

ADDITIONAL VOLUNTARY CONTRIBUTIONS

INTRODUCTION

As a contributing member, you may choose to make tax-deductible additional voluntary contributions (AVCs), which are deducted by your employer from your salary. These contributions do not provide you with additional service but are rather like a separate retirement savings account, subject to certain limits.

AVCs accumulate with interest at TRAF's rate of return (which may be positive or negative). The balance in the account can be:

- Converted to an annuity at retirement (not eligible for cost of living adjustments) that supplements your TRAF pension,
- Used to purchase eligible service such as substitute service or educational leaves, or
- Withdrawn as a lump sum in cash, less withholding taxes, or transferred on a tax-deferred basis to your RRSP any time before you retire.

AVCs cannot remain in the plan once your pension benefit has been paid.

WHAT ARE THE LIMITS?

You can make AVCs to TRAF up to the lesser of:

- 18% of your salary, or
- The Money Purchase Limit as prescribed by the *Income Tax Act*

less your pension adjustment (before AVC contribution).

Making AVCs this year will reduce your allowable RRSP contribution room next year by the same amount.

WHY SHOULD I MAKE ADDITIONAL VOLUNTARY CONTRIBUTIONS?

Planning for your retirement is a very personal matter. AVCs are one option for increasing your retirement income.

ADVANTAGES

- You can take advantage of TRAF's comprehensive investment program and low administrative costs.
- You participate in TRAF's investment opportunities.
- Contributions are made through payroll deduction by your employer.
- You can increase your retirement income on a tax-effective basis.

DISADVANTAGES

(COMPARED TO AN RRSP CONTRIBUTION)

- TRAF's investment strategy is focused on the long-term funding objectives of the pension plan and may not be consistent with your investment objectives and risk tolerance.
- With an RRSP contribution, you can tailor your investments to meet your personal investment objectives and risk tolerance, particularly as you near retirement.
- RRSP contributions are available for other uses such as the Home Buyers' Plan and Lifelong Learning Plan.

HOW DO I MAKE ADDITIONAL VOLUNTARY CONTRIBUTIONS?

AVCs are deducted from your salary up to the permitted limits under the *Income Tax Act*. You may increase, decrease or stop your payroll deduction at any time.

You will need to use the Additional Voluntary Contribution Calculator to:

- Determine the amount you can contribute, and apply to have AVCs deducted from your pay. The application form is part of the calculator.
- To apply, you must complete the application contained in the Additional Voluntary Contribution Calculator, and print, sign and submit one copy of this form to your employer's payroll office and one signed copy to TRAF.

You must reapply each calendar year. You should also review your AVC deductions during the year if you have a significant change in earnings to ensure you do not overcontribute.

The Additional Voluntary Contribution Calculator and application form are accessible on our website.

FOR MORE INFORMATION

- Register for [Online Services](#) to access your personal account.
- Log in to your Online Services account to watch the digital presentation on Making Additional Voluntary Contributions.
- Consult with a professional advisor to determine if making AVCs is right for you.
- Log in to your Online Services account to view your annual statement. If you have made AVCs, they will be shown under the Contributions & Interest section of your statement.