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DEFERRED SALARY LEAVE PLAN

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Background

The Division shall establish a deferred salary leave plan and grant approval for teachers to participate subject to the procedures outlined in the approved plan and in compliance with regulations established from time to time by Canada Customs and Revenue Agency.

Procedures

1. The Deferred Salary Leave Plan for the Division shall be that as described in Administrative Procedure 485 – Appendix.
2. A Deferred Salary Leave Plan Leave of Absence shall be regarded as a leave of absence, without pay.
3. The Division shall establish a separate bank account for each participant in the name of the Division in trust for the participant. The Deferred Compensation Amount shall be held in such accounts.
4. The Financial Institution shall invest the funds in accordance with instructions received from the Division.
5. The Division may allow up to ten teachers to enroll in the plan in any year.

Reference: Section 85, 87, 108, 109, Education Act
Canada Customs and Revenue Agency

APPENDIX

DETAILS OF PLAN

Definitions

“Leave of Absence” means the twelve month period taken in accordance with the provisions of section 3 below and commencing at the beginning of the school year (July 1st-June 30th).

“Deferred Compensation Amount” means the 20% of gross salary, which is deducted during the Deferral Period, held in trust at a specified financial institution and augmented from time to time by interest thereon, but less all amounts paid under the Plan. Gross salary is the salary payable to the teacher in accordance with current local and provincial agreements.

“Deferral Period” means the four years during which compensation is deferred.

Procedures

1. Eligibility

- 1.1 To qualify to apply for entry in the DSLP the teacher must hold a regular contract and have at least five years of service with the Division, two of which must have been consecutive and immediately prior to the request.
- 1.2 The Professional Development Advisory Committee shall be responsible for considering applications. This committee shall consider the following criteria
 - 1.2.1 total number of years of service with the Division and
 - 1.2.2 impact on system staffing requirements when making recommendations to the Director.
- 1.3 The teacher must sign a DSLP Contract with the Division prior to enrolment in the DSLP.

2. Funding for Leave of Absence

- 2.1 During the Deferral Period prior to the Leave of Absence the teacher shall receive gross salary less 20% thereof. This Deferred Compensation shall be held in trust at a Division approved financial institution.
- 2.2 The Division shall pay to the teacher the accrued earned amount accumulated in the calendar year on the Deferred Compensation Amount on December 31 in each school year the teacher participates in the plan. The Division shall pay to the teacher any outstanding accrued earned income on the Deferred Compensation Amount no later than July 31 in the year the teacher completes the Leave of Absence or within 60 days of the date the teacher withdraws from the Plan.

3. Year of Leave

- 3.1 Subject to the provisions in 5.4 and 5.5 below, the Leave of Absence shall be the year stated in the DSLP Contract between the teacher and the Division and shall commence at the beginning of the school year immediately following the Deferral Period.
- 3.2 The teacher shall be paid in ten installments during the Leave of Absence. Payment shall begin with the month of September and continue consecutively through the month of June. Each installment shall be based on one tenth of the balance of the Deferred Compensation Amount less accrued earned income as at July 31 of the year of Leave of Absence.
- 3.3 The Division shall continue to pay during the Leave of Absence its portion of applicable employee benefits required by law.
- 3.4 During the Leave of Absence the teacher shall not be able to
 - 3.4.1 accumulate experience for salary increments
 - 3.4.2 accumulate or access sick leave credits or
 - 3.4.3 take maternity or other leaves
- 3.5 There shall be no requirements with respect to the activities the teacher undertakes during the Leave of Absence.
- 3.6 During the Leave of Absence the teacher cannot receive any salary from the Division, or any person or partnership with which the Division does not deal at arm's length, other than the Deferred Compensation Amount.

4. Return to Work

- 4.1 Following the Leave of Absence the teacher must resume employment with the Division, at the same permanent contract equivalency as that prior to the Leave of Absence, for a minimum of one year.
- 4.2 The teacher is to contact the Division by March 1 of the year of Leave of Absence to confirm his/her return to work and inform the Division of any special preferences or considerations with regard to placement.
- 4.3 The teacher shall be advised of his/her placement prior to return to work.

5. Adjustments to Plan

- 5.1 In extenuating circumstances, such as financial hardship, and with the consent of the Division, the teacher may withdraw from the DSLP upon giving not less than four months notice of the intent to do so prior to the date of commencement of the Leave of Absence. Within sixty days of such withdrawal the Division shall pay to the teacher the Deferred Compensation Amount.
- 5.2 A teacher who ceases to be employed by the Division must withdraw from the Plan. Within sixty days the Division shall pay to the teacher the Deferred Compensation Amount.

- 5.3 Should the teacher die, the Division shall, within sixty days of notification of such death to the Division, pay the Deferred Compensation Amount to the teacher's estate, subject to the Division receiving the necessary clearances and proofs normally required for payment to estates.
- 5.4 The Leave of Absence may, with the consent of both parties, be postponed for one year providing that notice is given by March 1 in the school year preceding Leave of Absence. This postponement shall not move the commencement of the leave beyond six years from the date of enrolment. The Deferral Period shall not be increased and the Deferred Compensation shall continue to be held in trust until the teacher takes the Leave of Absence or withdraws from the DSLP.
- 5.5 The Division may postpone the year of leave. The teacher must be notified of the postponement by March 1 in the school year preceding the Leave of Absence. Under no circumstances shall such postponement exceed one school year and the teacher must take the leave at the end of such time or withdraw from the plan at that time. This postponement shall not move the commencement of the leave beyond six years from the date of enrolment. The Deferral Period shall not be increased and the Deferred Compensation shall continue to be held in trust until the teacher takes the Leave of Absence or withdraws from the DSLP.
- 5.6 The teacher may on one occasion while participating in the DSLP give two months notice to the Division stating the wish to suspend participation in the DSLP for a period of twelve months. During the period of suspension from the DSLP the teacher will not contribute the required 20% deferral of salary. The teacher shall be re-instated in the DSLP on the first of the month that immediately follows the twelve months in which the teacher's participation was suspended. The Deferred Compensation Amount shall continue to be held in trust until the teacher takes the Leave of Absence or withdraws from the DSLP. This suspension shall not move the commencement of the Leave of Absence beyond six years from the date of enrolment.

6. General Provisions

- 6.1 Interest (earned income) paid to the teacher under the provisions of the DSLP shall be considered as employment income for the purposes of the Income Tax Act and shall be reported on the teacher's T4 supplementary and subject to tax withholdings.
- 6.2 Any fees charged by the financial institution for administering the teacher's DSLP account shall be borne by the teacher.

Reference: Section 85, 87, 108, 109, Education Act
Canada Customs and Revenue Agency
Income Tax Act