



# Pension Policy Requirements

July 2025

## Purpose of Document

To ensure PSPP participating employers' pension policies include participation rules, pensionable service calculation and remuneration to be considered pensionable salary as required in the Plan text.

## Summary

An employer's pension policy needs to include:

Participation Rules	Pensionable Service FTE	Pensionable Salary
<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• Elective</li> <li>• Not eligible</li> </ul>	<ul style="list-style-type: none"> <li>• Full-time hours for working one year</li> <li>• Note full-time hours for different classes of employees (if applicable)</li> </ul>	<ul style="list-style-type: none"> <li>• Mandatory</li> <li>• As per employer policy</li> <li>• Non-Pensionable</li> </ul>

## Participation

Mandatory	Elective (employer policy)	Not Eligible
<ul style="list-style-type: none"> <li>• Working 30 + hours per week, continuous.</li> <li>• Working 30+ hours per week, non-continuous where the contract term is greater than one year.</li> </ul>	<ul style="list-style-type: none"> <li>• Working 30+ hours per week non-continuous where the contract is less than one year.</li> <li>• Working 14+ hours but less than 30 hours per week, continuous.</li> </ul>	<ul style="list-style-type: none"> <li>• Working 14+ hours but less than 30 hours per week on a non-continuous basis.</li> <li>• Working less than 14 hours per week.</li> <li>• In receipt of a PSPP, Management Employees Pension Plan (MEPP) or Public Service Management (Closed Membership) Pension Plan pension benefit.</li> <li>• Has reached age 71.</li> </ul>

## Mandatory

Employees in the following classes must participate in PSPP and indicated in an employer's pension policy:

- Employees working 30 or more hours per week and no date or event has been established for the cessation of employment
- Employees working 30 or more hours per week and a date or event has been established for the cessation of employment that is greater than one year

## Elective – Subject to Employer Policy

These classes of employees may be eligible to enroll if an employer's policy indicates such employment is required or permitted to be included for purpose of the Plan.

- Employees working 30 or more hours per week and a date or event has been established for the cessation of employment that is one year or less
- Employees working 14 or more hours per week or 728 hours per year and no date or event has been established for the cessation of employment

## Mandatory or Voluntary Participation

If an employer permits full-time employees with a contract term of one year or less and/or part-time employees working 14 or more but less than 30 hours per week to participate in the Plan, an employer also determines if participation for these employees is mandatory or voluntary.

If an employer allows the employee to choose whether to participate or not, it is recommended that there are documented processes in place. Here are some examples of what related processes could look like if an employer indicates that participation is voluntary:

- An eligible employee has 3 months from their date of hire to enroll in the plan. If they choose not to enroll, they must sign a pension plan opting out form after 3 months of employment.
- An eligible employee can enroll into the plan at any time. If the employee chooses not to enroll upon hire, they must sign a pension plan opting out form. The employee can choose to enroll later if they change their mind, but their pension enrollment will not be retroactive to their hire date.

If an employer currently does not employ these types of classes, elective participation rules should still be considered and documented in an employer's pension policy.

If an employer does not allow either of these classes to participate in the plan, it should be indicated in their pension policy that these classes are not eligible to participate.

## Not Eligible

The following classes are not permitted to participate in the plan and must be indicated in an employer's pension policy:

- Employees who work at least 14 hours per week and a date or event has been established for the cessation of employment.
- Employees who work less than 14 hours per week
- Employees in receipt of PSPP, Management Employees Pension Plan or the Public Service Management (Closed Membership) Pension Plan
- Employees who have reached age 71

## Ineligible to Eligible Participation Enrolment Date

If an employee moves from an ineligible position to an eligible position, the employer must indicate in their pension policy if the pension plan enrollment date is the date they became eligible or their date of hire.

If the employer makes the hire date mandatory to be an employee's enrolment date, the employer should have a related process in place to determine how retroactive contribution payments will be collected from the employee.

## Pensionable Service

An employer's pension policy must include the full-time equivalent (FTE) hours for employees. FTE hours are the number of hours full-time employees need to work to earn a full year of pensionable service, then pensionable service is calculated by the hours worked. An example is a FTE of 36.25 hours a week or 1885 hours per year. If an employee worked 1880 hours in one year, service is calculated using  $1880/1885 = 0.9973$

Some employers might calculate FTE service by days worked out of total number of work days in one year. For example, if 260 days is the FTE, and an employee worked 255.75 days, service is calculated using  $255.75/260 = 0.9837$ .

If there are different classes of employees, different FTE hours or days for each class must be provided.

# Pensionable Salary

Mandatory	Employer Policy	Non-Pensionable Salary
<ul style="list-style-type: none"> <li>• Gross basic pay</li> <li>• Retroactive salary change</li> <li>• Vacation pay</li> </ul>	<ul style="list-style-type: none"> <li>• Shift differential</li> <li>• Weekend pay</li> <li>• Acting pay</li> </ul>	<ul style="list-style-type: none"> <li>• Lump sum holiday &amp; vacation pay</li> <li>• Special pay</li> <li>• Expense allowance</li> <li>• Overtime payments</li> <li>• Bonuses</li> </ul>

## Mandatory

The following types of pay must be included in pensionable salary and indicated in a pension policy:

- Gross basic pay
- Retroactive salary change
- Vacation pay (paid time off while employed)
- Vacation pay (paid as a percentage of salary)

## Subject to Employer Policy

These types of pay are permitted by the employer and indicated in their pension policy:

- Shift work premium
- Weekend work premium
- Acting pay

## Non-Pensionable Salary

These types of pay must not be included in pensionable salary:

- Lump sum
- holiday and vacation pay
- Overtime
- Special pay/Bonuses
- Severance Pay
- Expense allowance

## pspp.ca

Visit [pspp.ca](https://pspp.ca) to learn more about the Plan and its features or to access the Employer Hub.

For assistance with Plan rules and policies, please email [psppcorporation@pspp.ca](mailto:psppcorporation@pspp.ca). We will work with you and welcome the opportunity to schedule member and employer sessions.

If you require assistance with the Employer Portal, please contact your Employer Services Representative at **1-877-391-3675** (enter your 3-digit employer number when prompted) or email [employerservices@apsc.ca](mailto:employerservices@apsc.ca)

## Member Resources

Employers and members can access informational videos on the Plan's website in Webinars & Resources.

Brochures are also available in the online publications. Visit [pspp.ca](https://pspp.ca).

## PSPP Pension Dispatch

A monthly electronic newsletter is emailed to employers with important information about the plan to share. If you do not receive the Pension Dispatch, email [psppcorporation@pspp.ca](mailto:psppcorporation@pspp.ca) to subscribe.



Follow us on LinkedIn @**PSPP Corporation**