

JANUARY 2020

Distribution guide

Life Annuity and Annuity certain



Notice issued by the “Autorité des marchés financiers”

The “Autorité des marchés financiers” does not express an opinion on the quality of the product offered in this guide. The *insurer* alone is responsible for any discrepancies between the wording of the guide and the policy.

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Life annuity and annuity certain
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Quebec (Quebec) G1R 5G4

1-866-585-3139
desjardinslifeinsurance.com
Fax: 1-888-647-5017

Your annuity certificate that acknowledges your participation to the group pension policy *life annuity* and *annuity certain* is an important document.

We invite you to verify the information shown in your annuity certificate. If you find an error, you may contact the *distributor* or the *insurer* for corrections. We recommend you to read it carefully and keep it in a safe place.

Distribution guide*

This guide* is intended for information purposes. It does not replace the group pension policy. Only the group pension policy can be used to settle legal matters. You may consult the group pension policy at the office of the *distributor*. You may obtain a copy in paying the applicable fees.

The group pension policy is made by:

- the group pension policy;
- the annuity certificate;
- the form “Life Annuity or Annuity Certain”;
- any amendment to the group pension policy.

Additional information

If you would like more information on the *life annuity* or the *annuity certain*, do not hesitate to contact your *distributor*. You may also reach the *insurer* at **1-866-585-3139**.

The terms defined in this guide appear in *italics*. The definitions are shown on **page 11**.

* In accordance with the provisions of the *Act respecting the Distribution of Financial Products and Services* (Bill 188), this document is the distribution guide of the group pension policy *life annuity* and *annuity certain*.

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Introduction

What is the purpose of this distribution guide?

This distribution guide allows the *distributor* to offer you the “*life annuity* and the *annuity certain* product” without the involvement of an insurance representative.

It provides you with the essential information on the *life annuity* and the *annuity certain* product.

It will help you answer questions you may have about the *life annuity* or the *annuity certain* and how it can meet your needs.

We invite you to read the information available in the guide. We suggest that you carefully read the **Restrictions described in the caution box** on page 8.

Why choose a *life annuity* or an *annuity certain*?

- When you retire, the amounts accumulated in your term deposits or in a *registered retirement savings product* can be converted into a retirement income.
- For various reasons, you wish to guarantee you a stable income at retirement. The *life annuity* meets this need because it provides periodic payments from the *insurer* during all your life.
- The *annuity certain*, on the other hand, guarantees you payments of the annuity for a specified period that cease at the end of this period.

1- Description of the product offered

a) Nature of the coverage

A *life annuity* is a policy that guarantees the policyholder a periodic income until he or she dies. The law stipulates that only life insurance companies may issue *life annuities*. The *insurer* is a life insurance company.

An *annuity certain* is a policy that guarantees periodic payments of an *annuity* for a specified period and ceases at the end of this period.

b) Summary of specific features

Who is eligible for the *life annuity* or the *annuity certain*?

Anyone may purchase a *life annuity* or an *annuity certain*. You may proceed with the purchase at any time. However, if your premium/capital comes from a *registered retirement savings product*, you must purchase your *annuity* no later than December 31 of the year you attain age 71.

How do I purchase a *life annuity* or an *annuity certain*?

To purchase a *life annuity* or an *annuity certain*, you must:

- complete the form “Life Annuity or Annuity Certain”. This form is provided by the *distributor*;
- provide a proof of your age and the age of your *spouse*, if applicable;
- pay the premium established by the *insurer* for the purchase of the *annuity*.

Will I receive an enrolment certificate?

The *insurer* produces your *annuity* certificate within the 5 working days following the receipt of your premium and the form “Life Annuity or Annuity Certain”. He sends it to you at the address shown in your file.

How is the annuity payment amount determined?

Annuity payments are determined based on the following:

- the type of *annuity* selected, i.e. for a *life annuity* or a *joint and survivor life annuity*, the options selected;
- the length of the payment period for an *annuity certain*;
- the principal invested;
- the interest rate in effect on the market when the *annuity* is purchased;
- for a *life annuity*, the age and sex of the *annuitant*;
- for a *joint and survivor life annuity*, the age of the *annuitant* and *spouse*;
- the desired indexation.

What options are available?

The following options are available:

- A *guaranteed life annuity* may be guaranteed for a period of 5, 10 or 15 years. Once the guaranteed period is expired, the *annuity* continues to be paid as long as the *annuitant* is still alive.
- The guaranteed period of an *annuity certain* may not exceed the period equal to 90 years less the age of the *annuitant* or *spouse*. The payment of the *annuity* ceases at the end of the guaranteed period. For example, if you purchase an *annuity* at age 65, the guaranteed period of your *annuity* will not exceed 25 years (90 years – 65 years = 25 years).
- The *joint and survivor life annuity* may, as a *life annuity*, include a guaranteed period of 5, 10 or 15 years.
- The *joint and survivor life annuity* may or may not, depending on what is selected at time of purchase, include a reduction following the *annuitant's* death. So, the amount of the annuity payable to the *spouse* may be equal to the amount received by the *annuitant*; it may also be reduced by 25%, 40% or any other percentage shown in the *annuity* certificate.
- The *life annuity* may include an indexation, the percentage of which you may determine. This percentage will be shown in your *annuity* certificate.

The options you have chosen are indicated in the specific clauses of your *annuity* certificate.

Are there any administrative fees?

The administration fees are included in the calculation of the premium used to purchase your *annuity*.

Can a beneficiary be designated?

You may, subject to legal provisions, designate or revoke any beneficiary. The *insurer* bears no responsibility with regard to your choice.

Could life annuity payments cease on the annuitant's death?

Payments of the *life annuity* cease when the *annuitant* dies, unless the *annuitant* has chosen a *guaranteed life annuity*.

If the *annuitant* has chosen a *guaranteed life annuity* and dies during the guarantee period, the amounts due until the end of the guarantee period are payable to the designated beneficiary or heirs.

At any time, on request made by the *insurer*, the *annuitant* must provide the *insurer* with a proof of survival. If the *insurer* does not receive such a proof, the *insurer* will not be obliged to make payments of the annuity.

Could joint and survivor life annuity payments cease on the annuitant's death?

Payments of the *joint and survivor life annuity* continue to be made as long as the *annuitant* and/or *spouse* are alive. The payment of the *annuity*, in whole or in part, continues to the *spouse* upon the death of the *annuitant*. The percentage of the *annuity* that continues being paid to the *spouse* depends on the percentage of the reduction selected by the *annuitant* at time of purchase.

If the *joint and survivor life annuity* includes a guarantee period, and both the *annuitant* and *spouse* have died, the amounts due until the end of the guarantee period are payable to the designated beneficiary or heirs.

At any time, on request of the *insurer*, the *annuitant* and *spouse* must provide the *insurer* with a proof of survival. If the *insurer* does not receive such a proof, the *insurer* will not be obliged to make payments of the annuity.

Is it possible that the annuity certain payments may cease?

The *annuity certain* payments cease when the guarantee payment period has expired. When the *annuitant* dies, the *present value* of residual payments is paid to the designated beneficiary or heirs.

Are there any rules on taxation of an annuity?

If the premium used to purchase your *annuity* does not come from a *registered retirement savings product*, the appropriate taxable income will be declared by the *insurer* for the income tax purposes.

If the premium used to purchase your *annuity* comes from a *registered retirement savings product*, only the *annuity* payment that you receive will be taxable under the income tax act.

Cancellation clause – How to cancel the policy

Notice of resolution of an insurance contract

Notice given by the *distributor*

Section 440 of the *Act respecting the distribution of financial products and services*

The *Act respecting the distribution of financial products and services* gives you important rights.

This law allows you to cancel the insurance contract that you have just purchased, without penalty, within 10 days of the purchase.

To do so, you must give the *insurer* notice by registered mail within this period. You may use the model on the following page.

It is possible that you may lose advantageous conditions you have been granted because of this insurance. Ask your *insurer* or consult your contract.

After the expiry of the 10 day period, you may not cancel the insurance contract.

For more information, you may contact the regulator in your province.

Notice of resolution of an insurance contract

2 steps to cancel your insurance contract:

1. Complete this Notice of Resolution;
2. send it to your insurer by registered mail.

As permitted by section 441 of the *Act respecting the distribution of financial products and services*, I cancel the *life annuity* or *annuity certain* Contract that I have purchased.

Cancellation of an insurance contract

YOUR CONTRACT NUMBER	
Last name (in block letters)	First name (in block letters)
Date on which you purchased your <i>life annuity</i> or <i>annuity certain</i> Contract	Date of sending this notice

X

Your signature

Date (DD-MM-YYYY)

Extract of the Act respecting the distribution of financial products and services

439. A distributor may not subordinate the making of a contract to the making of an insurance contract with the insurer specified by the distributor. The distributor may not exercise undue pressure on the client or use fraudulent tactics to induce the client to purchase a financial product or service.

440. A distributor that, at the time a contract is made, causes the client to make an insurance contract must give the client a notice, drafted in the manner prescribed by regulation of the Authority, stating that the client may rescind the insurance contract within 10 days of signing it.

441. A client may rescind an insurance contract made at the same time as another contract, within 10 days of signing it, by sending notice by registered or certified mail. Where such an insurance contract is rescinded, the first contract retains all its effects.

442. No contract may contain provisions allowing its amendment in the event of rescission or cancellation by the client of an insurance contract made at the same time. However, a contract may provide that the rescission or cancellation of the insurance contract will entail, for the remainder of the term, the loss of the favourable conditions extended because more than one contract was made at the same time.

443. A distributor that offers financing for the purchase of goods or services and that requires the debtor to subscribe for insurance to guarantee the reimbursement of the loan must give the debtor a notice, drawn up in the manner prescribed by regulation of the Authority, stating that the debtor may subscribe for insurance with the insurer and representative of the debtor's choice provided that the insurance is considered satisfactory by the creditor, who may not refuse it without reasonable grounds. The distributor may not subordinate the making of the contract of credit to the making of an insurance contract with the insurer specified by the distributor. No contract of credit may stipulate that it is made subject to the condition that the insurance contract subscribed with such an insurer remain in force until the expiry of the term, or subject to the condition that the expiry of such an insurance contract will entail forfeiture of term or the reduction of the debtor's rights. The rights of the debtor under the contract of credit shall not be forfeited when the debtor rescinds, cancels or withdraws from the insurance contract, provided that the debtor has subscribed for insurance with another insurer that is considered satisfactory by the creditor, who may not refuse it without reasonable grounds.

Caution

Restriction after the 10 day cancellation period has expired

No *annuity* payable under this *life annuity* or *annuity certain* policy can be surrendered, discounted, or assigned in whole or in part. However, when the provisions of the income tax act require it or following an agreement with the *insurer* in accordance with the law and regulations in force, the annuity payments can be discounted by using the interest rate* described below.

* **Interest rate:** The interest rate used to *discount annuity* payments will be the higher of the following rates:

- the interest rate used by the *insurer* for the conversion of principal into a *life annuity* or *annuity certain* upon the purchase or
- this same rate at the time of surrender.

No advance may be made under this *life annuity* or *annuity certain* policy.

Termination – How to terminate the policy?

When you choose to purchase a *life annuity* or an *annuity certain*, after the 10 day cancellation period has expired, this decision becomes irreversible. The type of *annuity* selected cannot be changed or cancelled.

c) When does the policy terminate?

If the group pension policy between the *distributor* and the *insurer* terminates, the *insurer* continues to pay your *annuity* according to the terms and conditions described in the *annuity certificate*.

2- Similar Products

Other annuity products such as RRIFs and LIFs are available in the marketplace.

3- Referral to the “Autorité des marchés financiers” (Quebec Residents)

For more information on the *insurer's* and the *distributor's* obligations towards you, you may contact the staff of the “Autorité des marchés financiers” at:

L'autorité des marchés financiers

Place de la Cité, Tour Cominar
2640, boul. Laurier, 4th floor
Quebec (Quebec) G1V 5C1

Toll Free: 1-866-526-0311

Quebec: 418-525-0311

Montreal: 514-395-0311

renseignements-consommateur@lautorite.qc.ca

www.lautorite.qc.ca

How can one get more information on the *life annuity* or the *annuity certain*?

If you would like more information on the *life annuity* or the *annuity certain*, simply call your *distributor*. You may consult the group pension policy at its office. You may also get a copy of such a policy at your expense.

If you prefer, you may phone the *insurer* at **1-866-585-3139**.

4- Personal Information Management Notice

All personal information that the *insurer* has or will have regarding you will be kept confidential. This information is kept in **a file opened for the purpose of offering you insurance, annuities, credit and other related financial products**. Access to your file will be restricted to employees of the *insurer* who must consult it in the course of their duties.

You may access your file. You may also ask that the information it contains be corrected, provided you can demonstrate that this information is inaccurate, incomplete, ambiguous or not necessary. You must provide the *insurer* with a written request at the following address:

Privacy Officer

Desjardins Financial Security, Life Assurance Company

200, rue des Commandeurs

Levis (Quebec) G6V 6R2

For residents of all Canadian provinces, excluding British Columbia

The *insurer* may send information on its promotions or offer new products to those whose names appear on its client list. If you do not wish to receive these offers, you may have your name removed from the list. To do so, you must send a written request to the privacy officer at the above address.

For residents of British Columbia

The *insurer* cannot use or communicate information contained in your file for commercial purposes without first receiving your written consent.

Personal note

FOLIO
NUMBER

Name of the distributor	Type of annuity	Amount of annuity \$
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Other

Definitions

The following defined terms are identified in *italics* in this guide.

Annuitant

Means a person that subscribes to the *distributor's* group pension policy.

Annuity

Means an income payable periodically to an *annuitant* in consideration of the payment of a premium paid by the *annuitant* to the *insurer*. The *annuity* amount differs, among other things, according to the form of the *annuity* selected by the *annuitant*.

Annuity Certain

An *annuity certain* is an *annuity* that includes a guaranteed payment period equal to the difference between age 90 and the *annuitant's* age. The *annuity* ceases at age 90. If the *spouse* is younger than the *annuitant*, if he or she so wishes, the *annuitant* may request that the guaranteed payment period be equal to the difference between age 90 and the *spouse's* age.

However, if the premium used to purchase an *annuity certain* does not arise from a *registered retirement savings product*, the guaranteed period may vary according to the *annuitant's* wishes.

Discounted

Means that an *annuity* in payment mode may be converted in cash.

Distributor

Means a "caisse populaire" having entered into a group pension policy with the *insurer*.

Guaranteed Life Annuity

A *life annuity* may include a minimum guaranteed payment period. If a *life annuity* includes such a period, it is designated under the term *guaranteed life annuity*.

If the *annuitant* of a *guaranteed life annuity* dies before the minimum guaranteed payment period expires, the amounts due until the end of the guarantee period are payable to his or her beneficiary or heirs.

Insurer

Means Desjardins Financial Security Life Assurance Company.

Joint and Survivor Life Annuity

A *joint and survivor life annuity* is a *life annuity* whose payments continue, in whole or in part, to the *spouse* of the *annuitant* after the *annuitant* dies. This *annuity* ceases when the *annuitant* and the *spouse* have both died.

A *joint and survivor life annuity* may include a minimum guaranteed payment period. If the *annuitant* and *spouse* die prior to the end of the minimum guaranteed payment period, the amounts due until the end of the guarantee period are payable to his or her beneficiary or heirs.

Life Annuity

A *life annuity* is an *annuity* payable until the *annuitant* dies. In this guide, according to the context, this term will include the *guaranteed life annuity* and the *joint and survivor life annuity*. As their name indicates, these types of *annuity* are also *life annuities*. Their features are described above.

Present Value

Means the value upon death of the *annuity* payments that would have been payable in the future.

Registered Retirement Savings Product

Means an **RRSP** (Registered Retirement Savings Plan), a **LIRA** (Locked-in Retirement Account), a **RRIF** (Registered Retirement Income Fund), a **LIF** (Life Income Fund) or a pension plan.

Spouse

The spouse definition applicable to you may vary according to the type of *annuity* you choose to purchase.

This definition could be the definition applicable under the *Supplemental Pension Plans Act*, the *Income Tax Act* (Canada) or the *Quebec Civil Code*.

Contact the *insurer* to confirm which definition applies to your situation.

Choosing Desjardins...

is choosing Desjardins Group, the largest 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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Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.



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