

# EDUCATIONAL LEAVE

## INTRODUCTION

If you have taken a leave for the purpose of furthering your education, you may want to purchase this service so it can count toward your TRAF pension.

Your TRAF pension is calculated using your years of service and average salary. The higher these two factors, the larger your pension.

## HOW IT WORKS

The payment you make allows your service to accumulate the same as it would have had you not taken your leave.

To be eligible, you must have been granted an educational leave by your employer, attended an approved educational institution, taken a minimum of one course during your leave and returned to teach under contract in a Manitoba public school on a regular recurring basis, excluding substitute teaching, any time after the leave has ended.

If you apply to purchase this service within 18 months of returning to teach, the cost is twice the contributions plus interest. If you apply after 18 months of returning to teach, you can purchase the leave on a “past service” basis and pay TRAF the greater of:

- Twice the contributions plus interest that would have been required during the educational leave, based on the salary rate you earn after returning to teach

**OR**

- The member and Province share of the cost to fund the increased pension. You pay the full actuarial cost with no Province funding.

The advantages of purchasing educational leave must be weighed against the cost.

## HOW TO PROCEED

If you would like the cost calculated, complete a [Service Purchase Application](#) and return it to TRAF, along with proof of attendance such as a transcript of your marks. Your school division must also confirm the period of leave.

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 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 educational leave.

A delay in payment and unpaid balances will be subject to interest charges. Review the interest-free deadlines listed in the letter from TRAF outlining the cost to purchase.

**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.