



## Salary Policy

### Preamble

Salary for pension purposes includes all earnings that are part of an employee's ongoing compensation relating to scheduled or unscheduled hours of work paid at straight-time rates of pay and paid on a periodic basis (i.e., weekly, bi-weekly, monthly, semi-monthly, seasonal, or annual basis).

### Salary Inclusions

A member's salary includes the following:

#### A) Salaries associated with regular pay:

- *ongoing* compensation relating to scheduled or unscheduled hours of work paid at straight-time rates of pay;
- retroactive pay – paid to compensate for a period of service while the employee was a contributing member of the Plan;
- common adds to pay including but not limited to;
  - service / long service / retention pay<sup>1</sup> – paid on a periodic basis to employees after a set number of years of service, when they are eligible for an unreduced pension or when they have reached pensionable age;
  - acting or substitution pay – paid to employees when working temporarily in a higher paying position;
  - shift differential pay – a premium paid for working certain shifts (e.g., weekends and nights);
  - first aid pay – paid to employees who perform first aid in addition to their regular job;

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<sup>1</sup> Qualifying criteria for service/long service/retention pay are determined by the employer.

- allowances for housing / room and board – a continuous allowance added to salary associated with isolated locations and deemed taxable income by the Canada Revenue Agency;
- wage premiums paid for doing ‘danger work’ or ‘dirty work’ as defined by union contract – a shift premium paid to employees who work with or in hazardous situations; and
- trade, qualification, or specialty pay – paid on a periodic basis to employees who have additional certification or qualifications.
- insufficient notice pay – only the straight-time rate of pay for the shift worked, not the additional salary premium paid;
- salary paid to a member on a rehabilitation program;
- leave top-up – paid by the employer for maternity, parental, compassionate care and other forms of leave of absence provided for under the British Columbia Employment Standards Act;
- training pay – paid to employees (mostly firefighters or police officers) prior to being hired as either probationary or regular employees;
- WCB payments made through the employer;
- WCB or LTD top-up payments made through the employer – paid to employees to top-up their salaries when receiving WCB or LTD benefits; and
- cost-of-living payments – an automatic wage increase tied in some way to increases in the cost of living – usually tied to the Consumer Price Index. Must be a continuous add-to-pay, not a one-time payment.

B) Salaries associated with vacation pay:

- full-time employees – when vacation time is taken; and
- part-time / casual employees – when vacation time is taken or when paid on a periodic basis.

C) Salaries associated with statutory / paid holiday pay:

- full-time employees – when leave is taken for the statutory / paid holiday; and

- part-time / casual employees – when leave is taken for the statutory / paid holiday or when paid on a periodic basis.

D) Salaries associated with short-term disability benefit (STDBs) payments:

- STDBs paid directly to a member by the employer are pensionable. The employer must report service and salary and remit contributions on these STDBs;
- STDBs paid by a third party (such as an insurance company or benefits trust) to a member can be deemed pensionable by the employer. If STDBs paid by a third party are deemed pensionable by the employer, the employer must report service and salary and remit contributions on these STDBs<sup>2</sup>;
- STDBs paid by a third party (such as an insurance company or benefits trust) that are not deemed pensionable by an employer may be eligible for purchase by a member under the leave of absence provisions of the Municipal Pension Plan Rules; and
- for pensionable STDBs, the member will continue to accrue contributory service and employers must report pensionable service and salary based on the member's work schedule before the short-term disability leave. Part-time members will accrue service and salary based on their work schedule immediately before the short-term disability leave.

## Salary Exclusions

A member's salary does not include the following:

- lump sum vacation pay – if paid in lieu of vacation entitlement accumulated in a prior year by a full-time employee and not taken as leave;
- overtime pay – unless taken as time off or an employer resolution or collective agreement specifies that overtime pay is pensionable;
- premium or additional pay for statutory / paid holidays worked;

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<sup>2</sup> Employers already reporting , and remitting on STDBs when this policy change came into effect on March 27, 2008 must continue to do so for all employees.

- WCB payments when the employee is on approved LTD;
- car, meal, travel and clothing allowances;
- pay for on-call or stand-by hours;
- a lump sum payment(s) (including accrued vacation entitlement(s)) made at the time of termination or retirement – unless it is used to extend the termination date;
- severance pay – unless it is used to extend the termination date;
- grievance pay – unless a period of service is associated with the payment;
- performance or signing bonuses;
- additional pay in lieu of group benefits or payment of premiums for group benefits; and
- Employment Insurance rebate payments■