

member news

The logo for WorkSafe BC, featuring the text "WORK SAFE BC" in a bold, sans-serif font. The word "WORK" is in white on a black background, and "SAFE BC" is in black on a white background, all contained within a grey rectangular box.

Rate decrease for employer pension contribution

Last month, WorkSafeBC Board of Directors approved a rate decrease for the employer's pension contribution. This change took effect with adjustments retroactive to January 1, 2016.

Why is this happening?

The decrease follows a formal review—called an actuarial valuation—of the plan's funding status to ensure sufficient funds are available to meet the pension promise for plan members. The plan's actuary (a specialist in financial modelling, the laws of probability and risk management) undertook an actuarial valuation of the plan as of March 31, 2014.

The valuation showed the plan's basic account—from which lifetime pensions are paid—held a surplus of \$242 million, representing a funding ratio of 124 per cent. This means the plan is in a healthy position to fund pensions for the long term.

Because the plan is in good shape, WorkSafeBC was able to reduce the employer's contribution rate. WorkSafeBC bears the risk arising from investment performance. When a loss occurs, the employer may need to increase its pension contribution. This occurred between 2003 and 2012. In 2003, the ratio of employer to member contributions was 1:1 (7 per cent to 7 per cent). By 2012, the ratio changed to 1.45:1, resulting in the employer contributing 145 per cent of what members paid (11.61 per cent to 8 per cent).

How much is the decrease?

The employer contribution rate now matches the member contribution rate, which remains at 6.50 per cent of salary up to the year's maximum pensionable earnings (YMPE) and 8.00 per cent above the YMPE.

	On salary equal to or less than the YMPE (%)	On salary greater than the YMPE (%)
Old employer contribution rate	9.63	11.13
New employer contribution rate	6.50	8.00
Member contribution rate	6.50	8.00

What do I need to do?

You don't need to do anything. Your contribution is automatically deducted from your paycheque. The amount of your contribution and your employer's contribution is based on a percentage of your salary. The change only applies to the employer's contribution rate. There are no changes to the formulas used to determine your pension benefit.

Where can I find more information?

For information on the latest actuarial valuation, visit the WorkSafeBC Pension Plan site and see News > News Archive. For enquiries, contact the plan or People Services, or read the Q&A posted on your intranet.

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