



## HR 111

## Salary Deferral During Leave of Absence

Classification:	Human Resources
Responsible Authority:	Director, Human Resources
Executive Sponsor:	Vice-President, Finance and Administration
Approval Authority:	President
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### PURPOSE

To state the policies and procedures surrounding the University Salary Deferral Leave Plan.

### SCOPE

Participation in this plan is limited to full time and regular part time employees, excluding faculty and professional librarians, who have been employed with the University a minimum of three (3) continuous years at the time of application.

For regular part time employees, the benefits outlined in this policy are pro-rated to the regularly scheduled hours of work of the part-time position.

Approval to participate in this plan is at the sole discretion of the University.

### DEFINITIONS

Word/Term	Definition
CRA	Canada Revenue Agency
Contract of Participation	The agreement signed by an eligible employee and the University, outlining the terms and conditions of the salary deferral, including such

	items as the percentage of salary deferred, deferral period, leave period and manner of payment.
Deferral Period	A period of no more than 72 consecutive months (6 years) during which an eligible employee participates in the plan and is not on leave under the plan or any other unpaid leave of absence.
Deferred Salary	The portion of the participant's nominal salary that is being deferred for payment to the participant during the leave period.
Eligible Employee	An employee who meets the eligibility requirements set out in Section 3 of this policy.
Leave Period	The six (6) to twelve (12) month leave of absence, taken in accordance with the provisions of the plan, and subject to collective agreement restrictions on the length of hire for a temporary employee, during which the deferred salary is paid to the participant.
Nominal Salary	The salary which the participant would have received during the deferral period had they not been participating in the Plan.
Participant	An eligible employee whose application for participation in the plan has been approved by the University and who has signed a Contract of Participation.
Participant Account	With respect to any participant, the deferred salary account designated, established and maintained by the University for the participant pursuant to Section 6 of this policy.
Plan	St Francis Xavier University's Deferred Salary Leave Plan (DSLPL).
Reduced Salary	The employee's nominal salary less the percentage elected for deferral.
Regular Full Time Employee	An employee who works the normal hours of a full time employee for their employee group on a continuing and recurring basis.
Regular Part Time Employee	An employee who works less than the normal hours of a full time employee for their employee group on a continuing and recurring basis and who works a minimum of seventeen and one-half (17 1/2) hours a week.

## POLICY

### 1. Salary Deferral

- 1.1** A participant in the plan shall have deducted a minimum of ten percent (10%) up to a maximum of thirty-three and one-third percent (33 1/3%) of the participant's nominal salary before deductions, based on the following increments: 10%, 15%, 20%, 25%, 30% or 33 1/3%.

1.2 During each year of enrolment in the plan, the participant shall receive their nominal salary less the percentage elected for deferral and applicable deductions.

## 2. Duration of Leave

2.1 The leave must be taken at the end of the deferral period. The participant may not, for example, take a leave and then pay the University back over subsequent years.

2.2 In accordance with Income Tax regulations, during the leave period, the participant may not receive any remuneration, other than the deferred salary, from the University or from any other person or organization with whom the University does not deal at arm's length.

## 3. Benefit Coverage During Deferral Period

3.1 Income Tax and Canada Pension Plan contributions will be deducted and based on the reduced salary.

3.2 Pension Plan contributions will be based on the reduced salary. Voluntary pension plan contributions will be based on the reduced salary.

3.3 Employment Insurance premiums and benefits will be based on the nominal salary.

3.4 Life Insurance premiums and benefits will be based on the nominal salary and normal premium cost sharing arrangements will apply. Long Term Disability premiums and benefits will be based on the nominal salary and premiums will be paid by the employee.

3.5 Extended Health and Dental Care, and Employee Assistance Plan premiums and benefits will continue, and premiums will be paid by the employer.

3.6 Vacation and sick leave credits will accumulate as if the participant is receiving their nominal salary.

3.7 Union Dues will be based on the nominal salary, or as otherwise prescribed by the Collective Agreement.

3.8 Other employee deductions such as the Annual Giving Fund will be deducted at the amounts stipulated by the employee.

3.9 Notwithstanding any other provision of this plan, all statutory deductions shall be in accordance with applicable laws and all pension plan contributions shall be in accordance with St. Francis Xavier University's Pension Plan.

## 4. Payment of Deferred Salary

4.1 The participant shall have their deferred salary distributed by direct deposit over the leave period on the regular pay dates of the University.

**5. Benefit Coverage During Leave Period**

- 5.1** Income Tax and Canada Pension Plan contributions will be deducted and based on the deferred salary.
- 5.2** Pension Plan contributions shall be continued during the leave period and contributions shall be based on the deferred salary. Voluntary pension plan contributions will be based on deferred salary.
- 5.3** Employment Insurance premiums will not be deducted during the leave period because the leave is not a period of employment for Employment Insurance (nor for E.I. Sickness, Maternity, Paternity, Parental or Adoptive Leave). Please note this may hinder eligibility for E. I. benefits.
- 5.4** Life Insurance and Long Term Disability (LTD) coverage will be maintained. Premiums will be based on the nominal salary. For employees applying for LTD, during the leave period the employee's qualifying disability period will begin on the scheduled return to work date.
- 5.5** The participant shall continue to participate in the Extended Health and Dental Care and Employee Assistance Plans during the leave period.
- 5.6** Long Term Disability benefit premiums will be the full responsibility of the participant. For employees on deferred leave the University will pay or cost share the benefit premiums for Life Insurance, Health and Dental Care, and the Employee Assistance Plan in the same way it does for employees not on deferred leave. The employee's premiums will be deducted from the deferred salary payments.
- 5.7** During the leave period, the participant shall not accumulate nor be entitled to vacation, statutory holidays, sick leave, or other leaves.
- 5.8** During the leave period, the participant shall accumulate credit for years of service. Years of service accrued prior to the leave period shall be retained.
- 5.9** Where applicable by the Collective Agreement, participants will continue to accrue seniority. Union dues will not be deducted unless otherwise prescribed by the collective agreement.
- 5.10** Other employee deductions such as contributions to the Annual Giving Fund will be deducted at the amounts stipulated by the employee.
- 5.11** Notwithstanding any other provision of this plan, all statutory deductions shall be in accordance with applicable laws and all pension plan contributions shall be in accordance with the St. Francis Xavier University's Pension Plan.

**6. Return to Regular Assignment**

- 6.1** In accordance with CRA requirements and the Income Tax Act and Regulations, all employees who are granted a leave of absence in accordance with this plan guarantee that they will return to employment with the University for a period of time that is not less than the leave period.
- 6.2** Upon completion of the leave period, the participant shall be reinstated to the regular full or regular part-time position held immediately prior to the leave period. Where the position held by the participant immediately prior to the leave period no longer exists, the participant shall be subject to lay-off in accordance with University policy and/or collective agreement obligations.

**7. Amendment or Withdrawal**

- 7.1** The amount deducted from the participant's salary during the deferral period may be modified once each calendar year, by completing and having approved by Human Resources, a revised Contract of Participation.
- 7.2** Except where otherwise indicated in this plan, amendments to the terms of the participation contract may be made with the mutual agreement of the participant, department and the University and subject to any applicable legislation or administrative requirements that may be imposed by the CRA. If such amendments are made, a revised Contract of Participation shall be executed.
- 7.3** It is expected that a participant will continue to be committed to the plan for self-funded leave. However, in the case of unforeseen or extenuating circumstances, a participant may withdraw from the plan up to three (3) months prior to taking their leave of absence by completing the Request for Withdrawal form. Notwithstanding the three (3) month notice period, the University may, where operational requirements permit, accept a lesser notice period.
- 7.4** A participant who withdraws from the plan is required to wait a minimum of twelve (12) months before applying again.
- 7.5** A participant, who ceases to be employed by the University, shall be deemed to have withdrawn from the plan.
- 7.6** A participant, who dies while participating in the plan, shall be deemed to have withdrawn from the plan.
- 7.7** If the participant accepts a position in a different department during the deferral period, they shall be deemed to have withdrawn from the plan. The participant shall be paid a lump sum adjustment equal to the accumulated salary deferred.
- 7.8** In all cases, where a participant withdraws from the plan, the participant shall be paid a lump sum amount equal to the deferred salary plus any accrued interest not already paid; less required tax withholdings, CPP, and pension contributions.

A lump sum repayment shall be made within sixty (60) calendar days of withdrawal from the plan.

## 8. Other Matters

- 8.1** A participant shall assume the responsibility of making themselves aware of the implications of the plan related to its effect on pension provisions, employment insurance, income tax, long term disability, life insurance and other benefit programs.
- 8.2** The University intends to maintain the plan indefinitely, but retains the right to amend or discontinue the plan in whole or in part, at any time. However, no amendment to the plan initiated by the University shall operate to reduce the benefits accruing to participants who are enrolled in the plan at the time of amendment.
- 8.3** The availability and operation of the plan is subject to the limits and requirements of the Income Tax Act. Any tax consequences arising from plan participation are the sole responsibility of the applicable participant.

## PROCEDURE

### Action

### Responsibility

#### 1. Application and Approval

- |   |  |
|---|--|
| <b>1.1</b> An employee who wishes to participate in the plan must make written application, using the Application to Participate form.  | Employee                                     |
| <b>1.2</b> The employee must submit the application to their supervisor for review and recommendation to the Department Chair, Co-ordinator, or Director.   | Employee                                     |
| <b>1.3</b> Recommended applications are to be submitted by the Department Chair, Co-ordinator, or Director for approval to the Director of Human Resources by December 15 of a given year.  | Department Chair,<br>Coordinator or Director |
| <b>1.4</b> The University shall inform the employee of its decision by February 15 of the year following receipt of the application.  | Human Resources                              |
| <b>1.5</b> Participation of an eligible employee, whose application who has been approved, is subject to written agreement. Therefore, the Contract of Participation must be completed and signed by the eligible employee and received by Human Resources no later than four (4) weeks prior to the commencement of the deferral period. Failure to submit the completed contract before the deadline cancels the request and the employee will be | Employee                                     |

deemed to have withdrawn their application. Upon the execution of the Contract of Participation, the eligible employee becomes a participant in the plan.

## **2. Participant Account**

**2.1** The participant account shall receive for credit, on a bi-weekly basis, the amount elected for deferral. Payroll

**2.2** The participant account shall receive interest credits at the rate of return on short-term investments applicable to operating accounts of the University for each of the months the employee is a participant. Interest shall be calculated on the average daily balance on the participant account for any month or part thereof and credited to the participant's account in arrears and usually on or before the 15<sup>th</sup> of the following month. Payroll

**2.3** Interest credits applied to the participant account during the calendar year will be paid out to the participant on or before the end of the calendar year. Payroll

**2.4** The interest credits are taxable in the calendar year in which the participant receives payment. The University will report and include these amounts in employment income on the participant's T4. Payroll

**2.5** An annual statement of the participant account will be issued to the participant for each calendar year. Payroll

## **3. Suspending Participation in the Plan**

**3.1** The participant must notify the University in writing to take pregnancy, adoptive, parental and/or paternity leave during the leave period. Upon receiving approval, the period of time requested for pregnancy, adoptive, parental and/or paternity leave may be taken during the deferred salary leave. The absence from the workplace may then be extended by the length of the pregnancy, adoptive, parental and/or paternity leave. During the pregnancy, adoptive, parental and/or paternity leave, the participant will have their deferred salary leave payments suspended. Employee

**3.2** The participant may on one (1) occasion while they are participating in the plan, give one (1) month's written notice to the University that they wish to suspend Employee/Human Resources

participation in the plan for a period up to twelve (12) months. Upon receipt of the completed Request for Suspension form, the University shall pay the participant the nominal salary as if they were not participating in the plan for the requested period. The balance of the participant account will be held by the University during the suspension period.

- 3.3** The participant's participation in the plan will be reinstated commencing the first pay which immediately follows the period for which their participation has been suspended. Payroll
- 3.4** Suspension of participation in the plan will not change the commencement date established for the deferred salary leave, except with the permission of the University. In no event will the Deferral Period exceed six (6) years from the date of the enrolment in the plan.

## SUPPORTING DOCUMENTATION

Appendix 1	Application to Participate Form
Appendix 2	Contract of Participation Form
Appendix 3	Request for Suspension Form
Appendix 4	Request for Withdrawal Form

## RELATED POLICIES

- StFX-NSGEU Collective Agreement Article 21 Leave of Absence without pay
- StFX-UNIFOR Collective Agreement Article 24 Unpaid Leaves of Absence
- StFX-CUPE Collective Agreement Article 19.02 Leave of Absence
- StFX Non-Union Handbook Leaves of Absence

## RELATED MATERIALS

CRA Tax Interpretation Bulletin IT-419R2- "Income Tax Act – Meaning of Arm's Length





**Deferred Salary Leave Plan (DSLPL)**  
**Application to Participate**

Name: \_\_\_\_\_ SIN: \_\_\_\_\_  
(please print)      Surname      Given Name

Department: \_\_\_\_\_ Employee No: \_\_\_\_\_

\_\_\_\_\_ Length of Deferral Period (maximum 72 months or 6 years)

\_\_\_\_\_ Length of Leave of Absence (minimum 6, maximum 12 full calendar months)

\_\_\_\_\_ Deferral Period Start Date  
(dd/mm/yyyy)

\_\_\_\_\_ Leave of Absence Start Date  
(dd/mm/yyyy)

Deferred Percentage. (Minimum 10%, maximum 33 1/3 % of gross bi-weekly salary)

- |                              |                              |                                   |
|------------------------------|------------------------------|-----------------------------------|
| <input type="checkbox"/> 10% | <input type="checkbox"/> 15% | <input type="checkbox"/> 20%      |
| <input type="checkbox"/> 25% | <input type="checkbox"/> 30% | <input type="checkbox"/> 33 1/3 % |

- The main purpose of the DSLP is to permit the participant to fund a leave of absence, not to provide benefits to the participant on or after retirement.
- I have read and understood the information provided in the Deferred Salary Leave Plan

**I hereby make application to participate in the Deferred Salary Leave Plan**

\_\_\_\_\_  
(dd/mm/yyyy)      Employee's Signature

**Application Reviewed and Recommended:**

\_\_\_\_\_  
(dd/mm/yyyy)      Supervisor Signature      Print Name

\_\_\_\_\_  
(dd/mm/yyyy)      Department Head      Print Name

<b>For Use by Human Resources Only</b>	
Date received by Human Resources: _____	
_____ Date	_____ Director, Human Resources
Entered by Payroll: _____	Signature _____



## Deferred Salary Leave Plane (DSLP) Contract of Participation

Agreement entered into by

St. Francis Xavier University, hereinafter designated as “the University”

<input type="checkbox"/>	Original Contract
<input type="checkbox"/>	Revised Contract

And \_\_\_\_\_  
(please print)      Surname      Given Name

SIN: \_\_\_\_\_

\_\_\_\_\_  
Address

Employee No: \_\_\_\_\_

Hereinafter designated as “the Participant”

### Duration of the Contract

1. This contract shall come into force on \_\_\_\_\_ and shall expire on the last day of the Deferred Salary Leave. (Original Contract Date)
2. The duration of the Deferral Period shall be \_\_\_\_\_ months. (maximum 72 months or 6 years from the original contract date).
3. The Leave Period shall be \_\_\_\_\_ months, that is, from \_\_\_\_\_ to \_\_\_\_\_. (minimum 6, maximum 12 full calendar months). (dd/mm/yyyy) (dd/mm/yyyy)

### Salary

4. During the Deferral Period, the Participant authorizes the University to deduct from each pay an amount equal to: (*check one*)

<input type="checkbox"/> 10%	<input type="checkbox"/> 15%	<input type="checkbox"/> 20%
<input type="checkbox"/> 25%	<input type="checkbox"/> 30%	<input type="checkbox"/> 33 1/3 %

of their gross bi-weekly salary to be held, invested, and administered under the DSLP. The amount deducted may be altered once each calendar year, by completing a revised contract of participation.

5. Payroll deductions shall begin on the Pay Period beginning \_\_\_\_\_. (dd/mm/yyyy)
6. During the Leave Period, the Participant may not receive any remuneration, other than the Deferred Salary, from the University or from any other person or organization with whom the University does not deal at arm’s length.

### Terms and Conditions

7. The employee agrees that they have read and understood the information provided in the Deferred Salary Leave Plan, and agree to the terms and conditions of the DSLP.
8. The University is not liable for, and is released from, any and all claims which arise, directly or indirectly, in connection with this DSLP and is not limited to the Plan’s effect on pension provisions, employment insurance, income tax, long term disability, life insurance and other benefit programs.

**IN TESTIMONY THEREOF, the parties have signed in Antigonish, Province of Nova Scotia, this \_\_\_\_\_ day of the month of \_\_\_\_\_, 20\_\_\_\_\_.**

\_\_\_\_\_  
For St. Francis Xavier University

\_\_\_\_\_  
Participating Employee

\_\_\_\_\_  
Witness

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Print Name)



## Deferred Salary Leave Plane (DSLPL) Request for Suspension

Name: \_\_\_\_\_  
(please print)      Surname      Given Name

SIN: \_\_\_\_\_

Department: \_\_\_\_\_

Employee No: \_\_\_\_\_

- The Participant may on one (1) occasion while they are participating in the Plan, give one (1) months written notice to the University that they wish to suspend participation in the Plan for a period of up to twelve (12) months. Following such notice, the University shall pay the Participant their Nominal salary as if they were not participating in the Plan for the requested period. The balance of the Participant Account will be held by the University until the Participant withdraws from the Plan or begins the Leave Period.
- The Participant's participation in the Plan will be reinstated commencing the first pay which immediately follows the period for which their participation has been suspended.
- Suspension of participation in the Plan will not change the commencement date established for the Deferred Salary Leave, except with the permission of the University. In no event will the Deferral Period exceed six (6) years from the date of enrolment in the Plan.

Suspend DSLPL Deductions on the Pay Period beginning \_\_\_\_\_  
(dd/mm/yyyy)

Resume DSLPL Deductions on the Pay Period beginning \_\_\_\_\_  
(dd/mm/yyyy)

Upon resuming DSLPL deductions, the employee authorizes the University to deduct an amount, on each pay, equal to: (check one)

- |                              |                              |                                   |
|------------------------------|------------------------------|-----------------------------------|
| <input type="checkbox"/> 10% | <input type="checkbox"/> 15% | <input type="checkbox"/> 20%      |
| <input type="checkbox"/> 25% | <input type="checkbox"/> 30% | <input type="checkbox"/> 33 1/3 % |

of their gross bi-weekly salary to be held, invested, and administered under the DSLPL.

**I hereby request to suspend participation in the Deferred Salary Leave Plan for a period of \_\_\_\_\_ months (maximum twelve (12) months).**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee's Signature

<b>For Use by Human Resources Only</b>	
Date received by Human Resources: _____	
_____ Date	_____ Director, Human Resources
Entered by Payroll: _____	Signature _____



## Deferred Salary Leave Plane (DSLPL) Request for Withdrawal

Name: \_\_\_\_\_  
*(please print)*      Surname      Given Name

SIN: \_\_\_\_\_

Department: \_\_\_\_\_

Employee No: \_\_\_\_\_

- A Request for Withdrawal from the DSLPL may be submitted up to three (3) months prior to taking the leave of absence.
- A Participant who withdraws from the DSLPL is required to wait a minimum of twelve (12) months before applying to participate in the DSLPL again.
- In all cases, where a Participant withdraws from the DSLPL, the Participant shall be paid a lump sum amount equal to the accumulated Deferred Salary plus any accrued interest not already paid; less required tax withholdings, CPP, and pension contributions. A lump sum payment shall be made to the Participant within sixty (60) calendar days of withdrawal from the DSLPL.

Previously scheduled Leave of Absence start date: \_\_\_\_\_  
(dd/mm/yyyy)

Resume Nominal Salary on the Pay Period beginning: \_\_\_\_\_  
(dd/mm/yyyy)

**I hearby request to withdraw from the Deferred Salary Leave Plan.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Employee's Signature

**Request Reviewed:**

\_\_\_\_\_  
(dd/mm/yyyy)

\_\_\_\_\_  
Supervisor Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
(dd/mm/yyyy)

\_\_\_\_\_  
Department Head Signature

\_\_\_\_\_  
Print Name

**Request Received by Human Resources:**

\_\_\_\_\_  
(dd/mm/yyyy)

\_\_\_\_\_  
Human Resources

\_\_\_\_\_  
Print Name