

DEFERRED SALARY LEAVE PLAN

Background

HPSD makes available a Deferred Salary Leave Plan for its teaching staff.

Procedures

1. Implementation and amendment of this administrative procedure and the Plan are dependent upon the Division maintaining a favourable Advance Income Tax Ruling on the Plan from Revenue Canada.
2. The number of participants in the Plan shall be determined by the Superintendent from time to time.
3. In selecting participants, the Superintendent shall consider the following criteria:
 - a. seniority with the Division;
 - b. total experience in teaching;
 - c. priority for those applicants who have not previously been granted a Deferred Salary Leave, Professional Improvement Leave, or other Leave of Absence excluding maternity leave;
 - d. consideration of the number of previously granted Deferred Salary Leaves in a school so that an excessive number of teachers are not on leave from any individual school at the same time; and
 - e. husband and wife applications to be considered jointly and on the greater seniority of the couple.
4. Applicants who are approved to participate in the Plan shall execute an individual agreement establishing the details of participation. The agreement is included in the Forms Manual.
5. Eligible Teacher means a full time teacher who has performed three or more continuous years of service with the Board at the time of application, provided such teacher has fulfilled all the conditions for any previously granted form of leave.
6. The Administration fee shall be in accordance with the following table:

Length of Plan, including leave of absence year, as established at time of approval	Fee: Percentage of 4 year Qualification Maximum Salary Rate in Effect on Sept 1st of leave of absence year
2 years	2.5%

3 years	2.6%
4 years	2.7%
5 years	2.8%
6 years	2.9%

7. The withdrawal fee shall be .20% of the 4 years qualification maximum salary rate in effect at the time of withdrawal for each year of participation or any portion thereof.

The Plan

The Deferred Salary Leave Plan has been developed to afford an eligible full-time teacher the opportunity to finance a one-year leave of absence without compensation by deferring portions of regular salary to finance the year of the leave. It is the intent that this Plan will be of no cost to the Board.

1. DEFINITIONS

ASSOCIATION: Alberta Teachers' Association

BOARD: Board of Trustees of HPSD #48

CURRENT COMPENSATION AMOUNT: Total compensation payable by the Board to the Participant for the school year, including proper grid salary and all allowances, per the current Salary Agreement in force between the Association and the Board.

DEFERRED COMPENSATION AMOUNT: Portion of the Current Compensation Amount which is retained by the Board for a Participant in each year in accordance with clause 3.1 and augmented from time to time by interest thereon calculated in accordance with clause 3.3 but less all interest paid to the Participant in accordance with clause 3.4.

ELIGIBLE TEACHER: A teacher as defined in the Administrative Procedure 418 - Deferred Salary Leave Plan.

LEAVE OF ABSENCE: A twelve-month period taken in accordance with the provisions of clause 4 and commencing at the beginning of the school year. At no time shall a leave of absence be less than 12 months.

INDIVIDUAL AGREEMENT: Agreement included in the Forms Manual.

PARTICIPANT: an Eligible Teacher whose application for participation in the Plan has been approved by the Superintendent in accordance with clause 2.3 and has completed an individual agreement.

PLAN: the plan set out in this Administrative Procedure and includes all amendments thereto.

SALARY AGREEMENT: the agreement in force between the Association and the Board pursuant to the applicable section of the Alberta Labour Relations Code.

SCHOOL YEAR: the school operating year as established from time to time by the Board pursuant to the School Act. Where references are made to September 1 as the start of a 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 Teacher must make written application to the Superintendent of Schools on or before February 1st, stating the date when the Eligible Teacher 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 shall rest solely with the Superintendent. The Superintendent shall by April 30th of that year advise each applicant of the approval or disapproval of application, and if the latter, an explanation of the decision. Any decision of the Superintendent pursuant to this clause is an administrative decision which the Board, for reasons it considers sufficient, will not review. The total number of teachers on leave of absence in any one school year under approved Leaves of Absence (except Maternity Leave) and this Deferred Salary Leave Plan shall not exceed 2.5% of the number of full time equivalent teachers on Divisional staff.
- 2.3 If the Superintendent gives his/her approval in accordance with clause 2.2, the participation of the Eligible Teacher 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 Superintendent, then on a date which is approved by the Superintendent.
- 2.4 Before becoming a Participant, an Eligible Teacher must complete and sign an Individual Agreement by May 15th which is accepted by the Superintendent.

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 five school years, will receive Current Compensation Amount, less the amount determined under clause 3 of the Individual Agreement which the Participant has specified in the Individual Agreement for the school year in question which is to be retained by the Board. Such amount will be retained by the Board and be invested in accordance with clause 3.2. The Participant is not permitted to have a percentage of Current compensation Amount withheld which is in excess of 33.3% per year that compensation is deferred.
- 3.2 The monies retained by the Board in accordance with clause 3.1 for each participant shall be pooled and shall be invested and re-invested by the Board in investments offered from time to time by any one or more of any Canadian chartered bank, any trust company authorized to do business in the Province of Alberta, any credit union authorized to do business in the Province of Alberta, or the Treasury Branches of Alberta. In consideration of the administrative services performed by the Board, the participating teacher shall indemnify and save the Board harmless against any expense, claim, or liability arising out of or resulting from such investments authorized by this clause.
- 3.3 The monies retained by the Board for each Participant, in accordance with clause 3.1, including interest thereon shall be pooled and shall be invested and re-invested by the Board in investments offered from time to time by an Eligible Investor. The Board shall choose such Eligible Investor and in making such

determination the Board shall not be liable to any Participant for any investments made which are authorized by this clause.

- 3.4 The Assistant Superintendent of Business Services shall make an Annual Report covering the previous school year to each Participant under this Plan as to the amount of deferred salary together with interest. The Annual Report shall be made no later than December 31st of each year under the Plan.
- a. The Board shall, on the following dates, pay to the participant as employment income for income tax purposes, the accrued interest on deferred compensation amount:
 - i) On December 31st, which occurs at the end of the calendar year in which the teacher becomes a participant;
 - ii) Each December 31st occurring after the date specified in i) above, while the teacher participates in the plan; and
 - iii) Last day of the leave of absence, or when the Board makes a payment under clause 4.4, 6.1, 6.2 or 6.3.
- 3.5 The Board shall deduct from the Deferred Compensation Amount, during the Leave of Absence, an administration fee as established by Administrative Procedure 418 - Deferred Salary Leave Plan.
- 3.6 The amount of income tax to be deducted is dependent upon the Board receiving a ruling to the satisfaction of its solicitor from Revenue Canada that the Deferred Salary Leave Plan contemplated hereby is not unlawful and is acceptable to Revenue Canada and that the amount of income tax to be deducted may be computed on the actual salary received by the participating teacher during each of the calendar years enrolled in the Plan.
- 3.7 In all circumstances payment of the deferred compensation amount will be completed no later than the end of the first taxation year that commences after the end of the deferral period.

4. TAKING OF LEAVE OF ABSENCE

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

- 4.1 The Leave of Absence shall occur according to, and be governed by, administrative procedures in effect but under no circumstances will a deferral period in excess of six years be allowed.
- a. Under no circumstances will a leave of absence of less than 12 consecutive months be permitted and the leave of absence must commence immediately after the deferral period ends.
- 4.2 Subject to clause 3.7, the manner of payment to the Participant during the Leave of Absence shall be in 12 equal monthly installments commencing with the September regular payroll data as established by Board policy, equal to 1/12th of the monies held by the Board for the Participant in accordance with clause 3.1 as determined at the beginning of the Leave of Absence.
- a. During the leave of absence, the participant will not receive any salary or wages from the Board or any other person or partnership who does not deal at arms length with the Board, other than the deferred compensation amount and the fringe benefits as set out in section 8.

- 4.3 The payments to be made to a Participant in accordance with clause 4.2 during a Leave of Absence shall be related to the monies retained by the Board in accordance with clause 3.1 for such Participant, but less any deductions made by the Board under clause 5.1 and 3.5 and any monies required by law to be paid by the Board for or on behalf of the Participant.
- 4.4 If the Superintendent is unable to obtain a suitable replacement for a Participant by May 15th for the period of the Leave of Absence, the Superintendent may, at his/her discretion, defer the Leave of Absence on one occasion for one school year. In such case, the Participant may choose to remain in the Plan or 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 days of such withdrawal. Under no circumstances shall such delay or deferral exceed one school year and the Participant must take leave at the end of such time or withdraw from the plan at that time. This postponement will not move the commencement of the leave beyond six years from the date of enrolment in this plan.
- 4.5 A participating teacher during the year of leave under the Plan shall not accumulate nor be entitled to the following:
- a. teaching experience for salary increments;
 - b. statutory holidays; maternity, sick or any other leaves; promotions.
- 4.6 The Superintendent will endeavor to place the Participant, upon return from leave, into a position no less favourable than that held prior to this leave. On return from leave, a teacher will be assigned to a position with the Board, at the discretion of the Superintendent, in accordance with the following priorities:
- a. the same position previously vacated by the teacher;
 - b. a position similar to that previously vacated by the teacher in the same school;
 - c. a position similar to that previously vacated by the teacher in another school;
 - d. a position for which the teacher is qualified in accordance with training and/or experience;
 - e. a position with the Division.
- However, notwithstanding the above, a teacher on leave will not have any advantage or disadvantage in the event that a staff reduction or program change has become necessary in a particular school.
- 4.7 The period of Leave of Absence shall not interrupt the continuity of the participating teacher's service with the Board. After participation in the Plan, the TEACHER'S Salary and Benefits will be as set out in the agreement then in force between the Board and the Association governing such matter. Subject to sections 4.8 and 4.11 a participating teacher on return to teaching 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.
- 4.8 The participant shall return to service with the Division for a minimum period that is no shorter than the period of leave.

- 4.9 The plan shall not be established to provide benefits to participants upon or after retirement and the participant shall not take the leave immediately precedent to commencing retirement from service with the Division.
- 4.10 Notwithstanding the date shown in paragraph 4 of the Individual Agreement for a requested Leave of Absence, a Participant may with the consent of the Superintendent, given not less than six months prior to the scheduled date, postpone such leave for one year. This postponement will not move the commencement of the leave beyond six years from the date of enrolment in the plan.
- 4.11 A participating teacher shall on or before April 15th in the school year of the leave, confirm to the Superintendent in writing of return to duty with the Division in accordance with clause 4.8.
- 4.12 Should a participating teacher fail to report to duties as required in clause 4.8, such teacher shall be deemed to have abandoned both the position and contract of employment with the Board, and the Superintendent may, without any further notice to said teacher, forthwith fill the position with someone other than the participating teacher.

5. FRINGE BENEFITS

- 5.1 While a participating teacher is enroled 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 Board will continue paying its share of applicable health and welfare benefits for a participating teacher during the non-leave school years of the Plan.
- 5.3 The Board will maintain applicable health and welfare benefit coverage, except for Unemployment Insurance, for a participating teacher during the year of leave under the Plan, provided such teacher assumes the full responsibility of paying the total costs for said benefits save the employer's portion of Canada Pension Plan.

6. WITHDRAWAL

- 6.1 A Participant who ceases to be employed by the Board must withdraw from the Plan. Within sixty days the Board shall pay to the Participant the Deferred Compensation Amount as provided in clause 4.4.
- 6.2 A Participant may apply to the Board to withdraw from the Plan 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 only if there is financial or other hardship. Within sixty days of approval by the Board of the withdrawal request the Board shall pay to the Participant the Deferred Compensation Amount as provided in clause 4.4.
- 6.3 Should a Participant die the Board shall within sixty days of notification of such death to the Board 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.

- 6.4 In the event of withdrawal, the Board shall deduct from the Deferred Compensation amount a withdrawal fee as established by the Deferred Salary Leave plan policy.

7. SUSPENSION FROM FINANCIAL PARTICIPATION IN THE PLAN

- 7.1 A Participant may give notice to the Superintendent stating that the Participant wishes to suspend participation in the Plan for one school year as at September 1st which immediately follows such notice, in which case the Board until further notice as provided in clause 7.2 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 Board and interest thereon in accordance with clause 3.1, 3.2, 3.3 and 3.4(a) shall continue to bear interest until the Leave of Absence is taken or the Participant withdraws from the Plan.
- 7.2 A Participant who has given notice in accordance with clause 7.1 may give notice to the Superintendent, advising of wishes to become reinstated in the Plan in which case, on September 1st immediately following such notice, the Participant shall participate in the Plan for the remaining years.
- 7.3 A Participant may not suspend participation in the Plan more than once.
- 7.4 Suspension of participation under clause 7.1 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 Superintendent in accordance with this Administrative Procedure. Any amendment(s) shall be binding upon all present and future Participants.
- 8.2 No amendment shall be made to the Plan which will prejudice any tax ruling which is applicable to the Plan prior to the amendment.

HPSD Form [418](#)

REFERENCES