



«GCPMP\_SA\_NUMBER\_X»

«GCPMP\_FORMATTED\_DATE\_X»

«FIRST\_NAME\_X» «LAST\_NAME\_X»

«STREET\_ADDRESS\_X»

«GCPMP\_STREET\_ADDRESS\_2\_X» «GCPMP\_STREET\_ADDRESS\_3\_X»

«GCPMP\_CITY\_X» «GCPMP\_PROVINCE\_X» «GCPMP\_POSTAL\_CODE\_X»

«GCPMP\_COUNTRY\_X»

Dear «M\_M\_X» «LAST\_NAME\_X»:

### **Subject: Leave Without Pay (LWOP) – Contribution Deficiencies**

The purpose of this letter is to provide you with information regarding your period of LWOP from "LWOP START DATE" to "LWOP END DATE", including the amount of existing deficiencies in pension contributions (and Supplementary Death Benefit [SDB] contributions, if applicable).

Salary deductions are calculated over a period equal to twice the period of pensionable LWOP.

### **Pension contribution deficiencies**

The public service pension plan allows plan members to earn pension credits during certain periods of employer-approved LWOP, allowing you to maintain the full value of your pension.

Your pension deficiencies have been calculated to be \$ "PENSION DEFICIENCY AMOUNT".

Your total pension deficiencies have been calculated to be \$ "PENSION DEFICIENCY TOTAL". This amount includes the outstanding balance of \$ "AMOUNT OF O/S DEFICIENCIES" for your prior LWOP period(s).

### **Payment schedule for pension contribution deficiencies**

Your payment plan has been established as follows and will commence on "MONTH DAY, YEAR":

Amount per pay period	\$ "PERIODIC AMOUNT"
Number of payments	"NO. OF PAYMENTS"

### **SDB contribution deficiencies**

While you were on LWOP, you remained covered under the SDB plan and contributions for this coverage are now due.

Your SDB deficiencies have been calculated to be \$"**SDB DEFICIENCY AMOUNT**".

We have calculated your total SDB deficiencies to be \$"**SDB DEFICIENCY TOTAL**". This amount includes the outstanding balance of \$"**AMOUNT OF O/S DEFICIENCIES**" for your prior period(s) of LWOP.

### **Payment schedule for SDB contribution deficiencies**

Your payment plan has been established as per the following table and will commence in "**MONTH YEAR**":

<b>Amount per month</b>	\$" <b>MONTHLY AMOUNT</b> "
<b>Number of payments</b>	<b>"NO. OF PAYMENTS"</b>

### **Additional information concerning your LWOP**

If your period of LWOP included non-pensionable leave such as strike, suspension, unauthorized LWOP or seasonal layoff, pension contributions are not required for these periods.

If you made partial payments for your pension (and/or SDB, if applicable) deficiencies while on LWOP, these amounts have been deducted from the total amount of your outstanding deficiencies.

If you were employed in a term position during your period of LWOP, you were considered to be in a dual employment situation. In this case, all pension (and SDB, if applicable) contributions paid during your term employment have been deducted from the total amount of deficiencies owing in respect of your LWOP.

Following your period of LWOP for illness, if you returned to work on an approved rehabilitation program (working reduced hours), your pension (and SDB, if applicable) deficiencies would include the period between the date on which you returned to work and the date you resumed your regular scheduled hours of work.

The first three months of your period of LWOP are automatically pensionable and deficiencies are owing. You may, however, choose NOT to count the period of LWOP beyond the first three months as pensionable service. As such, the following two options are available to you:

- a) Count the total period of LWOP as pensionable service.
- b) Choose NOT to count the period of LWOP beyond the first three months as pensionable service.

If you choose option b), only the deficiencies for the first three months of your period of LWOP are owing. If you are considering this option, you may contact the Government of Canada Pension Centre (Pension Centre) for the amounts owing for the first three months only. Please

note that the option not to count **does not** extend to SDB contributions (if applicable) as coverage under the SDB plan was retained during the entire period of LWOP.

If you decide **not** to count the period of LWOP in excess of the first three months as pensionable service, you must complete and mail the *Election Not to Count Leave Without Pay as Pensionable Service* (PWGSC-TPSGC 2480) form to the Pension Centre **no later than three months** after your return to work (*in case of rehabilitation, no later than three months after returning to your regular scheduled hours of work*). Once your option has been made, your LWOP in excess of the first three months will not be counted as pensionable service towards your pension or survivor benefits.

If you do not mail your completed option form within the prescribed time limit, you will be deemed to have chosen to count your entire period of LWOP as pensionable service and contributions will be required for the full period of leave.

NOTE 1: An option not to count LWOP as pensionable service can only be made for the full period of LWOP in excess of the first three months. You cannot designate a portion of the period of LWOP in excess of the first three months as pensionable and the remaining balance as non-pensionable.

NOTE 2: Although you may decide not to count your LWOP in excess of the first three months as pensionable service, you may, at a later date **while employed as a contributor** complete and sign a *Service Buyback Form* (PWGSC-TPSGC 3006) in order to count all or part of the service as pensionable. Contributions, however, would be based on your salary **at the date of mailing the service buyback form** and a medical examination must be undergone and passed. Buying back LWOP that you opted not to count is often more costly than paying off the deficiencies for the full period of LWOP, as interest is charged on service buybacks.

NOTE 3: Should you decide to terminate your employment and you do not wish to count the period of LWOP beyond the first three months as pensionable service, the *Election Not to Count Leave Without Pay as Pensionable Service* (PWGSC-TPSGC 2480) form must be **completed and mailed prior to your official termination date**. Otherwise, the service will be counted as pensionable and deficiencies will be owing for your entire period of LWOP.

#### **Extension to the normal deadline for the option not to count LWOP**

We have indicated that the *Election Not to Count Leave Without Pay as Pensionable Service* (PWGSC-TPSGC 2480) form must be completed and mailed no later than three months from your return to work. However, due to administrative delays, we are extending the prescribed time to complete and mail the form to no later than **three months from the date of this letter**.

#### **Limits on pensionable LWOP**

The *Income Tax Act* (ITA) places certain limits on the maximum period of LWOP that can be treated as pensionable service under a Registered Pension Plan (RPP) like the public service pension plan. Effective January 1<sup>st</sup>, 1996, the maximum amount of LWOP permitted is five years of cumulative LWOP (excluding certain types of LWOP), plus up to three years of child care leave, for a total of eight years of LWOP. Child care leave is limited to a maximum of one year per child, which must be taken within one year of the date of birth or adoption of that child.

Exceptions to the ITA limits include LWOP due to illness (sick) and leave where the plan member is “on loan”. A period of LWOP is considered to be “on loan” only where there is an official agreement between the employers for the loan of the plan member from the public service to the outside employer.

For part-time employees, periods of part-time LWOP must be converted to a full-time equivalent period of LWOP.

**Please provide us with a copy of your child’s proof of birth or adoption, as it is required in order to establish the ITA limitations that apply to you.**

### **Deemed salary**

Deficiencies owing are based on “deemed salaries and pensionable allowances” (salaries and allowances you would have received had you not been on LWOP). These include pay revisions (including retroactive pay revisions) and pay increments that took effect during your period of LWOP.

### **Pension Adjustment (PA)**

A PA is an individual’s total pension credit for the year. An individual’s PA in a year reduces the maximum amount that they may deduct in Registered Retirement Savings Plan (RRSP) contributions for the next year. Generally, a PA is calculated and reported to the Canada Revenue Agency (CRA) for the entire period of pensionable LWOP. Although there are no employment earnings, you do accumulate pension credits.

If you choose **not** to count your LWOP in excess of the first three months as pensionable service, your PA may be adjusted for the year in which the *Election Not to Count Leave Without Pay as Pensionable Service* (PWGSC-TPSGC 2480) form was signed and any subsequent years. This will affect your RRSP limit.

### **Questions?**

For additional information and to access the forms mentioned in this letter, please visit our website or contact us (see the enclosed *Contact Information* sheet).

Sincerely,

**"SIGNATURE BLOCK"**

Government of Canada Pension Centre

Encl.