

## DEFERRED SALARY LEAVE PLAN

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**Effective Date:** April 22, 2002

**Originating Office:** Human Resources

**Supersedes /Amends:** B-27

**Policy Number:** HR-20

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### SCOPE

This policy applies to all permanent employees of the University unless specific provisions of a Collective Labour Agreement or Protocol apply. For permanent part-time employees, the benefits outlined in this policy are pro-rated to the regularly scheduled hours of work of the part-time position.

### DEFINITIONS

For the purpose of this policy, the following definitions apply:

“DSLP” means this Deferred Salary Leave Plan and includes any changes, amendments and modifications to the Plan at any time.

“Deferral period” means a period of no more than five (5) consecutive plan years during which an eligible employee is a participating employee and is not on leave under the DSLP or any other unpaid leave of absence as provided for in policy *Leave without Pay* ([HR-15](#)).

“Deferred salary” means the portion of the earnings of a participating employee agreed to by the University and the employee to be deferred during each plan year of the deferral period.

“Earnings” means the gross annual salary received from the University by an employee in a plan year before deduction of any amounts, including amounts with respect to income tax, employment insurance, pension plans and benefits.

“Fund” means the fund established pursuant to the trust agreement with the Trustee to which deferred salary is paid by the University and from which payments are made to employees in accordance with the terms of the DSLP.

“Leave” means the period of time following the deferral period in which an employee is on a leave of absence.

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“Participating employee” means an eligible employee who has applied for and been granted participation in the DSLP.

“Plan year” means the year in which the leave is taken.

“Trustee” means a trust company incorporated under the laws of Canada or a Province.

### POLICY

1. The DSLP is intended to provide employees with the opportunity to pursue a personal endeavour.
2. Approval of the request for a deferred salary leave is subject to the ability of the respective department to accommodate the leave while maintaining departmental efficiency. However, approval shall only be withheld in exceptional circumstances.
3. The period of leave must be for between six (6) and twelve (12) consecutive months. The period of leave may be for three (3) consecutive months only in cases where the leave is to be taken for full-time attendance at a designated educational institution.
4. Upon return to work, the employee is reinstated in his previous position or an equivalent position if his position has been abolished. In such a case, the provisions of procedure *Employment Security* ([HR-4](#)) applies.
5. An employee who is promoted or transferred to a different department during the deferral period must obtain approval from the new Department Head for continued participation in the DSLP.
6. Participation in the DSLP is subject to the signing of an agreement. This document is available at Human Resources.

### PROCEDURE

7. An eligible employee may apply in writing to his Department Head with a copy to Human Resources, to participate in the DSLP. The application must be submitted three (3) months prior to the date at which he wishes to commence participation in the DSLP

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and must indicate the beginning and end dates of the period of deferral and the period of leave.

8. Approval or refusal of the request is provided by the Department Head with a copy to Human Resources within five (5) weeks of the date the application was received. Refusal letters include reasons for the refusal.
9. Participation of an eligible employee, whose application has been approved, is subject to his written agreement, which shall specify:
  - a. that the employee will participate in the DSLP in accordance with its terms and conditions;
  - b. the deferral period and the plan year;
  - c. the manner in which deferred salary will be held;
  - d. the amount of deferred salary calculated as a percentage of earnings.
10. Such agreement must be signed by the employee and returned to Human Resources with a copy to the Department Head four (4) weeks prior to the date on which the deferral period is to start. Upon such agreement, the eligible employee becomes a participating employee. Failure to comply with the requirements specified in paragraph 9 of this policy cancels the request and the employee is deemed to have withdrawn his application.

### DEFERRED SALARY

11. During each plan year prior to the leave, the University deducts the deferred salary from the employee's earnings and pays such amount to the Trustee to be held in the Fund. The deferred salary deduction is pro-rated over periodic payments of earnings made to the employee during the deferral period. In no case is the deferred salary to exceed 33 1/3% of the earnings and the product of the deferral period multiplied by the percentage of deduction cannot exceed 100%.
12. The Trustee establishes and maintains on its books for the Fund a separate account for each employee. The Trustee holds and invests the deferred salary received in accordance with the provisions of the Trust Agreement. Investments are made by the Trustee's and bear interest at the applicable rate of interest for such accounts.

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13. Each participating employee has the option of either receiving, prior to the end of each calendar year, the income earned on the aggregate amount of the deferred salary which is held by the Trustee in the participating employee's account, or of letting the income accumulate in the Fund.
14. The Trustee provides each employee with an annual report showing the aggregate of deferred salary held in trust in the employee's account and the interest earned and payments made.
15. All amounts held for the employee are to be paid no later than the end of the first taxation year that commences after the end of the deferral period.

### INCOME TAX

16. The University makes the required deductions from an employee's earnings during the deferral period computed on the earnings during the applicable calendar year less the deferred salary for such calendar year.
17. Monies paid to an employee during the leave are taxable and are net of required deductions computed as if the amount of such monies paid out in a calendar year formed part of the employee's earnings received in such calendar year.

### PAYMENT and BENEFITS

18. The participating employee is paid the bi-weekly deferred salary held in his account.
19. During the leave, a participating employee:
  - a. accumulates service
  - b. is not eligible to benefit from the Long Term Disability (LTD) plan
  - c. remains eligible to participate in all other benefit programs, in accordance with the terms contained therein.

### WITHDRAWAL

20. A participating employee who, at any time during his participation in the DSLP,

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- a. ceases to be employed by the University or
- b. is not working by reason of being on Workers' Compensation or on Long Term Disability Leave, or on a Maternity leave Extension or other Leave of Absence Without Pay or
- c. retires or dies

is deemed to have withdrawn from the DSLP effective on the last day of work prior to the leave, cessation of employment, retirement or death.

21. An employee may withdraw from the DSLP at any time during the deferral period upon one (1) month's prior notice to the University.
22. Within thirty (30) days of withdrawal, pursuant to paragraphs 20 & 21 of this policy, the employee or his estate is paid the aggregate deferred salary plus any accumulated interest held in the Trust account. This payment is subject to applicable income tax deductions.

### POSTPONEMENT

23. The University may require that an employee defer the leave from the agreed plan year of leave if deferral is necessary for University operations. The University will then notify the employee at least six (6) months prior to the leave.
24. In the event of such postponement, the University, upon presentation of official receipt, will reimburse the employee for any non-refundable deposit made towards enrollment in an educational institution.
25. An employee may also request that the University defer the leave from the agreed Plan Year. Such request may be made at least six (6) months prior to the leave. The University may accept a request after such time at its discretion.
26. Any postponements made under this article shall be
  - a. for one (1) year only, and
  - b. required or requested only once.

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27. In the event that a Maternity leave or a Parental leave occurs during the deferral period, participation in the plan may be suspended for a maximum of twenty (20) weeks.

*(A copy of the agreement form is on page 7)*

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Deferred Salary Leave Plan

Agreement entered into by

Concordia University, hereinafter designated as "the University" and

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Address

Hereinafter designated as "the employee"

Duration of the contract:

This contract shall come into force on \_\_\_\_\_ and shall expire on \_\_\_\_\_.

The duration of the leave shall be of \_\_\_\_\_ months from, \_\_\_\_\_ to \_\_\_\_\_  
dd/mm/yyyy dd/mm/yyyy

During the leave of absence, the employee shall not receive any salary or wages except for the amount by which the employee's salary was deferred.

Salary:

During each of the years referred to in this contract, the employee shall receive \_\_\_% of his/her salary.

IN TESTIMONY THEREOF, the parties have signed in Montreal, Province of Quebec, this \_\_\_\_\_ day of the month of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
For the University

\_\_\_\_\_  
The employee