Employer Administration Manual

Current as of July 9, 2018

Healthcare of Ontario Pension Plan
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Toronto, Ontario
M5J 0B6

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HOOPP
Healthcare of Ontario Pension Plan

Contents

1. Using This Manual and Contacting HOOPP

1.1 Purpose

This manual is intended to help you understand your roles and responsibilities as a participating employer of the Healthcare of Ontario Pension Plan (HOOPP).

1.2 Using This Manual

Printing and Personal Copies

Printing this document or keeping personal electronic copies is discouraged. Employers are encouraged to refer to the Administration Manual from its online location to ensure that the most up-to-date information is being used.

1.3 Contacting HOOPP

General Contact Information

Business hours:	HOOPP's business hours are from 8 a.m. to 5 p.m., Monday to Friday.
Mailing address:	Healthcare of Ontario Pension Plan 1 York Street Suite 1900 Toronto, Ontario M5J 0B6
Client Service:	416-646-6445 or 1-877-43HOOPP (46677) clientservices@hoopp.com
Order Desk:	416-350-4828 orderdesk@hoopp.com
Main number:	416-369-9212
Toll free:	1-888-333-3659 (Canada and U.S.)
Fax number:	416-369-0225

If you know the extension of the person you are calling, enter that person's extension as soon as the attendant begins talking and your call will be directed. If you do not know the person's extension, press 5 for a staff listing.

If you do not have a touch-tone phone, or need assistance, just wait on the line. HOOPP's receptionist will answer your call and connect you to someone who can help you.

2. Administration Overview

2.1 Board of Trustees

The HOOPP Board of Trustees is responsible for overseeing all aspects of the Plan and the HOOPP Fund. As a member of the Board governing the trust, each HOOPP trustee is a fiduciary and, as such, acts solely in the best interests of the Plan members.

The constant focus of the Board is on the importance of maintaining a financially secure and dignified retirement for HOOPP members.

Board of Trustees' Responsibilities

The Board is responsible for all aspects of the Plan and the multi-billion dollar HOOPP Fund. HOOPP’s Board:

- Establishes investment policy
- Approves contribution rates and plan design
- Monitors investment performance
- Makes plan changes

There are eight trustees appointed by the Ontario Hospital Association (OHA) and four unions each appoint two trustees. The unions are:

- Ontario Nurses' Association (ONA)
- Canadian Union of Public Employees (CUPE)
- Ontario Public Service Employees Union (OPSEU)
- Service Employees International Union (SEIU)

In addition, there can be two non-voting pension observers on the Board.

HOOPP's President & CEO, reports directly to the Board.

2.2 HOOPP Staff

HOOPP employees provide day-to-day investment and pension administration services under the direction of a President & CEO. Specialists are appointed by the Board to act as HOOPP's actuary, auditor, legal counsel, Plan custodian, and physician.

HOOPP Staff Responsibilities

HOOPP staff:

- Manage the multi-billion-dollar HOOPP Trust Fund as per the investment guidelines established by the Board of Trustees
- Process member benefits
- Provide administrative and educational support to more than 500 employers
- Administer monthly pensions for retired members
- Ensure HOOPP complies with pension and related legislation

- Assess the Plan's long-term financial status
- Maintain records for all contributing members
- Issue an annual statement to every HOOPP member
- Respond to all member inquiries

2.3 Employers

While HOOPP handles most of the administrative workload associated with administering the pension plan, participating employers have an important role to play in the day-to-day operation of the Plan at their organizations. To administer HOOPP, you must follow the policies and procedures outlined in various pieces of legislation, the HOOPP Plan Text, as interpreted and applied by the Board of Trustees of HOOPP, the HOOPP *Agreement & Declaration of Trust*, this Administration Manual, and other material released by HOOPP.

Employer Responsibilities

Employer responsibilities include:

- Ensuring the accurate calculation and timely remittance of monthly employer and member contributions
- Submitting timely information to HOOPP that trigger such events as a member's enrolment, retirement or termination from the Plan
- Providing HOOPP with complete, accurate and timely data required to complete pension transactions
- Filing member data and associated documentation
- Employers are required to provide members who made contributions to HOOPP's retirement compensation arrangement (RCA) with personalized RCA Notices. The RCA Notices Report can be accesses in HOOPP Insight using the Report Generator.
- Providing HOOPP communication materials to members and eligible employees
- Employer forms can be accessed directly through HOOPP Insight using the Document Viewer / General Documents /Category: Forms.
- Ensuring that HOOPP has current and thorough contact information for employer contacts and members
- Respond to any information requests from HOOPP for the administration of HOOPP benefits
- Ensuring part-time and other non full-time employees are advised that they are eligible to join the Plan
- Respond to any statistical information requests from the Superintendent of Financial Service at the Financial Services Commission of Ontario

Changes to the PBA will come into effect on January 1, 2018, giving the Superintendent of Financial Services the ability to levy administrative monetary policies (fines) when specific provisions of the PBA are not met, including obligations that fall to employers. Generally, these apply to requirements to provide information to HOOPP, the timelines for remitting contributions and the need to provide information to your employees as set out above.

2.4 Targeted Communications

HOOPP targets messages to different people at your organization who need specific information to carry out their HOOPP-related duties. This helps ensure that your staff receives only the HOOPP information that is relevant to their specific jobs.

For example, those designated as the CEO contact will get high level information, but they will not be advised about day-to-day administrative changes, such as changes to HOOPP forms.

One person may be listed as more than one type of contact - this is especially common among smaller HOOPP employers.

The targeted approach also tracks quantities to help ensure that HOOPP does not send too many, or too few, copies of materials to employers.

Employer co-operation is critical to the system's success.

Types of Contacts

Payment Administrator (PA): Responsible for the preparation and submission of the organization's monthly contributions.
Permissions:

- Create and submit remittance information to HOOPP
- ability to apply credits or invoices to remittances
- receive remittance related alerts and notifications
- view remittance/payment related reports, invoices, and Statement of Account
- Secure messages and requests for information
- receive HOOPP Employer News and HOOPP Alerts on day-to-day plan administration processes

Data Administrator (DA): Responsible for preparing annual member data collection and maintaining member's information.
Permissions:

- Submit member events – e.g. enrolments, retirements
- view and update member level data
- upload, prepare and submit annual member data collection
- receive data collection related alerts and notifications
- member level reports, including the Statement of Account
- Secure messages and requests for information
- receive HOOPP Employer News and HOOPP Alerts on day-to-day plan administration processes

Global Administrator (GA): Responsible for all aspects of the HOOPP administration.
Permissions:

- review and update member level data
- send remittance information to HOOPP
- manage access for all employer users (e.g. add, remove and update user's access)
- view all reports
- receive HOOPP Employer News and HOOPP Alerts on day-to-day plan administration processes

Executive Contact (EC): Executives or Officers of your organization.
They do not have access to HOOPP Insight however they will receive all Executive outbound communications, HOOPP's member newsletters as well as other online news to update their employees as necessary.

New Employers
New employers will be asked to name people who should be receiving various types of information from HOOPP.

Existing Employers
HOOPP's regional managers will verify your organization's list of HOOPP contacts about once each year, during a regular employer visit.

Tip

Keep HOOPP informed of any changes in contact personnel or email addresses by updating your employer profile information with HOOPP.

3. Enrolments

3.1 Getting Started

At the Time of Hire
At the time of hire, you are required to provide each of your employees with a copy of the member information booklet *The HOOPP Handbook*, which provides useful information about HOOPP. This booklet must be given to all new employees, even those part-time (and other non full-time) employees who choose not to join the Plan within 30 days of starting work.

It is important that you advise new full-time employees that participation in the Plan is a compulsory condition of employment and that they will be enrolled in HOOPP immediately.

Also, it is important to ask a new hire if they:

- Are already a member of HOOPP at another employer, or
- Have already elected to retire and are receiving a pension from HOOPP, or
- Were a member of a pension plan at their former employer and if they are interested in exploring the possibility of transferring benefits into HOOPP.

Defining an Employee
You are responsible for distinguishing between employees and non employees. You must also determine whether an employee is a full-time or part-time employee for the purpose of participating in HOOPP, and the full-time equivalent (FTE) hours for their position. Local or collective agreements may define each.

For administrative purposes, HOOPP defines an employee as a person who is employed on a regular, full-time or part-time basis by a participating employer (or filling a permanent and continuing position on a contract basis).

Any person who is paid under contract on a fee for service basis or other arrangement to perform a specific, narrowly defined duty for a specified period of time is not considered to be an employee for the purposes of the Plan. As a result, that person cannot participate in HOOPP.

However, if the employment contract covers work that is expected to continue beyond the end of the contract, and the contract worker is receiving the same salary and benefits as other non-contract employees in their class, the worker would be subject to the same HOOPP eligibility rules as permanent employees because the worker meets the key criteria of HOOPP's definition of employee.

Retired Members

New employees who are receiving a HOOPP pension when they are hired have two options. They can:

- continue to collect their pension while they work, and not re-enrol in HOOPP; or
- temporarily suspend their pension and re-enrol in HOOPP

If a retired member chooses to continue receiving their HOOPP pension and does not want to re-enrol then no action is required on your part.

If a retired member chooses to re-enrol then they must resume making contributions at your organization on the first day of the month following their last pension payment, regardless of whether they are working on a full-time or part-time basis and their pension will be suspended until the earliest of their termination of employment or they decide to cease making contributions and resume their pension payments. If a retired member is interested in suspending their pension and re-enrolling:

- Inform the retired member that they must submit a Re-enrolment Estimate Request Form to HOOPP. This estimate is required before re-enrolling to ensure the retired member has information to assist them in making an informed decision about their pension. If after reviewing the Estimate the retired member wants to suspend their pension and re-enrol then they will need to contact HOOPP to notify us of this decision.
- You will be required to initiate an Enrolment event in HOOPP Insight if the retired member notifies you of their decision to suspend their pension and re-enrol in HOOPP.

Retired members need to be aware that they will not receive any pension payments from HOOPP during the period during which they resume making contributions. While the member will get a larger pension if they re-enrol – based on the benefits they were receiving before, plus their new period of service and earnings – it is possible that the value of the pension payments they forego may be more than the increase in their future pension.

3.2 Full-time Employees

In general, a full-time employee must join HOOPP and begin making contributions as of the date of hire. There are some exceptions, as listed below.

Hired Before Employer Joined HOOPP

Full-time employees hired before your organization joined HOOPP do not have to join the Plan unless your organization made enrolment compulsory for all employees or certain classes of employees.

Weekend Workers

A class of full-time employees known as "weekend workers" includes employees who typically work 30 hours per week, but are paid (and contribute on) the equivalent of 37.5 hours of pay, and thus are treated as full-time employees.

A new employee hired as a "weekend worker" must enrol in the Plan immediately. Contributory service will be earned at the full-time rate.

Part-time to Full-time

When a part-time employee who has not already joined HOOPP becomes employed in a full-time position, they must join the Plan as of the date they become employed full-time.

3.3 Part-time Employees

Enrolment in HOOPP is optional for part-time employees (and other non full-time employees) on the first day they start work at a HOOPP employer. Enrolment is not mandatory for these employees, it is up to the employee to decide if they want to join HOOPP or not. Part-time employees who do not enrol immediately may join HOOPP on any subsequent date.

Part-time employees include part-time, contract, temporary, casual and all other employees not classified as full-time by their employer. There are several situations in which an employer will classify employees who are working full-time hours as a part-time employee for the purposes of joining HOOPP. For example, if an employee is hired on a temporary contract or is hired on a temporary basis to fill a permanent and continuing position (i.e. to backfill for a parental leave) and their employment is not expected to continue beyond the end of the employment contract, the employer may choose to classify the employee as part-time.

All part-time employees must be given a copy of the member information booklet *The HOOPP Handbook,* even if they choose not to join the Plan, when they are first hired by you.

If a part-time employee chooses to join HOOPP they must continue to make contributions as long as they are employed by you. They can only stop making contributions at an employer where they work part-time if they become a full-time employee at another HOOPP employer.

Part-Time Employee Already Contributing Through Other Part-time Employment

A HOOPP member working part-time at multiple employers is no longer required to enrol in the Plan at all employers. Prior to September 1, 2017, a HOOPP member who enrolled at one part-time employer was reqired to enrol at all part-time employers. On and after September 1, 2017, part-time employees are able to make independent enrolment decisions at each of their part-time employers.

Where a part-time employee does not become a HOOPP member at all HOOPP employers, they can retire or terminate from those employers at which they were enrolled in HOOPP to access their benefits. Prior to September 1, 2017, the employee would have had to terminate from all HOOPP employers, even where they were not enrolled in the Plan to start a HOOPP benefit. Members with employment at more that one HOOPP employer who wish to retire no longer have to terminate from those employers where they are not enroled in HOOPP in order to access their HOOPP benefit options.

What this means to our employers:

- Although you are still required to offer enrolment in HOOPP to all non-full-time employees, you are no longer required to automatically enrol part-time employees who contribute to HOOPP at another employer.
- You will no longer be impacted by decisions your employees make regarding other HOOPP employers, which previously could have resulted in missed contributions for that employee.

These changes eliminated most missed enrolments (and resulting missed contributions) that occurred as where employers were required to enrol a part-time employee as a result of a change in their employment with another HOOPP employer.

What this means to our members:

- A member can make each enrolment decision independently for each of their part-time positions. This will provide members greater flexibility regarding their level of participation in HOOPP.
- Members will be able to access benefits by retiring or terminating from employers where they were enroled in HOOPP, without having to leave part-time positions where they were not enroled.

Inform Part-time Employees They Have the Option to Join HOOPP

Important

It is your responsibility to inform your part-time employees that they have the option to join HOOPP on their date of hire or on any subsequent date.

If a part-time employee chooses not to join HOOPP you do not have to notify HOOPP of this decision. However, for your own records HOOPP recommends that employers have part-time employees who choose not to join HOOPP sign a waiver to ensure that the employer can show that enrolment was offered. Please refer to the Sample Enrolment Waiver for Part-time and Other Non-full-time Employees document for some sample wording. It is important to note that this is sample wording only, HOOPP strongly encourages employers to determine what documentation they require from an employee and to prepare their own forms to meet their needs.

If a part-time employee does not join HOOPP on their date of hire they can still choose to join the Plan at any time in the future while employed by the employer.

3.4 Enrolment Eligibility – More Than One Employer and Moving from Full-Time to Part-Time

Participating at More Than One HOOPP Employer

Members who participate in the Plan at more than one employer will:

- Build contributory service in the Plan each year at all employers where they work (up to the 52 week limit)
- Have their annualized earnings for pension purposes calculated by HOOPP based on their total contributions on pensionable earnings up to their full-time equivalent at each of their employers, and by blending the annualized earnings from each employer in proportion to the amount of contributory service built at each employer

- Not be entitled to receive a benefit from HOOPP until they have terminated their employment at all employers and terminated their membership in HOOPP

New full-time employees are required to be enrolled in HOOPP. Part-time employees who work at more than one HOOPP employer are able to make independent enrolment decisions at each of their part-time employers. Once an employee is enrolled in HOOPP they are required to remain enrolled and continue contributing to HOOPP until that employment ends, with a few limited exceptions which are set out below.

More Than One HOOPP Employer – Scenarios

New Part-Time Employee, Enrolled in HOOPP with Another Participating Employer

As set out in section 3.3 above, new part-time employees are required to be given the option to join HOOPP, but are not required to enrol in the Plan, even if they are already enrolled at another HOOPP employer. HOOPP recommends that that employers have part-time employees who choose not to join HOOPP sign a waiver to ensure that the employer can show that enrolment was offered. Please refer to the Sample Enrolment Waiver for Part-time and Other Non-full-time Employees document for some sample wording. It is important to note that this is sample wording only, HOOPP strongly encourages employers to determine what documentation they require from an employee and to prepare their own forms to meet their needs.

Members who change from full-time to part-time; or who start new full-time employment

Members who were contributing to HOOPP but have the option to stop due to a change in employment status from full-time to part-time in your workplace, or who elect to stop contributing for their part-time job at your workplace because they have newly enrolled at another HOOPP employer for a full-time employment. You must submit these employment status changes to HOOPP in HOOPP Insight using a Member Basic Data data collection. HOOPP recommends that employers have their employees who elect to stop contributing as a result of this situation sign a waiver to ensure that the employer can show that this change was made at the member's request. Please refer to HOOPP's Sample Contributions Waiver document for some sample wording. HOOPP strongly encourages employers to keep a copy of the Sample Contributions Waiver completed by the employee for your records.

Scenario 1 – New part-time hire already works part-time at another HOOPP employer(s).

Part-time employees are able to make independent enrolment decisions at each of their part-time employers. If the employee is already contributing at another HOOPP employer, the employee can elect to join HOOPP with your organization as well. However, the employee is not required to join HOOPP and begin contributing at your organization.

The employee can:

a. Choose to contribute at all employers where they work part-time
   - Please initiate an Enrolment event in HOOPP Insight for the member for your organization and begin deducting required contributions from the member as of the day they start contributing at your organization;

b. Choose to contribute at only one employer where they work part-time
   - If the employee chooses to join HOOPP with your organization please initiate an Enrolment event in HOOPP Insight for the member. If the employee elects to only contribute to HOOPP at their other part time employer please see c.; or

c. Choose not to contribute:

- Have the employee sign any documentation you have developed to document a waiver of enrolment by a part-time employee, as described above. See also the Sample Enrolment Waiver for Part-time and Other Non-full-time Employees .

Scenario 2 – New part-time hire already works full-time at another employer.

The member can:

a. Choose to contribute at the employer where they will work part-time
    - Please initiate an Enrolment event in HOOPP Insight; or
b. Choose not to contribute at the employer where they will work part-time
    - Have the employee complete a Sample Contributions Waiver, keep a copy for your records and you do not need to submit the information to HOOPP.
    - If the employee ceases working at the full-time employer or changes status from full-time to part-time, then they can choose to enrol and begin making contributions at the employer where they work part-time.

Scenario 3 - New full-time hire already works part-time at another HOOPP employer.

- Please initiate an Enrolment event in HOOPP Insight.
- If the member was already contributing at the employer where they work part-time, they can continue to do so or they can stop contributions at that employer. Advise the member to talk to their part-time employer(s) about the option to stop contributions.

Scenario 4 - Current employee changes from full-time to part-time and already works part-time at another employer.

The member can:

a. Choose to contribute at one or all employers where they work part-time
    - Submit the contribution status change information to HOOPP and inform the member that they may talk to their other employer(s) and begin contributing (if they are not doing so already) as of the day they start contributing at your organization based on their part-time hours; or
b. Choose not to contribute at one or all employers where they work part-time
    - Submit the contribution status change information to HOOPP in HOOPP Insight and have the employee complete a Sample Contributions Waiverand return it to you for your records.

Scenario 5 - Current employee changes from full-time to part-time because they will be working full-time at another employer.

- The member can choose to either continue contributing at your organization or stop contributing
- If the member chooses to stop contributing at your organization, have them complete a Sample Contributions Waiver, keep a copy for your records and you do not need to submit a copy to HOOPP. Submit the contribution status change information to HOOPP in HOOPP Insight using a Member Basic Data data collection.

    - If they want to contribute while working part-time, submit the contribution status change information to HOOPP in HOOPP Insight using a Member Basic Data data collection.

Scenario 6 - Current employee changes from part-time to full-time and already works part-time at another employer.

- The member must begin contributing immediately at your organization if they were not doing so already. Submit the contribution status change information to HOOPP in HOOPP Insight using a Member Basic Data data collection.
- If the member was contributing at the other employer where they work part-time, they can:
    a. Choose to continue contributing at their part-time employer; or
    b. Choose to stop contributing at their part-time employer - advise the member to talk to their part-time employer about the option to stop contributions.

3.5 Enrolment process

You can enrol members instantly by submitting an Enrolment event in HOOPP Insight.

The enrolment process has the following purposes:

- To enrol the employee in HOOPP
- To provide HOOPP with basic information about the employee and, if applicable, the employee's HOOPP membership status

When to Enrol

- Full-time employees
- Part-time employees who choose to enrol
- New employees in receipt of a HOOPP pension who want to suspend their pension payments and re-enrol in HOOPP

When Not to Enrol

- Group enrolments resulting from a divestment or amalgamation. HOOPP provides employers with a special form to use if a group of non-HOOPP employees is joining your organization from another organization with a registered pension plan due to a divestment – a sale, assignment, or disposition of business. Please notify HOOPP if such a situation occurs at your organization.
- Part-time hires who choose not to enrol

Instructions for Processing an Enrolment

Submitting an Enrolment event in HOOPP Insight is simple and intuitive. You will need the following information to complete the enrolment:

Member Information

- SIN
- Name
- Date of birth
- Gender

- Language preference
- Telephone number
- Email address

Address Information

- Mailing address
- Country

Employment Information

- Hire Date*
- Enrolment Date*
- Employment Type
- Employment Type Effective Date
- Union designation
- Annualized earnings

***Additional instructions:**

Hire Date: A member's hire date is their first day worked. For a part-time employee joining the Plan because they moved to a full-time position, the date of hire is the date they started work with your organization on a part-time basis.

Enrolment Date: The date of enrolment for new full-time employees is the hire date . For new part-time employees who already belong to HOOPP at another HOOPP employer, the date of enrolment is the date of hire because immediate enrolment is mandatory. For new part-time employees who do not already belong to HOOPP at another HOOPP employer, the date of enrolment is the date the employee joins HOOPP at your organization.

What HOOPP Sends to the Member
Upon receipt of an Enrolment, HOOPP will mail new members a welcome package.

3.6 Portability of Benefits

Confirm if your new hire previously contributed to HOOPP, contributed to a pension plan with a non-HOOPP employer, or is part of a group transfer. If your new hire has previous pension plan transfer or buyback opportunities, they should be advised to contact HOOPP to obtain more information. See also section 6 Special Transfer Rules for detailed more information.

3.7 Designating a Beneficiary

When new members receive their Welcome package from HOOPP it will include instructions to contact HOOPP to name a beneficiary or beneficiaries.

Under provincial pension legislation, a member's qualifying spouse is entitled to receive spousal benefits upon the member's death. If the member has no qualifying spouse, spousal benefits have been waived, or both the member and spouse have passed away, the member’s designated beneficiary(s) will be entitled to any remaining benefit. Members can name any person, person(s), organization, or their estate as their beneficiary(s). Members should complete the form to instruct HOOPP who should be entitled to any benefits in the event of the member’s death.

Members may designate more than one beneficiary. The Spousal and Beneficiary Designation Form, is used to select multiple "non-spouse" beneficiaries, and allows the member to decide if any benefits payable on their death should be:

- Shared equally among all their non-spouse beneficiaries; or
- Divided based on specific percentages selected by the member

If a member wants more flexibility in the designation of multiple named beneficiaries, they can designate individual beneficiaries for HOOPP pension benefits in their Will. A Will can specify exactly how any HOOPP death benefits that are payable should be divided and paid out of a member's estate.

Beneficiary designations should be reviewed by members when they receive their annual statement, when they retire or whenever their personal circumstances change.

Spousal Waivers

The signing of a spousal waiver is a serious decision by a member and their qualifying spouse. Both should consider getting legal and financial advice before signing a spousal waiver form. Waiving spousal benefits does not increase the size of the member's pension. Only the qualifying spouse at the date of retirement, or at the date of death if the member's death occurs before retirement, is entitled to receive a spousal pension.

A waiver can be rescinded any time prior to a member's retirement date. However, if a signed waiver has been received, and the pension payments have begun, the decision to waive spousal benefits is irrevocable. Furthermore, a retired member and their spouse may not waive spousal benefits after the member has begun receiving pension payments, this decision must be made before a member retires and begins receiving a pension. The prescribed forms can be found at www.fsco.gov.on.ca.

Designating a Minor as a Beneficiary

According to Ontario law, HOOPP cannot pay death benefits directly to a minor (a child under age 18), even if the minor is named as a beneficiary on the Spousal and Beneficiary Designation Form. A member may, however, arrange for a minor child to receive death benefits in one of the following ways:

Guardian: An application may be made to the courts to appoint a Guardian of Property for a minor. A Guardian of Property can only be appointed through a court order. A child's parent or legal guardian is not automatically the Guardian of Property. Ontario legislation permits a child's custodial parent or legal guardian who is not Guardian of Property to make a payment election where the amount payable is less than $10,000 and there if no appointed Guardian of Property.

Payment to Ontario Superior Court of Justice: If a Guardian of Property is not appointed, the benefit may be paid into the Ontario Superior Court of Justice. A parent or guardian may then apply to the court to withdraw funds on behalf of the minor. After turning 18, the child may request that the Superior Court of Justice pay them the full benefit, including interest.

Trustee: To provide death benefits through a trustee, a member can name the minor child as a beneficiary of their HOOPP benefits and provide a properly executed trust agreement naming a trustee who will receive any funds on behalf of the minor child.

To ensure the member's wishes can be carried out, it is strongly recommended that they obtain legal advice before designating a minor as a beneficiary. In certain circumstances, HOOPP may also offer to hold the funds in trust for the minor until the minor turns 18 and can make an election with respect to the funds.

3.8 Overdue Enrolments

Making Up Contributions

If, due to an oversight, an employee's contributions do not begin on the correct date, part of the responsibility for the error must be shared by the employee for failing to notify you that pension contributions were not being deducted from their pay. You should inform the employee of this responsibility when submitting the member enrolment information to HOOPP. The employee is responsible for making up their entire share of the missed contributions. Your organization must also make employer contributions, at the prescribed rate, on any contributions the employee makes.

For more information on this process, see Missed Contributions in section 4.7.

3.9 Enrolment Checklist

Remember to:

- ✓ Give all new hires *The HOOPP Handbook* booklet
- ✓ Immediately enrol all new full-time employees*
- ✓ Explain enrolment options to part-time (and other non full-time) employees
- ✓ Confirm if there are previous pension plan transfer or buyback opportunities, and direct those employees to HOOPP to obtain more information
- ✓ Advise the employee to contact you if contributions are not being deducted (this is to avoid arrears)
- ✓ Advise HOOPP when new employees join HOOPP due to a divestment – a sale, assignment, or disposition of business

**If you are a new HOOPP employer, contact HOOPP for information about enrolment provisions for existing employees*

4. Contributions

4.1 Employee Required Contributions

Employee required contributions to HOOPP are made by payroll deduction and apply to the current year of service. It is your responsibility as a HOOPP employer to calculate, deduct and remit employee required contributions.

A member must continue to make required contributions until they:

- Terminate employment
- Retire
- Die
- Reach Nov. 30 in the year in which they turn age 71 (at that point, the income tax act prevents a member of a registered pension plan from building any more benefits); or

- Become an inactive member (an inactive member is one who has changed from full-time to part-time employment and has chosen to stop contributing to HOOPP)

The following four factors determine the amount of a member's required contributions:

Factor 1: Pensionable Earnings

These are the basic wages, salary, or other compensation a member earns in a given pay period, excluding non pensionable earnings. See section 4.2 Pensionable Earnings for a further description and examples.

Factor 2: The Member's Annualized Earnings

For the purposes of calculating contributions, a member's annualized earnings are what they would earn in a calendar year by working the full-time equivalent (FTE) hours for their position, as determined by you. In other words, regardless of whether a member works full-time, part-time, or for only part of the year, their annualized earnings for contribution purposes will be based on what they would earn by working full-time for the whole year. However, a part-time member or a member who worked for only part of the year will earn contributory service proportionate to the time they worked to reflect the fact that they did not contribute to HOOPP for a complete year.

Year	YMPE
2018	$55,900
2017	$55,300
2016	$54,900
2015	$53,600
2014	$52,500
2013	$51,100
2012	$50,100
2011	$48,300

Factor 3: Year's Maximum Pensionable Earnings (YMPE)

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

Factor 4: Employee Contribution Rates

HOOPP uses a two-tier contribution rate. Calculate member contributions using the following formula:

- 6.9% of annualized earnings up to the YMPE
- 9.2% of annualized earnings above the YMPE

Members contribute at the low rate on that portion of their annualized earnings up to the current YMPE and at the high rate on that portion of their annualized earnings above the YMPE.

You should calculate the contributions of all HOOPP members using the universal payroll deduction method.

Required contributions and contributory service should be calculated each pay period. If a member's annualized earnings are above the YMPE, contributions must be made at both the high and low rate each pay period, according to the Universal Payroll Deduction Method in section 4.3.

It would be incorrect, for example, to deduct contributions at the low rate during the first part of the year – until the member's accumulated earnings reach the YMPE – and then deduct at the high rate for the remainder of the year. Actual employment earnings may vary between pay periods during the year, while annualized earnings remain constant unless there is a salary increase or decrease during the year.

For part-time employees, or members who terminate part-way through the year, the difference between the actual earnings they receive and their annualized earnings can be significant. If contributions are not deducted correctly, there can be a complicated catch-up period later for both you and the affected members.

A member’s contributions may decrease from one year to the next. This would occur for a member whose annualized earnings are above the YMPE and their annualized earnings remain the same from one year to the next. Their annual contribution amount would decrease because with an increase in the YMPE, more of their contributions will be calculated at the low 6.9% contribution rate than in the previous year.

4.2 Pensionable Earnings

Pensionable Earnings – Guiding Principles

Pensionable earnings are the regular straight time portion of wages, salary and other amounts paid to members in relation to hours, weeks, or other specific periods of time for which a member is employed, and that form a regular and integral part of the member's remuneration.

Pensionable Earnings – Application

Common types of employment earnings are listed below that are pensionable and non-pensionable. Please note that this list is intended to be illustrative but is not exhaustive as compensation types may vary widely from employer to employer. The above guiding principles and the examples below should be used when determining whether earnings are pensionable or not. Please contact HOOPP if you are unsure whether a type of earnings or compensation is pensionable or non-pensionable.

Examples of Pensionable and Non-pensionable Earnings

Pensionable earnings	**Non-pensionable earnings**
Regular wages and earnings related to straight time pay, including pay for overtime, up to full-time hours. The regular pay portion or straight time pay for hours worked in a 27th pay period, even if full-time hours for the year were reached prior to the period.	Any pay for earnings that exceed regular full-time hours in any year that does not have a 27th pay period, or an additional amount paid above the regular hourly rate for working a specific shift. (i.e. overtime shift premium paid at rates exceeding regular rates).
The regular pay portion or straight time pay for working a statutory holiday.	An additional amount paid above the regular hourly rate for working a statutory holiday.
The regular pay portion or straight time pay for working a weekend, call-in or unscheduled extra shift.	Pay that exceeds regular straight time pay for working a weekend, call-in or unscheduled extra shift.
Payments made in lieu of termination notice as required under ESA. Payment made in lieu of termination that are greater than the ESA requirements if both employer and member agree to make contributions.	Payment made in lieu of termination that are greater than the ESA requirements if both employer and member agree not to make contributions.
Severance pay if paid as salary continuance.	Severance pay if paid as a lump sum.
Retroactive pay for active or retired employees, for a period of time when the member was contributing to HOOPP.	Retroactive pay for members who are terminated or deceased. Retroactive pay for an active or retired employee for a period when the member was not contributing to HOOPP.

Pensionable earnings	Non-pensionable earnings
Paid vacation.	Pay or percentage in lieu of vacation or a lump sum vacation payout.
A regularly occurring bonus that represents a fundamental and recurring component of an employer's long-term compensation program. Contributions deducted for pensionable bonuses are treated the same as retroactive pay. When a pensionable bonus is paid for a previous calendar year, contributions must be deducted using the contribution rates in effect for the year in which the bonus applies, not for the year in which it is paid.	A one-time, unexpected or ad hoc bonus that is not part of an employer's long-term compensation program, even if an employee receives it in more than one year.
Straight time pay for time off in lieu of overtime (banked hours).	Pay in lieu of benefits.
The regular straight time portion of pay when called-in to work while on "stand-by."	Pay that exceeds regular straight time pay when called-in while on "stand-by."
Paid sick days that are classified as an employer-approved leave or employer-approved health leave.	Unpaid days that are not classified as an employer-approved leave.
Ongoing and regular payment for additional responsibilities.	Car allowances, meal allowances or reimbursements for similar types of expenses.

4.3 Calculating Employee Contributions

Universal Payroll Deduction Method

Employers may use the universal payroll deduction method to calculate required contributions and contributory service weeks for all HOOPP members.

As the name suggests, the universal method can be used for members who are full-time or part-time, absent for part of a pay period, on reduced pay, on sick leave, pregnancy or parental leave or participating in a prepaid leave program.

The method is also suitable for any length of payroll period, including bi-weekly, monthly, and semi-monthly.

The six-step universal payroll deduction method calculates contributions based on a member’s annualized earnings, and then prorates contributions to reflect the hours worked during the payroll period in question.

When calculating contributory service, the figure should be rounded to two decimal places to avoid distorting a member’s annualized earnings and related pension.

Please ensure that your payroll service, whether handled internally or contracted through an outside provider, properly calculates HOOPP contributions. It might be helpful to supply the provider with the information contained in this section. If you or your outside payroll services provider has questions, please contact HOOPP.

The following examples demonstrate how employee required contributions are calculated using the universal payroll deduction method.

Example 1: Full-time Member Paid Bi-weekly

This example is for a full-time employee who is paid bi-weekly however, the calculation method can be used for any HOOPP member, regardless of hours worked or salary received, and any payroll frequency.

The member in this example works full-time and is paid bi-weekly. The member's current hourly rate of pay is $32. The normal full-time work week or full-time equivalence (FTE) for the member's job is 37.5 hours per week or 1,950 hours per year. HOOPP annualizes earnings on a 52-week basis. The example uses the 2016 contribution rates and the 2016 YMPE of $54,900.

Step 1: Calculate annualized earnings

Annualized earnings = hourly rate × full-time hours in a year for that job

The member’s annualized earnings are:

$32 × 1,950 = $62,400

Step 2: Calculate earnings per pay

Earnings per pay = hourly rate × hours worked in a pay period

The member works 37.5 hours a week and is paid every two weeks. Therefore, their earnings for the bi-weekly pay period are:

$32 × 75 = $2,400

Step 3: Calculate contributions at the low rate

Contributions at the low rate are calculated as follows:

Contributions at 6.9% = [earnings per pay × (YMPE* × 6.9%)] ÷ annualized earnings

* Use the lesser of the member's annualized earnings or the YMPE.

Therefore, the bi-weekly contributions at the low rate are:

[$2,400 × ($54,900* × .069)] ÷ $62,400 = $145.70

* The 2016 YMPE ($54,900) is used here because it is less than the member's annualized earnings ($62,400).

Step 4: Calculate contributions at the high rate

A member must contribute at the high employee contribution rate on the portion of their annualized earnings per pay that exceeds the YMPE. Contributions at the high rate are calculated as follows:

Contribution at 9.2% = [earnings per pay × (annualized earnings* - YMPE*) × 9.2%] ÷ annualized earnings

*If the member's annualized earnings are less than the YMPE, they would make no contributions at the high rate. However, because the member's annualized earnings in this example are greater than the YMPE, the member must contribute 9.2% on the portion that exceeds the YMPE.

Therefore, the bi-weekly contributions at the high rate are:

[$2,400 × ($62,400 - $54,900) × .092] ÷ $62,400 = $26.54

Step 5: Calculate total HOOPP contributions

The formula is:

$145.70(the low) + $26.54(the high) = $172.24

Step 6: Calculate contributory service

A member's earnings per pay and annualized earnings are used to calculate contributory service.

The figure is calculated by converting pay into weeks and rounding off the figure to two decimals.

Contributory service = [earnings per pay × 52 weeks in a year] ÷ annualized earnings

= [$2,400 × 52 weeks] ÷ $62,400 = 2 weeks

In this example, the member worked full-time during the two-week pay period, therefore, the contributory service credit is two weeks.

Example 2: Part-time Member Paid Bi-weekly

The member in this example works part-time, is paid bi-weekly, and works a total of 15 hours each week. The member's current hourly rate of pay is $27. The normal full-time work week or full-time equivalent (FTE) for the member's job is 37.5 hours per week or 1,950 hours per year. HOOPP annualizes earnings on a 52-week basis. The example uses the 2013 contribution rates and the 2013 YMPE of $51,100.

Step 1: Calculate annualized earnings

Annualized earnings = hourly rate × full-time hours in a year for that job

The member’s annualized earnings are:

$27 × 1,950 = $52,650

Step 2: Calculate earnings per pay

Earnings per pay = hourly rate × hours worked in a pay period

The member works 15 hours a week and is paid every two weeks. Therefore, their earnings for the bi-weekly pay period are:

$27 × 30 = $810

Step 3: Calculate contributions at the low rate

Contributions at the low rate are calculated as follows:

Contributions at 6.9% = [earnings per pay × (YMPE* × 6.9%)] ÷ annualized earnings

* Use the lesser of the member's annualized earnings or the YMPE.

Therefore, the bi-weekly contributions at the low rate are:

[$810 × ($51,100* × .069)] ÷ $52,650 = $54.24

* The 2013 YMPE ($51,100) is used here because it is less than the member's annualized earnings ($52,650).

Note: There is a maximum amount of low contributions that can be made within the year. This can be calculated by:

Maximum low contribution rate = (6.9% × YMPE) ÷ number of weeks in the year
= (0.069 × $51,100) ÷ 52
= 3525.90 ÷ 52
= 67.81

Therefore in 2013, the maximum amount that a member pays at the low contribution rate is $3525.90 per year or $67.81 per week.

Step 4: Calculate contributions at the high rate

A member must contribute at the high employee contribution rate on the portion of their annualized earnings per pay that exceeds the YMPE. Contributions at the high rate are calculated as follows:

Contributions at 9.2% = [earnings per pay × (annualized earnings* - YMPE*) × 9.2%] ÷ annualized earnings

*If the member's annualized earnings are less than the YMPE, they would make no contributions at the high rate. However, because the member's annualized earnings in this example are greater than the YMPE, the member must contribute 9.2% on the portion that exceeds the YMPE.

Therefore, the bi-weekly contributions at the high rate are:

[$810 × ($52650 - $51,100) × .092] ÷ $52,650 = $2.19

Step 5: Calculate total HOOPP contributions

To calculate total HOOPP contributions for the pay period, add the contributions at the low and high rates.
Total contributions = low rate + high rate

Because the member makes contributions at both the low and high rates, the total HOOPP contributions for the bi-weekly pay period are:

$54.24(the low) + $2.19(the high) = $56.43

Step 6: Calculate contributory service

A member's earnings per pay and annualized earnings are used to calculate contributory service - the length of time, measured in weeks, that the member has contributed to HOOPP, adjusted for such things as part-time service.

The figure is calculated by converting pay into weeks and rounding off the figure to two decimals.

Contributory service = [earnings per pay × 52 weeks in a year] ÷ annualized earnings

If the member in our example had worked full time during the two-week pay period, the contributory service credit would have been two weeks. Because the member works part time, however, the contributory service credit is prorated as follows:

[$810 × 52] ÷ $52650 = .80 weeks

The final figure (.80) is the contributory service the member earned during the two week pay period.

Example 3: Full-time Member Receiving Sick Pay

The member in this example is on an employer-approved health leave, is receiving 80% of their regular bi-weekly salary of $2,100, and has decided not to top up contributions to their pre-leave level. The normal full-time work week or full-time equivalent (FTE) for this position is 37.5 hours, or 1,950 hours a year and the hourly rate of pay is $28. The example uses the 2013 contribution rates and the 2013 YMPE of $51,100.

Step 1: Calculate annualized earnings

Annualized earnings = hourly rate × full-time hours in a year

The member's annualized earnings are:

$28 × 1,950 = $54,600

Step 2: Calculate earnings per pay

The member receives 80% of regular salary as short-term sick pay. The member chooses not to contribute at their regular rate of pay while on short-term sick leave.

The member's earnings per pay for the bi-weekly payroll deduction period are:

0.80 × $2,100 = $1,680.

Step 3: Calculate contributions at the low rate

The formula is:

Contributions at 6.9% = [earnings per pay × (YMPE* × 6.9%)] ÷ annualized earnings

*Use the lesser of the member's annualized earnings or the YMPE.

Therefore, the member's bi-weekly contributions at the low rate are:

[$1,680 × ($51,100 × .069)] ÷ $54,600 = $108.49

Step 4: Calculate contributions at the high rate

The formula is:

Contributions at 9.2% = [earnings per pay × (annualized earnings*- YMPE) × 9.2%)] ÷ annualized earnings

= [$1,680 × ($54,600 - $51,100) × .092)] ÷ $54,600 = $9.91

*If the member's annualized earnings are less than the YMPE, they would make no contributions at the high rate.

Step 5: Calculate total HOOPP contributions

The formula is:

$108.49 (the low) + $9.91 (the high) = $118.40

Step 6: Calculate contributory service

Contributory service = (earnings per pay × 52 weeks in a year) ÷ annualized earnings
= ($1680 × 52) ÷ $54,600
= 1.6 weeks for the pay period

Example 4: Member Works Two Different Jobs Concurrently

A member may work two different jobs at an organization at the same time, often at two different rates of pay. To calculate the member's contributions, use blended annualized earnings.

In this example, a member works two jobs at one organization. In job A, the member's base wage is $28.50 per hour. In job B, the member's base wage is $27 per hour. In both jobs, the normal full-time work week or full-time equivalent (FTE) is 37.5 hours or 1950 hours per year. During the current 2-week pay period, the member has worked 45 hours in job A and 10 hours in job B for a total of 55 hours. However, the member's hours may change every pay period. The example uses the 2013 contribution rates and the 2013 YMPE of $51,100.

Step 1: Calculate the annualized earnings for each job

Annualized earnings for job A = hourly wage full-time hours in a year = $28.50 × 1,950 = $55,575
Annualized earnings for job B = hourly wage full-time hours in a year = $27 × 1,950 = $52,650

Step 2: Calculate the blended annualized earnings (AE) for the pay period

Blended AE = [(hours worked in job A × AE for job A) ÷ total hours worked] + [(hours worked in job B × AE for job B) ÷ total hours worked]
= [(45 × $55,575) ÷ 55] + [(10 × $52,650) ÷ 55]
= $45,470 + $9,573*
= $55,043*
*Rounded to the nearest dollar

Step 3: Calculate earnings per pay

The formula for earnings per pay is:

Hours worked in job A × basic hourly wage + hours worked in job B × basic hourly wage
= 45 × $28.50 + 10 × $27
= $1,282.50 + $270
= $1,552.50

Step 4: Calculate contributions at the low rate

Contributions at 6.9% = [earnings per pay (blended) × (YMPE* × 6.9%)] ÷ blended AE

= [$1,552.50 × ($51,100 × .069)] ÷ $55,043
= $99.45
*Use the lesser of the member's blended annualized earnings or the YMPE.

Step 5: Calculate contributions at the high rate**

Contributions at 9.2% = [earnings per pay (blended) × (blended AE* - YMPE) × 9.2%] ÷ blended AE
= [$1,552.50 × ($55,043- $51,100) × .092] ÷ $55,043 = $10.23

**If the member's blended annualized earnings are less than the YMPE, there are no contributions at the high rate.

Step 6: Calculate total HOOPP contributions

Total contributions = contributions at low rate + contributions at high rate
= $99.45 + $10.23
= $109.68

Step 7: Calculate weeks of contributory service

[Earnings per pay (blended) × 52 weeks in a year] ÷ blended annualized earnings = $1,552.50 × 52 ÷ $55,043
= 1.47 weeks of contributory service for the pay period

Modifications may be required to your payroll system to handle this situation for each pay period. Supply your payroll department or external service provider with a copy of the preceding information.

Example 5: Member Rate of Pay Changes from Below YMPE to Above YMPE

A member’s rate of pay may increase during the year due to a raise or promotion. To calculate the member's contributions, continue to use the universal payroll deduction method, the methodology does not change.

However, if a member’s annualized earnings changes and moves above the YMPE during the year, it will appear in the final sum, that the member had high contributions before maximizing the low contributions. During the annual Member Data Collection process, this will be a variance you will need to account for. For this scenario, provide details that the member’s salary changed from below the YMPE to above the YMPE.

The following example shows how required contributions are calculated using the universal payroll deduction method for a member who receives a pay increase during a calendar year.

The member in the example works full-time, is paid bi-weekly, and works a total of 37.5 hours each week. The member's starting hourly rate for 2013 is $27. Mid-year, the member’s hourly rate was increased to $28.

Step 1: Calculate annualized earnings for Period 1

Annualized earnings = hourly rate × full-time hours in a year for that job

$27 × 1,950 = $52,650

Step 2: Calculate earnings per pay for Period 1

Earnings per pay = hourly rate × hours worked in a pay period

$27 × 75 = $2025

Step 3: Calculate contributions at the low rate for Period 1

This example uses the 2013 contribution rates and the 2013 YMPE of $51,100

Contributions at the low rate are calculated as follows:

Contributions at 6.9% = [earnings per pay × (YMPE* × 6.9%)] ÷ annualized earnings

* Use the lesser of the member's annualized earnings or the YMPE.

Therefore, the bi-weekly contributions at the low rate are:

[$2025 × ($51,100* × .069)] ÷ $52,650 = $135.61

* The 2013 YMPE ($51,100) is used here because it is less than the member's annualized earnings ($52,650).

Step 4: Calculate contributions at the high rate Period 1

A member must contribute at the high employee contribution rate on the portion of their earnings per pay that exceeds the YMPE. Contributions at the high rate are calculated as follows:

Contribution at 9.2% = [earnings per pay × (annualized earnings* - YMPE*) × 9.2%] ÷ annualized earnings

*If the member's annualized earnings are less than the YMPE, they would make no contributions at the high rate. However, because the member's annualized earnings in this example are greater than the YMPE, the member must contribute 9.2% on the portion that exceeds the YMPE.

Therefore, the bi-weekly contributions at the high rate are:

[$2025 × ($52,650 - $51,100) × .092] ÷ $52,650 = $5.48

Step 5: Calculate total HOOPP contributions Period 1

To calculate total HOOPP contributions for the pay period, add the contributions at the low and high rates. Total contributions = low rate + high rate

Because the member makes contributions at both the low and high rates, the total HOOPP contributions for the bi-weekly pay period are:

$135.61 (the low) + $5.48 (the high) = $141.09

Step 6: Calculate contributory service Period 1

A member's earnings per pay and annualized earnings are used to calculate contributory service.

The figure is calculated by converting pay into weeks and rounding the figure to two decimals.

Contributory service = [earnings per pay × 52 weeks in a year] ÷ annualized earnings

If the member in our example had worked full-time during the two-week pay period, the contributory service credit would have been two weeks. This is calculated as follows:

[$2025 × 52] ÷ $52,650 = 2.00 weeks per pay period.

Repeat the process for the **second period** at new hourly rate of $28.00:

Step 1: Calculate annualized earnings for Period 2

$28 × 1,950 = $54,600

Step 2: Calculate earnings per pay for Period 2

Earnings per pay = hourly rate × hours worked in a pay period

$28 × 75 = $2,100

Step 3: Calculate contributions at the low rate for Period 2

[$2100 × ($51,100 * × .069)] ÷ $54,600 = $135.61

Step 4: Calculate contributions at the high rate Period 2

[$2100 × ($54,600 - $51,100) × .092] ÷ $54,600 = $12.38

Step 5: Calculate total HOOPP contributions Period 2

$135.61 (the low) + $12.38 (the high) = $147.99

Step 6: Calculate contributory service Period 2

[$2100 × 52] ÷ $54,600 = 2.00 weeks per pay period.

The member would contribute $141.09 per pay period for earnings in the first period of 2013. For the second period, the member would contribute $147.99. To calculate contributions for multiple pay periods, the total hours worked may be substituted in step 2. In this example, the total contributions are calculated for the first and second half of 2013 to obtain the total contributions for the year.

From the beginning of the year, until the hourly rate change, the member's annualized earnings would be $52,650 ($27 × 1950) with the following contributions per pay period:

Low: $135.61
High: $5.48

For second part of the year, from the start of new hourly rate, the member's annualized earnings would be $54,600 ($28 × 1950) with the following contributions per pay period:

Low: $135.61
High: $12.38

Contributions for hourly rate of $27.00 (Period 1 – 01/01/2013 – 06/30/2013)

Step 1: Calculate annualized earnings for – Period 1

$27 × 1,950 = $52,650

Step 2: Calculate earnings per period for Period 1

Earnings per pay = hourly rate × hours worked in period 1

$27 × 975 = $26,325

Step 3: Calculate contributions at the low rate for Period 1

[$26325 × ($51,100* × .069)] ÷ $52,650 = $1762.95

Step 4: Calculate contributions at the high rate Period 1

[$26325 × ($52,650 - $51,100) × .092] ÷ $52,650 = $71.30

Step 5: Calculate total HOOPP contributions Period 1

$1762.95 (the low) + $71.30 (the high) = $1834.25

Step 6: Calculate contributory service Period 1

[$26325 × 52] ÷ $52,650 = 26.00 weeks for Period 1 (01/01/2013 – 06/30/2013).

Contributions for hourly rate of $28.00 (Period 2 – 07/01/2013 – 12/31/2013)

Step 1: Calculate annualized earnings for Period 2

$28 × 1,950 = $54,600

Step 2: Calculate earnings per period for Period 2

Earnings per pay = hourly rate × hours worked in period 2

$28 × 975 = $27,300

Step 3: Calculate contributions at the low rate for Period 2

[$27300 × ($51,100* × .069)] ÷ $54,600 = $1,762.95

Step 4: Calculate contributions at the high rate Period 2

[$27300 × ($54,600 - $51,100) × .092] ÷ $54,600 = $161.00

Step 5: Calculate total HOOPP contributions Period 2

$1762.95 (the low) + $161.00 (the high) = $1923.95

Step 6: Calculate contributory service Period 2

[$27300 × 52] ÷ $54,600 = 26.00 weeks for period 2 (07/01/2013 – 12/31/2013)

Total contributions for the year

Period	Contributory service	Low contribution	High contribution	Total
01/01/2013 – 06/30/2013	26.00	$1762.95	$71.30	$1,834.25

07/01/2013–12/31/2013	26.00	$1762.65	$161.00	$1,923.65
2013 total	**52.00**	**$3,525.90**	**$232.30**	**$3,758.20**

4.4 Employer Required Contributions

The level of employer contributions is determined by the administrator on the advice of the Plan’s actuary.

Employer contributions relate to the Plan as a whole and do not apply directly to each member's individual account. Employer contributions are, for administrative purposes, expressed as a percentage of total employee required contributions. Currently, employer contributions are 126% of member contributions received during the year.

You must make contributions, at the prevailing employer contribution rate, for member required contributions in relation to:

- **A member’s pensionable earnings** – use the employer contribution rate for member required contributions
- **Retroactive salary or wage adjustments** – use the rates in effect for the years to which the retro payment applies (not the year the retro is paid)
- **Leaves** – use the employer contribution rate, for any contributions a member makes during or after a leave. Any member contributions relating to a leave must be made no later than six months after the end of the leave. If the member does not contribute by the deadline, you do not have to make employer contributions. Members should be advised that, if contributions are not made for the leave, the service associated with the leave can be purchased later, under HOOPP's buyback provisions.
- **Temporary periods of reduced earnings/approved work schedule reduction** – Use the employer contribution rate if you give a member permission to "top up" contributions for a temporary period of reduced earnings. The "topped-up" contributions can either be made during the temporary period of reduced earnings, or as a lump sum no later than six months after the end of the period. If the member misses the deadline, they lose the opportunity to top up the service. HOOPP's buyback provisions do not apply to temporary periods of reduced earnings/approved work schedule reduction.
- **Health leave top ups** – You must make contributions at the employer contribution rate in conjunction with any top up contributions made by a member during the 15 week qualifying period of an employer-approved health leave

4.5 Retroactive Pay (Retro)

Important

HOOPP contributions on retroactive pay settlements are based on the contribution rates that were in effect for each of the years to which a settlement applies, not on the contribution rates in effect for the year in which the settlement is paid.

As well, the YMPE for the year to which the settlement applies should be used to calculate the contributions to be deducted on the retro amount. See the table, later in this section, that shows historical contribution rates and YMPEs.

For HOOPP purposes, only payments relating to prior years are considered retroactive payments. This means that any payment received in the current year, for prior years, is considered to be retro (i.e. a settlement paid in 2013 pertaining to 2012 and 2011). Any payment received in the current year, for the current year, is considered an adjustment to current year contributions, and is not considered retro.

The Retro Calculator feature allows the user to calculate the required contributions on any retroactive salary adjustment paid. This tool is a standalone tool which can be used by the employer throughout the year to calculate retroactive salary contributions.

Retro contributions will be calculated for members who contributed to HOOPP in the years covered by the retroactive salary adjustment. The retro contributions will be based on the member's annualized earnings for the year (s) of retro and based on the contribution rates in effect for those years.

To calculate contributions on retro:

- If at the date for which the retro amount applies, the member's annualized earnings are under the YMPE for that calendar year, contributions are deducted using the low rate in place for that year
- If at the date for which the retro amount applies, the member's annualized earnings are equal to or are higher than that year's YMPE, contributions are deducted using the high rate in place for that year

Retroactive contributions should not be deducted for a calendar year when a member was not contributing to HOOPP and did not accrue contributory service. If a member receives retro for a year that they were not contributing to HOOPP or a period of time when they were receiving free accrual, do not deduct contributions. If contributions are deducted in these scenarios they will need to be refunded.

You may encounter a situation where there is "retro on retro," meaning that a settlement is made for a year for which an earlier retro settlement had previously been made. If the first settlement moved the member's annualized earnings from below the YMPE to above it, when calculating contributions, remember to use the member's higher annualized earnings figure (the annualized earnings immediately before the second settlement). The following examples demonstrate how to deduct contributions from retro pay.

Example 1: Annualized Earnings Above YMPE

On June 1, 2013, a member receives a $5,000 retroactive pay settlement in respect of the years 2010 to 2012, and an adjustment to the current year. Of the $5,000, $1,100 applies to 2010, $1,300 applies to 2011, and $1,600 applies to 2012. The remaining $1,000 applies to 2013, which means that an adjustment to the member's current year contributions will have to be made. In each of the years covered by the settlement, the member's annualized earnings prior to the retroactive pay settlement were above the YMPE. Because of this, contributions are made at the high rate in effect for each year, as follows:

Year covered by retro payment	Amount of payment that applies to this year	What the member contributes	What the member's employer contributes
2010	$1,100.00	9.2% (high rate) of $1,100 or $101.20	126% of $101.20 or $127.51
2011	$1,300.00	9.2% (high rate) of $1,300, or $119.60	126% of $119.60 or $150.70

2012	$1,600.00	9.2% (high rate) of $1,600, or $147.20	126% of $147.20 or $185.47
Total	**$4,000.00**	**$368.00**	**$463.68**

In this case, the member's annualized earnings in the current year (2013) were also above the YMPE prior to the retroactive pay settlement. The member would contribute at the high rate, 9.2%, on the $1,000 in respect of 2013 for a total of $92. The employer's contribution for the 2013 portion would be 126% of what the member contributes, or $115.92.

Example 2: Annualized Earnings Below YMPE

On Aug. 1, 2013, a member receives a $3,000 retroactive pay settlement in respect of the years 2011, 2012, and 2013. Of the $3,000, $900 applies to 2011, $1,100 applies to 2012, and $1,000 applies to 2013. An adjustment to the member's current year contributions will have to be made due to the $1,000 portion of the retro that applies to 2013. In all of the years covered by the settlement, the member's annualized earnings prior to the retroactive pay settlement were below the YMPE. Because of this, contributions are made at the low rate, as follows:

Year covered by retro payment	Amount of payment that applies to this year	What the member contributes	What the member's employer contributes
2011	$900.00	6.9% (low rate) of $900 or $62.10	126% of $62.10, or $78.25
2012	$1,100.00	6.9% (low rate) of $1,100, or $75.90	126% of $75.90, or $95.63
Total	**$2,000.00**	**$138.00**	**$173.88**

In this example, the member's annualized earnings in the current year (2013) were also below the YMPE both before and after the retroactive pay settlement. The member would contribute at the 2013 low rate of 6.9%, on the $1,000, for a total of $69. The employer's contribution for the 2013 portion would be 126% of what the member contributes, or $86.94.

Example 3: Earnings Below and Above YMPE (Retro for current and previous year)

On Nov. 1, 2013, a member receives a $3,000 retroactive pay settlement in respect of 2012 and a $2,000 salary adjustment for 2013.

In this example, the member's annualized earnings for 2012 were below the YMPE. For 2013, the annualized earnings were below the 2013 YMPE of $51,100 before the settlement, but moved above the YMPE after it.

Because the member's annualized earnings for 2012 were below the YMPE, regardless whether the settlement pushed their annualized earnings above the YMPE; contributions are made at the low rate for 2012. Because the settlement moved the member's annualized earnings from below to above the YMPE in 2013, contributions on the 2013 portion of the settlement must be made at both the low and high rates as this payment for current year is considered an adjustment to current year.

The adjustment to the current year's low contributions will be the difference between what the member had already paid at the low rate, and the maximum low contributions for the number of weeks in 2013 to which the settlement applies. The maximum low contribution for 2013 is $67.81 per week. If the member was full-time, the maximum low contribution at Nov. 1 would have been 44 weeks × $67.81 = $2,983.64.

Year covered by retro payment	Amount of payment that applies to this year	What the member contributes	What the member’s employer contributes
2012	$3,000	6.9% (low rate) of $3,000 or $207.00	126% of $207.00 or $260.82
2013	$838.26 (portion of settlement up to the YMPE) $1,161.74 (portion of settlement above the YMPE)	6.9% (low rate) of $838.26 or $57.84 9.2% (high rate) of $1,161.74 or $106.88	126% of $57.84 or $72.88 126% of $106.88, or $134.67
Total	**$5,000**	**$371.72**	**$468.37**

To calculate the amount of high contributions, it is necessary to first calculate how much of the settlement amount requires contributions at the low rate. In this example, the member had only contributed $2,400 at the low rate for 2013 prior to the settlement. This means the member is making an additional low contribution of $57.84. Divide this amount by .069 (the low contribution rate), and this equals $838.26 – the amount of earnings which is applicable to the additional low contributions. The balance of the $2,000 adjustment, $1,161.74 requires contributions at the high rate of 9.2%.

Example 4: Earnings Below and Above YMPE (Retro for previous year only)

On Nov. 1, 2013, a member receives a $3,000 retroactive pay settlement in respect of 2012.

In this example, the member's annualized earnings for 2012 were below the YMPE. This retro settlement pushed their annualized earnings for 2012 above the 2012 YMPE.

Because the member's annualized earnings for 2012 were below the YMPE, regardless of if this settlement pushed their annualized earnings above the YMPE; contributions are made at the low rate for 2012.

Year covered by retro payment	Amount of payment that applies to this year	What the member contributes	What the member’s employer contributes
2012	$3,000	6.9% (low rate) of $3,000, or $207.00	126% of $207.00, or $260.82
Total	**$3,000**	**$207.00**	**$260.82**

Not all Retro Pay is Pensionable

Remember that not all retro pay may be pensionable. Pension contributions are not required on any portion of a payment that relates to:

- A period of time when the member was not a member of HOOPP or was not contributing to HOOPP
- Overtime premium (an additional amount paid above the regular hourly rate)

- Premium pay for working shifts, a statutory holiday, weekend pay, or an unscheduled extra shift (an additional amount paid above the regular hourly rate)
- Ad hoc bonuses
- Sick leave payouts
- Payments in lieu of vacation, or pay in lieu of benefits

While retroactive salary adjustments are usually the result of delayed contract settlements, they also can be caused by other adjustments, such as a pay equity award. A one-time payment that does not result in a change in the member's rate of pay is not generally considered to be a retroactive salary adjustment. Such a payment is not pensionable and therefore HOOPP contributions should not be deducted. If you are uncertain whether contributions are required, contact HOOPP.

Remitting and Reporting Retro

It is necessary to provide HOOPP with details of the member contributions deducted for each year of the retro payment. Contributions on any retro payment will need to be reported separately from regular current year contributions.

Retroactive contributions should be remitted to HOOPP as soon as they are deducted from the employees payroll. Member retro contribution data is reported along with the retro contribution payments via the HOOPP Insight remittance process.

You will also need to provide this additional information for any member who receives a retro settlement in the last 12 months before termination, retirement, or death that has not already been reported to HOOPP. If retro is paid for years prior to 2004 when different contributions were in place, it will be necessary to report contributions in respect of any retroactive pay for these years separately from your regular monthly contributions.

Historical Contribution Rates

The following chart lists historical member and employer contribution rate information from 1990 to the current year. This may help if you are modifying your payroll systems to be able to deduct contributions on retro pay.

Year	Member contribution rate	Employer contribution rate	YMPE
2018	6.9% (low) and 9.2% (high)	126% of member rates	$55,900
2017	6.9% and 9.2%	126%	$55,300
2016	6.9% and 9.2%	126%	$54,900
2015	6.9% and 9.2%	126%	$53,600
2014	6.9% and 9.2%	126%	$52,500
2013	6.9% and 9.2%	126%	$51,100
2012	6.9% and 9.2%	126%	$50,100
2011	6.9% and 9.2%	126%	$48,300
2010	6.9% and 9.2%	126%	$47,200
2009	6.9% and 9.2%	126%	$46,300

Year	Member contribution rate	Employer contribution rate	YMPE
2008	6.9% and 9.2%	126%	$44,900
2007	6.9% and 9.2%	126%	$43,700
2006	6.9% and 9.2%	126%	$42,100
2005	6.9% and 9.2%	126%	$41,100
2004	6.9% and 9.2%	126%	$40,500
2003	6.23% and 8.3%	126%	$39,900
2002	3.75% and 5%	125%	$39,100
2001	2.4% and 3.2%	130%	$38,300
2000	2.4% and 3.2%	130%	$37,600
1999	2.4% and 3.2%	130%	$37,400
1998	5.2% and 8%	140%	$36,900
1997	5.2% and 8%	140%	$35,800
1996	5.2% and 8%	140%	$35,400
1995	5.2% and 8%	140%	$34,900
1994	5.2% and 8%	140%	$34,400
1993	3.9% and 6%	118.75%	$33,400
1992	3.9% and 6%	100%	$32,200
1991	3.9% and 6%	100%	$30,500
1990	3.9% and 6%	100%	$28,900

Retired Members Receiving Retro

Retroactive payments received by a member after they have retired and begun receiving a HOOPP pension are considered pensionable earnings and are subject to pension contributions.

HOOPP will recalculate a retired member's pension to include the retroactive settlement. However, the pension benefit option originally selected by the member when they retired and commenced their pension will continue to apply.

Retroactive contributions can only be accepted for retired members for a prior year when the member was contributing and accruing contributory service.

Retro for Deceased Members or Members Who Have Terminated Employment

Contributions are not deducted from retroactive settlements that are paid on behalf of deceased members or members who terminated employment with their HOOPP employer before receiving the settlement.

HOOPP will not recalculate a member's termination benefit to include retroactive adjustments that were not reported when the final termination information is submitted to HOOPP. The amount of contributions and retroactive pay reported on this notice is final and cannot be adjusted.

4.6 Contributions for Leaves

Employer-approved Leaves (less than 31 days)

Members must make required contributions on any employer-approved leaves that are less than 31 days in duration. For more details, please see section 5 Leaves and Layoffs.

Employer-approved Leaves (31 days or longer)

Members can, usually with your approval, choose to make contributions if they are away from work on an employer-approved leave that is 31 days or longer in duration. Employees may make their contributions either during the employer-approved leave or within six months after the end of the leave. Employee contributions must be submitted to HOOPP no later than 30 days after the end of the month in which you received the contributions.

For more details, please see section 5 Leaves and Layoffs.

Health Leaves

For more details, please see section 7 Disability Benefits.

4.7 Contributions in Other Situations

Weekend Workers

Weekend workers are those employees who work 30 hours per week but are paid for 37.5 hours. Contributions should be deducted from their full earnings as they are credited with 52 weeks of contributory service as if they were working a full 37.5 hours per week.

Laboratory Medicine Funding Framework Agreement (LMFFA)

The LMFFA creates pay equity for laboratory physicians to bring them up to the Uniform Minimum Level of Compensation (UMLC). The additional compensation is funded by the Ontario Ministry of Health and Long Term Care and provides both additional salary and covers the cost for any benefits, including HOOPP, associated with the additional salary.

The Ministry funding is paid to employers in the form of a single payment that is meant to cover the cost of both the additional salary and any costs incurred by employers that are associated with providing additional benefits to members.

Important

For HOOPP purposes, the portion of the payment that relates to salary is considered pensionable and the portion of the payment that relates to benefit costs is considered non-pensionable as this is used by employers to pay for benefits, such as HOOPP. Therefore, member contributions are required on the additional salary but are not permitted on the funding that employers use to pay for the cost of benefits. Employer contributions are required at the prevailing contribution rate.

It is recommended that upon receiving the payment from the Ministry, you withhold the amount required to pay for additional benefits, including your employer required HOOPP contributions. The remainder would then be paid to the member as salary and HOOPP contributions must be deducted for the member from this remaining amount.

Retirement Compensation Arrangement (RCA) and Tax Deductibility of Employee Contributions

HOOPP’s retirement compensation arrangement (RCA) formalizes the funding and payment of benefits that exceed the Income Tax Act (ITA) limit for registered pension plans.

The RCA allows members and employers to make tax-deductible contributions based on the member's entire annualized earnings. This means the member receives benefits based on their full earnings, regardless of ITA limits.

In accordance with the Income Tax Act, in order for a member's regular RCA contributions to be deductible they cannot exceed those made by the employer on their behalf in a given tax year. Further, the Canada Revenue Agency (CRA) considers monies used to complete an RCA buyback as a contribution by the member. Therefore if a member completes an RCA-related buyback, the transaction may render their regular RCA contributions ineligible for a tax deduction in the year of purchase. When this occurs the member's RCA contributions should not be reported on their T4. Please contact HOOPP if you have any questions.

When you calculate HOOPP contributions, use a single formula that does not differentiate between registered pension plan (RPP) contributions and contributions for the retirement compensation arrangement (RCA).

When you issue T4s to members who contribute to the RCA, the member's total required contributions for the current year should be reported in Box 20, *Registered Pension Plan Contribution*. The member’s pension adjustment should be reported in Box 52, *Pension Adjustment*. You are required to issue the employee a contribution notice that provides the amount of RCA contributions. The RCA Notice Report produces these notices, along with details on the split between RPP and RCA contributions, for distribution to members who make RCA contributions. This report is available on HOOPP Insight.

The RCA Notice Report provides details on the split between RPP and RCA contributions for employers of any member who makes RCA contributions.

HOOPP’s registration number is 0346007. The registration number for HOOPP's RCA is RC8100724.

You should ensure that your payroll service, whether handled internally or contracted through an outside provider, properly calculates HOOPP contributions. If your organization uses an external payroll services provider it might be helpful to supply that organization with the information contained in this section of the manual.

If you or your outside payroll services provider has questions, contact HOOPP.

Missed Contributions

From time to time, a member or employer may miss making required contributions. HOOPP can learn about missed contributions in one of three ways:

- Upon reporting the enrolment, HOOPP may detect a missed contribution and alert you to this through a warning message.
- Via the annual member data collection process; or

- Via correspondence from you or one of your employees advising of the situation

When required contributions are missed, it is mandatory that both your organization and the member make up those contributions. Where applicable, interest will be charged.

In order for HOOPP to calculate the amount required to make up the missed contributions you will need to provide:

- The member's rate(s) of pay
- Start date for each pay rate
- The full-time equivalent hours for the member's position
- The hours worked at each rate of pay

HOOPP will contact you directly to obtain this information. After receiving the information HOOPP will send you a notice and invoice which outlines the cost of the required contributions, plus interest charges (if applicable) and instructs you to remit the contributions to HOOPP. If the contributions are made later than the due date, additional interest will apply. HOOPP also has a statutory obligation to notify the Superintendent of Pensions at the Financial Services Commission of Ontario when an employer does not remit required contributions to HOOPP within 30 days from the end of the month for which the contributions were deducted or received.

In all other cases of missed contributions, upon being notified, HOOPP will notify you of the amount of missed member and employer contributions.

You must report the employee contributions plus any interest in box 20 *Registered Pension Plan Contributions* on the member's T4 slip for the year in which the missed contributions are made. Where the missed contributions are in respect of a prior taxation year, the contributions should be added with the required contributions for the current year.

Late contributions paid retroactively for 1990 or later years will require an amended pension adjustment (PA) for each year in which the contributions apply. HOOPP will provide you with the revised PA upon receipt of the funds. In the event that you need to report contributions that apply to pre-1990 taxation years, contact HOOPP.

When a Job is Jointly Funded

When part of the funding for an employee's salary comes from a HOOPP employer and part from a non-HOOPP employer such as a teaching facility, the member should be treated as a part-time employee for the purpose of calculating HOOPP contributions.

As a result, you should use the universal payroll deduction method when calculating contributions. The formula prorates the member's contributory service, based on the earnings paid by the HOOPP employer, and takes into account the member's annualized earnings.

There is, however, an important twist in how the member's annualized earnings are derived. Where part of the salary is paid by a HOOPP employer and part by a non-HOOPP employer, the annualized earnings are based on the sum of the two salaries.

But while the salaries paid by the two employers are added together to calculate the member's annualized earnings, that is not the case for the member's earnings per pay. The member's earnings per pay reflect only the salary paid by the HOOPP employer.

Let's take the example of a member who works 52 weeks a year, and is paid a total of $150,000: $100,000 by a HOOPP employer, and $50,000 by a teaching facility.

For HOOPP purposes, the member's annualized earnings would be $150,000. However, the member's contributory service would be prorated to reflect the fact that the member's earnings per pay, and contributions made to HOOPP are based only on the member's earnings from the HOOPP employer.

In this example, the member's contributory service for the year, measured in weeks, would be 100,000/150,000 × 52 weeks, or 34.67 weeks, assuming the member works for the entire year.

This situation only applies when there is a joint-funding agreement.

Temporary Periods of Reduced Earnings

Members can choose to "top up" their contributions during a temporary period of reduced earnings (also referred to as an *Approved Work Schedule Reduction*), subject to your approval, as long as they have been employed by you for at least 36 months prior to the start of the period. Examples of a temporary period of reduced earnings include participation in a temporary job-sharing program or a decision by a member to work fewer hours each week for a temporary period of time.

Let HOOPP know when a member is starting a temporary period of reduced earnings by submitting Leaves of Absence information and selecting *Approved Work Schedule Reduction* as the leave type. When it ends, submit additional Leaves of Absence information and select *Approved Work Schedule Reduction* as the leave type . This is so HOOPP can credit the member with the correct amount of service.

Members who want to "top up" contributions can either make these contributions periodically throughout the temporary period of reduced earnings/approved work schedule reduction, or remit them to HOOPP through you, the employer, no later than six months after the end of the temporary period of reduced earnings/approved work schedule reduction.

Members who choose to "top up" their contributions each payday can, at any time during the period, switch back to making contributions on their actual earnings. If they make such a switch, they will not be allowed to resume periodic contributions, and will have to provide the rest of their "topped up" contributions as a lump sum no later than six months after the end of the temporary period of reduced earnings/approved work schedule reduction. However, once the payment has been collected from the member, the total lump sum must be paid within 30 days of the end of the month in which the deductions were made.

Contributions for members who want to contribute during a temporary period of reduced earnings are based on what they were earning before the period of reduced earnings/approved work schedule reduction began. These "deemed earnings" must also include any subsequent pay increases. As a general rule, the contributions of part-time employees should be based on their average earnings for the 10 weeks immediately preceding the period of reduced earnings/approved work schedule reduction. If the member does not "top up" contributions within six months from the end of the period of reduced earnings, they lose the opportunity to contribute, and you are relieved of any responsibility to match the contributions. HOOPP's buyback rules do not apply in this situation, so there is no way that the member can purchase the service later.

Contributions paid on a periodic basis during a temporary period of reduced earnings (also referred to as an *Approved Work Schedule Reduction)* are reported to HOOPP via the annual member data collection process if:

- The member pays the topped-up contributions on an ongoing basis (i.e. every payday);

or

- The temporary period of reduced earnings/approved work schedule reduction starts and ends in the same calendar year, and the member makes contributions by the end of that same calendar year

If the member's contributions are received as a lump sum after you have completed your annual member data collection for the year in which the temporary period of reduced earnings began, contributions will need to be submitted via a Lump Sum payment process in HOOPP Insight.

Interest will be charged on lump sum payments received more than 30 months after the beginning of the temporary period of reduced earnings.

The employee can try to make all contributions relating to a leave/temporary period of reduced earnings/approved work schedule reduction each payday, so that contributions are made during the same calendar year in which the temporary period of reduced earnings occurs. Making contributions in the year in which they will apply will ensure the member's HOOPP annual statement and T4 slip reflect the correct contributions for the year.

Should an employee elect to pay contributions that apply to a previous calendar year in the current calendar year, you must report the contributions on the member's T4 slip for the year in which the contributions are made. The employee's contributions should be reported in box 20 *Registered Pension Plan Contributions*.

Contributions on Termination Payments

The table below summarizes the way HOOPP treats pension contributions for various payments that may be made to members upon termination of employment. Whether or not HOOPP contributions are made on these amounts depends on the type of payment, and the method by which the payment is made.

Type of payment	**If paid as…**	**Contributions required**
Payments in lieu of termination notice period *not exceeding* amount required by Employment Standards Act or collective agreement	lump sum	yes
	salary continuance	yes
Payments in lieu of termination notice period *exceeding* amount required by Employment Standards Act or collective agreement	lump sum	Contributions allowed on excess portion if employer and member agree to make them
	salary continuance	yes
Severance pay	lump sum	no
	salary continuance	yes
Other: retiring allowances, lump sum payments in lieu of benefits, etc.	lump sum	no

According to Income Tax rules, members cannot continue to contribute to HOOPP after the date their employment is terminated. Contributions are permissible when a member receives severance pay as salary continuance because their employment continues beyond the date they stop working but contributions are not permissible when a member receives severance as a lump sum payment because the employment relationship ends. As a general rule, contributions should not continue after the date of termination that appears on an employee's Record of Employment (ROE).

Involuntary termination or retirement settlements may affect a member's pension benefits. Contact HOOPP before finalizing the settlement to ensure it does not contravene the HOOPP Plan Text or legislation governing pension payments. HOOPP cannot be bound by agreements made between members and employers if the agreement does not conform with applicable legislation or the provisions of the Plan. In addition, if you are unsure about any of the types of payments outlined in the chart that appears above, contact HOOPP for help.

If you are offering a severance package consisting of several different types of payments, for example, payment for a period of notice and then severance payments (paid out in the form of a salary continuance) until the member finds work, contributions are required on the pensionable portions of the package as described earlier, regardless of the order in which the payments are made.

For HOOPP purposes, the last day at work for a member receiving salary continuance is the last day of the continuance, or the prorated equivalent period if the member is receiving part pay. For example, a member who receives half of their pre-termination pay through a year-long salary continuance will be credited with six months of contributory service and eligibility service.

If a member receives a lump-sum payment relating to a termination notice period, the last day at work should be reported as the last day of the legal notice period required under the Employment Standards Act, a collective agreement, or an employment contract. For example, the last day at work for a member who is entitled to two weeks' notice is the last day of that two-week period.

However, if both you and the member agree, contributions can also be made on the portion of a lump-sum payment in lieu of termination notice that exceeds the statutory notice period, where the intention of the parties is for the employment relationship to continue but the payment is made in a lump sum. For example, if a member is entitled to two weeks' notice, but receives a lump-sum payment equal to four weeks' pay as a payment of salary (and not a retiring allowance), an agreement can be made to make contributions on the full amount (four weeks' pay), rather than only the statutory amount (two weeks' pay). In this situation, the member's last day at work would be the last day of the four-week period, consistent with this period having been treated as salary continuance.

Contributions During Layoff Recalls

Working an occasional shift while on a leave due to a temporary layoff does not interrupt the leave. Under these circumstances, contributions are not permitted. A return to work of a more permanent nature is considered a break in the leave, and therefore contributions should be deducted from earnings.

Contributions for Days Off in Lieu of Overtime

Members who bank their overtime pay and are paid from the banked pay when they take a “lieu” day should contribute on this pay.

If contributions are not deducted, the member will lose contributory service for the “lieu” days.

4.8 Remitting Contributions – Deadlines and Methods

Both member and employer contributions must be remitted monthly, except when members contributing for a leave or topping up contributions for a temporary period of reduced earnings/approved work schedule reduction choose to remit their contributions as a lump sum within six months after the end of the leave/period. In such a case, employer contributions should be made at the same time as the member contributions and must be submitted to HOOPP no later than 15 days after the end of the month in which the member has made its contribution.

Monthly Contribution Declaration Report– Procedures

Submit your monthly remittance declaration to HOOPP via the Remittance process in HOOPP Insight. The submission of the remittance declaration report should be done at the same time that you submit your payment.

Remitting payments – Procedures

At the end of each calendar month, all employee contributions and related employer contributions are due and must be remitted by electronic funds transfer (EFT) no later than the 15th of the month following the month the contributions were deducted. If the 15th of the month is a weekend or holiday, the contribution due date shall be the next business day after the 15th of the month.

Important

The submission of employee contributions and related employer contributions as well as your monthly remittance declaration to HOOPP should be done no later than the 15th of the month following the month the contributions were deducted.

Remitting on time is important because Ontario pension legislation requires that contributions deducted in one month be deposited in the pension fund within 30 days of the end of the month in which the deductions were made. To meet that deadline, HOOPP needs your contributions no later than the 15th of the month. Failure to do so will result in penalties, interest and/or late payment fees. This is in accordance with HOOPP's *Agreement and Declaration of Trust* and the *Ontario Pension Benefits Act*. When you do not remit HOOPP pension contributions or remit pension contributions late, the benefits of all Plan members are adversely affected. HOOPP has a statutory obligation to notify the Superintendent of Pensions at the Financial Services Commission of Ontario when an employer does not remit contributions to HOOPP within 30 days of the end of the month for which the contributions were deducted or received.

4.9 Reconciliation Process

When you remit contributions, they do not specify what portion applies to individual members. HOOPP gathers this information once a year via HOOPP's annual member data collection process.

The Member Data Collection process is used to gather the following information:

- Contributions
- Contributory service weeks
- The employment status of plan members for a given year
- Pension adjustments
- Details when a member contributes for a leave or temporary period of reduced earnings (also referred to as an *Approved Work Schedule Reduction*)

Based on the information collected, HOOPP updates member records. This information is used:

- To calculate a member's benefit entitlement
- To generate HOOPP annual statements
- By the Plan's actuaries to assess HOOPP's financial obligations

Once HOOPP has received and analyzed all the data, and issued annual statements, your HOOPP account will be reconciled and a HOOPP statement of account will be issued. This statement provides you with a summary of employer and member contributions, based on the data provided as well as money that was remitted to HOOPP, and any adjustments made during the year. The statement will indicate if you have an outstanding balance or credit. You will receive your HOOPP statement of account each fall.

If there is an overpayment, HOOPP will refund the amount owed to you within 30 days after the account has been reconciled. If there has been an underpayment, you will receive an invoice. You will have 30 days to make the payment; after that, you will be invoiced for make whole charges.

In addition to the Member Data Collection process, other reporting documents are used to collect data for special situations:

- The Group Transfer Data Collection process (which is, in effect, an interim annual *Member Data Collection Report*) can be used when a group of employees transfers from one HOOPP employer to another. HOOPP's transfer/amalgamation team is responsible for the completion of the Group Transfer Data Collection process.

4.10 Income Tax Requirements

Member Contributions Are Tax-Deductible

Employee required contributions are fully tax-deductible in respect of the year in which the contributions are remitted to HOOPP, within the limits imposed by the Income Tax Act.

RCA Contributions

In accordance with the Income Tax Act, in order for a member's regular RCA contributions to be deductible they cannot exceed those made by the employer on their behalf in a given tax year. Further, the Canada Revenue Agency (CRA) considers monies used to complete an RCA buyback as a contribution by the member. Therefore if a member completes a RCA-related buyback, the transaction may render their regular RCA contributions ineligible for a tax deduction in the year of purchase. When this occurs the member's RCA contributions should not be reported on their T4. Please contact HOOPP if you have any questions.

Reporting

You must report the following information on the member's T4 slip:

- The total annual member contributions in the RPP contribution box (box 20), including those contributions made to HOOPP, up to the maximum contribution limit in the applicable year
- HOOPP's registration number 0346007
- The member's Pension Adjustment (PA) that you calculated

Employer contributions are not reported on a member's T4.

Leaves/Periods of Reduced Earnings

Any leaves or periods of reduced earnings (also referred to as an *Approved Work Schedule Reduction*) where a member has made contributions are subject to Income Tax Act limits. Under the Income Tax Act, there is a five year lifetime limit on the amount of pension service a member can build when making contributions while away from work on leave, or topping up contributions during a temporary period of reduced earnings. There is an additional limit of up to three years on the amount of service a member can build during pregnancy/parental leaves.

If the member applies to make contributions for a leave or to "top up" contributions during a temporary period of reduced earnings/approved work schedule reduction and has already reached these limits while participating in HOOPP, the contributions will be returned.

If lump sum contributions are made by the earlier of six months after the end of a leave/ period of reduced earnings/approved work schedule reduction, or by April 30 of the year after the leave/period of reduced earnings ends, the member receives a revised pension adjustment (PA). Revised PAs are reported via revised T4 slips for the years in question. All other information on the revised T4 slip should remain unchanged from the original T4. If the member makes contributions for a prior year after April 30, the member will receive a past service pension adjustment (PSPA) instead of a revised PA. This applies only when a leave ends in the previous November or December and contributions are remitted after April 30 in the following year. A PSPA will affect the member's RRSP contribution room in the year in which the PSPA is certified. HOOPP will apply to the Canada Revenue Agency for the PSPA certification.

4.11 Contributions Checklist

Remember to:

- ✓ Use the Universal Payroll deduction method to calculate contributions
- ✓ Remit Required Contributions by the 15th of each month
- ✓ Report leaves even if a member is not contributing
- ✓ Ask HOOPP for help if you are unsure if earnings are pensionable

5. Leaves and Layoffs

5.1 Leaves

While all leaves are absences, not all absences are leaves. A leave is any period of time that a member has employer approval (or is permitted under the Employment Standards Act) to be absent from work.

An absence is any period of time for which a member is absent from work and this time off is not an employer-approved leave (i.e. an unapproved leave). An example of an absence that may not be approved by an employer as a leave could include a disciplinary suspension or a period when an employee does not get permission from their employer to be off work or fails to work a scheduled shift. Contributions can be made if you, as the employer, agree to contribute but contributions are not mandatory during absences that are not approved leaves.

Health/Disability Leaves

Health and disability-related leaves are handled differently from other employer-approved leaves. See section 7 Disability Benefits for details.

Statutory Leaves

As required by the Employment Standards Act (Ontario), members can choose whether or not to make contributions while they are off work during a number of statutory leaves. Effective January 1, 2018, a statutory leave includes:

- Pregnancy leave
- Parental leave
- Family medical leave
- Emergency leave
- Organ donor leave
- Family caregiver leave
- Critically ill child care leave
- Crime-related child disappearance leave
- Child death leave
- Domestic or Sexual Violence Leave

Employers are required to permit employees to take these types of leaves in accordance with provincial law while maintaining employer-related benefits including HOOPP. Therefore, members do not require approval for these types of leaves and if a member decides to contribute for these periods of time, your organization must also make contributions at the required rate.

Other Types of (Non-statutory) Leaves

Short Term Leave – Leaves Less Than 31 Days

Contributions are mandatory for members and employers on any employer-approved leave that is 30 days or less in duration.

If a member starts a short term leave (less than 31 days) but the leave subsequently exceeds 30 days, then the long term leave rules outlined below would apply.

Leaves Exceeding 30 Days

Members may contribute during any other employer-approved leave, regardless of the reason for the leave, as long as you approve the request to contribute. The maximum length of a leave is defined by you, not HOOPP – HOOPP does not set limits on the length of leaves. The Income Tax Act does set limits on the amount of pension service a member can build while they are away from work.

Therefore, for any leave greater than 30 days, unless it is a statutory leave, it is your role to determine if the leave is an approved leave or not. If it is an approved leave then contributions can only be made if both the member and your organization agree to make them.

If your organization does not agree to make contributions, the member may be eligible to purchase the service through HOOPP’s past service provisions. Please refer to section 6 Special Transfer Rules.

Strikes or Lock-Out Periods
Members may also choose to make contributions for strike or lock-out periods. If a member decides to contribute for these periods of time, your organization must also make contributions at the required rate.

5.2 Employer Reporting

Reporting a Leave of Less Than 31 Days
Details are reported via HOOPP's annual member data collection process, so there is no need to submit a *Leave Commencement* information and a *Leave Completed* information for short term leaves that are less than 31 days.

Reporting a Leave of More Than 30 Days (No Contributions)
If a member is going on a leave that is more than 30 days in duration, and will not be making contributions, let HOOPP know. Indicate the type of leave and its start date.

Use the reporting process to let HOOPP know that this "non-contributory" leave has ended.

Reporting a Leave (Contributions)
If a member plans to contribute for a leave, they can either make periodic contributions while away, or make all the contributions as a lump sum payment by no later than six months after the end of the leave. An exception occurs for strike or lockout periods; contributions can only be made after the strike or lockout ends, and no later than six months from the end of the strike/lockout period. Submit a *Leaves of Absence* information to inform HOOPP of the leave indicating the start date of the leave. Submit additional *Leaves of Absence* information when the leave has ended.

If a member makes contributions, your organization must make contributions at the required rate. For full-time employees, the member contributions during a leave are based on what the member was earning before the leave began. As a general rule, the contributions of part-time employees should be based on their average earnings for the 10 weeks preceding the leave. For both full-time and part-time employees, these "deemed earnings" must also include any subsequent pay increases.

If the member's contributions are received as a lump sum, after you have completed your annual member data report, and it is within six months after the end of the leave, complete a remittance declaration report via the Remittance process in HOOPP Insight to report these contributions.

If contributions are not received within the six months after the end date of the leave, the member may be eligible to purchase the service through HOOPP's past service provisions. Please refer to section 6 Special Transfer Rules.

Deemed Earnings
Deemed earnings represent the difference between what the member would have earned had they worked as scheduled during a leave period or a period of reduced earnings/approved work schedule reduction, and their actual earnings during the leave period.

The table below illustrates when deemed earnings apply for a leave.

Leave type	Contributions	Deemed earnings
Unreduced earnings (100% pay)	Regular contributions	No deemed earnings

Reduced earnings/approved work schedule reduction (< 100% pay)	Regular contributions	No deemed earnings
	Top up*	Deemed earnings
No earnings (0% pay)	No contributions	No deemed earnings
	Top up*	Deemed earnings

* Deemed earnings are calculated by HOOPP for the contributions made for the topped-up amount on a leave or a period of reduced earnings/approved work schedule reduction. For example; if a member receives 80% of their pre-leave earnings and tops-up the 20% to their full pre-leave earnings, deemed earnings are calculated for the 20%.

5.3 Limits and Income Tax Act Requirements

The Income Tax Act prescribes a five year lifetime limit on the amount of pension service a member can build when away from work on leave (or during a temporary period of reduced earnings/approved work schedule reduction). There is an additional lifetime limit of up to three years on the amount of service a member can build during pregnancy/parental leaves. If a member uses up the three year pregnancy/parental limit, and applies to contribute for another pregnancy/parental leave, they can apply the time against the five year limit.

Tip

If a member applies to make contributions for a leave (or to "top up" contributions during a temporary period of reduced earnings) and has already reached the lifetime limits while participating in HOOPP, the contributions will be returned. However, the member may be eligible to purchase this period of time under HOOPP's buyback provisions.

To ensure that members do not exceed the limits imposed by the Income Tax Act, HOOPP is required to track periods when members are not being paid but continue to contribute as if they were receiving full earnings during a leave of absence or temporary period of reduced earnings/approved work schedule reduction. If lump sum contributions are made by the earlier of six months after the end of the leave/ period of reduced earnings, or by April 30 of the year after the leave/period of reduced earnings/approved work schedule reduction ends, the member receives a revised pension adjustment (PA). Revised PAs are reported via revised T4 slips for the years in question. All other information on the revised T4 slip should remain unchanged from the original T4. If the member makes contributions for a prior year after April 30, the member will receive a past service pension adjustment (PSPA) instead of a revised PA. This applies only when a leave ends in the previous November or December and contributions are remitted after April 30 in the following year. A PSPA will affect the member's RRSP contribution room in the year in which the PSPA is certified. HOOPP will apply to the Canada Revenue Agency for the PSPA certification.

5.4 If Some or All Contributions Are Not Made

A member who has chosen to contribute during a leave (or who you are allowing to contribute) must make the contributions no later than six months after the end of the leave. If this deadline is missed, contributions can no longer be made for this leave period and you, as the employer, are relieved from the responsibility of contributing. The member may, however, be eligible to purchase the service through HOOPP’s past service provisions.

If a member makes only some of the required contributions by the six month deadline, your organization only has to make contributions that correspond to those made by the member.

Important

It is important that you provide all members with the appropriate information about making contributions while they are on a leave and that contributions can be made during the leave or within six months after the leave ends.

5.5 If a Member Dies, Retires, or Terminates While on Leave

Leave/temporary period of reduced earnings information is generally reported at year end, as covered in section 5.2 Employer Reporting.

If a member retires, terminates, or dies in the current calendar year while on a leave or during a temporary period of reduced earnings, you will need to submit required information regarding the event to HOOPP. The following information may be required:

- The type of event (leave type, or temporary period of reduced earnings/approved work schedule reduction)
- The start and end dates of the event
- Weeks of contributory service
- Pension adjustment for the current year
- Contributions at high and low rate (if applicable)
- If the member was part-time, information regarding the percentage of full-time earnings (i.e. the part-time ratio) prior to the leave

5.6 When a Leave Ends

HOOPP considers a leave to have ended when a member:

- Returns to work for your organization
- Retires
- Terminates employment, or
- Dies

5.7 Special Situations

Pre-Paid Leave Plans

A "four-for-five" arrangement allows employees to receive 80% of their earnings for four years while "banking" the remaining 20% of their earnings to take as income during the fifth year which they take as a one year leave.

For HOOPP purposes, even though the member is only receiving 80% of their normal earnings during the first four years, contributions should be deducted based on 100% of the member's earnings. This means that the member will accrue full contributory service during the first four years, just as they would if they were not taking a leave in the fifth year. You must also contribute based on the member's full earnings during the first four years. You must also report a pension adjustment (PA) based on 100% of what the member earns in each year (not the 80% the member actually receives).

There are two ways in which members can build pension service for the fifth year, while they are away from work - they can contribute for the fifth year, or they can buyback this period.

Contributing for the Fifth Year of a Four-For-Five Plan

The member can contribute for the fifth year through regular contributions, or as a lump sum within six months after the end of the leave, if your organization (who must also contribute) agrees to allow the contributions to be made. Contributions are based on 100% of what the member would have earned had they worked their usual hours. Contributions are not based on the "banked" income (20% × four) the member collects, as contributions have already been made based on the member's full earnings during the four years prior to the leave.

Buyback for the Fifth Year of a Four-For-Five Plan

If the contributions are not received within six months after the end of the leave, or if you do not allow contributions for the leave, the member may buy it back through HOOPP's past service provisions any time after they return to work. If the member does not contribute for the fifth year or purchase the period of service, they will not receive contributory service or eligibility service for the year.

Additionally, contributions made in the fifth year while the member is on a leave, will apply against a member's prescribed compensation limits as set out in the Income Tax Act, and a PA or PSPA may apply. For more information please refer to Temporary Periods of Reduced Earnings in section 4.7.

A four-for-five plan has been used as an example but the same rules would apply for other similar arrangements such as a three-for-four leave plan.

Leaves Due to Temporary Layoff

There are two types of layoffs – permanent and temporary. When a permanent layoff occurs, the employment relationship has been severed and the member must terminate their membership in HOOPP.

When a temporary layoff occurs, the member has a reasonable chance of being permanently recalled to work. Therefore, a temporary layoff is treated as a leave. In addition to the usual conditions under which an approved leave ends (i.e. the member returns to work), a leave due to temporary layoff ends when the member subsequently terminates employment voluntarily or when their recall rights have expired as set by you, the employer, or specified in a collective agreement, and the member has not resumed work for your organization.

If the member is recalled to work, member and employer contributions to HOOPP must resume immediately. The only exception to this is if the member returns to work on a contract or fee-for-service basis and is not an employee.

If the member is laid off a second or subsequent time after being recalled to work, you must decide whether they are being permanently or temporarily laid off. If the layoff is temporary because the member has a reasonable chance of being permanently recalled to work, a new leave begins. If the member has recall rights, member and employer contributions can be made during this period.

Unpaid Sick Days

When an employee takes an unpaid sick day you must decide whether to classify the time off work as an employer-approved health leave, an employer-approved leave or you may decide not to approve the leave.

If you approve the time off work as a health leave please see section 7 Disability Benefits, for further details on how to handle health leaves.

If you approve the time off work as an employer-approved leave and it is for a period of less than 31 days, the short term leave rules set out above apply and therefore contributions are mandatory.

If you do not recognize the day off as an employer-approved leave then the period should be treated as an absence and contributions cannot be made while the member is off work. Please remember that if you do not approve these days as a leave then the member will lose contributory service and they will not be able to purchase this service under HOOPP's buyback provisions.

Members on a Leave When Joining Due to Divestment

Special rules apply to members who are on a leave when they join HOOPP under a divestment (a sale, assignment, or disposition of business) or as a result of a change in their employer's pension plan. Please contact HOOPP if you have employees in this situation.

Temporary Periods of Reduced Earnings

Members can choose to "top up" their contributions during a temporary period of reduced earnings (also referred to as an *Approved Work Schedule Reduction)*, subject to your approval, as long as they have been employed by your organization for at least 36 months prior to the start of the period. Examples of a temporary period of reduced earnings include; participation in a temporary job-sharing program, or a decision by a member to work fewer hours each week for a temporary period of time.

For further information about temporary periods of reduced earnings/approved work schedule reduction and reporting requirements, please refer to Temporary Periods of Reduced Earnings in section 4.7.

Health Leave/Disability Pension

Please refer to section 7 Disability Benefits.

5.8 Leaves and Layoffs Checklist

Remember to:

- ✓ Determine if it is a leave or an absence
- ✓ If it is a leave, determine if it is a short-term leave or a long-term leave
- ✓ Determine whether contributions are required or optional
- ✓ Advise members that they have the option to contribute and about the six month deadline
- ✓ Ensure that accurate start and end dates of leave periods are reported to HOOPP
- ✓ Ensure contributions are remitted to HOOPP as required

6. Special Transfer Rules

Section 80 of the Pension Benefits Act

If an employee is joining HOOPP as the result of a divestment, the usual pension transfer rules – which let members transfer pension service from their former pension plan to HOOPP – do not apply. A divestment occurs when an employer sells, assigns, transfers or disposes all or part of its business to another employer. The most common examples are when:

- Two or more organizations amalgamate to form one organization
- One organization separates into two or more companies, or
- A service offered by an employer is sold or transferred to another employer

According to Ontario pension laws, divested employees are deemed not to have terminated employment with their former employer for pension purposes. This means that those affected will remain a member of both their former pension plan and HOOPP, until they terminate their employment with their new HOOPP employer.

There are some advantages to these divestment rules. Until a member terminates their employment with their new HOOPP employer, their former pension plan and HOOPP must both recognize the period of membership the member accrued in the other pension plan for eligibility purposes when determining the pension benefit the member is entitled to receive.

For example, a member's HOOPP eligibility service will be based on their period of membership in HOOPP but will also include the period of membership in their former employer's pension plan. Eligibility service plays an important part in HOOPP's early retirement benefits. Also, the member's period of employment with their new HOOPP employer will be factored into the benefits they are eligible to receive from their former employer's pension plan.

Two Important Transfer Rules

1. Members will not be able to receive termination or retirement benefits from their former employer's pension plan until they terminate employment or retire from their new HOOPP employer.
2. If a member moves to another HOOPP employer after leaving their current HOOPP employer, they can continue to be a member of HOOPP, but the protected period ends. This means they may get termination benefits from their former employer's pension plan, which could be transferred into HOOPP if their former pension plan agrees to transfer the funds.

Please contact HOOPP if you have employees who are enrolling as a result of a divestment or if you are unsure if these rules are applicable.

7. Disability Benefits

HOOPP offers two types of disability benefits to active members of the Plan – free accrual and a disability pension.

The extent of a member's disability, as demonstrated by the evidence that the member and their physician supply to HOOPP, determines which, if any, HOOPP disability benefits the member may be eligible to receive.

Members may receive disability benefits from HOOPP if medical evidence is provided that demonstrates that they meet one of the following definitions:

- **Partially disabled** – the member has a medically certifiable physical or mental impairment that HOOPP has determined currently prevents them from doing their own job; or

- **Totally disabled** – the member has a condition causing physical or mental impairment that prevents them from engaging in any employment for which the member is reasonably suited by virtue of their education, training or experience; or
- **Totally and permanently disabled** – the member has a condition causing physical or mental impairment that prevents them from engaging in any employment for which the member is reasonably suited by virtue of their education, training or experience and that can reasonably be expected to continue for the remainder of the member's lifetime

7.1 Free Accrual

Free accrual is contributory service that is credited by HOOPP to a member who is determined by HOOPP to be partially, totally, or totally and permanently disabled. A disabled member receiving free accrual builds contributory service without having to make any contributions. Your organization does not make contributions either.

Qualifying Period and Timelines

The first 15 weeks of a health leave is known as the qualifying period. Members must make contributions on any employment earnings they receive from your organization during this period and employers must match contributions made by the member at the prevailing employer contribution rates. See section 7.3 Administrative Steps for further details about deducting contributions and the options that are available to members during this period.

Important

If a member returns to work during the qualifying period for a period of 3 weeks or less and then is off work for the same illness, the health leave is considered to be continuous and should not be ended. If a member returns to work during the qualifying period for more than 3 weeks or if the member returns to work and then goes off work on a health leave for a different illness then the health leave should be ended on the date the member returned to work. A new 15 week qualifying period will begin if the member goes off work again on a subsequent employer-approved health leave.

Free accrual begins after the 15 week qualifying period if the member is determined by HOOPP to be partially, totally or totally and permanently disabled. If the member is partially disabled, free accrual can continue for up to four years from the date the health leave started, less the qualifying period. If the member is totally disabled or totally and permanently disabled the member may continue to qualify for free accrual past the four year limit until the member recovers, dies, retires, reaches age 65 or builds 35 years of contributory service, whichever occurs first.

If Not Approved For Free Accrual

If HOOPP determines that a member is not eligible to apply for free accrual or does not meet any of the definitions of disability outlined above, the member will not be approved for free accrual.

A member who is not approved for free accrual may remain on an employer-approved health leave for a maximum of four years and both you and the member may continue to make contributions to HOOPP to build the member's contributory service. If you do not allow the member to make contributions they will continue to be a member of HOOPP while they are on the employer-approved health leave and remain employed, but the member will not build any additional benefits in HOOPP.

Rehabilitation Program

A member who is in receipt of free accrual can continue to qualify for free accrual until their next medical review date if you place them on a rehabilitation or modified work program.

For more information about rehabilitation programs, see Step E: Member Returns to Work on an Employer-Approved Rehabilitation or Modified Work Program in section 7.3.

7.2 Disability Pension

A member, who has been determined by HOOPP to be totally and permanently disabled, can choose to receive free accrual or a HOOPP disability pension. A disability pension is an immediate, unreduced pension based on the contributory service (including free accrual) accrued before the members disability retirement date. Before a member can collect a disability pension, they must terminate employment at all the HOOPP employers where they work.

HOOPP disability pensions do not include early retirement benefits, therefore there is no bridge benefit paid with a disability pension. A member who receives a HOOPP disability pension cannot convert it to a HOOPP retirement pension.

If a member is assessed as being totally and permanently disabled, they are not required to apply for a HOOPP disability pension or to receive a disability pension if they choose not to. If an LTD insurance carrier insists/requires that a member must do so, this is a matter between your organization, the insurance carrier and the member.

To be eligible for a HOOPP disability pension, a member must:

- Be on a health leave or in receipt of free accrual
- Have contributed to the Plan before the start of their health leave
- Be under age 65
- Have less than 35 years of contributory service
- Submit an application to HOOPP before terminating their membership in the Plan including a completed Application for Disability Benefits and Attending Medical Practitioners Assessment to HOOPP – previous statements will not be sufficient
- Be assessed by HOOPP as being totally and permanently disabled

7.3 Administrative Steps

Here are the administrative steps to be taken by employers when a member is unable to work for health reasons:

Step A: Notify HOOPP of Health Leave

It is up to you to place a member on a health leave. HOOPP does not need to be notified about the health leave until it has continued for at least 30 days.

If a member has been on a health leave for at least 30 days, submit the necessary information to HOOPP in order to let HOOPP know that you have placed the member on an employer-approved health leave. If a member returns to work permanently (or for longer than a 3 week period) before the 15 week qualifying period has been reached, submit the necessary information to HOOPP and end the leave on the date the member returned to work.

Your organization may prefer to use their own standardized letters but HOOPP has developed a sample cover letter that you can use to advise members that they can apply for disability benefits and that HOOPP will send them a copy of the *Here For You: Guide to Disability Benefits*. The cover letter should be printed on your organization's letterhead, and provided to the member. We would also recommend that you keep a copy of the letter in the member's file.

Important

Members on an employer-approved health leave who are totally and permanently disabled may apply for a HOOPP disability pension at any time; they do not have to wait until the end of the 15 week qualifying period. If a member indicates that they are interested in applying for a disability pension before the end of the 15-week qualifying period or requests any information about HOOPP's disability benefits please ask them to contact HOOPP directly.

- ✓ Submit the information to HOOPP . Health leaves should be reported to HOOPP once a member has been on a health leave for 30 days and are expected to be off work more than 15 weeks.
- ✓ Advise members on a health leave that they can apply for HOOPP disability benefits using the sample letter.
- ✓ If the member returns to work or the health leave is interrupted report these changes to HOOPP in a timely manner.

Step B: Contributions

Checklist:

- ✓ Place member on an employer-approved health leave
- ✓ Deduct contributions for the first 15 weeks of the health leave
- ✓ Stop deducting contributions after the 15 week qualifying period if the member is approved for free accrual by HOOPP

During the 15 week qualifying period members must make contributions on any employment earnings they received from your organization. Employers must also make contributions at the prevailing employer contribution rates. Any contributions the member makes during the health leave will be reported at year end to HOOPP as part of HOOPP's annual member data collection process.

Below are possible contribution scenarios during the qualifying period.

Full Earnings

If you pay a member 100% of their pre-leave earnings during the qualifying period, contributions must be made by members and employers on those earnings.

Partial Earnings

If you pay a member less than 100% of their pre-leave earnings during the qualifying period, contributions must be made on the pay received and the member will accrue contributory service at that level. Members also have the option to "top up" their contributions to the pre-leave level without employer approval.

If a member elects to “top up” they can make additional contributions to a maximum of 100% of the contributions they would have made if not for the leave. They can either make contributions during the qualifying period or anytime within six months after the end of the qualifying period. Employers must also contribute if a member chooses to “top up” their contributions. If a member contributes less than the full amount of what they would have contributed had they been working, their contributory service will be prorated to reflect this.

Example: Before her health leave Susan earned $2175 bi-weekly. Susan earns $1305 bi-weekly during the disability qualifying period (60% of what she was earning before the leave started). Susan must contribute on the actual employment earnings she receives ($1305) but she has the option to make contributions on her pre-leave earnings of $2175 or to make contributions on earnings between $1305 and $2175.

No Earnings

If you do not pay a member any earnings during the qualifying period, the same rules applicable to "partial earnings" apply. The member can make no contributions or "top up" contributions to 100% of the pre-leave level.

Example: Before her health leave Susan earned $2175 bi-weekly. Susan receives no earnings during her health leave and is therefore not required to make any contributions. She has the option to make contributions on her pre-leave earnings of $2175 or to make contributions on earnings between $0 and $2175.

Workplace Safety & Insurance Board (WSIB) Benefits

If a member receives WSIB benefits during the first year of a health leave, they can choose whether to make contributions on those benefits or not.

If a member chooses to contribute on WSIB benefits with respect to the qualifying period, they can either be made at the time they are received or within six months after the end of the qualifying period, as a lump sum. You must also make contributions to HOOPP on any WSIB benefits that a member chooses to contribute on. The member's contributory service for this period will be based on the contributions received by HOOPP.

Contributions are not required after the end of the 15 week qualifying period if the member qualifies for free accrual. However, you can permit members to continue making contributions if they remain on a health leave and are not receiving free accrual after the qualifying period has ended. This might occur if a member does not provide HOOPP with medical evidence to support their disability, or if a member is not approved for free accrual because the medical evidence does not support that the member is at least partially disabled. If the member wishes to make contributions on any WSIB benefits that they receive during the first year of a health leave, you must also contribute. Contributions can either be made at the time they are received or within six months after the end of the first year of the health leave, as a lump sum.

For a health leave that continues after the 15 week qualifying period, a member’s contributions should be based on their “pre-leave level” which is determined as follows:

Full-time member:	• The full-time pensionable earnings the member was receiving before the 15 week qualifying period

Part-time member:

- If formerly scheduled to work but begins a health leave, contributions must be based on the earnings the member would have earned had they continued to work
- If not scheduled to work, contributions must be based on the member's earnings level immediately before the health leave began. Since the earnings of a part-time member can fluctuate, you should average the member's earnings for the 10-week period leading up to the leave – the total hours worked in the 10 weeks prior to the leave, multiplied by the hourly rate of pay, divided by 10. If the member has not worked part-time for 10 weeks, use the same formula but substitute the actual number of weeks worked for the 10.

Step C: Disability Guide

HOOPP will mail information to members who reach 15 on an employer-approved health leave, including a copy of *Disability Benefits*. This booklet contains important information for members about the disability benefits offered by HOOPP and how they can apply for them. It also includes a copy of an Application for Disability Benefits and Attending Medical Practitioners Assessment forms that members need to complete and submit to HOOPP if they wish to apply for disability benefits.

After reading the booklet, if a member wants to apply for disability benefits they must send the two forms to HOOPP before the end of the qualifying period, along with any other medical evidence they may have relating to their medical condition.

After receiving the forms, HOOPP will send the member a letter informing them whether or not they are approved for disability benefits based on the medical evidence submitted, and the date by which new medical evidence will be required in order for the benefits to continue. You can monitor the status of your employees free accrual benefits through the Member Disability Reporting on HOOPP Insight. The report lists members that are currently on free accrual or on a health leave that qualifies for free accrual, or members that have started the disability application process.

A member who is not approved for free accrual may apply again if their condition worsens, as long as new medical evidence is provided to HOOPP.

Important

If you do not report a health leave to HOOPP then a disability guide will not be mailed to the member. Health leaves should be reported to HOOPP once a member has been on a health leave for more than 30 days, and by 8 weeks at the latest.

Step D: Member Returns to Work

If a member who is receiving free accrual returns to work, submit the necessary information to HOOPP. Free accrual ends and the member must start contributing on the day they return to work.

If a member on free accrual has returned to work, and subsequently goes back off work within three weeks for the same cause or a cause related to their initial disability, they may be able to continue on the same health leave, as though they had not returned to work. Please contact HOOPP if this situation occurs.

Step E: Member Returns to Work on an Employer-Approved Rehabilitation or Modified Work Program

If a member who is receiving free accrual returns to work, HOOPP will consider the health leave to have ended and free accrual will stop. There is one exception to this rule. If the member is returning to work on an employer-approved rehabilitation or modified work program, the health leave may continue. Free accrual will also continue if the member continues to be eligible and continues to satisfy the medical evidence requirement.

In general, HOOPP does not consider a member to be on a modified work or rehabilitation program if the member is back at work permanently, performing either their own job or a completely different job.

A rehabilitation or modified work program does not need to be approved by HOOPP, but as a general guideline these types of programs should meet the following criteria:

- Have the objective of enabling the member to return to work
- Have specific, measurable goals which are time-dependent
- Not continue beyond the fourth year of a health leave, if the member is partially disabled
- Be weeks or months in duration, not years

If a member returns to work at his or her own job or a different job on a permanent basis you must inform HOOPP that the member’s health leave has ended so that free accrual can stop being credited and you must resume deducting regular contributions for the member.

Termination When a Member is Receiving Free Accrual

Refer to section 8.5 for guidance on ending a member’s employment while they are in receipt of free accrual.

7.4 If a Member Chooses a Disability Retirement

Checklist:

- ✓ Inform the member that they have to resign from all HOOPP employers where they are enrolled in the plan to be eligible to start a disability pension
- ✓ Confirm the date of termination and submit the retirement information to HOOPP

If HOOPP determines that a member is totally and permanently disabled based on the medical evidence provided, the member can either receive free accrual (after the end of the 15 week qualifying period), or apply to receive a HOOPP disability pension.

Before a member can start to receive a disability pension (assuming they meet HOOPP's definition of totally and permanently disabled), you must submit the retirement information to HOOPP. If a member is no longer employed by you, HOOPP will contact the member directly, and send them the form that they need to complete and submit to HOOPP before they can start to receive a disability pension.

8. Termination

8.1 What to Do When a Member Terminates Employment

There are a number of steps you must take when a HOOPP member terminates employment. Here is an overview of these steps:

- Provide HOOPP with the last day the member was employed by your organization. If this date differs from the member's last physical day at work, due to a leave/absence, vacation, or a termination notice period, you will need to provide a reason for the difference between the last day worked and the termination of employment date.
- If the member is 55 or older and eligible to retire and is interested in exploring retirement options, give them a copy of *Retirement Planning* booklet, HOOPP's pre-retirement booklet.
- Submit a Termination event in HOOPP Insight.

8.2 Reporting a Termination

Submit a Termination event in HOOPP Insight to notify HOOPP of a member's termination of employment.

You will also be required to submit Events Final Data informationthrough HOOPP Insight for the member, including:

- Employment End Date
- Final weeks and contributions
- Pension adjustment
- Annualized earnings (if member completed a contribution waiver prior to January 2013).
- Leaves of absence (if applicable)
- Contributory leaves (if applicable)
  Retroactive contributions (**Important!** Retro contributions should be provided to HOOPP through the Remittance process before you submit the final data)

If Termination is Challenged or Grieved

If a termination is being challenged or grieved do not process the termination with HOOPP until the grievance has been resolved.

Contact HOOPP immediately if a termination is challenged or grieved after you have submitted the termination information to HOOPP. Once notified of the grievance, HOOPP will put the termination process on hold until you confirm that the grievance has been resolved and you are certain that a bona fide termination of employment has occurred. All questions relating to grievances must be settled by the employer and employee. HOOPP is not party to the employment contract and cannot be bound by the terms of any grievance settlement.

If Member Receives a Severance Package

Not all types of payments a member may receive upon termination of employment are pensionable. See section 4.2 Pensionable Earnings for more details. If you are planning to offer a member a complex severance package, you may wish to contact HOOPP before finalizing the terms of the termination agreement to ensure that the terms of the package are consistent with HOOPP's policies. Failing to do this could lead to problems later, particularly if the terms of the settlement conflict with HOOPP's provisions.

If Member Receives a Retiring Allowance

Retiring allowances cannot be transferred into HOOPP and HOOPP contributions cannot be deducted on these amounts as they are not pensionable earnings for HOOPP purposes. It is important that you carefully check all of the information reported on the form because any figures that are provided in error could result in the payment of an incorrect benefit to a member. HOOPP will validate the information provided and contact you if any questions arise.

When Not to Submit The Notice of Termination

Do not submit the member termination if:

- The member is aged 55 or older and wants to retire immediately; or
- The member is stopping contributions due to a change in employment status. You will not need to provide notice of termination for members who change from full-time to part-time status at your organization, but are contributing to HOOPP at another employer on a full-time basis. These employees can choose to stop making HOOPP contributions at their part-time employers. Please submit the contribution status change information to HOOPP. It is important that the dates for "employment type effective date" and "change in contributory status effective date" match.

  If, due to a contribution status change request, the member will no longer be making contributions, the member should complete a Sample Contributions Waiver to acknowledge that they understand the rules regarding waiving contributions. Please keep the completed form for your records. Normal termination procedures (at the part-time employers) do not apply for these members and they will not get a termination or retirement benefit until they terminate or retire from their full-time employer as well.

- The member is part of a divestment (sale, assignment, or disposition of a business). Contact Client Service for information.

Calculating Final Weeks, Contributions, Other Amounts

For help calculating final weeks, contributions, and other required amounts, refer to section 4 Contributions and the PA Guide.

8.3 HOOPP Will Contact the Member

After HOOPP is provided with notice of termination for a member, HOOPP will mail information to the member, including their termination options.

8.4 Tax Considerations

Income Tax on Termination Benefits

Whenever a member receives a lump-sum cash payment from HOOPP as a termination benefit, taxes must be withheld. Cash payments are taxable as income for the year in which they are paid. HOOPP withholds tax based on the refund amount, not the member's total income. As a result, members may need to pay additional tax when filing their income tax returns. The tax HOOPP must withhold from cash payments is calculated as follows:

Amount	Withholding tax rate
Payment of $5,000 or less	10%
Payment of $5,000.01 to $15,000	20%
Payment of more than $15,000	30%

If a cash refund is paid to a member, HOOPP will mail a T4A Supplementary tax slip to the member in the February following the year in which the payment is made. The information on the T4A slip must be reported on the member's income tax return.

Limits

If a member decides to transfer the commuted value of their pension out of HOOPP, either to a locked-in retirement savings vehicle or to another pension plan, it is important for them to know that the Canada Revenue Agency (CRA) limits the amount that can be transferred out of a pension plan on a tax-sheltered basis. The amount varies with a member's age and other factors. HOOPP will notify members if they are subject to any limits imposed by the federal government. HOOPP will withhold tax on any transferred amounts that exceed the limits that are paid to a member in cash.

In addition to these limits, in most cases, benefits from HOOPP's Retirement Compensation Arrangement (RCA) must be paid out in cash and cannot remain tax-sheltered when they are moved out of the Plan.

Pension Adjustment Reversals (PAR)

Terminated members who transfer their benefits out of HOOPP may receive a pension adjustment reversal (PAR). The purpose of a PAR is to restore RRSP contribution room to members when the value of the benefits they transfer out of HOOPP is less than the sum of the PAs and PSPAs they received during the years they accrued the benefits. A PAR equals the total of a terminating member's PAs from 1990 onwards, plus PSPAs, minus the amount of the termination benefits they receive for service built from 1990 onwards, including refundable contributions, and any interest payable. HOOPP will provide members with a Canada Revenue Agency T10 form, showing their final PAR amount, after the benefit has been transferred out.

Commuted Value Withdrawal Carries Risk

Members who terminate their membership can withdraw the commuted value of their benefits anytime before they reach age 55. Members should be made aware of the risks when considering this option. Taking a commuted value is an important and permanent decision that results in members giving up a guaranteed lifetime retirement income, including spousal benefits and inflation. Members considering a commuted value transfer should consider the following features of collecting a pension:

Guaranteed monthly income: HOOPP is a defined benefit plan where the amount of pension is guaranteed and determined by a formula that recognizes a member’s pre-retirement earnings, contributory service, and age.

Promised pension: HOOPP guarantees to pay members a specified monthly pension for life. After the member dies, their qualifying spouse at retirement continues to receive a percentage (a member can choose between 60, 80, or 100 per cent) of the member's basic lifetime pension (excluding bridge and transition benefits) for the rest of their life. Neither the member nor the qualifying spouse can outlive the pension. Members without a qualifying spouse at retirement are also guaranteed a pension for life -- and should they die before receiving payments for 15 years (180 payments), their designated beneficiary will receive the remaining payments, excluding any bridge and transition benefits.

HOOPP assumes investment risk: A HOOPP pension does not fluctuate with the ups and downs of the financial markets. If money is transferred out of HOOPP, future retirement income will depend on how well the investments perform and interest rates in effect at the time the investments are converted to income.

Inflation protection: A deferred pension receives guaranteed and/or ad hoc cost of living adjustments annually, even before the member starts collecting their pension.

Taxation: It is possible that not all of a member's termination benefit can be transferred out on a tax-sheltered basis. Any amounts that exceed tax-sheltered limits are taxed as income for the year in which they are received.

8.5 Other Information

Bridge Benefit

The bridge benefit is a monthly payment that supplements a member's basic lifetime pension until age 65 when government pensions typically begin. When members choose to move their termination benefits out of HOOPP, the bridge will be factored into the transfer amount.

Termination When a Member is Receiving Free Accrual

If a member's employment is terminated while they are in receipt of free accrual, submit the necessary member termination information to HOOPP .

8.6 Termination Checklist

Remember to:

- ✓ Determine termination date
- ✓ Submit a Termination event in HOOPP Insight
- ✓ Ensure final calculations are accurate
- ✓ If a termination is being challenged or grieved do not process the member termination with HOOPP until the grievance has been resolved. Contact HOOPP immediately if a termination is challenged or grieved after you have submitted information regarding the termination.

9. Retirement

9.1 Steps to Help a Member Retire

The following resources are available to members to help them make decisions about their retirement.

Step 1 – Retiring in Three to Five Years

The decisions members make at retirement can impact the amount of their HOOPP pension. For that reason, it is important that members are aware of all their options in advance.

To help members make informed retirement decisions, give members who are within three to five years of retirement (i.e. members aged 50 or over), a copy of the HOOPP retirement booklet, *Retirement Planning* or refer them to hoopp.com to get a copy. The booklet will help members understand some key factors about their pension including: survivor options; choosing a retirement date; early retirement; and the retirement process. The booklet also includes an early retirement table that shows members how their age and number of years of eligibility service can affect their pension. The early retirement table can be found in the *When You Can Retire* section of the booklet and on hoopp.com.

The booklet also provides detailed information designed to help members through the many decisions and timelines they will face as their retirement date approaches.

Step 2 – Member Meetings

You should contact your Regional Manager to find out about upcoming pre-retirement presentations that your members can attend. For one-on-one member meetings, members can contact HOOPP directly to set-up an appointment with one of our Member Advisors.

Step 3 – Pension Estimates

HOOPP offers pension estimates for members available through the Pension Estimator on HOOPP Connect or by calling Client Services directly. The estimate provides a projection of how much pension the member will receive at specified future retirement date(s) based on certain assumptions.

Step 4 – Retirement Notice

Submit a Retirement Notice event through HOOPP Insight to inform HOOPP of a member's intention to retire.

The Retirement Notice can be processed as early as four months before the member's retirement date. HOOPP will contact members directly to advise them of their pension options. HOOPP may also ask for additional information from the member to validate the member's proof of age, proof of the spouse's age, and marital status, if applicable. Applicable proof of age and qualifying spouse documents, and a direct deposit form or void cheque must be received before pension payments can begin.

A member's pension will start on the first day of the month following the retirement date selected on the Retirement Notice. For example, if a member elects to retire on May 31, 2013 and has provided HOOPP with all the required forms and any additional documents requested, they will receive their first pension payment on June 1, 2013.

Severance packages and termination notice periods may affect a member's retirement date. For more information about termination and severance packages please refer to Contributions on Termination Payments in section 4.7.

Tip

HOOPP occasionally receives Termination, rather than a *Retirement Notice*, for a member who is age 55 or older. Be sure that the member is aware that by terminating instead of retiring, the member is giving up the right to start receiving pension payments immediately.

Step 5 – Final Service, Earnings & Contributions

When submitting Retirement Final Data informationfor retiring members, use the appropriate reporting method in HOOPP Insight. This information may be reported by initiating a Retirement Final Data event or submitting an Events Final Data data collection.

The purpose of submitting the Retirement Final Datato HOOPP is to provide the following information:

- Employment End Date
- Final weeks and contributions
- Pension Adjustment
- Annualized earnings (if member completed a contribution waiver prior to January 2013).
- Leaves of absence (if applicable)
- Contributory leaves (if applicable)
- Retroactive contributions (**Important!** Retro contributions should be provided to HOOPP through the Remittance process before you submit the final data)

Retirement Final Data information is required to be submitted immediately after the member's final payroll information is available so that HOOPP can calculate the member's pension entitlement.

Important

Never estimate final weeks and contributions. All information reported to HOOPP when the final retirement data is submitted is final and binding and is used by HOOPP to calculate a member's pension. Errors in reporting this information will result in the payment of an incorrect pension amount. If, however, the member's final weeks and contributions are known when the Retirement Notice is ready to be submitted, please submit the Retirement Final Data at the same time as the Retirement Notice.

For most HOOPP members, final weeks and contributions information cannot be determined until the member has completed their last day at work and final payroll information is available. This should not, however, keep you from initiating the Retirement Notice through HOOPP Insight.

When providing contributions data for a member who has received a retroactive pay settlement for a previous year, HOOPP contributions for each of the years to which the settlement was made, must be reported separately from regular contributions. Retroactive pay is considered to be an adjustment to earnings for a prior calendar year. Any adjustment to the current year is not considered to be retro for the purposes of calculating the contributions. Such an adjustment would require an adjustment to the current year's contributions.

When completing the information for leaves and temporary periods of reduced earnings/approved work schedule reduction in the current year, please keep the following in mind:

- Deemed earnings represent the difference between what the member would have earned if the member worked as scheduled during the leave/period, and their actual earnings during the leave period
- If the employee works part-time, base the deemed earnings on the average weekly earnings received by the member during the 10 week period prior to the leave

For more information about leaves and temporary periods of reduced earnings/approved work schedule reduction, please see Temporary Periods of Reduced Earnings in section 4.7.

Checking Calculations
Before submitting the final retirement data and any information about contributions on retroactive settlements, you should check your calculations to ensure they are reasonable. The following formula will give you an idea of the accuracy of the member's annualized earnings for their last year or two on the job. This formula should also be used if you are providing annualized earnings for an inactive member.

Step 1: Determine the member's earnings for the current year (using regular contributions only – 2013 contribution rates are used in this example):

[low contributions ÷.069] + [high contributions ÷ .092] = earnings for current year

Step 2: Determine the member's estimated annualized earnings:

[earnings for current year ÷ contributory weeks for current year] × 52 = estimated annualized earnings

Step 3: Check for Discrepancies

Check the estimated annualized earnings calculated in Step 2 against the member's annualized earnings for the previous year. To calculate the member's annualized earnings for the previous year, refer to the contributory weeks, contributions, and retroactive pay reported on the most recent HOOPP annual *Member Data Collection*. If there is an increase in annualized earnings of more than 15% or a decrease of $2,500 or more, you should indicate the reason on the *Service, Earnings and Contributions Report* smart form.

Step 6 – Once a Retirement Notice is submitted to HOOPP
Once HOOPP receives the Retirement Notice, the member will receive a benefits package outlining their options.

Cancelling a Retirement Application
If a member changes their decision to retire and wishes to cancel their application, they can do so if they cancel their retirement before their pension payments have commenced. They must notify HOOPP of this decision and should also notify your organization.

9.2 Using Retirement Materials
HOOPP has a number of materials designed to help members and employers understand HOOPP's retirement features.

The following table provides a list of HOOPP's retirement materials and how they should be used.

Name of material	Purpose/use
Retirement Planning	Intended for members aged 50 and older who indicate an interest in retiring within three to five years. This booklet is not intended for members applying for a disability retirement.
Retirement Notice	Information submitted as early as four months before the member's retirement to notify HOOPP of the member's impending retirement date.

Retirement Final Data	Information employers submit to inform HOOPP of the member’s final weeks and contributions information. This information supplements the *Retirement Notice*.
HOOPP website – [hoopp.com]()	Retirement Countdown section provides members with information about the retirement process. Pension calculator, which can be used to produce pension estimates.

9.3 Member Retirement Checklist

Remember to:

- ✓ Provide members who are eligible to retire in three to five years with a copy of HOOPP’s *Retirement Planning* booklet
- ✓ Meet with retiring members six months before they plan to retire:
    - Ensure HOOPP has information about any qualifying spouse, including the spouse’s date of birth
    - Ensure beneficiaries are up-to-date, even if member has a qualifying spouse
    - Encourage members to request a pension estimate via HOOPP Connect to help them select a retirement date that suits their own individual circumstances
- ✓ Arrange a pre-retirement presentation with your HOOPP regional manager
- ✓ Process the Retirement Notice four months before the retirement date
- ✓ Process the final retirement data after final payroll information is available
- ✓ Check calculations

9.4 Re-enrolling in the Plan after Retirement

Retired HOOPP members can, upon returning to work with a HOOPP employer, choose to temporarily stop their pension and resume contributions to the Plan. If they choose to do this, their pension will be recalculated when they start receiving it again.

If the retired member is interested in re-enrolling, the will need to complete a Re-enrolment Estimate Request Form to get an estimate from HOOPP that shows how their pension will be affected if they temporarily stop receiving it and resume contributions to the Plan.

If the member informs you that they have decided to suspend their pension, you will be required to initiate an enrolment event in HOOPP Insight.

10. Death

10.1 Death Benefits

The benefits payable upon the death of a HOOPP member are different depending on whether or not the member dies before or after retirement, and whether or not the member is survived by a qualifying spouse.

10.2 Death Before Retirement

Notifying HOOPP

When you learn of the death of a HOOPP member, please notify HOOPP immediately by initiating a Death Before Retirement event through HOOPP Insight.

HOOPP will require the following information:

- Next of kin contact information
- Final weeks and contributions
- Pension adjustment
- Annualized earnings (if member completed a contribution waiver prior to January 2013)
- Leave of Absence information (if applicable)
- Contributory leave information (if applicable)
- Retroactive contributions (**Important!** Retro contributions should be provided to HOOPP through the Remittance process before you submit the final data)

Once HOOPP receives the information, HOOPP will contact the member's qualifying spouse, beneficiary or estate trustee directly.

Deferred Members

If you are notified of the death of a former employee who has a deferred pension with HOOPP, refer claims for death benefits directly to HOOPP or report the information to HOOPP through a HOOPP Insight secure message.

10.3 Death After Retirement

Notifying HOOPP

If you are contacted regarding the death of a member who has retired and begun receiving their HOOPP pension, please refer the person reporting the death directly to HOOPP or report the information to HOOPP yourself through a HOOPP Insight secure message.

10.4 Death Checklist

Remember to:

- ✓ notify HOOPP by submitting notice of death if one of your employees has died
- ✓ notify anyone who informs you of a member's death to contact HOOPP directly

11. Member Information

11.1 Reporting Changes

Member Change of Information

Member information updates should be reported to HOOPP by submitting a Member Basic Data data collection in HOOPP Insight if any HOOPP-related information has changed since a member was enrolled in HOOPP. If members wish to report changes of information, they can do so by contacting HOOPP directly and members can also change their contact information on HOOPP Connect.

Report changes or corrections to a member's:

- SIN
- Name
- Date of birth
- Gender

It is important to keep member information accurate and ensure that HOOPP has been advised of any changes.

You cannot use the member information update event to name a spouse, change a member's beneficiaries, or to remove the name of a former spouse (members should be advised to call HOOPP to make these changes).

Contribution Status Change

You can also submit a Member Basic Data data collection in HOOPP Insight to update a member's employment and contributory status. The information can be submitted to HOOPP to report:

- A change in the member's employment status (i.e., from full-time to part-time status or vice versa)
- A change in membership status (i.e., from contributing to non-contributing or vice versa)

HOOPP recommends that employers have their employees who elect to stop contributing because they are either:

- A part-time employee with one HOOPP employer and contribute to HOOPP on a full-time basis at another HOOPP employer; or
- Moving from full-time to part-time work

sign a waiver to ensure that the employer can show that this change was made at the member's request. Please refer to HOOPP's Sample Contribution Waiver document for some sample wording. HOOPP strongly encourages employers to keep a copy of the Sample Contributions Waiver completed by the employee for your records.

11.2 Privacy

HOOPP takes the privacy of its members seriously. When you enrol an employee in HOOPP and at any other time HOOPP collects a member's personal information, HOOPP will ensure that personal information is collected, used and disclosed only for the purpose of administering the Plan.

Examples of the personal information which HOOPP collects, uses and, where necessary, discloses for purposes of administering member benefits include:

- Date of birth
- Home address
- Social Insurance Number
- Beneficiary information
- Earnings
- Health information (where an application has been made for disability benefits)

HOOPP may collect, use and disclose the personal information of its members, but only as required to administer their pension benefits and the HOOPP Plan and, after retirement, to pay their pension. Permitted disclosures by HOOPP may include making certain information available to the Plan's auditors, actuaries and its other professional advisors and service providers for the purposes of their work in supporting the administration of the Plan; and, to its bank in order to pay pensions. HOOPP may also be required to disclose a member's personal information to pension regulators.

HOOPP's Privacy Statement is available on hoopp.com, and members can review the personal information that HOOPP has on file for them by contacting HOOPP.

11.3 Disclosure of Information

Disclosure Policy

HOOPP has a policy to ensure that there is no improper disclosure of Plan and member information, and to ensure that disclosure practices within HOOPP are consistent.

Employer Requests

As a general rule, HOOPP will provide you with any information or documentation that you have submitted to HOOPP. You can request any Plan documents you require to administer HOOPP. Investment, member, and corporate information may be disclosed if the request is reasonable, and confidentiality issues have been addressed.

Examples of documentation that HOOPP can disclose to employers:

- Copy of your organization's participation agreement
- Member-specific information or data that you have submitted to HOOPP
- Copies of any correspondence or emails between HOOPP and your organization
- Any member forms, such as enrolment, termination or retirement forms
- A copy of HOOPP's Plan Text
- Information included in HOOPP's Annual Report

Examples of documentation that HOOPP cannot disclose to employers:

- Any forms, correspondence, faxes or emails submitted to HOOPP directly by a member or any other party, including information about beneficiary designations
- Information relating to a member's employment with another HOOPP employer

- Member medical documents
- Medical assessment forms completed by HOOPP's physicians
- Internal calculation forms, policy documents, or training materials
- Internal procedures and internal correspondence

Member Requests

Members can request Plan documents, investment information, and corporate information provided the request is reasonable, and confidentiality issues have been addressed.

Examples of documentation that can be disclosed to members:

- Enrolment forms, termination and retirement notices
- Termination, retirement and buyback option and election forms
- Beneficiary designation and change of information forms
- Written authorizations and power of attorney documents
- Any medical information submitted to apply for disability benefits
- Any correspondence that HOOPP sent to a member or received from a member
- T2151, T2033 and TD1 forms
- Correspondence received by a third party acting on behalf of a member (i.e. a member's lawyer, accountant, doctor, financial advisor, spouse etc.)

Examples of documentation that cannot be disclosed to members:

- Employer correspondence and emails
- Internal calculation forms
- Medical assessment forms completed by HOOPP's physicians
- Policy documents
- Training materials
- Internal procedures and internal emails

HOOPP does not release copies of Independent Medical Examination (IME) reports directly to members but HOOPP will send a copy to a member's physician upon request.

Third Party Requests

In general, HOOPP may disclose the same information that a member would be entitled to receive, to a third party - such as a member's lawyer, accountant, power of attorney or other agent, if proper consent is on record. A letter of authorization is available on hoopp.com. However, if they prefer, members may also prepare and submit their own request in writing. Members may do this to restrict a third party's access to certain information only, such as medical reports or information from a certain time period.

Please note that only a Power of Attorney (for property) has the authority to make changes on behalf of a member. Sometimes, members mistakenly believe that Banking Power of Attorney, Durable Power of Attorney, Enduring Power of Attorney, or Personal Care Power of Attorney have the same authority and capacity to act on the member's behalf but HOOPP is unable to disclose personal information to these parties as HOOPP does not have proper authorization to do so.

12. Communications Support

HOOPP offers comprehensive communications support to its employers and members. This section describes the various types of communications available from HOOPP.

12.1 Employers

The following materials are provided to help employers perform the duties associated with administering HOOPP:

Administration Manual: This online manual provides detailed information you need to handle HOOPP-related duties at the local level. Admin Manual contacts are alerted by broadcast email when content has been updated. Use the online version of this manual for the most current information on the Plan and its provisions.

HOOPP Alerts: HOOPP Alerts are sent via email to contacts who handle HOOPP-related administrative duties to announce any upcoming or recent changes.

HOOPP Insight: Employer tool to conduct HOOPP administration activities (e.g. enrolments, terminations, member information updates, MDC, remittances, etc…) in addition to providing communication services such as secure mail, requests for information, and news articles.

Employer News: This quarterly newsletter, distributed electronically, is designed for individuals who handle HOOPP-related administrative duties. It provides news about Plan changes and amendments, important reminders, responses to frequently asked questions and helpful administrative tips.

Annual Report: The HOOPP Annual Report details HOOPP's annual business operations and financial results.

HOOPP website: HOOPP's website, located at hoopp.com, contains a summary of the Plan's features, investment and funding information, corporate information as well as forms, booklets, information sheets and fact sheets.

Personal training by HOOPP staff: At least once a year, individuals at a HOOPP employer who handle Plan-related administrative duties are visited by their regional manager. Individuals, who are new in their position, or in need of assistance, can request additional visits.

Employer seminars: HOOPP staff periodically hold employer seminars at locations across the province. These sessions enable employers in a geographic area to review Plan administrative procedures and receive information on any new Plan provisions or government requirements. They also provide an opportunity to meet key HOOPP contacts.

Employer Services Representatives: Every employer will be assigned a dedicted employer services representative who will provide day-to-day administrative support to Employers.

Regional Managers: Every employer is aligned with a HOOPP regional manager who can answer questions about Plan administration, features and benefits. As well, they will conduct presentations for your employees at your location on a variety of topics. They provide administrative training reviews that include topics such as:

- HOOPP's benefit provisions
- Calculating and reporting contributions, including helping you explain requirements to your payroll supplier
- Annual member data collection process
- Processes for events in a member's life cycle – from enrolment through leaves, disability and retirement or termination
- Using HOOPP's website and other information materials and tools
- HOOPP Insight training
- Webinars

If you wish to arrange a presentation please contact your regional manager. Regional managers can be reached toll free at 1-888-333-3659.

12.2 Members

HOOPP provides a number of information materials and services to keep members informed about their pension. Employers can download or order these materials.

Member booklets: HOOPP produces a number of member booklets that members can download from hoopp.com. These booklets cover specific topics:

- Retirement Planning
- Disability Benefits
- The HOOPP Handbook Buying Back Service

Information and education sessions: HOOPP's regional managers are available to conduct several different member presentations at your location and periodically at other regional locations. Presentations are convenient and flexible and can be delivered in English and French. Webinars and customized presentations are also available. At group presentations, members may also attend individual appointments (15 minutes per member is recommended). These appointments allow members a chance to speak one-on-one with a HOOPP representative to review their personal annual statement or ask questions about their HOOPP benefits.

Education presentations include:

- Overview presentation (can be tailored to specific needs):
    - All aspects of the Plan from contribution costs to benefits
    - Part-time employees thinking of joining the Plan
    - Self service tools such as HOOPP Connect
- Annual statement presentation:
    - To help members understand the information on their HOOPP annual statement
    - Best offered late spring or fall after annual statements have been mailed
- Pre-retirement presentation:
    - For members within five years of retirement
    - Consider offering a presentation outside of work hours so that members may invite their spouse or a family member

Annual statements: Members receive an annual statement from HOOPP once a year, detailing their personal information, benefits entitlement to-date and projected retirement dates and benefits. Statements are mailed directly to members or sent to their Secure Participant Mailbox (SPM) if they have signed up for HOOPP Connect and chosen this preference.

HOOPP website: HOOPP's website, located at hoopp.com, contains a summary of the Plan's features, investment and funding information, and corporate information as well as member forms, booklets, information sheets and fact sheets.

HOOPP Connect: A self-serve website to connect members with their personal information,perform inquiries and transactions including Secure Communications where members can send/receive messages from HOOPP and upload documents.

Your Plan At Work: This quarterly newsletter is distributed to members to provide them with important news about HOOPP plan changes, important reminders, responses to frequently asked questions and helpful tips.

12.3 Retired Members

HOOPP maintains contact with deferred members and retired members to provide them with relevant news about their pension.

Personalized pension statements: In March of each year, retired members are sent a personalized statement that shows what their gross pension will be effective April 1, when cost of living adjustments (COLA) are applied. Deferred members also receive a statement. Statements are mailed directly to retired and deferred members or sent to their Secure Participant Mailbox (SPM) if they have signed up and chosen this preference.

Bulletin: This annual newsletter, which includes general information about HOOPP, is enclosed with the annual statements sent to HOOPP retired and deferred members. It is also available on hoopp.com.

HOOPP website: HOOPP's website, located at hoopp.com, contains a summary of the Plan's features, investment and funding information, corporate information, and member forms.

HOOPP Connect**: A self-serve website to connect members with their personal information and perform inquiries and transactions including Secure Communications where members can send/receive messages from HOOPP and upload documents.**

Glossary

A

Absence – a period of time that a member is absent from work that is not an employer-approved leave.

Active member – a member who is accruing contributory service or who is on a leave.

Affidavit – a written declaration sworn to be true and made under oath before a commissioner for taking oaths, a lawyer or notary public.

Annualized earnings (AE) -For the purposes of calculating contributions, a member's annualized earnings are what they would earn in a full calendar year by working the full-time equivalent (FTE) hours for their position, as determined by their employer. Regardless of whether a member works full-time, part-time, or works for less than the full year, their annualized earnings for contribution purposes will be based on what they would earn if they worked full-time for the whole year.

For the purposes of calculating pension benefits, a member's annualized earnings are calculated by HOOPP based on the total contributions received in a year. Members with concurrent employment at two or more HOOPP employers and/or members who contribute on pensionable earnings in excess of their FTE hours will usually have annualized earnings for benefit purposes that are higher than the annualized earnings for contribution purposes. Similarly, full-time members who work fewer than their FTE hours due to a minor variance in shift scheduling may have slightly lower annualized earnings for pension purposes.

Average annualized earnings (AAE) – This is the highest average of a member's annualized earnings for pension purposes during any consecutive period(s) of five years (60 months) of eligibility service before the member's HOOPP benefit is calculated. Benefits are calculated when a member retires, terminates or passes away.

Average YMPE – this is the average of the year's maximum pensionable earnings (YMPE) for the three years before a member's HOOPP benefit is calculated. Benefits are calculated when a member retires, terminates, or dies.

B

Basic lifetime pension – this is the monthly lifetime payment members receive from HOOPP at retirement, based on HOOPP's defined benefit pension formula. This does not include the bridge benefit for early retirees.

Beneficiary – under provincial pension legislation, a member's qualifying spouse is automatically their primary beneficiary. If a member does not have a qualifying spouse, or if spousal benefits have been waived, the member can name any person, persons, organization or their estate as their primary beneficiary.

Secondary beneficiary – if a member's qualifying spouse predeceases them, their designated non-spouse beneficiary (a person, persons, organization or their estate) will receive any death benefit that may be payable after the member and their spouse have died.

Bridge benefit – this is a monthly payment that supplements a member's basic lifetime HOOPP pension until age 65 when government pensions normally begin.

Buyback – HOOPP allows members to “buy back” eligible periods of time in the past, so that the service they purchase can count towards their HOOPP pension.

C

Commuted value – this is the amount of money needed now to pay a member’s pension in retirement, based on their service and earnings to date. The commuted value fluctuates with changes in factors such as a member’s age and interest rates.

Contributory service – this is the length of time, measured in years and part years that a member has contributed to HOOPP. It includes any past service the member buys, service transferred into HOOPP, or service that may be credited should a member be disabled.

D

Date of registration – the date a member enrols in the Plan. This is the date of hire for new full-time employees.

Defined benefit plan – in a defined benefit plan, members' benefits are determined by a formula usually based on years of service times earnings, rather than by the investment returns made on their pension contributions.

Disability pension – this is the unreduced monthly pension payable to a member who has been assessed as totally and permanently disabled.

Divestment – a sale, assignment, or disposition of business.

E

Eligibility service – Eligibility service is used to determine the reduction applied to a member’s pension if they decide to take early retirement and is based on their years of membership in the Plan, plus any service purchased or transferred into the Plan, minus any non-contributory leave periods or periods during which they were not employed by a HOOPP employer.

F

Free accrual – this is service for which neither a member nor their employer make contributions. Free accrual can be credited to a member during a health leave if the member submits medical evidence that shows they meet HOOPP’s definition of partially disabled, totally disabled or totally and permanently disabled.

Full-time equivalent (FTE) – the normal full-time hours and salary associated with a position.

H

HOOPP Connect – the self-service website for members. They can access pension information, perform inquiries and transactions at their convenience, and receive their annual statements through their Secure Participant Mailbox (SPM).

HOOPP Insight: Employer tool to conduct HOOPP administration activities (e.g. enrolments, terminations, member information updates, MDC, remittances, etc…) in addition to providing communication services such as secure mail, requests for information, and news articles.

I

Inactive member – a member who has changed from full-time to part-time employment and has chosen not to contribute to HOOPP.

Income Tax Act (ITA) – federal legislation that establishes and governs tax rules for employers and pension plans.

L

Layoff – a period of time when an employee's employment is suspended, either temporarily or permanently. Members permanently laid off must terminate their HOOPP membership. Members on temporary layoffs are treated the same as those on a leave.

Leave – a period of time when a member is absent from work. In most cases a leave must be approved by a member's employer.

Locked-in retirement account (LIRA) – formerly called a locked-in RRSP, this is a tax-deferred retirement savings arrangement for locked-in funds transferred out of a pension plan upon terminating from the Plan.

Locked-in retirement income fund (LRIF) – this is a tax-deferred retirement savings arrangement for locked-in funds transferred out of a pension plan upon terminating from the Plan. It has different withdrawal rules than a LIRA.

Life income fund (LIF) – this is a tax-deferred retirement savings vehicle - similar to a registered retirement income fund - for locked-in RRSP funds or transfers directly from registered pension plans (such as HOOPP).

Lockout – a period during which an employee is prevented from working. Members can choose to make contributions for lockout periods without the approval of their employer.

M

Major Ontario Pension Plans (MOPPs) Portability Agreement – this is an agreement that sets out the terms and conditions for the transfer of pension service for employees who move between many employers and pension plans in the Ontario public sector.

Member – a person who is either accruing contributory service, on a leave, or is entitled to a current or future benefit under the Plan.

Minor – a person under the age of 18 (Ontario's age of majority).

N

Normal retirement date – when a member turns age 65.

P

Partially disabled – a member who has a medically certifiable physical or mental impairment that HOOPP has determined currently prevents them from doing their own job.

Part-time employee – any employee who works less than full-time hours or who is not classified as full-time by their employer. This group includes part-time, contract, temporary, casual and all other employees not classified as full-time by their employer.

Past service pension adjustment (PSPA) – the deemed value of pension benefits purchased in one year for service in a previous year or years.

Pension adjustment reversal (PAR) – restores RRSP contribution room to members when the value of the benefits they transfer out of HOOPP is less than the sum of the PAs and PSPAs they received during the years after 1989 when they accrued the benefits.

Pension adjustments (PA) – the deemed value of the benefits a member earns every year in a registered pension plan such as HOOPP.

Pension Benefits Act – provincial legislation that governs all pension plans in Ontario.

Pensionable earnings – wages, salary and other amounts paid for hours, weeks, or other specific periods of time for which a member is employed, and that form a regular and integral part of the member's remuneration.

Plan – means the Healthcare of Ontario Pension Plan (HOOPP).

Plan membership – the length of time a member has belonged to HOOPP. It also reflects any past service a member buys, service transferred into HOOPP, or membership gained through a special group transfer, such as a divestment.

Portability – the process of moving a member's pension benefits from one retirement plan to another.

Q

Qualifying spouse – a member's qualifying spouse is defined as someone who, when the determination is needed:

- is legally married to the member, but not separated from them, or
- has been living with the member continuously in a conjugal relationship for at least a year; or is the mother or father (natural or adoptive) of the member's child and lives with the member in a relationship of some permanence.

Qualifying period – the first 15 weeks of an employer-approved health leave.

R

Reciprocal transfer – the transfer of contributory service between HOOPP and other pension plans that are party to a reciprocal transfer agreement with HOOPP.

Reciprocal transfer agreement – set of terms between two or more registered pension plans to allow the transfer of pension benefits.

Refundable contributions – under provincial pension legislation, a member cannot pay for more than half of the value of their pension. At the time a member retires, terminates membership in HOOPP, or dies (before retirement), HOOPP will calculate the commuted value of the member's pension and compare that amount with the required contributions the member has made to the Plan, plus interest on those contributions. If the member's contributions and interest are more than half of the value of their pension, the extra amount will be refunded to the member. These returned contributions are known as refundable contributions. Payment of refundable contributions does not reduce a member's commuted value.

Registered retirement savings plan (RRSP) – a savings arrangement that allows tax sheltered savings for Canadians in accordance with the Income Tax Act.

Retire – to cease employment and apply for a monthly pension. “Retired” and “Retirement” have corresponding meanings.

Retirement compensation arrangement (RCA) – a trust fund created to hold the contributions and pay pension benefits which are in excess of the limits set by the Income Tax Act.

Retroactive pay – pay that an employer pays an employee for past periods of employment. When HOOPP employers pay a HOOPP member retroactively, the contribution rates used to determine contributions are the rates that were in effect for the year to which the retroactive pay amount applies.

S

Severance pay – a payment made to a terminated employee. Severance pay is considered pensionable earnings if it is paid as a salary continuance but is not considered pensionable if paid in a lump sum.

Shortened life expectancy (SLE) – a member who is confirmed to have a life expectancy of less than two years may apply to receive a lump sum payment in the amount of their remaining benefit with HOOPP.

Spousal waiver – a FSCO form used by a member’s qualifying spouse to waive their right to a joint and survivor benefit. Signing and submitting the waiver indicates their understanding and agreement that there will be no benefits payable.

Statutory declaration – a written statement of facts a person signs and solemnly declares to be true before a lawyer, notary public, justice of the peace or commissioner of oaths.

Strike – a period during which an employee is absent from their workplace and/or duties due to an employer/employee dispute. Members can choose to make contributions for strike periods without the approval of their employer.

T

Temporary periods of reduced earnings/approved work schedule reduction – a designated time during which a member works fewer hours and/or earns less than their normal earnings. With employer approval, members may “top up” their contributions during a period of reduced earnings/approved work schedule reduction.

Termination of employment – occurs when a member ceases to be employed and becomes entitled to termination options.

Termination notice period – legal notice period as required under the Employment Standards Act or a collective agreement, or the last day of salary continuance.

Totally disabled – a member who has a condition causing physical or mental impairment that prevents them from engaging in any employment for which the member is reasonably suited by virtue of the member’s education, training or experience.

Totally and permanently disabled – a member who has a condition causing physical or mental impairment that prevents them from engaging in any employment for which the member is reasonably suited by virtue of the member’s education, training or experience and that can reasonably be expected to continue for the remainder of the member’s lifetime.

Transition benefit – this benefit supplements a member’s basic lifetime HOOPP pension until age 65 when government pensions normally begin. To receive this benefit, members must have been age 55 by December 31, 2005 and met certain criteria. No new members qualify for this benefit after December 31, 2005.

U

Universal payroll deduction method – this is a six step method for calculating required contributions.

V

Vested – to be vested means a member is entitled to receive a future pension. Anyone who is a member of the Plan on or after July 1, 2012 is vested.

W

Weekend workers – HOOPP members who work 30 hours per week but are paid for 37.5 hours. They receive full contributory service as though they worked 37.5 hours.

Y

Year’s maximum pensionable earnings (YMPE) – the YMPE is set each year by the federal government, based on the average wage in Canada.

Appendix A: PA Guide

A.1 How to use the PA Guide

HOOPP has developed this guide to help you meet the requirements of the Income Tax Act for the calculation and reporting of Pension Adjustments (PAs). The guide also includes basic information about Past Service Pension Adjustments (PSPAs) and Pension Adjustment Reversals (PARs), and replaces any other guides published by HOOPP on the subject.

Because government tax rules are subject to change, you are advised to read the employer tax guides published annually by the Canada Revenue Agency (CRA). Make sure you follow the tax guide rules for multi-employer defined benefit pension plans rather than those for single employer pension plans or defined contribution pension plans, which are different.

A.2 What are PAs, PSPAs and PARs?

PAs, PSPAs, and PARs create a link between the tax-sheltered pension benefits people build in registered pension plans, such as the HOOPP, and the contributions they are eligible to make to registered retirement savings plans (RRSPs).

PAs and PSPAs were introduced under the Income Tax Act in 1990 as part of an effort designed to give all Canadians the same basic tax breaks and contribution room for their retirement savings. A PA represents the deemed value of pension benefits earned by an employee in a year, while a PSPA represents the deemed value of pension benefits credited to an employee in one calendar year for service earned in a previous calendar year or years.

A PSPA must be approved by the CRA for all reciprocal transfer agreements in respect of service that is credited to a member in 1990 or later years.

A PSPA arises when a benefit for a previous period of pensionable service is improved or when past service is credited to a member. A PSPA is the additional pension credit that would have been included in the PA if the upgraded benefits had actually been provided, or the additional service credited, in those previous years.

The amount a member pays for past-service benefits will not likely equal the PSPA associated with the benefits because the PSPA measures the value of the past-service benefits, rather than how much it costs to pay for the benefits.

A PSPA will usually reduce a member’s RRSP contribution room for the year it is reported.

Pension adjustment reversals (PARs) are designed to make the PA system fairer by restoring some RRSP contribution room to terminating members who transfer their benefits out of a registered pension plan before retirement. A PAR will result if the value of a member's termination benefit for years of service after 1989 is less than the sum of the PAs and PSPAs they received for that service.

PA Calculator

HOOPP has created a PA calculator.

A.3 Responsibilities for Reporting PAs, PSPAs and PARs

Employer Responsibilities

- Calculating PAs for each employee who contributed to HOOPP during the reporting year. PAs are reported to employees on their annual T4 slips; they are also reported to HOOPP when a member terminates their employment, or retires.
- Providing, within applicable deadlines, information HOOPP or other pension plans (in the case of pension transfers) need to meet legal requirements for the calculation of PSPAs and PARs.
- Issuing revised PAs for members who contributed to HOOPP through more than one employer during the reporting year if the combined PAs reported by the employers exceeds the maximum PA for the year. HOOPP will provide you with the revised PA amounts..
- Providing information in the Member Data Collection to calculate PAs for employees who qualify for free accrual - contributory service that they are credited with while disabled, and where member and employer contributions have been waived.
- Providing the information HOOPP needs to help you meet tax reporting requirements for members who contribute to the Plan's retirement compensation arrangement (RCA).

HOOPP Responsibilities

- Calculating PAs for you to provide to members who are credited with free accrual while they are disabled, based on information you provide.
- Identifying cases in which the combined PAs of members who worked for more than one HOOPP employer during the year exceed the maximum PA, and calculating revised PAs to provide to the employers.
- Calculating a PSPA for members who buy back past service or who transfer benefits into HOOPP from another pension plan.
- Calculating and sending PARs to both the CRA and a terminated member.

CRA Responsibilities

- Notifying members directly when a PSPA cannot be certified because they have insufficient unused RRSP contribution room and explaining the options available, if any.
- Calculating the amount each individual can contribute to an RRSP every year based on their income and reported PAs, PSPAs, and PARs.
- Reporting RRSP contribution room and unused RRSP contribution room on the *Notice of Assessment* each employee receives after they have filed their tax return each year.

Member Responsibilities

- Ensure RRSP contributions do not exceed the limits imposed by the CRA as indicated on their *Notice of Assessment.*

A.4 How RRSP Contribution Room is Calculated

To determine how much a member is eligible to contribute to an RRSP every year, the CRA looks at their total earned income in that calendar year and subtracts any PAs and PSPAs reported for the previous year, plus any PARs reported, plus any RRSP contribution room carried forward from previous years. The result is the member’s current year RRSP contribution room.

The CRA must do this calculation because neither HOOPP nor an employer has all the information required to calculate a member's RRSP contribution room. For example, the member could have earned income from another source or received a PA, PSPA or PAR from another source.

A.5 Who Gets a PA?

You must calculate a PA for every active, terminated, and retired member of HOOPP who earned a pension benefit while employed during the previous calendar year.

A PA must be calculated for members who receive free accrual from HOOPP while they are disabled because their pension benefit continues to grow. Free accrual is contributory service for which neither member nor employer contributions are made. The Member Data Collection module calculates PAs for members who are receiving free accrual and will report the PAs to employers at the beginning of each calendar year. Employers must report the PAs on members' T4 slips.

You are required to report a PA on the T4 slip of every current and previous employee who earned a pension benefit while they were employed during the previous calendar year. You must also report PAs on member event forms (termination, for example) for the current year and, if not already reported, for the previous year. PAs must be reported when a member terminates their employment in the middle of a calendar year so that HOOPP is able to meet legislated deadlines for the reporting of PARs.

When PAs are not reported on these forms, the payment of benefits may be delayed.

You do not need to calculate PAs for employees who, during the reporting year:

- Were not members of HOOPP
- Earned no pension benefits because they were inactive
- Did not contribute to HOOPP at your organization, or
- Met HOOPP’s six-month deadline for remitting contributions for a leave in a previous year but the contributions were received after April 30 in the current year (a PSPA will be required)

A.6 Revising PAs

If an error greater than or equal to $250 is discovered in a PA after the T4 has been issued to the member and filed with the CRA, you must submit an amended T4 showing the revised PA amount as well as all the other information reported on the original T4 slip (even if none of the other information changed).

You should also advise HOOPP of the change by providing, in a letter, the member's name, social insurance number, and the new PA.

Note: If an error is discovered in the information on which a PA is based, such as the contributions a member made during the year, you must correct the error and report all corrected information to HOOPP.

A.7 Dates to Remember

Early December	Member Data Collection (MDC) available. Included with it are the tools needed for calculating PAs for members who received free accrual during the year.
January	Submission of Member Data Collection (MDC) data to HOOPP.

February 28	Deadline for employers to issue T4s to members and the CRA.
April 30	Deadline for members to file their income tax returns.
Late spring	The CRA calculates and notifies Plan members of current year's RRSP contribution room, via their individual *Notice of Assessment* forms.

A.8 Calculating 2016 PAs

Employers should use the following formula to calculate PAs for members who build pension benefits in HOOPP in 2016. The formula should be prorated to reflect retirements or terminations before the end of 2016. Failing to report a PA on a member event smart form (i.e., termination) will delay the payment of a benefit to the member. As well, HOOPP must meet the legislated deadlines for reporting of PARs and for terminations; the PA is required to calculate the PAR.

Example 1 (member works full-time)

The CRA currently limits the annual pension amount a member can build in a defined benefit registered pension plan. In 2016 the maximum benefit is $2,890.00.

If the member's benefit entitlement is greater than this amount, use $2,890.00. The maximum PA for 2016 is $25,410.

This example assumes the member works full-time and receives 52 weeks of contributory service in 2016, and has annualized earnings of $60,000. The 2016 YMPE is $54,900.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,890.00}
= (52 ÷ 52) × minimum of {[(.015 × $54,900) + .02 × ($60,000 - $54,900)] or $2,890.00}
= (52 ÷ 52) × minimum of {[(.015 × $54,900) + (.02 × $5,100)] or $2,890.00}
= (52 ÷ 52) × minimum of {[$823.50 + $102] or $2,890.00}
= (52 ÷ 52) × minimum of $925.50 or $2,890.00
= (52 ÷ 52) × $925.50
= $925.50

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $925.50) - [(52 ÷ 52) × $600]
= $8,329.50 - [(52 ÷ 52) × $600]
= $8,329.50 - $600
= $7,730

(The PA is rounded to the nearest dollar)

Example 2 (member works part-time)

This example assumes that the member works part-time and receives 26 weeks of contributory service in 2016 and has annualized earnings of $60,000. The 2016 YMPE is $54,900.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,890.00}
= (26 ÷ 52) × minimum of {[(.015 × $54,900) + .02 × ($60,000 - $54,900)] or $2,890.00}
= (26 ÷ 52) × minimum of {[(.015 × $54,900) + (.02 × $5,100)] or $2,890.00}
= (26 ÷ 52) × minimum of {[$823.50 + $102] or $2,890.00}
= (26 ÷ 52) × minimum of $925.50 or $2,890.00
= (26 ÷ 52) × $925.50
= $462.75

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $462.75) - [(26 ÷ 52) × $600]
= $4,164.75 - [(26 ÷ 52) × $600]
= $4,164.75 - $300
= $3,865

(The PA is rounded to the nearest dollar)

Example 3 (high income earner)

This example assumes the member works full-time and receives 52 weeks of contributory service in 2016, and has annualized earnings of $200,000. The 2016 YMPE is $54,900.

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,890.00}
= (52 ÷ 52) × minimum of {[(.015 × $54,900) + .02 × ($200,000 - $54,900)] or $2,890.00}
= (52 ÷ 52) × minimum of {[(.015 × $54,900) + (.02 × $145,100 or $2,890.00}
= (52 ÷ 52) × minimum of {[$823.50 + $2,902] or $2,890.00}
= (52 ÷ 52) × minimum of $3,725.50 or $2,890.00
= (52 ÷ 52) × $2,890.00
= $2,890.00

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $2,890.00) - [(52 ÷ 52) × $600]
= $26,010 - [(52 ÷ 52) × $600]
= $26,010 - $600
= $25,410

(The PA is rounded to the nearest dollar. This is the highest PA amount that can be reported for 2015.)

In this example, the member's income works out to a benefit entitlement amount that would have exceeded the 2016 CRA limit of $2,890.00 per year. The benefit entitlement (for PA purposes only) is therefore capped at $2,890.00; the PA in turn works out to the 2016 maximum PA of $25,410.

Example 4 (high income, works part-time)

This example assumes a member is working part -time and receives 26 weeks of contributory service in 2016, with annualized earnings of $200,000. The 2016 YMPE is $54,900.

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,890.00}
= (26 ÷ 52) × minimum of {[(.015 × $54,900) + .02 × ($200,000 - $54,900)] or $2,890.00}
= (26 ÷ 52) × minimum of {[(.015 × $54,900) + (.02 × $145,100 or $2,890.00}
= (26 ÷ 52) × minimum of {[$823.50 + $2,902] or $2,890.00}
= (26 ÷ 52) × minimum of $3,725.50 or $2,890.00
= (26 ÷ 52) × $2,890.00
= $1,445.00

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $1,445) - [(26 ÷ 52) × $600]
= $13,005 - [(26 ÷ 52) × $600]
= $13,005 - $300
= $12,705

(The PA is rounded to the nearest dollar)

A.9 Calculating 2015 PAs

Employers should use the following formula to calculate PAs for members who build pension benefits in HOOPP in 2015. The formula should be prorated to reflect retirements or terminations before the end of 2015. Failing to report a PA on a member event smart form (i.e., termination) will delay the payment of a benefit to the member. As well, HOOPP must meet the legislated deadlines for reporting of PARs and for terminations; the PA is required to calculate the PAR.

Example 1 (member works full-time)

The CRA currently limits the annual pension amount a member can build in a defined benefit registered pension plan. In 2015 the maximum benefit is $2,818.89.

If the member's benefit entitlement is greater than this amount, use $2,818.89. The maximum PA for 2015 is $24,770.

This example assumes the member works full-time and receives 52 weeks of contributory service in 2015, and has annualized earnings of $55,000. The 2015 YMPE is $53,600.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,818.89}
= (52 ÷ 52) × minimum of {[(.015 × $53,600) + .02 × ($55,000 - $53,600)] or $2,818.89}
= (52 ÷ 52) × minimum of {[(.015 × $53,600) + (.02 × $1,400)] or $2,818.89}
= (52 ÷ 52) × minimum of {[$804 + $28] or $2,818.89}
= (52 ÷ 52) × minimum of $832 or $2,818.89
= (52 ÷ 52) × $832
= $832

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $832) - [(52 ÷ 52) × $600]
= $7,488 - [(52 ÷ 52) × $600]
= $7,488 - $600
= $6,888

(The PA is rounded to the nearest dollar)

Example 2 (member works part-time)

This example assumes that the member works part-time and receives 26 weeks of contributory service in 2015 and has annualized earnings of $55,000. The 2015 YMPE is $53,600.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,818.89}
= (26 ÷ 52) × minimum of {[(.015 × $53,600) + .02 × ($55,000 - $53,600)] or $2,818.89}
= (26 ÷ 52) × minimum of {[(.015 × $53,600) + (.02 × $1,400)] or $2,818.89}
= (26 ÷ 52) × minimum of {[$804 + $28] or $2,818.89}
= (26 ÷ 52) × minimum of $832 or $2,818.89
= (26 ÷ 52) × $832
= $416

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $416) - [(26 ÷ 52) × $600]
= $3,744 - [(26 ÷ 52) × $600]
= $3,744 - $300
= $3,444

(The PA is rounded to the nearest dollar)

Example 3 (high income earner)

This example assumes the member works full-time and receives 52 weeks of contributory service in 2015, and has annualized earnings of $200,000. The 2015 YMPE is $53,600.

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,818.89}
= (52 ÷ 52) × minimum of {[(.015 × $53,600) + .02 × ($200,000 - $53,600)] or $2,818.89}
= (52 ÷ 52) × minimum of {[(.015 × $53,600) + (.02 × $146,400)] or $2,818.89}
= (52 ÷ 52) × minimum of {[$804 + $2,928] or $2,818.89}
= (52 ÷ 52) × minimum of $3,732 or $2,818.89
= (52 ÷ 52) × $2,818.89
= $2,818.89

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $2,818.89) - [(52 ÷ 52) × $600]
= $25,370 - [(52 ÷ 52) × $600]
= $25,370 - $600
= $24,770

(The PA is rounded to the nearest dollar. This is the highest PA amount that can be reported for 2015.)

In this example, the member's income works out to a benefit entitlement amount that would have exceeded the 2015 CRA limit of $2,818.89 per year. The benefit entitlement (for PA purposes only) is therefore capped at $2,818.89; the PA in turn works out to the 2015 maximum PA of $24,770.

Example 4 (high income, works part-time)

This example assumes a member is working part -time and receives 26 weeks of contributory service in 2015, with annualized earnings of $200,000. The 2015 YMPE is $53,600.

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,818.89}
= (26 ÷ 52) × minimum of {[(.015 × $53,600) + .02 × ($200,000 - $53,600)] or $2,818.89}
= (26 ÷ 52) × minimum of {[(.015 × $53,600) + (.02 × $146,400)] or $2,818.89}
= (26 ÷ 52) × minimum of {[$804 + $2,928] or $2,818.89}
= (26 ÷ 52) × minimum of $3,732 or $2,818.89
= (26 ÷ 52) × $2,818.89
= $1,409.45

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $1,409.45) - [(26 ÷ 52) × $600]
= $12,685.05 - [(26 ÷ 52) × $600]
= $12,685.05 - $300
= $12,385.05

(The PA is rounded to the nearest dollar)

A.10 Calculating 2014 PAs

Employers should use the following formula to calculate PAs for members who build pension benefits in HOOPP in 2014. The formula should be prorated to reflect retirements or terminations before the end of 2014. Failing to report a PA on a member event smart form (i.e., termination) will delay the payment of a benefit to the member. As well, HOOPP must meet the legislated deadlines for reporting of PARs and for terminations; the PA is required to calculate the PAR.

Example 1 (member works full-time)

The CRA currently limits the annual pension amount a member can build in a defined benefit registered pension plan. In 2014 the maximum benefit is $2,770.00.

If the member's benefit entitlement is greater than this amount, use $2,770.00. The maximum PA for 2014 is $24,330.

This example assumes the member works full-time and receives 52 weeks of contributory service in 2014, and has annualized earnings of $55,000. The 2014 YMPE is $52,500.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,770}
= (52 ÷ 52) × minimum of {[(.015 × $52,500) + .02 × ($55,000 - $52,500)] or $2,770}
= (52 ÷ 52) × minimum of {[(.015 × $52,500) + (.02 × $2,500)] or $2,770}
= (52 ÷ 52) × minimum of {[$787.50 + $50] or $2,770}
= (52 ÷ 52) × minimum of $837.50 or $2,770
= (52 ÷ 52) × $837.50
= $837.50

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $837.50) - [(52 ÷ 52) × $600]
= $7,537.50 - [(52 ÷ 52) × $600]
= $7,537.50 - $600
= $6,937.50

(The PA is rounded to the nearest dollar)

Example 2 (member works part-time)

This example assumes that the member works part-time and receives 26 weeks of contributory service in 2014 and has annualized earnings of $55,000. The 2014 YMPE is $52,500.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,770}
= (26 ÷ 52) × minimum of {[(.015 × $52,500) + .02 × ($55,000 - $52,500)] or $2,770}

= (26 ÷ 52) × minimum of {[(.015 × $52,500) + (.02 × $2,500)] or $2,770}
= (26 ÷ 52) × minimum of {[$787.50 + $50] or $2,770}
= (26 ÷ 52) × minimum of $837.50 or $2,770
= (26 ÷ 52) × $837.50
= $418.75

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $418.75) - [(26 ÷ 52) × $600]
= $3,768.75 - [(26 ÷ 52) × $600]
= $3,768.75 - $300
= $3,468.75

(The PA is rounded to the nearest dollar)

Example 3 (high income earner)

This example assumes the member works full-time and receives 52 weeks of contributory service in 2014, and has annualized earnings of $200,000. The 2014 YMPE is $52,500.

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,770}
= (52 ÷ 52) × minimum of {[(.015 × $52,500) + .02 × ($200,000 - $52,500)] or $2,770}
= (52 ÷ 52) × minimum of {[(.015 × $52,500) + (.02 × $147,500)] or $2,770}
= (52 ÷ 52) × minimum of {[$787.50 + $2,950] or $2,770}
= (52 ÷ 52) × minimum of $3,737.50 or $2,770
= (52 ÷ 52) × $2,770
= $2,770

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $2,770.00) - [(52 ÷ 52) × $600]
= $24,930 - [(52 ÷ 52) × $600]
= $24,930 - $600
= $24,330

(The PA is rounded to the nearest dollar. This is the highest PA amount that can be reported for 2014.)

In this example, the member's income works out to a benefit entitlement amount that would have exceeded the 2014 CRA limit of $2,770 per year. The benefit entitlement (for PA purposes only) is therefore capped at $2,770; the PA in turn works out to the 2014 maximum PA of $24,330.

Example 4 (high income, works part-time)

This example assumes a member is working part -time and receives 26 weeks of contributory service in 2014, with annualized earnings of $200,000. The 2014 YMPE is $52,500.

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,770}
= (26 ÷ 52) × minimum of {[(.015 × $52,500) + .02 × ($200,000 - $52,500)] or $2,770}
= (26 ÷ 52) × minimum of {[(.015 × $52,500) + (.02 × $147,500)] or $2,770}
= (26 ÷ 52) × minimum of {[$787.50 + $2,950] or $2,770}
= (26 ÷ 52) × minimum of $3,737.50 or $2,770
= (26 ÷ 52) × $2,770
= $1,385

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $1,385) - [(26 ÷ 52) × $600]
= $12,465 - [(26 ÷ 52) × $600]
= $12,465 - $300
= $12,165

(The PA is rounded to the nearest dollar)

A.11 Calculating 2013 PAs

Employers should use the following formula to calculate PAs for members who build pension benefits in HOOPP in 2013. The formula should be prorated to reflect retirements or terminations before the end of 2013. Failing to report a PA on a member event smart form (i.e., termination) will delay the payment of a benefit to the member. As well, HOOPP must meet the legislated deadlines for reporting of PARs and for terminations; the PA is required to calculate the PAR.

Example

The CRA currently limits the annual pension amount a member can build in a defined benefit registered pension plan. In 2013 the maximum benefit is $2,696.67.

If the member's benefit entitlement is greater than this amount, use $2,696.67. The maximum PA for 2013 is $23,670.

This example assumes the member works full-time and receives 52 weeks of contributory service in 2013, and has annualized earnings of $55,000. The 2013 YMPE is $51,100.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,696.67}
= (52 ÷ 52) × minimum of {[(.015 × $51,100) + .02 × ($55,000 - $51,100)] or $2,696.67}
= (52 ÷ 52) × minimum of {[(.015 × $51,100) + (.02 × $3,900)] or $2,696.67}
= (52 ÷ 52) × minimum of {[$766.50 + $78] or $2,696.67}
= (52 ÷ 52) × minimum of $844.50 or $2,696.67
= (52 ÷ 52) × $844.50
= $844.50

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $844.50) - [(52 ÷ 52) × $600]
= $7,600.50 - [(52 ÷ 52) × $600]
= $7,600.50 - $600
= $7,001

(The PA is rounded to the nearest dollar)

A.12 Calculating 2012 PAs

Employers should use the following formula to calculate PAs for members who build pension benefits in HOOPP in 2012. The formula should be prorated to reflect retirements or terminations before the end of 2012. Failing to report a PA on a member event smart form (i.e., termination) will delay the payment of a benefit to the member. As well, HOOPP must meet the legislated deadlines for reporting of PARs and for terminations; the PA is required to calculate the PAR.

Example

The CRA currently limits the annual pension amount a member can build in a defined benefit registered pension plan. In 2012 the maximum benefit was $2,646.67.

If the member's benefit entitlement was greater than this amount, use $2,646.67. The maximum PA for 2012 was $23,220.

This example assumes the member works full-time and receives 52 weeks of contributory service in 2012, and has annualized earnings of $55,000. The YMPE for 2012 was $50,100.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,646.67}
= (52 ÷ 52) × minimum of {[(.015 × $50,100) + .02 × ($55,000 - $50,100)] or $2,646.67}
= (52 ÷ 52) × minimum of {[(.015 × $50,100) + (.02 × $4,900)] or $2,646.67}
= (52 ÷ 52) × minimum of {[$751.50 + $98] or $2,646.67}
= (52 ÷ 52) × minimum of $849.50 or $2,646.67
= (52 ÷ 52) × $849.50
= $849.50

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $849.50) - [(52 ÷ 52) × $600]
= $7,645.50 - [(52 ÷ 52) × $600]
= $7,645.50 - $600
= $7,046
(The PA is rounded to the nearest dollar)

A.13 Calculating 2011 PAs

Employers should use the following formula to calculate PAs for members who build pension benefits in HOOPP in 2011. The formula should be prorated to reflect retirements or terminations before the end of 2011. Failing to report a PA on a member event smart form (i.e., termination) will delay the payment of a benefit to the member. As well, HOOPP must meet the legislated deadlines for reporting of PARs and for terminations; the PA is required to calculate the PAR.

Example

The CRA currently limits the annual pension amount a member can build in a defined benefit registered pension plan. In 2011 the maximum benefit was $2,552.22.

If the member's benefit entitlement was greater than this amount, use $2,552.22. The maximum PA for 2011 was $22,370.

This example assumes the member works full-time and receives 52 weeks of contributory service in 2011, and has annualized earnings of $55,000. The 2011 YMPE is $48,300.

The PA is calculated as follows:

Step 1: Calculate the member's benefit entitlement (BE)

BE = (weeks reported ÷ 52) × minimum of {[(1.5% × AE* up to YMPE) + (2% × AE* above YMPE)] or $2,552.22}

= (52 ÷ 52) × minimum of {[(.015 × $48,300) + .02 × ($55,000 - $48,300)] or $2,552.22}
= (52 ÷ 52) × minimum of {[(.015 × $48,300) + (.02 × $6,700)] or $2,552.22}
= (52 ÷ 52) × minimum of {[$724.50 + $134] or $2,552.22}
= (52 ÷ 52) × minimum of $858.50 or $2,552.22
= (52 ÷ 52) × $858.50
= $858.50

(*AE = annualized earnings)

Step 2: Use the BE to calculate the member's PA

PA = (9 × BE) - [(weeks reported ÷ 52) × $600]
= (9 × $858.50) - [(52 ÷ 52) × $600]
= $7726.50 - [(52 ÷ 52) × $600]
= $7726.50 - $600
= $7127

(The PA is rounded to the nearest dollar)