GROUP RETIREMENT SAVINGS

Desjardins

DEFFERED PROFIT SHARING PLAN

A DPSP: YOUR EMPLOYER'S WAY OF SAYING THANK YOU

A Deferred Profit Sharing Plan (DPSP) is a way for your employer to share the company's profits with you. It's a great retirement savings tool and a way to thank you for your contribution to the company's success.

A GREAT WAY TO GROW YOUR SAVINGS

- You can build up considerable savings in your DPSP without having to personally contribute to it!
- Investment income grows tax-free as long as it remains in the plan.
- Depending on the rules of your plan, you may be able to make withdrawals through the Home Buyers' Plan (HBP) or the Lifelong Learning Plan (LLP).
- If you have another DPSP, you can transfer the money in that plan to your current plan. It's nice to have all of your savings in one place but even better, you'll save on management fees. Talk to your Desjardins advisor to find out more.

CONTRIBUTIONS

Your employer can choose how much to contribute, based on the company's performance. They can contribute up to the lesser of:

- 18% of your earned income for the year
- 50% of the contribution limit for Registered Pension Plans under the *Income Tax Act*

By participating in the DPSP, your employer has to declare the pension adjustment to the Canada Revenue Agency. The pension adjustment reduces your RRSP contribution room.

Only your employer can contribute to the DPSP.

YOU DECIDE HOW TO INVEST THE CONTRIBUTIONS

While it's your employer that makes the contributions to your DPSP, you get to decide how to invest them. Your Desjardins advisor will explain the available options to you.

RRSP + DPSP = A WINNING COMBINATION

Since you can't contribute to a DPSP, your employer may also offer a group RRSP so you can make your own contributions, and save even more for your retirement.

FAQ

When do the contributions become mine?

The contributions your employer makes to your DPSP may be subject to a vesting rule. This means that they may not be yours until you've been in the plan for two years. If you leave your job before the end of this vesting period, you may not be entitled to the contributions. Different rules may apply in the case of retirement or death. Refer to your plan rules for details.

Can I make withdrawals from my DPSP?

You may be able to make withdrawals from your plan under certain conditions. That said, the DPSP is designed to help you save for retirement so making withdrawals from the plan defeats the purpose! If you do make a withdrawal, you'll have to pay income tax and the applicable administrative fees.

If permitted by your DPSP, you may be able to use your savings to purchase a home (HBP) or to go back to school (LLP). These types of withdrawals aren't taxed. Refer to your plan rules for more information.

What happens if I leave my job?

Depending on your plan's vesting rules, you may be able to choose from the following options:

- Transfer your savings to an RRSP, another DPSP or a Registered Pension Plan (RPP)
- Withdraw your savings (though you will have to pay tax)
- Use your savings to purchase an annuity that will provide you with retirement income, such as a deferred annuity or a RRIF.

A certain period, called the vesting period, must elapse before your employer's contributions belong to you. Refer to your plan rules for more details.

Why aren't my employer contributions paid into my RRSP?

The contributions your employer makes to a DPSP are a tax deductible expense, whereas RRSP contributions aren't. By putting this money into the DPSP, your employer will pay less tax, which means that they can put more money into your plan.

DESJARDINS IS THERE TO HELP YOU

Your Desjardins advisor will help you analyze your retirement income needs and then offer investment solutions that will help grow your savings. Your advisor is also there to help you with your investment strategy.

DESJARDINS—AN INSTITUTION YOU CAN TRUST, WITH MORE THAN SEVEN MILLION MEMBERS.

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