



DEFERRED SALARY LEAVE PLAN

NOTES FOR THE GUIDANCE OF APPLICANTS

Application Deadline: February 28, 2020

PURPOSE OF THESE NOTES

1. It is impossible for the regulations and application form to cover all questions regarding the Deferred Salary Leave Plan. These notes are intended to further explain the regulations and contract for participation.

LIMITS ON ENROLMENT

2. Enrolment is subject to a general quota of 160 participants per year of leave. In light of the introduction of term leaves, the quota will be calculated on the basis of 160 FTEs.

EFFECT ON TEACHERS' PENSION PLAN

3. One of the advantages of the Deferred Salary Leave Plan in New Brunswick is that **participants suffer no loss in pension benefits.**
4. Each year of the plan, including the period spent on leave, contributions to the pension plan will be made according to the salary the teacher would have received had he/she not been enrolled in the plan.
5. Each year of the plan, including the period spent on leave, shall be a period of pensionable service, teaching service and seniority.

MINISTER'S ADVISORY COMMITTEE ON DEFERRED SALARY LEAVE PLAN

6. The Minister of Education and Early Childhood Development has established an Advisory Committee on the Deferred Salary Leave Plan.
7. The committee is comprised of representatives of teachers, Superintendents or Directors of Schools, and the Department of Education and Early Childhood Development.
8. The primary responsibility of the committee is to advise the Minister on all aspects of the Deferred Salary Leave Plan including costs, conditions, and the on-going administration of the plan including application and withdrawal procedures.



WITHDRAWAL PROCEDURES

9. Although the regulations governing the plan clearly provide that a participant may withdraw from the plan at any time, subject to the discretion of the Superintendent, it should happen on rare occasions only, and be due to unforeseen circumstances.
10. It is important to note that the plan cannot be used as a savings scheme since the disadvantages outweigh the advantages. For example:
 - (a) Both the principal (the actual amount of salary deferred) and the interest (interest earned on the deferred salary) must be counted as salary for income tax purposes.
 - (b) Anyone who withdraws from the plan later than December 31 in the first year of the plan must add the total amount returned including interest to income for that taxation year.

Please note that these disadvantages only apply to withdrawal from the plan before its completion. The tax advantages explained in the regulations apply to someone completing the plan by taking the leave.

11. Should a participant decide to withdraw from the plan, the following procedures should be followed:
 - Write a letter to the District Superintendent indicating the decision to withdraw.
 - The Superintendent will notify the Payroll Officer to stop the deferral payments.
 - The Superintendent will notify, in writing, the New Brunswick Teachers' Federation.
 - The New Brunswick Teachers' Federation will approve the withdrawal and will advise the NBTA Credit Union Ltd. or UNI Financial Cooperation of the change.
 - The NBTA Credit Union or UNI Financial Cooperation will indicate on the cheque to the School District the amount of interest separate from the principal (deferred salary).
 - Reimbursement of contributions to the plan shall be made in one lump sum payment and are considered taxable income in the year of withdrawal.
 - The Payroll Officer will make the usual deductions from the salary portion only of the funds returned.



CONTRIBUTIONS

12. Contribution to one of the percentages listed on registration Form H and in the Regulations will result, during the leave, in a “gross” amount of approximately 72 to 80% of the average gross pay during the contribution period. However, the contract provisions concerning percentage of salary may be amended by mutual agreement as long as the requirements set by Canada Revenue Agency are met (i.e. maximum contributions of 33 1/3% of salary).
- a) Please note that the “net” amount received during the deferred leave will also depend on the different factors to be taken into consideration, i.e. interest rates, salary increases during the life of the plan, and various individual deductions on the pay cheque.
 - b) In the event that the employee considers changing the percentage of the contributions, please note that the onus would be on the employee to verify or to check with a financial institution what the impact on the salary would be should such a change be made. The employee would also be responsible for advising the school district of any decision to make changes.

CONCLUSION

The explanatory and cautionary items contained in this “Notes for the Guidance of Applicants” in no way detract from the merits of the Deferred Salary Leave Plan. The plan provides an excellent opportunity for those teachers who are in a position to take advantage of the program. In 2020, this plan will be in its **thirty-eight** year of operation in New Brunswick. The response from teachers has been excellent. These notes are intended to further explain some of the less understood aspects of the plan.

