

Deferred profit-sharing plans

Mackenzie Group Plans

About Deferred Profit-Sharing Plans (DPSP)

Deferred Profit-Sharing Plans involve an arrangement where an employer shares a portion of their business' profits with all employees or a designated group of employees.

DPSPs can be used like a registered pension plan or in conjunction with a company's Group RRSP. Like a registered pension plan, a deferred profit-sharing plan must be registered with the CRA and must comply with the terms and provisions of the Income Tax Act and regulations. When implemented along with a group RRSP, employer contributions can have a vesting period imposed with more flexible options than a pension plan.

Employer contributions into a DPSP are limited to the lesser of 18% of the employee's compensation of the year from the employer, or a dollar limit equal to one-half of the defined contribution pension plan limit.

Vesting is at the discretion of the employer and can be imposed for up to 24 months of membership in the plan. Any non-vested amount forfeited by a terminating employee must either be allocated to other plan members or refunded to the employer no later than the end of the year following the year in which the amount was forfeited.

Benefits

- Employer contributions are not subject to payroll taxes resulting in potential payroll cost savings.
- Withdrawals may be restricted to termination, death or retirement.

- The employer may impose a vesting period of up to two years of membership.
- Plan contributions are tax deferred for members.
- Lower cost and less restrictive than a registered pension plan.
- Contributions are made from profits or retained earnings which reduce taxes payable by the employer.

Highlights

- Only employer contributions are permitted into the plan.
- Terminated employees may withdraw fully vested amounts subject to taxation.
- Creates a Pension Adjustment (PA) which decreases RRSP contribution room for the following year.
- Minimum plan size is three members.
- Connected persons (anyone who owns at least 10% of any class of the company's shares or does not deal at arm's length with the plan sponsor or is related to a connected person) are not permitted to participate in the plan.

Fees

DPSP	One time set-up
New plans	\$250
Existing plans with over \$10,000 average assets per member and a minimum of \$250,000 in total assets.	Waived

**For administrative-related inquiries, including report requests, please call 1-800-665-0513 or email groupadmin@mackenzieinvestments.com.
For any sales inquiries, new opportunities, or questions about reviewing existing plans, please email groupsales@mackenzieinvestments.com.**

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