

One-Time Adjustment to Pension Contributions 2024



Reason for the Adjustment

- In September 2024, the pension contribution process had to be changed to ensure compliance.
- Prior to this, the Benefits Office would send out an invoice ten months per year for pension contributions based on enrollment salaries.
- Now, the employer's pension contributions are calculated based on gross employee earnings.
- As a result of this change, employees participating in the pension who were not paid over ten months **may** have experienced a one-time shortfall in contribution.
- To compensate for **any** shortfall, local employers **will need to** make a one-time adjustment to pension contributions in 2024.

Adjustment Details

- Employees who are not paid on a 10-month basis, who are enrolled members of the pension plan may have their contributions verified.
- Employees will have the **option** to make a voluntary match of this one-time adjustment.
 - Employees will have until the end of June 2025 to make the voluntary match of this one-time adjustment.
- This one-time adjustment must be made on the last pay period of the year after gross and regular pay contributions have been calculated.

Example: A Transition Year Pension Contribution for an Employee Paid over 12 Months.

- For all periods prior to September 1, 2024, pension contributions were made over either, a 10-month period from September to June each school year or evenly over each pay period.
- Starting September 1, contributions are being calculated based on gross earnings (excluding bonuses, overtime, and fringe benefits).
- Kim earns \$50,000 per annum and is paid over a 12 month period. Kim has a 7% contribution rate. Total annual employer contributions are \$3,500 per year.
- The pension plan starts on September 1 and ends on August 31.

Example: A Transition Year Pension Contribution for an Employee Paid over 12 Months.

- For the plan year September 1, 2023 to August 31, 2024, monthly employer pension contributions were \$350 per month from September 2023 to June 2024. Total contributions were \$3,500. This works out to a contribution rate of **7% (\$3,500/\$50,000)**.
- Under a 12-month period, contributions are **\$291.67** for both employer and employee.
- In 2024, the employer made contributions of \$350 per month from January to June and \$291.67 from September to December. Employer pension contributions before the one-time adjustment totaled **\$3,266.68 (6 months x \$350 + 4 months x \$291.67)**, or **6.53% of annual salary**.
- Therefore, **A one-time adjustment of \$233.32 in this transition year, 2024, is required to bring the employer contribution to 7% (\$3,266.68 + 233.32 = \$3,500.00)**.

Step-by-Step: How is the adjustment calculated?

- A. Verify the year-to-date December 31, 2024 gross pay (excluding bonuses, overtime, and fringe benefits) of the impacted employee. This is **Amount A**.
- B. Verify the year-to-date December 31, 2024 pension contributions of the impacted employee. This is **Amount B**.
- C. Calculate the employers pension contribution of the impacted employee by multiplying **Amount A** by the pension contribution percentage* of the impacted employee. This is now **Amount C**.
- D. Calculate the difference between **Amount C** and **Amount B**. This is **Amount D**.
- E. If **Amount D** is negative, no one-time adjustment is required. If **Amount D** is greater than zero, this is the one-time adjustment amount.

Step-by-Step: How is the adjustment calculated?

Example:

- A. Year-to-date December 31, 2024 gross pay, (excluding bonuses, overtime, and fringe benefits) was \$50,000. **Amount A is \$50,000.**
- B. Year-to-date December 31, 2024 pension contributions were \$3,266.68. **Amount B is \$3,266.68.**
- C. The employer's pension contribution of the impacted employee is $\$50,000 \times 7\% = \$3,500$. **Amount C is \$3,500**
- D. The one time adjustment of the pension contribution is **Amount C minus Amount B: $\$3,500 - \$3,266.68 = \$233.32$. Adjustment amount is \$233.32.**



Questions and Support

- If you have any questions, please contact the Pension Support Team at pensionsupport@rcav.groupplan.org with the subject line **One-Time Adjustment: Division X** (where X is the division number of the local employer).
- Resources are available for downloads. Please visit [One-Time Adjustment – Pension Contribution 2024](#)