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## Accessing the Deferred Salary Leave Plan for Excluded Management and Excluded Professional Staff

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<b>Policy Sponsor:</b>	Director, Human Resources
<b>Name of Parent Policy:</b>	<a href="#">Deferred Salary Leave Plan for Excluded Management and Excluded Professional Staff Policy</a>
<b>Policy Contact:</b>	Manager, Payroll Services
<b>Procedure Contact:</b>	Manager, Payroll Services
<b>Effective Date of Procedures:</b>	January 1, 2010
<b>Review Date:</b>	Annually

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### Purpose

To provide information on how excluded management and excluded professional staff can access the Deferred Salary Leave Plan for Excluded Management and Excluded Professional Staff.

### Definitions

<b>Plan</b>	means the Deferred Salary Leave Plan, also referred to as DSLP.
<b>Participant</b>	means an eligible excluded manager or excluded professional employee whose application for participation in the Plan has been approved by the University.
<b>Deferral Period</b>	means the number of years over which a portion of the Participant's salary is deferred. The minimum deferral period is two (2) years, while the maximum deferral period is six (6) years.
<b>Flexible Stipend</b>	means an amount paid to a participant under the Flexible Benefit Plan Policy.
<b>Leave of Absence</b>	means the period of time a Participant will be receiving the Deferred Amount. The Leave of Absence shall not be less than three (3)



consecutive months where the leave is for full-time attendance at a designated educational institution, within the meaning assigned by subsection 118.6(1) of the Income Tax Act. If the Leave of Absence is for any other purpose, it cannot be less than six (6) consecutive months. The maximum Leave of Absence is twelve (12) months.

- Trustee** means a trust company or financial institution incorporated under the laws of Canada or a Province that is eligible to maintain trust accounts for these types of plans.
- Normal Gross Pay** means the salary the Participant would regularly be paid, including any applicable flexible stipend.
- Deferred Amount** means the portion of Normal Gross Pay which is held "In Trust" on behalf of the Participant in each year in accordance with this Plan, but less all amounts paid out under the terms of this Plan. The Deferred Amount cannot be less than ten percent (10%) nor more than thirty-three and one third percent (33-1/3%) of the participant's Normal Gross Pay in any calendar year.

## **Procedures**

### **1.0 Eligibility**

- 1.1 Permanent Excluded Managers and Excluded Professionals
- 1.2 Term Excluded Managers and Excluded Professionals can participate after having filled a term position for five (5) consecutive years.

### **2.0 Application to the Plan**

- 2.1 An application to participate in the Plan must be made in writing to the employee's manager at least one month before the proposed start date of the deferral period. The application must include the date that the deferral of salary is to start, the percentage of annual salary to be deferred and the start and end dates of the intended Leave of Absence.
- 2.2 A request to participate in the Plan must be approved by the employee's manager and the appropriate executive officer, to ensure operational requirements of the department can be met during the Leave of Absence.
- 2.3 The approved application will be reviewed by Human Resources for review to ensure the application meets the conditions set out in the Deferred Salary Leave Plan.
- 2.4 If an employee moves to a new department during the deferral period, continued participation in the Plan is subject to the approval of the new manager and the appropriate executive officer. If it is necessary for the Employer to cancel participation in



the Plan or to delay the start date of the leave of absence, the employee will be provided with the reasons in writing. A delay will not move the start date of the Leave of Absence beyond six (6) years from the date that the deferral of salary commenced. In the case of cancellation, the amount of accumulated deferred salary less income tax and any interest not already paid will be paid to the employee.

### **3.0 Deferral of Salary**

- 3.1 During each plan year prior to the leave, the University deducts the deferred salary from the employee's earnings and pays such amount to the Trustee to be held and invested for the employee.
- 3.2 The Trustee establishes a separate account for each employee. The Trustee holds and invests the deferred salary received in accordance with the provisions of the Trust Agreement. Investments are made by the Trustee and bear interest at the applicable rate of interest for such accounts.
- 3.3 The Trustee provides each employee with an annual report showing the aggregate of deferred salary held in trust in the employee's account and the interest earned and payments made.

### **4.0 Changes to the Application**

#### **4.1 Change in Percentage of Deferred Amount**

The participant may apply to alter the percentage of the Deferred Amount for the next or any subsequent year. At no time will the Deferred Amount be less than 10% or more than 33 1/3% of the Participant's Normal Gross Pay in any calendar year.

An application may be made to amend the percentage of the Deferred Amount due to financial hardship. The application must be made directly to the Director, Human Resources for review and approval.

#### **4.2 Change in Length of Deferral Period**

The Participant may apply to change the length of the Deferral Period. At no time will the Deferral Period be less than two (2) years nor exceed six (6) years.

#### **4.3 Postponement of Leave of Absence**

The commencement of the Leave of Absence may be delayed for up to one year by the department or the Participant due to unforeseen and extenuating circumstances. The Leave of Absence may only be postponed once by each of the department and/or the Participant.

In no event will the start of the Leave of Absence be postponed beyond six (6) years from the date of enrollment in the Plan.



In the event that a Maternity leave or a Parental leave occurs during the deferral period, participation in the Plan may be suspended for a maximum of fifteen (15) weeks.

#### 4.4 Withdrawal from the Plan

A Participant who ceases to be employed by the University is considered to be withdrawn from the Plan. Within thirty (30) days, the University shall pay to the Participant the Deferred Salary.

In the case of unforeseen and extenuating circumstances, such as financial hardship, and with the approval of the University, the Participant may withdraw from the Plan upon giving not less than three (3) months' notice of intent to do so prior to the date established for the Leave of Absence. Within sixty (60) days, the University shall arrange to pay to the Participant the Deferred Salary plus interest.

In the event of the death of a Participant, the University shall pay the Deferred Salary to the Participant's estate, subject to the University's receiving the necessary clearances normally required for payments to estates. Payment is to be made within thirty (30) days upon receipt of such clearances and proofs.

A participant who withdraws from the Plan is required to wait a minimum of twelve (12) months before applying again.

#### 5.0 Vacation

Vacation entitlement accrues on the Participant's regular FTE during the salary deferral period, but not during the leave of absence.

#### 6.0 Sick Leave

Sick leave entitlements accrue during the salary deferral period, but not during the leave of absence.

#### 7.0 Pension

Contributions to the pension plan can be made as if the employee was working at full salary, but only during the deferral period. Alternatively, contributions to the pension plan can be made based on the actual amounts received (instead of Normal Gross Pay) during the Deferral Period and Leave of Absence.

#### 8.0 Salary Increments

Annual COLA and Merit changes apply during salary Deferral Period.



## 9.0 Return to Work

Following the Leave of Absence, the Participant must resume employment with the University for a period as long as the Leave of Absence. This is required by Income Tax Regulation 6801(a) (v) to ensure that the Plan will not serve as an early retirement benefit.

### **Applicable Legislation and Regulations**

*Income Tax Act* and paragraph 6801 of the *Income Tax Regulations*  
*Income Tax Act*, subsection 118.6(1)

### **Related References, Policies, Procedures and Forms**

[Deferred Salary Leave Plan for Excluded Management and Excluded Professional Staff Policy](#)  
[Flexible Benefit Plan for Excluded Management and Excluded Professional Staff Policy](#)  
[Flexible Benefit Plan for Excluded Management and Excluded Professional Staff Procedures](#)

Deferred Salary Leave Plan for Excluded Management and Excluded Professional Staff Application Form (in development)

### **History**

Partial replacement for Flexible Benefit Guidelines for Excluded Management and Excluded Professional Staff