Budget 24-25: Benefits Rates

To: File

From: Resource Planning

Date: October 2023

Overview

Faculties and Portfolios are responsible for covering their full cost of benefits. This memo provides more information on the costs that comprise benefits expense, and on what drives the effective benefits "rates" for employees.

Benefits costs fall into one of three categories:

1. **Government Benefits Plans** including Employment Insurance (EI), Canada Pension Plan (CPP) and Workers Compensation (WCB). Each of these benefits is charged as a percentage of salary up to an annual maximum.
2. **Pension Plans** including Universities Academic Pension Plan (UAPP), Public Service Pension Plan (PSPP) and Academic Supplementary Retirement Plan (ASRP). Each of these is charged as a percentage of salary, which varies with annual salary.
3. **University Benefits Plans (self-insured)** including supplemental health; dental; employee family assistance plan; critical illness insurance; life insurance; and long-term disability. Each of these benefits is charged out to faculties as a premium.

Benefits Cost in uPlan

The uPlan system calculates benefits costs by applying an average rate to all salary expenses entered in a given salary BL account. Each BL account has its own rate.

uPlan Salary Account	Benefits Rate
500010 - Faculty - BL	23.40%
500020 - Admin Professional Officers - BL	26.40%
500024 - Faculty Service Officers - BL	24.30%
500030 - Professional Librarians - BL	24.60%
500310 - Support Staff - Continuing BL	28.70%
500330 - Temporary Support Staff-BL	18.50%
500320 - Excluded - BL	23.60%
500040 - Temporary Academic - BL	20.00%
500044 - Other Academic Staff - BL	18.00%
500060 - Graduate Salaries- BL	10.00%

How are the Benefits Rates calculated?

Benefits rates are derived by calculating the benefits cost as a percentage of salary. Using a constant rate for a given group of staff (such as support) assumes that this percentage is constant regardless of the annual salary amount. Benefits rates traditionally used by the university represent the average cost of benefits as a percent of the average salary.

What drives differences in the benefits rates?

Benefits rates will vary based on annual salary, and are impacted by:

- Annual base salary vs total salary. Many earning types such as stipends and overtime are not pensionable. Only regular (base) pay and pension eligible market supplements are pensionable.
- Low annual salary. Since university plans are based on a premium per individual, they result in a higher rate for those with a lower salary.
- High annual salary. Since Government plans max out at YMPE and university plans are a premium per individual, high salary earners will have a lower benefits rate.