



## Voluntary Retirement Savings Plans (VRSPs) – FAQ

Have the answers for your clients when they ask you about VRSP.

### Who is required to offer a VRSP?

The VRSP will be mandatory for employers who employ the minimum number of eligible employees and who do not offer a workplace savings plan. The deadline for offering a VRSP will be staggered based on the number of eligible employees in the business according to the following timetable:

Number of eligible employees	Eligible employee count as of	Deadline
20 or more	June 30, 2016	December 31, 2016
10-19	June 30, 2017	December 31, 2017
5-9	To be determined	Will not be before January 1, 2018

### Who can participate in a VRSP

- For companies offering a VRSP, all eligible employees must be enrolled in the plan. (Note: Eligible employees are defined as being 18 years or older and having one year of uninterrupted service.)
  - All other employees may become members on request
- Self-employed
- Individual savers – employees who work for companies who do not offer a VRSP, but who wish to join.

### What does this mean for advisors?

There are 55,000 businesses with five or more employees that do not currently offer employees a workplace savings plan<sup>1</sup>. As the majority of these businesses are small to medium-sized enterprises, we expect them to choose a VRSP since it's designed to be easy to set up and maintain. This new solution is ideal for employers who don't have time to manage the day-to-day requirements of a traditional pension plan.

Learning more about VRSPs and how to leverage them to build your business can help you create an additional income stream along with a number of valuable cross-selling opportunities.

<sup>1</sup>Boston Consulting Group, October 2011

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## Who can sell VRSPs?

The Autorité des marchés financiers (AMF) in Quebec has temporarily lifted the group licensing requirement to sell new VRSPs. Life licensed and group licensed advisors can offer the VRSP solution.

- Until December 31, 2017, all life-licensed advisors in Quebec can sell VRSPs without a group license if it is a new plan for the company.
- The exemption only applies to new sales of VRSPs to employers. It does not apply to any other type of group retirement savings product.

## Where are the best opportunities for advisors?

In Quebec, there are over 1.6 million employees not covered by a workplace savings plan. Of those, over two hundred thousand work for companies that employ between 20-49 people<sup>2</sup>. Initially selecting businesses from this group – and targeting those that are stable, and ideally growing – can provide you with an excellent list of prospects.

Companies that rely heavily on intellectual capital – for example, firms that provide professional services or skilled labour – are also excellent companies to target. In these businesses, employee retention and satisfaction is of high importance, so establishing a VRSP for these employees can attract and retain top talent.

<sup>2</sup>Source: Stats Can, BCG analysis

## Questions business owners may ask you about the Quebec VRSP

**I already offer a group RRSP to my employees.**

**Do I have to establish a VRSP?**

No. A group registered retirement savings plan, defined benefit or defined contribution pension plan, Tax Free Savings Account or Quebec Simplified Pension Plan meet the definition of a workplace savings plan and therefore a VRSP is not required to be put in place.

**I already offer a retirement savings plan in my company, but I just don't make it available to everyone. Do I have to establish a VRSP?**

You could choose to offer the existing company retirement savings plan to those employees not currently included, or you could set up a VRSP for those employees.

**My company employs seasonal workers. Sometimes I have twenty employees and at other times I have ten. What do I have to do?**

If the twenty seasonal employees do not satisfy the definition of eligible employee (age 18 or older with at least one year of uninterrupted service with the company), the employer is not required to offer a VRSP. However the employer may choose to set up a VRSP. Staggered roll out as identified in the "Who is required to offer a VRSP" section, outlines all criteria and deadline dates.

**My company had twenty employees but then downsized. I now only have ten employees.**

**Can I shut down my company's VRSP?**

Employers that comply and set up a VRSP must continue to do so as long as there are employees enrolled in the VRSP even if the number of employees falls below twenty by December 31, 2016. Staggered roll out will affect the number of eligible employees and deadline dates.

## Where can I get more information on VRSPs?

You can get more information on VRSPs in a few different ways:

- Talk to your Manulife representative
- Visit and bookmark [vrsp.com/advisor](http://vrsp.com/advisor)
- Email inquiries to [vrsp\\_support@manulife.com](mailto:vrsp_support@manulife.com)

