

College of New Caledonia Self Funded Leave Plan

Effective: March 1, 2007

College of New Caledonia
Self Funded Leave Plan
(Effective March 2007)

Contents

Self Funded Leave Plan Memorandum of Agreement	Schedule "B"
Terms and Conditions of CNC Self Funded Leave Program	Schedule "C"
Summary of Statutory Coverage and Employee Contributions During Self Funded Leave Program	Appendix "A"
Status of Your Benefit & Leave Plans During Self Funded Leave Program	Appendix "B"

Schedule "B"

SELF FUNDED LEAVE PLAN MEMORANDUM OF AGREEMENT

I have read the terms and conditions of the Self Funded Leave Plan and understand same and I agree to participate in the Plan under the following terms and conditions:

1. **Commencement**

My deferrals shall commence _____, 20__.

2. **Number of years of Participation**

I shall participate in the Plan for ____ years (not to exceed four (4) years), and my leave of absence shall immediately follow thereafter but subject to the provisions of paragraph 3 below.

3. **Period of Leave**

In accordance with the Plan, I shall take my leave of absence from _____, 20__ to _____, 20__ (not to be less than six (6) consecutive months), but I shall have the right in accordance with the Plan to postpone such leave for up to twelve (12) months and the college shall have the right, in accordance with the Plan, to defer such leave for twelve (12) months.

4. **Funding Leave of Absence**

In accordance with the Plan, I direct the College of New Caledonia to withhold _____ percent (not to exceed thirty-three and one-third (33 1/3%) of my current salary during my participation in the Plan.

I understand that I may, by written notice given to _____ one (1) month prior to _____ in any year, alter the percentage amount for the next or subsequent years.

5. **Return to Employment**

I understand that I must return to employment with the College of New Caledonia for a period of time not less than the period of the leave.

6. **Withdrawal from the Plan**

Only in the case of extenuating circumstances, as described in the Plan, may I withdraw from the Plan.

7. **Benefits on or after Retirement**

This plan **is not** established to provide benefits on or after retirement.

8. **Distribution of Earned Income**

Interest income earned by participants in the Plan is to be declared annually. The eligible financial institution will remit this income to the participant annually and will provide the participant with an appropriate income tax receipt.

EMPLOYEE NAME: _____ SIGNATURE: _____ DATE: _____

AGREED TO BY: _____ SIGNATURE: _____ DATE: _____
(COLLEGE REPRESENTATIVE)

Schedule "C"

TERMS AND CONDITIONS OF COLLEGE OF NEW CALEDONIA SELF FUNDED LEAVE PROGRAM

PURPOSE	The purpose of the self funded leave program is to allow employees to defer a portion of their base salary to finance a future leave of absence.
DEFINITIONS	<p>"BASE SALARY" is the normal semi-monthly salary and shift differential payable by the College of New Caledonia to the Participant.</p> <p>"DEFERRED SALARY" is the portion of base salary authorized by the Participant to be deducted and retained by the Plan Administrator on behalf of the employee.</p> <p>"DEFERRAL PERIOD" is the period that an employee defers a portion of base salary immediately prior to commencing the leave period.</p> <p>"LEAVE PERIOD" is the period immediately following the deferral period when an employee is on a leave of absence without pay and drawing her/his deferred funds.</p> <p>"PARTICIPANT" is an eligible employee who has completed an application for participation in the Plan.</p> <p>"PLAN ADMINISTRATOR" is the financial institution authorized to hold, invest, administer and distribute the deferral funds of the Participants in the program.</p>
PLAN ADMINISTRATION	<p>Employees are permitted to defer a specified percentage (%) of base salary for a specified period which will be paid during a future leave of absence of six months or one year.</p> <p>Salary deferred during the deferral period is not subject to income tax until it is paid out during the leave period.</p> <p>The leave of absence must be for a specified period immediately following the deferral period.</p> <p>The deferral period and the leave period must begin on the first day of a pay period.</p>
ELIGIBILITY	All permanent employees including Part Time Faculty on the Non-Regular Seniority List are eligible to apply.
DEFERRAL PERIOD	<p>The deferral period cannot exceed five years unless participation in the program is suspended. Refer to the "Suspension from Participation in the Program" section for additional information.</p> <p>A maximum of 33 1/3% of base salary will be deferred in any one deferral year.</p> <p>All salary increases will be based on what the base salary would have been had the employee not entered the program.</p>

BENEFITS AND OTHER DEDUCTIONS	<p>The status of group benefit plans, statutory deductions and coverage during the deferral and leave periods is set out in Appendices A and B. Employees should consult with Human Resources to determine their benefit coverage during the leave period and to make arrangement for prepayment of premiums as appropriate.</p>
TAX IMPLICATIONS	<p>Income tax during the deferral period will be based on your reduced salary.</p> <p>Deferred earnings will accumulate interest which will be paid annually to the Participant by the Plan Administrator minus the annual administration fee. A T5 form will be issued for income tax purposes. The earned interest must be included as part of your taxable income in each year.</p> <p>In the event of an early approved withdrawal from the program, all deferred amounts and accumulated interest must be paid out in the same calendar year as the withdrawal occurs subject to full income tax deduction and reported as taxable income in the year received. Any other deductions as may be required under the Canada Pension Plan, the Employment Insurance Act and any other applicable legislation will be deducted as well.</p> <p>College of New Caledonia is not responsible for providing tax advice. Employees will be expected to seek advice with respect to tax concerns from Canada Revenue Agency or professional tax consultants.</p>
EARLY WITHDRAWAL	<p>In accordance with section 68.01 of the Income Tax Act, regulating leave plans, withdrawals may only be made under extenuating circumstances. Therefore, participating employees may withdraw from the program, with the approval of the Human Resources Director, only under the following circumstances:</p> <ul style="list-style-type: none"> * extreme financial hardship; * employee is receiving benefits under the Long Term Disability Plan; * employee begins a leave of absence under provisions of the Collective Agreement; * termination of employment; * death of employee. <p>In the event of an early approved withdrawal from the program; all deferred amounts and accumulated interest must be paid out in the same calendar year as the withdrawal occurs subject to full income tax deduction and reported as taxable income in the year received. Any other deductions as may be required under the Canada Pension Plan, the Employment Insurance Act and any other applicable legislation will be deducted as well.</p> <p>Information regarding arrangements required to withdraw from the program are contained in the "Withdrawing from Program" section.</p>
SUSPENSION FROM PARTICIPATION IN THE PROGRAM	<p>Participating employees may suspend participation in the program on one occasion for a period of up to twelve months under the following circumstances:</p> <ul style="list-style-type: none"> * employee begins a leave of absence under provisions of the Collective Agreement; * employee is receiving benefits under the Long Term Disability Plan.

The participating employee must give notice of one month stating that he/she wishes to suspend participation in the program. The suspension period must begin the first day of a pay period and end on the last day of a pay period.

RETURN TO WORK

On completion of the Leave of Absence, the employee shall return to duties within the same division he/she had worked prior to the Leave. The employee must return to work for a period not less than the length of the Leave. (Canada Revenue Agency requires that a Participant return to his/her regular employment with the same employer or an employer that participates in the same or similar arrangement after the leave of absence for a period that is not less than the period of the leave of absence.)

ADMINISTRATION FEES

It will be the responsibility of the participating employee to pay any charges levied by the financial institution.

HOW TO APPLY

A Schedule "A" Self Funded Leave Plan Memorandum of Agreement is completed, and once authorized it becomes the formal agreement between the employee and the College of New Caledonia specifying the terms and conditions of the program.

The Plan Administrator will provide each Participant with a semi-annual statement showing amounts contributed and interest earned.

DEFERRED FUNDS ADMINISTRATION

The program is administered by the Plan Administrator.

The portion of your salary that you contribute to the program is deducted through payroll from your semi-monthly salary and deposited with the Plan Administrator.

Under federal income tax regulations, interest earned on your account cannot remain in the program.

Shortly after the end of each taxation year, the Plan Administrator will issue you a cheque representing the annual interest earned, minus annual administration fees. The Plan Administrator will issue a T5 form for income tax purposes. The earned interest must be included as part of your taxable income in each year.

SUSPENDING PARTICIPATION

An employee wishing to suspend participation in the Plan must put their request in writing. Refer to the "Suspension from Participation in the Program" section regarding circumstances that allow suspension of participation.

WITHDRAWING FROM THE PROGRAM

An employee wishing to withdraw from the Plan must put their request in writing. Refer to the "Early Withdrawal" section regarding requirements for withdrawing from the program.

PREPARATION FOR LEAVE

Three months prior to the commencement of leave, the employee will confirm their leave start date with the employer in order to initiate the payment of deferred funds.

PAYMENT DURING LEAVE OF ABSENCE

Deferred salary less the required statutory deductions will be paid on a bi-monthly basis by the College of New Caledonia during the period of leave. During the period of leave, the employee cannot receive any salary from the College of New Caledonia other than the amounts deferred.

Appendix "A"

SUMMARY OF STATUTORY COVERAGE AND EMPLOYEE CONTRIBUTIONS DURING SELF FUNDED LEAVE PROGRAM

DEDUCTION	DEFERRAL PERIOD	LEAVE PERIOD
Income Tax	Deductions are based on actual salary received.	Deductions are based on actual salary received.
Canada Pension Plan	Contributions and benefits earned will be based on actual salary received.	Contributions and benefits earned will be based on actual salary received.
Employment Insurance	Coverage will continue. Contributions will be based on gross salary prior to the deferral deduction.	You will not contribute nor be covered during the leave period. Your benefit, on return, will be determined by EI eligibility requirements.
Union Dues	Deductions are based on actual salary received.	Deductions are based on actual salary received.
Family Maintenance Orders	Deductions are based on the terms of the Family Maintenance Order Enforcement Program Notice of Attachment.	Deductions are based on the terms of the Family Maintenance Order Enforcement Program Notice of Attachment.

Appendix “B”

STATUS OF YOUR BENEFIT & LEAVE PLANS DURING SELF FUNDED LEAVE PROGRAM

The rules governing continuing benefit coverage are based on the rules in the Group Health Policy and Collective Agreements. Please note, the criteria listed below are subject to changes to the Group Health Policy and Collective Agreements.

When going on a self funded leave of absence you can continue benefit coverage, based on your pre-leave earnings. If you decide not to participate in the group plan during a self funded leave, your benefits under the group plan will terminate and you must satisfy another waiting period upon return to work.

HEALTH & WELFARE BENEFITS

	BENEFIT	DEFERRAL PERIOD	LEAVE PERIOD
MANDATORY	Short-Term (STD) and Long- Term Disability (LTD) <i>(Faculty only)</i>	Premiums are paid by CNC in accordance with the provisions of the CNC – FA Collective Agreement.	Coverage is mandatory. employees are required to maintain STD & LTD coverage and must prepay premiums.
CORE PACKAGE	Long-Term Disability <i>(Support & Administrators only)</i> Basic Life Insurance Accidental Death & Dismemberment	Premiums are paid by the employee in accordance with the provisions of the PPWC – CNC Collective Agreement. Premiums are paid by CNC in accordance with the provisions of the Collective Agreements. Premiums are paid by CNC in accordance with the provisions of the Collective Agreements.	This is a core benefit, if you remain in the plan, you must continue coverage, and you must prepay premiums. This is a core benefit, if you remain in the plan, you must continue coverage, and you must prepay premiums. This is a core benefit, if you remain in the plan, you must continue coverage, and you must prepay premiums.
SEMI- OPTIONAL	Extended Health Plan & Medical Travel Referral Benefit	Premiums are paid by CNC in accordance with the provisions of the Collective Agreements.	If you remain in the plan, coverage is optional if you can show coverage elsewhere and you must prepay premiums.
OPTIONAL	Dental Plan	Premiums are paid by CNC in accordance with the provisions of the Collective Agreements.	If you remain in the plan, coverage is optional and you must prepay premiums.

BENEFIT		DEFERRAL PERIOD	LEAVE PERIOD
OPTIONAL	Medical Services Plan	Premiums are paid by CNC in accordance with the provisions of the Collective Agreements.	You can elect to enrol in MSP as an individual and pay the premiums directly to the Plan or you can elect to remain on the College's Group Plan and pay the premiums to the College. The rates are the same. If you remain on the College Plan, you must prepay premiums.
	Pension Plan	Eligible employees will continue to be a plan member. Contribution level will be based on gross salary prior to the deferral deduction.	Contributions will not be made during the period of leave. Upon return to work, this period of leave may be picked up as pensionable service subject to Pension Plan terms and Revenue Canada rules and guidelines in place at the time of return to work.

LEAVES

LEAVE	DEFERRAL PERIOD	LEAVE PERIOD
Sick Leave Accrual <i>(Support & Administrators only)</i>	Leave time continues to accrue as per the Collective Agreement/Handbook.	Leave time ceases to accrue.
Vacation	Entitlement will continue unchanged during the deferral deduction period.	Leave time ceases to accrue.
Professional Development <i>(Faculty Only)</i>	Entitlement will continue unchanged during the deferral deduction period.	Leave time ceases to accrue.

OTHER

	DEFERRAL PERIOD	LEAVE PERIOD
Statutory Holidays	Pay for statutory holidays will continue unchanged during deferral deduction period.	Employee will receive pay for statutory holidays at the same rate as for other paid days.