

Membership Matters

Volume 2—Number 1, January 2006



Desjardins
Credit Union

A MESSAGE FROM THE PRESIDENT

WE'RE READY WHEN YOU ARE

This issue of Membership Matters focuses mainly on RRSPs and their related products like Registered Income Funds.

That's because almost everyone can benefit from RRSPs - they provide an immediate tax saving and help you save for the future.

While there is a lot to think about – like contribution limits and deadlines and a variety of RRSP products – you don't have to make these decisions alone. Almost everyone of our 25 branches has a Financial Advisor who can help you with your retirement strategy. And we've never had a more complete line-up of products to help you save for retirement or manage your retirement income.

Some of the RRSP and RIF products we offer:

- The new Rate-Raiser term savings with a return that gets better every year, guaranteed
- Index-Linked term savings including the new Energy and Base Metals index
- Cashable term savings which can be redeemed at any time
- Convertible 20-month term savings which can be changed to a different product during the term
- US term savings with maturities from 30 days to 5 years

- Automatic transfers to RRSP savings accounts
- RRSP loans at competitive rates

Make an appointment with your Desjardins Financial Advisor today for a complimentary review of your RRSP strategy. Together you can make your retirement dreams a reality.

Alfred Pfeiffer
President and Chief Operating Officer



**It's a Desjardins retirement plan
built on a solid foundation**

Desjardins Credit Union Mortgage Renewal Reminder



SAVE THE DATE

Desjardins Credit Union has great rates on mortgages. When your mortgage comes up for renewal you'll want to make sure you talk to your branch staff. To make it even easier, you can give us your renewal date and we'll call you. It couldn't be simpler to find out what our great mortgage rates are. Clip the coupon on the left and either mail it to your branch or drop it off in person.

THE WAITING GAME

It's human nature to procrastinate. Even when it's in our best interest to do something, we put it off. How many of us wait to file our tax returns on April 30 even when we're getting a refund? And how many of us are just now thinking about making an RRSP contribution?

The good news is you have until March 1 to make a contribution. The bad news is that the only person who is hurt by waiting until the deadline is you.

"The sooner you invest, the sooner your money starts to grow tax free," says Sergio Fortunato Manager of the Sudbury Desjardins Credit Union. "And of course, there's the additional benefit that contributions to an RRSP can give you a sizeable tax refund."

The theory is sound, but finding the cash for an RRSP contribution just after the holidays can be tough. "One of the easiest ways to find the money is to arrange for regular deductions from your savings account. Ten dollars a week, \$50 a month, what ever you can afford. It comes out of your account automatically and goes into an RRSP savings account. At RRSP time your contribution is waiting for you. Start an automatic saving program today and you won't have to scramble for a contribution next year," says Fortunato.

Another option is to consider a loan to make an RRSP contribution. The key here says Fortunato is to make sure you put your tax refund against the loan and don't amortize the loan over more than one year.

Once you have the money for your RRSP contribution, how do you choose the right RRSP product?

"You need to consider when you plan to retire, what other RRSP products you hold and what your risk tolerance is" says Fortunato. "There is an RRSP product that's right for everyone."

"I hear from some investors that they're not happy with the low interest rates on GICs but they don't want to invest in the stock market in case they lose money. They work too hard for their money to have their mutual funds drop in value." says Fortunato. The answer for these people he says is a stock market index linked GIC. Investors chose between the Canadian, US or international stock market. They buy a GIC and the return is tied to the performance of the stock index they chose. If the market does well they get the higher interest. If the market does poorly, the original GIC investment is guaranteed. "You never lose any of your principal with a stock market index linked GIC."

If you know you want to make a contribution but don't have time to figure out what you want to invest in, don't worry says Fortunato. "Open a daily savings RRSP account, or buy a 30- or 60-day term note by March 1 to make sure you meet the deadline. You can figure out where you want to put it later but you will still get the tax receipt for 2005."

Contributing regularly to your RRSP is an investment in your future. It's one investment you don't want to put off.



Clip and return to your branch



PLEASE REMIND ME

BRANCH: _____

NAME: _____

PHONE NUMBER: Daytime: _____
Evening: _____

MORTGAGE RENEWAL DATE: _____



MAKE THE MOST OF YOUR RETIREMENT SAVINGS

Most people dream of a retirement where they are financially secure. To do this, you would need about 70% of the revenue from your last working years. Yet, government retirement plans will probably cover about 50% of your financial needs when you retire. It's up to you to make up the difference.

A Desjardins RRSP is a great way to make your retirement dreams a reality. Your Desjardins Financial Advisor can help you establish a plan to ensure your retirement is everything you dreamt it would be.

Follow three simple steps:

1) Get time on your side and take advantage of interest compounding.

Start your RRSP early.

Michelle was 20 years old when she started saving \$100 a month in an RSP. She contributed for just 10 years and then stopped.

Invested: \$12,000

RRSP value at age 65: \$199,154¹

Peter was 30 when he started saving \$100 a month in his RRSP and contributed for 35 years.

Invested: \$42,000

RRSP Value at age 65: \$180,105

Michelle invests 3 times less than Peter and does so for 25 years fewer. Yet at retirement she has \$19,000 more. She has taken advantage of time and compounding interest. You can too even if you are not in your 20's.

Rather than waiting until the end of February to make your annual contribution, move your investment to the beginning of the year. You can contribute now for the 2006 tax year and let your interest grow tax deferred. If you can't afford to make both your 2005 and 2006 contribution now, consider monthly transfers to your RRSP account or an RRSP loan.

2) Contribute Your Maximum

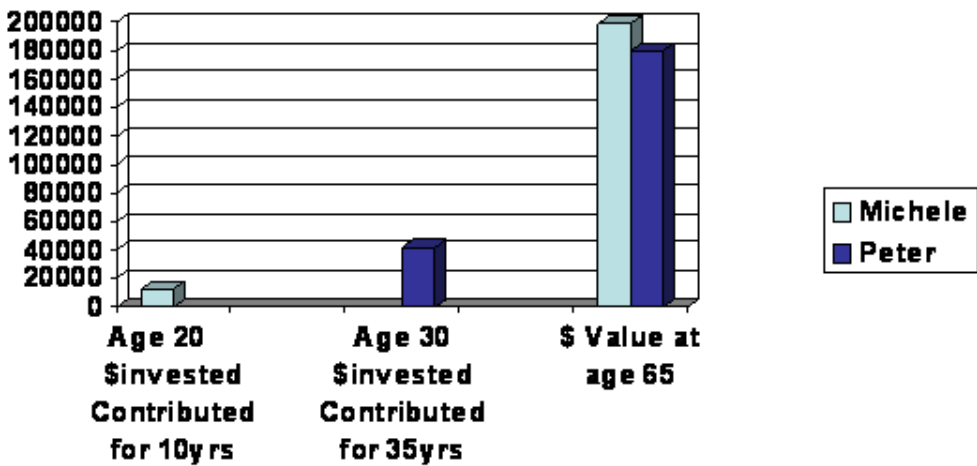
If you can, contribute your maximum each year. Your limit is listed on your Notice of Assessment from last year's income tax return. The Canada Revenue Agency also keeps track of any unused contribution room carried forward from previous years, all the way back to 1991.

To really maximize your RSP, you can contribute \$2,000 above your limit in any given year. You aren't taxed on the over-contribution and you earn interest on it tax-free. You can deduct the amount in a future year.

To find out more about RSP contributions, visit the Canada Revenue Agency web site, www.cra-arc.gc.ca.

3) Diversify

This is the same advice you got when you were told not to keep all your eggs "in one basket." Ideally you want to hold different kinds of RRSP products – that's diversity in assets. You also want investments with different maturity dates – that's diversity through time. If all your GICs come due on one day, say March 1, 2008, you could be in for an unpleasant surprise if interest rates are low then. Choose a variety of investments with a variety of maturities and you will be well diversified.



1. Calculations assume on a constant 7% rate of return (compounded daily and paid monthly). For illustration purposes only.

DESIGN YOUR OWN INVESTMENT, RISK-FREE FOR YOUR CAPITAL WITH THE DESJARDINS DUO

Diversity, security and an investment you customize to suit your needs. The Desjardins DUO is half regular term savings at a superior rate, and half indexed term savings with 100% guaranteed capital. With benefits like these, it's a sure thing.

You design your own investment by choosing from the Canadian, American or International index. Half of your investment goes into the index you choose for superior growth potential, and half goes into a traditional term savings for guaranteed return. It's a great combination.

DESJARDINS RRSP DUO: AN EVEN BETTER RETURN

We offer an even better rate on the term savings portion of your Desjardins DUO when you buy one for your RRSP. Ask about our great RRSP rates.

STOCK MARKET RETURNS WITH 100% GUARANTEE

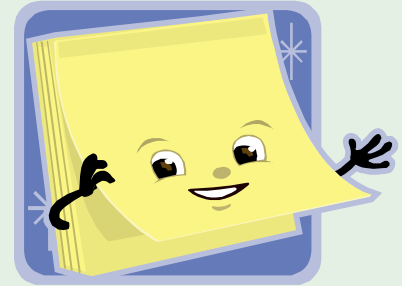
Many investors would like to take advantage of stock market returns, but don't want to risk losing their principal. The Desjardins Index-Linked term savings are an ideal way to get the best of both worlds.

Starting January 16, Desjardins is introducing a highly competitive new Index-Linked term savings: the Energy and Base Metals Index-Linked term savings. This investment is ideal for investors with profiles focused on growth, seeking greater diversification and higher return potential.

The rate of return of this new sector-based term savings product will be based on an equally weighted basket of four raw materials: oil, copper, natural gas and aluminum.

Ask your Desjardins Financial Advisor about adding the Energy and Base Metals Index-Linked term savings to your savings, your RRSP or RIF.

IMPORTANT REMINDERS FOR RRSP CONTRIBUTIONS



Last day to contribute for 2005:
March 1, 2006

Contribution limit:
\$16,500 for 2005
\$18,500 for 2006

Foreign content allowed: No limit

All Desjardins Credit Union saving and investment products are eligible for your RRSP.

Make an appointment today with your Desjardins Financial Advisor to review your RRSP strategy.

GROW YOUR SAVINGS

Looking for an investment with a return that gets better every year, guaranteed? The new Rate Raiser term savings may be the ideal way to build your savings.

The Rate-Raiser comes with lots of flexibility. You can invest for 3 or 5 years and you can choose between a term savings which is locked in or redeemable before maturity. For redeemable Rate-Raisers there's no penalty for redeeming (completely or partially) annually on the anniversary dates. Just withdraw at least \$1,000 and keep a remaining balance of at least \$1,000.

You can also buy Rate-Raisers for your RRSP, RRIF, LIRA or LIF.

Make an appointment with your Desjardins Financial Advisor today to find out if the Rate-Raiser can help you grow your savings.



ACCÈSD INTERNET AND TELEPHONE BANKING

Available 24 / 7

Did you know that you can use AccèsD, the Desjardins online banking service, to make your financial transactions and get account information from the comfort of your living room or office, by phone or online?*

- > More than one million Canadians use AccèsD
- > 97% are satisfied with the service
- > The Desjardins.com Website is visited more than 4.5 million times each month



1 866 DC UNION

www.desjardins.com

Pay bills to over 1,000 eligible organizations

Did you know that over 1,000 organizations allow you to make automated bill payments on AccèsD? Using the bill file to pay your bills is a simple way to reduce paperwork and save money on service charges. Go ahead, try it!

Simplify the way you pay your bills by using AccèsD Telephone or Internet or by going to the ATM (no envelope required).

Find out which organizations are eligible by going to www.desjardins.com and view the frequently updated list or use the search engine.

*Available around the clock, except Sundays, 2:00 a.m. to 6:00 a.m. Eastern time.

Register now! It's free!**

Manage your personal finances online in three easy steps!

- > Have your Desjardins Access Card in hand or visit your branch to get one.
- > Call 1 866 DCUNION to sign up for AccèsD.
- > Activate your password over the telephone or online

More convenience!

Your Desjardins Access Card is also the only card you need to pay for your purchases at merchant terminals and to get cash back from participating merchants.

**Regular transactions fees apply.

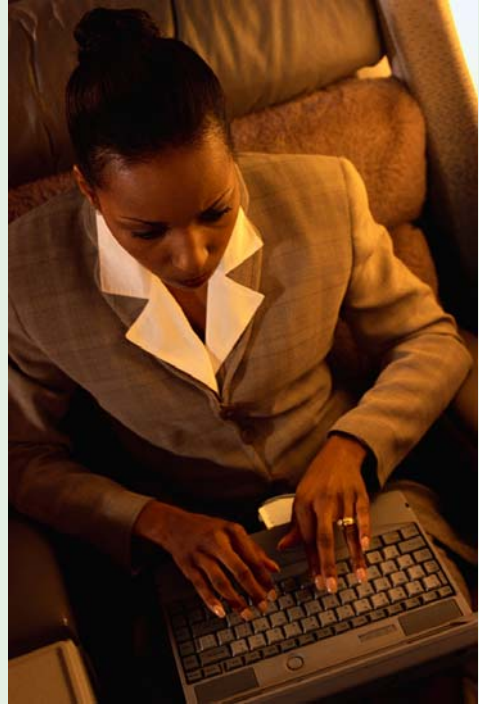
A COMMITMENT TO THE COMMUNITY IN EVERYTHING WE DO

MAKING A DIFFERENCE IN MISSISSAUGA

When Desjardins Credit Union opens a new branch you can bet they will do it in a co-operative manner. To mark the official opening in November of the new Mississauga branch at 214 Queen Street South in Streetsville, your credit union donated \$1,000 to Interim Place, a shelter and crisis centre for abused women.



From left to right: Jean-Guy Langelier (Chairman of the Board of Directors of Desjardins Credit Union), Alfred Pfeiffer (President and Chief Operating Officer of Desjardins Credit Union), Sue Alksnis (Interim Place) and Tom Dara (Branch Manager, Mississauga)



Keep up-to-date
If you have any comments, questions or suggestions let us know:

Website: www.desjardins.com
E-mail: info@dcu.desjardins.com
Call: 1 (888) 283-8333
Write: Communication and Marketing Manager
Desjardins Credit Union
1615 Dundas Street East
Third Floor, East Tower
Whitby, ON L1N 2L1

1,000 AND COUNTING

There are now 1,000 organizations eligible for on-line payments with Desjardins' Internet and Telephone banking services. And we're adding more every week. If you don't see the organization you are looking for, drop us a line at INFO@DCU.Desjardins.com and we'll add it as soon as we can.

Using the bill payment option on AccèsD to pay your bills is a simple way to reduce paperwork, saving money on service charges, and add more convenience to your life. Go ahead, try it. Over 1,600 Desjardins Credit Union members use it every month.



High values. Sound assets.