

TRAF FACTS

PARENTAL / ADOPTION LEAVE

Why purchase service?

If you have taken a parental or adoption leave, you may want to purchase this service so it can count toward your TRAF pension.

Your TRAF pension is calculated using your years of service and average salary. The higher these two factors are, the larger your pension will be.

How it works

The payment you make allows your service to accumulate the same as if you had not taken your leave.

Requesting a cost does not obligate you to make a payment.

To be eligible, you must have been granted a leave of absence for parenting or adoption purposes by your employer. The cost to purchase this leave is based on the following:

- The contributions that would have been required on your current salary for the first 17 weeks, plus
 - Double the contributions that would have been required on your current salary for the remainder of the parental leave.
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How to proceed

Login to your Online Services account on the TRAF website and select the Service Purchases feature to use the calculator and to complete the *Maternity/Parental/Adoption Leave Application*. Follow the instructions as outlined and watch your email for notifications.

You can use the calculator as many times as you wish to determine an estimated cost before submitting your application. You may also change the dates after you have submitted your application based on the actual dates of your leave. This is an interactive process between you, your payroll department and TRAF.

Option 1: Making payments during your leave

You must apply at least 2 to 3 months prior to the expected start date of your leave. Ideally, application should be made at the same time you are granted the leave by your school division. If your application is not submitted to your school division before your leave starts, you will not be eligible to make payments under Option 1. You will default to Option 2 and make your payment(s) after your leave ends.

Once we receive your request, we will provide you with an interim cost outlining your monthly payment schedule. You must provide TRAF with monthly post-dated cheques; RRSP transfers are not permitted.

The cost to purchase your parental or adoption leave is based on your pensionable salary and the TRAF contribution rate at the time that your leave commences. If you do not apply to contribute under Option 1, you will be allowed to purchase this leave under Option 2 with the cost based on your current pensionable salary and contribution rate as of your application date. Therefore, if your salary increases during your leave, the cost under Option 2 will be higher.

Option 2: Making payments after your leave has ended

You can apply to purchase the leave within 18 months from the end of your parental or adoption leave.

Once we receive your request and your leave has ended, we will provide you with a cost and an estimate of the impact to your future pension. You can then decide if you want to proceed with the purchase.

You will have the choice to pay in full or by installments. The installment option is only available if your total cost exceeds \$1,000. Minimum installment payments of 25% of the total cost are required to a maximum of four payments. Any outstanding balance will be subject to interest on or after the initial

18-months end. Payments must be completed within **four years** and before your pension begins.

You have the option of making your payment through a transfer of your RRSP funds. RRSP transfers can only be accepted if the RRSP's are in the plan member's name. TRAF cannot accept a transfer from a LIRA/LRIF/LIF from a jurisdiction outside of Manitoba.

To make the transfer to TRAF on a tax-free basis, ask your financial institution to help you complete a *Transfer of Registered Investments* form available through our website or from our office.

After 18 months, you will no longer be eligible to purchase your leave under this provision. You can still purchase your leaves; however, they will be considered as "past service". It may be significantly more expensive as you are responsible for both the employee and the employer share of the cost.

Note: The Online Calculator and application are not available for this option. You will need to complete the *Maternity/Parental/Adoption Leave Application*, available on our website.

Income tax deductions

Contact Canada Revenue Agency at 1-800-959-8281 for more information.

If you purchase service for parental/adoption leave after 1990, your payment is tax deductible only in the calendar year the payment is made. However, they may reduce the amount you can contribute to your RRSPs or it may require de-registering some of your RRSPs. This is dependent on your RRSP contribution room. Payments made through RRSP transfers are not tax deductible.

Different rules apply for service purchases prior to 1990. Contact our office or Canada Revenue Agency for more information.

Additional information

Please visit our website or contact a TRAF Member Service Representative if you need more information.