



Calculation of Funding for Municipal Pension Plan (MPP)

Amended September 2013

Within CLBC's Funding Guide Templates (FGT), funding is provided for MPP costs based upon each service provider's participation rate and contribution rate. These rates are entered on Page 1 of the FGT. Periodically CLBC will request service providers to update these rates.

Your contribution rate is the basis of the calculation of the remittance you make to PensionsBC.

CSSEA worked with PensionsBC to provide CLBC with the contribution rates effective July 2012 and July 2013 for most of their member agencies. We will only request contribution rate information directly from you if those rates are not already available.

The method of calculation of your participation rate to be included in your FGTs has changed and it is described below. Along with this change in participation rate, we have also changed the application of the rate in the FGTs.

The participation rate had previously been determined as "number of participating employees divided by number of eligible employees". The rate had been applied to the scheduled staff only, not to the backfill staff. Further analysis has shown that this may have resulted in a mismatch between your actual costs and the funding being provided to you through your contracts.

The revised approach, which is more accurate in funding your actual costs, takes "number of pensionable FTEs divided by number of total FTEs" and applies that to the scheduled **AND** backfill staffing in your FGTs. Contracts will be migrated to new FGTs that incorporate this change commencing October 2013.

The precise calculation of your MPP participation rate to be provided to CLBC and entered on Page 1 of the FGT is:

"A" Total Pensionable Service as reported to PensionsBC in January of each year divided by 12 (= Pensionable FTEs)
Divided by:

"B" Total hours paid in the calendar year divided by the standard full-time hours within your agency (= Total FTEs)

The "Pensionable FTEs" and "Total FTEs" calculated are to be for the organisation as a whole, not just an individual FGT/contract or CLBC's contracts.

Total Pensionable Service is readily available from the Service Event Record reported each calendar year to PensionsBC. It is reported to PensionsBC in terms of the number of "Pensionable Service" months,

and dividing that by 12 gives you the number of Pensionable FTEs. Note that the calculation uses Pensionable Service and NOT Contributory Service.

The number of total hours paid in the Calendar Year is obtained from your overall payroll data and includes regular and casual hours. Note: As **overtime** pay is not pensionable service, overtime hours are not included in "A". Therefore, overtime hours (at straight time) should be removed from total hours before calculating "B".

As stated previously, this participation rate multiplied by the contribution rate will be applied on the new FGTs to both your scheduled staffing and your backfill staffing. We are confident that this mechanism will more accurately fund your MPP costs.

If you have any questions concerning this change, please email us at clbc_mpp@gov.bc.ca or call 604-664-0824.