

# PAST SERVICE

## INTRODUCTION

Eligible periods of past service may be purchased so they can count towards your pension.

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 member and Province share of the cost. You pay the full actuarial cost with no Province funding.

## HOW TO PROCEED

If you would like the cost calculated, complete a **Past Service Purchase Application** (or a **Maternity/Parental/Adoption Leave Application**, if you are purchasing maternity, parental or adoption leave, through the "Service Purchases" feature in Online Services). The form is to be filled out by you and submitted to your school division or former employer for completion. Your past employer must confirm your period of service.

Once we receive your request, we will supply a letter outlining the cost to purchase and the estimated impact to your future pension.

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

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**MAKING PAYMENTS**

Avoid interest charges by paying the cost as soon as possible.

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 if your total cost exceeds \$1,000. Payments must be completed within four years and before your pension starts.

You have the option of making your payments through a transfer of your RRSP funds. RRSP transfers can only be accepted if the RRSPs 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 an RRSP transfer:

- Ask your financial institution to help you complete **Canada Revenue Agency's T2033 form** (*Direct Transfer Under Subsection 146.3(14.1), 147.5(21) or 146(21), or Paragraph 146(16)(a) or 146.3(2)(e)*).
- Afterwards, forward the form to your financial institution's transfers department and have them mail the form with the transferred funds to our office. Do not send the form to TRAF.

You can choose to purchase only a portion of your past service (with the exception of past maternity and parental leaves; in those cases, you must purchase the entire leave).

Interest will start to accrue on any unpaid balances 30 days after TRAF has provided the letter outlining the cost to purchase. Review the interest-free deadlines in the letter.

**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 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. We suggest you contact your financial advisor to determine how your tax situation is impacted.