

Comparing retirement savings plans:

How does the VRSP measure up?

	Registered retirement savings plan (RRSP)	Deferred profit sharing plan (DPSP)	Defined contribution simplified pension plan (SPP- Quebec version)	Defined contribution pension plan (DC)	Non-registered savings plan (NRSP)	Tax-free savings account (TFSA)	Voluntary retirement savings plan (VRSP)
Who can offer this plan?	<ul style="list-style-type: none"> Profit, non-profit, union groups and associations are eligible 	<ul style="list-style-type: none"> Must be for-profit corporation 	<ul style="list-style-type: none"> Employers located in Quebec 	<ul style="list-style-type: none"> Any employer 	<ul style="list-style-type: none"> Any employer Profit, non-profit, union groups and associations are eligible 	<ul style="list-style-type: none"> Any employer Profit, non-profit, union groups and associations are eligible 	<ul style="list-style-type: none"> Businesses located in Quebec with ten or more eligible employees are required to offer the plan, unless they already offer access to a group registered retirement savings plan, TFSA or registered pension plan with the possibility of contributing through payroll deductions Employers with less than 10 employees can offer this

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Eligibility	<ul style="list-style-type: none"> • Employer has complete flexibility 	<ul style="list-style-type: none"> • Employer has complete flexibility • Significant shareholders and related persons (connected persons) aren't eligible to join 	<ul style="list-style-type: none"> • Eligibility rules established by the employer must be compliant with the legislation 	<ul style="list-style-type: none"> • Pension benefits legislation generally requires that all full-time employees must be allowed to join after two years of employment if they belong to the employee category for which the plan is established for. The employer can require mandatory participation in the plan. • Eligibility rules established by the employer must be compliant with the applicable legislation 	<ul style="list-style-type: none"> • Employer has complete flexibility 	<ul style="list-style-type: none"> • Employer has complete flexibility 	<ul style="list-style-type: none"> • Employers are required to enroll eligible employees with one or more years of continuous workplace service or any other employee who requests to join the plan • Employees must be aged 18 or over.
Employer contributions	<ul style="list-style-type: none"> • Employer contributions permitted, up to the Canada Revenue Agency (CRA) maximum 	<ul style="list-style-type: none"> • Employer contributions only, up to the CRA maximum • Contributions must be made from profits 	<ul style="list-style-type: none"> • Employer contributions are required. • Contributions are permitted up to the CRA maximum 	<ul style="list-style-type: none"> • CRA mandates minimum employer required contributions of 1% of a member's earnings. • Contributions are permitted up to the CRA maximum 	<ul style="list-style-type: none"> • Employer may contribute on member's behalf 	<ul style="list-style-type: none"> • n/a 	<ul style="list-style-type: none"> • Employer may contribute on member's behalf up to the CRA maximum
Member contributions	<ul style="list-style-type: none"> • All contributions subject to the CRA maximum • Contributions may 	<ul style="list-style-type: none"> • No member contributions allowed 	<ul style="list-style-type: none"> • Member contributions may be required by the plan rules set by the employer 	<ul style="list-style-type: none"> • CRA mandates the contribution limit for members as the lesser of 18% of each 	<ul style="list-style-type: none"> • Contributions are voluntary and can be scheduled payroll deductions or through lump- 	<ul style="list-style-type: none"> • All contributions subject to the CRA maximum • Contributions are 	<ul style="list-style-type: none"> • All contributions are subject to the CRA maximum • Contributions are

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	be voluntary or required and can be scheduled payroll deductions or lump-sum deposits		<ul style="list-style-type: none"> Member voluntary contributions are always allowed All contributions subject to the CRA maximum 	<p>member's current year's earned income and a CRA set maximum dollar amount (updated annually).</p> <ul style="list-style-type: none"> If plan provisions allow, the sponsor and members can make voluntary contributions. 	sum deposits	voluntary and can be scheduled payroll deductions or through lump-sum deposits	<p>voluntary</p> <ul style="list-style-type: none"> Member sets contribution rate. If not, a default rate applies.
General tax information	<ul style="list-style-type: none"> Employer contributions are treated as taxable income and reported on members' T4s Deductible contributions for the members up to annual limits and tax sheltered until payout 	<ul style="list-style-type: none"> Deductible expense for the employer Reported as part of pension adjustment on members' T4s Tax sheltered until payout 	<ul style="list-style-type: none"> Deductible expense Employer contributions are exempt from payroll taxes Tax sheltered until payout 	<ul style="list-style-type: none"> Deductible expense Employer contributions are exempt from payroll taxes Tax sheltered until payout 	<ul style="list-style-type: none"> Member is taxed on income earned within the plan 	<ul style="list-style-type: none"> Withdrawals or income earned aren't subject to taxes 	<ul style="list-style-type: none"> Deductible contributions for the member up to annual limits Tax sheltered until payout Employer contributions are exempt from payroll taxes Employer contributions will not be included in a member's pension adjustment but will reduce a member's RRSP contribution room
Legislatively locked-in contributions	<ul style="list-style-type: none"> Not locked-in 	<ul style="list-style-type: none"> Not locked-in 	<ul style="list-style-type: none"> Employer contributions are locked-in Member required contributions are 	<ul style="list-style-type: none"> Employer contributions are locked-in Member required contributions are 	<ul style="list-style-type: none"> Not locked-in 	<ul style="list-style-type: none"> Not locked-in 	<ul style="list-style-type: none"> Employer contributions are locked-in Member contributions

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			<p>locked-in unless the employer stipulates that they are not to be locked-in</p> <ul style="list-style-type: none"> • Voluntary member contributions aren't locked-in 	<p>locked-in.</p> <ul style="list-style-type: none"> • Voluntary member contributions aren't locked-in 			aren't locked-in
Vesting	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • Up to two years of plan participation 	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • Minimum vesting and locking-in requirements are determined by the applicable pension benefits legislation. The Federal legislated requirement is two years of plan membership. • Immediate vesting In Quebec 	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • Immediate

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Portability options at retirement, death or termination	<ul style="list-style-type: none"> All contributions and investment earnings can be converted to cash or transferred to another registered plan (registered retirement income fund [RRIF] or RRSP) or elect an annuity Retirement income dependent on contributions and investment earnings 	<ul style="list-style-type: none"> All contributions and investment earnings can be converted to cash or transferred to another registered plan (RRIF or RRSP or DPSP) or elect an annuity Retirement income dependent on contributions and investment earnings 	<ul style="list-style-type: none"> Locked-in contributions and investment earnings can convert to an annuity, locked-in retirement account, life income fund or transferred to a pension plan determined by regulation. Retirement income dependent on contributions and investment earnings Non-locked in contributions and investment earnings can be converted to cash or transferred to another registered plan (RRIF or RRSP, VRSP or DPSP) or elect an annuity 	<ul style="list-style-type: none"> Locked-in contributions and investment earnings can convert to an annuity, locked-in retirement account, life income fund or transferred to a pension plan determined by regulation. Retirement income dependent on contributions and investment earnings Non-locked in contributions and investment earnings can be converted to cash or transferred to another registered plan (RRIF or RRSP or DPSP) or elect an annuity 	<ul style="list-style-type: none"> Retirement income dependent on contributions and investment earnings 	<ul style="list-style-type: none"> Retirement income dependent on contributions and investment earnings 	<ul style="list-style-type: none"> Locked-in contributions and investment earnings can be transferred to a pension plan determined by regulation: at termination, at age 55 or if employer sets up another retirement savings plan Non locked-in contributions and investment earnings may be refunded at intervals determined in the plan or transferred to a pension plan determined by regulation Retirement income dependent on contributions and investment earnings
In-service withdrawals	<ul style="list-style-type: none"> Employer can restrict 	<ul style="list-style-type: none"> Employer can restrict 	<ul style="list-style-type: none"> Allowed on voluntary contributions. Allowed on member required contributions if 	<ul style="list-style-type: none"> Allowed on voluntary contributions if plan provisions allow. 	<ul style="list-style-type: none"> Employer can restrict 	<ul style="list-style-type: none"> No employer restrictions 	<ul style="list-style-type: none"> Allowed on not locked-in contributions and investment earnings at intervals

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			<p>employer unlocks. The employer may however restrict withdrawals.</p> <ul style="list-style-type: none"> • Not allowed on locked-in contributions unless provided under the law 	<ul style="list-style-type: none"> • Not allowed on locked-in contributions unless provided under the law 			<p>determined in the plan</p> <ul style="list-style-type: none"> • Not allowed on locked-in contributions unless provided under the law
Government reporting	<ul style="list-style-type: none"> • No government reporting by an employer – service provider handles any reporting 	<ul style="list-style-type: none"> • Employer contributions must be added to members' T4s as pension adjustment • Limited reporting to the CRA 	<ul style="list-style-type: none"> • Employer and member contributions must be added to T4 as pension adjustment • An annual information return is filed with the provincial pension regulator and the CRA 	<ul style="list-style-type: none"> • Employer and member contributions must be added to T4 as pension adjustment • An annual information return is filed with the provincial pension regulator and the CRA 	<ul style="list-style-type: none"> • No government reporting required by an employer – service provider handles any reporting 	<ul style="list-style-type: none"> • No government reporting required by employer – service provider handles any reporting 	<ul style="list-style-type: none"> • An annual information return is filed with the provincial pension regulator and the CRA
Responsibilities	<ul style="list-style-type: none"> • Employer has some investment-related duties and responsibilities 	<ul style="list-style-type: none"> • Employer has some investment-related duties and responsibilities 	<ul style="list-style-type: none"> • Administrator has specified responsibilities under the legislation 	<ul style="list-style-type: none"> • Administrator has specified responsibilities under the legislation 	<ul style="list-style-type: none"> • Employer has some investment-related duties and responsibilities 	<ul style="list-style-type: none"> • Employer has some investment-related duties and responsibilities 	<ul style="list-style-type: none"> • Administrator has specified responsibilities under the legislation
Applicable under CAP guidelines?	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes 	<ul style="list-style-type: none"> • Yes