



CHRISTIAN SCHOOLS
INTERNATIONAL

Canadian Christian School Pension Plan & Trust Fund

UPDATE

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To: School Boards and
Active/Inactive Plan Participants

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- Years of Service Issue Due to Differing Contract Years
- Scenarios Outlining the Issues and Solutions
- What You Should Do
- We Will Call Each School to Answer Any Questions

Years of Service Issue Due to Differing Contract Years

The Trustees have determined that there may be an issue with credited service and contributions for schools/participants who change contract years. Problems can occur when schools change their contract year or when individuals transfer to a school having a different contract year than their previous school. This is only an issue for service after September 1, 1992, when the Plan became a final average earnings plan. Prior to that, the plan was a career average plan and the issue of differing contract years did not pose a problem.

The Trustees have mapped out the various scenarios where problems can occur and determined the appropriate solutions.

The objective in determining a solution is that the number of months of service should equal the number of months of salary for which contributions are made by the participant.

Scenarios Outlining the Issues and Solutions

Following are various scenarios outlining the issues and the solutions:

A school joins the plan on September 1 and later changes its contract year to an earlier date (i.e. August 1). In this situation, the school should report and pay contributions on twelve months of salary even though the school may pay more than twelve months of salary to their employees in the transition year. Because government regulations do not allow the Plan to grant more than twelve months of service in a year, this will keep the number of months for which service is earned equal to the number of months of salary for which contributions are made.

If a school made such a change in its contract year and contributions were submitted for more than twelve months of salary, please notify us. For affected participants, we can extend their eventual termination dates by the number of months needed to account for the extra contributions made.

No. 164

(More)

In a similar scenario, a school may have changed its contract year from September 1, but continues to enroll new participants and reports salary changes as of September 1. Such schools should enroll new participants and report salary changes for all employees as of their contract year. When making this transition for existing employees, only twelve months of salary should be reported. Again, this will keep the number of months of service equal to the number of months of salary for which contributions are made.

Other issues can arise when a participant changes schools. A participant may be at a school that has a September 1 contract year and transfers to a school with an earlier contract year (i.e. August 1). For the month of August, the individual is employed at two schools. Again, to keep the number of months of service equal to the number of months of salary for which contributions are made, the new school should not contribute for the employee's first month of employment.

In a reverse scenario, suppose an individual is at a school that has an August 1 contract year, terminates employment July 31, and transfers to a school that has a September 1 contract year. In this scenario, the participant will not contribute for the month of August in the termination year and will not receive service for that month, thus keeping the months of service earned equal to the number of months of salary for which contributions are made.

All of the above scenarios assume the participant is working full-time. Participants working part-time receive partial service based on their percent of full-time worked. For these participants, service in the transition month(s) can be combined as long as their total service does not exceed full-time service for twelve months.

What You Should Do

Schools should review their reporting process to make sure that salary changes reported to the Plan correspond to the actual date the salary changes occur.

If you, as the participant, received double salary in a month and made contributions on this double salary please contact the school at which you were employed when this occurred. Your school can provide details to us so that we can extend your service at the end of your career to account for the additional contributions. Keep in mind this only applies to service after September 1, 1992.

We Will Call Each School to Answer Any Questions

We will be calling each school to see if you have any questions on how your contract year and reporting process may be affecting your staff's years of service. As always, you may also contact us with questions you have by calling Wilma at 1-800-635-8288 ext. 231 or sending an e-mail to her at wvantil@CSIONline.org.