

GROUP RETIREMENT SAVINGS SOLUTIONS

Simply let
our experts guide you



Desjardins & Co.



Making the right choice
Reference Guide for Employers



Desjardins

Cooperating in building the future



Group Retirement Savings Products

At Desjardins Group, we excel at developing group retirement plan solutions that suit the needs of each organization. Backed by an experienced management team and the latest technology, our mission is to provide employers and their employees with peace of mind.

Our service offer includes a wide variety of investment options and tools designed specifically for plan participants. Our qualified specialists will guide you through each step of setting up a group retirement savings solution:

- A sales manager will help you choose the right plan based on your objectives;
- A client relationship manager will provide you with a turnkey service for setting up your plan;
- A team of education advisors will meet with your employees to:
 - fully explain your plan and its terms and conditions;
 - ensure enrolment forms are completed;
 - help participants choose the right investments based on their investor profile.

The caisse business centre will be there every step of the way, and will be responsible for the business relationship with the employer while the plan is in force.

This guide provides essential information about the features of our group retirement savings plans. Together with your sales manager, it will help you choose the plan that best suits the needs of your organization.

How to choose your Group Retirement Savings Plan

You are about to choose a group retirement savings plan for your employees. That means you've probably identified your own needs, as well as theirs. Establishing clear objectives and needs is the key to making the right choice among the plans offered to you.

1. Group Registered Retirement Savings Plan (**Group RRSP**)
2. Deferred Profit Sharing Plan (**DPSP**)
3. Simplified Pension Plan (**SPP**) (Available in Quebec only)
4. Defined Contribution Pension Plan (**DCPP**)
5. Group Tax-Free Savings Account (**Group TFSA**)

Other considerations:

- A DPSP is almost always offered jointly with an RRSP.
- The contributions you make to an RRSP or a TFSA are considered salary paid to your employees. You must pay payroll taxes (Employment Insurance, etc.) on this additional employee salary.
- Your employees cannot contribute to a DPSP.
- In all provinces, the contributions you make to an RRSP or a TFSA are vested immediately. The same applies to a DCPP in Quebec. In the other provinces, your employees must generally wait two years or less, as you wish, for your contributions to a DCPP to be vested.

YOUR NEEDS	APPROPRIATE RETIREMENT PLANS	
	YES	NO
Do you want to contribute to your employees' retirement plan?	<ul style="list-style-type: none"> • RRSP* • DCP • SPP • DPSP** • TFSA* 	<ul style="list-style-type: none"> • RRSP • TFSA
Would you like to offer a plan where the only objective is the accumulation of capital for retirement ?	<ul style="list-style-type: none"> • SPP • DCP 	<ul style="list-style-type: none"> • RRSP • DPSP • TFSA
Do you want to increase your contributions as your employees increase theirs?	<ul style="list-style-type: none"> • RRSP • TFSA • SPP • RPDB 	<ul style="list-style-type: none"> • DCP
Do you want to contribute only if the company makes a profit?	<ul style="list-style-type: none"> • DPSP 	<ul style="list-style-type: none"> • DCP • SPP • RRSP • TFSA
Do you want to contribute based on your employees' productivity or performance at work?	<ul style="list-style-type: none"> • RRSP • DPSP • TFSA • SPP 	<ul style="list-style-type: none"> • DCP
Do you want the contributions you make to your employees' plans to be vested immediately?	<ul style="list-style-type: none"> • RRSP • DCP*** • SPP • TFSA 	<ul style="list-style-type: none"> • DPSP

* Contributions made to an RRSP or a TFSA by an employer are considered salary paid to the employee and as such, cannot be deducted on the income tax return.

** Employee contributions to a DPSP are not permitted.

*** In an Ontario DCP, the contributions made to the plan are vested after two years of plan participation.

Types of Group Retirement Savings Plans

1. Group RRSP

A group RRSP is a collection of centrally administered individual RRSPs that offer participants attractive group rates and the convenience of payroll deductions. Participants make tax-deductible contributions that accumulate in a tax-sheltered fund. The amounts invested in the fund are not locked-in and can therefore be withdrawn at any time.¹

- Some of the main advantages of a group RRSP over an individual RRSP are:
 - Generally lower fees compared to mutual funds, thereby offering a higher overall return on investment;
 - Immediate income tax reduction at source for increased take-home pay;
 - Disciplined savings for participants, where regular and consistent payroll contributions make use of dollar cost averaging.
- Employer and employee contributions can be made in any combination, but cannot exceed an individual employee's personal RRSP limit.
- Employer contributions are completely voluntary but are taxable benefits.
- The employer is not forced into a minimum funding formula and can adjust the amount contributed at any time.
- Lump-sum contributions and transfers from other plans are allowed.
- Employees determine how much they want to contribute; there is no minimum investment requirement or limit on interfund transfers.
- Employees can use the assets in their group RRSP to take advantage of the Home Buyers' Plan (HBP) or Lifelong Learning Plan (LLP).

¹ The employer may establish an RRSP with restrictions on withdrawals. In this plan no withdrawal will be allowed except for the HBP or LLP.

2. Deferred Profit Sharing Plan (DPSP)

A deferred profit sharing plan is a savings plan in which the employer distributes a portion of company profits to some or all of its employees. Employees cannot contribute to the plan. However, they can contribute to other plans offered by the employer, such as a group RRSP.

- A DPSP is an excellent choice for employers who want to provide their employees with an incentive to help achieve the company's goals. Contributions are made based on the year's profits and/or profits of previous years that have not been allocated.
- It does not involve a permanent financial commitment as the employer does not have to contribute during a fiscal year in which the business suffers a loss.
- Employers do not need to disclose their profits to participants. The contribution formula is outlined in the plan text.
- Employer contributions are not locked-in. Normally, participant access to contributions is not permitted during employment. Depending on the plan provisions, vesting of contributions may require up to two years of plan participation.
- A DPSP is an excellent complement to an RRSP. Employer contributions to a DPSP (and fees) are tax-deductible as employer operating costs and, like in an RRSP, deposits and investment income are tax-sheltered. However, the same contributions to an RRSP are considered part of a participant's salary and are therefore subject to payroll taxes.

3. Simplified Pension Plan (SPP) (Available in Quebec only)

An SPP is a defined contribution pension plan set up on behalf of the employer and administered by a financial institution, which assumes the duties that are usually the responsibility of the employer and its pension committee.

Since special regulations were adopted under the *Quebec Supplemental Pension Plan Act*, employers attained greater flexibility in setting up a plan tailored to their needs and the needs of their employees in terms of the contributions payable and the locking-in of contributions.

- Employees may be allowed to withdraw their own contributions during employment.
- Employers can choose to make additional contributions based on the DPSP contribution model.

As with any supplemental pension plan, employers are required to contribute, and their contributions remain locked-in in order to provide retirement benefits to participants.

- Employer contributions are paid from company income, on the same basis as salaries, and are not subject to payroll taxes.
- Contributions based on profit sharing are allowed, as needed.

4. Defined Contribution Pension Plan (DCPP)

A defined contribution pension plan is a formal arrangement in which the employer and the employees make tax-deductible contributions that accumulate on a tax-deferred basis. The plan assets are locked-in and must be used to provide a retirement benefit to the employees. The plan is governed by the applicable pension plan legislation and the administrator of the plan is required to administer it in accordance with this legislation. These plans are generally better suited for larger employers who want to help their employees build retirement income. Employer contributions to this plan are not considered a salary increase, which eliminates the various payroll taxes that would otherwise apply.

- The legislative provisions applicable to this type of plan (no cash withdrawals, locking-in of contributions, obligation upon retirement to purchase a joint and survivor annuity, etc.) offer protection that is not available with RRSPs.
- A DCPP can be combined with other plans, such as an RRSP, a TFSA or a DPSP, to help the employer attract and retain the best talent.
- A DCPP provides participants with retirement income over and above the income they receive from public plans.
- All pension plans need to be registered with the province in which most participants are employed or, depending on the industry in which the employer operates, with the federal government.
- In some jurisdictions, a special kind of defined contribution pension plan, known as a Simplified Pension Plan (SPP), is available. An insurance company is the legal administrator of this type of pension plan, thereby reducing the employer's administrative workload. Desjardins offers an SPP in Quebec only.

5. Group Tax-Free Savings Account (Group TFSA)

Canadian residents age 18 or over can contribute up to \$5,500 a year to a TFSA. While these contributions are not tax-deductible, the investment earnings are tax-exempt, and withdrawals are not subject to income tax. This means that the TFSA's ability to tax-shelter investment income is comparable to that of an RRSP or a registered pension plan (RPP).

- A TFSA can be offered as a stand-alone plan or as an add-on to an existing plan.
- The contribution limit is \$5,500 a year regardless of any amounts contributed to an RRSP/RPP.
- The \$5,500 limit is indexed to inflation and will increase in multiples of \$500.
- Any unused contribution room can be carried forward year over year, to allow for bigger top-ups over time.
- Amounts can be withdrawn at any time, and any amounts withdrawn can be subsequently re-contributed in the following years.
- TFSAs are subject to the same investment restrictions as RRSPs.
- Neither the investment income earned in a TFSA nor the amounts inherited through a will can affect eligibility for federal benefits, such as the Old Age Security and/or the Guaranteed Income Supplement.
- Contributions to a TFSA are not deductible for income tax purposes, but investment income earned in a TFSA (including capital gains) will not be taxed, even when withdrawn.



Comparison between Capital Accumulation Plans

FEATURE	GROUP RRSP	DPSP
Registration/Jurisdiction	CRA ²	CRA
Fees payable to regulatory authorities	No	No
Salary increase	Yes “Payroll taxes”	No
Employee eligibility	All	All, unless connected person ³
Minimum employer contribution required	No	No
Employee contributions	Allowed	Not allowed
Spousal contributions	Yes	No
Vesting ⁴	N/A	After 2 years of participation, at the latest
Locking-in ⁵	No	No
Administration	N/A	Trustees
Annual meeting	Not required	Not required
Investment	Individual instructions	Individual instructions or common policy
Investment policy	Not required	Not required

¹ Desjardins offers SPP only in Quebec.

² CRA stands for the Canada Revenue Agency.

³ This term is defined under the *Income Tax Act*. Connected persons are individuals who own at least 10% of the shares of the company establishing a DPSP.

⁴ Vesting means: the right of participants to receive employer contributions if they meet the conditions of the plan.

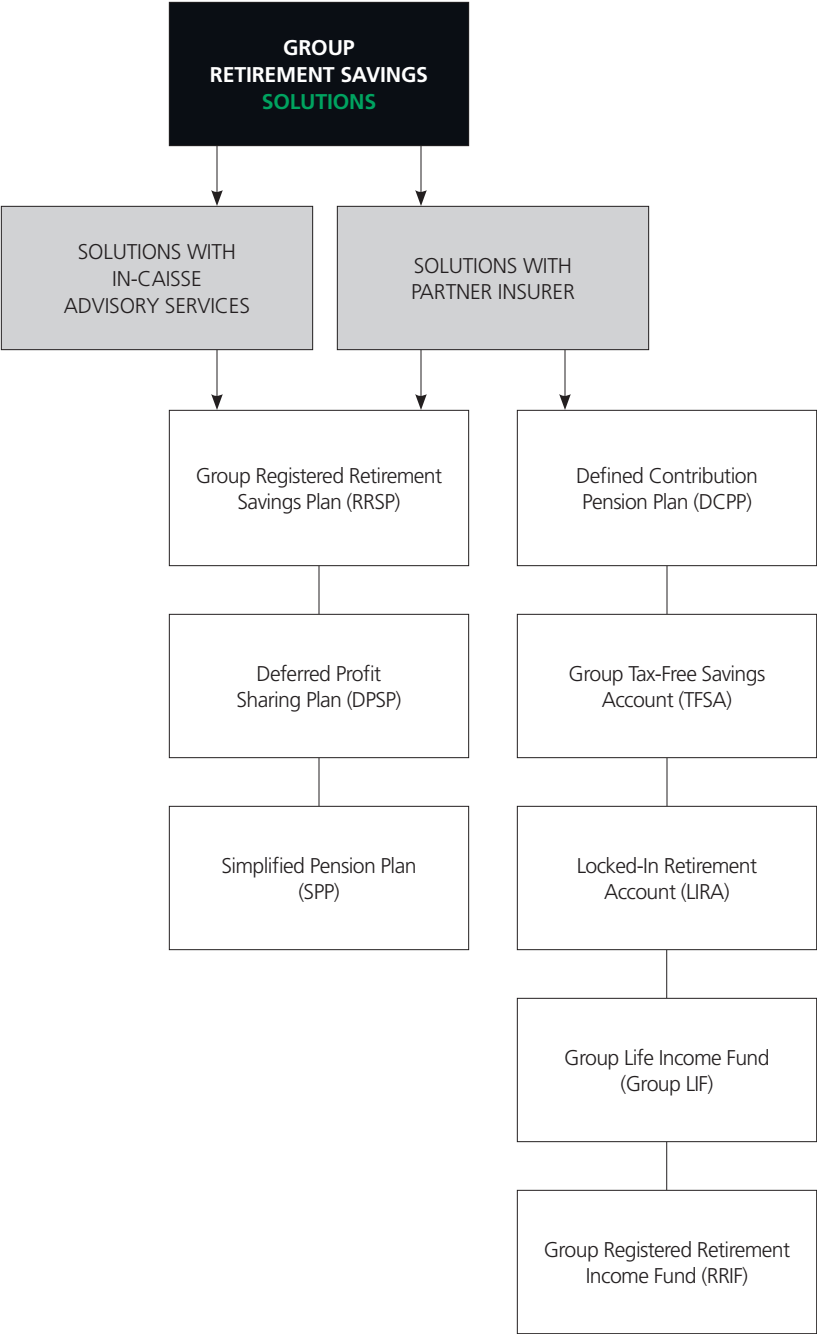
⁵ Locking-in means: freezing the benefits of a pension plan for the purposes of retirement.

* \$1,000 per plan, plus \$4.50 per participant.

SPP ¹	DCPP	GROUP TFSA
Provincial and CRA	Provincial or Federal and CRA	CRA
Yes* (payable by Desjardins)	Yes	No
No	No	Yes "Payroll taxes"
All	All	Canadians age 18 and older
Yes* (additional contributions possible)	Yes	No
Allowed	Allowed	Allowed
No	No	No
Immediate	Immediate in Quebec, others – according to provincial legislation	N/A
Employer contributions: Yes Employee contributions: depending on Employer's decision	Yes	No
Financial institution offering the plan	Employer, pension committee (in Quebec if more than 25 participants in the plan) or board of trustees (other jurisdictions)	N/A
Not required	Required in Quebec only	Not required
Individual instructions	Individual instructions or common policy	Individual instructions
Not required	Required unless individual instructions (Quebec) Others: Required	Not required

Group Retirement Savings Solutions Offered

Solutions



Support and guidance for participants

Solution with in-caisse advisory services

Personalized in-caisse advisory services to help participants with their investment choices

1. Individual meeting with an advisor
2. Investor profile
3. Retirement simulator
4. Investment strategy
5. Website desjardins.com
6. Participant statements and communications
7. Periodic follow-ups

Solution with partner insurer

Participants make investment choices on their own using the tools and services provided

1. Investor profile
2. Retirement simulator
3. Investment strategy based on a lifecycle environment or à la carte investment choices
4. Transactional website
5. Client Contact Centre
6. Participant statements and communications

A team of education advisors will work with the caisse to explain the plan and the services offered to participants (group meeting on the employer's premises).

Group Retirement Savings at Desjardins

Our simple and flexible solutions are
designed to meet the needs of businesses
and their employees.

- SUPPORT
- GUIDANCE
- EXCELLENCE
- EXPERTISE

That's the Desjardins difference!

We have been providing retirement savings solutions to our members and clients for over 50 years. We understand your concerns. That's why we can help you determine which group plan could be best suited to your needs.

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