

Administrative Procedures Manual	Administrative Procedure 411
	Deferred Salary Leave Plan
	APPROVED: September 2013
Page 1 of 8	AMENDED/REVIEWED: August 2016, September 2019, August 2022
LEGAL REFERENCE:	Section 52, 53, 220, 222 Education Act Employment Standards Code Labour Relations Act Section 248L, Canada Tax Act Canada Income Tax Regulation 6801 Collective Agreements

Background

The Division shall operate a Deferred Salary Leave Plan to afford an eligible employee the opportunity to finance an unpaid leave of absence by deferring portions of the employee's regular salary to finance the year's leave of absence. Professional staff members shall be permitted, subject to appropriate procedures hereinafter set forth, to take a leave of absence during a period of regular employment.

Definitions

Eligible Employee means a full-time professional or paraprofessional staff member who has been employed by the Division for a minimum of five (5) years.

Board means the Board of Trustees of the Grande Prairie Public School Division.

Participant means an Eligible Employee who has completed a Memorandum of Agreement [AP 411 Appendix - Deferred Salary Leave Plan Agreement](#) and whose application for participation in the Plan has been approved by the Superintendent in accordance with section 5.2.

Memorandum of Agreement means the Agreement described in AP 411 Appendix - Deferred Salary Leave Plan Agreement.

Leave of Absence means the twelve (12) month period taken in accordance with the provision of section 5.3 and commencing at the beginning of the school year. In any event, a period of leave cannot be less than six (6) months as required by subparagraph 6801(a)(i) of the Income Tax Regulations.

Current Compensation "Amount" means the total compensation payable by the Board to the participant for the year, in accordance with the current Collective Agreement in force between the Board and the Alberta Teachers' Association or between the Board and the Support Staff as found in the General Pay Plan, or between the Division and an individual employee.

Accrued Interest means the amount of interest earned in accordance with section 6 on the monies retained by the Division on behalf of the participant calculated from the later of:

- The first date any such monies retained by the Division have been invested in accordance with section 6.3 or,
- The last date to which interest has been paid in accordance with section 6.5.

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Deferred Compensation Amount means the portion of the Current Compensation Amount which is retained by the Division for the participant in each year in accordance with section 6.1 and augmented from time to time by interest thereon calculated in accordance with section 6.3. but less all interest paid to the participant in accordance with section 6.5.

Deferral Period means the number of years for which compensation is deferred in accordance with section 6, including the years referred to in section 9, if applicable.

Procedures

1. The operation of the Deferred Salary Leave Plan shall be at no cost to the Division.
2. The number of participants in the Plan shall be determined, from time to time, by the Superintendent or designate.
3. The Superintendent or designate will consider the following criteria in determining eligible participants in the Plan:
 - 3.1 Five (5) years of service with the Division;
 - 3.2 Priority shall be assigned to employees who have not been previously granted a professional improvement leave or long term (one (1) year) leave of absence, exclusive of maternity leave;
 - 3.3 The number of professional staff members who are granted the leave provision shall be limited to a maximum of ten (10) per year. Staff members who are husband and wife shall be considered in light of the criteria;
 - 3.4 The degree of staff turnover in any school in any school year;
 - 3.5 The employee's reason for requesting a Leave of Absence. Priority may be assigned to those staff members whose reasons for requesting a leave are based in further educational study.
4. Administration of the Plan
 - 4.1 The office of the Secretary-Treasurer shall administer Deferred Salary Leave Plan.
5. Application

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- 5.1 An Eligible Employee who wishes to participate in the Deferred Salary Leave Plan shall:
 - 5.1.1 Make written application to the Superintendent or designate as per the *AP 411 Appendix - Deferred Salary Leave Plan Agreement*, on or before January in any year, and
 - 5.1.2 Shall state 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.
- 5.2 Approval of each application made pursuant to section 5.1 shall rest solely with the Superintendent.
 - 5.2.1 The Superintendent or designate shall, by March 31 of the year of application, advise the applicant of the approval/disapproval of the application.
 - 5.2.2 Any decision of the Superintendent shall not be subject to further review.
- 5.3 Participation of the Eligible Employee in the Plan shall 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 or designate then on the date which is approved by the Superintendent or designate.
- 5.4 An Eligible Employee shall complete and sign, by April 15, a revised Memorandum of Agreement *AP 411 Appendix - Deferred Salary Leave Plan Agreement*, which shall be accepted by the Superintendent or designate.

6. Funding for Leave of Absence

- 6.1 During each year prior to the Leave of Absence, the participant shall, for a maximum of five (5) years, receive the participant's Current Compensation Memorandum of Agreement for the leave year in question.
- 6.2 While participating in the plan, the amount of the Current Compensation amount which can be deferred by a participant in any one (1) year shall not exceed thirty-three and one-third percent (33 1/3%) of the Current Compensation in any calendar year.
- 6.3 The amount specified in 6.1 shall be retained by Division and shall be held, for each year thereon, until paid in accordance with 6.5. The amount shall be retained by the Secretary-Treasurer, in the name Grande Prairie Public School Division, in the Division's current bank of record.

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6.4 In consideration of the administration services performed by the Secretary-Treasurer, on behalf of the Division, the Participant shall indemnify and save the employer harmless against any expense, claim or liability arising out of or resulting from such investments authorized in 6.3.

6.5 Any amount of interest or other amounts earned on monies retained by the Division for each Participant, in accordance with 6.1, shall be paid to the Participant on each date specified in clause 5 of the Memorandum of Agreement *AP 411 Appendix - Deferred Salary Leave Plan Agreement* or as soon as possible thereafter.

6.5.1 Any interest and other amounts earned on monies retained by the Division in that calendar year in which the Deferral Period commences and for each calendar year thereafter shall be treated as employment income and shall be paid to the participant by December 31 of that year.

6.5.2 Such payments shall be reported on the annual T-4 prepared by the Division for the employee.

6.6 The Secretary-Treasurer shall, by July 31 of each year, prepare an Annual Report for each Participant as to the Deferred Compensation Amount retained by the Division, including any interest or other amounts which have not been paid out in accordance with 6.5.

7. Taking Leave of Absence

7.1 The Leave of Absence shall occur according to, and be governed by, the Memorandum of Agreement *AP 411 Appendix - Deferred Salary Leave Plan Agreement* as executed by the participant and the Board, but under no circumstances will the Deferred Period in excess of six (6) years be allowed.

8. Payment to Participants

8.1 The manner of payment to the Participant during the Leave of Absence shall be in instalments, commencing one (1) month following the start of the Leave of Absence being approximately equal to one-twelfth of the monies held by Division for the Participant, in accordance with section above as, determined at the beginning of the Leave of Absence.

8.1.1 In no event shall payment be made more frequently than monthly and all of the Deferred Compensation Amount will be paid to the Participant no later than the end of the first taxation year of the Participant that commences after the end of the period of deferral.

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8.2 The amount to be paid to the Participant during the Leave of Absence shall be related to the monies retained by the Division in accordance with section 6 but less any deductions made by the Division under 10.3.

8.2.1 Under no circumstances will the Participant receive any wages or salary during the Leave of Absence, other than the deferred amount, from the employer or other person or agency with whom the employer does not deal at arm's length.

8.3 The Division shall not pledge any of the investments referred to in 6.3 for any purpose whatsoever.

8.4 The participant shall not pledge or hypothecate any rights under the Plan as security for a loan.

9. Delay or Deferral of Leave

9.1 In the event a suitable replacement for the Participant cannot be obtained by April 1 in the school year preceding the school year in which the Leave of Absence is to be taken, the Superintendent may delay or defer the year of the leave.

9.1.1 Under no circumstances shall such delay or deferral exceed one (1) school year and the Participant must take the leave at the end of the Deferral Period or withdraw from the Plan at that time.

9.1.2 Under no circumstances shall such delay or deferral exceed one (1) school year and the Participant must take their leave at the end of such time or withdraw from the plan at that time.

9.1.3 This postponement will not move the commencement of the leave beyond six (6) years from the date of enrolment in the plan.

9.2 Notwithstanding the date shown on clause 4 of the Memorandum of Agreement *AP 411 Appendix - Deferred Salary Leave Plan Agreement* for the Leave of Absence, the Participant, may with the consent of the Superintendent, given not less than six (6) months prior to the scheduled date, postpone such leave for one (1) year.

9.2.1 This postponement will not move the commencement of the leave beyond six (6) years from the date of enrolment in the plan.

9.3 Subject to the provisions of section 9, the Leave of Absence shall commence immediately following the Deferral Period.

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10. Health, Welfare and Other Benefits

- 10.1 While the 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.
- 10.1.1 Unemployment Insurance Premiums shall be based on Gross Salary during the Deferral Period and shall not be payable during the leave of absence.
- 10.1.2 Canada Pension Plan deductions shall be based on net salary during both the deferral period and the leave of absence.
- 10.2 The Division will continue paying its share of applicable health benefit premiums for the participant during the non-leave school years of the Plan.
- 10.3 The Division will maintain applicable health and welfare benefit coverage for the Participant during the Leave of Absence, provided the Participant assumes the full costs for all benefits. Such costs do not reduce the amount to be included in the Participant's income during the leave of absence.
- 10.4 During the Leave of Absence, the Participant will not accumulate nor be entitled to the following:
- 10.4.1 Experience for salary increments;
- 10.4.2 Statutory holidays, maternity, sick or other leaves promotions; or
- 10.4.3 Seniority or recognition for service.
- 10.5 The Division will make pension deductions from payments to the Participant in accordance with the appropriate Pension Act.

11. Withdrawal from the Plan

- 11.1 A Participant who ceases to be employed by the Division must withdraw from the Plan. Within sixty (60) days the Division shall pay to the Participant the Deferred Compensation Amount.
- 11.2 In extenuating circumstances, such as financial hardship, and with the consent of the Superintendent, the Participant may withdraw from the Plan upon giving not less than six (6) months' notice of intent to do so prior to the date established for the Leave of Absence.
- 11.2.1 Within sixty (60) days of such withdrawal, the Division shall pay to the Participant the Deferred Compensation Amount.

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11.3 Should the Participant die, the Division shall, within sixty (60) days of notification of such death to the Division, pay the Deferred Compensation Amount to the Participant's estate, subject to the Division receiving the necessary clearances and proofs normally required for payment to estates.

11.3.1 Payment of any monies held shall be made to the estate no longer than December 31 of the year which commences after the deferral period.

12. Suspension from Participation

12.1 The Participant may on one (1) occasion while participating in the Plan, give notice to the Superintendent or designate stating the wish to suspend participation in the Plan for a period of twelve (12) months as at the anniversary date of enrolment in the Plan which immediately follows such notice, in which case:

12.1.1 The Division shall pay the Current Compensation Amount to the Participant as if not participating in the Plan for such year.

12.1.2 The Deferred Compensation shall continue to be held by the Division until the Participant withdraws from the Plan or takes the Leave of Absence.

12.2 Suspension of participation under 12.1 shall not change the year established for the Leave of Absence.

12.3 If the Participant has given notice in accordance with 12.1, the Participant's participation in the Plan shall be reinstated commencing on the first of the month which immediately follows the twelve (12) months in which the participation had been suspended.

13. Return Following Participation

13.1 On return from the Leave of Absence, the employee shall be assigned to a position with the Division in accordance with the following priorities:

13.1.1 A position similar to that previously vacated by the employee, or

13.1.2 A position for which the employee is qualified in accordance with training and/or experience.

13.2 After participation in the Plan, the employee's salary and benefits will be as set out in the current Collective Agreement and/or Salary Plan in force between the Board and the employee.

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13.3 The employee, on return to duties following the Leave of Absence, shall be reinstated at the same level of experience which existed prior to commencement of the leave.

14. Amendments

14.1 No amendment shall be made to the Plan which will prejudice any tax ruling which is applicable to the Plan prior to the amendment.