

June 12/79 R. ELLIOTT

- wasn't ever covered at
one time (but this being
a recruitment impediment?
Did we follow-up? JD

PF 70

Alberta

ADMINISTRATIVE INSTRUCTION

PUBLIC SERVICE PENSION ADMINISTRATION

DATE June 7, 1979

No. 58

SUBJECT TRANSFERS BY RECIPROCAL AGREEMENTS TO
THE PUBLIC SERVICE MANAGEMENT PENSION PLAN

When a person is hired to cover a management position and that person has pension contributions on deposit with another province, or employer, with whom the Management Pension Board has a reciprocal transfer agreement, it should be noted that the transfer of pension funds may NOT be sufficient to purchase all of his/her transferable service for credit under the Public Service Management Pension Plan.

The reason for this possible deficiency is that the total contribution rate under the Management Plan is 14% of salary (5% employee; 9% employer).

If, under the employee's former pension plan, the total employee-employer contribution rate was less than 14%, there will be a shortfall in the amount of monies to be transferred.

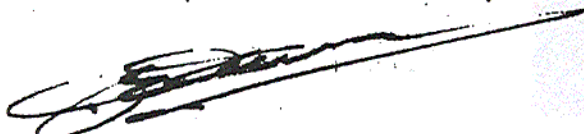
When this occurs, the affected employee is provided with the following alternatives:

- (a) he/she can pay the amount of the deficiency so that all pensionable service with the former employer can be recognized for pension purposes under The Public Service Management Pension Act;
- (b) employee may decline payment of the deficiency and the service with the former employer will be pro-rated to equate with the actual amount of money transferred; or
- (c) if permitted under the employee's former pension plan, the employee can leave his/her contributions on deposit with the former employer's plan for a deferred pension. Under these circumstances, however, the employee's former service cannot be recognized under the Management Pension Plan.

Usually this problem only arises when a transfer is made to the Management Pension Plan. Seldom is it encountered with transfers to the

Public Service Pension Plan because of the somewhat lower (10%) contribution rate.

Persons recruited for management positions who may be eligible to transfer pension funds by reciprocal agreement should be forewarned of the possible deficiency that could occur.



J. E. Faries
Director

IN RE: PUBLIC SERVICE PENSION PLAN
MEMORANDUM FOR THE DIRECTOR
DATE: 1/15/68
SUBJECT: PENSION FUND TRANSFERS
RE: [Illegible]