

REFUNDED SERVICE

INTRODUCTION

If you have received a refund of your TRAF contributions and you have returned to teach, you may want to pay it back into the plan so the related service 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

Purchasing service that has previously been refunded to you allows that service to be credited to your account as if you never took the refund in the first place.

The advantage of purchasing refunded service almost always outweighs the cost.

HOW TO PROCEED

If you would like the cost calculated, complete a [Service Purchase Application](#) and return it to TRAF.

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 your 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 cannot buy a portion of refunded service; you must purchase the total amount.

Interest will start to accrue on any unpaid balances 30 days after TRAF has provided the letter outlining the cost to purchase. Review the interest-free deadlines listed in the letter.

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.