

Definition of Pensionable Salary & Earnings for PSPP

Salary or earnings are defined as pensionable if they represent a regular and recurring component of an employee's long-term compensation and are paid in relation to the performance of the regular duties of employment. Short-term or ad-hoc payments that do not occur on an ongoing basis and that do not form a long-term component of an employer's compensation program are not pensionable.

Employees and employers within the PSPP make pension contributions on earnings employees receive on a regular and consistent basis. Not including inconsistent or short-term payments prevents members from paying extra contributions on earnings that will not impact the defined benefit they receive on retirement and prevents artificial increases to Average Annualized Earnings.

The decision to determine which earnings are deemed pensionable is the responsibility of each employer participating in the Public Service Pension Plan (PSPP).

Pensionable Salary Types (list is not exhaustive)

- Gross basic annual salary for the performance of regular duties of employment
- Premiums - Shift differential nights and shift differential weekends
- Language pay premiums
- Retroactive salary adjustments
- When an employee is:
 - receiving benefits from an approved long-term disability income plan,
 - receiving temporary Workers' Compensation disability payments,
 - on leave without salary, or
 - on leave with partial salary,

the salary being earned immediately before the employee commenced to receive those benefits or go on that leave is used to calculate contributions, subject to any adjustments applicable to salary for the bargaining unit the employee is in.

Non-Pensionable Salary Types (list is not exhaustive)

- Overtime
- Standby Pay
- Responsibility Pay
- Stat Holiday Pay
- Vacation leave payout
- Expense allowance payments (e.g. meal allowances)
- Non-cash benefits

Contact Information:

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