

MATERNITY LEAVE

INTRODUCTION

If you will be taking or have taken a maternity leave, you may want to purchase this service so it can count toward your pension.

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

HOW IT WORKS

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

To be eligible, you must have been granted a maternity leave under a collective agreement or in accordance with your employer's policies. Personal leaves are excluded.

HOW TO PROCEED

Requesting a cost does not obligate you to make a payment.

For Options 1 and 2, log in to your **Online Services** account on the TRAF website and select the "Service Purchases" feature to use the calculator and submit an application. Follow the instructions as outlined and watch your email for notifications.

You can use the calculator as many times as you wish to determine an estimated cost before submitting your application. You may also change the dates after you have submitted your application based on the actual dates of your leave. This is an interactive process between you, your payroll department and TRAF.

For Option 3, you can access the **Maternity/Parental/Adoption Leave Application** form either through the "Service Purchases" feature in Online Services or on the "Forms & Publications" section of our website. The form is to be filled out by you and submitted to your payroll department for completion. If you are no longer employed with the school division(s) that granted your maternity leave(s), the form is to be submitted to the payroll department of the school division that granted your leave.

Option 1: Making payments during your leave

You must apply at least two months prior to the expected start date of your leave. Ideally, an application should be made at the same time you are granted maternity leave by your employer. If your application is not submitted to your employer before your leave starts, you will not be eligible to make payments under Option 1. You will default to Option 2 and be eligible to make your payment(s) after your leave has ended.

After you submit your request, you will then see an estimated cost in your application process. Once your leave officially starts, we will supply the official payment schedule, as well as a letter outlining the estimated impact to your future pension. You must provide TRAF with monthly post-dated cheques; RRSP transfers are not permitted under Option 1.

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The cost to purchase your maternity leave is based on member contributions that would have been made on your pensionable salary and the TRAF contribution rate at the time your leave commences. If you do not apply to contribute under Option 1, you will be allowed to purchase this leave under Option 2 with the cost equal to member contributions based on your current pensionable salary and contribution rate as of your application date. Therefore, if your salary increases during your leave, the cost under Option 2 will be higher.

Option 2: Making payments after your leave has ended (within 18 months)

You can apply to purchase the leave within 18 months from the end of your maternity leave. To determine your 18-month deadline, confirm the date your granted maternity leave ends with your employer.

After you submit your request, you will then see an estimated cost in your application process. Once your leave officially ends, we will supply a letter outlining the cost to purchase and the estimated impact to your future pension. You can then decide if you want to proceed with the purchase.

You will have the choice to pay in full or by installments. The installment option is only available if your total cost exceeds \$1,000. Minimum installment payments of 25% of the total cost are required to a maximum of four payments. Any outstanding balance will be subject to interest only after the initial 18-month period ends. Payments must be completed within four years and before your pension begins.

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.

Option 3: Making payments after your leave ended (after 18 months)

After 18 months, you will no longer be eligible to purchase your leave under the maternity leave provision. You can still purchase your leaves; however, it will be considered "past service" and may be significantly more expensive as you are responsible for the full actuarial cost (member and Province share). Please refer to the **Past Service fact sheet**.

INCOME TAX DEDUCTIONS

Contact Canada Revenue Agency for more information.

If you purchase service for maternity leave after 1990, your payment 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.

Different rules apply for service purchases prior to 1990.