

Participating whole life insurance

ESTATE ENHANCER
ACCELERATED GROWTH
5 PAY PAR

 **Desjardins**
Insurance
Life • Health • Retirement

Participating life insurance

OPTIMIZE YOUR ESTATE PLANNING

With participating life insurance, you get lifetime insurance coverage with flexible, tax-efficient dividend options to grow your estate significantly or access cash when you need it.

Is this product right for you?

Desjardins Insurance's participating whole life insurance offers advantageous solutions for your financial planning as a parent, grandparent, professional or business owner. It's designed to help you maximize your estate or benefit from higher cash surrender values.



Parents and Grandparents

The 5-year or 10-year payment options allow you to pay off all the premiums before gifting the policy to your children and grandchildren at the age of majority.¹



Professionals

This insurance is suitable for you if you are looking for permanent insurance that offers flexibility, guarantees and attractive policy values.



Business owners

Participating whole life insurance is a useful tool for managing risks related to losing a key person, minimizing the tax impact of passive investment income and providing additional cash flow for various projects and for retirement.

¹ The insured child or grand-child or their parent should be designated as the contingent policyowner (not just an heir) to avoid a taxable disposition of the policy upon transfer of ownership on death. There must be only one insured on the policy at the time of transfer of ownership to avoid a tax disposition. Please consult your tax advisor.

Advantages of participating whole life insurance:

Desjardins Insurance participating life insurance offers permanent coverage as well as opportunities for tax-efficient growth of the amount payable at death and the cash surrender value. It allows you to meet your needs:

Preserving estate value and creating wealth on death	Accessing cash surrender values during your lifetime
<p>The value of your estate is protected by the insurance proceeds, which can be used to pay taxes on your death so you can maximize the value of your estate for your loved ones.</p> <p>The increase in the death benefit allows you to leave more money to your loved ones.</p>	<p>The policy's growing cash surrender values could allow you to:</p> <ul style="list-style-type: none">• Enhance your retirement income²• Finance your children's or grandchildren's post-secondary education²• Seize investment opportunities²
Protecting your business	Making a philanthropic donation to an organization of your choice
<p>Your insurance allows you to manage risks related to losing a key person in your company.</p> <p>It offers you the possibility of accessing the growing cash value of the policy to:</p> <ul style="list-style-type: none">• Finance development projects²• Enhance the retirement income of a shareholder or partner² <p>It helps you diversify your assets while minimizing your tax liability.</p>	<p>Increasing coverage allows you to supplement the amount given to a charity to keep up with inflation, without affecting your other estate planning goals.</p>

² Tax consequences are to be expected.

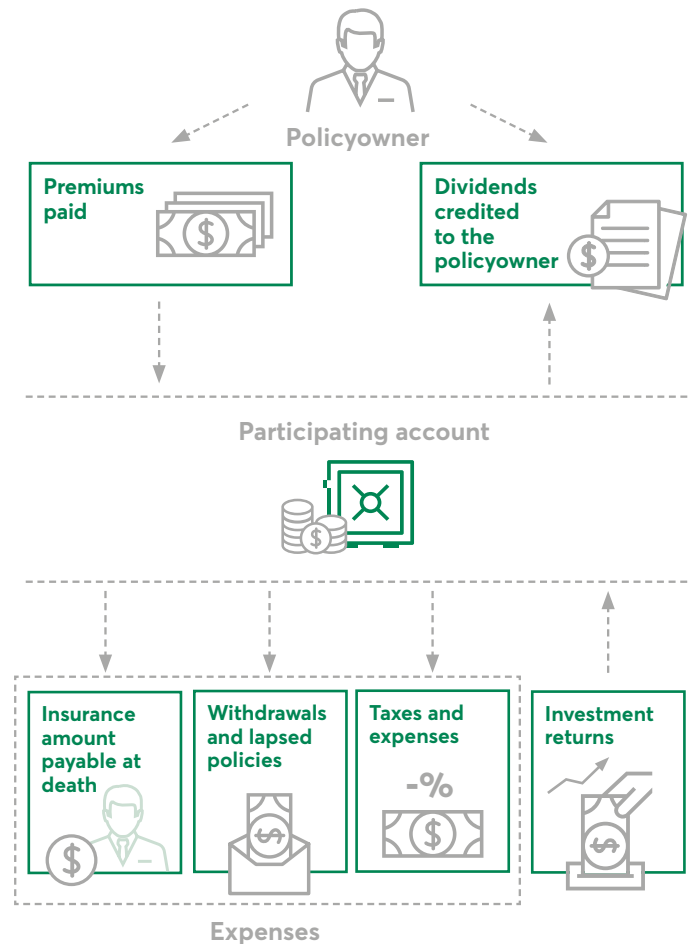
How does a participating life insurance policy work?

Desjardins Insurance participating whole life insurance is a permanent coverage with a guaranteed premium amount that will remain the same for the chosen payment period, a guaranteed basic death benefit and guaranteed cash surrender values that increase over time.

Participating life insurance premiums that you or any other policyholders pay are pooled and deposited in a separate account called a participating account. This account is managed separately from all other Desjardins Insurance accounts.

As a policyowner of a participating life insurance policy, you're participating to grow this account by receiving dividends. Dividends are credited annually, on the policy anniversary, when the participating account results are better than the assumptions used to determine the guaranteed values.

Dividends are not guaranteed as they are subject to investment returns, mortality rates and taxes and expenses paid by the insurer. Once they are credited, they belong to you and cannot be taken away.



You can use these dividends to:

- Take out additional insurance to increase the cash surrender values of your policy and maximize your estate's growth³
- Reduce the annual premium payment⁴
- Receive a cash payment⁵
- Deposit dividends to earn interest⁵

³Enhanced insurance is the only option available at the time of sale of the 5 Pay PAR product. PUAs, Cash payment and Dividends on deposit options may be available 10 years after the policy is issued, if the exempt test is met.

⁴This option is not available with the 5 Pay PAR product.

⁵Tax consequences are to be expected.

Dividend scale interest rate and monitoring of returns

The dividend scale interest rate is one of the factors that helps determine dividends and is used to reflect investment returns. Its variation may result in an increase or decrease in the policy's non-guaranteed values.

To minimize market fluctuations, a **smoothing method** is applied. This is a method to spread investment gains and losses over several years. This method reduces volatility and helps stabilize the dividend scale interest rate.

Solid financial performance

In addition to the investment return smoothing method used to mitigate performance fluctuations, the long-term stability of the dividend scale interest rate is also based on a robust portfolio⁶ composition that relies on the diversification of asset classes to reduce volatility.



⁶ For more details on the investment strategy and stability of the dividend scale, refer to the brochure titled Stable returns thanks to expertise and diversification.

Asset management strategy

Desjardins Global Asset Management (DGAM) professionals invest in a range of asset classes to benefit from diversification and market growth while reducing volatility. The team develop in-depth investment strategies and integrates prudent risk management and responsible investment practices into its investment process. By having DGAM as the assets manager, policyowners benefit from exposure to asset classes such as real estate and infrastructure, normally reserved for larger investors, which results in long-term value creation.

Participating account composition

ASSET CLASS	MIN %*	MAX %*
Cash and short-term investments	0.0	10.0
Bonds:	20.0	50.0
Government bonds	20.0	50.0
Corporate bonds		
Commercial mortgages	10.0	35.0
Preferred shares	0.0	10.0
Common shares	5.0	30.0
Non-traditional investments:	10.0	40.0
Real estate	5.0	25.0
Private investments and infrastructure	5.0	25.0
Specialized strategies	0.0	10.0

* Given that this new strategy will be rolled out gradually, the minimums and maximums may not be respected while the portfolio is being built.

Portfolio asset classes:

Government bonds

The government bond portfolio primarily contains Canadian provincial bonds with different maturities.

Corporate bonds

The corporate bond portfolio contains bonds issued by Canadian and foreign companies in various sectors. These high-quality securities and high-return securities improve the portfolio's performance.

Commercial mortgages

The mortgage portfolio contains mortgages issued to businesses and public agencies for different types of properties in Canada's major urban centres.

Preferred shares

The preferred share portfolio offers consistent, generally stable and fiscally advantageous current earnings. Securities are selected based on quality and the degree to which they represent their sector.

Common shares

The common share portfolio is made up mainly of shares of large cap companies around the world to take advantage of growth opportunities while ensuring geographic diversification.

Real estate

The buildings in the portfolio are high-quality institutional assets that generate an ongoing, predictable cash flow. They also offer the potential for cash flow growth and asset appreciation in the long term.

Private investments and infrastructure

Private investments and infrastructure generally have an attractive risk/return profile. Private investments allow investors to benefit from both economic growth and value creation gains, while infrastructure investments offer stable cash flows with limited exposure to economic cycles. In addition to diversifying the return options, these assets also allow the portfolio to benefit from an increased risk diversification.

Specialized strategy

The specialized Canadian Equity market neutral strategy is designed to provide stable absolute returns in all market cycles. With a low market correlation, it aligns perfectly with rigorous risk management and portfolio diversification.

Flexibility of our products

Desjardins Insurance offers 3 attractive solutions to meet your personal needs, to help you manage your business risks or a combination of these needs.

Our products include several options to better suit your situation.

Our range of products

	5 PAY PAR	ESTATE ENHANCER	ACCELERATE GROWTH
Dividend scale	Dividends maximized over the long term		Dividends maximized in the first 10 to 15 years
Premium payment period	Quick payment over 5 years	10 years, 20 years or to age 100.	
Premium	Same premium amount remains for the chosen payment period		

Dividends options

The choice of dividend options depends on the product chosen and has a significant impact on your contract's value growth:

- Paid-up additions (PUAs): Allows you to purchase additional paid-up insurance with annual dividends and stimulates the growth of contract value
- Enhanced insurance:⁷ Allows you to purchase an insurance amount with a lower premium due to the higher term insurance that is gradually replaced by permanent insurance

- Annual premium reduction: Allows you to reduce the annual premium in part or in full through dividends credited each year
- Cash payment:⁸ Allows you to receive dividends in cash quickly and easily
- Dividends on deposit:⁸ Dividends are deposited in a savings account managed by Desjardins Insurance, from which you can make withdrawals as needed

⁷ Enhanced insurance is the only option available at the time of sale of the 5 Pay PAR product. PUAs, Cash payment and Dividends on deposit options may be available 10 years after the policy is issued, if the exempt test is met.

⁸ Tax consequences are to be expected.

Guaranteed premium payment options:

5 PAY PAR

5 Pay

This is a **unique product** on the market that is simple and only requires a short-term commitment.

This product is suitable for:

- People who will be retiring in the near future or anyone who wants to pay their premiums as quickly as possible, with no worries about paying premiums at retirement, while benefiting from long-term value growth.
- Parents or grandparents who want to protect the insurability of their children or grandchildren and pay the entire premium before transferring the insurance policy to them when they reach adulthood.⁹ This product is an excellent solution for increasing RESP¹⁰ income and ensuring grandchildren's financial future without passing on the burden of premiums.
- Business owners who do not want to have long-term financial obligations, to suit their business financial plan.

ESTATE ENHANCER AND ACCELERATE GROWTH

10 Pay

Allows you to enjoy higher growth in the medium term and pay off premiums quickly.

This is a great solution for parents or grandparents who want to protect their children or grandchildren⁹, and for professionals and business owners who want to take advantage of the growth in the policy's value without having to maintain the premium payment over the medium term.

20 Pay

This option allows you to balance value growth with affordable premiums. Premium is payable over 20 years and paid up thereafter. Coverage is guaranteed for life.

It's an option for someone who wants to maximize their initial death benefit and guarantee the end of premiums in the long term.

Payable to age 100

Gives you the advantages of participating life insurance while paying affordable premiums. Premiums stop at age 100, but coverage remains in force and dividends continue to be credited each year until the client's death or the policy is surrendered.

This option is designed to meet estate planning needs. It can be used to pay taxes upon death and protects the death benefit against inflation.

⁹The insured child or grand-child or their parent should be designated as the contingent policyowner (not just an heir) to avoid a taxable disposition of the policy upon transfer of ownership on death. There must be only one insured on the policy at the time of transfer of ownership to avoid a tax disposition. Please consult your tax advisor.

¹⁰May trigger to a taxable policy gain

Using accumulated cash surrender values¹¹

As a policyowner, you can use your policy's accumulated cash surrender values (guaranteed or non-guaranteed) at any time. You have multiple options:

1

WITHDRAW THE NON-GUARANTEED SURRENDER VALUE GENERATED BY THE PAID-UP ADDITIONS¹²

Depending on the dividend option selected, you can access the policy cash value various ways. With the Paid-Up Additions, Enhanced Insurance and Dividends on Deposit options, you can receive the non guaranteed cash surrender values. The amount surrendered will then be deducted from the total cash surrender values and the amount payable upon death.



Participating life insurance allows you to take advantage of high cash surrender values, which you can use during your lifetime¹² to meet financial obligations, deal with unexpected events or finance projects that are important to you.

2

REQUEST A PARTIAL OR TOTAL SURRENDER¹²

Partial surrender of basic insurance coverage is permitted. The death benefit is reduced based on the cash surrender value requested.

Total surrender of the policy is possible by terminating your coverage.

3

APPLY FOR A POLICY LOAN¹²

You can request a loan of up to 100% of your policy's cash surrender values. The available cash surrender values include all guaranteed cash surrender values less any outstanding loan balance.

The loan is interest-bearing. Loan repayments can be made at any time. All outstanding policy loans reduce the amount payable upon death or the payment on surrender.

4

ASK FOR PREMIUM PAYMENTS TO STOP AND GET REDUCED PAID-UP INSURANCE

If you choose to stop paying premiums, you could use the cash surrender values to purchase a reduced paid-up insurance policy that would allow you to keep coverage for life for a lower amount than the initial coverage. The cash surrender values are then used as a single premium for this new insurance amount. The reduced paid-up insurance amounts are shown in the policy.

You may be entitled to dividends under the reduced paid-up insurance. These dividends are credited based on the dividend scale in effect at the time. The reduced paid-up insurance amounts associated with the basic insurance coverage are guaranteed and vary by product.

When reduced paid-up insurance is purchased:

- The Enhanced Insurance option is replaced by the Paid-Up Additions option.
- The Annual Premium Reduction option is replaced by the Dividends on Deposit option.

¹¹ Options vary based on the product chosen.

¹² May lead to a taxable policy gain

Additional coverage

Desjardins Insurance offers you additional coverage¹³ to increase your security and meet your specific needs.

Guaranteed insurability benefit	Allows you to purchase additional insurance amounts without evidence of insurability. This is an ideal way to protect your own insurability and that of other insureds.
Business insurability coverage (BIC)	Allows owners of a growing business to purchase additional life insurance coverage based on the increase in the fair market value (FMV) of their company, without having to provide new evidence of insurability. This coverage makes it possible to purchase additional life insurance up to 3 times the BIC amount during the first 10 years.
Disability waiver of premiums	Waives the policy premiums if the insured or policyowner is diagnosed with a total disability. The disability must occur before age 60.
Accident	Pays a benefit in the event of death, fracture, dismemberment or loss of use due to an accident.
Accidental fracture	Pays a lump-sum amount if the insured suffers a fracture to any of their bones as a result of an accident. The amount varies depending on the bone fractured.
Accidental dismemberment or loss of use	Pays a percentage of the coverage amount if the insured loses a limb in an accident. The percentage varies based on the loss incurred.
Accidental death, dismemberment or loss of use	Pays a percentage of the coverage amount if the insured dies or loses a limb in an accident. The percentage varies based on the loss incurred and is 100% in the event of accidental death.
Children's life protection	Pays a term life insurance amount upon the death of one of the insured's children. It covers all children up to age 25 with a conversion privilege up to 5 times the selected basic amount, without evidence of insurability.
Children's accidental fracture	Pays a benefit if one of the insured's children suffers a fracture as a result of an accident. Children are covered from 15 days to age 25.

¹³ Refer to the contract clauses for the benefits, limitations and specifics associated with each coverage.

Choose Desjardins Insurance

Choose the strength and stability of a company specialized in life and health insurance and retirement savings that over five million Canadians count on each day to ensure their financial security.¹⁴

It's also choosing the Desjardins Group, the leading cooperative financial group in Canada and one of the country's best capitalized financial institutions.¹⁵

- **Stability:** With over \$397 billion in assets under management, Desjardins Group provides products and services to 7.5 million members and clients and employs 53,783 people across Canada.¹⁵
- **Experience:** Desjardins has been offering its financial services to its clients and members for over 100 years.¹⁵
- **Investment expertise:** You benefit from the expertise of Desjardins Global Asset Management (DGAM). Founded in 1998, DGAM has extensive in-house expertise in fixed income, equities and real assets (infrastructure and real estate) and manages over \$91 billion in assets on behalf of institutional clients.¹⁶ The team of over 100 investment professionals have developed in-dept investment strategies and integrates prudent risk management and responsible investment practices into its investment process that results in long-term value creation for their clients. DGAM has been an active signatory of the Principles for Responsible Investment (PRI) since 2017.



¹⁴ Source: [Home - DFS - Desjardins Life Insurance](#)

¹⁵ Source: [Quick Facts about our Cooperative | Desjardins as of December 31, 2021](#)

¹⁶ Source: [Desjardins Global Asset Management | Desjardins as of September 30, 2021](#)

You're one of a kind

Desjardins Insurance participating whole life insurance offers you **choice, flexibility and guarantees** to meet your specific situation

PROUD SUPPORTER OF



Canadian
Cancer
Society



Desjardins

Insurance

Life • Health • Retirement

Desjardins Insurance refers to Desjardins Financial Security Life Assurance Company. 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.

200 Rue Des Commandeurs, Lévis QC G6V 6R2 / 1-866-647-5013

