

PensionFacts



Salary for pension purposes includes all earnings that are part of an employee's ongoing compensation.

Your salary and your future pension

You can maximize your future pension by making certain all of your pensionable salary is properly accounted for. Your pension is based on the number of years you made contributions to the Plan and the average of your highest five years of salary.

Salary for pension purposes includes all earnings that are part of an employee's ongoing compensation. It includes scheduled or unscheduled hours of work paid at straight-time rates of pay, and is paid on a periodic basis (e.g., weekly, bi-weekly, monthly, seasonal or annual basis).

Pensionable salary includes:

Salaries associated with regular pay

- ongoing compensation related to scheduled or unscheduled hours of work paid at straight-time rates of pay;
- retroactive pay—paid to compensate for a period of service while the employee was a contributing member of the Plan;
- common adds to pay, including but not limited to:
 - service/long service/retention pay¹—paid on a periodic basis to employees after a set number of years of service, typically once they are eligible for an unreduced pension or when they have reached pensionable age;
 - acting or substitution pay—paid to employees who work temporarily in a higher paying position;
 - shift differential pay—a premium paid for working certain shifts (e.g., weekends and nights);
 - first aid pay—paid to employees who perform first aid in addition to their regular job;
 - allowances for housing/room and board—an addition to regular salary for workers in isolated locations. Deemed taxable income by Canada Revenue Agency;
 - wage premiums paid for doing 'danger work' or 'dirty work' as defined by union contract; and
 - trade, qualification, or specialty pay—paid on a periodic basis to employees who have additional certification or qualifications.

¹ Qualifying criteria for service/long service/retention pay are determined by the employer.

- insufficient notice pay—only the straight-time rate of pay for the shift worked, not the additional salary premium paid;
- salary paid to a member on a rehabilitation program;
- leave top-up—paid by the employer for maternity, parental, compassionate care and other forms of leave of absence provided for under the *British Columbia Employment Standards Act*;
- training pay—paid to employees (mostly firefighters or police officers) prior to being hired as either probationary or regular employees;
- Worker’s Compensation Board payments made through the employer;
- Worker’s Compensation Board or long-term disability top-up payments made through the employer—paid to employees to top-up their salaries when receiving Worker’s Compensation Board or long-term disability benefits; and
- cost-of-living payments—an automatic increase to regular wages tied to increases in the cost of living.

Salaries associated with vacation pay

- full-time employees—when vacation time is taken; and
- part-time/casual employees—when vacation time is taken or when paid on a periodic basis.

Salaries associated with statutory/paid holiday pay

- full-time employees—when leave is taken for the statutory/paid holiday; and
- part-time/casual employees—when leave is taken for the statutory/paid holiday or when paid on a periodic basis.

Salaries associated with short-term disability benefit (STDBs) payments

- STDBs paid directly to a member by the employer are pensionable. The employer must report service and salary and remit contributions on these STDBs;
- STDBs paid by a third party (such as an insurance company or benefits trust) to a member can be deemed pensionable by the employer. If STDBs paid by a third party are deemed pensionable by the employer, the employer must report service and salary and remit contributions on these STDBs²;
- STDBs paid by a third party (such as an insurance company or benefits trust) that are not deemed pensionable by an employer may be eligible for purchase by a member under the leave of absence provisions of the Municipal Pension Plan Rules; and
- for pensionable STDBs, the member will continue to accrue contributory service and employers must report pensionable service and salary based on the member’s work schedule before the short-term disability leave. Part-time members will accrue service and salary based on their work schedule immediately before the short-term disability leave.

² Employers already reporting and remitting on STDBs when this policy change came into effect on March 27, 2008, must continue to do so for all employees.

Pensionable salary does not include:

- lump sum vacation pay—if paid in lieu of vacation entitlement accumulated in a prior year by a full-time employee and not taken as leave;
- overtime pay—unless taken as time off or an employer resolution or collective agreement specifies that overtime pay is pensionable;
- premium or additional pay for statutory/paid holidays worked;
- Worker's Compensation Board payments when the employee is on approved long-term disability;
- car, meal, travel and clothing allowances;
- pay for on-call or stand-by hours;
- a lump sum payment(s) (including accrued vacation entitlement(s)) made at the time of termination or retirement—unless it is used to extend the termination date;
- severance pay—unless it is used to extend the termination date;
- grievance pay—unless a period of service is associated with the payment;
- performance or signing bonuses;
- additional pay in lieu of group benefits or payment of premiums for group benefits; and
- Employment Insurance rebate payments.

If you have any questions about your salary reported to the Pension Corporation (which is summarized on your annual *Member's Benefit Statement* and available online through My Account), contact your employer.



PensionFacts is published for the Municipal Pension Plan by the Pension Corporation. This publication 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 apply.

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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