

# Eligible maximum salary

## What you need to know

From now on you must communicate, on the Ariel portal, the earned salary, without applying any limits.

This communication is for you if you have members **who are paid more than the eligible maximum salary** permitted by the Plan and you are not using the automated data transfer module offered by ACCEO Childcare Services.

When the Plan provisions were amended on January 1, 2019, you were informed about a change to the annual indexing of the eligible salary.

In effect, since January 1, 2019, the limit on the eligible salary on which a Plan member may contribute has been indexed to reflect pay increases granted to union Plan members by the Ministry, the FSSS-CSN and the CSQ. This maximum is announced by email every year in late December.

This change only affects years of credited service after January 1, 2019. Note that for a Plan member's years of credited service up to December 31, 2018, the indexation formula used prior to January continues to apply when determining the maximum salary that can be used to determine the accrued pension for the period. The indexing is also calculated by the Plan administrator.

This means that for any member who joined the Plan before January 1, 2019 and who has credited service after December 31, 2018, **two average pensionable salaries will be calculated when establishing their total pension:**

Past Component	Current Component
one average salary for the years of credited service before January 1, 2019	one average salary for the years of credited service after January 1, 2019

For more information about calculating the eligible average salary for your Plan members, please see the [Appendix](#) herein.

**Change to the transfer of eligible salary via the financial data collection if your employee is paid more than the eligible maximum salary, and thus pays the maximum contribution:**

Effective immediately (*or target date*), enter your employee's total eligible salary in the "Earned Salary" field, without applying any limits. The Plan administrator will use the appropriate salary for the calculation for each component. For more information about eligible pay under the Plan, please see Section 3.2.1 of the administrative guide on the Ariel Portal.

- Check to make sure that the amount deducted from the contribution does not exceed the maximum allowable amount.
- Only the Earned Salary declaration needs to be adjusted, and only for your employees who are paid more than the eligible maximum salary.
- The Portal validations have been updated to allow you to transfer this information.

Please note that if you use the automated data transfer module from **ACCEO Childcare Services**, the modification will be automatic.

This change will allow the Administrator to value the accrued pension in cases where the allowable maximum salary as indexed under the past provisions is higher than the maximum salary on which it is permitted to contribute for a given year, which is the current situation since the change:

Year	Maximum Salary under Previous Provisions, the Past Component	Maximum Salary under Current Provisions, the Current Component
2016	\$78,541*	N/A
2017	\$79,169*	N/A
2018	\$79,961*	N/A
2019	\$82,120	\$81,510*
2020	\$83,927	\$81,918*
2021	\$88,123	\$81,918*

\*Salary on which the maximum contribution is established

You do not need to make any retroactive correction to the records of your employees affected by this change. Simply apply the new directive to the next pay period you process (if you have an employee who is a Plan member and is paid more than the eligible maximum salary). The Plan administrator is responsible for making any retroactive corrections and you may be individually contacted regarding this in the coming days.

This change does not affect the information you must report each year on the tax slips for your employees.

Note that the appendix to the administrative guide will be modified to include this information, which will be updated every year. The specific information about the maximum salary will also be updated in the next email in December 2021.

## APPENDIX – Example of the calculation to determine the total accrued annual pension for one member

The accrued annual pension for one member is calculated as follows: **Past Component Pension** + **Current Component Pension**:

<b>Past Component Pension</b>	=	$1.5\% \times \text{the average pensionable salary from the Past Component} \times \text{credited service from the Past Component}$
<b>Current Component Pension</b>	=	$1.5\% \times \text{the average pensionable salary from the Current Component} \times \text{credited service from the Current Component}$

The average pensionable salary is the **average of the best five years of pensionable salary**.

### Example

Marie stopped working on December 31, 2020. She had joined the Plan on January 1, 2016. In each year of participation since then she has worked 1,664 or more hours and earned a salary higher than the allowable maximum. In calculating her accumulated benefits, the average pensionable salaries are as follows:

#### Average pensionable salary from the **Past Component**

Year	Earned Salary*	Maximum Salary	Weighting
2020	\$102,000	\$83,927	1
2019	\$101,000	\$82,120	1
2018	\$100,000	\$79,961	1
2017	\$99,000	\$79,169	1
2016	\$98,000	\$78,541	1
<b>Average</b>		<b>\$80,744</b>	

\*Corresponds to the salary reported to the Ariel Portal

#### Average pensionable salary from the **Current Component**

Year	Earned Salary*	Maximum Salary	Weighting
2020	\$102,000	\$81,918	1
2019	\$101,000	\$81,510	1
2018	\$100,000	\$79,961	1
2017	\$99,000	\$79,169	1
2016	\$98,000	\$78,541	1
<b>Average</b>		<b>\$80,220</b>	

\*Corresponds to the salary reported to the Ariel Portal

Marie's accrued annual pension, rounded to the nearest dollar = **\$6,039** and is equal to the sum of:

- Past Component Pension:  $1.5\% \times \$80,744 \times 3 = \$3,633$
- Current Component Pension:  $1.5\% \times \$80,220 \times 2 = \$2,406$