

BMO Group Retirement Savings Plan: Frequently Asked Questions for employees

Your employer has decided to help you save for retirement by opening up a BMO Group Retirement Savings Plan (GRSP), which is a great way to save for retirement. Here's what you need to know.

Q1: What is a BMO GRSP?

It's a collection of individual retirement savings accounts offered through your workplace. BMO GRSPs have similar contribution limits and tax advantages to Retirement Savings Plans (RSP), and are often a lower-cost option.

Q2: What are the Plan Rules and why do I have to read the Plan Booklet?

The Plan Booklet contains the rules set up by your employer with regards to eligibility to participate in the plan, whether your employer will match your contributions, and whether withdrawals and spousal contributions are permitted. There may be additional rules that you should know prior to enrolling.

Q3: Do I have to participate in the plan?

It depends on the Plan Rules set by your employer (refer to Plan Booklet). Most employers give their employees a choice as to whether or not to join and contribute to the plan. The plan works the same whether all employees join or just a few. But remember, if you don't participate you could miss out on your employer contributions.

Q4: How do I know that I will not exceed my RSP contribution room?

You are responsible for ensuring that the total contributions to all your RSP accounts, including the BMO GRSP, will not exceed your RSP contribution room for the year. To obtain your contribution limit, refer to your Canada Revenue Agency (CRA) Notice of Assessment, or contact the CRA Tax Information Phone Service (TIPS) at 1-800-267-6999.

Q5: How do employee contributions work?

If you choose to participate, your contributions will be automatically deducted from your paycheque by your employer, using pre-tax dollars.

Q6: Does my employer have to match my contributions?

Your employer may choose to match your contributions to help you save more in less time. Refer to your Plan Booklet to see if this option has been selected by your employer.

Q7: Is there an advantage to using pre-tax dollars?

Yes, it means you'll have less tax taken off each paycheque based on the size of your contribution, so you get instant tax savings, deferred until you withdraw funds from the plan at retirement.

Q8: Are there other tax advantages?

You'll get the same tax benefits as you would with an RSP. Any income earned within the BMO GRSP isn't taxed until it's withdrawn, which allows your assets to grow more quickly. You'll receive a tax receipt for your personal contributions and your employer contributions, if any.

Q9: How is the BMO GRSP a low-cost option?

There are no administration fees as long as you remain an employee. Plus, you're investing in a low-cost suite of mutual funds.

Your savings are pooled with the savings of other plan members, generally making the BMO GRSP a lower-cost way to save for retirement compared to RSPs.

Q10: What funds can I invest in?

You can choose from BMO's full range of mutual funds. No matter how close you are to retirement, how much you want to save, or how much risk you're willing to take, you'll find many funds to suit your individual needs.

Each fund is managed by a team of professional investment managers, so you'll benefit from their expertise.

And keep in mind that you're investing in a low-cost suite of mutual funds.

Q11: What is the benefit of contributing with each paycheck?

There are several benefits. First, your contributions come off each paycheck, so your portfolio will have the potential to grow faster than it would if you were making an annual lump-sum contribution.

Also, because the plan is automated, you know you'll be saving regularly for retirement.

Q12: What type of support will I receive?

You'll get one-on-one personalized support from a BMO investment professional, who can explain your investment options and help you make changes to your plan along the way. This level of support is superior to traditional online-only Pooled Retirement Pension Plan and Voluntary Retirement Savings Plan products, which sometimes leave employees to make complex financial decisions on their own.

For more information

The BMO Group Retirement Savings Plan has the flexibility and low-cost options you need to make saving for retirement easier. Joining the plan is easy, so get started today. Talk to your employer, contact your BMO investment professional, or visit bmo.com/grsp to learn more.



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