

# Comparing retirement savings plans:

## How does the PRPP measure up?

	Registered retirement savings plan (RRSP)	Deferred profit sharing plan (DPSP)	Non-registered savings plan (NRSP)	Tax-free savings account (TFSA)	Pooled registered pension plan (federal) (PRPP)
<b>Who can offer this plan?</b>	<ul style="list-style-type: none"> <li>Profit, non-profit, union groups and associations are eligible</li> </ul>	<ul style="list-style-type: none"> <li>Must be for-profit corporation</li> </ul>	<ul style="list-style-type: none"> <li>Any employer</li> </ul>	<ul style="list-style-type: none"> <li>Any employer</li> </ul>	<ul style="list-style-type: none"> <li>Businesses that fall under federal jurisdiction or are located in the Yukon, Northwest Territories or Nunavut</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Employer has complete flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Employer has complete flexibility</li> <li>Significant shareholders and related persons (connected persons) aren't eligible to join</li> </ul>	<ul style="list-style-type: none"> <li>Employer has complete flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Employer has complete flexibility</li> </ul>	<ul style="list-style-type: none"> <li>Employer has complete flexibility</li> </ul>
<b>Employer contributions</b>	<ul style="list-style-type: none"> <li>Employer contributions permitted, up to the Canada Revenue Agency (CRA) maximum</li> </ul>	<ul style="list-style-type: none"> <li>Employer contributions only, up to the CRA maximum</li> <li>Contributions must be made from profits</li> </ul>	<ul style="list-style-type: none"> <li>Employer may contribute on member's behalf</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>Employer may contribute on member's behalf, up to the CRA maximum</li> </ul>
<b>Member contributions</b>	<ul style="list-style-type: none"> <li>All contributions subject to the CRA maximum</li> <li>Contributions may be voluntary or required and can be scheduled payroll deductions or through lump-sum deposits</li> </ul>	<ul style="list-style-type: none"> <li>No member contributions allowed</li> </ul>	<ul style="list-style-type: none"> <li>Contributions may be voluntary or required and can be scheduled payroll deductions or through lump-sum deposits</li> </ul>	<ul style="list-style-type: none"> <li>All contributions subject to the CRA maximum</li> <li>Contributions may be voluntary or required and can be scheduled payroll deductions or through lump-sum deposits</li> </ul>	<ul style="list-style-type: none"> <li>All contributions subject to the CRA maximum</li> <li>Administrator sets the contribution rates offered to members and sets the default contribution rate</li> <li>Members can select their contribution rate</li> <li>Contributions may be</li> </ul>

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					voluntary and can be scheduled payroll deductions or through lump-sum deposits
<b>General tax information</b>	<ul style="list-style-type: none"> <li>• Employer contributions are treated as taxable income and reported on members' T4s</li> <li>• Deductible contributions for the members up to annual limits and tax sheltered until payout</li> </ul>	<ul style="list-style-type: none"> <li>• Deductible expense for the employer</li> <li>• Reported as part of pension adjustment on members' T4s</li> <li>• Tax sheltered until payout</li> </ul>	<ul style="list-style-type: none"> <li>• Member is taxed on income earned within the plan</li> </ul>	<ul style="list-style-type: none"> <li>• Withdrawals or income earned aren't subject to taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Deductible contributions for the member up to annual limits</li> <li>• Tax sheltered until payout</li> <li>• Employer contributions are exempt from payroll taxes</li> <li>• Employer contributions will not be included in a member's pension adjustment but will reduce a member's RRSP contribution room</li> </ul>
<b>Legislatively locked-in contributions</b>	<ul style="list-style-type: none"> <li>• Not locked-in</li> </ul>	<ul style="list-style-type: none"> <li>• Not locked-in</li> </ul>	<ul style="list-style-type: none"> <li>• Not locked-in</li> </ul>	<ul style="list-style-type: none"> <li>• Not locked-in</li> </ul>	<ul style="list-style-type: none"> <li>• Employee and employer contributions are locked-in</li> </ul>
<b>Vesting</b>	<ul style="list-style-type: none"> <li>• Immediate</li> </ul>	<ul style="list-style-type: none"> <li>• Up to two years of plan participation</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate</li> </ul>	<ul style="list-style-type: none"> <li>• Immediate</li> </ul>
<b>Portability options at retirement, death or termination</b>	<ul style="list-style-type: none"> <li>• All contributions and investment earnings can be converted to cash or transferred to another registered plan (registered retirement income fund [RRIF] or RRSP) or purchase an annuity</li> <li>• No guarantee on retirement income; dependent on contributions and</li> </ul>	<ul style="list-style-type: none"> <li>• All contributions and investment earnings can be converted to cash or transferred to another registered plan (RRIF or RRSP or DPSP) or purchase an annuity</li> <li>• No guarantee on retirement income; dependent on contributions and investment earnings</li> </ul>	<ul style="list-style-type: none"> <li>• Assets can be used for any purpose</li> <li>• No guarantee on income; dependent on contributions and investment earnings</li> </ul>	<ul style="list-style-type: none"> <li>• Assets can be used for any purpose</li> <li>• No guarantee on income; dependent on contributions and investment earnings</li> </ul>	<ul style="list-style-type: none"> <li>• All contributions and investment earnings can convert to an annuity, locked-in RRSP, restricted locked-in RRSP, life income fund, restricted life income fund or transferred to another registered pension plan or another PRPP</li> <li>• No guarantee on retirement income; dependent on contributions and</li> </ul>

	<b>Registered retirement savings plan (RRSP)</b>	<b>Deferred profit sharing plan (DPSP)</b>	<b>Non-registered savings plan (NRSP)</b>	<b>Tax-free savings account (TFSA)</b>	<b>Pooled registered pension plan (federal) (PRPP)</b>
	investment earnings				investment earnings
<b>In-service withdrawals</b>	<ul style="list-style-type: none"> <li>• Employer can restrict</li> </ul>	<ul style="list-style-type: none"> <li>• Employer can restrict</li> </ul>	<ul style="list-style-type: none"> <li>• Employer can restrict</li> </ul>	<ul style="list-style-type: none"> <li>• No employer restrictions</li> </ul>	<ul style="list-style-type: none"> <li>• Not allowed</li> </ul>

	<b>Registered retirement savings plan</b>  <b>(RRSP)</b>	<b>Deferred profit sharing plan</b>  <b>(DPSP)</b>	<b>Non-registered savings plan</b>  <b>(NRSP)</b>	<b>Tax-free savings account</b>  <b>(TFSA)</b>	<b>Pooled registered pension plan Federal</b>  <b>(PRPP)</b>
<b>Government reporting</b>	<ul style="list-style-type: none"> <li>No government reporting by an employer – service provider handles any reporting</li> </ul>	<ul style="list-style-type: none"> <li>Employer contributions must be added to members' T4s as pension adjustment</li> <li>Limited reporting to the CRA</li> </ul>	<ul style="list-style-type: none"> <li>No government reporting required by an employer – service provider handles any reporting</li> </ul>	<ul style="list-style-type: none"> <li>No government reporting required by employer – service provider handles any reporting</li> </ul>	<ul style="list-style-type: none"> <li>Not determined at this time</li> </ul>
<b>Fiduciary responsibilities</b>	<ul style="list-style-type: none"> <li>Employer has some investment-related duties and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Employer has some investment-related duties and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Employer has some investment-related duties and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Employer has some investment-related duties and responsibilities</li> </ul>	<ul style="list-style-type: none"> <li>Administrator has specified responsibilities under the legislation</li> </ul>
<b>Applicable under CAP guidelines?</b>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>n/a</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>Not subject to pension legislation</li> <li>Employer has flexibility for tailoring plan rules</li> <li>Members prefer assets that aren't locked-in at termination</li> <li>Maximum flexibility for the payout of plan proceeds (i.e., cash, transfer to another RRSP or RRIF, term annuity or life annuity)</li> </ul>	<ul style="list-style-type: none"> <li>Not subject to pension legislation</li> <li>Employer retains considerable control</li> <li>Employer contributions are tied to company profitability for added incentive</li> <li>Employer contributions aren't considered additional salary and aren't subject to payroll taxes (net savings for the company)</li> </ul>	<ul style="list-style-type: none"> <li>Investment account for members with benefits of a group plan</li> </ul>	<ul style="list-style-type: none"> <li>Tax-efficient account for short- or long-term savings with benefits of a group plan</li> <li>Tax-free accumulation and payout; contribution room restored in the next calendar year; no age limit for withdrawal; doesn't impact old age security or guaranteed income supplement</li> <li>Withdrawals aren't subject to taxation</li> <li>Investment income, losses and capital gains aren't included in taxable income</li> </ul>	<ul style="list-style-type: none"> <li>Ease of administration for the employer as the financial institution is the plan administrator; employer contributions aren't required</li> <li>Employer contributions aren't considered additional salary and aren't subject to payroll taxes (net savings for the company)</li> </ul>