

Frequently Asked Questions: Pooled Registered Pension Plans (PRPPs) in Saskatchewan

A listing of questions and answers
related to PRPPs.

1.0 PRPP's Frequently Asked Questions

1.1 Who can be an administrator of a PRPP?

A Canadian corporation which has been licensed by a supervisory authority can apply to have a PRPP registered.

Pursuant to the Multilateral Agreement Respecting Pooled Registered Pension Plans and Voluntary Retirement Savings Plans (the PRPP Agreement), the Office of the Superintendent of Financial Institutions (OSFI) is responsible for the regulation and supervision of all PRPPs that provide PRPP benefits to Saskatchewan workers.

1.2 Is it mandatory for employers to offer PRPPs?

No. It is optional for an employer to offer a PRPP to its employees.

1.3 If it is not mandatory, why would an employer offer a PRPP?

A PRPP is another retirement savings option which an employer may choose to offer for its employees.

A PRPP will be much easier for an employer to establish as compared to another type of pension plan. Also, a PRPP has tax advantages to an employer as compared to a group RRSP.

1.4 How does someone enroll in a PRPP?

A Saskatchewan worker can enroll either through their employer if that employer has joined a PRPP, or they can join directly with the plan administrator if they are self-employed or if they have unused RRSP room.

1.5 Are employees required to participate in a PRPP?

If an employer joins a PRPP, its employees are automatically enrolled, but they can opt out.

1.6 Do employers match contributions?

Employers are not required to contribute to a PRPP.

1.7 If an employee is making contributions to a PRPP, can they choose to stop contributing for a period of time?

Yes. Members of a PRPP can set their contribution rate to 0% if 12 months have elapsed since the member's contributions to the PRPP began.

1.8 If an employee changes jobs can they still contribute to their PRPP?

When a PRPP member is no longer employed by an employer that offers a PRPP, the member can either leave their money in the PRPP or transfer it out. They may also be able to continue contributing, subject to certain conditions.

1.9 What's the difference between a PRPP and a group RRSP?

PRPPs and RRSP are both tax-deferred retirement savings vehicles. All contributions to a person's PRPP account are counted against their RRSP contribution room. PRPP contributions are tax deductible, like RRSP contributions.

Unlike RRSP's, PRPPs operate under pension standards legislation (the PRPP Act). This means that there are rules in place (such as rules on locking in and where money can be transferred to) which do not apply to RRSPs. In this way, PRPPs are more like other types of registered pension plans offered through employers.

From an employer's perspective, the tax treatment differs between PRPPs and RRSPs. An employer contributes directly to a PRPP and receives a tax deduction for the contributions. This is not the case with contributions an employer makes to an RRSP.

1.10 Are other provinces going to offer PRPPs?

Currently, PRPPs are available to persons in federally regulated employment, such as banking and airlines. PRPPs are also available to those who work in Saskatchewan, Nova Scotia, British Columbia, Manitoba, and Ontario. In addition, Quebec workers can participate in voluntary retirement savings plans (VRSPs) which are Quebec's version of a PRPP.

It is up to the government of each province to determine whether they will put in place legislation which allows their workers to join PRPPs.

1.11 How will you ensure that PRPPs are low cost?

The administrators have to ensure that the cost to members is similar to the cost of a large defined contribution plan. The objective is that PRPPs costs are in line with institutional pricing, not retail pricing. Plan members will benefit from the large scale of the plans.

1.12 Can a person who is unemployed join a PRPP?

Yes, as long as the person has unused RRSP contribution room.

1.13 Where can I find additional information on PRPPs?

OSFI's PRPP webpage: <http://www.osfi-bsif.gc.ca/Eng/pp-rr/ppa-rra/prpp-rpac/Pages/default.aspx>

CRA's PRPP webpage: <http://www.cra-arc.gc.ca/tx/rgstrd/prpp-rpac/menu-eng.html>

FCAA's PRPP webpage: <http://fcaa.gov.sk.ca/consumers-investors-pension-plan-members/pension-plan-members/pooled-registered-pension-plans>

2.0 Contact Us

For additional information please contact:

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