



INFOSHEET

Programs and Services
.....

Number

9

2017-09-01

Deferred Salary Leave Plan

Eligibility

Tenured teachers are eligible for enrollment in the Deferred Salary Leave Plan. For reasons related to continuity of service, probationary teachers are not able to participate.

Application

Interested teachers must apply to the school district prior to April 30 of the calendar year in which they intend to commence participation in the DSLP. Applications should be sent to the attention of the regional Senior Education Officer for Human Resources. In turn, the school district must notify the teachers by June 15 of acceptance or denial of their request. Approval of DSLP applications is at the discretion of the school district. However, as the collective agreements point out, an explanation must be provided if a teacher's application is denied.

Payment Formula and Leaves of Absence

The plan, as per Article 51 of the Provincial Collective Agreement (Article 57 of the Labrador West Collective Agreement), provides for three leave options: a two over three, three over four, and four over five program. This means, in essence, that depending on the option chosen, a teacher would work on reduced salary for two, three or four years and then be entitled to a leave of absence with accrued monies being paid. In this regard, all monies held back during the initial working years of the plan are held in trust for the teacher and, during the year of leave, the teacher is paid accumulated money plus compounded interest in a manner consistent with the collective agreements.

Labrador Benefits

Pursuant to the provisions of the Labrador Benefits Agreement, teachers in Labrador are not entitled to the

Travel Allowance under that agreement during the year of leave under the DSLP.

Terms of Reference

Upon returning from leave, the teacher shall be given the same or a comparable position in the same school (subject to Article 9 of the Provincial Collective Agreement, Article 47 of Labrador West Agreement), unless it is mutually agreed between the teacher and the employing school district that the teacher return to a particular position.

It is important for teachers to realize that leave under the DSLP shall be credited as teaching experience for the purposes of (a) seniority, (b) sick leave, (c) salary increments, (d) pension and (e) severance. In the event that a teacher, while on Deferred Salary Leave, enters into employment with another school board, there shall be no duplication of the above benefits accruing to the teacher as a result of that employment.

A teacher may withdraw from the plan at any time prior to April 15 of the calendar year in which the leave is to be taken. In such a case, all monies accumulated, plus interest earned, must be repaid to the teacher within 60 days of the notification of withdrawal from the plan. Additionally, in the event that a suitable replacement cannot be hired for a teacher who had been granted leave, the board may defer the year of leave. In this instance, the teacher may choose to remain in the plan or s/he may withdraw and receive monies and interest accumulated to the date of withdrawal. A teacher also has the right to postpone the taking of the year of leave by notifying the employer not later than April 15 of the calendar year in which the leave is to be taken. However, the year of leave must be taken no later than six years from the original date of entering the plan.

Taxes

There are a few points teachers should be familiar with when entering the Deferred Salary Leave Plan. First of all, the funds contributed to the plan are not classified as earned income and will not be included on T4 forms while a teacher is contributing to the plan. During the year of leave, funds withdrawn from the plan will be subject to income tax in the year they are received. Please bear in mind that the total funds withdrawn will be reported as income over the two taxation years; however, only the principal amount invested will be shown on T4's.

The interest earned on DSLP funds accrues daily and is credited to the plan at the end of each month. A T5 will be issued at the end of each year.

Teachers who terminate plans prior to the year of leave should be aware that the principal amount invested will be classified as taxable income in the year of withdrawal. This will likely result in higher taxes being applied since the total income received will increase in that year. Consideration should be given to reducing overall tax payable via deduction/tax credits, for example, an investment such as a Registered Retirement Savings Plan.

Pensions

There is no loss of pensionable service due to participation in the DSLP. Pension contributions are made on the full salary the teacher would have earned had s/he not been enrolled in the plan. Also, all years count as worked years/pension service for the purpose of retirement eligibility.

Group Insurance

Teachers enrolled in the DSLP will maintain coverage and benefits under the NLTA group insurance program. There will be no reduction in protection and coverage for any year in the plan, including the year of leave.

Return to Work and Retirement

Federal taxation legislation requires employees to return to work after the period of leave for a time equal to the leave duration, i.e. in the case of the NLTA plan, one school year. Therefore, teachers are prohibited from taking the year of leave immediately prior to retirement. Since the NLTA plan is registered with the authorities, compliance with the legislation is mandatory. Teachers are advised to plan their program design accordingly.

Variations of Program Design

Once a teacher has selected a DSLP design, it cannot be altered for the duration of the plan. Example: If a teacher initially chooses the 2/3 option, this cannot subsequently be changed to the 4/5 option. With the permission of the employing district, the teacher may defer the year of leave as long as the leave is taken not later than six years after the date on which the teacher entered the plan. In the interim, all deferred monies remain in trust until the actual leave year.

Changing School Boards When Enrolled Under the Plan

If a teacher becomes employed with a different school district while enrolled in a DSLP, the new district must be informed of the teacher's participation in the plan.

Teaching While on the Year of Leave

Federal taxation legislation prohibits individuals from receiving salary from their employer during the leave year. Teachers may, however, enter into employment with another school board if they wish, or they may seek employment in another field. They should, though, inform the new employer of their contractual status with the original board. Teachers who enter into employment with another school board during their year of leave cannot receive pensionable service for both the year of leave and the new teaching contract. Should double premiums be deducted, they would be refunded.

Employment Insurance

The year of leave is not considered "employment" by Revenue Canada for EI purposes, and accordingly, there are no deductions for EI premiums during the leave year. Therefore, in the school year after the year of leave, a teacher will not be eligible for EI benefits unless the teacher has worked in another job during the leave year.

Conclusion

Many teachers find the DSLP to be an excellent means of financing a year of leave to pursue travel, family time, professional improvement, other employment, or really any interest an individual might have.

When considering applying for the DSLP, teachers should look very closely at the detailed provisions that are contained in the collective agreements (Provincial Collective Agreement, Article 51; Labrador West Collective Agreement, Article 57). Application forms are normally available from the school district office but can also be obtained from the NLTA.