

PREPAID LEAVE PLAN (Deferred Salary Leave Program)

What is a Prepaid Leave Plan?

This Plan was developed to provide Sir Sandford Fleming College full-time employees the opportunity to defer up to one-half of their gross salary to finance a future leave of absence.

Employees on this type of leave are free to pursue any activity or interest while on leave except as outlined in the Conflict of Interest Policy at the College.

When employees take their leave, they access funds that have been deferred and forwarded to an interest bearing account.

The Plan has a minimum leave period of 6 consecutive full calendar months and a maximum of 12 consecutive full calendar months.

Employees must have three years of full-time service to be eligible for participation in the Plan.

Canada Customs & Revenue Agency (CCRA) have established tax regulations that must be adhered to on a continuous basis. These regulations provide the framework for levels of salary deferral, minimum and maximum leave duration, employment cessation, etc.

Both Support and Academic Collective Agreements have articles that address the agreement reached at central bargaining regarding participation in the Plan. The Administrative Terms & Conditions also outline eligibility and participation guidelines for administrative staff.

Who is Eligible?

Full-time employees who have three years of full-time service are eligible for participation in the Plan.

How do I Enroll?

An **application form** is must be completed to enroll in the Prepaid Leave Plan.

After completing the form you must meet with your Leader to discuss your application. Final approval is given by the College President, or designate, using the “**Memo for Approval**”.

Key Points You Should Know When You Apply:

- you must select the total number of months over which you will defer your salary at the time you apply to the Plan. The deferral period cannot be less than one year and cannot exceed six years.
- you must commence your leave immediately following the deferral period.
- any tax implications are your personal responsibility. You may wish to seek independent financial or tax advice when planning your participation in the Plan.
- deductions are made on gross salary. You receive your normal salary less the percentage you have chosen to contribute to the Plan.
- during the deferral period, CCRA requires that income tax and Canada Pension Plan contributions be deducted based on your reduced salary. CAAT Pension contributions, EI contributions and Sun Life benefits will be based on your deemed salary.

- during the deferral period contributions must be continuous. An interruption in contributions will result in termination from the Prepaid Leave Plan, resulting in cancellation of your planned leave and a return of your accumulated contributions.
- you may apply once per calendar year to change the bi-weekly amount of deferred salary that you contribute to the Plan. A **Change/Cancellation form** must be completed and forwarded to payroll.
- in the event of financial hardship, and with the approval of the President or delegate, you may apply to change your contribution amount at any time. However, the deferral amount cannot be reduced to less than 10 percent of your gross salary.
- during your self-funded leave of absence, you withdraw the total contribution made to your interest-bearing account during the deferral period.
- the amounts withdrawn from the deferral account are subject to income tax deductions and Canada Pension Plan contributions.

Leave Period:

You must begin your leave immediately following completion of your deferral period.

You must notify your HR Consultant of your planned leave of absence no less than four months in advance of commencement of the leave. A **Notification of Leave form** must be completed and submitted to payroll.

In some unique situations, the College may request that you postpone your leave or you may request a postponement. In either case, the postponement cannot exceed 12 consecutive months or the maximum deferred period of 72 months, whichever is less.

You must continue to make contributions during the extended deferral period above.

Your leave must be completed by the end of the seventh year from the date you began participating in the Plan.

Cancelling from the Program:

You may cancel from the Prepaid Leave Plan by completing the **Change/Cancellation Form** and forwarding this to your HR Consultant. Situations that may result in the need for cancellation are limited to:

- financial hardship experienced by the participant
- participant suffers total and permanent disability (LTD)
- employee terminates employment with Sir Sandford Fleming College and is not moving to another employer where continued participation is possible