



Family. A word that signifies a lifetime of shared promises and dreams. Over the years, you and your loved ones have worked together to achieve many goals. Now there's a way that you can come together to address everyone's financial needs - in the short term, and in the future.

WHAT IS FAMILY SPLIT DOLLAR?

Family Split Dollar helps you and your adult children protect an estate, while maintaining or even improving your own lifestyle. All it requires is a universal life insurance plan that's designed according to your family's individual financial capabilities and objectives. It's simple – and it allows you and your children to share in the contributions and the rewards.

HOW DOES IT WORK?

You share the contributions

You and your children determine how much each of you can invest annually over a specified period of time, for instance, 10 years. With these funds, you purchase a joint-last-to-die universal life insurance plan with your children named as the beneficiaries. You, the parents, are the Insureds. For five years, the contributions are split between you and your children. After five years, you are free from making further contributions. Your children continue to make the full premium payments (including your annual contribution) into the policy to year 10.

You share the rewards

IN THE LONG TERM: By purchasing a universal life insurance plan, you and your children have created an immediate estate that will grow over time.

PLUS...

IN THE SHORT TERM: At the end of the five years, you can access a substantial tax-free¹ amount because you will be withdrawing up to 50% of the Cash Value, when your contributions were much less than 50%. These funds represent an exceptional 'return' on your investment. The funds can be used however you choose – to supplement your retirement income, go on a cruise, or re-model your home. The universal life insurance plan remains in force, and the policy proceeds continue to grow (provided the children continue to make the specified premium payments).

The universal life proceeds are paid to your beneficiaries at death, and your children inherit an estate that they helped create and preserve.

¹ Up to 50% of the Cash Value can be accessed tax-free.



WHAT MAKES THIS SOLUTION SO ATTRACTIVE?

Family Split Dollar provides families with three key benefits:

- 1) Contributions are minimal (as compared to other alternatives) and the 'returns' are excellent.
- 2) It allows for short-term funding of your goals, using partial withdrawals.
- 3) It provides an immediate estate for your named beneficiaries – and the proceeds are not subject to probate fees* or final taxes.

WHO SHOULD CONSIDER FAMILY SPLIT DOLLAR?

You should consider this solution if you have adult children, and you're approaching retirement or you're already retired. You may be looking to receive a very good return on your investment over a short time. Your children may be looking for ways to help you create or preserve your estate, without compromising your lifestyle.

AN EXAMPLE:

The Peters family wishes to contribute a total annual deposit amount of \$10,000 for 10 years. Both parents are 65 years old.

How will this annual premium be shared between parents and children? This is a family decision, of course. The Peters choose to divide the premium like this:

Year	Children's Annual Contribution	Parents' Annual Contribution
1-5	\$5,917	\$4,083
6-10	\$10,000	\$0
11+	\$0	\$0

THE RESULT:

In the fifth year, the parents will be able to withdraw \$23,000 (50% of the Cash Value within the policy). No tax is payable on this amount according to current tax laws. This represents the equivalent of an 8%² gain on the investment.

The policy remains in force. Only the Peters children make payments now. They will continue paying the full premium for the next five years.

Should the parents live to year 22 of the policy, their Death Benefit (the children's inheritance) is \$326,605 (provided that the Peters children continue to make the specified full payments to year 10, at the projected policy rate of return).

HOW DOES THIS 'RETURN' COMPARE TO AN ALTERNATIVE INVESTMENT?

To obtain such growth in an alternative taxable investment over the same 22 year period, the Peters' children would have to net a 17.21% annual return² - an astounding amount.

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At RBC Insurance, you benefit from the strength, stability and tradition associated with one of the oldest and largest group of companies in North America. This reputation for strength, trust and dependability is reflected in every insurance policy we offer.

Like many financial products, universal life insurance can be complex. RBC Life Insurance Company recommends that you consult your legal and tax advisors to determine if this concept is right for you.

* Note that probate fees are applicable to proceeds if the policy is part of your estate.

² Pre-tax based on a 50% marginal tax rate.