



## Calculating your HOOPP contributions

### YOUR EMPLOYER CONTRIBUTES TOO!

When you contribute to HOOPP, you immediately begin to build a pension that's based on your employment earnings and your years in the Plan. The longer you contribute, the higher your pension.

For every dollar you contribute to HOOPP, your employer contributes \$1.26, maximizing your pension benefit.

How much you contribute each pay period depends on how much you earn. Whether you work full time or part time, your contributions are a percentage of your annualized earnings, which are earnings within a calendar year that count toward your HOOPP pension. For example, if you work 37.5 hours a week, then you work 1,950 full time hours in a year. If your hourly rate of pay is \$16 per hour, your annualized earnings will be \$31,200 per year ( $\$16 \times 1,950$ ). If you make \$32 per hour, your annualized earnings will be \$62,400 ( $\$32 \times 1,950$ ).

If you work part time, your annualized earnings are based on what you would earn if you worked full time for the whole year. Therefore, if a full-time employee and a part-time employee both make the same hourly wage, their annualized earnings will be the same. But annualized earnings is just one part of the calculation for HOOPP contributions. The **number of hours you work** is also a factor, which is where you will see a difference between part-time and full-time employee contributions. The more contributory service you have, the bigger your benefit will be.

### CONTRIBUTION RATES

HOOPP's contribution rates have remained the same since 2004, and will remain unchanged until at least the end of 2013.

The contribution rates are:

- 6.9 per cent of your annualized earnings up to the year's maximum pensionable earnings, or YMPE, and
- 9.2 per cent of your annualized earnings above the YMPE.

The YMPE is set each year by the federal government, based on the average wage in Canada.

Therefore, you'll contribute \$6.90 for every \$100 you earn up to the YMPE, and \$9.20 for every \$100 above it.

Let's take a look at how contributions are calculated for a full-time and a part-time employee.

### CALCULATE YOUR CONTRIBUTIONS

**Whether you work full time or part time, use the five steps in the following examples to calculate your contributions.**

Maria and Nancy each work at the same job in the same hospital. Each earns \$28 hourly. Maria works full time — 37.5 hours a week, 52 weeks of the year. Nancy works part time — 18.75 hours a week, 52 weeks of the year. They both get paid every two weeks. Here's how their contributions are calculated for a two-week pay period.

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## FIVE STEPS:

### 1. Calculate your annualized earnings (AE): Hourly rate × full time hours in a year

$$\text{Maria: } \$28 \times (37.5 \text{ hours} \times 52 \text{ weeks}) = \$28 \times 1,950 = \mathbf{\$54,600}$$

$$\text{Nancy: } \$28 \times (37.5 \text{ hours} \times 52 \text{ weeks}) = \$28 \times 1,950 = \mathbf{\$54,600}$$

### 2. Calculate earnings per pay: Hourly rate × (total hours worked in a pay period)

$$\text{Maria: } \$28 \times (37.5 \text{ hours} \times \text{weeks in a pay period}) = \$28 \times (37.5 \times 2) = \$28 \times 75 = \mathbf{\$2,100}$$

$$\text{Nancy: } \$28 \times (18.75 \text{ hours} \times \text{weeks in a pay period}) = \$28 \times (18.75 \times 2) = \$28 \times 37.5 = \mathbf{\$1,050}$$

### 3. Calculate contributions at low rate:

#### **(.069 × year's maximum pensionable earnings) × earnings per pay ÷ AE**

*The 2012 YMPE of \$50,100 is used in these examples. If annualized earnings are less than the YMPE, use actual annualized earnings in your calculation.*

$$\text{Maria: } \frac{(.069 \times \$50,100) \times \$2,100}{\$54,600} = \frac{(\$3,456.90 \times \$2,100)}{\$54,600} = \mathbf{\$132.96}$$

$$\text{Nancy: } \frac{(.069 \times \$50,100) \times \$1,050}{\$54,600} = \frac{(\$3,456.90 \times \$1,050)}{\$54,600} = \mathbf{\$66.48}$$

### 4. Calculate contributions at high rate: [.092 × (AE – YMPE)] × earnings per pay ÷ AE

*If annualized earnings are less than the YMPE, contributions at the high rate will be \$0.*

$$\text{Maria: } \frac{.092 \times (\$54,600 - \$50,100) \times \$2,100}{\$54,600} = \frac{(.092 \times \$4,500) \times \$2,100}{\$54,600} = \frac{\$414.00 \times \$2,100}{\$54,600} = \mathbf{\$15.92}$$

$$\text{Nancy: } \frac{.092 \times (\$54,600 - \$50,100) \times \$1,050}{\$54,600} = \frac{(.092 \times \$4,500) \times \$1,050}{\$54,600} = \frac{\$414.00 \times \$1,050}{\$54,600} = \mathbf{\$7.96}$$

### 5. Add high and low contributions to get total contributions deducted for pay period

$$\text{Maria: } \$132.96 + \$15.92 = \mathbf{\$148.88}$$

$$\text{Nancy: } \$66.48 + \$7.96 = \mathbf{\$74.44}$$

So you see that when it comes to calculating earnings per pay and contributions, fewer hours per pay period means lower contributions. That is why the more hours you work, the more you contribute and the bigger your pension will be. Don't forget, if you work part time for multiple HOOPP employers, you contribute at all of them. See HOOPP's information sheet on working for multiple employers for more information.

*Detailed information about the Plan's provisions and member entitlements can be found in the Healthcare of Ontario Pension Plan Text (the Plan Text), the official Plan document, which is available on [hoopp.com](http://hoopp.com). In cases where the information provided in this brochure, by an employer or by any other source differs from that contained in the Plan Text, the Plan Text will govern.*