

# ▶▶▶ DEFERRED SALARY LEAVE PLAN



## What is the Deferred Salary Leave Plan (DSLPL)?

The Deferred Salary Leave Plan (DSLPL) is an agreement between the New Brunswick Department of Education and Early Childhood Development and the New Brunswick Teachers' Federation, which enables teachers to plan and finance a leave of absence by regularly investing a portion of their pre-tax salary for a specified period, up to a maximum of 6 years prior to the leave. The deferred salary, together with the earned interest, is then repaid to the participant during the period of leave.

### Who is eligible?

Any teacher who holds a Schedule "B" Contract is eligible to participate.

### Tax Ruling

In conjunction with a Tax Ruling received from Revenue Canada Taxation, funds must be deposited in the participant's name. Funds contributed to the Plan are considered to be employment income and as such are taxable in the year of leave rather than the year in which they are earned. Interest earned on the funds deposited will be taxed on an annual basis. To ensure that participants are able to defer taxes on funds invested, the NBTA Credit Union opens an account in the name of the participant. Individual accounting is provided to the participant by your Credit Union and a copy of each participant's account is forwarded to the School District Superintendent on an annual basis.

### Is there more than one plan available?

Yes. A teacher may choose any one of the following plans:

<b>Plan</b>	<b>% Deferred</b>
<b>a) 2 over 3</b>	
6 months	- 20.0%
5 months	- 16.6%
4 months	- 13.3%

<b>Plan</b>	<b>% Deferred</b>
<b>c) 4 over 5</b>	
12 months	- 20.0%
6 months	- 10.0%
5 months	- 8.3%
4 months	- 6.6%

<b>Plan</b>	<b>% Deferred</b>
<b>e) 6 over 7</b>	
12 months	- 13.3%
6 months	- 6.6%
5 months	- 5.5%
4 months	- 4.4%

<b>Plan</b>	<b>% Deferred</b>
<b>b) 3 over 4</b>	
12 months	- 26.7%
6 months	- 13.3%
5 months	- 11.1%
4 months	- 8.9%

<b>Plan</b>	<b>% Deferred</b>
<b>d) 5 over 6</b>	
12 months	- 16.0%
6 months	- 8.0%
5 months	- 6.6%
4 months	- 5.3%

4 months = Sept. to Dec.  
5 months = either Semester  
6 months = Jan. to June  
\*4 and 6 months are offered to Elementary and Middle school.

### What is the effect on my salary?

During the deferral period, your pay will be diminished by the applicable percentage shown above. But it is important for teachers to note that, for those on short term leaves of 4, 5 or 6 months, cheques for the non-leave months in the year of leave will also be diminished to build up enough money to provide for your summer cheques. The goal will be to give you a fairly stable income over the whole year whether you are at work, on deferred leave or on summer break.

### What are the advantages of the DSLPL compared to a regular leave of absence?

- Purchasing the leave period as pensionable service
- The opportunity to fulfill any personal goal
- The opportunity to return to your teaching position



- Credit for pensionable service, teaching service and seniority

### **What happens during the leave?**

Deferred salary, plus interest earned, will be paid to the participant during the leave in biweekly installments.

### **How is interest calculated on my investment?**

Interest will be calculated on the minimum accumulated monthly balance. The rate of interest paid shall be calculated by averaging the interest rates in effect on the last business day of each month for a true savings account; a one-year term deposit; a three-year term deposit and a five-year term deposit. Interest will be deposited to the participant's account on the last day of each month.

### **Can I withdraw from the plan?**

Although regulations governing the plan clearly provide that a participant may withdraw from the plan at any time of the year preceding the year of leave, it should happen on rare occasions only, and be due to unforeseen circumstances. Please give careful consideration to the tax implications. If you must withdraw from the Plan, notify your District Superintendent, who must inform the Department of Education. The Department will approve and advise the Credit Union. The money will be returned to the participant by the District Office, less CPP, EI and Income Taxes. Reimbursement of contributions to the plan shall be made in one lump sum payment and is considered taxable income in the year of withdrawal. Remember that this can have a significant effect on your taxes.

### **Can I participate and take a leave within my last five years of teaching?**

Yes. However, you must return to teaching for at least the same amount of time as your leave.

### **Will participating in a plan affect my pension?**

No. Contributions to the Teachers' Pension Plan are based on what your salary would have been had you not entered a plan, including your year of leave.

Your pension will be based on the amount your salary would have been had you not entered the plan.

### **What do I do to join the plan?**

Obtain copies of Form "H" - Application for Deferred Salary Leave Plan from your District Superintendent. Complete three copies of the application. Keep one for yourself and return the other two copies to your Superintendent on or before February 28.

If there are discrepancies between this pamphlet and the application form, the wording of the application form will prevail.

### **FOR MORE INFORMATION CONTACT:**

- Your District Superintendent
- The New Brunswick Teachers' Association
- The New Brunswick Teachers' Association Credit Union, Ltd.

### **DEADLINE FOR APPLICATIONS**

February 28 of each year

### **Notes:**

1. Deadline **February 28**.
2. Deductions begin in September.
3. You **may not work for the employer**, eg. supply teaching, during the leave.
4. You must begin your leave **within 6 years** of entering the plan.
5. Your entrance into the plan is an agreement between you and the employer so **any change** needs mutual agreement.
6. For those on a short term leave (4, 5 or 6 months), your cheques during the period you work in your leave year, will be diminished to provide sufficient funds for summer cheques.

