

Bill N° 39 – The Voluntary Retirement Savings Plan (VRSP).

Last May 8th, the Quebec government tabled its new Bill 39. This Bill establishes the rules and provisions of the new Voluntary Retirement Savings Plan (VRSP). Planned to come into force on January 1st, 2013, the introduction of the Voluntary Retirement Savings Plan was postponed for a few months but should it be adopted, will take effect on January 1st, 2014.

But what is a VRSP?

Initially developed by the federal government under the name of Pooled Registered Pension Plan (PRPP), Quebec will be the first province to offer a voluntary retirement savings plan accessible to all Quebec companies. The VRSP is a simple and low-cost savings plan implemented to help Quebecers save for retirement.

The VRSP will not be the only savings plan offered to Quebec companies but will be the default plan for companies of 5 employees or more without another savings plan (RRSP, DPSP, RPP or SPP).

Under Bill 39, the applicable rules are:

- Companies, with five or more employees that do not already offer a retirement savings plan, will be obliged to offer a VRSP to all their employees and make source withholdings.
- The employer will not be required to contribute to the VRSP.
- The default employee contribution rate will be 2% with yearly increases up to 4%.

To obtain more information concerning your insurance requirements, we encourage you to contact your account advisor at Vézina, whose knowledge enables them to offer you unsurpassed guidance for the choice of coverage that best meets your company's situation & your employees!

- Employees will be able to change their contribution rate but no more than twice per year.
- Employees who have been automatically enrolled in the VRSP will be able to opt out by written request. The participation exemption will need to be renewed in writing on a regular basis.
- Without the written request, the employer will have to retain the default contribution.
- The employee may contribute more than the default rate. The employee may also contribute less than the default rate but will have to renew the request periodically.
- By written request, the employee may suspend, resume and even withdraw accumulated contributions.

The information found in this bulletin is based on the proposed Bill 39, Quebec VRSP. As a result, this information might change before the Bill is passed in June 2013.

With its implementation, the VRSP will complement the range of retirement programs offered to Quebec businesses. The VRSP should meet the retirement needs of many Quebecers. Yet, depending on your needs and goals, a different program such as the RRSP, the DPSP, the RPP or the SPP might be better suited to your business.