

Annuities

# RBC Choice 10

A Fixed Index Deferred Annuity  
issued by Liberty Life Insurance Company



RBC Insurance®





## RBC Choice 10 – An annuity with built-in flexibility for your changing needs

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

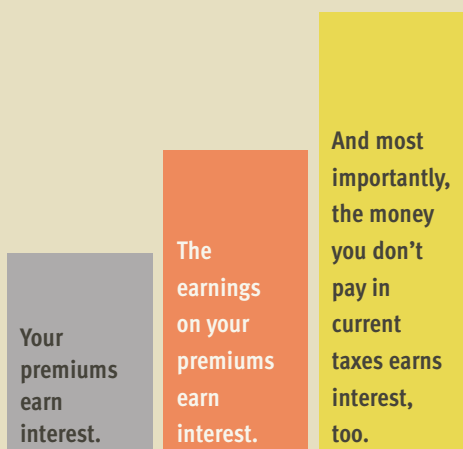
- **NOT A BANK OR CREDIT UNION DEPOSIT OR OBLIGATION**
- **NOT FDIC OR NCUA INSURED**
- **NOT INSURED BY ANY FEDERAL AGENCY**
- **NOT GUARANTEED BY ANY BANK OR CREDIT UNION**



- › Safety of principal
- › Potential for interest earnings based on the performance of an index

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

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



### 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, like the Dow Jones Industrial Average<sup>SM</sup> (DJIA<sup>SM</sup>) or the Standard and Poor's 500<sup>®</sup> (S&P 500<sup>®</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 stock market volatility 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 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 one time, lump sum 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 or more 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>" and "DJIA<sup>SM</sup>" are service marks of Dow Jones & Company, Inc. "Standard & Poor's 500<sup>®</sup>" and "S&P 500<sup>®</sup>" are trademarks of the McGraw-Hill Companies. They have been licensed for use for certain purposes by Liberty Life Insurance Company. This annuity is not sponsored, endorsed, sold or promoted by Dow Jones or Standard & Poor's and Dow Jones and Standard & Poor's make no representation regarding the advisability of purchasing this annuity.

- › A 1-year monthly additive point-to-point **indexed account linked to the S&P 500** with a maximum on the interest credited.
- › An annual point-to-point **indexed account linked to the S&P 500** with a maximum on the interest credited.

### 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.

### What is the Standard and Poor's 500 (S&P 500)?

The S&P 500 is a popular stock index that is recognized worldwide as the pre-eminent benchmark for U.S. stock market performance. The S&P 500 consists of selected stocks representing a broad cross section of the American economy. These are not the 500 largest stocks, but a representative sample of stocks within the following four major sectors: Industrial, Utilities, Financial and Transportation.

*This annuity's indexed accounts do not credit the same return or a percentage of the return of any index. Neither the DJIA nor the S&P 500 include the dividend income of the company stocks that comprise it.*

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

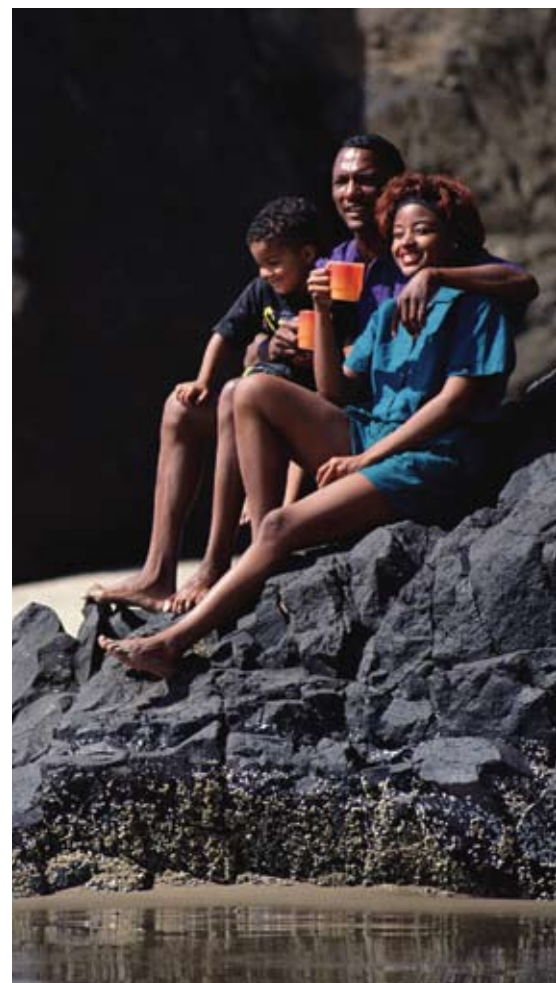
It refers to an upper limit on the interest rate that will be credited to the annuity no matter how well the index performs.

### 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.



**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.

### **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 7 for details on withdrawal privilege options.

### **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 8 for details on contract charges for early withdrawals.

### **Is this annuity the right product for you?**

Each person has different financial objectives and tax status. After discussing your individual needs and reviewing your financial goals with your agent, you and your agent will be better equipped to decide whether this annuity, another annuity or another financial product will best meet your objectives.

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 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. 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 5 options:

- › One Fixed Account
- › Four Indexed Accounts
  1. 1-year monthly average linked to the DJIA
  2. 1-year quarterly additive point-to-point linked to the DJIA
  3. 1-year monthly additive point-to-point linked to the S&P 500
  4. Annual point-to-point linked to the S&P 500

### Cap Rate, Participation Rate and Spread Fee

The indexed account interest crediting strategy you choose may be subject to either a cap rate, participation rate or spread fee. This is determined at time of issue.

A **cap rate** is the maximum rate of interest the annuity can earn. For example, if the contract has a 6% cap rate and the index earned 10%, a return of 6% would be credited.

A **participation rate** determines how much of the index's increase will be used to calculate the interest rate. For example, if the participation rate is 80% and the index increases 9%, the return credited to the annuity would be 7.2% ( $9\% \times 80\% = 7.2\%$ ).

A **spread fee** subtracts a percentage from any gain in the index. For example, if the spread fee is 3% and the index gained 9%, the return credited to the annuity would be 6% ( $9\% - 3\% = 6\%$ ).



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.

## Interest Rate Crediting Options at a Glance

Interest Rate Crediting Option	Fixed Account	INDEXED ACCOUNTS			
		1-year Monthly Average	1-year Quarterly Additive Point-to-Point	1-year Monthly Additive Point-to-Point	Annual Point-to-Point
<b>Interest Rate Crediting Calculation</b>	Declared by the company and guaranteed for 1 year. First year rate enhanced by 1%.	Average sum of monthly index values compared to value of index on first day of each contract year, subject to either an annual cap rate or annual spread fee determined at time of issue.	Sum of quarterly changes in index, subject to a quarterly cap rate determined at time of issue.	Sum of monthly changes in index, subject to either a monthly cap rate or participation rate determined at time of issue.	Annual change in index, subject to either an annual cap rate or participation rate determined at time of issue.
<b>Index Option</b>	Not Applicable	DJIA	DJIA	S&P 500	S&P 500
<b>Minimum Interest Rate</b>	1%	0%	0%	0%	0%
<b>Minimum Cap Rate, Participation Rate and Spread Fee</b>	Not Applicable	The cap rate will never be less than 5%, and the spread fee will never be greater than 9%.	The cap rate will never be less than 1%.	The cap rate will never be less than 0.5%, and the participation rate will never be less than 25%.	The cap rate will never be less than 2%, and the participation rate will never be less than 25%.

*For examples of how the indexed accounts work in various market conditions, please consult the product disclosure.*

### 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:** 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. Surrender charges may apply if withdrawals are taken in the first contract year. Withdrawal amount must be at least \$100. *Withdrawals that exceed 10% of the accumulation value at the beginning of any 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.

### For all approved states except California and Washington

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%

### For California and Washington only

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

### 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. A change in interest rates can cause an increase or decrease in the accumulation value.

### 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.

## 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). 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.

Operating under the master brand name of RBC, Royal Bank of Canada (TSX, NYSE: RY) is Canada's largest bank 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, AN3022CA in California and AN3022WA in Washington. This contract contains limitations. Please contact the company for complete details.*

To find out more about annuities  
from RBC Insurance or any information  
not included in this brochure:

- › Call 800-262-5433
- › Or visit [www.rbcinsurance.com/us](http://www.rbcinsurance.com/us)

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®