

FOR ADVISOR  
USE ONLY

# RESPONSIBLE ANNUITIES

Reliable income,  
sustainable world

ADVISOR GUIDE

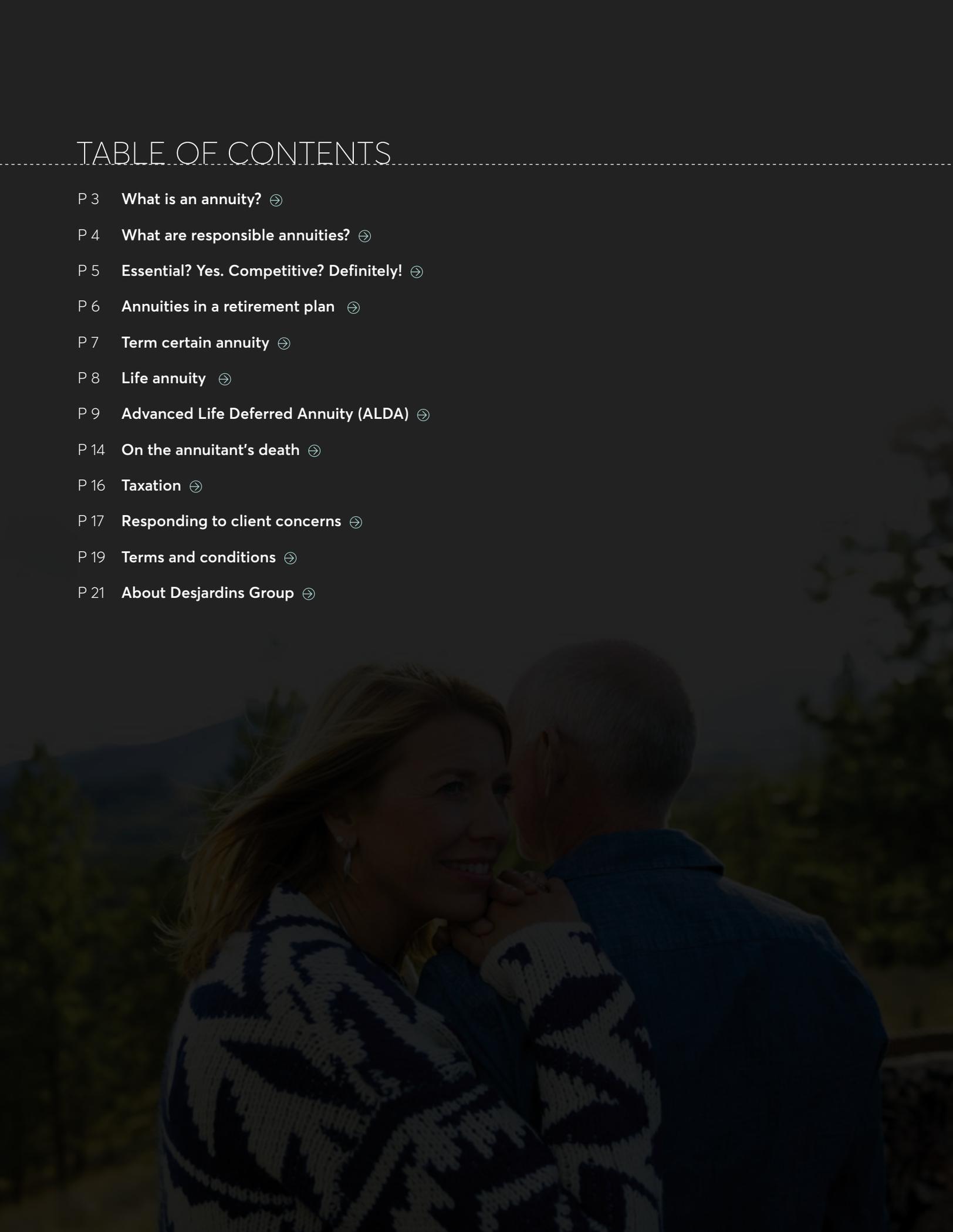


Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company.

# TABLE OF CONTENTS

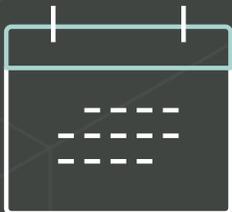
---

- P 3 **What is an annuity?** ↗
- P 4 **What are responsible annuities?** ↗
- P 5 **Essential? Yes. Competitive? Definitely!** ↗
- P 6 **Annuities in a retirement plan** ↗
- P 7 **Term certain annuity** ↗
- P 8 **Life annuity** ↗
- P 9 **Advanced Life Deferred Annuity (ALDA)** ↗
- P 14 **On the annuitant's death** ↗
- P 16 **Taxation** ↗
- P 17 **Responding to client concerns** ↗
- P 19 **Terms and conditions** ↗
- P 21 **About Desjardins Group** ↗





## WHAT IS AN ANNUITY?



**A LONG-TERM  
PAYOUT  
CONTRACT**



**THE GUARANTEE  
OF AN INCOME STREAM  
WHEN THEY NEED IT**

## HOW DOES AN ANNUITY WORK?

Desjardins Insurance applies a responsible investment approach to investing your client's savings while making regular payments for a set period or until their death. The payment terms depend on the type of annuity and the options selected.

Payments are determined based on factors such as:<sup>1</sup>



**LIFE EXPECTANCY**



**CURRENT  
INTEREST RATES**



**INCOME  
DEFERRAL PERIOD**

<sup>1</sup> Other factors may also be taken into account such as gender, age, etc.



# WHAT ARE RESPONSIBLE ANNUITIES?

Desjardins has over 30 years of experience in the responsible investment (RI) field and offers the widest range of RI products in Canada. **We're pleased to offer the first responsible annuities in Canada.\***

## HOW IT WORKS

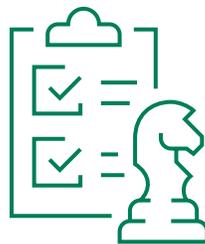
Desjardins Insurance pools all the annuity premiums collected from clients and invests these funds using a **responsible investment approach (see our [Responsible Investment Policy](#)).**

RI is an approach that takes environmental, social and governance (ESG) factors into account when selecting and managing investments, while also offering attractive return potential.



### Exclusions

Screening is based on the issuer's operations, ESG factors and sovereign debt.



### Selection approaches

For example, best in class, by industry or theme.



### Dialogue with issuers (corporations, states, etc.)

To encourage them to improve their ESG practices.

\* Source: Desjardins internal analysis, October 2023.

## DO RESPONSIBLE ANNUITIES COST MORE?

**Not at all!** Using an RI approach to invest client premiums<sup>2</sup> isn't a factor in annuity pricing. RI is simply a way to help you ensure your investments align with ESG principles.

By choosing a responsible annuity, your clients can support the transition to a more sustainable world without compromising their future income. Responsible annuities are offered at the same competitive rates as conventional annuities.

**Be the first to tell your clients about responsible annuities**

<sup>2</sup> Through the life and health insurer's capital.



## ESSENTIAL? YES. COMPETITIVE? DEFINITELY!<sup>3</sup>



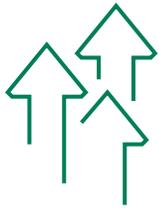
### **Cash refund option, even for life annuities.** **Exclusive to Desjardins Insurance\***

With the cash refund option, when the annuitant dies,<sup>4</sup> the beneficiary will receive the difference between the single premium paid by the annuitant and the total payments made to the annuitant.<sup>5</sup>



### **Your clients can change their minds.** **Exclusive to Desjardins Insurance\***

Registered and non-prescribed annuities can be surrendered at a reduced value. This flexibility is useful if something unexpected comes up.



### **No need to wait for rates to go up.**

Annuity interest rates are based on long-term rates of at least 15 years, which are more stable than short-term rates.



### **An attractive option for the next generation.**

Your clients can provide their beneficiaries<sup>6</sup> with a source of income by choosing the annuity settlement option for GIFs and term investments.



### **Other benefits**

- Eligible for the pension income tax credit<sup>7</sup>
- Eligible for pension income splitting<sup>7</sup>
- Eligible for Registered Pension Plan (RPP) transfers
- Protected by Assuris: If a life insurance company goes bankrupt, the policyholder will retain up to \$5,000 per month or 90% of the monthly income amount, whichever is higher.

\* Source: Desjardins internal analysis, October 2023.

<sup>3</sup> The term "essential" refers to the annuities' place in an advisor's product offering. The term "competitive" refers to the unique characteristics of Desjardins Insurance annuities.

<sup>4</sup> Or when the secondary annuitant dies (if applicable).

<sup>5</sup> This option must be selected when the annuity is issued.

<sup>6</sup> If the annuitant would like the death benefit to be paid as an annuity, they must complete the Beneficiary Designation – Annuity Settlement Option (Endorsement) form (17-0136\_800E). This can be done when completing the contract application or at any time thereafter.

<sup>7</sup> Some restrictions may apply depending on the annuitant's age or the source of the funds.



# ANNUITIES IN A RETIREMENT PLAN

**AVERAGE LENGTH OF RETIREMENT<sup>8</sup>**



WOMEN  
29 YEARS



MEN  
27 YEARS

50%  
OF YOUR CLIENTS  
MAY LIVE EVEN LONGER!<sup>8</sup>

NEEDS	POSSIBLE OPTIONS	WHY?
Cover basic needs <sup>9</sup> while delaying pension income.	<b>Term certain annuity</b>	A term certain annuity guarantees a stable income until the client starts to receive other types of retirement income.
Cover basic needs <sup>9</sup> in case of longevity.	<b>Life annuity</b>	Life expectancy is calculated as an average, meaning that half the population will live longer than expected. Government benefits might not be enough, depending on your client's needs. A life annuity protects clients against outliving their savings.
Cover spouse's basic needs <sup>9</sup> after a client's death.	<b>Joint and survivor life annuity</b>	Spouse will continue to receive payments <sup>10</sup> from the joint and survivor annuity for as long as they live.
Defer income from registered amounts into old age.	<b>Advanced life deferred annuity</b>	Delay annuity payments until age 85. <sup>11</sup> Provides a guaranteed income stream.

## NEED FLEXIBILITY?

Combine an annuity with other investments

### Maintain lifestyle

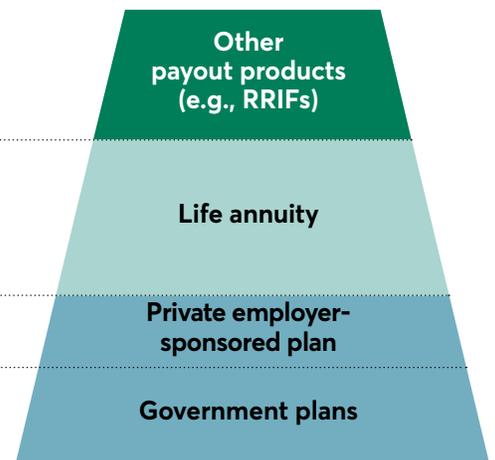
Capital accessible for maintaining one's lifestyle, for major purchases, or for unexpected expenses

### Basic needs

Stable income stream protected from market fluctuations to cover everyday expenses and provide the security of a steady lifetime income

Retirement plan

Cover a portion of the income needed at retirement



<sup>8</sup> FPSC Projection Assumption Guidelines, 2022.

<sup>9</sup> Depending on the annuity amount.

<sup>10</sup> The amount of income may change based on the options selected.

<sup>11</sup> Annuity payments may begin no later than the end of the year in which the annuitant reaches 85.



## TERM CERTAIN ANNUITY

Guarantees regular payments for a set period called the guarantee period.

### HOW IT WORKS

The guarantee period is for a set term (between 1 and 50 years).<sup>12</sup> At the end of this term, the payments stop.

### BENEFITS

- Guarantees income for a set period
- Protects against market fluctuations
- No management is necessary
- There is no minimum age to purchase

#### **Plus, registered and non-registered annuity contracts are eligible for:**

- Pension income tax credit
- Pension income splitting

To be eligible for the federal (and provincial) pension income tax credit and pension income splitting, the owner must be 65 or older.

### AVAILABLE OPTION

#### **INDEXATION**

The payments increase gradually to offset the impact of inflation. Your client can choose the annual indexation rate.



<sup>12</sup> Some restrictions may apply depending on the annuitant's age or the source of the single premium.



# LIFE ANNUITY

Guarantees regular payments for life.

## HOW IT WORKS

The amount of the payment is established when the annuity is purchased and will not be influenced by market fluctuations.

Only life insurance companies like Desjardins Insurance can offer life annuities.

## BENEFITS

- Guarantees regular income for life
- Protects against market fluctuations
- Covers recurring expenses<sup>13</sup>
- No management is necessary

**Plus, registered and non-registered annuity contracts are eligible for:**

- Pension income tax credit
- Pension income splitting

To be eligible for the federal (and provincial) pension income tax credit and pension income splitting, the owner must be 65 or older.

## AVAILABLE OPTIONS

Offer your clients a customized annuity.

### GUARANTEE PERIOD

If the annuitant dies during the guarantee period they selected, the beneficiary will continue to receive annuity payments for the remainder of that period. For example, if the annuitant chooses a 10-year guarantee and dies 8 years later, the beneficiary will continue to receive annuity payments for 2 years.

If the annuitant lives beyond the guarantee period they selected, they will receive annuity payments for the rest of their life.

### JOINT AND SURVIVOR ANNUITY

After the annuitant's death, the annuity will continue to be paid to the person chosen by the annuitant (for example, their spouse) until that person's death.<sup>13</sup>

### INDEXATION<sup>14</sup>

Allows the amount of the payments to increase gradually to offset the impact of inflation. Your client can choose the annual indexation rate.

### CASH REFUND

Upon the annuitant's or joint annuitant's death (if applicable), allows the beneficiary to receive the difference between the single premium paid by the owner to purchase the annuity and the total payments made to the payee.



<sup>13</sup> Depending on the annuity amount.

<sup>14</sup> Not available for prescribed annuities.



# ADVANCED LIFE DEFERRED ANNUITY (ALDA)

Guarantees regular payments for life when required.

## HOW IT WORKS

Advanced life deferred annuity (ALDA) is a tax-efficient product for individuals wishing to defer the taxation of their registered savings (RRSP, RRIF and DPSP) as long as possible. This is **the only product that delays the start of payments made to the end of the year in which the annuitant turns 85.**

- The ALDA must to be acquired with unlocked registered funds.
- Transfer from an RRSP must happen before December 31<sup>st</sup> of the year in which the annuitant turns 71.
- Transfer from a RRIF may occur up to age 80.
  - This will avoid the need to make minimum withdrawals on this portion of the capital between the year of the annuitant's 72<sup>nd</sup> birthday and the year of their 84<sup>th</sup> birthday.
- The payment amount is set at the time of purchase of the annuity and will not be affected by market fluctuations.
- All payments received in one year are taxable to the annuitant.

## BENEFITS

- Guaranteed periodic payments for life, after a deferral period.
- Protected from market fluctuations.
- Defer the payment when required by the client.<sup>15</sup>
- No management required.

## SAFETY AND PEACE OF MIND

- Don't outlive your savings: Protect yourself against longevity risk.
- Earn lifetime guaranteed income in the absence of an employer pension fund.
- Have funds to cover essential living expenses, non-essential expenses (maintain a standard of living like going to a restaurant) or increased expenses at the end of life (e.g. health care).
- Have a steady and stable income for retirement (financial autonomy).
- Make budgeting and money management easier (protected from market fluctuations).

## TAXATION

- Delay the taxation of registered income for as long as possible.
- Reduce the minimum required RRIF withdrawals between the years of the annuitant's 72<sup>nd</sup> and 84<sup>th</sup> birthdays and defer the associated taxes.

## RESPONSIBLE INVESTMENT

- Be aligned with your lifestyle and convictions.

### In addition, ALDA is eligible for:

- pension income tax credit;
- retirement income splitting.

To be eligible for the federal (and provincial) pension income tax credit and pension income splitting, the owner must be 65 or older.

<sup>15</sup> The deferral period is determined at the time of purchase and cannot be changed afterwards.



## ADVANCED LIFE DEFERRED ANNUITY (ALDA) (cont'd)

### MAIN FEATURES

#### DEFERRAL PERIOD

Payments can begin no later than the end of the year in which the annuitant turns 85.

#### JOINT AND SURVIVOR ANNUITY

If this option is chosen, upon the death of the annuitant, the entire pension will continue to be paid to his or her spouse until the latter's death.

#### CASH REFUND

Upon the death of the annuitant and joint annuitant (if applicable), the beneficiary will receive the difference between the single premium paid by the annuitant to purchase the annuity and the total payments received by the annuitant up to the date of death.

### TARGET CLIENTELE

- Pre-retirees and retirees aged 80 and under.
- Wealthy and affluent.
- Investors who have a registered savings surplus and wish to reduce the taxation of their retirement income and spread their payments over time.





## ADVANCED LIFE DEFERRED ANNUITY (ALDA) (cont'd)

### HOW DOES ALDA FIT INTO A RETIREMENT PLAN?

**CASE # 1:**  
TRANSFER A PORTION  
OF RRSP TO ALDA

**ANITA, 63 YEARS OLD**  
Retiring this year. Has not yet  
converted her RRSP to a RRIF.



Anita's parents are both alive, which makes her think. First, she knows she's likely to reach, or even surpass a similar age. On the other hand, she recognizes the significant costs that this period of life can create, such as equipment and home care. She would like to have the means to choose services that best suit her without it being a financial stressor, once she reaches this stage of life.

As a result, she wants to ensure that she has additional income in her old age, however long she lives.

She therefore decides to purchase an ALDA, payable in 20 years, i.e. at age 83.

- RRSP assets: \$100,000
- Amount earmarked for the purchase of an ALDA: \$25,000 (which corresponds to the limit of 25% of RRSP assets)\*

During the deferral period, Anita receives income from her RRIF, starting at age 72. The minimum withdrawal from her RRIF is less than it would have been had she not purchased the ALDA.

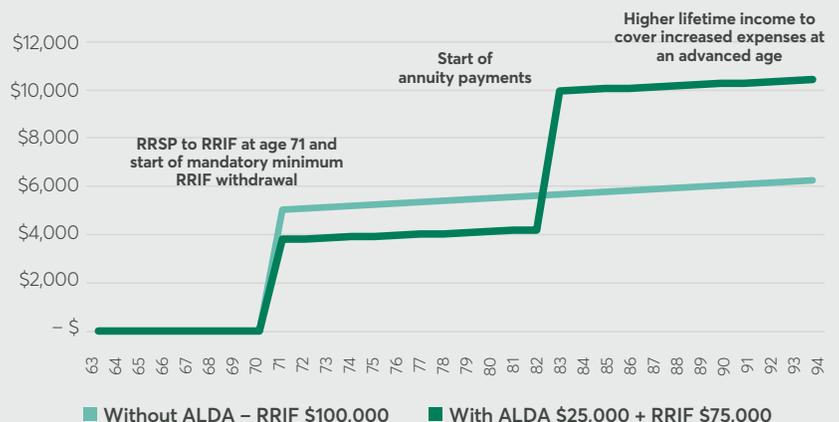
In return for a slightly lower income during the active portion of her retirement, Anita will have a much higher income starting at age 83, which will allow her to pay for the extra costs associated with advanced age. She will also benefit from a tax deferral.

\* Total transfers in an ALDA must also not exceed the cumulative maximum of the ALDA. For 2023, the lifetime limit is \$160,000, but the amount is revised annually.

#### Examples of additional costs associated with advanced age

- Home care
- Housekeeping and landscaping
- Accompaniment and transportation to medical appointments
- Orthopaedic or auditory equipment
- Home adaptation or specialized accommodation

### Net annual income after tax



This simulation is for information purposes only and is neither an indication nor a guarantee of future results.



## ADVANCED LIFE DEFERRED ANNUITY (ALDA) (cont'd)

**CASE # 2:**  
TRANSFER A PORTION  
OF THE RRIF TO AN ALDA

**PHILIP, AGED 73**  
Retired. Withdraws income  
from his RRIF.



Philip recently met with his financial advisor. She explained to him that the minimum withdrawals from his RRIF would increase over the years, resulting in an increasing tax bill. He would like to find a way to defer the taxes on his RRIF assets.

While Philip is in excellent health, he realizes that he will eventually have to opt for special accommodations and wants to make sure he can afford a place

that he will enjoy for as long as he needs it, even if it involves a slightly lower income in the short term.

His advisor simulates the purchase of an ALDA at 73, payable at 85, i.e. in 12 years.

- RRIF assets: \$200,000
- Amount earmarked for the purchase of an ALDA: \$50,000 (which corresponds to the limit of 25% of RRIF assets)\*

In return for a slightly lower income between the ages of 73 and 85, Philip will receive a significantly higher income starting at age 85. Since his RRIF payments will be lower before age 85, he will also benefit from tax deferral.

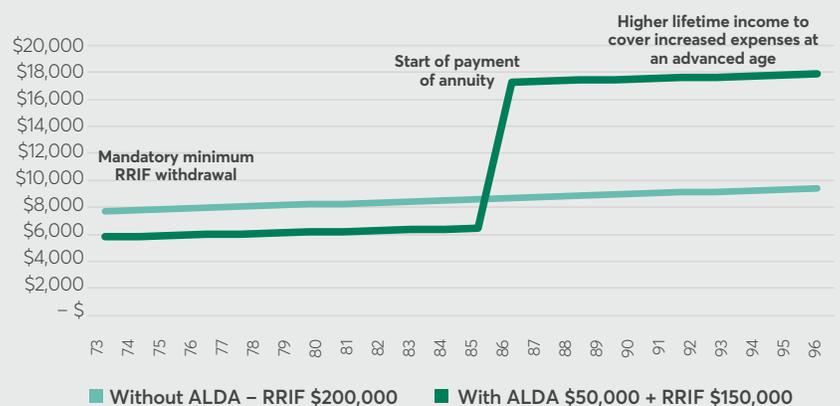
\* Total transfers to an ALDA must also not exceed the cumulative maximum of the ALDA. For 2023, the lifetime limit is \$160,000, but the amount is revised annually.

### Average rent for standard place in private residence for seniors\*

British Columbia	\$3,541
Alberta	\$3,404
Saskatchewan	\$3,116
Manitoba	\$2,844
Ontario	\$3,999
Quebec	\$1,922
New Brunswick	\$2,621
Nova Scotia	\$3,366
Prince Edward Island	\$3,237
Newfoundland and Labrador	\$2,701

\* Canada Mortgage and Housing Corporation, Seniors' Residence Survey, June 6, 2021.

### Net annual income after tax



This simulation is for information purposes only and is neither an indication nor a guarantee of future results.



## ADVANCED LIFE DEFERRED ANNUITY (ALDA) (cont'd)

### CASE # 3:

TRANSFER A PORTION OF RRSP TO ALDA AND SPOUSAL PROTECTION

### CHENG, AGE 68 AND HIS WIFE XIU, AGE 60

Cheng wants to secure additional income for both his old age and that of his wife if he dies before her.



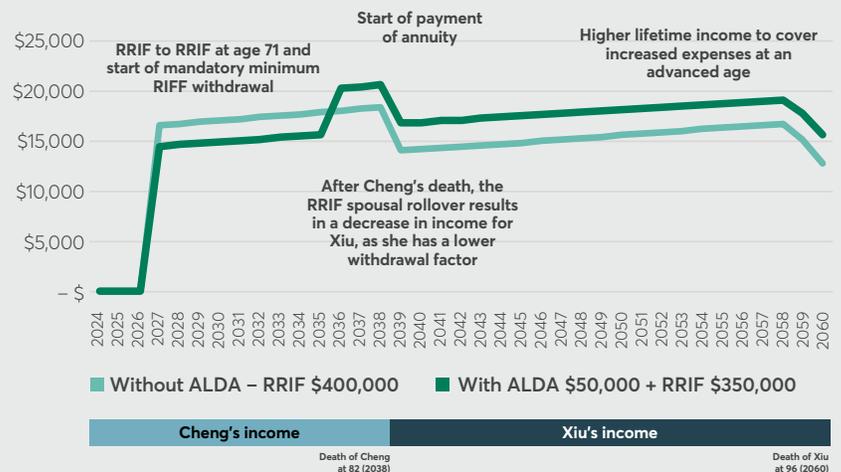
Cheng has been happily married to his better half Xiu for 40 years. He realizes he's getting on in years, and the possibility that one day he'll no longer be at Xiu's side has him worried about her future. He wants to make sure that, should he die before Xiu, she will be able to continue her life with as little financial hassle as possible, for as long as she lives.

His advisor simulates the purchase of an ALDA at age 68, payable at age 80, i.e. in 12 years.

- RRSP assets: \$400,000
- Amount earmarked for the purchase of an ALDA: \$50,000 (which corresponds to the limit of 25% of RRSP assets)\*

When Cheng dies at the age of 82, the ALDA continues to be paid to his wife Xiu for the rest of her life.

### Net annual income after tax



This simulation is for information purposes only and is neither an indication nor a guarantee of future results.

\* Total transfers in an ALDA must also not exceed the cumulative maximum of the ALDA. For 2023, the lifetime limit is \$160,000, but the amount is revised annually.



# ON THE ANNUITANT'S DEATH

## Term certain and life annuities

	TERM CERTAIN ANNUITY	SINGLE LIFE ANNUITY	JOINT AND SURVIVOR LIFE ANNUITY
	<b>Death of the annuitant before the end of the guarantee period</b>	<b>Death of the annuitant</b>	<b>Death of the joint annuitant</b>
REGISTERED ANNUITY CONTRACT	<p>If the beneficiary is the spouse or common-law partner, payments can continue to be made until the end of the guarantee period or until the reduced value has been paid out.</p> <p>In other cases, a reduced value is paid to the beneficiary.</p>	<p>Payments will continue to be made to the joint annuitant designated in the contract until their death, based on the provisions of the contract.</p>	<p>The joint and survivor option ends. The annuitant continues to receive payments.</p> <p>The new spouse, if any, will not be considered in the annuity contract.</p>
PRESCRIBED ANNUITY CONTRACT (NON-REGISTERED)	<p>If the beneficiary is the annuitant's spouse, ex-spouse or sibling, payments can continue to be made until the end of the guarantee period or until the reduced value has been paid out.</p> <p>In other cases, a reduced value is paid to the beneficiary.</p>	<p>For example, let's take a 60% joint and survivor annuity with a 10-year guarantee. If the annuitant dies after 3 years, the payments will continue to be made at 100% for 7 years and will then be reduced to 60%.</p>	
NON-PRESCRIBED ANNUITY CONTRACT (NON-REGISTERED)	<p>Payments can continue to be made until the end of the guarantee period or until a reduced value has been paid to the beneficiary.</p>	<p>Payments will continue to be made to the payee designated in the contract until the death of the joint annuitant, based on the provisions of the contract.</p>	<p>The joint and survivor option ends. The payee continues to receive payments.</p> <p>The new spouse, if any, will not be considered in the annuity contract.</p>



### Advanced life deferred annuity (ALDA)

INDIVIDUAL ALDA	JOINT AND SURVIVOR ALDA		
<b>Death of the annuitant before the deferral period ends</b>	<b>Death of the annuitant before the deferral period ends</b>	<b>The death of the joint annuitant before the end of the deferral period</b>	<b>Death of the annuitant and the joint annuitant before the end of the deferral period</b>
The amounts received are paid to the beneficiary.	The joint annuitant can continue the annuity as planned or request the present value of payments, as long as it is requested within the specified period.	Reversibility ends. The annuitant will receive his payments at the scheduled time.  The new spouse, if any, will not be considered part of the annuity contract.	The amounts received are paid to the beneficiary.
<b>Death of the annuitant when annuity payments have begun</b>	<b>Death of the annuitant when annuity payments have begun</b>	<b>Death of the joint annuitant when annuity payments have begun</b>	<b>Death of the annuitant and the joint annuitant when annuity payments have begun</b>
The difference between the single premium paid to the Company and the sum of all the annuity payments made up to the date of death will be paid to the beneficiary.	Payments continue to be made to the reversible annuitant designated in the contract until their death, in accordance with the terms and conditions of the contract.	Reversibility ends. The annuitant continues to receive payments.  The new spouse, if any, will not be considered part of the annuity contract.	The difference between the single premium paid to the Company and the sum of all annuity payments made up to the date of death will be paid to the beneficiary.

## **Offer the annuity settlement option<sup>16</sup> whenever you sell GIFs and term investments.**

An annuity is also a good way to convert life insurance payouts or other large sums from other sources into regular income. This option is sure to interest younger people and your clients' spouses. Talk to them about it!

<sup>16</sup> If the annuitant would like the death benefit to be paid as an annuity, they must complete the Beneficiary Designation – Annuity Settlement Option (Endorsement) form (17-0136\_800E). This can be done when completing the contract application or at any time thereafter.



# TAXATION

How an annuity is taxed depends on the annuity type. When the annuity is paid out, taxes are not automatically withheld. However, annuitants can request at-source tax withholdings if they prefer.<sup>17</sup>

## REGISTERED ANNUITY CONTRACT

### ➤ PURCHASED WITH REGISTERED FUNDS

The owner is taxed on all payments received in given year.

## NON-REGISTERED ANNUITY CONTRACT

### ➤ PURCHASED WITH NON-REGISTERED FUNDS

There are 2 types of tax treatments: for a prescribed annuity contract and for a non-prescribed annuity contract

## Prescribed annuity contract

The owner is taxed the same amount each year. Income is spread out evenly over the entire annuity payment period. A fixed taxable amount will be declared each year for the duration of the annuity.

### To qualify as a prescribed annuity contract, the following criteria must be met (non-exhaustive list):

- The annuity must be issued by a recognized financial institution.
- The owner must be the annuitant and payee of the annuity.
- The owner must not be a company.
- The annuity must be paid in equal installments and at regular intervals at least once a year.
- The annuity must be non-redeemable.
- The guarantee period cannot extend past the annuitant's 91<sup>st</sup> birthday.\*
- The annuity must not be indexed.
- The annuity must not be deferred.

\* Or past the 91<sup>st</sup> birthday of the younger of the joint annuitants for a joint and survivor annuity.

## Non-prescribed annuity contract

The owner is taxed on accrued income each year. The annuity is amortized over time, like a mortgage, meaning that the interest is higher in the beginning and decreases every year.

### This is a good option for clients who want:

- A guarantee that extends past their 91<sup>st</sup> birthday
- An indexed annuity
- The owner to be a company
- The payee not to be the owner

<sup>17</sup> Unless the funds are from a registered pension plan (RPP) that requires taxes to be withheld at source. If the annuitant wants taxes to be withheld at source, they must submit a request and specify the amount to withhold for each level of government (where applicable).



# RESPONDING TO CLIENT CONCERNS

WHAT THEY SAY	WHAT THEY REALLY THINK	WHAT THEY SHOULD KNOW	WHAT THEY GET WITH AN ANNUITY CONTRACT
<p><b>DEATH</b> "I understand the importance of planning for a long retirement, but..."</p>	<p>"I lost my mom when she was 76 and her sisters passed away at around the same age. So I imagine that the same thing will happen to me."</p>	<p>Our life expectancy is longer than it was for previous generations.</p> <p>Clients have a 50% chance of outliving their life expectancy. Are they prepared to risk their long-term savings?</p>	<p><b>Guaranteed income for life.</b></p>
<p><b>COST</b> "I'm going to wait a few years."</p>	<p>"Interest rates are too low right now. I'm sure they'll go up in the next few years!"</p>	<p>Annuity interest rates are based on long-term rates of at least 15 years. As a rule, they don't fluctuate as much as short-term rates, like the Bank of Canada's key interest rate.</p>	<p><b>Protection from a drop in interest rates.</b></p>
<p><b>INFLATION</b> "I won't be protected from inflation."</p>	<p>"Other investments may offer better returns..."</p>	<p>It's possible to index an annuity at an annual percentage rate. That way, they can offset the impact of inflation. Other investments may not guarantee income for life.</p>	<p><b>Protection of their buying power.</b></p>
<p><b>GOVERNMENTS</b> "You can't rely on the government."</p>	<p>"I could never believe they'd let me die with no money!"</p>	<p>The amounts paid by government plans may not be enough, depending on their lifestyle and their health.</p>	<p><b>Financial independence for life.<sup>18</sup></b></p>
<p><b>FROZEN CAPITAL</b> "I prefer term deposits; it's the same thing."</p>	<p>"I have to be able to access my capital if I have unexpected expenses."</p>	<p>Term deposits are a good investment tool and there's nothing to prevent clients from including them in their portfolio. That would give them some money that can be easily accessed if needed.</p> <p>With term deposits, however, there's a risk they'll outlive their savings. By purchasing a life annuity, they won't have to worry about draining their capital.</p> <p>In addition, non-prescribed annuities and registered annuities can be surrendered at the reduced value.</p>	<p><b>Payments for as long as they live.</b></p>

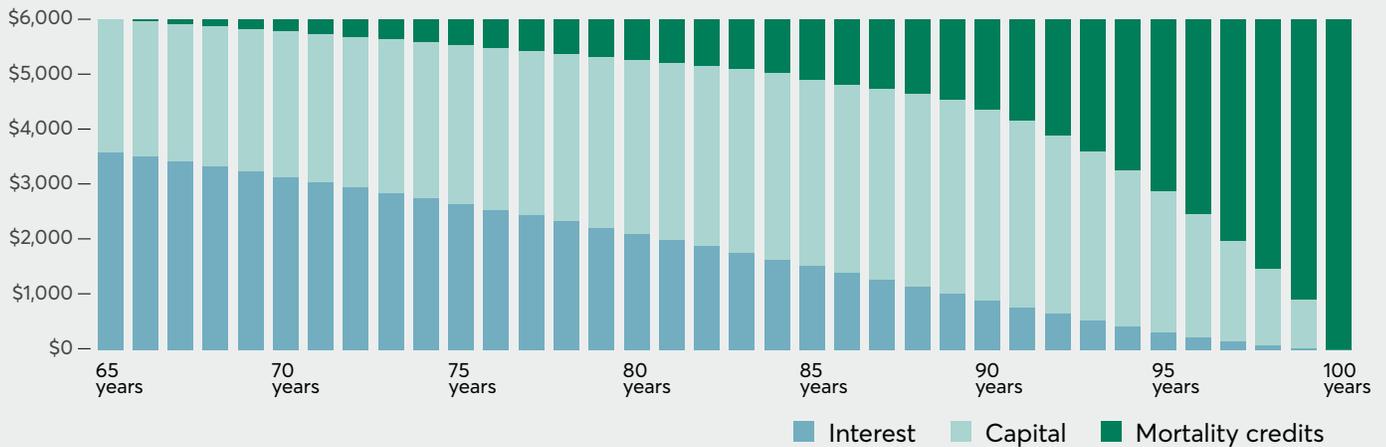
<sup>18</sup> Depending on the annuity amount.



RESPONDING TO CLIENT CONCERNS (cont'd)

WHAT THEY SAY	WHAT THEY REALLY THINK	WHAT THEY SHOULD KNOW	WHAT THEY GET WITH AN ANNUITY
<b>PROTECTION FOR LOVED ONES</b> "What will happen to my family when I die?"	"If I die early, my family won't receive a thing!"	The guarantee period or joint and survivor options ensure the funds remaining after the annuitant's death are paid to the beneficiary or joint annuitant.  The cash refund option is another good way to address this concern.	<b>Protection for their loved ones in the event of their death.</b>
<b>INVESTMENT</b> "I'll get around to it later."	"It's too much money to put aside all at once."	The total amount of the annuity doesn't have to be purchased all at once. It's possible to purchase one annuity on one date and another annuity further down the road. <sup>19</sup>	<b>Worry-free retirement.<sup>19</sup></b>
<b>RETURNS</b> "Returns aren't attractive."	"Other types of investments would give me a better return."	Returns can be more attractive than they first appear. Annuity income is drawn from the invested capital, the interest on the annuity, and the pooling of amounts received by Desjardins Insurance from other annuitants.  Annuitants who don't outlive their life expectancy will end up "subsidizing" the annuities of those who live longer. In other words, the longer an annuitant lives, the higher the return. In some cases, the returns could exceed the value of another type of investment.	<b>A good return if they live longer.</b>

Composition of a life annuity at age 65



This graph shows the components of a lifetime annuity payout (10-year guarantee, male age 65, \$100,000 deposit). Illustration date: June 18, 2021.

<sup>19</sup> Depending on the annuity amount.



# TERMS AND CONDITIONS

Terms and conditions for ALDA are on the next page.

	TERM CERTAIN ANNUITY	LIFE ANNUITY
<b>Source of the single premium</b>	<ul style="list-style-type: none"> <li>→ Registered annuity contract               <ul style="list-style-type: none"> <li>• RRIF</li> <li>• RRDP</li> </ul> </li> <li>→ Non-registered annuity contract               <ul style="list-style-type: none"> <li>• Non-registered plan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>→ Registered annuity contract               <ul style="list-style-type: none"> <li>• LIRA</li> <li>• RRIF</li> <li>• LIF</li> <li>• RRSP</li> <li>• RPP</li> </ul> </li> <li>→ Non-registered annuity contract               <ul style="list-style-type: none"> <li>• Non-registered funds</li> </ul> </li> </ul>
<b>Proof of age</b>	Not required	Required when applying
<b>Annuity payment</b>	<ul style="list-style-type: none"> <li>→ By direct deposit or cheque</li> <li>→ Monthly, quarterly, semi-annually or annually</li> <li>→ No tax withheld at source<sup>20</sup></li> </ul>	
<b>Changes</b>	None allowed	
<b>Surrender</b>	<ul style="list-style-type: none"> <li>→ It is possible to surrender the annuity at the reduced value of all payments with proof of good health</li> <li>→ It is possible to surrender the annuity at the reduced value of the guaranteed payments without proof of good health</li> <li>→ Prescribed annuities are non-redeemable</li> </ul>	
<b>Payee</b>	<ul style="list-style-type: none"> <li>→ Registered annuity contract and prescribed non-registered annuity contract:               <ul style="list-style-type: none"> <li>• The payee must be the owner.</li> </ul> </li> <li>→ Non-registered, non-prescribed annuity contract:               <ul style="list-style-type: none"> <li>• The payee and owner can be someone other than the annuitant — such as a corporation, organization or trust.</li> </ul> </li> </ul>	
<b>Rate guarantee</b>	<ul style="list-style-type: none"> <li>→ Guarantees that the same pricing assumptions listed in the quote will be used for the final calculation of the annuity payments<sup>21</sup></li> <li>→ Make sure an effective date is specified in the <a href="#">Contract and application</a> document</li> </ul>	

**For more information, please refer to the [Sales Process checklist](#).**

For more information on the terms used in this guide, refer to the definitions in [the Life or Term Certain Annuity Contract and Application document \(1433A\)](#).

<sup>20</sup> Unless the funds are from a registered pension plan (RPP). If the annuitant wants taxes to be withheld at source, they must submit a request and specify the amount to withhold for each level of government (where applicable).

<sup>21</sup> Certain conditions must be met, such as those regarding the time frame for receiving the application (5 days), the time frame for receiving the premium (45 days), and the premium amount collected within this period. For more information, please refer to the [Contract and application](#) document.



TERMS AND CONDITIONS (cont'd)

ALDA	
<b>Source of the single premium</b>	Registered funds (RRSP, RRIF, DPSP).
<b>Premium limit</b>	Minimum premium: \$5,000. Single premium only.
<b>Overall limit for ALDA (lifetime limit)</b>	<p><b>1) Transfer limits from transferor plans (RRSP, RRIF, DPSP)</b> 25% of the value of all assets in the transferor plan at the end of the previous year. If there have already been transfers (in the current or a previous year) from the transferor plan under an ALDA contract, the transfer limit is reduced.</p> <p><b>2) Overall limit</b> For 2023, the overall lifetime limit is \$160,000 on all transfers. The limit is indexed to inflation (rounded to the nearest multiple of \$10,000). There is a tax of 1% per month on the cumulative excess amount.</p>
<b>Age limits</b>	The ALDA contract must be acquired before December 31 <sup>st</sup> of the year in which the annuitant turns 71 (except for a transfer from a RRIF which may be later). Minimum age: 55. Maximum age: 80.
<b>Annuity payment</b>	By direct deposit or cheque. Monthly, quarterly, semi-annually or annually.
<b>Taxation and withholding tax</b>	Withholding tax is mandatory. All payments received in one year are taxable to the annuitant.
<b>Deferral period</b>	Minimum 5 years. Maximum 30 years The annuity must begin no later than the end of the year in which the annuitant turns 85.
<b>Surrender</b>	Non-redeemable.
<b>Rate guarantee</b>	Ensures that the same pricing assumptions as those recorded on the quote will be used for the final calculation of annuity payment. <sup>22</sup> Indicate an effective date in the Contract and Application document.

**See our Sales Process Checklist for more information.**

For more information on the terms used in this guide, refer to the Advanced Life Deferred Annuity Agreement included in the [Contract and application](#) document (Section 23170E).

<sup>22</sup> Certain conditions must be met, such as those regarding the time frame for receiving the application (5 days), the time frame for receiving the premium (45 days), and the premium amount collected within this period. For more information, please refer to the [Contract and application](#) document.



# ABOUT DESJARDINS GROUP

Desjardins Group is the largest cooperative financial group in North America and the fifth largest cooperative financial group in the world, with assets of \$414 billion. It was named one of Canada's Top 100 Employers in 2022 by MediaCorp. To meet the diverse needs of its members and clients, Desjardins offers a full range of products and services to individuals and businesses through its extensive distribution network, online platforms and subsidiaries across Canada. Ranked among the world's strongest banks according to *The Banker* magazine, Desjardins has some of the highest capital ratios and credit ratings in the industry.\*

# 1<sup>ST</sup> RESPONSIBLE INVESTMENT (RI) FINANCIAL INSTITUTION IN CANADA

A pioneer in the responsible investment (RI) field since 1990, Desjardins offers the largest selection of RI solutions and has the most in-depth RI expertise in Canada, thanks to a team of seasoned portfolio managers.\*\*

## OFFER ANNUITIES!

Contact your regional sales director to learn more about how to sell annuities.

DESJARDINS INSURANCE refers to Desjardins Financial Security Life Assurance Company.  
200 rue des Commandeurs, Lévis QC G6V 6R2  
1-866-647-5013

DESJARDINS, DESJARDINS INSURANCE and related trademarks are trademarks of the Fédération des caisses Desjardins du Québec used under licence by Desjardins Financial Security Life Assurance Company.

\* As at September 30, 2023.

\*\* Desjardins internal research, September 30, 2023.