

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

**Highlights of the 25th DGPP Annual Meeting held March 28, 2015**

May 15, 2015

The Desjardins Group Pension Plan (DGPP) Annual Meeting was held on March 28, 2015, at the Palais des congrès de Montréal during the Desjardins Group Annual General Meetings. The DGPP meeting was also broadcast live on the Desjardins Group Plans website.

After welcoming members, the Chair of the Desjardins Group Retirement Committee (DGRC), Serges Chamberland, announced appointments for two vacancies: one representative for active members from the Desjardins caisses and one observer from the group of retirees, beneficiaries and members entitled to a deferred pension. David Gingras and Robert Desbiens were appointed to these respective roles, each for a three-year term ending at the annual meeting in 2018.

The Chair began his speech by stating that the Plan's performance in 2014 confirmed once again the soundness of rigorous and proactive management. The Chair noted that after significant improvements in 2013, there was a sharp drop in long-term interest rates in 2014. This decline undermined the solvency of most defined benefit pension plans across the country. Some plans have dealt with market volatility better than others and this is the case for the Desjardins Group Pension Plan.

Thus, despite unfavourable market conditions, the Plan posted a solid 15.3% return in 2014, and the solvency ratio remained stable at 80.6%. The capitalization ratio rose to 88.2%, and continues on a year-on-year upward trend. It also takes into account changing demographics, based on the new Canadian Institute of Actuaries mortality table and more conservative long-term assumptions. The Chair pointed out that the capitalization ratio lets us assess the long-term financial health of a pension plan, and the degree of solvency indicates a plan's ability to meet its obligations in the event of termination.

The Plan's solid performance and financial stability are largely due to guidelines implemented in 2012, as part of the global action plan to ensure its sustainability. Judging from the results, they have proven effective in a financial context marked by uncertainty. Key measures adopted under the action plan, such as extending the duration of the bond portfolio, protected the DGPP against risks related to the interest rate changes and market volatility that we witnessed in 2014. He pointed out the positive impact of growing investments over the past few years in infrastructure and real estate, which have yielded good returns. These sectors also contribute to the Plan's long-term financial stability.

In 2014, the Retirement Committee also pursued a liability-driven strategy to preserve the Plan's long-term financial health and secure its commitments to all its members. Another highlight was the active role played by the committees formed in 2013: the DGPP Risk Management Advisory Committee, created by the Retirement Committee, and the DGPP Steering Committee, created by the Desjardins Group Management Committee. Both committees were instrumental in ensuring sound governance throughout the year. To that we can add measures to restore the financial soundness of the Plan in the medium term. Additional contributions are being maintained until the deficits are eliminated, and \$34 million was injected by participating employers in 2014 to replace letters of credit. A total of \$640 million has been injected by the participating employers since 2012.

The Chair stated that the efforts and relevancy of decisions made over the years are bearing fruit. The guidelines of the action plan have served as a defence against a drop in long-term interest rates. We are staying the course with retirement fund and asset management, preferring a liability-driven approach over short-term performance that could compromise the future. The retirement fund's average return over the past five years is 10.0%, which is almost twice what is required to meet our obligations. We must ensure that the Plan will fulfill its commitments to all its members in the long term.

The Chair thanked the Member Services Team whose top-notch assistance to the Plan's 60,000 members earned them a satisfaction rating of 99%. That's not surprising when you consider the commitment level of every individual on the team and the expertise of Desjardins Financial Security administrators and actuaries.

While the Plan fared well in 2014, issues remain. Therefore, the Chair noted that the state of the global economy remains fragile and that we are not immune to economic fluctuations and turmoil on the financial market, even if the Plan's volatility is lower. The growing number of retirees and longer life expectancy puts increasing pressure on the Plan's funding. Finally, the findings of three forums (public, university and private) organized by the Government will likely lead to changes in the private pension plan landscape. New laws are expected by 2016.

Before closing, he thanked those who left the Retirement Committee in 2014: Annie P. Bélanger, Raynald-N. Harpin, Marcel Lauzon, Mario Lévesque and Sylvain Rouleau. He also thanked all the members of the Retirement Committee, the Senior Vice-President of Finance and Chief Financial Officer of Desjardins Group, the team at the Desjardins Group Pension Plan Division, the Plan's administrator Desjardins Financial Security, the Federation's Human Resources team, the Employers and the members of their teams who will continue to work with us to ensure proactive and rigorous management of the Pension Plan, which is an important Desjardins advantage for all its members.

**ANNUAL MEETING – WEBCAST IN PLAYBACK MODE  
AND  
2014 DGPP ANNUAL REPORT**

Available on the Desjardins Group Plans website:  
[www.rcd-dgp.com](http://www.rcd-dgp.com)

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