

To: Finance Management Committee (FMC)

From: Resource Planning

Date: April 2021

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.

For details on what the benefits costs are comprised of, please see Appendix A (pages 3 and 4).

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.

<u>uPlan Salary Account</u>	<u>Benefits Rate</u>
500010 - Faculty - BL	22.0%
500020 - Admin Professional Officers - BL	24.0%
500024 - Faculty Service Officers - BL	23.0%
500030 - Professional Librarians - BL	24.5%
500310 - Support Staff - Continuing BL	28.0%
500330 - Temporary Support Staff-BL	18.0%
500320 - Excluded - BL	22.0%
500040 - Temporary Academic - BL	19.0%
500044 - Other Academic Staff - BL	17.0%
500060 - Graduate Salaries- BL	1.0%

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.

Appendix B (Page 5) displays the average regular salary based on the type of staff.

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.

Appendix C (Page 6) shows how the rates vary as annual salary changes.

Academic (AASUA) Benefits Breakdown¹			
Employment Insurance (EI)	Maximum Annual Insurable Earnings	\$	56,300
	Maximum Annual Employer Premium	\$	1,037
	EI Rate (Employer)		1.84%
Canada Pension Plan (CPP)	Maximum Contributory Earnings	\$	61,600
	Basic Exemption Amount	\$	3,500
	Maximum Annual Employer Contribution	\$	3,166
	Employer Contribution Rate		5.45%
Worker's Compensation (WCB)	Effective Rate		0.21%
	Maximum Assessable Earnings	\$	98,700
	Maximum Yearly Deduction	\$	207
Universities Academic Pension Plan (UAPP)²	Rate on Salary up to YMPE		12.37%
	Rate on Salary Over YMPE		16.32%
	Maximum Pensionable Earnings (YMPE)	\$	61,600
	Salary Cap	\$	180,758
	Max Cost at YMPE	\$	7,620
	Max Cost at Salary Cap	\$	27,067
	Rate on Excess of Pensionable Salary		1.52%
University Benefits Plans	Supplemental Health Care	\$	3,540
	Dental	\$	2,052
	Employee Family Assistance Program	\$	108
	Critical Illness ³	\$	43
	Life Insurance	\$	166
	Long-Term Disability		1.20%
Academic Supplementary Retirement Plan (ASRP)⁵	UAPP maximum pensionable salary	\$	180,758
	ASRP Maximum ⁴	\$	220,668
	< 55 ASRP points		8.0%
	55 - 80 ASRP points		12.0%
	>= 80 ASRP points		16.0%

1. Excluded Management effective benefits rates are the same as AASUA

2. Rates effective July 1, 2020 through June 30, 2021.

3. No updated rate for critical illness was available, so this is stated at the April 2020 rate.

4. Currently listed at 2019 amount since no update is available

5. ASRP calculation assumes all staff are in the band of 55-80 ASRP points and applies the 12% to all eligible staff. The actual amount is 8%, 12% or 16%, dependent on ASRP points. Note that ASRP rates are identical to those of Executive Defined Contribution Supplemental Retirement Plan (for excluded staff)

Appendix A: Benefits Breakdown by Benefits Type (2021-22 Rates)

Support (NASA) Benefits Breakdown ¹			
Employment Insurance (EI)	Maximum Annual Insurable Earnings	\$	56,300
	Maximum Annual Employer Premium	\$	1,037
	EI Rate (Employer)		1.84%
Canada Pension Plan (CPP)	Maximum Contributory Earnings	\$	61,600
	Basic Exemption Amount	\$	3,500
	Maximum Annual Employer Contribution	\$	3,166
	Employer Contribution Rate		5.45%
Worker's Compensation (WCB)	Effective Rate		0.21%
	Maximum Assessable Earnings	\$	98,700
	Maximum Yearly Deduction	\$	207
Public Service Pension Plan (PSPP) ⁴	Rate on Salary up to YMPE		10.47%
	Rate on Salary Over YMPE		14.95%
	Maximum Pensionable Earnings (YMPE)	\$	61,600
	Salary Cap	\$	180,758
	Max Cost at YMPE	\$	6,450
	Max Cost at Salary Cap	\$	24,264
University Benefits Plans	Supplemental Health Care	\$	3,300
	Dental	\$	1,812
	Employee Family Assistance Program	\$	108
	Critical Illness ³	\$	43
	Life Insurance ²		0.3576%
	Long-Term Disability		3.25%

1. Excluded Support effective benefits rates are the same as NASA

2. Rate is converted to percent of annual salary. Annual rate is 3.576 per \$1000 of salary.

3. No updated rate for critical illness was available, so this is stated at the April 2020 rate.

4. Rates effective Jan 2021 through December 31, 2021.

Appendix B: Salary Statistics

Salary Statistics by Employee Type

Amounts below reflect annual salary rates of active, continuing employees taken from the job records as at March 2021

Staffing, Salary and Benefits Statistics as of March 2021

Using updated 2021 Benefits rates

Salary By Employee Type

Type	Faculty	APO	FSO	Librarian	Continuing Support	Temp Support	Excluded Management	Excluded Support
Count	1,992	322	91	62	3,039	522	306	15
Average Salary	149,222	107,071	126,324	110,278	70,259	59,521	146,472	78,490
UPLAN Rate	22.0%	24.0%	23.0%	24.5%	28.0%	18.0%	22.0%	
Average Benefits Cost	32,829	25,697	29,054	27,018	19,673	10,714	32,224	17,268
Avg Salary + Benefits	182,051	132,768	155,378	137,297	89,932	70,235	178,696	95,758

Data Source: uPlan roster extract from HCM at March 2021. This data reflects annual salary rates (not payroll data) of employees with continuing appointments, or those with appointments continuing into the next fiscal year.

Note 1: Temporary Support staff salaries reflect salaried employees only, not those paid hourly. Rates are meant to reflect avg benefits for all Temp Support.

Note 2: The above reflect Regular (Base) salary only. Amounts are from the uPlan roster run March 2021.

Note 3: If applying these rates to salary account balances, you are assuming that (a) all employees are paid the average salary, and work full time (FTE=1) (b) all employees are only paid regular salary and © all employees remain employed (and are paid) for the full year.