



MEMORANDUM

Programs and Services

March 25, 2020

TO: All Members in Labrador West

RE: Payment of Severance

As previously communicated, the deadline for submission of documents related to the payment of severance is **March 31, 2020**. You must send your election form and required documents to TeacherSeverance@gov.nl.ca.

Teachers who do not submit an election form by March 31 will receive their severance payout on April 16, 2020, with all relevant deductions taken out (taxes, CPP, EI, and other deductions as appropriate in specific cases.)

When teachers receive their severance payment, anyone who has concerns that their severance has been incorrectly calculated, or that their years of service for severance purposes are incorrect, should request an audit from Teacher Payroll. This can be done by emailing TeacherSeverance@gov.nl.ca.

Teachers should review their audit and indicate where they feel errors have been made. NLTA Programs and Services staff are available to assist as required:

Ian Crewe, icrewe@nlta.nl.ca

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Darrin Pike, dpike@nlta.nl.ca

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George Tucker, gtucker@nlta.nl.ca

John Veitch, jveitch@nlta.nl.ca

Additional Information about Severance

What if I did not return the severance payout forms?

You will be paid your severance on April 16, 2020, less taxes and other deductions.

What if I did not return my T1213 response or Declaration Form to Teacher Payroll?

If a teacher indicates on their Election Form that they will be contributing to an RRSP but does not submit the required supporting documentation either the T1213 form [more than \$15,000 going to RRSP], or the Declaration of Intent form [less than \$15,000 to an RRSP], severance will not be paid until the supporting documentation is received.

Teachers who choose either Option #2 or Option #4 (less than \$15,000 to be transferred to an RRSP), must submit a Declaration of Intent form to TeacherSeverance@gov.nl.ca.

Teachers who chose either Option #3 or #4 (more than \$15,000 to be transferred to an RRSP) on their “Election Form” are required to submit a Form T1213 to the CRA, to which they would receive a response letter directly from CRA. This response must then be provided to Teacher Payroll. If you selected Option #3 or #4 but have not yet received or submitted the response from CRA to your T1213 application, no payment will be made until you have submitted the necessary CRA documentation.

How is severance calculated?

Severance is calculated based on Article 33 of the Labrador West Agreement and service is calculated based on Clause 23.04 of the Labrador West Agreement. A teacher who has one or more years of continuous service as a teacher in the Province as of March 31, 2018, is entitled to be paid severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment as a teacher in the Province by two percent (2%) of his/her annual salary as of March 31, 2018, to a maximum of forty percent (40%) of his/her annual salary. Service for severance purposes is calculated as follows, in accordance with Clause 23.04 of the Labrador West Agreement:

- A five (5) hour instructional day constitutes a day of service.
- Total years of service are determined by dividing the total days of service by the number of days in a school year (190 days before September 1, 2002, 195 days since then). Severance accrues at 2% per year, up to a maximum of 40% (or 20 years).
- A fraction of one-half ($\frac{1}{2}$) of a year or more shall be counted as a full year and is rounded up. A fraction of less than one-half ($\frac{1}{2}$) of a year is rounded down. For example:

A teacher has worked for a period of 10 years in a combination of substitute, replacement and permanent positions. On March 31, 2018, she was in a full-time, permanent position and was at step 7 on the salary grid with a Level VI teaching certificate, for an annual salary of \$76,478. During her career, she has had one year off on approved unpaid leave, and prior to becoming permanent she always worked at least 20 days each school year. Her service is therefore continuous. Her amount of service is determined by dividing the total number of days she taught during the continuous period by the number of days in a school year (195). Over the 10 year period up to March 31, 2018, the teacher worked 1,297 days. Divided by 195, this amounts to 6.7 years, which is rounded up to 7. So, the teacher in this example would have 7 years of continuous service for severance purposes, which at 2% per year equates to a 14% severance payout. Her severance estimate would be $\$76,478 \times 0.14 = \$10,707$.

Keep in mind that service for seniority or pension purposes is not always the same as service for severance. Service that counts for severance purposes includes:

- all days taught with a school district in the province, including substitute and replacement time;
- any time off on paid leave;
- up to 10 days of general unpaid leave per school year;
- injury on duty leave for temporary earnings loss;
- any time off on maternity/parental/adoption leave (as a permanent teacher or during a contract period);
- time off on deferred salary leave.

With the exception of the categories of unpaid leave referenced above, periods of unpaid leave do not count as service for severance purposes BUT, as noted above, approved unpaid leave does NOT constitute a break in service continuity.

What is continuous service? What kinds of “breaks” do not interrupt continuity?

Continuous service means service without a break, unless the break is identified in the Collective Agreement as an exception. The following situations do NOT constitute a break in service continuity for teachers for severance purposes:

- Periods of approved leave (for example, general unpaid leave, unpaid sick leave, parenting leaves);
- The teacher left the employment of a school board to further his/her education as a teacher and returned to employment with a school board at the commencement of the next school year after the completion of the education;
- The teacher taught for at least twenty (20) days in any school year; or
- Any time service for severance is accrued pursuant to Clause 33.04 (for example, teaching at the College of the North Atlantic or a government school).

What if I was a substitute teacher when I had my children? Does that break my continuous service?

Some substitute/replacement teachers did not always work at least 20 days in a school year because they took time away from work for parenting reasons (maternity/parental/adoption). If they had no position at the time, they would not have been “on leave” under the collective agreement. However, such absences (of up to one school year) from the workforce do not constitute a break in continuous service for severance purposes. If you are a teacher to whom this applies, the Employer would not know unless you self-identified and provided details. If there is an unwarranted break in your service, you may contact an Administrative Officer in Programs and Services for further assistance.

What if I was disabled when working as a substitute teacher? Does that break my continuous service?

Some substitute/replacement teachers did not always work at least 20 days in a school year because they were unable to work due to disability. If they had no position at the time, they would not have been “on leave” under the collective agreement. However, such an absence from the workforce does not constitute a break in continuous service for severance purposes. If you are a teacher to whom this applies, the Employer would not know unless you self-identified and provided details. If there is an unwarranted break in your service, you may contact an Administrative Officer in Programs and Services for further assistance.

What are the Employment Insurance Implications for the payout of severance?

The NLTA has had ongoing communications with Service Canada regarding severance and its treatment for EI purposes. The information package released to teachers has been provided to Service Canada, and they have provided information on how such early payouts are usually treated. When asked if that information could be determined in advance, to share with our members, Service Canada indicated they could only provide advice on how such situations would usually be treated.

The NLTA has been advised by Service Canada that an early severance payout is usually processed and allocated as follows for teachers on an active EI claim (not working elsewhere) who have not terminated employment, nor retired:

- Teachers who elect to have severance paid out should indicate on their EI claim the week that they advised the Employer (by submitting the Election Form) they wished to take the payout (as opposed to deferring). *It is not the date when the monies are actually received that should be reported, but the week in which the request for a payout was submitted.* Teachers should keep a copy of their Election Form in the event that Service Canada requires proof of when it was submitted. Teachers who do not submit an election form will automatically be paid out under Option 1. For EI purposes, we recommend completing and submitting the election form as it seems to simplify processing by EI.
- If a teacher resigns or retires (a complete separation of employment), the severance payout would be allocated as earnings over a number of weeks (as per the normal approach). If the teacher is still working or available for work, severance would usually be allocated only to the week in which the teacher advised the Employer that they wanted to take the payout by submitting the Election Form.

If a teacher requests to defer payment to a later date (but before resignation or retirement), the severance amount would be allocated to the week in which they notify the employer that they want to have it paid out. For example, if a teacher waits until May 2020 to make a decision to receive the payout, then the amount would be allocated to the relevant week in May 2020.