

Annuities

# RBC Enhanced Guaranteed Lifetime Withdrawal Benefit Rider

Issued by Liberty Life Insurance Company



RBC Insurance®



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- **NOT FDIC OR NCUA INSURED**
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## Guaranteed income you can count on when you need it most

Purchase an annuity with a guaranteed lifetime withdrawal benefit and look forward to the best of both worlds ... Continue to make money on your money while satisfying your need for income you can count on

Building your retirement nest egg is vital but so is getting a predictable, guaranteed stream of income when you need it. We offer a way to get both ... purchase an annuity with an optional benefit, **the RBC Enhanced Guaranteed Lifetime Withdrawal Benefit Rider.**<sup>†</sup>

### This rider allows you to ...

- › Enjoy predictable income with guaranteed lifetime payments, and
- › Maintain control by allowing for continued growth of your money.

### This rider ...

Is an optional benefit that can be included with our fixed index annuities. It cannot be purchased alone or after an annuity has been issued.

### When you choose to include this rider ...

- › You can withdraw a minimum amount from your annuity each year for as long as you live – guaranteed.
- › Your income payment is increased in the event you experience some degree of incapacity that prohibits you from living independently.
- › The amount that you can withdraw is equal to a percentage of the rider's income base when the withdrawals begin.
- › Starting your guaranteed stream of income does not end the continued growth in your annuity contract's accumulation value.

As you explore your options for adding this rider to your annuity contract, please keep in mind the following. This rider **may be suitable** for you:

- › If you want a predictable, guaranteed income stream in the future, and
- › You do not want to give up the possibility of future growth of your annuity contract's accumulation value.

**Important note:** If you have no plans to withdraw money from your annuity contract, this rider **may not be a suitable** purchase for you.



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

<sup>†</sup>This rider is not available in all states; please check for state availability before purchasing.



## Key terms

**Deferral period:** The period of time or number of years you wait to exercise your rider benefit.

**Income base:** The amount used to calculate your rider benefit. This amount cannot be withdrawn in a lump sum.

**Lifetime withdrawal amount:** The amount that is guaranteed to be available for withdrawal each rider contract year during your lifetime.

**Lifetime withdrawal percentage:** This percentage is based on your age at the time your first rider withdrawal is taken.

**Rollup rate:** This is a rate percentage used to increase your income base.

**Accumulation value:** The sum of premiums and earnings in an annuity contract minus any contract charges and withdrawals.

<sup>†</sup> Purchasers must qualify for this additional benefit. Please consult your insurance agent, the company or the rider contract (AN3026) for details on limitations and exclusions.

<sup>‡</sup> The 12-year index annuity has a 5% upfront premium enhancement.

## RBC Enhanced Guaranteed Lifetime Withdrawal Benefit Rider<sup>†</sup>

This rider provides a guaranteed income stream from your annuity and offers an increase in your income payment should you experience circumstances that make you unable to perform two or more activities of daily living. These activities include bathing, continence, dressing, eating, toileting and transferring.<sup>†</sup>

**Annual cost:** 0.60% of the rider's income base

**Rider disclosure:** S7419

The income base is the amount used to calculate your benefit. The cost for the rider is deducted from the annuity's accumulation value on each contract anniversary. For example, if your income base is \$50,000 on your contract anniversary, the rider cost would be \$300.

## Determining the lifetime withdrawal amount

The following is a hypothetical example based on a single person, age 65 who places \$100,000 into a 12-year index annuity<sup>‡</sup> with the rider. The rider's annual compounded rollup rate is 7.5%. Note: The longer the deferral period, the greater the payment amount will be.

The **lifetime withdrawal amount** is equal to the income base amount multiplied by the lifetime withdrawal percentage (see page 3 for the lifetime withdrawal percentage chart).

Number of years deferred until withdrawal begins	Age at time of the withdrawal	Income base amount	Lifetime withdrawal amount	Enhanced lifetime withdrawal amount <sup>†</sup>
1	66	\$113,950	\$5,698	N/A
2	67	\$122,496	\$6,125	N/A
3	68	\$131,683	\$6,584	N/A
4	69	\$141,560	\$7,078	N/A
5	70	\$152,177	\$8,370	\$12,555
6	71	\$163,590	\$8,997	\$13,496
7	72	\$175,859	\$9,672	\$14,508
8	73	\$189,049	\$10,398	\$15,597
9	74	\$203,227	\$11,178	\$16,766
10	75	\$218,469	\$13,108	\$19,662
11	76	\$234,855	\$14,091	\$21,137
12	77	\$252,469	\$15,148	\$22,722
13	78	\$252,469	\$15,148	\$22,722
14	79	\$252,469	\$15,148	\$22,722
15	80	\$252,469	\$16,410	\$24,616

### Immediate Income Bonus

This rider offers an immediate income bonus of 1% that will be credited to the income base on the day the rider is issued. This bonus amount is in addition to any premium enhancement/bonus on the annuity contract and results in greater income payments when lifetime withdrawals begin. (Please note: This bonus does not increase the accumulation value of the annuity. It only applies to the rider's benefit.)

### Frequently asked questions

The following are frequently asked questions that can help you determine if the purchase of this rider is right for you.

#### *Why purchase this rider?*

When you purchase this rider, you will receive payments for the rest of your life. Simply stated, this rider can guarantee a stream of income that you won't outlive. And, it allows you to enjoy continued growth in your annuity's accumulation value. This rider also offers a 50% increase in your income payment amount should you become unable to perform two or more activities of daily living on a permanent basis.

#### *How is the amount of withdrawal determined?*

The amount you can withdraw each year for as long as you live is called the **lifetime withdrawal amount**. It is determined by a percentage based on your age.

The percentages below are used to calculate the rider's lifetime withdrawal amount (income base amount x lifetime withdrawal percentage = lifetime withdrawal amount).



Owner's age on the first day a rider withdrawal is taken	Lifetime withdrawal percentage for for one owner	Lifetime withdrawal percentage for two owners (based on the youngest owner's age)
50-54	3.50%	2.50%
55-59	4.00%	3.00%
60-64	4.50%	3.50%
65-69	5.00%	4.00%
70-74	5.50%	4.50%
75-79	6.00%	5.00%
80-84	6.50%	5.50%
85-89	7.00%	6.00%
90+	7.50%	6.50%

Note: The enhanced benefit is not available if the joint lifetime withdrawal option is selected. Complete details on how this is calculated, including examples, are contained in the rider disclosure provided to you at time of purchase. Please review this disclosure carefully before making a decision to include this optional benefit with your annuity contract.



***When can I take my first withdrawal?***

**Regular withdrawals** can be taken any time after the 1st contract year as long as you are at least 50 years old. **Enhanced withdrawals** are available after the 5th contract year. You must qualify for this additional benefit by becoming unable to perform two or more activities of daily living on a permanent basis to receive it.

In most cases, the amount that you can withdraw under the rider will increase every year that you delay activating its benefits.

***Are rider withdrawals taxed?***

Withdrawals under this rider, just like annuity contract withdrawals, are subject to Federal and State income tax where applicable. A 10% Federal tax penalty may also apply to withdrawals made before age 59½. RBC Insurance does not give legal or tax advice. Please consult a tax advisor for assistance with this topic.

***Can I terminate the rider and then reinstate it later?***

No. This rider can only be added at the time the annuity is purchased. If you decide to terminate the rider, you cannot add it back at a later date.

***How are required minimum distribution payments handled?***

Required minimum distributions are calculated on the accumulation value, the same as with any annuity.

Required minimum distribution payments that can be attributed to the annuity contract and exceed the lifetime withdrawal amount of the rider will not be considered an excess withdrawal. Excess withdrawals are described in greater detail in the rider disclosure.

***How does the lifetime withdrawal amount and enhanced lifetime withdrawal amount coordinate with 10% free withdrawals under the annuity contract?***

Withdrawals under the rider are considered part of the annuity contract's 10% free withdrawal allowance. While the annual limit of 10% free withdrawals only applies during the annuity contract's surrender charge period, it is important to note that rider withdrawals will reduce the remaining 10% free available. Conversely, 10% free withdrawals from the annuity contract will reduce the rider's remaining lifetime withdrawal amount and enhanced lifetime withdrawal amount for a particular year.

***If I purchase the rider, what happens to it if I die?***

If you die before you begin receiving income payments, the annuity and rider contracts would terminate unless a surviving spouse chooses to keep them in force as described by the terms of the contracts. If you die while you are receiving income payments, the rider terminates and no further payments will be made. Note: Although the rider and income payments terminate, any death benefits available under the annuity would still be paid out according to that contract.

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

Because your annuity and annuity rider are 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 on RBC Insurance, including 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 Enhanced Guaranteed Lifetime Withdrawal Benefit Rider [policy form series AN3026(12-08) and AN3026TX(12-08)] issued by Liberty Life Insurance Company. This rider is available in most states. This contract contains limitations. For additional information, please consult the annuity contract, rider contract, annuity disclosure and rider disclosure or contact RBC Insurance for complete details. Guarantees are based on the financial strength and claims-paying ability of the insurance company.*



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