

This publication is provided to assist members and their representatives with information about purchasing service. **If there is any discrepancy between this information and the Teachers' and Private School Teachers' Pension Plans (the "Plans"), the provisions of the *Teachers' Pension Plans Act* and applicable legislation will determine entitlements and options available.**

### ACCRUING PENSIONABLE SERVICE

Your pension from the Plans is based on your total years of pensionable service and the average of your highest five consecutive years of salary. An increase to either of these factors increases your pension.

### PURCHASE TYPES

The following specific types of service can be purchased from the Plans:

- Substitute Service
- Employer-Approved & Parental Leaves
- 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 pension. Generally speaking, the only way to increase your pension is to work longer or earn a higher salary. Purchasing service, if you have purchasable service available to you, is the only way you can increase your pension without working longer or earning a higher salary.

When your purchase includes service after August 31, 1992, and you have the minimum amount of pensionable service to be eligible for pension, if you apply to receive a termination benefit, the service you purchased will be included in your commuted value calculation. 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.

When your purchase includes service before September 1, 1992, if you take a termination benefit from the Plans you will receive the contributions you made for the service purchase, plus interest.

### HOW THE COST IS CALCULATED

The cost of purchasing service represents the value of the increased benefit to your 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 the month following your application to purchase.

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

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

### 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 ATRF for an estimate

### Alberta Teachers' Retirement Fund

## SUBSTITUTE SERVICE

### Eligibility Requirements

Substitute teachers do not participate in the Plans and as such, no pension contributions are deducted from your salary for substitute service with an ATRF employer. If you worked as a substitute teacher for an ATRF employer after May 1, 1971, you may be eligible to purchase that service.

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\*. The pension will be effective the month following when the last purchase was made.

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.

Note that:

- if you purchase less than 186 days, you are required to pay the full cost.
- if you purchase service in 186-day (1-year) blocks, the cost is subsidized by the Alberta Government\*.

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\*. The pension may be effective the month following when the last purchase was made.

Summary		
Status	186 Day Block	Less than 186 Days
Active, not applying for pension	Cost subsidized	Cost not subsidized
Inactive, not applying for pension	Cost subsidized	Not eligible to apply
Active or Inactive and applying for pension	Cost subsidized	Cost subsidized

\*Note that the cost is not subsidized for substitute service rendered with a private school employer.

### Supporting Documentation

If you worked as a substitute teacher before September 1, 1997 and you wish to apply to purchase that service, you must provide a statement from your employer(s) showing the total days taught as a substitute teacher from September to December and January to August of each school year.

## EMPLOYER-APPROVED & PARENTAL LEAVES

### Eligibility Requirements

While you are on the health-related portion of a maternity leave, you will continue to contribute to your pension. If you are on an employer-approved or parental leave, you will not contribute to your pension. Any employer-approved or parental leave can be purchased if you:

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

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

### 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:

For periods of leave before 1991:

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

For periods of leave after 1990:

- maximum of 3 years of parental leave can be purchased, and
- maximum of 5 years of employer-approved leave can be purchased, and
- a pension adjustment must be reported to the Canada Revenue Agency (CRA) (more below under Income Tax Implications).

Contact CRA or your financial advisor for more information.

### Supporting Documentation

For periods of leave 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. Periods of leave after September 1, 1997 have already been reported to ATRF.

## PREVIOUSLY REFUNDED SERVICE

### Eligibility Requirements

When you withdraw your funds from the Plans, 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 the Plans or as a disabled member.

## RECIPROCAL TRANSFER SHORTAGE

### Eligibility Requirements

When you transfer service to the Plans under a reciprocal transfer agreement, there may be a shortfall if the funds required by the Plans are greater than the funds available for transfer from the exporting pension plan. You may purchase the shortfall to have all your service credited at the time of the transfer or later if you are at that time accruing pensionable service as a contributing active member of the Plans or as a disabled member.

## PERIODS OF DISABILITY BEFORE SEPTEMBER 1, 1992

### Eligibility Requirements

If you had a period of disability before September 1, 1992, and were 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 the Plans or as a disabled member, and
- you were contributing to the Plans, on leave, or on strike immediately before your period of disability.

### Supporting Documentation

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 that you were not receiving any benefits. Additional documentation verifying your eligibility to accrue pensionable service may be required. These applications will be assessed on a case-by-case basis.

## PAST PRIVATE SCHOOL SERVICE

### Eligibility Requirements

If you were employed by a private school whose teachers did not contribute to the Private School Teachers' Pension Plan, you may purchase that service if:

- you are currently accruing pensionable service as a contributing active member of the Plans 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 Documentation

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.

## 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 CRA for clarification or any additional information. If CRA determines in a different way, the CRA decision prevails.

### Purchasing Post-1989 Service

You need enough Registered Retirement Savings Plan (RRSP) contribution room to be able to purchase post-1989 service as this purchase will reduce your RRSP contribution room by the value of the pension benefit associated with the service you are purchasing. Your maximum RRSP contribution limit for the current year is provided on your CRA Notice of Assessment from the previous calendar year.

This value for tax purposes of the pension benefit associated with the service you are purchasing is called a Past Service Pension Adjustment (PSPA).

- Your current RRSP contribution room will be reduced by the PSPA.
- Any transfer from an RRSP (or other registered funds, as accepted) to purchase all or a part of the post-1989 service which gives rise to a PSPA is referred to as a "qualifying transfer" and reduces the amount of the PSPA by the relevant amount of the qualifying transfer.
- ATRF reports to CRA the PSPA associated with the service you wish to purchase, less any qualifying transfers. All PSPAs must be certified by CRA before the service can be credited.
- CRA will certify the PSPA if it is not greater than your current RRSP contribution room plus a one-time \$8,000 over-limit amount.

If CRA certifies the PSPA, for the amount paid by personal funds (cheque):

- ATRF will provide a tax receipt,
- the contributions associated with the purchase can be used as a tax deduction, and
- the total amount of the payment must be claimed as a deduction in the calendar year in which the payment is made.

A qualifying transfer is not tax deductible and no tax receipt will be issued for amounts which are transferred directly from registered funds.

If CRA does not certify the PSPA:

- you will have to withdraw funds from your RRSP (to create enough RRSP contribution room),
- you can make the payment by transferring funds (qualifying transfer) from an RRSP instead of making the payment with personal funds, or
- you can purchase less service, subject to some restrictions.

### Purchasing Service Earned before 1990

You do not need RRSP room to be able to purchase service before 1990. As there is no PSPA associated with service before 1990, purchasing service before 1990 will not reduce unused RRSP contribution room. Contributions made to purchase service before 1990 is tax deductible to certain limits and ATRF will issue a tax receipt accordingly.

- The maximum you can claim in any one calendar year is \$3,500 minus the contributions you will make to an RPP during the **current** calendar year.
- Unclaimed contribution amounts may be carried forward to subsequent calendar years and are subject to the same limits.
- The maximum you can claim for any purchase is \$3,500 multiplied by the number of years you are purchasing.

## PURCHASING LEAVES OF ABSENCE – PENSION ADJUSTMENTS

Pension Adjustments (PA) represent the value for tax purposes of the pension benefit earned while contributing to a Registered Pension Plan (RPP), which includes purchasing leaves of absence. The PA limits how much you can contribute to your RRSP during the next calendar year.

- ATRF issues a PA when a leave of absence is purchased before April 30 of the year following the year in which the leave of absence ended. It will reduce the amount of RRSP room that you can carry over to the following calendar year. PAs can only reduce your carry-forward RRSP room to zero.
- If the leave of absence that you purchase extends over more than one calendar year, a PA is issued for each calendar year. This may result in a reassessment of previous tax returns if you made RRSP contributions in those years while you were on a leave of absence.
- ATRF issues a T4A where a PA is calculated and reported to CRA.

## METHODS OF PAYMENT

If you decide to purchase service, payment can be made by:

- Personal funds via *Interac* e-Transfer or bill payment. Payment cannot be made using registered funds (such as Registered Retirement Savings Plan (RRSP) or Locked-in Retirement Account (LIRA), etc.
  - A tax receipt will be issued.
  - All transfers and bill payments are subject to the limits of your financial institution.
  - Instructions for setting this up can be found on the Electronic Payments FAQ page of our website.
- Personal funds via cheque
  - A tax receipt will be issued.
- A transfer of acceptable registered funds.
  - To transfer registered funds (note that a tax-free savings account is not registered funds), a Canada Revenue Agency form T2033 or T2151 must be completed by you, ATRF, and the financial institution holding your registered funds. The forms are available from CRA, ATRF, or the financial institution holding your registered funds.
  - The registered funds are not reported as income on your income tax return.
  - There is no tax deduction for registered funds transferred to ATRF.

**Specific questions about the tax implications of purchasing pensionable service should be directed to your financial advisor or:**

Canada Revenue Agency Tax Services Office  
Website: [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca)  
Individual Income Tax Enquiries: 1-800-959-8281

## SUBMITTING AN APPLICATION

The following documents are required for all purchase applications:

- a completed application,
  - complete and return the Service Purchase Application to ATRF, or
  - apply online using *MyPension*; and
- acceptable proof of your age and any other supporting 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 at that time.

### Acceptable Proof of Age

If your name on the documents used to verify your date of birth is different than the name ATRF has on file, documents substantiating the name change, such as a marriage certificate, will be required.

ATRF will accept legible copies of the following documents:

- Birth certificate
- Adoption papers
- Canadian registration of birth
- Canadian passport (valid or expired)
- Canadian citizenship papers
- Certificate of Indian Status (status card)
- Driver's license issued by a Canadian province or territory
- Alberta identification card

If you do not have one of the documents listed above, ATRF will accept a legible copy of any two of the following documents:

- Marriage records
- School records
- Military records
- Foreign passport (valid or expired)
- Age of Majority card
- Statutory Declaration
- Baptismal papers
- Canadian immigration papers
- Foreign driver's license
- Health care card issued by a Canadian province or territory

## FREQUENTLY ASKED QUESTIONS

### **Q. Can the payment be made in installments?**

A. Your payment must be received in full no later than the date indicated on your package. 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 purchase one half-year of service now. At a later date, provided you are eligible to make the purchase, you could apply to purchase the remaining three months.

### **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. When a deferred salary leave is arranged with your employer, 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. 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. You cannot apply to purchase service once you are in receipt of a pension.

### **Q. Who do I write my cheque to?**

A. Payment instructions will be provided once your application has been received, ATRF has determined your eligibility, and the cost has been calculated.

### **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.

### **Q. Does the Alberta Government subsidize the cost to purchase service?**

A. The cost of purchasing service is shared only if you are purchasing substitute service provided with a school jurisdiction or charter school and you are currently applying for your pension or you are purchasing the substitute service in blocks of 186 days.

### **Q. When I work part-time, can I top-up my pension by contributing at the full-time rate?**

A. "Topping-up" the pension is not permitted under the tax rules. You can only contribute to the Plans based on your pensionable salary and service as reported by your employer.



## GLOSSARY

### **Active Member**

A member who is contributing to the Plans 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 to the Plan.

### **Inactive Member**

A person who was, but has ceased to be, an active member or disabled member.

### **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.



**FOR MORE INFORMATION**

**Website**

Visit our website at [www.atrf.com](http://www.atrf.com) to download publications, forms, and to register for *MyPension*.

**Publications Available**

Plan Member Guides  
Steps to Retirement  
Purchasing Service  
Accruing Pensionable Service While Disabled  
Benefits at Termination

**ATRF**

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

Telephone 780-451-4166  
Toll free 1-800-661-9582  
Fax 780-452-3547  
Email [member@atrf.com](mailto:member@atrf.com)



# SERVICE PURCHASE APPLICATION

## Personal Information

Please use ink and print clearly. If ATRF has not verified your date of birth, please enclose legible copies of your proof of age documents with this application.

_____		_____	
ATRF ID Number		Social Insurance Number	
_____		_____	
Name Last	First	Middle Initial	
_____		_____	
Address Street	Date of Birth	_____	_____
		yyyy	mm dd
_____		_____	
City	Telephone Home		
_____		_____	
Province	Postal Code	Telephone Work	
_____		_____	
Email Personal	Telephone Cell		

## Purchase Type

Indicate below the type of service to purchase and complete the Purchase Type Details on page 2 of this form.

- Substitute service
- Employer-approved leave of absence
- Parental leave of absence
- Previously refunded service
- Reciprocal transfer shortage
- Period of disability that occurred before September 1992
- Past Private School service

## ATRF Employer

\_\_\_\_\_

Name of Current or Last ATRF Employer

## Applicant's Signature

\_\_\_\_\_

Signature

Current Date \_\_\_\_\_

\_\_\_\_\_

yyyy mm dd

Personal information on this form is collected under the authority of section 25 of the Alberta Teachers' Pension Plans Act and sections 33(a) and 33(c) of the Alberta Freedom of Information and Protection of Privacy Act for the purpose of administering benefits under the Teachers' and Private School Teachers' Pension Plans. If you have any questions regarding the collection of this information, contact ATRF at 1-800-661-9582 or by mail at 600 Barnett House, 11010 142 Street NW, Edmonton, AB, T5N 2R1



## SERVICE PURCHASE APPLICATION – PURCHASE TYPE DETAILS

**Please forward this application directly to ATRF**

### Purchase Type Details

**Substitute Service**

- 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.

Indicate amount of service to purchase:

- All substitute service on file
- Amount of service to purchase: \_\_\_\_\_ year(s)

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

- Already provided

**Employer Approved Leave**

- School year(s): \_\_\_\_\_ to \_\_\_\_\_
- Amount of service to purchase: \_\_\_\_\_ year(s)

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

- Already provided

**Parental Leave**

- School year(s): \_\_\_\_\_ to \_\_\_\_\_
- Amount of service to purchase: \_\_\_\_\_ year(s)

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

- Already provided

**Previously Refunded Service**

- School year(s): \_\_\_\_\_ to \_\_\_\_\_
- Amount of service to purchase: \_\_\_\_\_ year(s)

**Reciprocal Transfer Shortage**

Indicate amount of service to purchase: \_\_\_\_\_ year(s)

**Period of Disability before September 1, 1992**

- School year(s): \_\_\_\_\_ to \_\_\_\_\_
- Amount of service to purchase: \_\_\_\_\_ year(s)

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

- Already provided

**Past Private School Service**

- School year(s): \_\_\_\_\_ to \_\_\_\_\_
- Amount of service to purchase: \_\_\_\_\_ year(s)

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

- Already provided