

Employer **Bulletin**

from the Pension Corporation

To: College Pension Plan Employers

From: Karen Harper, Vice President, Policy and Plan Management

Date: February 10, 2003

Topic: Maternity leave top-up pay included in "pensionable salary"

The College Pension Board of Trustees recently passed a resolution to include maternity and parental leave top-up pay as pensionable salary, effective January 1, 2003. Top-up pay is salary paid to an employee receiving Employment Insurance (EI) benefits while on an approved maternity or parental leave, which pays the difference between the EI benefits and a set percentage of the employee's regular salary.

When a College Pension Plan member is on an approved maternity or parental leave and is receiving top-up pay, you should remit employee and employer contributions on the top-up salary at the usual rates. You will report the top-up salary as pensionable salary and report pensionable service in proportion to the percentage of the member's regular salary represented by the top-up pay.

For example, assume a full-time member's monthly EI benefit is \$1,800, and the member's regular monthly salary is \$4,000. If the member's EI benefits are being topped up to 85 per cent, the top-up pay equals \$1,600:

$$(4,000 \times 85\%) - 1,800 = 1,600$$

This full-time member would be credited with 0.400 months of pensionable service (40 per cent of one month) because \$1,600 is 40 per cent of the member's regular monthly salary. The member would also be credited with one month of contributory service.

During the first two weeks of maternity/parental leave when a member receives 100 per cent of pay from the employer and no EI benefits, you would report full salary and service.

Plan members can choose to purchase the balance of the maternity/parental leave under the leave provisions of the College Pension Plan. If the member chooses to purchase the balance of the leave period, the employee pays for

Over...

the employee portion and employer must pay for the employer portion of the leave cost. An employee can only purchase the difference between the service credited for top-up pay and the member's regular assignment; a member who is less than full-time cannot purchase up to full-time service.

For maternity and parental leaves which started prior to January 1, 2003 and end after that date, the portion that occurred in 2002 is treated as an unpaid maternity/parental leave under the College Pension Plan rules. That is, you do not have to deal with top-up pay retroactively. For the portion of the leave occurring on and after January 1, 2003, the top-up pay and leave is handled as described above.

Employer Services Contact Information

If you have any questions about this bulletin, please contact:

Phone:

Victoria	250 356-9701
Toll-free in BC	1 800 663-8823
Toll-free in North America	1 800 663-8823

Fax:

250 953-0419

E-mail:

ES.PensionCorp@pensionsbc.ca

Web:

pensionsbc.ca

Mailing address:

Employer Services
Pension Corporation
PO Box 9460 Stn Prov Govt
Victoria BC V8W 9V8

PENSION CORPORATION



Pension Bulletin is published by the Pension Corporation.

For more information contact:

Communications Branch
PO Box 9460 Stn Prov Govt
Victoria BC V8W 9V8

Or fax us: 250 356-9591

This publication provides general information about the pension plan and is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents will apply.