

# MERIT NOVA SCOTIA GROUP RRSP

# FAQ

## How much will this cost me?

Your only expense as an employer is the amount you contribute to the plan on behalf of your employees. There are no additional set-up or administration fees.

## As the employer, am I required to contribute to the plan?

While you're not required to contribute to the plan on behalf of your employees, experience has shown that plans are much more successful if the employer does participate.

## How much should I contribute for my employees?

The choice is entirely yours. Generally speaking, most employers will contribute between 3% and 5% of gross salary. Contributions can be based on hours worked (like the Hour Bank), a flat amount per pay period, or a percentage of salary.

## Can I pick and choose who to put on the plan?

You should make participation consistent within a class of employees. For example, you could require that an employee be with your company for two years before you start them on the plan. Likewise, you could alter the contribution levels where one class of employees would have a different contribution level than another. There is an abundance of flexibility but once you make your choice, you need to be consistent.

## Do I have to sign all my employees up for the plan?

There is no requirement to have all your employees on the plan, just all employees within your chosen class.

## Can I enroll employees and remit contributions online?

Yes, all transactions are facilitated via Desjardin's user-friendly online portal.

## Is there a tax break for the employer?

Employer contributions are a payroll expense and deductible the same as any other expense would be.



## What's in it for my employees?

Aside from the obvious saving for retirement, there is a distinct tax advantage for employees:

**Without an RRSP...** Monthly Salary - \$4,000,  
Tax Rate - 35%, Net Pay - \$2,600

**With a \$200 Group RRSP Contribution...**  
Monthly Salary - \$4,000, Taxable Salary - \$3,800,  
Tax Rate - 35%, Net Pay - \$2,470

The employee has contributed \$200, but their take home pay has only reduced by \$130! If the employer matched contributions, the employee's RRSP account would increase by \$400 for the month.



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## How is the plan portable?

Like the Hour Bank plan, the MERIT Nova Scotia Group RRSP is portable among MERIT Nova Scotia employers that enroll in the plan. If an employee that's enrolled in the Group RRSP leaves their employer and goes to work for another MERIT Nova Scotia employer participating in the plan, the employee will not have to re-enroll and their investments will seamlessly follow them. This will help prevent an employee from having multiple RRSP plans from various employers when it comes time to retire.

## Can employees withdraw contributions?

Since the program is an RRSP, employees would "own" both the employee and employer contributions once remitted. You are able to establish policies that outline various conditions and requirements for withdrawal. However, it's important to understand that legally those funds belong to the employee and ultimately you can't prevent them from withdrawing the money.

## Is the Group RRSP program mandatory for all employees?

You have the option of making the plan compulsory or optional for employees in each defined class. Desjardins can provide you with materials that will help you explain the advantages of the program to encourage optional participation.

If you're interested in setting up a new plan for your employees or moving your existing plan over to the MERIT Nova Scotia Group RRSP, please email us at [info@meritns.com](mailto:info@meritns.com) to get the process started.

## What options do employees have for investing?

Desjardins has selected approximately 15 mutual funds of varying risk levels that employees can choose from, depending on their life situation and appetite for risk.

## How long does it take to set up my plan?

It takes about 6 to 8 weeks for a new plan to be completely set up. If you have an existing plan, this time frame will increase to 8 to 10 weeks to allow for the transition between your existing provider and Desjardins.

## What supports are available for an EMPLOYER?

Desjardins has a dedicated administrator for the plan that will be fully familiar with the MERIT Group RRSP. They can also provide an employer with marketing and promotional materials to encourage employees to participate in the plan.

## What supports are available for my EMPLOYEES?

Desjardins provides support to employees by way of a user-friendly app to track their investments, coupled with online educational resources such as webinars and videos.

## Can I set up a Deferred Profit Sharing Plan (DPSP) through the group plan?

While you can elect to set up a DPSP, because of its nature, it won't be portable. If this is the choice you make, we can provide you with more information at the time of set-up.

## What type of information is needed to set up a Group RRSP?

Setting up a new plan is relatively easy and basic information is required. Your primary decision will be around contribution levels and who will be eligible to participate in the plan. If you already have a plan set up and you would like to move it to the MERIT Group RRSP, we will also need information related to your existing plan. We'll guide you in gathering that information to ensure an orderly transition.

## Are there any eligibility requirements for signing up for the plan?

The only sign-up requirement is that there must be at least 3 people participating in the plan.



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