



## Salary Policy

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### Purpose

Salary for pension purposes includes all earnings that are part of an employee's ongoing compensation relating to scheduled or unscheduled hours of work paid at straight-time rates of pay and paid on a periodic basis (i.e., weekly, bi-weekly, monthly, semi-monthly, seasonal, or annual basis).

### Salary 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 regular pay including but not limited to;
  - service / long service / retention pay<sup>1</sup> – paid on a periodic basis to employees after a set number of years of service, when they are eligible for an unreduced pension or when they have reached pensionable age;
  - government-funded retention programs (e.g., the Provincial Rural Retention Incentive and the Early Childhood Educator Wage Enhancement) – paid on a periodic basis and based on hours worked;
  - acting or substitution pay – paid to employees when working temporarily in a higher paying position;

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<sup>1</sup> Qualifying criteria for service/long service/retention pay are determined by the employer or collective agreement.

- 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 maternity, parental, compassionate care and other forms of leave of absence provided for under the British Columbia *Employment Standards Act*;
  - training pay – paid to employees (mostly firefighters or police officers) prior to being hired as either probationary or regular employees;
  - 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;
  - pay for union-related work when it is part of the employee’s responsibilities and duties, or when the employer is required by collective agreement to give the employee paid time off to attend to union-related work; 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.

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.

D) Salaries associated with short-term disability benefit (STDBs) payments:

- STDBs paid directly to a member by the employer are pensionable. The employer must report service and salary and remit contributions on these STDBs;
- STDBs paid by a third party (such as an insurance company or benefits trust) to a member can be deemed pensionable by the employer. If STDBs paid by a third party are deemed pensionable by the employer, the employer must report service and salary and remit contributions on these STDBs<sup>2</sup>;
- STDBs 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 STDBs, 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.

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<sup>2</sup> 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.

## Salary 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, including adds to pay (e.g., shift differentials, retention pay, acting pay) that are applied to 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.

## Policy Review Cycle

Triennial.

## Policy Classification and Access

This policy is classified as public; it is freely available to share outside of the organization.

**Original Policy: April 1, 2000**

**Last Approved: June 26, 2025**

**Effective: June 26, 2025**