

MAY 2023

Term Investments



CONTRACT AND CONTRACT APPLICATION

Tax-Free Savings Account (TFSA)

Investment Options

- Daily Interest Investment
- Redeemable Term Investment
- Guarantee Advantage



Contract – Tax-Free Savings Account (TFSA)

Information about this Contract

This Contract is an annuity contract. It is designed to help you accumulate savings so you can achieve your financial goals.

It is important that you read this document carefully prior to completing the Application.

Your representative can answer any questions you may have about this Contract. You can also contact Desjardins Financial Security Life Assurance Company (hereinafter referred to as the “Company”) directly should you have any questions or concerns:

Desjardins Financial Security 1-877-647-5435
Savings – Administration savings@dfs.ca
1150, rue de Claire-Fontaine Fax: 1-888-647-5017
Québec (Québec) G1R 5G4

In general, money paid to the Company will be invested in one or more Investment Options as selected by you and any increase in the value of your investment will be credited to your Contract on the dates specified in section 3 “Investment Options”.

This Contract provides you with the following Investment Options:

Investment Option	Brief Description	Eligible Contract
A – GUARANTEED RETURN INVESTMENTS	<p>Daily Interest Investment</p> <p>Daily Interest Investment (page 8)</p> <p>A flexible investment used to hold money on a temporary basis until it is transferred to another Investment Option. The interest rate is set by the Company and credited to your Contract at least semi-annually.</p>	Tax-Free Savings Account
	<p>Fixed-interest Investments</p> <p>Redeemable Term Investment (page 8)</p> <p>Redeemable investments with level interest rates, available for specific terms. For compound or simple annual interest, the interest is credited by the Company on the Deposit Anniversary Date. For other frequencies, it is credited according to the interest payment frequency.</p>	Tax-Free Savings Account
B – Variable Investments	<p>Market-Linked Term Investments</p> <p>Guarantee Advantage (page 9)</p> <p>Term investments with a variable return based on the increase in the price of a basket of selected securities, subject to a minimum return guarantee, to a maximum potential return and to the Participation Rate, all of which are determined by the Company for each campaign.</p>	Tax-Free Savings Account

- The Company may make new Investment Options available from time to time and may choose not to continue to offer any of the above options.
- Your Contract will be registered as a Tax-Free Savings Account. Therefore, earnings and surrenders will not be taxable.

For more information about these products, talk to your representative or visit our website at desjardinslifeinsurance.com.

Compensation

Your representative will be paid by the Company. The compensation of your representative will include a sales commission for your Contract at the time of sale, and may include renewal (or service) commissions.

When you purchase this Contract, your representative may also qualify for additional compensation, such as bonuses or non-monetary benefits.

Your representative takes potential conflicts of interest very seriously. The services rendered by your representative will include an analysis of your needs.

If you Change your Mind

This Contract does not include a rescission right (cancellation right). If you decide to surrender the Contract in whole or in part, the amount of the surrender will be subject to a market value adjustment, as described in section 2.8.1. If the Deposit is directed to a Variable Investment, any surrender request received between the Deposit date and the Initial date will be processed on the day following the Initial Date.

The value of any Deposit in the Daily Interest Investment is guaranteed. However, for the other Investment Options, the value of any Deposit will vary and is not guaranteed other than on the Deposit Maturity Date, or where applicable, upon the death of the Holder. It is important that you discuss your long- and short-term financial needs with your representative before purchasing this Contract to ensure that you understand the risks and charges that may affect your investment.

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1 – Glossary

Certain terms used in this Contract have the following meaning:

- **“Accumulated Value”** means, for a Guaranteed Return Investment, the value of a Deposit on the date such Deposit is received or renewed by the Company, plus any interest or other income credited and accrued but not paid to that Deposit.
- **“Administrative Rule”** means the internal rules that govern our operations, including policies, guidelines, rules and practices of the Company, which can be changed at the sole discretion of the Company.
- **“Application”** means the Company’s standard written application form for the purchase of this Contract.
- **“Beneficiary”** means the person(s) or legal entity or entities, designated by the Holder, to whom the Death Benefit of this Contract is payable upon the death of the Holder.
- **“Business Day”** means, for a Variable Investment, any business day on which a reading takes place on a given security.
- **“Company”** means Desjardins Financial Security Life Assurance Company which has its head office at 200, rue des Commandeurs, Lévis (Québec) G6V 6R2 and an office to service this Contract at 1150, rue de Claire-Fontaine, Québec (Québec) G1R 5G4. “We”, “our” and “us” refer to the Company.
- **“Contract”** means the Application, this document and any Endorsements as specified in section 2.1 “Contract”.
- **“Current Value”** means, for a Variable Investment, the initial Deposit reduced by Proportional Reductions for Partial Surrenders and increased or decreased by Variable Interest Income.
- **“Death Benefit”** means the amount paid to the Beneficiary in the event of the Holder’s death, as specified in section 2.9 “Guaranteed Benefits”.
- **“Deposit”** means the premium, that is, the sum of money paid to the Company for the purpose of purchasing this Contract and includes any renewals or subsequent monies paid, and/or deductions made for any surrender.
- **“Deposit Anniversary Date”** means, for a Fixed-interest investment, one year from the day that the Deposit was received or renewed by the Company, or from its last Deposit Anniversary Date, up to the Deposit Maturity Date.
- **“Deposit Maturity Date”** means, for a Variable Investment or a Fixed-interest Investment, the last day of the selected term of the investment period.
- **“Endorsement”** means a document signed by an officer of the Company, which modifies, in whole or in part, certain provisions of the Contract.
- **“Fixed-interest Investments”** means the following Investment Options: the Redeemable Term Investment as well as any other similar Investment Option created and designated as such by the Company.
- **“Guaranteed Return Investments”** means the following Investment Options: the Daily Interest Investment, the Fixed-interest Investments as well as any other similar Investment Option created and designated as such by the Company.
- **“Holder”** means an individual whose name appears as the holder in the “Holder Information” section of an Application that has been accepted by the Company. Also, “you” and “your” refer to the Holder of this Contract. The Holder is also the person in the event of whose death the Death Benefit is payable.
- **“Income Tax Act”** means the *Income Tax Act* (Canada), the Income Tax Regulations and also, where the context requires, the corresponding provincial income tax legislation.
- **“Initial Date”** means the date determined by the Company, when the Accumulated Value of the Deposit(s) directed to a Variable Investment in the Daily Interest Investment is transferred to the Variable Investment selected by the Holder.
- **“Initial Deposit”** means the Accumulated Value of the Deposit in the Daily Interest Investment to be transferred to the Variable Investment on the Initial Date.
- **“Investment Option”** means any Investment Option defined in section 3 “Investment Options” or any new Investment Option created by the Company.
- **“Market-linked Term Investments”** means the following Investment Options: Guarantee Advantage and any other similar Investment Option created and designated as such by the Company.
- **“Maturity Benefit”** means the amount available to the Holder on the Deposit Maturity Date as specified in section 2.9 “Guaranteed Benefits”.
- **“Maturity Guarantee Percentage”** means, for a Variable Investment, the percentage of the Initial Deposit, reduced by Proportional Reductions for Partial Surrenders, that is guaranteed on the Deposit Maturity Date. The percentage selected must be indicated on the Application or any other document accepted by the Company and must correspond to an option in the current campaign being offered by the Company. If the Maturity Guarantee Percentage indicated does not correspond to an option in the current campaign, or if it is not indicated, the Maturity Guarantee Percentage will be determined by the Company according to its Administrative Rule.

- **“Participation Rate”** means, for a Variable Investment, the percentage by which you participate in the Investment Rate of Return, as defined in section 3.2 “Variable Investments”.
- **“Proportional Reductions for Partial Surrenders”** means, for a Variable Investment, the amount by which the Initial Deposit is reduced when a partial surrender is processed. This amount will reduce the benefits, the Variable Interest Income, and the Surrender Value. The reduction will be equal to:

$[i \times (ii \div iii)]$, where

- (i) is the Initial Deposit reduced by the Proportional Reductions for Partial Surrenders made prior to this request;
- (ii) is the dollar amount of the partial surrender; and
- (iii) is the Surrender Value of the Initial Deposit reduced by the Proportional Reductions for Partial Surrenders made prior to this request.

- **“Spouse”** or **“Common-law Partner”** means any individual who is recognized as a spouse or common-law partner within the meaning of the *Income Tax Act*.
- **“Surrender Value”** means the amount payable to the Holder in case of surrender, as described in section 2.8 “Surrender of Investment Options”.
- **“Survivor”** means the Holder’s Spouse or Common-law Partner immediately before the Holder’s death.
- **“Tax-Free Savings Account”** or **“(TFSA)”** means a Tax-Free Savings Account that is a “qualifying arrangement” under section 146.2 of the *Income Tax Act*.
- **“Variable Interest Income”** means the amount, expressed in dollars, equal to the Investment Rate of Return determined in section 3.2 “Variable Investments” multiplied by the Participation Rate and the Initial Deposit. This amount will be reduced by Proportional Reductions for Partial Surrenders.
- **“Variable Investments”** means the following Investment Options: Market-linked Term Investments and any other similar Investment Option created and designated as such by the Company.

2 – General provisions

2.1 Contract

This Contract is an annuity contract by which the Company undertakes, in consideration of the Deposits received and in accordance with the terms and conditions of this Contract, to provide you, your Beneficiary or your heirs, as the case may be, with:

- (i) a benefit in the form of an annuity as described in section 2.11 “Annuity Options”; or
- (ii) a benefit in the event of death.

The Application, this document and any Endorsements that may be attached constitute our Contract with you.

The Company has the right to enforce or not, at its discretion, the terms and conditions of this Contract without giving up any of its rights of enforcement in the future.

Section headings appearing in this Contract are for convenience of reference only and are not to be considered as an aid to interpretation.

For certain transactions, the Company may require proof of the Holder’s age and reserves the right to impose additional requirements at its discretion.

In the event of changes occurring in the applicable legislation or regulations, this Contract shall be deemed to have been amended to the extent necessary to comply with such changes in the applicable jurisdiction.

2.2 Amendments

No provisions of this Contract may be cancelled or amended except by an Endorsement duly signed by two authorized officers of the Company.

2.3 Payments

2.3.1 To the Company

All Deposits made to the Company shall be in Canadian currency. **The Company reserves the right to refuse any Deposits or to impose additional requirements at its discretion.**

Deposits are made into the Daily Interest Investment. The terms and amounts required are determined by the Company and subject to change at the Company’s discretion.

The Holder chooses how each Deposit will be allocated among the various Investment Options described in section 3 “Investment Options”. The actual date on which the Deposit is invested in the selected option is subject to the terms and conditions outlined in section 3 “Investment Options”.

Each Deposit will accumulate in the Daily Interest Investment until the minimum Deposit required by the Administrative Rule of the Company has been reached for the Investment Option selected by the Holder. Once the required minimum Deposit has been reached, the Deposit is transferred from the Daily Interest Investment to the Investment Option selected by the Holder. Regardless of the method of payment (pre-authorized debit, lump sum, or reinvestment after the Deposit Maturity Date), the applicable minimum Deposit required will apply to each term and Investment Option selected. If, by the time the required minimum Deposit has been reached, the Investment Option selected by the Holder is no longer available, the Deposit will be transferred according to the Company's Administrative Rule.

Currently, a minimum Deposit of \$500.00 is required to invest in the Redeemable Term Investment and Guarantee Advantage. These minimums are subject to change at the sole discretion of the Company.

2.3.2 To the Holder

All payments made to the Holder shall be in Canadian currency. The Company reserves the right to defer the payment of any surrender in accordance with its Administrative Rule.

2.4 Holder's Rights

Except as indicated in section 2.6 "Transfer of Holdership and Assignment as Collateral", the Holder is not entitled to assign or transfer the Holdership of this Contract. The Holder has the right to select the investment period, the interest option and the frequency at which interest is credited, subject to the availability of the Investment Option at the time the choice is made. In addition, the Holder may choose to surrender all or part of the Investment Options subject to any limitations and charges specified in section 3 "Investment Options".

A Holder subject to the jurisdiction of the province of Quebec may choose to surrender all or a part of this Contract or transfer the proceeds of this Contract to another policy, either with the Company or another financial institution, without obtaining the consent of the irrevocable Beneficiary.

2.5 Beneficiary Changes

Subject to legal restrictions, the Holder may substitute one Beneficiary for another by providing written notice to the Company. The Company assumes no responsibility with respect to the validity of a Beneficiary change.

2.6 Transfer of Holdership and Assignment as Collateral

Under the *Income Tax Act*, a Contract registered as a Tax-Free Savings Account (TFSA) may not be transferred.

However, this Contract may be used by the Holder as collateral for a loan or other indebtedness if the conditions of subsection 146.2(4) of the *Income Tax Act* are satisfied. The Company must be advised in writing of any assignment of the Contract as collateral for loans and has the right to refuse any of these requests at its absolute discretion. The Company assumes no responsibility with respect to the propriety, validity or legality of such assignment.

2.7 Transfer Between Investment Options

Subject to the paragraph below, the Holder has the right to transfer the value of any or all of the Investment Options in the Contract to another option offered by the Company, subject to the terms and restrictions outlined for each Investment Option. Once the transfer instructions have been received by the Company, the request will be processed on the next date that a Surrender Value is available. If the transfer is completed prior to the Deposit Maturity Date of a Redeemable Term Investment, or a Variable Investment, the amount transferred will be reduced by the market value adjustment calculated as provided in section 2.8 "Surrender of Investment Options".

The gross amount surrendered from the existing Investment Option will proportionately reduce the Death Benefit and Maturity Benefit amounts applicable to the existing Investment Option. The net amount transferred to the new Investment Option will be treated as a new Deposit for the purposes of calculating the Death Benefit and Maturity Benefit amounts.

2.8 Surrender of Investment Options

The Holder has the right to surrender, in whole or in part, the value of the Contract, subject to the provisions of section 3 "Investment Options", which describes how the Surrender Value will be determined and what charges will be applied. Such surrender request must be made in writing and comply with the Company's current Administrative Rule.

Unless instructed otherwise, the surrenders will occur in the following order: from the Daily Interest Investment first, then the Redeemable Term Investments and finally Guarantee Advantage. Within an Investment Option, older deposits will be surrendered first.

Surrender requests for Deposits held in the Daily Interest Investment and designated for a Variable Investment will only be processed after the Initial Date.

A partial surrender will reduce the Death Benefit and Maturity Benefit, which are described in section 2.9 "Guaranteed Benefits". The total surrender of all the Investment Options terminates the Contract.

The Company may decide to suspend the surrender rights of the Holder at its sole discretion. Refer to section 3.2 "Variable Investments" for more details about extraordinary events.

2.8.1 Market Value Adjustment

There is no market value adjustment for a Deposit in the Daily Interest Investment.

For a Deposit in a Fixed-interest Investment, the market value adjustment is the amount by which the Accumulated Value of a Deposit in the Contract is reduced in the event of a surrender or transfer prior to the Deposit Maturity Date and is calculated as provided in section 2.8.1.1 below.

For a Deposit in a Variable Investment, the market value adjustment is the amount by which the Current Value of a Deposit in the Contract is reduced in the event of a surrender or a transfer prior to the Deposit Maturity Date and is calculated as provided in section 2.8.1.2 below.

The market value adjustment will never be less than zero.

2.8.1.1 Fixed-interest Investment

For a Deposit in a Fixed-interest Investment, the market value adjustment will be:

$$[(a) - (b)] \times (c) \times (d)$$

or:

- (a) is the current interest rate being offered (at the time the request is processed) by the Company for Deposits of the same type for a term equal to the term remaining until the Deposit Maturity Date*, plus 1%;
- (b) is the guaranteed interest rate of the Deposit;
- (c) is the number of years remaining until the Deposit Maturity Date, including any fraction of a year; and
- (d) is the Accumulated Value of the Deposit.

2.8.1.2 Guarantee Advantage

For a Deposit in Guarantee Advantage, the market value adjustment will be:

$$[i \times ii \times iii]$$

or:

- (i) is the compound interest rate being offered (at the time the request is processed) by the Company for Deposits in the Redeemable Term Investment for a term equal to the term remaining until the Deposit Maturity Date*, plus 1.5%;
- (ii) is the number of years remaining until the Deposit Maturity Date including any fraction of a year; and
- (iii) is the Current Value.

** If the Company does not currently have an investment term equal to the term remaining until the Deposit Maturity Date, the Company will use the interest rate applicable to the next highest term available at that time.*

2.9 Guaranteed Benefits

2.9.1 Death Benefit

On the Holder's death, the Company will pay the Beneficiary an amount equal to:

$$(a) + (b) + (c)$$

or:

- (a) is the Accumulated Value of the Daily Interest Investment;
- (b) is the Accumulated Value of the Redeemable Term Investment; and
- (c) is the Initial Deposit, reduced by Proportional Reductions for Partial Surrenders, for investments in Guarantee Advantage;

2.9.2 Maturity Benefit

The Maturity Benefit will be available on the Deposit Maturity Date for any Deposits made to a Fixed-interest Investment or a Variable Investment.

Unless the Holder gives written instructions prior to the Deposit Maturity Date, all Deposits in the Fixed-interest Investments or in the Variable Investments, as applicable, will be transferred into the Daily Interest Investment on the Deposit Maturity Date. A Deposit in the Daily Interest Investment will be reinvested in compliance with the Holder's most recent written instructions for the Redeemable Term Investment if the value of the Daily Interest Investment is above the minimum Deposit required. If there are no such written instructions, the Deposit will be reinvested in compliance with the Administrative Rule of the Company. Currently, the Company's default Redeemable Term Investment is the one-year term, which is subject to change at the sole discretion of the Company.

2.10 Non-Guaranteed Benefits

The value of Deposits in the Daily Interest Investment is guaranteed. However, for the other Investment Options, other than the guarantees offered at death or on the Deposit Maturity Date, the value of Deposits made to this Contract will vary and the Surrender Value is not guaranteed.

2.11 Annuity Options

On the day the Holder attains age 105, the Surrender Value of each Deposit made in this Contract will be used automatically to provide an annuity to the Holder, unless instructions are received from the Holder prior to that day. The annuity provided to the Holder will be a term certain annuity with payments guaranteed for ten years, based on our Administrative Rule and the rates offered at that time by the Company. The minimum annual annuity payment will be \$100 per \$1,000 of the Surrender Value.

The annuity will provide guaranteed annual payments for a period of ten years, starting one month after the day the annuitant turns 105. The annuity payments will be in equal payments. If you die before the end of the guaranteed payments, the commuted value of the remaining payments will be paid to the Beneficiary or your estate in a lump sum.

In addition to the annuity described above, the Holder may at any time after he has reached the age of 65, elect to obtain a life annuity without a guarantee period, providing annual payments per \$1,000 of the Surrender Value at the time the surrender request is received by the Company, using the following formula:

Male 1,000	Female 1,000
$(60 - (A \times 0.5))$	$(60 - ((A - 5) \times 0.5))$

where: "A" is the age of the Holder. The age will be determined on the date that the request is received from the Holder.

When an annuity is issued, the Company will be released from its obligations under this Contract, except for those related to the payment of an annuity indicated in this section.

2.12 Taxation of the Contract

The following information is of a general nature only and does not constitute a legal opinion or a tax opinion. Please consult your legal or tax advisor for more details.

Deposits made to a Tax-Free Savings Account (TFSA) are not deductible for income tax purposes and are limited to the Holder's TFSA contribution room. Income earned in the TFSA is generally not taxable. The Company will not annually report on tax slips any income for Deposits made by the Holder in the Contract.

As an annuity Contract, upon the death of the Holder, the Contract ceases to be a TFSA in accordance with subsection 146.2(10) of the *Income Tax Act*. Income earned on the Contract between the moment of the Holder's death and the payment to the Beneficiary is taxable for the Beneficiary. When applicable, the Company will issue tax slips to the Beneficiary.

2.13 Ownership

A Tax-Free Savings Account can only be owned by one individual.

2.14 Rescission Rights (Cancellation)

Subject to any applicable regulatory requirements, there are no rescission rights available under this Contract.

2.15 Additional Information for Residents of Alberta and British Columbia

Every action or proceeding against an insurer for the recovery of insurance money payable under this Contract is absolutely barred unless commenced within the time set in the *Alberta Insurance Act* s.643(2)(g) or *British Columbia Insurance Act* s.33(2)(g).

2.16 Charges and Fees

The Company reserves the right to set and collect administrative fees for services provided under this Contract. In terms of administering laws and regulations governing unclaimed property, the Company may collect fees of up to \$1,500 to cover certain costs. These costs can include, among other costs, administrative fees incurred for undeliverable mail if the Company has to search for you, the Owner, and update your file, as well as the fees paid to an investigator to perform the search. Also included are the costs incurred to close your Contract if the case is sent to Revenu Québec or any other provincial or territorial organization governing unclaimed property.

2.17 Assignment of Obligations by the Company

Subject to receipt of all applicable regulatory approvals, we may transfer and assign all of our obligations under this Contract to another life insurance company that carries on the business of life insurance in Canada and, provided such life insurance company agrees to assume all of our obligations under and be bound to the terms and conditions of this Contract, we shall be released and discharged from all obligations under this Contract to you or to your Beneficiary.

2.18 Closing of Investment Options

The Company reserves the right, at its absolute discretion, to close any of the Investment Options, including any new option which may be added in the future.

The Company specifically reserves the right, at its absolute discretion, to cease accepting additional Deposits into any Investment Option, whether such refusal is reasonable or not.

3 – Investments options

The following Investment Options are currently available under this Contract. The Company reserves the right, at its absolute discretion, to offer new options or close existing options.

3.1 Guaranteed Return Investments

Deposits invested in these options are held in the general funds of the Company.

3.1.1 Daily Interest Investment

The Company will calculate interest on the minimum daily balance at the rate in effect on that day, as determined by the Company. Accrued interest is credited to the Contract at least semi-annually.

The Surrender Value of the Daily Interest Investment is equal to the Accumulated Value of all the Deposits in this Investment Option on the surrender date.

Surrender requests for Deposits held in the Daily Interest Investment and designated for a Variable Investment will only be processed after the Initial Date.

3.1.2 Fixed-interest Investments

3.1.2.1 Redeemable Term Investment

The Company will set the interest rate applicable for the term of the Deposit according to its Administrative Rule or at the latest on the date that the Deposit is received by the Company.

The Holder may choose either a simple-interest or compound-interest investment, depending on the investment terms offered by the Company at the time the Deposit is received. If the interest selected is compound or if the simple interest is paid annually, interest will be credited to the Deposit on the Deposit Anniversary Date. If another frequency is selected for the simple interest, it will be credited according to the frequency selected.

The **Surrender Value** of the Redeemable Term Investment is the market value of each Redeemable Term Investment.

The **market value** of a Deposit in the Redeemable Term Investment is equal to the Accumulated Value of the Deposit, reduced by the market value adjustment, as described in section 2.8.1.1.

The **Maturity Benefit** of a Deposit in the Redeemable Term Investment is equal to the Accumulated Value of the Deposit on the Deposit Maturity Date.

3.2 Variable Investments

All Variable Investments are term investments with variable rates of return and are not segregated funds. Deposits invested in these options are held in the general funds of the Company. You do not acquire any rights to or have any ownership in the securities underlying these term investments. The Company does not invest directly in the securities that comprise the basket of securities for a given campaign. Such securities constitute instead the benchmark index on which the return of the selected Investment Option is based.

A Deposit received by the Company for investment in a Variable Investment is first placed in the Daily Interest Investment until the Initial Date. **You do not have the right to surrender your Deposit between the date we invest it in the Daily Interest Investment and the Initial Date.**

On the Initial Date, we will invest your Initial Deposit in the option specified in your written instructions at the time of the Deposit for the term you requested. If the term or the Investment Option originally requested is no longer offered by the Company, we will invest your Initial Deposit in the closest term and/or Investment Option available at our discretion.

On the Deposit Maturity Date in a Variable Investment, we will transfer the Maturity Benefit of the Deposit to the Daily Interest Investment.

Risk and suitability

Since the return of a Variable Investment is tied to changes in the market, this investment carries a higher level of risk than a traditional fixed-rate investment. Ultimately, the return of the portion based on the performance of the stock market may be null at maturity (subject to the guaranteed minimum return selected, as indicated in the table of features of a given campaign). A Variable Investment is different from traditional fixed-rate investments because it does not guarantee a return determined in advance (subject to the guaranteed minimum return selected, as indicated in the table of features of a given campaign). The return of the portion based on the performance of the stock market can only be known for certain at the Deposit Maturity Date (subject to the guaranteed minimum return selected and the maximum potential return, as indicated in the table of features of a given campaign) and is based on the appreciation of the securities, which could be subject to major fluctuations in the capital markets. Consequently, the Company cannot guarantee a return at the Deposit Maturity Date (subject to the guaranteed minimum return selected, as indicated in the table of features of a given campaign) on the portion of the return based on the performance of the stock market.

The Variable Investment is not a direct investment in the securities that comprise the basket of securities of a given campaign. Therefore, the Holder is not entitled to the rights or the benefits of a shareholder, such as the right to receive distributions or dividends, or the right to vote or attend shareholders' meetings.

Since the calculation method determines the closing level of the price of each security using an average of the returns at three predetermined dates, the return paid out at the Deposit Maturity Date may not reflect the performance of each security between the Initial Date and the Deposit Maturity Date.

Given the features of this kind of investment, potential Holders should check with their representative to make sure that this type of investment meets their investment objectives.

This guaranteed investment is a sound investment for those whose investment horizon is at least as long as the term of the Variable Investment and who also intend to keep it until Deposit Maturity Date. It is also a sound choice for those who wish to diversify their investments and gain exposure to the capital markets. However, it is not suitable for those who require an income during the term.

Extraordinary events

The Holder acknowledges that a disruption on capital markets (e.g. transactions halted due to a sharp drop in or a problem with the publication of security prices), a change in the publication of security prices (e.g., a merger, a stock split), securities facing some financial hardship (e.g. company bankruptcy) or any other extraordinary circumstance or event out of the control of Desjardins Group and having a significant impact on product management (an "Extraordinary Event") may occur and affect the Company's capacity to calculate or pay the return or to fulfill any other obligation on the date specified. If the Company believes, at its sole discretion, that such an event has occurred, the Holder agrees that the Company may depart from the terms and conditions of this agreement and take any action deemed appropriate and equitable in the circumstances, including, without limitation, substituting securities, adjusting, anticipating or deferring the calculation or the payment of the return, or determining the return in a different manner. The Company will determine which measures to take in the above-mentioned circumstances at its sole discretion and will take reasonable action, taking into account the interests of all stakeholders, in particular, without limiting the scope of the foregoing, those of owners with products, those of other clients, the interests of the Company and those of Desjardins Group.

Because this Investment Option includes a capital guarantee, an Extraordinary Event will not affect this guarantee. It could however affect the return positively or negatively and, in this latter case, could reduce it to 0, subject to the guaranteed minimum return selected, as the case may be.

3.2.1 Market-linked Term Investments

3.2.1.1 Guarantee Advantage

Guarantee Advantage is a term investment with a variable rate of return that allows the Holder to participate in the return of a selected basket of securities, which constitutes the benchmark index on which the return of the selected Investment Option is based. The opening basket of securities will be determined by the Company at the beginning of each campaign and will be made available prior to your investment in this Investment Option.

From one campaign to another, the Company may replace one or more of the securities in the basket for another security at its discretion.

The Maturity Benefit is the greater of:

- the Current Value of the Initial Deposit, which has been reduced by Proportional Reductions for Partial Surrenders and which has increased or decreased by the Variable Interest Income; and,
- the Maturity Guarantee Percentage multiplied by the Initial Deposit, which has been reduced by Proportional Reductions for Partial Surrenders.

Rate of Return

The "Investment Rate of Return" of Guarantee Advantage is the arithmetic mean (average) of the individual securities' rate of return based on their average price at three predetermined dates in the last three months of the investment, multiplied by the Participation Rate. The Investment Rate of Return will be calculated as shown below; however, the actual return you will receive shall not exceed the maximum potential return set by the Company at the beginning of the campaign.

Investment Rate of Return =

$$\left\{ \frac{1}{n} \times \left[\frac{CP_2 \text{ for } S_1}{CP_1 \text{ for } S_1} + \frac{CP_2 \text{ for } S_2}{CP_1 \text{ for } S_2} + \dots + \frac{CP_2 \text{ for } S_n}{CP_1 \text{ for } S_n} \right] - 1 \right\} \times \text{Participation Rate}$$

n = Number of securities used in the basket of that investment.

CP₁ = Closing price of the security on the first Business Day.

CP₂ = The average closing price of each security on three specific dates within the last three months of the term (or the following Business Day if no reading takes place on the security on any of these dates). The specific dates used to determine the average price will be determined by the Company at the beginning of each campaign and will be made available prior to the commencement of each Guarantee Advantage campaign.

S₁, S₂, ..., S_n = the security used in the investment.

Surrender requests for Deposits being held in the Daily Interest Investment and designated for a Variable Investment will only be processed after the Initial Date. After the Initial Date, a Deposit in Guarantee Advantage can be surrendered or transferred, in whole or in part. After receipt of the surrender request, the Surrender Value will be calculated on the next valuation date, as determined by our Administrative Rule. The Surrender Value is equal to the Current Value reduced by a market value adjustment, calculated in accordance with section 2.8.1.2.

The Surrender Value of Guarantee Advantage cannot exceed the Initial Deposit.

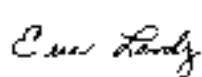
The Surrender Value prior to the Deposit Maturity Date is not guaranteed and may be less than the amount of the Initial Deposit, reduced by Proportional Reductions for Partial Surrenders.

Signed in Lévis, Quebec

Desjardins Financial Security Life Assurance Company

by 

Denis Dubois
President and Chief
Operating Officer

by 

Éric Landry
Vice-President,
Investment Solutions

Endorsement

Tax Free Savings Account (TFSA)

This endorsement is effective if the Holder has requested the Company to make an election with the Minister of National Revenue to register this Contract as a Tax-Free Savings Account (TFSA) under section 146.2 of the *Income Tax Act* and the Holder is the “Holder” in the “Holder Information” section of the Application which has been accepted by the Company. The definition of “Holder” in this Contract is always in accordance with the definition of “Holder” as given in subsection 146.2(1) of the *Income Tax Act*. The terms of this endorsement will govern if any of its provisions are inconsistent with other sections of this document.

Under this endorsement, the Contract is modified as follows:

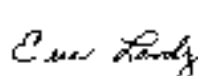
1. The Contract can be maintained for the exclusive benefit of the Holder only;
2. Only the Holder and the Company have rights under the Contract relating to the amount and timing of surrenders (distributions) and the investing of funds;
3. Only the Holder can make Deposits to the Contract;
4. If the Company is given proof that there is a tax payable under sections 207.02 or 207.03 of the *Income Tax Act*, the Company will refund to the Holder the amount required to reduce the amount of tax otherwise payable. The amount refunded will not exceed the Surrender Value of the Contract at the time the surrender is made. It is the Holder's sole responsibility to ensure that the Deposits made to a TFSA Contract do not exceed the Holder's TFSA contribution limits and that no Deposits are made to the Contract when the Holder is not a resident of Canada. If TFSA contribution limits are exceeded or Deposits are made while the Holder is non-resident, the Holder will be subject to a tax penalty until the contribution is withdrawn;
5. Upon receipt of Notice, the Company will transfer all or part of the Surrender Value of the Contract to another TFSA held by the Holder;
6. If the Holder dies, the Death Benefit will be paid out to the Beneficiary in one lump sum payment. If the Spouse or Common-law Partner is the Beneficiary, the Death Benefit may be designated as an “exempt contribution” in accordance with subsection 207.01(1) of the *Income Tax Act* and transferred to a TFSA of the surviving Spouse or Common-law Partner, regardless of whether the Survivor has available contribution room, and without reducing the Survivor's existing room, if the conditions of the *Income Tax Act* are respected and the required form completed. It is the Survivor's sole responsibility to satisfy those requirements;
7. The Holder must be at least eighteen years of age at the time the Contract is entered into for the TFSA to be considered a qualifying arrangement as defined in the *Income Tax Act*;
8. The Company is authorized, as the Holder's attorney, to amend, at its discretion, this TFSA endorsement as necessary to comply with the conditions of the TFSA, as set out in the *Income Tax Act* and the regulations.

Signed in Lévis, Quebec

Desjardins Financial Security Life Assurance Company

by 

Denis Dubois
President and Chief
Operating Officer

by 

Éric Landry
Vice-President,
Investment Solutions

Contract Application

Agreement and Direction

I/We hereby apply to purchase a Contract on the terms and conditions contained in the current Contract.

This Application is subject to acceptance by Desjardins Financial Security Life Assurance Company (DFS). Each additional Deposit amount shall be subject to such acceptance.

I/We declare that all statements and answers made by me/us in connection with this Application are fully complete and true.

I/We agree that the Contract and all related documents shall be drafted in English. Je consens (Nous consentons) à ce que le contrat et tous les documents y afférents soient rédigés en anglais.

Registration

The Holder requests that Desjardins Financial Security Life Assurance Company (DFS) file an election with the Minister of National Revenue to register the Contract as a Tax Free Savings Account (TFSA) under section 146.2 of the *Income Tax Act*.

Personal Information Management

To serve you effectively every day and fulfill our legal obligations, we need to collect, use and disclose information about you. You can read Desjardins Group's Privacy Policy at www.desjardins.com/privacy-policy for full details on how your personal information is processed.

Desjardins Financial Security Life Assurance Company (DFS) handles your personal information in a confidential manner. DFS keeps this information on file so that you may benefit from the Company's various financial services such as insurance, annuities, pension plans and credit. Some of your personal information will be disclosed to other Desjardins Group components for specific purposes, for example, to identify you, to help you take advantage of the benefits of being a Desjardins member or client, or to comply with our legal obligations. Access to your file is limited to authorized personnel who need it to access it to perform their duties.

You have the right to review your personal information in our files and correct anything that is incomplete, ambiguous or not relevant. To do so, please consult our Privacy Policy.

For Head Office Use Only

Contract number

Contract Application – Tax Free Savings Account (TFSA)

1. Holder Information

The Holder is the person who owns the Contract and is the measuring life.

The Holder should be at least 18 years of age.

If you are a non-resident, you are permitted to transfer funds from an existing TFSA, however no further contributions will be allowed and no contribution room will accrue for any year you are a non-resident. You should notify Desjardins Financial Security Life Assurance Company if there is a change in your residency status. Please consult a tax advisor.

***Important:** These fields must be completed.

Sex <input type="checkbox"/> M <input type="checkbox"/> F	Language Preference <input type="checkbox"/> English <input type="checkbox"/> French	Client Number
Holder Surname	First Name	Initial
Address		Birth Date (DD-MM-YYYY)
City	Province	Postal Code
Marital Status	Social Insurance Number	
E-mail Address	Residence Telephone Number	
		Business Telephone Number

Holder – Verification of Identity:

The undersigned agent or representative certifies that he/she has verified the identity of the Holder, as required by Federal Law, by examining one of the following forms of identification.

Provide document number. An expired document is not acceptable.

Driver's Licence Passport Provincial Health Card (Cards issued in Manitoba, Ontario, Nova Scotia and Prince Edward Island are not valid for identification purposes)

Other photo card issued by a government (please specify): _____

Place of issue or jurisdiction*	Document number*	Expiration date*	Verification date*
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Verification completed:

In person Remotely – Complete the Identification by Dual Process form (20-0256_200E)

2. Beneficiary upon Death of Holder

The person(s) you name here will receive the Death Benefit on the death of the Holder.

All Beneficiaries are revocable unless otherwise specified.

In Québec: Where your married or civil union spouse is appointed as the Beneficiary, indicate that the Beneficiary is REVOCABLE, **failing which, the appointment as Beneficiary is irrevocable.**

<input type="checkbox"/> Revocable	Beneficiary Surname	First Name	Share (%)	Relationship*
<input type="checkbox"/> Irrevocable	Beneficiary Surname	First Name	Share (%)	Relationship*
<input type="checkbox"/> Revocable	Beneficiary Surname	First Name	Share (%)	Relationship*
<input type="checkbox"/> Irrevocable	Beneficiary Surname	First Name	Share (%)	Relationship*

*to the Holder, for instance, parent, children, spouse, etc.

If a separate Beneficiary designation list is attached, it has to include Surname, First Name, % share and relationship to the Holder. This list must be dated and signed by the Holder.

3. Source of Funds

The representative is responsible for forwarding the transfer request to the relinquishing institution, even if it is to another Desjardins Group entity.

Enclosed cheque: \$ _____

Unique withdrawal of \$ _____ (complete PAD section)

Transfer from a product of Desjardins Financial Security Life Assurance Company (please provide a copy of transfer document)

Contract number(s)	Amount
	\$
Name of Institution	Amount
	\$
Name of Institution	Amount
	\$

Transfer from another financial institution (please provide a copy of transfer document)

If the source of funds is from a transfer, the interest rate applied is the rate in effect on the date of:

Receipt of Deposit at the Company (external) Receipt of Application (internal)

Signature of the Holder – complete and attach form 1440A "Form to guarantee the interest rate for transfer and renewal" available at webi.ca.

4. Investment Options

To start a Pre-Authorized Debit, complete the section Pre-Authorized Debit (PAD) agreement – Payor's PAD authorization.

4.01 Daily Interest Investment

Investment Option	Deposit Amount
Daily Interest Investment	\$

4.02 Fixed-interest Investments


Investment Option	Term	Interest Rate	Interest	Deposit Amount
Redeemable Term Investment \$500 Minimum Deposit		%	<input type="checkbox"/> Compound <input type="checkbox"/> Simple annual <input type="checkbox"/> Simple monthly	\$
		%	<input type="checkbox"/> Compound <input type="checkbox"/> Simple annual <input type="checkbox"/> Simple monthly	\$

4.03 Variable Investments

Investment Option – Market-linked Term Investment	Basket of Securities Ex. Healthcare or Financials	Guaranteed Minimum	Potential Maximum	Term	Initial Date (campaign)	Deposit Amount
Guarantee Advantage \$500 Minimum Deposit		%	%		DD-MM-YYYY	\$
		%	%		DD-MM-YYYY	\$
		%	%		DD-MM-YYYY	\$
		%	%		DD-MM-YYYY	\$

Special instructions

5. Representative Information

 Please write the Name(s) in block letters.

Name – Representative or Trainee (Trainee applies to Quebec only)	Code	(%)	Name – Training Supervisor (Quebec only)
		%	
		%	

By signing here, the Representative confirms that he/she is appropriately licensed, has disclosed any current, potential or apparent conflict of interests and has thoroughly examined the Holder's needs for product suitability. The Representative also confirms that he/she will receive compensation, if this Application is accepted by Desjardins Financial Security Life Assurance Company and may receive additional compensation in the future in the form of bonuses, trailers and conferences. The Representative also confirms that he/she has examined the valid identity verification documentation.

X _____ **X** _____
Signature of Training Supervisor (Quebec only) Signature of Representative or Trainee Date (DD-MM-YYYY)

X _____ **X** _____
Signature of Training Supervisor (Quebec only) Signature of Representative or Trainee Date (DD-MM-YYYY)

6. Acknowledgement

The Contract contains important information and should be read before investing.

I acknowledge having read the Contract. I acknowledge having received a proper description of the product, and a clear explanation of what is and is not guaranteed under this Contract.

I declare that any amounts deposited under the terms of this Contract have not been and will not be deposited on behalf of a third party. I undertake to inform Desjardins Financial Security Life Assurance Company (DFS) if any amounts are ever deposited under the terms of this Contract on behalf of a third party.

By signing this form, I authorize DFS to collect, use and disclose my personal information in accordance with privacy regulations and Desjardins Group's Privacy Policy that was presented to me before signing this consent. I acknowledge and accept that this consent takes precedence over any other consent I have previously signed. This consent remains in effect for as long as I maintain a business relationship with Desjardins Group.

Language of choice / *Choix de langue* (for residents of Quebec only)

I acknowledge that I was provided with the French version of this contract and I expressly request to enter into this contract in the English language.

I also expressly request that the documents relating to this contract be drawn up exclusively in English.

Je reconnais que la version française de ce contrat m'a été remise et je demande expressément de conclure ce contrat dans la langue anglaise.

Je demande également expressément à ce que les documents se rattachant à ce contrat soient rédigés exclusivement en anglais.

By signing below, you acknowledge that you have read and understood the "Agreement and Direction" and "Registration" sections.

Signed at: _____
Date (DD-MM-YYYY)

X _____
Holder Signature

For Head Office Use Only

Contract number

Pre-Authorized Debit (PAD) Agreement – Payor's PAD authorization

1. Account Holder Name and Account Number

Account Holder(s) Surname		First Name		Telephone Number	
Address		City	Province	Postal Code	
Name of the financial institution where the Account is located					
Institution Number	Transit Number	Account Number (with check digit)			

IMPORTANT: Provide a personalized specimen cheque marked "Void."

2. Authorization of Withdrawal

I authorize Desjardins Financial Security Life Assurance Company (DFS) and my financial institution where I have my account or any other financial institution which I may appoint, to debit from my account the amount(s) indicated below according to my instructions:

Commencement date (select a day between 1 and 28): _____
(DD-MM-YYYY)

A fixed monthly amount of \$ _____ (minimum \$25/month).

A lump sum of \$ _____. A PAD Agreement that authorizes a One-Time PAD (which only occurs once on a fixed date) will no longer be valid once the said payment has been fulfilled. Any subsequent PAD will therefore require a newly Authorized Payor's PAD Agreement. The sum will be deposited into my Term Investments' Contract which together constitutes a personal PAD.

Confirmation:

I understand that this PAD Agreement constitutes the confirmation required by section 16 of Payments Canada's Rule H1 and authorize DFS to reduce the 10-day confirmation period set out in that rule. In consequence, this agreement is provided or made available to me less than 10 days before the due date of the first pre-authorized debit. I also waive any other notice confirming the debits authorization or changes to the above debits.

Change or cancellation:

I will advise DFS, of any changes to this agreement at least 10 business days prior to the next withdrawal.

I may revoke my authorization at any time, with a prior notice of at least 10 business days prior to the next withdrawal. To obtain a copy of my cancellation form or for more information on my right to cancel a PAD Agreement, I may consult with my financial institution or visit the Payments Canada Web site at payments.ca.

I agree to release the financial institution of all liability if the revocation is not respected, except in the case of gross negligence by the financial institution. DFS can cancel the PAD Agreement by providing a 30-day prior notice to the Contract Holder and the Account Holder. The agreement can also be cancelled if the financial institution refuses the pre-authorized debits for any reason.

3. Reimbursement

I have certain recourse rights if any debit does not comply with this agreement. For example, I have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on my recourse rights, I may contact my financial institution or visit payments.ca.

I understand that these types of requests are to be made to my financial institution following the procedure it will provide me.

4. Consent for Disclosure of Information

I agree that the information in my application for pre-authorized debit authorization will be shared with the financial institution, insofar as the disclosure of this information is directly related to and necessary for the proper application of the rules applicable for pre-authorized debits.

5. Signature of Account Holder(s)

By signing below, you acknowledge that you have read and authorize the Pre-Authorized Debit (PAD) as described above.

X _____
Signature of Account Holder Date (DD-MM-YYYY)

X _____
Signature of a Second Account Holder Date (DD-MM-YYYY)
(only if two signatures are required)

Desjardins: A name you can count on!

Desjardins Group is the leading cooperative financial group in Canada and one of the country's best capitalized financial institutions. Desjardins Group enjoys credit ratings comparable to those of several major Canadian and international banks and is recognized as one of the most stable financial institutions in the world according to *The Banker*.

desjardinslifeinsurance.com