

Employer **Bulletin**

from the Pension Corporation

To: *College Pension Plan employers*

Date: **December 2005**

Topic: **Clarification of pensionable salary including concurrent employment salary**

Direction: This bulletin provides further clarification to employers on the definition of pensionable salary and concurrent employment.

Pensionable Salary Criteria

To be included as pensionable salary, income must be regularly recurring compensation, paid on a bi-weekly or monthly basis and not as a lump sum. Examples of pensionable salary include:

- Base salary (remuneration or compensation paid uniformly and consistently in each pay period for the performance of regular duties);
- department head allowance;
- senior instructor allowance;
- pay for directed studies;
- distance education tutor salary;
- recurring contracts for guided study, music school private lessons, tutoring and marking;
- vacation pay;
- higher salary while acting in a position;
- shift differential;
- extra wage for first aid qualification;
- trade certification;
- maternity and parental leave top-up benefits;
- salary while on rehabilitation from long-term disability;
- contracts for services if an employer/employee relationship exists and payments under the contract are regular and recurring;
- retroactive pay covering periods during which the member was contributing to the Plan, whether received as a lump sum or not (such as collective agreement settlements); and
- amounts (may be referred to as allowances or stipends by some employers) which form a regular and ongoing part of compensation and are expected to normally occur each year.

Over...

Compensation that is over and above the regular, full-time rate of pay is not pensionable salary.

Examples include:

- overtime pay (i.e. where an employee receives a payment in respect of work duties completed over and above work hours);
- lump sum payments made in lieu of vacation (i.e. if an employee is paid an amount for vacation not taken with no time credited);
- bonuses;
- overloads;
- discretionary merit allowances such as honorariums, performance pay stipends and other incentive based payments;
- expense reimbursements (including vehicle and travel allowances/payments, northern/remote living allowances and reimbursement of tuition fees);
- additional pay in lieu of benefits;
- short term disability top-up pay;
- severance pay, unless it is used to extend the date of termination; and
- retirement incentive payments.

Concurrent Employment

A member can only accumulate 12 months of pensionable service in one calendar year. Where more than one year is accumulated, the income beyond the member's normal 12 months of income is not pensionable salary and any contributions related to income above the annual salary must be refunded.

Should a member work concurrently for the same or different employers within the plan and contribute to the pension plan on more than one employment, the current policy is:

1. Both employee and employer contributions that are the result of an over-accrual of service should be refunded.
2. The refund of over-contributions should be chronological, i.e., once the employee achieves 12 months of service in a calendar year, subsequent contributions should be refunded unless the member has, concurrently, a full-time and part-time employment and requests that the contributions relating to the part-time service be refunded instead.

3. The refund should be calculated and processed by the plan's administrative agent at the calendar year-end after the pension adjustment for the calendar year has been processed.
4. Where an over-accrual of service occurs, reduce the service and salary credits to the member and, without adjusting contribution rates for salary above and below years' maximum pensionable earnings, refund the ineligible contributions.

If an employee's service with a single employer exceeds 12 months pensionable service in a calendar year, the employer may cap the member's pensionable service and salary at 12 months and only remit contributions for that amount of salary. If a single employer does report more than 12 months of pensionable service and salary for a member, the concurrent employment policy as set out above will apply.

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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.