

**Prince Edward Island
Public Sector Pension Plan (PSPP) Policy**

Purchase of Parental Leave	
Policy No.	1
Effective Date	January 1, 2018
Last Revision Date	March 24, 2022
Pages	4

1. GENERAL

Parental leave, for the purpose of this policy, means maternity, parental or adoption leave.

2. PURPOSE

Subject to this policy, a member may elect in writing to purchase the period of parental leave within 24 months of the date the leave ends for the purpose of the calculation of pensionable service.

3. POLICY

3.01 General

All elections shall be made after the completion of the parental leave, and prior to termination from the plan.

Where a member has made a request to purchased parental leave, the member shall make payment no later than 90 days from the date of the letter informing the member of the cost. If payment is not received with 150 days from the date of the letter, the member's request shall be cancelled. In no event shall the 24-month election deadline be extended.

A member must be on payroll to access payroll deductions.

3.02 Based on guaranteed hours

Where the person was a member on the date on which the parental leave commenced, the member may purchase the parental leave based on the member's guaranteed hours immediately prior to the parental leave.

Where the person was a non-permanent employee prior to the commencement of the parental leave, and subsequently becomes a member during the parental leave, the member may purchase

that portion of the parental leave that is after the person's membership start date. The cost shall be based on the guaranteed hours on the date the person became a member.

3.03 Early Election Option

An early election to purchase a period of parental leave shall be made by a member within twelve (12) months of the completion of the parental leave.

Early Election Cost

The cost to the member of purchasing all or a portion of the service attributable to the parental leave taken by the member shall be an amount equal to one year, or a fraction of a year of the service being purchased, multiplied by the amount of base and/or supplementary contributions the member would be required to make in a year under the Act using the hourly rate in effect as at the request date. The member's annualized full-time equivalent earnings, at the time the member made the election, shall be used to determine the cost. Where the member is on leave at the time of request, the hourly rate shall be a deemed rate as if the member were at work.

Early Election Payment Options

The amount payable by a member who has opted for an early election may make payment as:

- a) a lump sum or
- b) bi-weekly payroll deductions over a period not exceeding twice the total period of service being purchased.

Interest costs if paying via payroll deductions

Interest shall be charged on bi-weekly payroll deductions at the discount rate set out in the Fund's actuarial valuation report of the immediately preceding calendar year.

Employer Matching

The employer shall match the contributions made by the member.

Lapse of Election Option

For greater clarity, if an election is not made within 12 months, the option to purchase parental leave at one times contributions shall lapse.

3.04 Late Election Options

A late election to purchase a period of parental leave shall be made by a member within twenty-four (24) months of the completion of the parental leave.

Late Election Cost

The cost to the member of purchasing all or a portion of the service attributable to the parental leave taken by the member shall be an amount equal to one year or a fraction of a year of the service being purchased, multiplied by **two times** the amount of base and/or supplementary contributions the member would be required to make in a year under the Act. The member's annualized full-time equivalent earnings, at the time the member made the election, shall be used to determine the cost.

Late Election Payment Options

The amount payable by a member who has opted for a late election shall be made in a single lump sum.

Lapse of Election Option

For greater clarity, if an election is not made within 24 months, the option to purchase the parental leave shall lapse.

3.05 Terminates employment

Where a member terminates employment prior to completing full payment for the purchase of the service, the full remaining balance of the cost of the service becomes payable within 90 days of the termination of employment, or the purchase option shall lapse.

Where a member commences another period of parental leave or other unpaid prior to completing full payment for the purchase of the service, the full remaining balance of the cost of the service becomes payable within 90 days of the termination of employment, or the purchase option shall lapse.

3.06 Pro rata Adjustment

Where an unpaid balance remains owing to the fund, the amount of service respecting the parental leave, to be included in calculating pension entitlement, shall be adjusted pro rata to reflect the portion of the full cost of the service actually paid by the member.

3.07 Income Tax Act requirements

Where required under the Income Tax Act (Canada), a past service pension adjustment shall be filed by the Minister with the appropriate government authorities for their approval or certification.

Compliance

No benefits shall be paid with respect to service purchased under this policy prior to compliance with 3.07.

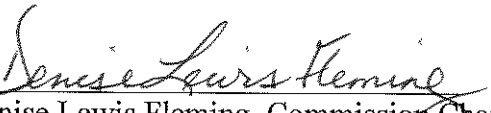
Limits

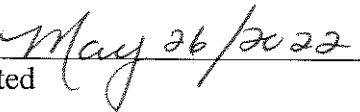
The total period of parental leave that may be purchased under this policy is subject to the overall limits imposed by the *Income Tax Act* (Canada) and associated regulations on the crediting of service in a registered pension plan.

3.08 Transitional

This policy shall apply to any parental leave that begins on or after January 1, 2018.

This Policy, No. 1, was approved by the Commission for the Prince Edward Island Public Sector Pension Plan at a meeting of the Commission held December 7, 2017.


Denise Lewis Fleming, Commission Chair


Dated