

## **POLICY**

Any salaried staff member of the College with two years of continuous employment is eligible to participate in a prepaid leave plan subject to the conditions that:

- leave, as planned, can be granted to the staff member and the subsequent return accommodated without distress;
- the staff member makes bi-weekly contributions, as per prior agreement, to be accumulated in a trust;
  - the rate of bi-weekly contributions shall not exceed one-third of normal gross salary;
  - contribution period shall not exceed five years;
- the period of leave should not normally be less than 6 months or over one year;
  - accumulated contributions will be paid in approximately equal bi-weekly payments over the leave period;
- the staff member is eligible to continue normal employment benefits during the leave period, except for leave accruals and performance increases;
  - withdrawal from the plan will be permitted only for financial reasons beyond the control of the staff member;
- the staff member's right to return to his/her normal position prior to leave is protected, while a return service commitment is required; and
- all Revenue Canada requirements are fulfilled.

## **BOARD GOVERNING POLICIES**

Board Policies as outlined in the Board Policy Handbook  
Yukon College Strategic Plan  
Article 41 (Prepaid Leave) of the Collective Agreement between Yukon College and the  
Public Service Alliance of Canada

## GOVERNING LEGISLATION AND RELEVANT DOCUMENTS

College Act

## PROCEDURES

### 1. Definition

A Prepaid Leave Plan is a salary deferral plan, whereby a staff member makes regular monthly contributions to be accumulated in an employee account held in trust and available for withdrawal in monthly installments during the period of leave. The period of leave should not normally be less than six (6) months or more than one (1) year in duration.

### 2. Eligibility

Any salaried staff member of the College with two (2) years of continuous employment is eligible to participate in the plan.

### 3. Application Procedures and Conditions of Participation

#### 3.1 Application/Acceptance

- Staff member shall apply to the Dean/Director by May 1 of each year. The Dean/Director will sign the application as supported or denied and communicate this to Human Resource Services. All applications which are supported at the Dean/Director level require the final approval of the President.
- Approval of Prepaid Leaves are subject to the general condition that the staff member can be released and their subsequent return accommodated without distress. Such approval shall not be unreasonable withheld.
- A written response of acceptance or denial will be provided by Human Resource Services on or before June 1.
- Successful applicants will be required to sign an agreement before contributions can begin.

### 3.2 Contributions

- Subject to prior approval and agreement, the staff member makes bi-weekly contributions (deferral of salary) to be accumulated in trust. The rate of bi-weekly contributions shall not exceed one-third of normal gross salary (not including overtime shift differential, acting pay, or other extraordinary earnings). Contributing period shall not exceed five years including any extensions or deferrals.

### 3.3 Salary, Interest Income and Benefits

- Interest shall be earned at the Daily Interest Savings Rate and credited to the staff member's account.
- The contributions will not be subject to Income Tax, Canada Pension Plan (CPP) or Employment Insurance (EI) deductions at the time of deferral. These deductions will be assessed when the accumulated contributions and earned interest are paid out during the period of leave (or on early withdrawal).
- During the leave period, the salary payments will be in accordance with the leave agreement, and normal deductions and withholdings will apply including, Income Tax, CPP, EI and the costs associated with any benefit coverage elected. For example, if the leave period is 12 months the salary payments will be approximately 1/26 of the accumulated contributions and interest earned.
- During the contributing period and during the leave period the reduced gross salary will be reported as employment income.
- During the leave period the staff member is eligible to continue normal employment benefits except that time spent on leave shall not count for pay increments or leave accruals (such as vacation and sick leave).
- To maintain benefit coverage during the leave period the staff member is responsible for both the staff member and employer share of premiums/contributions and in some instances prepayment of the premiums may be required. Subject to plan limitations benefits shall be based on normal salary, not the reduced salary.

- If the staff member so chooses, she/he may elect to have the period of leave credited as pensionable service. If this option is exercised, she/he shall pay the staff member and employer shares of the contributions to the Pension Plan for the leave period. The deduction will be based on the full salary amount.
- All normal pay arrangements (such as direct deposits) will remain in effect during the leave period.

#### 3.4 Deferral and Withdrawal From the Plan

- A staff member may withdraw from the plan only for financial reasons beyond the control of the staff member and provided notice is given at least ninety (90) calendar days prior to the date on which the leave was to have commenced. (See regulatory requirements 3.6)
- Withdrawal is automatic on cessation of employment at Yukon College.
- Should a staff member die while participating in the Plan, any monies accumulated, including interest accrued at the time of death shall be paid to the staff member's estate.
- At withdrawal, a lump sum payment equal to contributions and interest accrued will be paid to the former participant or his/her estate within sixty (60) calendar days of withdrawal from the Plan.
- The leave may be postponed for one year by the College for operational reasons provided the staff member is advised not later than ninety (90) calendar days prior to the date the leave was to have commenced and the postponement will not move the commencement of leave beyond six years from the enrolment date. The staff member must take his/her leave at the end of the postponement or withdraw from the plan.

#### 3.5 Return to Position

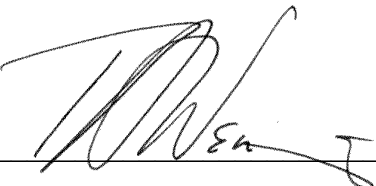
- A staff member who is granted leave under this Plan shall have the right to return to his/her former position upon termination of such leave. The staff member must commit to return service at least equal to the length of the leave granted.
- The staff member shall confirm return date at least two weeks before his/her return.

3.6 Regulatory Requirements

The following conditions are dictated by Revenue Canada and/or Pension Plan requirements:

- A return service commitment equal to the length of leave is required.
- All amounts held for the staff member under the plan must be paid to the staff member no later than the end of the first taxation year that begins after the last month of contributions.
- Withdrawal from the plan is permissible only for financial reasons beyond the control of the staff member.
- The plan cannot be combined with retirement options to facilitate early retirement.
- During leave the staff member shall not receive any other salary or wages from Yukon College (or other organizations with which Yukon College does not deal at arms' length).

**AUTHORIZATION**

Approved by President  (signature)

On May 14 2010 (date).

**B. FORM** (attached)

Yukon College Prepaid Leave Plan Application  
Yukon College Prepaid Leave Plan – Agreement  
Prepaid Leave Calculations

**YUKON COLLEGE PREPAID LEAVE PLAN**

**APPLICATION**

(To Be Completed by Applicant)

APPLICANT INFORMATION:

Name: \_\_\_\_\_ Division: \_\_\_\_\_

Present Position: \_\_\_\_\_

I wish to apply for enrolment in the Prepaid Leave Plan with leave to begin on \_\_\_\_\_  
\_\_\_\_\_ and end on \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**REVIEWS**

(To be completed by Reviewers)

Staff members in this Division enrolled in the Prepaid Leave Plan (including this applicant).

<u>Name</u>	<u>Release Month/Year</u>	<u>Length of Leave</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Support current request: \_\_\_\_\_ Date: \_\_\_\_\_

Do not support current request: \_\_\_\_\_ Date: \_\_\_\_\_

Reasons: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Final Approval

\_\_\_\_\_  
Date

**YUKON COLLEGE PREPAID LEAVE PLAN - AGREEMENT**

I have read the terms and conditions of the Yukon College Prepaid Leave Plan. I understand the same and agree to participate in the plan under the following terms and conditions:

1. Participation Date: I shall become a participant effective \_\_\_\_\_ in accordance with clause 6(b) of the Prepaid Leave Plan.
  
2. Release Period: My release period (period of leave) shall be from \_\_\_\_\_ to \_\_\_\_\_.
  
3. Contributions: In accordance with clause 6(a), I authorize that the percentage amounts as set out in this clause be withheld from my current Compensation Amount with respect to my participation in the Plan for the following years:

First Year	_____	%
Second Year	_____	%
Third Year	_____	%
Fourth Year	_____	%
Fifth Year	_____	%
  
4. Release Payment: During my release period, Yukon College will pay me a salary through payroll equal to the accumulated contributions and interest (the amount to be determined just before the release period) less any required deductions and withholdings.
  
5. Withdrawal: Withdrawal is subject to ninety (90) calendar days notice by me and is only permitted for reasons of demonstrated financial hardship.
  
6. Return Commitment: I understand that I am obliged to return to Yukon College for a period of service equal to the length of leave taken under this plan.
  
7. Special Conditions: Federal legislation may alter the conditions of the plan. Yukon College will not be held responsible for any financial loss resulting from regulatory changes.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Applicant's Signature: \_\_\_\_\_

Applicant's Name: \_\_\_\_\_

Director of Human Resources' Signature: \_\_\_\_\_

President's Signature: \_\_\_\_\_

## PREPAID LEAVE CALCULATIONS (EXAMPLE)

**Assumptions:**

Initial Salary 55,875

Contribute to plan for 4 years (25% reduction) take 5th year off

1. Current Bi-weekly Pay		Current Pay w/Prepaid Contribution
Basic pay	2,141.79	1,606.34
CPP	48.61	35.54
UIC	42.60	42.60
Fed. Tax	559.51	362.45
LTD	8.88	8.88
Life	8.40	8.40
Union	24.63	18.47
Pension	112.02	125.09
<b>Net Pay</b>	<b>1,337.14</b>	<b>1,004.91</b>
Current annual pay		With Prepaid
Gross	55,875.02	41,906.20
Net	34,883.31	26,216.09
Contribution per pay	535.45	
Interest rate assumed	5%	
Total interest earned (4 years)	5,818.07	
<b>2. Balance at start of Year 5</b>	<b>\$61,693.35</b>	
Bi-weekly earnings during leave year		Annual Earnings
Basic Pay	2,364.82	61,693.42
CPP	53.78	
UIC	42.60	
Fed. Tax	647.95	
LTD	39.23	
Life	18.60	
Union	27.20	
Pension	247.16	
<b>Net Pay 1,288.30</b>	<b>33,609.17</b>	