



## Pensionable salary for the RREGOP<sup>1</sup>

The pensionable salary is the salary used to calculate the RREGOP contribution and to establish the average of the five best-paid years to calculate the pension.

Section 14 of the Act respecting the RREGOP defines pensionable salary as follows:

The pensionable salary of an employee is the basic salary that is paid to the employee over a civil year.

[...]

Unless included by government regulation, bonuses, allowances, compensations and other additional remuneration are not included in the basic salary.

The bonuses (premiums) and additional remuneration that are contributory are limited; they are discussed in a sub-section below.

## Characteristics of premiums

A premium is a supplement to the basic salary. It is usually granted as a reward or to compensate a difficult situation. The premium is typically temporary and/or variable.

### **Premiums are rarely included in the pensionable salary for a final salary-type defined benefit pension plan (such as the RREGOP).**

The RREGOP pension is based on the average of the five best paid salary years (usually, the last five years).

The pension calculation is based on the average salary of these five years, and not on the average salaries of the entire career. **The end-of-career salary therefore weighs significantly on the RREGOP pension.**

Premiums are not included in the RREGOP pensionable salary, notably on the basis of fairness among individuals. The variable nature and temporary aspect of the premium can significantly affect the average salary which impacts all career years (total RREGOP pension).

One can think of certain jobs where the premium may be granted based on personal choice. A person could therefore substantially increase his/her pensionable revenues using premiums at the end of their career, while having contributed based on lower revenues with fewer premiums during all previous years.

Conversely, another person, because of a situation beyond his/her control, could have lower pensionable earnings at the end of their career, when, in fact, they had previously contributed on income with higher premium levels.

## Contributory premiums and additional remuneration

Section 8 of Chapter R-10, r. 2 of the Regulation under the Act respecting the RREGOP is used to determine any additional remuneration that may be included in the basic pensionable salary.

Essentially, the section provides for any lump sum which aims to protect a person's salary and guarantee an increase of percentage of their basic salary, or the payment of a supplementary remuneration for additional training, as is the case in the healthcare sector for members of the Ordre des infirmières et infirmiers du Québec and the technicians (code 2000) appearing in the document entitled Nomenclature des titres d'emploi, des libellés, des taux et des échelles de salaire. It also applies to professionals at the college level affiliated to the FPPC-CSQ in recognition of a master's degree or doctorate.

<sup>1</sup> Régime de retraite des employés du gouvernement et des organismes publics.



## RETIREMENT ISSUE PREMIUMS



Based on this information, we can attest that there are very few premiums or additional remuneration that are contributory under the RREGOP, in comparison to all the existing premiums. These may include additional qualifications related to education, which will be an asset to the person in carrying out their duties; or an amount added to the off-scale or above-grade employee's salary to ensure the minimum increase attributed to all employees covered by a collective agreement. To summarize, the additional earnings included in the pensionable salary do not include attractiveness and retention premiums as, for example, those for specialized workers or psychologists, nor do they include premiums granted as a reward or to compensate a difficult situation (working nights, serious behaviour problems, distance or isolation, etc.).