

DEFERRED SALARY LEAVE PLAN

FREQUENTLY ASKED QUESTIONS (FAQ)

1. What is the purpose of the Deferred Salary Leave Plan (DSLPL)?

The DSLPL funds an approved leave of absence for eligible employees.

2. How does the Plan work?

The Plan allows an eligible employee to maintain a stable income level during a leave by deferring a portion of their gross salary into the Plan on a regular bi-weekly basis immediately prior to the leave. Upon commencement of the leave the money is repaid to the employee on a monthly or quarterly basis or as a lump sum. The money is non-taxable when being deferred but becomes taxable when repaid to the employee.

3. How much money can an employee arrange to have deducted?

The amount deferred is at the employee's discretion between 16⅔% and 33⅓% once they have been accepted into the plan. For example, an employee may choose to finance a one year leave of absence by deferring 33⅓% of their salary for three consecutive years or the same one year leave of absence could also be financed over the maximum 6 year period by deferring 16⅔% of an employee's salary.

4. Is there a minimum and maximum amount an employee can defer?

Yes, the minimum amount an employee may defer into the Plan is 16⅔% of salary and the maximum amount is 33⅓%.

5. How does an employee know if they are eligible?

Employees are eligible if they are a permanent, full-time employee with a minimum of one year of continuous service with the Government of Manitoba who are in a paid classification in the Government Employees' Master Agreement (GEMA); Legal Aid Lawyers' Association (LALA); Excluded or Executive Excluded; Manitoba Association of Government Engineers (MAGE) and Manitoba Association of Crown Attorneys (MACA).

6. What is the length of the leave of absence an employee can take?

The Plan allows an employee to plan and finance a leave of absence for a minimum period of six (6) months and a maximum period of twelve (12) months.

7. How does an employee enrol in the DSLPL?

An application form needs to be completed and submitted to the employee's manager/director.

8. Where can an employee get the application form?

The form (Memorandum of Agreement-Appendix "B") can be accessed at:

https://www.gov.mb.ca/csc/labour/benefits/pubs/dslpl/application_form.pdf

9. Who approves an employee's enrolment in the Plan?

Final approval lies with the Director, Public Sector Compensation.

10. If an employee's enrolment is approved, what happens next?

The employee is required to specify the portion of their pre-tax salary to be deducted bi-weekly during the years prior to the leave and the length of time the monies are to be deducted.

11. Do employees receive interest on the money that is being deferred?

Yes, the DSLP is an investment. While an employee is deferring part of their salary to fund their leave of absence, the monies being deferred are accruing interest. Under Canada Revenue Agency regulations, such interest cannot remain in the Plan so it will be paid annually.

12. What rate of interest do employees earn on their money?

Deferred monies will earn an interest rate competitive with the marketplace

13. What is the benefit of enrolling in the Plan as an employee?

The DSLP has a number of advantages. For example, the DSLP provides a stable income during the leave of absence; the employee earns interest on pre-tax dollars; the employee defers tax on a portion of income until the leave commences and the employee has the opportunity to fulfill personal goals, such as travel or education.

14. What happens if an employee enrolls in the Plan and decides to terminate their employment with the Government of Manitoba before they take their leave?

Should the employee terminate their employment with the Government of Manitoba before the leave of absence is taken, all monies deferred and the applicable accrued interest will be refunded to the employee within 31 days. Employees need to be aware, however, that the monies are taxable and could substantially affect the employee's personal tax status in the year in which the refund is received.

15. Who administers the monies while the employee is deferring income towards their leave?

The money an employee defers is deposited in an account in the employee's name with the Plan Administrator, CUMIS Life.

16. What benefits is an employee eligible for during their leave of absence under the DSLP?

The same rules apply as to all approved leave of absences. Coverage for the employee paid benefits can be maintained during periods of approved leaves by prepayment of premiums. Applicable benefits include Ambulance, Hospital and Semi-Private, Extended Health Benefit, Travel Health and Group Life including Dependent Life and Accidental Death and Dismemberment. An employee who elects to prepay Ambulance, Hospital, and Semi-Private Premiums must also prepay Extended Health Benefits and Travel Health premiums if applicable.

Forms: <https://www.gov.mb.ca/csc/labour/benefits/blue.html>

http://media.wix.com/ugd/a8e4c9_5fba1aa485eb456c91aedc0626ce00c9.pdf

An employee participating in the DSLP is not eligible and does not accrue any other benefits during the leave of absence.

17. While an employee is on their leave of absence under the DSLP can they begin an LTD claim?

Employees on DSLP leave of absence are eligible for Long Term Disability as long as they are not working for and receiving wages or profits as a result of employment with another employer. The employee would follow the claims procedure as indicated in the Manitoba Government Employees LTD plan at this link http://www.gov.mb.ca/finance/labour/pdf/other/ltd_plan.pdf.

18. What deductions will be removed from an employee's monthly income while on their leave of absence?

Deductions required by law, such as Income Tax and Canada Pension Plan are automatically deducted from the monthly payment.

19. Will employees have to pay the employer's portion CPP during the leave of absence period?

Yes, the employee will pay their own portion as well as the employer's portion of CPP during the leave of absence.

20. Will employees in some circumstances end up paying more than the annual CPP maximum?

Yes, this could happen and if so, the employee can claim the overpayment when they complete their income tax return.

21. Is an employee guaranteed their job after returning from their leave of absence?

Under the terms of the Plan, employees are guaranteed either their job or a job with an equivalent maximum salary when they return from their leave of absence as long as they notify their Employing Authority that they will be returning. Failure to notify the Employing Authority may affect the job the employee would return to from their leave.

22. How will an employee know how much money they have in the Plan?

Annual statements will be provided to each participant in the Plan (prior to January 31 of each year) informing the participant of their balance in the Plan. Participants will also have access to quarterly statements online through the Personal Member Website Account that each receives.

23. What happens if an employee is unable to take their leave of absence as planned?

The participant may, on one occasion only, request to postpone their leave for up to 12 months. The employee must receive the consent of the Employing Authority and the Director, Public Sector Compensation and provide six months advance notice so long as the leave does not commence beyond six years from the original date of enrolment in the Plan.

24. Can the Employing Authority postpone an employee's leave of absence?

The Employing Authority may defer the leave of absence for up to one year. The participant may choose to remain in the Plan or withdraw from the Plan so long as the leave does not commence beyond six years from the original date of enrolment in the Plan.

25. What is the shortest period an employee can defer their salary for and what is the longest period?

The shortest period an employee may defer their salary is one (1) year and the longest period is six (6) years.

26. When an employee is on the Plan and taking their leave, where will their money come from and in what format?

CUMIS Life will deposit payments into the bank account the employee indicates in their [Notification of Leave Form](#), which in most cases would be the same bank their pay would normally be deposited in.

27. Can an employee withdraw their monies from the Plan once they commence contributing to it?

With the consent of the Director, Public Sector Compensation, the participant may withdraw from the Plan.

28. Can an employee change the percentage of income they are deferring?

One month prior to their anniversary date of participation in the Plan, an employee, by written notice to the Employing Authority and the Director, Public Sector Compensation may alter the percentage amounts for the next or any subsequent year (effective date would be the first complete pay period in the next calendar year).

29. Is there a cost to enrol in the Plan?

Yes, there is a \$15.00 fee per participant per year and the fee for each payment to participants during the Leave of Absence is \$1.25 per payment. These rates are subject to change.

30. When an employee is preparing to take the leave, are there any forms that need to be filled out?

Yes, the employee must fill out the Deferred Salary Leave Plan [Notification of Leave Form](#) 4 weeks prior to the commencement of the leave and submit it to Compensation Services which will be forwarded to CUMIS for processing.

31. When does the [Notification of Leave Form](#) need to be sent to Compensation Services?

To ensure enough time for processing, the form should be sent in 4 weeks prior to the start of the leave.

32. Are the payments made to employees on a bi-weekly or monthly basis while they are on the Leave of Absence?

The payments are made to the employee on a monthly or quarterly basis or as a lump sum. The employee must indicate their preference on the Deferred Salary Leave Plan [Notification of Leave Form](#).

33. For members of the Civil Service Superannuation Plan is pensionable service affected when an employee takes their leave of absence under the Plan?

Yes, employees on a leave of absence do not accrue service during the leave. Also the employee is not eligible to contribute to the Civil Service Superannuation Plan while on their Leave of Absence.

34. For members of the Teachers Retirement Allowance Fund (TRAF) is pensionable service affected when an employee takes their leave of absence under the Plan?

Yes, employees on a leave of absence do not accrue service during the leave; however, employees may be eligible to purchase their service.

35. Can a beneficiary be specified on the monies?

A beneficiary cannot be specified on these monies. In the event of death the proceeds, minus applicable deductions, will be payable to the estate.