



# Leaves of Absences & Buying Service

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## Leaves of Absences

If a member was not working because of a leave of absence, they may be able to buy their service back.

For more information on members buying service related to a leave of absence, visit:

[Leaves Of Absence - Public Service Pension Plan \(pspp.ca\)](https://pspp.ca)

### Leave with Full or Partial Salary

When a member is on a leave with full, the member continues to be reported as an active member. Contributions are remitted by the employer as if the member was at work. Contributions are based on the pensionable salary the member was receiving immediately before the member went on the leave, plus any increases (or minus any salary reductions) granted to the employee's occupational group or class during the period the member is on a leave.

A leave with partial pay will fall into one of two categories depending on whether services were rendered to the employer:

- an eligible period of temporary absence, or
- period of reduced pay.

The tax rules together with the PSPP plan text define an eligible period of reduced pay and an eligible period of temporary absence and capture the treatment of such periods. Employers are required to track the compensation relating to the unsalaried portion of eligible periods of reduced pay and eligible periods of temporary absence to ensure the correct application of the maximum leave limits.

### Eligible Period of Temporary Absence with Partial Salary

An eligible period of temporary absence is a period where the employee is not working (not rendering services to the employer). The amount of current service that may be established for the salaried portion of an eligible period of temporary absence with partial salary is not limited. However, crediting current service for the unsalaried portion is subject to the five-year leave maximum. PSPP requires that contributions be made for the employee and the employer on the full salary (both salaried and unsalaried portions) associated with the period of leave until the five-year leave maximum is reached. If the employee has reached the five-year leave maximum, contributions are mandatory for the salaried portion only.

### Period of Reduced Pay

A period of reduced pay is a period of time during which the member is working fewer than regular hours and is receiving less than regular pay. This is not the same as the member moving to a part-time position.

In order for a leave with partial pay to qualify as an eligible period of reduced pay, the member must have 36 months of employment with the current (or predecessor) employer prior to taking the leave. The way that the leave is treated is determined by whether the member has met this 36-month threshold.

- If the 36 months of employment requirement is met, contributions are mandatory for the member and the employer on the full salary associated with the period of leave. The service associated with the unsalaried portion will be credited as current service but is also deducted from the five-year leave counter.
- If the 36 months of employment requirement is not met, the member will not be able to establish the unsalaried portion of the leave period as pensionable service. Contributions are mandatory on the salaried portion of the leave only.

#### Leave Without Salary

During a leave without salary, the member may have that service taken into account as pensionable service, if they have not already reached the maximum leave limits. The member may:

- continue to contribute while on leave; or
- purchase the service at the end of the leave or during the year end process.

Contributions are based on the pensionable salary earned immediately before the member commenced the leave, plus any increases (or minus any Salary reductions) granted to the employee's occupational group or class during the period the member is on a leave.

If the member continues to contribute while on leave, the employer must calculate, remit and report these contributions as a contributory leave.

If the member chooses not to contribute while on leave, the employer must report the leave period as a non-contributory leave within the applicable deadline dates.

#### Leave Purchase Activities

To visit the 'Leave Reporting – Leave Benefits Workflow, click [here](#).