

## Pension | Pay and Incentives | Benefits

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### Pension Information Bulletin Leave Without Pay and your Pension

This document will help you understand the effects of leave without pay (LWOP) on your pension. It provides information on:

- ☐ LWOP as part of your eligibility service
- ☐ Pension contributions for authorized LWOP
- ☐ Option not to count your LWOP as eligibility service

The official name of the plan is Canada Post Corporation Registered Pension Plan (CPCRPP). The official plan text governs your actual benefits from the plan and is the final authority in any case of dispute. You, your spouse or common-law partner or beneficiary, or an authorized person acting for you may see and copy the full plan text, annual financial information, and other relevant documents by accessing the website at [www.cpcpension.com](http://www.cpcpension.com) or by contacting the Pension Centre.

If you have any questions relating to how LWOP affects your pension, please call the Pension Centre at 1-877-480-9220 (TTY 613-734-8265). Ensure you have your employee identification number (ID) handy. To access the pension calculator website or the voice response unit (VRU), you will also need your personal identification number (PIN).

## Definitions

**Common-law partner** In relation to a member, means a person who is cohabiting with you in a conjugal relationship, having so cohabited for a period of at least one year.

**Commuted value** The value as of the date of calculation of your future pension benefits expressed as a lump sum in today's dollars, calculated by the Plan administrator using assumptions set out in the laws governing the pension plan. To take the commuted value when you leave Canada Post, you must have at least two years of eligibility service or plan membership, and not be entitled to an immediate pension.

**Dependent Child(ren)** Your children, stepchildren and children adopted either legally, or in fact, who, at the time of your death, are financially dependent on you and are:

- less than age 18, or
- 18 or more years of age but less than 25 years of age and in full-time attendance at a school or university, having been in attendance full-time substantially without interruption since age 18 or your death, whichever occurred later.

Note: When death occurs after termination of employment only children, stepchildren and adopted children at the time of termination are considered when applying the above criteria.

**Elective Service** Periods of past service that you elected for or are eligible to acquire. If elected for, this service is included in your eligibility service and pensionable service calculations.

**Eligibility Service** Service while you are a member and contributing to the plan, including service that you bought back and service transferred under a Pension Transfer Agreement, to a maximum of 35 years.

**Highest average earnings (HAE)** The average of your annual earnings during your five consecutive highest-paid years of service during which you contribute to the Plan. If you have less than five years of service during which you have contributed to the Plan, the average of your actual earnings.

**LWOP** Leave without Pay

**Pension Adjustment (PA)** The estimated value for a year of service accrued under the Plan, reported to Canada Revenue Agency (CRA) on your T4. The PA is then subtracted from your retirement savings limit under the *Income Tax Act* to determine your annual Registered Retirement Savings Plan (RRSP) contribution room, shown on the Notice of Assessment you receive from CRA after you complete your annual tax return.

**Pensionable Service** Pensionable Service is the same as your eligibility service except if you occupy, or have occupied, a part-time position. If your eligibility service includes periods of part-time service, the part-time eligibility service period is multiplied by the ratio of your assigned hours (for members of CUPW, PSAC and CPAA, part time pensionable service since January 1, 2004 for CUPW, April 6, 2005 for PSAC and July 1, 2006 for CPAA is calculated using your actual hours paid, excluding any overtime, or assigned hours whichever is greater) to the normal hours of a full-time employee in the same occupational group. Your pensionable service is a factor used in the pension formula to calculate your pension benefit.

**Spouse** In relation to a member, means a person who is married to a member or a person who is party to a void marriage with the member.

**Survivor Post-Retirement** In relation to a Retired Member means the Spouse or Common-Law Partner at the time the Member started receiving a pension benefit.

**Survivor Pre-Retirement** (active, inactive or deferred member)

- If there is no person described in paragraph (b), your Spouse at the time of your death; or
- Person who was your Common-Law Partner at the time of your death

**Unreduced pension** The pension you are entitled to receive if you retire at age 60 with at least two years of eligibility service or plan membership, or age 55 with at least 30 years of eligibility service.

## Leave without pay as part of your eligibility service

### Does LWOP count towards my eligibility service?

Yes. Authorized LWOP counts towards your eligibility service if you have fully paid pension contributions for that period of LWOP (subject to the maximum periods established under the Income Tax Act).

### What LWOP periods do not count as eligibility service?

- LWOP days that are unauthorized, such as strikes, suspensions or absences without leave (AWOL)
- LWOP that you choose not to count
- The portion of your LWOP that exceeds the maximum periods established under the Income Tax Act

### What are the maximum periods of LWOP?

The Income Tax Act (ITA) regulates the total LWOP that a registered pension plan participant can accumulate as pensionable service. These maximums were effective January 1, 1996 and affect all LWOP periods effective after that date, with the exception of sick, disability and “on loan” leaves.

The maximums set out by the ITA are:

- **5 years** of cumulative pensionable LWOP; plus
- up to **3 years** of parental leave

## Pension contributions for authorized LWOP

### Am I required to pay pension contributions for LWOP?

Yes, unless you decide not to count your LWOP as eligibility service. Contributions for the first 3 consecutive months of your LWOP are compulsory and will be automatically recovered from your pay when you return to work.

### What are the required pension contributions for LWOP?

The amount of contributions required is based on the pensionable earnings you would have received had you not been absent. You will pay the *single* or *double* rate depending on the reason and the duration of your LWOP.

## Pension contributions for authorized LWOP (cont...)

### What does *single* and *double* rate mean?

**Single** rate means that you are required to pay only your share of contributions.

**Double** rate means that you are required to pay twice your share of contributions.

### What LWOP requires *single* or *double* rate of contributions?

SINGLE RATE	DOUBLE RATE
<ul style="list-style-type: none"> <li>• the first 3 consecutive months of any type of authorized LWOP</li> <li>• illness or injury</li> <li>• parental leave (maternity, paternity, adoption) that falls within the 52-week period following the birth, or the date of adoption of a child</li> <li>• service with an organization or government, including a government other than the Government of Canada, which service is beneficial to Canada Post or at the request of the Government of Canada</li> <li>• service with the Canadian Armed Forces (CAF)</li> <li>• leave for training or instruction certified by the employee's supervisor as being advantageous to the Corporation</li> </ul>	<p>The period of LWOP extending beyond the first 3 consecutive months for:</p> <ul style="list-style-type: none"> <li>• personal reasons</li> <li>• personal needs</li> <li>• <i>ON LOAN</i> to the union – to serve as a full-time paid official of a Union</li> <li>• service with any organization where service has not been certified to be to the advantage of the Corporation</li> <li>• self-funded leave</li> <li>• relocation of spouse</li> <li>• education leave</li> <li>• care and nurturing of pre-school children</li> <li>• care and nurturing - eldercare</li> </ul> <p><u>Exception:</u> For consecutive leaves, only the first 3 consecutive months of the first type of authorized LWOP is at single rate. This is only when there is <b>no return to work</b> between the first leave and the second leave. However, when a period of LWOP at double rate is followed by a different type of LWOP which requires a single rate of contributions, the latter is at single rate (For example, personal needs leave followed by illness leave).</p>

## Pension contributions for authorized LWOP (cont...)

### What are my options for paying LWOP pension contributions?

#### While on leave:

You are not required to make contributions while you are on leave without pay. **However**, if you wish, payments of not less than \$500.00 will be accepted. The Pension Centre cannot provide the exact amount owing until your return from leave, therefore you must estimate your contributions for the period of leave. To estimate how much to send please refer to your last pay statement. The amount showing on the "Pension" line is the amount that you contributed for that two-week period. If you know the duration of your leave, this amount can be used to calculate what you would have contributed had you been at work. Please note, that the amount you calculate using your pay statement will only be an estimate and the final amount due may differ from your estimate.

Cheques should be made payable to

RBC Dexia Investor Services as Trustee for CPRPP.

Please include your Employee Number and send to:

Canada Post Pension Centre  
PO Box 2073  
Mississauga ON L5B 3C6

#### When you return to work:

The following options will be available to you:

- a lump sum payment for the full amount within 30 days of your return to work
- payroll deductions in equal instalments recovered over a period not to exceed the earlier of, twice the length of your leave or 10 years
- a combination of both a lump sum payment and payroll deductions

**Note:** During the repayment period, your salary deductions for each pay period will consist of pension contribution amounts for current service and your LWOP pension contributions.

### I currently have payroll deductions for a prior LWOP and am planning another leave. What are the payment options in this situation?

Payment options are the same, except that the remaining repayment period and amount from your first leave will be added to the repayment period and amount of your second leave. The total repayment period of both leaves combined cannot exceed **10 years**.

## Pension contributions for authorized LWOP (cont...)

### EXAMPLE #1

If 18 months of the repayment period remains from your first leave, and the repayment period for your second leave is 24 months, then, you will be allowed a period of 42 months to repay your outstanding pension contributions for the two periods of LWOP.

### EXAMPLE #2

If 42 months of the repayment period remains from your first leave, and your second period of leave was 48 months (normal repayment period of 96 months); the maximum repayment period for both of the combined leaves would be 120 months (ten years).

### **If I terminate my employment while on LWOP, or before all contributions have been recovered, what payment options do I have for making LWOP pension contributions?**

If you have multiple periods of leave, your options are based on when your most recent period of leave begins.

For LWOP periods that begin prior to January 1, 2008:

If upon termination of employment, you choose...	THEN, you can
a commuted value	<ul style="list-style-type: none"> <li>provide a lump sum payment for the full amount of your unpaid contributions*</li> </ul>
an immediate pension	<ul style="list-style-type: none"> <li>provide a lump sum payment for the full amount of your unpaid contributions*, or</li> <li>monthly deduction from your pension benefit</li> </ul>
a deferred pension	<ul style="list-style-type: none"> <li>provide a lump sum payment for the full amount of your unpaid contributions *</li> </ul>

For LWOP periods that begin on or after January 1, 2008:

If upon termination of employment, you choose...	THEN, you can
a commuted value	<ul style="list-style-type: none"> <li>provide a lump sum payment for the full amount of your unpaid contributions*</li> </ul>
an immediate pension	<ul style="list-style-type: none"> <li>provide a lump sum payment for the full amount of your unpaid contributions *</li> </ul>
a deferred pension	<ul style="list-style-type: none"> <li>provide a lump sum payment for the full amount of your unpaid contributions *</li> </ul>

***\* If you do not pay the full amount of unpaid contributions within 30 days of the date of your termination package, your eligibility service will be reduced by the period represented by the unpaid contributions. If you are rehired at a later date, the period represented by the unpaid contributions will not be eligible as elective service.***

***This may result in a lower pension amount or a lower benefit settlement, since your final benefit calculation will be based only on service for which contributions have been received.***

## Pension contributions for authorized LWOP (cont...)

**Note:**

If you die before your LWOP pension contributions are fully paid, any outstanding contributions owing at the time of your death will be recovered in full from your survivor pre or post-retirement, dependent child(ren), beneficiary(ies) or estate.

### Do I have to continue paying for my elective service while I'm on LWOP?

Yes. You must submit in advance, a series of post-dated cheques for each month of your leave, equal to your normal elective service monthly payroll deduction.

## Option not to count your LWOP as eligibility service

### How do I opt NOT TO COUNT LWOP as eligibility service?

Contact the Pension Centre by calling 1-877-480-9220 (TTY: 613-734-8265) They will send you the appropriate form for completion.

**Reminder** - The first 3 consecutive months of leave must be counted and the appropriate contributions are required to be paid to the Plan.

The following table explains how to proceed:

IF you ...	THEN ...
are on leave without pay	<p>you can make your option not to count the LWOP anytime after the LWOP has started.</p> <p>If you intend to terminate your employment while on LWOP, you must make your option not to count the LWOP within 30 days after your termination.</p>
return to work and did not complete the option not to count form while on LWOP	<p>you must contact the Pension Centre to request the appropriate form. You have 3 months from your return from leave date to make your option not to count the LWOP.</p> <p>If you intend to terminate your employment within 3 months of your return to work, you must make your option not to count the LWOP prior to your termination.</p>

**Note:**

There are pension benefit impacts of choosing the option not to count LWOP as eligibility service (see important information on the following page).

## Option not to count your LWOP as eligibility service (cont....)

### Can I opt not to count only a portion of my LWOP?

No. The option not to count LWOP as eligibility service applies to the **full period** of LWOP that extends beyond the first 3 consecutive months. You cannot choose to pay LWOP pension contributions for only part of your leave.

### Can I revoke my option to not count a period of LWOP?

No. Once you have opted not to count a period of LWOP as eligibility service, that decision is **irrevocable**. However, you may buy back your LWOP period under the elective service process, but the cost to buy back the service may be higher than if you had paid your LWOP contributions. The buy back costs include interest and possibly mortality charges. You may also have to undergo a medical examination.

### How will choosing not to count LWOP beyond 3 months as eligibility service affect me?

1. The period of LWOP beyond 3 months will not be included as part of your eligibility service to calculate your pension entitlement and benefit. The earnings you would have received had you not been on LWOP will not be used in the calculation of your Highest Average Earnings (HAE) for pension benefit purposes.
2. If you decide to buy back your LWOP at a later date, you will be required to meet all the criteria under the elective service process; for example, passing a medical examination. Also, the cost to buy back the service may be higher than the LWOP contributions you would have paid. It will be costed at the salary in effect on the date you buy back the service.
3. During your period of LWOP, a Pension Adjustment (PA) will be calculated. Although you are not receiving earnings, you do accrue pension credits. In the event that you choose to not count service beyond three months as eligibility service, your PA will only be adjusted if you notify the Pension Centre prior to the commencement of your LWOP or before the end of the taxation year in which your LWOP commenced. This would have the effect of increasing your RRSP room. If you do not make your option within the calendar year in which your LWOP began, no adjustment will be made to your PA calculation.