

Manulife's Voluntary Retirement
Savings Plan (VRSP)

Gain a
competitive
edge for your
business

**The Manufacturers Life
Insurance Company**





VRSP - The Plan

A workplace savings plan can help attract and retain employees. Individuals are interested in working with employers who demonstrate they value their staff by offering more than just a salary. With fewer financial worries about the future, employees are also more productive: up to 22% more employees reported they are more engaged in their workplace than those who are financially unprepared.¹

The Voluntary Retirement Savings Plan (VRSP) is designed especially for small and medium-sized businesses that do not yet have a workplace savings plan in place.

¹ Manulife/Ipsos Reid Health and Wellness Study 2014.

Who must offer a VRSP?



Obligation to offer

- “Physical location” or establishment in Quebec (even though Head Office may be in another province)
- Employs five or more eligible employees based on Compliance dates



Exempt employers

An employer is exempt if:

- Eligible employees have the opportunity to make contributions, through payroll deductions, to a group registered retirement plan or tax-free savings account or belong to a group of employees who benefit from a Registered Pension Plan
- If ALL eligible employees are not permitted to participate in any of these plans; the employer must establish a VRSP for the excluded eligible employees



Compliance dates

- On or before December 31, 2016, if 20 or more eligible employees work for the organization on June 30, 2016
- On or before December 31, 2017, if 10-19 eligible employees work for the organization on June 30, 2017
- By a date to be set by the government, that will not be prior to January 1, 2018, if 5-9 eligible employees work for the organization

The Benefits

Help them save a little today... to enjoy more tomorrow

- Over **1,625,000**² employees in Quebec do not have access to a workplace savings plan, a key part of a complete retirement savings program.
- **7 out of 10** Quebecers say that without the offer of a workplace saving plan, they'll steer clear of a potential employer.³
- Employer and employee contributions are **not included** in taxable income.
- **No cost** to set up your plan.

Why now? Implementing your plan now will give your employees more time to build a more secure retirement while giving your company an advantage when attracting and keeping the best employees.

Advantages over a salary increase (See appendix for calculations used)

Salary \$40,000	Pay increase (3%) \$	VRSP contribution (3%) \$
	1,200.00	1,200.00
Annual employer taxes (QPP, EI, QPIP, WC, health tax)	163.20	N/A
Annual employee deductions (QPP, EI, QPI, income tax) tax rate assumed at 30%	447.17	N/A
Employer spends	1,363.20	1,200
Employee receives	752.83	1,200

Just 3 simple steps

1

You simply decide whether you want to contribute

2

You deduct and remit contributions and notify Manulife of employee changes

3

Manulife oversees the investment platform and provides "standard of care" for plan members

² Statistics Canada, BCG and Manulife analysis

³ The Manulife Financial Workplace Savings Survey, 2012

Easy to understand fund options

Manulife's VRSP offers a retirement date suite of funds as well as five other investment options. Your employees can log in to Manulife's secure website to select and change their funds at any time.

Appendix: figures used in salary comparison calculation

A 3% increase on a salary of \$40,000		(%)
Pay increase for employee	1200	
QPP – employee contribution	62.1	5.175
EI – employee contribution	18.36	1.530
QPIP – employee contribution	6.708	0.559
Employee Tax rate (assumed at 30%)	360	30.000
	752.832	

Pay increase for employee	1200	
QPP – employer contribution	62.1	5.175
EI – employer contribution	25.704	2.142
QPIP – employer contribution	9.384	0.782
WC	24.24	2.020
Health tax (average of 2.7% and 4.26%)	41.76	3.480
	1363.188	

Pay increase for employee	1200
Payroll taxes if paid as cash	163.188
Total cost to employer	1363.188

83%

of Quebec employees would participate in the VRSP if their employer offered the plan.*

80%

of Quebec employees believe saving through a workplace VRSP would make it easier for them to reach their retirement goals.*

Why Choose Manulife

Fast and easy one-step process for plan set up

Online application delivers a finalized contract in as few as **20 minutes**, all from the comfort of your office

- No paper
- Complete your application in one session
- Contract received immediately

Manulife makes it easy

- **No one in your office needs to keep track of when an employee becomes eligible to join the plan** – Manulife's electronic identification of employee age and length of service will automatically enroll employees at the appropriate time and mail individual employee notification packages directly to your employees' home address.
- **Monthly payroll deduction report, delivered electronically** – reflect any new or changes to employee contribution rates so you don't need to collect from your employees.
- **Virtual dashboard** – makes it easy for you to add or terminate employees from the plan and change plan information.
- **Save time – integrate with payroll** – if you have or want to set up payroll services with Ceridian or Sage.

The best fit for you...

- Multiple optional employer contribution choices if you choose to contribute
 - Match a percentage of employee contribution (25, 50, 75 or 100%) per pay period to a maximum dollar amount per year
 - Flat amount employee per pay period
 - Make contributions per employee at your discretion
- Easy online access to remit contributions monthly, bi-weekly or semi-monthly

The best fit for your employees

- Simple online process for employees to opt out or change contribution rates themselves
- Education through several proprietary online programs, videos and resource library including our exclusive Steps retirement planning program
- Support to answer any questions through 1-800 line with financial education specialists
- Personalized member newsletters
- Annual plan member statements
- iWatch® exclusive fund management program



Set up your plan in minutes with Manulife's online application

The role for you as an employer is minimal with fewer responsibilities than traditional pension plans require:

- 1** Simply notify your employees 30 days before you set up a VRSP using a pre-formatted letter provided to you by Manulife.
- 2** Complete the eApplication and electronically accept the contract.
- 3** Provide employee information and your company banking details to Manulife.
- 4** Deduct contributions from your employees' pay and remit those contributions to Manulife.
- 5** Notify Manulife when you have an employee leave your company (for any reason).

Manulife Target Date Funds	Investment Management Fees (%) (Not including commodity tax)
Manulife Target Date Income Fund	1.087
Manulife Target Date Funds (2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, 2055)	1.087

Additional investment options	Investment Management Fees (%) (Not including commodity tax)
Manulife Daily High Interest Fund	0.85
Manulife Canadian Bond Index Fund	1.305
Manulife Balanced Index Fund	1.305
Manulife Canadian Equity Index Fund	1.305
Manulife Global Equity Index Fund	1.305

Employee contributions – defaults if no selection by employee

Contribution rate	Dates
Two per cent of gross earnings	July 1, 2014 to December 31, 2017
Three per cent of gross earnings	January 1, 2018 to December 31, 2018
Four per cent of gross earnings	January 1, 2019 onwards

Fees when leaving the plan

If an employee changes jobs and wishes to transfer to another plan, or otherwise withdraw funds, the following fees apply: transfer to another registered retirement savings account outside of Manulife – \$50; withdraw money from the plan – \$75. If the employer chooses to move the plan to another Administrator, a fee of \$75 per participant applies.

For more information, contact:

The Manufacturers Life Insurance Company

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