



Directive on Leave and Special Working Arrangements

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Directive on Leave and Special Working Arrangements

1. Effective date

1.1 This directive takes effect on April 1, 2009.

1.2 It replaces the *Leave Without Pay Policy* dated December 17, 1981.

2. Application

2.1 This directive applies to persons appointed to the core public administration as defined in section 11 of the [Financial Administration Act](#) unless excluded through specific acts, regulations or Orders in Council.

3. Context

3.1 This directive supports the [Policy on Terms and Conditions of Employment](#) by providing direction to departments that will ensure the equitable, accurate, consistent, transparent and timely administration of leave provisions and special working arrangements across the core public administration.

For the purposes of this directive, persons appointed to the core public administration include persons appointed to a position as:

- an indeterminate;
- a term of three months or more;
- a term of less than three months;
- a casual worker;
- an as and when required basis;
- a seasonal worker;
- an excluded employee;
- in an unrepresented group;
- part-time; or
- a part-time worker

3.2 Persons appointed to the core public administration may be granted leave in accordance with the provisions of the relevant collective agreement or terms and conditions of employment. Where there is conflict or incompatibility between a provision of the collective agreement and the Treasury Board terms and conditions of employment policy instruments, the provisions of the collective agreement apply.

3.3 This directive is issued pursuant to sections 7 and 11.1 of the [Financial Administration Act](#).

3.4 The Treasury Board has delegated to the president of the Treasury Board the authority to amend this directive.

3.5 The following appendices establish criteria to be followed with respect to the management of certain authorized paid and unpaid absences from work:

- Appendix A – Leave with Pay or Time Off With Pay
- Appendix B – Leave Without Pay

3.6 Persons appointed to the core public administration may participate in special working arrangements in accordance with this directive under the pre-retirement transition leave and leave with income averaging special working arrangements. The following appendices establish criteria under which these working arrangements may be established:

- Appendix C – Pre-Retirement Transition Leave: A Special Working Arrangement
- Appendix D – Leave with Income Averaging: A Special Working Arrangement

3.7 This directive is to be read in conjunction with the following:

- [collective agreements](#)
- [Public Service Employment Act](#)
- [Policy on Terms and Conditions of Employment](#)
- [Directive on Terms and Conditions of Employment](#)
- relevant policies and directives on terms and conditions of employment that are specific to certain groups.

4. Definitions

core public administration (*administration publique centrale*)

Refers to departments named in Schedule I and the other portions of the federal public administration named in Schedule IV of the [Financial Administration Act](#).

leave with pay (*congé payé*)

Is an authorized paid absence from work in accordance with the relevant collective agreement or terms and conditions of employment.

leave without pay (*congé non payé*)

Is an authorized unpaid absence from work, in accordance with the relevant collective agreement or terms and conditions of employment, while maintaining continuity of employment.

leave with income averaging (*congé avec étalement du revenu*)

Is an authorized working arrangement whereby eligible persons are able to reduce the number of weeks worked in a specific 12-month period by taking leave without pay for a period of between 5 weeks and 3 months. Although pay is reduced and averaged out over the 12-month period, pension and benefits coverage (as well as the applicable premiums and contributions) continue at the pre-arrangement levels.

person with the delegated authority (*personne ayant le pouvoir délégué*)

Is a person identified under the departmental delegation of authorities instrument for the administration of leave.

political activity (*activité politique*)

Has the same meaning as established under Part 7 of the [Public Service Employment Act](#) for the purpose of this directive.

pre-retirement transition leave (*congé de transition préalable à la retraite*)

Is an authorized working arrangement whereby eligible persons who are eligible for an unreduced pension or are within two years of becoming eligible for an unreduced pension are able to reduce the length of their workweek by up to 40 per cent. The person's salary is reduced while the pension and benefits coverage (as well as the applicable premiums and contributions) are maintained at pre-arrangement levels.

public service (*fonction publique*)

Has the meaning given to that expression in the [Public Service Superannuation Act](#).

special working arrangements (*modalités de travail spéciales*)

Is, for the purpose of this directive, pre-retirement transition leave and leave with income averaging.

time off with pay (*temps libre payé*)

Is, for the purpose of this directive, a paid absence from work (for a short duration as defined in Appendix A of this directive) for one of the three following reasons: time off for voting; time off owing to adverse climatic or environmental conditions; and time off for personal medical and dental appointments.

5. Directive statement

5.1 Objective

The objective of this directive is to ensure that departments within the core public administration manage paid and unpaid absences from work and special working arrangements in a sound, consistent and effective manner.

5.2 Expected results

The expected results of this directive are that:

- persons appointed to the core public administration are accorded leave benefits in accordance with their relevant collective agreement or terms and conditions of employment; and
- absences from work and special working arrangements are administered and managed in an accurate, equitable, transparent and timely manner.

6. Requirements

6.1 Senior departmental human resources officials or any other person named by the deputy head are responsible for the following:

- ensuring that systems, processes or procedures are in place to track leave without pay for other reasons, as detailed in Appendix B, in cases where the reason for such leave is for political activity as defined in Part 7 of the [Public Service Employment Act](#);
- ensuring that the organizational structure, resources, procedures, systems and controls are in place for the secure, accurate and timely application and administration, within their organization, of all types of leave and special working arrangements as detailed in appendices A, B, C and D;
- initiating, in a timely manner, appropriate pay or other administrative actions related to authorized leave and special working arrangements;
- ensuring that human resources advisors provide accurate and timely direction to persons appointed to the core public administration on all matters pertaining to leave with or without pay, including cases where the leave of absence involves political activity or leave of absence priority entitlements, pursuant to the [Public Service Employment Act](#) or [Public Service Employment Regulations](#); and
- ensuring that requests for permission to seek nomination as or be a candidate in an election and leave of absence (see Appendix B), if applicable, pursuant to the [Public Service Employment Act](#), are referred to the Public Service Commission.

6.2 Persons with the delegated authority to approve leave are responsible for:

- seeking advice and direction from human resources advisors in cases of leave without pay due to illness and in any

- cases where political activity pursuant to the [Public Service Employment Act](#) is involved;
- ensuring that all applications for discretionary leave and special working arrangements are approved or not approved in a fair, consistent and transparent manner;
 - ensuring that requests for leave are only approved in accordance with the applicable authority, in other words, the relevant collective agreement or terms and conditions of employment;
 - ensuring that appropriate approval of requests for time off work or to participate in special working arrangements, such as pre-retirement transition leave and leave with income averaging, are considered and, if appropriate, approved in accordance with this directive;
 - considering all operational factors before approving leave or special working arrangements;
 - directing persons to the appropriate sources of information and, when necessary, to the departmental compensation organization before approving leave or special working arrangements that have an effect on the person's pay or benefits; and
 - providing, in a timely manner, the departmental compensation organization with approved applications to process leave without pay or special working arrangements.

6.3 Monitoring and reporting requirements

6.3.1 Within departments

Senior departmental human resources officials or any other person named by the deputy head are responsible for monitoring adherence to this directive within their organization, consistent with Section 6.2 of the [Policy on Terms and Conditions of Employment](#) by:

- establishing and reviewing on an ongoing basis, processes, procedures and controls to ensure that the management of leave set out in this directive is administered in accordance with the appropriate authorities are timely and accurate and that corrective measures are implemented in a timely manner; and
- reviewing, as required, the organizations' management of cases of leave without pay due to illness (as detailed in appendix B).

6.3.2 By departments

Departments may be required by the Treasury Board Secretariat (TBS) to provide certain types of information considered necessary for assessing compliance and evaluating management practices.

On the basis of monitoring and information provided, the Secretary of the Treasury Board may require additional reports and information from the department.

6.3.3 Government-wide

TBS will review this directive and its effectiveness at the five-year mark of implementation. Where substantiated by risk-analysis, TBS will also ensure an evaluation is conducted.

7. Consequences

7.1 In case of non-compliance, deputy heads are responsible for taking corrective measures within their organization with those who are identified with delegated authority pertaining to this directive. Corrective measures can range from training, to the suspension or removal of delegated authority to, taking disciplinary action, or any combination of these measures.

7.2 Departments are required to pay any costs associated with errors or inappropriate administration of leave from their existing departmental budgets.

8. Roles and responsibilities of government organizations

8.1 Public Service Commission

In addition to the roles and responsibilities of other government organizations described in Section 8 of the [Policy on Terms and Conditions of Employment](#), the Public Service Commission has a specific role with respect to the administration of certain types of leave.

It provides direction to departmental human resources organizations with respect to political activity, leave of absence priority entitlements pursuant to the [Public Service Employment Act](#) and disabled employee priority entitlements pursuant to the [Public Service Employment Regulations](#). The Public Service Commission monitors departmental performance regarding these matters.

9. References

9.1 Other relevant legislation/regulations

- [Public Service Employment Act](#)

- [Financial Administration Act](#)
- [Public Service Labour Relations Act](#)
- [National Defence Act](#) and related regulations
- [Public Service Superannuation Act](#)
- [Supplementary Retirement Benefits Act](#)
- [Income Tax Act](#)
- [Income Tax Regulations](#)
- [Canada Elections Act](#)

9.2 Related policy instruments/publications

- [Values and Ethics Code for the Public Sector](#)

10. Enquiries

Please direct enquiries about this directive to your departmental headquarters. For interpretation of this directive, departmental headquarters should contact:

Core Public Administration Compensation Management
 Compensation and Labour Relations
 Office of the Chief Human Resources Officer
 Treasury Board of Canada Secretariat

E-mail: Interpretations@tbs-sct.gc.ca

Appendix A—Leave with Pay or Time off Work with Pay

1. Management of leave with pay or time off work with pay

Upon application from persons appointed to the core public administration, persons with the delegated authority may approve leave with pay in accordance with the relevant collective agreement or terms and conditions of employment. Time off work may be granted in accordance with the provisions set out in this Appendix.

1.1 Persons with the delegated authority who approve leave or grant time off work with pay have the right to schedule such absences in a manner that takes into account operational requirements. All absences from work must be authorized by the person with the delegated authority to approve the specific absence.

2. Management of specific leave with pay or time off work with pay situations

2.1 This Appendix establishes criteria that are to be followed when the employer allows for paid leave or paid time off work when such absences are occasioned by legal or societal obligations or are deemed by the employer to be situations when persons appointed to the core public administration should not suffer loss of income. The criteria are as follows:

2.2 Paid time off work

2.2.1 Time off for voting

All persons appointed to the core public administration, including casual workers and terms less than three months, must be given time off with pay to vote (including proxy voting) in federal, provincial, territorial and municipal elections, referenda or plebiscites. The requirements are as follows:

Federal elections, referenda or plebiscites

- Three consecutive hours during the period the polls are open.

Provincial or territorial elections, referenda or plebiscites

- The number of consecutive hours specified in the legislation of the province or territory in which the person resides.

Municipal elections, referenda or plebiscites

- The number of consecutive hours specified in the statutes governing municipal elections, referenda or plebiscites of the province or territory in which the municipality is located; when there is no such provision, the time is that established for elections in the province or territory in which the person resides.

2.2.2 Time off due to adverse climatic or environmental conditions

Persons with the delegated authority exercise their discretionary power to grant time off with pay only if satisfied that the adverse climatic or environmental conditions affect a person's capability to remain on or report for duty.

Adverse environmental conditions at the work place, such as a lack of heat, and emergency conditions affecting the community, such as a serious flood or snowstorm, are examples of conditions that could warrant management to exercise discretion with respect to granting time off with pay.

2.2.3 Time off for personal medical and dental appointments

In the core public administration, it is the practice for the employer to grant paid time off, for up to half a day, for persons to attend their own personal medical and dental appointments without charge to their leave credits in cases of routine, periodic check-ups. When a series of continuing medical or dental appointments are necessary for treatment of a particular condition, persons with the delegated authority ensure that absences are to be charged to the person's sick leave credits.

2.3 Leave with pay

2.3.1 Religious observance

Persons with the delegated authority to approve leave should examine, on an individual basis, each request for leave to meet religious obligations. When approving leave for reasons of religious observance, persons with the delegated authority ensure, whenever operationally feasible, that appropriate arrangements are made for make-up time, such as the use of vacation or compensatory leave, shift exchanges in the case of shift workers, variable hours of work or individual arrangements to make up time.

2.3.2 Recreational, personal and other special reasons

When granting leave for participating in departmental social activities or similar purposes, persons with the delegated authority ensure that leave is to be charged against a person's vacation leave credits. In the event of a relatively brief leave period, such as extended lunch hours, hours of work may be scheduled to maintain the normal overall weekly hours of work.

2.3.3 Participation in international sporting events

A person appointed to the core public administration may be granted by the person with the delegated authority leave with pay for other reasons for the purpose of training for or participating in international sporting events. The leave period must not exceed three calendar months per year, if it is taken in one period, or 66 working days per year if it is taken in broken periods (these amounts include any earned but unused vacation leave credits to which the person is entitled). Training or participation by a person includes involvement as an athlete, an official referee, a judge, a coach or other official.

Leave with pay for other reasons may be granted by the person with the delegated authority under the following conditions:

- a. there must be a recommendation, on behalf of the person, from a national sport-government body and the recommendation for participation must be validated by the appropriate government sport organization, such as Sport Canada; and
- b. the person's unused vacation leave credits must be liquidated before the additional sporting event leave for other reasons is granted.

2.3.4 Serve in the Canadian Forces Reserve

Persons appointed to the core public administration may be granted leave with pay for other reasons for the purpose of serving in the Canadian Forces Reserve. Persons with the delegated authority to approve such leave are encouraged to grant leave of absences for this purpose. Such leave is to conform to the provisions of the [Reserve Forces Training Leave Regulations](#) made pursuant to the [National Defence Act](#).

Appendix B—Leave Without Pay

1. Management of leave without pay

1.1 Upon application from persons appointed to the core public administration, persons with the delegated authority may approve leave without pay in accordance with the relevant collective agreement or terms and conditions of employment.

1.2 Persons with the delegated authority are to ensure that persons appointed to the core public administration who apply for leave without pay for other reasons not covered under the relevant collective agreement or terms and conditions of employment clearly identify, in their application, the reason for the absence, such as to accept employment in the office of a minister, a minister of State, a secretary of State, or member of Parliament or to participate in political activity.

Note:

Heads of human resources must ensure that systems or procedures are in place to track the reason for leave without pay, particularly in cases involving political activity as defined in Part 7 of the [Public Service Employment Act](#) in order to provide the Public Service Commission with data for monitoring purposes.

1.3 Compensation advisors are to inform persons who have been granted leave without pay of the implications that such leave will have on their pay and benefits, such as various insurance plans, leave entitlements, severance pay entitlements and contributions under the [Public Service Superannuation Act](#) as well as all entitlements and voluntary deductions.

1.4 With the exception of persons on leave without pay to serve in the Canadian Forces Reserve, identified in Section 2.5. in

this Appendix, a person appointed to the core public administration on leave without pay can only be replaced on an indeterminate basis if the period of leave or consecutive periods of the same type of leave exceeds one year. Periods of different types of leave cannot be combined for the calculation of the one year period. If the person is replaced, the person with the delegated authority is to make every effort to provide suitable employment for the person following the leave of absence.

Note:

When a person on a leave of absence has been replaced on an indeterminate basis and the person with the delegated authority is unable to provide suitable employment following the leave of absence, the departmental human resources advisor is to be consulted, by the person with the delegated authority regarding leave of absence priorities pursuant to the [Public Service Employment Act](#).

When a person ceases to be an employee pursuant to the [Public Service Employment Act](#), there is no entitlement to severance pay. If, however, persons resign or retire before the date on which their employment would have been terminated, they may be eligible to receive severance pay in accordance with the provisions of the relevant collective agreement.

2. Management of Specific Leave without Pay Situations

2.1 This Appendix establishes criteria that are to be followed by departments in the following leave without pay situations:

- illness;
- injury in the workplace;
- to accept employment in the office of a minister, a minister of State, a secretary of State; or a member of Parliament;
- to seek nomination as or be a candidate in a federal, provincial, territorial or municipal election as stipulated under Part 7 of the [Public Service Employment Act](#);
- to serve in the Canadian Forces Reserves.

2.2 Illness or injury in the workplace

When a person appointed to the core public administration is unable to work due to illness or injury in the workplace and has exhausted his or her sick leave credits or injury-on-duty leave, the person with the delegated authority is to consider granting leave without pay.

For administrative and benefits purposes only, this type of leave without pay is referred to as sick leave without pay and is recorded as such.

If it is clear that a person will not be able to return to work within the foreseeable future, the person with the delegated authority is to consider granting such leave without pay for a period sufficient to enable the person to make the necessary personal adjustments and preparations for separation from the core public administration on medical grounds.

When a person with the delegated authority is satisfied that there is a good chance a person will be able to return to work within a reasonable period of time (the length of which will vary according to the circumstances of the case), leave without pay provides an option to bridge the employment gap. The period of leave without pay is to be flexible enough to allow person with the delegated authority to accommodate the needs of a person with special recovery problems, including retraining.

Persons with the delegated authority are to regularly re-examine all cases of leave without pay due to illness or injury in the workplace to ensure that continuation of leave without pay is warranted by current medical evidence. Such leave without pay situations are to be resolved within two years of the leave commencement date, although each case must be evaluated on the basis of its particular circumstances.

All leave without pay due to illness or injury in the workplace will be terminated by the person's:

- return to work;
- resignation or retirement on medical grounds;
- cessation of employment pursuant to section 42 of the [Public Service Employment Act](#); or
- termination for reasons other than breaches of discipline pursuant to the [Financial Administration Act](#).

2.2.1 Disabled persons—return to work

Persons with the delegated authority are to consult their departmental human resources advisors when persons have been certified by a competent authority as ready to return to work but are no longer able to carry out the duties of their position. Human resources advisors will provide direction with respect to disabled employee priority entitlements pursuant to the [Public Service Employment Regulations](#).

2.3 Acceptance of employment in the office of a minister, a minister of State, a secretary of State, or a member of Parliament

Upon request from a person appointed to the core public administration for leave without pay to accept employment in the office of a minister, a minister of State, a secretary of State, or a member of Parliament, the person with the delegated authority may grant leave without pay for other reasons for this purpose with the understanding that all the requirements with respect to leave without pay established in this Appendix are applicable.

2.3.1 Political activity

Persons appointed to the core public administration are to consult their departmental human resources advisors to seek

direction regarding the provisions related to political activity in the [Public Service Employment Act](#) as well as the role of the Public Service Commission.

2.4 Seek nomination as or be a candidate in a federal, provincial, territorial or municipal election

Upon request from a person appointed to the core public administration for leave without pay for other reasons when the reason is to seek nomination as a candidate or to be a candidate in a federal, provincial, territorial or municipal election, the person with the delegated authority is to forward the request to the departmental human resources senior official, who is to forward the leave request to the Public Service Commission:

If the Public Service Commission grants permission to seek nomination as a candidate or to be a candidate in a federal, provincial, territorial or municipal election, the person appointed to the core public administration may proceed on leave without pay for other reasons. As such, all the requirements with respect to leave without pay established in this Appendix are applicable. The period of leave without pay ends on the day on which the results of the election are officially declared, or on an earlier day, as requested by the person if she or he has ceased to be a candidate.

When a person appointed to the core public administration is declared elected as a member of the House of Commons, the legislature of a province, the Council of the Yukon Territory, the Council of the Northwest Territories or the Legislative Assembly of Nunavut, the person ceases to be an employee pursuant to the [Public Service Employment Act](#), and there is no entitlement to severance pay for this type of cessation of employment. If, however, the person resigns or retires before the date on which their employment would have been terminated for this reason, the person may be eligible to receive severance pay in accordance with the provisions of the relevant collective agreement and terms and conditions of employment.

2.5 Serve in the Canadian Forces Reserve

Persons appointed to the core public administration who request leave to serve in Reserve Forces activities, as described in subsection 247.5(1) the [Canada Labour Code](#) as:

- a. an operation in Canada or abroad – including preparation, training, rest or travel or to the employee's residence – that is designated by the Minister of National Defence;
- b. an activity set out in the regulations;
- c. annual training for the prescribed period, or, if no period is prescribed, for a period of up to 15 days;
- d. training that they are ordered to take under paragraph 33(2)(a) of the [National Defence Act](#);
- e. duties that they are called out on service to perform under paragraph 33(2)(b) of the [National Defence Act](#);
- f. service in an aid of a civil power for which they are called out under section 275 of the [National Defence Act](#)

are to be granted leave without pay by persons with the delegated authority and cannot be replaced on an indeterminate basis, even if the absence is for a period exceeding one year. Such leave is to conform to the provisions of the *Reserve Forces Training Leave Regulations* made pursuant to the [National Defence Act](#).

Persons on leave without pay for this purpose may only be replaced on a term basis and are to be reinstated in the position that they occupied on the day before the day on which the leave began. If the person with the delegated authority is not able to reinstate the person in that position by reason of a workforce adjustment, the workforce adjustment measures apply.

Appendix C—Pre-Retirement Transition Leave: A Special Working Arrangement

1. Special working arrangement

Pre-retirement transition leave is a special working arrangement whereby eligible persons who are within two years of retirement have their workweek reduced by up to 40 per cent. For a full-time person, this represents up to two out of five working days.

Pay for the participating person would be adjusted to reflect the shorter workweek, but their pension and benefits coverage, as well as premiums and contributions, would continue at the pre-arrangement levels. The person would continue to be subject to the provisions of the relevant collective agreement or terms and conditions of employment and their employment status (full-time or part-time) would remain unchanged during the working arrangement.

2. Terms and conditions for approving pre-retirement transition leave

Persons with the delegated authority may approve pre-retirement transition leave if the following conditions have been met:

- a. operational requirements:
 - o a thorough evaluation confirms that, for the two-year work-arrangement period, it is operationally feasible to allow the work arrangement (in other words, the quality of service or costs associated with service delivery would not be adversely affected);
- b. the person applying for the work arrangement must:
 - o be a person appointed to the core public administration;
 - o have indeterminate employment status;
 - o not be surplus at the start of the leave arrangement;
 - o be eligible for an unreduced pension at the start of the leave arrangement or be within two years of becoming eligible for an unreduced pension (for example, 53 years of age with at least 28 years of pensionable service or 58 years old with at least 2 years of pensionable service at the time of

- retirement) and agree to resign effective at the end of the leave arrangement (the employer's acceptance of the resignation is conditional upon the leave arrangement being completed);
- o agree not to work for the federal public service while on leave without pay,
- o agree to respect the measures established in the [Values and Ethics Code for the Public Sector](#) while on leave without pay; and
- o submit an [Application for Pre-retirement Transition Leave Form](#) (TBS 325-9E).

3. Modifying the special working arrangement

Once the pre-retirement transition leave application has been signed by both the participant and the person with the delegated authority, any changes to the arrangement may be made only in rare and unforeseen circumstances. A request, by the person, to change the working arrangement must be provided, in writing with reasonable notice, and may be approved at the discretion of the person with the delegated authority.

4. Cancellation of the special working arrangement

Cancellation of the approved pre-retirement transition leave working arrangement is to be allowed only in exceptional or unforeseen circumstances. A request, by the person, to cancel the working arrangement must be provided in writing, with reasonable notice, and may be approved at the discretion of the person with the delegated authority.

Only in rare and exceptional cases would management initiate cancellation of the pre-retirement transition leave working arrangement.

5. Effect of the special working arrangement on pay and benefits

5.1 Annual rate of pay

The annual rate of pay will be reduced to reflect the number of non-work days during the working arrangement.

Throughout this section the expression *unreduced rate of pay* refers to the annual rate of pay in effect before the commencement of the working arrangement. The term *reduced rate of pay* refers to the annual rate of pay in effect during the pre-retirement transition leave working arrangement.

5.2 Allowances

Allowances for which the person participating in the pre-retirement transition leave working arrangement may be eligible are to be paid in accordance with provisions set out in the relevant collective agreement or terms and conditions of employment.

5.3 Bilingualism bonus

Persons who are eligible to receive the bilingualism bonus will continue to receive it during the pre-retirement transition leave working arrangement for any month in which the person receives a minimum of 10 days' pay.

5.4 Overtime

Overtime worked during the working arrangement period is to be paid at the **unreduced** rate of pay in accordance with the overtime provisions of the relevant collective agreement or terms and conditions of employment.

5.5 Public service pension plan

The non-work days of the working arrangement count as pensionable service under the public service pension plan. The person's contributions to the pension plan will therefore be deducted based on the unreduced pay rate.

Important note:

The [Income Tax Act](#) places certain maximums on the total amount of leave without pay, exclusive of sick leave without pay, that can be treated as pensionable service under a registered pension plan (including the public service pension plan). Compensation advisors will provide persons appointed to the core public administration with information regarding this exception.

5.6 Supplementary Death Benefit

The premium for Supplementary Death Benefit will be deducted based on the unreduced rate of pay because the benefits are payable based on the unreduced rate of pay.

5.7 Disability or long-term disability insurances

The premium for these insurance plans will be deducted based on the unreduced rate of pay because the coverage is based on the unreduced rate of pay.

5.8 Canada or Québec Pension Plan

Contributions and pensionable earnings to the Canada or Québec pension plans will be based on the person's reduced rate of pay only.

5.9 Employment Insurance

Premiums for Employment Insurance will be based on the reduced rate of pay.

5.10 Union dues

Union dues will be deducted in full from the reduced rate of pay.

5.11 Other voluntary payroll deductions

All other voluntary payroll deductions will continue to be deducted from the reduced rate of pay in the appropriate amounts if there are sufficient funds available.

5.12 Public Service Management Insurance Plan

The premium for this insurance plan will be deducted based on the unreduced rate of pay because the coverage is based on the unreduced rate of pay.

5.13 Vacation and sick leave credits

Vacation and sick leave credits will continue to be earned in accordance with the provisions of the relevant collective agreement or terms and conditions of employment.

Earned vacation and sick leave credits may be used on the at-work days only. Vacation and sick leave may not be granted for the non-work (leave without pay) days.

5.14 Designated paid holidays

Full-time persons participating in the pre-retirement transition leave working arrangement are entitled to designated paid holidays in accordance with the relevant collective agreement or terms and conditions of employment if they are not on leave without pay on both the working day preceding the designated holiday **and** on the working day following the designated holiday.

If the person is entitled to the designated paid holiday and it falls on an at-work day, the person is paid for that day.

If the person is entitled to the designated paid holiday and it falls on a non-work day, the holiday is to be moved to the next day that the person would normally have been paid (in other words, the next at-work day).

5.15 Participation in other special working arrangements

Persons participating in the pre-retirement transition leave working arrangement cannot participate in leave with income averaging.

Appendix D—Leave with Income Averaging: A Special Working Arrangement

1. Special working arrangement

Leave with income averaging is an arrangement whereby eligible persons reduce the number of weeks worked in a specific 12-month period by taking leave without pay for a period of between a minimum of 5 weeks and a maximum of 3 months.

Pay for the participating person would be reduced and averaged out over the 12-month period to reflect the reduced time at work; however, his or her pension and benefits coverage, as well as premiums and contributions, would continue at the pre-arrangement levels.

The person continues to be subject to the provisions of the relevant collective agreement or terms and conditions of employment, and his or her employment status (for example, full- or part-time) would remain unchanged during the working arrangement.

The leave without pay portion of the working arrangement may be taken in two periods within the 12-month period. Each period must be at least 5 weeks and the sum of the two periods must not exceed 3 months.

Although persons participating in the leave with income averaging working arrangement receive income throughout the 12-month period, the person is deemed to be on leave without pay during the non-work period of the arrangement.

2. Terms and conditions for approving leave with income averaging

Persons with the delegated authority may approve leave with income averaging if the following conditions have been met:

- a. operational requirements:
 - o a thorough evaluation confirms that for the 12-month work arrangement period it is operationally feasible to allow this work arrangement (in other words, the quality of service or costs associated with service delivery would not be adversely affected);
- b. the persons applying for the work arrangement must:
 - o be a person appointed to the core public administration;
 - o have indeterminate employment status;
 - o not be surplus at the start of the leave arrangement;
 - o agree not to work for the federal public service while on leave without pay;
 - o agree to respect the measures established in the [Values and Ethics Code for the Public Sector](#) while on leave without pay; and
 - o submit an [Application for Leave with Income Averaging form](#) (TBS 325-10E).

3. Modifying the special working arrangement

Once the leave with income averaging application has been signed by both the participant and the person with the delegated authority, any changes to the arrangement are to be made only in rare and unforeseen circumstances. A request, by the person, to change the working arrangement must be provided, in writing, with reasonable notice, and any changes may be approved at the discretion of the person with the delegated authority.

4. Cancellation of the special working arrangement

Because the financial implications are significant in the leave with income averaging working arrangement, only in rare and exceptional cases is the cancellation of the working arrangement to be considered.

A request, by the person, to cancel the working arrangement must be provided in writing with reasonable notice and may be approved at the discretion of the person with the delegated authority.

5. Effect of the special working arrangement on pay and benefits

5.1 Annual rate of pay

The annual rate of pay will be reduced to reflect the period of non-work days that will be taken during the 12-month working arrangement period. The reduced salary rate will be averaged over the 12-month period.

Throughout this section the term *unreduced rate of pay* refers to the annual rate of pay in effect before the commencement of the special working arrangement. The term *reduced rate of pay* refers to the annual rate of pay in effect during the leave with income averaging working arrangement.

5.2 Allowances

Allowances for which the person participating in the leave with income averaging working arrangements may be eligible are to be paid in accordance with the provisions established in the relevant collective agreement.

5.3 Bilingualism bonus

Persons who are eligible to receive the bilingualism bonus will continue to receive the bonus during the leave with income averaging working arrangement for any month in which the person receives a minimum of 10 days' pay. The annual bilingualism bonus rate will be reduced to reflect the period of non-work days that will be taken during the 12-month working arrangement period. The reduced rate of the bilingualism bonus will be averaged over the 12-month period.

5.4 Overtime

Overtime worked during the leave with income averaging working arrangement period is to be paid at the unreduced rate of pay in accordance with the overtime provisions of the relevant collective agreement.

5.5 Public service pension plan

The non-work days (leave without pay) of the leave with income averaging working arrangement count as pensionable service under the public service pension plan. The person's contributions to the pension plan will therefore be deducted based on the unreduced rate of pay.

Important note:

The [Income Tax Act](#) places certain maximums on the total amount of leave without pay, exclusive of sick leave without pay, that can be treated as pensionable service under a registered pension plan (including the public service pension plan).

Compensation advisors will provide persons appointed to the core public administration with information regarding this exception.

5.6 Supplementary Death Benefit

The premium for Supplementary Death Benefit will be deducted based on the unreduced rate of pay because the benefits are payable based on the unreduced rate of pay.

5.7 Disability or long-term disability insurances

The premium for these insurance plans will be deducted based on the unreduced rate of pay because the coverage is based on the unreduced rate of pay.

5.8 Canada or Québec Pension Plan

Contributions and pensionable earnings to the Canada or Québec pension plan will be based on the person's reduced rate of pay only.

5.9 Employment Insurance

Premiums for Employment Insurance will be based on the unreduced pay rate. No deduction will be taken during the period of leave without pay (5 weeks to 3 months).

5.10 Union dues

Union dues will be deducted in full from the reduced rate of pay. Union dues will not, however, be deducted when a person is on the leave without pay portion of the working arrangement for an entire calendar month.

5.11 Other voluntary payroll deductions

All other voluntary payroll deductions will continue to be deducted from the reduced pay rate in the appropriate amounts if there are sufficient funds available.

5.12 Public Service Management Insurance Plan

The premium for this insurance plan will be deducted based on the unreduced rate of pay because the coverage is based on the unreduced rate of pay.

5.13 Vacation and sick leave credits

Vacation and sick leave credits will continue to be earned in accordance with the provisions of the relevant collective agreement or terms and conditions of employment.

Earned vacation and sick leave credits may be used on the at-work days' portion of the working arrangement only. During the leave without pay portion of the working arrangement, vacation and sick leave credits will be earned in accordance with relevant collective agreement or terms and conditions of employment.

5.14 Designated paid holidays

Full-time persons participating in the leave with income averaging working arrangement are entitled to designated paid holidays in accordance with the relevant collective agreement or terms and conditions of employment.

5.15 Participation in other special working arrangements

Persons participating in the leave with income averaging working arrangement cannot participate in the pre-retirement transition leave working arrangement.