

member news



How plan changes will affect purchasing service for a leave of absence

Did you know you may be able to increase your pension by purchasing service for a leave of absence? Purchasing service for a leave of absence means buying service for a period you were not contributing to the Teachers' Pension Plan—for example, if you were on maternity or parental/adoption leave.

Changes to the plan coming January 1, 2018 (visit tpp.pensionsbc.ca/plandesign2018), won't affect the rules about purchasing; however, changes in contribution rates mean your cost to purchase service will be different on and after January 1, 2018.

Why will my cost to purchase service for a leave of absence change?

To determine the cost of purchasing service, the plan uses your salary and contribution rate at the date you apply (not the date of the actual leave of absence), as well as the length of the leave period you want to purchase. Because your contribution rate is changing on January 1, 2018, your cost to purchase service will change too. (Similarly, any change in salary may also affect your cost to purchase service.)

Should I purchase service for a leave of absence now or wait until January 1, 2018?

That's a personal decision only you can make. You may even decide not to purchase service at all. A financial advisor may be able to help you make a decision.

The Personalized Purchase Cost Estimator, available in My Account, can be used to estimate the cost of purchasing service, but it relies on the information available at the time you perform the estimate—it can't look into the future. That means, if you want to compare the cost of purchasing service now versus in 2018 (after contribution rates and possibly your salary have changed), the estimator will only provide you with half of the answer: the purchase cost today.

However, there's an easy way to find out that future purchase cost. If you're thinking about purchasing service **on or after** January 1, 2018, use the calculation below to estimate the purchase cost for these types of leave:

- Maternity
- Parental/adoption
- Compassionate care
- Family responsibility
- Bereavement
- Jury duty

Full-time equivalent monthly salary at time of purchase (\$)	X	Length of leave time being purchased, in months	X	Member contribution rate as at January 1, 2018 (12.92%; subject to change)	=	Cost to purchase service (\$)
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For any type of leave not listed above, for purchase **on or after** January 1, 2018, use this calculation:

Full-time equivalent monthly salary at time of purchase (\$)	X	Length of leave time being purchased, in months	X	Combined employer and member contribution rate as at January 1, 2018 (26.15%; subject to change)	=	Cost to purchase service (\$)
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Regardless of when you purchase service, you **must** apply before the earlier of

- five years after the end of the leave period you are purchasing service for, or
- 30 days after your last day of employment.

Want more information?

For more information, read PensionFacts *Purchasing leaves of absence* or contact the plan.

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