



## PENSION ADMINISTRATION **BULLETIN**

Reference No. 2005-5

Date: August 8, 2005

To: Pension Administration Contacts of Participating Employers

Subject: Compulsory Payment of Missed Required Contributions

### **IMPORTANT**

**This Bulletin contains clarification of a pension administration issue that may require you to take action.**

This Pension Administration Bulletin addresses the issue of compulsory payments, by both employer and employee, of contributions that were required under the terms of the Plan, but were missed.

Once an employee (either “Full-time” or “Part-time” as defined by the Plan) becomes eligible for Plan membership, employer and employee contributions are required (mandatory) and must commence immediately, pursuant to Section 4 of the Plan, irrespective of whether the hours are worked with the same employer or another employer who is a Contributing Member Organization of the Plan with whom she is working concurrently. If required contributions are missed, they must be paid as soon as that is discovered. There is no choice – neither the employer nor the employee has the option to choose not to pay these missed contributions. The Plan provides no discretion in this matter; all provisions of the Plan are compulsory, unless an option is stated.

Not only does the Plan text speak to the compulsory nature of contributions required under the Plan, but also we have contacted Nova Scotia’s Superintendent of Pensions on previous occasions for her position as to whether an employee, or an employer, could choose to forego contributions that were required but that were missed for whatever reason. She advised that such missed contributions **must** be paid to the Plan, as required. The Superintendent further amplified that in such situations *all interest that may be due to the Plan because of the missed contributions is entirely the responsibility of the employer*. The Superintendent has directed that no employee shall be responsible for paying the interest applied by the Plan to missed contributions. The Superintendent’s position is that the accurate collection of contributions required by the terms of the Plan is the responsibility of the employer, and the employee cannot be held responsible for anything other than to pay his/her portion of the required contributions that were missed. The Plan will charge interest to the employer for both the employer and employee portions of any missed contributions.

Missed contributions can be identified by either Plan staff, or by staff of the Employer. Once identified, the situation must be corrected immediately. It is the employer’s responsibility to remit those missed contributions (with interest, as applicable) without further delay. Employer remittances for missed contributions must be identified as such on the Remittance form. Please note that the employer is free to accommodate an employee who needs time to pay back his/her portion of missed contributions; however, the employer must remit the total missed contributions (required employer and employee contributions, plus interest) to the Plan, without delay.

If you have any further questions around the policies and processes applicable to compulsory payments for missed required contributions outlined herein, please contact us. Thank you.