

The Civil Service Superannuation Fund

Employer Webinar – End of Service

Questions & Answers

The following is a summary of the questions asked during the “End of Service” webinar and questions received afterwards by email.

Q: When an employee is retiring after being on LTD, is the answer always YES for retiring due to ill health?

A: When an employee is unable to return to work after being in receipt of LTD and is retiring, you would answer yes to the question on the End of Service Report on whether the employee is retiring due to ill health. The Board office will provide information to the employee about applying for waiver of insurance premiums.

Q: There is a bit of confusion as to the correct answer if an employee turns 55 on a Saturday or Sunday and he or she works Monday to Friday. Can they retire on the Friday (day before they turn 55)?

A: A member of the pension plan can only retire once he or she attains age 55. So if a retiring employee attained age 55 on a Saturday or Sunday and their last day worked was prior to the weekend, use the date the member turned age 55 as the separation date for pension plan purposes. *(However, a Correction Officer can retire after attaining age 50 if his or her age plus years of qualifying service are at least equal to 75).*

Q: What does sick vesting pay mean?

A: Some employers pay out sick vesting pay that would be similar to severance pay. These earnings payments are not pensionable.

Q: Full-time Hours for Position; should this amount be the annual hours or the bi-weekly hours as in the example?

A: Full-Time Hours for Position, field #4 on the End of Service Report, should be completed indicating the number of bi-weekly full-time hours for the position (whether or not the employee worked on a full-time basis).

Q: Please go over item #5 two week delay on the end of Service Report?

A: Some employers' payroll schedules are set up to pay employees on a two week delay basis. If an employee works in a pay period but does not receive payment for those hours worked until the end of the following pay period, then the employer would answer “yes” to the question in #5 on the End of Service Report. If an employee receives pay at the end of a pay period for the actual hours worked in

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that pay period, then this employee is not paid on a two week delay and you would answer “no” to #5.

The Board office uses this information when reviewing the pensionable service in the year of separation to determine the maximum pensionable service to the separation date and may reallocate service and earnings from the beginning of the year to a prior year for an employee who is paid on a two week delay.

Q: What do you see on your side as in what figures / reports do you get?
(Note: This question was from the Province and was in regards to the payroll data being submitted to the Board office on a biweekly basis.)

A: Some employers provide biweekly payroll data for pension and insurance. The pension data provides only the pensionable earnings, employee contributions, pensionable service and pensionable vacation earnings, all on a biweekly and year-to-date basis. The insurance biweekly data provides the class of life insurance, insurance annual salary, insurance coverage, units of dependent coverage, and premiums for both life and dependent insurance.

Q: Does the TD1-IN-E have to be attached to the End of Service Report?

A: No, the Determination of Exemption of an Indian's Employment Income form (TD1-IN-E) does not need to be included with the End of Service Report from the employer. However, it will be required before the Board office processes payment of any pension benefits (refund or pension).

If an employee meets the definition of an Indian under the Indian Act and the employee performed some or all employment duties on a reserve, the Board office will require:

- confirmation from the employer that the employee was tax exempt; and
- a breakdown of the percentage of time worked on the reserve for each year while the employee was a member of the pension plan in this job from the employer; and
- a completed TD1-IN E form, signed by the employee.

Q: Would like clarification regarding "cease employment" due to ill health. Is this a resignation or does it apply to medical leave without pay?

A: When an employee ceases employment, there is a question on the End of Service Report for the employer to answer on whether or not the employee ceased employment due to ill health. If the employee ceased employment due to ill health,

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the employee could apply for a waiver of insurance premiums, and by answering “Yes” to this question the Board office will provide information to the employee. If an employee is on a medical leave without pay, then the employee would not have ceased employment, so the End of Service Report would not be completed by the employer.

Q: Is it the last day worked or the day after the last day worked for the separation date?

A: Some employers’ payroll systems indicate the day after the last day of employment as the “termination date” as the employee is still actively employed on his or her last day of work. For pension plan purposes, the separation date is the date the employee ceased employment (not the next day). It is important to report the date the employee ceased employment as this date is used in to determine the member’s benefit entitlements, the interest rates used in the calculation of the commuted value and the optional forms of pensions for those employees retiring.

Q: Can vacation cash out be greater than 50 days?

A: No, vacation cash out can never be greater than 50 days regardless of the number of days of vacation cash out actually paid. The maximum vacation pay that is eligible for pension is in accordance with the Civil Service Superannuation Act, and is the lesser of:

- 50 days OR
- 2 years of vacation accruals, which would be the annual vacation accrual rate in the fiscal year of termination or retirement plus the annual vacation accrual rate in the prior fiscal year.

Any vacation cash out for days above this limit would not be pensionable.

Q: Pay in lieu of notice - is the separation date and the last day worked the same date?

A: As long as the pay in lieu of notice is providing for continuation of salary and the member is remaining as an employee with the employer to the end of the pay in lieu period, then yes both the separation date and last day worked will be the same date (i.e. the end of the pay in lieu period).

Pay in lieu of notice that provides for a continuation of salary would be pensionable if the earnings are treated as regular remuneration. The earnings in respect of this

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continuation of salary and the related period of service would need to be treated similarly to an employee on a paid leave of absence. The separation date would be at the end of the period being paid and any eligible lump sum vacation would be pensionable and paid out at that time. If the separation date is not extended for this period, then this pay would not be deemed as pensionable earnings.

Q: For pay in lieu of notice, what if six weeks were paid in one pay, would that be considered pensionable, even though it's not paid as continuous earnings? (They are not working those six weeks, they are terminated at the time the pay in lieu of notice is being paid.)

A: As the employee is being terminated at the beginning of the pay in lieu of notice period and the employer is not treating the employee as though he or she is on a paid leave of absence, then the pay in lieu of notice would not be pensionable.

Q: If an employee has not taken vacation and they were paid a vacation pay and are still employed, please confirm that this would not be pensionable earnings?

A: Yes, that is correct. If an employee takes vacation paid as a lump sum while still actively employed without taking the vacation time off, this would not be pensionable. This would include any lump sum vacation pay that is paid to students when they remain as active employees and do not terminate employment

Q: Can you provide an example when the separation date is different than the last day worked?

A: The following are a couple of examples of when the separation date would be different from the last day worked on the End of Service Report:

- An employee is placed on layoff September 15, 2017 and is recalled to work on April 10, 2018. The employee declines recall and as a result the employee ceases employment. The last day worked would be September 15, 2017 and the separation date would be April 10, 2018.
- An employee commences maternity/parental leave and the last day worked was January 20, 2017. The employee is expected to return to work on February 5, 2018. At the end of this leave, the employee chooses not to return to work and provides a resignation to the employer with an effective date of February 5, 2018. The last day worked would be January 20, 2017 and the separation date would be February 5, 2018.