A FEW CLARIFICATIONS on Tax Rule Limits and Buy-Backs

The information provided in this document only concerns the members of the six following 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).

Buy-back of service is a provision aimed at the recognition in a pension plan of periods of absences or service, upon payment of a cost established in particular according to the type of buy-back and the pension plan.

The main benefit of buying back service is an increase in your retirement pension. However, the tax assistance reform of retirement savings, effective since January 1, 1990, has limited the amount of that increase in accordance with the defined benefit limit. In some cases of buy-backs of service prior to 1990, the maximum is two-thirds of that limit.

The defined benefit limit is a maximum set by the Income Tax Act in regards to the amount of annual benefit that can be bought under a registered pension plan (RPP). However, it is important to note that the pension plans administered by us were exempt of the maximum imposed by that reform until 1992.

Since that date, any modifications made to a pension plan’s provisions resulting in an increase of the amount of benefits must comply with that limit.

In addition to the type of buy-back and the years concerned, the date of receipt of the buy-back application is also used to determine the maximum amount of benefit allowed.

TO FIND OUT TO WHAT EXTENT THAT LIMIT COULD CONCERN YOU, PLEASE REFER TO THE FOLLOWING TABLE.
## Maximum benefit in 2016 following a buy-back

### Service as Casual Employee

<table>
<thead>
<tr>
<th>Years to buy back</th>
<th>Maximum benefit per bought back year</th>
<th>Explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973 to 1987</td>
<td>$1 926.67¹</td>
<td>People who were not participating in a pension plan. People who did not participate in a pension plan have been able to invest more in an RRSP during the year to buy back. This is the reason why the amount of benefits acquired through this type of buy-back is limited.</td>
</tr>
<tr>
<td>1973 to 1987</td>
<td>No limit</td>
<td>People who were participating in a pension plan. People who participated in a pension plan have been able to invest less in an RRSP because of the maximum tax deductions allowed of $3 500 and $5 500. This is the reason why the amount of benefits acquired through this type of buy-back is not limited. Furthermore, the amount of benefit acquired through this type of buy-back was not modified after January 1992.</td>
</tr>
</tbody>
</table>

### Absence Without Pay

<table>
<thead>
<tr>
<th>Years to buy back</th>
<th>Maximum benefit per bought back year</th>
<th>Explanations</th>
</tr>
</thead>
<tbody>
<tr>
<td>All years until December 31, 1991</td>
<td>No limit</td>
<td>The amount of benefit acquired through this type of buy-back has not been modified after 1991.</td>
</tr>
<tr>
<td>All years from January 1, 1992</td>
<td>$2 890.00²</td>
<td>The amount of benefit acquired through this type of buy-back is limited in compliance with the tax rules.</td>
</tr>
</tbody>
</table>

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1. The maximum amount of benefit corresponds to two-thirds of the defined benefit limit. The benefits of a person with a salary lower than $115 548 are not likely to be affected.

2. The maximum amount of benefit corresponds to the defined benefit limit. The benefits of a person with a salary lower than $163 715 ($170 000 for the RPSQ) are not likely to be affected.