

DEFERRED SALARY LEAVE PLAN PROCEDURES

This procedure is governed by its parent policy. Questions regarding this procedure are to be directed to the identified Procedure Administrator.

Functional Category:	Human Resources
Parent Policy:	Compensation Policy
Approval Date:	June 25, 2014
Effective Date:	July 1, 2014
Procedure Owner:	President and CEO
Procedure Administrator:	Director, Workforce Development and Human Resources

Overview:

NorQuest College (College) provides permanent and term employees who are no longer on probation and have completed five years of continuous service with the College, with the opportunity to finance a future leave of absence through the deferral of a portion of their salary over a period of time, which is then paid during the leave of absence. The self-funded leave program is intended for the employee's personal or professional development with the additional understanding that the employee will subsequently return to work at the College.

A deferred salary leave plan is a prescribed plan under the Canada *Income Tax Act* and the terms and conditions of this plan are governed by this Act and its regulations.

Authority to establish this procedure is derived from the [NorQuest College Board of Governor's Policy No. 5](#), which delegates authority to the President and CEO to establish policies and procedures for the College's management and operation.).

Procedures:

All eligible employees may apply to participate in the Deferred Salary Leave Plan. This plan permits the employee to defer their salary for a period of one (1) to six (6) years followed by a leave of absence of six (6) to 12 months during which the deferred salary is paid back to the employee. An exception is permitted for the leave period to be as short as three (3) months in circumstances where the employee is attending a full-time post-secondary education program.

Employees considering applying for the Deferred Salary Leave Plan are encouraged to meet and discuss the plan with their Employee Services Advisor.

Eligibility

All permanent and term employees who are no longer on probation and have completed five years of continuous service with the College are eligible to apply for the Deferred Salary Leave Plan.

Applying for the Deferred Salary Leave Plan (DSLPL)

- The employee completes the [Deferred Salary Leave Plan Memorandum of Agreement](#) and submits the agreement to their supervisor.
- The supervisor reviews the request and provides a recommendation to their Division Head.
- The Division Head assesses the request, provides a recommendation and forwards it to their Executive Head.

- The Executive Head, in consultation with the Division Head, will render a decision. The decision is final and not subject to the grievance process. Approval will not be unreasonably withheld.
 - The Executive Head will forward the approved DSLP agreements to Employee Services.
 - The Executive Head will forward all non-approved requests to the applicable Division Head. The Division Head will advise the employee and the employee's supervisor.
- Employee Services will send the employee a letter confirming approval, the start date of the salary deduction and the start date of the leave.
- Employee Services requests that the payroll department in Integrated Planning & Budget Management and Financial Services (IPBM&FS) set up the salary deduction and the trustee deposit account with the College's financial institution.
- Once an application has been approved, it will not be changed except as provided in this procedure.
- Employees may reapply one (1) year after their return to work from their DSLP.

Salary During the Deferral Period

During the deferral period, the employee will receive their gross regular salary less the deferred amount which the employee has specified in the [Deferred Salary Leave Plan Memorandum of Agreement](#).

Income tax and Canada Pension Plan (CPP) withholdings will be based on the salary less the deferred amounts, while Employment Insurance (EI) withholdings are based on the gross salary (salary including the deferred amounts).

Amount Deferred

- The amount deferred cannot be greater than 33 1/3 percent of the employee's gross regular salary.
- Upon sixty (60) days written notice to the College, the employee may alter the amounts to be deferred in subsequent years.

Investment of Deferred Compensation

- The deferred salary monies retained by the College for each employee will be deposited monthly to a trustee deposit account of the financial institution which handles the College's business, in the name of "NorQuest College in Trust for (name of employee)", and will accrue interest annually at the rate normally paid in such an account, credited on a monthly basis.

Non-Liability of the College

- The College will not be liable to any employee or employees for its acts of defaults or for any error in judgment or for any act of omission or commission in the administration or management of the monies retained, provided such monies have been invested according to the above section called "Investment of Deferred Compensation".

Reporting to Employees

- Following each calendar year end, IPBM&FS will report to each employee the deferred salary amount retained on his/her behalf,

including any interest earned.

Delaying or Failure to Take the Leave of Absence

- The employee or the College may postpone the Leave Period for up to twelve months, providing the deferral period is not extended past the six (6) year maximum.
 - If the College postpones the leave, Employee Services will notify the employee in writing of the reasons for the postponement not less than six months prior to the scheduled commencement of the Leave.
 - If the employee requests a postponement, they are to submit their request in writing, outlining the reasons for the postponement, to their Division Head.
 - The Division Head assesses the request, provides a recommendation and forwards it to their Executive Head.
 - The Executive Head, in consultation with the Division Head, will render a decision. The decision is final and not subject to the grievance process.
 - The Executive Head will forward the approval to Employee Services.
 - The Executive Head will forward all non-approved requests to the applicable Division Head. The Division Head will advise the employee and the employee's supervisor.
- The Leave Period must start by the end of the sixth year after salary deferral commenced. In the event that the employee does not take a Leave of Absence immediately following the Deferral Period, the total of all amounts held on their behalf will be paid out to the employee no later than the end of the first taxation year which commences following the Deferral Period.

Employment During Leave

- An employee will not be employed by or receive income from the College or from any other person or partnership with whom the College does not deal with at arm's length during the Leave Period.

Taking the Leave of Absence

The Leave of Absence will normally commence immediately following the Deferral Period

- Outstanding vacation entitlements shall be utilized prior to the commencement of the leave, unless arrangements are approved by the Division Head.
- The employee will, not less than two months prior to the scheduled commencement of the Leave Period, provide the Division Head and the Employee Services Department of Workforce Development and Human Resources (WDHR) with written confirmation of his/her intention to commence the leave on the date specified in the Memorandum of Agreement.
- Employee Services provides the employee with a letter confirming the leave dates, benefit options during the leave, and applicable forms. Refer to [Leave Without Pay Procedures](#) for benefit options.
- Employee Services inputs the leave dates on the employee record and advises Payroll of the leave.
- Payroll ends the deferral amount on the employee's payroll record and will calculate the amount to be paid in biweekly installment to the employee as follows:
 - Each installment will be the equivalent of the Deferred

Amount, including outstanding interest, divided by the number of bi-weekly pay periods of the leave. The final installment will include any interest accrued during the Leave Period. All Deferred Amounts must be paid out no later than the end of the first taxation year, which commences following the end of the employee's Deferral Period.

- During the Leave Period, income tax and CPP withholdings will be based on the amounts received as per C.R.A.

Returning from the Leave of Absence

Immediately following the Leave of Absence, the employee will return to regular employment for a period of at least equal in length to the Leave of Absence.

- The employee will, not less than two months prior to the end of the Leave Period, provide the Division Head and the Employee Services Department with written confirmation of his/her intention to return to service on the date specified in the Memorandum of Agreement.
- At the end of the Leave Period, provided the requirements of the Plan have been met, the employee will be returned to their former position or be placed in a position of comparable classification, benefits and salary range.

Failure to Return to Service Commitment

- If the employee fails to return to service at the end of the leave period they will be liable for a reassessment of taxes.

Withdrawing From the DSLP

Termination of Employment

The College will, within 60 days of a termination of employment, pay to the employee the Deferred Compensation amount and any outstanding interest in one lump sum.

Voluntary Withdrawal

- An employee who voluntarily withdraws from the Plan will be treated as a new applicant for any subsequent request for reinstatement in the Plan. Such request will not be considered for at least one year following withdrawal.
- Upon the withdrawal from the Plan by an employee, any interest not paid will be paid, along with the Deferred Amount.

Temporarily Suspending the DSLP

Approval

- Subject to the approval of the Division Head, participation in the Plan during the Deferral Period may be suspended for up to twelve (12) months.

Voluntary Suspension

- An employee must provide written notice to Employee Services to suspend his/her participation in the Plan.
- The employee will be reinstated in the plan following the period of suspension.

Other Leave of Absence

- An employee receiving Long Term Disability Benefits or granted another form of leave without or at reduced salary during the Deferral Period, may give written notice to Employee Services to

suspend his/her participation in the Plan during the period without or at reduced salary. This total of the deferral and Leave Periods may not exceed six (6) years.

- The employee will be reinstated in the Plan immediately following the period without or at reduced salary.

Conditions of Suspension

- During a period of voluntary suspension, the College will resume payment of gross regular salary to the employee without deducting the Deferred Amount.
- The amounts retained by the College prior to the suspension, less all interest paid to the employee, will continue to be held by the College until the Employee withdraws from the Plan or takes the Leave of Absence provided for under the Plan.
- The Deferral Period may be extended by the period of suspension, but the total of the deferral and Leave Periods may not exceed six (6) years.

Amendment of Plan

Legislation

- In the event of a conflict between a provision of the Plan and any applicable legislation, the Plan will be changed to conform to such legislation.

Liability for Tax

- In the event of changes to legislation which affects the taxability of benefits under this Plan, the employee will be liable for any tax payable.

Definitions:

Accrued Interest: means the amount of interest earned on the Deferred Amount.

Deferral Period: means a period of one to six years, inclusive, during which a portion of Gross Regular Salary is retained by the College on behalf of an employee.

Deferred Amount: means the portion of gross regular salary which is retained by the College on behalf of an employee.

Division Head: means anyone who manages a division. Division Head is responsible for a division reporting directly to an Executive and normally includes Deans and Directors.

Eligible Employee: means an employee who holds a Permanent or Term position, has completed his/her probationary period and who has completed at least five years continuous service with the College.

Employee: includes a person who is engaged by NorQuest College to perform a service in accordance with existing terms and conditions of employment, employment contracts or collective agreements.

Executive Head: means anyone who manages groups of divisions. Executive Managers can include vice-presidents of the President and CEO.

Gross Regular Salary: means the annual rate of pay that an

Related Information:
Related Documentation:
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employee would reasonably be expected to receive had he/she not participated in the Plan, excluding bonuses, overtime or other incidental payments.

“Leave of Absence” or “Leave Period” means a six to twelve month period taken immediately following the deferral period in accordance with the Memorandum of Agreement.

Plan: means the Deferred Salary Leave Plan as described in this Plan Conditions and Administrative Procedures, and includes all appendices attached thereto.

Plan Year: means any twelve month period commencing on the anniversary date of the eligible employee’s participation in the Plan.

- [Compensation Policy](#)
- [C.R.A. Prescribed Salary Deferral Plans or Arrangements](#)
- [Income Tax Regulation section 6801](#)

- [Deferred Salary Leave Plan Memorandum of Agreement](#)

May 2017

June 2014: New (replaces Standard Practice 7.14: Deferred Salary Leave Plan)