

BMO Group Retirement Savings Plan: Frequently Asked Questions for employers

A BMO Group Retirement Savings Plan (GRSP) is a great way for businesses of all sizes to help employees save for retirement. GRSPs have similar contribution limits and tax advantages to Registered Savings Plan (RSPs), and are often a low-cost way to save.

Q1: What is a BMO GRSP?

It's a collection of individual retirement savings accounts offered through the workplace. Employers can make the decision to start a BMO GRSP and invite employees to join and contribute to the plan.

Q2: Do employees have to join?

The Plan Booklet contains the rules set up by each employer with regards to employees' eligibility to participate in the plan, whether you, as the employer, will match employees' contributions, and whether withdrawals and spousal contributions are permitted.

As the employer, you make the Plan Rules as set out in your Plan Booklet. You decide whether to give each employee a choice about joining and contributing to the plan. The plan works the same whether all employees join or just a few.

Q3: How do employee contributions work?

Contributions are automatically deducted from each participating employee's paycheque using pre-tax dollars through your payroll process.

Q4: Is there an advantage to using pre-tax dollars?

Yes, it means less tax is taken off each participating employee's paycheque based on the size of their contribution, so they get instant tax savings, deferred until funds are withdrawn at retirement.

Q5: What are the other tax advantages for employees and employers?

Employees get the same tax benefits as they would with a RSP. Any income earned within the BMO GRSP isn't taxed until it's withdrawn, which allows each plan member's assets to grow more quickly.

For employers who choose to match each employee's contributions, those matching contributions are considered part of the employee's salary. They're tax deductible as an expense and subject to Canada Pension Plan, Employment Insurance and other payroll taxes.

Q6: Do employers have to match employee contributions?

No, employers may choose to match each employee's contributions. This is your plan and you make the Plan Rules. However, if you choose to match your employees' contributions, you can help them save more in less time.

Q7: How is the BMO GRSP a low-cost option?

It's easy to set up, which keeps administration costs low. Plus, employees have the choice of our complete fund line-up including many low cost options.

Each employee's savings are pooled with the savings of others in the plan, generally making the BMO GRSP a low-cost way to save for retirement compared to individual RSPs.

A BMO GRSP is also much lower cost than a defined contribution or defined benefit workplace pension plan, so it's a plan type employers of all sizes can offer.

Q8: What funds can employees invest in?

Employees can choose from BMO's full range of mutual funds. There are funds to suit everyone, regardless of how close they are to retirement, how much they want to save or how much risk they're willing to take.

Again, participating employees are investing in a low-cost suite of mutual funds.

Q9: What happens to an employee's BMO GRSP account when an employee terminates employment or is terminated?

As an employer, you'll notify your BMO Investment Professional and the Group Plans Administration team by email. You must ensure no further contributions are deducted and remitted to BMO after the employee's notice of termination.

Q10: Will an employer get the employer contributions back if the employee was terminated before the vesting period?

BMO GRSP accounts don't have a vesting period. The contributions follow the RSP rules, where the employer contributions are owned by the employee immediately. Employees receive contribution receipts for employee and employer contributions.

Q11: How will an employer know if the assets in the plan are growing?

Upon request, an employer will receive an asset holding report at the plan level.

Q12: How will an employer know an error has been made on a remittance file?

Contribution reports are sent on a monthly basis.

Q13: Does the BMO GRSP meet employer PRPP/VRSP requirements?

Yes, in most provinces, the BMO GRSP meets employers' requirements to provide Pooled Retirement Pension Plan and Voluntary Retirement Savings Plans (PRPP/VRSP) to employees.

Q14: What type of support can be expected?

Both employers and employees receive one-on-one personalized support from BMO. The level of support offered is superior to traditional online-only PRPP/VRSP 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 and your employees need to make saving for retirement easier. Setting up the plan is simple, so get started today. Contact a BMO investment professional, or visit bmo.com/grsp to learn more.



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