



FINANCIAL MANAGEMENT 18 – Deferred Salary Leave Plan

Date: Jan. 27, 2010

Revised:

Responsible Administrators: Finance and Human Resources

1.0 RATIONALE

- 1.1 The Board has approved a program known as the Deferred Salary Leave Plan through which an eligible employee may access a division-administered deferral of income to enable the employee to finance a year's leave of absence by deferring portions of earned salary.

2.0 PROCEDURES

- 2.1 Eligible employee means a full time employee who has performed a minimum of five years of active service with the Board at the time of application, provided such employee has fulfilled all the conditions for any previously granted form of leave.
- 2.2 An administration fee as determined by the Board from time to time shall be deducted from the deferred compensation amount at the time leave is taken or upon death, or upon withdrawal from the plan.
- 2.3 Participants, who are approved to participate in the plan, shall execute an individual agreement establishing the details of their participation.
- 2.4 Exhibit 1, attached to and forming part of this policy, identifies procedures to be followed.
- 2.5 Exhibit 2, attached to and forming part of this policy, is the Deferred Salary Leave Plan Individual Agreement to be completed by each participant.
- 2.6 Exhibit 3, attached to and forming part of this agreement, shows the administration fees to be deducted. These fees are subject to review and modification by the Board from time to time.
- 2.7 Exhibit 4, attached to and forming part of this agreement, shows the treatment of statutory and voluntary deductions, contributions, premiums, etc.
- 2.8 The administration of this plan shall be carried out through the office of the Secretary Treasurer.

References: *Board Policy: E/III/5 Deferred Salary Leave Plan*

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EXHIBIT 1 – DEFERRED SALARY LEAVE PLAN

This Deferred Salary Leave Plan has been developed to afford an eligible full-time employee the opportunity to finance a one year leave of absence without compensation by deferring portions of his/her regular salary and allowances to finance the year of the leave. It is the intent that this plan will be of not cost to the Employer.

1. Definitions

Association means the Alberta Teachers' Association.

Current Compensation Amount means the total compensation payable by the Employer to the Participant for the school year, including his/her proper grid salary and all allowances, as per the current Salary Agreement in force between the Association and the Employer or as per the Employer's General Pay Plan.

Deferred Compensation Amount means the portion of the Current Compensation Amount which is retained by the Employer for a Participant in each year in accordance with clause 3.1 (*Exhibit 1*).

Net Compensation Amount means the portion of the Current Compensation Amount which is paid to the participant each year after deducting the Deferred Compensation Amount.

Eligible Employee means an employee as defined in the Employer's Deferred Salary Leave Plan Policy.

Employer means the Board of Trustees of the Sturgeon School Division No. 24

Leave of Absence means the twelve month period taken in accordance with the provisions of clause 4 (*Exhibit 1*) and commencing at the beginning of the school year.

Individual Agreement means the agreement described in Exhibit 2.

Participant means an Eligible Employee whose application for participation in the Plan has been approved by the Employer in accordance with clause 2.3 (*Exhibit 1*) and who has completed an individual agreement.

Plan means the plan set out in this policy exhibit and includes all amendments thereto.

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Salary Agreement means the collective agreement in force between the Association and the Employer pursuant to the applicable section of the Alberta Labour Relations Act.

General Pay Plan means the plan in force between the Employer and those employees whose salaries and benefits are not provided for through a collective agreement.

School Year means the school operating year as established from time to time by the Employer pursuant to the School Act. Where references are made to September 1 as the start of the school year, this means the actual date or the date of the beginning of the first pay period of the school year if it is not September 1.

2. Application

- 2.1 In order to enrol in the Plan, an Eligible Employee must make written application to the Superintendent of Schools on or before January 31st, stating the date when the Eligible Employee wishes to participate in the Plan and the school year in which the Leave of Absence is to be taken.
- 2.2 The approval of each application made under clause 2.1 (*Exhibit 1*), shall rest solely with the Employer. The Superintendent of Schools shall be February 28th of that year advise each applicant of the Employer's approval or disapproval of his/her application, and if the latter, an explanation herefore.
- 2.3 If the Employer gives its approval in accordance with clause 2.2 (*Exhibit 1*), the participation of the Eligible Employee in the Plan will become effective at the start of the school year immediately following the date of approval, or if such date is not agreed to by the Employer, then on a date which is approved by the Employer.
- 2.4 Before becoming a Participant, an Eligible Employee must complete and sign an Individual Agreement by March 15th, which is accepted by or on behalf of the Employer.

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3. Funding for Leave of Absence

Funding for the Leave of Absence shall be as follows:

- 3.1 During each school year prior to the Leave of Absence, the Participant, for a maximum of six school years, will receive his/her Current Compensation Amount, less the amount determined under clause 3 (*Exhibit 1*) of the participant's Individual Agreement. Such amount will be retained by the Employer and be invested in accordance with clause 3.2 (*Exhibit 1*). The Participant is not permitted to have more than 33 1/3% of his/her Current Compensation Amount withheld in any one school year.
- 3.2 Salary deferred will be placed in an interest bearing trust account with a financial institution designated by this policy. Interest or other additional amounts that accrue on the deferrals shall be paid out annually to the employee. Employer shall not be liable to any Participant for any investments made as authorized by this clause.
- 3.3 In consideration of the administrative services performed by the Employer, the Participant shall indemnify and save the Employer harmless against any expense, claim, or liability arising out of or resulting from such investments authorized by this clause.
- 3.4 Interest earned on monies retained by the Employer in accordance with clause 3.1 (*Exhibit 1*) for each participant shall be paid out to the participant on August 31st of each year or soon thereafter as is possible and such interest shall be considered part of the participant's taxable income.
- 3.5 The Secretary Treasurer shall, by August 31 of each year, make an Annual Report covering the previous school year for each Participant under this Plan as to the amount of deferred salary.
- 3.6 The Employer shall deduct from the Deferred Compensation Amount, during the Leave of Absence, an Administration Fee, as established by the Board in the Deferred Salary Leave Plan Policy.

4. Taking of Leave of Absence

The taking of a Leave of Absence shall be governed by the following provisions:

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- 4.1 The Leave of Absence shall occur according to, and be governed by, policy of the Employer.
- 4.2 Payment to the Participant during the Leave of Absence shall be in 12 equal monthly installments commencing with the September regular payroll date as established by Board policy and equal to 1/12th of the monies held by the Employer for the Participant in accordance with clause 3.1 (*Exhibit 1*).
- 4.3 The payments shall be reduced by any deductions made by the Employer under clause 5.1 (*Exhibit 1*), and any monies required by law to be paid by the Employer for or on behalf of the Participant.
- 4.4 A Participant, during the year of leave under the Plan, shall not accumulate nor be entitled to the following:
 - 4.4.1 Teaching or non-teaching experience for salary increments;
 - 4.4.2 Statutory holidays, maternity, sick or any other leaves;
 - 4.4.3 Any remuneration from the Employer.
- 4.5 Upon conclusion of the leave, the Participant shall return to full time duties with the Employer for a minimum period of one complete school year.
- 4.6 The Employer will make every endeavor to place the Participant, upon return from his/her leave, into a position no less favourable than that held prior to this leave.
- 4.7 The period of Leave of Absence shall not interrupt the continuity of the Participant's service with the employer.

5. Fringe Benefits

- 5.1 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.
- 5.2 The Employer will continue paying its share of applicable health and welfare benefits for a Participant during the non-leave school years of the Plan.

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- 5.3 The Employer 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 Employment Insurance contributions.

6. Withdrawal

- 6.1 A Participant who ceases to be employed by the Employer must withdraw from the Plan. Within sixty days the Employer shall pay to the Participant the Deferred Compensation Amount.
- 6.2 A Participant may apply to the Employer to withdraw from the Plan at anytime prior to March 1 in the year in which the Leave of Absence is scheduled to occur. The Employer shall approve the request to withdraw only if there are reasonable circumstances contributing to the Participant's request to withdraw from the Plan. Within sixty days of approval by the Employer of the withdrawal request, the Employer shall pay to the Participant the Deferred Compensation Amount.
- 6.3 Should a Participant die, the Employer shall, within sixty days of notification of such death to the Employer, pay the Deferred Compensation Amount to the Participant's estate, subject to the Employer receiving any necessary clearances and proofs normally required for payment to estates.
- 6.4 In the event of withdrawal, the Employer shall deduct from the Deferred Compensation Amount an administration fee as established by the Board in the Deferred Salary Leave Plan policy.

7. Suspension from Financial Participation in the Plan

- 7.1 A Participant may give notice to the Employer stating that he/she wishes to suspend his/her participation in the Plan for one school year as at September 1st which immediately follows such notice, in which case the Employer, until further notice, as provided in clause 7.2 (*Exhibit 1*), shall pay the Current Compensation Amount to the Participant as if he/she were not participating in the Plan, but the amount previously retained by the Employer shall continue to be held by the Employer until the Participant withdraws from the Plan or takes the Leave of Absence.
- 7.2 A Participant may not suspend his participation in the Plan more than once.

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7.3 Suspension of participation under clause 7.1 (*Exhibit 1*) shall not change the year established for the Leave of Absence.

8. Termination or Amendment of Plan

8.1 The Plan may be amended or terminated by the Employer in accordance with the Employer's Policy on Policy. Any amendment(s) shall be binding upon all future Participants.

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EXHIBIT 2 – DEFERRED SALARY LEAVE PLAN INDIVIDUAL AGREEMENT

This Agreement made in duplicate this _____ day of _____, 20____.

BETWEEN:

The Board of Trustees of Sturgeon School Division No. 24

(hereinafter referred to as the “Board”)

AND:

(hereinafter referred to as the “Employee”)

WHEREAS pursuant to the Division’s Deferred Salary Leave Plan Policy containing provisions in Exhibit I under the heading “Deferred Salary Leave Plan”, and eligible full-time Employee may participate in the plan provided the Employee enters into an agreement to comply with the conditions and terms set out in said Plan.

AND WHEREAS the Employee has applied to participate in said Plan on the terms and conditions set out therein and the Board has agreed to approve the participation of the Employee as hereinafter set out.

IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS herein contained:

The Board and the Employee covenant and agree as follows:

1. This Agreement shall not be construed as a contract of employment.
2. Enrolment in the Plan shall become effective for the school year commencing September 1, 20____.

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3. During the years from September 1, 20__ to August 31, 20__, the Employee will work for the Board at the regular salary to which the Employee would otherwise be entitled less the percentage amounts set out in this clause to finance the leave period, subject to the terms and conditions set out in said Plan.

First Year	September 1, 20__	to August 31, 20__	_____%
Second Year	September 1, 20__	to August 31, 20__	_____%
Third Year	September 1, 20__	to August 31, 20__	_____%
Fourth Year	September 1, 20__	to August 31, 20__	_____%
Fifth Year	September 1, 20__	to August 31, 20__	_____%
Sixth Year	September 1, 20__	to August 31, 20__	_____%

4. An administration fee calculated in accordance with the schedule in Exhibit 3 shall be deducted from the Deferred Compensation Amount payable to the Employee.
5. The leave period shall commence September 1, 20__ and end August 31, 20__ subject to the terms and conditions set out in said Plan.
6. The provisions of the Deferred Salary Leave Plan Policy Exhibit 1, a copy of which is attached hereto, as amended from time to time, shall be deemed to be part of this Agreement and is hereby incorporated by reference.
7. The Employee agrees to indemnify and save the Board harmless from and against any and all liability, loss, damages, costs or expenses which it may hereinafter incur, suffer, or be required to pay by reason of the participation of the Board in said Plan.
8. Interest earned on monies deferred by the Employee and invested by the board shall be paid out to the Employee at August 31 of each year or as soon thereafter as is possible.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement.
The Board of Trustees of the Sturgeon School Division No. 24

Chairman

Secretary Treasurer

Date

Employee's Signature

Witness

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EXHIBIT 3 - ADMINISTRATION FEES

- General Administration Fee
- \$250.00 flat rate regardless of years of participation
- Administration Fees Upon Withdrawal

\$50.00 for each year of participation or any portion thereof, to a maximum of \$250.00.

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EXHIBIT 4 – TREATMENT OF STATUTORY AND VOLUNTARY DEDUCTIONS, CONTRIBUTIONS, PREMIUMS, ETC.

	<u>DEFERRAL YEARS</u>		<u>LEAVE OF ABSENCE YEAR</u>
	<u>Based On</u>		<u>Based On</u>
E.I.	Net Compensation Amount		No Deduction
C.P.P.	Net Compensation Amount		Deferred Compensation Amount
Income Tax	Net Compensation Amount		Deferred Compensation Amount
Long Term Disability	Current Compensation Amount)	100% of the premium
)	in effect at the time
)	of the leave and in
Extended Health Care	Normal Deduction)	accordance with the
)	terms of the Alberta
)	School Employee
Dental Plan	Nominal Deduction)	Benefit Plan
)	
Life Insurance	Current Compensation Amount)	
A.T.A. Dues	Normal Deduction		No Deduction
Teachers' Retirement Fund/Local Authorities Pension Plan	Current Compensation Amount		No Deduction

Other points to note:

During the deferral years, the Board will report the net amount on a T-4 supplementary slip in the year the income is earned.

The total deferred compensation amount paid to the participant during the leave will be reported as employment income on a T-4 supplementary slip in the years in which it is received by the participant.

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