



HUM-011.....Deferred Salary Leave Plan

Current Revision: 31.Jan.00

POLICY

The City does not contribute toward the Deferred Salary Leave Plan, but pays the expenses of administering the plan and its share of benefit costs.

DEFINITION

Deferred Salary Leave Plan - a plan completely funded by employee contributions and by associated interest earned on these contributions.

PROCEDURES

1. Eligibility
 - a) All permanent staff who have been employed by the City for at least two years are eligible to apply to participate in the plan (application available from Human Resources).
 - b) An employee must submit copies of the application to the immediate supervisor, department manager, and Human Resources 60 days prior to plan participation commencement date.
 - c) The department manager (or the City Manager, for department managers' applications) advises the applicant of the decision.
 - d) Application approval is based on the following criteria:
 - i. the operational requirements of the City,
 - ii. the degree of disruption that may result from a short-term absence.
 - iii. No more than one employee within the same operating unit is to be away at the same time.
 - iv. The employee's purpose for the leave is not a criteria.
 - e) Department managers coordinate approved leaves and replacement staff.
 - f) Plan commencement date is either January or July of each year.
2. Funding
 - a) During each year prior to the leave, the employee, for a maximum of six years, receives the regular salary less the specified percentage that the City retains and invests.
 - b) The maximum percentage deferred in any year must not exceed the maximum percentage specified by federal income tax regulations (currently 33 1/3%).
 - c) In extenuating circumstances like financial hardship, an employee may either interrupt contributions or withdraw from the plan by submitting a written request to the department manager. Interruption of up to 12 months is permitted once while participating in the plan. The deferral period must never exceed six years.
 - d) The City retains and invests all monies as it sees fit, but informs each participant annually of the amount of monies held and any investment interest earned.

- e) During each year of the plan, interest earned on contributions and any interest on deposit, is considered to have been paid to the participant, although the actual funds are retained on deposit for pay-out during the leave period. Participants must acknowledge the inclusion of the interest earned as “interest income” in the preparation of annual personal tax returns. The City provides each participant with the appropriate Revenue Canada tax form specifying the amount of interest earned annually.
3. Taking the Leave
- a) The leave period must be a minimum of six and a maximum of 12 consecutive months. If the employee is leaving to attend an educational institution full-time, the minimum is three consecutive months.
 - b) The leave period must immediately follow the deferral period.
 - c) During the leave, the employee is paid according to the current payroll schedule. The payments include the total of the deferred monies and the interest divided by the period of the leave, less deductions.
 - d) If the employee’s absence would be highly detrimental to the City, the City may, on one occasion only and with three months notice, defer the leave of absence up to one year. The deferral period must never exceed six years.
4. Benefits
- a) During the deferral and leave periods, the employee may maintain coverage on all benefits and insurance plans. Entitlements for salary-related benefits are based on the salary an employee would have received if he or she were not participating in the plan. The City and the employee continue to pay their normal share of premium/contribution costs.
 - b) During the leave period, the employee’s share of benefits and other deductions required by law are made from payments to the employee.
 - c) The employee must apply to the Local Authorities Pension Board before the leave period for approval to include the leave period as credit towards pensionable service. If LAPP approves the leave period as pensionable, pension contributions (Long-term Disability Plan) during the deferral period are made by both the employee and the City on 100% of the salary. If the application is denied by LAPP, no contributions are made.
 - d) During the leave period, an employee does not accumulate vacation, time off in lieu, or sick leave credits.
 - e) While on leave, no other leave may be taken or substituted.
 - f) On return from leave, the employee resumes the former position.
 - g) After the leave period, the employee must return to the City’s employment for a period of time at least equal to the leave period.
5. Plan Termination
- a) An employee may withdraw from the plan voluntarily in extenuating circumstances like financial hardship.
 - b) An employee who ceases to be employed by the City must withdraw from the plan.
 - c) Any termination of the plan requires the City to pay to the employee or employee’s estate, as appropriate, all monies, contributions, and interest within 60 days.