

PURCHASING

SERVICE

I N F O R M A T I O N

R E T I R E M E N T

B E N E F I T S

O P T I O N S



Alberta Teachers'
Retirement Fund Board

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This information kit is a summary of some of the provisions of the Plan. If there is any discrepancy between this information kit and the Plan, the provisions of the *Teachers' Pension Plans Act* and applicable legislation will determine the entitlements and options available. March 2015

INTRODUCTION

These information kits provide detailed information about retirement, pensions, and other benefits for ATRF Plan Members. They were designed to assist you with retirement and pension decisions and strategies. Information kits available on other topics are listed at the back of this kit.

PURCHASE TYPES

Only the following types of service can be purchased:

- Substitute Service
- Employer-Approved Leave
- Previously Refunded Service
- Reciprocal Transfer Shortage
- Periods of Disability before September 1, 1992
- Past Private School Service

WHY PURCHASE SERVICE

Purchasing service will increase your ATRF pension.

HOW THE COST IS CALCULATED

The cost of purchasing service represents the value of the increased benefit to your ATRF pension. It is based on the actuarial value of the service being purchased and is determined by factors recommended by ATRF's actuary.

The calculation is based on your salary assuming that the pension will be paid at the earliest possible date:

- If you are under age 55, it is assumed the pension will be paid the month following your 55th birthday.
- If you are over age 55, it is assumed the pension will be paid immediately.

The purchase is cost-neutral, resulting in no subsidized cost to you or the Plan.

If you have the minimum amount of pensionable service to be eligible for pension, the cost calculation will include your pension amount before and after making the purchase.

When your purchase represents service after August 31, 1992, and you have the minimum amount of pensionable service to

be eligible for pension, your payment is locked in. If you resign from teaching before you are 55 years of age and apply to withdraw your funds from ATRF, the purchase payment must be transferred to a Locked-In Retirement Account.

ELIGIBILITY REQUIREMENTS

SUBSTITUTE SERVICE

No pension contributions are deducted from your salary for substitute service with an ATRF employer after May 1, 1971. You may purchase substitute service that was provided after May 1, 1971 with either an Alberta publicly-funded school board employer or an ATRF participating private school employer.

If you are currently applying for an ATRF pension:

- you may purchase any amount of substitute service, and
- the cost is subsidized by the Alberta Government.

If you are currently accruing Pensionable Service as a contributing active member of ATRF or as a disabled member you may purchase any amount of substitute service.

If you purchase less than 186 days you are required to pay the full cost.	If you purchase service in 186-day blocks the cost is subsidized by the Alberta Government.
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If you are not currently accruing Pensionable Service as a contributing active member or as a disabled member:

- you may purchase only 186-day blocks of substitute service, and
- the cost is subsidized by the Alberta Government.

Status	186 Day Block	Less Than 186 Days
Active, not Applying for Pension	Cost Shared	Cost Not Shared
Inactive, not Applying for Pension	Cost Shared	Not Eligible to Purchase
Active or Inactive and Applying for Pension	Cost Shared	Cost Shared

If the substitute service was rendered with a private school employer, there is no cost sharing.

Supporting Document Required

For any substitute service prior to September 1, 1997, you must provide a statement from your employer(s) showing the total

days taught from September to December and January to August of each school year that you were employed as a substitute teacher.

EMPLOYER-APPROVED LEAVE

While you are on leave, you do not contribute to ATRF. Any employer-approved leave can be purchased if you:

- were a contributing active member of ATRF or on strike *immediately* before the leave, and
- are currently accruing Pensionable Service as a contributing active member of ATRF or as a disabled member.

You are not required to return to employment with the same employer after the leave ends.

PURCHASING SERVICE LIMITATIONS

If you are applying for pension, any portion of service can be purchased. Under the *Income Tax Act*, there are specific limits when purchasing leaves:

Pre 1991 Leaves:

- Maximum of 3 years can be purchased.
- Can be all parental leave, all employer approved leave, or a combination of both.

Post 1990 Leaves:

- Maximum of 3 years of parental leave can be purchased.
- Maximum of 5 years of employer approved leave can be purchased.
- Purchasing Post 1989 leave must be approved by Canada Revenue Agency.

Contact CRA or your financial advisor for more information.

Supporting Document Required

For leaves before September 1, 1997, you must provide a letter from the ATRF employer that granted your leave confirming the date and type of leave you were granted. Leaves after September 1, 1997, have already been reported to ATRF.

PREVIOUSLY REFUNDED SERVICE

When you withdraw your funds from ATRF, the service that those contributions represented is no longer to your credit. You may reinstate that service if you are currently accruing Pensionable Service as a contributing active member of ATRF or as a disabled member.

RECIPROCAL TRANSFER SHORTAGE

When you transfer service to ATRF from a Reciprocal Pension Authority, there may be a shortfall if the funds required by ATRF are greater than the funds available for transfer from the exporting pension plan. You may purchase the shortfall to have

all your service credited if you are currently accruing Pensionable Service as a contributing active member of ATRF or as a disabled member.

**PERIODS OF
DISABILITY
BEFORE
SEPTEMBER
1, 1992**

If you were disabled before September 1, 1992, and in receipt of disability insurance benefits through your ATRF employer's disability program, you may purchase the service if:

- you are currently accruing Pensionable Service as a contributing active member of ATRF or as a disabled member,
- you were contributing to ATRF, on leave, or on strike immediately prior to your period of disability.

Supporting Document Required

You must provide a letter from the insurance company that paid your disability benefits, confirming the dates that you were paid disability benefits.

If you were not in receipt of disability insurance benefits, you must submit a written explanation outlining the reasons.

**PAST
PRIVATE
SCHOOL
SERVICE**

If you were employed by a private school whose teachers did not contribute to ATRF, you may purchase the service if:

- you are currently accruing Pensionable Service as a contributing active member of ATRF or as a disabled member,
- you were a certificated Alberta teacher when you were employed at the private school, and the private school is currently an ATRF employer or was an ATRF employer in the past,
- you are or were a member of the Private School Teachers' Pension Plan, and
- if the private school service was after December 31, 1991, the private school must have had a pension plan in place, you must have ceased to be a member of that plan, and no benefits remain to your credit with that plan for the service.

Supporting Document Required

You must provide a statement from the private school(s) to verify the period of your service.

If the private school service was after December 31, 1991, you must provide confirmation that the private school had a pension plan in place before joining the Private School Teachers' Pension Plan, and that your funds and service have been withdrawn from the private school's pension plan.

GET AN ESTIMATE FIRST

We encourage you to get an estimate of the cost before applying by:

- using the Purchase of Service Calculator in *MyPension*, or
- contacting an ATRF Pension Counsellor.

INCOME TAX IMPLICATIONS

The following information is based on ATRF's understanding of the current provisions of the *Income Tax Act*. We recommend you contact Canada Revenue Agency (CRA) for clarification or any additional information. If CRA rules in a different way, their decision prevails.

As a member of a registered pension plan, you receive a Pension Adjustment (PA) each year which is reported by your employer on your T4. Your annual RRSP deduction room is affected by any PA issued to you for the prior tax year. CRA advises each taxpayer annually of the amount of available RRSP deduction room.

PURCHASING CURRENT SERVICE

ATRF must issue a PA when you purchase service for the current year by April 30th of the following year. This PA represents the value for tax purposes of the additional pension benefit you will receive as a result of purchasing current service. It will reduce your RRSP room for the following calendar year. PA(s) can only reduce your RRSP deduction room to zero.

PURCHASING PAST SERVICE AFTER 1989

If you purchase past service for a period after 1989, ATRF will issue a Past Service Pension Adjustment (PSPA) which is the sum of all PA(s) for the years being purchased. Your RRSP deduction room for the current tax year will be reduced by the PSPA amount. If you make a direct transfer from your RRSP to ATRF, the PSPA will be reduced by the amount transferred. RRSP transfers do not affect future RRSP deduction room.

ATRF must report the PSPA associated with the purchased service to CRA for approval before we can credit the additional service.

If you have sufficient RRSP deduction room, CRA will certify your PSPA and you will be permitted to make the purchase. CRA will allow you to carry up to a negative \$8,000 RRSP deduction room only for the purpose of purchasing post-1989 service.

If your PSPA is not approved because of insufficient RRSP deduction room, you can either de-register enough RRSP funds

**PURCHASING
PAST
SERVICE
BEFORE 1990**

to permit approval, or transfer RRSP funds which will reduce the PSPA. If you decide not to proceed with the purchase, ATRF will return your payment and your RRSP deduction room will not be affected.

For service before 1990, the rules depend on whether you contributed to a registered pension plan during the period you are purchasing. The amount of your payment can be deducted from your income over time. Each year you may deduct the difference between \$3,500 and your current annual RPP contributions. If your annual RPP contributions are greater than \$3,500, you can carry the deduction forward to a year when your RPP contributions are lower, or have ceased.

METHODS OF PAYMENT

Payment can be made by personal cheque, a qualifying transfer from an RRSP or LIRA, or a combination of both.

To transfer from an RRSP, a Canada Revenue Agency Direct Transfer Form T2033 must be submitted to ATRF. There will be no tax deduction since you already received a tax deduction when you deposited the money into your RRSP. This form will be provided by ATRF with your Cost to Purchase letter.

To use personal funds (cheque), you must have available RRSP deduction room for the purchase of service after 1989. If you have RRSP deduction room, Canada Revenue Agency will approve your purchase and you will be able to claim a tax deduction.

If you are purchasing previously refunded service and your original refund included the commuted value of your accrued benefits upon termination, the reinstatement can only be made by transfer from the LIRA using a Canada Revenue Agency Direct Transfer of a Single Amount Form T2151.

You should contact CRA for further information about the tax implications of purchasing pensionable service. Their website is: www.cra-arc.gc.ca.

SUBMITTING AN APPLICATION

The following documents are required for all purchase applications:

- Your birth certificate or Certificate of Canadian Citizenship (original or certified copy)
- Your marriage certificate or other change-of-name document if your current name is different from the name that appears on your birth certificate or Certificate of Canadian Citizenship (original or certified copy)
- Service Purchase Application or online purchase application in *MyPension*

Refer to “Certified Copies of Documents” in this information kit for instructions on certifying documents.

Your application does not obligate you to make the payment. If you choose not to make the payment within the required time period, the cost may be recalculated at a future date, providing you reapply and meet all eligibility requirements.

FREQUENTLY ASKED QUESTIONS

Q: Can the payment be made in installments?

A: *Your payment must always be received as one lump-sum. You can purchase the full amount of the service, a minimum of one half-year of service (.5000), or any amount of service if you apply in conjunction with your application for pension. If you were on leave for 8 months, you could apply to purchase one half-year of service now and at a later date, submit a new application to purchase the remaining 3 months. With each application, you will be required to meet all of the eligibility requirements.*

Q: I was paid while I was on employer-approved leave and thought my pension contributions were deducted from what my employer paid me. Is this not the case?

A: *The salary or compensation you were paid while on leave was not subject to pension contributions. Therefore, the time on leave does not count toward your pension unless it is purchased.*

Q: At the time I purchased my maternity leave, I was only allowed to purchase half a year. Can I purchase the remainder now?

A: *Yes. Under the current legislation, you can purchase the remainder providing you meet all the eligibility requirements.*

Q: Should I purchase service now, or wait until later?

A: *The cost of purchasing service is based on actuarial factors. An increasing five-year average pensionable salary will increase your pension and increase your cost. As your age increases, the funds will have less time to increase in value—again resulting in an increased cost to you.*

Also, as your age and years of pensionable service increase, the reduction factor for reaching the '85 Index' decreases, which will further increase your cost.

However, once you have reached the '85 Index', your cost may decrease. These considerations will have to be weighed against the investment return of your funds, the cost sharing applicable to purchasing substitute service (see page 2), and whether you will reach the '85 Index' factor at a future date.

Q: Is there a deadline to apply to purchase service?

A: *You can apply at any time as long as you meet the eligibility requirements for the type of service or leave you are purchasing.*

Q: Who do I write my cheque to?

A: *Payments by cheque should be payable to the Alberta Teachers' Retirement Fund.*

Q: How will the payment and service be added?

A: *Your account will be credited with your payment and the purchased pensionable service will appear on your Annual Plan Member Statement. ATRF will issue a receipt for the payment.*

CERTIFIED COPIES OF DOCUMENTS

Photocopies of your original birth certificate, valid Canadian Passport, Certificate of Canadian Citizenship, or marriage certificate must be certified to be a true copy of the original. ATRF has authorized the following to certify photocopies:

- ATRF Employees
- Your ATRF Employer – Human Resources or Payroll Personnel
- Bank Managers
- Notaries
- Lawyers
- Police Officers
- Doctors
- Members of Parliament
- Members of the Legislative Assembly
- Justices of the Peace
- Judges
- Officers of the Canadian Embassy

The person certifying the copy should write the following on the photocopy:

Certified copy of the original.

Signature

Date

Printed Name and Title

Note: A Commissioner for Oaths may not certify documents.

A Commissioner for Oaths must ensure that they restrict their use of the appointment to those powers set out in the Act, i.e. administering oaths, taking and receiving affidavits, declarations and affirmations. They may not, as a Commissioner for Oaths, perform other actions, such as certifying true copies, completion of documents, etc.

Active Member

A member who is contributing to the Plan on a current service basis.

Actuarial Purchase

The actuarial cost to purchase pensionable service equals the increase in pension benefit as calculated on the date of application. The purchase is cost neutral, resulting in no subsidized cost to you or the Plan.

Certified Copy

A clear photocopy of an original document (such as a birth or marriage certificate, or Certificate of Canadian Citizenship) that has been certified by one of the following person(s): employees of ATRF, payroll personnel of your employer, notary public, lawyers, bank managers, police officers, doctors, MPs, MLAs, justices of the peace, judges and officers of the Canadian Embassy.

Inactive Member

A person who was, but has ceased to be, an active member or a member who has acquired substitute service.

Past Service Pension Adjustment (PSPA)

A PSPA arises when a past service event occurs. It represents the sum of the additional pension credits that would have been included in the member's pension credit if the upgraded benefits had actually been provided, or the additional service actually credited, in the years covered by the past service event.

Pension Adjustment (PA)

The pension adjustment is used to ensure that there is fairness for those who contribute to RRSPs and those who participate in registered pension plans. It accounts for your benefit savings and is reported on your T4. An individual's PA in a year reduces the maximum amount that an individual can deduct for RRSP contributions for the next year. A PA can be nil, but it can never be a negative amount because the *Income Tax Act* deems a negative PA to be nil.

Qualifying transfer

A qualifying transfer reduces the amount of the PSPA related to a past service event. It is an amount that the member transfers to a defined benefit plan directly from an RRSP to fund post-

1989 past service benefits. The transfer represents a shift of existing tax-sheltered amounts from one registered plan to another.

RRSP deduction room

RRSP deduction room is the portion of an individual's annual RRSP deduction limit that remains after the individual deducts his or her RRSP contributions for the year and is listed on your Notice of Assessment.

MORE INFORMATION

Alberta Teachers' Retirement Fund Board
600 Barnett House
11010 142 Street NW
Edmonton AB T5N 2R1

Telephone	780 451-4166
Toll free	800 661-9582
Fax	780 452-3547
Email	member@atrf.com
Website	www.atrf.com

PUBLICATIONS AVAILABLE

- *Accruing Pensionable Service While Disabled*
- *Benefits at Termination*
- *Choosing Your Pension Option*
- *Choosing Your Retirement Date*
- *Purchasing Service*
- *Starting Your Pension*
- *Steps to Retirement*
- *Your Pension Matters*

ATRF is dedicated to providing quality service to our plan members in a timely, efficient and effective manner.



SERVICE PURCHASE APPLICATION

Please refer to the Eligibility Requirements on page 2 of this information kit before you complete this application and forward it to ATRF. If you need a copy for your records, please ensure you copy both sides. Information provided on this application will be used under the provisions of the *Teachers' Pension Plans Act*.

Personal Information

Please use ink and print clearly



_____	_____		
ATRF ID Number	_____	_____	_____
_____	_____	_____	_____
Name Last	First	Initial	
_____	_____	_____	_____
Previous Last Name (if applicable)	Date of Birth	yyyy	mm dd
_____	_____	_____	_____
Address Street	City	Prov.	Postal Code
_____	_____	_____	_____
Telephone Home	Telephone Work		
_____	_____		
Telephone Cell	Personal Email		
_____	_____		

ATRF Employer

Name of Current or Former ATRF Employer

Required Documents

Complete Purchase Type Details on the reverse side of the application.

Required documents to process application:

- Your birth certificate or Certificate of Canadian Citizenship (original or certified copy)
- Your marriage certificate or other change-of-name document (original or certified copy)
- Supporting documents as indicated on the reverse side of the application

Applicant's Signature

_____	_____	_____	_____
Signature	Date	yyyy	mm dd

Please fill out both sides of this page.

Send your application and required documents to:

Alberta Teachers' Retirement Fund Board

600 Barnett House, 11010 142 ST NW, Edmonton AB T5N 2R1

Tel. 780 451-4166 Fax 780 452-3547 Toll Free 800 661-9582 www.atrf.com

SERVICE PURCHASE APPLICATION – PURCHASE TYPE DETAILS

Please indicate what type of service you are applying to purchase by checking the applicable box below. Provide all requested information in the section pertaining to the type of service you are purchasing.

Substitute Service

Attach a letter from your employer(s) confirming the number of days **before** September 1, 1997.

I am currently contributing to ATRF or accruing service as a disabled member.

I am not contributing to ATRF or accruing service as a disabled member.

List of School Boards for which you provided substitute service: _____ and _____ school year(s): _____

Indicate the total amount of substitute service to purchase:

All service on file Specified number of year(s) _____ Service to (date) _____

Employer Approved Leave

Attach a letter from your employer confirming leaves **before** September 1, 1997.

Please specify the type of leave:

Parental

Personal (Deferred Salary, Sabbatical, etc.)

List of School Boards for which you were on a leave of absence: _____ and _____ school year(s): _____

Indicate school year(s) **or** total service to purchase: _____

Previously Refunded Service

Indicate school year(s) **or** total service to purchase: _____

Transfer Shortage

Indicate amount of transfer shortage to purchase: _____

Disability Before September 1, 1992

Attach a letter from the insurance company that paid your disability benefits confirming the dates that you were paid disability benefits.

Indicate school year(s) of disability **or** amount of disability service to purchase: _____

Private School Service

Attach statement from the private school(s) verifying the period of service.

Indicate school year(s) **or** amount of private school service to purchase: _____