

YOUR QUICK REFERENCE GUIDE TO GROUP SAVINGS PRODUCTS

SunAdvantage™
my savings

	REGISTERED RETIREMENT SAVINGS PLAN (RRSP)	TAX-FREE SAVINGS ACCOUNT (TFSA)	DEFERRED PROFIT SHARING PLAN (DPSP)
What is it?	<ul style="list-style-type: none"> • A retirement savings plan registered with Canada Revenue Agency (CRA) • This group arrangement covers individual RRSPs offered by an employer to employees, allowing payroll deductions (pre-tax) for employee contributions 	<ul style="list-style-type: none"> • A savings account registered with CRA • Contributions use employee after-tax dollars, accumulate tax-free and can be used for short- or long-term savings 	<ul style="list-style-type: none"> • A trusted arrangement under which an employer shares profits from their business with all or a designated group of employees • Usually offered in conjunction with an RRSP
Why offer it?	<ul style="list-style-type: none"> • Simple administration for employers • Easy for employees to understand • Employees can borrow for home buying or education; however, amounts must be repaid to remain tax deferred • Employees can contribute to spousal account • Flexible withdrawal, termination and retirement options because contributions to an RRSP are not locked-in • Regular payroll deduction provides systematic retirement savings for employees, and an immediate reduction of taxes for employees 	<ul style="list-style-type: none"> • Provides another vehicle for tax-free savings • Complements the RRSP, especially for plans with high income earners or a generous contribution formula where members are likely to exceed their RRSP limits • Amounts can be withdrawn at any time and without limits, allowing members to save and spend • Appeals to a wide plan member demographic 	<ul style="list-style-type: none"> • Rewards employees for their role in the financial success of the business • Contributions can vary year to year depending on company results • Employer can specify vesting of employer contributions be earlier than legislated minimum, which is attractive to potential employees
Tax implications	<ul style="list-style-type: none"> • Employer contributions are a taxable benefit to employees • Employer and employee contributions are tax deductible by employees • Investment earnings are tax deferred until the benefits are paid • Contributions must be made in the calendar year or within 60 days of the following year to be deductible in the current tax year • Payments out of an RRSP are taxable • Employer contributions are subject to payroll taxes 	<ul style="list-style-type: none"> • Investment earnings are tax-free • Contributions are not tax deductible • Payments out of a TFSA are not taxable • Payments out of a TFSA are not considered in relation to income-tested benefits, e.g. Old Age Security and Guaranteed Income Supplement 	<ul style="list-style-type: none"> • Employer contributions are not considered a taxable benefit to employees and therefore not subject to payroll deductions at source • Employer contributions must be made in the tax year or within 120 days after company fiscal year-end to be deductible in the current tax year • Investment earnings are tax-deferred until the benefits are paid • Contributions to the DPSP are reported by the company each year on the member's T4 slip as a pension adjustment and will affect their RRSP contribution room for the following year

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Eligibility	<ul style="list-style-type: none"> • Employer's choice 	<ul style="list-style-type: none"> • Employer's choice 	<ul style="list-style-type: none"> • Employer's choice, although their partners and specified shareholders (persons owning 10% or more of the issued shares of the corporation) and their immediate relations are not eligible
Employee participation	<ul style="list-style-type: none"> • Optional (employer can make mandatory if making employer contributions) 	<ul style="list-style-type: none"> • Optional <p><i>Note: Employee must be at least 18 years of age to enrol in the TFSA</i></p>	<ul style="list-style-type: none"> • Employer's choice - typically mandatory for designated employees, but may be optional if linked to an employee's participation in an RRSP
Employer contributions	<ul style="list-style-type: none"> • Optional, but recommended • No minimum • Combination of employee and employer contributions must not exceed CRA contribution limit • Employer may contribute/match all or a percentage of employee's contribution (creates a partnership) 	<ul style="list-style-type: none"> • Employer contributions are taxable to the employee, and are considered contributions made by the employee with after-tax dollars 	<ul style="list-style-type: none"> • Must be made from company profits (current or accumulated) • Plan may require a minimum but contributions are not allowed if the business has no profit • Contributions must not exceed CRA contribution limit
Employee contributions	<ul style="list-style-type: none"> • Optional but recommended 	<ul style="list-style-type: none"> • Optional but recommended 	<ul style="list-style-type: none"> • Not permitted
Income	<ul style="list-style-type: none"> • Employer contributions are considered income (taxable benefit) to employees 	<ul style="list-style-type: none"> • Contributions by the employer are reported to the employee as income and are considered to be contributions made by the employee for the purposes of the Income Tax Act (Canada) • Tax should be withheld at source on the employer contributions and payroll taxes would apply 	<ul style="list-style-type: none"> • Contributions are not considered income to employees
Vesting	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • Immediate 	<ul style="list-style-type: none"> • As per plan rules. No later than two years after a member enrolls.
Contribution limits	<ul style="list-style-type: none"> • Total contributions depend on a member's available contribution room. A member's contribution room is increased annually by the lesser of 18% of their previous year's earnings or the contribution limit specified by CRA for the year • Unused RRSP contribution room can be carried forward indefinitely • \$2,000 over contribution allowed per lifetime with 1% monthly tax payable by members on excess contributions • If the contributor is a member of a pension plan or DPSP, their RRSP contribution room is reduced by their pension adjustment of the previous year under those plans and their contribution room is increased by Pension Adjustment Reversals 	<ul style="list-style-type: none"> • As specified by CRA 	<ul style="list-style-type: none"> • Total contributions must be the lesser of 18% of current year's earnings or the contribution limit specified by CRA for the year

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Withdrawal/locking-in rules	<ul style="list-style-type: none"> Although contributions are not locked-in, employers can place restrictions on withdrawals while the member is still employed Withdrawals are subject to withholding tax and may be subject to withdrawal fees 	<ul style="list-style-type: none"> Contributions are not locked-in Market value of the withdrawal or the withdrawal amount is added to contribution room for the following year 	<ul style="list-style-type: none"> Although contributions are not locked-in, employers can place restrictions on withdrawals while the member is still employed Withdrawals subject to withholding tax and may be subject to withdrawal fees
Benefits on termination	<ul style="list-style-type: none"> Life annuity or fixed-term annuity payable up to age 90 Transfer to a Registered Retirement Income Fund (RRIF) Transfer to another RRSP Transfer to a registered pension plan (if that plan allows) Lump sum cash (less tax) 	<ul style="list-style-type: none"> Life annuity or fixed-term annuity Transfer to another TFSA Lump sum cash 	<ul style="list-style-type: none"> Payable no later than 90 days after termination, if vested Life annuity or fixed term annuity not exceeding 15 years Transfer to another registered plan Equal annual payments for up to 10 years Lump sum cash (less tax)
Benefits on retirement	<ul style="list-style-type: none"> Must convert to a retirement income product (RRIF or annuity) before the end of the year member turns 71 Lump sum cash (less tax) 	<ul style="list-style-type: none"> Life annuity or fixed-term annuity Transfer to another TFSA Lump sum cash 	<ul style="list-style-type: none"> Payable no later than 90 days after retirement, if vested Must convert to a retirement income product before the end of the year member turns 71 Equal annual payments for up to 10 years Lump sum cash (less tax)
Benefits on death	<ul style="list-style-type: none"> Payable to designated beneficiary (some exceptions may apply) If the beneficiary is the spouse or common-law partner, transfer can be made to his/her own RRSP or RRIF Can also choose to receive a life annuity 	<ul style="list-style-type: none"> Payable to designated beneficiary (some exceptions may apply) If the beneficiary is the spouse or common-law partner, transfer can be made to his/her own TFSA 	<ul style="list-style-type: none"> Payable no later than 90 days after death to designated beneficiary, if vested (some exceptions may apply) Transfer can be made to an RRSP, RPP, DPSP or RRIF if the beneficiary is the spouse or common-law partner
Plan administrator	<ul style="list-style-type: none"> Employer or association 	<ul style="list-style-type: none"> Employer or association 	<ul style="list-style-type: none"> Sun Life Financial Trust Inc.
Plan documentation and reporting	<ul style="list-style-type: none"> Registered as specimen plan with CRA Government reporting by employer only when employer contributions are made Employer contributions to be shown as a taxable benefit on the member's T4 slip 	<ul style="list-style-type: none"> Registered as specimen plan with CRA Sun Life Financial provides: <ul style="list-style-type: none"> ° TFSA transaction information to CRA annually, showing contributions and withdrawals by members for the year 	<p>Filing with CRA required:</p> <ul style="list-style-type: none"> PA reporting on member's T4 slips T3D trust return within 90 days of calendar year end where Sun Life Financial Trust is the trustee
Member tax reporting	<ul style="list-style-type: none"> T4RSP slip for withdrawals RRSP receipts for employer and employee contributions 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> T4A slip for withdrawals T10 slip for Pension Adjustment Reversal (PAR)

