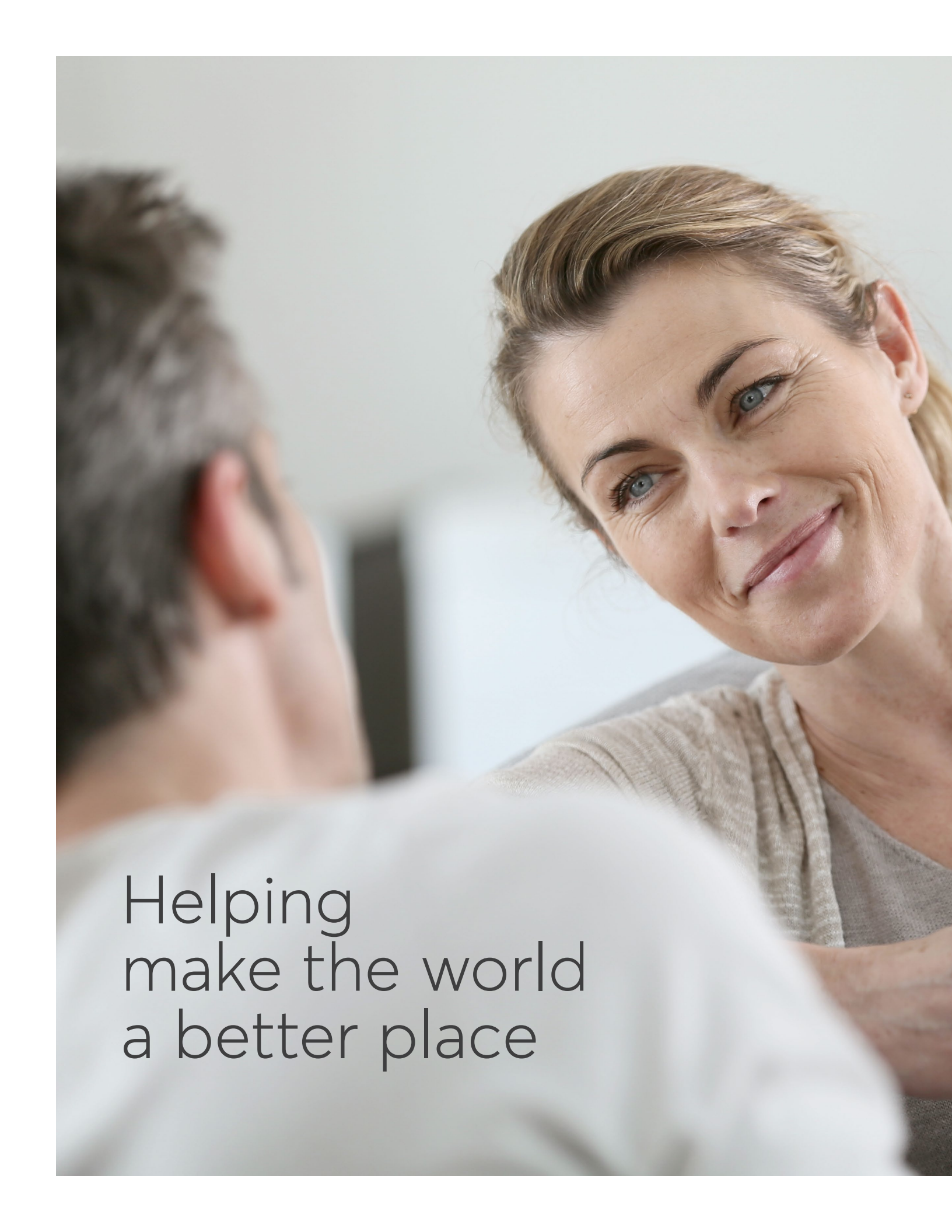


# Desjardins Endowment Funds



A close-up photograph of a woman with blonde hair tied back, smiling warmly at a man whose back is to the camera. The man is wearing a white lab coat. The background is a soft, out-of-focus indoor setting.

Helping  
make the world  
a better place





# Desjardins Endowment Funds

Desjardins Endowment Funds are not just a vehicle for donations; they're also a long-term investment in a cause that matters to you. The funds enable you to make immediate donations or leave a planned gift after your death.

Because the funds are designed to last—one of their best features—investing in an endowment fund guarantees a long-term commitment and ensures the income will go toward the cause you choose. A predetermined percentage of each fund is paid to the organizations you've chosen to support.

You can contribute through gifts of cash, life insurance, securities or Desjardins Funds, and you can benefit from federal and provincial tax deductions for charitable donations.

## A host of advantages

- You can control where your donations go.
- You can count on Desjardins Foundation's expert philanthropic planners to support the causes that matter to you after you pass away.
- Get a variety of tax benefits.
- Funds under management are entrusted to one of the world's safest financial institutions.

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# Establishing a Desjardins Endowment Fund

## Determining your ability to give

The decision to give is often a matter of the heart. Maybe you want to give to a cause you support, or maybe you want to give back to society. You may want to help and make a change; the actual act of giving, though, is a different story.

In order to give, you'll need clear-sighted planning to help you make the most of your financial situation and determine your actual ability to give, without it adversely affecting your other plans. Good planning involves becoming familiar with the tax rules and benefits set out by federal and provincial governments. Remember, planned gifts protect not only your interests, but also the cause you want to support.

Whenever you meet with an advisor about your finances, taxes or estate planning, take the time to determine your ability to give. This way, you'll have a clear idea of your current and future financial situations.

## Choosing a cause that matters to you

Next, you'll need to choose one or more organizations to be the beneficiaries of your endowment fund. These groups will receive annual grants from your fund. Are there any organizations that you want to support after you're gone? Is there a cause in your community that's really important to you? You can choose more than one beneficiary organization and assign a percentage of grant money to each one.

You can change the beneficiary organizations for your endowment fund at any time, as well as the annual percentage of grant money they receive and your order of preference. Changes made before March 1 of each year take effect the same year.

You can also choose a replacement organization—for example, if your designated beneficiary becomes ineligible to receive grants or has ceased activities. Eligible beneficiary organizations are those recognized as "qualified donees" by the Canada Revenue Agency (CRA).

**Sandra Marshall wants to financially support the assisted living home that took care of her.**

**If this institution were to close, she would like for the money to be given to the foundation of the hospital that treated her.**





## Choosing the name of your Desjardins Endowment Fund

You can name your Desjardins Endowment Fund after yourself, in memory of a loved one or any other special name. When Desjardins Foundation provides grants, the beneficiary organizations will see your endowment fund's name on them.

**Desjardins Foundation presents a yearly gift from the Sandra Marshall Endowment Fund to the assisted living home that Sandra designated as a beneficiary.**

You may also make anonymous donations through your endowment fund. If you prefer to maintain your privacy, simply notify Desjardins Foundation at any time.

## Making a gift

### Initial gift

Your initial gift lets you establish your endowment fund. Desjardins Foundation invests this donation so that it can pay out grants to the organizations that you've chosen. For a Desjardins Endowment Fund, you must make an initial donation of at least \$25,000.

In the first calendar year following the year in which you make an initial gift, Desjardins Foundation will start awarding grants to the organizations you've chosen.

**In June, Sandra Marshall makes a gift of \$80,000 to establish the Sandra Marshall Endowment Fund.**

**In April of the following year, Desjardins Foundation presents the first cheque to the assisted living home and lets them know that it was made possible by the Sandra Marshall Endowment Fund.**

The person who makes the initial gift to create the Desjardins Endowment Fund becomes the account holder. The account holder can also designate a joint account holder and a successor. However, only the account holder can make recommendations with respect to the endowment fund.

**If you'd like to establish a Desjardins Endowment Fund with an initial gift of more than \$250,000, Desjardins Foundation has personalized solutions for your specific philanthropic needs. Talk with an endowment fund advisor from Desjardins Foundation.**

### Subsequent gifts

You can make additional gifts at any time to increase your endowment fund's capital.

- Gifts of \$5,000 or more will be immediately deposited in your endowment fund.
- Gifts deposited before June 30 will help increase the grant amount awarded to the beneficiary organizations beginning the following year.
- Gifts of less than \$5,000 will be held and deposited in your endowment fund by December 31 each year.

### Gifts from others

Your family and friends can also make gifts to your endowment fund. Desjardins Foundation issues receipts for donations over \$20.

**Sandra Marshall asks her family to make a gift to the Sandra Marshall Endowment Fund instead of buying her birthday presents. Her family members simply have to fill out an online gift form if they want to contribute to her endowment fund.**

## Types of gifts

There are several ways to contribute to your endowment fund. When you contribute to a Desjardins Endowment Fund, Desjardins Foundation receives your gift and invests it in your endowment fund. Desjardins Foundation then issues you a tax receipt, following tax rules in effect at the time of your donation.

It is important to note, however, that any gifts you make are absolutely final. You won't be able to get this money refunded, and you can't withdraw any money from your endowment fund.

### Immediate donations vs. planned giving

Every situation is unique; that's why it's necessary to talk to a financial specialist and identify the best options available to you. Tax planning or estate planning will help you choose the best option based on your goals and your situation, whether you want to make a gift now or through your will. Your advisor can help you identify the strategy that's right for you.

### Gift of cash

You can use either a cheque or a money transfer to make a cash gift. You'll be issued a tax receipt for the total amount of the gift. You can make cash gifts immediately or include them in your will.

### Gift of securities or Desjardins Funds

It can be to your advantage to gift certain securities, such as publicly traded stock, government bonds and mutual funds (including Desjardins Funds).

**Sandra Marshall wants to gift her publicly traded stock portfolio worth \$80,000.**

**If she sells her stock, she'll have to pay taxes on 50% of the capital gains.**

**Instead, she decides to transfer her stock as a gift. Desjardins Foundation issues a tax receipt in the amount of \$80,000, which is the fair market value of the shares, and Sandra doesn't have to include the capital gains in her tax return.**

You can gift securities immediately or include them in your will.

### Gift of RRSP or RRIF

You can also bequeath your RRSP or RRIF product, or you can choose Desjardins Foundation as the beneficiary of your RRSP or RRIF upon death. You can make this designation directly through the plan or in an annuity contract or your will.

It's also possible to make an immediate gift through your RRSP or your RRIF.



## Gift of life insurance

Did you know that your designated financial security advisor<sup>1</sup> can create a Desjardins Endowment Fund for you using a life insurance policy?

This strategy could help you leave a considerable legacy in your endowment fund and reduce your current tax burden or the taxes due upon your death.

Here are two options available to you:

- Gift a new policy while you're alive
- Designate Desjardins Foundation as the beneficiary of your policy upon death

**If Sandra Marshall decides to gift her life insurance policy while she is alive, she could take advantage of tax benefits immediately.**

- Every year, she'll receive a tax receipt for the amount of the insurance premiums she paid.
- She could reduce her tax burden while she is alive.

**If Sandra Marshall decides to maintain ownership of her life insurance policy, tax benefits will become available upon her death.**

- By maintaining ownership of the policy, she remains in control of decisions.
- The tax receipt will be issued upon death for the insurance benefit amount paid to her endowment fund.
- She could reduce the tax burden upon death and preserve the value of the estate she leaves behind.

Make an appointment with your advisor to learn more about these strategies and to be referred to a financial security advisor<sup>1</sup>.

1. Financial security advisors are employees of Desjardins Financial Security, Financial Services Firm Inc.





## Choosing the annual grant

The annual grant rate of your Desjardins Endowment Fund is the percentage that will be paid out yearly to the organizations you choose. Desjardins Foundation offers you two options. You can recommend one based on your long-term philanthropic goals and the value of the gift used to establish your endowment fund.

- Annual grant rate of 3.5%<sup>2</sup>
- Annual grant rate of 4.5%<sup>3</sup>

Grants are paid out every year between April and June to the beneficiary organizations you've chosen.

**Sandra Marshall makes a gift of \$80,000 to establish her endowment fund.**

**She chooses an annual grant rate of 4.5%.**

**$\$80,000 \times 4.5\% = \$3,600$**

**This year, the Sandra Marshall Endowment Fund will be able to make a gift of \$3,600<sup>4</sup> to the assisted living home.**

The minimum annual grant is \$500 per organization. If this minimum is not reached because the endowment fund has more than one beneficiary, the remaining amount will be divided equally among the organizations you've assigned greater importance to.

Each year, when Desjardins Foundation calculates the grants paid out by your fund, it considers not only your recommendation, but also the guidelines governing charitable organizations and Desjardins Foundation's policies, which may change from time to time.

With a Desjardins Endowment Fund of \$250,000 or more, Desjardins Foundation can offer you more flexibility when it comes to the annual grant rate, such as payout over a predetermined period or based on the performance of the fund.

For more information about personalized philanthropic solutions, contact Desjardins Foundation to speak with an endowment fund advisor.

2. For endowment funds that Desjardins Foundation invests in a SocieTerra Conservative Portfolio, Z4-Class Units

3. For endowment funds that Desjardins Foundation invests in a SocieTerra Balanced Portfolio, Z5-Class Units

4. Returns were not considered in this example. Approximate values for informational purposes only. The year-end portfolio disbursement from the foundation portfolio is based on the unit value of the previous year-end. Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns.



# Investment policy

Desjardins Foundation offers a number of investment solutions, based on the capital invested in a Desjardins Endowment Fund. The Foundation is committed to the sound and prudent management of the Fund's investments.

The most common investment solution for endowment funds is responsible investing, which means that environmental, social and corporate governance criteria are also considered, in addition to the traditional financial analysis, before investments are made. With responsible investing, your investment becomes a tool for change—creating positive spinoffs for both our planet and society.

For example, when choosing SocieTerra Portfolios, Desjardins Foundation invests your gift in companies that value both good financial performance and responsible practices.

## How SocieTerra Portfolios work

Before they can be included in a SocieTerra Portfolio, publicly traded companies must go through a very rigorous selection process:

### Financial analysis

- Just like for traditional funds, we evaluate the company's financial health.

### Exclusion screening

- Companies in the tobacco, arms and nuclear industries are excluded.

### Environmental, social and governance (ESG) practices

- We evaluate the company's operations and processes in terms of its environmental, social and governance practices.

### Shareholder engagement

- We start a dialogue with companies to encourage them to improve their practices.
- Shareholder proposals are submitted to targeted companies, when needed.
- Voting in annual general meetings influences company decisions.

Visit [desjardins.com/societerra](https://desjardins.com/societerra) for more information about SocieTerra Portfolios.

# Your endowment fund annual report

The annual report on your endowment fund activities lets you see the impact of your gift.

Your annual report shows you how much your fund is worth, the management fees collected by Desjardins Foundation and the grants to be paid to the organizations you've chosen.

You can choose a person to receive your endowment fund's annual report upon death—an estate trustee, for example.

# Management fees and administration fees

The management expense ratio varies depending on the chosen investment solution. These expenses are deducted from the portfolio's assets.

Desjardins Foundation administration fees are collected to cover operating expenses, like regulatory measures, financial audits, monitoring to ensure your goals are being met, paying out grants and liaising between organizations and donors. These administration fees are 0.5% of the value of the endowment fund. The Desjardins Foundation Board of Directors may change the administration fees for Desjardins Endowment Funds at any time, without prior notice to donors.

Endowment fund value	<b>\$80,000</b>
Administration fee	<b><math>\\$80,000 \times 0.5\% = \\$400</math></b>
Grant amount paid out	<b><math>\\$80,000 \times 4.5\% = \\$3,600</math></b>
After administration fees are paid to Desjardins Foundation and grants are paid out to the beneficiary organizations, the value of the endowment fund is <b>\$76,000</b> <b><math>(\\$80,000 - \\$400 - \\$3,600)^5</math></b>	

5. Returns were not considered in this example. Approximate values for informational purposes only. The year-end portfolio disbursement from the Foundation's portfolio is based on the unit value of the previous year-end. Desjardins Funds are not guaranteed, their value fluctuates frequently and their past performance is not indicative of their future returns.

# Minimum fund value

If the value of your endowment fund becomes less than \$20,000, you'll receive a notice with your annual report asking you to make an additional gift to reach the minimum required amount of \$25,000. If you (or your successor) do not make an additional donation by June 30 of the same year, Desjardins Foundation will liquidate your endowment fund and award all remaining capital to the organizations you have chosen.

# Changes to your endowment fund

You can change the details and specifics of your Desjardins Endowment Fund at any time:

- Change the name of your endowment fund
- Ask for grants to be provided anonymously or in your name
- Add or remove beneficiary organizations and change their importance
- Change the annual grant rate

You may also establish an endowment fund along with a joint holder, in other words, someone with the right to make changes to your endowment fund with you.

**Sandra Marshall established her endowment fund with her spouse, Peter. He is a joint holder of the Sandra Marshall Endowment Fund. If Sandra's health were to deteriorate, for example, and she were no longer able to make decisions, Peter could then designate a medical research center as the beneficiary organization of the Sandra Marshall Endowment Fund.**

As the Desjardins Endowment Fund account holder, upon death or incapacity, your recommendation right is given to the joint account holder. If the joint account holder passes away or is incapacitated, the recommendation right is given to the successor. If there is no joint account holder or successor, the recommendation right is returned to Desjardins Foundation.





# About Desjardins Foundation

Founded in 1970, Desjardins Foundation is the philanthropic arm of Desjardins Group and works to enrich the lives of individuals and communities through its initiatives in education and its expertise in planned giving.

## **Our governance**

Desjardins Foundation's Board of Directors is made up of three officials from the Executive Committee of the Fédération des caisses Desjardins du Québec.

Consult the Desjardins Foundation Annual Report at **[desjardinsfoundation.com](http://desjardinsfoundation.com)**.



 **Desjardins**  
Foundation



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