Administrative Procedure 428 **DEFERRED SALARY PLAN**

Background

This Deferred Salary Leave Plan has been developed to afford an eligible full-time teacher the opportunity to finance a one (1) year leave of absence without compensation by deferring portions of his/her regular salary to finance the year of the leave. It is the intent that this Plan will be of no cost to the Board.

Statutory Requirements

Terms and conditions of the Deferred Salary Plan shall be consistent with the requirements of The Canadian Income Tax Act and related income tax regulations.

Guidelines

1. Definitions

   "Current Compensation Amount" means the total compensation payable by the Board to the Participant for the school year, in accordance with the current collective agreement in force between the Board and the Alberta Teachers' Association.

   "Deferral Period" means the number of years which compensation is deferred in accordance with 4.1 below, including the years referred to in 5.4 and 5.5 below in if applicable.

   "Deferred Compensation Amount" means the portion of the Current Compensation Amount which is retained by the Board for the Participant in each year in accordance with 4.1 below and augmented from time to time by interest thereon but less all amounts paid under the terms of the Plan.

   "Eligible Employee" means a full-time employee.

   "Leave of Absence" means the twelve month period taken in accordance with the provisions of 5 below and commencing at the beginning of the school year. At no time shall the Leave of Absence be less than six consecutive months.

   "Participant" means an Eligible Employee who has completed a Deferred Salary Leave Plan Individual Agreement and whose application for participation in the Plan has been approved by the Board.

2. Eligibility

   2.1 All management, administrative, teaching and support staff are eligible employees.

   2.2 In order to participate in the Plan, an Eligible Employee must submit a completed application form to the Superintendent by March 1st preceding the school year in which salary deferral is to begin (see Schedule A).

3. Approval

3.1 Participants in the Plan will be selected at the Board's discretion with due consideration given to seniority and experience.

3.2 By May 15, following the receipt of the application to participate, the Superintendent shall advise each applicant of the Board's decision regarding the disposition of the request, and in the case of rejection, the reason why.

3.3 If the Board gives its approval in accordance with 3.2, the participation of the Eligible Teacher in the Plan will become effective at the start of the school year immediately following the date of approval, of if such date is not agreed to by the Board, then on a date which is approved by the Board.

3.4 Before becoming a Participant, the Individual Agreement (see Schedule B) must be executed by the Eligible Employee and the Board.

4. Financial Arrangements

4.1 During each school year prior to the Leave of Absence, for a maximum of six school years, the Participant will receive the current salary to which he/she is entitled, less the percentage amount specified in 3 of the Individual Agreement for the school year in question.

4.2 The percentage of Current Compensation amount deferred in any given school year cannot exceed 33.35 of the employee's annual salary; nor can the cumulative total deferred salary exceed the salary the employee would normally be entitled to in the year during which leave is to be taken.

4.3 The portion of the salary of each Participant retained by the Board including interest thereon (until paid out in accordance with 4.5), shall be pooled and invested by the Board in investments offered from time to time by an eligible investor. An eligible investor means an Canadian chartered bank, trust company or credit union authorized to carry on business in the Province of Alberta (who maintains Deposit Insurance) and the Treasury Branches of Alberta.

4.4 In consideration of the administrative services performed by the Board, the Participant shall indemnify and save the Board harmless against any expense, claim or liability arising out of or resulting from, such investments authorized in 4.3.

4.5 Accrued interest shall be paid to the Participant by December 31st of each yar in which the Participant is a member of the Plan. This interest is employment income and must be reported as such on the employee's annual T4 slip.

4.6 By December 31st of each year, the Secretary-Treasurer shall make available the annual report to each Participant documenting the amount of Salary Deferred to date along with accrued interest.

4.7 The amount of income tax to be deducted is dependent upon the Board receiving a ruling from the Canada Revenue Agency that the Deferred Salary Leave Plan is acceptable to the Canada Revenue Agency and that the amount of income tax to be deducted may be computed on the actual salary received by the Participant during each year of the Plan.

5. Taking a Leave of Absence

The taking of the Leave of Absence shall be governed by the following:

5.1 The Leave of Absence shall be for a period of 12 months and shall be governed by the Administrative Procedure.

5.2 The Participant will receive 12 equal monthly payments on or before the last day of each month starting in September of the year I which the leave is taken.

5.3 The amounts to be paid to the Participant during the Leave of Absence shall be related to the monies retained by the Board in accordance with 4.1 above but less any deductions made by the Board under 6.3 below, any monies required by law to be paid by the Board for or on behalf of the Participant, and less the amount established as the Administrative Fee under 11.1 below.

5.4 If the Board is unable to obtain a suitable replacement for a Participant for the period of the Leave of Absence specified by the Participant, the Board may, in its discretion, extend or postpone the deferral period on one occasion for one school year. Such decision is to be made by March 1st of the year in which the leave is scheduled to be taken. In such case, the Participant may choose to remain in the Plan or he/she may withdraw from the Plan, in which case the Board shall pay to the Participant the Deferred Compensation Amount in one lump sum payment within sixty (60) days of withdrawal.

5.5 Notwithstanding the date shown in the Individual Agreement for a requested Leave of Absence, a Participant may, on one occasion only, with the consent of the Board, postpone such leave for one year, providing not less than six (6) months notification prior to the scheduled date of the Leave of Absence.

5.6 Notwithstanding 5.4 and 5.5, there can be no postponement in the case of a six-year Plan as income tax regulations state that the deferred salary must be paid in the seventh year.

5.7 A Participant during the year of leave under the Plan shall not accumulate nor be entitled to:

5.7.1 experience increments for salary purposes;
5.7.2 statutory holidays, maternity, sick or any other leaves and promotions.

5.8 The Board will make reasonable efforts to place the Participant, upon return form his/her leave, into a position no less favorable than that held prior to the leave.

5.9 A Participant shall return to his/her regular employment upon expiry of the leave and provide service for a period at least equal to the period of the Leave of

Absence. A Participant shall on or before April 15th of the school year of the Leave of Absence, notify the Superintendent, in writing of his/her intention to return to duty with the Board.

5.10 The period of Leave of Absence shall not interrupt the continuity of the Participant's service with the Board. After participation in the Plan, the Participant's salary and benefits will be set out in the agreement then in force between the Board and the Association governing such matters. Subject to 5.8 and 5.9, a Participant on return to duty following the leave shall be reinstated at the same level of experience as that which existed prior to the commencement of the school year in which leave under the Plan was taken.

5.11 Should a Participant fail to report as requited in 5.9, such Participant shall be deemed to have abandoned both the position and his/her contract of employment with the Board, and the Board may without any further notice to said Participant, forthwith fill the position with someone other than the Participant, and the Board shall not be responsible for any income tax or other consequences of the Participant's failure to return to work pursuant to 5.9

6. Fringe Benefits

6.1 While a Participant 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.

6.2 The Board will continue paying its share of applicable health and welfare benefits for a Participant during the non-leave school years of the Plan.

6.3 The Board will maintain applicable health and welfare benefit coverage for a Participant during the year of leave under the Plan, provided the Participant assumes the full responsibility of paying the total costs for said benefits except the employer's portion of Canada Pension Plan and Unemployment Insurance contributions.

6.4 A Participant may not receive wages or salary from the employer or from any person with whom the employer does not deal at arm's length during the leave except for the amounts contemplated by the Plan.

6.5 This Plan is not established to provide benefits to Participants on or after retirement.

7. Withdrawal

7.1 A Participant who ceases to be employed by the Board must withdraw from the Plan. Within sixty (60) days, the Board shall pay to the Participant the Deferred Compensation Amount and any accrued interest.

7.2 A Participant may apply to the Board to withdraw from the Plan in the event of financial or other hardship at any time prior to March 1st in the year in which the Leave of Absence is scheduled to begin. The Board shall approve the request to withdraw from Plan. Within sixty (60) days of approval by the Board of the

Withdrawal request, the Board shall pay the Participant the Deferred Compensation Amount and any accrued interest.

7.3 Should a Participant become deceased, the Board shall within sixty (60) days of notification of such death pay the Deferred Compensation Amount to the Participant's estate, subject to the Board receiving any necessary clearances and proofs normally required for payments to estates.

7.4 In the event of withdrawal, the Board shall deduct from the Deferred Compensation Amount any withdrawal fee as established by the investor.

8. Suspension from Financial Participation in the Plan

8.1 A Participant may give notice to the Board stating that the Participant wishes to suspend his/her participation in the Plan for one school year effective the first day of school immediately following such notice. In this case, the Board until further notice as provided in 8.2 shall pay Current Compensation amount to the Participant as if he/she were not participating in the Plan. However, the amount previously retained by the Board and interest thereon in accordance with 4.1, 4.2 and 4.5 shall continue to be held by the Board until the Participant withdraws form the Plan or takes the Leave of Absence.

8.2 A Participant who has suspended financial participation in the Plan in accordance with 8.1 may give notice to the Board advising that he/she wishes to become reinstated in the Plan; in which case on the first day of school immediately following the reinstatement notice, the Participant shall participate in the Plan for the remaining years.

8.3 A Participant may not suspend his participation in the Plan more than once.

8.4 Suspension of participation under 8.1 shall not change the year established for the Leave of Absence, unless notice is given to the Superintendent before March 1st in the year of intended leave.

9. Six Year Maximum on Deferral

Any postponement or suspension of the taking of the leave which extends the deferral period beyond six years, requires the Board to pay to the Participant all amounts held under the Plan no later than the end of the first taxation year following the six year deferral.

10. Termination or Amendment of Plan

10.1 The Plan may be amended or terminated by the Board in accordance with the Board's policy on Policy Making and any existing collective agreements. Any amendments shall be binding upon all present and future Participants.

10.2 No amendments shall be made to the Plan which will prejudice any tax ruling which is applicable to the Plan prior to the amendment.

11. General

11.1 The Board shall deduct from the Deferred Compensation Amount, reasonable costs incurred by it in the administration of the Plan.

11.2 The Board shall not pledge any of the investment referred to in 4.3 for any purpose whatsoever.

11.3 The Participant shall not pledge or hypothecate any of his/her rights under this Plan as security for a loan.

SCHEDULE "A"

DEFERRED SALARY LEAVE PLAN APPLICATION

Name of Applicant:____

Present Position:____

Requested Commencement Date for Enrollment in the Plan:______________________

Proposed Salary Deferral Schedule

Year 1	August______________to August ___________	_______%
Year 2	August______________to August ___________	_______%
Year 3	August______________to August ___________	_______%
Year 4	August______________to August ___________	_______%
Year 5	August______________to August ___________	_______%
Year 6	August______________to August ___________	_______%

Leave Period Requested:____

____________________________________ ______________________________

Applicant Signature Date

SCHEDULE "B"

DEFERRED SALARY LEAVE PLAN
INDIVIDUAL AGREEMENT

This Agreement is made in duplicate this_________day of____________, 20____.

BETWEEN:

THE BOARD OF TRUSTEES OF THE
EAST CENTRAL ALBERTA CATHOLIC SEPARATE SCHOOL DIVISION
(hereinafter referred to as the "Board")

AND:

____
(hereinafter referred to as the "Participant")

WHEREAS pursuant to the Board's Deferred Salary Leave Plan Administrative Procedure 463, an eligible Participant may apply prior to March 1st to participate in the Plan, provided the Participant enters into an agreement to comply with the conditions and terms set out in said Plan.

AND WHEREAS the Participant has applied to participate in said Plan on the terms and conditions set out therein and the Board has agreed to approve the participation of the Participant hereinafter set out.

IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS herein contained:

The Board and the Participant covenant and agree as follows:

1. This Agreement shall not be construed as a contract of employment.

2. Enrollment in the Plan shall become effective for the school year commencing ____________________.

3. During the______years from__________________to________________, the Participant will work for the Board at the regular salary to which the Participant would otherwise be entitled less the percentage amounts set out in this clause to finance the leave period, subject to the terms and conditions set out in said Plan.

First Year	August______________to August __________	_______%
Second Year	August______________to August __________	_______%
Third Year	August______________to August __________	_______%
Fourth Year	August______________to August __________	_______%
Fifth Year	August______________to August __________	_______%
Sixth Year	August______________to August __________	_______%

(Note: The Participant is not permitted, by the Canada Revenue Agency, to have a percentage of his/her Current Participation Amount withheld which is in excess of 33.3% of the amount of salary that the Participant would normally receive in that year.)

4. The leave period shall commence____________________and end ____________________, subject to the terms and conditions set out in said Plan.

5. The provisions of the Deferred Salary Leave Plan Administrative Procedure 463, a copy of which is attached hereto, as amended from time to time, shall be deemed to be part of this Agreement and is hereby incorporated by reference.

6. The Participant agrees to indemnify and save the Board harmless from and against any and all liability, loss, damages, costs or expenses which it may hereafter incur, suffer, or be required to pay by reason of the participation of the Board in said Plan.

7. So as long as the Deferred Salary Leave Plan satisfies the definition of a prescribed Plan or arrangement as defined in section 6801 of Income Tax Regulations, or a similar provision is in effect, this provision shall apply. The Board shall pay the accrued interest to the Participant on one of the following dates (whichever applies):

   a) the December 31st which occurs at the end of the calendar year in which the Eligible Employee became a Participant;

   b) the last day of the Leave of Absence or when the Board makes a payment under clause 7.1, 7.2, or 7.3.

8. The Participant agrees that the Board can open and maintain a savings account in trust on their behalf with an eligible investor as defined in Board Administrative Procedure 463 – Deferred Salary Leave Plan.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

THE BOARD OF TRUSTEES OF THE EAST CENTRAL ALBERTA CATHOLIC SEPARATE SCHOOL DIVISION

Per: ______________________________ ____________________
Superintendent/Designate Date

______________________________ ____________________
Participant’s Signature Date