

employer

BULLETIN

**PENSION
CORPORATION**

To College Pension Plan employers, unions and associations
From Pension Corporation
August 26, 2009

Contribution rates for employees with 35 years or more of service

In July, we issued an employer bulletin about restarting pension contributions as of September 1, 2009 for employees who have 35 years or more of service. This practice follows a plan rule change removing the 35-year limit on service accrual.

Further to our July bulletin, we are writing today to clarify the contribution rate to be used for 35-year employees restarting contributions will be 8.71 per cent of salary in most circumstances. This is the contribution rate that applies to both member and employer contributions on salary equal to or less than the year's maximum pensionable earnings (YMPE).

Most plan members affected by the plan rule change have not made contributions in 2009 and will be treated as a member returning from a general leave of absence. Accordingly, contributions should be deducted at the below-YMPE rate of 8.71 per cent until the member's pensionable earnings for the year exceed the YMPE.

If any of your employees reached 35 years of service in 2009 and stopped contributions to the plan, the earnings they had prior to reaching 35 years will need to be taken into account when determining if they will reach the YMPE before December 31, 2009. Pensionable earnings exceeding the year's maximum pensionable earnings are subject to contribution rates of 9.46 per cent of salary. Again, this rate applies to both member and employer contributions.

If you have questions, please contact Employer Services using the address, e-mail and telephone contact information at left.

Employer Services

PO Box 9460
Victoria BC V8W 9V8
employer.services@pensionsbc.ca

Victoria: 250 356-9701
Toll-free: (Canada and U.S.)
1 800 663-8823
Fax: 250 356-1784