

School District No. 36 (Surrey) ***Deferred Salary Leave Plan***

For members of the Surrey Teachers Association

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Deferred Salary Leave Plan

1. Introduction

The Deferred Salary Leave Plan (DSLP) is provided by the School District No. 36 (Surrey) to eligible employees. The DSLP, which came into effect September 1, 2016 enables eligible employees to plan and finance a leave of absence for a period of not less than one full school year. The Plan allows employees the opportunity to self-finance a Leave of Absence by authorizing the School District No. 36 (Surrey) to set aside, over a limited period of time, a portion of the employees' salary prior to the leave of absence. The salary held by the employer is not subject to income tax and Canada Pension Plan premiums until it is paid to the employee during the Leave of Absence.

The DSLP is voluntary and subject to approval from the School District No. 36 (Surrey) and the conditions set forth in this Deferred Salary Leave Plan. The terms and conditions of the Plan must comply with the requirements of the *Income Tax Act* and paragraph 6801(a) of the Income Tax Regulations.

An employee may enroll in the Plan in order to accommodate an undertaking such as an educational program, travel or other personal endeavors. An employee cannot participate in any employment for remuneration during the leave of absence.

No amendment will be made to the DSLP that will prejudice any tax ruling that is applicable to the Plan prior to the amendment.

2. Definitions

"Deferral Period" means the number of years over which a portion of the Participant's salary is deferred, including any changes to the Plan as set out in #4, if applicable. The minimum deferral period is two (2) years, while the maximum deferral period is five (5) years.

"Deferred Amount" means the portion of Normal Gross Pay which is retained by the Employer on behalf of the Participant in each year in accordance with this Plan, but less all amounts paid out under the terms of this Plan. The Deferred Amount cannot be less than sixteen and two third percent (16 2/3%) and no more than thirty-three and one-third percent (33 1/3 %) of the Participant's Normal Gross Pay in any calendar year.

"Eligible Employee" means a permanent, full-time employee who is a member of the Surrey Teachers' Association and who has a minimum of one year of continuous service with the School District No. 36 (Surrey) .

"Employer" means the School District No. 36 (Surrey).

"Leave of Absence" means the period of time a Participant will be receiving the Deferred Amount in accordance with the provisions in #7.

"Normal Gross Pay" means the salary and allowances the Participant would regularly be paid, including any applicable retroactive salary, but excluding overtime, shift differentials, supplemental employee benefits (SEB), TTOC earnings, summer school earnings and any other special payments.

"Participant" means an Eligible Employee whose application for participation in the Plan has been approved by the Employer.

"Plan" means the Deferred Salary Leave Plan as described in this instrument.

“Plan Administrator” means CUMIS Life which has been appointed by Concentra Trust as plan administrator.

“Trustee” means Concentra Trust which is a trust company duly incorporated pursuant to the laws of Canada and having its Head Office at the City of Saskatoon, in the Province of Saskatchewan.

3. Application Process for

3.1 An Eligible Employee wishing to participate in the Plan shall:

- (a) become familiar with the terms and conditions of the Deferred Salary Leave Plan;
- (b) discuss participation in the Plan with the appropriate Principal or Director; and
- (c) submit a written application, on the form (see Appendix B), to the Employer no later than March 31 for a deferral period to be effective at the beginning of the subsequent school year.

3.2 Upon receipt of the application, the Principal/Employer shall:

- (a) provide a recommendation regarding the approval of the application;
- (b) shall forward the application form to Human Resources as soon as possible.

3.3 Upon receipt of the application, Human Resources will:

- (a) review the application to ensure that it has been completed in its entirety;
- (b) review and discuss the terms and conditions of the Plan with the employee;
- (c) consult with the school or department to ensure the services, programs and operational requirements of the school or department will not be disrupted if a suitable replacement is unavailable, taking into consideration any other leaves of absence approved in the department;
- (d) ensure the application is signed by the Principal/Manager;
- (e) send the application to the Human Resources Department for approval.

3.4 Upon approval, the original application will be forwarded to the Payroll and Benefits Accounting Manager in the District Education Centre.

4. Changes to the Application

If a Participant wishes to make changes to his/her original application, the Participant must complete an amendment to the application form (see Appendix B). The completed amendment to the application form must be submitted to the Human Resources Department.

Changes may be made to the original application for the following reasons:

4.1 Change in Percentage of Deferred Amount

The Participant may apply to alter the percentage of the Deferred Amount for the next or any subsequent school year. At no time will the Deferred Amount be less than 16 2/3% and not more than 33 1/3% of the Participant's Normal Gross Pay in any calendar year.

An application may be made to amend the percentage of the Deferred Amount due to financial hardship. The amendment to the application for this reason may be made at any time. The amendment must be made on the prescribed form (see Appendix B) and may be forwarded directly to the Human Resources Department for processing.

4.2 Changes in Length of Deferral Period

The Participant may apply to change the length of the Deferral Period. At no time will the Deferral Period be less than two (2) years nor exceed five (5) years.

4.3 Postponement of Leave of Absence

The commencement of the Leave of Absence may be delayed for up to one year by the Employer or the Participant due to unforeseen and extenuating circumstances. The Leave of Absence may only be postponed once by each of the Employer and the Participant.

An amendment to the application form (see Appendix B) must be completed by the party requesting the postponement, stating the terms of and the reasons for the postponement of the Leave of Absence. The completed amendment to the application should be provided to the Human Resources Department as soon as possible, and in all cases notice shall be provided no later than six (6) months before the Leave of Absence is scheduled to begin. In no event will the start of the Leave of Absence be postponed beyond six (6) years from the date of enrolment in the Plan.

4.4 Withdrawal from the Plan

(a) A Participant's enrolment in the Plan is withdrawn upon:

- (i) ceasing to be an employee of the School District No. 36 (Surrey)
- (i) continuous lay-off exceeding twelve (12) months;
- (ii) having been the recipient of Long Term Disability benefits for more than two (2) years;
- (iii) having become totally and permanently disabled as defined and determined by the Long Term Disability Plan;
- (iv) movement to another position where the Employer has not approved continuation in the Plan;
- (v) failure to take the Leave of Absence as provided in the application form and amendments thereto;
- (vi) death of the Participant.

(b) Should an employee successfully transfer to a different position, the approval of the Employer is required for continued participation in the Plan.

- (c) Upon a Participant's ceasing enrolment in the Plan pursuant to Section 4.4(a), the Trustee shall pay to the Participant, or the beneficiary as applicable, the Deferred Amount, less applicable withholdings, no later than thirty-one (31) days following the day that notification is provided to the Trustee.
- (d) With the consent of the District Principal, Human Resources, the Participant may withdraw from the Plan. In the event of such a withdrawal, the Deferred Amount, less applicable withholdings, shall be paid to the Participant within thirty-one (31) days following the date of approval by the District Principal, Human Resources.

4.5 Suspension from Participation in the Plan for a Period of Time

- (a) Upon application made in writing on the prescribed form (see Appendix B) to the Employer, and forwarded to the Human Resources Department, a Participant may suspend participation in the Plan:
 - (i) upon taking an approved leave of absence without pay; or
 - (ii) if the employee is on SIP or LTD.
- (b) Upon the conclusion of the cause for suspending participation, the Participant shall be re-instated beginning the first pay upon returning to active employment.
- (c) The Deferred Amount shall continue to be held by the Trustee until the Participant withdraws from the Plan or takes the Leave of Absence.
- (d) Any suspension of participation in the Plan shall not extend the Deferral Period beyond six (6) years.

5. Funding the Leave of Absence

- 5.1 The Leave of Absence will be funded through the Participant's Deferred Amount. In no case shall the Deferred Amount be less than sixteen and two thirds percent (16 2/3%) and not greater than thirty-three and one-third percent (33 1/3 %) of the Participant's Normal Gross Pay in any calendar year.
- 5.2 During the Deferral Period the Participant will receive, for a minimum of two (2) years and a maximum of five (56) years, the applicable gross salary, less the Deferred Amount, as determined for the particular year by the approved application and any amendments thereto. Please use the worksheet on page 11 to assist in determining the % of the Deferred Amount.

6. Deferred Amounts

- 6.1 The Employer unconditionally guarantees payment of the Deferred Amount.
- 6.2 The Trustee will establish an individual account to receive, retain and dispense the Deferred Amount, on behalf of the Participant, until the end of the Leave of Absence or the dissolution of the Participant's enrolment in the Plan. All of the Deferred Amount will be paid to the Participant no later than the end of the first calendar year that commences after the end of the Deferral Period.
- 6.3 Deferred Amounts will receive interest based on the amount held and the earnings realized by the Trustee on the investment.

- 6.4 Administrative expenses are deducted from gross earnings under the fund and then net earnings are allocated to the Participants by way of an interest credit that is allocated on the last day of each month.
- 6.5 As indicated in paragraph 7.3 of Canada Revenue Agency's advanced tax ruling (ATR-39 Deferred Salary Leave Plan) any interest earnings on the funds in the Participant's account must be paid by the Trustee to the Participant as taxable income and shall be subject to tax withholdings. Net interest earnings that accrue while participating in the Deferred Salary Leave Plan will be paid out to the Participant in each of the following circumstances:
- (i) effective the last day of the calendar year in each year of the Deferral Period;
 - (ii) thirty-one (31) days following the last day of the Leave of Absence;
 - (iii) thirty-one (31) days following the day that the Employer receives notification that participation in the Plan will cease due to withdrawal from the Plan or death of the Participant.

See Appendix "A" for a Worksheet to assist in planning and calculating the Deferred Amount.

7. Taking Leave of Absence

- 7.1 The Leave of Absence shall occur according to, and be governed by, the terms of the approved application and any approved amendments thereto. At no time shall the Leave of Absence be less than one full school year.
- 7.2 At least one (1) month prior to the Leave of Absence, the Participant and the Employer shall finalize the details of the Leave of Absence. Direct deposit banking information for the Participant will be forwarded by the Participant to Payroll Department for subsequent processing by the Trustee.
- 7.3 The Leave of Absence shall commence immediately following completion of the Deferral Period.

8. Remuneration

8.1 During Deferral Period

During each year prior to the Leave of Absence, according to the approved application and any approved amendments thereto between the Participant and Employer, the Participant will receive the Normal Gross Salary, less the Deferred Amount.

8.2 During Leave of Absence

- (a) The periodic amounts to be paid by the Trustee to the Participant during the Leave of Absence shall be proportionate to the Deferred Amount retained by the Employer and the duration of the Leave of Absence, less the appropriate deductions indicated in Table 1.
- (b) During the Leave of Absence the Participant may receive monthly payments through automatic bank deposit to the Participant's bank account, effective the first month of the Leave of Absence.
- (c) All of the Deferred Amount shall be paid to the Participant no later than the end of the first calendar year that commences after the end of the Deferral Period.

9. Benefits and Deductions

See Table 1 for salary, benefits and deductions during the Deferral Period and the Leave of Absence.

10. Sick Leave, Years of Service and Salary Increments

The Participant's sick leave credits will accrue during the Deferral Period. Sick leave credits will not accrue during the Leave of Absence. The Participant will not accumulate years of service used for calculating salary increments during the Leave of Absence under this Plan.

11. Return to Work Commitment

Following the Leave of Absence, the Participant must resume employment with the Employer for a period of time not less than the length of the Leave of Absence. This is required by Income Tax Regulation 6801(a) (v) in order to ensure that the Plan will not serve as an early retirement benefit.

12. General Provisions

- (a) The Plan shall not constitute a contract of employment between a Participant and the Employer.
- (b) The Employer reserves the right to terminate a Participant's participation in the plan at any time in accordance with the terms of the Collective Agreement and the Deferred Salary Leave Plan.
- (c) No amendment to the Plan or the Memorandum of Agreement shall be made which will prejudice any tax ruling that is applicable prior to the amendment.
- (d) The terms and conditions of the Plan may be reviewed and modified from time to time as required to ensure the business, legal and regulatory needs of the Employer are met.

TABLE 1 - SALARY AND BENEFITS DETAILS		
ITEM	DURING DEFERRAL PERIOD	DURING APPROVED LEAVE OF ABSENCE PERIOD
Salary	Normal Gross Pay less the deferred amount	Deferred amount divided by the number of months during the Leave of Absence.
Deferred Amount	As specified in the agreement between the employee and the employer (16 2/3% - 33 1/3%)	Not applicable.
Income Tax	Calculated on the employee's gross pay, plus applicable taxable benefits, less the deferred amount	Calculated on the deferred amount received during the Leave of Absence.
Canada Pension Plan	Calculated on the employee's gross pay, plus applicable taxable benefits, less the deferred amount	Calculated on the deferred amount received during the Leave of Absence. It is the employee's responsibility to pay the employer's portion of CPP during the leave of absence. This additional amount is deducted from the periodic amounts paid by the Trustee to the Participant during the Leave of Absence.
Employment Insurance	Calculated on the employee's gross pay (including the Deferred Amount), plus applicable taxable benefits	The Leave of Absence does not qualify as a period of insurable employment; therefore no premiums are payable. Length of Leave taken may impact on Employment Insurance eligibility after returning to work.
Sick Accrual	Accrual based on normal appointment	No accrual.
Pension Plan	Calculated on the employee's gross pay (including the deferred amount).	Not eligible to make contributions or accrue pensionable service while on DSLP. Employee may contact the Pension Corporation regarding purchase of service for the leave period.
Basic Group Life Insurance	Coverage continues	Coverage continues providing the employee pays premiums required (employee and employer).
Voluntary Group Life Insurance	Coverage continues	If enrolled, Voluntary Group Life may be maintained or discontinued. If maintained, the employee continues to pay the premiums required.
Sick Leave/SIP/LTD	Coverage continues	Coverage continues but benefits are not payable until the expiration of the approved leave of absence.
Extended Health Care Plan	Coverage continues	The employee has the option of dropping coverage, or continuing coverage by paying the premiums required (employee and employer).
Dental Plan	Coverage Continues	The employee has the option of dropping coverage, or continuing coverage by paying the premiums required (employee and employer).
Union Dues/SIP Premiums	Calculated on the employee's gross pay (including the deferred amount)	No deductions during Leave of Absence.

NOTE: Prior to the Leave of Absence period, the employee will complete a form in order to indicate decisions relative to benefit options while on Leave.

APPENDIX “A”

WORKSHEET

The following worksheet will assist the employee with planning the Leave of Absence.

Number of monthly pay periods in the:

Deferral Period _____ monthly pay periods from _____ to _____.

Number of monthly pay periods in the:

Leave Period _____ months from _____ to _____.

Deferral Period	No. of Pay Periods Over Which Salary is Being Deferred		Basic Normal Gross pay Per Pay Period		¹ Percentage of Normal Gross Pay to be Deferred		Annual Contribution to Deferred Amount
1 st Year		X	\$	X	%	=	\$
2 nd Year		X	\$	X	%	=	\$
3 rd Year		X	\$	X	%	=	\$
4 th Year		X	\$	X	%	=	\$
5 th Year		X	\$	X	%	=	\$
Total							\$

Total Contributions \$ _____

Divided by: Number of Monthly Pay Periods During the Leave Period _____

Equals: Monthly Income from Deferred Amount During the Leave Period ²\$ _____

¹ Cannot be less than 16 2/3% and cannot exceed 33 1/3% of Normal Gross Pay. You will need to determine the percentages for your Normal Gross Pay to be deferred in each year and enter these percentages on the first page of your application form (see Appendix B).

² Any unpaid leave of absence will reduce the annual contribution.

DEFERRED SALARY LEAVE PLAN MEMORANDUM OF AGREEMENT

A. Employee Information

Employee's Name _____ Date of Application _____

Permanent Mailing Address _____ Postal Code _____

Birthdate _____ SIN _____

School/Department _____ Classification _____

Phone No. _____ Length of Time in Present Position _____ Length of Service with Employer _____

Supervisor's Name _____ Phone No. _____

Identify and Explain the Purpose of the Leave _____

If you are amending your application, please state the reason for the amendment: _____

B. Deferral Information

1. The Deferral Period will commence the September coinciding with or next following the date of approval of the application.
2. The percentage of salary I elect to defer per pay period per school year is identified below:

	Deferral Years	Deferred Amount	Check to Indicate Choice
Option A	2	33.33%	
Option B	3	25.00%	
Option C	4	20.00%	
Option D	5	16.67%	
Deferral period will commence September ____.			

C. Leave Period

The Leave of Absence will commence on _____, 20____ and terminate on _____, 20____. Note: The Leave of Absence must immediately follow the Deferral Period.

D. Authorization

I have read and hereby agree to the terms and conditions of the Deferred Salary Leave Plan. I have fully explained the purpose for which the leave is being requested. Upon approval of my application I authorize the deductions from my normal gross pay as specified in this application, and authorize School District No. 36 (Surrey) to provide my personal information, including a copy of this form, as necessary, to the Plan Administrator for their administration of the Deferred Salary Leave Plan. I take full responsibility for ensuring compliance with paragraph 6801 of the Income Tax Regulations.

Name

Signature

Date

E. Approval Process

Recommendation: Principal/Manager's

_____ Recommended _____ Not Recommended

Name

Signature

Date

Principal / Manager: Forward this form to the Human Resources Department. If the employee's participation in the Plan is not recommended, please attach a written explanation.

Approval: District Principal, Human Resources

_____ Approved _____ Not Approved

Name

Signature

Date