



VRSP law: Are you compliant?

The bill on voluntary retirement savings plans (VRSP) came into effect on **July 1st, 2014**. Companies affected by this bill must offer a **group savings plan allowing payroll deductions** according to the following schedule:

Number of <u>eligible</u> employees	Deadline
20+	December 31, 2016
10-19	December 31, 2017
5-9	To be determined
1-4	None

The law states that an employer who contravenes this obligation is guilty of an offense and is liable to a **fine** ranging from **\$500 to \$10,000**, which may be doubled in the event of a second offense.

What is an eligible employee?

- salaried as defined in the *Act Respecting Labour Standards* of age 18 or over;
- has completed at least 1 year of service, as defined in the *Act Respecting Labour Standards*;
- does not have access to a group retirement savings plan that allows payroll deductions.

How to comply?

The government created the VRSP in order to facilitate compliance with the law. However, it is perhaps not as flexible and customizable as other group retirement plans. Here are the plans that allow you to comply with the law:

- Group Registered Retirement Savings Plan (group RRSP) ;
- Deferred Profit Sharing Plan (DPSP)¹ ;
- Group Tax-Free Savings Account (group TFSA) ;
- Simplified Pension Plan (SPP) ;
- Voluntary Retirement Savings Plan (VRSP) ;
- Registered Pension Plan (RPP).

¹ The DPSP must be combined with another plan such as an RRSP to comply with the law.

Choose the solution that suits you

Group Censeo, in collaboration with your advisor, can help you find the appropriate group retirement plan according to your needs in order to comply with this legislation. Do not hesitate to contact your advisor for more information.