

CHANGES TO THE DFS GUARANTEED INVESTMENT FUNDS OFFER

Questions and Answers

UPDATED OCTOBER 2020

Questions and Answers

Changes to the DFS Guaranteed Investment Funds offer

We are committed to keeping all of our Contract Owners informed about the changes we make to the Desjardins Financial Security (DFS) Guaranteed Investment Funds contracts. **We would like to point out, however, that while we will tell them about all the changes we make, they need to keep in mind that these changes may not necessarily apply to their personal situation and that, aside from the changes described in the Advance Notice of Change, the contract terms remain unchanged.**

This document contains useful information that will help you answer questions from clients who will be receiving the Advance Notice of Change intended for the Owners of the following contracts:

Contract	Advance Notice Item #	Expected mailing date
Helios2	20112F/E	Between September 7 and 26, 2020
Helios	20111F/E	
Millennia III – New Era (Series 3)	20110F/E	Starting August 31, 2020
Millennia III – First Edition and Millennia III – New Era (Series 1)	20109F/E	
Millennia III – Classic	20108F/E	
Imperial Growth Plan	20107F/E	

IMPORTANT! Please note that we will also send on August 31 the advance notice for clients with non-registered contracts that include Units of the Funds that will be closed and facing a taxable disposition.

Please note that the Fund Facts for the new Funds being added in November 2020 will not be included in the Advance Notices of Change. **PDF versions will be available at the end of August.**

Contract	Fund Facts Item #
Helios2	20112F01/E01
Helios	20111F01/E01
Millennia III – New Era (Series 3)	20110F01/E01
Millennia III – First Edition and Millennia III – New Era (Series 1)	20109F01/E01
Millennia III – Classic	20108F01/E01
Imperial Growth Plan	20107F01/E01

A PDF version of these Advance Notices and Fund Facts (available at the end of August) can be found on Webi in the news item and in the [Helios2 Contract Sales Material](#) section, as well as under [Discontinued products](#) for the other contracts (password required). They will also be available on the [Desjardins Insurance](#) website at the end of August.

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Section 1: Changes to the Helios2 and Helios Contracts

1. Changes to the GIF lineup of Funds:
 - Nine Funds added
 - Six Funds closed to additional Deposits and switches
 - One Fund closed
2. Revised fees (**Helios2 Contract only**)
3. Two new Fee Options added (**Helios2 Contract only**)
4. Other changes:
 - Name change for five GIFs
 - Change in investment objective for three GIFs

1.1 New Funds added

1. Which new Funds are you adding?

A: Nine new Funds are being added to Series 6, 7 and 8 of the DFS Guaranteed Investment Funds (DFS GIF) offered through the Helios2 Contract and to Series 5 of the DFS Guaranteed Investment Funds (DFS GIF) offered through the Helios Contract.

- DFS GIF – Moderate – Desjardins SocieTerra
- DFS GIF – 100% Equity – Desjardins SocieTerra
- DFS GIF – Fixed Income – Desjardins Wise ETF
- DFS GIF – Conservative – Desjardins Wise ETF
- DFS GIF – Balanced – Desjardins Wise ETF
- DFS GIF – Growth – Desjardins Wise ETF
- DFS GIF – Maximum Growth – Desjardins Wise ETF
- DFS GIF – 100% Equity – Desjardins Wise ETF
- DFS GIF – Canadian Equity – Desjardins

2. When will the new Funds be available?

A: They will be available starting on November 30, 2020.

3. Where can I get more information about these new Funds?

A: More information will be available in November at launch time. You will be able to view the Fund Facts on [Webi](#) and the [Desjardins Insurance](#) website in the week of August 31.

4. Will these new Funds be available for all the Guarantees?

A: You will find the complete list of the Funds and their availability by Guarantee in Addendum 1 and Addendum 2.

1.2 Funds closed to additional Deposits and switches (Updated October 2020)

1. Which Funds will no longer be available for additional Deposits and switches?

A: Six Funds will no longer be available for additional Deposits and switches effective November 27, 2020:

- DFS GIF – Diversified Income – Franklin Quotential
- DFS GIF – Balanced Income – Franklin Quotential
- DFS GIF – Balanced Growth – Franklin Quotential
- DFS GIF – Growth – Franklin Quotential
- DFS GIF – Canadian Equity – Franklin Bissett
- DFS GIF – Small Cap – Franklin Bissett

However, Deposits made via existing PDAs set up before November 27, 2020 will continue to be accepted.

2. When are you closing these Funds? (Updated October 2020)

A: Although DFS initially planned to permanently close these Funds sometime in 2022, following comments received, this definitive closure is postponed to a later date, which has yet to be determined. You will be informed ahead of time of the definitive closure of these Funds, where appropriate, and clients will receive an Advance Notice of Change. There could be tax consequences for clients with a non-registered Contract with respect to the taxation year in which the permanent closure occurs.

Our goal is always to offer a range of the most competitive GIFs. Although Desjardins Insurance reserves the right, despite this delay, to close these GIFs permanently if deemed necessary, rest assured that we will notify you in advance at the appropriate time.

3. What are my clients' options?

A: At this stage, clients are not required to take any action. You are in the best position to advise them on what strategy to adopt based on their situation.

4. Why are you closing these Funds to additional Deposits and switches?

A: Our Fund Monitoring Committee plays a key role in our DFS Guaranteed Investment Funds program. The committee's primary mandate is to continually review our offer in order to recommend the investment options that are most likely to help your clients reach their financial objectives.

5. Will these closures have any tax consequences? (Updated October 2020)

A: There are no tax consequences for the time being provided clients don't request a surrender. As DFS plans to eventually permanently close these Funds, there could be tax consequences for clients with a non-registered Contract with respect to taxation year in which the permanent closure occurs. The client should discuss with his/her tax advisor strategies to reduce the tax impacts, depending on whether it is a capital gain or loss.

6. How can I help my clients?

A: In this regard, advisors who have clients with units of one of these funds (registered and non-registered contracts) will receive a list of these clients by email. Sending will begin the week of October 26, 2020 and will take place over a few weeks. The advisors who have the most affected clients will receive their lists first. You will then be able to determine with them which course of action to take depending on their situation.

For all questions, we invite you to contact the GIF Client Service at 1-877-647 5435 or by email at gifclientservice@dfs.ca.

7. How will clients be notified of the postponement of the permanent closure?

A: Desjardins Insurance will send a letter to all Contract owners in November 2020.

1.3 One Fund closed

1. Which Fund will be closed?

A:

Closed Fund	Replacement Fund	No-fee withdrawal
DFS GIF – Income – Fiera Capital	DFS GIF – Canadian Bond	No

2. When are you closing this Fund?

A: On November 27, 2020.

3. What are my clients' options?

A: Refer to section 4, page 13, of this document for all the details.

4. Why are you closing this Fund?

A: Our Fund Monitoring Committee plays a key role in our DFS Guaranteed Investment Funds program. The committee's primary mandate is to continually review our offer in order to recommend the investment options that are most likely to help your clients reach their financial objectives.

5. How did you choose the replacement Fund?

A: We chose this Fund because it had an excellent manager as well as similar investment objectives and asset classes as the closed Fund.

6. Will the closure of this Fund have tax consequences?

A: See section 5, page 14, of this document for more details.









7. Will the closure have an impact on the surrender charge schedules?

A: If clients have Units subject to a deferred surrender charge schedule, the Units that are switched for Units of the Replacement Fund will remain within the same Fee Option. This schedule will therefore end at the time specified when the Units were acquired, and no changes will be made to it.

1.4 Revised fees (Helios2 Contract only)

We have revised the fees applicable to the Helios2 Contract in order to be more competitive in the industry. These changes affect both the Management Fees and the additional Helios2 – 75/100 i, Helios2 – 100/100 i and Helios2 – 75/100 GLWB Guarantee fees.

You will be pleased to learn that the Management Fees will be decreasing (the percentage of decrease will depend on the GIF). The additional Guarantee fees will be increasing or decreasing depending on the Guarantee. These changes will take effect on **November 30, 2020**.

	Helios2 – 75/75 Guarantee	Helios2 – 75/100 i Guarantee	Helios2 – 100/100 i Guarantee	Helios2 – 75/100 GLWB Guarantee
Management fees	 Decrease between 0.05% and 0.35% (depending on the GIF)	 Decrease between 0.05% and 0.35% (depending on the GIF)	 Decrease between 0.05% and 0.35% (depending on the GIF)	 Decrease between 0.05% and 0.35% (depending on the GIF)
Additional Guarantee fees	 No change	 Decrease of 0.20% for all GIFs*	 Increase of 0.15% for all GIFs**	 Increase of 0.15% for all GIFs**

*Except for the DFS GIF – Money Market Fund where the decrease will be 0.10% and the DFS GIF – Canadian Bond Fund where the decrease will be 0.15%.

**Except for the DFS GIF – Money Market Fund where the increase will be 0.05% and the DFS GIF – Canadian Bond Fund where the increase will be 0.10%.

Through the combined effect of these changes, most Contract Owners will see their Contract fees decrease while some will see no changes and others will experience a slight increase. For more details, please refer to **page 14 of the ADVANCE NOTICE**.

1.5 Two new Fee Options added (Option D and Option E) (Helios2 Contract only)

1. What are these new Fee Options?

A: DFS will offer two new Fee Options with the Helios2 Contract: Option D and Option E (No fees – commission chargeback to the representative). Under these options, no surrender charges will apply if the Contract Owner decides to surrender all or part of the Units of any Fund attributed to the Contract. However, the distributor and representative may have to reimburse all or part of their sales commission to DFS if the surrender takes place within three years (Option D) or five years (Option E) of the date the Units were originally attributed to the Contract.

2. When will you offer these new Fee Options?

A: Starting on November 30, 2020.

3. Where can I get more information about these new Fee Options?

A: You will find all the details about the commissions and chargeback rates in Addendum 1 of this document.

4. Will you offer these new Fee Options for all the Guarantees?

A: These Fee Options are available for all Series 6 and 8 Funds and for the following Guarantees: Helios2 – 75/75, Helios2 – 75/100 i and Helios2 – 100/100 i. The maximum age for a Deposit is 80. These Options are available to all Helios2 Contract Owners and can be combined with other Fee Options (A/B/C) within the same Contract. However, switches between Fee Options are not allowed.

1.6 Other changes

A. Name change for five GIFs

CURRENT NAME	NEW NAME
DFS GIF – Growth and Income – NEI Northwest	DFS GIF – Growth and Income – NEI
DFS GIF – Global Growth – NEI Select	DFS GIF – Growth – NEI Select
DFS GIF – Canadian Asset Allocation – CI Cambridge	DFS GIF – Asset Allocation – Cambridge
DFS GIF – Canadian Dividend – NEI Northwest	DFS GIF – Canadian Dividend – NEI
DFS GIF – Specialty Equity – NEI Northwest	DFS GIF – Canadian Small Cap Equity – NEI

B. Change in the investment objective of three GIFs due to a change in the investment objective of their respective underlying fund.

	NEW INVESTMENT OBJECTIVE
DFS GIF – Growth – Desjardins SocieTerra	To provide long-term capital appreciation and to a lesser extent, income. The Fund invests in Canadian and foreign equity and fixed income bonds or in units of mutual funds which themselves invest primarily in Canadian or foreign equity and fixed-income bonds. This Fund follows a responsible approach to investing.
DFS GIF – Maximum Growth – Desjardins SocieTerra	To achieve long-term capital appreciation. The Fund invests in Canadian and foreign equity and fixed-income bonds or in units of mutual funds which themselves invest primarily in Canadian or foreign equity and fixed-income bonds. The Fund follows a responsible approach to investing.

DFS GIF – Specialty Equity – NEI Northwest*	To achieve capital appreciation over the long term by primarily investing in the equity of smaller fast-growing Canadian companies with small market capitalization.
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*This Fund is also changing its name as mentioned above.

These changes take effect on November 30, 2020.

Section 2: Changes to the Millennia III Contracts

1. Changes to the GIF lineup:
 - New Funds added
 - Funds closed to additional Deposits and switches
 - One Fund closed
2. Other changes:
 - Name change for three GIFs (**Millennia III – New Era Contract, Series 3 only**)
 - Change in the investment objective of one GIF (**Millennia III - New Era Contract, Series 3 only**)

2.1 New Funds added

1. Which new Funds are you adding?

A: We are adding Funds to the DFS Guaranteed Investment Funds (DFS GIF) offered through the **Millennia III – New Era, Millennia III – Classic and Millennia III – First Edition Contracts.**

Fund name	Classic	First Edition and New Era (Series 1)	New Era (Series 3)
DFS GIF – Canadian Bond	√	√	√
DFS GIF – Canadian Equity – Desjardins	√	√	√
DFS GIF – Canadian Small Cap Equity – NEI	√	N/A	N/A

2. When will these new Funds be available?

A: They will be available starting on November 30, 2020.

3. Where can I get more information about these new Funds?

A: More information will be available in November at launch time. You will be able to view the Fund Facts on [Webi](#) and the [Desjardins Insurance](#) website in the week of August 31.

2.2 Funds closed to additional Deposits and switches (Updated October 2020)

1. Which Funds will no longer be available for additional Deposits and switches?

A: Some Funds will no longer be available for additional Deposits and switches effective November 27, 2020

Fund name	Classic	First Edition and New Era (Series 1)	New Era (Series 3)
DFS GIF – Diversified Income – Franklin Quotential			√
DFS GIF – Balanced Income – Franklin Quotential			√
DFS GIF – Balanced Growth – Franklin Quotential			√
DFS GIF – Growth – Franklin Quotential			√
DFS GIF – Canadian Equity – Franklin Bissett	√	√	√
DFS GIF – Small Cap – Franklin Bissett	√		√

However, Deposits made via existing PDAs set up before November 27, 2020 will continue to be accepted.

2. When are you closing these Funds? (Updated October 2020)

A: Although DFS initially planned to permanently close these Funds sometime in 2022, following comments received, this definitive closure is postponed to a later date, which has yet to be determined. You will be informed ahead of time of the definitive closure of these Funds, where appropriate, and clients will receive an Advance Notice of Change. There could be tax consequences for clients with a non-registered Contract with respect to the taxation year in which the permanent closure occurs.

Our goal is always to offer a range of the most competitive GIFs. Although Desjardins Insurance reserves the right, despite this delay, to close these GIFs permanently if deemed necessary, rest assured that we will notify you in advance at the appropriate time.

3. What are my clients' options?

A: At this stage, clients are not required to take any action. You are in the best position to advise them on what strategy to adopt based on their situation.

4. Why are you closing these Funds to additional Deposits and switches?

A: Our Fund Monitoring Committee plays a key role in our DFS Guaranteed Investment Funds program. The committee's primary mandate is to continually review our offer in order to recommend the investment options that are most likely to help your clients reach their financial objectives.

5. Will these closures have any tax consequences? (Updated October 2020)

A: There are no tax consequences for the time being provided clients don't request a surrender. As DFS plans to eventually permanently close these Funds, there could be tax consequences for clients with a non-registered Contract with respect to taxation year in which the permanent closure occurs. The client should discuss with his/her tax advisor strategies to reduce the tax impacts, depending on whether it is a capital gain or loss.

6. How can I help my clients?

A: In this regard, advisors who have clients with units of one of these funds (registered and non-registered contracts) will receive a list of these clients by email. Sending will begin the week of October 26, 2020 and will take place over a few weeks. The advisors who have the most affected clients will receive their lists first. You will then be able to determine with them which course of action to take depending on their situation.

For all questions, we invite you to contact the GIF Client Service at 1-877-647 5435 or by email at gifclientservice@dfs.ca.

7. How will clients be notified of the postponement of the permanent closure?

A: Desjardins Insurance will send a letter to all Contract owners in November 2020.

2.3 One Fund closed

1. Which Fund are you closing?

A:

Closed Fund	Replacement Fund	No-fee withdrawal
DFS GIF – Income – Fiera Capital	DFS GIF – Canadian Bond	No

2. When are you closing this Fund?

A: On November 27, 2020.

3. What are my clients' options?

A: Refer to section 4, page 13, of this document for all the details.

4. Why are you closing this Fund?

A: Our Fund Monitoring Committee plays a key role in our DFS Guaranteed Investment Funds program. The committee's primary mandate is to continually review our offer in order to recommend the investment options that are most likely to help your clients reach their financial objectives.

5. How did you choose the replacement Fund?

A: We chose this Fund because it had an excellent manager as well as similar investment objectives and asset classes as the closed Fund.

6. Will this closure have any tax consequences?

A: Refer to section 5, page 14 of this document for all the details.

7. Will the closure have an impact on the surrender charge schedules?

A: If clients have Units subject to a deferred surrender charge schedule and these Units are switched for Units of one or more other Funds within the same Fee Option (Option C), the schedule will end at the time specified when the Units were acquired. The surrender charge schedule will not change.

2.4 Other changes (Millennia III – New Era Contract – Series 3 only)**A. Name change for three GIFs**

CURRENT NAME	NEW NAME
DFS GIF – Growth and Income – NEI Northwest	DFS GIF – Growth and Income – NEI
DFS GIF – Global Growth – NEI Select	DFS GIF – Growth – NEI Select
DFS GIF – Specialty Equity – NEI Northwest	DFS GIF – Canadian Small Cap Equity – NEI

B. Change in the investment objective of one GIF due to a change in the investment objective of its underlying fund.

	NEW INVESTMENT OBJECTIVE
DFS GIF – Specialty Equity – NEI Northwest*	To achieve capital appreciation over the long term by primarily investing in the equity of smaller fast-growing Canadian companies with small market capitalization.

*This Fund is also changing its name as mentioned above.

These changes take effect on November 30, 2020.

Section 3: Change to the Imperial Growth Plan (IGP)

3.1 One Fund added

1. Which new Fund are you adding?

A: The following Fund is being added to the DFS Guaranteed Investment Funds (DFS GIF) offered through the Imperial Growth Plan:

- DFS GIF – Canadian Equity – Desjardins

2. When will the new Fund be available?

A: The new Fund will be available starting on November 30, 2020.

3. Where can I get more information about this new Fund?

A: More information will be available in November at launch time. You will be able to view the Fund Facts on [Webi](#) and the [Desjardins Insurance](#) website in the week of August 31.

3.2 One Fund closed to additional Deposits and switches (Updated October 2020)

1. Which Fund will no longer be available for additional Deposits and switches?

A: The following Fund will no longer be available for additional Deposits and switches as of November 27, 2020:

- DFS GIF – Canadian Equity – Franklin Bissett

However, Deposits made via existing PDAs set up before November 27, 2020 will continue to be accepted

2. When are you closing this Fund? (Updated October 2020)

A: Although DFS initially planned to permanently close this Fund sometime in 2022, following comments received, this definitive closure is postponed to a later date, which has yet to be determined. You will be informed ahead of time of the definitive closure of this Fund, where appropriate, and clients will receive an Advance Notice of Change. There could be tax consequences for clients with a non-registered Contract with respect to the taxation year in which the permanent closure occurs.

Our goal is always to offer a range of the most competitive GIFs. Although Desjardins Insurance reserves the right, despite this delay, to close this GIF permanently if deemed necessary, rest assured that we will notify you in advance at the appropriate time.

3. What are my clients' options?

A: At this stage, clients are not required to take any action. You are in the best position to advise them on what strategy to adopt based on their situation

4. Why are you closing this Fund to additional Deposits?

A: Our Fund Monitoring Committee plays a key role in our DFS Guaranteed Investment Funds program. The committee's primary mandate is to continually review our offer in order to recommend the investment options that are most likely to help your clients reach their financial objectives.

5. Will the closure have any tax consequences? (Updated October 2020)

A: There are no tax consequences for the time being provided clients don't request a surrender. As DFS plans to eventually permanently close this Fund, there could be tax consequences for clients with a non-registered Contract with respect to taxation year in which the permanent closure

occurs. The client should discuss with his/her tax advisor strategies to reduce the tax impacts, depending on whether it is a capital gain or loss.

6. How can I help my clients?

A: In this regard, advisors who have clients with units of this fund (registered and non-registered contracts) will receive a list of these clients by email. Sending will begin the week of October 26, 2020 and will take place over a few weeks. The advisors who have the most affected clients will receive their lists first. You will then be able to determine with them which course of action to take depending on their situation.

For all questions, we invite you to contact the GIF Client Service at 1-877-647 5435 or by email at gifclientservice@dfs.ca.

7. How will clients be notified of the postponement of the permanent closure?

A: Desjardins Insurance will send a letter to all Contract owners in November 2020.

Section 4: Options available to clients affected by the closure of the DFS GIF – Income – Fiera Capital Fund

1. What are my clients' options?

A:

- a. **If clients are satisfied with the proposed replacement Fund:** They do not have to contact us. On the date the Fund is closed, we will transfer the market value of their Units in the Fund in question to the replacement Fund and switch their Units for Units of the replacement Fund.
- b. **If clients are not satisfied with the proposed replacement Fund:**
 - i. They can choose another Fund (within the same Fee Option) or withdraw the market value of their Units. We will proceed with the transaction upon reception. However, surrender charges will be deducted from the amount of the withdrawal if applicable;
 - ii. We need to receive the client's instructions by mail, fax or email **before November 20, 2020 at 4 p.m. (ET)**. Our contact information is:
Guaranteed Investment Funds Administration
1 Complexe Desjardins
P.O. Box 9000
Montreal QC H5B 1H5
Fax: 1-888-926-2987
Email: gifclientservice@DFS.ca

If we do not receive any instructions by November 20, 2020 at 4 p.m. (ET), the value of the Units in the Fund in question will be transferred to the applicable replacement Fund.

2. Until when will you accept Deposits to the Fund being closed?

A: Effective **November 20, 2020 at 4 p.m. (ET)**, the Company will stop accepting Deposits or transfers from other DFS GIFs to the Fund in question. **November 20, 2020** is also the deadline to request surrenders, set up a systematic withdrawal program or switch Units for Units of other Funds.

3. What happens to the pre-authorized debit agreements?

A: If clients who have a pre-authorized debit agreement for the Fund being closed are not satisfied with the replacement Fund, they will have until **November 20, 2020 at 4 p.m. (ET)** to provide DFS with new instructions and request that the money collected under this agreement be invested in another Fund. If we have not received any instructions by that date, the money will be invested in the applicable replacement Fund.

4. What about the systematic withdrawal programs?

A: If clients participating in a systematic withdrawal program for the Fund being closed are not satisfied with the replacement Fund, they will have until **November 20, 2020 at 4 p.m. (ET)** to provide us with their instructions and request that the money collected under this program be withdrawn from another Fund. If we have not received any instructions by that date, the money will be withdrawn from the applicable replacement Fund.

5. After the Deposit deadline, how will the investment instructions for the closed Funds be processed?

A: The instructions will be rejected and we will notify you of the rejection by email or fax. You will then have to ask your client to provide you with new written instructions or inform us that the uncashed cheque must be returned to you, as the case may be.

Desjardins Insurance cannot invest funds in a Contract with a Guarantee that does not reflect the client's written instructions. The Company cannot be held responsible for any consequences resulting from a delay in obtaining adequate instructions from the client, such as those related to market fluctuations or to the deadline of November 20, 2020 at 4 p.m. (ET).

Section 5: Tax consequences

1. Can the closure of the Fund have tax consequences?

A: **Non-registered contracts** containing Units of the Fund being closed will be subject to a taxable disposition. Under current tax laws, it is not possible to transfer the value of the Units allocated to the Contract from the closed Fund to the replacement Fund without generating a taxable disposition. The disposition may result in a capital gain or loss. Half of the capital gain (or capital loss) is usually considered in the calculation of your client's income. Capital losses are deductible only against capital gains. Under applicable tax laws, capital losses net of capital gains for the year can be carried forward against taxable capital gains reported in tax returns for the previous three years or indefinitely in the future.

All clients whose Contract is subject to a taxable disposition will receive, in addition to the Advance Notice of Change, a letter informing them of the estimated amount of capital gain or loss that will be attributed to them following the Fund's closure. The letter will be sent out mid-September. You will find an example of the capital gain letter in Addendum 4.

However, the actual amount of capital gain or loss in connection with the Fund's closure, which will be included on their 2020 tax slips (with the other attributions for the year), will not be known until the Fund's closing date.

There won't be any tax consequences for **registered contracts** (including locked-in contracts) when Units of the closed Fund are transferred to the replacement Fund. The capital gains or losses realized when the Fund is closed will not be subject to income tax. However, for clients who decide to withdraw the market value of the Units attributed to their registered Contract (except a Contract registered as a TFSA), the amount withdrawn will be considered taxable income unless it is transferred directly to another eligible registered plan.

This is a general summary only, and not an exhaustive account of all the potential tax implications. Clients should review their personal situation with their tax advisor.

2. How can I help my clients?

A: If some of your clients are affected by this taxable disposition, you will receive a list, in the week of August 31, 2020, containing the following information:

- Name and contact information of the clients
- Name, series and number of the Contract
- Estimated amount of capital gain or loss

This will give you an opportunity to contact them before they receive the letter advising them of their capital gain or loss so you can discuss the strategy to adopt based on their personal situation.

Section 6: Communications (Updated October 2020)

1. When are you going to inform clients about these changes?

A: The Advance Notice of Change will be mailed out to clients for all Contracts starting August 31, 2020. The Advance Notices and Fund Facts will be available on Webi in the week of August 17, 2020 and desjardinslifeinsurance.com as of the end of August.

	Advance Notice	Fund Facts	Expected mailing date
Notice of Change Imperial Growth Plan	20107F and 20107E	20107F01 and 20107E01	Starting August 31, 2020
Notice of Change Millennia III Classic	20108F and 20108E	20108F01 and 20108E01	
Notice of Change Millennia III First Edition and New Era (Series 1)	20109F and 20109E	20109F01 and 20109E01	
Notice of Change Millennia III New Era (Series 3)	20110F and 20110E	20110F01 and 20110E01	
Notice of Change Helios	20111F and 20111E	20111F01 and 20111E01	Between September 7 and 26, 2020
Notice of Change Helios2	20112F and 20112E	20112F01 and 20112E01	

IMPORTANT! Please note that we will also send on August 31 the advance notice for clients with non-registered contracts that include Units of the Funds that will be closed and facing a taxable disposition. In the week of September 14, we will send them the letter informing them of the estimated amount of capital gain or loss that will be attributed to them following the Fund's closure.

We will mail the letter announcing the postponement of the permanent closure of certain Funds in the week of November 23, 2020.

Contract	Item number	Expected mailing date
Helios2	No. 20164F/E	November 19-20-23, 2020
Helios	No. 20163F/E	
Millennia III – New Era (Series 3)	No. 20162F/E	
Millennia III – First Edition and Millennia III – New Era (Series 1)	No. 20161F/E	
Millennia III – Classic	No. 20160F/E	
Imperial Growth Plan	No. 20159F/E	

2. When will the regulatory and marketing material for the Helios2 Contract be updated?

A: The Contract and Information Folder will be updated by the time the changes come into effect in November 2020. **Something new to note:** The Fund Facts have been grouped into one document, which from now on will be available separately from the Contract. You can order copies from the warehouse in November using the following item numbers:

- Contract and Information Folder (13188F/E)
- Fund Facts (13188F01/E01)

The Contract applications and the “Statement of Direction” form will also be updated by the time the changes come into effect next November. They will be available on Webi and at the warehouse. Also new on this front: The fund charts will be available in documents separate from the applications. You can order copies from the warehouse using the following item numbers:

- Helios2 Contract Application (13137F/E)
- Helios2 Contract Application (13138F/E)
- Helios2 Contract Application (13139F/E)
- Statement of Direction (13140F/E)
- Helios2 Fund Chart (13244F/E)
- Helios, Millennia III (First Edition, Classic and New Era) and IGP) Fund Chart 20105F/E

The marketing material is also going to be updated. We will let you know when the print versions are available. The information on our websites, including the PDF versions of all documents, will be up to date in November 2020.

3. How will clients setting up a new Helios2 Contract be advised about the changes by the publication date of the new version of the *Contract and Information Folder*?

A: For Contracts opened between the end of August and November 30, we ask that you give the client a copy of the Advance Notice of Change with the *Contract and Information Folder* document. Copies of the Advance Notices will be available at the warehouse so you can order them. Thank you for your cooperation.

4. Who can help me if I need support?

A: If you have any questions or need more information, speak to your Regional Sales Director or Sales Consultant or GIF Client Service (see contact information below):

Quebec

Jean-François Ratelle

Regional Sales Director
Quebec (West)
514-891-7267 ext. 5578656
1-877-750-8700 ext. 5578656
jfratelle@desjardins.com

Nathalie Nepveu

Regional Sales Consultant
Quebec (West)
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nnepveu@desjardins.com

Ahmad Kraidli

Regional Sales Director
Quebec (West) (VMD)
514-607-9449
ahmad.kraidli@desjardins.com

Ali Nasrollah

Regional Sales Consultant
Quebec (West) (VMD)
514-285-3142
1-877-750-8700 ext. 5572070
ali.a.nasrollah@desjardins.com

Simon Gamache

Regional Sales Director
Quebec (East)
418-955-2447
1-877-750-8700 ext. 5505018
simon.y.gamache@desjardins.com

Luis Angarita Gil

Regional Sales Consultant
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Western Canada

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Howard Wong

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Western Canada (continued)

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Jasmine Mund

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Craig MacFarlane

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Benjamin Sylvester

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Ontario and Atlantic provinces

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Uzair Mahmood

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Vacant

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Vacant

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Ontario and Atlantic provinces (continued)

Jesse Herberman

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Brad Holmes

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GIF Client Service

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gifclientservice@DFS.ca

Addendum 1

DFS Guaranteed Investment Fund for the Helios2 Contract

Effective November 30, 2020

Fund name	Helios2 – 75/75	Helios2 – 75/100 i	Helios2 – 100/100 i	Helios2 – 75/100 GLWB
INVESTMENT SOLUTIONS				
DFS GIF – Conservative	✓	✓	✓	✓
DFS GIF – Moderate	✓	✓	✓	✓
DFS GIF – Balanced	✓	✓	✓	✓
DFS GIF – Growth	✓	✓	✓	✓
DFS GIF – Maximum Growth	✓	✓	✓	N/A
RESPONSIBLE INVESTMENT PORTFOLIOS				
DFS GIF – Conservative – Desjardins SocieTerra	✓	✓	✓	✓
DFS GIF – Moderate – Desjardins SocieTerra	✓	✓	✓	✓
DFS GIF – Balanced – Desjardins SocieTerra	✓	✓	✓	✓
DFS GIF – Growth – Desjardins SocieTerra	✓	✓	✓	✓
DFS GIF – Maximum Growth – Desjardins SocieTerra	✓	✓	✓	N/A
DFS GIF – 100% Equity – Desjardins SocieTerra	✓	✓	✓	N/A
WISE ETF PORTFOLIOS				
DFS GIF – Fixed Income – Desjardins Wise ETF	✓	✓	✓	✓
DFS GIF – Conservative – Desjardins Wise ETF	✓	✓	✓	✓
DFS GIF – Balanced – Desjardins Wise ETF	✓	✓	✓	✓
DFS GIF – Growth – Desjardins Wise ETF	✓	✓	✓	✓
DFS GIF – Maximum Growth – Desjardins Wise ETF	✓	✓	✓	N/A
DFS GIF – 100% Equity – Desjardins Wise ETF	✓	✓	✓	N/A
INDIVIDUAL FUNDS				
Income				
DFS GIF – Money Market	✓	✓	✓	✓
DFS GIF – Canadian Bond	✓	✓	✓	✓
DFS GIF – Global Tactical Bond – Desjardins	✓	✓	✓	✓
Balanced and Asset Allocation				
DFS GIF – Diversified Income – Franklin Quotential*	✓	✓	N/A	✓
DFS GIF – Balanced Income – Franklin Quotential*	✓	✓	N/A	✓
DFS GIF – Canadian Balanced – Fidelity	✓	✓	N/A	N/A
DFS GIF – U.S. Monthly Income – Fidelity	✓	✓	✓	N/A
DFS GIF – Global Balanced – Jarislowsky Fraser	✓	✓	✓	✓
DFS GIF – Canadian Balanced – Fiera Capital	✓	✓	✓	✓
DFS GIF – Balanced Growth – Franklin Quotential*	✓	✓	N/A	✓
DFS GIF – Canadian Balanced – CI Signature	✓	✓	✓	✓
DFS GIF – Income and Growth – CI Signature	✓	✓	✓	✓
DFS GIF – Growth and Income – NEI	✓	✓	✓	✓
DFS GIF – Growth – NEI Select	✓	✓	✓	✓
DFS GIF – Asset Allocation – Cambridge	✓	✓	✓	N/A
DFS GIF – Growth – Franklin Quotential*	✓	✓	N/A	N/A
Canadian Equity				
DFS GIF – Dividend Income – Desjardins	✓	✓	✓	N/A
DFS GIF – Canadian Dividend – NEI	✓	✓	✓	N/A
DFS GIF – Canadian Equity – Jarislowsky Fraser	✓	✓	✓	N/A
DFS GIF – Canadian Equity – Fidelity True North®	✓	✓	✓	N/A
DFS GIF – Canadian Equity – Franklin Bissett*	✓	✓	✓	N/A
DFS GIF – Canadian Small Cap Equity – NEI	✓	✓	N/A	N/A
DFS GIF – Small Cap – Franklin Bissett*	✓	✓	N/A	N/A

Fund name	Helios2 – 75/75	Helios2 – 75/100 i	Helios2 – 100/100 i	Helios2 – 75/100 GLWB
Foreign Equity				
DFS GIF – American Equity – MFS	✓	✓	✓	N/A
DFS GIF – American Equity Value – Desjardins	✓	✓	✓	N/A
DFS GIF – Global Dividend – Desjardins	✓	✓	✓	N/A
DFS GIF – Global Equity – Desjardins	✓	✓	✓	N/A
DFS GIF – Global Equity – MFS	✓	✓	✓	N/A
DFS GIF – International Equity – MFS	✓	✓	✓	N/A
DFS GIF – International Equity Growth – Desjardins	✓	✓	✓	N/A

* Funds closed to additional Deposits and switches

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Fee Options (Option D and Option E)

Option D:

- Gross commissions:
 - First year: 3.5%
 - Trailing commission*

	Years 2 to 4	Year 5+
Money Market Fund	0%	0.25%
Bond Fund	0.15%	0.5%
Balanced and Equity Funds	0.5%	1.0%

*Trailing commissions are paid on a calendar year basis.

- Chargeback of the first-year commission if a surrender occurs within 36 months of the Deposit.
- Commission chargebacks will be waived for surrenders of Units under Fee Option D occurring during a calendar year, up to a non-cumulative maximum each year of 12% of the value of the Units in each Fund attributed to this Contract that are still exposed to a chargeback rate.

Month	Chargeback rate
1	100.0%
2	97.2%
3	94.4%
4	91.7%
5	88.9%
6	86.1%
7	83.3%
8	80.6%
9	77.8%
10	75.0%
11	72.2%
12	69.4%

Month	Chargeback rate
13	66.7%
14	63.9%
15	61.1%
16	58.3%
17	55.6%
18	52.8%
19	50.0%
20	47.2%
21	44.4%
22	41.7%
23	38.9%
24	36.1%

Month	Chargeback rate
25	33.3%
26	30.6%
27	27.8%
28	25.0%
29	22.2%
30	19.4%
31	16.7%
32	13.9%
33	11.1%
34	8.3%
35	5.6%
36	2.8%
37+	0.0%

Option E:

- Gross commissions:
 - First year: 5%
 - Trailing commission*

	Years 2 to 7	Year 8+
Money Market Fund	0%	0.25%
Bond Fund	0.15%	0.5%
Balanced and Equity Funds	0.5%	1.0%

*Trailing commissions are paid on a calendar year basis.

- First-year commission chargeback if surrender takes place within 60 months of the Deposit.
- Commission chargebacks will be waived for surrenders of Units under Fee Option D occurring during a calendar year, up to a non-cumulative maximum each year of 12% of the value of the Units in each Fund attributed to this Contract that are still exposed to a chargeback rate.

Month	Chargeback rate
1	100.0%
2	98.3%
3	96.7%
4	95.0%
5	93.3%
6	91.7%
7	90.0%
8	88.3%
9	86.7%
10	85.0%
11	83.3%
12	81.7%
13	80.0%
14	78.3%
15	76.7%
16	75.0%
17	73.3%
18	71.7%
19	70.0%

Month	Chargeback rate
20	68.3%
21	66.7%
22	65.0%
23	63.3%
24	61.7%
25	60.0%
26	58.3%
27	56.7%
28	55.0%
29	53.3%
30	51.7%
31	50.0%
32	48.3%
33	46.7%
34	45.0%
35	43.3%
36	41.7%
37	40.0%
38	38.3%
39	36.7%

Month	Chargeback rate
40	35.0%
41	33.3%
42	31.7%
43	30.0%
44	28.3%
45	26.7%
46	25.0%
47	23.3%
48	21.7%
49	20.0%
50	18.3%
51	16.7%
52	15.0%
53	13.3%
54	11.7%
55	10.0%
56	8.3%
57	6.7%
58	5.0%
59	3.3%
60	1.7%
61+	0.0%

Addendum 2: DFS Guaranteed Investment Fund for the Helios Contract

Effective November 30, 2020

Investment Solutions	Eligible for Optional Guarantees (Unit switches only)
DFS GIF – Conservative	X
DFS GIF – Moderate	X
DFS GIF – Balanced	X
DFS GIF – Growth	X
DFS GIF – Maximum Growth	
RESPONSIBLE INVESTMENT PORTFOLIOS	
DFS GIF – Conservative – Desjardins SocieTerra	X
DFS GIF – Moderate – Desjardins SocieTerra	X
DFS GIF – Balanced – Desjardins SocieTerra	X
DFS GIF – Growth – Desjardins SocieTerra	X
DFS GIF – Maximum Growth – Desjardins SocieTerra	
DFS GIF – 100% Equity – Desjardins SocieTerra	
WISE ETF PORTFOLIOS	
DFS GIF – Fixed Income – Desjardins Wise ETF	X
DFS GIF – Conservative – Desjardins Wise ETF	X
DFS GIF – Balanced – Desjardins Wise ETF	X
DFS GIF – Growth – Desjardins Wise ETF	X
DFS GIF – Maximum Growth – Desjardins Wise ETF	
DFS GIF – 100% Equity – Desjardins Wise ETF	
Individual Funds	
Income	
DFS GIF – Money Market	X
DFS GIF – Canadian Bond	X
DFS GIF – Global Tactical Bond – Desjardins	X
Balanced and Asset Allocation	
DFS GIF – Diversified Income – Franklin Quotential*	X
DFS GIF – Balanced Income – Franklin Quotential*	X
DFS GIF – Canadian Balanced – Fidelity	X
DFS GIF – U.S. Monthly Income – Fidelity	
DFS GIF – Canadian Balanced – Fiera Capital	X
DFS GIF – Balanced Growth – Franklin Quotential*	X
DFS GIF – Canadian Balanced – CI Signature	X
DFS GIF – Income and Growth – CI Signature	X
DFS GIF – Growth and Income – NEI	X
DFS GIF – Growth – NEI Select	X
DFS GIF – Global Balanced – Jarislowsky Fraser	X
DFS GIF – Asset Allocation – Cambridge	
DFS GIF – Growth – Franklin Quotential*	
Canadian Equity	
DFS GIF – Dividend Income – Desjardins	
DFS GIF – Canadian Dividend – NEI	
DFS GIF – Canadian Equity – Fidelity True North®	
DFS GIF – Canadian Equity – Franklin Bissett*	
DFS GIF – Canadian Equity – Jarislowsky Fraser	
DFS GIF – Canadian Small Cap Equity – NEI	
DFS GIF – Small Cap – Franklin Bissett*	
Foreign Equity	
DFS GIF – American Equity – MFS	
DFS GIF – American Equity Value – Desjardins	
DFS GIF – Global Dividend – Desjardins	
DFS GIF – Global Equity – Desjardins	
DFS GIF – Global Equity – MFS	
DFS GIF – International Equity – MFS	
DFS GIF – International Equity Growth – Desjardins	

* Funds closed to additional Deposits and switches

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Addendum 3: DFS Guaranteed Investment Fund for the Millennia III Contract and the Imperial Growth Plan (IGP)

Effective November 30, 2020

	IGP	First Edition	Classic	New Era	
		Series 1	Series 3	Series 1	Series 3
Individual Funds					
Income					
DFS GIF – Money Market	✓	✓	✓	✓	✓
DFS GIF – Canadian Bond		✓	✓	✓	✓

Balanced and Asset Allocation					
DFS GIF – Diversified Income – Franklin Quotential*					✓
DFS GIF – Balanced Income – Franklin Quotential*					✓
DFS GIF – Canadian Balanced – Fidelity					✓
DFS GIF – Canadian Balanced – Fiera Capital		✓	✓	✓	✓
DFS GIF – Balanced Growth – Franklin Quotential*					✓
DFS GIF – Growth and Income – NEI					✓
DFS GIF – Growth – NEI Select					✓
DFS GIF – Global Balanced – Jarislowsky Fraser			✓		✓
DFS GIF – Growth – Franklin Quotential*					✓
Canadian Equity					
DFS GIF – Dividend Income – Desjardins			✓		✓
DFS GIF – Canadian Equity – Desjardins	✓	✓	✓	✓	✓
DFS GIF – Canadian Equity – Fidelity True North®					✓
DFS GIF – Canadian Equity – Franklin Bissett*	✓	✓	✓	✓	✓
DFS GIF – Canadian Equity – Jarislowsky Fraser					✓
DFS GIF – Specialty Equity – NEI Northwest					✓
DFS GIF – Small Cap – Franklin Bissett*			✓		✓

Foreign Equity					
DFS GIF – American Equity – MFS			✓		✓
DFS GIF – American Equity Value – Desjardins		✓	✓	✓	✓
DFS GIF – Global Equity – MFS					✓
DFS GIF – International Equity – MFS		✓	✓	✓	✓

*Funds closed to additional Deposits and switches

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Addendum 4: Example of capital gain letter

[Date]

First name Last Name
Street address
City Prov. Postal Code

Dear Mr./Mrs. Last Name,

Subject: Closure of the DFS GIF – Income – Fiera Capital

In the best interest of our clients, Desjardins Financial Security Life Assurance Company (DFS) periodically reviews its investment and insurance products in order to adapt them to the realities of our constantly evolving markets.

After considering a number of factors, we have decided to close the DFS GIF – Income – Fiera Capital Fund effective November 27, 2020. You should have received a Notice of Change recently concerning the closure of this Fund.

On the Fund's closing date, Units of the Fund attributed to your Contract will be subject to a disposition at their market value. The disposition will have an impact on the amount appearing on your tax slips (T3 and Relevé 16 for Quebec residents) for the 2020 taxation year.

For your information, on [XX XX 2020] a capital gain of [\$XX,XXX.XX] was estimated for the DFS GIF – Income – Fiera Capital Fund under the [Contract Name – Contract number]. However, the actual amount that will appear on your tax slips will not be known until the Fund's closing date.

Your advisor can help you develop a strategy to keep the tax impact to a minimum based on your personal situation. Contact your advisor, [First name Last name] at [representative's area code and phone number] as soon as you can.

If Units of one or more other Funds have been attributed to your Contract, please note that the amount of capital gain or loss you need to report in connection with these Funds does not appear in this letter. The required information will be indicated on your tax slips.

Thank you for your continued confidence in DFS.

Sincerely,

Guaranteed Investment Funds Administration

