

The Different Types of Pension Plans

Characteristics	Voluntary Retirement Savings Plan (VRSP) ¹	Simplified Pension Plan (SPP) (in Quebec only)	Registered Retirement Savings Plan (RRSP)/ Tax-Free Registered Account (TFSA)	Deferred Profit Sharing Plan (DPSP) ²	Defined Contribution (DC) Plan	Defined Benefit (DB) Plan
Employee contributions	4% unless the employee is instructed to reduce the contribution or not participate	To choose, according to the rules of the plan	To choose, according to the rules of the plan	N/A (only the employer can contribute)	To choose, according to the rules of the plan	According to the rules of the plan
Minimum mandatory employer contributions	No	Minimum of 1% of salary	No	No, in addition, the plan may provide for a participation period of at least 24 months before the employer's contribution belongs to the employee	Minimum of 1% of salary in Quebec	Yes, according to the actuarial valuation
Access to funds for purposes other than retirement, such as shorter-term savings needs	Employee share only	Employee share only (access to all voluntary contributions without employer consideration and regular contributions, if the employer allows)	Yes	Yes	No, except for voluntary employee contributions without employer consideration	No, except for voluntary employee contributions without employer consideration
Tax efficiency of employer contributions	Yes	Yes	No ³	Yes	Yes	Yes
Possible contributions for a newcomer ⁴	Yes	Yes	TFSA only (not possible for RRSPs)	Yes	Yes	Yes
Investment and longevity risk assumed	By the employee	By the employee	By the employee	By the employee	By the employee	By the employer
Administrative complexity	Moderate	Simple	Very simple	Simple	Complex	Very complex

1. The rules are those of the VRSP (Quebec). The equivalent (the Pooled Registered Pension Plan (PRPP)) may exist in other provinces with different rules than those presented here.

2. Not available for NPOs. In addition, principal shareholders and their relatives are not eligible for the DPSP.

3. The employer contribution is a taxable benefit (subject to payroll taxes payable by employees and the employer) when paid into an RRSP or TFSA.

4. Eligible RRSP only after filing a tax return.