

How Your HOOPP Contributions Are Calculated

About this publication: *This member information sheet can be given to new employees, or to any Plan member requesting information about HOOPP's contribution rates.*

How much you contribute to HOOPP depends on how much you earn and the Plan's contribution formula.

Simply stated, your contributions are a percentage of your annualized earnings, and are adjusted if you work less than full-time hours. However, the year's maximum pensionable earnings (YMPE) also figures prominently in the calculation of your contributions. (See the Summary of Terms for a description of annualized earnings and YMPE.)

In 2010, you will contribute:

- 6.9 per cent of your annualized earnings up to the YMPE; and
- 9.2 per cent of your annualized earnings above the YMPE.

These same contribution rates, which have been in place since 2004, will also be in place for 2011.

If you work part time, your contributions are calculated using the same formula, but are reduced to reflect the number of weeks you actually work.

For example, if you work full time, you'll contribute \$6.90 for every \$100 you earn up to the YMPE, and \$9.20 for every \$100 above it. The 2010 YMPE is \$47,200.

Employers also contribute to HOOPP. In 2010 and 2011, they will contribute 126 per cent of what members contribute.

Your employer calculates your contributions each pay period. Contributions are deducted directly from your pay and are tax-deductible.

Contribution rates are reviewed annually and adjusted periodically by HOOPP's Board of Trustees, based on the advice of the Plan's actuaries.

SUMMARY OF TERMS

Annualized earnings: These are earnings you are credited with in a calendar year that count toward your HOOPP pension. If you work less than one full year your annualized earnings will be based on what you would earn if you worked full time for the whole year.

YMPE: The year's maximum pensionable earnings (YMPE) is set each year by the federal government, based on the average wage in Canada. In 2010, the YMPE is \$47,200.

CALCULATING CONTRIBUTIONS: THE FIVE-STEP PROCESS

In the following examples, Maria and Nancy each work at the same job in the same hospital. Each earns \$25 hourly. Maria works full time — 37.5 hours a week, 52 weeks of the year. Nancy works part time — 18.75 hours a week, 52 weeks of the year. They both get paid every two weeks during 2010. Here's how their contributions are calculated for a two-week pay period in 2010.

1. Calculate the annualized earnings (AE): hourly rate x full time hours in a year

Maria: $\$25 \times (37.5 \text{ hours} \times 52 \text{ weeks}) = \$25 \times 1,950 = \$48,750$

Nancy: $\$25 \times (18.75 \text{ hours} \times 52 \text{ weeks}) = \$25 \times 975 = \$24,375$

2. Calculate earnings per pay; hourly rate x (total hours worked in a pay period)

Maria: $\$25 \times (37.5 \text{ hours} \times \text{weeks in a pay period}) = \$25 \times (37.5 \times 2) = \$25 \times 75 = \$1,875$

Nancy: $\$25 \times (18.75 \text{ hours} \times \text{weeks in a pay period}) = \$25 \times (18.75 \times 2) = \$25 \times 37.5 = \$937.50$

3. Calculate contributions at low rate: $(.069 \times \text{YMPE}^*) \times \text{earnings per pay}$

AE

**If annualized earnings are less than the YMPE, use annualized earnings. The 2010 YMPE of \$47,200 is used in these examples.*

Maria: $\frac{(.069 \times \$47,200)}{\$48,750} \times \frac{\$1,875}{\$48,750} = \frac{\$3,256.80}{\$48,750} \times \frac{\$1,875}{\$48,750} = \$125.26$

Nancy: $\frac{(.069 \times \$47,200)}{\$48,750} \times \frac{\$937.50}{\$48,750} = \frac{\$3,256.80}{\$48,750} \times \frac{\$937.50}{\$48,750} = \$62.63$

4. Calculate contributions at high rate** $[\text{.092} \times (\text{AE} - \text{YMPE})] \times \text{earnings per pay}$

AE

*** If annualized earnings are less than the YMPE, contributions at the high rate will be \$0.*

Maria: $\frac{[\text{.092} \times (\$48,750 - \$47,200)]}{\$48,750} \times \frac{\$1,875}{\$48,750} = \frac{(\text{.092} \times \$1,550)}{\$48,750} \times \frac{\$1,875}{\$48,750} = \frac{\$142.60}{\$48,750} \times \frac{\$1,875}{\$48,750} = \5.48

Nancy: $\frac{[\text{.092} \times (\$48,750 - \$47,200)]}{\$48,750} \times \frac{\$937.50}{\$48,750} = \frac{(\text{.092} \times \$1,550)}{\$48,750} \times \frac{\$937.50}{\$48,750} = \frac{\$142.60}{\$48,750} \times \frac{\$937.50}{\$48,750} = \2.74

5. Add high and low contributions to get total contributions deducted for pay period

Maria: $\$125.26 + \$5.48 = \$130.74$

Nancy $\$62.63 + \$2.74 = \$65.37$

This sheet is designed to outline, as simply as possible, the HOOPP contribution formula as of November 2009. For an exact and complete description of your benefits and entitlements under the Plan, consult the *HOOPP Text*, the official Plan document. You can view the Plan Text at your human resources department. In cases where the information provided by this sheet, your employer, or any other source differs from that contained in the Plan Text, the Plan Text will govern.