

# EDUCATIONAL LEAVE

## INTRODUCTION

If you have taken a leave for the purpose of furthering your education, 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, the larger your pension.

## HOW IT WORKS

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

To be eligible, you must have been granted an educational leave by your employer, attended an approved educational institution, taken a minimum of one course during your leave and returned to teach under contract in a Manitoba public school on a regular recurring basis, excluding substitute teaching, any time after the leave has ended.

If you apply to purchase this service within 18 months of returning to teach, the cost is twice the contributions plus interest. If you apply after 18 months of returning to teach, you can purchase the leave on a “past service” basis and pay TRAF the greater of:

- Twice the contributions plus interest that would have been required during the educational leave, based on your salary rate you earn after returning to teach

### AND

- The employee and employer share of the cost to fund the increased pension. You pay the full cost with no employer funding.

The advantages of purchasing educational leave must be weighed against the cost.

## HOW TO PROCEED

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

If you would like the cost calculated, complete a [\*\*Service Purchase Application\*\*](#) accessible through our website or from our office and return it to TRAF along with proof of attendance such as a transcript of your marks. Your school division must also confirm the period of leave.

Once we receive your request, we will send you a letter detailing the cost and estimating the impact it will have on your pension.

You are not obligated to make the payment even if you request a calculation. If you decide not to make the payment at this time, you can apply again any time before you retire.

## MAKING PAYMENTS

It is best to pay the cost as soon as possible to avoid interest charges.

Once we calculate your cost, you have 90 days to pay before the cost expires. You will have the choice to pay in full or by installments plus interest. The installment option is only available for amounts over \$1,000. Payments must be completed within four years and all payments must be completed **before** your pension starts.

You also have the option of making your payments through a transfer of your RRSP funds. To make an RRSP transfer, ask your financial institution to help you complete a **Transfer of Registered Investments** available through our website or from our office.

You can choose to purchase only a portion of your educational leave.

## INCOME TAX DEDUCTIONS

Contact Canada Revenue Agency for more information.

**Payment for 1989 or earlier service** can be deducted from your income over time for tax purposes. Each year you may deduct the difference between \$3,500 and your current annual TRAF contributions.

If your annual TRAF contributions are greater than \$3,500, you have the option of carrying your payments forward to when you are making lower pension contributions or when you are no longer making pension contributions.

**Payment for 1990 or later service** is deductible only in the year the payment is made. However, it 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.