



FREQUENTLY ASKED QUESTIONS



1. GENERAL INFORMATION



What is a Voluntary Retirement Savings Plan (VRSP)?

VRSPs are Quebec's version of the Pooled Registered Pension Plan (PRPP) introduced by the federal government. VRSPs, like PRPPs, function as defined contribution pension plans, but are administered by a life insurer, trust company or investment fund manager, rather than by a pension committee.

VRSPs are a new type of workplace retirement plan that allows small to mid-sized businesses to participate in a simple, low-cost retirement savings program for their employees. VRSPs will be made available to both full-time and part-time employees, and the self-employed.

All companies in the province of Quebec with five or more eligible employees must offer a VRSP to members of their staff who do not currently have the opportunity to contribute to a Registered Retirement Savings Plan (RRSP) or a Tax Free Savings Account (TFSA) through payroll deduction, or are not members of a workplace pension plan. Other companies may, of course, offer the plan on a voluntary basis, at their discretion.



When will the VRSP officially launch?

The VRSP Act came into effect July 1, 2014.



Who is eligible to participate in a VRSP?

Employees who:

- work solely in Quebec
or work both in Quebec and outside Quebec for a Quebec employer,
or who are residents of Quebec and work outside Quebec for a Quebec employer;
- are 18 years of age or over;
- have at least one year of uninterrupted service (may include seasonal and contract employees who work full-time or part-time).

The employer must enrol all eligible employees including those with less than one year of uninterrupted service who ask to be enrolled in the plan. The employer is not required to automatically enrol eligible employees who contribute to a group RRSP or group TFSA through payroll deduction or who are members of a pension plan.

Self-employed workers, employees whose employer is not required to offer a VRSP apply to join the VRSP.

What is the difference between a VRSP and a traditional workplace plan?

The VRSP differs from a traditional workplace plan in the following ways:

- The VRSP is administered by a life insurer, trust company or investment fund manager, rather than by a pension committee. The administrator is responsible for providing all reporting.
- Legislation for the VRSP is separate from the provincial pension legislation.
- The plan is designed as a simple solution, with correspondingly limited customization by the employer.
- Eligible employees are automatically enrolled in the plan, with the option to opt out within 60 days of the date the notice of membership was sent to them by the administrator of the plan.
- A default contribution level and investment option apply to any employee who does not choose a contribution level or make an investment choice.

Who will regulate VRSPs?

There are three Quebec agencies responsible for regulating VRSPs:

- The Autorité des marchés financiers (AMF) authorizes administrators (providers) of VRSPs.
- The Régie des rentes du Québec oversees VRSPs and ensures that they are administered and operated in accordance with VRSP legislation.
- The Commission des normes du travail is responsible for overseeing the duties of employers with respect to enforcing compliance with the law.

What type of licence do I need to start offering VRSPs?

There are two types of licences eligible to sell VRSPs:

- Representatives authorized to provide group annuities (certificate 2a or 2c) can sell a VRSP to employers.
- Financial securities advisors (certificate 1a) can offer a VRSP to self-employed workers and individual members.



In anticipation of high demand, until January 1, 2018, representatives in insurance of persons (certificate 1a) and group insurance representatives authorized to provide only group insurance plans (certificate 2b) will be able to offer a VRSP to employers. Only advisors licensed in group annuity plans (certificate 2a or 2c) may offer or provide advice on other group plan options with respect to products issued by life insurers.

Financial security advisors (certificate 1a) and advisors in group insurance plans (certificate 2b) may offer VRSPs only until January 1, 2018. They may not offer other types of group plans or make transfers from another type of plan to a VRSP, as this would require them to advise regarding products for which they are not licensed.

Is there a deadline for setting up a VRSP?

As of July 1, 2014, the new law makes it mandatory for Quebec employers who do not currently offer a workplace savings plan to all eligible employees to offer a VRSP by the following dates:

Number of eligible employees	Deadline for offering VRSP
20 or more on June 30, 2016	December 31, 2016
10 to 19 on June 30, 2017	December 31, 2017
5 to 9	To be determined, but not prior to January 1, 2018

2. SUN LIFE FINANCIAL'S VRSP

What are the characteristics of Sun Life's VRSP?

Easy to set up, simple to administer and straightforward for employers and employees to understand, our VRSP will deliver investment choices you can count on with dedicated customer service making this a completely turn-key option for the almost two million Quebecers who currently do not have a workplace savings plan.

What is the compensation structure for selling a VRSP?

Sun Life Financial offers a competitive compensation structure that includes an upfront plan participation commission of \$150 when an employer is added to the plan and an account management commission of 1/12th of 0.20% of the monthly closing asset balance.

How long do employees have to complete their initial fund selections?

Sun Life determines the lineup of funds that employees can choose from and invests their contributions according to their instructions. Employees have 60 days from the date their notice of membership is sent to them by Sun Life to make their fund selections. After 60 days, contributions will be invested in the default fund.

The default investment option for the VRSP is the Sun Life Target Date Segregated Funds. Target date funds automatically reduce risk as the investor approaches the fund maturity date (life cycle funds). If a member does not select a fund(s) for their contributions, contributions will be invested in the target date fund with a maturity date just prior to their 65th birthday.

Employees can change their fund selections at any time on Sun Life's member website or by calling our Customer Care Centre at 1-877-SUN-LIFE (1-877-786-5433) between 8 a.m. and 8 p.m., Monday to Friday.

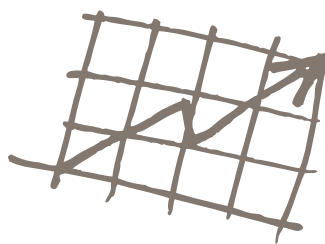


What are the investment options Sun Life will offer through its VRSP?

Sun Life will be providing a low-cost, one-stop investment solution that will make investing easy. Sun Life Target Date Segregated Funds allow employees to select the fund based on the date closest to their retirement. The maturity date for all funds is June 30. The fees on the Sun Life Target Date Segregated Funds are 1.087% before tax and 1.25% including applicable sales tax.

Target date fund lineup

- Sun Life Retirement Segregated Fund
- Sun Life 2020 Target Date Segregated Fund
- Sun Life 2025 Target Date Segregated Fund
- Sun Life 2030 Target Date Segregated Fund
- Sun Life 2035 Target Date Segregated Fund
- Sun Life 2040 Target Date Segregated Fund
- Sun Life 2045 Target Date Segregated Fund
- Sun Life 2050 Target Date Segregated Fund



In addition to the Sun Life Target Date Segregated Funds, we will offer the following traditional investment options :

Guaranteed / Money Market

- SLA 3 Year Guaranteed Fund
- SLA 5 Year Guaranteed Fund

Bond/Fixed Income

- Sun Life BlackRock Canadian Bond Index Segregated Fund
- The fees are 1.287% before tax and 1.48% including applicable sales tax.

Canadian Equity

- Sun Life BlackRock Canadian Equity Index Segregated Fund
- The fees are 1.28% before tax and 1.48% including applicable sales tax.

Foreign Equity

- Sun Life BlackRock Global Equity Index Segregated Fund
- The fees are 1.305% before tax and 1.50% including applicable sales tax.



3. EMPLOYER-SPECIFIC INFORMATION

☒ Do all my clients have to offer a VRSP to their employees?

Employers who do not already offer to all of their eligible employees an RRSP or TFSA with payroll deductions, or a pension plan, and who have five or more eligible employees **must** offer a Voluntary Retirement Savings Plan (VRSP) or another form of group plan by a future date defined by the number of eligible employees at the organization.

☒ If I have a client with fewer than five eligible employees, are they required to offer a VRSP?

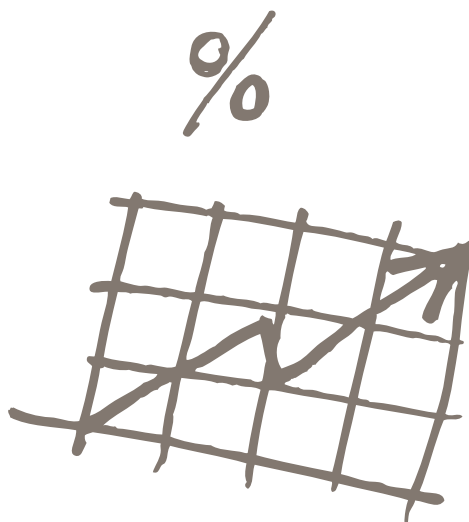
Clients with fewer than five eligible employees have the option to offer a VRSP but are not required to do so. However, if the employee count of an employer who initially had five or more eligible employees falls below the threshold of five eligible employees, the employer must continue to offer the VRSP to newly eligible employees and, every two years, to those who have opted out or those who have changed their contribution rate to 0% unless all eligible employees have opted out of the plan.

☒ Is there a cost to employers to offer a VRSP?

No. Employers will not be required to contribute to their employees' VRSP. As with a traditional pension plan, if employers decide to contribute, their contributions will not be subject to payroll taxes and will be tax deductible at both the provincial and federal level.

☒ What are the advantages for my clients to offer a VRSP to their employees?

- Quick and easy to set up
- Sun Life handles all VRSP administration
- As the administrator, Sun Life will provide all member communications
- If an employer decides to contribute to the plan, contributions are tax deductible and not subject to payroll taxes
- VRSPs level the playing field with larger businesses when it comes to attracting and retaining talent



4. EMPLOYEE-SPECIFIC INFORMATION



What are the advantages for employees to participate in a VRSP offered through their employer?

- Easy, affordable access to a workplace plan that facilitates systematic saving
- Access to online education and retirement planning resources via Sun Life Financial's plan member services website at mysunlife.ca
- Plan flexibility, including the ability for employees to choose their contribution rate, choose their investments, opt out (within 60 days of the date their notice of membership is sent to them) and make withdrawals from their employee contributions.
- For income tax purposes, employee contributions will be deducted from earned income and will grow tax-free
- If they leave their employer they may choose to either take their savings with them or continue to contribute to their Sun Life Financial VRSP through our Automatic Cheque Plan (ACP)



If my client offers a VRSP, are all employees required to participate?

No. All eligible employees must be enrolled, but if an employee does not wish to participate, they must notify their employer in writing, within 60 days of the date their notice of membership is sent to them by Sun Life, that they wish to terminate membership in the VRSP. Your client must advise Sun Life if they receive such written notification from an enrolled employee and retain the opt-out notice for the duration of the employee's employment.

After 60 days, employees are not allowed to terminate membership, but they can reduce their contributions to zero after contributing to the VRSP for at least 12 months, or earlier, if:

- Under tax rules they are no longer permitted to make contributions to the plan;
- They make an additional contribution to the plan equal to or greater than the contribution determined for that period;
- Their employer contributes to the plan on their behalf.



How much can employees contribute to their VRSP?

Member and employer contributions are subject to the same annual limit as RRSPs (i.e., maximum total 18% of previous year's earned annual income).



Partner with Sun Life Financial to learn how you can take advantage of this unique opportunity to build the best solution for your clients.

To find out more, contact our Small Business Centre at 1-855-362-3086 any business day from 8 a.m. to 6 p.m., and visit our VRSP microsite sunlife.ca/VRSP.

Group Retirement Services
www.sunlife.ca

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