

Investing is **HOT**



DESJARDINS FINANCIAL SECURITY
2005 Survey on Canadians' attitudes
toward Retirement Living



Desjardins
Financial Security™

High values. Sound assets.

Life, health, retirement



Desjardins Financial Security specializes in providing financial security through a sound combination of insurance and investment products.

Everyday, more than 5 million Canadians trust Desjardins Financial Security with their financial future. As the life, health and retirement insurer of Desjardins Group, Desjardins Financial Security is backed by a parent company with more than \$100 billion in assets and over 100 years of experience.

To help people prepare for life's contingencies and plan a financially secure retirement, Desjardins Financial Security offers a tailor-

made combination of life and health insurance products for individuals and groups that provide protection against the financial repercussions of accidents, illness and death. It also offers a range of innovative savings solutions designed to give our clients peace of mind at all stages of life, both before and during retirement.

Desjardins Financial Security employs more than 3,600 people and manages over \$15 billion in assets. Desjardins Financial Security has offices in several cities across the country, including Vancouver, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City, Levis, Halifax and St. John's.



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Nearly 60 per cent of Canadians have limited (49%) or no knowledge (10%) about retirement savings or investments. **Yet, 34 per cent make investment decisions on their own**, while 44 per cent make a decision after discussions with their financial advisor.

Most Canadians expect to retire when they reach age 60. However, just over 1 in 2 Canadians (51%) have less than \$25,000 in savings and RRSPs. Additionally, 67 per cent are carrying debt (excluding mortgages) below \$10,000. However, debt levels are rising, particularly in the \$10,000 to \$25,000 range (20%, up from 16% in 2004)!

Yet 78 per cent of Canadian workers are optimistic that they will achieve their retirement dreams. As for retirees, 44 per cent are achieving all of their dreams and a further 47 per cent are living at least some of them.

Travel is the most popular retirement dream for workers (48%); followed by staying healthy (14%) and having enough money (13%).

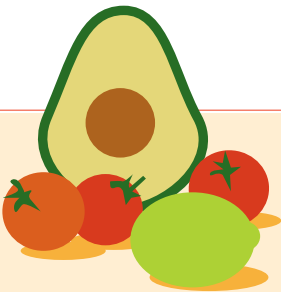
Retirees are equally hopeful for good health (26%) and the opportunity to travel (24%).

Investing is **HOT**

...and so are the recipes throughout this book!

Fast, easy, nutritious, delicious, economical AND kid-friendly, the tasty trio of recipes within this booklet can be served together for a complete meal, or mixed and matched with other family favourites.

Invest your time cooking up a hot family meal tonight...and invest in your family's future with Desjardins Financial Security!



"Tex Mex" Salad

A tomato and corn salad served in colourful avocado "bowls"! Serves 4.

- ½ cup grape tomatoes, halved
- ½ small red onion, finely chopped (approx. ½ cup)
- ½ cup frozen corn kernels, thawed
- 3 tbsp. chopped fresh cilantro or 1 tbsp Lemon Pepper Seasoning
- 1 tbsp. lime juice
- 2 tbsp. olive oil
- Pinch of salt
- 2 avocados
- Cooking Spray

Place a grill pan or cast iron skillet on stovetop at medium-high heat.
(Or prepare barbecue grill for indirect-heat cooking).

In a bowl, toss tomatoes, onion, corn, cilantro (or seasoning), oil, lime juice and salt. Set aside.

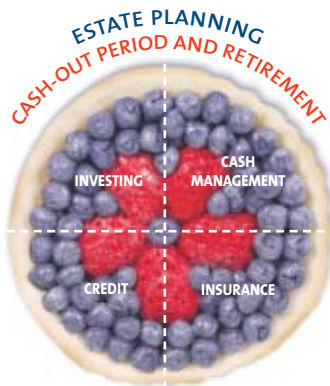
Using a very sharp butcher knife, halve avocados lengthwise.
To remove pit easily, stick the knife point into the halved pit, then turn and pull to remove.
Run a dull knife around the edge of the flesh to remove avocado from its peel.
Trim bottoms of avocado halves so they lay flat. Coat sides of avocados with cooking spray.
Grill, cut sides down, about 2 minutes.

Spoon tomato/corn mixture over grilled sides of avocados and serve.

Building a solid financial future is like preparing a healthy meal. It requires planning, commitment, patience and the proper “recipe”. A professional chef does not develop a new menu in haste but takes the time to carefully develop recipes and select the best ingredients to deliver flavour and satisfaction.

An investor must approach financial planning for retirement in much the same way. Working with a financial advisor, a person must begin preparing a financial plan the way a pastry chef bakes a pie, by carefully selecting the financial “ingredients” to meet desired objectives.

The financial advisor and investor look at many “ingredients” to formulate a plan, and then divide them into a “pie” of four “slices”: Credit, Insurance, Cash Management and Investment. A financial advisor also considers the cash-out period and estate planning in this process; the toppings on the pie,



which is necessary for a complete retirement solution.

By having proper asset allocation at all phases of the financial plan, patience, and riding the ebbs and flows of the market, investors are in a good position to realize their dreams.

It is important to remember that a complete, comprehensive financial plan involves ensuring that registered and non-registered savings are sufficiently allocated to avoid falling into the RRSP trap. Saving for retirement with only a RRSP may not be enough. Accumulating assets is one ingredient to consider when preparing a financial plan, but investors need to consider health and life insurance as part of the mix to help get the best protection for the portfolio. Talking with a financial advisor will help mitigate unpleasant retirement surprises and create a satisfying retirement for the golden years.

Remember, with good investing you can bake your pie and eat it too!

Retirees Feel the Heat

WHEN SAVINGS EVAPORATE

Missing the necessary ingredients for a recipe isn't as dire as not having the required funds for retirement. However, this is a grim reality for nearly one in five currently retired Canadians surveyed. (19% of retirees are going through their retirement savings faster than expected.) Here is what they said:

Why are you going through your retirement savings earlier than expected?

(Base: Fully retired (n=64) who are going through their savings earlier than expected)

	%
High cost of living	44
Not enough money	15
Low return on investments	9
Unexpected expenses	6
Health-related expenses	6
Other	19
Do not know	2

Knowing that you are going through your retirement savings earlier than planned, will you...?

(Base: Fully retired (n=64) who are going through their savings earlier than expected)

(Several answers possible)

	%
Downscale lifestyle (reduce expenses)	52
Reduce financial assistance to loved ones	29
Sell some or all assets, such as property	19
Take a personal loan or a mortgage	9
Take other measures	18

High cost of living is a problem

Among those who are going through their savings more quickly than planned, the high cost of living is the number one reason given (44%), while 15% admit they had not saved enough money.

Lifestyle change is the solution

Just over half of these retirees (52%) intend to make lifestyle changes to bring their expenses under control, while 29% will limit what assistance they give their loved ones; 19% will sell some or all of their assets.

Source: 2005 Desjardins Financial Security Retirement Survey





BAKING

▶ THE FINANCIAL PIE: A Complete Recipe

There are four main ingredients, along with the pie toppings, in a complete financial plan. However, the combination of the six elements must be supported with a strong commitment to the plan. The ingredients are: investing, cash management, insurance, credit management and the toppings: cash out and estate planning.

A Generous Sprinkling of Investing

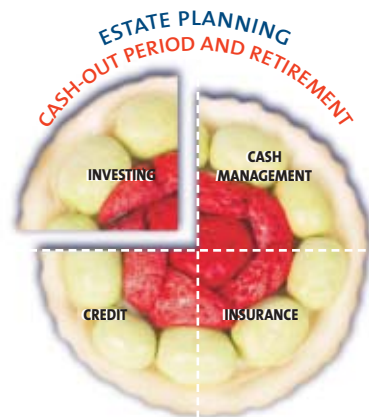
Asset allocation is integral to the investment portion of the financial plan. It helps to determine if an investor likes a "spicy" plan or one with less kick.

To determine the right asset mix to meet an investor's needs, financial advisors use a process called asset allocation.

The foundation of a successful financial recipe includes:

- Identifying the best asset mix for your portfolio so investment objectives can be met.
- Discovering what type of investor you are.
 - Are you conservative? Are you calm and patient during major market upheavals? Are you investing for the short term or 30 years from now?
- Matching investment risk in your portfolio to your investor profile.
- Reassessing your asset mix in response to important life changes such as marriage, children or retirement.

A qualified financial advisor will recommend an asset allocation strategy to distribute your money between four basic investment categories: cash equivalents, fixed income, stocks and alternative investments. The percentage of money you put into each category is determined by what best suits your needs for each period of your life.



53 per cent of retirees are going through their retirement savings as expected.

77 per cent of retirees do not think they will run out of money before they die.

Source: 2005 Desjardins Financial Security Retirement Survey



YOUR INVESTOR profile is:

Secure

You feel strongly about protecting your assets. Because you are at a stage where career, family and standard of living are still changing, you are in no position to assume a high level of risk. The expression “better safe than sorry” pretty much describes your approach to investing, which is based on sure things.

Your financial strategy is geared toward preservation of capital.

Moderate

You are prepared to diversify the nature of your investments as long as you are comfortable with the overall level of risk of your portfolio. It’s all right to risk a small percentage of your investments, providing you have the possibility of changing your strategy. Your assets are not yet at their peak. You want your investments to grow in value while generating significant income.

Your financial strategy is geared toward income generation.

Balanced

For you, investing means protecting a portion of your capital while trying to get more out of your money by investing another portion in investment vehicles that represent a greater risk. A fine balance approach seems to be the most appropriate investment strategy for you. You choose your investments based on their ability to generate capital gains and moderate income.

Your financial strategy is geared toward income generation and capital growth.

Growth

With your experience, knowledge of financial markets and your financial situation, you feel comfortable with a bold investment strategy. However, you are still somewhat cautious and you set aside a minimum portion of your portfolio for more fixed-rate investments.

Your financial strategy is geared toward capital growth

Speculative

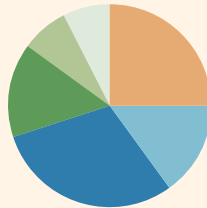
You are calm and patient during major market upheavals, and your focus is on the long term. Thanks to considerable financial stability, you are prepared to accept more risky investments because you believe that this will give you a better chance of achieving your financial goals. Portfolio returns do not constitute a source of income for maintaining your standard of living.

Your financial strategy is geared toward significant long-term capital growth.

Choose the portfolio that suits you best.

Secure Profile

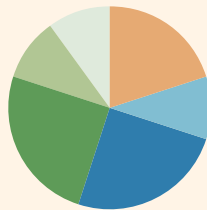
Based on your investor profile, we recommend¹:



Term Deposits ²	25%
Fixed Income	15%
Alternative Strategies	30%
Canadian Equity	15%
Canadian Small Capitalisation Equity	0%
US Equity	7.5%
US Small Capitalisation Equity	0%
International Equity	7.5%

Moderate Profile

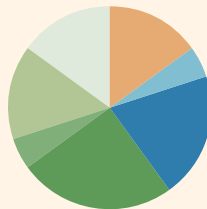
Based on your investor profile, we recommend¹:



Term Deposits ²	20%
Fixed Income	10%
Alternative Strategies	25%
Canadian Equity	25%
Canadian Small Capitalisation Equity	0%
US Equity	10%
US Small Capitalisation Equity	0%
International Equity	10%

Balanced Profile

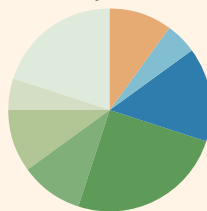
Based on your investor profile, we recommend¹:



Term Deposits ²	15%
Fixed Income	5%
Alternative Strategies	20%
Canadian Equity	25%
Canadian Small Capitalisation Equity	5%
US Equity	15%
US Small Capitalisation Equity	0%
International Equity	15%

Growth Profile

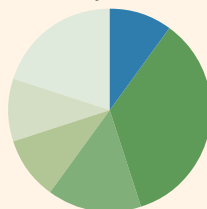
Based on your investor profile, we recommend¹:



Term Deposits ²	10%
Fixed Income	5%
Alternative Strategies	15%
Canadian Equity	25%
Canadian Small Capitalisation Equity	10%
US Equity	10%
US Small Capitalisation Equity	5%
International Equity	20%

Speculative Profile

Based on your investor profile, we recommend¹:



Term Deposits ²	0%
Fixed Income	0%
Alternative Strategies	10%
Canadian Equity	35%
Canadian Small Capitalisation Equity	15%
US Equity	10%
US Small Capitalisation Equity	10%
International Equity	20%

¹ This recommendation is based on the use of alternative management products that are well diversified and which include maturity and death benefit guarantees like Strategic Index Plus, Tactical Index Plus and the Alternative Allocation Portfolio offered by Desjardins Financial Security. Please refer to the contract, which describes the rules governing the death benefit and the guarantees.

² Under 5 years.

³ Can be replaced by fixed income investments.



Tomato Soup with a Twist

Make this healthy, hearty soup a complete meal by serving it with a spinach salad and whole-grain rolls.

- 2 tsp. olive oil
- 1 clove garlic finely chopped, or 1 tsp. chopped garlic from a jar
- 1 onion, finely chopped
- ¼ cup Sun-dried tomatoes
- 1 large can (28 oz.) Plum tomatoes
- 2 cans chicken broth (10 oz. each)
- 1 tsp. granulated sugar
- Salt and Pepper to taste
- 2 tbsp. pesto from a jar
- 1/3 cup sour cream

Heat oil in large saucepan. Add garlic and onion and cook on low heat for 5-7 minutes, until onion is transparent and fragrant.

Add sun-dried tomatoes, canned tomatoes, chicken broth and sugar. Bring to a boil. Reduce heat to low and simmer uncovered for 25 minutes.

Using a hand held electric pureeing tool, pulse soup until a few chunks of tomatoes remain. If you don't have a pureeing tool, you can pour the soup into a blender or food processor and pulse. (Or, use a potato masher to break up tomatoes. This will produce a chunkier textured soup.)

Return to heat and add salt and pepper to taste. Combine pesto and sour cream (use fat-free if you're counting calories). Ladle soup into bowls and swirl a spoonful of the creamy mixture into each serving.

▶ **36 per cent of workers and 25 per cent of retirees believe that it is very or somewhat probable that they will have to change their lifestyle due to health problems.**

▶ **83 per cent of current workers, who have a retirement plan, have life insurance incorporated into this plan. However, only 55% of retirees with a retirement plan have life insurance.**

▶ **58 per cent of workers and 42 per cent of retirees feel they need to save in case of health problems in retirement.**

Source: 2005 Desjardins Financial Security Retirement Survey



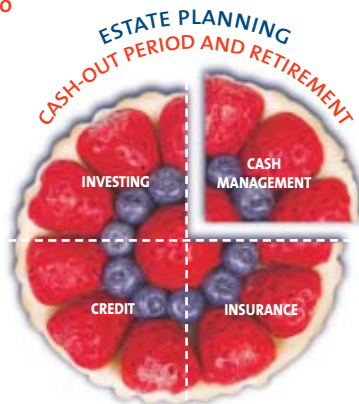
A SPLASH OF Cash Management

People take considerable time planning a vacation, yet few devote the same time to develop and follow a financial plan to secure their retirement dreams.

With all the financial commitments every person has, such as mortgage or rent and utilities, it is necessary to sit down and plan a course of action to save money.

A financial advisor can assist in developing a budget and financial plan to meet all current obligations, as well as savings for unforeseen circumstances and retirement.

In the end, cash management involves living within your means and being realistic. A financial advisor can help prepare a budget, but it is up to you to stick with it!



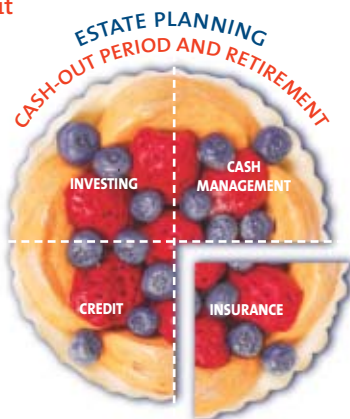
Cash Management Suggestions

- See a financial advisor to help determine your realistic contingency fund requirements.
- Pay yourself first. Try to set aside a portion of money in liquid assets (that you can easily convert into cash if needed). Put retirement money in investments that best meet your needs and objectives.

1 CUP of Insurance

Insurance might not be a favourite topic of discussion at the dinner table, but making sure you have enough protection is a vital ingredient in your estate planning recipe. This isn't a once-in-a-lifetime dinner conversation. Investors need to revisit this subject throughout their lives, especially during major changes such as marriage, births and retirement.

Although unpleasant to discuss, everyone must make sure loved ones are protected – whether you become ill or pass away. A life or health insurance policy guarantees that money is quickly transferred to beneficiaries, so your expenses (such as mortgage payments, taxes and utilities) are taken care of without putting any more stress on the family.



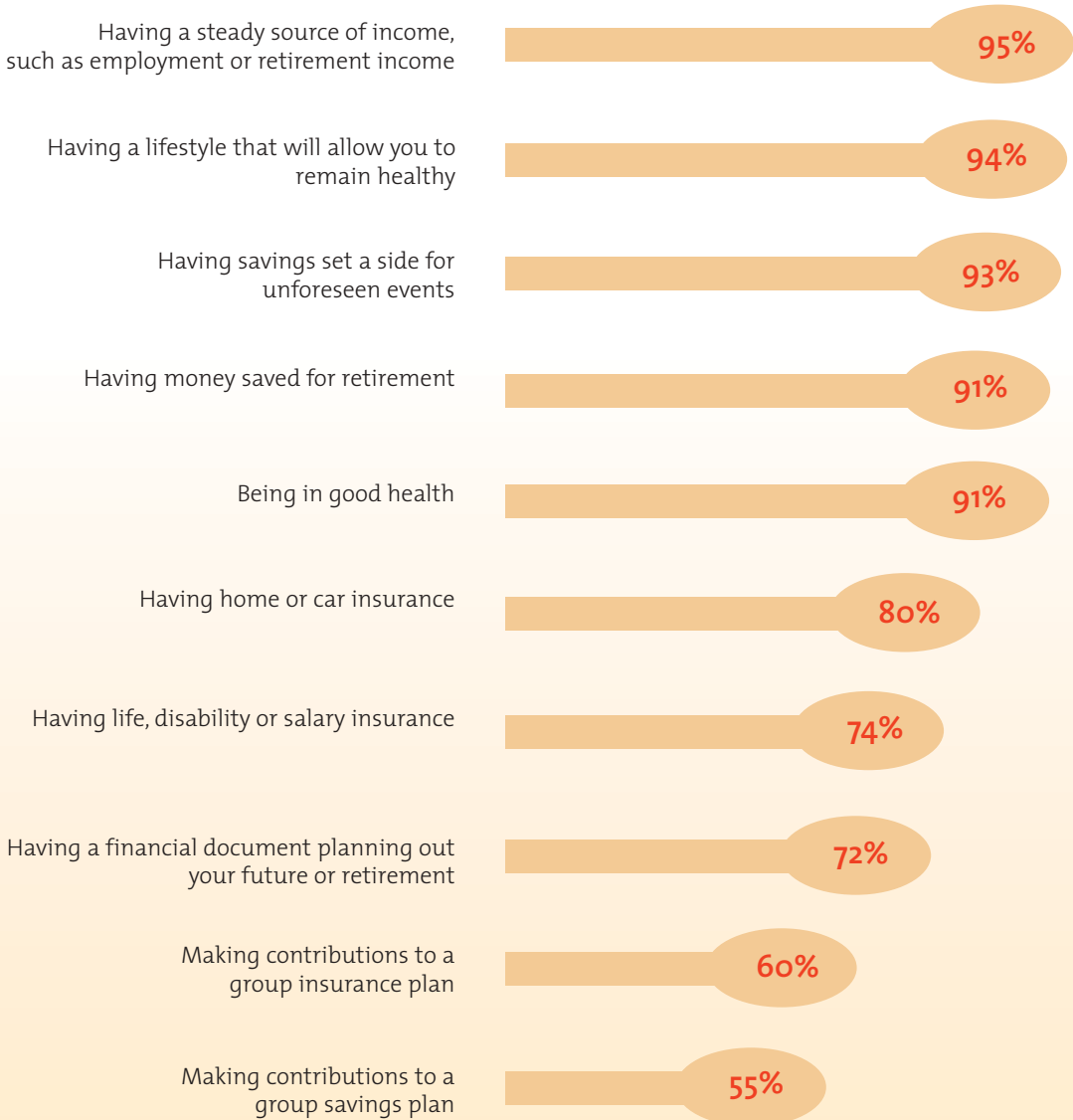
Another item to consider is the income-replacement benefit in life insurance policies so your survivors will be able to maintain the lifestyle they became accustomed to, prior to your death. Generally, your family needs 60 per cent to 70 per cent of your pre-death income to maintain their standard of living. Income replacement must also be factored in for stay-at-home parents. Although they are not making an income, the services they provide would be expensive to replace in the event of their death.

Make sure you do not ignore the benefits of life and health insurance in your financial planning process. A financial advisor* can determine a suitable level of life and health insurance to protect you and your family.

* Only a life licensed financial advisor can provide advice on life and health insurance.

A CANADIAN MIX OF Financial Security

Having the right recipe for financial security is imperative for meeting current and future obligations. For more than 90 per cent of Canadians, financial security means having a steady source of income, savings and health.



Source: 2004 Desjardins Financial Security Health Index



“The Big Easy” Jambalaya

Zesty and oh-so-simple to make, this dish is sure to be a favourite with adults and kids alike! Serves 4.

For more nutrition and fibre, add a can of drained and rinsed red, white or black beans or a few handfuls of frozen peas.

- 2 tbsp vegetable oil
- 1 small onion, coarsely chopped
- 2 garlic cloves, minced, or 2 tsp. minced garlic from a jar
- 1 red pepper, chopped
- 1 green pepper, chopped
- 3 celery stalks, chopped
- 2 tsp. dried thyme
- 1 and ½ cups long grain rice
- 3 cups chicken broth
- 1 tsp. Tabasco
- 2 whole bay leaves
- 1 19 oz. can diced tomatoes
- 2 cups cubed smoked ham, smoked chicken, smoked turkey or smoked sausage

Use a skillet that has a tight-fitting lid. Heat oil in uncovered skillet over medium heat. Sauté the chopped onion, minced garlic, peppers, celery stalks and thyme leaves in oil for 5 minutes. Stir in rice, chicken stock, Tabasco, bay leaves, tomatoes and meat.

Bring to a boil, then simmer, covered, over low heat about 25 minutes, or until all liquid is absorbed.

A PINCH of Credit

The recipe for a successful retirement plan combines the right investment mix, sources of income, a realistic budget and adequate insurance. But it also requires effective use of credit.

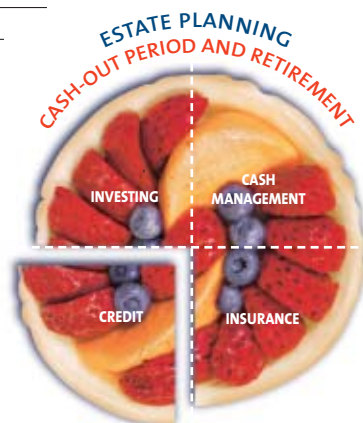
The myth that all credit is bad is just that... a myth.

Some credit is good, because it can increase the value of a portfolio and potentially offer tax savings; or it can help meet the dream of owning a home. With the assistance of a financial advisor, this constructive form of borrowing can be tax deductible, and used to purchase items that can increase in value, such as investments and businesses.

EXAMPLES OF CREDIT

Good Credit	Bad Credit
• Mortgage	• Major credit cards
• Leverage for non-registered investments	• Department store credit cards
• Business loans	• Unsecured loans, when they can be cheaper if secured or consolidated

Bad credit must be paid off as soon as possible, since it is often associated with high after-tax interest charges. Department store credit cards (some charging 28 per cent) and major credit cards (at 19 per cent) are well above the prime rate. Generally, this non-tax deductible debt results from purchasing goods and services that quickly drop in value. Pay off this debt immediately or consult a financial advisor about lower interest solutions like a secure line of credit (to consolidate the debt and pay it off faster).



KEEPING FINANCIAL INGREDIENTS FRESH and Plentiful during Retirement

THE CASH-OUT PERIOD

Putting away money and sticking to a financial plan that encompasses all the elements we discussed so far, generally leads to having money put aside for retirement.

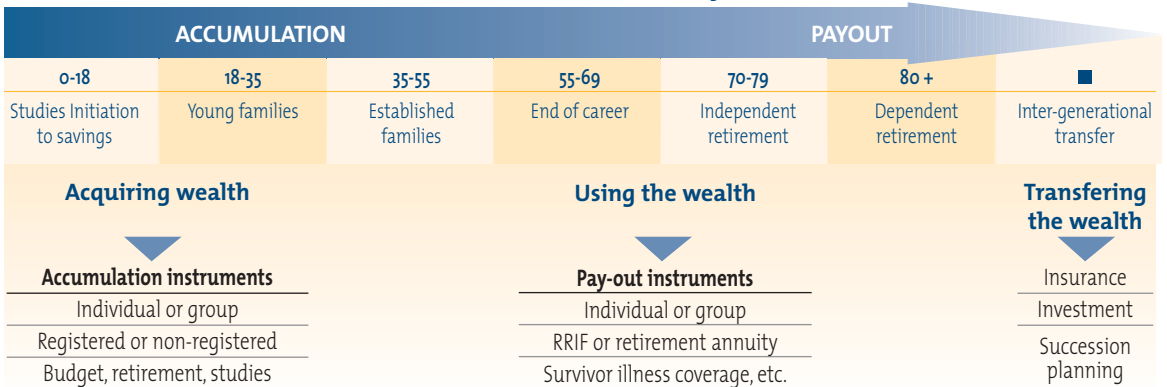
After working hard for many years and sticking to a savings plan, now is the time for many people to pursue their dreams. But before your last day of work, you should have a plan to manage the nest egg and even discuss the “asset release” concept (e.g., downsizing the house) with a financial advisor.

About 10 years before retirement, individuals must take stock of their “retirement cupboard” to see what ingredients are available to make it through their golden years. This transitional period is the

time to commit to a retirement plan and determine what sources of income will be available. This revenue could come from several sources such as RRIF or annuities, group retirement plans, Canadian Pension Plan or Quebec Pension Plan, Old Age Security and non-registered savings. For most people, it will be a combination of these sources. Investors also need to look at what kind of expenses they can expect to incur during retirement. These costs can be for lodging (i.e., property tax, rent) food, medical, healthcare and leisure activities.

The idea here is to take the time to ensure that you have the resources available to enjoy your retirement, whatever happens. A financial advisor can help to identify your main sources of income, review insurance products to make sure they meet the demands of a new lifestyle, and develop a succession plan, which brings us to estate planning.

Saver's Financial Life Cycle



Canadians Believe Dreams Can Come True!

Working Canadians, who are over 40 years old, have confidence in their future, with 78 per cent of respondents believing that their retirement dreams will come true!

For these respondents, who foresee themselves living their retirement dreams, planning (40%) and saving money (27%) are the principle reasons why they believe in a rosy future.

Canadians workers with a plan for retirement, those with a RRSP and people with a pension plan were likely to believe that they could live their dream (85%, 82% and 85% respectively vs. 78% for the total Canadian workers.)

Source: 2005 Desjardins Financial Security Retirement Survey

One Serving OF ESTATE PLANNING

What will happen to your loved ones when you pass away?

The idea behind estate planning is to provide peace of mind to you and your surviving loved ones. Effectively arranging your estate will ensure that your heirs will receive the maximum benefits as promptly and efficiently as possible.

Consult a life-licensed financial advisor to determine what portion of your assets could be probate-free or probatable form, depending on where you live.

Financial solutions from insurance companies include annuities, segregated funds and life and health insurance policies. These tools, as long as a beneficiary is named, can go a long way to ensure that survivors are not forced to sell assets to pay estate fees (if applicable) and capital gains tax.

Insurance products, which offer designation of a beneficiary, do not form part of your estate. Upon your death,

the guaranteed capital is automatically transferred to your beneficiary, avoiding delays and charges (which can be as high as 21 per cent) associated with executing a will, and eliminating red tape and cash-flow nightmares for your loved ones.

By properly planning your estate, life insurance can be a valuable tool to cover expenses at death (such as probate, legal, accounting, surrender and executor fees) as well as capital gains taxes. The benefit: proceeds go directly to the estate to pay these costs, and none of the estate's assets have to be sold to pay obligations. Survivors will not be placed in a situation of taking out loans or selling prized assets, such as cottages or businesses, to keep them in the family.

Proceeds from segregated funds and annuities can also be immediately given to beneficiaries so they can maintain their standard of living and cover any outstanding expenses on property (such as property taxes and utilities) without dipping into their own savings.



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