

Government of Manitoba Deferred Salary Leave Plan

This document describes the highlights of the
Deferred Salary Leave Plan (DSLPL) provided by the

GOVERNMENT OF MANITOBA

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Deferred Salary Leave Plan

1. Introduction

The Deferred Salary Leave Plan (DSLPL) is provided by the Government of Manitoba (GOM) to eligible employees. The DSLPL, which came into effect September 1, 1985, enables eligible employees to plan and finance a leave of absence for a period of not less than six (6) continuous months and for no longer than twelve (12) continuous months. The Plan allows employees the opportunity to self-finance a Leave of Absence by authorizing the GOM to set aside, over a limited period of time, a portion of the employees' salary prior to the leave of absence. The salary contributed to the DSLPL is not subject to income tax until it is paid to the employee during the Leave of Absence.

The DSLPL is voluntary and subject to approval from the GOM and the conditions set forth in this Deferred Salary Leave Plan. The terms and conditions of the Plan must comply with the requirements of the *Income Tax Act* and paragraph 6801(a) of the Income Tax Regulations.

An employee may enroll in the Plan in order to accommodate an undertaking such as an educational program, travel or other personal endeavors. An employee cannot participate in any employment for remuneration during the leave of absence.

No amendment will be made to the DSLPL that will prejudice any tax ruling that is applicable to the Plan prior to the amendment.

2. Definitions

"Deferral Period" means the number of years over which a portion of the Participant's salary is deferred, including any changes to the Plan as set out in #4, if applicable. The minimum deferral period is one (1) year, while the maximum deferral period is six (6) years.

"Deferred Amount" means the portion of Normal Gross Pay which is retained by the Employer on behalf of the Participant in each year in accordance with this Plan, but less all amounts paid out under the terms of this Plan. The Deferred Amount cannot be less than sixteen and two third percent (16 $\frac{2}{3}$ %) and no more than thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the Participant's Normal Gross Pay in any calendar year.

"Eligible Employee" means a permanent, full-time employee who has a minimum of one year of continuous service with the Government of Manitoba who are employees with a 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).

"Employer" means the Government of Manitoba.

"Employing Authority" means

- a) in respect of a department
 - i) the Minister presiding over a department; or
 - ii) the Deputy Minister; or
 - iii) any person designated by the Minister to act as employing authority in respect of the department on behalf of the Minister;
- b) In respect to persons employed in the Provincial Audit Branch, the Provincial Auditor;
- c) In respect to persons employed in the office of the Ombudsman, the Ombudsman.

“Leave of Absence” means the period of time a Participant will be receiving the Deferred Amount in accordance with the provisions in #7.

“Normal Gross Pay” means the salary the Participant would regularly be paid, including any applicable retroactive salary, but excluding overtime, shift differentials, temporary performance of higher level duty pay and any other special payments.

“Participant” means an Eligible Employee whose application for participation in the Plan has been approved by the Employer.

“Plan” means the Deferred Salary Leave Plan as described in this instrument.

“Plan Administrator” means CUMIS Life which has been appointed by Concentra Trust as plan administrator.

“Trustee” means Concentra Trust which is a trust company duly incorporated pursuant to the laws of Canada and having its Head Office at the City of Saskatoon, in the Province of Saskatchewan.

3. Application Process for Leave of Absence

3.1 An Eligible Employee wishing to participate in the Plan shall:

- (a) become familiar with the terms and conditions of the Deferred Salary Leave Plan;
- (b) discuss participation in the Plan with the appropriate Supervisor, Director or Employing Authority; and
- (c) submit a written application, on the form (see Appendix B), to the Employing Authority.

3.2 Upon receipt of the application, the Director/Employing Authority shall:

- (a) provide a recommendation regarding the approval of the application;
- (b) shall forward the application form to Human Resources as soon as possible.

3.3 Upon receipt of the application, Human Resources will:

- (a) review the application to ensure that it has been completed in its entirety;
- (b) review and discuss the terms and conditions of the Plan with the employee;
- (c) consult with the department to ensure the services, programs and operational requirements of the department will not be disrupted if a suitable replacement is unavailable, taking into consideration any other leaves of absence approved in the department;
- (d) ensure the application is signed by the Employing Authority;
- (e) send the application to the Director, Public Sector Compensation for final approval.

3.4 Upon approval, the original application will be forwarded to the Pay and Benefits Manager in the respective department with a copy to the Central Payroll Office.

4. Changes to the Application

If a Participant wishes to make changes to his/her original application, the Participant must complete an amendment to the application form (see Appendix B). The completed amendment to the application form must be submitted to the Employing Authority.

Changes may be made to the original application for the following reasons:

4.1 Changes in Percentage of Deferred Amount

The Participant may apply to alter the percentage of the Deferred Amount for the next or any subsequent year. At no time will the Deferred Amount be less than 16% and not more than 33⅓% of the Participant's Normal Gross Pay in any calendar year.

An application may be made to amend the percentage of the Deferred Amount due to financial hardship. The amendment to the application for this reason may be made at any time. The amendment must be made on the prescribed form (see Appendix B) and may be forwarded directly to Pay & Benefits Services for processing.

4.2 Changes in Length of Deferral Period

The Participant may apply to change the length of the Deferral Period. At no time will the Deferral Period be less than one (1) year nor exceed six (6) years.

4.3 Postponement of Leave of Absence

The commencement of the Leave of Absence may be delayed for up to one year by the Employer or the Participant due to unforeseen and extenuating circumstances. The Leave of Absence may only be postponed once by each of the Employer and the Participant.

An amendment to the application form (see Appendix B) must be completed by the party requesting the postponement, stating the terms of and the reasons for the postponement of the Leave of Absence. The completed amendment to the application should be provided to the Participant's supervisor/manager as soon as possible, and in all cases notice shall be provided no later than six (6) months before the Leave of Absence is scheduled to begin.

In no event will the start of the Leave of Absence be postponed beyond six (6) years from the date of enrolment in the Plan.

4.4 Withdrawal from the Plan

(a) A Participant's enrolment in the Plan is withdrawn upon:

- (i) ceasing to be an employee of the GOM
- (ii) continuous lay-off exceeding twelve (12) months;
- (iii) having been the recipient of Long Term Disability benefits for more than two (2) years;
- (iv) having become totally and permanently disabled as defined and determined by the Long Term Disability Plan;
- (v) movement to another position where the Employing Authority has not approved continuation in the Plan;

- (vi) failure to take the Leave of Absence as provided in the application form and amendments thereto;
 - (vii) death of the Participant.
- (b) Should an employee successfully transfer to a different position, the approval of the Employing Authority is required for continued participation in the Plan.
 - (c) Upon a Participant's ceasing enrolment in the Plan pursuant to Section 4.4(a), the Trustee shall pay to the Participant, the Deferred Amount, less applicable withholdings, no later than thirty-one (31) days following the day that notification is provided to the Trustee.
 - (d) With the consent of the Director, Public Sector Compensation, the Participant may withdraw from the Plan. In the event of such a withdrawal, the Deferred Amount, less applicable withholdings, shall be paid to the Participant within thirty one (31) days following the date of approval by the Director, Public Sector Compensation.

4.5 Suspension from Participation in the Plan for a Period of Time

- (a) Upon application made in writing on the prescribed form (see Appendix B) to the appropriate Employing Authority, and forwarded to the Pay & Benefits Manager, a Participant may suspend participation in the Plan:
 - (i) upon taking an approved leave of absence without pay; or
 - (ii) if the employee becomes disabled within the meaning of the Long Term Disability Plan, but is not permanently disabled.
- (b) Upon the conclusion of the cause for suspending participation, the Participant shall be re-instated beginning the first pay upon returning to active employment.
- (c) The Deferred Amount shall continue to be held by the Trustee until the Participant withdraws from the Plan or takes the Leave of Absence.
- (d) Any suspension of participation in the Plan shall not extend the Deferral Period beyond six (6) years.

5. Funding the Leave of Absence

- 5.1 The Leave of Absence will be funded through the Participant's Deferred Amount. In no case shall the Deferred Amount be less than sixteen and two thirds percent (16⅔%) and not greater than thirty-three and one-third percent (33⅓%) of the Participant's Normal Gross Pay in any calendar year.
- 5.2 During the Deferral Period the Participant will receive, for a minimum of one (1) year and a maximum of six (6) years, the applicable gross salary, less the Deferred Amount, as determined for the particular year by the approved application and any amendments thereto. Please use the worksheet on page 8 to assist in determining the % of the Deferred Amount.

6. Deferred Amounts

- 6.1 The Employer unconditionally guarantees payment of the Deferred Amount.

- 6.2 The Trustee will establish an individual account to receive, retain and dispense the Deferred Amount, on behalf of the Participant, until the end of the Leave of Absence or the dissolution of the Participant's enrolment in the Plan. All of the Deferred Amount will be paid to the Participant no later than the end of the first calendar year that commences after the end of the Deferral Period.
- 6.3 Deferred Amounts will receive interest based on the amount held and the earnings realized by the Trustee on the investment.
- 6.4 Administrative expenses are deducted from gross earnings under the fund and then net earnings are allocated to the Participants by way of an interest credit that is allocated on the last day of each month.
- 6.5 As indicated in paragraph 7.3 of Canada Revenue Agency's advanced tax ruling (ATR-39 Deferred Salary Leave Plan) any interest earnings on the funds in the Participant's account must be paid to the Participant as taxable income and shall be subject to tax withholdings. Net interest earnings that accrue while participating in the Deferred Salary Leave Plan will be paid out to the Participant in each of the following circumstances:
- (i) effective the last day of the calendar year in each year of the Deferral Period;
 - (ii) thirty-one (31) days following the last day of the Leave of Absence;
 - (iii) thirty-one (31) days following the day that the Employer receives notification that participation in the Plan will cease due to withdrawal from the Plan or death of the Participant.

See Appendix "A" for a Worksheet to assist in planning and calculating the Deferred Amount.

7. Taking Leave Of Absence

- 7.1 The Leave of Absence shall occur according to, and be governed by, the terms of the approved application and any approved amendments thereto. At no time shall the Leave of Absence be less than six (6) consecutive months. The maximum Leave of Absence shall not be more than twelve (12) consecutive months.
- 7.2 At least one (1) month prior to the Leave of Absence, the Participant and the Employing Authority shall finalize the details of the Leave of Absence. Direct deposit banking information for the Participant will be forwarded by the Participant to Pay & Benefits and the Central Payroll Office for subsequent processing by the Trustee.
- 7.3 The Leave of Absence shall commence immediately following completion of the Deferral Period.

8. Remuneration

8.1 During Deferral Period

During each year prior to the Leave of Absence, according to the approved application and any approved amendments thereto between the Participant and Employer, the Participant will receive the Normal Gross Salary, less the Deferred Amount.

8.2 During Leave of Absence

- (a) The periodic amounts to be paid to the Participant during the Leave of Absence shall be proportionate to the Deferred Amount retained by the Employer and the duration of the Leave of Absence, less the appropriate deductions indicated in Table 1.
- (b) During the Leave of Absence the Participant may receive monthly payments through automatic bank deposit to the Participant's bank account, effective the first month of the Leave of Absence.
- (c) All of the Deferred Amount shall be paid to the Participant no later than the end of the first calendar year that commences after the end of the Deferral Period.

9. Benefits and Deductions

See Table 1 for salary, benefits and deductions during the Deferral Period and the Leave of Absence.

10. Vacation, Sick Leave, Years of Service and Salary Increments

The Participant's vacation and sick leave credits will accrue on the Participant's regular FTE (full time equivalency) during the Deferral Period. Vacation and sick leave credits will not accrue during the Leave of Absence. The Participant will not accumulate years of service used for calculating vacation entitlement, severance or salary increments during the Leave of Absence under this Plan.

11. Return to Work Commitment

Following the Leave of Absence, the Participant must resume employment with the Employer for a period of time not less than the length of the Leave of Absence. This is required by Income Tax Regulation 6801(a) (v) in order to ensure that the Plan will not serve as an early retirement benefit.

12. General Provisions

- (a) The Plan shall not constitute a contract of employment between a Participant and the Employer.
- (b) The Employer reserves the right to terminate a Participant's participation in the plan at any time in accordance with the terms of the Collective Agreement and the Deferred Salary Leave Plan.
- (c) No amendment to the Plan or the Memorandum of Agreement shall be made which will prejudice any tax ruling that is applicable prior to the amendment.
- (d) The terms and conditions of the Plan may be reviewed and modified from time to time as required to ensure the business, legal and regulatory needs of the Employer are met.

TABLE 1 - SALARY AND BENEFITS DETAILS

ITEM	DURING DEFERRAL PERIOD	DURING APPROVED LEAVE OF ABSENCE PERIOD
Salary	Normal Gross Pay less the deferred amount	Deferred amount divided by the number of pay periods during the Leave of Absence.
Deferred Amount	As specified in the agreement between the employee and the employer (16□% - 33⅓%)	Not applicable.
Income Tax	Calculated on the employee's gross pay, plus applicable taxable benefits, less the deferred amount	Calculated on the deferred amount received during the Leave of Absence.
Canada Pension Plan	Calculated on the employee's gross pay, plus applicable taxable benefits, less the deferred amount	Calculated on the deferred amount received during the Leave of Absence. It is the employee's responsibility to pay the Employer's portion of CPP during the leave of absence. This additional amount is deducted from the leave of absence payments.
Employment Insurance	Calculated on the employee's gross pay (including the Deferred Amount), plus applicable taxable benefits	The Leave of Absence does not qualify as a period of insurable employment; therefore no premiums are payable. Length of Leave taken may impact on Employment Insurance eligibility after returning to work.
Sick & Vacation Accrual	Accrual based on normal appointment	No accrual.
Pension Plan	Coverage and participation in the Plan continues	Not eligible to make contributions or accrue pensionable service while on DSLP
Basic Group Life Insurance	Coverage continues	Coverage continues providing the employee pays premiums required (employee and employer).
Voluntary Group Life Insurance	Coverage continues	If enrolled, Voluntary Group Life may be maintained or discontinued. If maintained, the employee continues to pay the premiums required.
Long Term Disability Plan	Coverage continues	Coverage continues but benefits are not payable until the expiration of the approved leave of absence or plan waiting period, whichever is longer.
Extended Health Care Plan	Coverage continues	The employee has the option of dropping coverage, or continuing coverage by paying the premiums required.
Ambulance, Hospital, Semi-Private Plan (AHSP)	Coverage continues	The employee has the option of dropping coverage, or continuing coverage by paying the premiums required.
Travel Health Plan	Coverage continues	The employee has the option of dropping coverage, or continuing coverage by paying the premiums required.
Union Dues	Deductions continue	No deductions during Leave of Absence.

NOTE: Prior to the Leave of Absence period, the employee will complete a form in order to indicate decisions relative to benefit options while on Leave.

APPENDIX "A"

WORKSHEET

The following worksheet will assist the employee with planning the Leave of Absence.

Number of bi-weekly pay periods in the:

Deferral Period _____ bi-weekly pay periods from _____ to _____

Number of monthly pay periods in the:

Leave Period _____ months from _____ to _____

Deferral Period	No. of Pay Periods in Calendar Year Over Which Salary is Being Deferred		Basic Normal Gross pay Per Pay Period		¹ Percentage of Normal Gross Pay to be Deferred		Annual Contribution to Deferred Amount
First Year		X	\$	X	%	=	\$
Second Year		X	\$	X	%	=	\$
Third Year		X	\$	X	%	=	\$
Fourth Year		X	\$	X	%	=	\$
Fifth Year		X	\$	X	%	=	\$
Sixth Year		X	\$	X	%	=	\$
Total							\$

Total Contribution \$ _____

Divided by: Number of Monthly Pay Periods During the Leave Period _____

Equals: Monthly Income from Deferred Amount During the Leave Period ²\$ _____

¹ Cannot be less than 16⅔% and cannot exceed 33⅓% of Normal Gross Pay. You will need to determine the percentages for your Normal Gross Pay to be deferred in each year and enter these percentages on the first page of your application form (see Appendix B).

² Any unpaid leave of absence will reduce the annual contribution.

DEFERRED SALARY LEAVE PLAN MEMORANDUM OF AGREEMENT

Date of Application _____

A. Employee Information

Employee's Name _____ Employee # _____

Permanent Mailing Address _____ Postal Code _____

Birth date _____ SIN _____

Department _____ Classification _____

Phone No. _____ Length of Time in Present Position _____ Length of Service with Employer _____

Supervisor's Name _____ Phone No. _____

Identify and Explain the Purpose of the Leave _____

If you are amending your application, please state the reason for the amendment: _____

B. Deferral Information

1. The Deferral Period may commence on the first pay period following the date of approval of the application. The Deferral Period cannot be less than one (1) year and cannot exceed six (6) years.
2. Deferral from normal gross pay will commence with salary payable for the bi-weekly pay period beginning _____, 20__ for a period of _____ years.
3. The Deferral Period will involve _____ pay periods.
4. The percentage of salary I elect to defer per pay period per calendar year is identified below:

Deferral Period	No. of Pay Periods Deferral Being Made	% of Normal Gross Pay to be deferred
1 st Year		%
2 nd Year		%
3 rd Year		%
4 th Year		%
5 th Year		%
6 th Year		%

Notes:

1. Normal gross pay means an employee's regular salary, including any retroactive salary, but excluding overtime, shift differentials, temporary performance of higher level duty pay and other special payments.
2. Percentage of salary to be deferred cannot be less than 16⅓% and cannot exceed 33⅓%.
3. Interest earned is payable annually effective December 31st.
4. Any unpaid leave of absence during the Deferral Period will reduce the annual contribution.

C. Leave Period

The Leave of Absence must be planned to immediately follow the Deferral Period.

The employee's Leave of Absence will commence on _____, 20__ and terminate on _____, 20__.

D. Authorization

I have read and hereby agree to the terms and conditions of the Deferred Salary Leave Plan. I have fully explained the purpose for which the leave is being requested. Upon approval of my application I authorize the deductions from my normal gross pay as specified in this application.

(Date) (Signature)

E. Approval Process

Supervisor/Manager's Recommendation: _____ Recommended _____ Not Recommended

Supervisor/Manager's Name _____
(Please print name)

(Date) (Signature)

Employing Authority's Recommendation: _____ Recommended _____ Not Recommended

Employing Authority's Name _____
(Please print name)

(Date) (Signature)

If the Employing Authority is not recommending an employee's participation in the Plan, please attach a written explanation to this application and return it to Human Resources.

Please forward copies of this form to Human Resources and to the Director, Public Sector Compensation.

Director, Public Sector Compensation Decision: _____ Approved _____ Denied

(Date) (Signature)