

## You, Your Representative and Desjardins Financial Security: a Strong Team

Whether it's about money or about a major project, the people helping you are a key factor in your success. Desjardins Financial Security proposes that you team up with one of its financial security experts to do everything you possibly can to make your retirement dreams and major life projects a reality.

**Imagine all we can do together to plan your financial future!**



## Our solutions for a worry-free retirement

We often forget that our retirement years generally add up to more time than the sum of annual vacations we take throughout our active working life. Retirement means a very long vacation, – no schedule, no professional constraints and... no salary. This is why one must be well-prepared, notably on the financial level.

The current leaflet has been designed to help you make an educated decision. We invite you to read it carefully.

## Retirement and the RRSP

As soon as you retire, you can enjoy the amounts accumulated in your RRSP. Please note that, under the Income Tax Act, you are required to convert your RRSP into retirement income before the end of the calendar year in which you turn 69.

Here are the choices offered for the conversion of your RRSP into retirement income.

- Withdraw accumulated funds.
- Convert the RRSP into a **RRIF**, a **term certain annuity to age 90** or a **life annuity**.

Each of these options comprises specific conditions, which you will have to consider when you make your choice. You will also have to consider your income available at retirement, the lifestyle you intend to adopt at retirement and your family circumstances.

### Withdrawal

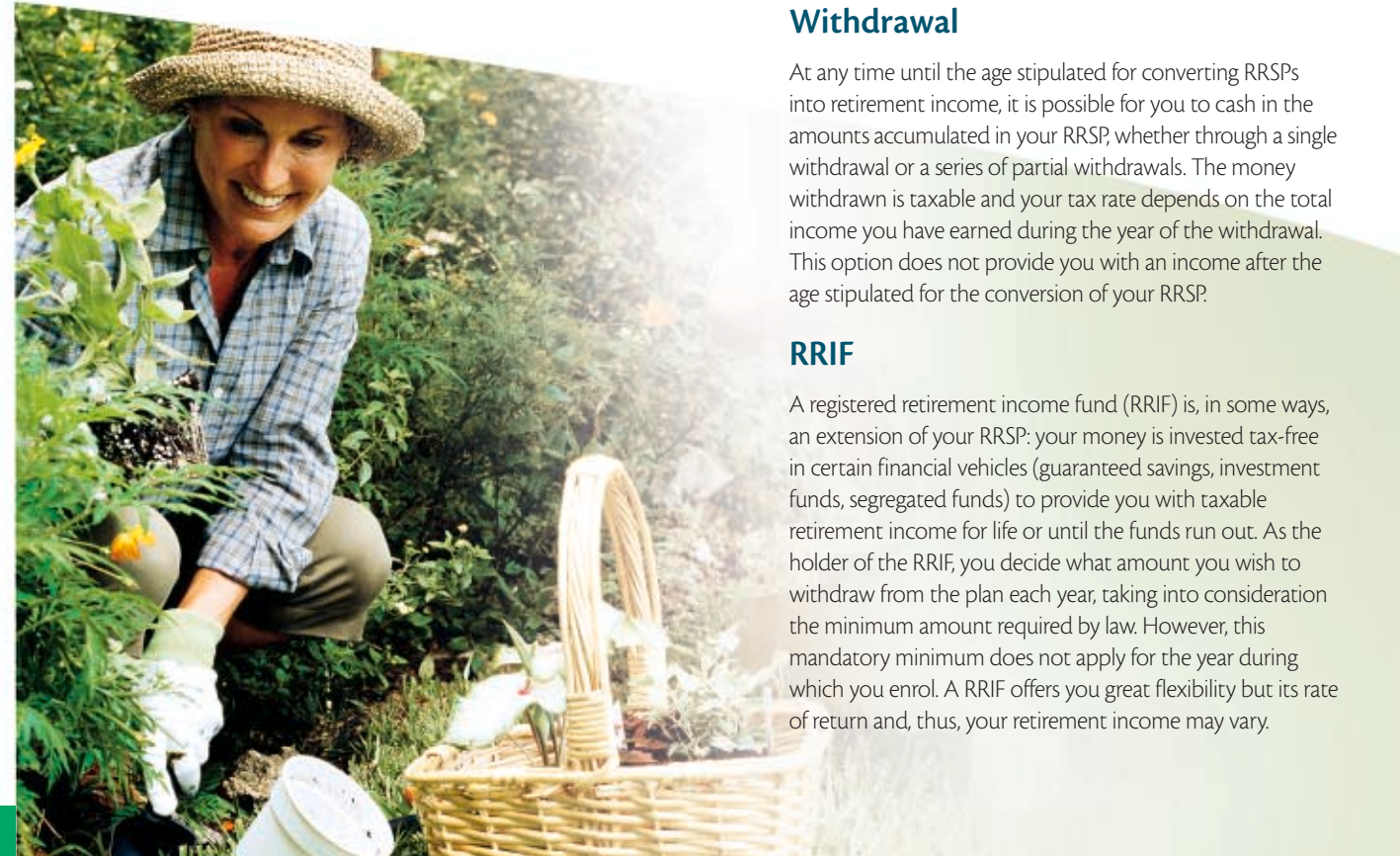
At any time until the age stipulated for converting RRSPs into retirement income, it is possible for you to cash in the amounts accumulated in your RRSP, whether through a single withdrawal or a series of partial withdrawals. The money withdrawn is taxable and your tax rate depends on the total income you have earned during the year of the withdrawal. This option does not provide you with an income after the age stipulated for the conversion of your RRSP.

### RRIF

A registered retirement income fund (RRIF) is, in some ways, an extension of your RRSP: your money is invested tax-free in certain financial vehicles (guaranteed savings, investment funds, segregated funds) to provide you with taxable retirement income for life or until the funds run out. As the holder of the RRIF, you decide what amount you wish to withdraw from the plan each year, taking into consideration the minimum amount required by law. However, this mandatory minimum does not apply for the year during which you enrol. A RRIF offers you great flexibility but its rate of return and, thus, your retirement income may vary.

[www.desjardinsfinancialsecurity.com](http://www.desjardinsfinancialsecurity.com)

## The Longest Vacation Of Your Life



High values. Sound assets.



High values. Sound assets.

Life, health, retirement

## Term Certain Annuity

A term certain annuity guarantees that you will receive periodic payments for a specified number of years, after which payments cease. **When the money is transferred from your RRSP, the only term certain annuity available is an annuity payable to age 90.** The annuity may be indexed for the purpose of maintaining your purchasing power. This annuity generates a steady and guaranteed income, sheltered from market fluctuations. However, the decision you make when you purchase this annuity is final and cannot be changed.

## Life Annuity

A life annuity offers peace of mind when hard-earned and well-deserved financial security is at stake. Stock market crashes and declining interest rates are factors likely to affect retirees whose income depends on how financial markets perform.

Over the years, statistics consistently show that life expectancy is constantly increasing. In such a context, a life annuity is the only option that guarantees you a stable income stream until you die, regardless of how long you live. The amount of the monthly payment generated by a life annuity is determined at the time of purchase and is not affected by market swings.

While a RRIF may be purchased from a variety of manufacturers, a life annuity may only be issued by a life insurance company. Several guarantees may accompany a life annuity. The following options are available to you:

### • Guarantee period

The guaranteed period may be spread over 5, 10 or 15 years, or it may continue until you attain the age of 90. Once the guarantee period has expired, the annuity continues to be paid to you during your lifetime.

Should you die before the end of the guarantee period, the remaining payments will go to your designated beneficiary:

- if that person is your spouse, he or she:
  - will continue to receive the same periodic payments until the end of the guarantee period;
  - or
  - will receive the discounted value of the balance of the guaranteed payments as a lump sum;

- if that person is not your spouse, he or she will receive the discounted value of the remaining guaranteed payments, in a lump sum.

This option is only available for life annuities because, in the case of term certain annuities, payments cease when the payment period has expired.

### • Joint life and survivorship annuity

Payments continue to your surviving spouse after your death. This option is only available for life annuities because, in the case of term certain annuities, payments cease when the payment period has expired.

### • Indexation

You may also choose to have your annuity indexed in order to keep up with inflation.



## Annuity and RRIF: a winning combination

In certain instances, it may be advantageous to combine different products when converting an RRSP. This may apply to you if you:

- want to ensure you receive a steady lifetime income in order to cover expenses related to basic needs (rent, medication, car, food, income tax, utilities, etc.);
- would like to have some cash on hand for unexpected events or be able to afford more leisure activities when you want.

An interesting solution would then be to purchase a life annuity for guaranteed security and stability until death, and a RRIF for short-term access to liquid assets and added flexibility.

- ✓ Your risk tolerance is low?
- ✓ You are concerned that your savings may erode over time? That they may not be sufficient to cover your overall needs until the end of your life?
- ✓ You would like to have more leeway at certain periods to undertake personal projects?
- ✓ You wish to ensure your spouse receives an income after your death?

If you answered “**yes**” to any of these questions, the annuity + RRIF combination can be a winning solution for you. Here is how it works...

- You purchase a joint life and survivorship annuity with part of the money accumulated in your RRSP.
  - This represents the **set portion** of your retirement income;
- You invest the balance of your RRSP in a RRIF, whose rate of return will vary according to the investment choices you make.
  - This allows you to continue to **grow your capital**, while providing you with a potential for **variable income**, adapted to your needs at various stages of your retirement.



Do not hesitate to discuss this strategy  
with your financial advisor.