

# SECTION CONTENTS

## 2 PURCHASING SERVICE

<b>2.1</b>	<b>Leave of absence (LOA)</b>	<b>3</b>
2.1.1	<i>Employment Standard Act</i> LOA Timeframes	4
2.1.2	Eligibility for Purchasing ESA Provided Leave	12
2.1.3	General leave	13
2.1.4	All leave types	14
2.1.5	Deadlines to purchase leaves	15
2.1.6	Cost to purchase leaves	15
<b>2.2</b>	<b>Arrears</b>	<b>16</b>
2.2.1	Eligibility to purchase arrears	16
2.2.2	Deadlines to purchase arrears	17
2.2.3	Cost to purchase arrears	18
<b>2.3</b>	<b>Child-rearing break</b>	<b>18</b>
2.3.1	Eligibility for child-rearing time	18
2.3.2	Applying for child-rearing time	19
<b>2.4</b>	<b>Applying to purchase service</b>	<b>19</b>
2.4.1	When is an application form required?	19
2.4.2	Members on leave prior to retirement	19
2.4.3	Purchase cost estimates	20
2.4.4	Continuous contributions while on an ESA leave	21

<b>2.5</b>	<b>The purchase of service application package</b>	<b>21</b>
2.5.1	The purchase package overview	21
2.5.2	Purchase of service information for the member	21
2.5.3	Reviewing and verifying the purchase application form	22
2.5.4	The purchase application form	23
2.5.5	Forward the application to the College Pension Plan	26
2.5.6	Request for an updated purchase cost	26
<b>2.6</b>	<b>Paying for purchases</b>	<b>27</b>
2.6.1	Methods of payment	27
2.6.2	Tax implications	27
2.6.3	Severance and retiring allowance payments from the employer	28
<b>2.7</b>	<b>Payment and billing</b>	<b>28</b>
2.7.1	Arrears	28
2.7.2	Leave of absence	29
<b>2.8</b>	<b>Pension transfer agreements</b>	<b>29</b>

## 2 PURCHASING SERVICE

Purchasing service means paying for periods of employment not counted as service with the College Pension Plan.

Purchasing service may increase a plan member's benefit.

### 2.1 Leave of absence (LOA)

Active plan members enrolled prior to taking a leave of absence may be eligible to apply to purchase that leave.

There are two main categories of leave:

- *Employment Standards Act (ESA)* provided leaves where the purchase of service is required to be cost-shared between employer and member:
  - Maternity
  - Parental
  - Family responsibility
  - Compassionate care
  - Disappearance of a child
  - Death of a child
  - Bereavement
  - Jury duty
  - Critical illness or injury leave
  - COVID-19-related leave
  - Personal illness or injury leave
  - Domestic or sexual violence leave
- General leaves where member is responsible for full cost of purchasing leave.

### 2.1.1 *Employment Standard Act LOA Timeframes*

Refer to the following Purchase of Service table for clarification of leave limits applied per purchase type.

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
<b>In the event of a discrepancy between this table and the <i>Employment Standards Act (ESA)</i> or <i>Income Tax Act Regulations (ITAR)</i>, the ESA or ITAR shall prevail.</b>		<b>The Income Tax Act Regulations (ITAR) states purchase leave maximums.</b> <b>*5 years, **3 years</b>
General leave	Based on ER approval.	For a reason other than as listed under the ESA or in excess of ESA limits. Cannot apply to purchase until leave has ended. *5 year ITAR maximum applies
Maternity leave	Pregnant employees can take up to 17 consecutive weeks, beginning no earlier than 13 weeks before the child's expected due date. Employees can also take up to 6 consecutive weeks following a termination of pregnancy, commencing the day the pregnancy ends. If complications following birth or termination of pregnancy prevent the employee from returning to work, the leave can be extended an additional 6 weeks.	**3 years ITAR maximum applies (1 year per child) *5 year ITAR maximum applies (for portions of the leave not covered by the 3 year ITAR maximum)
Parental/adoptive leave	Birth parent: If maternity leave is also taken, up to 61 weeks which must begin immediately after the maternity leave ends. Non-birth/adoptive parent: Up to 62 consecutive weeks, which must begin within 78 weeks of the child's birth or, in the case of adoption, within 78 weeks of placement of the child with the adoptive parent. Can have an additional 5 consecutive weeks if the child has any condition which requires an additional period of parental care, beginning immediately after the end of the original entitlement.	**3 year ITAR maximum applies (1 year per child) *5 year ITAR maximum applies (for portions of the leave not covered by the 3 year ITAR maximum)
Compassionate care leave	Up to 27 weeks within a 52 week period (can be taken in units of one or more weeks).	To provide care or support to a family member with a significant risk of death within 26 weeks. *5 year ITAR maximum applies
COVID-19-related leave	Employee is entitled to unpaid leave for as long as any of the ESA-prescribed circumstances apply to that employee. See Section 2.1.1.7 of this instruction manual.	This leave is a temporary measure and is expected to be repealed and removed from the ESA when no longer needed. *5 year ITAR maximum applies

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
Leave respecting the disappearance of a child (up to 19 years of age)	Up to 52 weeks beginning on the date of the child's disappearance (can be taken in one unit of time or, with the employer's consent, more than one unit of time).	The child's disappearance must be the result of a crime (e.g., a kidnapping). *5 year ITAR maximum applies
Leave respecting the death of a child (up to 19 years of age)	Up to 104 weeks beginning on the date of the child's death (or is found dead if prior disappearance). The leave can be taken in one unit of time or, with the employer's consent, more than one unit of time.	*5 year ITAR maximum applies
Critical illness or injury leave	Up to 36 weeks (to care for a family member under 19 years of age) or 16 weeks (to care for a family member 19 years of year or older) within a 52 week period (can be taken in units of one or more weeks).	To provide care or support for a family member whose life is at risk due to illness or injury. *5 year ITAR maximum applies
Leave respecting domestic or sexual violence	Up to 5 days paid leave in one or more units of time, plus up to 5 days unpaid leave in one or more units of time, plus an additional 15 weeks unpaid leave taken in one unit of time, or more than one unit of time with the employer's consent.	For prescribed purposes for the employee or the employee's child or dependent. See Section 2.1.1.9 of this instruction manual for calculating an average day's pay for the paid portion. *5 year ITAR maximum applies
Personal illness and injury leave	Up to 5 paid days and 3 unpaid days per calendar year.	Applies to employees who have worked for their employer for at least 90 days. Both paid and unpaid leave resets every January 1. Unused days from one calendar year do not carry forward to the next. These are minimum requirements that apply even if a collective agreement contains provisions that meet or exceed these requirements. *5 year ITAR maximum applies
Family Responsibility Leave	Up to 5 days off each employment year.	Responsibilities related to care, health, or education of a child in the employee's care or immediate family. Employment year is based on the employee's starting date. Unused leave does not roll over to subsequent years. *5 year ITAR maximum applies
Bereavement Leave	Up to 3 days off.	When a death in the employee's immediate family (including adult child). *5 year ITAR maximum applies
Jury Duty	Employee is entitled to leave for as long as necessary to attend court as a juror. It is an unpaid leave, unless the employer and employee agree otherwise.	*5 year ITAR maximum applies

For more information about these leaves, please see [Government of British Columbia Leave of Absence](#).

### 2.1.1.1 Maternity Leave

**As of May 17, 2018:** a pregnant employee is entitled to up to 17 consecutive weeks of leave beginning no earlier than 13 weeks before the expected birth date, and no later than the actual birth date.

An employee is also entitled to maternity leave following the termination of the pregnancy to a maximum of six weeks starting on the date the pregnancy was terminated. **Note:** if an employee is already on maternity leave prior to the pregnancy terminating, they remain entitled to 17 weeks from the original start date of the leave.

An employee is also entitled to up to six additional consecutive weeks if, for reasons related to the birth or the termination of pregnancy, they are unable to return to work when their leave ends.

**Prior to May 17, 2018 the same provisions apply, except:** leave can begin no earlier than 11 weeks before the expected birth date.

**Transitional provisions:** While transitional provisions exist for this leave, they do not impact purchase of service. The maximum duration of this leave is 17 weeks both before and after the 2018 ESA amendments.

### 2.1.1.2 Parental Leave

#### ***Birth parent as of May 17, 2018:***

A birth parent who has taken maternity leave is entitled to up to 61 consecutive weeks beginning immediately after the maternity leave ends (unless employer approves otherwise).

- A birth parent who does not take maternity leave is entitled to up to 62 consecutive weeks which must begin within 78 weeks of the date of birth.
- If the child has a physical, psychological or emotional condition requiring an additional period of parental care, the birth parent is entitled to up to an additional five consecutive weeks beginning immediately after the end of the original entitlement.
- A leave that extends beyond the 61 or 62 weeks (plus additional five weeks, if applicable) may be purchased as a general leave.

It is the employer's responsibility to verify the leave period. The plan member must provide you with the birth certificate or adoption papers to verify the child's birth date. The College Pension Plan does not need to see these documents.

***Birth parent prior to May 17, 2018 the same provisions apply, except:***

- A birth parent who has taken maternity leave is entitled to up to 35 consecutive weeks beginning immediately after the maternity leave ends (unless employer approves otherwise).
- A birth parent who does not take maternity leave is entitled to up to 37 consecutive weeks which must begin within 52 weeks of the date of birth.
- A leave that extends beyond the 35 or 37 weeks (plus additional five weeks, if applicable) may be purchased as general leave.

**Birth parent transitional provisions:** If the child was born or placed with the adopted parent on or after December 3, 2017, the May 17, 2018 provisions apply to the leave.

***Adoptive parent as of May 17, 2018:***

- An adoptive parent is entitled to up to 62 consecutive weeks beginning within 78 weeks after the child is placed with the parent.
- If the child has a physical, psychological or emotional condition requiring an additional period of parental care, the adoptive parent is entitled to up to an additional five consecutive weeks beginning immediately after the end of the original entitlement.
- A leave that extends beyond the 62 weeks (plus additional five weeks, if applicable) may be purchased as general leave.

***Prior to May 17, 2018 the same provisions apply, except:***

- An adoptive parent is entitled to up to 37 consecutive weeks beginning within 52 weeks after the child is placed with the parent.
- A leave that extends beyond the 35 or 37 weeks (plus additional five weeks, if applicable) may be purchased as a general leave.

**Transitional provisions:** If the child was born or placed with the adopted parent on or after December 3, 2017, the May 17, 2018 provisions apply to the leave.

### **2.1.1.3 Compassionate care leave**

**As of May 17, 2018:** up to 27 weeks within a 52 week period (can be taken in units of one or more weeks within this period) to care for a family member if a medical or nurse practitioner issues a certificate stating the family member has a serious medical condition with a significant risk of death within 26 weeks.

If the family member does not die within the original 52 week period, another period of leave may be granted upon obtaining a new medical certificate.

Certificate must be submitted to employer.

**Prior to May 17, 2018 the same provisions apply, except:** up to eight weeks within a 26 week period (can be taken in units of one or more weeks within this period) to care for a family member if a medical practitioner or nurse practitioner issues a certificate stating the family member as a serious medical condition with a significant risk of death within 26 weeks.

If the family member does not die within the original 26 week period, another period of leave may be granted upon obtaining a new medical certificate.

**Transitional provisions:** if, on May 17, 2018, an employee:

- is currently on compassionate care leave,
- has requested, but not yet begun, compassionate care leave,

**or**

- has taken compassionate care leave (i.e., has used the previous eight weeks' maximum) and less than 52 weeks have elapsed since the leave began,

**and**

- the family member is still alive,

the employee is entitled to up to 27 weeks of leave, minus any leave already taken, to be taken within a period ending 52 weeks after the original start date of the leave. A new medical certificate is not required within this period.



#### **2.1.1.4 Disappearance of a child (up to 19 years of age)**

If an employee's child disappears and it is probable the disappearance is the result of a crime, the employee is entitled to a maximum of 52 weeks in the period beginning on date of child's disappearance and ending on the date that is 53 weeks after disappearance.

Leave may be taken in one unit of time, or multiple units of time with employer's consent and may end earlier if:

- the child is found;
- circumstances indicate it is no longer probable the disappearance is the result of a crime;
- employee is charged with a crime related to the disappearance;
- employer withdraws their consent to have the leave be taken in multiple units of time.

#### **2.1.1.5 Death of a child (up to 19 years of age)**

A maximum of 104 weeks that must be taken in the period beginning on the day the child dies or (in the case of a prior disappearance) is found dead, and ends 105 weeks after date of death.

Leave may be taken in one unit of time, or multiple units of time with the employer's consent and may end earlier if employee is charged with a crime that resulted in the death, or the employer withdraws their consent to have the leave be taken in multiple units of time.

#### **2.1.1.6 Critical illness or injury leave**

As of May 30, 2019, an employee may take up to 36 weeks of leave to provide care or support for a critically ill or injured family member, provided the family member is under 19 years of age. If the family member is 19 years of age or older, the employee may take up to 16 weeks of leave. This leave must be taken in multiple blocks of one or more weeks and requires a certificate from a medical or nurse practitioner for every 52-week period.

### 2.1.1.7 COVID-19-related leave

An employee can take unpaid, job-protected leave related to COVID-19 if they're unable to work for any of the following reasons:

- they have been diagnosed with COVID-19 and are following the instructions of a medical health officer or the advice of a doctor or nurse;\*
- they are in quarantine or self-isolation and are acting in accordance with an order of the provincial health officer, an order made under the *Quarantine Act* (Canada), guidelines from the BC Centre for Disease Control or guidelines from the Public Health Agency of Canada;\*
- the employer has directed them not to work due to concern about their exposure to others;\*
- they need to provide care to an eligible person (i.e., their minor child or a dependent adult who is their child, former foster child, or other person who may be prescribed in the future\*\*), for a reason related to COVID-19, including a school, daycare or similar facility closure;
- they are outside of BC and unable to return to work due to travel or border restrictions;
- other situations that may be prescribed in the future;

Effective from April 1, 2021 onward, an employee may also request and receive COVID-19-related leave for any of the following additional reasons:

- they are more susceptible to COVID-19 in the opinion of a medical professional because of an underlying health condition, ongoing treatment, or other illness, and are receiving the Canada Recovery Sickness Benefit for the leave;

---

\* Between May 20, 2021 and December 31, 2021, an employee who takes COVID-19-related leave for these reasons may be entitled to up to three days of paid leave in accordance with section 52.121 of the ESA.

\*\* Effective from April 1, 2021 onward, an eligible person also includes a member of the employee's immediate family or a family member identified in section 2 (a) or (b) of the Family Member Regulation, or a person who requires care and who is considered like a close relative (whether related to the employee or not).

- they are getting a COVID-19 vaccine (an employee may also be entitled to up to three hours of paid leave for COVID-19 vaccination in accordance with section 52.13 of the BC ESA);
- they are assisting a dependant to get a COVID-19 vaccine, i.e., a child, a dependant adult to whom the employee is a parent or former guardian, a member of the employee's immediate family, a family member identified in section 2 (a) or (b) of the Family Member Regulation, or another person who requires care and is considered like a close relative (whether related to the employee or not), and who is under the day-to-day care of the employee.

Unless otherwise noted, COVID-19-related leave is retroactive to January 27, 2020, the date of British Columbia's first presumptive case of COVID-19. An employee can take this job protected leave for the reasons above as long as they need it, without putting their job at risk. Once it is no longer needed, this leave will be removed from the *Employment Standards Act*.

#### **2.1.1.8 Personal illness or injury leave**

An employee can take up to five days paid and three days unpaid, job-protected leave per calendar year if they cannot work due to personal illness or injury (i.e., sick leave). For paid days, employees must be paid at least an average day's pay (using the same formula as in section 2.1.1.9).

This leave applies to employees who have worked for their employer for at least 90 days. Both paid and unpaid leave resets every January 1. Unused days from one calendar year do not carry forward to the next. These are minimum requirements that apply even if a collective agreement contains provisions that meet or exceed these requirements.

#### **2.1.1.9 Domestic or sexual violence leave**

As of August 14, 2020, an employee may take the following leave each calendar year, if the employee or an individual who is in the daily care of the employee (i.e., child or other person) has experienced or is experiencing domestic or sexual violence:

- up to five days of paid leave in one or more units of time (see 2.1.3.2 Leave of Absence with full salary below),

- up to five days of unpaid leave in one or more units of time, and
- an additional 15 weeks unpaid leave taken in one unit of time, or more than one unit of time with the employer's consent

Prior to August 14, 2020, the same provisions apply, except:

- up to 10 days of unpaid leave taken in blocks of one or more days, or in one continuous period, and up to 15 weeks of unpaid leave taken in one block of time, or more than one block of time with your consent.

There is a new formula for calculating the amount owed to the employee during this leave.

- This calculation should be based on days in which wages were earned during the calendar days before the leave started.
- All wages are to be included, including salary, stat holiday pay, and paid vacations; however, overtime is excluded.

### **EXAMPLE**

#### **Calculation formula**

$$\text{an average day's pay} = \frac{\text{amount paid (in previous 30 calendar days)}}{\text{number of days in which wages were earned (in previous 30 calendar days)}}$$

The result of the above calculation is then multiplied by the amount of paid days taken under this leave.

#### **2.1.2 Eligibility for Purchasing ESA Provided Leave**

- You must verify the leave period and ensure *Employment Standards Act* requirements in effect at the time of the requested period of service are met. For example: only birth mothers are eligible for maternity leave; birth and adoptive parents are eligible for parental leave.
- Certain ESA leaves require the employer (or allow the employer to request) certain documentation (e.g., a medical certificate, birth certificate or adoption papers)—the College Pension Plan does not need to see this documentation.
- If a member chooses to pay for the employee portion of an ESA-provided leave, the employer is required to pay for the employer portion of the leave cost.

- If a leave of absence extends beyond the maximum provided in the ESA, the additional leave may be purchased as general leave.
- Upon application, a member may choose to continue to make pension contributions while on an ESA leave.

### **2.1.3 General leave**

General leave is any leave where the ESA does not require the employer to share the cost of purchasing the leave.

#### **2.1.3.1 Full and partial leave**

The calculation of service and salary and the leave cost depends in part on whether the member receives full, partial or no salary during the leave period.

#### **2.1.3.2 Leave of absence with full salary**

When a member is on a leave and continues to receive full salary, both you and the plan member continue to contribute to the plan, and pensionable and contributory service are credited in the normal manner. There is no purchase of service available or required in these situations. From the pension plan's perspective, it's as if the member continued to work during that time.

#### **2.1.3.3 Leave of absence with partial salary**

Plan members who take a leave of absence with partial pay may be eligible to purchase the difference between the service they would have received if paid their normal salary and the amount of service they were actually credited with based on the salary they were paid while on leave.

#### **2.1.3.4 Periods of reduced pay**

Plan members who worked at less than their full assignment for a period of time may be eligible to purchase the difference between the normal, full assignment and the amount actually worked. Canada Revenue Agency (CRA) categorizes these as "periods of reduced pay" and sets out the following rules:

- the plan member must have been employed by you for not less than three years,
- only periods of reduced pay after the three-year requirement is met are eligible, and

- the plan member must have worked at the full assignment at some time during their employment with you prior to the leave period.

**Note:** For 2020 and 2021 only, the 36-month requirement does not apply. Members who worked at less than their full assignment in 2020 and 2021 may be eligible to purchase service regardless of the length of time they have been employed. If members qualified for a period of reduced pay under the relaxed eligibility requirements during this time but have since terminated employment or retired, they may still be able to purchase service. Members and employers can contact the plan for more information.

If the full assignment for the plan member is less than 100 per cent full-time, the plan member may purchase only that portion needed to bring it up to the plan member's full assignment, not to full-time.

#### 2.1.4 All leave types

Plan members can purchase a leave if the total pensionable service resulting from the purchase would not exceed:

- 12 months in a calendar year, or
- Canada Revenue Agency maximums (contact CRA or the College Pension Plan for more details)

Plan members have the option to purchase leaves in annual portions when the leave exceeds one year. Application deadlines (see 2.1.5) apply to the end of the **leave period they are purchasing**.

If plan members wish to purchase a leave of absence for a period during which they contributed to a registered pension plan with any other employer, some restrictions may apply.

If a plan member chooses to continue to make contributions while on a ESA leave, but then stops making those contributions before the leave period has elapsed, only the leave period already purchased is credited.

Contact the College Pension Plan for more information.

Plan members may not purchase a period during which they were on strike.

### 2.1.5 Deadlines to purchase leaves

There is a deadline applied to purchases of leaves of absence.

- Application to purchase a period of leave must be made within five years of the end of the leave period or within 30 days of termination of employment with the employer with which the leave occurred, whichever occurs first.

If a member chooses to continue to contribute during an ESA leave, they must apply to do so within 30 days of the leave start date. If the member misses this 30 day deadline, they are still eligible to apply at the end of the leave and make a lump sum payment.

- The employer must then complete and submit the member's purchase application to us within 30 days of receiving the application. If the member indicates they wish to continue to contribute during the leave, the employer must submit application form copies to us monthly.

The member is not required to return to work after the leave. If a plan member is not going to return to work after a leave, application must be made within 30 days of terminating employment with the employer with which the leave occurred, in order to be eligible to purchase.

If application is not made prior to the deadlines, the member will no longer be eligible to purchase the leave period.

### 2.1.6 Cost to purchase leaves

“Current” means at the time of application to purchase.

The cost to purchase any leave of absence is calculated using the “Current Salary and Current Contribution” cost method. Under this cost method, the cost to purchase is based on the plan member's current full-time equivalent salary, multiplied by the length of the leave period, multiplied by:

- the current employee contribution rate—this applies to pregnancy/maternity, parental/adoption and all general leaves covered under the *Employment Standards Act* (you will pay your portion on the member's behalf), or
- the current employee and employer contribution rates—this applies to general leaves.

If a member chooses to pay for the employee portion of a maternity, parental, adoption, or general leaves covered under the *Employment Standards Act*, the employer who granted the leave is required to pay for the employer portion of the leave cost.

The member is responsible for paying both the employee and employer costs for all other leaves unless you choose to pay a portion of the costs.

Once a member's leave has ended, they can generate an estimate of the cost to purchase service by signing into My Account and accessing the personalized purchase cost estimator. Once a member is on leave, they should use the fillable PDF located at [college.pensionsbc.ca/submit-a-form-to-buy-service](https://college.pensionsbc.ca/submit-a-form-to-buy-service).

## 2.2 Arrears

Arrears occur when a plan member and the employer should have made contributions to the pension plan, but did not. If you are aware of a possible arrears situation for one of your employees, you should notify the employee and submit an application form on behalf of the employee. There are two types of arrears: enrolment arrears and payroll arrears.

### 2.2.1 Eligibility to purchase arrears

#### *Enrolment arrears*

See section 7 for information on recovering current year arrears.

Enrolment arrears occur when:

- a plan member for whom enrolment in the plan is mandatory does not start making contributions when first required,
- a plan member whose enrolment was optional does not complete a written waiver to opt out of the pension plan and does not commence contributions, or
- a plan member whose enrolment is optional elects to enrol but does not start making contributions from the date of election.



Payment of enrolment arrears is mandatory for employers but optional for plan members. You must pay on receipt of the *Statement of Cost*.

Payment for enrolment arrears is optional for plan members.

When the employer portion of the arrears is paid, only one-half pensionable service and full contributory service is credited to the plan member. When both the employer and plan member portions are paid, the plan member is credited with full pensionable service and contributory service for that period.

### ***Payroll arrears***

Payroll arrears occur when an employer has not made deductions for a plan member. This can happen when the employer has:

Payroll arrears are mandatory for both employers and plan members.

- not made the required deductions on salary paid during a partially-paid leave of absence,
- failed to resume deductions when an employee, after a period of time when deductions were discontinued, should have started contributing again (for example, after a pregnancy/maternity leave), or
- for any reason not made the required deductions and has not remitted the required contributions for an active plan member (for example, there is a problem with your payroll system).

Payment of payroll arrears is mandatory for both you and the plan member. They must be paid on receipt of the *Statement of Cost*. You must remit the required employee and employer contributions, and collect the employee contributions from the plan member.

### **2.2.2 Deadlines to purchase arrears**

There is a deadline applied to purchases of enrolment arrears.

- Active members who received their notice of enrolment arrears on or after March 1, 2002 must apply to the plan administrative agent to purchase those arrears within five years of the date the arrears notice was sent or 30 days after termination of employment, whichever occurs first.
- The employer must then complete and submit the member's purchase application to us within 30 days of receiving the application.

If application is not made prior to the deadlines, the member will no longer be eligible to purchase the arrears period.

### **2.2.3 Cost to purchase arrears**

The cost to purchase arrears is calculated using the “Current Salary and Current Contribution” rate cost method. Under this cost method, the cost to purchase is determined by calculating the employee and employer contributions required for the amount of pensionable service to be purchased, using the plan’s current employee and employer contribution rates and the member’s current pensionable salary. (“Current” at the time the arrears request is submitted.)

## **2.3 Child-rearing break**

Plan members who take time off work to raise their own child may be able to have up to five years of this “child-rearing” time recognized as contributory service in the College Pension Plan.

Unlike purchasing a leave, members do not pay any money to be credited with child-rearing time. Rather, the time is counted as contributory service as long as the member meets the eligibility requirement (see below). Additional contributory service could benefit plan members by assisting them to become entitled to an unreduced retirement benefit.

### **2.3.1 Eligibility for child-rearing time**

To qualify for child-rearing time, a plan member must:

- accumulate pensionable service in the College Pension Plan before and after taking time off to raise a child,
- quit work or take an employer-approved full-time leave of absence specifically to raise a child,
- not have accrued entitlement to a benefit under any registered pension plan during the child-rearing period, and
- pay back any refund of contributions they might have taken immediately before the child-rearing period.

When applying for child-rearing time, a plan member must be an active member or within 30 days of terminating employment.

If the member purchases a leave taken for child-rearing under the leave of absence rules, the member will already have contributory service credited for that period, and will not have additional contributory service credited for child-rearing time.

### 2.3.2 Applying for child-rearing time

The plan member should apply to the plan, using the *Child-rearing Declaration* form. The member must sign the form and include copies of the child's birth certificate or adoption papers.

## 2.4 Applying to purchase service

### 2.4.1 When is an application form required?

You or your employee must complete Part A. The employee is not required to sign the form.

For leaves and arrears, plan members cannot apply directly to the pension plan. You must complete a *Purchase of Service Application* form from [college.pensionsbc.ca/submit-the-purchase-of-service-application-package](https://college.pensionsbc.ca/submit-the-purchase-of-service-application-package). You or your employee must complete Part A.

You must complete a separate application for each purchase type, with the exception of multiple general leaves of absence that occur during the same reporting segment (i.e., September to December and January to August); these can be requested on one application. Attach details of dates and service for each leave period. We will combine the periods of service and provide one *Statement of Cost* to the plan member.

### 2.4.2 Members on leave prior to retirement

Remember, plan members must be active (including being on a leave of absence) or within 30 days of terminating employment to apply to purchase service.

If a member is on a leave of absence just prior to retirement and wishes to purchase service:

- The member should apply to purchase that leave (and any other unpaid purchases) prior to their retirement date.
- If the member wishes to complete the purchase prior to retiring, they should apply approximately two months prior to their retirement date.
- The member must pay by the due date indicated on the *Statement of Cost*—once the due date is past, the member will not be able to purchase the service.
- If the retirement benefit is processed before the purchase has been completed, it will be amended as soon as the purchased service is credited to the member's account.

### 2.4.3 Purchase cost estimates

The member should not forward any funds to the corporation until they have received a final costing from the College Pension Plan.

The member should calculate an estimated cost and determine the estimated increase to pension prior to submitting the application; you may be asked to assist your employees with estimates. An estimated cost allows members to determine if they wish to proceed with the purchase before making a formal application, and before having you complete the employer portion of the application form.

Plan members can obtain these figures by using the **Online purchase cost estimator**: Members can do their own estimate using the personalized purchase cost estimator available on our website through My Account. The estimator has been loaded with each member's current *Member's Benefit Statement* information.

Members who haven't registered for My Account can use the self-registration process.

The online purchase cost estimator will provide the member with an approximate cost to purchase service, the estimated increase to their pension if they purchase service, and a payback feature, which lets the member know how many pension payments they need to receive in order to recoup the cost of purchasing service.

Members who use the personalized purchase cost estimator and have decided to proceed with the application may print directly from the estimator. The application form will be populated with the purchase details as entered by the member.

The member should not forward any funds to the corporation based on estimates from the purchase cost estimator or that they have manually calculated. Members can only make payment when they receive a *Statement of Cost* from the College Pension Plan.

#### 2.4.4 Continuous contributions while on an ESA leave

For ESA leaves commencing on or after May 1, 2020 members will be able to contribute to their pension on a continuing basis during the leave. This opportunity gives members who want to buy service the flexibility to choose the option that best fits them: either pay during a leave under the new rule, or buy service in one payment up to five years after the leave under the current rule.

- Members will have 30 days from the leave start date to apply to make continuous contributions. If this 30 day deadline is missed, members will need to wait until the end of the leave period and then apply to purchase the entire period in a lump sum.
- When a member submits a *Purchase of Service* form requesting continuous contribution within 30 days of the leave start date, the employer will date stamp and photocopy the application and submit a copy to the Pension Corporation each month the member is on an ESA leave. The subsequent applications should document any relevant changes such as an increase in salary.
- The first partial month of leave can be combined with the second full month of leave.
- The *Purchase of Service Application* provides space for the employer to record several pay periods.

### 2.5 The purchase of service application package

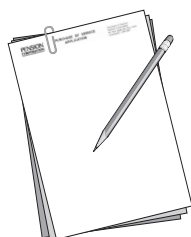
#### 2.5.1 The purchase package overview

The purchase application package has been developed to help the member better understand purchase of service and their role in the purchase process.

#### 2.5.2 Purchase of service information for the member

The *Purchase of Service Application Package* provides answers to questions regarding purchasing service.

The *Purchase of Service Application Package* also provides information as to the next steps in the purchase process, such as paying for the purchase and tax considerations.



### 2.5.3 Reviewing and verifying the purchase application form

You or your employee must complete Part A. The employee is not required to sign the form.

It is critical that you verify and submit purchase applications to us without delay when a member applies to make a purchase. Refer to the Purchase of Service table in Section 2.1.1 for details.

When a *Purchase of Service Application* form arrives in your office:

- Ensure that all applications are **date stamped** on the day they arrive in your office. This date is deemed to be the “Application Received Date” and should be recorded in the corresponding field in Part B. College Pension Plan staff use this date to determine applicable rates to apply to a purchase cost and/or to determine if the application has been received before a pertinent deadline, for example, termination of employment.
- You or your employee must complete Part A of the *Purchase of Service Application* form in its entirety. It is the member’s responsibility to provide you with as much information as possible for the period of service they wish to purchase.
- It is your responsibility to **verify** the information submitted by the employee on the *Purchase of Service Application* form.
- Researching a purchase request will vary case by case, however, you should use your best judgment on how much research time is appropriate, based on individual circumstances.
- Where employment records and periods of service are difficult to verify because records are inaccessible, misplaced or destroyed, consider using the employment verification resources listed in section 2.5.4.1.

## 2.5.4 The purchase application form

### 2.5.4.1 Part A—To be completed by you or the plan member

The member must complete all applicable areas; in some instances members may need assistance to determine the dates and the amount of service eligible for purchase. Keep in mind that the member must exercise due diligence in attempting to find the necessary information before requesting your assistance.

Members must complete the following critical fields:

- Plan member name and address.
- Phone number and email address.
- Type of Purchase—the member may have to review detailed information located at [college.pensionsbc.ca/taking-time-off-work-and-buying-service](https://college.pensionsbc.ca/taking-time-off-work-and-buying-service).
- Period of Service Applying to Purchase—some members may find it difficult to determine the actual dates for the period of service. In some instances you may assist the member in locating these dates; however, the member must exercise due diligence to find the dates prior to contacting you.
- If the member applies to purchase an ESA leave within 30 days of the leave commencing, they are eligible to choose the continuous contribution payment method.
- Indicate if member was full or part-time—the member must choose either full-time or part-time. If part-time has been selected, a percentage of full-time employment must be indicated by dividing the actual hours worked in the year by the possible full-time hours in the year.

When confirming the information in Part A, remember the following:

- **Current pension plan:** The member can only purchase service that occurred in their current pension plan.
- **Type of purchase:** The member must complete a separate application for each purchase type, with the exception of multiple general leaves of absence that occur during the same reporting segment (i.e., September to December and January to August), which can be requested on one application. Attach details of dates and service for each leave period. or use the service and salary chart in Part B. We will combine the periods of service and provide one statement of cost to the plan member.

- **Pregnancy/maternity, parental, and adoption leaves:** You must view and verify the accuracy and authenticity of any documents related to the child's date of birth (or adoption) prior to signing the application form. The College Pension Plan does not need to see these documents.
- **Indicate if they are full-time or part-time:** if part-time, the member will indicate the percentage of full-time employment. The College Pension Plan will calculate the eligible service based on the start and end dates and the percentage you have given us.  
  
If the purchase period spans more than one segment, the purchase must have the service broken down into separate segments on the application or on an attachment.
- **Period of service to be purchased:** You can confirm this information by checking your employment records or, if these records are unavailable, you may need your employee to provide you with some information such as:
  - offer of employment letter,
  - leave approval form or letter,
  - historical timesheets,
  - paycheque stubs,
  - copies of T4s,
  - Employment Insurance – Record of Employment,
  - letter from Canada Revenue Agency, or
  - letter from the Canada Pension Plan.
- Once you have sufficient information to be confident in confirming the requested period of service, you must complete Part B.

#### **2.5.4.2 Part B–To be completed by the current employer**

By signing the *Purchase of Service Application* form you are indicating that you understand you will be billed for the employer portion, if applicable.

It is your responsibility to provide us with the Current Annual Pensionable Salary (full-time equivalent). This will be the salary the College Pension Plan will use to determine the cost of the purchase. Pensionable Salary means the base salary received by a member and includes any additional amounts specified by the board.

Section 7 of this manual describes what types of earnings, compensation or pay are pensionable and lists some exclusions.



## **EXAMPLE**

To calculate the Current Annual Pensionable Salary (full-time equivalent):

1. Calculate the percentage of full-time hours worked.
  - If the employee works 30 hours per week (where a full-time employee works 40 hours per week)
  - Then:  $30 \text{ hours} \div 40 \text{ hours} = 75 \text{ per cent}$
2. Calculate the full-time equivalent pay period salary.
  - If the employee earned \$2,250 in their last pay period (including any Adds to Pay deemed pensionable in Section 7 Reporting) before applying to purchase service
  - Then:  $\$2,250 \div 0.75 = \$3,000$
3. Calculate the full-time equivalent annual salary.
  - $\$3,000$  divided by the pay period amount 0.4615 (which equals 12 months divided by 26 pay periods) and multiplied by 12
  - Then:  $(\$3,000 \div 0.4615) \times 12 = \$78,006.50$

---

For ESA leaves check if the continuous contributions option is selected.

**Service and Salary Chart:** For all requests, indicate the amount of pensionable service and salary paid during the purchase period (e.g., Maternity or Parental/Adoption leave top up), and, if applicable, any current year service that has not yet been reported. For continuous contribution leave purchases, display by segment or pay cycle, if applicable. Indicate the service to be purchased based on the total service available in the segment or pay cycle. If the costing salary amount changes for continuous contribution leave purchases, update the current annual pensionable salary amount for the purchase period.

If the request is for pregnancy/maternity or parental leave you must provide us with the pensionable service the member has accrued as a result of pregnancy/maternity and/or parental leave top up paid in the purchase period.

By signing Part B, you are confirming the information in Parts A and B, and certifying that the information is true, complete, and correct to the best of your knowledge, based on the purchase eligibility rules for each purchase category

Additional Information on Pensionable Salary can be located in Section 7 of this Employer Manual.

(please refer to purchase eligibility for each type of purchase earlier in this section).

Also, by signing the form you are indicating that you accept the respective employer cost responsibility, if applicable. For example, if an employee pays for the employee portion of a maternity leave, the employer who granted the leave will be billed for the employer portion of the cost.

### **2.5.5 Forward the application to the College Pension Plan**

Once all sections of the form are completed, the form is sent to us. We will produce a *Statement of Cost* and send it to the member. The member must pay by the due date indicated on the statement in order to be eligible to purchase the service at that cost. If the member does not purchase, they may apply to have the cost recalculated, as long as the deadline for that purchase type has not passed (see deadline information under each purchase type in this section) and the member is still eligible to purchase service.

If the member has chosen Option 1: Continuous contribution, submit a copy of Part B after each monthly pay cycle. Throughout the leave, the member will receive a Statement of Cost from the Plan about once a month. To be eligible to purchase service at the cost listed on the Statement, the member must submit their payment by the due date listed on the Statement. If the member does not pay by the due date, the continuous contribution option expires. Both the member and the employer will be notified of expired continuous contribution options. If the continuous contribution option expires, and the member still wants to purchase service, they must wait until the end of the leave period to apply to have the cost recalculated. Upon recalculation, the member may purchase the services by making a lump sum payment.

### **2.5.6 Request for an updated purchase cost**

In order to receive an updated cost for an expired lump-sum payment, members must formally request an update; they can do so by completing the Request for an Updated Cost section on the *Statement of Cost* and sending it to you. You will review the *Statement of Cost* details to ensure that the member is still eligible to apply to purchase service, and then complete

the employer section, providing us with the new “Current Annual Pensionable Salary” (Full Time Equivalent), so we can prepare an updated cost using the most current salary. Once completed, sign the form and forward it to the College Pension Plan, we will send out a new *Statement of Cost* to the member.

## 2.6 Paying for purchases

### 2.6.1 Methods of payment

There are several possible methods of payment:

- cash from plan member (in the form of a personal cheque or EFT),
- RRSP transfer,
- employer funds,
- employee funds directed from severance payments or retirement allowances, or
- combination of any of the above.

### 2.6.2 Tax implications

Contributions made to pay for purchases may be tax-deductible. If a member pays in cash (in the form of a cheque or EFT) directly to the College Pension Plan, we will issue a receipt to the member to use when filing their income tax return for the year in which the payment is made.

If the purchase is for post-1990 dates the member must have sufficient RRSP room in order to pay by cash. The member must contact Canada Revenue Agency (CRA) to see if they have enough RRSP room. If a member pays for their purchase by cash and they do not have enough room, CRA will deny the purchase.

If a member pays by RRSP transfer, we will not issue a receipt as the funds are already tax sheltered and would have been deducted by the member at the time they were contributed. We will acknowledge receipt of these funds.

If you are paying some or all of the member’s purchase, you need to arrange the details of the employer payment with the member. Ensure the payment is made by the due date on the *Statement of Cost* and that the member has completed the “Method of Payment” section on the *Statement of Cost* invoice.

Members should contact CRA directly for tax information.

No tax receipts are issued for employer-funded payments, other than severance and retiring allowance payments as set out below.

### 2.6.3 Severance and retiring allowance payments from the employer

If the payment is coming from severance pay or a retiring allowance, we will issue a tax receipt to the member for the purchase payment and then you will issue a T4 to the member for the income.

It is important that members understand that purchases made from a severance or retiring allowance may affect RRSP room.

## 2.7 Payment and billing

### 2.7.1 Arrears

For arrears, the employer is automatically billed for the employer portion of the cost. We will send you a letter showing the breakdown of the employee and employer costs.

#### ***Enrolment arrears***

**Employer portion**—you can pay in one of two ways:

- through the regular remittance process by reporting the employer portion of the arrears payment on line 6 of your next employer remittance—ensure you include the arrears payment with your remittance, or
- by a separate cheque.

We will bill employers and members separately for their portions.

**Employee portion**—we will send the member a *Statement of Cost* for the employee portion. The member must decide whether or not to pay the employee portion, which may be paid by RRSP transfer or by cash, subject to CRA approval. If the member chooses to pay by cash, we will issue a tax receipt directly to the member. If the member chooses to pay by RRSP, we will send them a *Purchase Confirmation Letter*.

#### ***Payroll arrears***

In addition to the arrears letter, we will send you the *Statement of Cost* for the employee portion. You must remit both the employee and employer amounts. You are responsible to recover the employee contributions from the member. You are responsible for indicating the deduction for the

member's portion on their T4 slip. If you require assistance on completing the T4 with this information please call CRA.

### **2.7.2 Leave of absence**

If the employer is responsible for paying their portion of the leave cost as explained in section 2.1, the member will be sent a *Statement of Cost* for the employee portion. If the member pays for their portion, an invoice is generated and sent to the employer who granted the leave. The employer must pay by the due date indicated on the invoice.

If the member has chosen Option 1, continuous contributions, the Plan will send you an invoice for the employer portion shortly after the member pays their portion.

If the employer is not responsible for paying a portion of the leave cost, the member will be sent a *Statement of Cost* for the full cost. Although you are not required by the plan rules to pay for any portion of the leave cost, you may still have an arrangement with your employee to pay for all or a portion of it. If so, please forward a cheque by the due date indicated on the *Statement of Cost*.

If the member chooses to pay by cash, we will issue a tax receipt directly to the member. If the member chooses to pay by RRSP, we will send them a *Purchase Confirmation Letter*.

## **2.8 Pension transfer agreements**

Pension transfer agreements are negotiated agreements between pension plans that allow plan members to carry certain pension rights—including contributions and years of service—from one pension plan to another. They allow members to transfer the service they earned in a former plan (the “exporting plan”) to their current plan, or the plan to which they last contributed (the “importing plan”).

Transfer of full service from one plan to another is not guaranteed. Differences in benefit formulas, salaries and other factors impact transfer calculations.

Transferring pension rights under an agreement can improve the overall benefits that a plan member is entitled to receive. Plan members who transfer under an agreement must leave

their contributions on deposit with their plan, rather than take a refund or other benefit, when they terminate employment.

To be eligible to transfer pension rights, the member must meet certain criteria. These depend on transfer arrangements between the two pension plans. The plan member should contact the College Pension Plan directly to find out if there is an agreement in place with another pension plan, and how to proceed from there.