In order to avoid double tax deductions, the Canada Revenue Agency has established rules regarding funds that can be used to buy back service.

**Pre-1990 service – New Service**

This is service during which you were not a member of any pension plan (the University of Ottawa or other employer) at any time during the calendar year to which the service refers.

In order for this service to be recognized under the University of Ottawa Retirement Pension Plan (the “University pension plan”), you can transfer funds from your RRSP or make contributions to cover the cost of this past service. If you use your RRSP, no additional tax deductions can be claimed.

If you elect to pay with new money, you can claim contribution deductions in accordance with the Canada Revenue Agency limits. Please refer to the document entitled ‘Buying Back Service – Contribution Deductions’.

Remember that the maximum annual benefit that can be provided for that type of service is currently $1,942.96 per year of service recognized. This limit is scheduled to increase in 2018.

**Pre-1990 pensionable service – not with the University**

This is pensionable service you had under a prior employer’s pension plan.

In order for this service to be recognized under the University pension plan, the funds must be directly transferred from another registered pension plan to the University pension plan. No additional tax deductions can be claimed.

If there is a shortfall between the amount available from a prior pension plan and the amount requested by the University pension plan to recognize your full pensionable service, you will be entitled to pay for the shortfall with new money and claim contribution deductions in accordance with the Canada Revenue Agency limits. You could also cover the shortfall by transferring funds from your RRSP, but in this case, there will be no additional tax deductions. Please refer to the document entitled ‘Buying Back Service - Contribution Deductions’.
Pre-1990 pensionable service – with the University

This is prior pensionable service with the University for which you elected to transfer your benefit entitlements out of the University pension plan upon an employment termination.

In order for this service to be again recognized under the University pension plan, the funds must be transferred either from your RRSP or from a registered pension plan. No additional tax deductions can be claimed.

The Canada Revenue Agency does not allow new money to be used even if there is a shortfall between the funds available and the amount requested by the University pension plan to recognize your full pensionable service.

If funds available are not sufficient, you could elect to contribute to your RRSP, claim the tax deduction and then transfer your RRSP funds to the University pension plan.

Post-1989 service

Funds can be transferred from a prior registered pension plan or from your RRSP. No additional tax deductions can be claimed.

New money can also be used and tax deductions can be claimed.

Remember that buying back post 1989 service will generate a Past Service Pension Adjustment (PSPA) and the buyback will be approved by the Canada Revenue Agency only if you have sufficient RRSP room. Please refer to the document entitled ‘Buying Back Service – Contribution Deductions’.

For your information, you can refer to the following documents: Information Circular 72-13R8, paragraph 8(e)(vi), the Pension Reform Update Bulletin No:92-12, the Interpretation Bulletin IT-167R6 Registered Pension Funds or Plans – Employee’s Contributions. All those documents are published by the Canada Revenue Agency.