2018 Annual Report – Desjardins Group Pension Plan

Here

for members for 40 years

Desjardins

Contents

Information

Member Services Team

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Monday to Friday
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Desjardins Group Retirement Committee

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NOTES TO THE READER

This annual report was produced by the Desjardins Group Pension Plan Division.

This document is for information purposes only. In the event of any discrepancies between this report and the Desjardins Group Pension Plan Regulation, the Regulation shall prevail.

The symbols M and B designate millions and billions respectively.

Message
from the Chair

Here for 40 years and financially strong

Our defined benefit pension plan has been around for 40 years now. For 40 years, it's been:

- *Here* for Desjardins employees so they can plan their retirement with confidence
- *Here* for Desjardins retirees so they can enjoy their retirement with peace of mind
- *Here* for people and communities so they can lead more rewarding lives

Four decades on, the Desjardins Group Pension Plan ("DGPP" or "Plan") is healthy and strong. The expertise of the professionals behind it has kept the Plan on course so it can easily withstand ups and downs like the ones we saw last year.

In 2018, the teams' strategies and innovative risk management approach helped the Plan weather global economic uncertainty. These lines of actions have contributed to keep it financially strong.

In part because of the volatility of stock markets worldwide, the Plan ended the year with a small positive return only. Despite this, its funding ratio stands at 112.2%, well in line with the target set by Retraite Québec.

This performance attest to the Plan's financial stability. It is the result of sound, rigorous management and the efforts of employees and employers through the years. Thanks to them.

Here for the long haul

40 years later, the Plan has never been stronger and better-positioned to handle challenges ahead. It will continue to fulfill its mission of being here for members, no matter what tomorrow may bring.

In order to do so, in 2018, the systems of the Plan were upgraded to better serve members. The Plan's original administrative system was replaced with a more modern, efficient platform that was delivered on time and on budget.

Thus, we can now offer an enhanced user experience for DGPP members with an easier-to-use pension simulator.

Moreover, the Member Services Team provides people-focused support to Plan members. Thus, the support offered to the members, for instance as regards to the use of the tools, enhances their experience.

So as we celebrate 40 years, I'd like to thank everyone who's had a hand in making the Plan what it is today: a large defined benefit plan firmly focused on the future. Because of their hard work and dedication over the years, the Plan can fulfill its mission of serving members and being here for them, their families, loved ones and communities; now and in the future.

Yvon Vinet
Chair of the Desjardins Group Retirement Committee

2018
at a glance

Here to pay member benefits

Despite market volatility, the Plan remained financially strong in 2018 thanks to longstanding strategies and tighter risk management.

112.2%
Funding ratio
The Plan's ability to meet its obligations over the long term

In line with Retraite Québec's stabilization target

87.6%
Solvency ratio
The Plan's ability to meet its obligations if it were terminated

9.0%
5-year average return
$777M added value

1.3%
Return in 2018
1.5% added value

$179M
Investment income and changes in the value of investments
$195M added value

$12.9B
Net assets
Total assets tripled since 2008

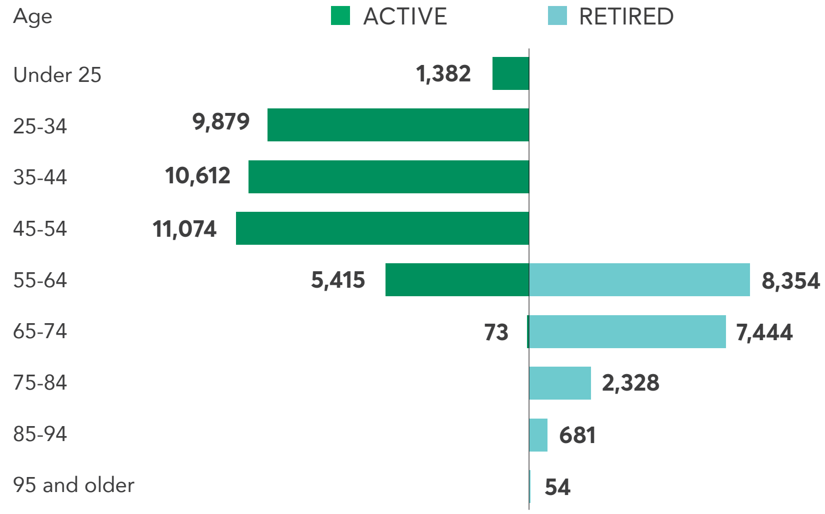
$552M
Contributions
$358M employers
$194M employees

$521M
Benefit payments
Direct contribution to the Canadian economy

66,228
Members

ACTIVE	38,435
RETIRED	18,861
DEFERRED	8,932

Demographic profile



32,500
Requests for information processed
by the Member Services Team

97%
Service satisfaction rate
for the support offered to members

53
Retirement planning sessions
with 1,250 participants

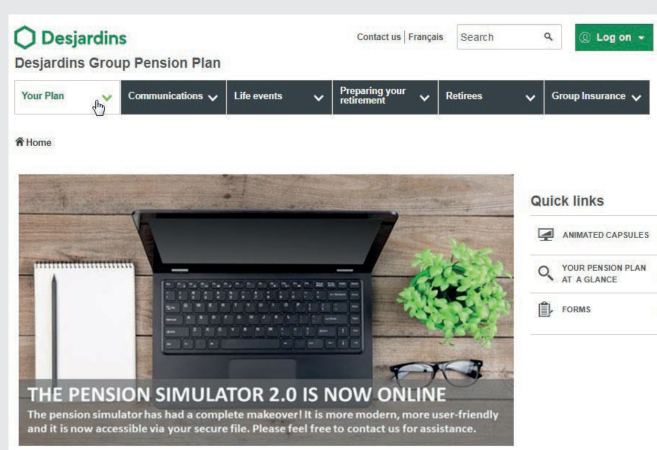
24
Plan presentations
requested by employers

SYSTEM UPGRADES

All-new Plan website
rcd-dgp.com

New administrative system
More modern and streamlined

New pension simulator
Easier to use and accessible through members' secured files

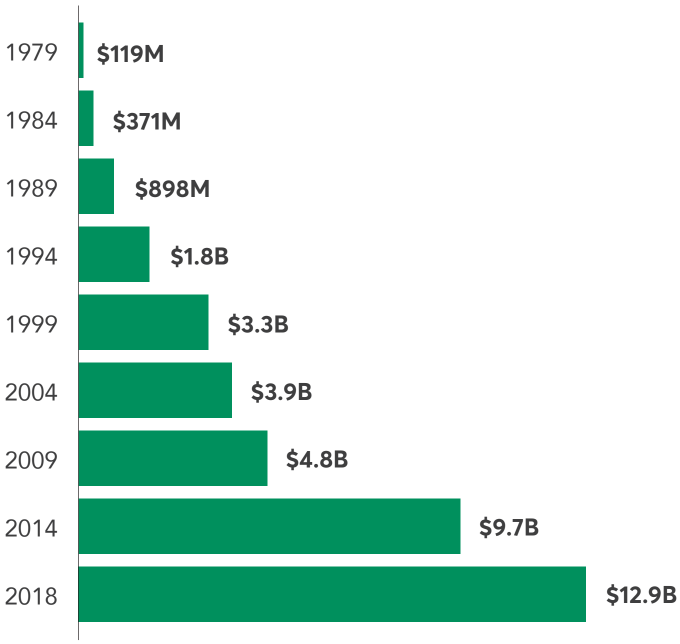


Here
for 40 years

Here within the Desjardins Group since 1979

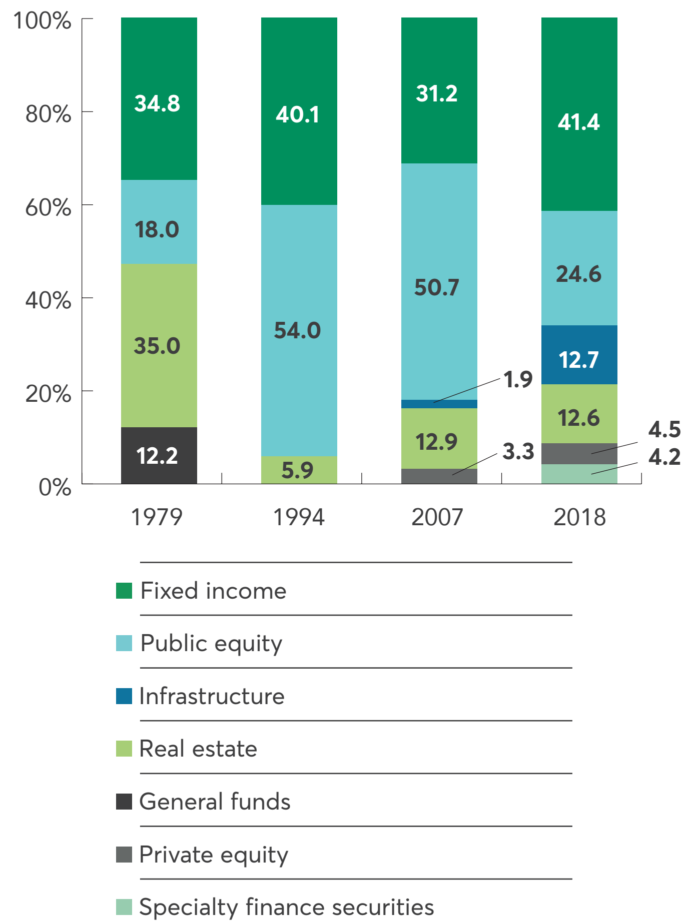
Plan assets over time

Plan assets have grown from $119M in 1979 to nearly $13B at the end of the year 2018.



Asset allocation over time

Asset management, specifically its allocation, has changed dramatically over 40 years to take advantage of market opportunities and protect the Plan against the risks it is facing. For instance, the infrastructure asset class was created in 2007 in order to diversify the portfolio.



Retirement committee

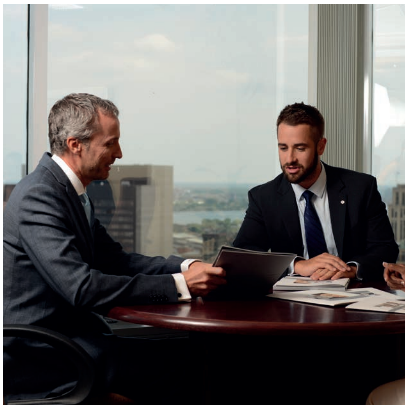
Because of the hard work and dedication of the Desjardins Group Retirement Committee ("CRMD") over the years, the Plan has always fulfilled its mission, which is to be here for members.


DGPP meeting, 1979

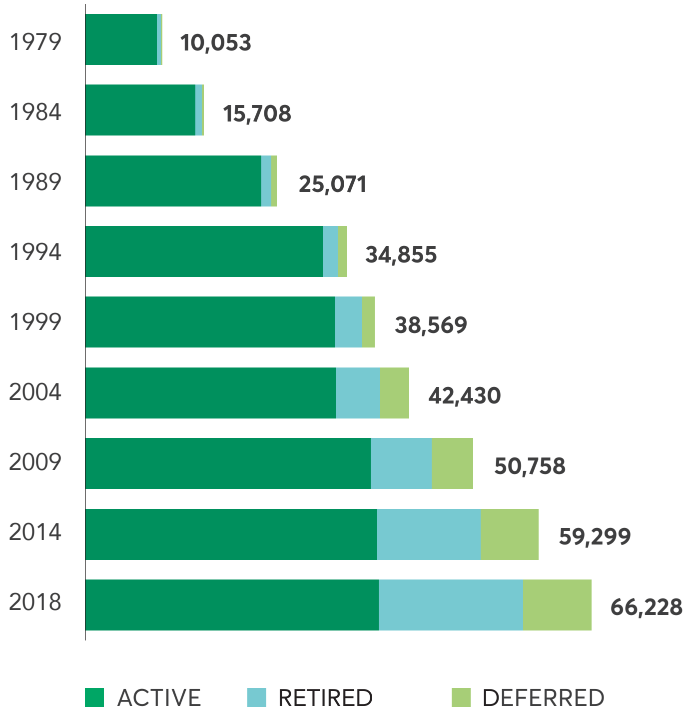

2004


2018

Here for Desjardins Group employees
so they can plan their retirement with confidence



Membership over time



Here for Desjardins Group retirees
so they can enjoy their retirement with peace of mind

The DGPP is a large defined benefit pension plan. Its financial strength is well established, and it is ready to meet the challenges ahead.

$5.5B
Benefits paid since 1979

Financial
position

Here to make the Plan strong

Financial ratios as at December 31, 2018

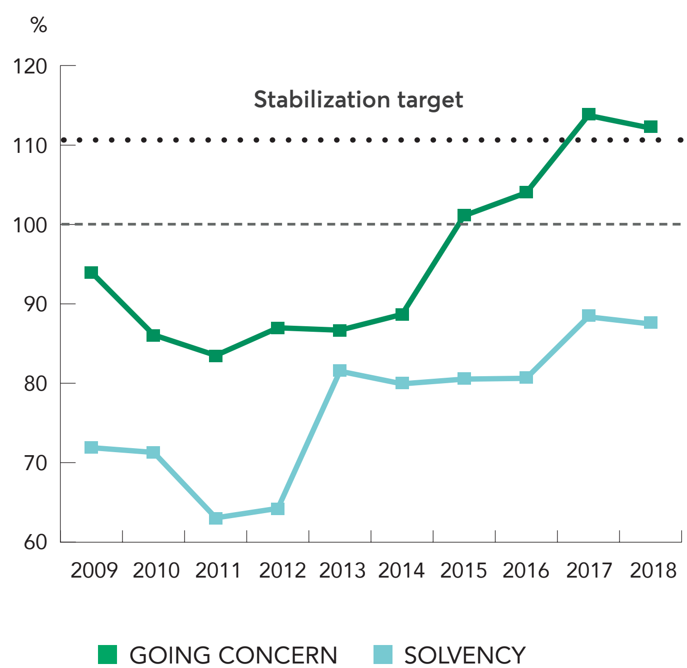
Thanks to the innovative strategies put in place in recent years, the Plan remained strong in 2018 despite an annual return that fell short of the 6.1% actuarial assumption. These innovative strategies provide prudent long-term Plan funding in order to pay member benefits as promised. The efforts made by employers, members and the excellent past returns have also helped in a significative way to keep the Plan sound.

According to the most recent actuarial valuation as at December 31, 2018, the funding ratio—a measure of the Plan's ability to meet its long-term commitments—stands at 112.2%. This is slightly below last year's ratio of 113.8%, but is still in line with the 110.6% stabilization target required under Québec law. The Plan is therefore well positioned to meet its future obligations.

The stabilization target is important because additional funding would be needed if the funding ratio fell to 5% below target, i.e., 105.6%. Conversely, Plan's surplus assets can be used only if the stabilization provision is 5% higher than the target, i.e., 115.6%, and that the solvency ratio is at least 105%.

Regarding the solvency, which measures the Plan's ability to meet its obligations if the Plan were liquidated on a given date, the ratio is 87.6%, almost the same as it was at the end of 2017 (88.5%). Though the Plan has a solvency deficit, pension plans no longer have to be funded on a solvency basis because going concern funding now includes a stabilization provision.

Change in DGPP's financial position



Plan funding for 2019

In terms of the Plan's funding for 2019, current service contributions in addition to the stabilization provision and the administrative fees will be $367.6M, which corresponds to 15.1% of total payroll eligible for the DGPP. As a reminder, under the DGPP funding policy, all costs are shared between employers (65%) and employees (35%).

Based on the current contribution formula, employers and employees will contribute a total of almost $580.6M to the DGPP in 2019. The difference between actual contributions made and the minimum contributions required by Retraite Québec will give the DGPP the opportunity to consolidate its financial position on a going concern basis and to strengthen its financial position on a solvency basis.

Risk
management

Here to establish and implement innovative, effective measures

MAIN RISKS

Decline in interest rates

A decline in interest rates could have a negative impact on the Plan's financial situation, especially when evaluated on a solvency basis.

Return volatility

Financial market volatility could lead to negative returns, which would impact the contributions needed to fund the Plan.

Appropriate investment strategies

Poor decisions and failure to execute could prevent the Plan from achieving its strategic objectives and meeting its obligations.

Plan members longevity

Plan members living longer than expected or updates to mortality tables could drive costs up.

Liquidity

A certain amount of money is required for the Plan to fulfill its financial obligations at all times.

MEASURES TAKEN

A diversified and resilient asset allocation strategy

Assets are allocated dynamically and based on risk coverage. The allocation aims to maximize the Plan's resiliency with as many economic scenarios as possible and to ensure cost-effective funding.

A rigorous and forward-thinking investment plan

The investment plan helps establish the strategic vision and the key objectives for each asset class in order to guide investment decision-making.

Optimized liability matching

Investing in certain asset classes, such as fixed income securities, real estate and infrastructure, helps protect the Plan against interest rate fluctuations. Moreover, a bond overlay strategy also optimizes matching while resulting in higher expected returns.

A customized mortality table

To better estimate how long Plan members will live, the Plan has customized the standard Canadian mortality table by considering actual DGPP members' experience and socio-economic analyses.

NEW DGPP FUNDING POLICY

A new funding policy was developed to ensure compliance with the Regulation to amend the Regulation respecting supplemental pension plans that took effect January 4, 2018. The policy outlines:

- The main features of the employer and the employer's line of business in which it operates, the type of Plan and main Plan provisions, and demographic characteristics that could affect Plan funding
- The Plan's funding objectives with regards to benefit and contribution levels
- The Plan's main funding risks and employer/active participants tolerance for these risks

Responsible
investment

Here for future generations

Signatory of:

Principles for Responsible Investment

To generate stability and promote growth in the decades to come, the Desjardins Group Retirement Committee considers it is important to foster sustainable development. To that end, the DGRC promotes responsible investment which allows the Plan, along with the Desjardins Group, to play a proactive role in regards to challenges in environmental, social and governance matters.

Signatory of the Principles for Responsible Investment

In January 2018, the DGPP reaffirmed its commitment to responsible investment by becoming a signatory of the United Nations-supported Principles for Responsible Investment ("PRI"), an international group of assets holders, portfolio managers and service providers committed to integrating environmental, social and governance ("ESG") factors in their investment decisions.[1] This should put the Plan in a better position to fulfill its engagements to members and beneficiaries while aligning its investments activities with society's interest.

[1] To learn more about the Principles for Responsible Investment, go to: www.unpri.org/about.

Climate considerations

The DGPP is committed to the environment. Its goal is that by 2020, the portfolios invested in public traded securities will have a 20% smaller carbon footprint than their stock and bond benchmarks.

Moreover, 100% of DGPP's direct infrastructure investments, which amounts to $656M, are in the renewable energy sector. During the year 2018, the DGPP has begun the acquisition of an interest in a portfolio of three hydroelectric plants located in Canada.

Shareholder engagement

An external provider has been hired to ensure that DGPP's voting rights policy is strictly enforced. The policy's guidelines deal with sound governance rules, as well as the organization's social responsibility (human rights, labour law, sustainability, community support and financial ethics).

Due diligence on partners

The Plan requires its partners to be transparent in ESG matters. To ensure compliance, the Plan's portfolio managers conduct due diligence on partners throughout the investment process.

Haldimand solar park (Ontario)

Sainte-Marguerite hydroelectric plant (Québec)
Photo: Innergex

Rivière-du-Moulin wind farm (Québec)

Financial
performance

Here to grow and protect assets

Economic context

2018 was a year of flattening yield curves, widening credit spreads, surging stock market volatility within a tightening monetary policy in the U.S. and Canada.

Despite historically low unemployment rates, investors worried about the U.S.-China trade dispute, China's slowing economy and the rise of protectionism worldwide.

In 2018, the leading liquid asset classes lost ground despite a growing global economy—a first since 2008, when liquid securities recorded losses across the board.

Asset allocation

Assets are divided in different categories, and into two portfolios: a matching portfolio that minimizes the variation of the gap between Plan assets and liabilities; and a performance portfolio that aims to generate sufficient returns to pay members' pensions.

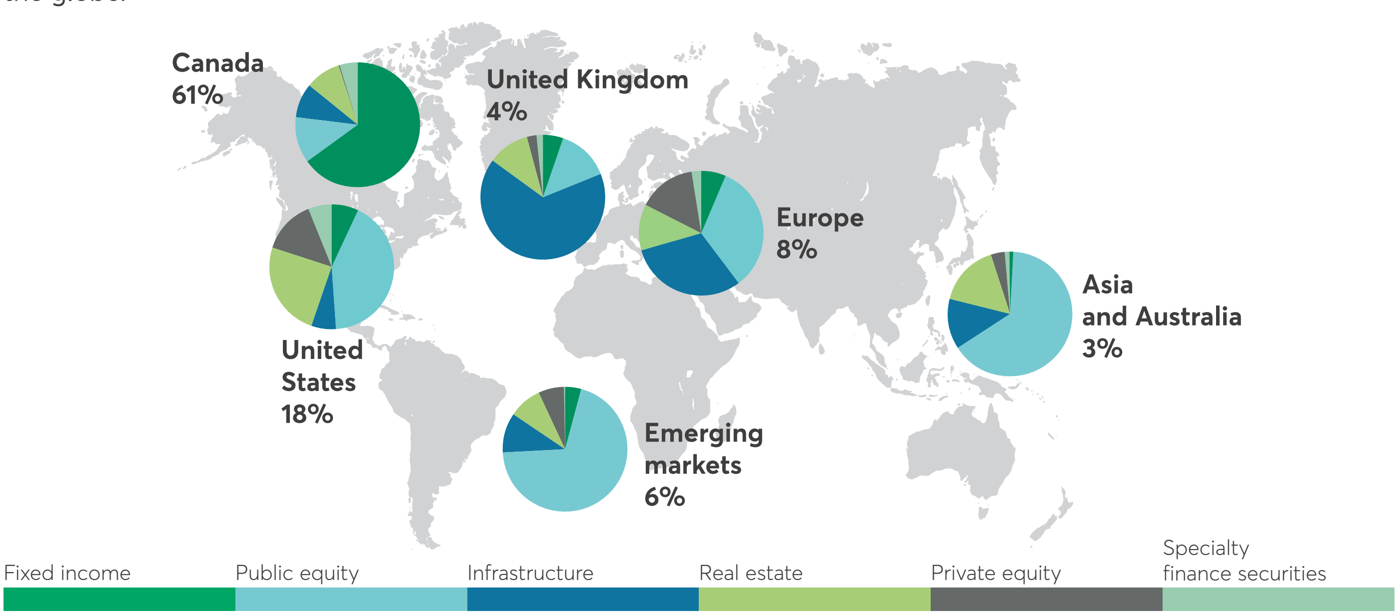
Our experts combine return outlook, income stability, bond matching and risk management.

Asset allocation as at December 31, 2018

Fixed income	**41.4%**
Public equity	**24.6%**
Infrastructure	**12.7%**
Real estate	**12.6%**
Private equity	**4.5%**
Specialty finance securities	**4.2%**

Geographic allocation

The Plan's investment portfolio is geographically diversified in order to reduce risk and seize opportunities around the globe.



RETURN

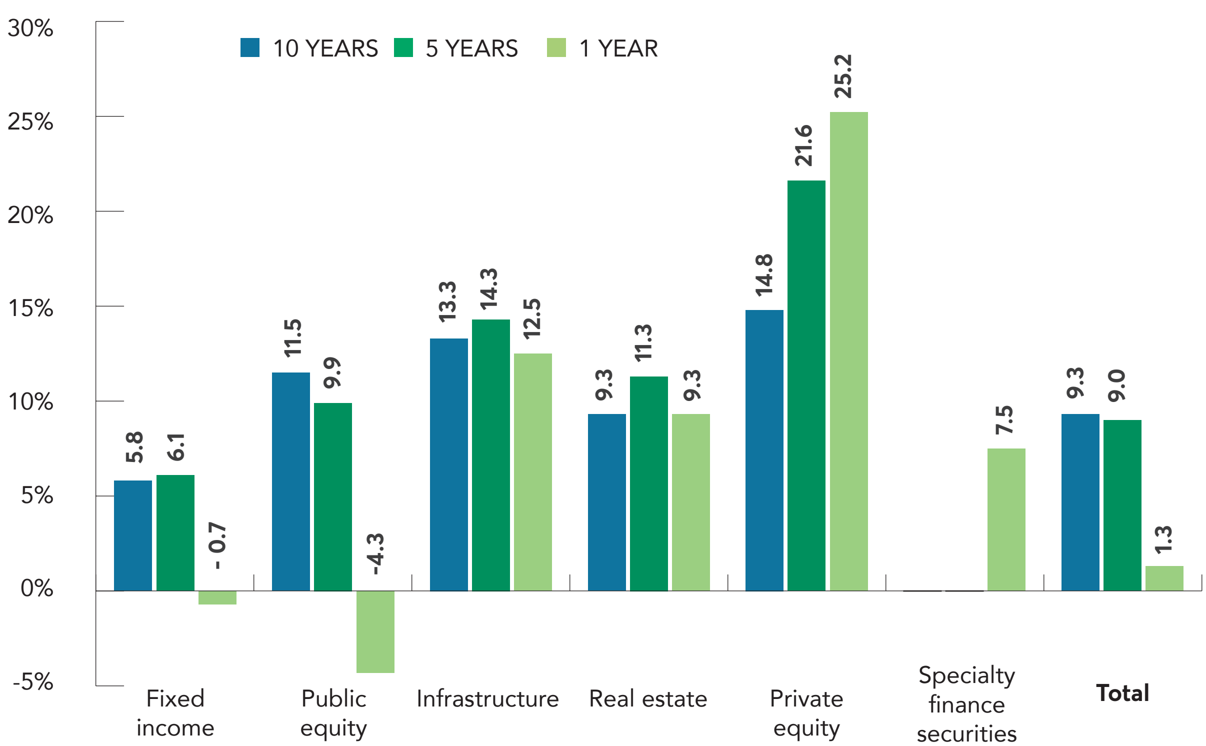
In 2018, the Plan recorded a return of 1.3%, with 1.5% added value. Thus, the Plan's assets are now nearing $13B.

The positive performance of the illiquid asset classes like real estate and infrastructure offset losses in liquid assets like stocks and bonds. However, long-term performance remained strong across all asset classes, a testament to the excellent asset allocation strategy and rigorous risk management. Because the Plan is a long-term investor, it should not get caught up in short-term fluctuations.

Sea-to-Sky Highway (British Columbia)

Two St. Thomas (Toronto)

201 Portage (Winnipeg)



STRATEGY AND RESULT BY ASSET CLASS

Fixed income

Strategy: Minimize volatility by achieving the target matching level between Plan assets and liabilities.

Result: Continued monthly bond overlays of $100M. The 2018 return was affected by a slight decline in the yield curve and widening provincial credit spreads.

$5.5B
Net assets

41.4%
Of net assets

-0.7%
Return

-0.6%
Target

-0.1%
Added value

$3.0B
Bond overlay

Strategic allocation

Long-term bonds	**86%**
Short- and medium-term bonds	**9%**
Private debt	**5%**

Public equity

Strategy: Take advantage of the stock market's long-term risk premium to fund the Plan at a lower cost and ensure access to liquidity in case of adverse scenarios.

Result: Following a widespread correction in the last quarter, the majority of stock markets finished the year in the negative. The weighting in Canadian equities and emerging markets equities and underweight positions in U.S. equities lost value despite sound management by portfolio managers.

$3.1B
Net assets

24.6%
Of net assets

-4.3%
Return

-2.6%
Target

-1.7%
Added value

Strategic allocation

Global equity	**50%**
Canadian equity	**26%**
U.S. and EAFE [1] small caps	**15%**
Emerging markets	**9%**

[1] Europe, Australia, Far East

Infrastructure

Strategy: Generate strong, predictable current income and improve matching between Plan assets and liabilities.

Result: Infrastructure assets far exceeded expectations due to on-target operational production and renewed investor interest in this type of assets.

$1.6B
Net assets

12.7%
Of net assets

12.5%
Return

6.3%
Target

6.2%
Added value

Sector allocation

Renewable energy	**36%**
Transportation	**32%**
Public utilities	**28%**
Communications and social infrastructure	**4%**

Real estate

Strategy: Generate strong, inflation-linked current income and improve matching between Plan assets and liabilities.

Result: Current revenues were there, and the real estate holdings appreciation of the portfolio increased as a result of global economic growth and the popularity of this asset class with institutional investors.

$1.6B
Net assets

12.6%
Of net assets

9.3%
Return

7.6%
Target

1.7%
Added value

Sector allocation

Multi-residential	**28%**
Office	**25%**
Commercial	**21%**
Industrial	**19%**
Others	**7%**

Private equity

Strategy: Take advantage of the private market's equity and illiquidity risk premium to fund the Plan at a lower cost.

Result: The portfolio's outstanding return is mainly attributable to the strong performance of most of its underlying assets and the lower volatility of this asset class compared to public markets.

$0.6B
Net assets

4.5%
Of net assets

25.2%
Return

-0.5%
Target

25.7%
Added value

Strategic allocation

Leveraged buyout	77%
Opportunities	13%
Growth and venture capital	10%

Specialty finance securities

Strategy: Take advantage of the subprime market's credit and illiquidity risk premium and improve matching between Plan assets and liabilities.

Result: The portfolio's private debt was unaffected by public market fluctuations, so strong current returns on private debt outperformed the benchmark for this asset class.

$0.5B
Net assets

4.2%
Of net assets

7.5%
Return

-3.6%
Target

11.1%
Added value

Strategic allocation

Private infrastructure debt	51%
Private corporate debt	29%
High-yield bonds	16%
Other	4%

Financial Report

The enclosed financial information is extracted from the audited financial report of the Desjardins Group Pension Plan for the year ended December 31, 2018, on which PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. expressed an unqualified opinion dated February 20, 2019.

In order to better understand the financial position of the Plan and the change in net assets available for benefits, the financial information should be read in conjunction with the audited financial report.

DESJARDINS GROUP PENSION PLAN

Net assets available for benefits

As at December 31, 2018

(In thousands of $)	2018	2017
Investment portfolio		
Investment assets		
Bonds and bond investment funds	7,917,220 $	7,364,513 $
Equities and equity investment funds	3,122,679	3,237,035
Real estate	1,629,501	1,514,187
Infrastructure	1,639,151	1,416,363
Private equity	583,245	455,639
Specialty finance securities	541,229	431,760
Other investments	21,295	24,473
Cash and money market securities	675,489	692,125
Securities borrowed or purchased under reverse repurchase agreements	245,449	199,952
Derivative financial instruments	12,969	43,957
	16,388,227	15,380,004
Investment liabilities		
Commitments related to securities lent or sold under repurchase agreements	(3,359,987)	(2,523,106)
Derivative financial instruments	(76,225)	(20,076)
Total investment portfolio	**12,952,015**	**12,836,822**
Employer contributions receivable	13,670	14,066
Employee contributions receivable	7,391	7,622
Others assets	97,115	84,586
	118,176	106,274
Other liabilities	(122,559)	(89,124)
Net assets available for benefits	**12,947,632 $**	**12,853,972 $**

Approved by the Retirement Committee,

______________________________, member ______________________________, member

DESJARDINS GROUP PENSION PLAN

Changes in net assets available for benefits

For the year ended December 31, 2018

(In thousands of $)	2018	2017
Increase in net assets		
Net investment income		
Bonds and bond investment funds	140,620 $	177,545 $
Equities and equity investment funds	69,225	57,684
Real estate	29,963	25,451
Infrastructure	91,017	75,842
Private equity	3,290	3,233
Specialty finance securities	32,555	30,020
Cash and money market securities	2,076	2,248
Other income	942	1,298
	369,688	373,321
Changes in the fair value of investments and derivative financial instruments	(190,579)	1,081,010
	179,109	1,454,331
Contributions		
Employer contributions	357,747	350,405
Administrative expenses	(18,303)	(14,861)
	339,444	335,544
Employee contributions	194,108	191,841
Contributions, net of administrative expenses	533,552	527,385
Transfer	72	1,518
	533,624	528,903
	712,733	**1,983,234**
Decrease in net assets		
Pension benefits		
Annuities	438,840	401,737
Reimbursements	70,080	74,817
Death benefits	11,892	11,617
	520,812	488,171
Investment management, custodian fees, transaction and other costs	60,192	54,687
Performance fees	38,069	33,354
	619,073	576,211
Net increase in net assets	**93,660**	**1,407,023**
Net assets available for benefits at the beginning of the year	**12,853,972**	**11,446,949**
Net assets available for benefits at the end of the year	**12,947,632 $**	**12,853,972 $**

Governance

Here to administer the Plan soundly

Fédération des caisses Desjardins du Québec

The Fédération des caisses Desjardins du Québec ("FCDQ"), through its Board of Directors, assumes the responsibilities of Plan sponsor. The FCDQ's Board of Directors has decision-making power in certain areas, including changes to the DGPP Regulation, the nature and terms of benefit payments to Plan members, contribution rates and use of any surplus. The FCDQ stands surety for the obligations arising from the participation of Desjardins Group employers in the Plan.

Desjardins Group Retirement Committee

By virtue of the powers vested in it by the Supplemental Pension Plans Act and the DGPP Regulation, the DGRC is responsible for administering the Plan soundly and in the best interest of Plan members, and for paying the promised benefits to them and their survivors. The DGRC is the sole and exclusive trustee of the pension fund.

Investment Committee

The Investment Committee is made up of eight individuals, seven of whom are members of the DGRC. The DGRC delegates responsibility for managing Plan assets to this committee. The DGRC establishes the investment policy and oversees the Investment Committee, which is responsible for ensuring that the policy is applied, respected and followed. The Investment Committee selects various investment vehicles, entrusts management mandates to portfolio managers and ensures that each investment meets expectations.

Risk Management Advisory Committee

The Risk Management Advisory Committee reports to the DGRC. This committee, which is made up of five Desjardins Group experts and one external expert member, is responsible for analyzing the main risks associated with managing Plan activities.

Changes to DGPP governance

In 2018, the DGPP governance structure was reviewed in light of the strong growth in its assets in recent years, the increasing complexity of its investment activities, and evolving governance best practices. The changes made will bolster existing measures to ensure the Plan is governed soundly for members and beneficiaries.

Over the next three years, the DGPP governance structure will be simplified by gradually adjusting the number of DGRC members and management committees. Furthermore, as many other Desjardins governing bodies have done recently, an enhanced group profile will be adopted for the DGRC to help the FCDQ's Board of Directors, Plan members and beneficiaries select individuals to be responsible for DGPP governance.

Frequent meetings and member attendance

In 2018, the DGRC, the Investment Committee and the Risk Management Advisory Committee held 25 meetings, with an overall participation rate of 90%.

Code of ethics

To ensure that each member is acting in Plan members' best interests, the DGRC has adopted a code of ethics. Each year, the DGRC and its management committees complete a declaration of interest and commit to respect the code of ethics. All members must also undergo background and credit checks every three years.

Retirement
Committee

The DGRC is made up of seven members, including one external member to the Desjardins Group, designated by the FCDQ's Board of Directors who represents all employers. Also serving on the DGRC are seven individuals elected by Plan members. The names of the elected members are announced at the annual meeting.

Members designated by the FCDQ's Board of Directors

Yvon Vinet
Chair of the Commitee
Chair, Caisse Desjardins
de Salaberry-de-Valleyfield

Claude Chapdelaine
Vice-Chair of the Commitee
Chair, Caisse Desjardins
de L'Île-des-Sœurs – Verdun

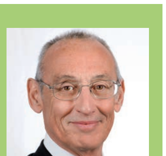
Roch Ouellet
Secretary of the Commitee
Chair, Caisse Desjardins d'Amos

Michel Allard
Chair, Caisse Desjardins de la
Rivière Neigette

Stéphane Corbeil
Chair, Caisse Desjardins
du Nord de Laval

Pierre Perras
Chair, Caisse Desjardins
du Cœur-des-vallées

External member appointed by the FCDQ's Board of Directors



Marc St-Pierre
President, MSP & Associés

Members designated by:

active Plan members from the Desjardins caisses

Vincent Coulombe
Manager, Consumer Market
and Business Development
Caisse Desjardins du Centre de Portneuf

Julie Tremblay
Manager, Business Development
Financial Planner and Mutual Fund
Representative for Desjardins
Financial Services Firm Inc.
Caisse Desjardins de Lévis

active Plan members from the FCDQ

Robert Bastien
Vice-President, Business Services Division,
Fédération des caisses Desjardins du
Québec

active members from the affiliated corporations

Dominic Laurin
Development Advisor
Investment Solutions Development
and Management, Wealth Management
and Life and Health Insurance,
Desjardins Investments

retirees, beneficiaries and Plan members with deferred pensions

Michel-Pierre Bergeron
Desjardins retiree

Observer members designated by:

active Plan members

Mario Lévesque
Development Advisor, Financial Performance,
Individual Insurance, Wealth Management
and Life and Health Insurance, Desjardins
Financial Security

retirees, beneficiaries and Plan members with deferred pensions

Robert Desbiens
Desjardins retiree

DGPP
Division

Here to provide a retirement income for members

The DGRC has mandated the DGPP Division to assist in its responsabilities. This team now has nearly 50 employees. Skills development is key to ensuring that they have the expertise they need, and proactive talent management is in place to prepare the next generation.

Liability Management, Asset Allocation and Risk

Ensures the Plan's overall financial health by developing the asset allocation strategy and action plans and by identifying and managing risks the Plan is facing

Investment Management

Implements the investment plan strategy and tracks the investments under its responsibility as well as the Plan's financial performance

Governance and Legal Affairs

Provides guidance and advice on legal, taxation, compliance and governance matters impacting operations and activities (e.g., investment transactions)

Finance

Carries out various activities related to finance management, accounting and financial disclosure, while administering and supporting the management information system

Member Services

Addresses Plan members and employers' inquiries, provides training on preparing for retirement and offers other presentations when requested by employers

Réal Bellemare
Executive Vice-President
Finance, Treasury and
Administration and
Chief Financial Officer,
Desjardins Group

Sylvain Gareau
Vice-President
Desjardins Group
Pension Plan

Frédéric Angers
Director,
Infrastructure
Investments
Portfolio

Patrick Chillis
Director,
Legal Affairs
and Governance

François Hudon
Director,
Liability Management,
Asset Allocation and Risk

PARTNERS

The Plan harnesses Desjardins Group's strength by tapping into the expertise of the following internal partners:

Desjardins Financial Security Administrative manager of the Plan and investment partner
HR Solutions Development Division and Desjardins Group Support Functions Officer Representative of the Plan sponsor
Desjardins General Insurance Group Inc. Investment partner
Desjardins Global Asset Management Investment manager
Desjardins Trust Asset custodian
Fédération des caisses Desjardins du Québec Banking services

For investment management and compliance purposes, the Plan also relies on a number of external partners to ensure administrative and operational efficiency.

Member
services

Here to assist members

The DGPP Division's Member Services Team, created in 2008, provides prompt, proactive, people-focused service to all Plan members. In 2018, this devoted 10-person team responded to nearly 32,500 requests for information and earned a 97% service satisfaction rating.

Phone support

Members can contact the Member Services Team if they have questions about the Plan or Plan benefits. The team is happy to help members understand their annual statement or use the retirement simulator, for example.

Workplace presentations

The Member Services Team gives online and workplace Plan presentations to employees of all ages. Employers can contact the Member Services Team to request a personalized presentation on-site or online.

Retirement planning session

The retirement planning session is available to Desjardins employees aged 50 and over who plan to retire in the next few years. It covers the DGPP, group insurance for retirees, and public pension plans, as well as the tax, legal and psychological aspects of retirement.

The four-part program includes a one-day classroom training session given by an advisor from the Member Services Team. The goal of the session is to help employees:

- Start thinking about retirement
- Identify their sources of retirement income
- Understand basic Plan features
- Familiarize themselves with the decision-making tools available

Employees can register in MD2 or contact the HR Service Centre at 1-855-688-2433.

"I've contacted the pension plan team a number of times, and they've always been forthcoming and professional."

Gisèle Bolduc, Retiree
Caisse Desjardins de Lévis

Member Services Team

1-866-434-3166

Monday to Friday, 8:00 a.m. to 5:00 p.m.

desjardinsgroupplans@desjardins.com

rcd-dgp.com

System
upgrades

Here to deliver an enhanced member experience

Administrative system

In 2018, a new administrative system was successfully rolled out to streamline administration and process requests faster. At the same time, the benefits statements sent to members when they retire or leave the Plan, for example, were updated.

Pension simulator

As part of the administrative system upgrade, a new simulator was also introduced. This tool, which allows members to estimate their benefit payments at various ages, is now easier to use. Members can now also access the simulator right from their secured files.

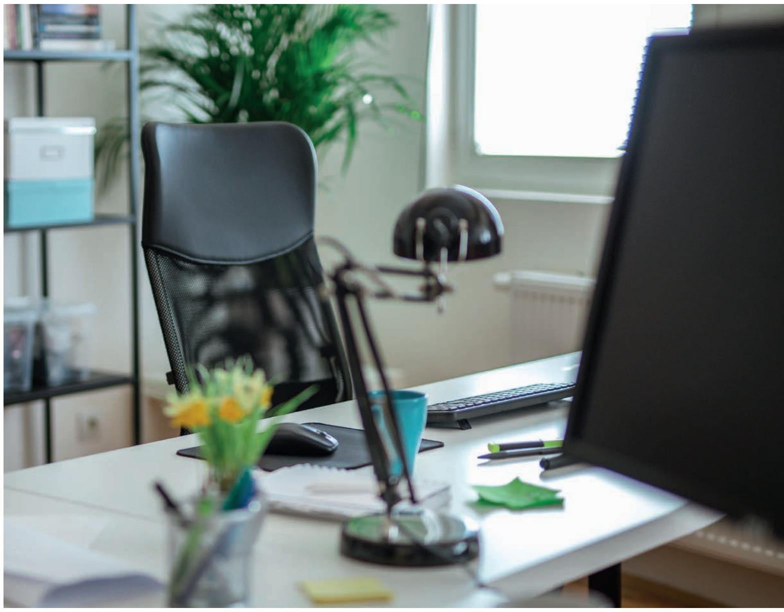
Plan website

The new DGPP website at **rcd-dgp.com** features:

- Member files containing their most recent annual statements
- Recent communications
- The Plan Regulation
- The governance framework
- DGPP annual reports
- Videos on Plan features

On the website, retirees can find a list of retiree associations and a list of many discounts and special offers exclusively for Desjardins retirees.

The DGPP encourages members and retirees with a deferred pension to sign up for electronic mailing to receive its communications.



Features
of the Plan

Here to contribute to the financial security of members at retirement

The DGPP is a defined benefit pension plan. It provides members with lifetime retirement income.

PENSION AT A GLANCE

A new employee making **$65,000** a year accrues about **$1,000** in lifetime pension benefits per year of membership.

	Service before 2009	From 2009 to 2012	Starting in 2013
Pension formula	(1.3% of Salary 5 up to MPE 5 + 2% of Salary 5 over MPE 5) x Credited years	(1.5% of Salary 5 up to MPE 5 + 2% of Salary 5 over MPE 5) x Credited years	(1.5% of Salary 8 up to MPE 5 + 2% of Salary 8 over MPE 5) x Credited years
Early retirement adjustment	The lesser of 3% per year before age 65 or 85-point rule at age 57	4% per year before age 62	4% per year before age 62
Normal form	**With spouse** Life annuity, 60% joint and survivor, guaranteed 10 years **Without a spouse** Life annuity, guaranteed 15 years	**With spouse** Life annuity, 60% joint and survivor, guaranteed 10 years **Without a spouse** Life annuity, guaranteed 15 years	**With or without a spouse** Life annuity, guaranteed 10 years
Indexation	CPI maximum 3% per year (starts in January following retirement and lasts throughout retirement)	CPI maximum 3% per year (starts in January following retirement and lasts throughout retirement)	CPI maximum 1% per year (starts in January following the 65th birthday, for 10 years)

Salary 5: Average salary of five best-paid years

Salary 8: Average salary of eight best-paid years

MPE: Maximum pensionable earnings eligible for the Québec Pension Plan or Canada Pension Plan, which was $55,900 in 2018

MPE 5: Average of the maximum pensionable earnings eligible for the Québec Pension Plan or Canada Pension Plan for the year of retirement and the previous four years

85-point rule: Reduction of 3% per point missing to reach 85 (age + years of continuous service) and 3% per year before age 57

Desjardins