



DEFERRED SALARY LEAVE PLAN

(Available to Employees in ASPA, CUPE 1975, Exempt, and Senior Administration)

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1. Introduction

The Deferred Salary Leave Plan (DSLPL) provides employees with an opportunity to self-finance a Leave of Absence by authorizing the employer to set aside, over a limited period, a portion of the employees' salary prior to the leave of absence. The salary held by the employer is not subject to income tax until it is paid to the employee during the Leave of Absence.

The DSLPL is voluntary and subject to University approval and the conditions set forth in the 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.

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

2. Definitions

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

"Eligible Employee" means a permanent employee who has a minimum of one year of continuous service in the bargaining unit or employee group and is not currently serving a probationary period.

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

"Deferral Period" means the number of years over which a portion of the Participant's salary is deferred, including any adjustments to the number of years for 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 six (6) years.

"Leave of Absence" means the period of time a Participant will be receiving the Deferred Amount in accordance with the provisions in #7.1. The Leave of Absence shall not be less than three (3) consecutive months where the leave is for full-time attendance at a designated educational institution, within the meaning assigned by subsection 118.6(1) of the Income Tax Act. If the Leave of Absence is for any other purpose, it shall not be less than six (6) consecutive months. The maximum Leave of Absence shall not be more than twelve (12) months.

"Normal Gross Pay" means the salary the Participant would regularly be paid, including any applicable retroactive salary, but excluding overtime, shift differentials, temporary performance of higher level duty pay and any other special payments.

"Deferred Amount" means the portion of Normal Gross Pay that is retained by the University 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 ten percent (10%) nor more than thirty-three percent (33%) of the Participant's Normal Gross Pay in any calendar year.

Strategic Business Advisor "SBA" is the People & Resources contact within the department or unit, which reports to central HR.

3. Application Process for Leave of Absence

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 Supervisor (Director, Department Head, or Supervisor); and
- c. submit a written application, on the form prescribed by the University (see Appendix B), to the Supervisor, as follows:
 - i. between March 1 and April 30 for a Deferral Period to begin July 1 of the same year; or
 - ii. between September 1 and October 31 for a Deferral Period to begin January 1 of the following year.

3.2 Upon receipt of the application, the Supervisor shall:

- a. provide a recommendation regarding the approval of the application;
- b. shall forward the application form to their SBA as soon as possible, but no later than five (5) days following the expiration of the application period indicated in 3.1(c).

3.3 Upon receipt of the application, the SBA will:

- a. review the application to ensure that it has been completed in its entirety;
- b. consult with the department to ensure the services, programs and operational requirements of the department will not be disrupted if a suitable replacement is unavailable, taking into consideration any other leaves of absence approved in the department.

3.4 The SBA will meet with the employee and the appropriate Supervisor to:

- a. discuss the application;
- b. review and discuss the terms and conditions of the Plan;
- c. approve or not approve the application for leave;
- d. the SBA/Supervisor should then submit any required application form or pay action to the attention of "Payroll" at ConnectionPoint for processing.
 - i. If the deferral/leave will start on July 1, the application must be to Payroll by June 1.
 - ii. If the deferral/leave will start on January 1, the application must be to Payroll by December 1.

4. Changes to the Application

If a Participant wishes to make changes to his/her original application, the Participant must complete an amendment to application form (see Appendix B). The completed amendment to application form must be submitted to the Supervisor, according to the terms of 3.1(c), and to the SBA, as per 3.2, for approval during the semi-annual application periods of March 1 to April 30 or September 1 to October 31. Any approved changes will become effective on the following July 1 or January 1, respectively.

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 year by following the semi-annual period.

An application may be made to amend the percentage of the Deferred Amount due to financial hardship. The amendment to application for this reason may be made at any time without regard to the semi-annual application periods.

The amendment to application must be made on the prescribed form (see Appendix B) and may be forwarded directly to supervisor and SBA for review and approval. At no time will the Deferred Amount be less than 10% or more than 33% of the Participant's Normal Gross Pay in any calendar year.

4.2 Change 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 six (6) years. In all cases, the leave of absence must immediately follow the deferral period.

4.3 Postponement of Leave of Absence

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

An amendment to 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 application should be provided to the SBA 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. The Leave of Absence must immediately follow the Deferral Period so 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 University;
 - ii. any lay-off;
 - iii. having been the recipient of Long Term Disability benefits for more than two (2) years;
 - iv. having become totally and permanently disabled as defined and determined by the Long Term Disability Plan;
 - v. movement to another position where the Supervisor has not approved continuation in the Plan;
 - vi. failure to take the Leave of Absence as provided in the application form and amendments thereto;
 - vii. death of the Participant.
- b. Should an employee successfully transfer to a different position, the approval of that Supervisor 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 University 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 ConnectionPoint (Payroll).
- d. In cases of extreme financial hardship, and with the consent of the supervisor and SBA, 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 thirty-one (31) days following the date of approval by the supervisor and/or SBA.

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 appropriate Supervisor, and forwarded to the SBA, a Participant may suspend participation in the Plan:
 - i. upon taking an approved leave of absence without pay; or

- ii. the employee becomes disabled within the meaning of the Long Term Disability Plan but is not permanently disabled.
- b. Upon the conclusion of the cause for suspending participation, the Participant shall be re-instated beginning on the nearest first of the month upon returning to active employment.
- c. The Deferred Amount shall continue to be held by the University 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 ten percent (10%) nor greater than thirty-three percent (33%) 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 six (6) 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 worksheet on page 8 to assist in determining the percentage of the Deferred Amount.

6. Deferred Amounts

- 6.1** The University unconditionally guarantees payment of the Deferred Amount.
- 6.2** The University will establish an individual account to receive and retain 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 interest rates realized based on the University investment policy.
- 6.4** Administrative expenses to cover the operating costs of the Plan, as determined by the University, shall be deducted from the interest earnings credited to the Participant's account.
- 6.5** As indicated in paragraph 7.3 of the Canada Revenue Agency (CRA) advanced tax ruling (ATR-39 Deferred Salary Leave Plan) any interest earnings on the funds in the Participant's account must be paid 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:
 - a. effective the last day of the calendar year in each year of the Deferral Period;
 - b. thirty-one (31) days following the last day of the Leave of Absence;
 - c. thirty-one (31) days following the day that ConnectionPoint (Payroll) 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 three (3) consecutive months where the leave is for full-time attendance at a designated educational institution, within the meaning assigned by subsection 118.6(1) of the Income Tax Act. If the Leave of Absence is for any other purpose, it shall not be less than six (6) consecutive months. The maximum Leave of Absence shall not be more than twelve (12) consecutive months.
- 7.2** At least one (1) month prior to the Leave of Absence, the Participant and the Supervisor shall complete the University's regular Request for Leave of Absence. The Leave of Absence Application, along with a Payroll Authorization Form, will be forwarded by the Department to the SBA for approval.
- 7.3** The required pay action and Leave of Absence Application form along with the Payroll Authorization form must be received by ConnectionPoint's payroll deadlines to ensure accurate processing (eg. June 30 to be reflected on July 15 pay).
- 7.4** The Leave of Absence shall commence as per the effective dates submitted on the Leave of Absence Application form.

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 University, 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 to the Participant during the Leave of Absence shall be proportionate to the Deferred Amount retained by the University and the duration of the Leave of Absence, less the appropriate deductions indicated in Table 1.
- b. During the Leave of Absence the Participant will receive payment through automatic bank deposit to the Participant's bank account, following the semi-monthly pay cycle, 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.
- d. During the Leave of Absence the Participant may not receive additional remuneration from the University or from persons with whom the University does not deal at arm's length, other than the fringe benefits defined in Table 1.

9. Benefits and Deductions

BENEFIT AND SALARY DETAILS

ITEM	DURING DEFERRAL PERIOD	DURING LEAVE OF ABSENCE PERIOD
Salary	Normal Gross Pay less the deferred amount	Deferred amount divided by the number of pay periods during the Leave of Absence
Deferred Amount	As specified in the agreement between the employee and the University (10% - 33%)	
Income Tax	Calculated on the Participant'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 Participant's gross pay, plus applicable taxable benefits, less the deferred amount	Calculated on the deferred amount received during the Leave of Absence
Employment Insurance	Calculated on the Participant'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. Check with Service Canada.
Sick, EDO & Vacation Accrual	Accrual based on normal appointment	No accrual during Leave of Absence <ul style="list-style-type: none"> ▪ CUPE - Article 19.6.2 ▪ ASPA - Article 20.10 ▪ Exempt - Article 7.1.b
Pension Plan	Coverage and participation in the plan continues per normal	Participant has option of waiving coverage, or continuing coverage by paying the premiums required (employee and employer portions) <ul style="list-style-type: none"> ▪ CUPE - Article 19.6.3 ▪ ASPA - Article 20 ▪ Exempt – 7.0
Basic Group Life Insurance	Coverage continues per normal	Coverage continues per normal for first six months, optional coverage for next six months providing employee pays premiums required (employee and employer) <ul style="list-style-type: none"> ▪ CUPE - Article 19.6.4 ▪ ASPA – Article 20 ▪ Exempt – 7.1.d

Supplemental Group Life Insurance	Coverage continues per normal	If enrolled, Supplemental Group Life may be maintained or terminated. If maintained, the employee continues to pay the premiums required.
Disability Plan	Coverage continues per normal	Coverage continues per normal for first six months, optional coverage afterwards providing employee pays premiums required (employee and employer) <ul style="list-style-type: none"> ▪ CUPE – Article 19.6.4 ▪ ASPA – Article 20 ▪ Exempt – Article 7.1.c
Dental Plan and Extended Health Care Plan	Coverage continues per normal	CUPE 1975 only - Participant has option of waiving coverage, or continuing coverage by paying the premiums required
Union Dues	Deductions continue per normal	None

10. Vacation, Sick Leave, EDO, Years of Service and Salary Increments

The Participant’s vacation, sick leave credits, and EDO’s will accrue on the Participant’s regular FTE (full time equivalency) during the Deferral Period. Vacation, EDO’s and sick leave credits will not accrue during the Leave of Absence. The Participant will not accumulate years of service used for calculating vacation entitlement, severance or 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 University for a period of time not less than the length of the Leave of Absence. If this condition cannot be met (eg. The participant may go on parental or maternity leave following the Leave of Absence or for any other reason), the participant must notify the SBA immediately, so the arrangement can be terminated. Upon termination, the deferred amount plus an accrued interest must be paid and fully taxed in the current calendar year.

12. General Provisions

- a. The Plan shall not constitute a contract of employment between a Participant and the University.
- b. The University reserves the right to terminate a Participant at any time in accordance with the terms of the Collective Bargaining Agreement or Exempt handbook.
- c. No amendment to the Plan 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 University are met.