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## BUY-BACKS

Commission administrative des régimes  
de retraite et d'assurances

This brochure is intended for the members of the following pension plans:

- the Government and Public Employees Retirement Plan (RREGOP);
- the Pension Plan of Management Personnel (PPMP);
- the Retirement Plan for Senior Officials (RPSO);
- the Teachers Pension Plan (TPP);
- the Civil Service Superannuation Plan (CSSP);
- the Pension Plan of Certain Teachers (PPCT);
- the Pension Plan of Peace Officers in Correctional Services (PPPOCS);
- the Superannuation Plan for the Members of the Sûreté du Québec (SPMSQ).

We suggest that you read it carefully to find out more about buy-backs. The information it contains could motivate you to submit a buy-back application in order to improve your retirement income. Your employer can assist you with your application, but you must take the initiative and see that the required documents are submitted to CARRA.

The brochure may also help you determine the periods of your career that you can buy back and to know the impact of your buy-back from a tax standpoint.

The information in this document does not supersede the applicable laws or regulations.

***Original text in French***

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## What is a buy-back?

A buy-back is a provision of a pension plan that allows you, under certain conditions, to **have recognized** periods of work or periods of absence during your career in the public or parapublic sectors, either for the purpose of eligibility for a retirement pension or for calculation of the pension, or both, even if your employer no longer exists.

The periods can be periods of **work** for which you did not contribute or periods of **absence** without pay.

*By carefully examining your statement of contributions, you can find periods of work or periods of absence that have not been recognized in your pension plan. The statement of contributions is the record of the contributions made by a member to his or her pension plan and the years of service accumulated. Each complete year of service is shown as 1,0000. A different number in the column "Service pour le calcul" (service for calculation purposes) indicates that there may be a buy-back possibility.*

*A statement of contributions is sent on request. To receive one, you must fill out the "Application for a statement of contributions" (008A) form, available on CARRA's website ([www.carra.gouv.qc.ca/formulaires](http://www.carra.gouv.qc.ca/formulaires)) under the heading "Membership in a pension plan".*

## What periods can be bought back?

### PERIODS OF WORK

#### 1. Periods of service prior to your membership in the pension plan, for which you were remunerated

You can, in particular, buy back periods of:

- service in a health and social services network research centre;<sup>1</sup>
- service in a body before it was subject to the plan by an order in council after June 30, 2011;<sup>1</sup>
- service as a member of the staff of the office of the Lieutenant Governor, a Minister or a Member of the National Assembly;<sup>2</sup>
- active service in the Canadian Forces;
- service as a religious or other teacher, laicized or secularized, or not.<sup>3</sup>

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1. For these periods of service, you can also buy back days during which you were on maternity leave or were receiving salary insurance benefits.

2. For these periods of service, you can buy back the days you were on maternity leave.

3. That buy-back may make you eligible for the Pension Plan of Certain Teachers (PPCT). For more information on the plan, please refer to *The PPCT in a Nutshell* on CARRA's website ([www.carra.gouv.qc.ca](http://www.carra.gouv.qc.ca)), under the "Documentation" tab, in the subsection "For members", "The PPCT".

## 2. Periods of service as a casual employee<sup>4</sup>

These are periods of work performed as a casual employee between July 1, 1973 and

- a) December 31, **1986**, for employees of the health and social services sector (only those entered on a **recall list**);
- b) December 31, **1987**, for employees of the public service, and the health and social services network and the education network.

For points 1 and 2 above, note that the following periods of work may not be bought back:

- periods of work when you were hired as an independent worker;
- periods of work for which your contributions were refunded under RREGOP.

## PERIODS OF ABSENCE

### 1. Absence without pay

You can buy back periods of **absence without pay** that began after your enrolment in a plan, whether they were authorized by your employer or not (strike, lock out or suspension) and whether they are isolated days or longer periods.

You can also buy back a period of absence that has never been bought back and is within a period for which CARRA reimbursed contributions. That period must have taken place under the same pension plan as the one in which you are now participating.

Note that an employee who is the incumbent of a part-time position cannot buy back the days during which he or she was not assigned to work. However, the employee can buy back the absences that occurred when he or she was assigned to work.

Parental leave is also an absence without pay to which an employee is entitled following the birth or the adoption of a child. The duration may vary according to working conditions. Most collective agreements in the public and parapublic sectors provide for parental leave of up to two years.

### 2. Maternity leave before January 1, 1989

You can buy back periods of maternity leave that began before January 1, 1989, even if they ended after that date. These are periods of 17 or 20 weeks of leave granted pursuant to working conditions of the employee.

#### ***Absences you do not have to buy back***

- **Short absences without pay that began on January 1, 2002<sup>5</sup>** or after, since employees must continue to pay contributions:
  - full-time absences of 30 consecutive calendar days or less;
  - part-time absences of 20% or less of the regular time of a full-time employee (for example, one day a week).
- **Maternity leave that began after December 31, 1988**, since it is automatically recognized by the pension plan. It must be credited by means of your employer's annual report.

4. For these periods of service, you can also buy back days during which you were on maternity leave or were receiving salary insurance benefits.

5. July 1, 2002 for the PPMP, January 1, 2005 for the PPPOCS and January 1, 2008 for the SPMSQ.

- **Periods of absence without pay because of illness when you were covered by a mandatory salary insurance plan**, since they are also automatically recognized by the pension plan, for a period of up to three years.

## What are the benefits of a buy-back?

### 1. You can become eligible for a pension more quickly

The period you buy back will be taken into consideration in establishing your eligibility for a pension. It may make it possible for you to retire at an earlier date. In addition, the increase in the number of years of service recognized may decrease the reduction applicable to your retirement pension, and even eliminate it.

However, if you are a member of RREGOP, the PPMP, the RPSO or the PPPOCS, your plan **recognizes a complete year of service** for the years of incomplete participation since January 1, 1987,<sup>6</sup> but only for eligibility for a pension. So the service added for eligibility allows part-time employees to accumulate service at the same pace as full-time employees. Hence, by buying back such a period of absence, you will increase your pension, but you will not make the date on which you will be eligible for a retirement pension earlier.

### 2. You can increase your pension

Generally, the period bought back will be taken into consideration in calculating your retirement pension. You will thereby obtain upon retirement exactly the same benefits as if you had contributed normally to your pension plan during that period.

## Is a buy-back always worthwhile?

Generally speaking, it is to your advantage to submit your application for buy-back as early as possible. For several types of buy-back, the cost is determined according to your annual pensionable salary on the date of the application, to which a variable fee is applied depending on your age and the period to be bought back. Therefore, if you decided to postpone your application for buy-back, the cost could gradually increase from year to year.

In addition, if you submit an application for buy-back of an absence without pay within six months following the end of the absence, its cost may be lower.

As regards **maternity leave** beginning before January 1, 1989, but after your enrolment in the plan, note that the service is recognized **without cost**, but you must submit a buy-back application.

If, however, the maternity leave occurred during a period of service prior to enrolment in a pension plan or during a period of service as a casual employee, the cost corresponds to the cost of the buy-back of those periods of service.

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6. January 1, 1988 for the PPPOCS.

**Benefits of the main types of buy-back**

<b>Nature of the period to be bought back</b>	<b>Periods most commonly bought back</b>	<b>Benefits</b>	<b>Comments</b>
Period of work	<ul style="list-style-type: none"> <li>- Service as a casual employee.</li> <li>- Service in a health and social services network research centre if the application is submitted <b>before January 1, 2013</b>.</li> </ul>	<p>The buy-back is generally advantageous because of its relatively low cost.</p> <p>It may have the advantage of increasing your pension, and may allow you to take your retirement earlier.</p>	
Period of work	<ul style="list-style-type: none"> <li>- Service in a health and social services network research centre if the application is submitted <b>after December 31, 2012</b>.</li> <li>- Service in a body before it became subject to the pension plan.</li> </ul>	<p>Although costly, the buy-back is advantageous if it makes it possible for you to decrease or eliminate the reduction applicable to your retirement pension. In such a case, your pension could increase.</p> <p>The buy-back may enable you to take your retirement earlier.</p>	CARRA recommends that you evaluate this buy-back on the basis of your situation.
Period of absence	<ul style="list-style-type: none"> <li>- Parental leave beginning <b>on January 1, 1991 or later</b> (under RREGOP, the PPMP, the RPSO or the PPCT).</li> <li>- Parental leave under the SPMSQ beginning <b>on January 1, 2006</b> or later.</li> <li>- An absence without pay under the PPPOCS (for an application submitted <b>within six months following the end of the absence</b>).</li> </ul>	<p>The buy-back is generally advantageous because of its relatively low cost.</p> <p>It may have the advantage of increasing your pension, and may allow you to take your retirement earlier.</p>	
Period of absence	<ul style="list-style-type: none"> <li>- An absence without pay under RREGOP, the PPMP, the RPSO or the PPCT (other than parental leave).</li> <li>- An absence without pay under the RRMSQ (other than parental leave).</li> <li>- An absence without pay under the PPPOCS (for an application submitted <b>more than six months after the end of the absence</b>).</li> </ul>	<p>Although costly, the buy-back is advantageous if it makes it possible for you to decrease or eliminate the reduction applicable to your retirement pension. In such a case, your pension could increase.</p> <p>The buy-back may enable you to take your retirement earlier.</p>	CARRA recommends that you evaluate this buy-back on the basis of your situation.

To find out quickly and easily the approximate cost of the most common buy-backs, you can use the calculator "Buy-back Cost Estimator" on CARRA's website ([www.carra.gouv.qc.ca/calcul-rachat](http://www.carra.gouv.qc.ca/calcul-rachat)).

For the fee schedule, refer to the Documentation section of the website, in the section For members, and Buy-backs under the List of Subjects. The document is entitled *Fee schedule for certain types of buy-backs*.



## BUY-BACK OF PERIODS OF ABSENCE AND THE "90-DAY BANK"

At the time your retirement pension is calculated, your plan provides for the addition, **automatically** and **without cost**, of a maximum of 90 days (the "90-day bank") to your years of service in order to offset incomplete years following absences without pay. Those days are recognized as service for eligibility for, or for the calculation of, the pension. It is in your interest to take that element into consideration in order to avoid buying back those 90 days needlessly, and thus take advantage of the free addition of days at the time of your retirement.

So that CARRA can take into consideration the "90-day bank", you need only answer "Yes" to the question on the subject in the "Application for buy-back" form (727A).

According to the legal provisions, your days of absence prior to January 1, 2011 (in the case of parental leave or of another absence without pay) can be offset by that bank, whereas those after December 31, 2010 must be for parental leave if CARRA is to take them into consideration.

If your application concerns periods prior to January 1, 2011, CARRA will apply the "90-day bank" to the most costly absences to be bought back, if applicable to do so.

You can always choose to wait and answer "No" to that question, for example if you are relatively young, if you apply only for parental leave or if you plan to be absent later on for other parental leave. The future absence could then be offset by your 90-day bank.

## How can you apply for a buy-back?

Simply fill out the proper forms or have them filled out by the employer or employers. The forms, which are available on the CARRA website ([www.carra.gouv.qc.ca/formulaires](http://www.carra.gouv.qc.ca/formulaires)) under the heading Buy-backs, are as follows:

- Application for buy-back (727A), and
- Attestation of a buy-back period (728A).

The forms are prescribed by law. You are responsible for obtaining the "Attestation for a buy-back period" forms (728A), completed and signed by the employers concerned for all the periods you want to buy back; for enclosing them with the "Application for buy-back" form (727A), completed and signed by you and your current employer; and for submitting those forms to CARRA, along with any supporting documents.

In order to process your application, it is essential that the mandatory fields be completed and that the information requested be provided. If the application for buy-back is incomplete, it will be returned to you upon receipt. The missing elements will be highlighted on the forms. The forms will be accompanied by a letter indicating the deadline for returning the completed forms and thus protecting your rights, which were established on the date of receipt of your application for buy-back. If you do not meet the deadline, you will have to submit another application and your rights will be established according to the new date of receipt.

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7. In the case of the **buy-back of an absence**, you must also be contributing to your plan at the time that CARRA receives your application for buy-back, unless, at the end of that period, you are absent because of disability or on maternity leave, in which case you have the advantage of a transfer agreement, or you take your retirement.

Lastly, if you no longer hold your employment but you were **eligible for an immediate retirement pension on your last day of work**, you can submit an application for buy-back. Refer to Part H of the guide to form 727A for more details.

## YOUR CURRENT AND PREVIOUS EMPLOYERS HAVE AN IMPORTANT ROLE TO PLAY

In order to attest that, at the time of the application, you are participating in your retirement plan, your current employer must complete and sign Part H of the "Application for buy-back" form (727A), even if the employer is not concerned by the periods to be bought back.

As for the attestation form (728A), it must be completed by the employer concerned by the periods to be bought back, whether it is your current employer or a former employer.

If you apply to buy back a period of absence, your employer must, in addition to providing the information requested, verify that the contribution information the employer reported in your regard is accurate, and make any necessary corrections.

In attesting the periods requested, the employer concerned will provide us with detailed information that will enable us to determine more accurately the service that you can buy back and the cost of the buy-back.

The name of a previous employer may have changed following a consolidation or merger or the employer may have ceased to exist.

If you have difficulty finding the employer or if you worked in the public service, we advise you to check with Services Québec.

If you worked in the health and social services network or the education network, you can contact the current institution in the area concerned that may have taken over the administration from your former employer (for example, the area school board or hospital).

If you apply to buy back a period of work and your efforts to find the former employer concerned prove unsuccessful, you should either:

- authorize CARRA to obtain information from Revenu Québec, such as your employment income and the name of the employer during the period you wish to buy back; or
- provide such proof of remuneration yourself.

Lastly, we invite you to carefully read the instructions in the guide to the application for buy-back form (727A), specifically Part F – Authorization to contact Revenu Québec.

## What will CARRA's answer be?

When your application for buy-back meets all or part of the buy-back conditions, CARRA sends you a **buy-back proposal**, which describes the conditions that will apply to your buy-back and informs you of the following, in particular:

- the periods you can buy back;
- the total cost;
- your annual pensionable salary at the time of the application;<sup>8</sup>
- the terms of payment;
- the impact of the buy-back from a tax standpoint, and the PA (pension adjustment) or the PSPA (past service pension adjustment) related to the buy-back.

8. Since that salary may have been used to determine the cost of your buy-back or buy-backs, it is recommended that the accuracy of the information be verified.

Depending on the periods you wish to buy back, you may receive several proposals. Each is accompanied by a reply form that you must return to CARRA.

A buy-back proposal merits careful study. Besides its cost and benefits, a buy-back has a number of tax impacts that must be considered. Do not hesitate to ask for help and advice from your employer, CARRA, your professional association, your union, or your financial adviser.

Should your application for buy-back fail to meet the buy-back conditions, CARRA will notify you of this in writing.

## **BUY-BACKS AND "MAXIMUM SERVICE"**

There is a provision called "maximum service" that limits the maximum number of years of service that can be used to calculate the basic pension, beyond which you no longer contribute to the pension plan.

That number is 35 years of service for years prior to 2011, and for the following years, it increases gradually to 38 years. Thus, the contributions made or the service bought back make it possible to reach 36 years of maximum service at December 31, 2011, 37 years at December 31, 2012 and 38 years at December 31, 2013.

Because of that, if, at the time your application for buy-back is processed, CARRA notes that you have reached the maximum service allowed, you will receive a letter informing you that you have nothing to pay for your buy-back. The pensionable salary for the period you want to buy back will then be used in the calculation of your pension if it can increase it.

Furthermore, if the period you wish to buy back means that you reach or exceed the maximum service allowed, the cost of the buy-back will be adjusted in order to correspond solely to the portion of service required to achieve the maximum service.

## **Is the period of validity of the buy-back proposal limited?**

Yes. A buy-back proposal is valid only for 60 days, i.e. until the expiry date appearing in the letter that accompanies the proposal or proposals. After that deadline, if you have not accepted the buy-back proposal or proposals, your application is deemed never to have been submitted to CARRA.

## **How can you pay for a buy-back?**

You can pay for your buy-back through full immediate payment or payment by monthly or annual instalments, whichever you prefer. You can pay by cheque, direct debit, transfer from a registered retirement savings plan (RRSP) or, if your employer agrees, by salary deductions. You can also use your sick leave credits if your working conditions allow it and if your employer agrees.

If you opt for full immediate payment, CARRA must receive it and it must be cashable no later than the expiry date of the buy-back proposal, whatever the means used to pay the cost,

including the transfer of funds from an RRSP or payment out of your sick leave credits.

If you choose to pay for your buy-back through periodic instalments, interest will be charged.

Once you have decided what periods you will buy back and what method of payment you plan to use, **you must indicate your choice on the corresponding reply form and return it to CARRA before the expiry date of the buy-back proposal.**

## Is the cost of a buy-back deductible from your taxable income?

Yes. The amount paid for a buy-back is usually deductible, unless the funds are from an RRSP. In addition, if you pay by periodic instalments, the interest added by CARRA is also deductible from your taxable income under certain conditions, **unlike the interest on a bank loan.**

CARRA issues the required tax receipts in late February of each year following the year of the payment for a buy-back. Note that, although you can contribute to an RRSP for a fiscal year during the first 60 days of the following fiscal year and thus take advantage of the normal tax deduction, only the amounts paid for a buy-back in the calendar year may be deducted from the taxable income for that year.

You will find in the buy-back proposal all information concerning the amounts that are deductible with respect to your buy-backs.

## What are a PA and a PSPA?

A pension adjustment (PA) and a past service pension adjustment (PSPA) are part of a mechanism established on January 1, 1990 by the Canada Revenue Agency (CRA). The mechanism manages and limits the contribution allowance for retirement income purposes (RRSP contributions and contributions to employer pension plans, including buy-backs). The PAs calculated following such payments take up part of the contribution room available.

For regular contributions, the employer calculates the PA and enters it on your income tax slips. However, in the case of buy-backs, the pension plan administrator, i.e. CARRA, calculates a PA or a PSPA for any buy-back period after 1989.

The PA and the PSPA appear on your buy-back proposal for your information. Note that there is no direct link between the cost of your buy-back and your PA or PSPA.

*For more information about pension adjustments, we suggest you refer to the publication entitled *What is a pension adjustment (PA) and what is a past service pension adjustment (PSPA)?* on CARRA's website, under the "Documentation" tab, "For members", "Buy-backs". For any general information on the calculation of PAs and PSPAs, contact CARRA. For any questions concerning income tax, contact the CRA, at [www.cra-arc.gc.ca](http://www.cra-arc.gc.ca).*

## When will your record be adjusted to take into account the period you bought back?

Your record will be adjusted once you have paid the full cost of your buy-back.

## To contact us

**By Internet:** [www.carra.gouv.qc.ca](http://www.carra.gouv.qc.ca)

Do not hesitate to consult CARRA's website. It contains all the required information and forms you may need. Given government measures to improve relations between the Administration and the public, CARRA has developed a clientele service statement. You can consult it on our website.

### By telephone

418 643-4881 (Québec area)  
1 800 463-5533 (toll free)  
418 644-3839 (fax)

### Persons with a hearing impairment

418 644-8947  
1 855 317-4076

### In person

If you plan to meet with a staff member, we recommend that you call to make an appointment. You can also write to us or go to the reception desk, located on the 5th floor at the following address:

Commission administrative des régimes  
de retraite et d'assurances  
475, rue Saint-Amable  
Québec (Québec) G1R 5X3

Our office hours are as follows:

Monday to Wednesday and Friday	8:30 a.m. to 4:30 p.m.
Thursday	10 a.m. to 4:30 p.m.

You can also contact your employer, which will guide you in the steps you take.

### Register for our electronic mailing list

Registering for CARRA's electronic mailing list allows you to be informed of what's new about the various pension plans under CARRA's administration. Register by clicking on "Mailing list" at [www.carra.gouv.qc.ca/liste](http://www.carra.gouv.qc.ca/liste).

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