

INFORMATION SHEET

Establishing Pension Credits for Leave Periods

You may be able to increase your pensionable service under the Universities Academic Pension Plan (UAPP) by purchasing a period of leave, referred to as a period of authorized absence from your employment. Members can add to their pensionable service and increase their eventual pension by establishing pension credits for eligible leave periods.

ESTABLISHING CREDITS FOR A PERIOD OF LEAVE

If you continue to contribute the required amounts to the UAPP while you are on leave, you are establishing pension credits. If you stop contributing while on leave, you can decide when you return to work whether you want to establish pension credits for the leave period, provided you meet the specified conditions.

TIMELINE FOR PURCHASE

A member wishing to purchase a prior period of leave must do so no later than two years from the day the member's leave period ends. No member is allowed to purchase a period of leave of absence after the member ceases employment with a participating employer.

When you take leave without salary

If you take leave without salary, you pay both the employee and employer's required contributions to UAPP. You may continue to make contributions while you are on leave, or you may defer paying until you return to work.

When you take leave with partial salary

If you take a partial leave and receive less than 80% of your salary, members and their employers are required to pay contributions based on the amount of salary received. You may elect, during the leave, to pay both the member and employer's required contributions for the unpaid portion, or you may defer paying until the leave has ended.

If you take a partial leave and receive 80% or more of your salary, members and their employers are required to pay contributions based on 100% of your salary during the period of leave.

COST OF LEAVE

The amount required to purchase a period of leave of absence depends upon the date you decide to purchase the leave, as well as your salary rate at the time of your purchase. The cost must be paid in a lump sum and is due within 90 days of the date of the costing.

- If you commit to purchase a period of leave before May 1 of the calendar year following the year in which the leave period ended, then the cost to purchase will equal the employee and employer contributions that would have been made on that service plus interest.

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- If you delay the decision to purchase a period of leave beyond April 30 of the calendar year following the year in which the leave period ended, then the service will be costed for purchase on an actuarial reserve basis and will result in a Past Service Pension Adjustment (PSPA) under the Income Tax Act. That means you will have to transfer funds from an existing RRSP account or have unused RRSP contribution room equal to the amount of the PSPA to buy the leave period. Also, the cost on an actuarial reserve basis can exceed that of the contribution-based costing.

*Members who wish to purchase
a period of leave of absence
are strongly encouraged to do so
before the May 1 of the calendar year following
the year in which the leave period ended
to take advantage of special provisions
pertaining to contributions for periods of leave
under the Income Tax Act.*

MAXIMUM PERIOD OF LEAVE AS PENSIONABLE SERVICE

The Income Tax Act places limits on the periods of leave that can be established as pensionable service. In broad terms, the maximum period of leave without salary you can establish as pensionable service is 5 years in addition to a maximum period of 3 years for parenting leaves.

Maximum leave without salary includes any leaves without salary and unpaid portions of leaves taken from January 1, 1994 onwards.

When does leave not count towards the maximum leave limit?

Leave does not count toward the maximum allowable leave period when it is:

- taken at full salary, or
- a period of time during which you received:
 - ◆ benefits under an approved long-term disability plan,
 - ◆ temporary benefits under the Worker's Compensation Board, or
 - ◆ benefits under a short-term disability plan treated by the employer as pensionable.

IMPORTANT NOTE TO THE READER:

This Information Sheet is designed as a quick summary of the subject. Should anything in this Information Sheet conflict with the UAPP Sponsorship and Trust Agreement, or any applicable provincial or federal legislation, the Agreement and/or the legislation shall apply.

NEED MORE INFORMATION?

Call the UAPP Administration Centre toll-free at 1.866.709.2092 if you have further questions. Information Sheets on other pension topics are available on the UAPP's website at www.uapp.ca (under Publications).