

## 4060: SELF- FUNDED LEAVE PLAN (AP)

Approved: 89 04 18  
Amended: 90 10 02  
Amended: 92 10 02

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### **POLICY**

**The Board of Education considers it appropriate for employees to have the opportunity to periodically take a leave of absence for educational or personal reasons. Such leave must be at no direct cost to the Board.**

**A committee comprised of representatives of the Board, and the various employee groups will when necessary review the self-funded leave plan which permits employees to reduce their annual salary over a specified period so as to accumulate funds to be repaid to the employee during the leave of absence.**

**Administrative Officers and Teachers will normally take the leave for the duration of a school year; other employees may take the leave at appropriate times.**

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

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### **ADMINISTRATIVE PROCEDURES**

#### **1.0 PURPOSE OF THE PLAN**

- 1.1 It is desired to establish for the benefit of employees of the Board 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 plan.
- 1.2 It is intended that such plans qualify as "prescribed plans" within the meaning of Regulation 6801 of the Income Tax Act (Canada).
- 1.3 The following definitions shall apply:
  - 1.3.1 "Accrued interest" means the amount of interest earned in accordance with Clause 3.3 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 eligible financial institution, or

- the last date to which interest has been paid in accordance with Clause 3.5. whichever is later
- 1.3.2 "Board" means the Board of School Trustees, School District 70 (Alberni).
- 1.3.3 "Committee" means a committee as defined by agreement between the Board and representatives of employee groups.
- 1.3.4 "Contract year" means the 12-month period from July 1 to June 30.
- 1.3.5 "Current compensation amount" means the total compensation payable by the Board to the participant for the contract year, including his/her proper salary and all allowances in accordance with the applicable collective agreement or contract of employment.
- 1.3.6 "Deferral Period" shall be the number of years not to exceed six (6) years for which compensation is deferred in accordance with Clause 3.1, including the years referred to in Clauses 4.4 and 4.5, if applicable
- 1.3.7 "Deferred compensation amount" means the 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 3.5.
- 1.3.8 "Eligible employee" means an employee of the Board who has a minimum of eight (8) years of service in the District at the time of taking leave and who works a further two (2) years for each additional leave.
- 1.3.9 "Eligible financial institution" means any Canadian chartered bank, any trust company authorized to carry on business in the province of British Columbia, and any Credit Union authorized to carry on business in the Province of British Columbia.
- 1.3.10 "Leave of absence" means the period described in Clause 4.1.
- 1.3.11 "Memorandum of agreement" means the agreement described in Schedule "A".
- 1.3.12 "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 Board.
- 1.3.13 "Plan" means the self-funded leave plan set out herein and includes all amendments thereto.

## **2.0 APPLICATION**

### **2.1 Formal Application**

In order to participate in the plan, an eligible employee must make written application by way of Schedule "A" to the Secretary-Treasurer, at least three months prior to the requested commencement of deferrals under the plan or at a date otherwise agreed between the Board and the Committee stating the date when the eligible employee wishes the deferrals to commence.

2.2 Approval

The recommendation of each application made under Clause 2.1 shall be at the discretion of the Superintendent. Approval to be ratified by the Board.

2.3 Date of Participation

If the Board gives approval in accordance with clause 2.2, the participation of the eligible employee in the plan will become effective on the date requested by the eligible employee.

**1.0 FUNDING FOR LEAVE OF ABSENCE**

Funding for leave of absence shall be as follows:

3.1 Compensation Deferred

During each year of the deferral period, the participant will receive his/her current compensation amount, less the percentage amount which the participant has specified in the Memorandum of Agreement which is to be retained by the Board and less statutory deductions and other withholdings. Such percentage amount may be varied, by giving written notice to the Board at least one (1) month prior to the anniversary of the commencement date in any year and is subject to approval of the Committee.

3.2 Maximum Percentage Deferred

The maximum percentage of annual deferral of salary shall be as follows:

<u>No. of Years Deferred</u>	<u>% Annual</u>
<u>Deferral</u>	
2	30.0%
3	25.0%
4	20.0%
5	17.0%
6	15.0%

3.3 Investment of Deferred Compensation

The monies retained by the Board for each participant, in accordance with clause 3.1, including interest thereon (until paid out in accordance with clause 3.4) shall be pooled and shall be invested and reinvested by the Board in investments offered from time to time by an eligible financial institutions. The monies retained shall be forwarded to the eligible financial institution within fifteen (15) calendar days. The committee shall choose such eligible financial institution and in making such determination the Board

and members of the committee shall not be liable to any participant for any investments made which are authorized by this clause.

### 3.4 Insolvency

In the event that any of the monies retained and invested pursuant to the terms of this plan be lost by reason of insolvency of the eligible financial institution, the Board shall not be obliged to pay the participants any further amounts in respect to services for the deferral period.

### 3.5 Payment of Accrued Interest

The eligible financial institution shall pay the accrued interest on each December 31 to the participant.

### 3.6 Reporting to Participants

The financial institution shall make, no later than August 31 of each year, an annual report to each participant as to the deferred compensation amount held as at June 30.

## **1.0 TAKING LEAVE OF ABSENCE**

The taking of a leave of absence shall be governed by the following provisions:

### 4.1 Duration

4.1.1 Administrative Officers and Teachers will normally take leave for the duration of the school year.

4.1.2 Other employees may take leave at appropriate times.

### 4.2 Maximum Length of Leave

The Maximum length of leave shall be twelve (12) consecutive months.

### 4.3 Minimum Length of Leave

The minimum length of leave shall be for not less than six (6) consecutive months.

### 4.4 Manner of Payment During Leave

The time and manner of payment to the participant during the leave of absence shall be in accordance with a plan determined by the participant prior to the commencement of leave, but in any event payments shall not be more frequently than provided for the payment of regular salaries and all amounts payable shall be paid to the participant no

later than the end of the first taxation year that commences after the end of the deferral period.

#### 4.5 Amount of Payment During Leave

The total of the payments to be made to a participant in accordance with Clause 4.2 during a leave of absence shall be the deferred compensation amount retained by the Board, but less any monies required by law to be paid by the Board for or on behalf of a participant. The participant shall not receive any salary from the Board during the leave other than the deferred compensation amount.

#### 4.6 Board's right to Refuse Leave

If the board 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 Board, 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 occasion only for one year.

In such case, the participant may choose to remain in the plan or may withdraw from the plan.

#### 4.7 Participant's Right to Defer Leave

A participant may postpone the leave for up to one year where;

- the leave has not been previously postponed;
- the deferral period is for 5 years or less, and
- the Board approves such deferral six (6) months prior to the scheduled leave commencement date.

#### 4.8 Leave of Absence

The leave of absence shall immediately follow the deferral period.

#### 4.9 Receipt of Benefits During Leave

Subject to the terms of the benefit plans themselves, during the period of leave, the employee shall continue to receive medical, extended health, group life insurance and dental benefits and the costs of the employer's share of all benefits, including statutory, shall be paid by the employee.

The participant shall return to employment with the Board or with an employer that participates in the same or similar plan to fund leaves of absence for a period not less than the period of leave.

## **2.0 WITHDRAWAL**

### **5.1 Termination of Employment**

A participant who ceases to be employed by the Board also terminates participation in the plan.

### **5.2 Withdrawal from Plan**

A participant may withdraw from the plan 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.

### **5.3 Payment**

Upon termination of employment and/or withdrawal from the plan, the board shall pay to the participant the deferred compensation amount, including any unpaid interest, within sixty (60) days or, at the option of the participant, at a later date but no later than the end of the first taxation year that commences after the end of the deferral period. Upon such payment being made the Board shall have no further liability to the participant.

### **5.4 Upon Death**

Should a participant die, the Board shall within sixty (60) days of notification of such death pay any deferred compensation amount retained at the time of death to the participant's estate, subject to the Board receiving any necessary clearances and proofs normally required for payment to estates.

## **6.0 TERMINATION OR AMENDMENT PLAN**

### **6.1 AGREEMENT**

The plan shall not be amended without consultation with the representatives of the employee groups to whom the plan is offered.

## **7.0 GENERAL**

### **7.1 Administration**

The Board will bear the administrative expenses incurred by School District staff in administering the plan.

## 7.1 Other

The matters of the assignment on return from leave, the salary and benefits after the leave and the payment of fringe benefits during the leave shall be dealt with in accordance with the applicable collective agreement or contract of employment.



4060: APPENDIX I - SELF-FUNDED LEAVE PLAN MEMORANDUM OF AGREEMENT (AP)

I have read the terms and conditions of the Self-Funded Leave Plan and understand same and I agree to participate in the plan under the following terms and conditions.

1. Commencement

My deferral shall commence \_\_\_\_\_, 20 \_\_.

2. Number of Years of Participation

I shall participate in the plan for \_\_\_ years (not to exceed (6) years), and my leave of absence shall immediately follow thereafter but subject to the provisions of the paragraph 3 below.

3. Period of Leave

In accordance with Clause 4.8 of the plan, I shall take my leave of absence from \_\_\_\_\_, 20 \_\_ to \_\_\_\_\_, 20 \_\_, (not to be less than six (6) consecutive months) but I shall have the right in accordance with clause 4.7 of the plan to postpone such leave for twelve (12) months and the Board shall have the right, in accordance with clause 4.6 of the plan, to defer such leave for twelve (12) months.

4. Funding of Leave of Absence

In accordance with Clause 3.1, I direct that the percentage amounts as set out in this clause be withheld from my current compensation amount with respect to my participation in the Plan for the following years:

First Year	__%	Fourth year	__%
Second Year	__%	Fifth Year	__%
Third Year	__%	Sixth Year	__%

I understand that I may, by written notice given to the Board one (1) month prior to the anniversary of the commencement date in any year alter the percentage amount for the next or subsequent years, subject to approval of the Committee.

5. Return to Employment

I understand I must return to employment with the Board or with an employer that participates in the same or a similar plan to fund leave of absence for a period of time not less than the period of leave.

6. Payment of Accrued Interest

The eligible financial institution shall pay the accrued interest on each December 31 to the participant.

Employee Name \_\_\_\_\_  
(Please Print) SURNAME FIRST

Employee SIN or  
Personal Number \_\_\_\_\_

\_\_\_\_\_ Date: \_\_\_\_\_  
Yr Mo Day

Employee Address: \_\_\_\_\_

\_\_\_\_\_ City \_\_\_\_\_ Postal Code

Employee Signature: \_\_\_\_\_

Approved by Board on: \_\_\_\_\_  
Year Month Day

Secretary-Treasurer: \_\_\_\_\_