

DEFERRED SALARY LEAVE PLAN – DETAILS

This Deferred Salary Leave Plan has been developed to afford an eligible fulltime teacher the opportunity to finance a one (1) year leave of absence without compensation by deferring portions of their regular salary to finance the year of the leave. It is the intent that this Plan will be of no cost to the Division.

1. Definitions

Association means the Alberta Teachers' Association.

Board means the Board of Trustees of Peace River School Division

Current Compensation Amount means the total compensation payable by the Division to the Participant for the school year, including their proper grid salary and all allowances, per the current Salary Agreement in force between the Association and the Division.

Deferred Compensation Amount means the portion of the Current Compensation Amount which is retained by the Superintendent or designate 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 means a teacher as defined in the Division's Deferred Salary Leave Plan Administrative Procedure.

Individual Agreement means the agreement described in Form 410-1.

Leave of Absence means the twelve (12) 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 twelve (12) months.

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

Plan means the plan set out in this Appendix, and includes all amendments thereto.

Salary Agreement means the agreement in force between the Association and the Division pursuant to the applicable section of the Alberta Labor Relations Code.

School Year means the school operating year as established from time to time by the Division pursuant to the Education 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 enroll in the Plan, an Eligible Teacher must make written application to the Superintendent or designate on or before March 1, 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 or designate. The Superintendent or designate shall by April 30 of that year advise each applicant of approval or disapproval of their application
- 2.3 If the Superintendent or designate gives 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 or designate, then on a date which is approved by the Superintendent or designate.
- 2.4 Before becoming a Participant, an Eligible Teacher must complete and sign an Individual Agreement by May 15 which is accepted by the Superintendent or designate.

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 (5) school years, will receive their 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 Division. Such amount will be retained by the Division and be invested in accordance with clause 3.2. The Participant is not permitted to have a percentage of their Current Compensation Amount withheld which is in excess of thirty-three and one third percent (33.3%) per year that compensation is deferred.
- 3.2 The monies retained by the Division in accordance with clause 3.1 for each participant shall be pooled and shall be invested and reinvested by the Division 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 Division, the participating teacher shall indemnify and save the Division 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 Division for each Participant, in accordance with clause 3.1, including interest thereon shall be pooled and shall be invested and reinvested by the Division in investments offered from time to time by an Eligible Investor. The Division shall choose such Eligible Investor and in making such determination the Division shall not be liable to any Participant for any investments made which are authorized by this clause.
- 3.4 The Secretary Treasurer 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 31 of each year under the Plan.

- 3.4.1 The Division shall, on the following dates, pay to the Participant as employment income for income tax purposes, the accrued interest on their deferred compensation amount.
 - 3.4.1.1 On December 31, which occurs at the end of the calendar year in which the teacher becomes a Participant;
 - 3.4.1.2 Each December 31 occurring after the date specified in 3.4.1.1 above, while the teacher participates in the plan; and
 - 3.4.1.3 Last day of the leave of absence, or when the Division makes a payment under clause 4.4, 6.1, 6.2 or 6.3.
- 3.5 The Division shall deduct from the Deferred Compensation Amount, during the Leave of Absence, an administration fee, as established by Administrative Procedure 410 – Deferred Salary Leave Plan.
- 3.6 The amount of income tax to be deducted is dependent upon the Division receiving a ruling to the satisfaction of its solicitor from Canada Revenue Agency that the Deferred Salary Leave Plan contemplated hereby is not unlawful and is acceptable to Canada Revenue Agency 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 they are 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 procedures:

- 4.1 The Leave of Absence shall occur according to, and be governed by, applicable administrative procedures but under no circumstances will a deferral period in excess of six (6) years be allowed.
 - 4.1.1 Under no circumstances will a leave of absence of less than twelve (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 twelve (12) equal monthly installments commencing with the September regular payroll data as established by the Superintendent or designate, equal to 1/12th of the monies held by the Division for the Participant in accordance with clause 3.1 as determined at the beginning of the Leave of Absence.
 - 4.2.1 During the leave of absence, the Participant will not receive any salary or wages from the Division or any other person or partnership who does not deal at arm's length with the Division, other than the deferred compensation amount and the fringe benefits as set out in section 5.
- 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 Division in

accordance with clause 3.1 for such Participant, but less any deductions made by the Division under clause 5.1 and 3.5 and any monies required by law to be paid by the Division for or on behalf of the Participant.

- 4.4 If the Superintendent or designate is unable to obtain a suitable replacement for a Participant by May 15 for the period of the Leave of Absence, the Superintendent or designate may at their discretion, defer the Leave of Absence for one (1) school year. In such case, the Participant may choose to
 - 4.4.1 Remain in the Plan or they may withdraw from the Plan, in which case the Division shall pay to the Participant the Deferred Compensation Amount in one (1) lump sum payment within sixty (60) days of such withdrawal.
 - 4.4.2 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.
 - 4.4.3 This postponement will not move the commencement of the leave beyond six (6) years from the date of enrollment 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:
 - 4.5.1 Teaching experience for salary increments;
 - 4.5.2 Statutory holiday, maternity, sick or any other leaves, promotions.
- 4.6 The Superintendent or designate will endeavor to place the Participant, upon return from their leave, into a position no less favorable than that held prior to this leave.
- 4.7 The period of Leave of Absence shall not interrupt the continuity of the participating teacher's service with the Division. After participation in the Plan, the Teacher's salary and benefits will be as set out in the agreement then in force between the Division 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 or designate, given not less than six (6) months prior to the scheduled date, postpone such leave for one (1) year. This postponement will not move the commencement of the leave beyond six (6) years from the date of enrollment in the plan.
- 4.11 A participating teacher shall on or before April 15 in the school year of the leave, confirm to the Superintendent or designate in writing of their return to duty with the Division in accordance with clause 4.8.

5. Fringe Benefits

- 5.1 While a participating teacher 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 Division 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 Division will maintain applicable health and welfare benefit coverage 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 and Employment Insurance contributions.

6. Withdrawal

- 6.1 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 as provided in clause 4.4.
- 6.2 A Participant may apply to the Superintendent or designate to withdraw from the Plan at any time prior to March 1 in the year in which the Leave of Absence is scheduled to occur. The Superintendent or designate shall approve the request to withdraw only if there is financial or other hardship. Within sixty (60) days of approval by the Superintendent or designate of the withdrawal request the Division shall pay to the Participant the Deferred Compensation Amount as provided in clause 4.4.
- 6.3 Should a 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 any necessary clearances and proofs normally required for payment to estates.
- 6.4 In the event of withdrawal, the Division shall deduct from the Deferred Compensation Amount a withdrawal fee as established by Administrative Procedure 410 – Deferred Salary Leave Plan.

7. Suspension From Financial Participation in the Plan

- 7.1 A Participant may give notice to the Superintendent or designate stating that the Participant wishes to suspend their participation in the Plan for one (1) school year as at September 1 which immediately follows such notice, in which case the Superintendent or designate until further notice as provided in clause 7.2 shall pay the Current Compensation Amount to the Participant as if they were not participating in the Plan, but the amount previously retained by the Division and interest thereon in accordance with clause 3.1, 3.2, 3.3 and 3.4.1 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 or designate advising that they wish to become reinstated in the Plan in which case, on September 1 immediately following such notice, the Participant shall participate in the Plan for the remaining years.
- 7.3 A Participant may not suspend their 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 or designate in accordance with Administrative Procedure 410 – Deferred Salary Leave Plan. 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.

Adopted/Revised: JUN 2016/JUN 2019/NOV 2019/JAN 2023

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