

DEFERRED SALARY LEAVE PLAN

Background

Members of Division staff may wish to take advantage of leave on a deferred salary basis. There are advantages to staff and to the Division as a whole in planning such leaves over the longer term.

The Division will provide a deferred salary leave plan in accordance with the requirements of Revenue Canada to enable its employees to take leaves of absence, such leaves to be at the discretion of the Superintendent.

Procedures

1. Any full time employee with a minimum of five (5) years service with the Division shall be eligible to participate in the plan.
2. Employees in the plan can defer up to a maximum of one third (1/3) of their basic salary per year over a period of not more than five (5) years.
3. Acceptance into the Deferred Salary Leave Plan is based on the condition that throughout the period of the leave of absence the employee does not receive any salary or wages from the employer, or from any other person or partnership with whom the employer does not deal at arm's length, other than:
 - 3.1 The amount by which the employee's salary or wages under the arrangement was deferred or is to be reduced or, amounts that are based on a percentage of the salary or wage scale of employees of the employer, which percentage is fixed in respect of the employee for the deferral period and the leave of absence; and
 - 3.2 The reasonable fringe benefits that the employer usually pays to or on behalf of employees.
4. The leave will be for a period of one (1) school year, ten (10) consecutive months, for employees covered by the ATA Collective Agreement and for not less than six (6) consecutive months and not more than one (1) year for all other employees.
5. Salary deferred will be placed in an interest bearing trust account with a financial institution designated by this administrative procedure. Interest or other additional amounts that accrue on the deferrals shall be paid out annually to the employee.

- 5.1 The financial institution shall be determined by requesting proposals and accepting one (1) institution as the official financial manager of the Plan.
 - 5.2 The annual taxation year is a calendar year and therefore interest or other amounts earned must be paid out by December 31 of that year.
6. The total amount of deferred salary shall be paid out no later than the end of the first taxation year immediately following the end of the deferral period.
7. An administrative fee may be charged annually by the Division to cover incurred costs.
8. The plan will be administered in accordance with taxation legislation and regulations.
9. The Division will not be held liable for loss of salary deposited in the event of financial collapse of the financial institution or in the event of other such matters beyond its control.
10. The leave or absence shall occur according to, and be governed by any relevant terms of the collective agreement in force at the time of the signing of the agreement, between the Board and the appropriate employee group.
11. The leave of absence is to be taken in the year immediately following the deferral years. However, by giving notice of such intent, a participant may defer his/her leave of absence for one (1) year.
 - 11.1 Such notice must be given six (6) months prior to the date the leave was to be taken.
 - 11.2 In any event, the leave must commence no later than six (6) years after the date on which the deferrals commenced.
12. The leave of absence may be taken only in the year as designated in the Deferred Salary Leave Agreement. Under special circumstances, exceptions may be granted by the Superintendent.
13. The participant must return to work after the leave of absence for a period equal to the leave of absence.
14. Employee benefits will be maintained by the Board at the participant's cost during his leave of absence.
15. The Board shall not make deductions for any Retirement Fund during the year of the leave.

16. Income Tax will be deducted in accordance with the Federal and Provincial Income Tax Acts.
17. Upon resumption of duties, the Board shall return the employee to a position comparable in designation and classification to the one occupied prior to the leave.
18. An employee may withdraw from the plan, only in the case of financial or other approved hardship, at any time prior to six (6) months before the date on which the leave of absence is to commence. Within thirty (30) days of such withdrawal, the financial institution shall pay to the participant all due entitlements.
19. In the event of termination of employment or the death of the employee all entitlement shall be paid to the employee or the employee's estate.
20. In the event of permanent disability of the employee all entitlements shall be paid out to the employee in accordance with taxation legislation requirements at that time.
21. An employee wishing to take part in the deferred salary leave plan shall make his/her request to the Superintendent in writing no later than April 30 of the year in which they wish to commence participation in the plan. The request shall indicate:
 - 21.1 When the employee wishes to commence participation in the plan;
 - 21.2 The date on which the employee wishes the leave to commence; and
 - 21.3 The annual percentage of salary that the employee wishes to defer.
22. Notification of the Superintendent's decision will be given in writing to the applicant by May 31, of the year the application is received.
23. Upon approval of the request, an eligible employee must complete and sign an agreement which is accepted by the Superintendent on behalf of the Board.

Reference: *Education Act*, SA 2012, c E-0.3, ss. 33, 52, 53, 197, 204, 220, 222
Employment Standards Code
Labour Relations Act
Canada Tax Act, Section 248L
Canada Income Tax Regulation 6801
Collective Agreements