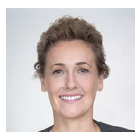


Balanced retirement planning: financial and emotional components



MARJORIE MINET
Vice-President, Wealth Management
Advisory Services

The image we have of ourselves is often defined by our work. Some people's social lives also mainly revolve around work. But once you're prepared financially for retirement, how do you also ensure you're emotionally ready to step down from your career, when so many of the things that have defined you over the years will disappear?

During our working years, our thoughts about retirement mainly centre around financial considerations. Nowadays we're becoming more aware of the behavioural aspects of retirement and the importance of planning—not just financially, but also emotionally—for this milestone in our lives. Thankfully, you won't face the transition alone. Your loved ones will be there with you, and talking to them openly will help you deal with all your concerns with greater peace of mind.

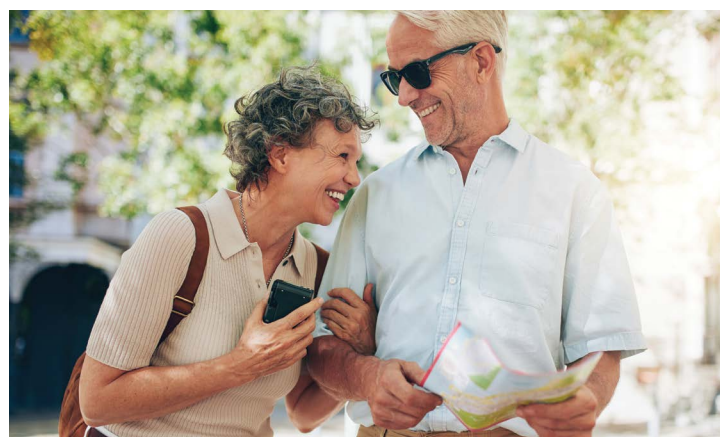
If you have a spouse, do both of you share the same vision of retirement? Will you be entering this new stage in your lives at the same time? Do you want to travel, sell your house to live in a condo, volunteer or perhaps even start a second career? If you have kids, are they expecting you to support them with certain things? Take a moment to imagine what your days will look like post-retirement. This will give you an opportunity to make adjustments if your visions differ.

In this edition, you'll find tips on retirement planning beyond the financial considerations. Martin Bray, Vice-President, Wealth Management Strategic Development discusses the importance of putting together a life plan for retirement. Alain Chevalier, Senior Advisor and Expert Coach on Business Transfers, offers tips for retiring entrepreneurs who are

struggling to part ways with the companies they have built. Finally, our investment strategist Michel Doucet provides the latest assessment on the economy and the stock markets.

I'd like to wish you all a relaxing and stimulating summer holiday surrounded by your loved ones!

Nowadays we're becoming more aware of the behavioural aspects of retirement and the importance of planning—not just financially, but also emotionally—for this milestone in our lives.



A life plan for retirement



MARTIN BRAY, MBA, PI. End
Vice-President, Wealth Management
Strategic Development

Life expectancy at age 65 is approximately 21 years both in Canada and in Quebec. That means that retirement is a long-term period, one that comes with changes not just to your finances, but also to your lifestyle. That's why retirement planning that looks beyond financial considerations is so important to your quality of life.

Our quality of life depends greatly on having a strong sense of meaning and purpose. A life plan can be useful in this respect. It can help you prepare for your transition to retirement and life after work by defining your financial and personal goals and the actions you need to take to accomplish them. In this way, you'll be able to turn your vision of the life you want into reality.

Your values are central to your life plan

Today, you might define yourself on the basis of your career, your kids' education, your hobbies or your income—a combination of different factors that give you a unique social status.

When you retire, your social status changes. That can be disorienting. Your kids will no longer need your full-time investment, and you won't be working in your field, running a business or receiving active income



anymore. What new role will you perform in society and your community in order to derive meaning in your life? Your answer depends on your personal values.

If you have a spouse, have a conversation to ensure that your values are compatible. The important thing is to initiate a dialogue. It's interesting to note that over the last 30 years, divorce rates in Canada have increased among older adults.

Numerous resources are available to help you explore your values, including questionnaires, books, seminars and your advisor.

A life plan can help you prepare for your transition to retirement and life after work.

Evaluate your personal and financial needs in view of your resources

Your values and your personal needs will determine your financial needs, which you can then evaluate taking into account your sources of income. Upon retirement, these typically include government and employer pension plans as well as your personal savings.

Transitioning gradually to retirement and retaining a portion of your employment income can give you an additional source of cash inflow, while also fulfilling an emotional need to continue being involved in your professional life. That's one of the aspects of your life plan that will have a direct impact on your income, alongside the type of transition to retirement you choose and the age at which you start this transition.

A plan for retirement that's in line with your goals goes well beyond financial considerations alone. Consider putting together a life plan.

Business transfers: letting go gently



ALAIN CHEVALIER, MBA, F.PI., PCC
Senior Advisor and
Business Transfer Coach

It's hard to imagine that one day you'll have to part ways with the company you created and nurtured for so many years. The majority of entrepreneurs who consult me see their business as a fundamental part of their lives, both professionally and personally. It's their daily routine, it's always been on their mind and it's shaped the way they've lived over the past 15, 20 or 30 years. Some even describe it in terms of their life's purpose.

What could be more agonizing than contemplating a complete change in lifestyle, interests and social circle?

In her work, Brigitte Paré often recalls the client who broke into tears when he returned to his farm just after it was sold. "Entrepreneurs are very attached to their business, especially in the agricultural sector," says the advisor with the CMCA (Centre multi-conseils agricoles, or Multiadvisory Farm Centre) specializing in farm transfers and human and organizational management. "Some experience a euphoric phase followed by a feeling of disorientation. Others need to hang on in order to feel useful." That can have negative consequences on the new owners, especially if the former owner doesn't give them enough space.

In my view, avoiding these pitfalls comes down to three fundamental pillars.

1. Good communication

If you find that you're unable to let go, it's extremely important to identify the true reason why. The idea is to clearly articulate your worries and expectations so that mutual understanding can occur. If you're concerned about raising certain issues with family members or close associates, consider going through an intermediary.

2. Solid planning

It's important to use time to your advantage. A successful transfer can take anywhere from 5 to 10 years, so it's never too early to consider your options, talk to an advisor and plan out the various steps.

3. A gradual transfer

Rather than picking a fateful day when you'll give everything up at once, consider transferring your responsibilities gradually. By letting go of one piece at a time, you'll be able to work new activities into your routine and give the next generation some time to learn the ropes. You'll find that letting go of smaller things is easier to overcome.

If you can't completely cut the cord, try to agree on staying on to do tasks that you enjoy, like one of Brigitte Paré's clients who became an employee of the maple farm he used to own. If properly organized, this type of arrangement can be perfectly viable and even advantageous for everyone involved.

Five practical tips

> Play a role

If the business will stay in the family, I recommend approaching discussions as a roleplay activity, with a buyer and a seller. As Brigitte Paré aptly puts it, "You know exactly what makes your family tick!" To keep discussions productive, don't say anything you wouldn't say to a stranger.

> Have fun

Are there things you've always wanted to do but lacked the time? Make a list and get started!

> Test your resilience

Go on vacation for a full month and cut off all contact with the future owners of your business. Use the opportunity to rediscover the joy of doing new and exciting things.

> Reconnect with your values

What does living life to the fullest mean to you? Former business owners have a lot to contribute. "To redefine your role in society, you have to choose activities that provide you with meaning," says Brigitte Paré.

> Get help

There's no substitute to getting an opinion from a neutral third party. Talk to someone you know who's already been through the process, or discuss your concerns with an HR specialist, an expert on the human aspects of business transfers, a psychologist or a representative of an organization like Réseau M.

All eyes on inflation and interest rate hikes



MICHEL DOUCET
Vice-President and Portfolio Manager
Full-service Brokerage

Hockey greats Maurice Richard, Jean Béliveau, Guy Lafleur, Mike Bossy and Wayne Gretzky all have a few things in common, one of them being the ability to predict where the game will go. Gretzky attributed his success to the fact that he skated where the puck is going to be, not where it has been. In investing, you also have to look toward the future and adapt your strategy accordingly.

Investors and central banks in the major industrialized nations are all keeping their eyes on inflation. The rise in prices is a consequence of a combination of supply shocks, including the pandemic, China's zero-Covid strategy, supply chain bottlenecks, labour shortages and the impact of the war in Ukraine on commodity prices. Domestic demand, driven up by fiscal and monetary policy, has also stimulated economic activity and inflation. This series of supply and demand shocks has pushed inflation outside target ranges—in Canada, between 1% and 3%, with a median of 2%.

The inflation trend has been ongoing since June 2020. It didn't start with the war in Ukraine. The Bank of Canada estimates that inflation will average just below

6% in the first half of the year and will remain "well above" the target range for the rest of the year before falling to 2.5% in 2023 and 2% in 2024.

Putting words into action, the Bank of Canada didn't shy away from raising interest rates on several occasions since March, and its governor has indicated that other rate hikes would be needed to bring inflation within the target range. The overnight market sees the key rate hitting 2.75% to 3.00% by the end of 2022. Desjardins Group anticipates a more modest 2.25%.

This trend has consequences for investors. For example, the rise in interest rates has decreased the value of equities and bonds since the start of the year. It also puts performance expectations and investment risk premiums into perspective. For some, the rise in interest rates is a first. For others, it's an opportunity to obtain higher returns on bonds and stocks with dividends, for example.

It's important to keep in mind that economic activity will continue to move forward in 2022 and it's too early to raise the prospect of a recession. Assuming a neutral (equilibrium) interest rate of 2% to 3%, we can conclude that monetary policy would become restrictive beyond a rate of 3%.

Your wealth manager is there to guide you through this uncertain period. Don't hesitate to contact them!



Head Office
300-1170 Rue Peel
Montreal QC H3B 0A9



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