

Q & A regarding retro payments



When will the new wage rates be implemented?

The new wage rates were implemented in the payroll system effective Sunday, October 24, 2010. Employees will notice the new wage rates on pay stubs issued November 12, 2010. Changes to shift differential, weekend premiums and applicable market adjusted rates, were effective the date of signing of the collective agreements and are as follows:

SGEU – October 19, 2010

SEIU – October 25, 2010

CUPE – October 26, 2010

What period will the retro payments cover?

Retroactive payments will be issued for hours worked between April 1, 2008 and October 23, 2010.

When will employees receive the retro payments?

SAHO and the employers have committed to issuing retroactive payments on January 21, 2011 on the regular pay date.

Why will employees not receive retro payments before Christmas?

Calculating and issuing retro pay typically takes about 16 weeks after the signing of the collective agreement. This was the case for the last provider group agreements in 2006 and for SUN in 2008. It is not realistic to expect retro payments before Christmas when the collective agreements were signed in late October. The payroll staff who will be working through the process are the same people who are kept busy ensuring the regular payroll is completed every two weeks and who will be working towards the completion of T4 slips for 2010.

Will employees receive their retro payments on a separate cheque?

No, the retro payment will be included on the regular pay stub for January 21, 2011. SAHO analyzed the impact of income tax deductions on retroactive pay if the payment was separate, or if the payment was included with regular pay. The impact of income tax deductions with a fluctuation like retro payments is not reduced by issuing the payment on a separate cheque. In many cases the effect is greater, resulting in higher tax deductions on the pay stub immediately following the retroactive payment.

The information included, specifying the retro payment amount for regular time, overtime, shift work, sick time and vacation time etc., is the same regardless of whether the payment is issued on a separate cheque.

For example:

	April 2010 Hourly Rate	Gross Bi Weekly Earnings (full time)	Projected Annual Earnings	Same Cheque Option					Separate Cheque Option					
				Period 1 Earnings (Net of Federal Tax)	Period 2 Earnings with Retro (Net of Federal Tax)	Period 3 Earnings (Net of Federal Tax)	Period 4 Earnings (Net of Federal Tax)	Cumulative Earnings (Net of Federal Tax) over 4 pay periods	Period 1 Earnings (Net of Federal Tax)	Period 2 Earnings (Net of Federal Tax)	Retro Payment (Separate Cheque)	Period 3 Earnings (Net of Federal Tax)	Period 4 Earnings (Net of Federal Tax)	Cumulative Earnings (Net of Federal Tax) over 4 pay periods
Payband 11	20.34	1,524	39,637	1,296	5,746	1,365	1,337	9,744	1,296	1,296	4,569	1,246	1,337	9,744
Payband 14	27.65	2,072	53,884	1,727	7,608	1,839	1,770	12,944	1,727	1,727	6,068	1,652	1,770	12,944

FOR ILLUSTRATIVE PURPOSES ONLY - cumulative tax averaging formula
Only considers federal tax implications - does not include provincial taxes or other benefit contributions (EI, CPP, etc)
Assumes stable earnings at full time for current earnings and retro pay.