

CERTIFICATE OF INSURANCE - PART 1

NOVEMBER 2020

Annuity Contract Brochure

DESJARDINS LIFE ANNUITIES

Immediate annuities (payout annuities)

- Life annuities
- Term certain annuities



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Desjardins Life Annuities is a group *Annuity Contract*.

This *Brochure*, together with the *Confirmation of annuity payment*, forms the *annuity* certificate.

The terms defined in the *Brochure* and the *Annuity Contract* appear in *italics*. Definitions can be found on page 11.

The terms "we," "us" and "Insurer" refer to Desjardins Financial Security Inc.

In Quebec, the distribution of this product without a representative is authorized by Order in Council 1121-99, adopted on September 29, 1999.

The *Master Contract* and *Annuity Contract* are available from the *Distributor* upon request.

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 income¹
- 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 payments specified in the *Annuity Contract*.

Warning to the annuitant – Life annuity (applies only to a life 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

1- DESCRIPTION AND PURCHASE OF AN ANNUITY CONTRACT

Desjardins Life Annuities Annuity Contract

This group *Annuity Contract* is a payout *annuity* contract under which the *Insurer* agrees to make regular *annuity* payments to you in return for a *single premium*, in accordance with the provisions of the *Annuity Contract*.

 **This *Annuity Contract* does not confer any cancellation rights other than those conferred by law.**

The provisions of this *Annuity Contract* may only be cancelled or amended by means of an *endorsement* signed by two authorized officers of the *Insurer*.

The *Insurer* has the right to strictly enforce the provisions of the *Annuity Contract* or not, at its sole discretion, without waiving any of its rights to require strict compliance in the future.

For certain transactions, the *Insurer* may require proof that you or your *spouse* or *common-law partner* still living and reserves the right to impose other requirements at its sole discretion.

If amendments are made to the Act and other applicable laws and regulations, this *Annuity Contract* is deemed to have been amended accordingly.

This *Annuity Contract* does not confer any right to participate in the profits of the *Insurer*.

¹ Subject to the applicable laws

Who can purchase a *Desjardins Life Annuities Annuity Contract*?

Any member of a Desjardins caisse can purchase a *life annuity* or *term certain annuity* contract at any time. However, 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.

How can I purchase a *Desjardins Life Annuities Annuity Contract*?

To purchase an *Annuity Contract*, you must:

- Read this *Brochure*;
- Complete the *Desjardins Life Annuities Application Form* supplied by the *Distributor*. You will use the form to choose all the options presented in this *Brochure*. Your *annuity* will be issued based on the choices you make;
- Provide proof of birth for you and for *your spouse or common-law partner*, if you have chosen a *joint and survivor annuity* or if you chose to use the age of your *spouse or common-law partner* to calculate the duration of the *annuity payment guarantee period* (when permitted);
- 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, the *Income Tax Act* states that the *annuity* you purchase cannot be materially different from the benefits you would have received under the RPP. You will have to provide the plan text of your RPP.

Where can the *single premium* come from?

The funds can come from the following sources:

- RRSP
- LIRA
- Locked-in RRSP
- RRIF
- LIF
- RPP
- Non-registered funds

However, these funds cannot be combined into the same *annuity*.

Will I receive confirmation of my purchase of the *Annuity Contract*?

Yes. You will receive a *Confirmation of annuity payment* once we have cashed your *single premium* and received your *Desjardins Life Annuities Application Form* completed to our satisfaction. Your confirmation will be sent to the address we have on file for you.

All of the options you select are described in the *Confirmation of annuity payment*.

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* for 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.

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

What are my annuity payment options?

Type of annuity	Source of <i>single premium</i> (unless otherwise indicated, during the <i>annuitant's</i> lifetime)	<i>Annuity guarantee payment periods</i> 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 <i>annuitant</i> .	If the <i>annuitant</i> is 65 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may vary between 0 and 25 years. (90 years – 65 years = 25 years)
	Non-registered (<i>prescribed annuity</i>)	Any period between 0 years and a number of years equal to 91 minus the age* of the <i>annuitant</i> .	If the <i>annuitant</i> is 65 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may vary between 0 and 26 years. (91 years – 65 years = 26 years)
	Non-registered (<i>non-prescribed annuity</i>)	Any period between 0 years and a number of years equal to 98 minus the age* of the <i>annuitant</i> .	If the <i>annuitant</i> is 65 years of age at the time of purchase, the <i>annuity payment guarantee period</i> 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 <i>annuity</i> 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 <i>annuitant</i> and the <i>spouse or common-law partner</i> .	If the <i>annuitant</i> is 65 years of age and the <i>spouse or common-law partner</i> is 62 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may vary between 0 and 28 years. (90 years – 62 years = 28 years)
	Non-registered (<i>prescribed annuity</i>)	Any period between 0 years and a number of years equal to 91 minus the age* of the younger of the <i>annuitant</i> and the <i>spouse or common-law partner</i> .	If the <i>annuitant</i> is 65 years of age and the <i>spouse or common-law partner</i> is 68 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may vary between 0 and 26 years. (91 years – 65 years = 26 years)
	Non-registered (<i>non-prescribed annuity</i>)	Any period between 0 years and a number of years equal to 98 minus the age* of the younger of the <i>annuitant</i> and the <i>spouse or common-law partner</i> .	If the <i>annuitant</i> and the <i>spouse or common-law partner</i> are both 65 years of age at the time of purchase, the <i>annuity payment guarantee period</i> 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 <i>annuity</i> must have a 10-year guarantee.
Term certain annuity	RRSP and RRIF	Only a period equal to 90 years minus the age* of the <i>annuitant</i> . However, if the <i>spouse or common-law partner</i> is younger than the <i>annuitant</i> , it may be possible to use the age* of the <i>spouse or common-law partner</i> for the calculation.	If the <i>annuitant</i> is 65 years of age and the <i>spouse or common-law partner</i> is 62 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may be 25 or 28 years. (90 years – 65 years = 25 years and 90 years – 62 years = 28 years)
	Non-registered (<i>prescribed annuity</i>)	Any period between 1 year and a number of years equal to 91 minus the age* of the <i>annuitant</i> .	If the <i>annuitant</i> is 65 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may vary between 1 and 26 years. (91 years – 65 years = 26 years)
	Non-registered (<i>non-prescribed annuity</i>)	Any period between 1 year and a number of years equal to 98 minus the age* of the <i>annuitant</i> .	If the <i>annuitant</i> is 65 years of age at the time of purchase, the <i>annuity payment guarantee period</i> may vary between 1 and 33 years. (98 years – 65 years = 33 years)
	RPP, LIRA, locked-in RRSP and LIF	A <i>term certain annuity</i> 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 <i>annuitant</i> (child).	If the <i>annuitant</i> (child) is 14 years of age at the time of purchase, the <i>annuity payment guarantee period</i> 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.

Reduction after the death of the *annuitant* (for the *joint and survivor annuity*)

The *joint and survivor annuity* may include a reduction after the death of the *annuitant*, depending on what was selected at the time of purchase. The *spouse or common-law partner* could receive an *annuity* equal to the *annuity* the *annuitant* was receiving, or the *annuity* could be reduced by 25%, 40% or any other percentage you choose. Depending on the source of the *single premium*, conditions may apply.

Indexation

The *annuity* can be indexed. You choose the indexation rate at the time of purchase.

Depending on the source of the premium, (e.g. RRSP, RPP, etc.), restrictions may apply.

Advantages of the *joint and survivor annuity* and the *annuity payment guarantee period*

No one can predict when they will die. Some people suffer from poor health all their lives but live to an advanced age. Others enjoy excellent health but die young.

If you die shortly after purchasing a *life annuity* (without an *annuity payment guarantee period*), you won't have received many payments. The *joint and survivor annuity* and the *annuity payment guarantee period* options make it possible for a loved one to continue to receive the *annuity* payments after your death.

Payments under a *single life annuity*

You can choose a *single life annuity* in the following situations:

- You don't have a *spouse or common-law partner* when you purchase the payout *Annuity Contract*;
- You have a *spouse or common-law partner*, but the funds you are using to purchase the *Annuity Contract* don't come from a pension plan (RPP, LIRA, locked-in-RRSP or LIF);
- The funds come from a pension plan (RPP, LIRA, locked-in-RRSP or LIF), but your *spouse or common-law partner* has legally waived their right to receive a *joint and survivor annuity* by completing an appropriate form that meets the requirements of the legislation in effect governing these funds;

As the *annuitant*, you will receive the *annuity* payments until your death. The payment of the *life annuity* stops when you die unless you selected an *annuity payment guarantee period* option at the time of purchase.

If you selected an *annuity payment guarantee period* option and you die during this period, the *commuted value of the annuity payments* will be calculated and paid to your *beneficiary*, if you have designated one, or to your estate if you don't have a *beneficiary*.

When allowed by the Act and other applicable laws or regulations and our administrative rules, the *beneficiary* may choose to receive the benefit in instalments equal to the *annuity* payments the *annuitant* was receiving, up to the date of the last guaranteed *annuity* payment.

You may be asked to provide proof that you are still living at any time. If we do not receive this proof, your *annuity* payments could be terminated without further notice.

Payment under a *joint and survivor annuity*

As the *annuitant*, you will receive *annuity* payments until your death. After your death, your *spouse or common-law partner* will continue to receive *annuity* payments until they die. The percentage of the *annuity* that will continue to be paid to your *spouse or common-law partner* will depend on the percentage you selected at the time of purchase (see the *Reduction After the Death of the Annuitant* section). The *annuity* payments will stop when you and your *spouse or common-law partner* have both died, unless an *annuity payment guarantee period* option was selected at the time of purchase.

If you selected an *annuity payment guarantee period* option and you and your *spouse or common-law partner* die before the end of this period, the *commuted value of the annuity payments* will be calculated and paid to your *beneficiary* if you have designated one, or to your estate if you don't have a *beneficiary*.

When allowed by the Act and other applicable laws or regulations and our administrative rules, the *beneficiary* may choose to receive the benefit in instalments equal to the *annuity* payments the *annuitant* was receiving, up to the date of the last guaranteed *annuity* payment.

You and your *spouse or common-law partner* may be asked to provide proof that you are both still living at any time. If we do not receive this proof, your payments could be terminated without further notice.

Payments under a *term certain annuity*

As the *annuitant*, you receive the *annuity* payments. *Term certain annuity* payments cease at the end of the *annuity payment guarantee period* you selected at the time of purchase. When you die, *the commuted value of the annuity payments* will be calculated and paid to your *beneficiary* if you have designated one, or to your estate if you don't have a *beneficiary*. However, when allowed by the Act and other applicable laws or regulations and our administrative rules, your *beneficiary* may choose to receive the benefit in instalments equal to the *annuity* payments you were receiving, up to the date of the last guaranteed *annuity* payment.

When will I start receiving my *annuity* payments?

Payments cannot start before the 30th day following the effective date of the *Annuity Contract*.

Designation of revocable and irrevocable *beneficiaries*:

- If you make your *beneficiary* designation revocable, you can change your *beneficiary* at any time without your *beneficiary's* consent.
- If you make your *beneficiary* designation irrevocable, you can't change your *beneficiary* without their written consent. Naming someone as your irrevocable *beneficiary* doesn't limit any of your other rights. You may cancel your *Annuity Contract* within a 10-day cooling-off period without having to obtain the consent of your *beneficiary*.

Taxation

If the *single premium* you paid to purchase your *annuity* doesn't come from a *registered retirement savings product*, the appropriate taxable income will be reported each year on tax slips produced by the *Insurer*. The taxation of your *annuity* will depend on whether it is a prescribed or non-prescribed *annuity*.

If the *single premium* you paid to purchase your *annuity* comes from a *registered retirement savings product*, the *annuity* you receive will be 100% taxable and reported on the tax slips produced by the *Insurer*.

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*.

2- DURATION OF MY ANNUITY CONTRACT

Effective date 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.

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 have to use the *Notice of Cancellation of an Insurance Contract* in Addendum 1 of this *Brochure* for this purpose.

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

i **Caution:** Limitation after the 10-day cooling-off period has expired.

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 that apply to the *Annuity Contract*, the *annuity* payments could be commuted using the interest rate* described below. A *prescribed annuity* cannot be surrendered or commuted.

*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.

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.

Personal and banking information

The *annuitant* is entirely responsible for keeping their personal and banking information, as well as the personal and banking information of their *spouse or common-law partner*, if applicable, up to date for the *Insurer*.

How to submit an application for payment

To be payable, any application for payment under the *Annuity Contract* must be made in writing and supported by satisfactory proof of the applicant's rights.

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.

Untraceable *annuitant* or *annuitant's spouse or common-law partner*

If the *Insurer* chooses, without obligation and at its sole discretion, to undertake a search for an untraceable *annuitant* or *annuitant's spouse or common-law partner*, the following costs will apply cumulatively:

- A. For a search conducted by the staff or a mandatary (representative) of the *Insurer*, administration fees of \$50 will automatically be deducted from the next *annuity* payment or at the time of the annuity's payout as unclaimed property;
- B. Furthermore, if an investigator is hired to conduct the search, a minimum fee of \$250, or the total amount of the bill, will also be deducted;
- C. A \$50 closing fee will also be applied when a payment must be made to an organization responsible for the application of a law respecting unclaimed property;

The total fees will not exceed a maximum of \$1,000.

3- 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

4- MY PERSONAL INFORMATION

To review your file

You have the right to review your information and to correct anything that you can prove to be inaccurate, incomplete, unclear or unnecessary. To have corrections made, you must submit a written request to the Privacy Officer at the following address:

Privacy Officer

Desjardins Insurance
200, Rue des Commandeurs
Lévis (Québec) G6V 6R2

Notice of Cancellation of an Insurance Contract Notice given by the *Distributor*

Article 440 of the *Act respecting the distribution of financial products and services* (chapter D-9.2)

THE ACT RESPECTING THE DISTRIBUTION OF FINANCIAL PRODUCTS AND SERVICES GIVES YOU IMPORTANT RIGHTS.

The act allows you to cancel the insurance contract, **without penalty**, within 10 days of the date you signed the contract. The *Insurer* may, however, grant you a longer period of time.

To cancel the contract, you must notify the *Insurer* of your intention by registered mail, or by any other means that will provide you with an acknowledgment of receipt, within this time period.

Even if you cancel the insurance contract, the first contract you signed will remain in force. It's important to keep in mind that you could lose some of the advantageous terms you may have been granted under this insurance. Contact the *Distributor* to obtain more information or consult your contract.

After the applicable time period has expired, you have the option of cancelling the insurance contract at any time, but penalties may apply.

For more information, call the Autorité des marchés financiers at **1 877-525-0337** or visit www.lautorite.qc.ca.

NOTICE OF CANCELLATION OF AN INSURANCE CONTRACT

TO:

Name of Insurer

Address of Insurer

Date notice mailed (DD-MM-YYYY)

Under Article 441 of the Act respecting the distribution of financial products and services,

I hereby cancel insurance contract number: _____
Contract number, as indicated

signed on: _____
Date contract was signed (DD-MM-YYYY)

AT: _____
Place contract was signed

Name of client

X _____
Signature of client

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.

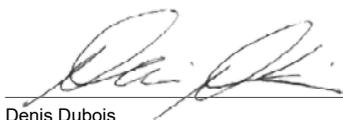
Endorsement to register a retirement savings plan (RSP)

This Endorsement comes into effect when we need to apply for registration of the *Annuity Contract* you purchased as a registered retirement savings plan (RRSP) in accordance with section 146 of the *Income Tax Act*. In this *Annuity Contract*, the term "you" refers to the *annuitant* as defined in the *Annuity Contract* and in accordance with the definition contained in subsection 146(1) of the *Income Tax Act*. The provisions of this *Endorsement* will govern if they are incompatible with the other clauses of this *Annuity Contract*.

Under this *Endorsement*, the *Annuity Contract* is modified as follows:

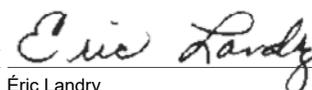
1. The *due date of the first annuity payment* under the *Annuity Contract* must be set so as to provide for the payment of the equivalent of a full year's payments during the calendar year following the year in which you turned 71 years of age (or the age determined in accordance with section 146 of the *Income Tax Act*).
2. The *Annuity Contract* does not provide for the payment of any benefit before the *due date of the first annuity payment* other than a payment to you or a refund of the *single premium*, when permitted by the *Annuity Contract*.
3. As of the *due date of the first annuity payment*, the *Annuity Contract* provides for the payment of a benefit only in the form of:
 - a) A *life annuity* payable to you for life, the *annuity payment guarantee period*, if applicable, not exceeding 90 years minus your age (in whole years) at the time the *Annuity Contract* is purchased.
 - b) A *joint and survivor annuity* payable to you for life and, after your death, payable to your *spouse or common-law partner* for life, the *annuity payment guarantee period*, if applicable, not exceeding 90 years minus the age (in whole years) of the younger of you and your *spouse or common-law partner* at the time the *Annuity Contract* is purchased.
 - c) A *term certain annuity* for a number of years equal to 90 minus your age (in whole years) at the time the *Annuity Contract* is purchased or, if your *spouse or common-law partner* is younger than you and you so elect on the *Desjardins Life Annuities Application Form* approved by us, for a number of years equal to 90 years minus the age (in whole years) of your *spouse or common-law partner* at the time the *Annuity Contract* is purchased; or
 - d) A payment of the *commuted value of the annuity payments* to you or, after your death, to your *beneficiary* if you have designated one, or to your estate if you don't have a *beneficiary*, when permitted under the *Annuity Contract*.
4. The *annuity payments* specified in the *Annuity Contract* must be equal but the amount may be increased or decreased in accordance with subsection 146(3) of the *Income Tax Act*. The payment frequency may not exceed one year.
5. The *Annuity Contract* does not provide for an increase in the amount of the *annuity payments* as a result of your death.
6. The *commuted value of the annuity payments* will be paid if, following your death, the *annuity* must be paid to a person who is not your *spouse or common-law-partner*.
7. No premium may be paid into the *Annuity Contract* after the *due date of the first annuity payment*.
8. The *Annuity Contract* and all payments made under the *Annuity Contract* may not be assigned (including hypothecs), either in whole or in part. The ownership of the *Annuity Contract* may not be transferred.
9. The preceding clauses notwithstanding, we will refund to the taxpayer, who initially contributed to an RRSP and whose funds were transferred to the *Annuity Contract* as a *single premium*, an amount not exceeding the *commuted value of the annuity payments* in order to reduce or eliminate the amount of tax on an excess contribution the taxpayer would otherwise have to pay in the following months under Part X.1 of the *Income Tax Act*. We must receive a written request along with satisfactory proof of the actual amount of the cumulative excess RRSP contribution. We will reduce the *single premium* by the amount refunded to the taxpayer and adjust the amount of the *annuity payments* taking into account the reduction of the *single premium* and all of the conditions governing the *Annuity Contract* at the time it was issued. We will immediately make corrections to the *Annuity Contract* retroactive to the date of issue and reissue it in order to reflect the reduced *single premium* and the adjusted amount of *annuity payments*. The other provisions of the *Annuity Contract* remain in effect without change. We reserve the right to impose administration fees for making such a payment.
10. As your attorney, we are authorized to amend these *Endorsement* and *Annuity Contract*, at our sole discretion, to make it comply with the conditions governing a RSP under the *Income Tax Act*. We are ultimately responsible for the administration of the retirement savings plan.

X



Denis Dubois
President and Chief Operating Officer

X



Éric Landry
Vice-President, Investment Solutions

Choosing Desjardins...

means choosing Desjardins Group, the leading cooperative financial group in Canada whose **financial stability is recognized** by the following credit ratings which are comparable, if not superior, to those of the five largest Canadian banks and insurance companies:

- Standard and Poor's A+
- Moody's Aa2
- Dominion Bond Rating Service AA
- Fitch AA-



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