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Voluntary Retirement Savings Plans and other Group Savings Plans: Know the facts

The Voluntary Retirement Savings Plan (VRSP) will provide an easy, flexible and effective way to help employees save for retirement. The table below summarizes the key differences between VRSPs and other group retirement savings plans and shows some of the advantages a VRSP offers to employers and employees.

	Voluntary Retirement Savings Plan (VRSP)	Quebec Defined Contribution Registered Pension Plan (DCRPP)	Simplified Pension Plan (SPP)	Group Retirement Savings Plan (Group RRSP)	Group Tax Free Savings Account (TFSA)
Who can offer this plan?	Any profit or not-for-profit employer, union group or association. However, it is mandatory for a Quebec employer who has five or more eligible employees if they do not already offer a workplace savings plan.	Any profit or not-for-profit employer, union group or association.	Any profit or not-for-profit employer in Quebec.	Any profit or not-for profit employer, union group or association.	Any profit or not-for profit employer, union group or association.
Who is responsible for oversight on the plan?	The VRSP Administrator that provides the plan.	The employer, union group or association who sponsors the plan; however, if the plan has more than 26 members, it must be administered by a pension committee.	The financial institution that provides the plan. If there are over 50 members employed by the same employer, a majority of them can decide to form a retirement information committee.	The employer, union group or association who sponsors the plan.	The employer, union group or association who sponsors the plan.
Must the plan be administered in accordance with Capital Accumulation Plan Guidelines?	Yes[1]	Yes[1]	Yes[1]	Yes[1]	Yes[1]

[1] Applies if the plan offers two or more investment options and members have investment discretion.

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What investment options are available?	The VRSP Administrator is responsible for selecting and monitoring the performance of the funds offered on the plan. The regulations set out that an Administrator must set the default investment as a retirement date fund with the option of offering up to another five investment options.	The plan sponsor or pension committee is responsible for selecting and monitoring the performance of the funds offered in the plan.	The financial institution that administers the plan is responsible for selecting and monitoring the investment options offered in the plan. The regulations state there must be a minimum of three investment options available.	The plan sponsor is responsible for selecting and monitoring the performance of the funds offered in the plan.	The plan sponsor is responsible for selecting and monitoring the performance of the funds offered in the plan.
What is the vesting period for employer contributions made on behalf of employees?	Immediate	Immediate	Immediate	Immediate	Immediate
Are employee and employer contributions locked-in?	Employer contributions, if any, are immediately locked in whileemployee contributions are not.	Employee contributions that are required and all employer contributions are immediately locked in. Any voluntary employee contributions are not locked in.	Employer contributions are locked in while the employer will determine if member required contributions are locked in. Voluntary member contributions are not locked in.	No. Employee and employer contributions, if any, are not subject to locking in but any transfers made to a RRSP that originated from a registered pension plan will continue to remain locked in.	Employee and employer contributions are not subject to locking in.
Are employer contributions mandatory?	No	Yes. A minimum of 1% of the member's pensionable earnings each year.	Yes. A minimum of 1% of the member's pensionable earnings each year.	No	No
How are employer contributions taxed (to the employer)?	Deductible as a salary expense. Not subject to payroll tax.	Deductible as a salary expense. Not subject to payroll tax.	Deductible as a salary expense. Not subject to payroll tax.	Deductible as a salary expense. Subject to payroll tax.	Deductible as a salary expense. Subject to payroll tax.

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When can employees join the plan?	Employees who are 18 years of age or older and have one year of uninterrupted service will be automatically enrolled into the plan. Other employees can join at any time by notifying their employer. Employees will have 60 days from the date they were notified of enrolment into the plan to notify the employer if they do not want to participate. If an employee opts out of the plan, or sets contributions to zero, employers must offer those employees the opportunity to join the plan again. This must be offered in the month of December every two years.	Plan sponsor will determine the eligibility rules of the plan. Participation for employees can be set as optional or compulsory. Employees who have met either of the following conditions in the preceding calendar year of employment are eligible to join the plan: • earnings of 35% of the years maximum pensionable earnings, or • 700 hours of employment.	Any Quebec employee who has 700 hours or employment or earnings of 35% of the years maximum pensionable earnings in the preceding year are eligible to join. Employer may also set other eligibility requirements like a DCRPP.	As defined by the plan sponsor.	As defined by the plan sponsor.
Is there an annual maximum amount that can be contributed to the plan?	Up to an employee's RRSP contribution limit, which is generally 18% of the previous year's earned income, to a maximum dollar amount as set out by Canada Revenue Agency (CRA), plus any carry forward RRSP contribution room the employee may have.	Contribution limits are set at the lesser of 18% of an employee's current year's earned income and a maximum dollar amount as set out by Canada Revenue Agency (CRA). These limits are updated annually.	Contribution limits are set at the lesser of 18% of an employee's current year's earned income and a maximum dollar amount as set out by Canada Revenue Agency (CRA). These limits are updated annually.	Contribution limits are set at the lesser of 18% of the employee's previous year's earned income and a maximum dollar amount as set out by Canada Revenue Agency (CRA), plus any carry forward RRSP contribution room the employee may have.	Up to the annual maximum amount set by Canada Revenue Agency (CRA) plus any carry-forward room the employee may have from previous years.
Are employer contributions taxed to the employee?	Employer contributions, if any, are not treated as taxable income to the employee, until such time they are withdrawn.	Employer contributions, if any, are not treated as taxable income to the employee, until such time they are withdrawn.	Employer contributions, if any, are not treated as taxable income to the employee.	Employer contributions are treated as taxable income and are reported on the employee's T4.	Employer contributions are treated as taxable income and are reported on the employee's T4.

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Can the employee withdraw money from the plan?	Only employee contributions can be withdrawn. Amounts that are locked-in can be transferred to another locked in plan at any time after the member reaches age 55 at the request of the member. The member can exercise this right once a year. There are certain conditions, such as reduced life expectancy, or where the employee's place of residence is outside Canada for two years, under which the employee may withdraw the locked in portion of their account.	Employee required and employer contributions cannot be withdrawn. However, the plan may allow the employee to withdraw any employee voluntary contributions made while employed. Under certain conditions, like reduced life expectancy, an employee may withdraw the locked in portion of his/her account.	Depending on the plan set-up as defined by the employer, member required contributions may be available to withdraw. Amounts that are locked-in can be transferred to another locked in plan any time after the member reaches age 55 at the request of the member. The member can exercise this right once a year. Under certain conditions, like shortened life expectancy, an employee may withdraw the locked in portion of his/her account.	Withdrawals are subject to any withdrawal restrictions imposed by the employer.	Yes
What happens if the employee terminates employment?	Employees are entitled to the full value of their account. The employee may opt to continue in the plan or transfer their savings to another retirement savings vehicle. Amounts that are locked in will remain locked in.	Employees are entitled to the full value of their account. The employee may transfer their savings to another retirement savings vehicle. Amounts that are locked in will remain locked in.	Employees are entitled to the full value of their account. The employee must transfer their savings to another retirement savings vehicle. Amounts that are locked in will remain locked in.	Employees are entitled to the full value of their account. The employee may transfer their savings to another retirement savings vehicle.	Employees are entitled to the full value of their account. The employee may transfer their savings to another TFSA or receive a cash payment.
What happens if the employee dies?	Full value of the account is paid to the employee's spouse if there is one at the time of death. If there is no spouse, the benefit is paid to the designated beneficiary or estate, if no beneficiary exists.	Full value of the account is paid to the employee's spouse, if there is one at the time of death. If there is no spouse, the benefit is paid to the designated beneficiary or estate, if no beneficiary exists.	Full value of the account is paid to the spouse if there is one at the time of death. If there is no spouse, the benefit is paid to the designated beneficiary or estate, if no beneficiary exists.	Full value of the account is paid to the employee's designated beneficiary.	Full value of the account is paid to the employee's beneficiary.

Information regarding VRSPs is based on regulations passed on June 13, 2014 by the Quebec government.
Product details may change when product approvals are issued.

The Manufacturers Life Insurance Company

MP1245165E 08/20 AODA