

NOVEMBER 2020

Summary

Document governed by SECTION IV of the *Regulation Respecting Alternative Distribution Methods*, which is intended to help purchasers make informed decisions when buying an insurance product (annuity contract) without a representative.

Desjardins Life Annuities (life or term certain annuities)

Insurer:
Desjardins Assurances
200, rue des Commandeurs, Lévis
(Québec), G6V 6R2
1 866 286-7826

Autorité des marchés financiers (AMF) client number:
2 000 379 948

To look us up in the AMF's register of insurers, go to:
www.lautorite.qc.ca

Distributor (Name, address and contact information for the caisse):



The terms defined in this *Summary* and the *Annuity Contract* appear in italics. They are defined at the end of the document.

The Desjardins Life Annuities Annuity Contract is a group contract that Desjardins Financial Security offers members of Desjardins caisses. The caisses are the Distributors of the contract.

The Summary provides you with basic information so you can decide whether the product is right for you.

To find out more, see the *Desjardins Life Annuities Annuity Contract Brochure*, available at your caisse or online at:

<https://www.desjardinsassurancevie.com/en/individual-savings/annuity>

Why choose the Desjardins Life Annuities Annuity Contract (life or term certain annuities)?

- When you retire, your registered and non-registered savings can be converted into a steady source of income.¹
- If you're looking for a steady source of income for the rest of your life, a *life annuity* will meet your needs. And if you choose a *joint and survivor annuity*, the *annuity* will continue to be paid to your *spouse* or *common-law partner* after your death.
- A *term certain annuity*, on the other hand, guarantees *annuity* payments for a given period of time. At the end of this period, the payments stop.

Advantage of an annuity

An *annuity* frees you from having to manage your investments. And no matter what the markets do, you'll continue to receive the regular payments specified in the *Annuity Contract*.

Warning to the annuitant – Life annuity (annuity without an annuity payment guarantee period)

By choosing a life annuity without an annuity payment guarantee period, the annuitant acknowledges that if they die after the due date of the first annuity payment, the Annuity Contract will end, and no further amounts will be payable to anyone.

Who can purchase a Desjardins Life Annuities Annuity Contract?

Any member of a Desjardins caisse.

How can I purchase a Desjardins Life Annuities Annuity Contract?

To purchase an Annuity Contract, you must:

- Complete the *Desjardins Life Annuities Application Form* supplied by the *Distributor*;
- Provide proof of birth for you and for your *spouse* or *common-law partner*, if applicable;

- Pay the required *single premium* based on the features of the *annuity* you selected;
- When the *single premium* comes directly from a registered pension plan (RPP) in satisfaction of your entitlement to benefits under the plan, you will have to provide the plan text of your RPP.

How will the amount of the annuity payments I will receive and the single premium I will have to pay be determined?

The amount of the *annuity* you will receive and the *single premium* you will have to pay are determined based on a number of factors, including:

- The type of annuity selected (*life annuity* or *term certain annuity*);
- The duration of the *annuity payment guarantee period* in the case of a *term certain annuity*;
- The absence or the duration of an *annuity payment guarantee period*, a *life annuity* or a *joint and survivor annuity*;
- The amount of the *single premium* paid;
- The market interest rate in effect when the *annuity* is purchased;
- The age and sex of the *annuitant* in the case of a *life annuity*;
- The age and sex of the *spouse* or *common-law partner* in the case of a *joint and survivor annuity*;
- The indexation rate selected for the *annuity*, if any;
- The benefit initially provided for in the plan text when the *single premium* comes directly from an RPP.

What happens if the age or sex is incorrect?

If the error is discovered before the *annuity* payments begin or while they are in force, the *annuity* payable will be the *annuity* you would have been entitled to for the *single premium* you paid had the correct age or sex had been correctly stated at the time of purchase. Should an adjustment be necessary for *annuity* payments that have already been made, this adjustment could include interest at a rate determined by the *Insurer*, according to our administrative policies.

¹ Subject to the applicable laws.

What are my annuity payment options?

If your single premium comes from a registered retirement savings product, you will have to purchase your Annuity Contract no later than December 31 of the year in which you turn 71 years of age².

Type of annuity	Source of single premium (unless otherwise indicated, during the annuitant's lifetime)	Annuity guarantee payment periods available	Sample calculations:
Life annuity	RRSP, LIRA, locked-in RRSP, RRIF AND LIF	Any period between 0 years and a number of years equal to 90 minus the age* of the annuitant.	If the annuitant is 65 years of age at the time of purchase, the annuity payment guarantee period may vary between 0 and 25 years. (90 years – 65 years = 25 years)
	Non-registered (prescribed annuity)	Any period between 0 years and a number of years equal to 91 minus the age* of the annuitant.	If the annuitant is 65 years of age at the time of purchase, the annuity payment guarantee period may vary between 0 and 26 years. (91 years – 65 years = 26 years)
	Non-registered (non-prescribed annuity)	Any period between 0 years and a number of years equal to 98 minus the age* of the annuitant.	If the annuitant is 65 years of age at the time of purchase, the annuity payment guarantee period may vary between 0 and 33 years. (98 years – 65 years = 33 years)
	RPP	Only a period that complies with the provisions of the source plan.	If the RPP plan offers a 10-year guarantee, the annuity must have a 10-year guarantee.
Joint and survivor annuity	RRSP, LIRA, locked-in RRSP, RRIF AND LIF	Any period between 0 years and a number of years equal to 90 minus the age* of the younger of the annuitant and the spouse or common-law partner.	If the annuitant is 65 years of age and the spouse or common-law partner is 62 years of age at the time of purchase, the annuity payment guarantee period may vary between 0 and 28 years. (90 years – 62 years = 28 years)
	Non-registered (prescribed annuity)	Any period between 0 years and a number of years equal to 91 minus the age* of the younger of the annuitant and the spouse or common-law partner.	If the annuitant is 65 years of age and the spouse or common-law partner is 68 years of age at the time of purchase, the annuity payment guarantee period may vary between 0 and 26 years. (91 years – 65 years = 26 years)
	Non-registered (non-prescribed annuity)	Any period between 0 years and a number of years equal to 98 minus the age* of the younger of the annuitant and the spouse or common-law partner.	If the annuitant and the spouse or common-law partner are both 65 years of age at the time of purchase, the annuity payment guarantee period may vary between 0 and 33 years. (98 years – 65 years = 33 years)
	RPP	Only a period that complies with the source plan.	If the RPP plan offers a 10-year guarantee, the annuity must have a 10-year guarantee.
Term certain annuity	RRSP and RRIF	Only a period equal to 90 years minus the age* of the annuitant. However, if the spouse or common-law partner is younger than the annuitant, it may be possible to use the age* of the spouse or common-law partner for the calculation.	If the annuitant is 65 years of age and the spouse or common-law partner is 62 years of age at the time of purchase, the annuity payment guarantee period may be 25 or 28 years. (90 years – 65 years = 25 years and 90 years – 62 years = 28 years)
	Non-registered (prescribed annuity)	Any period between 1 year and a number of years equal to 91 minus the age* of the annuitant.	If the annuitant is 65 years of age at the time of purchase, the annuity payment guarantee period may vary between 1 and 26 years. (91 years – 65 years = 26 years)
	Non-registered (non-prescribed annuity)	Any period between 1 year and a number of years equal to 98 minus the age* of the annuitant.	If the annuitant is 65 years of age at the time of purchase, the annuity payment guarantee period may vary between 1 and 33 years. (98 years – 65 years = 33 years)
	RPP, LIRA, locked-in RRSP and LIF	A term certain annuity is not available for these types of plans.	
Term certain annuity for a minor child	Death benefit from an RRSP, LIRA, locked-in RRSP, RRIF, LIF or RPP received by a child or grandchild who is financially dependent of the deceased	Any period between 1 year and a number of years equal to 18 minus the age* of the annuitant (child).	If the annuitant (child) is 14 years of age at the time of purchase, the annuity payment guarantee period may vary between 1 and 4 years. (18 years – 14 years)

* The age must be stated in whole years. For example, if you are 65 years and 4 months old when you purchase the annuity, you must use age 65.

² This rule does not apply to amounts transferred from a RRIF, LIF or the conversion of an existing registered annuity.

Will I have any fees to pay when I purchase this Annuity Contract?

Yes. The applicable fees are included in the calculation of the *single premium* used to purchase your *annuity*. The fees cover the costs of issuing, administering and maintaining the *Annuity Contract*. These fees also cover the commission paid to the *Distributor*.

Start of my Annuity Contract

The *Desjardins Life Annuities Annuity Contract* comes into force when the following two conditions have been met:

1. You have completed and signed the *Desjardins Life Annuities Application Form* supplied by the *Distributor* to our satisfaction.
2. The *single premium* has been paid and been cashed by us. We can, at our discretion, refuse to accept a *single premium*.

The effective date of the *Annuity Contract* is confirmed when an *Annuity payment confirmation* is issued.

No temporary insurance will be issued before the *Annuity Contract* comes into force.

Cooling-off period – Limited right to cancel my Annuity Contract

You can cancel your *Annuity Contract* within 10 calendar days of the effective date by notifying the *Insurer* by registered mail. The *single premium* you will have paid in full will then be refunded to you. You can use the *Notice of Cancellation of an Insurance Contract* in Addendum 1 of the *Brochure* for this purpose.

Will I be able to cancel the Annuity Contract after the 10-day cooling-off period?

ⓘ Caution: After the 10-day cooling-off period has expired, the annuity you selected can no longer be amended or cancelled and no partial or total refund of the single premium will be possible.

No *annuity* payable under the *Desjardins Life Annuities Annuity Contract* can be surrendered, commuted or assigned in whole or in part. However, when required by the provisions of the *Income Tax Act* in compliance with the laws

and regulations in effect, the *annuity* payments could be commuted using the interest rate³ described below.

A *prescribed annuity* cannot be surrendered or commuted.

Loans

No loans may be granted under the *Desjardins Life Annuities Annuity Contract*.

Termination of the Master Contract between us and the Distributor

Even if the *Master Contract* governing the distribution of this *Annuity Contract* between the *Distributor* and the *Insurer* comes to an end, the *Insurer* will continue to pay your *annuity* in accordance with the terms and conditions described in the *Confirmation of annuity payment*.

Update of information concerning the annuitant and their spouse or common-law partner

Proof of age for the annuitant and their spouse or common-law partner

Before making an *annuity* payment under the *Annuity Contract* for a *life annuity* or a *joint and survivor annuity*, the *Insurer* reserves the right to require, at any time, satisfactory proof that the age and sex of the *annuitant* and their *spouse or common-law partner* were correctly stated. If an error in the age or sex is discovered, the *annuity* payable under this *Annuity Contract* is the *annuity* you would have been entitled to for the *single premium* paid had the true age or sex been correctly stated before the effective date of the *Annuity Contract*. Should an adjustment become necessary with respect to the *annuity* payments that have already been made, this adjustment could include interest at a rate determined by the *Insurer*.

Proof of survival

In the case of a *life annuity* or *joint and survivor annuity*, the *Insurer* reserves the right to ask for satisfactory proof that the *annuitant* or the *annuitant's spouse or common-law partner*, if applicable, are still living on the day a payment is due.

⚠ If the annuity payment guarantee period has ended and the Insurer has not received this satisfactory proof before the end of the required time period, the annuity payments will, as of that time, no longer be payable and will be interrupted without further notice or delay.

³ Interest rate: The interest rate used for the purpose of commuting the *annuity* payments will be the higher of:

- The interest rate used by the *Insurer* when converting capital into *life annuities* or *term certain annuities* at the time of purchase and
- This same rate at the time of surrender.

Which laws apply to the *Annuity Contract*?

The *Annuity Contract* is governed by the civil law of the Province of Quebec.

The *Annuity Contract* is also subject to all applicable federal and provincial laws, including the following:

- *Income Tax Act*;
- Pension plan laws;
- Insurance laws;
- Estate laws.

IF I'M NOT SATISFIED OF A PRODUCT OR SERVICE

Go to www.desjardinslifeinsurance.com/complaint where you will find information on:

- How you can inform us about your dissatisfaction or file a formal complaint
- Our complaint management policy

DEFINITIONS

The terms defined below appear in italics in this *Brochure* and the *Annuity Contract*.

Annuitant

Refers to any individual whose life is used as the measuring life for determining the *annuity* payments and other payable amounts, if any. For the purposes of this *Annuity Contract*, the *annuitant* always refers to the person who has purchased the *Desjardins Life Annuities Annuity Contract*. The *death benefit*, if any, is payable upon the death of the *annuitant* (and upon the death of the *spouse* or *common-law partner* in the case of a *joint and survivor annuity*), after which the *Annuity Contract* comes to an end. The term "you" is sometimes used to refer to the *annuitant*.

Annuity

Refers to the periodic income payable to the *annuitant* in return for a *single premium* paid by the *annuitant* to the *Insurer*. The amount of the *annuity* depends, among other things, on the form of *annuity* the *annuitant* selects at the time the *Annuity Contract* is purchased.

Annuity Contract

This generic term covers all the documents used in the distribution of the *Desjardins Group Life Annuity Contract*, including: The *Desjardins Life Annuities Application Form*, the *Brochure*, the *Summary*, the *Annuity payment confirmation* and the *Master Contract*, as well as any *Endorsement*.

Annuity payment confirmation

Refers to the document the *Insurer* issues upon receipt of the *Desjardins Life Annuities Application Form* completed and signed by the *annuitant* and the *single premium* paid in full by the *annuitant*. The form confirms the effective date of the *Master Contract*, the final features of the *annuity* and the contractual obligations of the *Insurer* towards the *annuitant*. This document is an integral part of the *Annuity Contract*.

Annuity payment guarantee period

Refers to the minimum fixed term or, in the case of a *term certain annuity*, the fixed term selected by the *annuitant* at the time of purchase and confirmed by the *Insurer* in the *Annuity payment confirmation*, which begins with the first *annuity* payment to the *annuitant* and during which the *Insurer* agrees to continue to pay the *annuity* upon the death of the *annuitant* and, if the *annuity* is a *joint and survivor annuity*, upon the death of the *spouse* or *common-law partner*. For example, if the *annuity* is a *joint and survivor annuity* with a 10-year guarantee and the *annuitant* dies 5 years after the start of the *annuity* payments and the *spouse* or *common-law partner* of the *annuitant* dies 8 years after the death of the *annuitant*, the *annuity payment guarantee period* has ended because the *annuity* was paid for more than 10 years. When the *single premium* comes from a *registered retirement savings product*, or in the case of a *prescribed annuity*, the *annuity payment guarantee period* must comply with the requirements of the *Income Tax Act*.

Beneficiary

Refers to the individual or a legal entity, the organization or the trust, designated in writing by the applicant. The beneficiary designation made by the applicant must comply with the requirements of the applicable laws of the jurisdiction governing the beneficiary designation.

Brochure

Refers to the document entitled *Brochure relating to the Desjardins Life Annuities Annuity Contract*.

Commuted value of the annuity payments

Refers to the lump-sum amount that represents the present value of the *annuity* payments that remain payable for the rest of the *annuity payment guarantee period*, calculated in compliance with the administrative practices of the *Insurer*, in accordance with the terms of clause **3.9 B** of the *Annuity Contract*.

Death benefit

Refers to the *commuted value of the annuity payments* or each *annuity* payment, if applicable, paid to the beneficiary or, if there is no beneficiary, to the estate of the *annuitant*, upon the death of the *annuitant* and the *annuitant's spouse* or *common-law partner* (in the case of a *joint and survivor annuity*), as described in Section 3.9 B) of the *Annuity Contract*.

Desjardins Life Annuities Application Form

Refers to the written application form supplied by the *Insurer* and completed by the *annuitant* for the purpose of purchasing an *Annuity Contract*.

Distributor

Refers to Fédération des caisses Desjardins du Québec and Caisse Desjardins Ontario Credit Union Inc., which have signed the *Group Annuity Master Contract* and *Annuity Contract* along with the *Insurer* for and on behalf of their member caisses and points of service and/or represented and bound by them.

Due date of the first annuity payment

Refers to the date indicated on the *Annuity payment confirmation* as being the start date of the scheduled *annuity payments*. It determines the date of subsequent payments.

Endorsement

Refers to any document signed by two authorized officers of the *Insurer* that amends, in whole or in part, the provisions of the *Master Contract* or *Annuity Contract*.

Guaranteed life annuity

Refers to an *annuity* that is payable until the death of the *annuitant* that also has an *annuity payment guarantee period*.

Income Tax Act

Refers to the *Income Tax Act* (Canada) (the "Act"), the *Income Tax Regulations* and, if applicable, the corresponding provincial tax laws.

Insurer

Refers to Desjardins Financial Security Life Assurance Company, which is also sometimes referred to by the terms "we" and "us."

Joint and survivor annuity

Refers to a life *annuity* whose payments will continue, in whole or in part, to the *spouse* or *common-law partner* upon the death of the *annuitant*. The *annuity* ends when the *annuitant* and the *annuitant's spouse* or *common-law partner* have both died. It may also have an *annuity payment guarantee period*.

Life annuity

Refers to an *annuity* that is payable until the death of the *annuitant*. Depending on the context, this term will include the *guaranteed life annuity* and the *joint and survivor annuity*.

Master Contract

Refers to the text of the *Master Contract* between the *Insurer* and the *Distributors*.

Prescribed annuity

Refers to an *annuity* that meets the conditions set out in section 304 of the *Income Tax Regulations* and in respect of which the *annuitant* did not notify the *Insurer* that they wished to have the *annuity* treated as a non-prescribed *annuity* by December 31 of the year in which the first *annuity* payment was due. Generally, the taxation of a *prescribed annuity* remains level during the life of the *annuity*.

Registered retirement savings product

Refers to an RRSP (Registered Retirement Savings Plan), a LIRA (Locked-in Retirement Account), a Federal locked-in RRSP, a RRIF (Registered Retirement Income Fund), a LIF (Life Income Fund) or an RPP (Registered Pension Plan).

Single premium

Refers to the sum or sums received from the *annuitant* and credited to the *Insurer's* account before the effective date of the *Annuity Contract*. The *Insurer* reserves the right to refuse a *single premium*, at its sole discretion.

Spouse or common-law partner

Refers to the *spouse* or *common-law partner* of the *annuitant* within the meaning of the *Income Tax Act* and, if the funds come from a registered pension plan, refers to the concept of "spouse" as defined in the pension legislation of the applicable jurisdiction.

Summary

Refers to the document in SECTION IV of the *Regulation respecting Alternative Distribution Methods* that sums up the contractual provisions of the *Desjardins Life Annuities Annuity Contract*.

Term certain annuity

Refers to an *annuity* whose payments are made for a specified period of time.



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Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.