



DEFERRED SALARY LEAVE PLAN

REGULATIONS

Application Deadline: February 28, 2026

PURPOSE

1. The Deferred Salary Leave Plan will afford teachers the opportunity of taking a leave of absence of a full school year or one of four, five or six months. The leave is financed through salary deferral during the period preceding the leave.

ELIGIBILITY

2. Any teacher who holds a Schedule "B" contract is eligible to participate in the Plan.
3. Enrolment is subject to a general quota of 160 participants per year of leave. The quota will be calculated on the basis of 160 FTEs.

APPLICATION

4. A teacher must make written application to the School Superintendent on or before February 28th of the school year prior to the school year the deferment is to commence, to participate in the plan.
5. Written acceptance, or denial, of the teacher's request with explanation shall be forwarded to the teacher by May 1st in the year the request is made.
6. Approval of individual requests to participate in the Plan shall rest solely with the Superintendent. Notwithstanding the aforementioned, the Minister may restrict in any year the number of participants in the plan.
7. Special requirements for term leaves:
 - The 4-month leaves **must** be taken from September to December;
 - The 5-month leaves **must** be taken from September to January (1st Semester) or from February to June (2nd semester). These leaves are only available to the teachers in the semestering system and intensive French teachers, and are, with the one-year leave, their only available options; and
 - The 6-month leaves **must** be taken from January to June.

PAYMENT FORMULA AND LEAVE OF ABSENCE

8. i) In each year of the Plan, preceding the period of the leave, a teacher will be paid a reduced percentage of applicable annual salary. The “net” amount received during the deferred leave will also depend on the different factors to be taken into consideration, i.e. interest rates, salary increases during the life of the plan, and various individual deductions on the paycheque.
- ii) Contribution to one of the percentages listed in registration Form H and in the Regulations will result, during the leave, in a “gross” amount of approximately 72 to 80% of the average gross pay during the contribution period. However, the percentage of contributions from salary may be changed as long as the total contributions do not exceed 33 1/3% of the teacher’s salary at any time. These requirements are established by Revenue Canada Agency.
- iii) The remaining percentage of the gross salary will be deducted in bi-weekly instalments commencing with the first pay cheque in September and will continue to be deducted for a period not to exceed 24 months for the ‘two years over three’ plan; 36 months for the ‘three years over four’ plan; 48 months for the ‘four years over five’ plan; 60 months for the ‘five years over six’ plan; and 72 months for the ‘six years over seven’ plan. The percentage of salary deducted for each of the above plans is as follows:

Plan	% Deferred *		Plan	% Deferred*		Plan	% Deferred*	
a) 2 over 3			b) 3 over 4			c) 4 over 5		
12 months	()	33.3%	12 months	()	26.7%	12 months	()	20%
6 months	()	20%	6 months	()	13.3%	6 months	()	10%
5 months	()	16.6%	5 months	()	11.1%	5 months	()	8.3%
4 months	()	13.3%	4 months	()	8.9%	4 months		6.6%
d) 5 over 6			e) 6 over 7					
12 months	()	16%	12 months	()	13.3%			
6 months	()	8%	6 months	()	6.6%			
5 months	()	6.6%	5 months	()	5.5%			
4 months	()	5.3%	4 months	()	4.4%			

**Should you wish to do so, you can change the percentage of your contributions, up to a maximum of 33 1/3% (see paragraph ii) above).*

- iv) Canada Revenue Agency's Payroll Deductions Online Calculator can be used to estimate personal deductions: <https://www.canada.ca/en/revenue-agency/services/e-services/digital-services-businesses/payroll-deductions-online-calculator.html>
- v) In the event that the employee considers changing the percentage of the contributions, please note that the onus would be on the employee to verify or to check with a financial institution what the impact on the salary would be should such a change be made. The employee would also be responsible for advising the school district of any decision to make changes.
- vi) All deferred salary shall be forwarded to the NBTA Credit Union Ltd./UNI Financial Cooperation and shall accumulate interest calculated on the minimum accumulated monthly balance. The 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 (1) year term deposit, a three (3) year term deposit and a five (5) year term deposit. The rates for each of the accounts identified shall be those quoted by the Prospect Street Branch of the Bank of Montreal, Fredericton, N.B. Interest shall be deposited in the appropriate account on the last day of each month.

It is to be noted that participants will be taxed on a current basis on the interest or other amounts that accrue in the plan.
- vii) Employee contributions for Canada Pension Plan and Income Tax are to be deducted from the portion of salary remaining after the approved deferment percentage. Participants are responsible for verifying with Service Canada the possible impact on their future benefits. Employment Insurance is to be deducted on the full salary before deferment. Teacher Pension Plan deductions during each year of the plan, including the year of leave, shall be made on the basis of what the salary would have been had the teacher not entered the Plan. In the year of leave, the applicable contributions are to be made from the deferred salary plus accumulated interest. All other deductions (e.g. Group Insurance and NBTf dues) shall be made as usual.
- viii) In the year of leave, the salary during the leave shall be determined from the total amount accumulated from contributions to the plan over the preceding 24, 36, 48, 60 or 72 months plus accumulated interest (see also point vii for additional information on term leaves).

- ix) The amount referred to in viii) above will be paid in bi-weekly instalments by the employer during the teacher's leave. The residual will continue to earn interest at the prevailing rate outlined in vi) and any adjustment of accumulations will be paid on the last instalment. **During any period of leave the employee cannot receive any salary from the employer or any other person or partnership with whom the employer does not deal at arm's length other than amounts of salary deferred before the period of leave.**
- x) Additional information on term leaves (4, 5 and 6-month leaves):
- During the leave period, participants will receive their deferred contributions plus interest over the number of pay periods during the leave period, with a payment of the residual interest at the completion of the leave; and
 - During the leave year, participants will have their salary prorated over the remaining pay periods outside of the leave period.

In summary, prior to the leave year, the District will calculate the number of teaching days a participant is on leave as compared with the number of teaching days worked. Since a participant's summer cheques would be adversely affected by the reduced number of teaching days during a deferred leave year, his or her income (e.g. 110 teaching days) will be evenly distributed over the number of pay periods **outside** of the leave period.

BENEFITS

9. **Participants suffer no loss in pension benefits from the Teachers' Pension Plan.**
10. Each year of the plan, including the period spent on leave, contributions to the Teachers' Pension Plan will be made according to the salary the teacher would have received had they not been enrolled in the plan.
11. While a teacher is enrolled in the Plan, and not on leave, any benefits tied to the salary level shall be structured according to the salary the teacher would have received had they not been enrolled in the Plan.
12. A teacher's benefits will be maintained during his/her leave including the period spent on leave, shall be a period of pensionable service, teaching service and seniority. However, sick leave credits shall not accumulate and cannot be used during the period spent on leave.

13. While on leave any benefits tied to salary level shall be structured according to the salary the teacher would have received had they not been enrolled in the Plan.
14. **As per Canada Revenue Agency (CRA) Regulations, after the period of leave the teacher must return to work for a period that is not less than the period of leave. Any applicable penalty will be determined by the CRA for any teacher who chooses not to return to work after their leave.** A teacher granted deferred salary leave shall, upon return to the district, be entitled to the same position occupied prior to the deferred leave. If this position no longer exists, the teacher shall be entitled to an equivalent position or mutually acceptable position as governed by the appropriate clauses of the Collective Agreement between Board of Management and NBTf.

WITHDRAWAL FROM THE PLAN

15. On rare occasions only, and due to unforeseen circumstances, a teacher may withdraw from the Plan any time of the year preceding the school year in which the leave is to commence. Any exceptions to the aforesaid shall be at the discretion of the Superintendent. Repayment shall be pursuant to paragraph 17.
16. A teacher who withdraws from the plan shall be paid in one lump sum adjustment equal to any monies deferred plus interest accrued. This payment shall be made as soon as possible within (60) days of withdrawal from the plan. Irrespective of when a participant is reimbursed contributions, it is considered taxable income in the year of withdrawal.
17. Anyone who withdraws from the plan later than December 31 in the first year of the plan must add the total amount returned including interest to income for that taxation year.
18. Should a teacher die while participating in the Plan, any monies accumulated, plus interest accrued at the time of death shall be paid to the teacher's estate.
19. Should a participant decide to withdraw from the plan, the following procedures should be followed:
 - Write a letter to the District Superintendent indicating the decision to withdraw.
 - The Superintendent will notify the Payroll Officer to stop the deferral payments.
 - The Superintendent will notify, in writing, the New Brunswick Teachers' Federation.

- The New Brunswick Teachers Federation will approve the withdrawal and will advise the NBTA Credit Union Ltd. or UNI Financial Cooperation of the change.
- The NBTA Credit Union or UNI Financial Cooperation will indicate on the cheque to the School District the amount of interest separate from the principal (deferred salary).
- Reimbursement of contributions to the plan shall be made in one lump sum payment and are considered taxable income in the year of withdrawal.
- The Payroll Officer will make the usual deductions from the salary portion only of the funds returned.

DEFERRED SALARY LEAVE (DSL) CONTRACT (FORM H)

20. All teachers wishing to participate in the Plan shall be required to sign the approved DSL contract before final approval for participation is granted.
21. The provisions of the DSL Contract concerning the year of leave may be amended by mutual agreement between the DSL participant, District and NBTF as long as the requirements set by Revenue Canada are met (i.e. maximum of 6 years in the plan before taking the period of leave).

CONCLUSION

The plan provides an excellent opportunity for those teachers who are in a position to take advantage of the program. In 2026, this plan will be in its **forty forth** year of operation in New Brunswick. The response from teachers has been excellent.

MINISTER'S ADVISORY COMMITTEE ON DEFERRED SALARY LEAVE PLAN

- The Minister of Education and Early Childhood Development has established an Advisory Committee on the Deferred Salary Leave Plan.
- The committee is comprised of representatives of teachers, Superintendents or Directors of Schools, and the Department of Education and Early Childhood Development.
- The primary responsibility of the committee is to advise the Minister on all aspects of the Deferred Salary Leave Plan including costs, conditions, and the ongoing administration of the plan including application and withdrawal procedures.