



Policy Name	OOS Deferred Salary Leave Plan		
Policy #	710	Category	Human Resources
Approved by	President & CEO	Issue Date	May 25, 2011
Policy Sponsor(s)	CFO & VP, Administrative Services	Revision Date	September 7, 2016

See the related [POLICY](#).

DEFINITIONS

SALARY AND BENEFITS DETAILS AND DEFINITIONS

Canada Pension Plan

During Deferral: Calculated on the prevailing pay; applicable employer contributions to continue

While on Leave: Calculated on the prevailing pay during the leave of absence and based on the then current CPP rates; applicable employer contributions to continue.

Dental Plan

Out of Scope Band 1 - 11

During Deferral: Coverage continues at no cost to the participant

While on Leave: Coverage continues at no cost to the participant.

Disability Income Plan

Out of Scope Band 1 - 9

During Deferral: Coverage and employer and participant premiums are calculated on the normal gross pay.

While on Leave: Benefits and employer and participant premiums are calculated on the prevailing pay during the leave of absence and the then current premium rates.

Out of Scope Band 10 – 11

During Deferral: Coverage and employer and participant premiums are calculated on the normal gross pay.

While on Leave: Under the executive benefits plan, for any leave of absence other than maternity or parental leave, disability income insurance remains in force for thirty-one (31) days after the leave starts. Premiums are fully paid by the participant and MUST be prepaid prior to the participant’s leave via lump sum payment or postdated cheques made payable to Saskatchewan Polytechnic. Disability income insurance is terminated after thirty-one (31) days and will not be reinstated until the employee is actively at work.

Employment Insurance

During Deferral: Calculated on the normal gross pay; applicable employer premiums to continue.

While on Leave: No premium payable, therefore, there is no benefit entitlement until working the minimum requirements upon return from leave of absence.

Extended Health Care Plan

Out of Scope Band 1 - 11

During Deferral: Coverage continues at no cost to the participant.

While on Leave: Employee pays premium if they elect to continue coverage.

Flexible Benefits

Receipt of flexible benefits will continue during the deferral period at the level appropriate to the participant's position. The options available for flexible benefits allocation during the **FISCAL** year in which the leave begins, and any portion of the following fiscal year, will be evaluated on an individual basis considering the leave start date and preferred allocation. Due to tax implications, some options may not be available during the fiscal year(s) the employee is on leave.

Group Life Insurance

During Deferral: Coverage and employer and participant premiums calculated on the normal gross pay.

While on Leave: Coverage and employer and participant premiums calculated on the normal gross pay had the individual not participated in the Plan and the then current premium rates.

Income Tax

During Deferral: Calculated on the prevailing pay during deferral period

While on Leave: Calculated on the prevailing pay during the leave of absence and based on the then current tax rates.

Other Deductions

During Deferral: To be deducted as usual (e.g. CSBs, RRSPs, charities, etc.)

While on Leave: Same as during deferral period

Pension Plan

During Deferral: Both the employer and participant's contribution calculated on normal gross pay.

While on Leave:

Defined Contribution Plan (PEPP): As a member of PEPP, you are considered on an approved Leave of Absence and **will have the option to contribute** for the leave period **when you return to work**. Participant and employer contributions are based on the participant's gross pre-deferral salary.

The participant's decision and payment of contributions from their leave of absence must commence within ninety (90) calendar days of the participant's return to work.

If the participant does not elect to contribute within ninety (90) calendar days of their return to work, the participant is not eligible to contribute for the period of the leave.

The participant's decision to contribute or not contribute for the period of leave cannot be revoked after their election has been received by PEPP.

Defined Benefit Plan (PSSP, STF, MEPP): As a member of a defined benefit pension **the participant is required** to make pension contributions based upon their gross pre-deferral salary, on the basis of one of the following payment options:

- Lump-sum payment payable upon the participant's return from the leave of absence;
- Upon returning to work, instalments through payroll deduction not to exceed the number of months the participant was on leave of absence; or

The participant's credited service will continue to accrue on a calendar year basis.

Prevailing Pay

During Deferral: Normal gross pay less the deferred amount.

While on Leave: Deferred amount divided proportionately, by pay period, during leave of absence.

PROCEDURES

1.0 Eligibility for a deferred salary leave

- 1.1 In order to be eligible for a deferred salary leave, an employee must have completed their probationary employment period.
- 1.2 An eligible employee wishing to participate in the OOS-DSLPP must submit a Request for Approval to their immediate out-of-scope supervisor at least three months prior to the date they wish to start participating in the deferral portion of the plan.
- 1.3 Applications must specify the intended start and end dates of the leave of absence and the purpose of the leave; otherwise the leave of absence will be denied. An out-of-scope supervisor may not unreasonably withhold approval of an employee's participation in the OOS-DSLPP.
- 1.4 Applications not granted by the out-of-scope supervisor will be returned to the applicant together with a valid reason it has been denied.
- 1.5 An employee who is promoted or transferred to a different unit/department during the period of deferral must obtain approval from the new out-of-scope supervisor for continued participation in the deferred salary leave plan. The new out-of-scope supervisor may not unreasonably withhold approval of the employee's participation in the OOS-DSLPP.

2.0 Funding for Leave of Absence

- 2.1 The deferred amount must be between 10% and 33.3% of the participant's regular salary.
- 2.2 Regular salary paid to the participant includes any applicable retroactive salary but excludes other special payments such as temporary market supplements in any calendar year.
- 2.3 The selected percentage will be automatically deducted from the employee's monthly pay.

- 2.4 Payroll will maintain an individual account for the deferred amount of each participant in the plan; however, the amount will not be held in a segregated fund.
- 2.5 The employer unconditionally guarantees payment of the deferred amount.
- 2.6 The interest rate to be applied to the deferred amount is guaranteed to be the same rate as the employer receives on short-term investments.
- 2.7 Interest shall be included in the taxable income of the participant.
 - 2.7.1 Saskatchewan Polytechnic will pay in cash all the interest accrued on the deferred amount during the calendar year to the participant:
 - a) as part of the last pay cycle of the calendar the year during the deferral period;
 - b) as part of the pay cycle immediately following the end of the leave of absence;
 - c) as part of the pay cycle immediately following the day that participation in the plan ceases due to withdrawal from the plan or upon the death of the participant;
- 2.8 During the Deferral Period:
 - 2.8.1 Any applicable pension contributions and benefits computed with reference to salary shall be structured according to the normal gross pay. Normal gross pay includes all earnings including applicable retroactive salary and special payments such as temporary market stipends
 - 2.8.2. Where permitted or required by the provisions of The *Income Tax Act* and/or the applicable benefits policy, the employee and employer will continue paying the regular share of health and welfare premiums; and
 - 2.8.3 Pensionable service and pension accruals shall conform to the provisions of the appropriate pension plan, and will include prescribed compensation as permitted and described in The *Income Tax Act* and Regulations.

3.0 Taking Leave of Absence

- 3.1 A leave of absence must be no less than three (3) consecutive months where the leave is to be taken by the eligible employee for the purpose of permitting full-time attendance at a designated educational institute, within the meaning assigned by Subsection 118.6(1) of the *Income Tax Act*, and not less than six (6) consecutive months in any other case, nor more than twelve (12) consecutive months.
- 3.2 The leave of absence will occur according to the agreement between the employer and employee, but under no circumstances will a deferral period be in excess of six years.
- 3.3 Upon valid justification, Saskatchewan Polytechnic may delay the leave of absence for up to one year, or upon mutual agreement between the employer and the employee the leave may be postponed for up to one year as long as the delay does not extend the start of the leave period to longer than six years after the start of the deferral period.
- 3.4 During the leave of absence the participant will receive payment, through automatic bank deposit to the participant's account on the same pay schedule as when the employee was working.
- 3.5 The monthly payments paid to the participant during the leave of absence will be proportionate to the amount of money deferred by the employee and the will be paid out during the duration of the leave of absence, less the appropriate deductions.

- 3.6 The leave of absence is required to begin immediately following the deferral period.
- 3.7 Employees must pay any premiums for required benefits before the leave starts via a lump sum payment or post-dated cheques.
- 3.8 During the leave of absence period:
 - 3.8.1 All the applicable organizational policies and provisions respecting an unpaid leave of absence will apply;
 - 3.8.2 Where permitted or required by the provisions of The *Income Tax Act* and/or the applicable benefits policy, the employee and employer will continue paying the regular share of pension contributions and health and welfare premiums; and
 - 3.8.3 Pensionable service and pension accruals shall conform to the provisions of the appropriate pension plan and will include prescribed compensation as permitted and described in The *Income Tax Act* and Regulations.

4.0 Withdrawal from the Plan

- 4.1 An employee's participation in the OOS-DSLPP must be withdrawn upon:
 - 4.1.1 the employee ceasing to be an employee of the employer
 - 4.1.2 the employee having been a recipient of long-term disability benefits for more than two years;
 - 4.1.3 the employee failing to take the leave of absence; or
 - 4.1.4 the employee's death.
- 4.2 When an employee withdraws from the plan, Saskatchewan Polytechnic will pay the employee or the beneficiary, as applicable, the deferred amount no later than three months after the withdrawing date.
- 4.3 In cases of extreme financial hardship, and with the consent of the associate vice-president of human resources, or designate in consultation with the supervisor, the employee may withdraw from the plan providing the request for such withdrawal is received at least six months before the established commencement date of the leave of absence. In the event of such a withdrawal, the deferred amount shall be paid to the participant within three months.

5.0 Suspend Participation in the Plan

- 5.1 Upon written notice to the Saskatchewan Polytechnic, an employee may suspend participation in the plan:
 - 5.1.1 Upon taking an unpaid leave of absence; or
 - 5.1.2 Within the first year of becoming a recipient of long-term disability benefits.
- 5.2 If the reason for suspending participation in the OOS-DSLPP ceases to exist, the participant will be re-instated in the plan upon returning to active employment.
- 5.3 Any suspension of participation cannot extend the deferral period beyond six years.

6.0 Return Following Participation in the Plan

- 6.1 The OOS-DSLPP is a prescribed plan under The *Income Tax Act*. Therefore, the terms and conditions of the plan are governed by federal legislation.
- 6.2 According to Section 6801(a)(v) of The *Income Tax Regulations*, participating employees must return to regular employment after the leave of absence for a period that is not less than the period of the leave of absence. They must return to the same employer or one that participated in the same or similar arrangement.
- 6.3 Saskatchewan Polytechnic is obliged to advise the Canada Revenue Agency (CRA) of all participating employees that do not comply with the above section of The *Income Tax Regulations*.
- 6.4 The OOS-DSLPP cannot serve as an early retirement benefit (i.e. an out-of-scope employee cannot retire immediately following the leave of absence.).
- 6.5 At least two months prior to the end of the leave of absence, the out-of-scope employee must advise human resources in writing of the intent to return to work.

7.0 General Provisions

- 7.1 The plan will not constitute a contract of employment between the employee and Saskatchewan Polytechnic.
- 7.2 Saskatchewan Polytechnic reserves the right to terminate a participant at any time.
- 7.3 No amendment to the plan will be made that will prejudice any tax ruling that is applicable prior to the amendment.