

**FOR ADVISOR USE ONLY**

**2024 Fiscal implications for the  
DFS GIF – International Equity Growth – Desjardins**

**Frequently asked questions**

**December 2, 2024**

### 1- Which contract owners will experience tax implications on their 2024 tax return?

All Contract Owners who held units of the guaranteed investment fund (GIF) DFS GIF – International Equity Growth – Desjardins as at December 31, 2024 in a **non-registered** contract.

There is no tax implication for registered contract owners (RRSP, RRIF, TFSA, LIRA, LIF, etc.).

### 2- When will the exact amounts of the capital gains and losses be communicated to non-registered contract owners?

Gains and losses will be reported individually on the tax slips sent in early 2025.

### 3- Do we have an estimate of the tax implications for the GIF?

Here is a **high-level estimate** for 2024 of the percentage of capital gain on net assets for the GIF that is impacted by these specific capital gains distributions. This estimate is based on data available as of November 15, 2024, and relate only to major transactions carried out by the portfolio manager and portfolio sub-advisor.

Funds	Estimated percentage of capital gain on net assets	Contracts for which this GIF is available	
		Helios2	Helios
DFS GIF – International Equity Growth – Desjardins	19%	✓	✓

### 4- Why are there tax implications for the DFS GIF – International Equity Growth – Desjardins in 2024?

The portfolio manager *Desjardins Global Asset Management inc.* and portfolio sub-advisor *Bailie Gifford Overseas Limited* carried out significant transactions in the underlying fund, generating larger-than-normal capital gains distributions for the GIF which is composed of units of this underlying fund. The capital gains generated by these transactions could be allocated to the DFS GIF contract owners holding units of the *DFS GIF – International Equity Growth – Desjardins* and result in capital gains for 2024

### 5- Why contract owners may be subject to tax implications if they made no transactions in 2024?

Although the contract owners may not have made any transactions during the year, the income, capital gains and capital losses of a GIF are allocated to the unit holders each year as prescribed by the *Income Tax Act*. Income is allocated based on the type of income. The allocation of interest and dividend income is based on the number of units held at the end of each month. The capital gains and losses are allocated first to the contract owners who have surrendered/withdrawn units then to all contract owners based on the number of units held at the end of the year.

If units of the GIF are held in a non-registered contract, a portion of the GIF's capital gain or loss may be allocated to the contract owner and must be included on the contract owner's income tax return.

## 6- Why can't we provide accurate tax impact estimates for each contract owner before the end of the year 2024?

Transactions made by the portfolio manager in the underlying fund during the year could generate other capital gains and losses for contract owners for 2024 and would cause these estimates to change. The total capital gains or losses will only be known at the end of the year.

Moreover, it is difficult to estimate the capital gains or losses for each contract owner because the allocation depends on the transactions made by the unit holders of the GIF during the year.

Here's a **simplified example** of a GIF with an estimated capital gain on net assets for 2024 of 5% (estimated capital gains of \$50,000 for total net assets of \$1 million as at December 31) with 5 fictitious clients whose allocated percentage of capital gains varies from the initial estimated percentage of capital gains for the GIF:

Client	Market Value	Appreciation at surrender of the contract (total withdrawal)	Stage 1 : Capital gains from surrendered/withdrawn units	Stage 2 : Remaining capital gains allocated for 2024	Capital gains as % of assets
A*	100,000	1,000	1,000	0 (No more unit attributed to the contract as of December 31 <sup>st</sup> )	1.0%
B*	150,000	9,000	9,000	0 (No more unit attributed to the contract as of December 31 <sup>st</sup> )	6.0%
C	350,000	n/a	0 (No surrender/withdrawal)	14,000	4.0%
D	400,000	n/a	0 (No surrender/withdrawal)	16,000	4.0%
E	250,000	n/a	0 (No surrender/withdrawal)	10,000	4.0%
Total	1,000,000	n/a	10,000	40,000	5.0%

\*Client who surrendered their contract (total withdrawal) in 2024

Capital gains and losses are first allocated to clients who have surrendered/withdrawn units and correspond to the gains or losses they incurred as a result of the surrender/withdrawal. Remaining capital gains and losses are then allocated to all clients who hold units on December 31 based on the number of units held in the GIF.

For more information on the taxation of guaranteed investment funds, please consult the following brochure on Webi:

[Taxation of guaranteed investment funds \(desjardinsassurancevie.com\)](http://desjardinsassurancevie.com)

**7- Have the fees paid by contract owners changed?**

No, this has no impact on management expense ratios, guarantee fees or other fees.

**8- Will this affect the market value of the units of this GIF held by the contract owners?**

No, this has no impact on the unit value of the units of the GIF held or the number of units held.

**9- Has the investment objective for the GIF been changed?**

No, there's no change to the investment objective of this GIF.

**10- What was the performance of the DFS GIF – International Equity Growth – Desjardins?**

Fund	Portfolio Manager	Portfolio Sub-Advisor	Rate of Return <sup>1</sup> (%)				
			3 mo.	YTD	1 yr	3 yr	5 yr
DFS GIF – International Equity Growth – Desjardins	Desjardins Global Asset Management inc.	Baillie Gifford Overseas Limited	3.88	16.03	31.90	-7.88	7.88

<sup>1</sup> Performance is for Series 6 as of October 31st and is annualized for time periods exceeding one year.

To get more information about the GIF, please refer to the fund facts page on our website: [Unit prices and performance - DFS - Desjardins Life Insurance](#)