



## — Retirement Savings Plans: What are the Options? —

### Recommended plan: [Saskatchewan Pension Plan \(SPP\)](#)

The SPP is a **voluntary defined contribution money purchase** pension plan **open to all Canadians** for both organizations and individuals. It operates similarly to Pooled Registered Pension Plans and is administered by a board of trustees. > [Try their pension calculator](#)

#### SPP Overview

- **Investment options** include a [Contribution Fund](#) which offers members who have not yet retired the choice of investing in either a [Balanced Fund](#) (maximize earnings, minimize risk) or a [Short-term Investment Fund](#) (capital preservation), as well as an [Annuity Fund](#) for members who have retired and produces pension income for members through bonds and short-term investments.
- **\$6,000/year contribution ceiling** & up to \$10,000/year can be transferred from another registered savings plan.
- Low to medium risk funds.
- As of December 31, 2017, SPP had 33,417 members.
- Average monthly pension for new retirees was \$204 (2017).
- **8.10% return** since inception (Balanced Fund) – see [return history](#).
- **Management expense ratio generally kept under 1%** (Balanced Fund: 0.83% Short-Term Fund: 0.12% in 2017).
- Spousal contributions allowed.
- Funds locked in until retirement (retirement income must begin between the ages of 55 and 71).
- **No minimum contributions; no penalty for not contributing.**

#### Advantages

- No sales charges.
- No cost to join.
- Not all employees must participate.
- Add employees at no cost.
- Contributions can be made by the business, employee, or both.
- Tax deductible.

#### Potential Disadvantages

- Limited investment options (2 available funds), which may not correspond to investors' profiles.
- Yearly contribution limits.
- Documentation is not available in French.

**— Alternatives to Saskatchewan Pension Plan —**

Type of Plan	General Terms	Pros/Cons	Notes
<a href="#"><u>Group Registered Retirement Savings Plans</u></a> (RRSPs)	Plans are contributed to individually and registered with the federal government. The RRSP is tax-exempt as long as the funds remain in the plan.	<ul style="list-style-type: none"> <li>+ Potential lower management and administrative fees than individual RRSPs.</li> <li>- Not available to self-employed workers.</li> <li>- Contributions are not locked-in &amp; no guarantee on retirement income (dependent on contributions and withdrawals).</li> <li>- Employer has fiduciary responsibility.</li> </ul>	<i><a href="#"><u>Fondaction</u></a> is an option for Quebec based individuals and businesses with investors benefiting from an addition 35% tax break on their contributions.</i>
<a href="#"><u>Voluntary Retirement Savings Plans</u></a> (VRSPs)	Group savings plans offered by employers and administered by authorized administrators. Governed by the <i>Voluntary Retirement Savings Plans Act</i> .	<ul style="list-style-type: none"> <li>+ Employees are automatically enrolled when the plan is set up.</li> <li>+ Available to Self-employed workers by contacting an authorized administrator.</li> <li>+ Low-cost.</li> <li>+ Low-administration.</li> <li>+ Voluntary.</li> <li>+ Portable.</li> </ul>	<i>Only available in Quebec – some member organizations may already be legally required, or may become required, to offer a VRSP or other group savings plan to their employees.</i>
<b>Defined Contribution Pension / Money Purchase Plans</b>	Employer and employee contribute a set amount (often a fixed percentage of an employee's annual earnings) to an account in the employees name.	<ul style="list-style-type: none"> <li>+ Locked-in contributions until retirement.</li> <li>- Requires significant mandatory investments on behalf of employers.</li> <li>- Intended for large-scale employers.</li> <li>- Not available to self-employed workers.</li> <li>- Limited portability options.</li> </ul>	<i><a href="#"><u>SIPP</u></a> (Quebec) and <a href="#"><u>SMPPP</u></a> (Manitoba) may present more viable options as they are designed for smaller organizations.</i>
<a href="#"><u>Pooled registered pension plans</u></a> (PRPPs)	Similar to a defined contribution plan; however, employer contributions are not mandatory.	<ul style="list-style-type: none"> <li>+ Locked-in contributions until retirement.</li> <li>+ Employer not required to contribute.</li> <li>+ Lower costs in relation to investment management and plan administration due to pooled contributions.</li> <li>- Not available to self-employed workers.</li> <li>- Limited portability options.</li> </ul>	<i>Only available in Nunavut, Yukon and Northwest Territories through Régime de pension agréé collectif fédéral de l'Industrielle Alliance, The London Life Pooled Registered Pension Plan (PRPP), Manulife Financial Pooled Registered Pension Plan or Sun Life Financial Pooled Registered Pension Plan.</i>