

QUESTIONS AND ANSWERS

ELIGIBILITY AND ENROLLING EMPLOYEES

What is the definition of permanent employees?

Permanent employees are employees who are employed on an ongoing basis.

The Commission has made a request to proceed with a regulation to exempt employees who work less than 700 hours in two consecutive years and full-time students from mandatory participation in the Plan. Employees who are exempted from mandatory participation but who wish to participate in the Plan will still be allowed to join.

If the regulation is approved prior to the end of 2000, the above employees will not have to participate in the Plan. If it is not approved prior to the end of 2000, the above employees will have to start participating January 1, 2001. Once the employee has joined the Plan, the employee will not have the opportunity to withdraw from the Plan.

How would an employer know if an employee is working for another employer?

To find out if an employee is working for another employer you would have to ask the employee. You may want to ask employees annually if they are contributing with another employer.

MEPP will modify the enrollment form to have the employee declare if he/she is already a member of the Plan. Also, MEPP will annually, in MEPPMatters, include an article indicating that if an employee is contributing to the Plan with one employer, he/she must contribute with all employers.

Does an employer have to contribute if an employee is working casual for another employer?

Yes. If an employee is making contributions to the Plan, regardless of the employment situation, contributions must be made by all other employers.

What benefit would it be to enroll a non-permanent employee who is 61 years old and does not want to contribute?

The benefit is to the employee as the employee will receive a pension or at the least a refund of contributions and interest. Also, all employees must be treated equally regardless of age; indeed it is illegal not to do so.

If an employee previously chose not to join the Plan after reaching 700 hours in two consecutive years, when do they have to join?

They will have to join January 1, 2001. The eligibility period will not have to be served again.

How is 700 hours in two consecutive years calculated?

The year starts the date the employee is hired and the second year starts on the employee's first anniversary date. The employee must start contributing after completing 700 hours in the second year. For example, a non-permanent employee was employed on May 1, 2000. The second year starts on May 1, 2001. If the employee completes 700 hours on January 7, 2002, the employee would join the Plan on January 8, 2002.

Does any employee have the option to elect not to join the Plan after completing 700 hours in two consecutive years?

Assuming the proposed regulation is approved, students will be the only group of employees who will have the option to elect not to join the Plan after working 700 hours in two consecutive years. No other employee who works 700 hours in two consecutive years has this option.

What if at January 1, 2001 a member did not have 700 hours in two consecutive years? When would they have to join?

If an employee is a permanent ongoing employee, the employee will have to join the Plan on January 1, 2001.

If the employee is a non-permanent employee, the employee will have to join the Plan after completing the 700 hours in the second year. The non-permanent employee could however choose to join on January 1, 2001.

Are clerical employees and school bus drivers on contract for the school year considered permanent employees?

If the job is an ongoing job, the employee should be considered permanent even though there is an annual employment contract.

If an employee asks to join the plan, even if the employee is a non-permanent employee, does the employer have to let them join?

Yes, the employee must be allowed to join the Plan.

Can any employee be designated as permanent and be required to start contributing immediately upon hiring?

Yes.

If an employee is receiving a pension from another pension plan, can the employee contribute to MEPP?

Yes. Only employees who are receiving a pension from MEPP are excluded from participating in the Plan.

If school employees are paid for a couple of days in August, would they still be designated as 10 month employees?

Yes. School employees who work more than 10 months but less than 12 months are designated as 10 month employees.

How do you determine if a person with a contract is a contractor or an employee?

If income tax is deducted and CPP and EI premiums are paid for the person, the person should be considered an employee and the person should be enrolled in the Plan.

Late last year, CCRA (formerly Revenue Canada) issued a publication dealing with this issue titled Employee or Self-Employed? CCRA's website is www.ccradrc.gc.ca

If a member previously opted out of the Plan and wants to purchase previous service, is the employer responsible for any of the cost?

If an employee who previously opted out of the Plan wants to purchase the service, the employer will not be responsible for any of the cost.

CLASSIFYING EMPLOYEES

How would an employee be classified if the employee missed 4 weeks of work per year?

If an employee works less than twelve full months during the year on a regular basis, the employee should be designated as a part time 12 month employee.

If the employee normally works 12 full months but misses 4 weeks in one year, the employee should be designated as a full time 12 month employee.

Can a dispatcher in the police office be designated as an emergency member?

A dispatcher can not be designated as an emergency member unless the dispatcher is also a police officer or firefighter.

If an employer income averages hours for employees and pays the same amount every month, should they be considered salaried employees? What if adjustments are made?

If an employer income averages hours for employees and pays the same amount every month, the employees should be considered salaried employees and potential hours and hours paid should be reported accordingly.

If adjustments are made, the employees' salary, potential hours and hours paid must be adjusted for the appropriate months.

HOURS PAID AND POTENTIAL HOURS

How are potential hours calculated for a casual employee?

If you have other employees in a similar group, use the same potential hours for the casual employee (for example: If the casual employee works in the office and if you have other office employees whose potential hours are 35 hours per week use the same potential hours for the casual employee).

If you have no other employees in a similar group, you would determine the potential hours based on what you would reasonably consider full time hours for the job.

If an employee normally works 35 hours per week as potential hours and works an extra four hours a week at regular wage rate for several weeks, what would the potential hours be?

If the employee is a salaried employee and does not receive extra pay for the extra hours, you would report 35 hours each as potential hours and hours paid even if extra hours are worked.

If the employee is an hourly paid employee and is paid for the extra hours, you would report 39 hours as potential hours and hours paid for the weeks during which the extra hours were worked.

What if the maximum hours of work a school employee who works with a special child can work per week are 24 hours and no other hours are available to work, how are potential hours determined?

The potential hours for the employee would be the same as the potential hours for other employees who do a similar job. If no other employees do a similar job, the potential hours would be the same as the potential hours for other employees who work at the school. Full time hours can not be less than 30 hours per week.

Why do hours worked and potential hours have to be reported?

Hours worked and potential hours are reported to ensure that the employee is credited with the proper amount of pensionable service each year.

What happens if hours paid are greater than potential hours?

If an employee is subject to section 7 of the Labour Standards Regulations, hours paid can be greater than potential hours.

If hours paid are greater than potential hours, the employee's service will reflect the hours worked. For example, if the potential hours in a month for a monthly paid employee are 160 hours and the hours paid are 200 hours, the employee will be credited with 1.25 months of service. However, the employee is limited to 1 year of service for every year worked.

Are statutory holidays included in potential hours and hours paid?

If employees are salaried employees, statutory holidays are included in potential hours and hours paid.

If employees are hourly paid employees, statutory holidays are included in potential hours and hours paid if the employee is paid for the day when it occurs. If you pay statutory holiday pay on each cheque as a percentage of salary do not include the statutory holiday in potential hours and hours paid.

Can a person accrue more than 100% of full time as hours paid if the member works for more than one employer?

An employee can not accrue more than 1 year of pensionable service in a calendar year.

Can employees who are subject to section 7 of the Labour Standards Act accrue service faster or receive more than 1 year each year?

An employee can not accrue more than 1 year of pensionable service in a calendar year.

How will pensionable (contributory) service be calculated?

Pensionable service for the year will be calculated by dividing the hours paid by the potential hours. For example, if the employee's potential hours for the year are 1,960 hours and the hours paid are 1,600 hours, contributory service for the year would be 81.63% of the year (1,600 hrs/1,960 hrs).

Pensionable service will also include any purchased service, service for which contributions are made for a period of leave, actuarial reserve service, granted service, disability waiver service and service for reciprocal transfers in.

How will eligibility (continuous) service be calculated?

A full period of eligibility service will be credited to a member if a contribution is received for the period. For example, if an employee works during 18 of 26 bi-weekly pay periods, eligibility service for the year would be 69.23% of the year (18 pay periods/26 pay periods).

Eligibility service will also be credited if a member purchases service for which he/she has not already received eligibility service, makes contributions for a period of leave, is approved for a disability waiver and if a member transfers in service under a reciprocal transfer or a portability agreement.

How will potential hours for a part time employee who starts during a month be calculated?

If an employee starts during a month calculate full time hours from the date of employment and report that as potential hours.

PENSIONABLE SALARY

Is there a minimum salary for full time employees?

There is no minimum salary for full time employees.

Will MEPP be able to report Pension Adjustments to CCRA for the 2001 year? Will the employer have the option of reporting the Pension Adjustments?

Information on Pension Adjustment reporting and options will be provided once, and if, CCRA gives MEPP permission to report Pension Adjustments.

BENEFICIARIES

Why does the spouse have the ability to revoke a spousal waiver of pre-retirement benefits without the member having to give consent?

Under the Pension Benefits Act 1992, Saskatchewan, the spouse has the right to receive the pension benefit if the member dies. The spouse can voluntarily give up this right by signing a spousal waiver. The spouse therefore has the right to revoke the waiver.

If a beneficiary form is received with a co-beneficiary listed, will MEPP follow up if the spousal waiver is not received?

MEPP will not follow up if a spousal waiver is not received.

Will the member be notified if a spousal waiver is being revoked?

A member will be notified if a spousal waiver is being revoked.

Does a common-law spouse have to sign a spousal waiver?

A common-law spouse will have to sign a spousal waiver to waive his/her entitlement to the pension.

Why does only the estate have the right to request a lump sum payment of future pension payments after a pensioner dies? Why can't any other beneficiary make the same request?

There is no reason other than the fact that the Act only allows a lump sum payment to be made to the estate. This provision can be changed by legislation if the Commission recommends the change to the Act.

If an employee works for more than one employer, do they need two beneficiary forms?

As long as MEPP has a beneficiary designation form that reflects the wishes of the member, a second form does not have to be completed. An employer can confirm with MEPP that there is a beneficiary form on file for an employee.

Can an employee have more than one alternate beneficiary?

Yes. If an employee does list more than one alternate beneficiary, the employee must clearly identify the order of the alternate beneficiaries. For example, if an employee wants to name his/her spouse if living, followed by 100% to his/her father if living followed by 100% to his/her brothers and sisters, this must be clearly indicated on the designation of beneficiary form.

How is proof of a common-law relationship proved, both while an active member or in the event of death?

A member can name his/her common-law spouse with no evidence required. If a member dies, an affidavit confirming the common-law relationship must be completed by the common-law spouse. Also, the common-law spouse must provide the names of two individuals who will confirm that there was a common-law relationship.

At what point does a common-law relationship end?

A common-law relationship ends when the two individuals separate.

If a death benefit is paid to the estate, does it have to go through probate?

Whether or not a death benefit paid to the estate has to go through probate depends upon the deceased member's will and the instructions in the will.

LAY-OFF LEAVE OF ABSENCE

Do lay-off/Leave of Absence forms have to be submitted for casual employees?

No, a layoff/leave of absence form does not have to be submitted for casual employees.

CONTRIBUTIONS FOR A PERIOD OF LEAVE

To make contributions for a period of leave does the employee have to return to the same employer?

If an employee terminates while on a leave the termination date would be the last day worked; therefore the service could not be purchased and contributions could not be made for the period of leave. The one exception would be if the employer amalgamated with another employer while the member was on leave.

Do I have to make contributions for the whole leave when I return or can I pay for only part of it?

Contributions must be made for the whole leave.

Is it mandatory or optional to contribute for a leave?

It is optional for an employee to contribute for a period of leave.

REMITTANCES

When do I start using the new Payroll Deduction Return?

Start using the Payroll Deduction Return with your first complete remittance for January in January, 2001.

If I pay bi-weekly do I have to submit a Payroll Deduction Return for each pay period?

If you pay your employees bi-weekly, a Payroll Deduction Return must be completed for each payroll.

If I pay bi-weekly, do I have to remit bi-weekly?

Remitting bi-weekly is acceptable and appreciated. Remittances can be submitted monthly, within 15 days of the end of the month. A monthly remittance must include all pay periods completed during the previous month.

How do I remit retroactive pay for 2000 if paid in 2001?

Retroactive pay would have to be reported for the same periods as the original contributions were reported in 2000.

Does retro pay for a full year have to be broken down by pay period?

Retro pay must be broken down by pay period. The salary for each pay period will be adjusted by the retroactive contribution for the period. It is important to adjust the correct pay period.

If an employer has both salaried and hourly paid employees, do they have to be remitted on different PDRs?

Salaried and hourly paid employees can be reported on the same Payroll Deduction Return if the pay schedule, pay period begin date and pay period end date are the same for both types of employees.

If an employer has both bi-weekly and monthly paid employees, are two PDRs required?

Bi-weekly and monthly paid employees will have a different pay schedule, pay period begin date and pay period end date. They will therefore have to be reported on separate Payroll Deduction Returns.

Why have bonuses been removed?

Bonuses are not considered to be regular remuneration.

Can 10 month and 12 month employees be reported on the same Payroll Deduction Return?

12 month and 10 month employees can be reported on the same Payroll Deduction Return if the pay schedule, pay period begin date and pay period end date are the same for both types of employees.

If a member terminates and is paid vacation pay monthly, as regular salary, until the vacation days are paid out, is this pensionable?

Yes. The member's termination date would be the last day for which vacation pay was paid.

Why does it make a difference if the employee is paying 100% of the contribution or if the employee is paying 50% and the employer is paying 50%?

If the employee and employer each pay 50% of the contribution, the service pertaining to the contribution and the contribution amount will be used to determine the member's commuted value and excess.

If the employee pays 100% of the contribution, the service pertaining to the contribution and the contribution amount will not be used to determine the member's commuted value and excess. In this situation, if the member terminates the member will receive as a payout the contribution amount plus interest to the date of termination.

DEATH BEFORE RETIREMENT

What is the pre-retirement death benefit?

The spouse or beneficiary will receive the value of the benefit the member earned to the date of death. The spouse can purchase an annuity with the funds or transfer the funds out of the Plan. Any other beneficiary must receive a lump sum payment.

TERMINATION

How is the present value of the member's pension calculated?

The present value of the member's pension is the member's commuted value. The commuted value is an actuarial calculation which indicates the amount of money required at the calculation date to start paying a pension at the member's earliest retirement date and pay the pension for the member's lifetime.

How will a member know how much can be transferred out of the Plan on termination, both tax deferred or taxable?

When a member terminates employment, a termination option form will be sent to the member. This termination option form will detail all the options that are available to the member. It will also indicate the amount the member could transfer out of the Plan on a tax deferred basis.

RETIREMENT

What happens if a retired member's spouse dies before the end of the guarantee period?

If the member is still alive, payments continue to be paid to the member. If the member has pre-deceased the spouse, the spouse's beneficiary will receive the payments until the end of the guarantee period. If the spouse's beneficiary is the spouse's estate, a lump sum payment could be requested.

In the pension formula, is the highest average salary calculated for each period or is the same highest average salary used for all periods?

The same highest average salary is used for all periods in the pension formula. The highest average salary is the member's highest annualized three years of salary in the Plan. In many cases, this is the member's final years of salary.

PURCHASE OF SERVICE

Can a member transfer from another pension plan if the member has received a partial refund from the member's prior Plan?

Funds can be transferred under a portability agreement if a member has received a partial refund. Funds can not be transferred under most reciprocal agreements

if a member has received a partial refund. This does however depend on the provisions of the individual reciprocal agreements.

If a member wants to purchase service, does it all have to be purchased at once or can a member purchase a portion at a time?

Service will be able to be purchased a portion at a time. Details on purchases of service will follow at a later date.

Can eligibility service only be purchased or must a member purchase both eligibility and pensionable service together?

Eligibility service alone can not be purchased.

Can an employer contribute toward a purchase of service?

No, an employer can not contribute toward a purchase of service. An employer could however pay the employee a non-pensionable taxable bonus that the employee could use to purchase the service. The Plan must receive the funds from the employee.

How will a member know if it will be beneficial for the member to purchase previous service for which the member did not contribute?

When a quote is provided for a purchase of service, information will be provided which will indicate the amount by which the member's accrued pension will change if the purchase is made.

Can a purchase of service be made through payroll deduction?

A purchase of service can only be made through a lump sum payment of non-registered funds or an RRSP. It can not be made through payroll deduction.

DISABILITY AND TERMINAL ILLNESS

If a member makes contributions while on disability, on what salary is the contribution made?

Contributions must be made based on the member's pre-disability salary.

What is the calculation of a lump sum payment for terminal illness?

If a terminally ill member receives a lump sum payment, the amount the member receives is the amount the member would have received had the member terminated employment on the date of payment. The payment to a member with a deferred pension would be the amount that the member would receive if the member transferred all equity out of the Plan.