Voluntary Retirement Savings Plan (VRSP)

Plan text

Desjardins Voluntary Retirement Savings Plan
(hereinafter "Desjardins VRSP")

The Administrator of the Desjardins VRSP:
Desjardins Financial Security Life Assurance Company

Autorité des marchés financiers Registration Number:
LRVER000003

Desjardins Insurance
Life • Health • Retirement

Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.

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Introductory Provisions

Purpose of voluntary retirement savings plan

The Desjardins Voluntary Retirement Savings Plan, hereinafter "Desjardins VRSP", is governed by the *Voluntary Retirement Savings Plans Act* (chapter R-17.0.1), hereinafter "the Act." Its aim is to promote retirement savings.

Registration of the Desjardins VRSP is also subject to section 147.5 of the *Income Tax Act*, hereinafter the "ITA."

The primary purpose of the plan is to accept and invest contributions in order to provide retirement income to plan members, subject to the limits and other requirements under the ITA.

Any individual may become a member of a Desjardins VRSP to the extent that fiscal rules permit him to contribute to the plan.

Such individuals are called members and remain members as long as they hold an account under the terms of a Desjardins VRSP.

Two-part plan contract

This plan comprises of two parts:

> Part One contains the general provisions.
>
> Part Two contains the specific provisions that apply when an employer subscribes to the Desjardins Voluntary Retirement Savings Plan.

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General Provisions

1. Administrator

Plan with same conditions

1.1. General provisions

The administrator shall provide a plan on the same conditions for all employers who participate in the plan and all individuals who become members of the plan.

Plan management

The administrator shall not refuse to enrol an individual in the Desjardins VRSP, except:

- if he is on the list referred to in section 83.05 of the *Criminal Code* or if, in the last seven years, he has been found guilty of an offence under section 380 or section 462.31 of that Code; or

- if he is not a resident of Quebec.

The administrator shall ensure that the plan it manages is in conformity with the Act.

The administrator shall ensure that the plan it manages is in conformity with the ITA.

The administrator shall manage the plan and its assets as an administrator of the property of another and, as such, must exercise the prudence, diligence and skill that a reasonable person would exercise in similar circumstances. The administrator shall also act with honesty and fairness in the best interest of the members.

Plan administrator: Desjardins Financial Security Life Assurance Company.

1.2. Plan and amendments

Coming into force of plan and amendments

1.2.1. Coming into force

The Desjardins VRSP and its amendments become effective on the date they are registered with Retraite Québec and shall not become effective before that date. However, the amendments may become effective at a later date when they

- are made in order to comply with a legal requirement, in which case they shall take effect on the date specified in the legislation;

- are intended to reflect a change in the name of the administrator, in which case they shall take effect on the date of the name change; or
- are to the members' advantage, in which case they shall take effect on the date set by the administrator.

Notice of amendment

1.2.2. Notice of amendment

An administrator that proposes to apply for the registration of an amendment to the plan shall inform the members and the employers by written notice.

Fiscal year

2. Fiscal year

The fiscal year of the plan ends on December 31 of each year.

The first fiscal year of a plan that comes into force before January 1st, 2015 ends on December 31st, 2015.

Documents

3. Documents

The plan administrator shall provide the employer, or an individual who enrols in a Desjardins VRSP not provided by his employer, free of charge, with

- a copy of the contract between the parties, and
- on request, the annual statement and the financial report.

The administrator shall give a member who is enrolled in a Desjardins VRSP not provided by his employer, a written summary of the plan that describes, in particular, the individual's rights and obligations, the investment options, and the costs related to the plan. <u>This plan text constitutes such a summary.</u>

If an employee is a member of a Desjardins VRSP provided by his employer, he must refer to Part 2 of this plan.

Statement of evolution to parts of account

The administrator must provide each member, within 45 days following the end of each fiscal year of the plan, a statement of evolution of his account. The statement must contain the information determined by section 53 of the *Regulation respecting voluntary retirement savings plans*, hereinafter the "Regulation."

Member contributions

4. Member contributions

A member shall determine his contribution to a Desjardins VRSP.

Under subsection 147.5(11) of the ITA, a contribution made to a Desjardins VRSP is deemed to be a premium paid by the member to a registered retirement savings plan (RRSP) under which the member is the annuitant.

The member may, at any time:

- set his contribution rate at 0%; or
- change his contribution to the plan.

The administrator may close both the locked-in and not locked-in portions of a member's account when such portions have shown a zero balance for at least 12 consecutive months and no transactions related to the accounts have been performed.

Contributions by the member must not exceed the limits permitted by the ITA.

4.1 Limit and tax treatment of member contributions
A member's contributions must not exceed his RRSP deduction limit. A member may make contributions to his Desjardins VRSP between January 1 of a given year and the first 60 days of the following year or until the end of the year in which the member attains 71 years of age.

Members may deduct their contributions on their income tax and benefit return for the year, but the deduction must not exceed the difference between the RRSP deduction limit and the employer contributions to the Desjardins VRSP.

4.2 No contributions after age 71
No contributions may be made in respect of a member after the calendar year in which the member attains 71 years of age, except in the case of an allowable transfer.

4.3 Contribution refunds allowed
Refunds of contributions are allowed:

- if the contribution was made to the plan as a consequence of a reasonable error by a member or an employer, and the refund of contributions is made to the person who made the contribution no later than December 31 of the year following the calendar year in which the contribution was made;
- to avoid revocation of the plan's registration;

- to reduce the amount of tax otherwise payable by the member under Part X.1 of the ITA; or
- to meet the requirements of the ITA.

4.4 Excess contributions
The plan permits the payment of an amount to a member where the amount is paid to reduce the tax otherwise payable by the member under Part X.1 of the ITA.

If an employee is a member of a Desjardins VRSP provided by his employer, he must refer to Part 2 of this plan.

Account

5. Account
Within the meaning of the ITA, each member may hold only one account linked to his social insurance number, and
- all contributions made to the plan for the member, as well as the income allocated to the member, shall be credited to that account; and
- the benefits and payments made in respect of the member shall be debited from that account.

In its books, the administrator shall keep for each member an account having two portions: a locked-in portion, and a portion that is not locked in.

It may pool the funds in the members' accounts for the purpose of investing the plan assets.

Amounts contributed or allocated to a member's account shall vest immediately and indefeasibly for the benefit of the member.

Nature of locked-in part

5.1. Locked-in part of member's account
The following shall be credited to the locked-in part of a member's account:

- employer contributions;
- cumulated interest;
- member dividends, remittances or other advantages granted by the administrator in respect of this part of the member's account; and
- the locked-in amounts transferred to a Desjardins VRSP from:
    - a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or governed by an Act emanating from a legislative

authority other than the Parliament of Québec and granting entitlement to a deferred pension;

- a registered supplemental pension plan established by an Act of the Parliament of Québec or from another legislative authority;
- a life income fund (LIF) registered as a RRIF under which the member is the annuitant;
- a locked-in retirement account (LIRA) registered as a RRSP under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the locked-in part of another VRSP governed by the Act; and
- the account or the locked-in portion of the account of an equivalent voluntary retirement savings plan, emanating from a legislative authority other than the Parliament of Québec, also called a pooled registered pension plan (PRPP), if the member is enrolled in the plan as part of his employment.

Refund from locked-in part

5.1.1. Refunds

Upon a request to the administrator, a member is entitled to the refund, payable in one lump-sum, of the funds in the locked-in portion of his account if:

Balance of locked-in part of member's account

1) The balance in the locked-in portion of the member's account is less than 20% of the maximum pensionable earnings, hereinafter "MPE", established in accordance with the *Act respecting the Québec Pension Plan* (chapter R-9), for the year in which the member is no longer employed by an employer who subscribed to a Desjardins VRSP.

Retirement savings

2) The member is 65 years of age or over and the total locked-in amounts accumulated in retirement savings is less than or equal to 40% of the MPE established in accordance with the *Act respecting the Québec Pension Plan* (chapter R-9) for the year in which the member is requesting the refund.

The member's "retirement savings" is the total of the amounts accumulated in the following retirement plans:

- registered VRSPs governed by the Act;
- registered defined contribution pension plans;
- registered defined benefit pension plans, or defined contribution and benefit plans, in accordance with provisions identical to those of a defined contribution plan;

- life income funds (LIFs) registered as RRIFs under which the member is the annuitant; and
- locked-in retirement accounts (LIRAs) registered as RRSPs under which the member is the annuitant.

The member's request shall be accompanied by a declaration in compliance with Schedule A of the Regulation.

Disability that reduces life expectancy

3) A physician certifies that the member's physical or mental disability reduces his life expectancy.

Other disability

4) A physician certifies that the member is physically or mentally disabled without giving an opinion on his life expectancy.

In such a case, the member must provide a statement to the administrator certifying that the income he is to receive during the 12 months following the application for a refund will not exceed 40% of the MPE determined, for the year of the refund, pursuant to the *Act respecting the Québec Pension Plan* (chapter R-9).

Non-residence in Canada

5) The member is deemed, for the purposes of the *Taxation Act* (chapter I-3), not to have resided in Canada for at least two years.

Methods of transfer

If a request for a lump-sum payment is not made to the administrator, in either of the situations listed this section, the funds shall be transferred in accordance with the third paragraph of section 5.1.2 of the plan.

Transfer of locked-in part

5.1.2. Transfers out of plan

A member for whom no employer has subscribed to a plan may, at any time, transfer the locked-in part of his account.

The transfer is made in one lump sum on his behalf to one of the following pension plans:

- a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
- a registered supplemental pension plan established by an Act of the Parliament of Québec or from another legislative authority;
- a life income fund (LIF) registered as a RRIF under which the member is the annuitant;

- a locked-in retirement account (LIRA) registered as a RRSP under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the locked-in part of another VRSP governed by the Act; and
- the account or the locked-in portion of the account of an equivalent voluntary retirement savings plan, emanating from a legislative authority other than the Parliament of Québec, also called a pooled registered pension plan (PRPP), if the member is enrolled in the plan as part of his employment.

However, when a member is entitled to a refund of the locked-in portion of his account, in accordance with section 5.1.1, the transfer is made on his behalf to one of the following pension plans:

- a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or by an Act of a legislative authority other than the Parliament of Québec that provides for a deferred annuity;
- a registered supplemental pension plan established by an Act emanating from the Parliament of from Québec or another legislative authority;
- a registered retirement income fund (RRIF) under which the member is the annuitant;
- a registered retirement savings plan (RRSP) under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the not locked-in portion of another VRSP governed by the Act;
- the account or the not locked-in portion of the account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, also called a pooled registered pension plan (PRPP), if the member is enrolled in it as part of his employment.

If an employee is a member of a Desjardins VRSP provided by his employer, he must refer to Part 2 of this plan.

Nature of portion of member's account that is not locked in

5.2. Not locked-in portion of member's account

The following are credited to the portion of the member's account that is not locked-in:

- his contributions;
- the interest accrued;

- the dividends, remittances or other advantages granted by the administrator in respect of is part of the member's account;
- the not locked-in amounts transferred to the Desjardins VRSP from:
  - a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or by an Act of a legislative authority other than the Parliament of Québec that provides for a deferred annuity;
  - a registered supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;
  - a registered retirement income fund (RRIF) under which the member is the annuitant;
  - a registered retirement savings plan (RRSP) under which the member is the annuitant;
  - an annuity contract under which the member is the annuitant;
  - the not locked-in portion of another VRSP governed by the Act;
  - the account or the not locked-in portion of the account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, also called a pooled registered pension plan (PRPP), if the member is enrolled in it as part of his employment;
  - a deferred profit sharing plan (DPSP) under which her/she is a participant.

Refund and transfer of not locked-in portion to participant's account

5.2.1. Refund and transfer out of plan

The member has the right, at all times, upon making a request to the plan administrator, to a lump-sum payment of all or part of the not locked-in portion of his account, or to a transfer of all or part of this portion.

If an employee is a member of a Desjardins VRSP provided by his employer, he must refer to Part 2 of this plan.

Terms and conditions of transfer

The transfer is carried out in accordance with the third paragraph of section 5.1.2 of the plan.

Refund and transfer time frame

6. Time frame for refunds and transfers out of plan

The plan administrator shall carry out the refund or transfer of amounts from the locked-in and not locked-in portions of the plan within 60 days of the member's request.

Transfers between portions of member's account

7. Transfers between portions of the account (locked-in and not locked-in)

No amount may be transferred between the locked-in portion and the not locked-in portion of the member's account.

Investment options

8. Investment options

The administrator shall offer a default investment option and three to five other options.

If the member does not make a choice, the default investment option is applied to his account (locked-in and not locked-in portions).

All revenues from the plan are granted to the members in a reasonable manner at least once a year.

Default option

8.1. Default option

The default option is:

Fund Manager	Name of Investment
BlackRock Asset Management Canada Limited, Desjardins Investment Inc. and Vanguard Investments Canada Inc.	Desjardins Balanced Path

Target asset mix:

Fund / Age	420 - Desjardins 30/70	421 - Desjardins 50/50	422 - Desjardins 70/30	423 - Desjardins 90/10
From 0 to 39	---	---	---	100,00%
From 40 to 41	---	---	20,00%	80,00%
From 42 to 43	---	---	40,00%	60,00%
From 44 to 45	---	---	60,00%	40,00%
From 46 to 47	---	---	80,00%	20,00%
From 48 to 49	---	---	100,00%	---
From 50 to 51	---	20,00%	80,00%	---
From 52 to 53	---	40,00%	60,00%	---
From 54 to 55	---	60,00%	40,00%	---
From 56 to 56	---	80,00%	20,00%	---

From 57 to 57	---	100,00%	---	---
From 58 to 58	20,00%	80,00%	---	---
From 59 to 59	40,00%	60,00%	---	---
From 60 to 60	60,00%	40,00%	---	---
From 61 to 61	80,00%	20,00%	---	---
62 and +	100,00%	---	---	---

The default investment option is based on a "life cycle" approach where the degree of risk, based on the member's age, is adjusted as the member approaches retirement age. It shall also meet the other criteria set out in section 13 of the Regulation. The participant will not have to make a choice. The default option will adjust itself, as represented above; the age of the participant will be used in order to establish the applicable fund.

Other options

8.2. Other options

The other options are:

Name of Investment	Target Asset mix
DGIA Money Market	100% Canadian Money Market
Desjardins 30/70	49% Canadian Fixed Income 21% Global Fixed Income 7.5% Canadian Equities 22.5% Global Equities
Desjardins 50/50	35% Canadian Fixed Income 15% Global Fixed Income 12.5% Canadian Equities 37.5% Global Equities
Desjardins 70/30	21% Canadian Fixed Income 9% Global Fixed Income 17.5% Canadian Equities 52.5% Global Equities
Desjardins 90/10	7% Canadian Fixed Income 3% Global Fixed Income 22.5% Canadian Equities 67.5% Global Equities

The investment options have varying degrees of risk and expected return that would allow a prudent investor to create a portfolio of investments, appropriate for retirement savings, which meets the criteria provided in section 25 of the Act and section 13 of the Regulation. The member may choose from among these options.

Information

For each investment option offered under the plan that is not governed by the guidelines adopted in accordance with the *Act respecting insurance,* or for an investment fund that is not a reporting issuer in accordance with Québec securities legislation, the administrator shall send each individual the information specified in section 14 of the Regulation. The administrator shall send this information on paper or in electronic format, whichever the individual prefers, or provide him, in real time, with the information or instructions required to consult the information on a website, before signing the contract. The individual may consult the information on each of the investment options at the following address: www.dfs.ca/participant

If an employee is a member of a Desjardins VRSP provided by his employer, he must refer to Part 2 of this plan.

In cases where a plan is offered in accordance with the third paragraph in section 42 of the Act, the administrator shall, no more than 10 days after the plan's registration, make the following information available on its website, and send the following information in writing upon the member's request:

- the information specified in section 14 of the Regulation; or
- any equivalent information that the administrator must disclose under the legislation applicable to him.

Investment advice

Only the following individuals may advise Desjardins VRSP members with regard to their choice of investment option:

- a group insurance representative within the meaning of section 3 of the *Act respecting the distribution of financial products and services* (chapter D-9.2); or
- a dealer registered in accordance with Title V of the *Securities Act* (chapter V-1.1) or a person exempt from the registration requirement under that Act.

Changing investment choices

A member may change his investment choices at any time by making a request to that effect by visiting www.dfs.ca/participant.

Ceasing to offer an investment option

When the administrator ceases to offer an investment option, the member's investment choices may be changed after the administrator has notify the affected members, in writing, as soon as possible.

The member has 60 days, following receipt of the notice, to choose another option. If the member fails to do so within the time allotted, the administrator shall place the member's funds in an option similar to the initial option, or in the default investment option.

The transfer of the member's funds to a new investment option shall not be subject to any fees, deductions or other expenses.

9. Fees

Investment option fees

9.1. Fees that may be deducted from the return on assets

The total of the management and administration fees for each investment option, including the fees accompanying the annual statement, the emoluments paid to representatives who act on behalf of the administrator and the applicable taxes under Part IX of the *Excise Tax Act* and Title I of the *Act respecting the Québec Sales Tax*, expressed as a percentage of the average assets, is:

Name of Investment	Total
DGIA Money Market	0,92%
Desjardins 30/70	1,20%
Desjardins 50/50	1,22%
Desjardins 70/30	1,24%
Desjardins 90/10	1,25%
Desjardins Balanced Path (Default option)	Between 1.20% and 1.25% (determined according to the target asset mix)

Management fees represent the fees associated with the management and administration of the plan. The administrator deducts these fees from the market value of the funds. The total, as listed in this section, include the Investment fees and the Operating fees. Investment fees are the fees billed by the fund managers. They vary depending on the option selected and the fund manager. Operating fees cover brokerage commissions, auditing and other fees associated with the purchase and sale of the securities included in the funds held by the member. Operating fees change each year. The administrator calculates the unit value of the pooled funds after deducting the Investment fees, Operating fees and applicable sales taxes.

However, when an administrator offers

- a pooled registered pension plan within the meaning of the *Pooled Registered Pension Plans Act* (Statutes of Canada, 2012, chapter 16), the above fees shall not exceed the costs of this plan;
- more than one pooled registered pension plan within the meaning of the *Pooled Registered Pension Plans Act* (Statutes of Canada, 2012, chapter 16), the above fees shall not exceed the average of the costs of these plans.

Other fees

9.2. Other fees

The administrator may charge the member the following fees:

Name of Fee	Amount
Cash reimbursement or transfer of funds to another plan that is not offered by the administrator	50$
Carrying out the transfer of benefits between spouses *(the amount shall be divided up equally between the member and the member's spouse unless the administrator is advised of an apportionment)*	100$
Statement of benefits on transfer of benefits between spouses *(the amount shall be divided up equally between the member and the member's spouse unless the administrator is advised of an apportionment)*	150$
Searching for the contact information of an untraceable member	20$
Submitting a cheque without sufficient funds	25$
Stop payment order on a cheque	25$
Duplicate of an archived file	25$
Duplicate of a tax slip or tax receipt	10$

The administrator shall deduct these other fees, as listed in this section, from the market value of the funds held by the member.

Spouse upon death of member

10. Death of member

For the purposes of the death benefit, the spouse is the person who, on the day before the death of the member,

- is married to or in a civil union with the member,
- has been living in a conjugal relationship with the member, who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than three years, or
- has been living in a conjugal relationship with the member, who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than one year if
  - at least one child is born, or is to be born, of their union,
  - they have adopted, jointly, at least one child while living together in a conjugal relationship, or
  - one of them has adopted at least one child who is the child of the other, while living together in a conjugal relationship.

The birth or adoption of a child prior to the period of conjugal relationship existing on the day before the death occurs may qualify the person as a spouse. The spouse is then the person who is living in a conjugal relationship with the member, who is neither married nor in a civil union, whether the person is of the opposite sex or the same sex, for a period of not less than one year.

Statement in the event of death

The administrator shall provide the spouse of a deceased member or his successors with a statement within 30 days following the date the administrator receives notice of the member's death.

Death benefit

On the death of a member, his spouse or, if the member has no spouse, his successors, are entitled to a benefit the amount of which is equal to the balance in the member's account (locked-in and not locked-in portions), including interest accrued until the date of payment of the benefit. This benefit, paid as a lump-sum, is subject to the ITA. However, the member's spouse may choose to transfer all or part of the amount to a pension plan provided in the third paragraph of section 5.1.2 of the plan, in which case the tax shall be deferred.

Any amount payable on a member's account after his death shall be paid as soon as possible after the death.

A person who is legally separated from bed and board with the member on the day preceding the member's death is not entitled to any benefits unless the person is the member's successor.

Waiver

The member's spouse may waive the death benefit, before it is received, by notifying the plan administrator of this fact in writing.

The spouse may revoke such a waiver by notifying the plan administrator in writing before the member's death.

Designating or changing the beneficiary

The member may designate or change his beneficiary using the appropriate form provided by the administrator, by visiting www.dfs.ca/participant.

If the member has a spouse, the spouse takes precedence over the beneficiary for receiving the death benefit, regardless of the designation, unless the spouse has waived it.

Statement in the event of breakdown between spouses

11. Transfer of benefits between spouses

The member and his spouse are entitled, upon application in writing to the plan administrator, to obtain a statement of the benefits accumulated by the member under the Desjardins VRSP

- upon the introduction of proceedings for
    - separation from bed and board,
    - divorce,
    - annulment of marriage,
    - the dissolution of a civil union,
    - annulment of a civil union, or
    - the payment of a compensatory allowance;
- on the occasion of family mediation;
- on the occasion of a joint procedure before a notary for the dissolution of their civil union; or
- when the conjugal relationship between the member and his spouse ceases.

Transfer of benefits between spouses who are married or in a civil union

Upon application in writing to the plan administrator, the benefits accumulated by the member under the Desjardins VRSP are partitioned with the spouse in the following situations:

- divorce;
- annulment of marriage;
- separation from bed and board;
- annulment of a civil union; or

- dissolution of the civil union by judgment or joint declaration before a notary.

This partition is carried out to the extent determined in the *Civil Code* or by a court judgment or a notarized joint declaration of dissolution of the civil union.

Payment of a compensatory allowance

Upon application in writing to the plan administrator, the benefits the member has accumulated under the Desjardins VRSP are transferred to his spouse where the court or the notarized declaration awards them to the spouse in payment of a compensatory allowance, to the extent provided by the court judgment or by the notarized declaration.

Transfer of benefits between spouses living in a conjugal relationship

If the conjugal relationship between a member of the plan and a spouse ceases, they may, in the ensuing year, agree in writing to a partition of the benefits accumulated by the member under the plan.

This partition is carried out to the extent provided by the agreement signed by both spouses, but no such agreement may confer on the spouse more than 50% of the value of the member's benefits.

Partition

In case of the partition of the member's benefits or the payment of a compensatory allowance, the administrator shall take one of the measures prescribed by the Regulation with respect to the sum granted to the spouse and the interest.

The sums paid to the spouse must be deducted from each of the member's locked-in and not locked-in accounts by the proportion the sum represents of the value of the accounts on the date of partition.

Unassignable and unseizable benefits

12. Unassignable and unseizable benefits

Unless otherwise provided by the Act, the following amounts, contributions and benefits are unassignable and unseizable:

- contributions remitted or to be remitted to the plan, with accrued interest;
- amounts refunded or benefits paid under the Act;
- amounts awarded to the member's spouse following a transfer of benefits effected under section 11 of the plan, with accrued interest, and the benefits deriving from such amounts; and
- any of the above amounts, when locked-in, transferred out of the plan, the interest, and any refunds of such amounts.

In addition, the benefits of a person under the plan may not be assigned, charged, anticipated, given as security or abandoned, except in the case of:

- an assignment carried out as the result of an order or judgment of a competent court or tribunal, or a written agreement to partition property between the member and his spouse, as previously defined, in settlement of rights arising out of their marriage or civil union or its failure; or
- an assignment by the legal representative of a deceased individual on the settlement of his estate.

Contract

13. Contract

The contract between the administrator and the employer or the member who enrolled in a Desjardins VRSP not offered by his employer, as the case may be, must be in compliance with the plan and contain the information prescribed by section 6 of the Regulation.

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Subscription and enrolment

14. Subscription and enrolment

The administrator shall not refuse an employer's application to subscribe to the Desjardins VRSP, except

- if the employer is on the list referred to in section 83.05 of the *Criminal Code* or if, in the past seven years, it has been found guilty of an offence under section 380 or 462.31 of that Code.

An employer, within the meaning of subparagraph 7 of the first paragraph of section 1 of the *Act respecting labour standards* (chapter N-1.1), having an establishment in Quebec may offer a Desjardins VRSP to its employees.

However, any employer who must subscribe to a Desjardins VRSP under section 45 of the Act must automatically enrol in the plan all eligible employees as well as all employees who so request, except if they:

- have the opportunity to make contributions, through payroll deductions, to a designated registered retirement savings plan (RRSP) or a designated tax-free savings account (TFSA), within the employer's enterprise.
- Belong to a category of employees who benefit from a registered pension plan (RPP) within the meaning of the *Income Tax Act* (R.S.C. 1985, C. 1 (5th Suppl.)) to which the employer is party.

The employer has 30 days to enrol eligible employees in the plan, as well as any other employees who so request.

The employer shall provide the administrator with the following personal information concerning each eligible employee and each employee who applies to join the plan:

- his name, address and telephone number;
- his date of birth;
- his social insurance number; and
- his language of communication

Eligible employee

"Eligible employee" means an employee who

- is 18 years of age or over;

- is an employee within the meaning of subparagraph 10 of the first paragraph of section 1 of the *Act respecting labour standards* (chapter N-1.1) who works in Quebec or is described in paragraph 1 or 2 of section 2 of that Act; and
- is credited with one year of uninterrupted service within the meaning of subparagraph 12 of the first paragraph of Section 1 of the *Act respecting labour standards*.

Deemed contract

15. Deemed contract
An employer and an administrator are deemed to have entered into a contract if the employer has entered into an agreement with a professional order, an association or another group that allows the its employees to become members of the Desjardins VRSP subscribed to by the professional order, the association or the other group. The administrator and the employer are in that case subject to the same rights and obligations under the Act as they would be if the employer had subscribed to the plan.

Notice

16. Notice
Within 30 days after the contract is signed by an employer or after an employee has enrolled in the plan, the administrator shall send each employee:

- a written notice confirming his or her membership in the plan;
- a written summary of the plan that describes, in particular, the rights and obligations of the member and the employer, the investment options available under the contract and the costs related to the plan; and
- a form for the designation of beneficiaries in case of the death of the member.

The administrator shall inform the employer without delay of the date the written notices confirming the employees' participation have been sent to the employees.

Employee's waiver

17. Opting out
An employee may opt out of the plan by notifying the employer in writing no more than 60 days after the administrator has sent the written notice confirming his membership in the plan.

When an eligible employee opts out of the plan, the employer shall
- keep the opting-out notice for the full duration of the employment; and
- notify the administrator of the plan in writing within 30 days.

Frequency of offers

The employer must re-offer the plan to any eligible employee who has opted out of the plan, and offer any eligible employee who has set his rate of contribution at 0% the possibility of resuming contributions to the plan. The employer must do so in the month of December every two years following the date the employee opted out of the plan or set his rate of contribution at 0%.

Personal information

The personal information provided by the employer must be destroyed by the administrator no more than 60 days after the employee opt-out notice sent by the employer has been received.

Change of plan

18. Change of VRSP

The employer may change VRSPs. The member may choose to leave his amounts accrued in the plan or transfer them to the new plan.

After the plan has been changed, the member's contributions shall be paid into the new plan.

The employer must pay the costs related to the transfer of the employee accounts. However, the administrator is not required to carry out the transfer if the employer has not paid the costs.

The transfer costs that the administrator shall charge the employer are as follows:

Name of cost	Amount
Contract termination or transfer of funds to another plan*	Fee of $ 300, plus $ 50 / per employee

*Additional fees may be charged to the employer if special services are required. The fees for these services shall be determined using the administrator's fee scale then in effect. The rendering of the services is subject to the employer under the plan accepting the fee amount specified by the administrator in advance.

The administrator must transfer the members' accounts upon expiry of a 60 days period after the date the new administrator has sent the notice informing each eligible employee that his accounts have been transferred to the new plan, and that he must inform the new administrator of the investment option he has chosen.

Documents and information

19. Documents and information
The employer must provide the plan administrator with all documents and information the plan administrator requires to comply with the Act.

Upon the member's request, the employer must make available, free of charge,
- a copy of the contract between the parties; and
- the annual statement and the financial report.

Information on investment options

20. Information on investment options
For each investment option offered under the plan that is not governed by the guidelines adopted in accordance with the *Act respecting insurance* or for an investment fund that is not a reporting issuer in accordance with Québec securities legislation, the administrator shall send each employee registered for the plan the information specified in section 14 of the Regulation. The administrator shall send the information to the employee in paper or in electronic format, whichever the employee chooses, or shall provide him, in real time, with the information or instructions required to consult the information on a Web site, no more than 30 days after an employer signs a contract or after an employee is registered for the plan. The employee can consult the information on each of the investment options at the following address: www.dsf.ca/participant

Termination of employment

21. Termination of employment
Within 30 days after the date of termination of employment, the employer must notify the administrator that the employment of an employee who is a member of the plan has been terminated.

The administrator must provide a statement to the concerned member within 30 days after receipt of the notice of termination of employment.

Employer's contribution

22. Employer's contribution
The employer is not required to contribute to the plan on behalf of its employees but may do so where employees are members of the plan.

An employer who contributes to a member's plan may change the contribution he has agreed to pay, subject to any clause to the contrary in an agreement, within the meaning of subparagraph 4 of the first paragraph of section 1 of the *Act Respecting Labour*

Standards (chapter N-1.1). The employer must in that case send a written notice to the plan administrator and the member concerned.

If it means the employer contribution is reduced, the change cannot take effect until the 30th day following the date on which the notice of change is sent to the employees concerned.

The employer's contribution limit for the member is based on the RRSP contribution limit (as defined by section 146(1) of the ITA) except if the payment is made in accordance with a direction by the member.

The employer's contribution is a contribution made during the taxation year commencing January 1st and ending December 31st.

Participant's contribution

23. Member's contribution

A member shall determine his contribution within 60 days of the date on which the administrator has sent the written notice confirming his membership in the plan. If the member has not determined his contribution, the default contribution rate is set at:

- 2% of gross salary, from July 1st, 2014 to December 31st, 2017;
- 3% of gross salary, from January 1st, 2018 to December 31st, 2018; and
- 4% of gross salary, as of January 1st, 2019.

The member may set his contribution rate at 0% if he has been contributing to a plan offered by his employer for more than 12 months since his enrolment, or before that time period if:

- tax rules no longer allow him to contribute amounts to the plan;
  or
- he pays into the plan an additional contribution equal to or greater than the contribution determined for that period;
  or
- his employer contributes to the plan on his behalf.

The member's contributions shall not exceed the limits permitted by the ITA.

Change of contribution

A member who is an employee and is a member of a plan offered by his employer may change his contribution no more than twice within any 12-month period, unless his employer agrees that he may do so more often.

The employer has 30 days in which to give effect to the member's request for the change.

The employer must remit to the administrator the contributions collected and those the employer agreed to pay before receiving the member's request.

Collection of contributions

24. Collection of contributions
On the first pay that follows the 61st day after the notice sent by the administrator to confirm the member's membership in the plan, the employer shall begin collecting his contributions for each pay period from his salary.

Payment of contributions

25. Payment of contributions
An employer must remit the member contributions to the plan, and the contributions that it makes on behalf of the members, on the last day of the month that follows the day on which the member contributions are collected.

If the employer fails to pay the contributions to the plan within this time limit, the employer must pay interest on the contributions due.

Contributions bear interest at the rate established by section 28 of the *Tax Administration Act* (chapter A-6.002) from the last day of the month that follows the month for which they should have been paid to the plan until they are paid to the plan.

Until the contributions and interest accrued are remitted to the plan, the employer is deemed to hold those amounts in trust.

If the plan is wound up, the contributions the employer is required to remit to the plan must be paid into the plan until the date the assets are transferred to the new plan.

Employer's failure to make contributions

Within 60 days after the time limit for paying the contributions, the plan administrator must notify Retraite Québec of any contributions not remitted by the employer and the measures taken to ensure remittance.

Contributions due

26. Where contributions due are made following a reimbursement or a transfer out of the plan
If contributions due are made after the balance of the member's plan is reimbursed or transferred out of the plan, the administrator shall

deal with them as it did with the part of the account to which they should have been paid.

Transfer of locked-in portion of member's account

27. Transfer of locked-in portion of member's account out of plan

The member is entitled to have the locked-in portion of his account transferred, in whole or in part, in any of the following situations:

- the member's employment terminates;
- the member reaches the age of 55; or
- the member's employer has established a registered retirement savings plan (RRSP) or tax-free savings account (TFSA), or a registered pension plan (RPP) within the meaning of the *Income Tax Act* (R.S.C. 1985, c. 1 (5th Supp.)) to which the employer is a party.

The locked-in portion of the employee's account can be transferred to any of the following retirement plans:

- a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or governed by an Act emanating from a legislative authority other than the Parliament of Québec and granting entitlement to a deferred pension;
- a registered supplemental pension plan established by an Act of the Parliament of Québec or from another legislative authority;
- a life income fund (LIF) registered as a RRIF under which the member is the annuitant;
- a locked-in retirement account (LIRA) registered as a RRSP under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the locked-in part of another VRSP governed by the Act; and
- the account or the locked-in portion of the account of an equivalent voluntary retirement savings plan, emanating from a legislative authority other than the Parliament of Québec, also called a pooled registered pension plan (PRPP), if the member is enrolled in the plan as part of his employment.

However, where the member is entitled to the reimbursement of the locked-in portion of his account in accordance with section 5.1.1 of the plan, the transfer shall be made to one of the following retirement plans:

- a registered supplemental pension plan governed by the *Supplemental Pension Plans Act* (chapter R-15.1) or by an Act of a legislative authority other than the Parliament of Québec that provides for a deferred annuity;
- a registered supplemental pension plan established by an Act emanating from the Parliament of Québec or from another legislative authority;
- a registered retirement income fund (RRIF) under which the member is the annuitant;
- a registered retirement savings plan (RRSP) under which the member is the annuitant;
- an annuity contract under which the member is the annuitant;
- the not locked-in portion of another VRSP governed by the Act;
- the account or the not locked-in portion of the account of an equivalent voluntary retirement savings plan emanating from a legislative authority other than the Parliament of Québec, also called a pooled registered pension plan (PRPP), if the member is enrolled in it as part of his employment.

The administrator of the plan shall transfer the full amount in a single lump sum no more than 60 days after the member's request.

Reimbursement and transfer of not locked-in portion

28. Reimbursement of not locked-in portion of member's account or transfer of that portion out of plan

Upon request to the administrator, a member is entitled, at any time, to a lump-sum reimbursement or transfer of the complete portion of his account that is not locked in, or any part thereof.

Inducements

29. Inducements

The employer shall not demand, accept or agree to accept any inducement from a plan administrator, or offer or agree to offer a plan administrator any inducement, with a view to entering into a contract with the administrator in respect of a plan for its employees.

An administrator shall not give, offer or agree to give or offer an employer an inducement to enter into a contract with the administrator in respect of a plan.

However, an inducement is authorized if it complies with the provisions of the *Act respecting insurance* (chapter A-32), the *Act respecting the distribution of financial products and services* (chapter D-9.2) and the *Securities Act* (chapter V-1.1) in the following cases:

- when a product or service is offered as an incentive for the benefit of the members and the advantage is the same for every member connected with the employer; or
- when a monetary incentive not exceeding the charges incurred by the employer is offered for transferring the assets from one plan to another.

Effective date

30. Effective date of the plan

The Desjardins VRSP came into effect on **July 15th, 2014**.

Section 8.1 and 8.2 have been modified and came into effect on **July 28th, 2016**.
Section 5.2, 8.1 and 8.2 have been modified and came into effect on **December 6th, 2019**.

This revised version comes into effect on **December 6th, 2019**.

Signature of plan administrator

For the plan administrator,

Hélène Tellier
____
(Signature of plan administrator's representative)

Hélène Tellier
(Print name)

December 6th, 2019
Date

Certified true copy

____
(Signature of authorized person)

____
(Print name)

Signed at ______________________ on ____________, 20___.