



uOttawa

L'Université canadienne  
Canada's university

# Leaves of absence and your pension plan

## What's in this fact sheet?

This fact sheet provides information on the different leaves of absence that may impact your participation in the University of Ottawa Retirement Pension Plan and the choices you have if you wish to continue building your pension for your leave. For more information, contact the Human Resources Service, Pension Sector:

Telephone: (613) 562-5800 ext.1206

E-mail: [pension@uOttawa.ca](mailto:pension@uOttawa.ca)

In person: Tabaret Hall, Room 019

## What happens when you go on an approved leave of absence?

During your career at the University, you may decide to take an approved leave of absence. Depending on the type of leave, you may need to decide if you want to grow your pension for the period of your absence. If you do, it may allow you to retire sooner with a higher pension.

## Leaves with pay

If you continue to be paid by the University during your leave, you will continue to contribute to the pension plan and accumulate credited service – that is, grow your pension – during your leave of absence.

## Leaves without pay

If you go on an approved leave of absence without pay, you can choose to continue to grow your pension for the leave in one of two ways.

1. **Make current payments** – This is the least expensive way to build your pension for your leave; in these cases, you don't pay interest on the contributions.

You choose to:

- continue contributing to the pension plan during your leave through automatic bank withdrawals, or
- buy back within one year of the end of your leave.

or

2. **Buy back later (more than one year after the end of the leave)** – You can choose to buy back a period of approved leave without pay anytime before retirement as long as you are a member of the pension plan. When you decide to buy back more than one year after the end of the leave, the cost to buy back is more expensive than making current payments. Go to the [\*Buy-backs of previous service – building your pension\*](#) fact sheet for the details.



## Leaves of absence and your pension plan

### Leaves at a glance

Leave entitlement may differ depending on your employee group and employment status. For full details on the types of eligible leave and employment provisions, go to the “Policies and collective agreements” section of the Human Resources Service website at [www.hr.uottawa/policy](http://www.hr.uottawa/policy).

Type of leave	What happens for pension purposes
Maternity leave	<p>For the entire period where the University pays a top-up percentage of your salary, you automatically continue to pay your contributions to the pension plan.</p> <p>If you are not eligible for maternity leave benefits, you can choose to build your pension by making current payments or buying back later.</p>
Parental leave	<p>For the entire period where the University pays a top-up percentage of your salary, you automatically continue to pay your contributions to the pension plan.</p> <p>For the rest of the leave (when you are not paid by the University), you can choose to build your pension by making current payments or buying back later.</p> <p>If you are not eligible for parental leave benefits, you can choose to build your pension by making current payments or buying back later.</p>
Periods of reduced workload	<p>The University pays contributions to the pension plan based on your reduced-workload salary.</p> <p>You automatically contribute to the pension plan during your period of reduced workload. You may choose to:</p> <ul style="list-style-type: none"> <li>• pay contributions based on your reduced-workload salary; in this case, your credited service in the pension plan will be pro-rated. After the leave, you can choose to buy back the portion that was above your reduced-workload salary, or</li> <li>• pay contributions based on your full salary as if you were not on a reduced workload and pay the University’s portion of contributions that is above your reduced-workload salary; in this case, you receive credited service as if you were not on a reduced workload,</li> </ul>
Loan of service	<p>If you are seconded to the federal, provincial or municipal government, you continue to participate in the University’s pension plan, pay your contributions to the pension plan and accumulate credited service.</p>
Authorized periods of leave without pay	<p>You can choose to build your pension by making current payments or buying back later.</p>
Sabbatical leave or refresher leave	<p>If you are on sabbatical leave or refresher leave you continue to pay your contributions to the pension plan.</p>
Sick leave	<p>While you are on sick leave with pay, you continue to pay your contributions to the pension plan.</p> <p>If you begin to receive benefits under the University’s Long-Term Disability Insurance Plan, you stop contributing to the pension plan but continue to accumulate credited service. If you return to work part time as part of a rehabilitation program, you contribute to the plan based on your reduced work schedule.</p>



## Leaves of absence and your pension plan

### Considering current payments

When considering whether or not you should make current payments for your leave, here are some things to think about.

- Even if you're a long way from retirement, saving for retirement now – by including your period of leave as credited service – is always a good thing to consider.
- It is less expensive to make current payments than to buy back later.

### Example

Lise is going on an authorized leave of absence (other than maternity leave) in January 2010, at age 30. She needs to make a decision about her pension for the 12 months while she is on leave without pay. Her annual salary is \$65,000 when she goes on her leave.

If Lise...	She pays...
Makes current payments	\$11,600*
Buys back later at age 35	\$16,200**

\* Represents the sum of Lise's and the University's contributions

\*\* Calculation is the greater of:

- her contributions and the University's contributions plus interest, assuming an annual interest rate of 6.25%, and
- the actuarial value of the additional benefit (based on actuarial factors in effect at time of calculation).

Keep in mind that the cost of buying back later generally goes up as you approach retirement age and as your salary increases.

### The impact on your pension benefit

Building your pension for your leave increases your credited service under the plan. More credited service means a higher pension when you retire and may allow you to retire with an unreduced pension at an earlier date if it allows you to reach the 90 Factor earlier.

Under the pension plan, at the age of 60 or when you reach the 90 Factor (whichever occurs first), you are eligible for an unreduced pension. The 90 Factor is when you are at least age 55 and the total of your age and years of credited service is equal to or greater than 90.

Go to the [Buy-backs of previous service – building your pension](#) for more information and examples of the how additional service can build your pension.

#### Terms you need to know

##### Credited service

Your credited service is the days, months and years that you contribute to the University's pension plan including service that you transferred from a previous employer, or service while you were receiving benefits from the University's Long-Term Disability Insurance Plan.



## Leaves of absence and your pension plan

### The Human Resources Service can help

#### Getting a quote for the cost

Before you go on leave, contact the Human Resources Service, Benefit Sector to find out if your leave will impact your credited service and if there are any choices you need to make. If applicable, the Benefit Sector Employee Advisor will provide you with a quote of the cost of the current payments for your leave and the necessary forms to authorize the automatic withdrawals from your bank.

#### Participating in another pension plan during a period of leave without pay

Inform the Human Resources Service, Pension Sector, if you participate in another pension plan while you are on leave without pay. The *Income Tax Act* sets out limits for what service can be recognized and different rules may apply in this case.

### Past periods of leave

If you are wondering about past periods of leave and the impact your past leaves had on your credited service, you can contact Human Resources Service, Pension Sector. The Pension Officers will review your file and let you know if you have periods of leave that you can buy back and how much it will cost. Send a request in writing – indicating your employee number and the start and end dates of the leave you are considering – to the Human Resources Service, Pension Sector.

Go to the [\*Buy-backs of previous service – building your pension\*](#) fact sheet for more information about buy-backs.

---

### More about leaves

#### *Limit to leaves without pay*

Under the pension plan, the number of years of leaves without pay that can be counted as credited service is limited to five years (for all types of leave) with an additional three years for maternity and parental leaves only.

#### *Tax implications*

In general, the payments you make for your leave are tax-deductible. See the [\*Buy-backs of previous service fact sheet\*](#) for more information.

---

This fact sheet is for general information purposes only and is not intended to provide you with any personalized financial, insurance, legal, accounting, tax or other professional advice. While the University of Ottawa has made every effort to ensure the accuracy of the information, complete details are contained in policies, documents, contracts, pension plan text, and applicable legislation. These official documents govern the operation of the pension plan and take precedence over the information in this fact sheet in the case of inconsistency or error.



uOttawa

L'Université canadienne  
Canada's university