

Notice regarding distribution of voluntary retirement savings plans provided by insurers

Since July 1, 2014, voluntary retirement savings plans (VRSPs) have been gradually available in Québec businesses to employees who choose to enroll in the plans. Self-employed workers and any other persons interested in saving can subscribe independently to a VRSP.

Insurers carrying on life insurance activities can provide VRSPs on the condition that they obtain authorization from the *Autorité des marchés financiers* (the "Authority") to act as administrators and that they register the plans with the *Régie des rentes du Québec*.

Under section 42 of the *Voluntary Retirement Savings Plans Act*, CQLR, c. R-17.0.1 (the "VRSP Act"), an authorized insurer that provides a VRSP to an employer must act through a group insurance representative authorized to provide group annuities within the meaning of *An Act respecting the distribution of financial products and services*, CQLR, c. D-9.2, (the "Distribution Act") or through an actuary referred to in section 4 of that Act.

When providing a VRSP to an individual, the insurer must act through a representative in insurance of persons within the meaning of section 3 of the Distribution Act.

Lastly, under the VRSP Act, a plan may also be provided without an intermediary when no advice is requested or given.

Transitional period

Section 139 of the VRSP Act provides a temporary exemption from certain rules under section 42 of that Act. In fact, for a determined period, an insurer may provide a VRSP to an employer through a group insurance representative only authorized to provide group insurance plans within the meaning of the Distribution Act or through a representative in insurance of persons within the meaning of section 3 of that Act.

The end of this period was initially set, under section 139 of the VRSP Act, at January 1, 2016. In accordance with this section, the Québec Minister of Finance extended this period until December 31, 2017 (M.O., 2014-13, 2015 G.O. 2, 73, available in section 9.2 of the Bulletin of the Authority dated February 5, 2015, Vol. 12, No. 5).

This exception was provided under the VRSP Act in order to meet the demand for VRSP subscriptions, which is expected to be higher during a certain period. This period corresponds to the deadline given to employers with at least 10 employees to subscribe to a VRSP (section 140 of the VRSP Act).

However, the VRSP Act specifies that this exception does not apply when a VRSP is provided to an employer as a substitute for the VRSP to which the employer is already subscribed. This exception also does not apply to the transfer of pension plan assets to a VRSP.

After the transitional period

After the transitional period, the rules under section 42 of the VRSP Act apply without exception. Therefore, with respect to VRSPs provided by insurers in accordance with section 4 of the Distribution Act, activities of offering plans and advice must be provided to employers by a group insurance representative authorized to provide group annuities, or by an actuary.

However, insurance offerings and advice, which can only be provided by certified representatives, do not include administrative follow-up and general file administration activities such as:

- maintaining and updating employers' files;
- maintaining and updating the list of participants and participants' files: end of participation (resignations, retirements, deaths, etc.), change in status, change of address, etc.;
- preparation and delivery of statements and documents explaining the plan;
- changes in rates of contribution or in participation by employers and plan participants;
- preparation of the financial report and the funds report.

Additional information

Additional information may be obtained from the Authority's Information Centre at:

Québec City: 418-525-0337

Montréal: 514-395-0337

Toll-free: 1-877-525-0337

www.lautorite.qc.ca

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