

# Deferred Salary Leave Plan Policy



THOMPSON RIVERS  
UNIVERSITY

## SCHEDULE "A"

### Thompson Rivers University Deferred Salary Leave Plan Policy

Policy established by the Thompson Rivers University (TRU) to make available to its employees a Deferred Salary Leave Plan.

#### 1. DEFINITIONS

**"Accrued Interest"** means the amount of interest earned in accordance with clause 3.3 on the monies retained by TRU on behalf of the Participant calculated from:

- a. the first date any of such monies have been so retained by TRU, or
  - b. the last date to which interest has been paid in accordance with clause 3.4.,
- which ever is later.

**"Collective Agreements"** means the agreements in force from time to time between the unionized Employees and TRU.

**"College Policy for Excluded Staff"** means the policy in force for excluded employees of TRU.

**"Contract Year"** means the period of twelve months which each year terminates on March 31st.

**"Current Compensation Amount"** means the total compensation payable by TRU to the Participant for the Contract Year, including his/her proper scale salary and all allowances in accordance with the Collective Agreement or the TRU Policy for Excluded Staff.

**"Deferral Period"** shall be the number of years for which compensation is deferred in accordance with clause 3.1, including the years referred to in clauses 4.4 and 4.5, if applicable.

**"Deferred Compensation Amount"** means the portion of the Current Compensation Amount which is retained by TRU for a Participant in each year in accordance with clause 3.1 and augmented from time to time by interest thereof calculated in accordance with clause 3.3 but less all interest paid to the Participant in accordance with clause 3.4.

**"Eligible Employee"** means an employee who has successfully completed a probationary appointment and currently holds a continuing or regular appointment as defined within the current Collective Agreements or the TRU Policy for Excluded Staff.

**"Eligible Investor"** means Teachers' Investment and Housing Co-operative, any Canadian chartered bank, any trust company authorized to carry on business in the Province of British Columbia, and any credit union authorized to carry on business in the Province of British Columbia.

"Leave of Absence" means the period described in clause 4.1.

"Memorandum of Agreement" means the agreement described in Schedule "B."

"Participant" means an Eligible Employee who has completed a Memorandum of Agreement and whose application for participation in the Plan has been approved by the President or designate in accordance with clause 2.3.

"Plan" means the plan set out in this schedule, and includes all amendments thereto.

"President" means the Chief Executive Officer of Thompson Rivers University, or the individual designated by the Chief Executive Officer.

**2. APPLICATION**

- Formal Application**      2.1      In order to participate in the Plan, an Eligible Employee must make written application by way of Schedule "B" to the President or designate at least three months prior to participation in the Plan, or at a date otherwise set by TRU, stating the date when the Eligible Employee wishes to participate in the Plan. In any event, the application to participate must be made prior to the commencement of the Contract Year in which the deferral is to commence.
- Approval**              2.2      The approval of each application made under clause 2.1 shall rest solely with the President or designate. The President or designate shall, at least one month prior to participation in the Plan, or at a date otherwise set by TRU, advise each applicant of his/her approval or disapproval of his/her application, and if the latter, an explanation therefore.
- Date of Participation**      2.3      If the President or designate gives his/her approval in accordance with clause 2.2, the participation of the Eligible Employee in the Plan will become effective on the date requested by the Eligible Employee, or if such date is not agreed to by the President or designate, then on a date which is agreed to by the President or designate and Eligible Employee.

**3. FUNDING FOR LEAVE OF ABSENCE**

Funding for Leave of Absence shall be as follows:

- Compensation Deferred**      3.1      During each year prior to the Leave of Absence, the Participant, for a maximum of six years, will receive his/her Current Compensation Amount, less the percentage amount which the Participant has specified in the Memorandum of Agreement for the year in question which is to be retained by TRU. Such percentage amount will be retained by TRU and will be invested in accordance with clause 3.3.

<b>Maximum Percentage Deferred</b>	3.2	The percentage of the Current Compensation Amount deferred by the Participant cannot exceed thirty (30) per cent of the Participant's annual salary. This percentage applies even if the Leave of Absence is deferred under clauses 4.4 and 4.5.
<b>Investment of Deferred Compensation</b>	3.3	The monies retained by TRU for each Participant, in accordance with clause 3.1, including interest thereon (until paid out in accordance with clause 3.4) shall be pooled and shall be invested and reinvested by TRU in an account in the name of TRU in investments offered from time to time by the Eligible Investor. TRU shall not be liable to any Participant for any investments made which are authorized by this clause.
<b>Payment of Accrued Interest</b>	3.4	So long as this Agreement is considered by Revenue Canada (Taxation) to be a "debt obligation" coming within paragraph 12(11)(a) of the Income Tax Act (Canada), or a similar provision applies, TRU shall, on each date specified in clause 5 of the Memorandum of Agreement, pay to the Participant the Accrued Interest to such date. The Participant hereby irrevocably directs TRU to cause the Eligible Investor in accordance with clause 3.3 to make such payment on its behalf into an account of the Participant with the Eligible Investor.
<b>Reporting to Participants</b>	3.5	The President or designate shall make an annual report to each Participant as to the amount of deferred salary retained by TRU for such Participant, including any interest thereon which has not been paid out in accordance with clause 3.4. The annual report shall be made no later than July 31st of each year while the Participant participates in the Plan.

**4. TAKING OF LEAVE OF ABSENCE**

The taking of a Leave of Absence shall be governed by the following provisions:

<b>Qualification to Participate</b>	4.1	The Leave of Absence shall occur according to, and be governed by, the Deferred Salary Leave Plan policy established by TRU for its employees.
<b>Manner of Payment During Leave</b>	4.2	On the last business day of each month of the Leave of Absence, the Participant shall receive a payment from TRU. Each such payment shall be equal approximately to the amount of the monies retained by TRU for the Participant in accordance with clause 3.1 as determined at the beginning of the Leave of Absence and divided by the number of months in the Leave of Absence. In any event, payments shall not be made more frequently than monthly.
<b>Amount of Payment During Leave</b>	4.3	The payments to be made to a Participant in accordance with clause 4.2 during a Leave of Absence shall be related to the monies retained by TRU in accordance with clause 3.1 for such Participant, but less any deductions made by TRU under clause 5.1 and any monies required by law to be paid by TRU for or on behalf of a Participant.

<b>TRU's Right to Defer Leave</b>	4.4	If TRU is unable to obtain a suitable replacement for a Participant for the period of a Leave of Absence specified by the Participant, TRU, upon not less than six (6) months notice prior to the scheduled date, may, in its discretion, defer the Leave of Absence on one occasion only for one year, provided such leave will then commence and all amounts held are paid to the Participant in the first taxation year that commences after the end of the original deferral period. In such case, the Participant may choose to remain in the Plan or he/she may withdraw from the Plan, in which case TRU shall pay to the Participant the Deferred Compensation Amount in one lump sum payment within sixty (60) days of such withdrawal, and upon such payment being made TRU shall have no further liability to the Participant hereunder.
<b>Participant's Right to Defer Leave</b>	4.5	Notwithstanding the date shown in paragraph 2 of the Memorandum of Agreement for a requested Leave of Absence, a Participant may, on one occasion only, with the consent of the President or designate given not less than six (6) months prior to the scheduled date, postpone such leave for one year provided such leave will then commence and all amounts held are paid to the Participant in the first taxation year that commences after the end of the original deferral period.
<b>Leave of Absence</b>	4.6	The Leave of Absence shall immediately follow the Deferral Period.
<b>Position on Return</b>	4.7	On completion of the Leave of Absence, the Employee shall return to duties within the same division as he/she had worked prior to the Leave for a period that is not less than the period of the Participant's leave of absence.
<b>Salary and Benefits after Leave</b>	4.8	After participation in the Plan, the Participant's salary and benefits will be as set out in Collective Agreements or the TRU Policy for Excluded Staff then in force between TRU and the Employees governing such matters.

**5. FRINGE BENEFITS**

The provision of fringe benefits will be as follows:

<b>Payment</b>	5.1	During a Leave of Absence, the responsibility for payment of premiums for fringe benefits for a Participant shall be as set forth in Collective Agreements or the TRU Policy for Excluded Staff then in force between TRU and the Employees governing such matters. Where a Participant is obligated to pay the cost of any fringe benefit during the Leave of Absence, TRU shall pay such cost on behalf of the Participant on his/her request and deduct the monies so paid from the monies otherwise payable to the Participant during the Leave of Absence.
<b>Sick Leave Credits</b>	5.2	Sick leave credits during a Leave of Absence will be as set out in the Collective Agreements or the TRU Policy for Excluded Staff.
<b>Superannuation</b>	5.3	TRU will make superannuation deductions required by the appropriate pension act.

**6. WITHDRAWAL**

- Upon Termination of Employment** 6.1 A Participant who ceases to be employed by TRU must withdraw from the Plan. Within sixty (60) days TRU shall pay to the Participant the Deferred Compensation Amount as provided in clause 4.4.
- Consent Required** 6.2 In extenuating circumstances, such as financial hardship, and with the consent of TRU, a Participant may withdraw from the Plan upon giving not less than six (6) months notice of intent to do so prior to the date on which the Leave of Absence is scheduled to occur. Within (60) days of such withdrawal TRU shall pay to the Participant the Deferred Compensation Amount as provided in clause 4.4.
- Upon Death** 6.3 Should a Participant die, TRU shall, within sixty (60) days of notification of such death to TRU, pay the Deferred Compensation Amount to the Participant's estate, subject to TRU receiving any necessary clearances and proofs normally required for payment to estates.

**7. SUSPENSION FROM PARTICIPATION IN THE PLAN**

- Notice to Suspend** 7.1 A Participant may on one occasion while he/she is participating in the Plan give notice to TRU stating that the Participant wishes to suspend his/her participation in the Plan for a period of twelve (12) months as at the anniversary date of enrollment in the Plan which immediately follows such notice, in which case TRU shall pay the Current Compensation Amount to the Participant as if he/she were not participating in the Plan for such year, but the amounts previously retained by TRU and interest thereon in accordance with clause 3.3 (but less all interest paid to the Participant in accordance with clause 3.4) shall continue to be held by TRU until the Participant withdraws from the Plan or takes a Leave of Absence.
- Re-instatement** 7.2 If a Participant has given notice in accordance with clause 7.1, the Participant's participation in the Plan shall be re-instated commencing on the first of the month which immediately follows the twelve (12) months in which his/her participation has been suspended.
- Inability to Extend** 7.3 In the event a participant gives notice under clause 7.1, this notice will in no way enable the participant to extend the date established for commencement of the leave of absence.

**8. TERMINATION OR AMENDMENT OF PLAN**

- By Agreement** 8.1 The Plan may be amended or terminated by agreement other than the Collective Agreements or the TRU Policy for Excluded Staff between TRU and the Employees. Any amendment(s) shall be binding upon all present and future Participants.

**Not to Prejudice Ruling**      8.2      No amendment shall be made to the Plan which will prejudice any tax ruling which is applicable to the Plan prior to the amendment.

**9.      GENERAL**

**Administrative Expenses**      9.1      TRU will bear the administrative expenses of the Plan. Administrative expenses mean internal costs normally incurred by TRU and not external charges such as may be incurred for the administration of the investment component of the Plan or for consultation, advice, or audit.

**Collective Agreement**      9.2      In the event the provisions of the Plan conflict with the provisions of the Collective Agreements or the TRU Policy for Excluded Staff, the provisions hereof shall prevail.

**TRU not to Pledge Investments**      9.3      TRU shall not pledge any of the investments referred to in clause 3.3 for any purpose whatsoever.

**Participants not to Pledge Rights**      9.4      The Participant shall not pledge or hypothecate any of his/her rights under this Plan as security for a loan.

**SCHEDULE "B"**

**Memorandum of Agreement**

I, \_\_\_\_\_, have read the terms and conditions of Thompson Rivers University policy setting up the Deferred Salary Leave Plan and understand same. I agree to participate in the Plan under the following terms and conditions.

**1. Enrollment Date**

My enrollment in the Plan shall become effective commencing \_\_\_\_\_, 20\_\_\_\_.

**2. Number of Years of Participation**

I shall participate in the Plan for \_\_\_\_\_ years, \_\_\_\_\_ months, and my Leave of Absence shall immediately follow thereafter but subject to the provisions of paragraph 3 below.

**3. Leave of Absence**

In accordance with clause 4.6, I shall take my Leave of Absence from \_\_\_\_\_, 20\_\_\_\_ to \_\_\_\_\_, 20\_\_\_\_ but I shall have the right in accordance with clause 4.5 to postpone such leave for twelve (12) months and TRU shall have the right to defer such leave for twelve (12) months in accordance with clause 4.4.

**4. Funding of Leave of Absence**

Note: To be completed for the years up to the time in which the Leave of Absence specified in paragraph 2 above is to commence.

In accordance with clause 3.1, I direct 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	_____	%	Fourth Year	_____	%
Second Year	_____	%	Fifth Year	_____	%
Third Year	_____	%	Sixth Year	_____	%

In accordance with clause 3.2, the maximum percentage of Current Compensation Amount deferred in any one year cannot exceed thirty (30) percent of my annual salary.

- Two years - Max/yr 30%
- Three years - Max/yr 30%
- Four years - Max/yr 30%
- Five years - Max/yr 30%
- Six years - Max/yr 30%

I may, by written notice to TRU given one month prior to the anniversary date of my participation in the Plan, alter the percentage amounts for the next or any subsequent year.

**5. Payment of Accrued Interest**

This paragraph shall apply so long as Revenue Canada considers the Plan to be a "debt obligation" coming within paragraph 12(11)(a) of the Income Tax Act (Canada) or a similar provision is in effect. Unless I make the election noted below, I direct TRU to pay Accrued Interest to me on each of the following dates:

- a. the December 31 which occurs at the end of the calendar year in which I become a Participant;
- b. each December 31 occurring after the date specified in clause (a) above; and
- c. the last day of the Leave of Absence, or when TRU makes a payment under clause 4.4, 6.1, 6.2 or 6.3.

**6. Membership with the Eligible Investor**

I agree to apply for and maintain an account with the Eligible Investor.

\_\_\_\_\_

Date

\_\_\_\_\_

Employee's Signature

**Agreed to by TRU**

\_\_\_\_\_

Date

\_\_\_\_\_

Signature of President or designate