



DEFERRED SALARY LEAVE PLAN REGULATIONS

Revised January 2020

PURPOSE

- .01 The Deferred Salary Leave Plan will afford teachers the opportunity of taking a leave of absence of a full school year or one of four, five or six months. The leave is financed through salary deferral during the period preceding the leave.

ELIGIBILITY

- .02 Any teacher who holds a Schedule "B" contract is eligible to participate in the Plan.

APPLICATION

- .03 A teacher must make written application to the School Superintendent on or before February 28th of the school year prior to the school year the deferment is to commence, to participate in the plan.
- .04 Written acceptance, or denial, of the teacher's request with explanation shall be forwarded to the teacher by May 1st in the year the request is made.
- .05 Approval of individual requests to participate in the Plan shall rest solely with the Superintendent. Notwithstanding the aforementioned, the Minister may restrict in any year the number of participants in the plan.
- .06 Special requirements for term leaves:
- The 4 month leaves **must** be taken from September to December;
 - The 5 month leaves **must** be taken from September to January (1st Semester) or from February to June (2nd semester). These leaves are only available to the teachers in the semestering system and intensive French teachers, and are, with the one year leave, their only available options; and
 - The 6 month leaves **must** be taken from January to June.



PAYMENT FORMULA AND LEAVE OF ABSENCE

- .07 i) In each year of the Plan, preceding the period of the leave, a teacher will be paid a reduced percentage of applicable annual salary.
- ii) The remaining percentage of the gross salary will be deducted in bi-weekly installments commencing with the first pay cheque in September and will continue to be deducted for a period not to exceed 24 months for the ‘two years over three’ plan; 36 months for the ‘three years over four’ plan; 48 months for the ‘four years over five’ plan; 60 months for the ‘five years over six’ plan; and 72 months for the ‘six years over seven’ plan. The percentage of salary deducted for each of the above plans is as follows:

Plan	% Deferred*	Plan	% Deferred*	Plan	% Deferred*
a) 2 over 3		b) 3 over 4		c) 4 over 5	
6 months () 20%		12 months () 26.7%		12 months () 20%	
5 months () 16.6%		6 months () 13.3%		6 months () 10%	
4 months () 13.3%		5 months () 11.1%		5 months () 8.3%	
		4 months () 8.9%		4 months () 6.6%	
d) 5 over 6		e) 6 over 7			
12 months () 16%		12 months () 13.3%			
6 months () 8%		6 months () 6.6%			
5 months () 6.6%		5 months () 5.5%			
4 months () 5.3%		4 months () 4.4%			

**Should you wish to change the percentage of your contributions, up to a maximum of 33 1/3%, please refer to section 12 of the document entitled “Notes for the guidance of applicants”.*

- iii) All deferred salary shall be forwarded to the NBTA Credit Union Ltd./UNI Financial Cooperation and shall accumulate interest calculated on the minimum accumulated monthly balance. The interest paid shall be calculated by averaging the interest rates in effect on the last business day of each month for a true savings account, a one (1) year term deposit, a three (3) year term deposit and a five (5) year term deposit. The rates for each of the accounts identified shall be those quoted by the Prospect Street Branch of the Bank of Montreal, Fredericton, N.B. Interest shall be deposited to the appropriate account on the last day of each month.

It is to be noted that participants will be taxed on a current basis on the interest or other amounts that accrue in the plan.



- iv) Employee contributions for Canada Pension Plan and Income Tax are to be deducted from the portion of salary remaining after the approved deferment percentage. Employment Insurance is to be deducted on the full salary before deferment. Teacher Pension Plan deductions during each year of the plan, including the year of leave, shall be made on the basis of what the salary would have been had the teacher not entered the Plan. In the year of leave, the applicable contributions are to be made from the deferred salary plus accumulated interest. All other deductions (e.g. Group Insurance, NBTf dues, etc.) shall be made as usual.
- v) In the year of leave, the annual salary shall be determined from the total amount accumulated from contributions to the plan over the preceding 24, 36, 48, 60 or 72 months plus accumulated interest (see also point vii for additional information on term leaves).
- vi) The amount referred to in (v) above will be paid in bi-weekly installments by the employer during the teacher's leave. The residual will continue to earn interest at the prevailing rate outlined in (iii) and any adjustment of accumulations will be paid on the last installment. **During any period of leave the employee cannot receive any salary from the employer or any other person or partnership with whom the employer does not deal at arm's length other than amounts of salary deferred before the period of leave.**
- vii) Additional information on term leaves (4, 5 and 6 month leaves):
 - During the leave period, participants will receive their deferred contributions plus interest over the number of pay periods during the leave period, with a payment of the residual interest at the completion of the leave; and
 - During the leave year, participants will have their salary prorated over the remaining pay periods outside of the leave period.

In summary, prior to the leave year, the District will calculate the number of teaching days a participant is on leave as compared with the number of teaching days worked. Since a participant's summer cheques would be adversely affected by the reduced number of teaching days during a deferred leave year, his or her income (e.g. 110 teaching days) will be evenly distributed over the number of pay periods **outside** of the leave period.



BENEFITS

- .08 While a teacher is enrolled in the Plan, and not on leave, any benefits tied to the salary level shall be structured according to the salary the teacher would have received had he/she not been enrolled in the Plan.
- .09 A teacher's benefits will be maintained during his/her leave.
- .10 While on leave any benefits tied to salary level shall be structured according to the salary the teacher would have received had he/she not been enrolled in the Plan.
- .11 Sick leave credits shall not accumulate and cannot be used during the period spent on leave.
- .12 Each year of the plan, including the period spent on leave, contributions to the pension plan will be made according to the salary the teacher would have received had he/she not been enrolled in the plan.

Each year of the plan, including the period spent on leave, shall be a period of pensionable service, teaching service and seniority.

- .13 **After the period of leave the teacher must return to work for a period that is not less than the period of leave.** A teacher granted deferred salary leave shall, upon return to the district, be entitled to the same position occupied prior to the deferred leave. If this position no longer exists, the teacher shall be entitled to an equivalent position or mutually acceptable position as governed by the appropriate clauses of the Collective Agreement between Board of Management and NBTF.

WITHDRAWAL FROM THE PLAN

- .14 A teacher may withdraw from the Plan any time of the year preceding the school year in which the leave is to commence. Any exceptions to the aforesaid shall be at the discretion of the Superintendent. Repayment shall be pursuant to .15. For withdrawal procedures, refer to the document "Notes for the guidance of applicants", points 9 to 11.
- .15 A teacher who withdraws from the plan shall be paid in one lump sum adjustment equal to any monies deferred plus interest accrued. This payment shall be made as soon as possible within (60) days of withdrawal from the plan. Irrespective of when a participant is reimbursed contributions, it is considered taxable income in the year of withdrawal.
- .16 Should a teacher die while participating in the Plan, any monies accumulated, plus interest accrued at the time of death shall be paid to the teacher's estate.



- .17 Teachers whose contracts terminate shall be deemed to have withdrawn from the Plan and shall be paid a lump sum adjustment of salary deferred and interest accrued to the date of withdrawal from the Plan. Repayment shall be made pursuant to .15.

CONTRACT

- .18 All teachers wishing to participate in the Plan shall be required to sign the approved contract before final approval for participation is granted.
- .19 The contract provisions concerning the year of leave may be amended by mutual agreement as long as the requirements set by Revenue Canada are met (i.e. maximum of 6 years in the plan before taking the period of leave).

