

# **Deferred Salary Leave Plan**

This document provides an outline of the Plan and an explanation of the application process. You may also refer to your collective agreement regarding deferred salary leave which contains instructions regarding eligibility and the Plan's administration.

The application form can be found on page 2 and the statement of consent can be found on page 3. There is a question and answer portion, beginning on page 4, to help provide employees with further information.

## **Eligibility**

You are eligible to apply if you have completed two years of service as a regular employee, effective January 1 of the first year you plan to participate. Anybody on temporary assignment, whether within or outside the bargaining unit, may also apply if they meet the above requirements.

## **Application Process**

Employees submit applications to their managers, who obtain approval via signature from the department head. These forms are then submitted to the local Human Resources office along with the statement of consent. HR then submits all applications to the vice-presidents. Human Resources must receive all applications and statements of consent by **September 30**.

Applications must contain the following information (as indicated on the form):

- Dates that the leave will be taken.
- Period of time during which salary is to be deferred.
- Percentage of income to be deferred over that time period.

## **Guidelines for Deferral of Income and Period of Leave**

Under the rules of the collective agreement as well as those of Revenue Canada, the following are the conditions allowing deferral of taxes:

- Any investment income earned on the deferred salary must be paid out to the employee as taxable income.
- The date of the leave of absence must be set out in advance.
- The period of absence must be either 6 months or 12 months.
- The employee must return to the Corporation for at least the same length of time as the period of leave.
- Employees' salary deferrals may be over a period of three, four or five years.

## **Administration of the Plan**

Employees still receive their full income every pay period; however, there is a deduction, similar to that for an RRSP contribution, corresponding to the amount to be deferred. The deduction amount is based on the percentage requested for deferral.

Civil Service Co-operative Credit Society, Limited (CS CO-OP), is the trustee selected to manage the deferred income. The trustee will administer investment income and payments during the period of leave.

Note that this is a savings program; other deductions employees may have (e.g., credit union, savings bonds) will be deducted first. Any employees with a garnishee will still continue to have their garnishee calculated on their total income. We are also responsible for collecting any employee receivables based on total salary.

**For further information please contact the Shared Services Organization – Human Resources.**



# CBC Radio-Canada

## DEFERRED SALARY LEAVE PLAN

### Personal Information—Statement of Consent

I consent to the collection, use and necessary disclosure of personal information indicated on the Deferred Salary Application form. This personal information may be used or disclosed to the Trustee designated to the CBC Deferred Salary Leave Plan or for Human Resources and Industrial Relations purposes, including, but not limited to: personal contact information, employee identification and status monitoring, payroll, taxation, employment insurance and Canada/Quebec pension plan matters; the processing of all benefits, insurance and pension, union affiliation and the processing of union remittances.

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

\*It is the policy of the CBC to control the collection, use and disclosure of personal information in accordance with all requirements set out in the Personal Information Protection and Electronic Documents Act. Exemptions may apply. (CBC Policy Personal Information and Privacy Protection)

# Questions and Answers for the Deferred Salary Leave Plan

## 1. What happens to my application after it is submitted to HR?

HR will ensure that all appropriate individuals approve your application. If your application is not approved, for any reason, a representative from HR will be in contact with you to discuss the situation.

Once your application has been approved, HR will submit your application to the Trustee, CS Co-op, who will be in contact with you directly.

## PERIOD OF DEFERRED SALARY

The duration of deferred salary must be three, four or five years.

## 1. How is the deferred amount calculated?

Employees will receive their full income every pay period, reduced by the amount to be deferred. This amount will be calculated based on the percentage indicated on the *Deferred Salary Application* form.

Amounts that qualify for deferral are basic salary and some additional remunerations generally considered to be salary. This does not include overtime.

## 2. Where does the deferred amount go?

The Trustee, CS Co-op, will make periodic reports and an annual summary to each employee, detailing the principal amount accrued in the plan including any interest not yet paid out.

## 3. Do I earn interest on the deferred amount?

Any investment income earned on the deferred portion of salary will be paid out each year by the Trustee, as taxable employment income to the participant, as per Income Tax Regulation 6801. The employee will also be issued a T4 for any interest paid out each year.

## 4. What are the implications for my normal pay deductions?

### a) Income Taxes

One of the major benefits of the Deferred Salary Leave Plan is that the deferred portion of salary is not taxed until it is paid out during the leave period. Income taxes will be calculated on your gross income after deductions of the deferred salary amount.

### b) Employment Insurance

EI premiums are based on the employee's gross salary, before deductions for the deferred amount.

### c) CPP and/or QPP

CPP and QPP deductions are based on the employee's gross salary, after deductions for the deferred amount.

### d) Benefits

The level of coverage for all employee benefits is the employee's deemed basic salary at one hundred percent; i.e., the salary to which the employee would be entitled if the portion of salary was not deferred. Deductions for benefits are based on earnings before allowance for contributions to the Deferred Salary Leave Plan.

### e) CBC Pension Plan

Contributions to the CBC Pension Plan are based on gross basic salary before allowance for contributions to the Deferred Salary Leave Plan. It is then consistent to calculate the pension benefit using the same basic salary figure. The definition of "earnings," as outlined in the Pension Plan, is the key. The basic salary figure is used in determining contribution amounts and in calculating pension benefits.

### f) Union Dues

Union dues are based on the employee's gross salary, before deductions for the deferred amount.

**g) Garnishment Deductions**

Any employees with a garnishee will continue to have their garnishee calculated on their total income. We are also responsible for collecting any employee receivables based on total salary. The garnishment will be deducted before the amount for deferral is calculated.

**h) Additional Deductions**

Additional deductions may include credit union deductions, savings bonds, etc. These deductions will be deducted before the deferral amount.

**5. Does the Deferred Salary Leave Plan affect my seniority?**

Seniority continues to accrue during the period of deferred salary, as it normally would if you were not a part of the Deferred Salary Leave Plan (pro-rated basis for regular part-time employees).

**6. Can I choose to withdraw from the plan at any time?**

No. However, participation in the plan will be terminated in the following circumstances:

- Death of the employee
- Employee ceases to be employed by the Corporation
- Resignation
- Transfer or promotion into a position outside of the bargaining unit

Employees may also apply to withdraw from the plan on account of financial hardship. Each case will be determined on its own merits.

If the withdrawal has been accepted, the Trustee will pay the employee all deferred funds outstanding. This amount will be taxed and the Trustee will issue a T4.

**7. Will I continue to earn annual leave regularly while my salary is deferred?**

Annual leave credits are earned based on the amount of time worked, therefore you will continue to earn annual leave based on your time worked.

**8. Can I go on other leave during the time period in which my salary is deferred?**

Paid and unpaid holidays available to employees under the collective agreement will not constitute interruption of employment as far as the Deferred Salary Leave Plan is concerned, but may have an impact on a savings plan.

**9. Can I stop and restart my Deferred Salary Leave Plan payments?**

For any reason, an employee may request in writing that the savings plan be interrupted for a maximum period of 12 months. However, such action may limit the right to defer the leave. These requests to delay the period of planned leave cannot, however, be accommodated where they would result in a salary deferral beyond the maximum six-year limit provided for in the Income Tax Regulations. This postponement requires supplementary approval by the vice-president of the component.

## **PERIOD OF LEAVE**

The duration of leave must be selected in advance and must be 6 months or 12 months. For the duration of leave, CBC will consider the employee to be on absence without pay for the period of leave taken.

### **1. Can I postpone my leave?**

A one-time postponement of the planned leave is permitted and may be requested by either the employee or by the Corporation in exceptional circumstances. The period of leave must be completed by December 31 of the seventh year of enrolment in the plan. This postponement requires supplementary approval by the vice-president of the component.

### **2. Can I take my leave earlier than initially indicated?**

The leave cannot take place any earlier than the initial date indicated on the application form.

### **3. When I start my leave, how will I receive the funds I deferred?**

Payments must be:

- mailed to the address you provided;
- or
- credited by direct deposit to an account at the financial institution of your choice.

Payment options:

- One lump-sum payment
- or
- Two lump-sum payments over two tax years
- or
- Monthly payments

The Trustee will administer investment income and payments during the period of leave. All income received from the Trustee while on leave represents taxable income and a T4 will be issued for the period in which payments are received.

### **4. Can I work for CBC during my leave?**

While on deferred salary leave, employees must not receive any salary or wages from the Corporation.

### **5. What are the implications for my normal pay deductions during the period of leave?**

#### **a) Income Taxes**

Income tax will be deducted from the salary you will receive from the Trustee during your leave. These calculations will be made in accordance with Income Tax Regulations.

#### **b) Employment Insurance**

EI premiums are not deducted from the deferred amounts when paid to the employee during the leave period, in accordance with the position adopted by the CCRA. Therefore, the period of leave does not qualify as a period of insurable employment.

#### **c) CPP and/or QPP**

CPP and QPP deductions, both the employee & employer portions will be deducted from the salary you will receive from the Trustee during your leave. These calculations will be made in accordance with relevant legislation.

Please keep in mind that the employer contributions, which are paid by the employee, will reduce your taxable income for that year.

**d) Benefits**

You must maintain all benefits during the period of leave.

Premiums are the sole responsibility of the employee for both employer and employee shares. Prepayment must be effected at the start of the leave and rates are based on the employee's full basic salary.

**e) CBC Pension Plan**

The employee shall be permitted to make up contributions for the period of leave (both employee and employer shares).

**f) Union Dues**

Union dues will not be deducted during the period of leave.

**g) Additional Deductions**

Additional deductions may include credit union deductions, savings bonds, garnishments, etc. These deductions will not be deducted during the employee's leave.

**6. How is my seniority affected during the period I am on leave?**

Seniority continues to accrue for the duration of the employee's leave (pro-rated basis for regular part-time employees). During the period of absence, service will not count for severance pay purposes.

**7. What happens if I am entitled to an anniversary increase while I am on leave?**

Employees on the Deferred Salary Leave Plan are entitled to normal anniversary progression, but this will be activated upon your return from leave as in normal situations of employees taking leave.

**8. Will I continue to earn annual leave while I am on leave?**

Annual leave credits are not earned during the period of leave.

**9. Can I use the Deferred Salary Leave as a part of my pre-retirement?**

The employee must return to work with the Corporation for at least the same length of time as the period of leave. Thus, the Deferred Salary Leave Plan cannot be used for pre-retirement.

## **RETURN TO WORK AFTER LEAVE**

As per Regulation 6801, employees must return to work with the Corporation for at least the same length of time as the period they were on leave.

**1. Will I return to the same position I held before I left?**

Upon return, employees will be reassigned to the job currently held by them prior to the leave period, provided the job has not been affected by a workforce adjustment. Where other mutually acceptable arrangements are contemplated, e.g., inter-unit transfer or basic transfer to another job, the vice-president concerned must approve these arrangements.

**2. Can I apply to the Deferred Salary Leave Plan again, once I return to work?**

After you have returned to work for CBC for a minimum of 12 months, you may re-enrol in the Deferred Salary Leave Plan.