

TOWN OF VULCAN

Policy Manual

<u>POLICY NUMBER</u>			<u>TITLE OF POLICY</u>
PE-02			Local Authorities Pension Plan
Approval	D/M/Y	Resolution #	
Amended	10.04.2017	17.137	

STATEMENT:

The Town of Vulcan requires a policy to formalize a process to establish guidelines for the administration of the Local Authorities Pension Plan (LAPP).

In the event that this policy conflicts with current legislation, the legislation will prevail.

1. Policy

1.1 The Local Authorities Pension Plan (LAPP) is a defined benefit pension plan, which means that eligible employees will receive a pension based on their salary and years of service. The plan is financed by employee and employer contributions and by earnings on investments made by the Board of Trustees of the Local Authorities Pension Plan.

2. Eligibility to Participate in the Plan

2.1 Participation in the plan is mandatory for all permanent employees working an average of fifteen (15) or more hours per week.

2.2 Eligible employees must enroll in the plan after three (3) months of employment. Employees may buy back this probation period of three (3) months of service once enrolling in the plan. The cost and process for this will be discussed with the employee by payroll staff upon enrollment.

2.3 Employees who come to work for the Town directly (not more than one day break in service) from another LAPP employer, or those who have worked for the Town in any capacity prior to becoming eligible to participate in the pension plan will have this prior service taken into account towards the three (3) month probation period, and may be required to enroll immediately.

2.4 Employees in the following employment categories are not eligible to participate in the LAPP:

- (a) Temporary employees.
- (b) Seasonal employees.
- (c) Employees whose employment contracts have an end date.
- (d) Employees who work fewer than an annual average of less than fifteen (15) hours per week.
- (e) Employees who would begin participation in the Plan prior to fifteen (15) years of age or after the end of the year in which they reach age seventy one (71).
- (f) Employees who receive a monthly pension from LAPP based on their previous participation in the Plan.

TOWN OF VULCAN

Policy Manual

- 2.5 Participation in the Plan stops after thirty five (35) years of service has been accumulated.
- 2.6 If an employee moves from an eligible to ineligible employment category, or vice versa, they must terminate from the Plan or participate respectively, as per pension guidelines.

3. Pensionable Service

- 3.1 The number of hours worked in a year to equal one (1) year of pensionable service is as follows, based on employment contract size:

Number Of Weekly Hours	Number of Hours to accrue one year of pensionable service
37.5 hours/week	1950 hours
40 hours/week	2080 hours

- 3.2 A normal working year is a payroll posting year. An employee cannot accrue more than one (1) year of pensionable service in a payroll posting year.

4. Pension Contributions while on Leave of Absence

- 4.1 Employees on paid leave of absence will continue contributions to the pension plan.
- 4.2 Employees on unpaid leave of absence such as personal unpaid leave of absence, maternity/paternity leave of absence, long-term disability have the option of contributing. Employees may contribute during the leave, or buy back the service upon return to work or once the year end costing has been generated.
- 4.3 Employee and employer contributions continue while an employee is in receipt of WCB payments, but not in the case of a Lifetime WCB Pensioner.
- 4.4 Employer contributions for all combined leaves are limited to a maximum of one year. In excess of one year, the employee may buy back the service by paying both the employee and the employer contributions until the maximum leave period buybacks have occurred based on LAPP policy.

5. Pensionable Salary

- 5.1 Pensionable salary includes an employee's regular gross basic pay for the performance of the regular duties of employment.
- 5.2 It does not include non-regular earnings including, but not limited to, overtime pay, on-call pay, shift differential pay, weekend premium pay, acting pay, vacation pay that is paid in a lump sum, retiring allowances, or vehicle allowances.

TOWN OF VULCAN

Policy Manual

6. Administration

- 6.1** Pension contributions are non-taxable deductions.
- 6.2** Contribution rates for employees and employers are determined by the LAPP Board of Trustees.
- 6.3** A member is not vested in the pension plan until two years of membership has been obtained, unless the member reaches age 65 before attaining two years of service, in which case they are considered immediately vested.
- 6.4** Pension plan benefits are administered through the Local Authorities Pension Plan in accordance with their policies.

- END OF POLICY -

