

DEFERRED SALARY LEAVE PLAN – GOVERNMENT OF YUKON
 YUKON TEACHERS ASSOCIATION EMPLOYEES
 INFORMATION SUMMARY
 (Revised November 2, 2020)

A Deferred Salary Leave Plan (DSLPL) provides eligible employees the opportunity to finance a leave of absence without pay by deferring a portion of their salary to the year of leave. An application to enroll in the Plan is a contract between the employee and the employer which has income tax implications for the employee and a long-term commitment from the employer. Therefore, an original ink signature is required from the employee and the approving Deputy Head (i.e. Deputy Minister or DM) on the DSLP application document.

Provided below is a summary of the Yukon Government (YG) YTA Deferred Salary Leave Plan (DSLPL) based on topic areas where employees may have questions. The information provided relative to each topic is a brief summary along with a reference to the relevant section of the DSLPL which can be reviewed for more detailed information. The DSLPL along with other relevant information, such as the application form and contact person for more information, is available at:

<https://yukonconnect.gov.yk.ca/employee-info/Pages/deferred-salary.aspx>

TOPIC	INFORMATION
Eligibility – Employee Type and Minimum Service Requirement	Permanent part-time or full-time employees who have successfully completed their probationary period and completed at least three years of continuous service since a previous Deferred Salary Leave. (Sec. 2.1 and 2.4)
Length and Period of Leave	The unpaid leave would be for a period of one (1) year and for the period of August 1 st to July 31 st (Sec. 1.1, 1.2, 1.3)
Deferral Period (when deferring a portion of salary) Relative to Leave Period (when in receipt of deferred salary) and Amounts Deferred	There are three types of plans to choose from: (Sec.4.2) a) 3/4 Year Plan – 3 deferral years (with 25% of salary deferred in each year – followed by leave year (with approximately 75% of salary); or b) 4/5 Year Plan – 4 deferral years (with 20% of salary deferred in each year – followed by leave year (with approximately 80% of salary); or c) 5/6 Year Plan – 5 deferral years (16.67% of salary deferred in each year - followed by leave year (with approximately 83.33% of salary).
Maximum Number of Employees Permitted on Leave	A maximum of six YTA members will be permitted to enter the DSLPL during each school year. (Sec.2.3)
Application	An application to enroll in the Deferred Salary Leave Plan must be made in writing and submitted to their Deputy Head for signature at least three months prior to commencement of the deferral period.(Sec.2.1)
Application Deadline	Applications must be made in writing to the Superintendent of Education by <u>February 1st</u> of the school year preceding the school year in which the employee wishes to enter the plan. (Sec.3.1)

TOPIC	INFORMATION
Application – Assessor and Criteria	Applications are reviewed by the DSL Committee (consisting of two YTA reps, Superintendent of Education and Director HR Education). (Sec.3.3). Applications will be assessed on the basis of: <ul style="list-style-type: none"> a) The length of the applicant’s most recent continuous service with the Yukon Dept. of Educ. since hire, or since previous DSLP, whichever is the most recent; and b) Total aggregate service with YG. (Sec.3.4)
Application Decision Deadline	The DSL Committee shall make its decision, and Department of Education will notify employees in writing by <u>April 1st</u> of approval or non-approval. (Sec.3.6)
Where is the Deferred Salary Sent and What Happens to the Monies?	The deferred salary is deducted by Payroll and remitted to a financial institution (currently Canadian Western Trust) and invested in the CWT/RKL Deferred Salary Leave Plan Fund which has guaranteed investments, i.e. primarily in one, three and five-year Guaranteed Investment Certificates (GICs) in a pooled fund (with all participating individuals). There is a 1.25% administration fee which is charged to the employee’s investment income. The net investment income is sent to the employee annually and a T4 issued to the employee (as income earned) for income tax purposes. Employees are sent statements twice per year (issued for the six-month periods ending in June and December and normally received by employees in July and January) with regard to monies contributed (during deferral period), net interest earned and monies paid (during the leave period). Employees will be issued a T4 by Payroll for monies paid during the leave period. (Information provided by financial administrator – Record Keeper Limited)
Income Tax, CPP and EI Deductions during the Deferral Period	During the deferral period, deductions for Income Tax and CPP (Canada Pension Plan) will be made based on the reduced salary amount. During the deferral period, deductions for EI (Employment Insurance) will be made based on the gross amount (not the reduced salary amount). (Sec.9.3)
Income Tax, CPP and EI Deductions during the Leave Period	During the leave period deductions for Income Tax and CPP will be made based on the monies received by the employee during this period. During the leave period, deductions will not be made for EI (since the full gross amount was used as the basis for deductions during the deferral period) and employees will not be eligible for EI benefits until they have returned to work and have re-qualified. (Sec.9.3)
Payment Frequency During Leave Period	Payments during the leave period will be made monthly in 12 equal amounts. (Sec.8a). Note payment is made by direct deposit on the first Yukon Government pay day of each month
Benefit/Service Accrual During Leave Period – Salary Increments, Maternity, Sick, Special	During the leave period, the employee will not accrue service for the purpose of salary increments or have access to maternity, parental, sick, special leave, or any other leaves. (Sec.9.1)

TOPIC	INFORMATION
<p>Pension – Deductions During Deferral Period – Deductions for Period of Leave</p>	<p>During the deferral period, deductions for pension will be based on the employee’s full pensionable salary and not on the reduced amount. During the period of leave, no deductions will be made for pension. However upon returning to work after the leave period, employees <u>must</u> pay their contributions for the first three months of the leave period. The employee <u>may</u> elect to count the period of leave in excess of three months as pensionable service. In that case they <u>must</u> pay <u>both</u> the employee and employer contributions for the remaining period of the leave period. The amount to be recovered from the employee must be paid by the employee over a period of time equal to twice the period of the leave, <u>or at the request of the employee</u>, over a period of time equal to the leave period. (Sec.9.2). The employee also has the option of requesting the amount owing be paid by a lump sum payment or a shorter time frame than the leave period.</p>
<p>Benefits - Supplementary Death Benefit (2 X Annual Salary Life Insurance)</p>	<p>Upon return from the leave period, the employee must repay the premiums for Supplementary Death Benefit. The amount is recovered over twice the leave period or at the request of the employee over a shorter time frame or by lump sum payment. In the event the employee passes away during the leave period, their coverage would remain intact and the obligation to repay the premiums would be the responsibility of the employee’s estate. (Information on this benefit is provided in the Leave Without Pay Letter, which outlines the benefit coverage, obligations and options. The Letter is compiled by the Pay and Benefits Coordinator, and is given to the employee before their leave commences)</p>
<p>Benefit coverage during leave period – All benefits coverage or no benefits coverage – Payment of premiums through a PAD – Coverage recommencing upon return from leave</p>	<p>At the employee’s option, they must decide whether to maintain coverage for all benefits or no benefits during the leave period. If maintaining coverage for all benefits, employee must pay employee portion of benefit during the leave through a pre-authorized debit (PAD) arrangement where premiums are deducted monthly from the employee’s bank account. If the employee does not maintain benefit coverage for all benefits during the leave, coverage will recommence when they return to work from the leave. (Section 9.3(iv)) (Amount to be paid and other information will be outlined in the Leave Without Pay Letter which is provided to the employee prior to the leave)</p>
<p>Benefits – Long Term Disability (LTD)</p>	<p>During the deferral period, deductions for LTD will be made based on the employee’s gross annual salary, and not the reduced amount. During the leave period, if the employee maintains coverage for all benefits, the <u>employee</u> will continue to pay the employee portion of the premium for the first three months and thereafter both the employee and employer portions for the remainder of the leave period through a pre-authorized debit (PAD) arrangement. (Sec.9.3(iv) Long Term Disability) (Amount to be paid will be outlined in the Leave without Pay Letter which is provided to the employee prior to the leave)</p>

TOPIC	INFORMATION
Benefits – Extended Health Care	During the leave period, if the employee maintains coverage for all benefits, the employee and employer share of the Extended Health Care premiums will be paid in full by the <u>employer</u> for the year of leave during the year of leave. (Sec.9.4ii)
Benefits – Dental	During the leave period, if the employee maintains coverage for all benefits, the <u>employee</u> must pay both the employee and employer portions of the dental premium for the leave period through a pre-authorized debit (PAD) arrangement. (Sec.9.5) (Amount to be paid will be outlined in the Leave Without Pay Letter which is provided to employee prior to the leave)
Benefits – Yukon Bonus	Employees will not earn a Yukon Bonus during the one-year leave period. Employees who have an anniversary date at the beginning of the school year will receive the Yukon Bonus in June of the school year preceding the start of the leave year. (Sec.9.6i and 9.6ii). For employees who have an anniversary date that is not at the beginning of the school year, a pro-rated Yukon Bonus will be paid on the pay immediately following their eligibility date. On their next anniversary, their Yukon Bonus will also be prorated.
Benefits – Community Allowances and Travel Bonuses	During the year of leave, community, transportation and travel assistance allowances will not be paid to the employee. (Sec.9.7)
Benefits – Life Insurance	During the leave period, if the employee maintains coverage for all benefits, the <u>employee</u> must pay both the employee and employer portions of the Life Insurance premium for the leave period through a pre-authorized debit (PAD) arrangement. (Amount to be paid will be outlined in the Leave Without Pay Letter which is provided to employee prior to the leave)
Accommodation	If the employee is in accommodation provided by the Yukon Housing Corporation, the employee will be required to vacate the accommodation during the period of the leave and will be guaranteed return occupancy. (Sec.9.8 and LOU A)
Union Dues	Payment of YTA membership dues during the period of leave is at the discretion of the participating employee. (Sec.9.9)

TOPIC	INFORMATION
<p>Withdrawal from Plan While Contributing or on Leave – Reasons</p>	<p>A participating employee who during enrolment in the plan is granted Education Leave must withdraw from the plan. (Sec.10.1).</p> <p>A participating employee who ceases to be a YTA bargaining unit employee, who is immediately appointed to another position within YG, may continue their participation in the Plan subject to approval of the Deputy Head. If the employee is no longer eligible to participate, or the Deputy Head does not approve the employee’s continued participation, the employee will be withdrawn from the Plan. (Sec. 10.4)</p> <p>Participation in the plan will cease immediately upon an employee’s death or on commencement of LTD benefits, if it is simultaneous with the leave period. (Sec.10.3). Note that employees cannot be in receipt of deferred salary at the same time they are in receipt of LTD benefits.</p> <p>An employee may apply to withdraw from the plan due to financial hardship provided the request is made to the Superintendent of Education by <u>April 1</u> of the school year preceding the school year in which the leave is to commence. The Superintendent of Education shall have the authority to decide whether the request will be granted or denied and shall give written notification of such decision. (Sec.10.2)</p> <p>Once the leave has commenced, an employee may not suspend the leave temporarily (e.g. to return to work temporarily, or to go on another type of leave temporarily such as special leave or sick leave). The employee must either continue in the plan or withdraw from the plan completely. (Income Tax Act Regulation 6801 and Letter 9223055)</p>
<p>Withdrawal from Plan – Process for Payment of Deferred Salary</p>	<p>Early withdrawals from the plan can result in significant income tax implications to the employee. When the employee ceases participation in the plan, the designated financial institution must return all deferred salary to Yukon Government within 60 days of written notification. The employee will be paid the funds in a lump sum payment on the next possible pay. (Sec.10.5) Note that due to timing issues, actual payment may be in excess of 60 days from date of notification</p> <p>Requests to withdraw from the plan require both employee and Deputy Head signature however, considering many withdrawal requests are of an urgent nature to the employee, PSC will accept an electronic copy of the signed document.</p>

TOPIC	INFORMATION
Postponement – Employer Initiated – Reasons - Reimbursement of Costs	<p>The Superintendent of Education may require that the participating employee defer the planned leave of absence if:</p> <ul style="list-style-type: none"> a) Operational requirements dictate the postponement; or b) The participating employee has received an unsatisfactory performance evaluation in the final year of the deferral period. <p>The employee must be notified of any postponement by <u>April 1</u> of the school year preceding the year of leave. (Sec.11.1 and 11.2).</p> <p>Where the postponement is required as a result of operational requirements, the employer shall pay to the participating employee, on presentation of official receipts, the cost of any non-refundable deposits. (Sec.11.3)</p>
Postponement – Employee Initiated	<p>The employee may request of the Superintendent of Education that the planned leave of absence be postponed. Postponements requested should, where feasible, be made by <u>April 1</u> of the school year preceding the school year of the planned leave. (Sec.11.4 and 11.5)</p>
Postponements - Number of Requests and Length of Deferral – No Contributions	<p>A postponement, whether employee or employer initiated:</p> <ul style="list-style-type: none"> a) May be made <u>only once</u> in respect of each participating employee; b) May be made for <u>maximum of one school year only</u>. (Sec.11.6). <p>Note that during a postponement, no contributions are made to the trust fund.</p>
Requirement to Return to Employment after Leave Period	<p>A participating employee shall return to regular employment with the Yukon Department of Education for <u>at least one consecutive school year</u> after the school year of leave. (Sec.12.1).</p> <p>A participating employee who fails to complete the one-year return to service agreement shall repay all employer contributions to the Extended Health Care Plan. Note that the requirement for the employee to return to their position for a period equivalent to the period of leave is stipulated in the Income Tax Act</p>
Placement in Position or Equivalent After Leave Period	<p>Following the leave period, the Superintendent of Education will endeavour to replace the returning employee in the same or equivalent position, and if possible, within the same community as the participating employee occupied prior to the period of the leave. (Sec.12.3)</p>

TOPIC	INFORMATION
<p>Early return to work from leave period due to COVID-19</p>	<p>Normally, if an employee were to return to work early from their period of DSLP leave they would not be able to recommence the leave period at a later date and they would have to be withdrawn from the plan.</p> <p>The Government of Canada and Canada Revenue Agency have provided for some additional flexibility in the administration of deferred salary arrangements in response to the COVID-19 pandemic.</p> <p>Effective March 15, 2020, if an employee on DSLP leave returns to work early and subsequently recommences their leave period no later than April 30, 2021, the two leave periods will be considered as one continuous leave of absence for income tax purposes.</p>
<p>Postponement of leave due to COVID-19</p>	<p>Normally, any postponement will not move the commencement of the leave beyond six years from the date of enrolment in the plan. (Sec.10.3)</p> <p>The Government of Canada and Canada Revenue Agency have provided for some additional flexibility in the administration of deferred salary arrangements in response to the COVID-19 pandemic.</p> <p>Any postponement will not move the commencement of the leave beyond 84 months from the date of the enrolment in the plan, if the six year anniversary of their enrolment in the plan falls between March 15, 2020 and April 30, 2021 inclusive.</p>