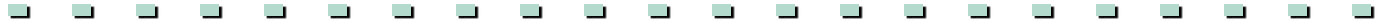


# Frequently Asked Questions FOR EMPLOYERS

There have been many similar questions with some common themes. The questions have been grouped. Clicking on the topics listed below will take you directly to that section of this document.

- Enrolment and Pension Payments**
- Short- and Long-term Disability Benefits**
- Administration**
- Vacation Pay and Statutory Holiday Pay**



## Enrolment and Pension Payments

- Q1** If an employee chooses not to enrol in the plan and signs a waiver of pension coverage, can they purchase that service later?
- A** If the waiver is signed on or after April 1, 2000, the employee is waiving their ability to purchase any and all service associated with that employment. However, if an employee signed a waiver prior to April 1, 2000, they are permitted to apply to purchase any eligible service earned up to March 31, 2000. Contact the Municipal Pension Plan at [mpp@pensionsbc.ca](mailto:mpp@pensionsbc.ca) if you have any further questions.
- Q2** Can pensions be paid outside of Canada?
- A** Yes. While pensions paid within Canada can be deposited directly into the retired member's account, pensions paid outside of Canada are paid by cheque.
- Q3** Can a plan member's beneficiary reside in another country?
- A** Yes. Payment will be paid directly to the beneficiary by cheque.
- Q4** I am an employer who is interested in joining your pension plan. Who do I contact to apply to become an employer under the plan?
- A** Contact our Policy Branch by e-mail at [Policy@pensionsbc.ca](mailto:Policy@pensionsbc.ca) or call 250 387-8297 for information on becoming an employer under the Municipal Pension Plan.

## Short- and Long-term Disability Benefits

- Q5** Should short-term disability (STD) service be treated the same as long-term disability (LTD) service if the organization's STD and LTD plans are provided by the same carrier?
- A** No. STD plans are not approved group disability plans, so the deemed service provision would not begin until the member begins receiving benefits from the approved LTD plan. The LTD start date is the coverage start date of the approved LTD plan, not the STD plan.
- Q6** Are short-term disability (STD) benefits that are paid directly from the carrier to the member considered to be pensionable?
- A** If the STD benefits are paid directly from the carrier to the member, the payments are not considered to be salary and are not pensionable. The member is considered to be on a general leave, which they can purchase. The employer can pay the employer's portion of the leave, but is not obligated to do so.
- Q7** How do I get our long-term disability plan approved so that our plan members can be credited with service while receiving LTD benefits?
- A** Eligibility criteria for approval of a long-term disability plan and details about the benefit it provides to plan members can be found in Section 6 of the *Instructions for Employers* manual. Contact our Policy Branch by e-mail at [Policy@pensionsbc.ca](mailto:Policy@pensionsbc.ca) or call 250 387-8297 for an application for approval of your LTD plan.
- Q8** How do I report LTD for a member?
- A** It is important that you advise us when a member stops LTD. *LTD Start* and *LTD Stop* forms can be obtained in the Employer Forms section of our website. Instructions for completing the forms are in Section 7.5 of the *Instructions for Employers* manual. Instructions are also on the back of each form. Incorrect LTD information could result in inaccuracies in the member's PA statement, pension plan benefit and *Member's Benefit Statement*.
- Q9** Am I required to submit a *Termination Notice* for a plan member who is receiving LTD benefits?
- A** If the plan member is still receiving LTD benefits from a carrier with an approved disability plan, you should not submit a *Termination Notice*, as the member is not considered terminated for pension purposes.

## Administration

- Q10** The collective agreement/contract stipulates full-time service as 35 hours or more. Can we class full time as fewer than 35 hours per week?
- A** No. Full time is based on at least 35 hours per week.
- Q11** I have run out of pension contribution remittance forms and they are not available for printing on the employer website. Who do I contact for these forms?
- A** E-mail [Penc.orderproducts@pensionsbc.ca](mailto:Penc.orderproducts@pensionsbc.ca) or call 250 387-8078.
- Q12** I have several part-time plan members. How do I calculate pensionable service for these plan members?
- A** Detailed instructions for calculating pensionable service can be found in Section 7 of the *Instructions for Employers* manual. Contact our Employer Services Branch at [Employer.Services@pensionsbc.ca](mailto:Employer.Services@pensionsbc.ca) or call 250 356-9701 if you require additional information.
- Q13** Where do I find information on reporting retroactive salary?
- A** Information on the reporting of retroactive service events can be found in Section 7.2.4 in the *Instructions for Employers* manual on our website.
- Q14** Do I need to deduct contributions and report retroactive salary if the plan member has terminated employment with us or has retired?
- A** If the plan member has terminated employment with you, contact our Member Services Branch. We will determine whether you should deduct contributions and report to us.
- If the plan member has retired, ask the plan member whether they would like the retroactive salary to be pensionable. The plan member may be entitled to an amended pension, but we will not amend a pension if the additional contributions are less than \$100 because of the insignificant impact on the pension.
- Q15** I didn't begin deducting contributions for one plan member at the correct time. How do I fix this?
- A** The fix depends upon whether you have already submitted your annual payroll report to us. Generally, you can correct arrears that occur in the current reporting period by collecting and submitting the member's contributions with your employer portion. The member must submit a *Purchase of Service* application for arrears that occurred in prior years after submission of your payroll report (we will bill you for the employer portion).

# Frequently Asked Questions FOR EMPLOYERS

Read Section 7.4.3 “Reports to the Corporation” and Section 2.4 “Purchase of Service” in the *Instructions for Employers* for further information about contribution arrears.

**Q16** What is “E-Remit” and why should I use it?

**A** E-Remit is our electronic remittance program that allows you to transfer funds from your bank account directly to the pension plan using online forms. Advantages of E-Remit include:

- The remittance form can be completed and you can make your payment from the comfort of your office.
- It saves you the cost of issuing cheques.
- You control the date the payment is taken from your bank account. This allows you to avoid potential late payment charges that occur when cheques are delayed in the mail.
- E-Remit improves data accuracy because the program requires that the salary, member and employer contributions submitted are within the plan rules, thus eliminating the need for follow-up phone calls.
- You will have an online record of your remittance details, which will help you to balance your reported data.
- You can also create a report of prior remittances that can be loaded into a spreadsheet for easy reconciliation.

For instructions on using E-Remit, visit [mpp.pensionsbc.ca](http://mpp.pensionsbc.ca), choose the Employer General tab and click on E-Remit Overview.

## Vacation Pay and Statutory Holiday Pay

**Q17** Will service before January 1, 2007, for non-reported vacation and statutory holiday pay be eligible for purchase?

**A** Members may be able to purchase this service under the plan’s rules for purchasing non-contributory service. The member is responsible for the entire cost, unless the employer has an agreement to pay a portion of the cost.

**Q18** How will service be reported for less-than-full-time (part-time or casual) employees who get paid a regular in-lieu percentage for statutory holidays and also get paid for actually working on a statutory holiday?

**A** The employer will report pensionable service for the in-lieu payment as well as for any statutory holidays worked. Vacation and statutory holiday pay is intended for time not worked (the in-lieu payment). However, like all members, a part-time or casual employee working a statutory holiday should not have any overtime premiums for the day reported as pensionable salary.

# Frequently Asked Questions FOR EMPLOYERS

**Q19** Will this salary be included in the calculation to determine optional enrolment eligibility (i.e., is it included in the 35% of the YMPE test)?

**A** Yes, the 35% YMPE test includes vacation and statutory holiday pay. The test includes all earnings, including overtime and other types of pay that are not pensionable once the employee is a plan member.

**Q20** What should employers do when they pay a fixed in-lieu percentage for pensionable items (e.g., vacation and statutory holiday pay) and non-pensionable items (e.g., health benefits) but do not know how to break out the individual components?

**A** Employers only need to break out the combined in-lieu percentage for vacation and statutory holidays (i.e., it is not necessary to know or report the individual assignments for vacation and statutory holiday pay). Our discussions with employers have revealed that the in lieu percentages for vacations and statutory holidays often make up the largest portion of the overall amount. Statutory holidays usually represent 4.2%, as 11 statutory holidays seem to be the standard. However, in-lieu percentages for vacation seem to range from 4% to 8%. These percentages generally translate into 2–4 weeks of vacation. Some collective agreements may provide for more. A week is equivalent to 2%.

**Q21** How do I calculate and report pensionable service and salary for in-lieu vacation and statutory holidays?

**A** **Example:**

A casual employee who is a member of the plan accrues seven months of pensionable service and earns \$25,000. In addition, the employee receives a supplement on each pay equal to 8.2% of his earnings in lieu of vacation and statutory holidays. For this member, the employer should report to the Pension Corporation 7.574 months of pensionable service ( $7 \text{ months} \times 1.082$ ) and \$27,050 as pensionable salary ( $\$25,000 \times 1.082$ ).

If you need assistance, Employer Services can put you in contact with other plan employers who have been successful in getting their payroll systems to correctly calculate this pensionable service and salary.