

# BC Pensionfacts

## Purchase of Service

## Teachers' Pension Plan

**You may be able to increase your future pension benefits by purchasing past service time.**



If you are a member of the Teachers' Pension Plan, you may be able to increase your future pension benefits. You may be able to purchase periods of service that you worked with an employer under the Teachers' Pension Plan provided:

- you were not making contributions during the period that you wish to purchase, and
- you are currently a member of the same pension plan.

### You should know:

Purchase of service rules for leaves of absence, non-contributory time and arrears have changed. You must apply to purchase leaves that ended before April 1, 2002 by March 31, 2007 and while an active member.

You must apply to purchase leaves that end on or after April 1, 2002 within five years of the end of the leave period or before you terminate your current employment, whichever occurs first.

### Types of Service

Purchasing service means paying for periods of employment that have not been counted as service with the pension plan. Such purchases may increase your pension benefit.

Purchase options include:

#### Arrears

If you were not enrolled in the plan at the correct time, you may be able to make up any missing contributions. The Teachers' Pension Plan may notify you of any arrears period you may have. If you think that you were not enrolled at the correct time, please verify with your employer or the plan.

#### Leave of Absence

If you took a maternity, parental or other leave period, you may be eligible to purchase the leave period.

#### Other Service

If you had employment service before you became a regular contributor to the plan—such as during a probationary period—you may be eligible to purchase that period of service.

For more detailed information on purchasing service, please see our website at [pensionsbc.ca](http://pensionsbc.ca).

#### Reinstatement

The rules on reinstatement of service have also changed. If you withdrew your contributions from the plan, you may be eligible to reinstate that service. If you received a commuted value for any service, that service cannot be reinstated. You also cannot reinstate any special agreement or additional voluntary contributions. See the *Pensionfacts* publication on reinstatement of service for further information, or visit our website at [pensionsbc.ca](http://pensionsbc.ca).



**Teachers'**  
Pension Plan

*Over...*

## What service may I purchase?

You can purchase service such as:

- service performed during a probationary period prior to your permanent appointment, or
- a period of time covered by a leave of absence, during which you did not make contributions to your pension plan.

You may not purchase:

- a period of time during which you were not employed by a plan employer.

## How much time do I have to make my purchase?

You must apply to purchase leaves that ended before April 1, 2002 by March 31, 2007 and while an active member.

You must apply to purchase leaves that end on or after April 1, 2002 within five years of the end of the leave period or before you terminate your current employment, whichever occurs first.

## Arrears

Arrears periods must be purchased within five years of the pension plan sending you written notification, or before terminating your plan membership, whichever is earlier.

## I think I'd like to purchase service. What's next?

See your payroll office, or visit the pension plan online at [pensionsbc.ca](http://pensionsbc.ca) and use our Purchase Cost Estimator. If you do not have access to the internet, you will be able to estimate the cost of your purchase using the simple formula on the application form (available from your employer or the plan).

When you have filled in the *Application to Purchase Service* form (either on paper or via our website), you must then take the form to your payroll office so they can confirm that your leave was approved or that you were employed during the period of service to be purchased. When you decide that you wish to make a purchase, return the signed form to the plan so that we can process your request and send you an invoice.

## Now that I've decided to make my purchase, how do I pay for it?

You must pay your portion of the cost at one time, for the total amount owed. You may pay by RRSP transfer, personal cheque or a combination of both. If applicable, you can also pay by transferring funds from sick bank, retiring allowance or severance packages.

Depending on the circumstances of your purchase, your employer may or may not be responsible to pay a portion of your purchase cost.

For further information on this topic, please see the *Pensionfacts* publication on paying for purchases.

## What are the tax implications?

Purchasing periods of past service could affect your income tax situation. The Canada Revenue Agency must calculate the amount of RRSP contribution room available to you, to determine whether your purchase of service is allowable under current retirement savings rules.

Contact CRA for information about your available RRSP contribution limits. Have your social insurance number and latest pension adjustment (PA) statement available when you call.

For further information on this topic, please see the *Pensionfacts* publication on PSPAs.

## Contact Information:

### Teachers' Pension Plan

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*Pensionfacts* is published for the Teachers' Pension Plan by the Pension Corporation to provide pension information to a variety of audiences. If you wish to receive *Pensionfacts*, or have comments, please contact us:

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In this fact sheet, "we" and "us" mean the Teachers' Pension Plan, and "you" means the plan member.

This publication provides general information about the pension plan and is based on the relevant plan documents (statutes, regulations and rules). If there is a discrepancy between this publication and the plan documents, the plan documents will apply.