

## **DEFERRED SALARY LEAVE PLAN**

### **Background**

The Division believes that a program should be made available to all staff whereby they are given the opportunity to defer personal salary, without financial loss, thereby enabling staff to take a school year leave for the purpose of travel, study in educational programming, exploration of other cultures, a change of workplace tempo, or any other suitable form of leave.

The Deferred Salary Leave Plan (hereinafter referred to as the "Plan") is designed to afford continuing staff members the opportunity to take a one-year leave of absence with pay by deferring a portion of their annual salary to the year of leave.

The Plan is not intended to provide benefits to the participants on or after retirement.

### **Eligibility**

All continuing staff members of Battle River School Division, excluding temporary staff, who have five (5) years or more of service with the Division, shall be eligible to apply for participation in the Plan.

### **Administration of the Plan**

The Division shall be responsible for the administration of the Plan.

### **Procedures**

#### **1. Application**

- 1.1 A staff member shall make a written application on or before August 1<sup>st</sup> prior to the school year in which the staff member wants to become a participant of the Plan.
- 1.2 Before becoming a participant, an eligible staff member shall complete and sign the attached Deferred Salary Leave Plan Agreement (hereinafter referred to as the "Agreement"), which will then be submitted to the Superintendent of Schools for approval.
- 1.3 If the Superintendent of Schools approves the Agreement, the participation of the staff member in the Plan shall become effective on September 1<sup>st</sup> of that year, or on such other date as determined by the Superintendent of Schools.

#### **2. Deferred Salary**

- 2.1 The minimum period of participation in the Plan prior to the commencement of the leave shall be three (3) years, and the maximum shall be six (6) years.
- 2.2 Participating staff members may defer salary to a maximum of their current annual earnings divided by the number of years of participation in the Plan.

- 2.3 For each year during the period chosen, the participant shall receive regular salary less the percentage to be deferred as specified in the Agreement.
- 2.4 Accrued interest and any other additional amounts that may reasonably be considered to have accrued to or for the benefit of the staff member to the end of the taxation year shall be paid to the staff member by December 31 of that year. Funds accumulated in the Plan shall be guaranteed by the Division.
- 2.5 Each participant under the Plan shall be provided with an annual report as to the amount of funds accumulated by the participant and the interest paid. The annual report shall be provided no later than January 31 each year and will show the status of each participant's account as of December 31<sup>st</sup>.
- 2.6 The manner of payment to the Participant during the Leave of Absence shall be in installments commencing one month following the start of the Leave of Absence, being approximately equal to one-twelfth of the monies held by the Division for the participant in accordance with 2.3 above as determined at the beginning of the Leave of Absence. In no event shall payment be made more frequently than monthly and all of the Deferred Compensation Amount will be paid to the participant no later than the end of the first taxation year of the Participant that commences after the end of the period of deferral.
- 2.7 The salary to be paid to a participant during the leave of absence shall be equal to the monies retained by the Division in accordance with Section 2.2, less any deductions made for benefits (Section 4.3), and any amounts required by law to be paid by the Division for or on behalf of the staff member, and less the amount established as the Administration Fee under 9.1 below.

### 3. Leave of Absence

- 3.1 The leave of absence shall be taken in the year immediately following the deferral period, and not exceeding six (6) years after the date on which the salary deferrals for the leave of absence commence. Throughout the period of leave of absence, the staff member shall not receive any salary or wages from Battle River Regional Division #31, or from a person with whom the Division does not deal at arm's length other than the amounts calculated in Section 2.
- 3.2 The term of the leave of absence under the Plan shall be a 12 month period normally starting September 1<sup>st</sup> or as specified in the Agreement.
- 3.3 The leave of absence shall normally be taken only in the year designated in the Agreement but, under special circumstances, exceptions may be granted by the Superintendent of Schools, subject to Section 3.1.

### 4. Benefits and Deductions

- 4.1 The Division will continue paying its share of applicable health and welfare benefit premiums for the Participant during the non-leave school years of the Plan.
- 4.2 While the participant is enrolled in the Plan, any applicable health and welfare benefits computed with reference to salary shall be structured according to the current compensation amount.

- 4.3 Staff member's benefits shall be maintained by the Division at the participant's cost during the leave of absence. In this case, benefits that they are entitled to will be deducted from each pay.
- 4.4 The Division shall not make deductions for, or contribute to, any retirement fund on behalf of staff participating in the Plan during the year of the leave.
- 4.5 Deductions shall be made in accordance with the federal and provincial legislation.

## 5. Deferral of Leave

- 5.1 The Leave of Absence, may, with the consent of the Superintendent, given not less than six months prior to the scheduled date, be postponed for one year. This postponement will not move the commencement of the leave beyond six years from the date of enrollment in the Plan.
- 5.2 Subject to the provisions of 5.1 above, the Leave of Absence shall commence immediately following the Deferral Period.
- 5.3 During the Leave of Absence, the Participant will not accumulate nor be entitled to the following:
  - 5.3.1 Teaching \ work experience for salary increments
  - 5.3.2 Statutory holidays, maternity, sick or other leaves, or promotions.
- 5.4 The Division will make pension deductions from payments to the Participant in accordance with the appropriate pension act.

## 6. Withdrawal from the Plan

- 6.1 A Participant who ceases to be employed by the Division must withdraw from the Plan. Within thirty days the Division shall pay to the Participant the Deferred Compensation Amount as provided in Section 2.
- 6.2 In extenuating circumstances, such as financial hardship, and with the consent of the Superintendent, the Participant may withdraw from the Plan upon giving not less than six months' notice of intent to do so prior to the date established for the Leave of Absence. Within thirty days of such withdrawal, the Division shall pay to the Participant the Deferred Compensation Amount.
- 6.3 Should the Participant die, the Division shall, within thirty days of notification of such death to the Division, pay the Deferred Compensation Amount to the Participant's estate, subject to the Division receiving the necessary clearances and proofs normally required for payment to estates.

## 7. Suspension from Participation in the Plan

- 7.1 The Participant may, on one occasion while he/she is participating in the Plan, give notice to the Division stating that he/she wishes to suspend participation in the Plan for a period of twelve months as at the anniversary date of enrolment in the Plan which immediately follows such notice, in which case the Division shall pay the current compensation amount to the Participant as if he/she were not participating in the Plan

for such year. The Deferred Compensation shall continue to be held by the Division until the Participant withdraws from the Plan or takes the Leave of Absence.

- 7.2 Suspension of participation under 7.1 above shall not change the year established for the Leave of Absence.
- 7.3 If the Participant has given notice in accordance with 7.1 above, the Participant's participation in the Plan shall be re-instated commencing on the first of the month which immediately follows the twelve months in which his/her participation had been suspended.

## 8. Return Following Participation in the Plan

- 8.1 Following the Leave of Absence, the Participant must resume employment with the Division or with an employer that participates in the same or similar arrangement for a period of time not less than the duration of the Leave of Absence.
- 8.2 An employee on a leave under the provisions to this Plan will be entitled to return to a position with the Division at the conclusion of the leave.
- 8.3 The phrase "to return to a position with the Division" does not imply that an employee on leave while participating in the Plan has any advantage or disadvantage in the event that staff reduction or program changes become necessary in a particular school. The Division's "*Reduction In Teaching Staff Work Force*" Administrative Procedure 417 shall apply equally to a teacher on leave under the Plan as to any other teacher.

## 9. General Provisions

- 9.1 The Division shall deduct from the Deferred Compensation Amount, reasonable costs incurred by it in the administration of the Plan. This amount will be equal to 1% of the monies contributed to the Plan.
- 9.2 No amendment shall be made to the Plan which will prejudice any tax ruling which is applicable to the Plan prior to the amendment.
- 9.3 Interest paid to the Participant under provisions of the Deferred Salary Leave Plan will be considered as employment income for the purposes of the Income Tax Act and will be reported on the Participant's T4 supplementary and shall be subject to tax withholdings.

Reference: Sections 60, 61, 111, 113, School Act  
Section 248L, Canada Tax Act  
Canada Income Tax Regulation 6801

Forms: Deferred Salary Leave Plan Memorandum of Agreement (416-1)

Amended: June 2017