**DEFERRED SALARY LEAVE PLAN**

On October 22nd, 1985 Selkirk College Board authorized the implementation of the Deferred Salary Leave Plan (DSLP). This plan is open to all Selkirk College employees. The basis of the plan is to allow employees to finance a future leave of absence for educational, recreational or other purposes. This program is separate from the existing contractual assisted leave programs.

The Deferred Salary Leave Plan is available to all employees who hold a regular ongoing appointment and have a minimum of two complete years of service as a regular employee as of January 1 of the first year of participation in the Plan. Under the DSLP, employees may defer receiving a portion of their biweekly/monthly salary for not less than two years and up to five years. This deferred portion will then be paid over the period of leave of absence. The date of the leave of absence must be selected in advance, must be for a minimum of six consecutive months to a maximum of twelve months, and the employee must return to employment with Selkirk College after the leave.

Applications to commence participation in the plan effective January 1 must be received by the Human Resource Department before the previous December 15. An eligible employee will apply through his/her supervisor to the senior administrator (President or Vice President) for permission to take a leave to be completed not later than seven calendar years from start of participation in the Plan. The employee will identify the duration of the leave and the amount of salary to be saved (before tax) in the Plan, over a maximum period of six years.

Under Canada Revenue Agency regulations, the employee must return to a Selkirk College campus after the leave for a period at least equal to the leave.

[DEFFERED SALARY LEAVE PLAN (DSLP) APPLICATION FORM](file:///H:\Michele\Deferred%20Salary%20Leave\Selkirk%20Trust%20Agreement.doc)

**OVERVIEW**

An eligible employee will apply through his/her supervisor (Dean/Chair/Supervisor) to the senior administrator (President or Vice-President) for permission to take a leave to be completed not later than seven calendar years from start of participation in the Plan. The employee will identify the duration of the leave and the amount of salary to be saved (before tax) in the Plan, over a maximum period of six years.

The Trustee will cause appropriate investments to be made over the period in which the employee is saving for the leave. Interest income from the investments will be paid to the employee on an annual basis. (This interest income cannot be accrued and is taxable income for the year in which it is received.)

The employee will go on an unpaid leave subject to conditions contained in the Plan and in the appropriate collective agreement(s) or employment conditions, and will receive the total amount of his/her investment from the Trustee, payable by CUMIS Retirement Services in its role as administrator of the plan.

Under Canada Revenue Agency regulations, the employee must return to a Selkirk College campus after the leave for a period at least equal to the leave.

**ELIGIBILITY**

The Deferred Salary Leave Plan is available to all employees who hold a regular ongoing appointment and have a minimum of two complete years of service as a regular employee as of January 1 of the first year of participation in the Plan. An employee may re-enroll in the Plan in the year following a twelve month period after the return from a leave under this Plan.

**APPLICATION TO PARTICIPATE IN THE PLAN**

Applications to participate in the Plan must be made to the plan prior to March 31 of each year, and will be submitted to the senior administrator (President or Vice President) after having been endorsed as seen by the employee’s immediate supervisor.

**PARTICIPATION IN THE PLAN WILL ALWAYS BEGIN ON JANUARY 1 OF ANY YEAR**

Subject to compliance with Canada Revenue Agency (CRA) guidelines and the provisions of the Plan, Selkirk College will endeavour to grant the application. The President or Vice President will consult with the employee’s supervisor and only in cases of rare operational difficulty will an application not be granted. Such cases would include a proposed leave coinciding with a unique need for the employee to be present at the College or where an unreasonable number of simultaneous leaves in the same department are proposed. Such a situation would result in discussion with the employee(s) to resolve the matter. In all applications, the senior administrator’s decision is final.

Application will be made on the standard application form [DEFFERED SALARY LEAVE PLAN (DSLP) APPLICATION FORM](file:///H:\Michele\Deferred%20Salary%20Leave\Selkirk%20Trust%20Agreement.doc) and must include the precise dates of the proposed leave and the details of the savings plan.

**DURATION OF LEAVE**

Canada Revenue Agency (CRA) regulations state that a leave must be of a minimum six months and maximum twelve months duration and must be completed by December 31 of the seventh year of enrolment in the Plan. Otherwise, the balance of the investment will be paid out by the Trustee on that date and will require to be accounted for as income by the employee.

**DEFERRAL OF LEAVE**

A one-time deferral of the planned leave is permitted and may be requested by the employee or by Selkirk College in exceptional circumstances and will not be unreasonably refused by the other party. Such deferral will be arranged so as to allow completion of the leave within seven years of enrolment in the Plan.

**ACCELERATION OF LEAVE**

Acceleration of the proposed leave is not provided for in the Plan.

**RESIGNATION FROM THE PLAN**

Resignation from the Plan is permitted in the following circumstances:

1. Death of the employee,
2. Employee ceases to be employed by Selkirk College
3. Voluntary resignation

The above resignation provisions are built into the Trust Agreement under which Plan savings contributions are held and invested. However, arrangements for the payout of accrued interest and principal will be subject to the policies of the Trustee, including 35 days notice, and any payout will be taxable income for the year in which it is received.

**SAVINGS PLAN**

The savings plan will not be less than two years and will not normally extend beyond December 31 in the sixth year of enrolment in the Plan, unless a one-time interruption of savings (to a maximum of one year) is requested by the employee. A percentage to be applied to each year, not to exceed 33 1/3%, will be identified on the application and the aggregate of percentages will not exceed 100% in any case.

Assisted or unassisted leaves available to employees under the appropriate collective agreements or contract for excluded staff will not constitute interruption of employment as far as the Plan is concerned, but may have an effect on a savings plan.

Changes to savings plans (i.e. extension, increase) will only be enacted on January 1 of each year and MUST be requested by the employee, in writing, by December 15 of the preceding year.

**PLAN INTERRUPTION**

For any reason, an employee may request, in writing, that the savings plan be interrupted for a maximum period of one year. However, such action may limit the right to defer the leave in order to have it completed within seven years.

**EMPLOYMENT STATUS DURING LEAVE**

During the period of the leave under this Plan, the employee will be considered to be on unpaid leave. During the period of the leave the employee may not receive any remuneration from Selkirk College. This is an INCOME TAX ACT regulation.

**Seniority Status** – Seniority continues to accrue for Selkirk College Faculty Association employees according to current contractual provisions.

**Vacation Accrual** – Accrual is based on time worked in affected year. Normally, accrued vacation will be used prior to the commencement of DFL; however, utilization may be related to operational needs for program offerings.

**Increments** – Employees on DSL may not be entitled to normal incremental progression. Such adjustments depend on relevant contract language.

**EI/CPP CONTRIBUTIONS**

EI premiums are based on the employee’s gross salary before deferrals during the period of deferral and no premiums are withheld from the deferred amounts when paid to the employee during the leave period. (CRA, ruling, Dec 12/89 & BCTF, Oct 1/90).

Canada Pension Plan (CPP) premiums are based on the salary the employee actually receives during both the deferral period and the leave period. When the deferred amounts are paid to the employee by a trustee, that trustee is deemed to be an employer of that employee by the CPP Act and is therefore required to pay the employer’s contribution in respect of the employee. Where the trustee/employer recovers the employer’s CPP contribution from amounts otherwise payable to the employee, such amounts will not be part of the employee’s gross salary from that employer. (CRA, Rulings, Dec 12/90 & BCTF Oct 1/90).

**FRINGE BENEFITS**

During the leave period, maintenance of benefits will be as provided for unpaid leave in the appropriate collective agreements (or terms of employment for excluded staff). If benefits are to be maintained, premiums are the sole responsibility of the employee. Prepayment of premiums may be made by post dated personal cheques and must be kept up to date to ensure continuity of coverage.

**PENSION DEDUCTIONS DURING SAVINGS PERIOD**

Contributions to your pension plan are based on gross earnings before allowance for contributions to the DSL. It is then consistent to calculate the pension benefit using the same gross earnings figure. The definition of “earnings”, as outlined in your pension plan, is the key. The gross earnings figure is used in determining contribution amounts and in calculating pension benefits.

Please note that maximum RRSP contribution must be based on the net earnings figures reported on a member’s T4 and not on the gross figure before allowance for contributions to the Deferred Salary Leave Plan (MacKichan, Investors Group, December, 1989)

**PENSION CONTRIBUTIONS FOR THE LEAVE PERIOD**

Permission to make up contributions for the period of the leave (both employee and the employer shares) must be acquired from the BC Pension Corporation. To be eligible, you must return to work for a period of contributory service equal to the length of your leave. If approved, a lump sum payment of employee and employer contributions plus appropriate interest may be made at any time prior to termination of employment or retirement or within a maximum period of five years.

**BENEFICIARY**

It is not necessary to designate a beneficiary when completing forms for DSL. Upon receipt of a death certificate, the accrued amount of deferred salary will be paid to the employee’s estate.

**TRUST FUND**

All contributions to the Plan will be transferred by Selkirk College to a Trust Fund as specified in the Trust Agreement. The Trust Fund will constitute a fund held by the Trustee and will not form any part of the revenue or assets of Selkirk College.

**TRUSTEE**

The Trustee will cause contributions made to the Plan to be invested in accordance with the directions of the Trust Agreement. On an annual basis, interest will be paid to the employee on his/her accumulated investment. Such interest will require to be accounted for by the employee as income in the year of receipt. A form T$ will be issued to each employee at the end of each year detailing earnings on his/her investment. The Form T4 will include CPP and income tax deductions on these earnings. The Trustee will make periodic reports, and an annual summary, to each employee detailing the principal amount accrued to the Plan including any interest not yet paid out. During a participant’s leave, the Trustee will cause the accumulated principal amount plus any interest not previously paid out to be remitted to the participant in a form and frequency to be agreed between the two parties. A Form T4 will be issued to each employee at the end of each calendar year in which a leave is taken.

**ADMINISTRATIVE EXPENSES**

The Board’s administrative responsibility shall be limited to deduction and remittance of amounts designated by participants.

**RIGHTS UNDER THE PLAN**

Neither Selkirk College nor any participant in the Plan will pledge or hypothecate any rights under the Plan as security for a loan or for any other purpose.