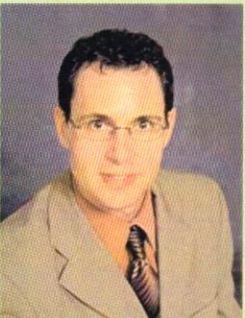


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NEVER THINK NEVER

Volume 1 - Number 3

Will you have the means to make your retirement dreams a reality?

As they get closer to retirement, many people have questions about what their retirement income will be. "When I retire, will I have the savings I need to close the gap between my needs and obligations and my expected retirement income?" For some, the answer to this question could mean postponing retirement. For others, it could mean a substantial decrease in quality of life.

Did you know that in Canada, in 2006, a man's lifespan is estimated at 76 years, whereas a woman's is estimated at 82 years? This translates into retirements lasting about 21 and 27 years, almost as long as the span of your working life!

Our advising approach is to work with you to ensure you have the means to fulfill your retirement dreams. Usually, retired people need 70% to 80% of their current income to live comfortably. It is therefore important to plan for it using a set of simple but efficient means. We have set out some winning practices for retirement savings strategies:

1 Maximize your RRSP contribution

Actuarial calculations show that investing 18% of eligible income in an RRSP is the rate of savings you need to maintain in order to keep your purchasing power for your entire life.

Contribution ceiling

	ANNUITY	RRSP	DPSP*
2006	\$2,111	\$18,000	\$9,500
2007	\$2,222	\$19,000	\$10,000
2008	\$2,333	\$20,000	\$10,500

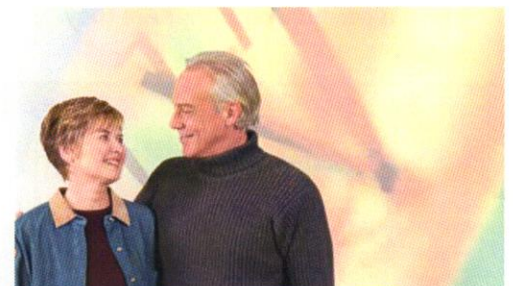
*Deferred profit sharing plan

2 Make up for lost time by using up unused contribution room

On your 2005 assessment notice from the Canada Revenue Agency, check the balance of your unused RRSP contribution room, and take advantage of this tax benefit. You can also check on your unused contribution room by calling the Canada Revenue Agency at 1-800-267-6999. Make sure you have on hand your social insurance number, date of birth, and the total income amount that appears on line 150 of your 2005 tax return.

3 Contribute to your spouse's RRSP

Contribute to the RRSP of the spouse who will have less retirement income. You benefit from an immediate tax deduction and, at retirement, the two of you will pay less tax.



4 Contribute up to \$2,000 extra

Although this type of contribution cannot be used as an immediate tax deduction against your income, the advantage is that it will grow, tax-free. That means that, with a return of 7%, an excess RRSP contribution of \$2,000 will be worth \$3,934 after 10 years, and \$7,739 after 20 years!

Come meet with us.

To map your way to a dream retirement!

5 Borrow to buy RRSPs or take advantage of unused contribution room

With a competitive interest rate, an RRSP loan will allow you to maximize your yearly contribution and build that retirement nest egg. A winning solution if you're short on cash to invest in your RRSP. However, the interest paid on the loan will not be deductible.

6 Budget for retirement

Do you have a goal to reach in less than 10 years? To achieve the lifestyle you want, should you pay off your mortgage or sell income property? Does your retirement dream involve buying a cottage on the water, a condo in Florida – or elsewhere? By using budget management strategies, we can determine whether your goals are realistic and thus help you to achieve them. **Our expertise is geared to making your dreams come true by providing advice that is tailored to your situation.**

7 Review your portfolio every year

Will your strategy take you where you want to be? Are your investments diversified properly? Are they

52% of retirees wish they had saved more.*

delivering the return you want? Are your tolerance for market fluctuations and your investment policy being respected? Simplify your life by grouping your investments, and make it easy to monitor your investment strategy.

8 Buy an annuity to meet your retirement cash flow needs

You've done all the calculations and, in spite of sustained effort, you'll need more money? Thanks to an exclusive, overall approach, solutions such as Desjardins Vision – Retirement allow us to assess whether it would be worth your while to buy an annuity.

9 Find out about the benefits of your private pension plan

Are you among the privileged Canadians who have a private pension plan? Are you familiar with its rules

and benefits? Did you know that, starting in 2007, you might be able to split up to 50% of the income you receive from your pension fund? Find out how to calculate your retirement income so you can supplement it with an RRSP or annuity, if needed. The various governments provide Web sites you can use to calculate the amounts you will be receiving from public plans: for the financial benefits paid by public and retirement pension funds, go to www.hrsdc.gc.ca and click on the *Seniors* heading. For the Régie des rentes du Québec, Québec residents can find out how much is payable by going to www.rrq.gouv.qc.ca, under the heading *Retirement*.

10 Protect your wealth: protecting your wealth is the foundation of all retirement planning. An illness could make it hard for you to consolidate your retirement nest egg

Plan for insurance coverage. Also, it is best not to wait too long to acquire the coverage, to avoid any increase in premiums.

Source: *SOM survey conducted for Desjardins Financial Security, August 2006

Insurance and tax implications at death

Over the years, you make a point of contributing to your RRSP, telling yourself that these savings will give you a comfortable retirement as well as increasing the legacy you want to leave your children. However, did you know that, when you die, your RRSPs become fully taxable, so your heirs could only get a portion of them? That is what will happen unless you have taken the required measures to protect your estate. How?

If you do not have a spouse, the wise thing to do is to take out enough life insurance to cover the tax that will be payable on your RRSPs when you die. This way, with the insurance compensation paid upon your death, your heirs will be able to pay the taxes owing and receive all of the RRSPs.

If you have a spouse, you and your spouse can simultaneously:

- Plan for your individual RRSPs to be transferred to the other partner in the event of death, **AND**
- Jointly take out **life insurance that is payable upon the second death**; the insurance amount must be enough to cover the tax that will then be payable on the RRSPs.

This means that, when the first spouse dies, payment of the tax due on the transferred RRSPs will be postponed until the second spouse dies. When the second spouse dies, the insurance payment to your heirs will allow them to pay the taxes owing on your RRSPs and thus receive the entire RRSP amount.

Note: It is less expensive to take out insurance that is payable upon the second death than to take out two separate insurance policies payable upon each death.

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Money working for people