

Article 49

Article 49 - Pension Plan

Related Articles: 13.01 (B), 14, 37.01, 38, 42.07(C), 51, Appendix L (deleted January 1, 2004), Appendix EE, MOU - Incentive Payment for Pre and Post Retirees

Interpretation Guidelines:

Article 49.01 - Municipal Pension Plans

Summary:

- Regular full-time employees must enrol in the Municipal Pension Plan as a condition of employment.
- Regular part-time and casual employees have the option to enrol in the Municipal Pension Plan.

Note: Following are only some of the Municipal Pension Plan (MPP) and Public Service Pension Plan provisions relevant to Employer obligations under the Plan rules.

Former public service employees had an option to remain in the Public Service Pension Plan; however, all new employees are enrolled in the MPP when they become eligible.

Disclaimer: The full text of the MPP Plan Rules and publications of the Plan's administrator, the Pension Corporation, should be consulted to obtain complete information on the MPP and PSPP.

The plan rules and information about the plans can be obtained by accessing the web site, www.pensionsbc.ca.

Governance:

The Municipal and Public Service Pension Plans are jointly trustee (i.e. Unions have representatives on the Pension Board), defined benefit plans.

Enrolment:

- Employers are obligated to comply with all the enrolment rules of the MPP.
- Failure to enrol on time or to remit contributions properly can result in an obligation on the Employer to remit the missed contributions. The enrolment rules are as follows:

Mandatory Enrolment:

Employees who are required as a condition of employment to enroll in the MPP include:

- Employees who are permanent, full-time employees after completing the three month probationary period.
- Employees who are not permanent, but who have worked on a continuous full-time basis for one year.

The interpretations in this manual are provided on a *without prejudice, errors and omissions basis* to any position Unions in the Nurses' Association of Bargaining Agents may take in any arbitral proceeding or any other forum.

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- New employees who are already contributing to the plan through another MPP employer.
- New employees who were contributing to the plan through a previous employer where the break in employment is 30 days or less.

Optional Enrolment:

Optional enrolment rules require that all eligible employees must be enrolled in the plan unless the employee signs a written waiver to opt out of the plan. In the absence of a waiver, an employer's failure to enroll eligible employees as soon as they become eligible to contribute to the plan will result in arrears (owed contributions) owing.

Employees who have the option to join the plan include:

- Regular part-time employees
- Casual employees who earn at least 35 per cent of the Year's Maximum Pensionable Earnings in each two consecutive years of continuous employment with one or more plan employers
- Existing employees who were employed when their employer first became a plan employer and who would otherwise be subject to mandatory enrolment.

Once an employee is a member of the MPP, they cannot later opt out. However, a waiver can be rescinded at any time.

The start date of contributions will be the first pay period following the date of application to become a member.

Plan members cannot later purchase service for which they waived enrolment after April 1, 2000.

Contributions will cease once a member has accrued 35 years of pensionable service or reaches age 71.

Pensionable Salary:

The following describes what types of earnings, compensation or pay are pensionable and lists some exclusions:

Municipal Pension Plan Pensionable Salary

- Wages
- Salary paid to a member on rehab program
- Sick pay paid on a regular basis
- Service pay
- Vacation or statutory holiday pay if service is credited, including pay to regular part-time employees under Article 39.02(B)
- First Aid pay
- Acting or substitution pay

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- Shift differential pay
- Long service awards in addition to salary
- Sick pay top up / LTD top up / maternity leave to top up
- WCB payment made through the employer
- Cost of living payments
- Allowances for housing / room and board
- Retroactive pay (applicable only to the period of time that the employee was a member of the plan)
- Training pay
- Wage premiums for "dirty work" as defined by union contract

Non-pensionable salary (includes but not limited to)

- Overtime pay (unless determined otherwise by resolution)
- Additional pay for statutory holidays worked
- Employment insurance rebate payments
- Car, meal, travel and clothing allowances
- Lump sum payments in lieu of vacation
- Premiums paid by employer for employee benefits
- Additional pay for on call or stand-by hours
- Payment in lieu of notice unless termination date is extended and service is credited
- Special lump sum payments in recognition of service
- Additional pay in lieu of benefits

Public Service Pension Plan

Pensionable Salary

- Regular pay
- Substitution pay/temporary assignment pay
- Vacation pay
- Retroactive pay
- Salary while on rehabilitation from long-term disability
- Salary protection pay (red-circled employee)
- WCB pay made through the employer
- Shift work and/or shift change premiums pay
- Ongoing special allowances, including dirty pay and diving pay
- Pay for achieving extra education requirement of a job
- Pay for achieving and maintaining certification for specific tasks, e.g. first aid certification
- Lieu days paid at termination (paid as additional days of pay)
- Pay in lieu of statutory holidays
- Pay for time off in lieu of lump sum overtime
- Maternity and parental leave top-up pay as of March 11, 2003
- Pre-placement adoption leave allowance as of March 11, 2003

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Non-pensionable salary (includes but not limited to)

- Overtime pay, including additional pay for working statutory holidays
- Isolation pay
- Stand-by pay
- Honorariums
- Lump sum payments in lieu of a benefit, including
 - Vacation
 - Severance payments
 - Unused sick days
 - Achievement or other one-time awards or bonuses
 - Long-service awards

Contributions while on Long Term Disability (LTD)

- **While on a claim** for Long Term Disability, neither the employee nor the Employer contributions are made to the pension plan under both the MPP and PSPP. Both pensionable and contributory service continues to accrue to the employee.
- At retirement, the highest average salary, which is used to calculate the pension benefit, is indexed to keep pace with the cost of living.

Contributions while on an unpaid leave of absence

Article 37 requires the employer to continue paying pension contributions during the first 20 days of an unpaid leave of absence provided the employee continues to pay contributions.

Employees must inform their employer in writing of their intention to continue paying pension contributions for the first 20 days of an unpaid LOA.

Contributions when working for more than one Plan employer

Under the MPP, an employee who is already a plan member and obtains employment with another Plan employer, will be required to join the MPP without having to meet otherwise applicable eligibility requirements.

Contributions on all earnings will be used to determine the employee's highest average salary when calculating the retirement benefit.

Retirement:

- **When an employee decides to retire, they must sign a declaration that, at the time of cessation of employment, the employer and the member have not made an agreement for the member to return to work.**
- If a member wishes to return to work after retirement, they should verify the employer's policies and practices regarding re-employment of retirees. The formal application for re-employment must be made after the retirement date.
- **The MPP rules do not restrict the ability for a retiree, hired within the 31 day calendar period per Article 13.03(B), to maintain seniority.**

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- However, many Employers have policies do not allow re-hiring within the 31 days. As a result nurses who return to work following retirement lose all their seniority and are therefore at the bottom of the casual call-in list. The Union grieved this on the basis that policies such as these discriminated on the basis of age. However the grievance was dismissed.
- In the Arbitration Award: *HEABC (Interior Health Authority) and BCNU*, December 11, 2004 (Taylor) - the arbitrator found that as long as they resigned, the IHA did not require nurses in the 55-64 age group to relinquish seniority if they wanted to work as casual nurses. It was only if they retired that they lost seniority. Further he noted that Section 13(3) of the Human Rights Code provides that the prohibition on discrimination in employment does not apply, as it relates to age, to a bona fide scheme based on seniority or "...to the operation of a bona fide retirement, superannuation or pension plan".
- If a retiree is hired by a Plan employer, there are options available to either keep receiving the pension without contributing to the Plan or cease receiving a pension and begin contributions once again.

New in 2006: MOU - Incentive Payment for Pre and Post Retirees

For regular employees who have maximized their pension contributions and who either choose to continue to work in a regular full time or part-time position, or return to work in a RFT or RPT position following retirement, the employer will contribute an amount equal to what they would have contributed to the pension plan, either directly to the employee or as a direct deposit into the employee's RRSP. The following conditions apply:

- The employee needs to have maximized their pension contributions
- Be working in a regular position
- Agree to continue working in a regular position or agree to return to a regular position retirement
- The payment is made by the employer after December 31st of each year the employee remains employed in a regular position
- The employee who returns to regular employment after retirement can continue to collect their pension.

Please remember to also check with you pension plan.

Article 49.02 - Retirement Scheme - Proprietary Employers (i.e. For Profit Employers) Deleted January 1, 2004.

All eligible employees previously covered by this plan should have all been transferred over to the Municipal Pension Plan effective January 1, 2004 as per Appendix EE.

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Additional References:

Plan Information:

Municipal Pension Plan - The plan rules and information about the plans can be obtained by accessing the web site, www.pensionsbc.ca. Toll free number: 1-800-876-6677.

Public Service Pension Plan - The plan rules and information about the plans can be obtained by accessing the web site, www.pensionsbc.ca. Toll free number: 1-800-876-6777.

Canada Pension Plan - Apply 6 months before retirement by calling: 1-800-277-9914. The website is: www.sdc.gc.ca/en/isp/cpp/cpptoc.shtml

Old Age Security - Payable at age 65, residency requirements must be satisfied, taxed back of income exceeds a certain amount. Website: www.sdc.gc.ca/en/isp/oas/oastoc.shtml

Pacific Blue Cross - Extended health and dental benefits plans (group benefit coverage is not guaranteed. Website: www.pac.bluecross.ca/

Canada Revenue Agency - Income Tax information related to retirement. Website: www.cra-arc.gc.ca

Associations:

Municipal Pension Retirees Association (MPRA) - email address: retired.members@pensionsbc.ca

Arbitration Awards:

HEABC (Interior Health Authority) and BCNU, December 11, 2004 (Taylor) - The grievance was dismissed both on the issue of arbitrability and on the merits. The arbitrator ruled that an Employer policy that prohibited the rehiring of retired employees until after the seniority extinguishment periods (i.e. over 30 days) in the applicable collective agreements was not discriminatory on the basis of age.