



# EMPLOYER BULLETIN



May 2010

## Leave of Absence Contributions

This bulletin provides employers with clarification on the length of time a member has to make contributions for an employer-approved leave of absence. This time period is based on the *Income Tax Act* (Canada) and PEPP legislation.

The member has until December 31 of the year after the leave ends, or the length of their leave - whichever is shorter - to make the contributions to PEPP. See examples on page two.

Section 5 of the Employer Administration Guide have been updated to reflect this clarification. Please see the guide for more information and examples. Members will find more detailed information in the PEPP *Talk on Leave of Absence*.

## Employer Responsibilities

Employers have responsibilities under this provision. When an employee goes on leave, the employer needs to:

- notify PEPP by sending in a completed [Work Absence form](#);
- calculate the amount of contributions with respect to the leave; and
- provide that amount to the employee.

Upon the employee's return to work, the employer needs to:

- notify PEPP by sending in a completed [Work Absence form](#);
- provide the [Leave of Absence Contribution Options form](#) to employees immediately;
- keep the employee's election on file;
- if the employee is contributing by payroll deduction, have the Payroll Branch ensure all contributions (from the first to the last) are forwarded to PEPP within the correct time frame; and
- if the employee is contributing by cheque or RRSP, contact a Customer Focus Coordinator for detailed instructions.

Although members have 90 days after returning to work before contributions must begin, delaying contributions may affect how long the member has to make the contributions, especially if he/she returns near the end of the year. This could cause a significant increase in payment amount if the member chooses to pay the contributions by payroll deduction. Providing the [Leave of Absence Contribution Options form](#) and amount required immediately upon the member's return to work allows them to begin contributions as early as possible.

If you have questions about calculating leave of absence contributions, contact PEPP. If you have questions about eligibility and how to report these contributions to the Canada Revenue Agency (CRA), contact the CRA directly.



The [Employer Bulletin](#) is published as a service for the employers of PEPP. For further information or clarification, contact PEPP's Customer Focus Coordinators:

Phone: 787-5442 • Toll free: 1-877-275-7377 • E-mail: [cfc.pepp@peba.gov.sk.ca](mailto:cfc.pepp@peba.gov.sk.ca)

## Examples

An employee takes a three month leave, ending on February 1, 2009 and makes her first contribution for the leave on April 17, 2009. She has until July 17, 2009 to make her last contribution for the leave (three months after the first contribution for the leave). She makes seven per cent contributions on a \$65,000 salary.

<b>Date leave ends</b>	<b>Date contributions begin</b>	<b>Date final contribution is due</b>
February 1, 2009	April 17, 2009	July 17, 2009
<b>Length of leave</b>	<b>Time to pay additional contributions</b>	<b>Additional contributions per pay period</b>
Three months	Three months - seven pay periods	\$162.50

An employee takes an 18-month leave, ending July 20, 2009. He makes his first contribution for the leave September 18, 2009. He must make the final contribution for the leave by December 31, 2010 (December 31 of the year after the leave ended). He makes seven per cent contributions on a \$65,000 salary.

<b>Date leave ends</b>	<b>Date contributions begin</b>	<b>Date final contribution is due</b>
July 20, 2009	September 18, 2009	December 31, 2010
<b>Length of leave</b>	<b>Time to pay additional contributions</b>	<b>Additional contributions per pay period</b>
18 months	15 months - 34 pay periods	\$200.74

An employee takes a one year leave, ending on December 13, 2008, and makes his first contribution on February 20, 2009. His final contribution for the leave must be made by December 31, 2009 (December 31 of the year after the leave ended). Because the one-year mark of contributing for the leave is after December 31 the year after the leave ended, all payments must be made by December 31, 2009. He makes seven per cent contributions on a \$65,000 salary.

<b>Date leave ends</b>	<b>Date contributions begin</b>	<b>Date final contribution is due</b>
December 13, 2008	February 20, 2009	December 31, 2009
<b>Length of leave</b>	<b>Time to pay additional contributions</b>	<b>Additional contributions per pay period</b>
12 months	10 months - 23 pay periods	\$197.83