



**PAISLEY
PARACHUTES
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Developing top-tier wealth
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Pooled Registered Pension Plans Opportunities

Canadian governments are in the process of passing legislation that will allow small business owners, their employees, and self-employed individuals to benefit from low-cost registered pension plans. Participation in employer sponsored pension plans has dropped considerably in past two decades. By 2007, only 34% of the Canadian workforce participated in employer sponsored pension plans. This is a valuable opportunity for financial institutions to provide a new locked-in registered savings vehicle to the over 10 million Canadians who do not have access to private pension plans through their current employers.¹

The introduction of new Pooled Registered Pension Plans (PRPP) will allow financial institutions to incorporate their existing investment products and expertise within the new plan. PRPP's will be a valuable tool, through which financial institutions can attract an underserved pool of clients. The majority of these target clients have not yet taken advantage of Registered Retirement Savings Plans or Tax Free Savings Accounts to start to meet their retirement needs. The opportunity for business growth is enhanced by higher forecasted participation rates among small business owners and their employees resulting from the government requirement that participating employers enroll each of their employees in the PRPP. The employee may then choose to opt out of the plan at their discretion.

Receipt of a license from the Superintendent of Financial Institutions allows financial institutions to become administrators of PRPPs. Financial institutions will have a fiduciary duty to plan members as it acts as the PRPP trustee. Further, detailed reporting requirements will be put in place for reporting to both plan members and governments.



At **PAISLEY PARACHUTES INC.**, we have the expertise and experience to help you understand the new PRPP legislative framework, and the responsibilities put on financial institutions and their technology infrastructure partners. We can help your organization develop the communication and tools necessary to support the launch and delivery of this new investment vehicle. For more information on this and related topics, please contact us.

JD Greenberg

¹Department of Finance Canada website: "Backgrounder: The Retirement Income Landscape in Canada" last modified 2011-11-17 and "Backgrounder: How Pooled Registered Pension Plans Will Address Gaps in Canada's Retirement Income System" last modified 2011-11-17.