

**Municipal Employees' Pension Plan**

**Registration No. 0355321**

**Calculating and Reporting**

**2015 Pension Adjustments**

**for**

**General Members**

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# MUNICIPAL EMPLOYEES' PENSION PLAN

## 2015 PENSION ADJUSTMENT GUIDE FOR GENERAL MEMBERS

### INTRODUCTION

The purpose of this guide is to assist you in calculating and reporting the 2015 Pension Adjustments (PAs). You, the employer, are responsible for the reporting of PAs on your employees' T4 information slips. PAs must be reported for all employees who are or were members of the Municipal Employees' Pension Plan (MEPP) during the year. The PAs reported on the T4 information slips are used to determine the member's available Registered Retirement Savings Plan (RRSP) contribution room for the next calendar year.

MEPP is a multi-employer, defined benefit, registered pension plan. MEPP's registration number, 0355321, must be included on the T4 information slip. Many income tax consultants' newsletters deal with single-employer plans, not multi-employer plans. The information supplied by them may not be applicable to members in MEPP.

Following are some special reporting requirements:

- Employees who worked part of the year and were/are members of MEPP must have a PA reported for them.
- If a member died during the year, do not report a PA for them.
- If a member has more than one job with a single MEPP employer, the PA must be calculated as if the jobs were one continuous job. The maximum pensionable service with a single employer is one year.
- If a member works for more than one MEPP employer, each employer calculates and reports a PA independently.

The Pension Adjustment tables on the MEPP website at [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca) can be used to determine the PA for **full time** 12-month or **full time** 10-month employees who worked the whole year. There are two general member tables, one for members earning less than \$75,040 and a second for those earning more than that amount. You cannot use these tables, and therefore must calculate the PA, if an employee worked:

- full time for less than the whole year,
- less than full time for the whole year, or
- less than full time for less than the whole year.

The steps for calculating these PAs are in the following sections. A PA calculator is also available on the website at [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca).

## TERMS USED

### BENEFIT EARNED (BE)

The BE is the amount the member's pension that accrued during the year. The BE calculation uses one of the following formulas:

For members who were employed prior to January 1, 1993 **and** whose Pensionable Salary is greater than \$75,040:

BE = (1.3% x Annualized Pensionable Salary to the YMPE x Portion of Year Worked)

*Plus*

(2% x Annualized Pensionable Salary over the YMPE x Portion of Year Worked)

For all other members:

BE = 1.5% x Annualized Pensionable Salary x Portion of Year Worked

### PENSION ADJUSTMENT (PA)

The PA is the deemed value of the pension benefit earned by the member during the year. It is calculated using the following formula:

$$PA = (9 \times BE) - \$600$$

Note: The Pension Adjustment (PA) is always rounded to the nearest dollar. If the PA is a negative number, the PA is reported as a zero (0).

### PENSIONABLE SALARY

Pensionable Salary is salary on which pension contributions were made.

### PORTION OF YEAR WORKED / PORTION OF FULL TIME WORKED

The Portion of Year Worked or Portion of Full Time Worked is the total pensionable hours a member worked divided by the total potential pensionable hours in the year.

- The Portion of Year Worked for a 12-month employee is the number of pensionable hours paid divided by the potential pensionable hours during the year. The potential pensionable hours are the number of hours the employee could have worked if the employee worked full time for the entire year. The potential hours include vacation and statutory holidays.
- The Portion of Year Worked for a 10-month employee is the number of pensionable hours paid divided by the potential pensionable hours during the year. The potential pensionable hours are the number of hours the employee could have worked if the employee worked full time for the entire school year. The minimum number of hours that can be worked and still be considered full time is 6 hours a day. The potential hours is calculated by multiplying the number of school days, including non-teaching days and paid statutory holidays, times the full time hours per day.

## MEMBERS WHO WORK FULL TIME FOR THE ENTIRE YEAR

Members who are 12-month employees and work full time for the entire year receive one year of pensionable service. Members who are 10-month employees and work full time for the whole school year also receive one year of pensionable service. Because these members work full time for the whole year, their annual pensionable salary is their annualized pensionable salary.

For members whose salary is greater than \$75,040 and who were employed prior to January 1, 93:

- the accrual rate is 1.3% on pensionable salary to the YMPE plus 2% on pensionable salary greater than the YMPE.

For all other members:

- the accrual rate for the year is 1.5%.

The BE is calculated as follows:

For members whose accrual rate is 1.3% plus 2%:

$$BE = (1.3\% \times YMPE) \text{ plus } (2\% \times (\text{Annual Pensionable Salary minus YMPE}))$$

For members whose accrual rate is 1.5%:

$$BE = 1.5\% \times \text{Annual Pensionable Salary}$$

The PA is calculated as follows:

$$PA = (9 \times BE) - \$600.00$$

### Calculation for a full time 12-month or full time 10-month employee:

A MEPP full time 12-month or full time 10-month employee has a pensionable salary of \$80,000 and was employed prior to January 1, 1993. The YMPE for 2015 is \$53,600.

Calculate the BE:

BE	=	1.3% x YMPE plus 2% x (Annual Pensionable Salary minus YMPE)
	=	1.3% x \$53,600.00 + 2% x (\$80,000.00 - \$53,600.00)
	=	1.3% x \$53,600.00 + 2% x \$26,400.00
	=	\$696.80 + 528.00
	=	\$1,224.80

Calculate the PA:

PA	=	(9 x BE) - \$600.00
	=	(9 x 1,224.80) - \$600.00
	=	\$11,023.20 - \$600.00
	=	\$10,423.20

If the above member had been hired on or after January 1, 1993, the calculation would be the same calculation as on page 5.

A MEPP full time 12-month or full time 10-month employee has a pensionable salary of \$35,000 for the year.

Calculate the BE:

BE	=	1.5% x Annualized Pensionable Salary
	=	1.5% x \$35,000.00
	=	\$525.00

Calculate the PA:

PA	=	(9 x BE) - \$600.00
	=	(9 x 525.00) - \$600.00
	=	\$4,725.00 - \$600.00
	=	\$4,125.00

As stated on page 2, the tables on the website at [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca) can be used to determine the PA for **full time** 12-month or **full time** 10-month employees who worked the full year.

## MEMBERS WITH LESS THAN ONE YEAR OF PENSIONABLE SERVICE

A member may have less than one year of pensionable service if he or she:

- was hired during the year;
- retired or terminated during the year;
- was laid off during the year;
- was on a leave of absence during the year; or
- worked less than full time during the year.

The pensionable salary must be annualized whenever a member has less than one year of pensionable service. Also, the \$600.00 deduction in the PA formula must be adjusted accordingly.

### Calculation for a 12-month employee with less than one year of contributory service:

**Example 1:** A 12-month employee terminated employment after working full time from January 1 through June 25. The employee's pensionable salary was \$15,000. The reported Hours Paid for the employee during the year was 1,003 hours. The employee's full-time hours were 8 hours per day; therefore the Potential Hours for the year were 2,080 (8 x 5 x 52).

Determine the Portion of Year Worked:

Portion of Year Worked	=	Hours Paid / Potential Hours in Year
	=	1,003 / 2,080
	=	.4822

Annualize the Pensionable Salary:

Annualized Pensionable Salary	=	Pensionable Salary / Portion of Year Worked
	=	\$15,000.00 / .4822
	=	\$31,107.42

Calculate the BE:

BE	=	1.5% x Annualized Pensionable Salary x Portion of Year Worked
	=	1.5% x \$31,107.42 x .4822
	=	\$225.00

Note: if the member was employed prior to January 1, 1993 and the member's Annualized Pensionable Salary is greater than \$75,040, the above BE calculation would be calculated at the 1.3% and 2% Accrual Rates (see page 4).

Calculate the PA:

PA	=	(9 x BE) – (\$600.00 x Portion of Year Worked)
	=	(9 x \$225.00) – (\$600.00 x .4822)
	=	\$2,025.00 – \$289.32
	=	\$1,735.68 rounded to \$1,736.00

**Example 2:** A 12-month employee worked less than full time hours during the year. The member's pensionable salary was \$17,000. The member was paid for 1,560 hours during the year. The member's full time hours were 7.5 hours per day; therefore the potential hours for the year were 1,950 (7.5 x 5 x 52).

Determine the Portion of Full Time Worked:

Portion of Full Time Worked	=	Hours Paid / Potential Hours in Year
	=	1,560 / 1,950
	=	.80

Annualize the Pensionable Salary:

Annualized Pensionable Salary	=	Pensionable Salary / Portion of Full Time Worked
	=	\$17,000.00 / .80
	=	\$21,250.00

Calculate the BE:

BE	=	1.5% x Annualized Pensionable Salary x Portion of Full Time Worked
	=	1.5% x \$21,250.00 x .80
	=	\$255.00

Note: if the member was employed prior to January 1, 1993 and the member's Annualized Pensionable Salary is greater than \$75,040 the above BE calculation would be calculated at the 1.3% and 2% Accrual Rates (see page 4).

Calculate the PA:

PA	=	(9 x BE) – (\$600 x Portion of Full Time Worked)
	=	(9 x \$255.00) – (\$600.00 x .80)
	=	\$2,295 – \$480.00
	=	\$1,815.00

## Seasonal Employees

At the date of leave, layoff or termination, some seasonal employees may have pensionable hours worked exceeding the total available full time potential pensionable hours for the period of the year they worked. For these employees, the maximum service is limited based on the last day the member worked during the year. To determine this maximum, calculate the number of days in the year to the last day worked and divide this number by 365.

For example: A seasonal employee worked from February 18 through September 14. The maximum portion of the year worked is calculated using the number of days from January 1 through September 14. The number of days is always calculated from January 1, regardless of when the employee returned from leave or layoff at the beginning of the year.

The number of days from January 1 through September 14 is 257.

Determine the Maximum Service for the Year:

Maximum Service for Year	=	Days in Year to Leave, Layoff or Termination / 365
	=	257 / 365
	=	.7041



**Example 3:** A seasonal employee worked from February 1 through October 15. The member's pensionable salary for the period was \$25,000. The member's hours paid were 1,825 and the potential hours for the year are 2,080.

Determine the Actual Portion of Full Time Worked:

Portion of Full Time Worked	=	Hours Paid / Potential Hours for Year
	=	1,825 / 2,080
	=	.8774

Determine the Maximum Service for the Year:

Maximum Service for Year	=	Days in Year to Leave, Layoff or Termination / 365
	=	288 / 365
	=	.7890

Compare the above two calculations and use the **lowest** amount. That amount becomes the portion of full time worked.

Annualize the Pensionable Salary:

Annualized Pensionable Salary	=	Pensionable Salary / Portion of Full Time Worked
	=	\$25,000.00 / .7890
	=	\$31,685.68

Calculate the BE:

BE	=	1.5% x Annualized Pensionable Salary x Portion of Full Time Worked
	=	1.5% x \$31,685.68 x .7890
	=	\$375.00

Note: if the member was employed prior to January 1, 1993 and the member's Annualized Pensionable Salary is greater than \$75,040, the above BE calculation would be calculated at the 1.3% and 2% Accrual Rates (see page 4).

Calculate the PA:

PA	=	(9 x BE) – (\$600 x Portion of Full Time Worked)
	=	(9 x \$375.00) – (\$600.00 x .7890)
	=	\$3,375.00 – \$473.40
	=	\$2,901.60 rounded to \$2,902.

**Calculation for a 10-month employee with less than one year of contributory service:**

**Example 4:** A 10-month MEPP member terminated employment after working full time from January 1 through September 25. The member's pensionable salary was \$12,000. The member was paid for 668 hours. The potential hours for the year were 1,182 (197 days x 6 hours per day).

Determine the Portion of Year Worked:

Portion of Year Worked	=	Hours Paid / (School Days * Full Time Hours per Day)
	=	668 / (197 * 6)
	=	668 / (1,182)
	=	.5651

Annualize the Pensionable Salary:

Annualized Pensionable Salary	=	Pensionable Salary / Portion of Year Worked
	=	\$12,000 / .5651
	=	\$21,235.18

Calculate the BE:

BE	=	1.5% x Annualized Pensionable Salary x Portion of Year Worked
	=	1.5% x \$21,235.18 x .5651
	=	\$180.00

Note: if the member was employed prior to January 1, 1993 and the member's Annualized Pensionable Salary is greater than \$75,040, the above BE calculation would be calculated at the 1.3% and 2% Accrual Rates (see page 4).

Calculate the PA:

PA	=	(9 x BE) – (\$600.00 x Portion of Year Worked)
	=	(9 x \$180.00) – (\$600.00 x .5651)
	=	\$1,620.00 – 339.06
	=	\$1,280.94 rounded to \$1,281

**Example 5:** A MEPP 10-month employee worked less than full time hours in each of 10 months. The member's pensionable salary was \$14,000, the member's Hours Paid were 788 and the member's Potential Hours were 1,182 (197 days x 6 hours per day).

Determine the Portion of Full Time Worked:

Portion of Full Time Worked	=	Hours Paid / (School Days * Full Time Hours per Day)
	=	788 / 1,182
	=	.6666

Annualize the Pensionable Salary:

Annualized Pensionable Salary	=	Pensionable Salary / Portion of Full Time Worked
	=	\$14,000.00 / .6666
	=	\$21,002.10

Calculate the BE:

BE	=	1.5% x Annualized Pensionable Salary x Portion of Full Time Worked
	=	1.5% x \$21,002.10 x .6666
	=	\$210.00

Note: if the member was employed prior to January 1, 1993 and the member's Annualized Pensionable Salary is greater than \$75,040, the above BE calculation would be calculated at the 1.3% and 2% Accrual Rates (see page 4).

Calculate the PA:

PA	=	(9 x BE) – (\$600.00 x Portion of Full Time Worked)
	=	(9 x \$210.00) – (\$600.00 x .6666)
	=	\$1,890.00 – \$399.96
	=	\$1,490.04 rounded to \$1,490

## RETROACTIVE PAY

Benefits Earned are calculated on cash received in the year. Any retroactive pay a member receives during the year is to be added to the member's pensionable salary for the purpose of calculating his/her Benefit Earned (BE) and Pension Adjustment (PA).

You must however recalculate and amend the previous year's PA for members who retired or terminated before January 1, of the current year but received retroactive pay for the previous year in the current year. The retroactive pay is to be included in the pensionable salary for previous and the BE and PA recalculated. The difference between the PA reported for the previous year and the recalculated amount is to be reported on the current year T4 information slip.

### Calculation for determining a revised Pension Adjustment:

A MEPP member terminated December 31, of last year when his pensionable salary was \$30,000.00. His PA for last year was \$3,450. In 2015 he received \$5,000 in retroactive pay.

Calculate the revised BE:

BE	=	1.5% x Salary
	=	1.5% x (\$30,000.00 + \$5,000.00)
	=	\$525.00

Calculate the PA:

PA	=	(9 x BE) – (\$600.00 x Portion of Full Time Worked)
	=	(9 x 525.00) – \$600.00
	=	\$4,725.00 – \$600.00
	=	\$4,125.00

Calculate the PA to be reported on the current year T4 information slip:

Additional PA	=	Revised Prior Year PA – Reported Prior Year PA
	=	\$4,125.00 - \$3,450.00
	=	\$675.00

## FOR FURTHER ASSISTANCE

If you have any questions, please contact the Municipal Employees' Pension Plan at the following address or phone number:

Municipal Employees' Pension Plan  
c/o Public Employees Benefits Agency  
1000 - 1801 Hamilton Street  
REGINA SK S4P 4W3

Phone: (toll free) 1-877-506-6377 or  
306-787-2684

Fax: 306-787-0244

E-mail: [mepp@peba.gov.sk.ca](mailto:mepp@peba.gov.sk.ca)

Website: [www.peba.gov.sk.ca](http://www.peba.gov.sk.ca)