



Vancouver Public Library

VANCOUVER PUBLIC LIBRARY BOARD

SELF-FUNDED LEAVE PLAN

(for Unionized Employees)

JUNE 2004

**VANCOUVER PUBLIC LIBRARY BOARD
SELF-FUNDED LEAVE PLAN**

TABLE OF CONTENTS

SECTION	PAGE
1. INTRODUCTION AND PURPOSE	3
2. DEFINITIONS	4
3. GENERAL INFORMATION	5
4. ELIGIBILITY AND ENROLMENT FOR MEMBERS	6
5. PLAN SERVICES	6
6. CONTRIBUTIONS TO THE PLAN	7
7. PAYMENT OF DEFERRED EARNINGS UNDER THE PLAN	8
8. FUND	8
9. PLAN CLOSURE	9
10. AGREEMENT	10
SCHEDULE A – SELF FUNDED LEAVE PLAN MEMORANDUM OF AGREEMENT	11

1. INTRODUCTION AND PURPOSE

The Vancouver Public Library Board (VPLB) Self-Funded Leave Plan (SFLP) is established for the purposes of accepting contributions from those eligible VPLB employees (Members) who enroll in the Plan for the purpose of pre-funding a scheduled Leave of Absence.

The Self-Funded Leave Plan provides employees with the opportunity, during the course of their careers with the Library, to take a self-funded absence from work which would allow them to engage in developmental activities or pursue other interests that would enhance their work and/or personal lives. The purpose of the program is to provide an opportunity for renewal and refreshed commitment to the Library. The program is designed to allow eligible staff to self fund a leave for an extended period by means of an adjustment to their normal base salary over several years. It is intended that staff will return to the Library after the leave is completed. It is voluntary and is established in accordance with a defined formula of income adjustment and deduction.

The VPLB intends to administer the Plan for the Member. However, the Member assumes all risk and responsibility relating to the effects of existing or future pension, income tax, employment insurance and other applicable laws on the Member's tax liability, pension benefits, employment benefits and all other liabilities and benefits. Please note that any changes to income tax laws by the Federal Government may result in changes to or elimination of the SFLP.

The Member may suffer adverse income tax consequences if they fail to fully comply with the terms in the SFLP and are advised to seek professional tax advice and, if applicable, an advance tax ruling prior to doing so.

The SFLP has been designed and is intended to meet current Federal Income Tax guidelines, however, the Library has not obtained an Advance Tax Ruling from Canada Customs and Revenue Agency. Eligible staff are reminded to seek out professional tax advice or an Advance Tax Ruling prior to participating in the SFLP.

2. DEFINITIONS

The following words and phrases in the Plan Document as used herein shall have the following meanings:

APPLICABLE FEDERAL LEGISLATION	Means any provision of the <u>Income Tax Act</u> (Canada) and related regulations and advance tax rulings issued thereunder, which are applicable to Voluntary Leave Plans.
DEFERRAL PERIOD	Means the period during which the Member defers a percentage of current earnings in order to fund a Leave of Absence.
DEFERRED EARNINGS	Means the difference between Gross Earnings and Net earnings which amounts are deposited into the Fund and are then paid out to the Members over the Leave Period.
EMPLOYER	Means Vancouver Public Library Board (VPLB).
FUND	Means the Fund established by the Employer, but operated by the Trustee to hold the Deferred Earnings in trust for the Members.
GROSS EARNINGS	Means the salary which would have been payable had the Member not participated in this Plan. This does not include retroactive adjustments, acting pay, allowances, or premium pay.
LEAVE PERIOD	Means that period of the Member's leave of absence from employment during which the Member receives payments funded by the Deferred earnings.
MEMBER	Means an employee of the Employer who has applied to the Employer to participate in the Plan and whose application has been approved by the Employer.
MEMBER ACCOUNT	Means the Account representing the value of the assets held on behalf of the Member.
NET EARNINGS	Means actual salary received from employment during the Deferral Period, after deducting the Deferred Earnings.
PLAN or SFLP	Means the VPLB Self-Funded Leave Plan (SFLP) as set out herein as may be amended from time to time.
TRUSTEE	Means the financial institution holding these funds in trust for the Members pursuant to a Trust Agreement between the Employer and Trustee.

3. GENERAL INFORMATION

The VPLB assumes no responsibility for the impact on pension income, income tax, employment insurance, or any other matter arising from participation in the SFLP.

The Employer or the Member shall not defer the Leave Period to a year that commences later than five years after the date the deferral of income commenced.

During the Leave Period, the Member shall not receive any earnings or wages from the Employer or a related person thereto other than the amounts that were deferred under the Plan and reasonable benefit coverages.

The Employer shall make deductions from the Member's remuneration in accordance with the applicable Federal legislation.

The Employer shall make any necessary deductions from the amount of deferred salary before payment is made to the Member. The Employer shall report the deferred amount paid to the Member as employment income on the Member's T4 Statement of Remuneration Paid tax slip in the year the Member receives such amount.

During the Deferral Period, the Employer shall report and submit income tax and CPP deductions based on the reduced gross base salary; EI deductions will be on the regular (full) gross salary during the Deferral Period. Any changes to this as determined by CPP or EI regulations will be applied to the Members.

Union dues will be deducted based on the regular (full) gross salary during the Deferral Period. No Union dues will be deducted during the Leave Period.

Sick leave, gratuity days, and vacation credits will not accumulate during the Leave Period and cannot be used during the Leave Period. Any general salary increases which may have occurred during the Leave Period will be postponed for the period of the leave. Entitlement to seniority and other prerequisites referable to length of service shall accumulate during the Leave Period.

During the Leave Period, the Member shall pay both the Employer's share and the Member's share, if any, of the cost of medical, dental and extended health and group life insurance, and any other benefits which require a contribution by the Employer except for the Employer's share of CPP premiums. Such payment shall be deducted from the amount to be paid to the Member under the Plan, and where applicable shall be based on the Gross Earnings prior to the Leave Period commencing.

Long term Disability (LTD) is solely a C.U.P.E. Local 391 insurance plan. During the Leave Period, the Union will continue to require premiums to be paid by the Members. These premiums will be deducted from the Deferred Earnings payments made to the Member during the Leave Period.

Under current pension legislation, the period of self-funded leave will not be credited service for pension purposes. The Municipal Pension Plan advises, "During a deferred salary leave plan, your payroll office will continue to deduct pension plan contributions for you on your gross salary while you are saving for your period of absence. When you eventually are on the leave of

absence, it is a leave of absence without pay.” Provisions to buy back service credit are available.

Any administration fees, not covered by the income from the fund, will be shared on a 50/50 basis between CUPE Local 391 and the Vancouver Public Library Board.

Where the Employer has acted in good faith on written directions of the Member, the Employer shall be held harmless of any liability or action arising out of the operation of the Plan and the Member's participation in the Plan. Accordingly, the Member now releases the Employer from all liability for same and agrees to indemnify the Employer against any such losses or expenses in relation to the Plan, except for the fees payable by the Employer to the Trustee under the Trust Agreement.

4. ELIGIBILITY AND ENROLMENT FOR MEMBERS

The Employer shall be responsible for determining the eligibility of its employees for Membership in the Plan in accordance with any collective agreements in force.

Employees with “full time status”, and Part-Time employees eligible for benefits under the Collective Agreement, who have been employed by the VPLB for a least 5,475 hours (equivalent to three years) are eligible to participate.

An employee shall make written application to become a Member of the Plan by completing the Self-Funded Leave Plan (SFLP) Application Form and Agreement.

These forms are to be returned to Human Resources for approval; such approval will not be unreasonably withheld.

At the end of the Leave Period, members will return to their former positions for a period that is not less than the Leave Period.

Under the provisions of the Plan a Leave Period may not be taken under the Plan more often than every five years and each Leave Period shall be for a period not less than 6 months – to a maximum of 12 months – or not less than three months if the Leave Period is used for full-time attendance at an educational institution.

Notwithstanding the above, a Leave Period must be taken immediately after a Deferral Period not exceeding five years after the date of commencement of the salary deferral.

5. PLAN SERVICES

The Employer shall be responsible for the following:

- a) Establishing the Member's Account with the Plan Trustee.
- b) Receiving the aggregate of the Member's Deferred Earnings at the beginning of the Leave Period.
- c) Arrange for regular (bi-weekly) distribution of the Deferred Earnings.

The Trustee shall be responsible for the following:

- a) Will receive the Deferred Earnings in trust for each Member.
- b) Will provide payment of interest accrued and a T5 statement annually with respect to each Member's Deferred Earnings.
- c) Will return contributions to the Employer as required by the Employee.

The Employee shall be responsible for the following:

- a) Filling out appropriate forms.
- b) Returning to work at the end of the Leave Period.
- c) Complying with all other Terms and Conditions of the Plan as they apply to that Member.

6. CONTRIBUTIONS TO THE PLAN

Member Contributions

Contributions in any Plan year for each Member shall be a percentage of the Gross Earnings which would have been paid to the Member by the Employer in the year except for his/her participation in this Plan. The percentage deducted from Gross Earnings is as agreed upon by the Employer and the Member and is subject to the terms and conditions of any other agreement between the Employer and the Member.

Contribution Limit

Member contributions must be no more than 33-1/3% of annual Gross Earnings, the maximum percent allowable under the applicable Federal Legislation. The contribution level may be changed once a year. A new Application Form and Agreement would be required in such cases.

Period for which Contributions Permitted

Member contributions shall be permitted to continue until the earlier of commencement of the Leave Period, termination of employment, termination from the Plan as a result of financial hardship, termination from the Plan as a result of disability, termination of the Plan or death of the Member. Contributions can begin after three years of employment.

Contribution Pay Out

All contributions once made shall be irrevocable and shall pay out beneficially to the Member fully and unconditionally. However Deferred Earnings under the Plan will become payable to a Member only in accordance with the provisions of Section 7 of the Plan.

7. PAYMENT OF DEFERRED EARNINGS UNDER THE PLAN

Deferred Earnings payable under this Section shall be equal to and not exceed the amount in the Member's Account and will be fully paid to the Member no later than the end of the first calendar year that begins after the end of the deferral Period.

Commencement of Leave Period

The Member will receive the Deferred Earnings payments at the beginning of the Leave Period in equal bi-weekly installments (less amounts required by law or agreed to by the Member to be paid by the VPLB on behalf of the Member, such as payments to CUPE Local 391 on account of long term disability premiums) to the end of the Leave Period.

Death During Leave Period

If the Member dies before receiving all the Deferred Earnings due during the Leave Period, the Member's estate or designated beneficiary will receive a lump sum payment equal to the value of the balance of the Deferred Earnings to which the Member would have been entitled.

Termination of Employment

Where a Member terminates employment, the Deferred Earnings shall be paid to the Member in a lump sum immediately on termination of employment.

Death Prior to Leave Period

Where a Member dies prior to the Leave Period, the Deferred Earnings shall be paid to the Member's estate or designated beneficiary in a lump sum.

Withdrawal In Exceptional Circumstances

In exceptional circumstances such as financial hardships and, with approval of the Employer prior to the Leave Period commencing, a Member may withdraw from the Plan and shall receive the Deferred Earnings amount and accrued interest not yet paid within sixty (60) days following such approval subject to all statutory deductions.

Termination as a Result of Disability

A Member may elect to withdraw from the Plan due to disability. The Deferred Earnings shall then be paid to the Member as a lump sum.

8. FUND

Establishment of Fund

The Employer shall establish a Fund to receive all contributions to the Plan. The Deferred Earnings contributions will be held and invested for the benefit of the Members in accordance with the terms of the Plan.

Investment Fund

The investment of the Fund shall be in accordance with the Trust Agreement.

Member Accounts

The Employer shall cause the Trustee to establish and maintain a Member Account to record all Deferred Earnings contributions and the investment earnings thereon for each Member.

Interest

Interest earned on the Deferred Earnings will be calculated by the Trustee and distributed annually and reported accordingly on each Member's T5 Statement of Investment Income.

Fees

Fees are charged by the Trustee to manage the Funds in the SFLP. These fees will be paid from the interest earned on the Member's Accounts in the Fund. Should the interest not be sufficient to cover all of the fees, the VPLB and CUPE Local 391 will pay the difference.

Payment from Fund

From time to time the Employer shall authorize payments of Deferred Earnings from the Fund in accordance with the terms of the Plan. The payment under a Member's Account shall be based on the fair market value of the Account at the time of payment.

9. PLAN CLOSURE

Discontinuing the Plan

In the event the Self-Funded Leave Plan does not have any Members for a two year period, it will be assumed, by the Union and by Management, that there is no interest and the Plan will be discontinued. The Union membership will be given notice of the possible discontinuance of the plan thirty (30) days prior to the expiry of this two year period.

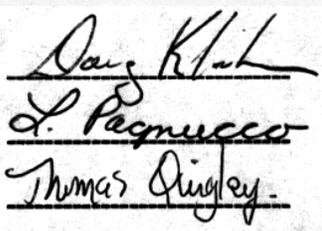
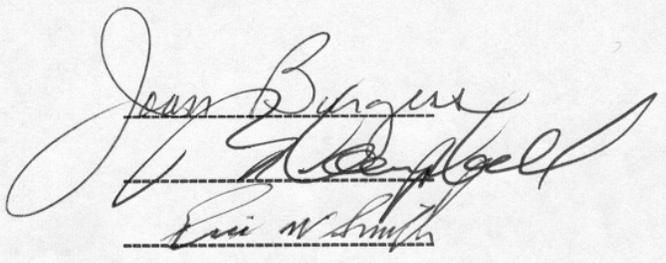
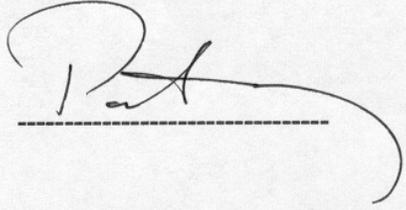
This Self-Funded Leave Plan may be discontinued at any time upon mutual agreement between C.U.P.E. Local 391 and Library Management.

Termination of Plan

Where the Plan is terminated, the Deferred Earnings shall be paid to each Member in a lump sum.

10. AGREEMENT

This Self-Funded Leave Plan has been mutually agreed to between C.U.P.E. Local 391 and Management of the Vancouver Public Library Board on November 24, 2004.

 <p>Doug Kluk L. Pagnucco Thomas Dingley</p>	 <p>Jean Bergeron J. Campbell Eric W. Smith</p>
 <p>J. P. H. T.</p>	 <p>Paul</p>
<p>C.U.P.E. Local 391</p>	<p>Vancouver Public Library</p>