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2 PURCHASING SERVICE

Purchasing service means paying for periods of employment not counted as service with the Municipal Pension Plan. Purchasing service may increase a plan member's retirement benefit.

2.1 Non-contributory service

Plan members may be eligible to purchase periods of service when they worked for a Municipal Pension Plan employer but did not contribute to, or accrue service in, the plan. If a member should have contributed to the plan but did not, there may be arrears owing—see section 2.4.

2.1.1 Eligibility to purchase non-contributory service

Plan members may purchase non-contributory service with any employer in the plan, including:

- service during a probationary period prior to a permanent appointment,
- part-time or casual service for which contributions were not made,
- service with a plan employer before the employer was covered for the employee's position under the plan, or
- service for which the member waived enrolment before April 1, 2000.

Plan members may not purchase as non-contributory service:

- time during which they were not employed,
- a period of time during which they were employed with an employer other than a plan employer,
- time with the employer in a position covered by another BC public sector plan,
- service for which the member waived enrolment on or after April 1, 2000,
- service to bring part-time employment up to full-time,
- a period during which the member was on strike or locked-out, or

- service which would cause the member’s pensionable service to exceed:
 - 12 months in a calendar year, or
 - 35 years in total.

2.1.2 Deadlines to purchase non-contributory service

There is a deadline to apply to purchase non-contributory service.

A member must apply to purchase a period of non-contributory service within 30 days after their employment with the employer with whom the service occurred ends, or within five years from the time they first begin contributing to the plan, whichever is earlier.

You 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 deadline, the member will no longer be eligible to purchase the non-contributory period.

2.1.3 Cost to purchase non-contributory service

The cost to purchase non-contributory service may be calculated in one of two ways, depending on the service. The plan member is responsible for the total cost, unless the employer is willing to enter into a cost-sharing arrangement with the member.

The entire non-contributory service period does not have to be purchased. Once the full period of service has been determined, the member may choose to purchase only a portion of it. If this is the case, the [Purchase of Service Application](#) submitted should reflect only the service period the member wishes to purchase.

Current salary and current contribution cost method

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

The current salary and current contribution cost method is used for purchases where the employee’s position was covered by the plan.

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 (for the appropriate employee group) and the member's current pensionable salary.

Members can estimate the cost to purchase service by signing in to My Account and accessing the personalized purchase cost estimator.

Actuarial value method

The actuarial value method is used for purchases where the employee had service with a plan employer before their position was covered under the plan.

The actuarial value method is used to calculate the actuarial value of the increased benefit that will be provided by the purchased service.

The actuarial value method is typically much more expensive than any other way the plan member can purchase service. If the member has other purchase opportunities such as reinstatements or non-contributory service and leaves under the current salary/current contribution cost, then they may want to obtain costs for those first.

Members cannot estimate the cost to purchase service under the actuarial value method. The plan will provide estimates and final costs.

2.2 Leave of absence (LOA)

Plan members may be eligible to apply to purchase leaves of absence. There are two main categories of leave:

- *Employment Standards Act* (ESA) and *Canada Labour Code* (CLC) provided leaves where the purchase of service is required to be cost-shared between employer and member:
 - Maternity (ESA and CLC)
 - Parental (ESA and CLC)
 - Family responsibility (ESA only)
 - Compassionate care (ESA and CLC)
 - Disappearance of a child (ESA and CLC)
 - Death of a child (ESA and CLC)
 - Bereavement (ESA only)
 - Jury duty (ESA and CLC)

- Critical Illness or injury leave (ESA and CLC)
- COVID-19-related leave (ESA and CLC)
- Personal illness or injury leave (ESA and CLC)
- Domestic or sexual violence leave (ESA and CLC)
- Traditional Aboriginal practices (CLC only)
- Personal leave (CLC only)
- General leaves where the member is responsible for the full cost of purchasing service.

Note: The plan allows cost-sharing of general leave, if provided by employee's collective agreement.

2.2.1 *Employment Standards Act* LOA Timeframes

The vast majority of MPP employers are provincially regulated, meaning their employees are covered by the *Employment Standards Act*. Refer to the following Purchase of Service table for clarification of leave limits applied per purchase type.

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
In the event of a discrepancy between this table and the <i>Employment Standards Act</i> (ESA) or Income Tax Act Regulations (ITAR), the ESA or ITAR shall prevail.		The Income Tax Act Regulations (ITAR) states purchase leave maximums. *5 years, **3 years
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)

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
Parental/adoptive leave	<p>Birth parent: If maternity leave is also taken, up to 61 weeks which must begin immediately after the maternity leave ends.</p> <p>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.</p> <p>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.</p>	<p>**3 year ITAR maximum applies (1 year per child)</p> <p>*5 year ITAR maximum applies (for portions of the leave not covered by the 3 year ITAR maximum)</p>
Compassionate care leave	Up to 27 weeks within a 52 week period (can be taken in units of one or more weeks).	<p>To provide care or support to a family member with a significant risk of death within 26 weeks.</p> <p>*5 year ITAR maximum applies</p>
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 2.2.1.1 of this instruction manual.	<p>This leave is a temporary measure and is expected to be repealed and removed from the ESA when no longer needed.</p> <p>*5 year ITAR maximum applies</p>
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).	<p>The child's disappearance must be the result of a crime (e.g., a kidnapping).</p> <p>*5 year ITAR maximum applies</p>
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).	<p>To provide care or support for a family member whose life is at risk due to illness or injury.</p> <p>*5 year ITAR maximum applies</p>
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 or time, or more than one unit of time with the employer's consent.	<p>For prescribed purposes for the employee, or the employee's child or dependent. See Section 2.2.1.9 of this instruction manual for calculating an average day's pay for the paid portion.</p> <p>*5 year ITAR maximum applies</p>
Personal illness and injury leave	Up to 5 paid days and 3 unpaid days per calendar year.	<p>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.</p> <p>*5 year ITAR maximum applies</p>

PURCHASE TYPE	LEAVE LIMITS	IMPORTANT DETAILS
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](#).

2.2.1.1 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;

* 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.

- 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;
- 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*.

** 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).

2.2.2 Canada Labour Code LOA

A small number of MPP employers are federally regulated, meaning their employees are covered by the *Canada Labour Code*. For more information about these leaves, please see [Government of Canada Types of leaves you can receive as an employee working in federally regulated industries and workplaces](#).

2.2.3 Eligibility for purchasing ESA or CLC provided leaves

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 birth date. The plan does not need to see these documents.

- You must verify the leave period and ensure *Employment Standards Act* or *Canada Labour Code* 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 and CLC leaves require the employer to obtain (or allow the employer to request) certain documentation (e.g., a medical certificate, birth certificate or adoption papers)—the plan does not need to see this documentation.
- If a member chooses to pay for the employee portion of one of the ESA- or CLC-provided leaves listed in section 2.2.1 above, the employer is required to pay for the employer portion of the leave cost.
- If a member chooses to pay for the employee portion of an ESA- or CLC-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 or CLC, the additional leave may be purchased as general leave.
- Upon application, a member may choose to continue making pension contributions while on an ESA or CLC leave.

2.2.4 General leave

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

2.2.4.1 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 and is based on the amount of eligible service being purchased.

2.2.4.2 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.

2.2.4.3 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.

2.2.4.4 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 36 months,
- only periods of reduced pay after the 36th month 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.

2.2.4.5 Periods of layoff after January 1, 2020

Members may apply to purchase periods of layoff service that commence on or after January 1, 2020 as a general leave of absence, provided they remain employed during the layoff period.

Eligibility requirements for unionized members

Unionized members with recall rights under a collective agreement are considered laid off and active members during this time. The employment relationship continues until the recall rights expire. Therefore, a unionized member can purchase service from the first day of the layoff period until the earlier of:

- the date they return to work
- the date they resign (i.e., relinquish their recall rights)*
- The date their employment is terminated for pension purposes according to the plan rules (i.e., it's been 275 days since their last contribution)*

Eligibility requirements for non-unionized members

To remain in an employment relationship, non-unionized members must be laid off under the terms of an employment contract, an agreement between the member and employer, or because of established industry norms. During this layoff period, employment continues provided the period does not exceed 13 weeks in a period of 20 consecutive weeks (the maximum length allowed under the ESA). If this threshold is exceeded, the employment relationship ends. Therefore, a non-unionized member can purchase service from the first day of the layoff period until the earlier of:

- The date they return to work (without exceeding the 13-out-of-20-week maximum)
- The date they resign or are terminated by their employer*
- The date the 13-out-of-20-week threshold is exceeded*

Note: Circumstances marked with an asterisk (*) constitute a termination of employment for which you must submit an *Employee Information at Termination/Retirement* (see chapter 3). In these cases, the member must apply to purchase their layoff period within 30 days of termination of employment.

2.2.5 All leave types

The full period of the leave must be purchased unless, as a result of the purchase, the plan member's pensionable service exceeds:

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

In these circumstances, the portion of the leave up to the maximum may be purchased.

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 an ESA or CLC leave, but then stops making those contributions before the leave period has elapsed, only the leave period already purchased is credited. The member may later apply to purchase the remainder of the ESA or CLC leave (i.e., the portion for which they stopped making contributions during the leave) upon returning to work.

Contact the plan for more information.

2.2.6 Deadlines to purchase leaves

There is a deadline to apply to purchase leaves of absence.

A member must apply to purchase a leave within 30 days after the employment with the employer with whom the leave occurred ends, or within five years of the end of the leave, whichever is earlier.

If a member chooses to continue to contribute during an ESA or CLC 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.

You 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, but must have been an active member within 30 days to apply to purchase. This means that if a plan member is not going to return to work after a leave, they must apply while on leave or within 30 days after the end of the leave in order to be eligible to purchase.

If the member does not apply prior to the deadline, the member will no longer be eligible to purchase the leave period.

2.2.7 Cost to purchase leaves

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 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 (for the appropriate employee group) and the member's current pensionable salary.

"Current" means at the time of application to purchase.

If a member chooses to pay for the employee portion of any of the ESA or CLC leaves listed in section 2.2.1 above, the employer is required to pay for the employer portion of the

leave cost. The Plan member is responsible for the full cost of all other leaves, unless the employer is willing to share the cost.

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 mpp.pensionsbc.ca/submit-a-form-to-buy-service.

2.3 Reinstatement

If you have an employee who left employment and took a refund of contributions from the plan, they may be eligible to reinstate that service by repaying their contributions plus interest. Members who think they might be eligible to reinstate a refund should visit the plan website at mpp.pensionsbc.ca/reinstating-service-and-paying-back-a-refund.

2.4 Arrears

You must complete a [Purchase of Service Application](#) form. You or your employee must complete Part A. The employee is not required to sign the form. For more information, see section 2.

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.

2.4.1 Eligibility to purchase arrears

Enrolment 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 is optional elects to enrol but does not start making contributions from the date of eligibility,
- a plan member whose enrolment is optional does not complete a written waiver to opt out of the pension plan and does not begin contributions, or

Payment for enrolment arrears is optional for plan members.

- a plan member who has previously waived enrolment, elects to enrol but does not start making contributions from the date of election.

Arrears first appeared in the provisions of the Municipal Pension Plan on January 1, 1988. Arrears that occurred before this date (pre-1988) have different payment criteria than arrears that occur after that date (post-1987).

Pre-1988 Arrears: the employer portion of enrolment arrears for periods prior to January 1, 1988, is only required if the plan member's portion is paid. We will notify you when and if your portion is required. You may delay payment of the employer portion of the arrears until the plan member terminates employment or reaches earliest retirement age, whichever occurs first. The cost will increase if you delay payment. You may choose to pay the member portion of arrears on behalf of the member.

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

Post-1987 Arrears: the employer portion of enrolment arrears for periods from January 1, 1988, is mandatory and must be paid when we send you an invoice. Interest may be applied to the amount you owe if not paid within 30 days. When the employer portion of the arrears is paid, only one-half pensionable service and full contributory service is credited to the member. When both the employer and member portions are paid, the member is credited with full pensionable service for that period.

Payroll arrears

Payroll arrears are mandatory for both employers and plan members.

Payroll arrears occur when you have:

- not made pension deductions on salary paid to a member during a partially paid leave of absence,
- not resumed making pension deductions following a period of unpaid leave (for example, after a maternity leave), or
- for any other reason, not made pension deductions or remitted contributions for an active member.

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 are responsible to remit the required employee and employer contributions and collect the employee contributions from the plan member. It is your decision if you want to seek recovery of the employee portion of the cost from your employee.

2.4.2 Deadlines to apply to purchase arrears

Enrolment arrears

You are required to apply to purchase enrolment arrears when an arrears period has been identified.

If there is an arrears period, you will receive an invoice. The payment amount quoted in your invoice is payable immediately. Interest may be applied to the amount you owe if not paid within 30 days. We will determine if the member is eligible to purchase their portion of the arrears cost.

EXAMPLE

A plan member starts working for you on July 1, 2011, and becomes eligible to start contributing October 1, 2011, but does not begin contributing until January 1, 2012. An invoice, which identifies the arrears period, is sent to you on March 1, 2012 and is payable immediately. The member chooses not to purchase arrears at that time, but then applies to purchase the arrears on March 15, 2017. You should send us a request for reapplication to purchase the arrears period, even if you believe the five-year application deadline has expired. When we receive the application we will determine eligibility.

EXAMPLE

A plan member stops working for employer A and starts working for employer B immediately. Six months into their employment with employer B, arrears with employer A are identified. An invoice is sent to employer A that identifies the arrears period. The invoice is payable immediately. The member receives a *Statement of Cost* for the arrears period with employer A. The member has five years from the date of this *Statement of Cost*, or 30 days after termination of employment with all plan employers, to purchase the arrears period, whichever is first.

Note: If two years later, the member stops working for employer B and starts working for employer C within 30 days, the member will still have about two and a half years to purchase their arrears period with employer A.

2.4.3 Deadlines to pay for arrears purchase

Enrolment arrears

Pre-1988: You are responsible for paying the employer portion of the arrears only if the employee pays the employee cost, which is optional. The employer portion of the payment must be made by the time the employee terminates employment or retires, whichever is first.

Post-1987: You are responsible for paying the employer portion of the arrears. The employer portion must be paid on receipt of the invoice we send you. The employee may choose to pay the employee portion, which is optional.

Payroll arrears

When payroll arrears are identified, you are responsible for paying both the member and employer portion of the arrears. You must pay the employer and member portions of the cost on receipt of the invoice we send you. It is your decision if you want to seek recovery of the employee portion of the cost from your employee.

2.4.4 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 (for the appropriate employee group) and the member’s current pensionable salary.

Members can estimate the cost to purchase service by signing in to My Account and accessing the personalized purchase cost estimator.

2.5 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 time recognized as contributory service in the plan.

Unlike purchasing a leave, members do not pay 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). If plan members plan to retire under age 60 (55 for public safety employees), additional contributory service from child-rearing time could help them meet the age plus service requirement for an unreduced retirement benefit, or for a lower reduction.

2.5.1 Eligibility for child-rearing time

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

- be an active member at the time of application,
- quit work or take an employer-approved leave of absence from the plan to directly and actively care for their own child (by birth or adoption), under age seven,
- not have worked with any other employer during the period,
- return to work and begin making pension contributions again,
- have made pension contributions before they took the time off,
- not have contributed to any registered pension plan during the child-rearing time, and
- have paid back any refund of plan contributions the member might have taken for service immediately before the child-rearing period (see section 2.3 “Reinstatement”).

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.

2.6 Applying to purchase service



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

2.6.1 What you and the member must do to apply to purchase service

For leaves, non-contributory service and arrears, plan members cannot apply directly to the pension plan. You must complete a [Purchase of Service Application](#) form. You or your employee may complete Part A.

For reinstatements, plan members should contact the plan.

You must complete a separate application for each purchase type, with the exception of multiple general leaves of absence that occur during the same calendar year; 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.

2.6.2 Members on leave prior to retirement

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.
- 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.

Remember, plan members must be active (including being on a leave of absence) to apply to purchase service.

2.6.3 Purchase cost estimates

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 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 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.

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

Members who use the personalized purchase cost estimator and have decided to proceed with the application may print the application form directly from the estimator. It 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 plan.

2.6.4 Continuous contributions while on an ESA or CLC leave

For ESA or CLC 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 or CLC 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.

2.7 The purchase of service application package

2.7.1 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.



2.7.2 Purchase of service information for the member

The [Purchase of Service Application Package](#) provides answers to questions regarding purchasing service, in addition to a brief description of the types of purchases (arrears, leave of absence, non-contributory service) and eligibility.

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.

2.7.3 Reviewing and verifying the purchase application form

You or the member must complete Part A. The member 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 2.2.1 for details.

When a [Purchase of Service Application](#) form arrives in your office:

- You must 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. Pension Corporation staff use this date to:
 - determine the applicable rates to apply to a purchase cost, and
 - determine if the application has been received by the deadline (for example, within 30 days of 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 2.7.6.1 (you may have to request this information from the member).

2.7.4 Current vs. former employer

- It is the employee's responsibility to provide you with proof of their past employment and service by contacting their former employer directly (if they are still in business), or by using supporting documents as listed below in 2.7.6.1.
- The former employer verifies the employment and service and signs Part C of the application form. If unable to verify any of this information, the former employer returns the application to the member and advises them to search for additional supporting documentation.
- If the former employer is no longer in business, the member must supply you with documentation to support their application.

2.7.5 Default option for non-contributory purchases

In cases where employment records are missing, inaccessible or incomplete, and where both the employer and member agree, a default pensionable service option can be accepted. The default option is 50 per cent pensionable service and 100 per cent contributory service for the period of eligible time the employee wants to purchase. To apply the default on the [Purchase of Service Application](#) form, make sure the "Non-contributory service – no records" checkbox and the "Non-contributory default" checkbox have both been

checked off. See the [Purchase of Service Application](#) on the mpp.pensionsbc.ca website for details, including eligibility and deadlines.

2.7.6 The purchase application form

2.7.6.1 Part A—To be completed by you or 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—for information on types of purchase and eligibility, see mpp.pensionsbc.ca/what-types-of-service-you-can-buy.
- 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 or CLC 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 calendar year, 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 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 plan will calculate the eligible service based on the start and end dates and the percentage you have given us; or

If the purchase period spans more than one year, the purchase must have the service broken down into separate years 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.

2.7.6.2 Part B—To be completed by the current employer

By signing the [Purchase of Service Application](#), 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 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 month or pay cycle, if applicable. Indicate the service to be purchased based on the total service available in the month 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.

Authorized signing officer

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. Please refer to purchase eligibility for each type of purchase earlier in this section.

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

We use the current year service information to determine how much service the member is eligible to purchase. Refer to eligibility rules in section 2.1.1.

2.7.6.3 Part C—To be completed by the former employer (if required)

If the period of service being purchased was with an employer with whom the member is no longer employed, the employer for the period being purchased must complete Part C as the Authorized Signing Officer. The current employer is still required to complete Part B of the application form to provide us with the Current Annual Pensionable Salary. If the previous employer no longer exists, and is not an amalgamation, the member must provide you with proof of employment in order for you to verify the period of service.

2.7.7 Forward the application to the Municipal 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.

2.7.8 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 plan. We will send out a new *Statement of Cost* to the member.

2.8 Paying for purchases

2.8.1 Methods of payment

You are responsible for ensuring the member meets the eligibility rules for the purchase.

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.

2.8.2 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 Municipal 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 should 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. The Pension Corporation will apply for certification of the purchase during this process.

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.

No tax receipts are issued for employer-funded payments, other than severance and retiring allowance payments as set out below. Employer payments will also effect the RRSP limits described above.

2.8.3 Severance pay and retiring allowance

We will bill employers and members separately for their portions.

If the payment is coming from severance pay or 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.

2.9 Payment and billing

2.9.1 Arrears

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

Enrolment arrears

If enrolment arrears occurred before 1988: If the member pays the member contributions for the period of arrears, you must pay the employer contributions for the period.

If enrolment arrears occurred after 1987: When the member applies for the period of arrears, you must pay for the employer contributions for the period. The member has the option to pay their portion.

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.

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 to complete the T4 with this information please call CRA.

2.9.2. Leave of absence

If the employer is responsible for paying their portion of the leave cost as explained in section 2.2, 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*.

2.9.3 Non-contributory service

The member will be sent a *Statement of Cost* for the full cost of the purchase. Although in these cases employers are not required by the plan rules to pay for any portion of this cost, you may 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 member's *Statement of Cost*.

2.9.4 Reinstatement

Reinstatements only have an employee cost because the employer contributions were not refunded when a member took a refund from the plan.

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*.

2.10 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 plan directly to find out if there is an agreement in place with another pension plan, and how to proceed from there.