

# RBC INSURANCE PRODUCT UPDATE

## Effective October 1, 2009

- New index crediting strategies for RBC Choice Series of FIAs
- Changes to RBC GLWB Riders
- Safest banks update

Annuities and riders issued by Liberty Life Insurance Company

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### **New index crediting strategies**

Beginning October 1, 2009, two new indexed account crediting strategies will be available for new sales of RBC Choice Series annuities (in approved states). Now, your clients will have a total of **five** ways to earn interest with their RBC Choice Series Annuities:

- › Fixed account (8 year MYG account for RBC Enhanced Choice annuities/1 year for RBC Choice 10)
- › **New:** Indexed account with one-year monthly additive strategy linked to the S&P 500<sup>®</sup>
- › **New:** Indexed account with annual point-to-point strategy linked to the S&P 500<sup>®</sup>
- › Indexed account with one-year monthly average strategy linked to the DJIA<sup>SM</sup>
- › Indexed account with one-year quarterly additive strategy linked to the DJIA<sup>SM</sup>

**Applications signed October 1 and later:** New clients may allocate to any of the five interest crediting strategies with applications signed and dated October 1 and later. Marketing kits and point-of-sale forms reflecting this product design in states where they are approved are currently available from our Web site at [www.rbcinsurance.com/usrep](http://www.rbcinsurance.com/usrep) and through our fulfillment center, Iron Mountain at <http://rbc.litorders.com>.

**Sales between now and October 1, 2009:** If you have a client currently interested in an RBC Choice Series annuity, please note the following:

Clients with applications dated, submitted, pending or issued prior to October 1, 2009 will not have the opportunity to allocate to the new interest crediting strategies until their first contract anniversary. **The allocation selections made at the time of the application will be implemented at contract issue. Normal rate hold procedures apply; no exceptions.** To review our rate hold procedures, visit [www.rbcinsurance.com/usrep](http://www.rbcinsurance.com/usrep).

**Opportunities for existing clients:** The new interest crediting strategies will be available to current RBC Choice Series clients in approved states on their contract anniversaries. This procedure will start with clients who have contract anniversaries on or after November 12, 2009. As additional state approvals are received, clients in those states will have the same opportunity to allocate to the new interest crediting strategies on their anniversary.

### **Changes to the RBC GLWB and RBC Enhanced GLWB Riders effective October 1, 2009**

For many months now our GLWB income riders have been some of the most popular in the industry, a fact we take great pride in.

We know your clients are buying RBC GLWB Riders because they want income benefits they can never outlive that are guaranteed by a financial institution with a reputation for strength and stability. You and your clients will utilize the income benefit; therefore, it must be rock solid and certain. Given the importance of these benefits, it is imperative that RBC Insurance maintains its 100+ years of delivering on its promises.

When we developed our riders more than a year ago, the economic environment was much different than it is today.

- › The credit markets were stronger and afforded more investment opportunities and diversity.
- › While on the mend, today's credit markets are not gaining strength as quickly as other parts of our economy and interest rates remain extremely low.
- › Spreads on quality debt instruments have collapsed from 300+ basis points early in 2009 to barely 100 basis points today.
- › We do not see any improvement in this environment for at least the next 6 to 18 months.

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RBC Insurance<sup>®</sup>



Given these facts, and after a long and careful review, we have concluded that we cannot provide the current level of benefits on our GLWB riders to new customers.

**As a result, on October 1, 2009, the following rider changes take effect:**

- › The new compounded rollup rate for both riders will be **7.5%** and the rollup period will be **10 years**.
- › The immediate income bonus for the RBC GLWB Rider will be **3%**.
- › The lifetime withdrawal percentages for joint owners will **decrease by .50%** for both riders.

These changes WILL take effect for any point-of-sale paperwork received in our service center after September 30, 2009, 5 p.m. eastern time.

These changes WILL NOT affect any in good order point-of-sale paperwork currently in house or received prior to October 1, 2009. **NOTE:** Existing contract owners with RBC GLWB Riders are not affected.

Updated marketing materials are available from our Web site at [www.rbcinsurance.com/usrep](http://www.rbcinsurance.com/usrep) and through our fulfillment center, Iron Mountain at <http://rbc.litorders.com>.

**Important reminders regarding these changes ...**

- › RBC GLWB Riders continue to be among the most competitive available for both the rollup rate and actual income payments to contract owners.
- › Once issued, rollup rates will not change over the life of the contract.
- › All bonuses vest immediately on day one and cannot be taken away.
- › The rollup rate will be credited every year during the rollup period regardless of client behavior.
- › The riders' income base doubles in less than nine years depending on annuity chosen.
- › The Enhanced GLWB Rider offers a 50% increase in income payments for contract owners who qualify.

The result is a very strong income benefit that stands tall and at the forefront of the industry.

These changes will allow RBC to continue to focus on its disciplined, prudent pricing and investment strategy. We plan to be a reliable, well capitalized partner for our distributors and producers and to be a part of our contract owners' lives for years to come. It is for these very reasons and many more that you partnered with RBC in the first place.

**The strength and safety of RBC**

In the August 2009 *Global Finance* magazine report on the "World's 50 Safest Banks," RBC is ranked:

- › #10 overall in the world
- › #1 overall as the safest bank in North America

In the report, Canadian banks occupy 6 of the 50 spots among the world's safest 50 banks, reaffirming Canada's position as the soundest banking system in the world. *Global Finance* magazine has published this report for the past 18 years. Banks that comprise the report are selected through a comparison of credit ratings and total assets of the 500 largest banks in the world.

For questions or assistance with RBC products, please contact the RBC Insurance Sales Desk at 888-262-8131.

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