



# Annuities

For a worry-free  
retirement

Desjardins Insurance refers to  
Desjardins Financial Security  
Life Assurance Company.



**Desjardins**  
**Insurance**

LIFE • HEALTH • RETIREMENT

Cooperating in building the future

# Planning your retirement income

It might come as a surprise, but your retirement will probably last longer than all of the vacation time you took while you were working. Retirement is like a really long vacation. There's no schedule to follow or boss to report to, but there's no salary either! That's why it's really important to be well prepared, especially from a financial standpoint.

A number of options, including annuities, are available to you when it comes time to convert your savings into retirement income. Chances are that you've invested most of your savings in an RRSP. If that's the case, keep in mind that under the *Income Tax Act* (Canada), you'll have to convert your RRSP savings into retirement income by the end of the calendar year in which you turn 71.

## WHAT IS AN ANNUITY?

An annuity is a long-term savings contract designed to provide you with guaranteed income. The savings are entrusted to Desjardins Insurance to invest and then pay the annuitant at regular intervals for a pre-determined period of time or until the annuitant's death, depending on the type of annuity chosen. Payments are determined based on factors such as life expectancy and current interest rates.



# Term certain annuities

## FOR A SET PERIOD

Term certain annuities provide a guaranteed and stable income for a given period, protected from market fluctuations.

## GUARANTEED PERIOD

The guaranteed period can cover a set period (at least one year) or last until you turn 91.<sup>1</sup> **If the funds are from your RRSP, the only term certain annuity option is an annuity payable to age 90.** At the end of this period, your annuity payments will stop.

<sup>1</sup> Restrictions may apply depending on the annuitant's age or the source of the funds.

If you die before the guaranteed period ends, your designated beneficiary will receive any remaining payments:

- If your spouse is your beneficiary, they'll be able to:
  - Continue receiving the same payments until the guaranteed period ends;or
  - Receive the current value of any remaining guaranteed payments in the form of a lump-sum payment.<sup>2</sup>
- If the beneficiary is someone other than your spouse:
  - They'll receive the current value of any remaining guaranteed payments in the form of a lump-sum payment;<sup>2</sup>
  - In the case of non-registered annuities, the beneficiary<sup>3</sup> may also continue to receive the same payments until the guaranteed period ends.

The following option is available for term certain annuities:

## INDEXATION

With indexed annuities, the amount of the annuity payment increases gradually, for example, by 2% per year, to help you counter the increase in the cost of living.

Any decisions you make when you take out your annuity are final, meaning you can't make any changes later on.

<sup>2</sup> The current value, or discounted value, refers to the value at the time of death of any annuity payments that would have been made in the future.

<sup>3</sup> Only one beneficiary can be designated (multiple beneficiaries not permitted).

# Life annuities

## FOR LIFE

**Life annuities guarantee a stable income until you die, no matter when that happens.** Since life expectancy continues to rise, life annuities offer you the peace of mind you deserve and the financial security you've worked hard to achieve.

Your monthly payment amount is determined when you buy your annuity. It will not vary based on market fluctuations or falling interest rates.

Only life insurance companies, like Desjardins Insurance, can offer life annuities.



The following options are available for life annuities:

## **GUARANTEED PERIOD**

The guaranteed period can cover a set period (e.g., 10 years), or last until you turn 91.<sup>4</sup> At the end of this period, you'll continue to receive annuity payments for as long as you're alive.

If you die before the guaranteed period ends, your designated beneficiary will receive any remaining payments:

- If your spouse is your beneficiary, they'll be able to:
  - Continue receiving the same payments until the guaranteed period ends;or
  - Receive the current value of any remaining guaranteed payments in the form of a lump-sum payment.<sup>5</sup>
- If the beneficiary is someone other than your spouse:
  - They'll receive the current value of any remaining guaranteed payments in the form of a lump-sum payment;<sup>5</sup>
  - In the case of non-registered annuities, the beneficiary<sup>6</sup> may also continue to receive the same regular payments until the guaranteed period ends.

<sup>4</sup> Restrictions may apply depending on the annuitant's age or the source of the funds.

<sup>5</sup> The current value, or discounted value, refers to the value at the time of death of any annuity payments that would have been paid in the future.

<sup>6</sup> Only one beneficiary can be designated (multiple beneficiaries not permitted).

## JOINT AND LAST SURVIVOR

After you die, your spouse will continue to receive annuity payments for life.

## INDEXATION

With indexed annuities, the amount of the annuity payment increases gradually, for example, by 2% per year, to help you counter the increase in the cost of living.

## CASH REFUND

This option allows your beneficiary to receive, upon your death, the difference between the single premium you paid to purchase the annuity and the total payments made to you.

### **ADDED PROTECTION: ASSURIS**

Assuris protects your annuity income in the event of the financial failure of your life insurance company. Visit [assuris.ca](https://www.assuris.ca) to learn more.

# Incorporating a life annuity into your retirement income plan

Your retirement income will come from government benefits, your pension plan, if you have one, and your personal savings.

## DO YOU...

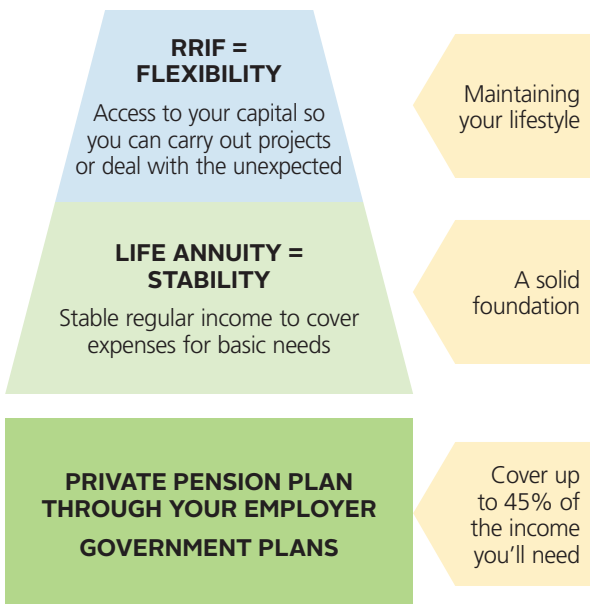
- Have a low risk tolerance?
- Worry that you won't have enough savings to last your whole life?
- Want more flexibility to carry out personal projects during certain stages of your life?
- Want to ensure an income for your spouse in case you die?

If you answered **YES** to any of these questions, you might want to consider taking out a life annuity to ensure financial security and stability until you die, and also setting up a RRIF so you'll have more flexibility.



## HERE'S HOW:

- Take out a joint and survivor annuity using some of the money from your RRSP:
  - This annuity will provide you with the **guaranteed** portion of your retirement income to help cover fixed costs related to your basic needs (rent, food, medication, car, taxes, utilities, etc.).
- Invest the rest of your RRSP in a RRIF. The return will be variable and will depend on the investment choices you make:
  - The RRIF will allow **your capital to continue to grow**, while providing you with **variable income** that's adapted to your needs during your retirement.



Feel free to talk to your representative about this strategy.

# Choosing Desjardins...

is choosing Desjardins Group, the largest cooperative financial group in Canada whose **financial stability is recognized** by the following credit ratings which are comparable, if not superior to those of the five largest Canadian banks and insurance companies:

- Standard and Poor's A+
- Moody's Aa2
- Dominion Bond Rating Service AA
- Fitch AA-

[desjardinslifeinsurance.com/annuity](http://desjardinslifeinsurance.com/annuity)



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