

## DEFERRED SALARY LEAVE PLAN - TEACHERS

### Background

The Division provides a deferred salary plan to allow teachers opportunity for self-renewal to benefit both the teacher and students.

### Procedures

1. The Deferred Salary Leave Plan is a plan managed by the Division, in which a full time teacher with a minimum of five years experience with the Division can choose to defer a portion of his/her salary for four years. The deferred salary is then paid out monthly in the fifth year, while the teacher is on leave for 12 months. The amount of salary that has been deferred will not be included in the teacher's income in the year earned, but will be considered income in the year paid.
2. Should a discrepancy arise between the plan and the *Income Tax Act*, the Act will prevail.
3. Upon entering the plan, the teacher shall have the option of deferring 12%, 15% or 20% of net salary during the four years of employment prior to the leave of absence.
4. The teacher must make application to the superintendent responsible for human resources not later than June 30th. The application will be for a leave of absence for one year, commencing the start of the fifth school year following the date of application.
5. The Division will maintain applicable pension and group life benefits coverage during the leave of absence, provided the teacher continues to pay his/her portion of the cost of benefits.
6. Interest earned by the plan will be paid to the teacher during the leave of absence and will be considered as employment income for income tax purposes.
7. During the leave of absence the teacher will not accumulate, nor be entitled to, the following:
  - 7.1 teaching experience for salary increments;
  - 7.2 statutory holidays, maternity, sick or other leaves.
8. In extenuating circumstances, such as financial hardship, the teacher may withdraw from the plan upon giving not less than six months notice of intent prior to the commencement of the leave of absence. Within 60 days of such withdrawal, the Division will pay to the teacher the deferred compensation total to date.
9. A teacher who ceases to be employed by the Division must withdraw from the plan. Within 60 days, the Division will pay to the teacher the deferred compensation amount.
10. Should the teacher die, the Division will pay the deferred compensation total to date to the teacher's estate, subject to the Division receiving the necessary clearances and proofs normally required for payment to estates.

Reference: *Income Tax Act*