



FTR Now

Addressing the Retirement System “Gap”: PRPPs Now Available in Ontario

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In 2012, the federal government introduced a new type of tax-preferential workplace pension plan, the Pooled Registered Pension Plan (PRPP). Ontario is one of six Canadian provinces to have incorporated PRPP legislation into its existing provincial retirement framework, through the implementation of legislation last Fall. In this *FTR Now*, we explain the key features of Ontario PRPPs, how they compare to defined contribution (DC) registered pension plans (RPPs) – and why a PRPP approach may benefit your organization.

Addressing the Canadian Retirement System “Gap”

The Canadian retirement system has long been described as a three-legged stool: government programs – such as the Canada Pension Plan (CPP) and Old Age Security (OAS) – workplace plans and individual savings. With the changing nature of employment, many smaller employers and newer businesses have moved away from providing employees with workplace retirement plans. Governments across the country have been examining how to deal with this retirement system “gap.” [As we previously reported](#), with the concurrence of the provinces, the federal government introduced changes to the CPP last year in effort to address this gap for the next generation of Canadian workers.

Reform has also been occurring in relation to workplace plans. In 2012, the federal government introduced a new type of tax-preferential workplace pension plan, the PRPP, the purpose of which is to encourage greater employee pension coverage and increase pension savings. As explained in further detail below, PRPPs are similar in design to a traditional defined contribution (DC) registered pension plan (RPP). However, a third party administrator acts as the administrator of the PRPP and the employer has no obligation to make contributions to the PRPP.

Following the introduction of the federal legislation, British Columbia, Nova Scotia, Quebec, Saskatchewan, Manitoba and Ontario have introduced formal PRPP legislation (Quebec’s version of the PRPP is the *Voluntary Retirement Savings Plan Act*). Ontario’s *Pooled Registered Pension Plans Act, 2015* and supporting regulations came into force last Fall, and largely incorporate the federal PRPP legislation, adapted to the provincial context.

Comparison of Ontario PRPPs and DC RPPs

	PRPP Regime	DC RPP Regime
Application	A voluntary program that employers can choose to offer in the workplace.	Workplace plans sponsored and maintained by employers are voluntary. [1]
Administration		