



*Choose an annuity with built-in flexibility  
for your changing needs ...*

## The RBC Choice 10 Annuity

*Safety of principal and the potential for  
interest earnings based on the performance  
of an index*

Each year, many Americans choose annuities to play an important role in achieving financial security for their retirement. Because today's retirees are living longer, healthier and more active lives than any generation before them, they need financial products to help them achieve their objectives. A fixed index deferred annuity is one such product that can assist in providing a comfortable retirement.

### ***Why consider a deferred annuity?***

It is an insurance product you can use to accumulate funds for retirement and other long-term objectives. This type of annuity allows you to defer receiving income payments to a later date. By including deferred annuities in the strategy you develop to meet your financial goals, you can gain many important benefits:

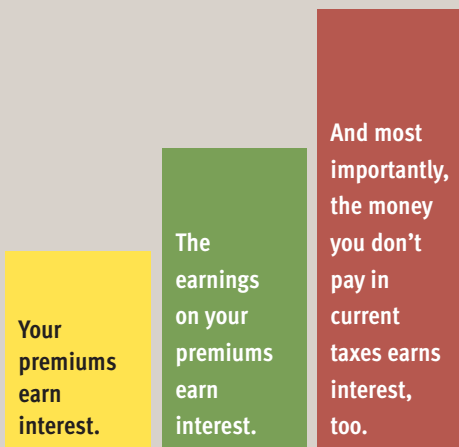
- › Competitive interest rates
- › Tax-deferred growth
- › Interest rate guarantees that never fall below a set minimum
- › Principal protection against market loss
- › Full liquidity under certain life events
- › Guaranteed income for a lifetime
- › Current tax savings
- › Possible avoidance of probate, its costs, delays and publicity
- › Possible avoidance of taxes on Social Security payments

**NOT A BANK OR CREDIT UNION DEPOSIT OR OBLIGATION • NOT FDIC OR NCUA INSURED  
NOT INSURED BY ANY FEDERAL AGENCY • NOT GUARANTEED BY ANY BANK OR CREDIT UNION**



Insurance offered by  
**Liberty Life Insurance Company**

## Triple Compounding ... Three Components of Tax-deferred Growth



RBC Insurance® is the brand name for Liberty Life Insurance Company, a part of the global insurance operations of Royal Bank of Canada.

### *Why choose a financial product with tax-deferred growth?*

Money grows faster in a long-term, tax-deferred product like an annuity because interest compounds on top of the money you ordinarily would have paid in current income taxes. A tax-deferred product may outperform a taxable one because you have three components working for you. See chart in left margin.

### *Why consider a fixed index annuity?*

With fixed index annuities you can benefit from stock market trends without owning stocks. It's common knowledge that stock ownership can be a risky venture – it might pay great rewards or could result in severe losses. A fixed index annuity allows you to enjoy the security features of a traditional fixed annuity, while giving you the upside earnings potential of interest that is based on the performance of an index.

This annuity does not represent a direct investment in the stock market. Rather, it relies on a stock market index or indicator like the Dow Jones Industrial Average<sup>SM</sup> (DJIA<sup>SM</sup>) to determine the interest rate that will be paid on a portion of the premium.

### *Who buys a fixed index annuity?*

These annuities are purchased for their potential to earn more money than might be possible with other safe financial products. Fixed index annuities allow people:

- › Who are afraid of the volatility of the stock market the opportunity to test the waters by linking potential earnings to a stock market indicator rather than buying actual stocks.
- › Who are or have been invested in the stock market but now want to concentrate on preserving profits and/or preventing future losses.

### *What is the RBC Choice 10 Fixed Index Annuity?*

It is a 10-year, single premium tax-deferred annuity that starts with a premium payment of at least \$5,000. Additional premium deposits of \$500 or more are allowed in the first year. See page 5 for details. This annuity allows you to allocate your money between one, two or all three of the following interest accounts:

- › A **fixed account** with a 1-year guaranteed interest rate on the initial premium payment.
- › A 1-year monthly average **indexed account** linked to the DJIA with a maximum on the interest credited.
- › A 1-year quarterly additive point-to-point **indexed account** linked to the DJIA with a maximum on the interest credited.

“Dow Jones Industrial Average<sup>SM</sup>” is a service mark of Dow Jones & Company, Inc. It has been licensed for use for certain purposes by Liberty Life Insurance Company. This annuity is not sponsored, endorsed, sold or promoted by Dow Jones and Dow Jones makes no representation regarding the advisability of purchasing this annuity.

### ***What is the Dow Jones Industrial Average (DJIA)?***

This index is the oldest continuous barometer of the U.S. stock market, and the most widely used indicator of stock market activity in the world. It is made up of 30 major companies from a variety of industries. As household names and often leaders in industry innovations, these high-profile companies are good barometers of overall stock market activity.

*This annuity's indexed accounts do not credit the same return or a percentage of the return of any index. The DJIA does not include the dividend income of the company stocks that comprise it.*

### ***What does maximum on the interest credited to an indexed account mean?***

It refers to an upper limit on the interest rate that will be credited to the annuity no matter how well the index performs.

### ***Why is there an upper limit on the interest rate that will be credited to the indexed account?***

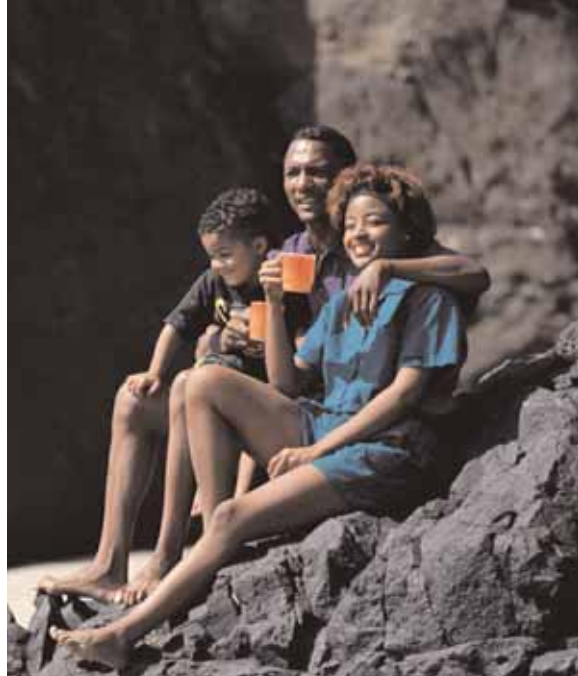
Because RBC Insurance protects you from earning a negative interest rate, you may not be able to participate in the highest of interest rate returns.

### ***Can gains in one year be lost in subsequent years?***

No. Each indexed account uses what is called an “annual reset” indexing method. This method starts the indexed interest calculation fresh each contract year. Consequently, interest already credited in prior years is never taken away or reduced by subsequent decreases in the stock market index. Each contract year's index growth is measured from the starting index value for that contract year, so an index decline in one year has no detrimental effect on the indexed account interest rate in the next contract year.

### ***Can I access my money if I need it?***

Yes. While the RBC Choice 10 Annuity is designed to be a long-term place for your money, we offer a number of withdrawal privileges that allow you to obtain money from your annuity should you need it. Consult page 6 for details on withdrawal privilege options.



**Indexed accounts** allow you to receive interest that is based on the performance of an index.



The **fixed account** earns a competitive interest rate set by RBC Insurance.

### ***What are contract charges and how are they assessed with this annuity?***

Generally speaking, a contract charge is a penalty for early withdrawal. With this annuity, contract charges (withdrawal charges and market value adjustment charges) are assessed for taking more than a certain amount of money out of your annuity prior to a specified date.

An annuity is not intended as a short-term financial vehicle. Insurance companies place premium dollars in long-term investments to provide contract owners the potential to earn a greater return over the contract period than short-term investments can provide.

The primary purpose of a contract charge is to discourage excessive early withdrawals in order to keep as much money as possible in your annuity working for you. Consult page 6 for details on contract charges for early withdrawals.

### ***Are there sales charges?***

When you purchase an annuity from RBC Insurance, 100% of your premium goes into the Fixed Account and/or Indexed Accounts as selected by you.

As with all financial products, it is important to completely understand what you are purchasing. While an annuity might not be right for every person or every situation, it is an important tool that should be considered when developing a financial plan.

Exploring all of your options is the key to finding success along the road to retirement.

## **RBC Choice 10 Annuity at a Glance**

### **Issue Ages**

0-80 for money intended to fund a tax-qualified IRA

0-85 for non tax-qualified money

### **Premium Payment**

\$5,000 minimum (for both qualified and non-qualified money)

\$1,000,000 maximum premium ages 0-80

\$250,000 maximum premium ages 81-85

(Larger amounts considered with company approval.)

### Additional Premium Deposits

\$500. Up to 5 additional premium deposits are allowed in the first 12 months (first 4 months in Pa). Each additional premium deposit is credited to the fixed account until the next contract anniversary. All premium deposits made after the initial premium payment will be credited with the interest rate currently in effect at the time received. The interest rate for additional premium deposits will be guaranteed until the end of the first contract year.

### Interest Rate Options

Choice of 3 options:

- › 1 Fixed Account
- › 2 Indexed Accounts
  - 1-year monthly average with either an annual cap rate or an annual spread fee determined at contract issue and guaranteed for 1 year. The annual cap rate or annual spread fee may change on subsequent contract anniversaries; however, the cap will never be less than 5% and the spread fee will never be greater than 9%.
  - 1-year quarterly point-to-point with a quarterly index cap rate determined at contract issue and guaranteed for 1 year. The quarterly cap rate may change on subsequent contract anniversaries; however, it will never be less than 1%.

#### 1-Year Fixed Account

This annuity contract provides a competitive initial interest rate that is guaranteed for 1 year and reflects a 1% interest rate enhancement for the first contract year. The interest rate for the initial premium payment will appear on the annuity's contract schedule page. Following the first contract year, the company may declare, at its discretion, different interest rates for this account. Although these rates are subject to change, they will never be less than 1%.

#### 1-Year Monthly Average Indexed Account

This is calculated by comparing the value of the index on the first day of each contract year with the monthly average of the index value for that year. The ratio between the two determines the rate of growth used in a formula (that includes a cap rate or spread fee) to calculate the interest rate that will be credited on the last day of the contract year. Even in a down market, your interest rate will never be less than zero.

*For examples of how this indexed account works in various market conditions, please consult the product disclosure.*



Your annuity's **accumulation phase** is the period of time in which you pay money into the annuity and it earns interest.



Your annuity's **annuitization phase** is the period of time in which you receive guaranteed income payments from the annuity.

### 1-Year Quarterly Additive Point-to-Point Indexed Account

This is calculated by using a formula that compares the index value at the start of the quarter to the index value at the end of the quarter. This value is then compared to a quarterly cap rate and the resulting value becomes the quarterly index interest rate. The quarterly index interest rate for all four quarters are added together to determine the interest rate that will be credited on the last day of the contract year. Even in a down market, your interest rate will never be less than zero.

*For examples of how this indexed account works in various market conditions, please consult the product disclosure.*

**Rollovers and Transfers:** IRAs, SEP IRAs and Roth IRAs are the only types of qualified plans that may be set up.

### Withdrawal Privilege Options\*

**Partial Withdrawals:** Up to 10% of the accumulation value may be withdrawn free of contract charges once each year after the first contract year. Additional partial withdrawals are also available within the same contract year; however, contract charges will apply. Must have \$2,000 or more in the annuity to exercise a partial withdrawal option. (A \$500 minimum withdrawal is required.)

**Systematic Withdrawals:** After the first contract year, a specified dollar amount per payment or specified percentage of the accumulation value may be withdrawn on a monthly, quarterly, semi-annual or annual basis.\* This may be selected at issue or anytime thereafter. Withdrawal amount must be at least \$100. *Withdrawals that exceed 10% of the accumulation value at the beginning of the contract year may be subject to contract charges.*

**Required Minimum Distribution (RMD):** Available if annuity is issued as part of a qualified retirement plan. We will assist in meeting the IRS-required minimum distributions for our customers.\*

### Additional Withdrawal Options\*

**Confinement Waiver:** Free withdrawals of up to 100% of the accumulation value after the first contract year if owner is confined to a long-term care facility or hospital for 90 consecutive days or more after the contract is issued. *Not available in all states.*

**Terminal Illness Waiver:** Free withdrawals of up to 100% of the accumulation value after the first contract year if owner becomes terminally ill with less than 12 months to live. Illness must have been diagnosed after contract was issued. *Not available in all states.*

\*Important Information About Withdrawals: Withdrawals prior to age 59½ may be subject to a 10% IRS penalty. Withdrawals will be taken out of the fixed account first. Only after this account has been exhausted will any remaining requested money be deducted from an indexed account. Since interest is credited at the end of a contract year for the indexed accounts, withdrawals made between contract anniversaries will receive no interest. Note: Withdrawals may also reduce the value of the contract.

### Market Value Adjustment (MVA) feature

MVAs help protect you and the company from the adverse effects of excessive withdrawals and surrenders. With this protection in place, we can credit a higher interest rate than otherwise possible.

An MVA is an adjustment made to the accumulation value when withdrawals in excess of the annuity's free withdrawal privileges are taken in the first 10 contract years or if the contract is surrendered early. The MVA reflects the change in interest rates from the time the annuity is purchased to the time the withdrawal is made.

In general, a change in interest rates can cause an increase or decrease in the accumulation value. *The MVA feature is not applicable in all states.*

### Contract Charges for Early Withdrawal (+ or - MVA)

While partial withdrawals are always available, a contract charge is assessed on the portion that exceeds the free withdrawal privilege amount or if the annuity is surrendered early. A breakdown of these charges is provided in the chart in the margin.

#### **Contract charges are not assessed when:**

- › You make one annual withdrawal of up to 10% of the annuity's accumulation value after the first contract year.
- › You make a withdrawal after the 10th year.
- › After the first 12 months, you select an income for life.
- › After the first 5 contract years, you select an income payment option with a guaranteed period of at least 5 years.
- › You make a withdrawal after the first year due to a long-term care/hospital confinement or terminal illness diagnosis, as defined by the annuity contract.
- › Death proceeds are paid to the designated beneficiary.

### Death Benefit

Upon death, the beneficiary will be paid either the accumulation value or the minimum guaranteed cash surrender value, whichever is greater. This death benefit is paid directly to the named beneficiary thus bypassing the costs, delays and publicity of probate.

All spousal privileges apply when the surviving spouse is the named beneficiary or a joint owner of the annuity. See annuity contract for details.

Contract Year	Charges
1	10%
2	10%
3	9.5%
4	9%
5	8%
6	7%
7	6%
8	5%
9	4%
10	2%
11+	0%

## Taking Care of Taxes

Each year, the RBC Choice 10 Annuity's earnings grow tax-deferred. This means you do not have to pay taxes on the money you've earned until it is withdrawn.

Annuity withdrawals are subject to Federal and State income tax where applicable. A 10% Federal tax penalty may apply to withdrawals made by owners who are younger than age 59½.

Some states levy a premium tax on annuity premium. For residents of these states, the company will calculate the tax and deduct the appropriate amount either when you establish your annuity or when income payments begin, whichever the state requires.

RBC Insurance does not give legal or tax advice. Please consult a tax advisor for assistance.

*For additional information on the features of this product, please consult the RBC Choice 10 product disclosure.*

## Look to the future with a company you can trust ...

Because your annuity is guaranteed by the financial strength of the company you do business with, you look for a strong, stable insurance company you can depend on.

RBC Insurance® is the brand name for Liberty Life Insurance Company, a part of the global insurance operations of Royal Bank of Canada. RBC Insurance offers a diversified range of life protection and wealth accumulation products that help individuals and businesses manage risk and build for the future in today's complex, fast-changing world. Liberty Life Insurance Company is solely responsible for its financial obligations.

RBC Insurance is a member of RBC Financial Group™, comprised of Royal Bank of Canada (TSX, NYSE: RY) and its subsidiaries. RBC Financial Group is Canada's largest financial institution as measured by market capitalization and assets and one of North America's leading diversified financial services companies.

For more information and current ratings, visit the RBC Insurance Web site at [www.rbcinsurance.com/us](http://www.rbcinsurance.com/us).

*This is a brief description of the RBC Choice 10 Fixed Index Annuity, a Single Premium Deferred Annuity, issued by Liberty Life Insurance Company on policy form series AN3022, available in most states. This contract contains limitations. Please contact the company for complete details.*