

# Fact Sheet

LEAVES OF ABSENCE  
AND YOUR PENSION

APRIL 2014



*Taking an unpaid leave of absence (LOA) can affect your pension. That's why the OPSEU Pension Plan gives you two options to help you maximize your OPTrust pension: contributing to the Plan during your leave, or buying pension service once you return to work.*

## Leaves of Absence and Your Pension

### INVESTING IN YOUR FUTURE

As a member of the OPSEU Pension Plan, you are making an important investment in your future. Over your career, you and your employer make regular contributions to the Plan. This gradually increases the amount of pension service that you have in the Plan – and the value of your OPTrust pension when you retire.

Pension service is the number of full or partial years of employment for which you have contributed to the Plan. Increasing your pension service can boost the value of your pension in a number of ways:

- **A bigger pension:** Under OPTrust's pension formula, a key factor in calculating your pension is your years of pension service in the Plan. The more pension service you have, the bigger your pension will be when you retire.
- **Early retirement:** Increasing your pension service may help you to qualify for an unreduced pension under one of the Plan's early retirement options ("Factor 90" and "60/20") – or allow you to qualify sooner.
- **Insured benefits:** Your pension service is also used to determine your eligibility for health, dental and life insurance benefits, which are subsidized by the Government of Ontario.

### IN THIS FACT SHEET

- Leaves of absence and your pension service
- Option 1: Contributing during your unpaid leave
- Applying to contribute during your leave
- Option 2: Buying back pension service after your leave
- Submitting your buyback application
- How much will it cost?
- Payment options
- Planning an unpaid leave? Be sure to let us know!
- Find out more

### PLANNING AN UNPAID LEAVE OF LONGER THAN ONE MONTH?

*Arranging to continue your pension contributions during your leave is usually the easiest and most affordable way to earn pension service for your leave. See page 3 for how to apply.*

## LEAVES OF ABSENCE AND YOUR PENSION SERVICE

An unpaid LOA can have an impact on your OPTrust pension.

**Unpaid leaves of less than one month:** For unpaid leaves of one month or less, contributions are mandatory and are deducted from your pay when you return to work. As a result, these leaves do not affect your pension.

**Unpaid leaves longer than one month:** Taking an unpaid leave that lasts longer than one month can affect how much pension service you have. This happens because your regular pension contributions usually stop during an unpaid LOA. And if you don't contribute for the period of your leave, you won't receive pension service for the time you are away from work.

This applies to the following kinds of unpaid LOAs:

- pregnancy, parental and adoption leaves
- family medical leaves
- leaves due to illness, or when you are receiving benefits from WSIB
- special and educational leaves.

**Earning pension service for your unpaid leave:** Fortunately, the Plan provides two options for you to earn pension service for your unpaid leave. These include:

- contributing **during** your unpaid leave
- “buying back” pension service **after** your leave.

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### OPTION 1 CONTRIBUTING DURING YOUR UNPAID LEAVE

Arranging to continue making pension contributions during your unpaid leave is usually the easiest and least expensive way to get pension service in the Plan for the period of your leave.

- **For pregnancy, parental and adoption leaves**, you can arrange to continue your pension contributions through payroll deductions if you will be receiving a Supplementary Unemployment Benefit (SUB) allowance paid by your employer.

**Note:** Special rules apply for pregnancy, parental and adoption leaves and family medical leaves of more than four weeks. Under Ontario's *Employment Standards Act*, you and your employer are **required** to pay pension contributions for these leaves, unless you elect in writing not to contribute for your leave.

- **For other eligible leaves**, if you will not be receiving payments from your employer, you can make contributions directly to OPTrust while you are away from work.



*The Plan provides two options for you to earn pension service for your unpaid leave:*

- *contributing during your unpaid leave*
- *“buying back” pension service after your leave.*

## APPLYING TO CONTRIBUTE DURING YOUR LEAVE

To continue contributing to the Plan during your unpaid leave, follow these simple steps:

### Finalize the start and end dates of your leave with your employer.

- If you are taking a pregnancy, parental or adoption leave and are eligible for a SUB benefit, let your employer know whether you want to continue making pension contributions by payroll deduction when you finalize the dates of your leave.
- For other leaves, apply directly to OPTrust.

### Submit your application to OPTrust.

There are several ways to submit your application:

- For an instant quote, apply online through OPTrust's secure *Online Services* site at **optrust.com**. Just log in to *Online Services*, go to the section on buying back pension service, and complete the online application.
- Complete our *Application to Contribute During an Unpaid Leave of Absence* form (OPTrust 1025) and send it to OPTrust. This form is available at **optrust.com** or from your Human Resources representative.
- OPTrust will also accept an application via OPTrust's Secure Message service, letter or a telephone call.

Once you apply, OPTrust will send you a quote showing your cost and payment options for contributing during your leave.

## IMPORTANT:

**To contribute during your leave, apply before your leave begins.**

*If you apply after your leave begins, you may not be able to make contributions during the leave. Although you will still be able to buy back pension service for your leave after you return to work the cost may be higher.*



## DON'T WANT TO CONTRIBUTE DURING YOUR LOA? PLEASE LET US KNOW.

As mentioned before, special rules apply for pregnancy, parental and adoption leaves and family medical leaves. Under Ontario's *Employment Standards Act*, you and your employer are **required** to pay pension contributions for these leaves, unless you elect in writing not to contribute for your leave.

If you chose not to contribute during your leave, please complete the *Application to Contribute During an Unpaid Leave of Absence* form and check the box indicating that you opt not to contribute.

## OPTION 2 BUYING BACK PENSION SERVICE AFTER YOUR LEAVE

If you decide not to contribute during your leave, you will still have the option of buying back pension service for your leave after you return to work. However, the cost may be higher if you apply to buy back your leave after you return to work than if you decide to contribute during your leave.

### Submitting your buyback application

There are several ways to submit your buyback application. For an instant quote, apply online through OPTrust's secure *Online Services* site at [optrust.com](https://www.optrust.com). You may complete an *Application for Past Service* form (OPTrust 1036), available on our website or from your Human Resources representative; send us a secure message via *Online Services*, send a letter or call Member Services.

### HOW MUCH WILL IT COST?

The cost of completing a buyback after you return to work and your payment options will depend both on the type of leave you took and on your individual circumstances.

**Contribution/buyback costs:** When you apply to buy back within the Plan's 24-month window, the cost is based on the contribution rates in effect during the period of your leave.

For the leaves listed below, your employer will pay their share of the cost of your buyback:

- pregnancy, parental and adoption leaves
- family medical leaves
- leaves due to illness, or when you are receiving benefits from WSIB.

For other types of leaves – including special and educational leaves – you are responsible for paying **both** the employee and employer contributions if you decide to buy back.

**Open option buyback costs:** If you don't contribute during your leave and you don't submit your buyback application within the Plan's 24-month window, you can still apply to purchase the service as an "open option" buyback. In most cases, the cost of an open option buyback will be significantly higher. There are two reasons for this:

- First, an open option buyback is not based on the member and employer contribution rates during your leave. Instead, the cost equals the "actuarial value" of the service you are purchasing. This means that you will pay the full cost of the projected increase in your lifetime pension.
- Second, your employer does not share the cost of an open option buyback. You will be responsible for the full cost.

### Important – OPTrust's 24-month application

**deadline:** To buyback your service under the Plan's normal rules, OPTrust must receive your buyback application within 24 months of the end of your leave. We will then send you a quote showing the cost of your buyback and your payment options. In most cases, you can pay for your buyback over a period of up to 10 years.

### "Open option" buybacks:

If you miss the Plan's normal 24-month application deadline, you can still apply to purchase your leave as an "open option" buyback. However, in most cases an open option buyback will cost significantly more than if you apply within the normal 24-month deadline.

For more information on buying back pension service, see the fact sheets *Buying Back Pension Service* and *Open Option Buybacks*, available at [optrust.com](https://www.optrust.com).

## PAYMENT OPTIONS

### Contributing during your leave

There are two ways to contribute during your unpaid leave.

- **For pregnancy, parental and adoption leaves**, if you are receiving a SUB allowance from your employer, you can choose to pay your pension contributions through regular payroll deductions.
- **For all other unpaid leaves** – including periods when you are on pregnancy, parental or adoption leave but not receiving a SUB allowance – you can arrange to pay your contributions directly to OPTrust. But you do not need to figure this out before you begin as OPTrust will inform you of your options when we send your quote.



### Buying back pension service after your leave

The Plan provides a number of payment options if you apply to buy back pension service for your leave after you return to work.

- **Lump sum payment:** You can pay for your buyback in a lump sum, either by cheque or money order. You can also make a lump sum payment through a direct transfer from your RRSP or other tax-sheltered retirement account.
- **Payroll deductions (financing option):** For buybacks costing more than \$500, regular full-time and part-time employees can opt to make a series of bi-weekly payments by payroll deduction. Under this option, your total cost will include interest as well as the principal cost of your buyback.
- **Combined lump sum/payroll deductions:** Regular full-time and part-time employees may also have the option of paying through a combination of lump sum payments and payroll deductions.
- **Other options:** Members who work on a casual or seasonal basis are able to make other arrangements to pay for their buybacks. Options include a series of regular monthly or quarterly cheques paid directly to OPTrust.

For more information on buyback payment options, see the OPTrust fact sheet **Buying Back Pension Service**.

MEMBER'S ANNUAL PENSION AMOUNT	ANNUAL PENSION INCREASE	ANNUAL PENSION SERVICE
\$40,000	\$2,000	\$1,000
\$50,000	\$2,500	\$1,250
\$60,000	\$3,000	\$1,500
\$70,000	\$3,500	\$1,750

**IMPORTANT - STRICT TIME LIMITS APPLY**  
There is a strict 24-month time limit for submitting your buyback application under the Plan's normal contribution rules. If you miss this application deadline, you may still be able to complete your purchase as an "open option" buyback, but this one is likely to be significantly higher. See page 3 for more information.

## PLANNING AN UNPAID LEAVE? BE SURE TO LET US KNOW!

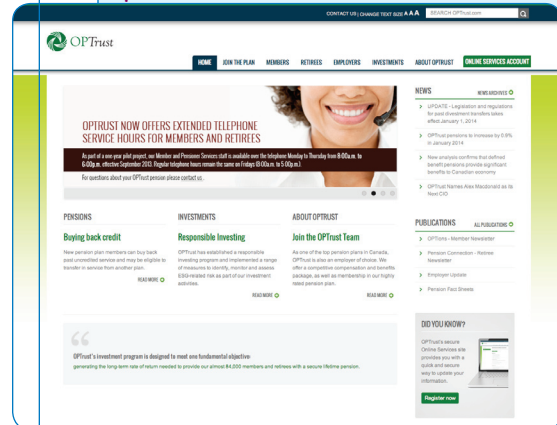
**Before** you start any unpaid LOA of longer than one month, it's important to let OPTrust know. In fact, we recommend that you submit a completed application to continue contributions during your leave, whether you have decided to contribute or not. Here's why:

- If you want to contribute during your leave, you **should** apply to OPTrust before your leave begins, so we have time to process your request before you return to work.
- If you are taking a pregnancy, parental, adoption or family medical leave and decide not to contribute, you can use the application to provide us with legal notice that you have elected not to contribute.
- For all other types of leave, if you decide not to contribute, completing your application will still ensure that OPTrust has confirmation of your leave on file. It will also allow us to send you a notice about your buyback options once you return to work.

## FIND OUT MORE AT OPTRUST.COM

More information about your OPTrust pension is available at [optrust.com](http://optrust.com).

- To find out more about your OPTrust pension, pension service, contribution rates and OPTrust's pension formula, see the booklet *It's Your Pension*.
- For more on buying back pension service, see OPTrust's fact sheets on *Buying Back Pension Service* and *Open Option Buybacks*, and *Contributing to Your Pension while on WSIB*.
- Apply to contribute during an unpaid LOA through our secure *Online Services*.
- Download copies of key forms, including the *Application to Contribute During an Unpaid Leave of Absence* (OPTrust 1025) and *Application for Past Service* (OPTrust 1036).



*If you decide not to make contributions during your leave, completing an application will still ensure that OPTrust has confirmation of your leave on file. It will also allow us to send you a notice about your buyback options once you return to work.*

## FOR MORE INFORMATION PLEASE CONTACT OPTRUST

This **Fact Sheet** is intended as a summary description of the OPSEU Pension Plan. The Plan text contains numerous provisions not described here that may apply to you. In the event of any conflict between this Fact Sheet and the OPSEU Pension Plan text, the Plan text will govern.



## HOW TO REACH US

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