



## What does purchasing a Leave of Absence (LOA) on a current service basis mean?

Members may purchase an approved unpaid LOA while on leave rather than making the purchase after returning to work. To do this, you must pay both the member and employer contribution amounts that would have been remitted had you not been on leave.

## What is the benefit of purchasing current service?

Purchasing current service ensures you will continue to build your pension, even while you are on an approved unpaid leave of absence.

Service that is credited to you under the Plan is used to determine your eligibility for—and the amount of—your pension benefit. Your membership in the Plan continues during an approved unpaid leave of absence. But since you will not receive pensionable earnings, and required contributions will not be remitted to SHEPP during your LOA, no benefit will accrue. By purchasing current service during your leave, you continue to accrue credited service and continue to build your pension as if you were still working.



### IMPORTANT

Your projected Rule of 80 date assumes you will earn credited service every month between now and that date. Therefore, if your leave results in fewer months of credited service, your Rule of 80 date will change. Purchasing credited service ensures your projected Rule of 80 date will remain unchanged, rather than moving to a later date.

Service is credited on a monthly basis. If you are on an unpaid leave of absence for more than one calendar month, you may wish to purchase the service so your pension will not be affected by your LOA.

## Under what circumstances can you purchase periods of LOA on a current service basis?

All active Plan members can voluntarily purchase periods of LOA on a current service basis with the following conditions:

- You must have honest and reasonable intentions to return to work;
- You cannot exceed the lifetime maximum of purchased service. LOA's available for purchase by you on a current service basis are limited to a lifetime maximum of 60 months of credited service, plus an additional 36 months of credited service for parental leaves. Any credited service accrued during the leave portion under a deferred salary leave plan is included in the 60 months of credited service lifetime limit;
- The period must be certified by an authorised representative of the participating employer as an employer-approved unpaid LOA;
- You cannot be actively contributing through payroll from any SHEPP participating employer during a current service purchase. In the event you are purchasing an employer-approved LOA under the Plan on a current service basis and a member required contribution is remitted by any participating employer in respect of pensionable earnings paid to you for a payroll month, your LOA will be declared to have ended and you to have returned to work.

## When should I contact SHEPP about making a current service purchase?

To purchase an LOA on a current service basis, you must submit the *Leave of Absence Member Notification* form provided to you by your employer indicating your desire to make the current service purchase, or contact SHEPP directly to make the request.

SHEPP will prepare and mail you a cost quote and the relevant application forms to purchase your leave of absence.



To be eligible, SHEPP must receive the completed and signed *Pre-Authorised Debit* form and the *Current Service Purchase Agreement* within 60 days from the date your leave begins.

Once you've submitted the *Pre-Authorised Debit* form and the *Current Service Purchase Agreement*, SHEPP will confirm receipt in writing to you. If SHEPP does not receive the completed forms, it is assumed that you do not wish to purchase the LOA and the option to purchase through monthly pre-authorized debit is no longer available. You will still be eligible to purchase the leave on a prior service basis when you return to work.

SHEPP will withdraw contributions from your bank account on or about the last banking day of each month, commencing the first month of the LOA. If the pre-authorized debit is rejected for any reason, your election to purchase that month and all subsequent months is revoked and any bank charges will be at your expense.

### How is the cost to purchase current service calculated?

You are responsible for paying both the member and employer required contributions calculated by SHEPP to credit the LOA on a current service basis by the prescribed deadline. For full-time employees, the cost is based on full-time pensionable earnings. For part-time, casual and temporary employees, the cost is based on the average of the previous 12 months of payroll information available.

Members may perform a current service cost estimate online through [SHEPPWeb](#). The [SHEPPWeb](#) estimates are just that: estimates. To purchase service under the Plan a formal cost quote from SHEPP is required.

### What happens if I miss a payment while on a LOA for which I am purchasing current service?

If you stop a payment prior to completion of the entire LOA, only the service purchased to that point will be credited to your record. Any LOA periods greater than one calendar month not purchased on a current service basis

remain eligible prior service for you to purchase on an actuarial cost basis at any time while an active member of the Plan.

### What if contribution rates change during my LOA?

If a contribution rate change occurs during a current service LOA purchase period, a revised payment schedule and direct withdrawal authorisation will be issued to you to authorise the new withdrawal amount and return to SHEPP. At this point you will have the option to continue with the purchase at the revised rates or stop the purchase and your record will be updated with the service purchased up to that point.

### What are the tax implications for purchasing an LOA on a current service basis?

Purchase of an LOA on a current service basis will create a Pension Adjustment (PA) that will be reported by the employer on your T4 slip. The PA is your total pension credits for the year and reduces the available RRSP room you have for the next year.



In 2019, the amount you can contribute into your RRSP is 18% of your income to a maximum of \$26,500.