

employer

BULLETIN

**PENSION
CORPORATION**

To Municipal Pension Plan employers
From Pension Corporation
April 22, 2008

Short-term disability benefits and pension contributions

Short-term disability benefits (STDB) are full or partial pay that an employee receives from you as the employer, from an insurance company or from a benefits trust when the illness or injury is not work related (which would be covered by WorkSafeBC) and does not yet qualify as a long-term disability. STDB may also be called “paid sick leave” or “weekly indemnity benefits.”

The following is a summary of your reporting and remittance obligations based on different scenarios:

You (the employer) are paying STDB directly to your employee

You must report service and salary and remit contributions based on the employee’s work schedule and salary before the disability. If you are already reporting and remitting on the STDB, you must continue to do so.

A third party (such as an insurance company or a benefits trust) is paying the STDB

- If you are already reporting and remitting on the STDB paid by a third party, you must continue to report service and salary and remit contributions for the employee based on the employee’s work schedule and salary before the disability.
- If you are not already reporting and remitting on the STDB and you decide that the STDB paid by a third party should continue to be treated as *non-pensionable*, make sure that your employees know that they are

not being credited with service while on STDB, but they can purchase their time on STDB as a leave without pay to increase their pensionable service in the Plan.

- If you are not already reporting and remitting on the STDB and you decide to treat the STDB as *pensionable*, you must report service and salary and remit contributions for the employee based on the employee's work schedule and salary before the disability. You can start to do this at any time and you can make the change in your practice retroactive to the start of the calendar year in which you make the change.

Please contact the Municipal Pension Plan if you need more information.

Municipal Pension Plan

PO Box 9460

Victoria, BC V8W 9V8

MPP@pensionsbc.ca

Victoria: 250 953-3000

Vancouver: 604 660-5366

Toll-free: (BC) 1 800 668-6335

Fax: 250 953-0421

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Understand how your short-term disability benefits are paid

If you are receiving short-term disability benefits (STDB), make sure you understand how these benefits are paid so you don't miss an opportunity to maximize your service in the Municipal Pension Plan.

Short-term disability benefits are full or partial pay that you receive from your employer, an insurance company or a benefits trust when your illness or injury is not work related (which would be covered by WorkSafeBC) and does not yet qualify as a long-term disability. STDB may also be called "paid sick leave" or "weekly indemnity benefits."

If your employer pays your STDB directly to you, you will be credited with service in the Plan. Your employer automatically reports your service and deducts pension contributions on your behalf. You can check your annual *Member's Benefit Statement* to confirm that this has happened. If you think your employer has not reported service and remitted contributions while you are on STDB, please contact the Plan.

If your employer doesn't pay your STDB (for example, your STDB is paid by an insurance company or a benefits trust), you may not be credited with service in the Plan, depending on whether or not your employer considers the STDB to be pensionable.

If your employer has been reporting service and remitting contributions for you in the past, your employer must continue to do so.

If your employer has not been reporting service and remitting contributions for you, and continues to treat the STDB as non-pensionable, you can increase your pensionable service by purchasing your time on STDB as a leave without pay. There are time limits to purchase a leave without pay. See the *Purchasing Leaves of Absence* fact sheet for more information.

If you are not sure how your STDB is paid, or you're not sure if your time on STDB is pensionable, check with your employer. For more information about STDB, contact the Plan.

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