



MEMORANDUM
TO ALL MEMBERS
OF THE DESJARDINS GROUP PENSION PLAN (DGPP)
(RRQ registration number: 25717)

Highlights of the 23rd annual meeting of the DGPP held April 4, 2013

April 22, 2013

The annual meeting of members of the DGPP was held April 4 at the Palais des congrès de Montréal, as part of the Desjardins Group meetings. Members could also participate virtually, because for the third consecutive year, the meeting was broadcast simultaneously on the Web.

After welcoming members, Mr. Serges Chamberland, Chair of the Desjardins Group Retirement Committee (DGRC), told members that this year's elections aimed to fill three positions. He then announced the election of Mr. Robert Bastien as representative of active members from the Fédération des caisses Desjardins; the re-election of Mr. Michel-Pierre Bergeron as representative of members from the group of retirees, beneficiaries and members entitled to a deferred pension; and the election of Mr. Dominic Laurin as an observer representative of the active members of Desjardins Group. The mandates will be for three years and will end on the date of the 2016 annual meeting.

The Chair opened by pointing out that the DGRC's mandate is to ensure the sound capitalization of the Pension Plan through wise, responsible management and strict governing practices. In the current financial context of low interest rates that are placing enormous pressure on defined-benefit pension plans, particularly where solvency liabilities are concerned, and because of new demographics that point to longer periods of benefit payments, new measures had to be put in place to sustain the long-term financial health of the Pension Plan. An all-encompassing action plan was developed and implemented in collaboration with the Employer and with the support of various experts. The most prominent action item is the revision of Pension Plan benefits, which was preceded by a major consultation with stakeholders.

With regard to managing the retirement fund, major and even innovative measures have been taken. As part of a long term management strategy, we will lean toward less risky and less volatile investments that ensure stable earnings and provide good returns for all asset categories. We have also added other measures to finance the Pension deficit sooner. Amortization payments will be maintained until deficits are eliminated, and \$288.5 million was injected by participating employers in 2012 to replace letters of credit. For the coming year, we will pay particular attention to the recommendations of the expert committee on the future of the Quebec pension system, chaired by Mr. Alban D'Amours. These recommendations should offer solutions that will ensure pension plan viability and performance.

Despite the challenging economic outlook for retirement plans, the Chair reported that the Desjardins Group Pension Plan posted an impressive 10% return in 2012. This performance translated into an additional \$600 million in assets, including \$120 million in added value compared to the reference indexes. The positive results in the three main asset categories confirm the suitability of using a management approach guided by our commitment to our current and future retirees.

After breaking down the results of the various asset categories, the Chair reported that the Pension Plan assets grew by \$1.1 billion over the past 12 months to reach \$7 billion at December 31, representing 18% growth. The most recent actuarial valuation, dated December 31, 2012, showed a capitalization ratio of 86.6% and a degree of solvency of 63.9%. The measures introduced as part of the overall action plan aimed at restoring the financial health of the Pension Plan in the medium term have increased the Plan's capitalization ratio. They will have a positive, progressive effect on the solvency ratio in the coming years.

The Chair is optimistic about the future, saying that with these initiatives and with strict, wise, balanced and responsible management, we will be able to tackle these new challenges and restore the financial balance of the Pension Plan within a few years.

Before closing the meeting, he thanked three pioneers who left the DGRC during this past year: Denis Paré, Jacques Baril and Raymond Laurin. He also thanked all the members of the DGRC; the Senior Vice-President, Finance and Chief Financial Officer of Desjardins Group; and the entire DGPP team for their valuable contribution and unfailing support in 2012.

ANNUAL MEETING – WEBCAST PLAYBACK

Available on the Desjardins group plan site:
www.rcd-dgp.com

Under the blue tab (Pension Plan), click on **Desjardins Group Pension Plan**, go to **About the DGPP** and click on **Annual Meeting**

DESJARDINS GROUP PENSION PLAN 2012 ANNUAL REPORT

Available on the Desjardins group plan site:
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