

EMPLOYEE BENEFIT PLAN FOR SELF-FUNDED LEAVE**Purpose**

The Employee Benefit Plan (self-funded leave) has been developed to afford full-time Laurentian University employees the opportunity of taking a leave of absence of between six (6) months and one (1) year and to finance the leave through deferral of income in an appropriate amount which will be accumulated and be paid out during the leave.

a) Eligibility

Any full-time Laurentian University employee, having at least three (3) years' continuous service with the University, is eligible to participate in the Plan in accordance with the conditions set out in this Policy.

b) Application

An employee who qualifies, as above, must make written application to the President of the University at least three (3) months in advance of the proposed commencement date of participation in the Plan, requesting permission to participate in the Plan setting out the deferral programme as requested. The written application shall state the reasons for participating in the Plan.

c) Approval

Approval of individual requests to participate in the Plan, the duration of the leave, the deferral period, and the percentage of wages deferred shall rest solely with the University and shall be in accordance with the requirements under the Income Tax Act and its regulations. Such approval shall not be unreasonably withheld.

d) Deferral

The deferral period, over which wages and any accrued interest thereon are deferred, shall be to a maximum of six (6) years. Tax on income earned on the deferred wages is payable by the participant in the year in which the income is earned.

e) Leave

The length of the leave shall be at least six (6) months and shall not exceed one (1) year and must start immediately following the deferral period [within six years of the date of the first salary deferral]. Upon returning from leave, the employee is to return to her/his regular employment for a period that is not less than the period of her/his leave, subject to (v) Assignment on Return.

f) Written Agreement

The University and the employee shall enter into a written agreement setting out the terms of the Plan agreed to in compliance with the conditions herein.

g) Terms and Conditions

The payment of salary and benefits and other terms and conditions shall be as follows:

i) Salary Deferral

During the deferral period, preceding the leave, the employee will be paid a reduced percentage, in accordance with the written agreement between the University and the employee, of her/his salary. The remaining percentage of her/his salary will be deferred and this accumulated amount shall be retained for the participant by the University to finance the period of leave.

The percentage deferred shall not exceed thirty-three and one-third per cent (33 1/3%) of the yearly salary. Under no circumstances shall the amount deferred exceed the maximum specified in the Revenue Canada directives (presently thirty-three and one-third (33 1/3)).

The University will provide for the administration of the Plan; providing for the deposit in trust, the investment in guaranteed funds, and all record keeping of the deferred amounts. The University will enter into such agreements, as may be desirable or necessary with third parties, to assist in the administration of the Plan. Any and all expenses incurred in the administration of the Plan shall constitute a charge upon the Plan and shall be borne by all participants proportionately.

Investment earnings will be credited annually to the individual participants.

Participants will receive an annual statement of the amount standing to their credit.

ii) Deferral Period (Benefits Structuring)

During the deferral period, any benefits, including Pension, related to the salary, shall be structured according to the salary the participant would have received during the deferral period had he/she not been in the Plan.

iii)**Employee Benefit Coverage & Premiums**

A participant's coverage for Life Insurance, A.D. & D., Dependent Group Life, Hospital Care, Optional Life, LTD, Extended Medical, and Dental coverage, in effect immediately prior to the leave, will be maintained by the University during her/his leave of absence, if eligibility conditions permit, provided that 100% of the premium costs of all such Plans are paid by the participant during leave. Furthermore, the University will deduct UIC and CPP contributions from payments made to the employee.

During the leave period, any benefits related to the salary shall be structured according to the salary the participant would have received immediately prior to the leave had he/she not been in the Plan.

During the leave period, membership in the Laurentian University Pension Plan will be suspended.

It is recommended that the employee discuss benefits and the Laurentian University Pension Plan with Personnel Services prior to signing the contract.

iv) Pay Out

At the commencement of the period of leave, the participant shall be paid the monies standing to her/his credit less any premiums or contributions deducted for the year, except as may otherwise be mutually agreed, it being understood that interest is not earned for the period of leave. Arrangements for the deferred payment of salary will be finalized prior to the employee taking her/his leave.

v) Assignment on Return

On return from leave, a participant will, subject to applicable Collective Agreement or University Policy during the period of leave, be assigned to the position he/she held prior to the leave. If the lay off and displacement provisions of the Collective Agreement or University Policy have application during the leave, they shall apply to the employee in the same manner during the leave, except that notice to the employee may be given to the President of the Union or Association or Director of Personnel, and any election the employee may make under such provisions may be made on her/his behalf by a President of the Union or Association or the Director of Personnel.

vi) Applicability of Benefits

Sick Leave benefits shall not be available during the leave, nor shall vacation be taken during the leave, nor shall vacation credits accumulate during the leave. Accumulation of seniority during this period of leave will be according to the applicable Collective Agreements or University Policy.

vii)**Withdrawal Rights**

A participant may, with the approval of the University, withdraw from the Plan in unusual or extenuating circumstances (i.e. financial hardship or serious illness). Requests for withdrawal must be submitted, in writing, to the President, detailing the reason(s) for withdrawal and normally before six (6) months prior to commencement of the leave. The University shall maintain the request and its approval as a part of University records.

When a request for withdrawal is approved, the employee will be paid a lump sum amount equal to the amount standing to her/his credit at the date of withdrawal. Payment shall be made, as soon as possible, but must be made within sixty (60) days of approval of withdrawal from the Plan.

viii) Leave Postponement

The President may, for good and sufficient reason, normally up to six (6) months prior to commencement of the leave, postpone the period of the leave for not longer than one (1) year. In this instance, a participant may choose to remain in the Plan or receive payment as in **(vii)**. Except that under no circumstances shall the postponement exceed one (1) year and the commencement of the leave extend beyond six (6) years after the deferrals commence.

The participant may, for good and sufficient reason, (i.e. financial or other hardship) normally up to six (6) months prior to the commencement of the leave, request in writing that the leave period be postponed. The University may, at its discretion, grant a postponement, but under no circumstances shall the postponement exceed one (1) year and the commencement of the leave extend beyond six (6) years after the deferrals commence. It is understood that the University will not unreasonably withhold permission for postponement.

ix) Investment Earnings

Should (viii) result in a leave of absence being taken later than the intended period, the amount standing to the credit of the participant will remain invested until the leave is granted.

x) On Leaving Employment

Any participant who resigns, is laid off, or otherwise terminated prior to commencement of the leave, shall cease to be a participant in the Plan and shall receive payment as in (vii) above.

xi) Death Clause

Should a participant die while enrolled in the Plan, the amount standing to the credit of the participant at the date of death will be paid to her/his estate. Every agreement entered into under (f) shall state that monies paid to the estate of an employee under this section are a "right or thing" within the meaning of the Income Tax Act and shall be taxable as income in the year of the employee's death in accordance with the Canadian Income Tax Act.

xii)**Serious Illness**

Should a participant be unable to take the leave when scheduled because of serious injury or illness occurring before commencement of the leave, he/she may cancel the leave and receive payment as in (vii) or, with the consent of the University, defer the leave to a time mutually agreeable, not to exceed one (1) year. The commencement of the leave shall not be extended beyond six (6) years from the date of the deferral.

h) Income Tax

During each taxation year, the participating employee's income tax liability shall be in accordance with the Canadian Income Tax Act and directives from Revenue Canada. The investment income earned on the deferred wages is taxable in the calendar year earned, and the amount must be reported the participant on her/his personal income tax return for that year. Similarly, the withholding tax deducted at source by the University shall be in accordance with the Canadian Income Tax Act and directives from Revenue Canada. Any additional investment earnings are subject to regular income tax regulations.

- i)** The University intends to maintain the plan in force indefinitely, but nevertheless, retains the right to amend or discontinue the plan in whole or in part at any time. However, no amendments to the plan initiated by the University will reduce the benefits accruing to the participant if he/she is enrolled in the plan at the time of amendment.

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