



April 2016

## Pension Contributions and Disability Benefits

### As a participating PEPP employer, did you know that employees who receive a disability benefit must continue to contribute to PEPP?

When an employee is on a disability leave and receiving any form of replacement income due to an inability to work, contributions to PEPP **should continue** as indicated in *The Public Employees' Pension Plan Act*. See section 17(1) of *The PEPP Act* for details.

PEPP will continue to receive pension contributions for employees while on disability, but not once the employee/employer relationship ends. See *Scenario 1*.

### Employer Considerations

In certain instances, arrangements have been made with the disability insurer to withhold member contributions from disability payments. These are then forwarded to the employer, who then remits a payment to PEPP which includes both the employee and employer share.

Employers who do not have this arrangement with their insurer should:

1. Provide their employee with written information and document all contact with the employee. Notify them in writing about:
  - the amount required for their employee contribution;
  - remitting their contributions on an ongoing basis to you, the employer, and

- the implications of not paying into the Plan (i.e., if the employee does not remit their contributions, the employer will not be required to send in the employer portion). This will result in a loss of potential investment earnings and will directly impact their account balance at retirement.

**FYI:** A *Contributions to PEPP While on Disability Leave* form has been prepared for your convenience. It can be accessed on the PEPP website [here](#).

2. Ensure payments are made to PEPP as soon as possible after each disability payment. The employer and employee should agree on the timing of these contributions. See *Scenario 2*.

Partial or sporadic payments are dependent on existing employment contracts regarding disability contributions. If there is no policy in place, it's up to the employer to implement a policy on accepting partial and/or sporadic payments. Employers should communicate the policy and ensure all employees understand it.

PEPP requires a completed *Work Absence* form regardless if the employee contributes or not.

If you would like more information on this topic, please consult the *PEPP Admin Guide* or email/call your PEPP Customer Focus Coordinator (CFC).