



MEMORANDUM

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

June 16, 2016

Under the *Supplemental Pension Plans Act*, the Pension Committee must inform all plan members (employees, retirees, beneficiaries and members with deferred pensions) of all amendments made to the DGPP Regulation. Some changes have therefore been made to the DGPP Regulation, which result from a decision of the Fédération des caisses Desjardins du Québec Board of Directors during its June 10 meeting.

The text below provides a summary of the amendments to the DGPP Regulation.

1. DGPP contribution rate (section 6.2 b))

The Board of Directors approved to decrease employer and employee DGPP contributions. Since 2012, major strides were made to ensure the Plan's viability and stability. The Plan's capitalization has improved and brought it out of deficit thanks to two important factors: excellent returns over the past few years; and the January 1, 2016 adoption of Bill 57 *An Act to amend the Supplemental Pension Plans Act mainly with respect to the funding of defined pension plans* for the private sector.

New formula

Active members' contribution rates for contributory earnings will be lowered by 0.55% starting July 3, 2016.

Current formula (until July 2, 2016):

7.45% of pensionable earnings which are less than or equal to 65% of the MPE* + **10.85%** in excess

New formula (starting July 3, 2016):

6.90% of pensionable earnings which are less than or equal to 65% of the MPE* + **10.30%** in excess

* MPE: Quebec Pension Plan maximum pensionable earnings
65% of the MPE of \$54,900 = \$35,685 in 2016

Conditions regarding DGPP maximum pensionable earnings remain the same.

2. Payment of benefits (section 7.2 d))

The Board decided to apply the provision of Bill 57 stating that Quebec members whose active membership ends and who choose to transfer their benefits are paid according to the Plan's solvency ratio.

Therefore, payment for Quebec employees who end their membership as of January 1, 2017 will be made according to the solvency ratio, without exceeding 100%. The solvency ratio was 80.6% as at December 31, 2015.

Please note that members who request a payment of benefits **before December 31, 2016** will receive the full value of their benefits. Members who submit a request after this date will be paid according to the solvency ratio, without exceeding 100%.

The following example shows the impact of changes on the different options for a member whose active membership ends with accrued pension of \$10,000 based on the normal retirement age of 65, with a value of the benefit (entitlements) of \$100,000 and a solvency ratio of 80%.

Options	Before 2017	After 2016
1. Maintain pension in the DGPP or	Annual pension of \$10,000	Annual pension of \$10,000
2. Transfer the value of the benefits	Final payment of \$100,000 (100% of the value of benefits)	Final payment of \$80,000 (80% of the value of benefits, in proportion to the Plan's solvency ratio)

3. Other amendments

Some minors changes were made to sections 4.2, 6.5 b) and 8.13 b) of the Plan Regulation, and on section 8.13 b) of Schedules VI.B and VI.C.

For more information or to consult the detailed changes, please contact the DGPP Member Services Team, Monday to Friday from 8:00 a.m. to 5:00 p.m.:

DGPP Member Services Team
Desjardins Group Pension Plan Division
☎ 514-285-3166 ☎ Toll free: 1-866-434-3166
Email: desjardinsgroupplans@desjardins.com

PS – This memo is for information purposes only. In the event of a discrepancy between this memo and the DGPP Regulation, the Regulation shall prevail.