

Prince Edward Island Teachers' Superannuation Fund (TSF) Policy

Purchase of Parental Leave	
Policy No.	2
Approved by the Commission	November 14, 2018
Effective Date	September 1, 2018
Pages	4

1. GENERAL

Parental leave, for the purposes of this policy, means maternity, parental or adoption leave.

2. PURPOSE

This policy applies to any period of parental leave that begins on or after September 1, 2018.

3. PURPOSE

A member shall, upon purchasing a period of parental leave, have that period recognized as pensionable service.

4. POLICY

4.01 General

Required contributions, for the purpose of this policy, shall be base and/or supplementary contributions the member would be required to make under the Act as at the request date.

In order to purchase parental leave under this policy, a member must be, at the date of the request, an active contributor to the TSF or on a leave approved by the employer.

No request to purchase a period of parental leave shall be accepted until the parental leave has ended.

Contributions for the purchase of parental leave are in addition to the regular deductions made by a member for current service.

4.02 Eligible Service

Teacher is a member at start of parental leave

A member is eligible to purchase service up to the member's guaranteed hours during the period of parental leave. Guaranteed hours are determined as of the date the parental leave commenced.

Teacher becomes a member during the parental leave

A member is eligible to purchase service up to the member's guaranteed hours from the member's plan entry date to the end of the parental leave. Guaranteed hours are determined as of the plan entry date.

4.03 Request Deadline

A member must submit a request within twenty-four (24) months of the completion of the parental leave. If the request is not submitted within this time-frame the option to purchase shall lapse.

4.04 Cost and Payment Rules if Requests made in 2nd Year following Parental Leave

Two times Contributions

The member cost to purchase all or a portion of the service attributable to the parental leave shall be an amount equal to one year or a fraction of a year of the service being purchased, multiplied by **two times** the required contributions.

The employer does not participate in cost sharing the purchase.

The amount payable, under this option, shall be restricted to a single lump sum payment.

Payment Deadline

Where a member has made a request to purchased parental leave, the member shall make payment no later than 90 days from the date of the letter informing the member of the cost.

4.05 Cost and Payment Rules if Requests made in 1st Year following Parental Leave

One times Contributions

The member cost to purchase all or a portion of the service attributable to the parental leave shall be an amount equal to one year, or a fraction of a year of the service being purchased, multiplied by **one times** the required contributions.

The employer shall match the contributions made by the member.

The member's payment options include:

- a) a single lump sum payment, or
- b) bi-weekly payroll deductions spread over a period not exceeding twice the total period of the leave. A member must be on payroll to access payroll deductions.

Interest on payroll deductions

Interest shall be equal to the discount rate set out in the most recent actuarial valuation of the Fund.

Payment Deadline

The member shall make payment, or initiate payment, no later than 90 days from the date of the letter informing the member of the cost.

Members who Break Purchase Contract

Where a member, for whatever reason, ends a purchase contract prematurely, the remaining balance of the contract becomes payable immediately.

4.06 Crediting of Pensionable Service and Contributions

Upon payment, the member shall be credited with the contributions and service that pertained to the period being purchased.

4.07 Pro-ration of Service

Where the total payment is sufficient to cover the cost payable under 4.04 or 4.05, the entire period of parental leave shall be credited to the member as pensionable service.

Where the total payment is insufficient to cover the cost payable under 4.04 or 4.05, only that portion of the period of parental leave paid for shall be credited to the member as pensionable service, as determined by applying the ratio of the payment received divided by the total cost.

4.08 Income Tax Act requirements

Where required under the Income Tax Act (Canada), a past service pension adjustment shall be filed by the Minister with the appropriate government authorities for their approval or certification.

If the PSPA is not approved, the purchase shall be reversed and the funds refunded to the member.

4.09 Compliance

No benefits shall be paid with respect to service purchased under this policy prior to compliance with 4.08.

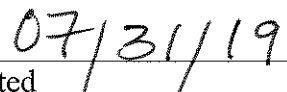
4.10 Limits

The total period of parental leave that may be purchased under this policy is subject to the overall limits imposed by the *Income Tax Act* (Canada) and associated regulations on the crediting of service in a registered pension plan.

This Policy No. 2 was approved by the Commission for the Prince Edward Island Teachers' Superannuation Commission at a meeting of the Commission held November 14, 2018.



Bethany MacLeod, Commission Chair



Dated