

2000

CHAPTER 18

An Act to amend *The Municipal Employees' Pension Act*

(Assented to June 21, 2000)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows:

Short title

1 This Act may be cited as *The Municipal Employees' Pension Amendment Act, 2000*.

R.S.S. 1978, c.M-26 amended

2 *The Municipal Employees' Pension Act* is amended in the manner set forth in this Act.

Section 2 amended

3 Section 2 is amended:

(a) by repealing clauses (e) and (f) and substituting the following:

“(e) **‘continuous service’** means:

(i) with respect to the period ending on December 31, 2000, the amount of continuous service credited to the employee on that date; and

(ii) with respect to the period commencing on January 1, 2001:

(A) in the case of an employee described in subsection 2.1(2) or (3), an amount equal to one full year for each year in which the employee meets the requirements of subsection 2.1(2); and

(B) in any other case, an amount equal to the total of the pay periods with respect to which the employee is credited with contributory service;

“(f) **‘contributory service’** means service for which an employee makes the contributions required by this Act, and includes:

(i) periods of absence:

(A) for which the employee makes the required contributions; or

(B) with respect to which the requirement to make contributions has been waived pursuant to subsection 16(1.31);

(ii) one-half of any period of actual service with an employer that the member was required to complete pursuant to section 14, as it existed at the relevant time, before becoming a member; and

(iii) periods that the employee is entitled to count as contributory service pursuant to section 2.1”;

(b) in clause (m) by striking out “*The Teachers’ Superannuation Act*” and substituting “*The Teachers Superannuation and Disability Benefits Act*”; and

(c) by repealing clause (cc) and substituting the following:

“(cc) ‘**salary**’ means the regular remuneration received by an employee for service rendered, whether as periodic payments or commissions and whether paid as earned or on a deferred basis, but does not include remuneration received by an employee with respect to overtime worked or in the form of a bonus”.

New section 2.1

4 The following section is added after section 2:

“Contributory service

2.1(1) In this section, ‘**unit of service**’ means a number of hours of service provided by an employee that is equal to the number of hours of service that a full-time employee of the employer would regularly provide in a week, but that is not less than 30 and not more than 40 hours.

(2) Subject to subsection (3), an employee is entitled to count as one full year of contributory service every year in which the employee:

(a) is employed continuously by an employer pursuant to a contract of employment that requires the employee to provide services for not less than 10 months in the year; and

(b) contributes to the plan with respect to not less than 10 months in the year.

(3) An employee who meets the requirements of clauses (2)(a) and (b) but is not a full-time employee may count as contributory service that proportion of a year that the service provided by the employee during the year bears to the service that the employee would have provided if the employee had been a full-time employee during the year.

(4) With respect to service provided on or after January 1, 2001, an employee of a rural municipality to whom sections 6 and 12 of *The Labour Standards Act* do not apply is entitled to count as one full week of contributory service every unit of service with respect to which the employee received salary”.

Section 3 amended**5 Subsection 3(1) is repealed and the following substituted:**

“(1) This Act applies to:

(a) employees who are designated by an employer or are deemed to have been designated as permanent employees;

(b) employees who are designated by an employer as non-permanent employees and:

(i) have worked for an employer for 700 hours or more in each of two consecutive years; or

(ii) in the case of employees who are employed by an employer on or after January 1, 2001, do not meet the requirements of subclause (i) but have elected to participate in the plan; and

(c) employees to whom this Act applied on December 31, 1990.

“(1.1) An employer must designate an employee as a permanent employee unless there is a contract of employment, express or implied, that specifies a date for the termination of employment and that does not provide for the resumption of employment after termination.

“(1.2) Where an employer fails to designate an employee as a permanent employee or a non-permanent employee, the employee is deemed to have been designated as a permanent employee.

“(1.3) Where the commission has transferred assets of the fund to a registered pension plan within the meaning of the *Income Tax Act* (Canada) pursuant to a partial termination of the plan pursuant to *The Pension Benefits Act, 1992*, and that registered pension plan is administered by an employee's employer, this Act does not apply to the employee with respect to the employee's membership in that registered pension plan”.

New section 7.1**6 The following section is added after section 7:****“Powers of commission**

7.1(1) The commission may:

(a) charge a fee for any service provided by the commission;

(b) establish policies for:

(i) the investment of the assets of the fund; and

(ii) the calculation and allocation of revenues accruing to the fund;

(c) determine the amount of any allowance payable pursuant to this Act;

(d) settle or compromise any debt or obligation arising out of the administration of the plan or the fund;

(e) with respect to all or any part of an allowance, suspend payment to or withhold payment from any person who is indebted to the fund or has received a payment out of the fund to which the person was not entitled.

(2) No action or proceeding lies or shall be commenced against the commission or a member of the commission for any loss or damage suffered by any person by reason of anything in good faith done, caused, permitted or authorized to be done, attempted to be done or omitted to be done, by any of them pursuant to or in the exercise of any power conferred by this Act or the regulations or in the carrying out or supposed carrying out of any duty imposed by this Act or the regulations”.

Section 14 amended

7 Clauses 14(2)(a) and (b) are repealed and the following substituted:

“(a) in the case of an employee who is designated by an employer as a permanent employee or who is deemed to be a permanent employee, on the later of:

- (i) the first day of service with the employer; and
- (ii) January 1, 1993; and

“(b) in the case of an employee who is designated by an employer as a non-permanent employee, on the earlier of:

- (i) the day on which the employee completes the requirement set out in subclause 3(1)(b)(i); and
- (ii) the day on which the employee elects to participate in the plan”.

Section 16.1 amended

8 Clause 16.1(1)(b) is repealed and the following substituted:

“(b) either:

- (i) gives written notice to the commission of his or her election not later than December 31, 1998; or
- (ii) in the case of a member who is entitled to a deferred allowance, gives written notice to the commission of his or her election, together with the payment mentioned in subsection (2) before July 1, 2001”.

New sections 16.2 and 16.3

9 Section 16.2 is repealed and the following substituted:

“Periods of leave

16.2(1) In this section and section 16.3:

- (a) **‘approved leave’** means a leave of absence from an employer that has been approved by the employer and during which the employee is not making contributions to a pension plan that is registered pursuant to the *Income Tax Act* (Canada);
- (b) **‘maximum leave contribution period’** means the maximum leave contribution period established by the commission pursuant to subsection (3).

- (2) Subject to the *Income Tax Act* (Canada) and the regulations made pursuant to that Act, an employee who takes an approved leave may elect to make contributions to the fund in accordance with this section:
- (a) with respect to the period of approved leave taken; or
 - (b) where the period of approved leave taken exceeds the maximum leave contribution period, with respect to the maximum leave contribution period.
- (3) For the purposes of clause (2)(b), the commission may establish a maximum leave contribution period that:
- (a) is not less than the period of maternity leave, adoption leave or parental leave to which an employee is entitled pursuant to *The Labour Standards Act*; and
 - (b) with respect to the year in which the approved leave or a portion of the approved leave is taken, is not greater than a qualifying period determined pursuant to section 8507 of the *Income Tax Regulations, Consolidated Regulations of Canada, 1978*, chapter 945.
- (4) Periods of approved leave not exceeding the maximum leave contribution period shall be counted as contributory service if the employee who takes the approved leave makes contributions to the fund in accordance with this section.
- (5) Subject to any agreement between the employer and the employee, if an employee elects to make contributions to the fund with respect to periods of approved leave:
- (a) the employee shall make all contributions to the fund with respect to those periods; and
 - (b) notwithstanding subsection 17(1), the employer is not required to make any contributions with respect to those periods.
- (6) The amount of contributions required for a period of approved leave is an amount equal to two times the amount of contributions that the employee would have been required to make pursuant to section 16 if the employee had not taken the approved leave, calculated by applying the employee's rate of pay immediately prior to the commencement of the approved leave to an amount of service that is the greater of:
- (a) the amount of contributory service that the employee accrued during the period immediately preceding the commencement of the approved leave that is equal in length to the period of approved leave; and
 - (b) the amount of service that the employee establishes, to the satisfaction of the commission, that he or she would have provided if the period of approved leave had not been taken.

(7) An employee who takes approved leave may, on returning to work, make contributions with respect to that approved leave in any of the following ways:

- (a) by lump sum transfer from a registered retirement savings plan;
- (b) by lump sum payment by personal cheque;
- (c) by payroll deductions over a period equal to the period of the approved leave or over a period agreed to by the commission.

(8) A lump sum transfer, a lump sum payment or the first payment by payroll deduction pursuant to subsection (7) must be made not later than 90 days after the employee returns to work.

“Purchase of prior service

16.3(1) In this section, **‘prior service’** means:

- (a) a period of approved leave with respect to which a member has not made contributions to the plan; and
- (b) a period of service with an employer with respect to which a member has not made contributions to the plan.

(2) A member who has not terminated employment with an employer may elect to make contributions with respect to a period of prior service with that employer in accordance with this section.

(3) Subject to any agreement between the employer and the employee, if an employee elects to make contributions to the fund with respect to a period of prior service:

- (a) the employee shall make all contributions to the fund with respect to those periods; and
- (b) notwithstanding subsection 17(1), the employer is not required to make any contributions with respect to those periods.

(4) The amount of contributions required for a period of prior service is an amount calculated by the commission with respect to the period of prior service in accordance with generally accepted actuarial principles”.

Section 20 amended

10(1) **Subsection 20(1) is amended by striking out “subsection (1.1)” and substituting “subsections (1.1) and (1.2)”.**

(2) **Subsection 20(1.1) is amended by striking out “An employee” and substituting “Subject to subsection (1.2), an employee”.**

(3) The following subsection is added after subsection 20(1.1):

“(1.2) A member who terminated employment before July 1, 1998 and who is entitled to a deferred allowance pursuant to subsection (1) or (1.1) shall, on retirement, receive an allowance in the amount A calculated in accordance with the following formula:

$$A = D + (RD - D) + 0.85 (PR - PD)$$

where:

A is not less than D;

D is the amount of the deferred allowance calculated in accordance with section 22 on the date of the termination of the member's employment;

RD is the amount of the deferred allowance to which the member would have been entitled in accordance with section 22 if the deferred allowance had been calculated using the average highest salary on July 1, 1998;

PR is the amount of the deferred allowance to which the member would have been entitled in accordance with section 22 with respect to service before January 1, 1990 if the member's employment had terminated on July 1, 1998; and

PD is the amount that would be the amount RD if that amount had been calculated only with respect to service before January 1, 1990”.

(4) Clauses 20(4)(c) and (c.1) are repealed.

(5) Clause 20(5)(b) is repealed and the following substituted:

“(b) the transfer is requested before the member commences receiving an allowance”.

Section 20.1 amended

11 Subsection 20.1(2) is repealed and the following substituted:

“(2) If a member has a spouse, the member's spouse is deemed to be the member's beneficiary unless the spouse provides a written waiver of the spouse's entitlement to a benefit in a form acceptable to the commission”.

Section 22 amended

12 Subsections 22(7) to (10) are repealed and the following substituted:

“(7) Subject to subsection (8), where a member commences employment before January 1, 1993 and retires on or after July 1, 1998, the allowance is the total of the following amounts:

(a) with respect to service before January 1, 1990, the greater of:

(i) the total of the following amounts, calculated for each year and fractional year of contributory service:

(A) 1.3% of the portion of the member's average highest salary that is not in excess of the average year's maximum pensionable earnings; and

- (B) 2% of the portion of the member's average highest salary, if any, that exceeds the average year's maximum pensionable earnings as calculated in paragraph (A); and
 - (ii) 1.8% of the member's average highest salary for each year and fractional year of contributory service;
- (b) with respect to service on and after January 1, 1990 but before January 1, 2001, the greater of:
 - (i) the total of the following amounts, calculated for each year and fractional year of contributory service:
 - (A) 1.3% of the portion of the member's average highest salary that is not in excess of the average year's maximum pensionable earnings; and
 - (B) 2% of the portion of the member's average highest salary, if any, that exceeds the average year's maximum pensionable earnings as calculated in paragraph (A); and
 - (ii) 1.5% of the member's average highest salary for each year and fractional year of contributory service;
- (c) with respect to service on and after January 1, 2001 but before January 1, 2006, the greater of:
 - (i) the total of the following amounts, calculated for each year and fractional year of contributory service:
 - (A) 1.3% of the portion of the member's average highest salary that is not in excess of the average year's maximum pensionable earnings; and
 - (B) 2% of the portion of the member's average highest salary, if any, that exceeds the average year's maximum pensionable earnings as calculated in paragraph (A); and
 - (ii) 1.8% of the member's average highest salary for each year and fractional year of contributory service;
- (d) with respect to service on and after January 1, 2006, the greater of:
 - (i) the total of the following amounts, calculated for each year and fractional year of contributory service:
 - (A) 1.3% of the portion of the member's average highest salary that is not in excess of the average year's maximum pensionable earnings; and
 - (B) 2% of the portion of the member's average highest salary, if any, that exceeds the average year's maximum pensionable earnings as calculated in paragraph (A); and
 - (ii) 1.5% of the member's average highest salary for each year and fractional year of contributory service.

“(8) Where a member described in subsection 40(2) commences employment before January 1, 1993 and retires on or after July 1, 1998, the allowance is the total of the following amounts:

(a) with respect to service before January 1, 1990, the total of the amounts equal to 2% of the member's average highest salary for each year and fractional year of contributory service;

(b) with respect to service on and after January 1, 1990 but before January 1, 2001, the greater of:

(i) the total of the following amounts, calculated for each year and fractional year of contributory service:

(A) 1.3% of the portion of the member's average highest salary that is not in excess of the average year's maximum pensionable earnings; and

(B) 2% of the portion of the member's average highest salary, if any, that exceeds the average year's maximum pensionable earnings as calculated in paragraph (A); and

(ii) 1.7% of the member's average highest salary for each year and fractional year of contributory service;

(c) with respect to service on and after January 1, 2001, but before January 1, 2006, 2% of the member's average highest salary for each year and fractional year of contributory service; and

(d) with respect to service on and after January 1, 2006, the greater of:

(i) the total of the following amounts, calculated for each year and fractional year of contributory service:

(A) 1.3% of the portion of the member's average highest salary that is not in excess of the average year's maximum pensionable earnings; and

(B) 2% of the portion of the member's average highest salary, if any, that exceeds the average year's maximum pensionable earnings as calculated in paragraph (A); and

(ii) 1.7% of the member's average highest salary for each year and fractional year of contributory service.

“(9) Subject to subsection (10), where a member commences employment on or after January 1, 1993, the allowance is the total of the following amounts:

(a) with respect to service on and after January 1, 1990 but before January 1, 2001, 1.5% of the member's average highest salary for each year and fractional year of contributory service;

(b) with respect to service on and after January 1, 2001, but before January 1, 2006, 1.8% of the member's average highest salary for each year and fractional year of contributory service; and

(c) with respect to service on and after January 1, 2006, 1.5% of the member's average highest salary for each year and fractional year of contributory service.

“(10) Where a member described in subsection 40(2) commences employment on or after January 1, 1993, the allowance is the total of the following amounts:

- (a) with respect to service on and after January 1, 1990 but before January 1, 2001, 1.7% of the member’s average highest salary for each year and fractional year of contributory service;
- (b) with respect to service on and after January 1, 2001, but before January 1, 2006, 2% of the member’s average highest salary for each year and fractional year of contributory service; and
- (c) with respect to service on and after January 1, 2006, 1.7% of the member’s average highest salary for each year and fractional year of contributory service”.

Section 23 amended

13(1) Subsection 23(1) is amended by striking out “subsection 41(2)” wherever it appears and in each case substituting “subsection 41(5)”.

(2) Subsection 23(1.1) is amended by striking out “subsection 41(3) or (3.1)” and substituting “subsection 41(6) or clause 41(7)(a)”.

(3) Subsection 23(1.2) is amended:

(a) in the portion preceding clause (a) by striking out “subsection 41(4)” and substituting “clause 41(7)(b)”; and

(b) in the portion following clause (b) by striking out “subsection 41(2)” and substituting “subsection 41(5)”.

New section 41

14 Section 41 is repealed and the following substituted:

“Early retirement

41(1) A member may retire before attaining the normal retirement age if the member meets the requirements set out in subsection (2), (3) or (4) and applies to the commission in writing.

(2) A member who terminates employment before January 1, 2001 may retire before attaining the normal retirement age if the member has not less than 15 years of continuous service and is not less than 55 years of age.

(3) A member who terminates employment and retires on or after January 1, 2001 but before January 1, 2006 may retire before attaining the normal retirement age:

- (a) in the case of a member described in subsection 40(2), if the member:
 - (i) has not less than 20 years of continuous service; or
 - (ii) is not less than 50 years of age; and

- (b) in the case of any other member, if:
 - (i) the member:
 - (A) has not less than 25 years of continuous service; or
 - (B) is not less than 55 years of age; or
 - (ii) the sum of the member's age and years of continuous service is not less than 75.
- (4) A member who terminates employment on or after January 1, 2006 may retire before attaining the normal retirement age if the member has not less than 15 years of continuous service and is not less than 55 years of age.
- (5) A member described in subsection (1) is entitled to an allowance calculated in accordance with subsection 23(1) with a reduction of 0.25% for each complete month by which the member's early retirement date precedes the earliest day on which the member would otherwise have been eligible for an allowance if the member had continued to be a member until that day.
- (6) Notwithstanding subsections (1) to (4), a member other than a member described in subsection 40(2) is entitled to an allowance without reduction:
 - (a) if the member terminates employment before January 1, 2001, where the sum of the member's age and years of continuous service is not less than 80;
 - (b) if the member terminates employment and retires on or after January 1, 2001 but before January 1, 2006, where:
 - (i) the member:
 - (A) has not less than 30 years of continuous service; or
 - (B) is not less than 60 years of age; or
 - (ii) the sum of the member's age and years of continuous service is not less than 80;
 - (c) if the member terminates employment on or after January 1, 2006, where the sum of the member's age and years of continuous service is not less than 80.
- (7) Notwithstanding subsections (1) to (4), a member described in subsection 40(2) is entitled:
 - (a) to an allowance without reduction on the earliest day on which:
 - (i) the member:
 - (A) has not less than 25 years of continuous service; or
 - (B) is not less than 55 years of age; or
 - (ii) the sum of the member's age and years of continuous service is not less than 75; or

- (b) to a reduced allowance on the earliest day on which:
 - (i) the member is not less than 45 years of age; or
 - (ii) the sum of the member's age and years of continuous service is not less than 70.
- (8) Allowances pursuant to this section are payable effective from the first day of the month that follows the latest of the following:
 - (a) the month in which the member meets the age and service requirements;
 - (b) the month in which the member terminates service;
 - (c) the month in which the member applies in writing to the commission".

Coming into force

15 This Act comes into force on January 1, 2001.