VRSP Guide

Voluntary Retirement Savings Plans

Nearly half the workers in Québec do not have access to a retirement savings plan offered by their employers. VRSPs are group savings plans offered by employers and administered by authorized administrators. They are governed by the new *Act 39 respecting voluntary retirement savings plans,* which will take effect on **1 July 2014**.

Implementing a VRSP

To implement a VRSP, follow this procedure:

1. For further details on the VRSP, start by reading the news on the SMB Portal and visit the Régie des rentes du Québec website. It also presents the Act referred to in the guide.
2. The employer must then make arrangements with an authorized administrator such as a life insurer, trust company, fund manager, bank, credit union, etc. (article 14 of the Act).

   The employer must also send a letter to all his employees to inform them that they will soon have access to a VRSP (article 47 of the Act).

   If the authorized administrator does not provide a sample letter to the employer, the latter must prepare a letter in accordance with the rules of article 47 of the Act.

   In this letter, it is recommended to indicate the rules that make an employee eligible or not.

   This will allow the non-eligible employee to inform the employer that he wants to participate in the plan.

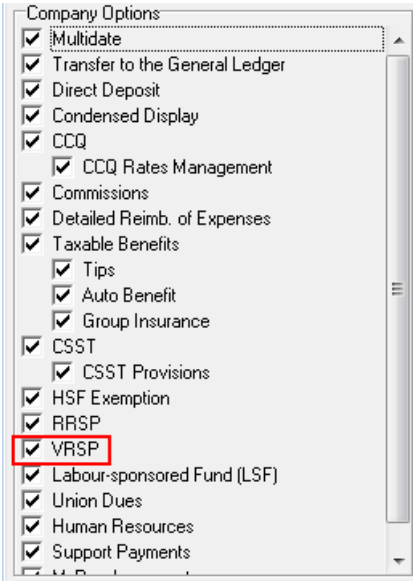
   At this stage, eligible employees cannot renounce the VRSP since they are not yet registered for the plan.
3. This step involves configuring the VRSP in the software.

   So that nothing is forgotten, it is recommended to perform three types of configuration:

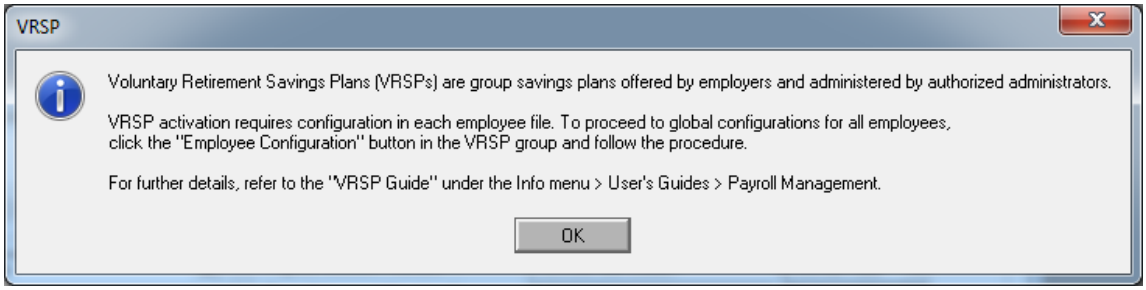
   - Automatic initial configuration
   - Employee configuration
   - Department configuration

Automatic Initial Configuration

- In the **Payroll Configuration** window, **Information** tab, **Company Options** group, select the **VRSP** box.

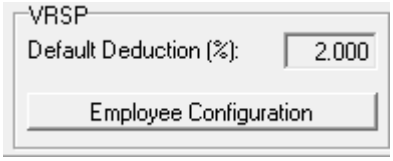


Upon selecting this box, an informative message is displayed.



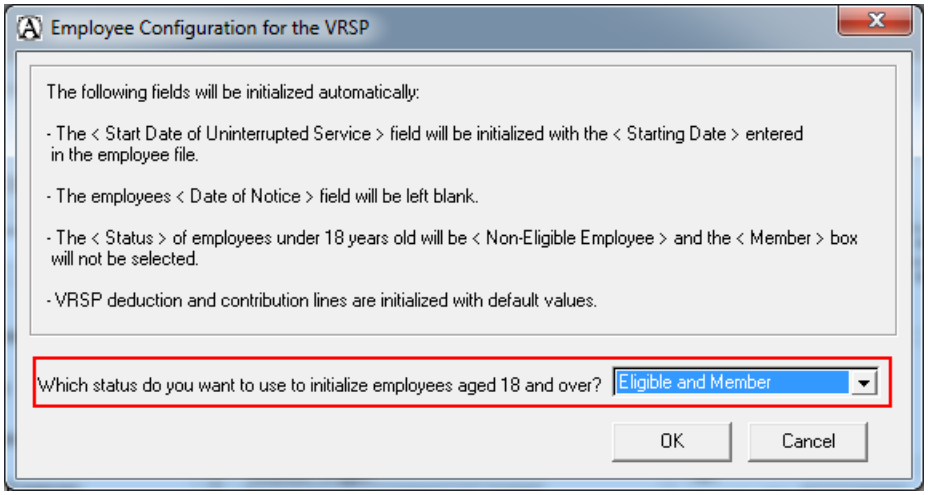
- Read the message and click **OK**.

Back in the **Payroll Configuration** window, the **VRSP** group is added at the bottom of the window.



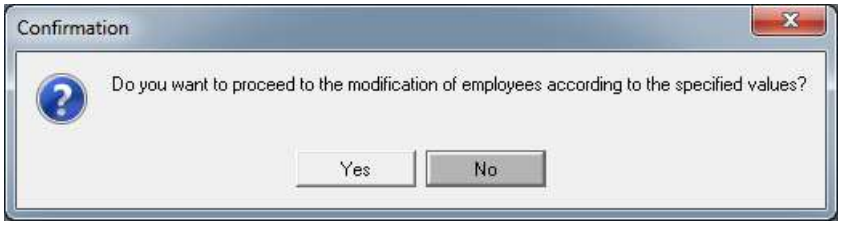
The **Default Deduction (%)** represents the default deduction rate under the Act for employees who participate in the plan. If an employee wants a different rate, it can be modified in his employee file.

- Click **Employee Configuration**. The **Employee Configuration** window is displayed.



Multiple values are initialized automatically, as indicated in the window, but you must specify if the majority of employees aged 18 or older are eligible or non-eligible employees. For example, by selecting the **Eligible and Member** status, which should be the most common status, all employees will be configured like this. If some employees are non-eligible, simply change the status in their employee file.

- In the drop-down list, select the appropriate status and click **OK**. The following message is displayed.

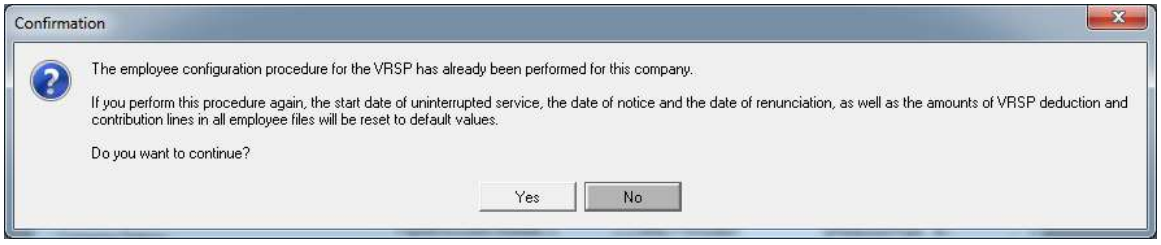


- Click **Yes**. A message confirms that the operation has been successfully completed.



- Click **OK**.

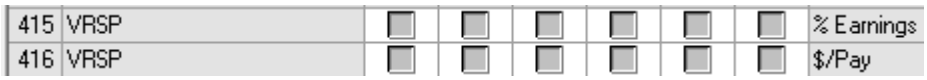
You can start again the initial configuration of employees, but this requires an access code. To obtain an access code, please contact technical support.



Employer Contribution and Employee Deduction:

The employer can, but is not obliged to, contribute to his employees' VRSP.

In the **Payroll Configuration** window, **Contr.** tab, the possible contribution formats are indicated on VRSP lines: % of earnings and amount per pay.



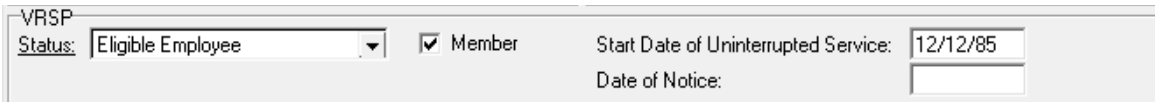
The % or the amount of contribution must be defined in the employee file. Unlike group RRSPs, the employer contributions will not be subject to payroll taxes (FSS, CNT, etc.). For employees, the employer contributions do not constitute taxable income, unlike the contributions paid in group RRSPs.

In the **Payroll Configuration** window, **Ded.** tab, the possible deduction formats are indicated on VRSP lines: % of earnings and amount per pay.

The % or the amount of deduction must be defined in the employee file.

Employee Configuration

In the employee file (**Input** menu>**Payroll**>**Employees**), under the **File** tab, the **VRSP** group is now available.

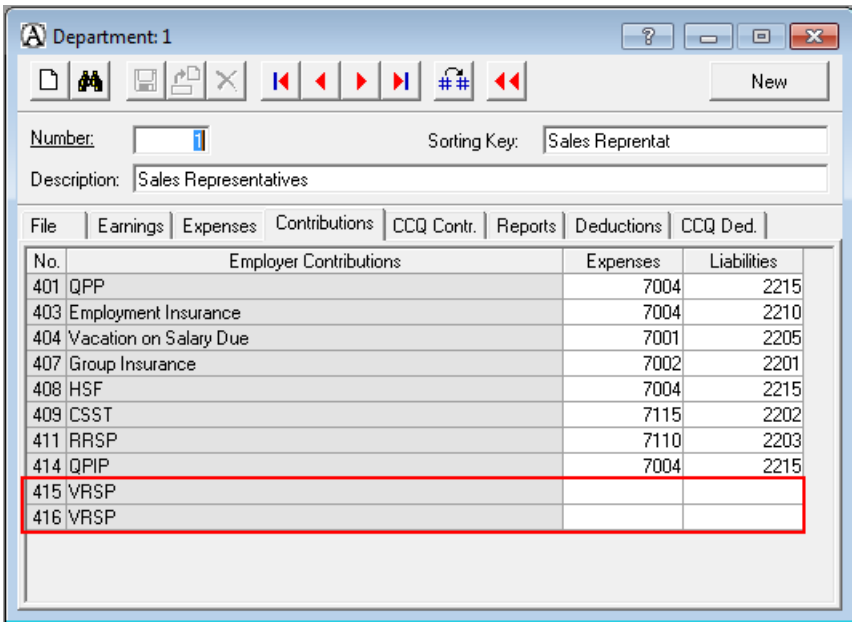


Validate the information in each employee's file:

- The date indicated in the **Start Date of Uninterrupted Service** is used to determine when the status of a **Non-Eligible** employee changes for **Eligible**, in other words when the employee has more than one year of service within the company.
- At this stage, the **Date of Notice** field must remain blank.
- If a non-eligible employee wants to contribute to the VRSP after receiving the letter sent by his employer (step 3), simply select the **Non-Eligible Employee** status and select the **Member** box.

Department Configuration

Then, you have to define for each department the general ledger accounts assigned to contributions and deductions. In the **Department** window (**Input** menu>**Payroll**>**Departments**), under the **Contributions** and **Deductions** tabs, **VRSP** lines, enter the appropriate account numbers.



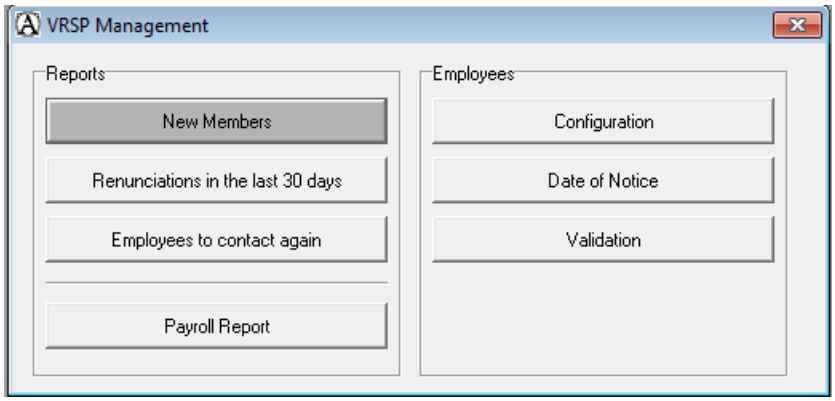
4. This step involves registering the employees with the administrator of the company's VRSP (article 48 of the Act).

- The employer has 30 days after sending the letter to his employees (step 3) to transmit to the administrator the list of eligible employees and any other employee who wants to participate in the VRSP.

Production of the List of Employees

Proceed as follows to produce the list of employees:

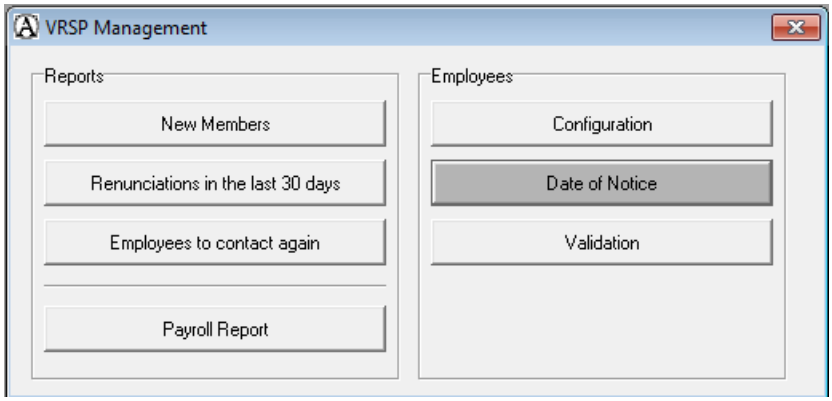
- In the **Report** menu, select **Payroll** and **VRSP Management**.



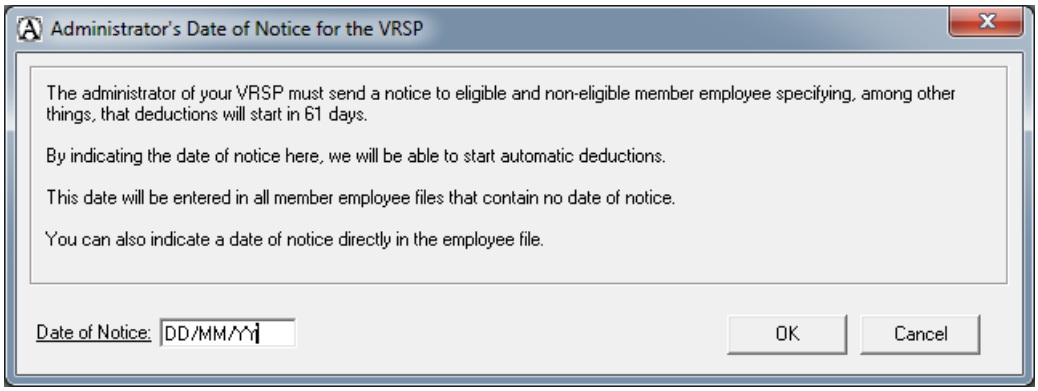
- In the **Reports** group box, click **New Members**.
- The report is produced automatically.

The administrator then subscribes these employees to the company's VRSP.

5. The administrator must then transmit to each subscribed employee a written notice in accordance with the rules of article 19 of the Act. Then, the administrator immediately informs the employer of the date of this notice.
6. The employer enters the date of notice as follows:
   - In the **Report** menu, select **Payroll** and **VRSP Management**.



   - Click **Date of Notice** to display the corresponding window.



   - In the **Date of Notice** field, enter the date provided by the administrator, then click **OK**.
7. From the date of notice, subscribed employees have 60 days to inform the employer of changes they want to make.

   In this period, the employer might have to modify the information related to the VRSP in employee files. For example, some employees could want to renounce the VRSP, change the deduction rate or choose a fixed amount per pay deduction.

   The default deduction for all employees is 2% of earnings, as indicated in the employee file, under the **Ded.** tab.

   For employees who want to modify the rate or have a fixed deduction per pay, simply indicate it in the employee file, under the **Ded.** tab.

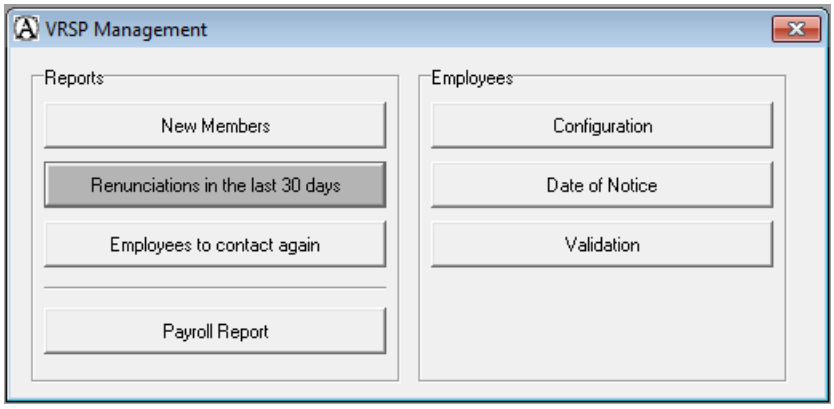
   If the employees do not ask for any changes, nothing specific must be done and the first payroll deduction is made when the first pay is issued 60 days after the date of notice indicated in the employee file.

For employees who renounce the VRSP, simply deselect the **Member** box in the employee file and indicate the **Date of Renunciation**. The Act provides that the employer must register and offer them again the VRSP within 2 years. By entering the date of renunciation, the system informs the employer when the time comes.

The employer must also provide the administrator with a list of employees who renounced the VRSP so that the administrator can close the VRSP accounts that had been opened for these employees.

To produce the list of employees who renounced the VRSP, proceed as follows:

- In the **Report** menu, select **Payroll** and **VRSP Management**.



- In the **Reports** group box, click **Renunciations in the last 30 days**.
- The list is produced automatically.

What to Do When a New Employee Joins the Company?

Now that the VRSP is up and running for current employees, there is a possibility that a new employee joins the company. This new employee should not be an eligible employee since he does not have one year of uninterrupted service with the company. However, nothing prevents him from contributing to the company's VRSP as a non-eligible member employee.

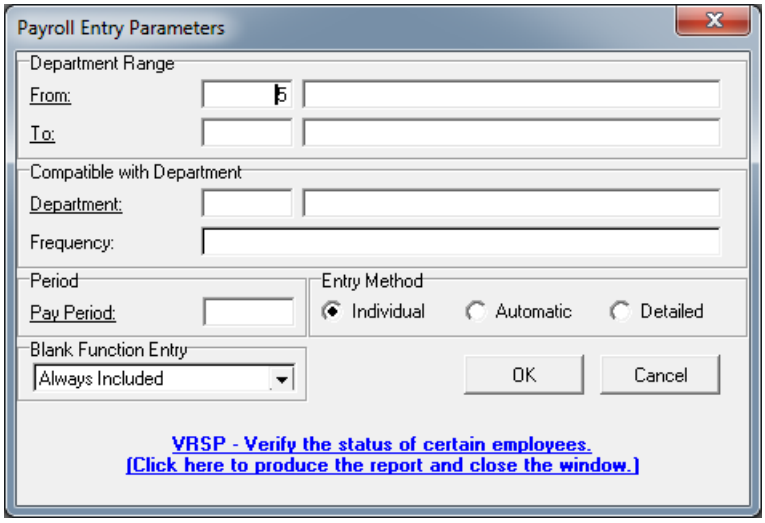
Therefore, you have to give him a letter like the one sent to your employees when implementing the plan (step 3), specifying that the company offers a VRSP and the employee must inform his employer if he wants to contribute. If the employee requests to be a member, indicate it in his employee file and follow the procedure from step 5 to 7. In step 7, simply enter the date of notice directly in the employee file.

Day to Day and Follow-Up

Now that the VRSP is implemented, follow-up must be provided.

A non-eligible employee can become eligible when he reaches the age 18 or if he has more than one year of uninterrupted service.

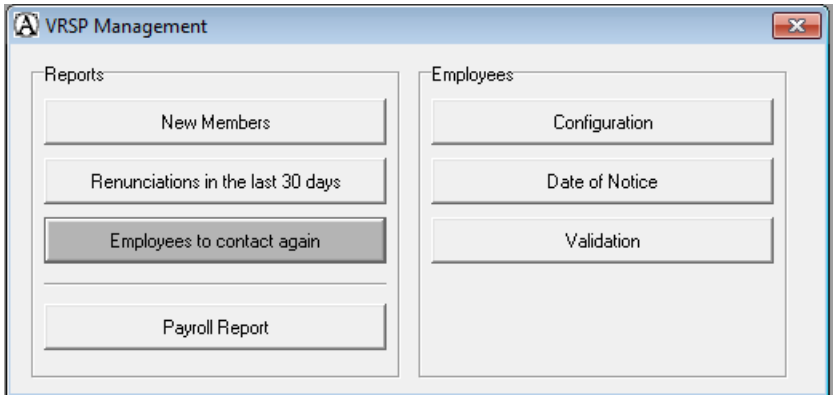
To manage these cases, which could arise at various times during the year, a verification is made automatically when payrolls are entered. If the status of certain employees must be checked, a message is displayed at the bottom of the **Payroll Entry Parameters** window. The validation report can then be produced.



In addition, the Act provides that the employer must contact again an eligible employee who has renounced the VRSP. This must be done in the month of December every two years following the employee's date of renunciation.

To produce the report, proceed as follows:

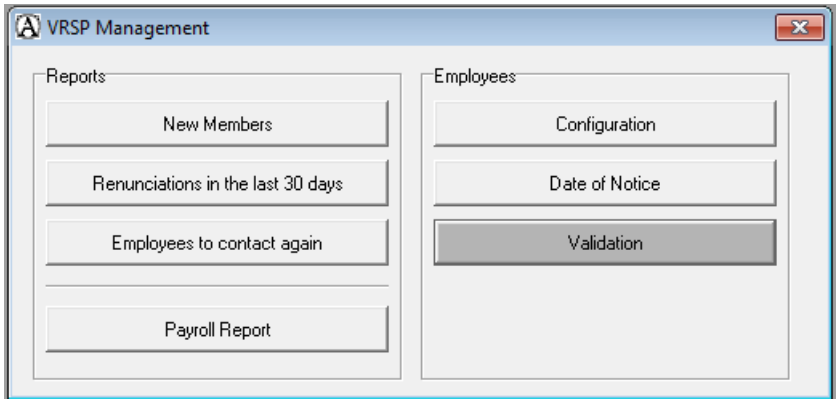
- In the **Report** menu, select **Payroll** and **VRSP Management**.



- In the **Reports** group box, click **Employees to contact again**.
- The list of employees to contact again is produced automatically.

In Summary

The **VRSP Management** window is used to manage the various obligations resulting from the VRSP implemented in your company.



Reports group box

New members:

- List of member employees whose date of notice is blank.
- This list must be sent to the administrator in order for the administrator to open a VRSP account for each employee concerned.

Renunciations in the last 30 days:

- List of employees who renounced the VRSP in the last 30 days.
- This list must be sent to the administrator in order for the administrator to close the VRSP accounts of the employees concerned.

Employees to contact again:

- List of employees who renounced the VRSP more than 2 years ago.

Payroll Reports:

- Used to configure the production of a VRSP report.

Employees group box

Configuration:

- Used to perform the initial configuration of files when implementing the VRSP.
- To redo the configuration of files, by clicking on this button, a message is displayed informing the user to contact customer service to obtain an access code to reset all employee files.

Date of Notice:

- Used to indicate the date on which the administrator sent a notice to all employees. This date will be entered in the files of all member employees who do not have a date of notice.
- A date of notice can be indicated for a specific employee in his employee file.

Validation:

- Used to verify the VRSP information in employee files.
- A validation report is produced if necessary.