

POLICY 8.19 – Deferred Salary Leave

Policy Category:	Personnel – Select Administrative Group Employees (SAGE)
Subject:	Deferred Salary Leave
Approving Authority:	Board of Governors
Responsible Officer:	Associate Vice-President (Human Resources)
Responsible Office:	Human Resources
Related Procedures:	
Related University Policies:	
Effective Date:	May 4, 2017
Supersedes:	September 10, 1999 [<i>Previously MAPP 8.27 Deferred Salary Leave</i>]

I. PURPOSE

This policy describes deferred salary leave arrangements available to Select Administrative Group Employees (SAGE) members at Western. This Policy will be interpreted and applied in accordance with all applicable legislation including, but not limited to, the *Income Tax Act (Canada)*.

II. DEFINITIONS

“**Deferred Salary Arrangement**” means an approved leave of absence from six (6) months to one (1) year that is funded through an agreement between the SAGE member and Western that allows the SAGE member to defer salary over a period of one to five years.

III. POLICY

- 1.00 Unpaid leaves of absence of six (6) months to one (1) year for career development purposes, which have been approved in accordance with [Policy 8.12](#) may be funded through a Deferred Salary Arrangement. SAGE members interested in funding their approved Career Development Leave through such an agreement should contact Human Resources for assistance.
- 2.00 Application of the provisions of this Policy is subject in every case to the requirements of the unit concerned and Western’s operational needs.
- 3.00 Once an unpaid Career Development Leave is approved according to this policy, a staff member may request a salary deferral over a one to five-year period. The deferred salary must be completely used during the leave and the staff member must return to the university for a work period at least as long as the Leave, as required by the Income Tax Act.

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- 4.00 The decision on the percentage of salary deferred depends on the income required by the staff member during the years of salary deferral and during the Leave period. The percentage of nominal salary deferred will range from a minimum of 5 per cent to a maximum of 25 per cent, depending on the period of deferral and the period of the Leave.
- 5.00 During the years of deferral the contributions of the staff member and the university towards the staff member's benefits will be based on the staff member's total salary (i.e., the sum of the actual salary received and the deferred salary). The salary deferred is retained by Western to be deposited into an interest-bearing bank account with a registered financial institution used by the university. The interest rate will be the maximum rate available through that financial institution.
- 6.00 During the year(s) of salary deferral, the staff member will receive salary according to Western's normal pay schedule. Income tax is payable on the actual salary received and also on the interest accrued on the deferred salary. During the Leave, income tax is payable on the accumulated deferred salary as it is received.
- 7.00 Leave cancellation shall occur on termination of employment, disability or death of the staff member. The deferred salary shall be paid to the staff member, or to the staff member's beneficiary or estate, subject to tax regulations.
- 8.00 Requests by the staff member to withdraw or postpone the Deferred Salary Arrangement for reasons other than those identified above, require written application to the Dean/ Budget Unit Head, at least six months before the scheduled leave is to begin. The request will be forwarded to Human Resources for approval.
- 9.00 Should the Dean/Budget Unit Head initiate a withdrawal or postponement of the Deferred Salary Arrangement for reasons other than those identified above, a written application to Human Resources must be provided at least six months before the scheduled leave is to begin. Government regulations require that if salary has been deferred for the maximum five year period, the Leave cannot be postponed.