

<b>OTAGO POLYTECHNIC MANAGEMENT POLICY</b>		<b>Number: MP0438.03</b>	
Title:	<b>Four for Five Employment Options</b>		
Baldrige Criteria:	<b>5 Workforce</b>		
Chief Executive Approval:	Approval Date: <b>13 Sept 2016</b>	Effective Date:	<b>13 Sept 2016</b>
Previous Policy Number	<b>n/a</b>	Review Date:	<b>as required</b>
Contact Authority:	<b>Director: Organisational Development</b>	Status:	<b>Current</b>

## Purpose

This policy provides permanent staff who work 0.6 FTE and above with opportunities for refreshment, both personally and professionally, by providing for an extended period of paid leave.

Staff may apply to vary the structure of their employment relationship under which, with no substantive change in duties, they would receive 80% of their salary and after either:

- A. 1 year of work take 3 months off on pay at 80%
- B. 2 years of work take 6 months off on pay at 80%
- C. 4 years of work take 12 months off on pay at 80%

## Statutory Compliance

Holidays Act 2003 and subsequent amendments

## Policy and procedure

1. Application to enter Four for Five Employment
  - 1.1 Applications to enter the scheme will be made in writing to the Formal Leader to whom the staff member reports. The Formal Leader will consider, comment on, and forward the application with a recommendation to the Director: Organisational Development.
  - 1.2 There will be two scheme start dates each year – the first day of the first pay period in January and July. Applications should be lodged with your Manager as soon as possible prior to the proposed start date of the scheme. All applications must be with Human Resources as follows:
    - Start Date early January – applications due in HR by 31 October
    - Start Date early July – applications due in HR by 30 April
  - 1.3 When making the application, the staff member shall specify the Four for Five employment option which they wish to undertake, A, B or C and dates that they propose the scheme to be effective for them.
2. Acceptance

Approval of an application to join the Four for Five scheme will not be unreasonably withheld, provided the applicant meets the following criteria:

  - is a permanent employee
  - is employed as not less than a 0.6 FTE staff member
  - is not subject to any disciplinary action at the time of application
3. Confirmation

The Director: Organisational Development will advise the applicant and their Formal Leader of the decision and, if successful, will confirm the starting date for salary deductions.
4. Right of Appeal

An applicant can appeal against a decision to decline his/her application. Such appeal shall be made in writing to the Chief Executive.

5. Deferment

An application may be accepted with a deferred start date for commencing the scheme if otherwise an unreasonable load of leave would occur for the school/ service area at one time, or an unwarranted disruption during a programme or operational cycle would result. Deferments shall be the minimum required to deal with the problem. Applicants may withdraw if proposed deferments do not suit them.

6. Remuneration

6.1 From the scheme start date an automatic 20% deduction will be taken from the gross base salary (taxable pay) applying at the date of application.

6.2 All other salary conditions shall continue to apply throughout the work period and the leave period, including annual increments, and general salary increases.

6.3 Special Responsibility Allowances or Market Forces Salary Allowances shall be paid in full, without the 20% deduction applying during any work period to which they apply, and shall not be paid during the leave period of the Four for Five scheme. Any other allowances or reimbursements will not be affected by the Four for Five scheme.

6.4 Paid leave owing due to premature cessation/termination of employment with the Polytechnic during the course of Four for Five employment will be cashed up.

6.5 Other non-monetary benefits such as use of Polytechnic equipment, unless otherwise specifically agreed, will be available only for work years of the scheme.

6.6 Superannuation and/or insurance entitlements will apply throughout the period of the scheme. (Note however that superannuation deductions will be made off the reduced gross salary payment).

6.7 Should the staff member require a period of unpaid leave during the Four for Five scheme (i.e. Parental Leave, approved unpaid leave or unique ACC situations) then the scheme will be frozen in time for the period of the leave and extended by the exact period of unpaid leave. In the event of this occurring a revised start date for leave will be agreed.

7. Leave

After 1, 2 or 4 years from the start date of an individual's entry to the scheme, 3, 6 or 12 months leave shall be taken. Entitlement to statutory or Otago Polytechnic holidays during this leave period will occur as per the Holidays Act 2003 (and subsequent amendments) and will need to be added to the end date of the leave period to allow exactly 3, 6, or 12 months off. During this leave period the Polytechnic shall not claim any service from the staff member under the substantive employment agreement, or seek to prevent the staff member engaging in any lawful activity. The staff member will however remain employed by Otago Polytechnic so agreements around confidentiality and intellectual property will continue to apply.

8. Employment on Top of Four for Five

Nothing in this policy shall prevent any staff member, during and limited to the Four for Five leave period, entering into another employment agreement with the Polytechnic on any mutually agreed conditions. The existence of such an additional agreement shall not affect gross payment under the substantive agreement. Note however that Otago Polytechnic is not legally allowed to engage a current employee as a contractor at the same time, so a person on leave cannot enter into a contract for service with Otago Polytechnic during the period of the leave.

9 Financial Implications

Otago Polytechnic encourages any staff member wishing to participate in this scheme to obtain personal professional advice on matters relating to tax and superannuation implications prior to entering the scheme. These matters are not the responsibility of the Polytechnic.

10 Withdrawal

A staff member may withdraw from the scheme at any time prior to taking the leave by giving three months' notice in writing to the Director: Organisational Development. If a staff member withdraws from the scheme or resigns their employment with the Polytechnic, contributions made to date will be cashed up.

11 Change in Employment Status

11.1 If a staff member who is participating in the scheme changes his or her position or proportion of employment in the Polytechnic, the Polytechnic reserves the right to reconsider on-going participation in the scheme. The Polytechnic must consult with the individual to seek a mutually agreeable arrangement for the leave. In the event that approval to continue is denied, the staff member shall be treated as if he/she had withdrawn from the scheme, except no notice period is required.

11.2 A staff member who is participating in this scheme can change his or her proportion of employment a maximum of twice during the scheme subject to Polytechnic agreement. Should the proportion change, his/her contributions shall be recalculated as if the new proportion had prevailed from the date of joining the scheme:

- Where the proportion has increased, the contribution shall increase with effect from the commencement of the scheme. The employee may elect to contribute any additional contribution as a lump sum, or by way of an increased deduction from salary for the remaining period of contribution.
- Where the proportion has decreased, the contribution shall be decreased with effect from the commencement of the scheme. The employee shall receive a lump sum refund of the additional contributions made.

**Approved by Chief Executive**  
**Date: 13 September 2016**



## STAFF INFORMATION PAPER

Otago Polytechnic has a policy allowing Four for Five employment. A copy of the policy is available on the Otago Polytechnic website if you wish to pursue Four for Five further after reading this paper. The purpose of this paper is to explain the policy to those who may be interested in considering the scheme.

### What is Four for Five employment?

“Four for Five” is a way of providing for 3, 6 or 12 month periods away from the Polytechnic at regular intervals throughout permanent employment.

A staff member who is accepted into the scheme agrees to continue his/her current workload for 80% of their full-time equivalent salary, but then takes 3, 6 or 12 months off on pay (at 80%) after 1, 2 or 4 years of employment. Simply, it is a scheme for spreading the pay for one years' work over one and a quarter years, two years' work over two and a half years, or four years' work over five years.

### What advantages are there in Four for Five employment?

Four for Five employment produces another option for the regular refreshment of staff to pursue any activities which are important to them, e.g. leisure, travel, personal study, trying out other employment options. The scheme is also a means by which staff who are contemplating retirement are able to have a trial period of retirement, and are able to reduce their income in preparation.

This has obvious advantages for both staff members and the Polytechnic. It also is a way of creating opportunities within the Polytechnic for other Otago Polytechnic or visiting staff to gain experience.

Staff who go on leave under this scheme have their actual position held for them, unlike leave without pay where there is no guarantee that the actual position will be held.

### Who can participate in the Four for Five scheme?

Basically, any permanent staff member who is employed 0.6 FTE or greater and has applied and been accepted into the scheme.

### What if my position changes?

If a staff member who is participating in the scheme changes his/her position or proportion of employment in the Polytechnic, the Polytechnic reserves the right to reconsider on-going participation in the scheme. The Polytechnic must consult with the individual to seek a mutually agreeable arrangement for the leave. In the event that approval to continue is denied, the staff member shall be treated as if he/she had withdrawn from the scheme, except no notice period is required.

### What can staff members do in the period off on pay?

Anything they like. The Polytechnic has no claim on the time. The options are only limited by the scope of the imagination and might include:

- Further training
- Working for another employer
- Visiting other institutes
- Undertaking research, funded or unfunded, related or unrelated
- Gaining industry experience
- Gaining higher or other qualifications
- Doing consultancies
- Setting up a business
- Travel
- Holiday
- Caring for dependents
- Writing a book

### Financial Implications



Otago Polytechnic encourages any staff member wishing to participate in this scheme to obtain personal professional advice on matters relating to tax and superannuation implications prior to entering the scheme. These matters are not the responsibility of the Polytechnic.

Can I earn money on top of the pay I receive from the Polytechnic during the leave period?

Yes. There is no restriction to this whatsoever. However, there may be taxation implications, i.e. you may be taxed in a higher tax bracket. Tax implications are not the responsibility of Otago Polytechnic and you should seek professional advice prior to entering the scheme or gaining additional employment.

Are there any employer and employee obligations during the leave period?

Yes. The Polytechnic has an obligation to keep your job for you to return to. The only exception to this is in the case of a bona fide surplus staffing situation in the staff member's area of employment. In this case the staff member has all of the rights he/she would have enjoyed had he/she still been at work.

You have a common law obligation as an employee of the Polytechnic not to do anything by which you actively seek to undermine the Polytechnic's interests. You will remain employed by the Polytechnic during your period of leave so the terms of your employment agreement regarding confidentiality and intellectual property remain applicable to you.

What salary entitlements do I have from the Polytechnic throughout the scheme?

You receive 80% of your normal salary for your position throughout the total period in the scheme. In each of the years of the scheme you will get all of the following:

- Any annual increments due
- Any general pay increases negotiated
- Any opportunities to be regraded or promoted

For the period you are on leave you are paid at 80% of your salary rate as at the date of commencement of the leave, and you also receive any general increases which might occur while you are away.

Is there any bond to return to the Polytechnic after the leave period?

No. If you wish you may resign at the end of the leave period. Normal notice periods would apply however. All leave accrues as usual while on leave year.

What if I have to leave the Polytechnic before my leave period in the scheme?

You can take the leave owing to you at that time, either on salary or cashed up in your final pay.

Am I entitled to apply for Polytechnic grants and assistance to use during the leave period?

Yes. Any application can be considered under the normal terms of reference for the grant or assistance scheme.

What job do I come back to after the leave period?

The same one you left, allowing for ordinary changes over the period of a year.

Can I get out of the scheme if I need to?

Yes. You give three months' notice of your wish to withdraw. At the end of the notice period you will return to 100% of your salary and you receive a cash payment for the Four for Five leave you have accrued but not taken.

Are there any tax disadvantages?

In most cases, no. You will be taxed on a lower income, so may well drop into a lower tax bracket for the period of time you are in the scheme. If you earn extra money in your leave period then the reverse could occur. Tax implications are the responsibility of the employee and we encourage you to seek professional advice for your specific situation prior to application for this scheme.



What if I am a member of the Government Superannuation Fund?

There may be effects to your pension if you are within 5 years of retirement, but these effects can be offset by contributing extra from your pay. Note that superannuation contributions will be made off the 80% salary (a lower gross amount) for the period of the scheme so please contact your super fund directly to discuss any implications prior to application for this scheme.

What if I am in Kiwi Saver?

There is no effect.

If I am made redundant will being in the Four for Five scheme affect my redundancy?

Redundancy will be calculated at 100% of your salary. The period of leave for this scheme is not a break in service but the period of the leave will be deducted from any service length for redundancy calculation purposes.

How do I get into the scheme?

Make application in writing to your Formal Leader. If you meet the criteria you will be accepted and given a start date.

The criteria are that you are:

- A permanent employee
- Employed at least 0.6 FTE
- Not currently subject to any disciplinary process with respect to your employment

Your start date can be deferred by your Formal Leader in order to spread the leave taken by staff members on the Four for Five scheme.