

July 7, 2010

# IMPORTANT PRODUCT NOTICE

## Changes to the RBC GLWB and RBC Enhanced GLWB Income Riders Effective July 19, 2010

Annuities and riders issued by Liberty Life Insurance Company

**FOR PRODUCER USE ONLY. NOT FOR CONSUMER SOLICITATION.**

On July 1, 2010, RBC, like all other companies, was required to begin implementing a new valuation interest rate to its annuities and riders. This rate was significantly, but not surprisingly, reduced. (Note: The valuation interest rate is set by a formula provided by the NAIC and used to determine the necessary reserves that are needed to back annuity and rider contract promises and commitments.)

Be assured, we have designed our products to provide maximum value to you and your clients with minimum acceptable profit targets for RBC. However, when something like the valuation interest rate changes, we must do something to keep the product on par with current conditions. After considering many options, RBC will be making changes to our income riders. We believe these changes (shown below) will minimize the negative impact to all.

### On July 19, 2010, the following rider changes will take effect:

- The immediate income bonus for the RBC GLWB Rider will **increase to 5%**.
- Annual cost for RBC GLWB Rider **will increase to 0.60%**.
- The rollup period for both riders **will increase to 12 years**.
- The lifetime withdrawal percentages for single and joint owners **will decrease by .50%** for both riders.

**Note: There are NO CHANGES to the compounded rollup rate of 7.5% for both riders.**

These changes WILL take effect for applications received in our service center after Friday, July 16, 2010, 5 p.m. eastern time. These changes WILL NOT affect any applications currently in house or received prior to July 16, 2010.

**Note:** Existing contract owners with RBC GLWB Riders are not affected by these changes. Updated marketing materials will be available from our [Producer Web site](#) and [fulfillment center](#) beginning Thursday, July 15.

### Important reminders regarding our income riders ...

- 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 and rider charge rates do 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 growth phase regardless of client behavior.
- The riders' income base doubles in less than nine years depending on annuity chosen assuming no excess withdrawals were taken during the growth phase.
- The Enhanced GLWB Rider offers a 50% increase in income payments for contract owners who qualify.

The changes we are implementing now will allow RBC to continue to focus on its disciplined, prudent pricing and investment strategy. We will continue to provide straightforward, strong benefits to your customers, support good compensation for you, and maintain strong growth and excellent strength for the long term. If you have any questions, regarding these changes or RBC's portfolio of annuity and life products, please contact the RBC Insurance Sales Desk at 888-262-8131.

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