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INFORMATION SHEET
Retroactive Pay and Your Pension

What is retroactive pay?

Retroactive pay is a payment made to compensate for earnings that should have been paid to you earlier, such as a wage increase that was implemented after its effective date.

Does retroactive pay count toward my pension?

Yes, retroactive **regular pay** is treated as pensionable earnings in the year it was paid, provided you are **actively employed** and an **active member** of the Plan at the time the payment is made.

What is regular pay?

Regular pay includes straight time pay, statutory holiday pay, vacation pay, sick pay and the pensionable earnings portion of retroactive pay in the year in which it is paid.

Regular pay does not include premium pay, such as overtime pay, shift premiums or bonuses.

What does "actively employed and an active member" mean?

You are considered actively employed and an active member if you:

- Have not terminated your employment;
- Have not retired;
- Are not receiving disability benefits; and
- Are living.

You can still be considered actively employed and an active member of the Plan while on an approved leave of absence.

What if I have already retired when the retroactive pay is paid?

If you have already retired when the retroactive payment is made, the payment is not pensionable, even if it relates to a period before your retirement.

This means no pension contributions will be deducted from the payment, and the earnings will not be included in the calculation of your pension.

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What if I am on maternity leave, parental leave, or another approved leave of absence when the retroactive pay is paid?

If you are on an approved leave of absence and remain an active member of the Plan, you are still considered actively employed for pension purposes. As a result, retroactive regular pay paid during your leave is pensionable and will be included as earnings in your pension calculation.

What if I am on disability when the retroactive pay is paid?

If you are on an approved absence due to disability, retroactive regular pay is not subject to pension contributions during the disability period. As with regular disability pay, no pension contributions are required on retroactive pay paid during an approved disability absence.

Will retroactive pay increase my pension?

It depends. Your pension is based on your four highest years of contributory earnings and your years of credited service.

Because retroactive pay is considered pensionable earnings in the year it is paid, it may increase your pension if it:

- Raises that year's earnings enough for it to become one of your four highest years; or
- Increases earnings in a year that is already one of your four highest years.

If the retroactive payment is made in a year that is not one of your four highest-earning years, it will have no effect on your pension.

Will pension contributions be deducted from my retroactive pay?

Pension contributions are deducted if the retroactive pay is pensionable regular pay and you are actively employed and an active member of the Plan when the payment is made.

Contributions are not deducted if:

- Your employment has terminated before the payment is made;
- You have retired before the payment is made;
- The payment is made during an approved disability absence where contributions are not required; or
- You are deceased.

What if the retroactive pay relates to a period before I retired, terminated employment, or died?

What matters is when the retroactive payment is made, not when the earnings were originally earned.

Even if the retroactive pay relates to a period when you were actively employed and contributing to the Plan, it is not pensionable if you are retired, your employment has terminated, or you are deceased when the payment is actually made.

This means no pension contributions will be deducted from the payment and the earnings will not be included in the calculation of your pension.

For example, if you retire in June and a retroactive pay adjustment covering work performed before your retirement is paid in September, the payment is not pensionable because you were already retired when it was paid.

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