

PAST SERVICE

INTRODUCTION

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

SERVICE THAT CAN BE PURCHASED

You may apply to purchase past service if:

- You are not receiving your TRAF pension,
- You have no pensionable service during your leave other than with the Canada Pension Plan (CPP), and
- Your former employer can verify the date and amount of the service as well as the earnings during that time.

Assuming the above conditions are met, legislation allows you to purchase:

- Maternity or parental leave after 18 months from the end of your leave.
- Service while employed under the Minister of Education or the minister responsible for universities – you must have held a valid teaching certificate during this time.
- Service while employed with the Faculty of Education at a Manitoba university – you must have held a valid teaching certificate during this time.
- Service as a clinician while employed by a school division before 1981 – you must have held a valid clinician certificate during this time.

The payment you make allows your service to be credited as if you had been a member of TRAF during that time.

The advantages of purchasing past service must be weighed against the cost since you pay for the employee and the employer's share of the cost.

HOW TO PROCEED

If you would like the cost calculated, complete a *Past Service Application* accessible through our website or from our office and return it to TRAF. Your past employer must also confirm your period of service.

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 just because we have made the calculation. If you decide not to make the payment at this time, you can apply again any time before you retire.

MAKING PAYMENTS

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 past service, except if you purchase your past maternity or past parental leaves, you must purchase the entire leave.

It is best to pay the cost within 30 days to avoid interest charges.

INCOME TAX DEDUCTIONS

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.

We suggest you contact your financial advisor to determine how your tax situation is impacted. Payments made through RRSP transfers are not tax deductible.

Contact Canada Revenue Agency for more information.