, retirement, benefits, disability, purchase of service, contribution rates and death benefits.

Pensionable salary. Portion of the member's salary that is used to calculate contributions to their pension plan, and highest average salary.

Pensionable service. The actual time a member worked while contributing to the plan. Members earn one full month of pensionable service when they work full time for a month. If they work half time, they receive half a month of pensionable service. Pensionable service is used to determine the amount of a commuted value and a pension.

Plan member. mpp.pensionsbc.ca/types-of-plan-members.

Plan Member Record (PMR). An electronic form that you will use to provide employment data for an employee to the Pension Corporation. Completion of a PMR indicates that an employee has been enrolled in a pension plan, and employer and employee contributions must start.

Police officer. Police officer is defined under the Municipal Pension Plan Rules as "a person appointed under the *Police Act* as a provincial constable, special provincial constable, designated constable, municipal constable, special municipal constable, auxiliary constable or enforcement officer, but does not include a person who is a member of the Royal Canadian Mounted Police."

Pre-retirement survivor benefits. A benefit paid by the pension plan to the member's beneficiary(ies) when the member dies, if the member dies while still an active or inactive member of the plan.

Proof. The Pension Corporation may require a plan member to provide proof of:

- age
- identity
- marital status
- employment
- termination of employment
- spouse or dependants

or any proof necessary for the determination of entitlement to a benefit.

Reduced pension. A reduced retirement benefit paid when a member applies for a pension and does not meet the minimum age plus contributory service requirements required for an unreduced retirement benefit. (See Reduction factor.)

Reduction factor. The factor used to calculate a reduced pension when a member retires before meeting requirements for an unreduced retirement benefit. This reduction factor is a percentage reduction based on the member's age at termination of employment, their age at retirement, and the number of years of contributory service the member has earned.

Refund of contributions. Cash refund (payable in the form of a cheque) of the member's contributions to the plan, plus a legislated amount of interest. (See Reinstating a refund).

Registered retirement savings plan (RRSP). A retirement savings plan, approved and registered under the provisions of the *Income Tax Act* (Canada), under which taxes on the deposits and investment income may be deferred until the savings are withdrawn.

Reinstatement. Repayment of contributions of a refund previously taken by a member in order to receive credit for the prior service. See Reinstating a refund.

Reinstating a refund. Paying back a refund of contributions in order to receive a credit for the prior service.

Retired member. A plan member who is collecting a pension from the pension plan. Also known as a pensioner.

Registered retirement income fund (RIF). An option into which RRSP funds may be transferred once a person has reached latest retirement age. (See Life income fund and Registered retirement savings plan.)

Remittance. The payment of employee and employer pension plan contributions by an employer to the pension plan.

Retirement benefit. The portion of a member's pension that is paid for the member's lifetime. It does not include additional amounts such as the bridge benefit or cost of living increases.

Service event. Any data you report about your employees to the plan. Includes Regular, Adjustment, Retroactive, Long-term Disability and Rehabilitation service events.

Single life pension, no guarantee. A pension that pays for the life of the member only. The pension stops payment with the member's death; there is no residual payment to any beneficiary or the estate after the member dies.

Single life pension, guaranteed five years. A pension that pays for the life of the member. If the member dies before the end of the five year period (60 monthly payments), the pension is paid to the beneficiary(ies) for the remainder of the guarantee period (or as a lump sum to the estate).

Single life pension, guaranteed ten years. A pension that is payable as long as a member lives. If they die before the completion of 120 payments (ten years), their beneficiary(ies) will continue to receive payments until 120 payments have been made. No payments are made to the beneficiary(ies) if the member dies after the ten-year guaranteed period.

Single life pension, guaranteed 15 years. A pension that is payable for as long as a member lives. If they die before the completion of the 180 payments (15 years), their beneficiary(ies) will continue to receive payments until 180 payments have been made. No payments are made to the beneficiary(ies) if the member dies after the 15-year guaranteed period.

Small benefit refund. A lump-sum payment paid at termination of employment or at retirement, in place of a pension, when a member's benefit is less than a specified dollar amount prescribed by the *Pension Benefits Standards Act*.

Spouse. For plan purposes:

Persons are spouses for the purposes of this act on any date on which one of the following applies:

- a) they
 - i) are married to each other, and
 - ii) have not been living separate and apart from each other for a continuous period longer than two years;
- b) they have been living with each other in a marriage-like relationship for a period of at least two years immediately preceding the date.

Survivor benefits. See Pre-retirement survivor benefits.

Temporary annuity. An extra annuity that a member can “purchase” from their basic pension. The temporary annuity pays from the date of retirement until the member reaches age 65 or dies, whichever comes first.

Termination of employment. Occurs when a member ceases employment with their employer. The Pension Corporation will provide pension options to the member.

Unreduced pension. Monthly retirement benefit where there is no reduction to the pension formula. (See Reduced pension.)

Variance. Occurs when the contributions you *report* for a plan member are different from the contributions *required* for the pensionable salary you report for that member.

Vesting. Right of a plan member to a retirement benefit from the plan. Once a member’s pension is vested, they are entitled to receive their accrued benefits at retirement, even if they terminate employment before retirement age.

Waive. To relinquish (give up) a right or entitlement.

Waiver of Pension Coverage (form). Used by an employee to waive their rights to become a member of, and contribute to, the pension plan.

Year’s maximum pensionable earnings (YMPE). Maximum salary limit for contributions to the Canada Pension Plan. The current YMPE is available on the Canada Revenue Agency website. More information about the Canada Pension Plan is available on the Canada Pension Plan website.