

# MATERNITY LEAVE

## INTRODUCTION

If you will be taking or have taken a maternity leave, you may want to purchase this service so it can count toward your pension.

Your pension is calculated using your years of service and average salary. The higher these factors, the greater your pension.

## HOW IT WORKS

To be eligible, you must have been granted a maternity leave under a collective agreement or in accordance with your employer's policies. Personal leaves are excluded.

The cost is based on the TRAF contributions that would normally have been made through your employer payroll. No interest is applied.

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

## HOW TO PROCEED

Log in to your **Online Services** account on the TRAF website and select the "Service Purchases" feature to use the calculator and 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 two to three months prior to the expected start date of your leave. Ideally, application should be made at the same time you are granted maternity leave by your employer. If your application is not submitted to your employer before your leave starts, you will not be eligible to make payments under Option 1. You will default to Option 2 and be eligible to make your payment(s) after your leave has ended.

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 under Option 1.

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The cost to purchase your maternity 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 (within 18 months)**

You can apply to purchase the leave within 18 months from the end of your maternity leave. To determine your 18-month deadline, confirm the following with your employer:

- Date your granted maternity leave ends, and
- Date your granted parental leave starts.

Once we receive your request and your leave has ended, we will provide you with a letter outlining the 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 only after the initial 18-month period ends. 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. 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.

### **Option 3: Making payments after your leave ended (after 18 months)**

After 18 months, you will no longer be eligible to purchase your leave under the maternity leave provision. You can still purchase your leaves; however, it will be considered “past service” and may be significantly more expensive as you are responsible for both the employee and the employer share of the cost. Please refer to the Past Service fact sheet.

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**

If you purchase service for maternity leave after 1990, your payment is tax deductible only in the calendar 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.

Different rules apply for service purchases prior to 1990.

*Contact Canada Revenue Agency for more information.*