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## DEFERRED SALARY LEAVE PLAN

### Background

The Division will provide for a Deferred Salary Leave Plan as outlined in the Collective Agreement with the Alberta Teachers' Association, Local 11.

The Division desires to establish, for the benefit of certain eligible employees of the Division, a plan to enable them to fund leaves of absence from employment of not less than six (6) consecutive months through deferral of salary on such terms as may be set out in this Administrative Procedure.

It is intended that such plans qualify as prescribed plans within the meaning of Regulation 6801 of the Income Tax Act (Canada),

The following will set out the terms of the Deferred Salary Plan for the eligible Division employees.

### Definitions

*Accrued Interest* means the amount of interest earned in accordance with clause 2.2.1 on the monies retained by the Board on behalf of the participant, calculated from:

- The first day any of such monies has been received by the Administrator, or
- The last date to which interest has been paid in accordance with clause 2.5.1 whichever is later.

*Administrator* means an eligible financial institution as selected by the Deferred Salary Leave Committee under the agreement(s).

*Agreement(s)* means the agreement(s) in force from time to time between the Board and the Association.

*Association* means the Alberta Teachers' Association.

*Committee* means a committee as defined by agreement between the Board and the Association.

*Contract Year* means the twelve (12) month period from September 1 to August 31.

*Current Compensation Amount* means the total compensation payable by the Division to the participant for the contract year, including his/her proper salary and all allowances in accordance with the agreement(s) in force.

*Deferral Period* will be the number of years which compensation is deferred in accordance with clause 2.2.1 including the years referred to in clauses 4.1 and 5.1, if applicable.

*Deferred Compensation Amount* means the portion of the current compensation amount which is retained by the Division for a participant in each year in accordance with clause 2.2.1 and augmented from time to time by interest thereon calculated in accordance with clause 2.3.1 but less all interest paid to the participant in accordance with clause 2.4.1.

*Division* means the Board of Trustees of Grande Yellowhead Public School Division.

*Eligible Financial Institution* means any Canadian chartered bank, any trust company authorized to carry on business in Canada and any credit union authorized to carry on business in any province in Canada, or the Treasury Branches of Alberta.

*Eligible Teacher* means any teacher on a continuous contract and covered by the collective agreement between the Division and the Alberta Teachers' Association.

*Leave of Absence* means the period described in clause 3.1.1.

*Memorandum of Agreement* means the agreement described in Form 424-01 – Deferred Salary Leave Plan Memorandum of Agreement.

*Participant* means an eligible employee who has completed a memorandum of agreement and whose application for participation in the plan has been approved by the Superintendent in accordance with clause 1.2.1.

*Plan* means the Deferred Salary Leave Plan set out in this agreement and includes all amendments thereto.

*Superintendent* means CEO/Chief Superintendent of Schools.

## **Procedures**

### **1. Application Process**

#### **1.1 Formal Application**

1.1.1 In order to participate in the plan, an eligible employee must make written application by way of Form 424-01 to the Human Resources Department at least three (3) months prior to the requested commencement of deferrals under the plan or at a date otherwise agreed between the Board and the Association, stating the date when the eligible employee wishes the deferrals to commence.

#### **1.2 Approval**

1.2.1 The approval of each application made under clause 1.1.1 will rest in the sole discretion of the Superintendent.

1.2.2 The Human Resources Department will, at least one (1) month prior to the requested commencement of deferrals under the plan or at a date otherwise agreed between the Division and the Association advise each applicant of their approval or disapproval of their application, and if the latter, an explanation therefore.

#### **1.3 Date of Participation**

1.3.1 If the Superintendent gives their approval in accordance with clause 1.2.1 the participation of the eligible employee in the plan will become effective on the

date requested by the eligible employee, or if such date is not agreed to by the Superintendent then on a date which is agreed to by the Superintendent and the eligible employee.

2. Funding for a leave of absence will be as follows:

2.1 Compensation Deferred

2.1.1 During each year of the deferral period, the participant will receive their current compensation amount, less the percentage amount which the participant has specified in the Memorandum of Agreement which is to be retained by the Division and less statutory deductions and other withholdings.

2.1.1.1 Such percentage amount may be varied, subject to clause 2.1.2 by giving written notice to the Division at least three (3) months prior to September 1 in any year for the next or subsequent years.

2.1.2 The deferral period will not exceed six (6) years.

2.2 Maximum Percentage Deferred

2.2.1 The percentage of the annual compensation amount deferred by the participant cannot exceed thirty-three and one-third per cent (33 1/3%).

2.3 Investment of Deferred Compensation

2.3.1 The monies retained by the Division for each participant, in accordance with clause 2.1.1 including interest thereon, until paid out in accordance with clause 2.4.1, will be pooled and will be invested and reinvested by the Division in investments offered from time to time by the Administrator.

2.3.1.1 In making such determination, the Division and members of the Committee will not be liable to any participant for any investments made which are authorized by this clause.

2.3.1.2 The monies retained will be forwarded to the Administrator within fifteen (15) calendar days.

2.3.2 The Administrator agrees to establish an investment trust account in the name of the Division as trustee for the participants for the purpose of crediting all contributions of the participants in the Plan and agrees that the account will be used solely for such purpose.

2.3.3 The monies deposited with the Administrator are held in trust by the Division on behalf of the individual participants, and the Administrator will keep back-up records to enable the beneficial interest of each participant in the aggregate amount of the monies from time to time on deposit with the Administrator.

2.3.4 The Division and the Committee will not be liable to any participant or participants for the acts or defaults of each other or any error in judgment or for any act of omission or commission in the administration or management of the monies retained, provided such monies have been invested in an institution authorized by the provision of this clause.

2.3.5 The Division and members of the Committee will not be liable to any participant or participants for any loss suffered in respect to any investment or investments of the monies retained, whether complete loss or partial loss, either direct loss or indirect loss, provided the investment or investments were made in an institution authorized by the provisions of this clause.

- 2.4 Payment of Accrued Interest
  - 2.4.1 The Division will pay annually any accrued interest payable to each Participant under the Plan, in accordance with the instructions specified in clause 5 of Form 424-01 Deferred Salary Leave Plan Memorandum of Agreement.
  - 2.4.2 The interest paid to the Participant under the Plan is employment income and will be included on their T4 Statement of Remuneration Paid (slip) by February 28 of each calendar year for the preceding taxation year.
- 2.5 Reporting to Participants
  - 2.5.1 The Division will make an annual report to each participant as to the deferred compensation amount held as at December 31.
3. The taking of a leave of absence will be governed by the following provisions:
  - 3.1. The leave of absence will be for a full school year.
  - 3.2 Manner of Payment During Leave
    - 3.2.1 The time and manner of payment to the participant during the leave of absence will be consistent with those of the agreement(s).
      - 3.1.1.1 Each instalment will be approximately one-twelfth (1/12) of the monies excluding interest held by the Eligible Investor for the Participant in accordance with clause 2.1.1 as determined at the beginning of the Leave of Absence.
      - 3.1.1.2 In no event will payment be made more frequently than monthly.
  - 3.3 Amount of Payment During Leave
    - 3.3.1 The total of the payment to be made to a participant in accordance with clause 3.2.1 during a leave of absence will be the deferred compensation amount retained by the Division, but less any deductions made by the Division under clause 7.1 and any monies required by law to be paid by the Division for or on behalf of a participant.
    - 3.3.2 The participant will not receive any salary from the Division during the leave other than the deferred compensation amount.
4. Division's Right to Refuse Leave
  - 4.1 If the Division is unable to obtain a suitable replacement for a participant for the period of a leave of absence specified in the Memorandum of Agreement, the Division, upon not less than six (6) months' notice prior to the scheduled date for the commencement of the leave, may in its discretion defer the leave of absence on one (1) occasion only for one (1) year.
  - 4.2 In such case, the participant may choose to remain in the plan or may withdraw from the plan.
5. Participants Right to Defer Leave
  - 5.1 Notwithstanding the period of leave specified in the Memorandum of Agreement, a participant may, on one (1) occasion only, with the consent of the Superintendent given not less than six (6) months' notice prior to the scheduled date for the commencement of leave of absence.
  - 5.2 The leave of absence will immediately follow the deferral period.

## 6. Service Commitment

- 6.1 The participant will have a service commitment to the Division for a period not less than the period of leave.

## 7. Fringe Benefits

The provisions of fringe benefits will be as follows:

- 7.1 Pursuant to Article 13.6 of the Collective Agreement, during a leave of absence, the responsibility for payment of premiums for fringe benefits for a participant will be payable by the participant.
  - 7.1.1 The participant is obligated to pay one hundred per cent (100%) of the cost of any fringe benefit during the leave of absence.
  - 7.1.2 The Division will pay such cost on behalf of the participant on his/her request and deduct the monies so paid from the monies otherwise payable to the participant during the leave of absence.
- 7.2 While a participant is enrolled in the Plan, any applicable health and welfare benefits computed with reference to salary will be structured according to the current compensation amount.

## 8. Withdrawal

### 8.1 Termination of Employment

- 8.1.1 A participant who ceases to be employed by the Division also terminates participation in the Plan.

### 8.2 Withdrawal from Plan

- 8.2.1 A participant may withdraw from the Plan upon extenuating circumstances, such as financial hardship and upon giving written notice of withdrawal not less than six (6) months prior to the date on which the leave of absence is to commence and with the permission of the Superintendent.

### 8.3 Payment

- 8.3.1 Upon termination of employment and/or withdrawal from the Plan, the Division will pay to the participant the deferred compensation amount, including any unpaid interest within sixty (60) days. Upon such payment being made the Division will have no further liability to the participant.

### 8.4 Upon Death

- 8.4.1 Should a participant die, the Division will within sixty (60) days of notification of such death arrange with the Administrator for the payment of any deferred compensation amount retained at the time of death to the participant's estate, subject to the Division receiving any necessary clearances and proofs normally required for payment to estates.

## 9. Suspension From and/or Reinstatement In Participation in the Plan

- 9.1 A participant may, on one (1) occasion while they are participating in the plan, give notice to the Division that the participant wishes to suspend their participation in the plan.
  - 9.1.1 Suspension may only occur for a period of one (1) year, effective September 1 which immediately follows such notice; and

- 9.1.2 The Division will pay the current compensation amount to the participant as if they were not participating in the Plan for the year; and
- 9.1.3 The amounts previously retained by the Division and interest thereon in accordance with clause 2.2.1, less all interest paid to the participant in accordance with clause 2.5.1, will continue to be held by the Division until the participant withdraws from the Plan or takes a leave of absence.
- 9.2 If a participant has given notice in accordance with clause 9.1, the participant's participation in the Plan will be reinstated commencing on September 1 which immediately follows the year in which their participation has been suspended. However, the Deferral Period will include the year of suspension and will not be extended as a consequence of the suspension.

## 10. Amendment of the Plan

- 10.1 The Plan may be amended or terminated in accordance with Administrative Procedure 120 – Policy and Procedures Development, Review and Dissemination. Any amendment(s) will be binding upon all present and future participants.

## 11. General Administration

- 11.1 Direct internal administrative expenses of this Plan incurred by the Division will be borne by the Division. External charges, such as may be incurred by bank fees and charges for the administration of the investment component of the plan will be paid by the participant;
- 11.2 The composition of the Deferred Salary Plan committee is determined under Article 13.4 of the ATA Collective Agreement;
- 11.3 The assignment on return from leave will be determined by the Human Resources Department; and
- 11.4 The salary and benefits after the leave will be in accordance with by the ATA Collective Agreement.

Reference: Section 33,52,53,197,204,220,222 Education Act  
Employment Standards Code  
Labour Relations Code  
Section 248L, Canada Tax Act  
Canada Income Tax Regulation 6801 Collective Agreements

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