

# employer

## BULLETIN

To: **Public Service Pension Plan employers**  
From: Pension Corporation  
Date: November 22, 2021

### **Plan improvements related to the 2020 valuation surplus**

In January 2021, the Public Service Pension Board of Trustees announced the results of the 2020 valuation, which determined the plan is fully funded with surplus funds of \$2.7 billion. This surplus has enabled several plan improvements that will contribute to the long-term stability of the Public Service Pension Plan. All changes will be effective April 1, 2022.

#### **What are the changes?**

The board has set aside \$1.1 billion of surplus funds for the plan's rate stabilization account. This account will be used to offset future contribution rate increases for plan employers and plan members.

Some employer and employee contribution rates will be adjusted to ensure the plan is fully funded and stable for the long term.

#### **Regular plan members and their employers**

- Existing contribution rates will stay the same.
- A portion of surplus funds will be used to mitigate a contribution rate increase that would otherwise be required due to increased costs to the plan.
- The board will improve the pension accrual rate for regular members. It will increase from 1.85 per cent to 1.95 per cent.

#### **Full-time and regular part-time ambulance paramedics and their employer**

- The employer contribution rate for full-time and regular part-time ambulance paramedics will decrease from 12.13 per cent to 12.03 per cent, effective April 1, 2022. The contribution rate changes break down as follows:
  - The basic employer contribution rate (7.1 per cent) and inflation adjustment account rate (2.75 per cent) remain the same.
  - The additional employer contribution rate will decrease from 2.28 per cent to 2.18 per cent.

- The board will improve the pension accrual rate for full-time and regular part-time ambulance paramedics. It will increase from 1.85 per cent to 1.95 per cent.

### **Correctional employees and their employer**

Effective April 1, 2022, the contribution rate structure and accrual rate for correctional employees is changing. The flat contribution rate of 8.35 per cent (7.10 per cent to the basic account and 1.25 per cent to the inflation adjustment account) that became effective August 1, 2018, will change back to being integrated with the year's maximum pensionable earnings (YMPE).

#### ***Contribution rates to the basic account***

- Member contribution rate of 7.00 per cent up to YMPE and 7.70 per cent over YMPE.
- Employer contribution rate of 7.00 per cent up to YMPE and 7.70 per cent over YMPE, plus the additional employer contribution rate of 1.93 per cent on all salary to the basic account. In total, the employer rate is 8.93 per cent up to YMPE and 9.63 per cent over YMPE.

#### ***Contribution rates to the inflation adjustment account***

- Member contribution rate of 1.25 per cent is unchanged.
- Employer contribution rate of 3.38 per cent (this includes the additional 0.63 per cent) is unchanged.

#### ***Member accrual rate***

For earnings up to YMPE, the accrual rate will increase to 1.60 per cent, up from 1.35 per cent. The accrual rates for earnings over YMPE will remain at 2.00 per cent. Note, the bridge benefit rate remains unchanged at 0.65 per cent.

### **Employer and member refunds**

Correctional employees and their employer will receive a refund of over-contributions on salary earned between August 1, 2018 and March 31, 2022. Refunds will be mailed between May and October 2022. More information about these refunds will be shared in a future Employer Newsletter.

### **What you need to do**

Review your payroll system so you are ready to make the necessary adjustments. Remember that the pay date, not the period the pay was earned, will determine which contribution rate you should use. The new rates apply to pay dates on and after April 1, 2022.

### **Questions?**

Please review the November 22 Board Communiqué on the plan website at [pspp.pensionsbc.ca](https://pspp.pensionsbc.ca).

If you still have questions, you can contact us.

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