Office of the
Saskatchewan Information
and Privacy Commissioner

3.04 REDUCED HOURS OF WORK – INCOME AVERAGING GUIDELINES

Conditions of Employment

Permanent full time employees in an income averaging arrangement shall retain all benefits accumulated prior to the commencement of the arrangement.

Other:

Length of arrangement	Minimum three months, maximum 12 months.
Vacation Leave	Earned on a prorated basis.
Sick Leave	Earned on a prorated basis.
In-Range Salary Adjustment	Will be earned in accordance with the provisions set out in the Employee Compensation Policy #4.03
Scheduled Days Off	Continue to be eligible for SDOs on a prorated basis.
Hours of Work	100%

Benefits

Public Employees Pension Plan	Prorated contributions (contributions are based on actual income).
Group Life Insurance Coverage	Employees will be given the option of decreased coverage on a prorated basis or continuing coverage at the multiple of their previous full-time salary.
Disability Income Plan	Coverage on previous full-time salary (subject to any increases in salary) for a maximum of three years, thereafter prorated coverage based on time worked.
Dental and Extended Health Care Plans	Provided at 100%

Checklist for Income Averaging Arrangements

Income averaging arrangements may extend between two calendar years or two fiscal years, but the extended averaging period may not be for a period longer than 12 months.

Where a request falls within a fiscal year, and vacation and/or SDOs from that year have already been taken, the Branch should take into consideration the effect of pro-ration on these balances prior to authorizing an income averaging arrangement. If, for example, the full year's balances have been used prior to requesting an income averaging arrangement, this would be a valid reason to deny the request.

In all cases, the employee must work the required months (hours) prior to taking leave.

For purposes of an income averaging arrangement, the "time to be worked" period includes paid vacation, sick leave and scheduled days off (as applicable), but does not include designated holidays or EDOs (as applicable).

In the event of termination of employment at any point within the extended averaging period, or in the event there is mutual agreement to terminate the income averaging arrangement, salary and benefits will be reconciled as at the date the arrangement ends.

In the event of leave without pay being taken during the "time to be worked" period of an income averaging arrangement, the arrangement will need to be reconciled to ensure that the appropriate hours are worked prior to leave being taken (i.e. the date of the last day worked may have to be adjusted such that the appropriate percentage of working hours in the extended averaging period are worked).

The employee must return to work for a period of time equal to the agreed upon period of time away from work. Income averaging cannot be used as a mechanism to extend access to benefits prior to retirement.

Calculating the "Extended Averaging Period"

Under an Income Averaging arrangement, the combined work and time away period is known as an "Extended Averaging Period." All averaging arrangements must commence on the first day of a month and time off will normally be taken in full months (three months maximum).

Because appropriate time must be worked before leave with pay is taken and working hours vary by month, averaging period and salary must be calculated based on working hours.

	Total number of months		Total number of hours
Time to be Worked (excluding designated holidays and EDOs as applicable)	______________________	# of workday x 8 hours/day =	___________________
	+		+
Planned Time Off (excluding designated holidays and EDOs as applicable)	______________________	# of workday x 8 hours/day =	______________________
	=		=
Total Extended Averaging Period (EAP)	______________________	# of workday x 8 hours/day =	______________________

Calculating the percentage (%) of salary over the Extended Averaging Period

$$\frac{\textbf{(Number of hours to be worked)}}{\textbf{(Total hours in EAP)}} \times 100 = \textbf{(Percentage of Salary paid each month)}$$

Example

Note: The number of hours to be worked each month varies. For assistance in calculating the EAP or percentage of salary that would be paid, contact the Director of Operations.

An employee plans to work five months followed by two months off. They will begin the income averaging arrangement on September 1, 2014 and work until the end of January, 2015.

Between September 1, 2014 and January 31, 2015 there are 832 working hours (excluding designated holidays and EDOs as applicable) that the employee will work. They will not work the months of February and March 2015. In those two months, there are 328 working hours (excluding designated holidays and EDOs as applicable).

Therefore, the *Extended Averaging Period* (EAP) is seven months with a total of 1,160 hours (832 hours +328 hours).

	Total number of months		**Total number of hours**
Time to be Worked (excluding designated holidays and EDOs as applicable)	5	Sept = 21 days Oct = 22 days Nov = 19 days Dec = 21 days Jan = 21 days 104 days x 8 hours=	832
	+		+
Planned Time Off (excluding designated holidays and EDOs as applicable)	2	Feb = 19 days Mar = 22 days 41 days x 8 hours=	328
	=		=
Total Extended Averaging Period (EAP)	7	145 days x 8 hours=	1160

Given the employee is planning to only work five of the net seven months; their salary needs to be adjusted.

The employee plans to work for five months or 832 hours. The total EAP consists of 1,160 hours.

Hours which will be worked in the EAP divided by total hours of work in EAP x 100 = percentage of salary to be paid in each of the seven months of the EAP arrangement.

$$\mathbf{\frac{832}{1160} \quad X\ 100 = \quad (71.72\%)}$$