



SCHOOL DISTRICT NO. 73
KAMLOOPS/THOMPSON

Deferred Salary Leave Plan

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INTRODUCTION

The Deferred Salary Leave Plan is a vehicle provided by School District No. 73 to eligible teachers through which they may defer a portion of their semi-monthly salary exclusively for the purpose of financing a future leave.

The Plan is authorized by Canada Revenue Agency. The broad guidelines under which such a Plan may operate are contained in paragraph 6801 of the current Income Tax Act.

OVERVIEW

An eligible employee will apply through the Human Resources Department for permission to participate in the Deferred Salary Leave program. The employee will identify the duration of the leave (subject to conditions of the Plan) and the amount of salary to be saved (before tax) in the Plan, over a maximum period of six years (also subject to conditions of the Plan).

The funds will be held by CUMIS Life Insurance Company. Interest income from the deposit will be paid to the employee on an annual basis. This interest income cannot be accrued and is income for the year in which it is received.

The employee will go on an unpaid leave subject to conditions contained in the Plan and in the Collective Agreement, and will receive the total amount of his/her funding through the School District payroll system either on a per-pay-period basis over the duration of the leave or in the form of lump-sum payment(s). Appropriate taxes and deductions will apply in either case.

Under Canada Revenue Agency Regulations, the employee must return to the School District after the leave for a period at least equal to the leave.

The employee may not receive any additional remuneration from the employer or persons with whom the employer does not deal at arm's length during the leave of absence period.

APPLICATION TO PARTICIPATE IN THE PLAN

In order to participate in the Deferred Salary Plan, an eligible teacher must make a written application through the Human Resources Department on or before March 31st.

The approval of each application rests solely with the District. The Assistant Superintendent of Human Resources will by May 15th of that year advise each applicant of the District's approval or

disapproval of his/her application, and if the latter, provide an explanation. If approval is given, the participation in the Plan becomes effective on the date requested, or if such date is not agreed to by the District, then on a date which is agreed to by the District and the Teacher.

Before becoming a Participant, the Teacher must complete and sign a Memorandum of Agreement. The Memorandum of Agreement must include the precise dates of the proposed leave and the percentage of deferral for each year.

CONDITIONS OF THE PLAN:

1. DURATION OF LEAVE

Canada Revenue Agency Regulations state that a leave must be of a **minimum six months'** and maximum twelve months' duration and must be completed by eighty-four months after the commencement of the Deferral Plan. Otherwise, the balance of the investment will be paid out to the employee on that date and will require to be accounted for as income by the employee.

The Leave of Absence occurs according to the terms of the Collective Agreement.

2. LEAVE ARRANGEMENT FUNDING PLAN

During each school year prior to the Leave of Absence, the Participant, for a maximum of six school years, receives his/her Current Compensation Amount, less the percentage amount specified in the Memorandum of Agreement. A percentage to be applied to each year may not exceed 33 1/3%, and **the aggregate of percentages may not exceed 100% of salary in relation to the period of the leave.**

3. EMPLOYMENT STATUS DURING LEAVE

During the period of the leave under this Plan, the employee will be considered to be on an unpaid leave. During the period of the leave the employee may not receive any remuneration from School District No. 73. This is an Income Tax Act regulation.

Seniority Status – Teachers on Deferred Salary Leave will not accrue seniority.

Increments - Teachers on Deferred Salary Leave will not be entitled to normal incremental progression.

4. EI/CPP CONTRIBUTIONS, UNION DUES

EI premiums are based upon the employee's gross salary before deferrals during the period of deferral and no premiums are withheld from the deferred amounts when paid to the employee during the leave period.

Canada Pension Plan (CPP) premiums are based upon the salary net of the deferred amounts during the period of deferral and on the deferred amounts when paid to the participant during the leave period.

Union Dues are based upon the gross salary before deferrals and no dues are withheld from the deferred amounts when paid to the employee during the leave period.

5. BENEFITS

During the leave of absence, the responsibility for payment of premiums for benefits will be as set forth in the Collective Agreement.

The entire cost of the premiums is the sole responsibility of the employee. Payment of premiums will normally be deducted from the disbursements of the deferred salary funds unless otherwise requested by the participant.

6. PENSION DEDUCTIONS DURING SAVINGS PERIOD

Contributions to your pension plan are based upon “pensionable” gross earnings prior to deductions to the Deferred Salary Leave Plan. Thus, when deferred savings are paid during the leave period, pension contributions are not deducted. As your taxable income during the Savings Period is gross earnings less savings, yet your pension contributions are based upon your entire gross earnings, this may affect your eligibility to contribute to an RRSP. It would be advisable to consult with your financial advisor.

7. PENSION CONTRIBUTIONS FOR THE LEAVE PERIOD

Pensionable service can be purchased for the period of the leave by paying for both employee and employer shares of contributions. Applications to purchase the leave can be made upon return from the leave. The deadline to purchase service is within five years from the end of the leave period or before termination of employment, whichever occurs first.

8. BENEFICIARY

It is not necessary to designate a beneficiary when completing forms for Deferred Salary Leave. Upon receipt of a death certificate, the accrued amount of deferred salary will be paid to the employee’s estate.

CHANGES TO PLAN:

1. DEFERRAL OF LEAVE

The Leave of Absence period will immediately follow the deferral period; however, a one-time postponement of the planned leave is permitted and may be requested by the employee or by the District in exceptional circumstances and will not be unreasonably refused by the other party. Such deferral will be arranged so as to allow completion of the leave within eighty-four months of enrolment in the Plan.

2. WITHDRAWAL FROM THE PLAN

Withdrawal from the Plan is permitted only in the following circumstances:

1. Death of the employee.
2. Employee ceases to be employed by the District.
3. Financial Hardship.

Upon withdrawal from the Plan, within sixty days the Board will pay to the Participant or the Participant's estate the Deferred Compensation amount.

3. PLAN INTERRUPTION

The participant may on one occasion, while he/she is participating in the plan, give notice to the Board to suspend his/her participation in the plan as of September 1st for a period of one year. The Board will pay the regular salary amount to the participant as if he/she were not participating in the Plan. The amounts previously retained by the Board will continue to be held until the Participant withdraws from the Plan or takes a Leave of Absence.

SELF FUNDED LEAVE PLAN MEMORANDUM OF AGREEMENT

I HAVE READ THE TERMS AND CONDITIONS OF THE SELF FUNDED LEAVE PLAN AND UNDERSTAND SAME AND I AGREE TO PARTICIPATE IN THE PLAN UNDER THE FOLLOWING TERMS AND CONDITIONS:

1. **COMMENCEMENT:** My salary deferral shall commence: _____.
2. **NUMBER OF YEARS OF PARTICIPATION:** I shall participate in the salary deferral plan for _____ years (not to exceed six (6) years) and my leave of absence shall immediately follow thereafter but subject to the provisions of paragraph #3 below.
3. **PERIOD OF LEAVE:** I shall take my leave of absence from _____, 20____ to _____, 20____ (not to be less than six (6) consecutive months).
4. **SUSPENSION FROM PARTICIPATION IN THE PLAN:** Under certain circumstances, as stated under the Terms and Conditions of the Self Funded Leave Program, I may suspend participation in the salary deferral program on one occasion only for a period of up to twelve (12) months.
5. **SALARY TO BE DEFERRED TO:** I direct MY EMPLOYER to withhold the following percentages (not to exceed thirty-three and one-third percent, 33.33%) of my current compensation amount during my participation in the plan:

School Year _____ to _____ deduct ____ %
enter year enter year

School Year _____ to _____ deduct ____ %
enter year enter year

School Year _____ to _____ deduct ____ %
enter year enter year

School Year _____ to _____ deduct ____ %
enter year enter year

School Year _____ to _____ deduct ____ %
enter year enter year

Payments to commence on _____ 20____ and payments to end on _____ 20____.

6. **RETURN TO EMPLOYMENT:** I understand that I must return to employment with School District #73 (Kamloops/Thompson) for a period of time not less than the period of leave.
7. **MAIN PURPOSE OF PLAN:** The Plan is established for the main purpose of permitting the participant to fund a leave of absence, not to provide benefits to the participant on or after retirement.

Employee Name

Approved by (Superintendent or Designate)

Employee Signature

Signature of Superintendent or Designate

Employee SIN

Application Date

Approval Date

