

To: File

From: Resource Planning

Date: February 2023

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## Overview

Faculties and Portfolios are responsible for covering their full cost of benefits. This memo provides more information on the costs that comprise benefits expense, and on what drives the effective benefits “rates” for employees.

**Benefits costs** fall into one of three categories:

1. **Government Benefits Plans** including Employment Insurance (EI), Canada Pension Plan (CPP) and Workers Compensation (WCB). Each of these benefits is charged as a percentage of salary up to an annual maximum.
2. **Pension Plans** including Universities Academic Pension Plan (UAPP), Public Service Pension Plan (PSPP) and Academic Supplementary Retirement Plan (ASRP). Each of these is charged as a percentage of salary, which varies with annual salary.
3. **University Benefits Plans (self-insured)** including supplemental health; dental; employee family assistance plan; critical illness insurance; life insurance; and long-term disability. Each of these benefits is charged out to faculties as a premium.

*For details on what the benefits costs are comprised of, please see Appendix A (pages 3 and 4).*

## Benefits Cost in uPlan

The uPlan system calculates benefits costs by applying an average rate to all salary expenses entered in a given salary BL account. Each BL account has its own rate.

<b><u>uPlan Salary Account</u></b>	<b><u>Benefits Rate</u></b>
500010 - Faculty - BL	23.40%
500020 - Admin Professional Officers - BL	26.40%
500024 - Faculty Service Officers - BL	24.30%
500030 - Professional Librarians - BL	24.60%
500310 - Support Staff - Continuing BL	28.70%
500330 - Temporary Support Staff-BL	18.50%
500320 - Excluded - BL	23.60%
500040 - Temporary Academic - BL	20.00%
500044 - Other Academic Staff - BL	18.00%
500060 - Graduate Salaries- BL	10.00%

## **How are the Benefits Rates calculated?**

Benefits rates are derived by calculating the benefits cost as a percentage of salary. Using a constant rate for a given group of staff (such as support) assumes that this percentage is constant regardless of the annual salary amount. Benefits rates traditionally used by the university represent the average cost of benefits as a percent of the average salary.

*Appendix B (Page 5) displays the average regular salary based on the type of staff.*

## **What drives differences in the benefits rates?**

Benefits rates will vary based on annual salary, and are impacted by:

- Annual base salary vs total salary. Many earning types such as stipends and overtime are not pensionable. Only regular (base) pay and pension eligible market supplements are pensionable.
- Low annual salary. Since university plans are based on a premium per individual, they result in a higher rate for those with a lower salary.
- High annual salary. Since Government plans max out at YMPE and university plans are a premium per individual, high salary earners will have a lower benefits rate.

## Appendix A: Benefits Breakdown by Benefits Type (2023-24 Rates)

<b>Academic (AASUA) Benefits Breakdown<sup>1</sup></b>			
<b>Employment Insurance (EI)</b>	Maximum Annual Insurable Earnings	\$	61,500
	Maximum Annual Employer Premium	\$	1,403
	EI Rate (Employer)		1.63%
<b>Canada Pension Plan (CPP)</b>	Maximum annual pensionable earnings	\$	66,600
	Basic Exemption Amount	\$	3,500
	Maximum Annual Employer Contribution	\$	3,754
	Employer Contribution Rate		5.95%
<b>Worker's Compensation (WCB)</b>	Effective Rate		0.40%
	Maximum Assessable Earnings	\$	102,100
	Maximum Yearly Deduction	\$	408
<b>Universities Academic Pension Plan (UAPP)<sup>2</sup></b>	Rate on salary below YMPE		11.38%
	Rate on salary above YMPE		15.49%
	Maximum Pensionable Earnings (YMPE)	\$	66,600
	Salary Cap	\$	195,313
	Max Cost at YMPE	\$	7,579
	Max Cost at Salary Cap	\$	27,517
	Rate on Excess of Pensionable Salary		1.79%
<b>University Benefits Plans</b>	Supplemental Health Care	\$	3,684
	Dental	\$	2,208
	Employee Family Assistance Program	\$	96
	Critical Illness	\$	43
	Basic Life Insurance (\$100k)	\$	124.80
	Long-Term Disability		1.30%
<b>Academic Supplementary Retirement Plan (ASRP)<sup>3</sup></b>	UAPP maximum pensionable salary	\$	195,313
	ASRP Maximum	\$	220,668
	< 55 ASRP points		8.0%
	55 - 80 ASRP points		12.0%
	>= 80 ASRP points		16.0%

1. Excluded Management effective benefits rates are the same as AASUA.

2. UAPP rates effective July 1, 2022 through June 30, 2023.

3. ASRP calculation assumes all staff are in the band of 55-80 ASRP points and applies the 12% to all eligible staff. The actual amount is 8%, 12% or 16%, dependent on ASRP points. Note that ASRP rates are identical to those of Executive Defined Contribution Supplemental Retirement Plan (for excluded staff).

## Appendix A: Benefits Breakdown by Benefits Type (2023-24 Rates)

<b>Support (NASA) Benefits Breakdown <sup>4</sup></b>			
<b>Employment Insurance (EI)</b>	Maximum Annual Insurable Earnings	\$	61,500
	Maximum Annual Employer Premium	\$	1,403
	EI Rate (Employer)		1.63%
<b>Canada Pension Plan (CPP)</b>	Maximum annual pensionable earnings	\$	66,600
	Basic Exemption Amount	\$	3,500
	Maximum Annual Employer Contribution	\$	3,754
	Employer Contribution Rate		5.95%
<b>Worker's Compensation (WCB)</b>	Effective Rate		0.40%
	Maximum Assessable Earnings	\$	102,100
	Maximum Yearly Deduction	\$	408
<b>Public Service Pension Plan (PSPP) <sup>5</sup></b>	Rate on salary below YMPE		8.30%
	Rate on salary above YMPE		11.90%
	Maximum Pensionable Earnings (YMPE)	\$	66,600
	Salary Cap	\$	195,313
	Max Cost at YMPE	\$	5,528
	Max Cost at Salary Cap	\$	20,845
<b>University Benefits Plans</b>	Supplemental Health Care	\$	4,176
	Dental	\$	1,944
	Employee Family Assistance Program	\$	96
	Critical Illness	\$	43
	Life Insurance (2x annual salary) <sup>6</sup>		0.3480%
	Long-Term Disability		2.53%

4. Excluded Support effective benefits rates are the same as NASA

5. Rates effective January 1, 2023, through December 31, 2023.

6. Rate is converted to percent of annual salary. 2023 annual rate is 3.480 per \$1000 of salary.

## Appendix B: Salary Statistics

### Salary Statistics by Employee Type

Amounts below reflect annual salary rates of active, continuing employees taken from the job records as at January 2023.

#### Staffing, Salary, and Benefits Statistics as of January 2023

##### Average Salary + Benefits by Employee Type

Employee Type:	Faculty	APO	FSO	Librarians	Continuing Support	Temp. Support <sup>2</sup>	Excluded Mgmt.	Excluded Support
<b>BL Account Code</b>	<b>500010</b>	<b>500020</b>	<b>500024</b>	<b>500030</b>	<b>500310</b>	<b>500330</b>	<b>500320</b>	
<b>Salary Account Code</b>	<b>500011</b>	<b>500021</b>	<b>500025</b>	<b>500031</b>	<b>500311</b>	<b>500312</b>	<b>500322</b>	<b>500321</b>
Count (# of FTEs)	2,146	506	95	57	3,080	535	394	16
Avg. Salary (\$) <sup>1</sup>	136,084	93,069	120,333	114,567	66,918	54,170	132,058	78,508
uPlan Benefits Rate (%)	23.40%	26.40%	24.30%	24.60%	28.70%	18.50%	23.60%	
Avg. Benefits Cost (\$)	31,844	24,570	29,241	28,183	19,205	10,021	31,166	18,528
<b>Avg. Salary + Benefits (\$) <sup>3</sup></b>	<b>167,928</b>	<b>117,639</b>	<b>149,574</b>	<b>142,750</b>	<b>86,123</b>	<b>64,191</b>	<b>163,224</b>	<b>97,035</b>

**Data Source:** uPlan roster extract from HCM at January 10, 2023. This data reflects annual salary rates (not payroll data) of employees with continuing appointments, or those with appointments continuing into the next fiscal year.

**Note 1:** Average salary rates here reflect Regular (Base) salary only.

**Note 2:** Temp Support staff salaries reflect salaried employees only, not those paid hourly. However, Temp Support benefit rates are meant to reflect average benefits for all Temporary Support staff.

**Note 3:** If applying these rates to salary account balances, please be aware that the following assumptions apply: (1) All employees are paid the average salary and work full time (i.e.: FTE = 1); (2) All employees are only paid regular salary; and (3) All employees remain employed for the full year.