



# Quick reference guide for employers

GROUP RETIREMENT SAVINGS

<p><b>The Desjardins VRSP</b></p>	<p>Voluntary Retirement Savings Plans (VRSP) are designed to make it easier for employees of small to medium-sized businesses to save for retirement. Easy, accessible and integrated, the Desjardins VRSP offers online and mobile solutions to meet the needs of employers and their employees. Specialists from Desjardins are there to guide you through the process and give you the tools you need to comply with the legislation.</p>
<p><b>Setting up a Desjardins VRSP</b></p>	<p>To set up a Desjardins VRSP, click on the <b>Get this product</b> button at <a href="https://desjardins.com/vrsp">desjardins.com/vrsp</a> then on Apply and fill out the form, or call us at <b>1-855-702-VRSP (8777)</b>.</p>
<p><b>Employers subject to the Act</b></p>	<p>All employers who have a business in Quebec with employees can offer a VRSP. Employers must offer a VRSP to their Quebec employees within a prescribed timeframe determined by the number of employees working for the business in Quebec. For example, an employer with a head office in Ontario, but operating a business in Quebec, may be required to offer a VRSP to the employees working in the business located in Quebec based on the schedule set out in the Act.</p>
<p><b>Employees subject to the Act</b></p>	<p>Employees must meet all three of the following conditions:</p> <ol style="list-style-type: none"> <li>1. Be at least 18 years of age</li> <li>2. Be an “employee” within the meaning of the <i>Act respecting labour standards</i></li> <li>3. Have one year of “uninterrupted service” within the meaning of the <i>Act respecting labour standards</i>.</li> </ol> <p>An "employee" is defined as a person who works for an employer and is entitled to a wage. This includes:</p> <ul style="list-style-type: none"> <li>• An employee who performs work in Quebec for an employer who has a place of business in Quebec</li> <li>• An employee who performs work both in Quebec and outside of Quebec for an employer whose residence, domicile, undertaking, head office or office is in Quebec</li> <li>• An employee domiciled or resident in Quebec who performs work outside of Quebec for an employer whose residence, domicile, undertaking, head office or office is in Quebec.</li> </ul>
<p><b>Employer obligation to offer VRSPs</b></p>	<p>The Act specifies an employer’s obligation to offer a VRSP to its employees and the prescribed period to comply according to the schedule determined by the number of employees.</p> <p>Companies that have employees with at least one year of uninterrupted service (based on the definition of uninterrupted service in the <i>Act respecting labour standards</i>), and that do not already offer their eligible employees the possibility of contributing to a Group RRSP, a Simplified Pension Plan (SPP), a Defined Contribution Pension Plan (DCPP) or a TFSA through payroll deductions, will be required to:</p> <ul style="list-style-type: none"> <li>• Choose a service provider for their VRSP</li> <li>• Offer this VRSP to all their employees and inform them about the features of the plan</li> <li>• Enrol all their employees with at least one year of uninterrupted service</li> <li>• Make at source deductions for employee contributions</li> <li>• Allow employees who have waived their right to participate in the VRSP the opportunity to join every two years in the month of December.</li> </ul>

<b>Obligations for existing plans</b>	<p>Employers who already offer their employees a retirement savings plan are required to offer a VRSP to employees who are not eligible for the existing plan. For example, if only office employees are eligible for the plan, the employer will have to offer a VRSP to the rest of its employees or change the rules of the existing plan to allow all employees to join. In addition, employers will also be required to ensure that employee contributions are collected through payroll deduction.</p> <p>Collecting contributions through payroll deduction may complicate payroll for many employers. To simplify this process, Desjardins offers Payroll and Human Resources Services that are integrated into our group retirement savings plans offer, including VRSPs.</p>
<b>Implementation schedule</b>	<p><u>20 employees or more</u> Employers with 20 employees or more have been able to offer VRSPs to their employees since July 1, 2014 and will have until December 31, 2016 to comply with the Act.</p> <p><u>10 to 19 employees</u> Employers with 10 to 19 employees have been able to offer VRSPs to their employees since July 1, 2014 and will have until December 31, 2017 to comply with the Act.</p> <p><u>5 to 9 employees</u> The government will specify the deadline for complying with the Act for employers with 5 to 9 employees at a later date. This group of employers are not expected to be required to offer a VRSP until at least January 1, 2018, but they were able to offer it since July 1, 2014.</p> <p>Employers that don't want to offer a VRSP can choose instead to set up a Group RRSP, a Simplified Pension Plan (SPP), a Defined Contribution Pension Plan (DCPP) or a TFSA before the applicable VRSP compliance deadline. If you are an employer who is interested in this opportunity, please contact us at <b>1-855-702-VRSP (8777)</b> to speak to an expert who will help you choose the best plan for your business and your employees.</p>
<b>Employer compliance period</b>	<p>After the initial compliance period, all employers required to offer a VRSP (see above) will have one year to comply.</p> <p>Employers who are initially required to comply will have to continue to offer a VRSP for as long as they have employees enrolled in the plan, even if the number of employees falls below the exemption threshold.</p>
<b>Contributions</b>	<p><b>Employers</b> Employers will not be required to contribute to a VRSP, but they may choose to do so.</p> <p><b>Employees</b> The VRSP contribution rate will be determined by the employee. However, if employees fail to set their VRSP contribution rate, the default rates are:</p> <ul style="list-style-type: none"> <li>• 2% of gross salary from July 1, 2014 to December 31, 2017</li> <li>• 3% of gross salary from January 1, 2018 to December 31, 2018</li> <li>• 4% of gross salary as of January 1, 2019</li> </ul> <p>Employees who contribute to their employer's VRSP can change their contribution rate up to twice per 12-month period, unless otherwise permitted by the employer. The Act stipulates that only participants who have contributed to a VRSP for more than 12 months (or less, if their employers contribute to their plans) can set their contribution rate to 0%.</p>
<b>Automatic enrolment of employees and right of withdrawal</b>	<p>VRSPs include an automatic enrolment feature, complete with a right to withdraw from the plan. Employees who have been automatically enrolled by their employer have 60 days to withdraw from the VRSP, at which point payroll deductions begin.</p>

<p><b>Contributions</b></p>	<p><b>Employee contributions</b> Employee contributions to a VRSP are not locked in. As with RRSPs, the amounts contributed to a VRSP can be withdrawn before retirement, at which time they are subject to both provincial and federal income taxes.</p> <p><b>Home Buyers' Plan and Lifelong Learning Plan</b> Withdrawals from a VRSP under the Home Buyers' Plan (HBP) and the Lifelong Learning Plan (LLP) are not permitted. However, participants may transfer the required amount to an RRSP and then proceed with the HBP or LLP, provided they pay a transfer fee.</p> <p><b>Employer contributions</b> Employer contributions are locked in. They may be transferred to a supplementary pension plan, a Life Income Fund (LIF) or a Locked-In Retirement Account (LIRA) upon termination of employment or when the participant reaches the age of 55.</p>
<p><b>Investment options</b></p>	<p>Everyone participating to a VRSP has access to the same investment options.</p> <p><b>Default option</b> The Desjardins VRSP offers a default investment option based on a lifecycle approach, where the risk level is adjusted based on the participant's age. If the participant does not select an investment option, their contributions are automatically invested in this option called the Desjardins Balanced Path.</p> <p><b>Other options</b> The other investment options offered to the Desjardins VRSP participants are: the DGIA<sup>1</sup> Money Market Fund and four portfolios of Desjardins Funds which are suitable for a range of risk profiles.</p>
<p><b>Tax implications</b></p>	<p>Much like RRSP contributions, VRSP contributions can be deducted from the participant's taxable income for provincial and federal tax purposes. The accumulated amounts are not taxed as long as they are not withdrawn.</p> <p>The participant's total VRSP and RRSP contributions will be subject to the annual RRSP cap, a maximum of 18% of annual income. Employer contributions are deducted from the company's taxable income and are not subject to payroll taxes.</p>
<p><b>Fees</b></p>	<p>To provide a low-cost plan, the Act sets out criteria that administrators (service providers) must meet.</p> <p><b>Investment fees</b> The total of the fees charged directly or indirectly to participants, including management and administration fees for each investment option and trailer fees, as a percentage of the average asset, must be less than or equal to:</p> <ul style="list-style-type: none"> <li>• 1.25% for the default investment (a lifecycle path)</li> <li>• 1.5% for any other option.</li> </ul> <p>These costs must be the same for all VRSP participants, regardless of their personal assets in the VRSP.</p> <p><b>Administration fees</b> Excluding the amounts mentioned above, the administrator may also charge participants the following fees:</p> <ul style="list-style-type: none"> <li>• A maximum of \$50 for the transfer of funds to another pension plan</li> <li>• Fees related to reimbursement of funds</li> <li>• Fees related to financial planning</li> <li>• Fees related to a request for financial advice</li> <li>• A maximum of \$100 to transfer benefits between spouses and \$150 to produce the statement of benefits.</li> </ul>

**How to reach us**

If you have any questions about VRSPs, call us toll free at **1-855-702-VRSP (8777)** or visit our website at [desjardins.com/vrsp](https://desjardins.com/vrsp).

<sup>1</sup> Desjardins Global Asset Management