

**Prince Edward Island  
Public Sector Pension Plan (PSPP) Policy**

<b>Purchase of Service due to Missed Contributions</b>	
Policy No.	2
Version No.	1
Approved by the Commission	December 7, 2017
Effective Date	January 1, 2018
Pages	2

**1. GENERAL**

**Missed contributions**, for the purposes of this policy, means missed or insufficient contributions.

**2. PURPOSE**

**Required contributions for pension purposes**

**2.01** Subject to this policy, where the employer has not deducted and remitted the required contributions, the employer shall be responsible to make immediate payment of the employer portion and the Pension Office shall set-up a mandatory payment arrangement with the employee.

**3. POLICY**

**Cost to Member**

The cost to the member to purchase the missed contributions shall be equal to the amount of base and/or supplementary contributions that the employer should have deducted by the employer.

**Member Payment Requirement**

The member shall be billed for the missed contributions via bi-weekly payroll deductions over a period not exceeding two times the total period of the missed contributions.

The payment shall commence no later than 90 days from the date the member is notified of the error. There shall be no interest charged to the member.

**Alternative Payment Option**

The amount payable may be made by lump sum, if the payment is made prior to 90 days.

**Cost to Employer**

The cost to the employer shall be equal to the amount of base and/or supplementary contributions that the employer should have remitted, plus interest.

**Employer Interest**

Interest attributed to both the member and employer missed contributions, shall be immediately paid by the employer. Where the total amount owing is less than \$1,000, that interest shall be waived.

**Employer Payment Options**

The amount owed by the employer shall be immediately paid as a lump sum amount.

**Transitional**

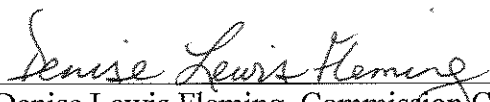
This policy shall apply to any missed contributions identified on or after January 1, 2018.

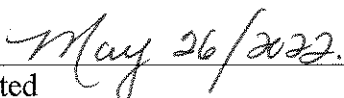
**Income Tax Act requirements**

Where required under the Income Tax Act (Canada), a past service pension adjustment shall be filed by the Minister with the appropriate government authorities for their approval or certification.

If the PSPA is not approved the purchase shall be reversed and the funds refunded to the member.

This Policy, No. 2, was approved by the Commission for the Prince Edward Island Public Sector Pension Plan at a meeting of the Commission held December 7, 2017.

  
Denise Lewis Fleming, Commission Chair

  
Dated