

member news



Do you contribute to the College Pension Plan through more than one employment?

If so, you are considered to be **concurrently employed** and, if you accrue more than 12 months' pensionable service in one year, the way your pensionable service and salary is treated is being changed, effective January 1, 2014.

Good news: this change will ensure you are credited with your highest pensionable salary, which means you could receive a higher pension.

Here's how it works

Canada's *Income Tax Act* limits the amount of service a member may accrue in a registered pension plan to 12 months in a calendar year.

Until now, members who accrued more than 12 months of service in a calendar year had their contributions in excess of 12 months refunded on a chronological basis. This means that as soon as members achieved 12 months of service, further contributions were refunded or no longer collected. Members who were concurrently employed weren't necessarily earning the highest possible pension because any earnings after 12 months of service were disregarded.

Effective January 1, 2014, when you are concurrently employed with **the same employer** and earn more than 12 months' service in one calendar year, you will be required to pay contributions on the higher-paid salary up to 12 months. If contributions are being remitted for periods of more than 12 months, the contributions on the lower-paid salaries will be refunded first and the excess service and salary will not be credited to your account. This approach will ensure that you earn the highest possible pension based on your service and salary for the year.

When you are concurrently employed with **more than one College Pension Plan (plan) employer**, each employer will report your service and salary and remit contributions from each employment. The Pension Corporation (the administrative agent of the plan) will assess your reported service and salary and will refund contributions on the employment with the lowest annualized salary where applicable.

If you take a part-time assignment at a rate of pay higher than your regular full-time position, you will pay contributions on the earnings from the part-time assignment and this may positively benefit your pension.

The net effect of these changes is positive: your pensionable salary will be maximized, subject to the 12-month limit. You will earn the highest possible pension based on your service and salary for the year.

What do I need to do?

The administration of these changes will be conducted by the plan employers and the Pension Corporation, not members. As a member, however, it is important you check your annual *Member's Benefit Statement* carefully to ensure your pensionable salary and service is recorded accurately; if you have any concerns, talk to your employer.

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