

## 1. DEFINITIONS

**Accrued Interest** means the amount of interest earned in accordance with clause 3.3 on the monies retained by the Division on behalf of the participant.

**Current Compensations Amount** means the total compensation payable by the Division to the participant for the school year, including his/her appropriate grid salary and any allowances, per the current collective agreement in force between the Alberta Teachers Association (ATA) and the Division in the case of teachers. It means the total compensation payable by the Division to the participant for the school year, including allowances, for employees other than teachers.

**Deferred Period** shall be the number of 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.

**Eligible Employee** means a certified teacher employed by the Division and who is part of the Collective Agreement between the Division and the Local ATA and/or any full time employee of the Division.

**Eligible Investor** means any Canadian chartered bank, or trust company authorized to carry on business in the province of Alberta and who maintains Canada Deposit Insurance, and any credit union authorized to carry on business in the province of Alberta or the Alberta Treasury Branch as recommended by the committee.

**Leave of Absence** means the period described in clause 4.6.

**Participant** means an eligible employee who has completed a Deferred Salary Leave Plan Agreement ([Form 4-27](#)) and whose application for participation in the plan has been approved by the Superintendent or designate in accordance with clause 2.3.

## 2. APPLICATION

2.1 To be eligible, an employee must have served with the Division as a full time employee for a period of at least three years. In order to participate in the plan, an eligible employee must make written application by the way of [Form 4-27](#) to the Superintendent on or before March 31st, stating the date when the eligible employee wishes to participate in the plan and school year in which the leave of absence is to be taken.

### Approval

2.2 All applications will be reviewed by the Superintendent prior to April 15th. No more than two teachers and no more than two non-teaching employees shall be approved per year.

The approval of each application made under clause 2.1 shall rest solely with the Superintendent. The Superintendent of Schools shall, by May 15th of that year, advise each applicant of the status of his/her application.

#### **Date of Application**

2.3 If the Superintendent gives approval in accordance with clause 2.2, the participation of the eligible employee in the plan will become effective on September 1st following the date of approval, or a date agreed to by the Superintendent and the eligible employee.

### **3. FUNDING FOR LEAVE OF ABSENCES**

#### **Compensation Deferred**

3.1 During each school year prior to the leave of absence, the participant, for a maximum of six school years, will receive his/her current compensation amount less the percentage amount which the participant has specified in the Deferred Salary Leave Plan Agreement for the school year in question which is to be retained by the Division. Such percentage in question will be retained by the Division and will be invested in accordance with clause 3.3.

#### **Maximum Percentage Deferred**

3.2 The percentage of the current compensation amount deferred by the participant cannot exceed the percentage amount obtained when 100% is divided by the number of years the participant states he/she will participate in the plan, including the leave of absence year. This formula applies even if the leave of absence is deferred under clauses 4.4 and 4.5. In any case the deferral amount cannot exceed 33 1/3%.

#### **Investment of Deferred Compensation**

3.3. The monies retained by the Division 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 Division in investments offered from time to time by an eligible investor. The Secretary Treasurer 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.

#### **Non-Liability of Division**

3.3.1 The Division shall not be liable to any participant or participants for the acts or defaults of each other or for any error in judgment or for any act of omission or commission in the administration or management of the monies retained, provided such monies have been invested in an institution authorized by the provision of this clause. The Division shall not be liable to any participant or participants for any loss suffered in respect to any investment or investments of the monies retained, whether complete loss or partial loss, either direct loss or indirect loss, provided the investment or investments were made in an institution authorized by the provision of this clause.

### **Payment of Accrued Interest**

3.4 So long as this Agreement is considered by Revenue Canada Taxation to be an “investment contract” within the *Canada Income Tax Act*, or a similar provision applies, the Division shall, prior to the end of each taxation year, pay to the participant the accrued interest to such date. The participant hereby irrevocably directs the Division to make such payment on his behalf into an account held by the participant, with the eligible investor.

### **Reporting To Participants**

3.5 The Secretary Treasurer or designate shall make an annual report to each participant as to the amount of deferred salary retained by the Division for each participant, including any interest earned thereon which has not been paid out in accordance with clause 3.4. The annual report shall be made no later than September 30th of each year while the participant participates in the plan.

## **4. TAKING LEAVE OF ABSENCE**

### **Manner of Payment During Leave**

4.1 The manner of payment to the participant during the leave of absence will be in approximately equal installments in accordance with the Division’s payroll policy, commencing the first month of the year of leave. In no event shall payment be made more frequently than monthly.

### **Amount of Payment**

4.2 The salary to be paid to a participant 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 any monies required by law to be paid by the Division for or on behalf of a participant. During the period of leave the participant may not receive regular salary, other than the deferred salary from the Division. Sabbatical leave does not constitute regular salary.

### **Division’s Right to Defer Leave**

4.3 If the Division is unable to obtain a suitable replacement for a participant for the period of a leave of absence specified by the participant, the Superintendent or designate may in his/her discretion, defer the leave of absence on one occasion for one school year. Such decision is to be made three months prior to the leave. In such case, the participant may choose to remain in the plan or he/she may withdraw from the plan in which case the Division shall pay to the participant the deferred compensation amount in one lump sum payment within 60 days of such withdrawal.

### **Participant’s Right to Defer Leave**

4.4 Notwithstanding the date shown in the Deferred Salary Leave Plan Agreement for a requested leave of absence, a participant may, on one occasion only, with the consent of the Superintendent or designate given not less than four months prior to the scheduled date, postpone such leave for one year.

**Exception to Deferment**

4.5 Notwithstanding 4.3 and 4.4, there can be no deferral in the case of a six-year plan since Income Tax regulations state that the deferred salary must be paid in the seventh year.

**Length of Leave of Absence**

4.6 The leave of absence (or other period of time negotiated with the Division) shall immediately follow the deferral period. However, the period of leave shall be no less than six months, in accordance with Income Tax regulations.

**Position on Return**

4.7 Employees on leave of absence have the same rights to placement as all other teachers in that Division. The employee must return to a position with the Division for at least as long as the period of leave, in accordance with the Income Tax regulations.

**Salary and Benefits After Leave**

4.8 After participation in the plan, a teacher's salary and benefits will be as set out in the collective agreement then in force between the Division and the ATA governing the matter. The salary of other employees upon return from the leave will be determined by the Division but related to the salary they would have received if the leave had not been taken. No experience increments will be recognized for the year of leave.

**5. HEALTH AND WELFARE BENEFITS**

- 5.1 While an employee 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 employee during the non-leave school years of the Plan.
- 5.3 The Division will maintain applicable health and welfare benefit coverage for a participating employee during the year of leave under the Plan, provided such employee assumes the full responsibility of paying the total costs for said benefits.
- 5.4 Teachers would not contribute to Teacher Retirement Fund while on leave unless attending an educational program. Enrollment in a minimum of three courses is required.

**6. WITHDRAWAL**

- 6.1 A participant may withdraw from the Plan at any time prior to four months before the date on which the leave of absence is to commence. Within 60 days of such withdrawal, the Division shall pay to the participant the deferred compensation amount as provided in 3.3.
- 6.2 A participant who ceases to be employed by the Division must withdraw from the plan. Within 60 days, the Division shall pay to the participant the deferred compensations amount as provided in clause 4.4.

- 6.3 Should a participant die, the Division shall, within 60 days of receipt of notification of such death, pay the deferred compensation amount to the participant's estate, subject to the Division receiving any necessary clearance and proof normally required for payment to the estate.

**Reference**

[Form 4-27 Deferred Salary Leave Plan Agreement](#)