



Procedure HR - #10

Title: **FOUR OVER FIVE-YEAR SELF FUNDED LEAVE PLAN**

Adopted: December 2023

Reviewed:

Revised:

Related: Advance Tax Ruling 39 - Income Tax Act, Deferred Salary Leave Plan  
Appendix: 1 Application for Self-Funded Leave Plan  
Appendix 2 Application for Self-Funded Plan Agreement

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## **PURPOSE**

The purpose of this procedure is to outline for the eligible employees of the Bloorview School Authority (i.e. members of the CUPE 4400 Bloorview School Authority Bargaining Unit) the terms, conditions and procedures relating to the Four Over Five Year Self-Funded Leave Plan whereby they are able to finance a leave of absence with compensation by deferring a portion of their regular salary.

## **TERMS AND DEFINITIONS**

### **Eligibility to enter the Self-Funded Leave Plan:**

1. A permanent employee who has been employed by the Authority with a minimum of two years seniority.
2. Commencement of leave must be in alignment with Canada Revenue Agency requirements (an eligible employee must begin their 5<sup>th</sup> year (minimum) of employment with the Authority when the leave is to commence).
3. The Leave Plan shall be a four over five-year plan with the year of leave in the fifth year only.
4. The year of leave for Educational Assistants shall be for a twelve (12) month period commencing September 1st and ending August 31 of the fifth year of the Self-Funded Leave Plan.
  - It is understood that when the school year begins prior to September 1 in the leave year, the leave year begins on that date.
5. The year of leave for Office and Clerical employees shall be for a twelve (12) month period commencing August 1st and ending July 31st of the fifth year of the Self-Funded Leave Plan.

## **Salary**

6. Salary refers to the regular hourly wage that the employee will earn in a school year calculated as a gross annual amount based upon the regular hours of work of the employee (e.g. \$30.00/hour x 7 hours/day x 194 days = annual salary **or \$30.00/hour x 7 hours/day x 201 days = annual salary**)

## **Deferred Salary**

7. Deferred salary means a 20% reduction in the bi-weekly gross pay the employee would have earned that pay period with unpaid days, 10% reduction in pay due to STD sick leave pay or other reductions to gross pay included.

## **OMERS**

8. Ontario Municipal Employees Retirement System (Pension Plan)

## **HOOPP**

9. Healthcare of Ontario Pension Plan

## **OTPP**

10. Ontario Teachers' Pension Plan

## **PROCEDURES**

### **Qualifications**

11. Employees who are members of the HOOPP, OTPP pension plan and OMERS employees contemplating retirement within five years are advised to carefully review the implications on their pensions before participating in the Self-Funded Leave Plan.

The Bloorview School Authority is not responsible for any pension implications for the employee who elects to enroll on the Self-Funded Leave Plan.

12. Approval of individual requests to participate in the Self-Funded Leave Plan shall not be unreasonably denied.
13. A maximum of two (2) employees may receive approval for the Four Over Five Self Funded Leave Plan in any year. If there are more than two applicants in any one year and approval is to be granted, the two most senior employees shall be approved.
14. If an employee's application for Self-Funded Leave is approved, the employee must sign the Self-Funded Leave Plan Agreement acknowledging that they have read and agreed to all terms and conditions of said agreement (see Appendix 2).

### **Application**

15. Bloorview Human Resources Department will receive the "Application for Self-Funded Leave Plan" (see Appendix 1) from interested employees by January 31<sup>st</sup>.
16. A letter of approval or denial will be forwarded by the Human Resources Department to the applicant by April 1st of the same year.
17. If approved, the Applicant will complete and sign the Self-Funded Leave Plan Agreement (see Appendix 2) and submit it to the Human Resources Department by April 15 of the same year.
18. The Self-Funded Leave Plan Account will be administered by the Human Resources Department.

### **Payment Formula and Benefits**

19. The payment of salary of the Self-Funded Leave of Absence shall be as follows:
  - a) In all years of the Self-Funded Leave Plan prior to the leave time, an employee shall be paid four fifths of their bi-weekly gross salary. The remaining portion of the employee's bi-weekly gross salary will be accumulated, and this amount shall be retained by the Authority to finance the Self-Funded Leave.
  - b) In other words, in the (4) over five (5) year plan, in the first four years of the plan an employee will be paid 80% of their annual salary, while the remaining 20% of the salary shall be retained by the Authority to finance the year of Self-Funded Leave.
20. Payments to the Employee during the leave year shall be according to one of the following two options,
  - a) In accordance with the payroll schedule in effect during the period of the leave, or
  - b) One-hundred percent (100%) of the funds at the start of the leave.

Should the Employee wish to change the option selected, notification in writing must be received by Human Resources no less than ninety (90) days prior to the start of the period of leave.

21. Payments to the Employee during each year of the Self Funded Leave Plan shall include the appropriate payroll deductions from the eighty (80) percent salary payable to the Employee for income tax, Canada Pension Plan and other purposes as required by law.
22. Employment Insurance premiums will be based upon the Employee's gross salary before deferrals during the period of the deferral and no premiums are to be withheld from the deferred amounts when paid to the Employee during the leave period.
23. Employees are ineligible for a Record of Employment and Employment Insurance for the summer months in their Leave year.

24. Employees who contribute to OMERS, HOOPP or OTPP are responsible for carefully considering the implications on their pensions before participating in the Self-Funded Leave Plan.

The Bloorview School Authority is not responsible for any pension implications for the employee who elects to enroll on the Self-Funded Leave Plan.

25. The Authority will make pension deductions in accordance with OMERS, HOOPP or OTPP during the non-leave years of the Self Funded Leave Plan based upon the Employee's gross salary before deferrals. The employee is eligible to purchase pension credit for the leave year of the Plan at their own expense.
26. The Authority will continue paying its share of the applicable Benefit Plan premiums for the employee during the non-leave years of the Self-Funded Leave Plan.
27. During the leave year of the Self-Funded Leave Plan, the employee is entitled to participate, at the employee's own expense, in the insured benefit coverage provided under the Collective Agreement covering the employee. The employee will deal directly with the Administrator of the Provincial Benefit Trust with respect to their Provincial Benefits coverage and expense.
28. Any Benefits which are a condition of employment, shall be continued at the employee's expense during the leave year of the Self-Funded Leave Plan. Submission of a "void" cheque for monthly withdrawal from the employee's bank account is required.
29. Interest will be calculated on the minimum monthly balance and will be credited to the individual employee's account by the end of the month at the Prime Rate minus 2% prevailing on the first day of the month.
30. Interest earned during each calendar year will be paid annually, on the final pay in December. Interest earned during the year will be reported on a T4 for tax purposes.
31. The Self-Funded Leave of Absence shall be taken only in the last year of the Self -Funded Leave Plan.
32. The employee must return to their regular employment after the Self-Funded Leave of Absence for a period of one year equal to the period of the Self-Funded Leave of Absence.
33. During the year of the Leave, the Employee will not accumulate nor be entitled to experience for salary purposes, statutory holidays, maternity, sick or other extended leaves, or promotions as outlined in Advance Tax Ruling 39, Canada Revenue Agency.

#### **Terms of Reference**

34. On return from Self-Funded Leave, an employee will be reinstated to a position in the same occupational category which the member held prior to the Self-Funded Leave. If the position no longer exists, the employee will be governed by the appropriate terms and conditions of the Collective Agreement.
35. The period of Self-Funded Leave shall be considered service with the Authority for seniority purposes only.

**Withdrawal from the Plan:**

36. An employee may withdraw from the plan anytime not less than six months prior to the beginning of their Self-Funded Leave of absence. Upon withdrawal, any monies accumulated plus interest owing will be repaid to the employee within sixty (60) days of notification of their desire to leave the Self-Funded Leave plan.

Withdrawal from the Plan may affect when an employee may re-apply.

37. Should an employee die while participating in the Self-Funded Leave plan, any monies accumulated, plus interest owing at the time of death will be paid to the employee's estate.
38. An employee may not work for the Authority in any capacity during the period of Self Funded Leave under Canada Revenue Agency legislation. The employee may work for other employers.
39. If the employee leaves the employ of the Authority prior to taking their Leave period, then the salary holdback plus any accrued interest, shall be paid to the employee within sixty (60) days of the termination of the employee's employment and the Self-Funded Leave Plan agreement (Appendix 2) shall be terminated at the time of payment.
40. If the employee is redundant to the Authority or laid off, then the employee shall be deemed to have withdrawn from the Self -Funded Leave Plan on the effective date of the lay off and payment shall be made in accordance with clause 36.

**Appendix 1: Four Over Five Year Self-Funded Leave Plan Application****Appendix 2: Four Over Five Year Self-Funded Leave Plan Agreement**