



# Understanding Your Pension Credit

## Purchasing pension credit in the Public Service Pension Plan

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## **About this booklet**

This booklet provides a high-level summary of the key features of the Public Service Pension Plan (PSP). A complete description of this valuable benefit is contained in the legal documents that govern the Plan (these can be viewed at the offices of Ontario Pension Board (OPB)). All reasonable steps have been taken to ensure that this booklet is accurate. However, if there is any difference between the information provided in this booklet and the official Plan documents, the official Plan documents will govern. Before making any decisions affecting your pension, please contact OPB to verify your rights, responsibilities and entitlements under the Plan.

OPB 8027 (2024-12)



# Buying back pension credit

## Introduction

Pension credit, the total number of years and months that you (or your employer on your behalf) contributed to the Plan, is a key factor in determining the amount of pension you'll receive from the Public Service Pension Plan (PSPP). The more pension credit you have, the greater your annual PSPP pension will be at retirement.

While you're employed by an employer that contributes to the PSPP and you're making PSPP contributions, you're earning pension credit. You can also add to your pension credit by paying for any eligible period of past employment for which you don't have credit in the PSPP. This is called 'buying back' pension credit.

## Eligible buyback periods

As a contributing member of the PSPP, you may qualify to buy back pension credit if one or more of the following apply to you:

- you have past employment with an employer that contributes to the PSPP (see [page 5](#))
- you temporarily reduced your working hours under an arrangement agreed with the employer (see [page 13](#))
- you took a leave of absence without pay (see [page 11](#))
- you were a member of another registered pension plan (see [page 14](#))
- you have a shortfall (top up) not previously purchased when you transferred pension credit into the PSPP through a reciprocal transfer agreement (see [page 16](#))
- you lost a period of employment due to a legal strike, lockout, or a temporary layoff while working for an employer that contributes to the PSPP (see [page 17](#))

## Why buy back pension credit?

Buying back pension credit can help you to:

- earn a larger PSPP pension, and/or
- qualify to retire earlier than age 65 with an unreduced pension



# Benefits of buying back pension credit

## Larger pension

The PSPP is a contributory defined benefit (DB) pension plan. This means that when you retire, the amount of your pension will be calculated using a set formula. Based on the formula, the more pension credit you have, the larger your PSPP pension when you retire. For example, if you retire at age 65 with an average annual salary of \$95,000, an average Year's Maximum Pensionable Earnings (YMPE) of \$68,800 and 20 years of pension credit, your annual PSPP lifetime pension would be \$28,666.67.

However, using the same example as above, if you had two years of eligible service that you chose to buy back, your pension credit would increase to 22 years and, as a result, your annual PSPP lifetime pension would increase to \$31,533.33.

To learn more about how we calculate your PSPP pension, visit our website [OPB.ca](https://www.opb.ca).

## Early retirement with unreduced pension

Under certain PSPP early retirement options, you can qualify to retire earlier than age 65 with an unreduced PSPP pension.

PSPP early retirement option	You can retire early with an unreduced PSPP pension
<b>Factor 90</b>	If your age and pension credit total 90 or more
<b>60/20</b>	If you're at least 60 years old with at least 20 years of pension credit
<b>OPP 50/30</b>	If you're an Ontario Provincial Police (OPP) officer, at least 50 years old, with at least 30 years of pension credit
<b>OPP Factor 85</b>	If you're an OPP civilian, and your age and pension credit total 85 or more

If you choose to retire before 65, you will receive an early retirement bridge benefit along with your lifetime PSPP pension that supplements your retirement income until age 65 when you are eligible to receive an unreduced CPP pension.

For more information about how your PSPP pension is adjusted for CPP integration, please refer to the booklet [CPP Integration and Your PSPP Pension](#).



## Things to consider

### How much will your buyback cost?

The cost of your buyback will be generally calculated based on your annual salary at the time we receive your complete application (including supporting documents, if required) – not your salary during the period you're buying back. The cost will also depend on the type of service and length of the period you're buying back, and particularly, when you apply to buy back the pension credit.

### The 24-month costing window

A 24-month costing window applies to most buybacks. The start date of the window depends on your circumstances and the type of eligible period you are buying, but is usually the latest of:

- the date you became a member of the PSPP (or in some cases, the OPSEU Pension Plan)
- the last day of the eligible period you are buying (e.g., a leave of absence without pay with a PSPP employer) or
- the date you received initial notification of a shortfall that resulted from transferring pension credit into the PSPP

Keep in mind that once the 24-month costing window closes, **active members can still buy back the pension credit at any time, but likely at a significantly higher cost.**

You'll learn more about how the 24-month costing window applies to your buyback period in the following pages.

### Online Buyback Calculator

We encourage you to take advantage of our online Buyback Calculator to create cost estimates to buy back pension credit using customized calculations for non-PSPP employer service and for other service where your 24-month costing window has closed. You'll also be able to see how the buyback will impact your pension and retirement dates. Please note that buyback cost estimates generated by our online Buyback Calculator are not official cost quotes. To receive an official cost quote, you must submit an application to OPB.

To use our online Buyback Calculator, sign up for e-services in our secure online member portal by visiting **OPB.ca**. Click on '**e-services**' at the top-right corner of your screen. Then, click '**Register**' and follow the steps to create your account.

If you want to purchase prior service with a PSPP employer and you are inside your 24-month costing window, or if you previously withdrew a lump sum relating to credit in the PSPP or the OPSEU Pension Plan, and wish to buy back the credit to which that lump sum relates, please contact OPB for a cost estimate.

While many of your expenses may shrink when you retire, and you'll no longer need to save for retirement, you'll have to consider the lifestyle you'd like to have in retirement.

You may also need to consider other expenses such as extended health costs, leisure activities, travel, and hiring help for household chores.

Your PSPP pension is adjusted annually for inflation and is payable for life. Buying back pension credit in the PSPP is one way of building your retirement income to help you achieve your retirement goals

## Things to consider

As you go through this booklet and consider buying back pension credit, keep in mind the following:

- A buyback may help you to achieve your retirement goals, such as:
  - reaching a target amount of retirement income, and/or
  - retiring earlier
- The more pension credit you have:
  - the larger your PSPP pension will be
  - the earlier you may be able to retire
- Your PSPP pension provides a survivor benefit to eligible loved ones
- Your PSPP pension is payable for life and protected against inflation
- You can choose how much of the pension credit you want to buy back – you
- can buy back all, some or none
- A buyback may affect your income taxes, see page 18 for tax considerations

If you want to buy back past service and you're inside your 24-month costing window, please contact us to get a buyback quote.

OPB has provided information in this booklet to help you understand the benefits of buying back pension credit. Reading this booklet will help you to determine if you qualify for a buyback, and if so, how to apply and pay for your buyback. You'll also learn about how timelines for applying to buy back affect the cost of your buyback, and about certain limits and tax considerations that may apply to you.

We encourage you to read this booklet and contact us if you have any questions at 416-364-5035 or toll-free at 1-800-668-6203. You can also learn more about the PSPP by visiting **OPB.ca**.



## Past employment with a PSPP employer

If you worked for a PSPP employer in the past, you may be eligible to buy back pension credit for this period of employment. A PSPP employer includes a ministry, agency, board, commission, or public body or other organization of the Government of Ontario designated as a PSPP employer. You may qualify to buy back pension credit if during the time you worked for your past PSPP employer:

- you contributed to the PSPP or OPSEU Pension Plan (see below for details), or
- you had optional membership, but you didn't contribute to either plan (see page 8 for details)

### Past employment when you contributed to the PSPP or the OPSEU Pension Plan

If you contributed to the PSPP or the OPSEU Pension Plan in the past, you may be eligible to buy back pension credit if, when you left your employer, you:

- A. chose to keep your pension benefits in the OPSEU Pension Plan (see below for details) or
- B. withdrew a lump-sum relating to your benefits in the PSPP or OPSEU Pension Plan, i.e., you received a refund of your pension contributions with interest in cash, or transferred the commuted value of your pension benefits to a locked-in retirement savings plan, such as a locked-in retirement account (LIRA) or another registered pension plan (RPP) (see page 5 for details)

If in the past you chose to receive a deferred pension in the PSPP, your past credit was reinstated when you re-joined the PSPP.

### A. If you chose to keep your benefits in the OPSEU Pension Plan

#### How do you apply?

To apply, please complete the form called OPB 1043 – Application to Purchase Pension Credit and send it to us. If possible, we recommend you apply within 24 months of the date you joined the PSPP to avoid increasing cost. Please note that you must be actively contributing to the PSPP to buy back pension credit. Visit **OPB.ca** to obtain PSPP forms. If you apply after 24 months of the date you joined the PSPP, you'll also have to complete the Authorization for the Release of Personal Information form (OPTrust 3004), which you can retrieve from [optrust.com](https://www.optrust.com).

Please note that if you are required to join the PSPP directly from the OPSEU Pension Plan, you do not get a new 24-month costing window when you become a member of the PSPP. Your 24-month costing window continues to be from the date you joined the OPSEU Pension Plan and may have already closed.



## How much does this type of buyback cost?

### If you apply for your purchase within 24 months of the date you joined the PSPP (or OPSEU Pension Plan)

- Your buyback will be treated as an optional transfer and will be calculated using the methods and assumptions set out in the Major Ontario Pension Plans (MOPPs) reciprocal transfer agreement.

### If you apply for your purchase after 24 months of the date you joined the PSPP

- Your cost will equal the actuarial value of the pension credit you're buying back. This is the amount needed to fund the additional pension benefits you'll be entitled to as a result of buying back the pension credit.
- The cost is based on your annual salary and the applicable actuarial assumptions in effect at the time we receive your completed application and all required supporting documents.

## How do you pay?

OPTrust will transfer the value of your OPSEU Pension Plan benefits to the PSPP. The value of your OPSEU Pension Plan benefits may not cover the full cost. If there's an amount owing, you can pay all, some, or none of the outstanding amount by:

- Personal cheque
- Direct transfer from a registered retirement savings plan (RRSP), locked-in retirement account (LIRA), or deferred profit-sharing plan (DPSP)
- Payroll deduction (if the cost of your buyback is \$500 or more, deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or
- A combination of any of the above

If you apply after your 24-month window closes, your cost quote and due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/ or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

Direct transfers from RRSPs, LIRAs and RPPs require the following forms, which we will provide to you, and can also be downloaded from the Canada Revenue Agency website at [Canada.ca](https://Canada.ca).

- T2033 form for RRSP or LIRA transfers
- T2151 form for RPP transfers

RPP transfers must be approved by your previous plan administrator.

## **B. If you withdrew a lump-sum relating to your credit in the PSPP or the OPSEU Pension Plan**

### **How do you apply?**

To apply, please complete the form called OPB 1043 – Application to Purchase Pension Credit and send it to us. If possible, we recommend you apply within 24 months of the date you joined the PSPP (or the OPSEU Pension Plan, in the case of a mandatory transfer from the OPSEU Pension Plan to the PSPP) to avoid increasing cost. Please note that you must be actively contributing to the PSPP to buy back pension credit. Visit **OPB.ca** to obtain PSPP forms.

### **How much does this type of buyback cost?**

**For members who joined before October 1, 2021; If you apply for your purchase within 24 months of the date you joined the PSPP (or OPSEU Pension Plan)**

Your cost will be the greater of the:

- cost calculated using the contribution rate and the YMPE in effect during the eligible period you're buying back, or
- payments you received from the PSPP (or OPSEU Pension Plan) when you left your past PSPP employer,
- plus interest up to the date the cost of your buyback is calculated

**If you apply for your purchase after 24 months of the date you joined the PSPP (or OPSEU Pension Plan)**

- Your cost will equal the actuarial value of the pension credit you're buying back. This is the amount needed to fund the additional pension benefits you're entitled to as a result of buying back pension credit.

**For members who join the PSPP (or the OPSEU Pension Plan) on or after October 1, 2021 (regardless of when you apply for your purchase)**

Your cost will be the greater of the:

- payments you received from the PSPP (or OPSEU Pension Plan) when you left your past PSPP employer,
- plus interest up to the date the cost of your buyback is calculated, or
- the actuarial value of the pension credit you're buying back.

## How do you pay?

If you're applying to buy back pension credit for employment on or before December 31, 1991, during which you made PSPP or OPSEU Pension Plan contributions, how you pay for your buyback depends on the type of pension benefit you received when you terminated employment with your past PSPP employer.

Service	If you received a...	Payment methods
For employment on or before December 31, 1991	Refund of your pension contributions with interest	<ul style="list-style-type: none"> <li>• Personal cheque</li> <li>• Direct transfer from a registered retirement savings plan (RRSP) or Locked in Retirement Account (LIRA)</li> <li>• Direct transfer from another RPP</li> <li>• Payroll deduction (if the cost of your buyback is \$500 or more; deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or</li> <li>• A combination of any of the above</li> </ul>
	Lump-sum payment of the value of your deferred pension at that time	<ul style="list-style-type: none"> <li>• Direct transfer from an RRSP or LIRA</li> <li>• Direct transfer from an RPP, or</li> <li>• A combination of both</li> </ul>
	Refund of your pension contributions with interest, or  Lump-sum payment of the value of your deferred pension at that time	<ul style="list-style-type: none"> <li>• Personal cheque</li> <li>• Direct transfer from an RRSP, LIRA, or deferred profit sharing plan (DPSP)</li> <li>• Direct transfer from another RPP</li> <li>• Payroll deduction (if the cost of your buyback is \$500 or more; deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or</li> <li>• A combination of any of the above</li> </ul>

Your cost quote and due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

Direct transfers from RRSPs, LIRAs and RPPs require the following forms, which we will provide to you, and can also be downloaded from the Canada Revenue Agency website at [Canada.ca](https://Canada.ca).

- T2033 form for RRSP or LIRA transfers
- T2151 form for RPP transfers

RPP transfers must be approved by your previous plan administrator.



## Past employment when you did not contribute to the PSPP or OPSEU Pension Plan

If you worked for a PSPP employer in the past, but didn't contribute to the PSPP or the OPSEU Pension Plan, because you chose not to (optional membership), you may be eligible to buy back pension credit for this period.

### How do you apply?

To apply, please complete an OPB 1043 – Application to Purchase Pension Credit form and submit it to your employer. Please ask your employer to share your salary, service, and dates related to your non-contributory service with us. If possible, we recommend you apply within 24 months of the date you joined the PSPP to avoid increasing cost. Please note that you must be actively contributing to the PSPP to buy back pension credit. Visit [OPB.ca](http://OPB.ca) to obtain PSPP forms.

### How much does this type of buyback cost?

Costing for your buyback is based on your annual salary and any applicable actuarial assumptions in effect at the time we receive your completed application and all required supporting documents.

If you apply for your purchase within 24 months of the date you joined the PSPP

- Your cost will be calculated using the contribution rate and Year's Maximum Pensionable Earnings in effect during the eligible period you're buying back.

If you apply for your purchase after 24 months of the date you joined the PSPP

- Your cost will equal the actuarial value of the pension credit you're buying back. This is the amount needed to fund the additional pension benefits you'll be entitled to as a result of buying back pension credit.

### How do you pay?

**For buybacks of pension credit for past employment with a PSPP employer where no PSPP or OPSEU Pension Plan contributions were made, you can pay by:**

- Personal cheque
- Direct transfer from a registered retirement savings plan (RRSP), locked-in retirement account (LIRA), or deferred profit sharing plan (DPSP)
- Payroll deduction (if the cost of your buyback is \$500 or more, deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or
- A combination of any of the above

Your cost quote and due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

**Example: Buying back pension credit for past employment with a PSPP employer without contributions**

Vanessa, whose date of birth is April 25, 1989, joined the PSPP at age 31 on January 1, 2021. At the time, she had 4 years and 0 months of past service with a PSPP employer without contributions.

If Vanessa applied to buy back the pension credit within 24 months of joining the PSPP in January 1, 2021 when her annual salary rate is \$95,000, the single contribution cost would be approximately \$31,175.92

If Vanessa applied to buy back the pension credit after 24 months of joining the PSPP, the cost would be actuarial. So, if Vanessa applied in April 2025 when her annual salary rate is \$95,000, the cost would be approximately \$65,680 for the 4 years of pension credit.

**Unreduced pension WITHOUT buyback at April 25, 2049 (60/20), approximately:**

- \$53,793 at age 60
- \$41,584 at age 65 (adjusted for CPP integration)

**Unreduced pension WITH buyback at February 27, 2048 (Factor 90), approximately:**

- \$59,187 at age 58
- \$45,763 at age 65 (adjusted for CPP integration)

Vanessa's purchase gives her the option to retire approximately one year earlier with a pension that is about \$5,404.80 higher annually.



# A leave of absence without pay

## Taking a leave of absence

If you took a leave of absence of more than one month without pay with a PSPP employer and decided not to contribute to the PSPP during your leave, you may be eligible to buy back pension credit for this period.

Eligible leaves of absence include:

- pregnancy and parental leave
- family medical leave
- leave for illness or work-related injury
- special or educational leave

## How do you apply?

To apply, please complete an [OPB 1043 – Application to Purchase Pension Credit](#) form and send it to us. We'll check to see if your employer has already reported your authorized unpaid leave of absence. Otherwise, we'll ask your employer to submit confirmation of your leave. If possible, we recommend that you apply within

24 months from the end date of your leave to avoid increasing cost. Please note that you must be actively contributing to the PSPP to buy back pension credit. Visit [OPB.ca](#) to obtain PSPP forms.

## How much does this type of buyback cost?

Costing for your buyback is based on your annual salary and any applicable actuarial assumptions in effect at the time we receive your completed application and all required supporting documents.

### If you apply for your purchase within 24 months of the date your leave ends

- **For a pregnancy or parental leave, a family medical leave, a leave due to illness or work-related injury**, or certain other leaves under the Employment Standards Act, 2000: Your cost will be calculated using the contribution rate and the YMPE in effect during the eligible period you're buying back.
- **For a special or educational leave:** Your cost will be calculated using two times the contribution rate and the YMPE in effect during the eligible period you're buying back. You pay the full cost for these leaves, as your employer is not required to match contributions for these types of buybacks.

If you apply for your purchase after 24 months of the date your leave ends

- Your cost will equal the actuarial value of the pension credit you're buying back. This is the amount needed to fund the additional pension benefits you'll be entitled to as a result of buying back pension credit.

## How do you pay?

You can pay for a buyback of pension credit for a leave of absence without pay by:

- Personal cheque
- Direct transfer from a registered retirement savings plan (RRSP) locked-in retirement account (LIRA), or deferred profit sharing plan (DPSP)
- Direct transfer from another registered pension plan (RPP), in certain circumstances. For example, a member may take a leave of absence, begin another job where they contribute to another plan, then return to their original place of employment. In that case, they may be able to use the money they contributed to purchase the time from their leave from the PSPP. If not, the member can transfer that money to an RRSP, then use it to purchase the time from their leave.
- Payroll deduction (if the cost of your buyback is \$500 or more, deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or
- A combination of any of the above

Direct transfers from RRSPs, LIRAs and RPPs require the following forms, which we will provide to you, and can also be downloaded from the Canada Revenue Agency website at [Canada.ca](https://Canada.ca).

- T2033 form for RRSP or LIRA transfers

- T2151 form for RPP transfers

RPP transfers must be approved by your previous plan administrator.

Your due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

### **Example: Buying back pension credit for a leave of absence without pay**

Frank, whose date of birth is June 1, 1967, joined the PSPP on June 1, 1997 at age 30. He took a one-year leave of absence without pay due to illness from January 1, 2020 to December 31, 2020.

If Frank applied to purchase the leave within 24 months of returning from his leave in January 2021 when his annual salary rate is \$95,000, the single contribution cost would be approximately \$8,172.

If Frank applied to purchase the leave after 24 months of returning from his leave, the cost would be actuarial. So, if Frank applied in April 2023 when his annual salary rate is \$95,000, the cost would be approximately \$35,232 for the one-year leave.

Unreduced pension WITHOUT buyback at June 1, 2027 (60/20), approximately:

- \$57,000 at age 60
- \$44,064 at age 65 (adjusted for CPP integration)

Unreduced pension WITH buyback at November 30, 2026 (Factor 90), approximately:

- \$57,951 at age 59.5
- \$44,799 at age 65 (adjusted for CPP integration)

Frank's purchase gives him the option to retire approximately six months earlier under Factor 90 with a pension that is about \$951 higher annually



# Temporary part-time work arrangements

In late 2020, the Supreme Court of Canada ruled in *Fraser v. Canada (Attorney General)* that members of a federal government pension plan were eligible to buy back full-time pension credit for periods of employment when they temporarily reduced their working hours. If you temporarily reduced your working hours (e.g., from full-time to part-time) under an arrangement agreed with your employer during a period of active PSPP membership, you may be eligible to buy back eligible full-time pension credit.

Full-time credit can be bought back for a temporary part-time work arrangement only if the following criteria are met:

- Your part-time working arrangement was temporary.
- You and your employer agreed to the terms of the temporary part-time work arrangement, including its duration, in advance.
- The conditions in the federal *Income Tax Act* (ITA) are met. These include:
  - 36-month minimum service rule: You may only accrue full-time credit for a period of reduced pay if you have been employed with the employer (or a predecessor employer) for at least 36 months at the start of the period. Please note that the 36-month rule has been suspended for periods in 2020 and 2021.
  - Five-year cumulative limit on eligible periods of temporary absence and/or reduced pay: The maximum amount of post-1990 credit that you may accrue for unpaid leaves of absence and periods of reduced pay is five years (plus an additional three years for child rearing). Any credit that is bought back as a temporary part-time work arrangement (i.e., the difference between the part-time hours worked and the hours prior to that arrangement) is included in this maximum limit.

## Are you an active member currently working part-time on a temporary basis?

If you are currently working in an eligible part-time work arrangement, then you will have the option to apply to buy back the full amount of credit after the end of your period of temporary part-time work. If you apply within 24 months of the end of that period, your contributions will be matched by your employer.

**Important:** Buybacks outside this 24-month window will be at actuarial cost, which is likely to be more expensive.

## How to apply

1. Obtain a copy of the [OPB 1151 — Temporary Part-Time Work Arrangement Application to Purchase Pension Credit](#) on our Forms page on **OPB.ca**.
2. Complete the Client Information sections of the form, then submit to the employer with whom you participated in a temporary part-time work arrangement for completion of the Employer Information sections.
3. The employer will submit the form to OPB, and your costing quote will be generated and sent directly to you.





## You were a member of another registered pension plan

If you were a member of another registered pension plan (RPP) in Canada, you may be eligible to buy back this service. Your eligibility will depend on the type of pension benefit you received from your former employer when you terminated employment and whether the period of employment was on or before December 31, 1991, or on or after January 1, 1992.

### Are you eligible to buy back pension credit for employment with a non-PSPP employer?

Service	You may be eligible if you...
For eligible employment with a non-PSPP employer on or before December 31, 1991	<ul style="list-style-type: none"> <li>You have a deferred pension in the previous plan</li> </ul>
For eligible employment with a non-PSPP employer on or after January 1, 1992	<ul style="list-style-type: none"> <li>You received a refund of your pension contributions plus interest</li> <li>You received a lump-sum payment of the value of your pension at that time, which you transferred to a locked-in retirement account (LIRA) or a similar retirement savings vehicle, or</li> <li>You have a deferred pension in the previous plan</li> </ul>

### How do you apply?

To apply, please complete an [OPB 1043 – Application to Purchase Pension Credit](#) form and send it to us. If possible, we recommend you apply quickly, because the cost of this type of buyback may increase significantly over time. Please note that you must be actively contributing to the PSPP to buy back pension credit. Visit **OPB.ca** to obtain PSPP forms.

Additionally, we need a letter from your former employer or previous plan administrator that includes:

- the name and address of the former employer
- the name and registration number of the RPP
- dates of plan membership and termination
- the total credited employment in years, months, and days – broken down for the following periods:
  - up to December 31, 1986
  - from January 1, 1987 to December 31, 1991, and
  - from January 1, 1992 and after
- dates of any employment that was not full time
- pensionable earnings and Pension Adjustments for all service by calendar year for each year after December 31, 1989
- confirmation of the amount, if any, of post-1989 contributions or benefits
- that were transferred to a registered retirement savings plan (RRSP) on a tax-exempt basis
- confirmation that locked-in amounts are subject to Ontario's locking-in rules, or for pension credit accumulated before January 1, 1992, confirmation that funds are:
  - still in the former employer's RPP, and
  - available for transfer from the former employer's RPP to the PSPP

Calculation of your average annual salary does not include your salary during employment with a non-PSPP employer.

## How much does this type of buyback cost?

Costing is based on your annual salary and any applicable actuarial assumptions in effect at the time we receive your completed application and all required supporting documents.

Your cost will equal the actuarial value of the pension credit you're buying. This is the amount needed to fund the additional pension benefits you'll be entitled to as a result of buying back pension credit. This may be more or less than the pension benefit you received from the pension plan of your former employer when you terminated your employment.

## How do you pay?

How you pay depends on whether the period of employment you're buying back was on or before December 31, 1991, or on or after January 1, 1992.

Service	You may be eligible if you...
For employment on or before December 31, 1991	<p>Direct transfer of the funds in the former RPP into the PSPP. If the transfer doesn't cover the entire cost of your buyback, you can pay the difference by:</p> <ul style="list-style-type: none"><li>• Personal cheque</li><li>• Direct transfer from an RRSP, LIRA, or deferred profit-sharing plan (DPSP)</li><li>• Direct transfer from another RPP</li><li>• Payroll deduction (if the cost of your buyback is \$500 or more; deductions can be made over a maximum of 10 years or up to your termination or retirement date whichever is earlier), or</li><li>• A combination of any of the above</li></ul>
For employment on or after January 1, 1992	<p>Direct transfer of the funds in the former RPP into the PSPP. If you have no funds in the former RPP or if a transfer of funds from the former RPP doesn't cover the entire cost of your buyback, you can pay the difference by:</p> <ul style="list-style-type: none"><li>• Personal cheque</li><li>• Direct transfer from an RRSP, LIRA, or deferred profit-sharing plan (DPSP)</li><li>• Direct transfer from another RPP</li><li>• Payroll deduction (if the cost of your buyback is \$500 or more; deductions can be made over a maximum of 10 years or up to your termination or retirement date whichever is earlier), or</li><li>• A combination of any of the above</li></ul>

Your cost quote and due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

Direct transfers from RRSPs, LIRAs and RPPs require the following forms, which we will provide to you, and can also be downloaded from the Canada Revenue Agency website at [Canada.ca](https://www.canada.ca).

- T2033 form for RRSP or LIRA transfers
- T2151 form for RPP transfers

RPP transfers must be approved by your previous plan administrator.



## Shortfall not purchased when you transferred pension credit to the PSPP

### Shortfalls and transfers

You may be able to buy back pension credit if you did not purchase a shortfall resulting from a transfer of pension credit into the PSPP from another registered pension plan (RPP) through a reciprocal transfer agreement at the time of transfer. This shortfall is often called a 'top up'.

### How do you apply?

To apply, please complete an [OPB 1043 – Application to Purchase Pension Credit](#) form and send it to us. If possible, we recommend you apply quickly, because the cost of this type of buyback may increase significantly over time. Please note that you must be actively contributing to the PSPP to buy back pension credit. Visit [OPB.ca](#) to obtain PSPP forms.

### How much does this type of buyback cost?

#### **If you apply for your purchase within 24 months of the date you received initial notification of your shortfall**

- Your cost will be calculated based on the shortfall under the reciprocal transfer agreement, plus interest.

#### **If you apply for your purchase after 24 months of the date you received initial notification of your shortfall**

- Your cost will equal the actuarial value of the pension credit you're buying. This is the amount needed to fund the additional pension benefits you'll be entitled to as a result of buying back pension credit.

### How do you pay?

You can pay for this type of buyback by:

- Personal cheque
- Direct transfer from an RRSP, LIRA, or DPSP
- Direct transfer from another RPP
- Payroll deduction (if the cost of your buyback is \$500 or more, deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or
- A combination of any of the above

Your cost quote and due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

Direct transfers from RRSPs, LIRAs and RPPs require the following forms, which we will provide to you, and can also be downloaded from the Canada Revenue Agency website at [Canada.ca](#).

- T2033 form for RRSP or LIRA transfers
- T2151 form for RPP transfers

RPP transfers must be approved by your previous plan administrator.



# A legal strike or lockout or a temporary layoff

## Buying back a lost period of employment

If you lost a period of employment due to a legal strike or lockout, or a temporary layoff with a PSPP employer, you may be eligible to buy back pension credit for that period.

### How do you apply?

To apply, please write to us. Please provide us with your client number and start and end dates of the legal strike or lockout, or temporary layoff. Please note that where the temporary layoff is due to a legal strike or lockout, the dates of the temporary layoff and the strike or lockout may be different. If possible, we recommend you apply within 24 months of the end date of the legal strike or lockout, or temporary layoff to avoid increasing cost. Please note that you must normally be actively contributing to the PSPP to buy back pension credit. If your employment ends during a period of temporary layoff, you will have 30 days from the end of your employment to buy back the layoff period (please contact us as soon as possible if this applies to you).

Please note that in certain cases, your employer may advise us that you have been temporarily laid off. Where that happens, we will write to advise you of your options for purchasing credit for the period of the layoff.

### How much does this type of buyback cost?

Costing for your buyback is based on your annual salary and any applicable actuarial assumptions in effect at the time we receive your completed application and all required supporting documents.

#### If you apply for your purchase within 24 months of the date

- **A legal strike or lockout, or temporary layoff that is not due to legal strike or lockout ends:** Your cost will be calculated using two times the contribution rate and the YMPE in effect during the eligible period you're buying back. (Your employer is not required to match contributions for these types of buybacks.)
- **A temporary layoff that is due to legal strike or lockout ends:** Your cost will be calculated using the contribution rate and the YMPE in effect during the eligible period you're buying back.

#### If you apply for your purchase after 24 months of the date the legal strike or lockout, or temporary layoff ends

- Your cost will equal the actuarial value of the pension credit you're buying back. This is the amount needed to fund the additional pension benefits you'll be entitled to as a result of buying back pension credit.

### How do you pay?

You can pay for this type of buyback by:

- Personal cheque
- Direct transfer from an RRSP, LIRA, or DPSP
- Direct transfer from another RPP
- Payroll deduction (if the cost of your buyback is \$500 or more; deductions can be made over a maximum of 10 years or up to your termination or retirement date, whichever is earlier), or
- A combination of any of the above

Your cost quote and due date for payment will be provided on the Election to Purchase Pension Credit form we send you. You'll be required to pay for your buyback and/or select payroll deductions to pay for your buyback by that due date, or your quote will expire and you'll have to apply again.

Direct transfers from RRSPs, LIRAs and RPPs require the following forms, which we will provide to you, and can also be downloaded from the Canada Revenue Agency website at [Canada.ca](https://Canada.ca).

- T2033 form for RRSP or LIRA transfers
- T2151 form for RPP transfers

RPP transfers must be approved by your previous plan administrator.



# Tax considerations

## Buybacks and taxes

Your buyback may be affected by certain limits and conditions set out in the federal *Income Tax Act* (ITA). These include:

- how much pension credit you can buy back for employment after 1989
- how much pension benefit you can receive from the PSPP in a year
- whether buyback payments are tax deductible or not

## Limits on how much pension credit you can buy back (for employment after 1989)

Your buyback may be limited based on the amount of registered retirement savings plan (RRSP) contribution room you have available. Since 1990, the Canada Revenue Agency (CRA) has limited how much Canadians can contribute to RRSPs and a registered pension plan such as the PSPP each year. Your RRSP contribution room is reduced by the estimated value of the pension benefit you earn in the PSPP each year. This reduction is called a pension adjustment.

Once you apply to buy back pension credit for employment after 1989, we calculate a Past Service Pension Adjustment (PSPA) for the period you're buying back. If the PSPA is \$50 or more, we send it to CRA for certification. CRA will either approve or reject the PSPA, depending on your available RRSP contribution room.

If CRA rejects your PSPA, you may still qualify to buy back pension credit for a smaller amount, depending on the contribution room you have available. Alternately, you can pay by transferring funds directly from your RRSP to the PSPP. This will reduce the amount of the PSPA required to obtain CRA certification.

## Limits on how much pension benefit you can receive from the PSPP

Under the ITA, there's a limit to the amount of pension benefit you can receive from the PSPP each year for pension credit earned after 1991. Typically, you will be affected by this limit if your average annual salary is \$211,913.50 or more in 2025 (limit changes yearly). The Retirement Compensation Arrangement (RCA) provides a supplementary pension for the amount of pension that exceeds the ITA limit. However, if you're affected by this limit, you don't qualify for an RCA benefit if you're buying back pension credit for certain types of service including:

- post-1991 service for membership in another registered pension plan (except OPSEU Pension Plan), and/or
- service purchased after the 24-month costing window closes (and other buybacks at actuarial cost)

The cost of buybacks that don't qualify for an RCA benefit will take this ITA limit into account.

## Tax deductibility of buyback payments

If you pay by personal cheque for a buyback approved by CRA for employment after 1989, the total amount of your buyback will be tax deductible. If the buyback is for employment before 1990,

complex rules apply that determine whether or not the buyback is tax deductible. In general, it depends on:

- the cost of your buyback
- your annual salary when you apply for your buyback
- your PSPP contributions

For more information on how ITA limits and conditions may affect you, please contact us at 416-364-5035 or toll-free at 1-800-668-6203. You can also contact CRA at 1-800-959-8281 or you can contact your tax advisor.

Transfers of funds to the PSPP from another RPP, an RRSP or LIRA are not tax deductible, because the funds became tax deductible when they were initially deposited.



## Glossary of terms

**Annual salary** is your regular salary. It does not include overtime pay, payment in lieu of benefits, or any other payments determined by OPB not to be part of a member's salary.

**Average Year's Maximum Pensionable Earnings (average YMPE)** is the average of the Year's Maximum Pensionable Earnings (YMPE) for the member's last three calendar years of PSPP membership. For 2025, the average YMPE is \$68,800.

**Deferred profit sharing plan (DPSP)** is a savings plan that is registered under the federal *Income Tax Act* (ITA) and used by an employer to share profits with employees. Employer contributions are allocated to employee accounts based on a formula. Funds are tax-sheltered until paid out of the plan.

**Defined benefit pension plan (DBPP)** is a pension plan that promises to pay you a certain amount each month after you retire.

**Locked-in retirement account (LIRA)** is a type of registered retirement savings plan (RRSP) where the funds are subject to pension legislation. The funds must be used to purchase a life annuity or be transferred to a life income fund or a locked-in retirement income fund by the end of the year during which the owner reaches age 71, at the latest.

**Non-PSPP employer** is an employer that is not a PSPP employer.

**PSPP employer** is a ministry, agency, board, commission, or other public body or organization of the Government of Ontario that is designated by law as an employer in the PSPP (e.g., the Ontario Public Service).

**Reciprocal transfer agreement (RTA)** is an agreement between the PSPP and another registered pension plan (RPP) to enable the transfer of credit from that pension plan into the PSPP (or vice versa). A complete listing of participating RPPs is on **OPB.ca** under 'Current Members' ([OPB 8003 - Transferring Into the PSPP](#)).

**Registered pension plan (RPP)** is a pension plan that is registered under the ITA.

**Registered retirement savings plan (RRSP)** is a personal retirement savings plan, defined in the ITA and held in trust by a bank, trust or insurance company or other financial institution recognized by Canada Revenue Agency. Contributions are tax-deductible and tax is deferred on the investment income until such time as the funds are withdrawn or the owner of the RRSP reaches age 71, whichever is earlier.

**Year's Maximum Pensionable Earnings (YMPE)** is the salary at which members stop paying Canada Pension Plan contributions. Canada Revenue Agency sets this figure each year. For 2025, the YMPE is \$71,300.





## For more information

This booklet provides a summary of how to buy back pension credit in the PSPP. You'll find more information about buybacks in the legal documents that govern the PSPP. All reasonable steps have been taken to ensure that this booklet is accurate. If there is any difference between the information in this booklet and the official PSPP documents, the official PSPP documents will apply.

Before you make any decisions affecting your pension, contact us to verify your rights, responsibilities and entitlements under the PSPP.

At OPB, your pension is our promise. We're happy to discuss your options with you and help you make this important decision. Here are a few easy ways to reach us.

Reach us	Contact information
By telephone	<b>416-364-5035 or 1-800-668-6203 toll-free (Canada and USA)</b> We are available Monday through Friday, 8 a.m. to 5 p.m.
By email	<b>clientservice@opb.ca</b> Email messages are not secure. Please do not include any confidential information (e.g., bank account number, social insurance number).
Visit our website	<b>OPB.ca</b> Our site includes a range of information, including a plan description, informative articles, forms and e-services.
Write to us	<b>Ontario Pension Board</b> 200 King St. West, Suite 2200 Toronto ON M5H 3X6
Send us a fax	<b>416-364-7578</b>