



YOUR GROUP RETIREMENT PLAN IN 5 QUESTIONS

According to the seventh **Sun Life Canadian Unretirement Index** survey of 3400 Canadians conducted in December 2014, 54 % and 62 % of men and women respectively expect that they will need to keep working at age 65 due to lack of adequate retirement income. The Voluntary Retirement Savings Plans (VRSP) Act, which requires many businesses operating in Quebec to offer their employees a retirement savings plan, was adopted effective July 2014 to help Quebecers save for retirement.

A retirement savings plan can be a valuable - and tax-effective - tool to attract and retain employees. Furthermore, offering a workplace retirement savings program empowers you, as a business owner, to help your employees reach their retirement savings goals. So, here are five questions to ask yourself to find out how a retirement plan could help your business.

QUESTION **1**

DOES THE VRSP ACT APPLY TO MY BUSINESS?

Our Small Business Centre receives many calls from business leaders asking if they are required to offer a VRSP to their employees. If you are an employer with an establishment in Quebec, here's how to know:



BUT WHY WAIT? YOU CAN OFFER A WORKPLACE SAVINGS PROGRAM TO YOUR EMPLOYEES NOW, AND BOTH OF YOU CAN ENJOY ALL THE BENEFITS IMMEDIATELY.

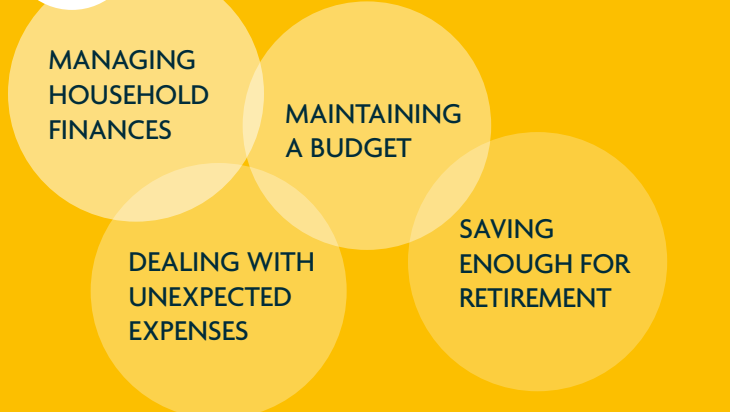
* Work all or some of the time in Quebec or are Quebec residents, are at least 18 years of age or more, and have at least one year of uninterrupted service as defined by the applicable legislation.
 ** As at June 30, 2017 *** As at June 30, 2016

QUESTION **2**

WHAT ARE THE BENEFITS FOR MY EMPLOYEES?

ACCORDING TO THE 2014 CANADIAN HEALTH INDEX¹

76% of Canadians say they have at least one source of excessive stress.
 The top drivers are related to money:



7/10 SAY THEY DID NOT RETIRE WHEN THEY WERE PLANNING TO.

45% have suffered serious health events that impacted their finances:
 < **25%** say they needed to reduce or deplete their savings
 < **26%** say they experienced some financial hardship

OFFERING A WORKPLACE SAVINGS PLAN TO YOUR EMPLOYEES CAN HELP BOOST THEIR PERSONAL AND FINANCIAL WELL-BEING AND HELP THEM ENJOY THE FOLLOWING BENEFITS:



¹ The Canadian Health Index is a landmark coast-to-coast survey of 2,799 adults conducted by Ipsos Reid and commissioned by Sun Life Financial annually.

QUESTION **3**

WHAT TYPE OF PLAN IS BEST FOR MY EMPLOYEES?

Offering a VRSP is only one of many ways you can comply with the VRSP Act. Various plans are available, some of which may be better suited to your small business than a VRSP. You can choose the plan that's right for your business.



YOUR OPTIONS AT A GLANCE...

TYPE OF GROUP PLAN	VOLUNTARY RETIREMENT SAVINGS PLAN (VRSP)	REGISTERED RETIREMENT SAVINGS PLAN (RRSP)	TAX-FREE SAVINGS ACCOUNT (TFSA)	SIMPLIFIED PENSION PLAN (SPP)	DEFERRED PROFIT SHARING PLAN (DPSP)
Eligible employees	18 years of age or over, 1 year uninterrupted service and work for an employer having an establishment in Quebec or are residents of Quebec	Employer's choice	Employer's choice +	Employer's choice + Pension legislation specifies minimum eligibility requirements	Employer's choice + Partners and specified shareholders (persons owning 10% or more of the issued shares of the corporation) and their immediate relations are not eligible
Understanding the plan	Easy	Easy	Easy	More complicated	Easy
Employer contributions	Employer contributions not required. Any employer contributions are not subject to payroll taxes.	Employer contributions not required. Payroll taxes apply to any employer contributions.	Employer contributions not required. Any employer contributions are considered contributions made by the employee with after-tax dollars. Payroll taxes and income tax apply to any employer contributions.	Minimum 1% employer contribution required. Not subject to payroll taxes	Employer contributions only and not subject to payroll taxes
Employee contributions	Before tax income up to the applicable contribution limits+ Default rates as follows: 2% of gross salary until Dec 31, 2017 3% from January 1, 2018 to December 31, 2018 4% as of January 1, 2019	Before tax income up to the applicable contribution limits	After tax income up to the applicable contribution limits	Before tax income up to the applicable contribution limits	Not permitted
Compliance with VRSP Act	Yes, if offered to all eligible employees through payroll deductions				No

QUESTION **4**

HOW DO I BENEFIT AS AN EMPLOYER?

A group retirement savings plan is a valuable - and tax-effective - tool for attracting and retaining talented employees.

YOUR BUSINESS GAINS A COMPETITIVE ADVANTAGE

Another element that's rarely addressed is the true impact of salary on job satisfaction. A study conducted by the Boston Consulting Group in June 2014 of 203,000 workers around the world² indicates that salary is ranked 8th among factors most affecting happiness on the job, whereas appreciation for the work ranked number one amongst the 26 factors affecting job satisfaction levels.

As such, one could say that providing an incentive compensation program along with a retirement savings plan is an excellent way to show appreciation for the good work being done by your employees.

UNCOVER TAX-EFFICIENCIES FOR YOUR BUSINESS

Employer contributions to many types of workplace savings plans such as VRSPs, SPPs or DPSPs can be more tax-effective for your business than paying salary increases or bonuses, as they are not subject to payroll taxes.

This is a particularly interesting benefit for many of our small business clients: the Designed for Savings survey³ we conducted in 2014 among our 5,000 clients showed that more than 6 out of 10 employers with a registered pension plan or RRSP covering 1 to 99 members make employer contributions. On average employers contribute \$3,560 to their members' workplace plans, whereas members contribute an average of \$3,440 per year.

² *Decoding Global Talent* survey, Boston Consulting Group, 2014

³ *Designed for Savings* survey, Sun Life Financial, 2014

QUESTION **5**

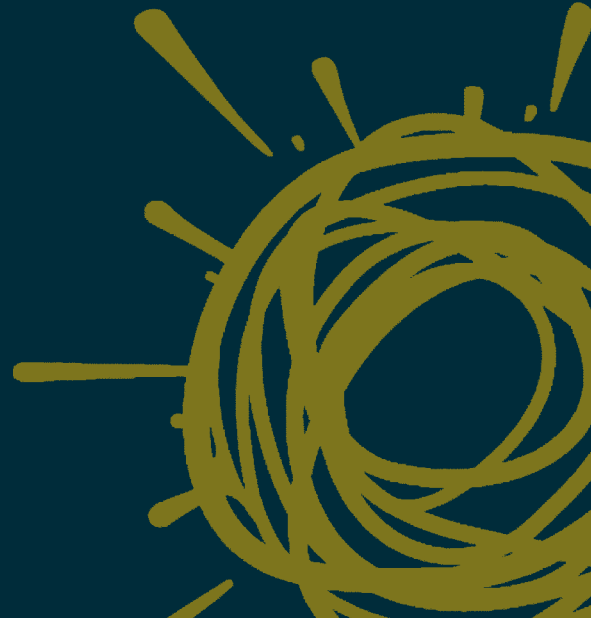
WHY SUN LIFE FINANCIAL?

BECAUSE WE HAVE BEEN THE LEADING PROVIDER OF GROUP RETIREMENT PLANS IN CANADA FOR 15 YEARS

We have ranked first for assets under management in the pension industry every year since 2002.

BECAUSE OUR QUEBEC SMALL BUSINESS CENTRE IS READY TO SERVE YOU

The benefits experts at our Quebec Small Business Centre are standing by to provide support and assistance to meet all your retirement savings plan needs.



QUESTIONS?

CALL US! 1 855 362-3086, from 8 a.m. to 6 p.m., Monday to Friday
EMAIL US! SmallBusinessSavings@sunlife.com

SUNLIFE.CA/VRSP

Life's brighter under the sun