

Fort McMurray Catholic Schools Operating Policies and Procedures

OP 434 – Deferred Salary Leave Plan

Policy

BACKGROUND

A deferred salary leave plan provides the Board and its employees an expanded range of employment and staff deployment options. In addition, the Board believes that provision of deferred salary leave may contribute to employee well-being and positively impact future job performance.

POLICY STATEMENT

The Catholic Board of Education supports the operation of a deferred salary leave plan for its employees.

GUIDELINES

Statutory Requirements

1. The terms and conditions of the Deferred Salary Leave (DSL) Plan shall be consistent with the requirements of the Canada Tax Act and any other related income tax regulations.

Eligibility

2. All permanent employees of the District are eligible to participate in the plan subject to the requirements of the District:
 - a. No prerequisites regarding the intended use of the leave will be imposed as a condition of eligibility.
 - b. In order to participate in the plan, an eligible employee must complete and submit the required application form to the Deputy Superintendent by the last day of May preceding the school year in which salary deferral is to begin.

Approval

3. Participants in the plan will be selected at the discretion of the Superintendent with due consideration given to seniority, positions and disruption to operations and instructional needs of the district.

4. Deferred Salary Leave will normally not be considered for teachers appointed to administrative positions, for managers and support staff in key positions and for other managers given the requirement for continuity associated with such positions and the impact such absence may have on student's instruction and school or district operations.
5. Following the receipt of a request for DSL, the Superintendent will advise each applicant of his decision regarding their application before the end of June.
6. In case of rejection, the reason for the request being denied will be provided.
7. If the request is approved, participation in the plan will commence on September 1st immediately following the date of approval or if such date is not agreed to by the Superintendent, the date for which it is approved.
8. Before becoming a participant, the Individual Agreement must be executed by the staff member and the Board.

Financial Arrangements

9. During each school year prior to the leave of absence, for a maximum of six school years, the participant will receive the current salary to which he/she is entitled, less the percentage amount specified in the Individual Agreement for the school year in question.
10. The percentage of current compensation deferred cannot exceed 33 1/3% of the employee's annual salary in any given calendar year, nor can the cumulative total deferred salary exceed the salary the employee would normally be entitled to in the year during which leave is to be taken.
11. The portion of the salary of each participant retained by the Board, including interest thereon shall be pooled and held in trust by the Board.
12. Interest shall be accrued on a monthly basis at a rate equal to the Canada Prime Rate in effect on the last day of the month less one and a half percent (1.5%). The interest shall be credited to the trust account of the participant and will be paid out in the leave of absence. The interest paid considered an employment income and shall be reported on the T4 for the leave year.
13. By January 15th of each year a detailed report shall be made to each participant providing the amount of salary deferred as of December 31st along with accrued interest.
14. The amount of income tax to be deducted is based on the current income tax regulations. As at the time of approval of this policy, the regulations stated that

income tax was to be computed on the actual salary received by the participant during each year of the plan.

Taking a Leave of Absence

15. The taking of the leave of absence shall be governed by the following:
 - a. The leave of absence shall be for a period of 12 months and shall be governed by Board policy;
 - b. The participant will receive 12 equal monthly payments at the end of each month starting in September of the year in which the leave is taken.
 - c. Monthly payments will be determined on the basis of total monies held by the Board on behalf of the individual participant minus deductions made by the Board minus any monies required by law to be paid by the Board for or on behalf of the participant.
16. If the Board is unable to obtain a suitable replacement for a participant for the period of leave of absence specified by the participant, the Board may, in its discretion, extend or postpone the deferral period on one occasion for one school year. Such decision is to be made by May 30th of the year in which the leave is scheduled to be taken. In such case, the participant may choose to remain in the plan or he/she may withdraw from the plan, in which case the Board shall pay to the participant the deferred compensation amount in one lump sum payment within sixty (60) days of withdrawal.
17. Notwithstanding the date shown in the Board-Participant Agreement for a requested leave of absence, a participant may, on one occasion only, with the consent of the Superintendent given not less than four (4) months prior to the scheduled date, postpone such leave for one year.
18. Notwithstanding any of the above, there can be no postponement in the case of a six-year plan since income tax regulations state that the deferred salary must be paid in the seventh year.
19. A participant during the year of leave under the plan shall not accumulate nor be entitled to experience increments, statutory holidays, maternity, sick or any other leaves and promotions.
20. The Superintendent will make reasonable efforts to place the participant, upon return from his/her leave, into a position no less favourable than that held prior to the leave.
21. A participant shall return to his regular employment upon expiry of the leave and provide service for a period at least equal to the period of the leave of absence.

22. The period of leave of absence shall not interrupt the continuity of the participant's service with the Board. After participation in the plan, the participant's salary and benefits will be as set out in the agreement then in force between the Board and the Association governing such matters.
23. Subject to other clause in this policy, a participant on return to duty following the leave shall be reinstated at the same level of experience as that which existed prior to the commencement of the school year in which leave under the plan was taken.
24. Should a participant fail to report, such participant shall be deemed to have abandoned both the position and his/her contract of employment with the Board, and the Board may without any further notice to said participant, forthwith fill the position with someone other than the participant, and the Board shall not be responsible for any income tax or other consequences of the participant's failure to return to work.

Benefits

25. While a 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.
26. The Board will continue paying its share of applicable health and welfare benefits for a participant during the non-leave school years of the plan.
27. The Board will maintain applicable health and welfare benefit coverage for a participant during the year of leave under the plan, provided such participant assumes the full responsibility of paying the total costs for said benefits save the employer's portion of Canada Pension Plan and Unemployment Insurance contributions.
28. A participant may not receive wages or salary from the employer or from any person with whom the employer does not deal at arms length during the leave except for the amounts contemplated by the plan.
29. This plan is not established to provide benefits to participants on or after retirement.

Withdrawal

30. A participant who ceases to be employed by the Board must withdraw from the plan. Within sixty (60) days, the Board shall pay to the participant the deferred compensation amount and accrued interest.
31. A participant may apply to the Board to withdraw from the plan in the event of financial or other hardship at any time prior to March 1st in the year in which the leave of absence is scheduled to occur. The Board shall approve the request to withdraw from the plan. Within sixty (60) days of approval by the Board of the

withdrawal request, the Board shall pay to the participant the deferred compensation amount and accrued interest.

32. Should a participant die, the Board shall within sixty (60) days of notification of such death pay the deferred compensation amount to the participant's estate, subject to the Board receiving any necessary clearances and proofs normally required for payment to estates.
33. In the event of withdrawal, the Board shall deduct from the deferred compensation amount any withdrawal fee as established by the investor.

Suspension from Financial Participation in the Plan

34. A participant may give notice to the Board stating that the participant wishes to suspend his/her participation in the plan for one school year effective September 1st immediately following such notice.
35. In this case, the Board until further notice shall pay the current compensation amount to the participant as if he/she were not participating in the plan. However, the amount previously retained by the board and interest thereon in accordance with shall continue to be held by the Board until the participant withdraws from the plan or takes the leave of absence.
36. A participant who has suspended financial participation in the plan may give notice to the Board advising that he/she wishes to become reinstated in the plan; in which case on September 1st immediately following the reinstatement notice, the participant shall participate in the plan for the remaining years.
37. A participant may not suspend his participation in the plan more than once.
38. Suspension of participation shall not change the year established for the leave of absence, unless notice is given to the Superintendent before March 1st in the year of intended leave.

Six Year Maximum on Deferral

39. Any postponement or suspension of the taking of the leave which extends the deferral period beyond six years, requires the Board to pay to the participant all amounts held under the plan no later than the end of the first taxation year following the six year deferral.

Termination or Amendment of Plan

40. The plan may be amended or terminated by the Board subject to changes to the Income tax law. Any such amendment(s) shall be binding upon all present and future participants.

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