

Topic:	Deferred Leave Plan with Salary Holdback
Effective:	December 2011
Cross-Reference:	Halton District School Board Employment Equity Policy
Revision Date:	December 2021
Review Date:	December 2026
Responsibility:	Superintendent of Human Resources

INTENDED PURPOSE:

The Halton District School Board recognizes that the quality of educational service is dependent upon the quality of staff and wishes to provide an opportunity for employees to expand their knowledge and understanding through professional activities and recognizes the potential benefits to be derived by employees and the school system from leaves of absence devoted to professional development, and rejuvenation.

To allow for employees to access such leaves, the Halton District School Board offers a Deferred Leave Plan with Salary Holdback for members of the Branch Affiliates (ETFO, OSSTF), members of Senior Management and other Administrative Staff (Superintendents, MASS), 12-month members of the Office/Clerical/Technical Unit – OSSTF (OCTU).

PROCEDURES**Rationale**

A Deferred Leave Plan with Salary Holdback will permit members of our staff to financially plan for and take a period of leave from their normal responsibilities. This particular leave plan, while it may provide benefits to the system, will impose no additional costs to the Board. This plan will allow staff time for professional development and rejuvenation, which will assist them in meeting new challenges.

Regulations:

Deferred Salary plans are governed by Canadian Income Tax Regulations (ITA Reg. 6801)

1. Fixed Percentage of Savings: Regulations require a fixed rate of savings throughout the deferral period. An X/Y Plan provides options for determining the period of leave and the period of savings. Under this method, the employee saves for X number of years in order to finance the period of leave. Y equals the number of years of savings plus the year of leave.

For example, if the employee opts for a 4/5 method, they would save and defer twenty percent (20%) of their salary each year for four (4) years, take a leave of absence in the fifth year, and be paid the amount saved (80% of salary) over a twelve (12) month period. See the Deferred Leave Guide for a complete list of X/Y options.

2. Duration of Leave

The Deferred Leave duration, subject to the approval of the Principal/Supervisor, the appropriate Superintendent and Superintendent of Human Resources, will be one of the following:

- a full school year (September to June), or
- a full semester for Secondary staff, or
- in extenuating circumstances, a partial year which occurs at a natural break in the school year for Elementary staff and non-teaching staff.

3. The maximum number of years in which salary may be deferred prior to taking the leave of absence is six (6) years.

4. Eligibility

The employee must be a permanent employee and have a minimum two (2) consecutive years' experience with the Board beyond the identified probationary period at the time of application. In addition, members enrolled in the Teachers' Pension Plan must be an active member for a minimum of three full years prior to deductions being started.

5. Return from a Leave

It is expected that an employee who has been on a leave will return to work for at least the same duration of their leave before retiring or taking another Deferred Leave.

6. Approval of Applications

Leaves shall only be approved by the Superintendent of Human Resources, provided the services of the Board are maintained.

7. Number of Leaves Granted

- a) The number of leaves granted for any one (1) year shall not exceed two per cent (2%) of the membership or two leaves per employee group, whichever is greater, provided this does not prevent the Superintendent of Human Resources from ensuring the needs of the Board are maintained.
- b) Maximum Duration of Leaves per Employee
The duration of deferred leaves per employee can be no greater than two years in total during the employee's tenure with the Board.

8. Period of Leave

The period of leave shall immediately follow the period of savings.

9. Funding and Payment

- a) Prior to becoming entitled to receive, and/or prior to earning an amount of remuneration, the employee must formally contract with the employer that only a part of the remuneration otherwise payable will be paid to the employee in that period and the remainder will be retained by the employer and paid to the employee in a later period.
- b) The amount of salary to be deferred must be fixed over the savings period. Available options are outlined in the Deferred Leave Guide for both full year leaves and single semester leaves. The X/Y method is used to determine the savings rate, which is subject to a maximum rate of 33.33% per annum as stipulated by Regulation.
- c) The portion of the salary that is held back shall be placed in trust with the Halton District School Board with a chartered bank acting as agent. Interest earned thereby shall accrue to the trust less the administration fee of 1%. Throughout the employee's participation in the plan, the control of the trust shall be vested solely in the Board on behalf of the employee and the Halton District School Board shall be the sole beneficiary of the trust.
- d) During the leave of absence, the sum accumulated in the trust shall be paid to the employee in the same manner as their salary would if the employee were not on a leave of absence. Accrued interest will be paid to the employee as a separate arrangement.
- e) Any special pay arrangements must be mutually agreed to between the Board and the employee.
- f) An employee, during the period of deferral, has no access to the deferred monies so long as that employee remains in the leave plan.
- g) An employee who, during the period of savings, is granted pregnancy/parental leave and/or adoptive leave, and who by reason thereof receives only a portion of their regular salary, will be required to continue allocating savings to the plan at the same fixed rate that was set out in the agreement based on that portion.

10. Surplus/Redundancy

The terms of the current Collective Agreement or Terms and Conditions of Employment in effect with respect to leaves shall apply to the deferred leave with salary holdback. If an employee is declared redundant before the year of leave, the employee shall receive all monies deposited plus accrued interest subject to arrangements with the Board.

11. Sick Leave Credits

No sick leave credits shall be allocated while the employee is on leave. Any unused sick leave credits in the employee's sick leave account at the start of the leave period shall be retained and recorded to the employee's credit upon return from the leave for the purpose of sick leave top-up only.

12. Benefits

Employees will be responsible for paying the full cost of any benefit contributions during the period of Deferred Salary Leave.

13. Administration Charges

The Board will incorporate the following administration charges.

- a) Lump Sum Fee: Any change to the original signed contract will result in a \$25 charge as determined by the Superintendent of Human Resources or designate.
- b) A 1% Administration Fee will be charged by the Board on the interest earned by employees participating in the plan.

14. Pension

a) Teachers' Pension Plan

During the deferred leave, the Board must deduct the regular amount determined by T.P.P. from employees and make payment to the Teachers' Pension Plan on the salary they would have earned during the leave period.

b) Ontario Municipal Employment Retirement System (O.M.E.R.S.)

O.M.E.R.S. expects normal payment based on total salary for the first four (4) years. The fifth (5th) year will be treated as "broken service" and it would be the responsibility of the employee to either buy the broken service or not buy it. If the employee decides to buy the broken service, the employee would have to pay both contributions to OMERS (i.e., the employee and Board share).

15. Confirmation of Leave Agreement

For teaching staff, both the Board and the employee shall confirm in writing the acceptance, postponement or cancellation of the leave by February 1 should the leave commence September 1 of the same calendar year or by September 1 should the leave commence February 1 of the following calendar year. In the case of non-teaching staff, the employee shall confirm in writing the acceptance, postponement or cancellation of the leave six (6) months before the date of commencement of the leave. After the confirmation date, it shall be understood that a leave granted and accepted is a leave to be taken unless terminated or postponed by the mutual consent of the employee and the Superintendent of Human Resources. An employee may opt out of the plan and, when doing so, will be entitled to the monies withheld plus interest accrued thereon to the date of withdrawal. Any changes to the agreement would be subject to a \$25 administration fee.

16. Termination of Employment

Should the employment be terminated, all monies deposited plus accrued interest shall be refunded to the employee. The principal plus any interest that has not been previously reported on a T4A will be considered income for income tax purposes. Pursuant to the Income Tax Act, in the event of the employee's death, any amount of the deferred remuneration that remains unpaid at the time of the employee's death will be brought into the employee's income for the taxation year in which the death occurred. The payment will be made to the employee's estate.

17. Seniority

The Deferred Leave with Salary Holdback shall be treated as experience only for seniority purposes with the Board, within the meaning of surplus redundancy clauses in the Collective Agreement, but shall not entitle the employee to an increment for the period of the leave nor will it be allowed when the employee returns.

18. Additional Terms and Conditions

All terms and conditions of the Collective Agreement or of the Terms and Conditions of Employment in force at the time of each step in this plan shall prevail in the implementation of the agreement.

19. No Break in Service

A leave of absence under this plan will not be construed as a break in service but will not count as a year's working experience towards the calculation of payment for retirement gratuity where applicable.

20. Steps in the Application Process

The employee will forward the application form to the Superintendent of Human Resources no later than April 30 preceding the school year in which the employee wishes to enter the plan.

If the Superintendent of Human Resources, in consultation with the Principal or Supervisor and the appropriate Superintendent approves the deferred leave request, the Superintendent of Human Resources' decision will be communicated to the employee, Supervisor/ Principal and appropriate Superintendent.

If the deferred leave is approved, both the employee and the Superintendent of Human Resources will sign a Memorandum of Agreement prior to commencement of the savings portion of the plan.

NOTE: The expected timeline from the date of application to the date of approval shall be approximately two (2) months.