

# OPB Update: Buybacks for Temporary Part-Time Work Arrangements, effective August 1, 2021



In our April update, we let you know that effective August 1, 2021, the Public Service Pension Plan (PSPP) will allow eligible members to buy back full-time credit for periods where they were participating in temporary part-time working arrangements with a PSPP employer.

With August 1st fast approaching, we want to provide employers with more detailed information about how the application process will work and to ask you for your help in spreading the messaging to any members who may have previously participated in this type of arrangement with you.

## Why is OPB making this Change?

In its October 2020 decision in *Fraser v. Canada (Attorney General)*, the Supreme Court of Canada determined that the terms of a federal pension plan discriminated against a group of employees who were not eligible to purchase full-time pension credit for a period of employment where their hours were temporarily reduced.

Allowing members to buy back full-time credit for eligible periods of temporary part-time work will bring the PSPP into compliance with this Supreme Court decision and will also support employers in offering flexible workplaces for their employees.

## Who's eligible to participate?

This change means that starting on August 1, 2021, active members who participate in an eligible temporary part-time work arrangement with a PSPP employer will be eligible to buy back full-time credit for the period of part-time employment when they return to full-time work.

It also means that members who previously participated in an eligible temporary part-time work arrangement will be able to buy back full-time credit for that period.

Full-time credit can be bought back for periods of temporary part-time work if the following criteria are met:

- The part-time work arrangement is temporary.
- The employer and member have agreed to the terms of the temporary part-time work arrangement, including its duration, in advance.
- The conditions in the federal *Income Tax Act* are met, including the cumulative limit on eligible periods of temporary absence and/or reduced pay.

We will also be providing retired and deferred members with a one-time opportunity to buy back periods related to temporary part-time work arrangements that took place during their PSPP membership.

Additional details are outlined in the sections that follow.

## What does this mean for employers?

1. Employers will have a role in completing the application form for any members who apply to purchase an eligible period. **More information on the application process is provided below.**
2. Employers will be required to match eligible buybacks for any active, retired, or deferred members who elect to purchase an eligible period during the applicable 24-month window. **We've provided more detailed information on when an employer is required to match member contributions below.**

## How does the application process work?

Applications may only be submitted after a member's eligible temporary part-time work arrangement ends. In order to apply to buy back full-time credit for the period of the temporary part-time work arrangement:

- The member must complete page 1 of the **OPB 1151 — Temporary Part-Time Work Arrangement Application to Purchase Pension Credit** form and forward it to the employer.
- The employer must complete the remaining pages of the OPB 1151, including a formal certification by the employer representative that the period of part-time work was temporary and that its terms (including the end date) were agreed in advance between the employer and the member. The employer must also confirm the member's rate of pay, part-time ratio (or hours of work, if no ratio is available), and the dates of the temporary part-time work arrangement.
- The employer submits the completed application to OPB through the Employer Portal as a secure message attachment. Please select **Buyback: Temporary Part-Time Work Arrangement** as the secure message type.
- Once the completed OPB 1151 is received, OPB will prepare a buyback costing for the member.

A separate application is required for each eligible period of temporary part-time work.

Please contact OPB's Employer Relations team for direction if additional fields are required to confirm the details of the member's temporary part-time work arrangement (e.g., if the member's part-ratio changed more than once during the temporary part-time work arrangement period).

The **OPB 1151 — Temporary Part-Time Work Arrangement Application to Purchase Pension Credit** is available on OPB.ca in the Forms section for download.



## Will deferred and retired members be permitted to buy back credit for periods of eligible temporary part-time work?

In order to be fair to deferred and retired members who were not permitted to purchase full-time credit for periods of temporary part-time work during their active PSPP membership, we will also be extending a one-time opportunity to purchase full-time credit for past periods of temporary part-time employment that meet the eligibility criteria outlined above.

Applications by deferred and retired members may only be submitted during the August 1, 2021, to July 31, 2023, window.

Please note that terminated members who have transferred out their PSPP pension entitlements are not permitted to purchase credit in the PSPP.

## Are employers required to match the costs of these buybacks?

Employers will be required to match member contributions if the member (or deferred or retired member) applies for the buyback within the applicable 24-month costing window.

The following table describes scenarios where employers must match contributions related to the buyback of a temporary part-time work arrangement.

Scenario	When does the employer match the buyback cost?	When doesn't the employer match the buyback cost?
An active member purchases full-time credit for a period that ends after August 1, 2021	The employer will be required to match the contributions if the member purchases the credit within 24 months of the end of the temporary part-time work arrangement.	If the member purchases the pension credit more than 24 months after the temporary part-time work arrangement ends, the cost is actuarial and will be fully borne by the member.
An active member purchases full-time credit for a period that ended before August 1, 2021	The employer will be required to match the contributions if the member purchases the credit within a 24-month window that starts on August 1, 2021.	If the member purchases the pension credit after July 31, 2023, the cost is actuarial and will be fully borne by the member.
A retired or deferred member purchases full-time credit for a period prior to the end of their active PSPP membership.	The employer will be required to match the contributions if the member purchases the credit within a 24-month window that starts on August 1, 2021	N/A (There is no option to purchase this credit outside the 24-month window that closes on July 31, 2023.)

## We need your assistance!

Since employers are in a better position to identify which members are eligible to purchase past periods of temporary part-time work, we are asking for your help in getting the message out to any members who previously participated in this type of arrangement to ensure they are aware of this opportunity to maximize their PSPP pension.