



**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**  
*In business for your business.*

## VOLUNTARY RETIREMENT SAVINGS PLAN: DO YOU KNOW YOUR OBLIGATIONS?

### VRSP: A NEW RETIREMENT SAVINGS TOOL

Voluntary retirement savings plan (VRSP) is a new retirement savings tool for small and medium-sized business employees. This savings vehicle is simple and inexpensive to administer, with affordable management costs for contributors.

**CFIB has made numerous submissions to the government to ensure that your interests are considered in the development of VRSP.**

### IMPORTANT DATES

Thanks to CFIB's work, obligations come into effect gradually, based on the number of eligible employees (see table below) in order to ease the administrative burden on smaller businesses.

Eligible employees are those who are at least 18 years of age and have a minimum of one year of uninterrupted service, as defined in the *Act Respecting Labour Standards*.

Number of company employees	Deadline for meeting obligations
20 or more eligible employees (on June 30, 2016)	December 31, 2016
10 to 19 eligible employees (on June 30, 2017)	December 31, 2017
5 to 9 eligible employees	The exact date will be confirmed by the government.
Fewer than 5 employees	Not covered by the Act

### EXEMPTIONS

You are not required to offer a VRSP if:

- You already offer your employees a registered pension plan, a registered retirement savings plan (RRSP) or a tax-free savings account (TFSA) for which source deductions can be made.
- You have **fewer than five employees** (see the above table and conditions).

Please note that employers not covered by the Act may still choose to offer a VRSP on a voluntary basis.

### SHOP AROUND FOR YOUR VRSP

Offering a VRSP or any other retirement savings vehicle is a big decision that shouldn't be taken lightly. Gather information, ask questions and be sure to shop around!



## QUESTIONS AND ANSWERS ON VRSP

### ***What are my obligations as an employer covered by the Act?***

You must choose to offer a VRSP or other eligible plan.

Should you decide to offer a VRSP, you must:

- Choose a VRSP offered by an authorized administrator (insurance company, financial institution, etc.).
- At least 30 days prior to ratifying an agreement, inform your employees in writing of your intention to offer a VRSP and disclose certain other factors, such as:
  - any business relationship you maintain with the chosen administrator.
  - the contribution rate choice that your employees will have.
  - the fact that ineligible employees wishing to participate are required to inform you.
- Sign up all eligible employees to the VRSP, as well as those who have requested to join in, deduct their contributions, and send them to the VRSP administrator.
- Keep proof of each employee's notice of waiver and invite him/her back to contribute every two years.

### ***What are the main advantages of VRSPs for employers?***

- You are not obligated to contribute to your employees' VRSPs.
- If you do choose to contribute, your contributions are exempt from payroll taxes. Also, you can easily stop contributing or change your contribution rate.
- No matter the size of your business, management costs are low and affordable even for very small businesses and self-employed workers.
- VRSPs make it easier for you to offer your employees an attractive retirement savings vehicle which will set you apart as an employer of choice and may assist in employee retention.

### ***What is the main disadvantage of VRSPs for employers?***

Although we've reduced it as much as possible, there is still an administrative burden. For example, when VRSPs are the only retirement solution chosen, the employer must ask each employee who have opted out of the VRSP and those who have made their contribution to 0%, whether or not they wish to participate in the plan once again every two years. Employers must also keep records of all required communications with employees.



**We're here to help.**

*Any questions? Call our business counsellors today.*

**1-888-234-2232 or [cfib@cfib.ca](mailto:cfib@cfib.ca)**

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