RBC Growth Insurance and RBC Growth Insurance Plus – participating life product suite

Available for new business and conversions

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Insurance

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1. Our proposition

RBC Growth Insurance™ and RBC Growth Insurance Plus™ are participating life insurance products ideal for protecting families and helping businesses grow, as well as transferring wealth between generations. It pairs life insurance coverage and the opportunity to earn tax-deferred investment growth with the added benefits of a guaranteed cash value and premiums, and a guaranteed death benefit.

Many Canadians use participating whole life insurance as a component of their financial portfolio to help address various financial needs while providing permanent life insurance protection.

RBC Growth Insurance and RBC Growth Insurance Plus may be suitable for your clients if they're looking for the benefits of life insurance coupled with guarantees and hands-off policy management. In particular, these products are ideally tailored for clients who value the powerful advantages of participating life insurance coverage. It offers clients flexible dividend options coupled with the ability to benefit from their insurance during their lifetime — and pay off the cost of coverage more quickly if they want.

The RBC participating life insurance products also offer additional features that helps them stand out in the marketplace. These include the Juvenile Guaranteed Insurability Benefit exclusively available on our estate version product which provides guaranteed cash value at the end of year 5, with no additional premium on standard risks, an industry first.

Whether your clients are looking for financial protection, including for their children; tax-deferred wealth accumulation; intergenerational wealth transfer, estate preservation or some combination of these, RBC participating life insurance can help ensure they meet their goals with smart solutions you can expertly customize to their preferences, situation and needs.

1.1 What is participating insurance? An overview of the basics

A participating policy is an insurance contract that may pay dividends to the policy owner.

Participating life insurance allows a policy owner to pool their policy premiums with other RBC Growth Insurance and RBC Growth Insurance Plus policy owners in a "participating account." This participating account does not include premiums from other insurance products we may offer.

By purchasing RBC Growth Insurance and/or RBC Growth Insurance Plus, the policy owner will participate in the gains of the pooled participating account. The participating account may experience gains if expenses are lower than expected, if mortality is lower than expected or if investment returns are better than expected. When the participating account experiences gains, the policy owner will receive a dividend in the form of their choosing (five different options are available).

Compared to other permanent insurance products, many clients choose participating whole life insurance because the insurer, and not the client, bears the risk of investment losses. Clients may also be attracted to participating whole life policies as they may provide access to investment opportunities that may not be available for individuals. Additionally, the policy includes guaranteed benefits – including a cash value, a base death benefit and guaranteed premiums.

Participating policies provide a powerful combination: life insurance coverage with the opportunity to earn tax-deferred investment growth. Participating insurance is ideal for protecting children, families and small businesses, and for facilitating the intergenerational transfer of wealth.

With participating insurance, clients can have the peace of mind knowing they have these guaranteed benefits:

- The premiums are fixed, as is the premium payment period – providing security and predictability of costs.
- The policy's guaranteed cash value grows over time – providing a flexible source of value that can be converted to cash flow or used as collateral.
- The base death benefit amount is guaranteed – adding to your future financial security.

1.2 Why should your clients consider RBC Growth Insurance or RBC Growth Insurance Plus?

Selling participating life insurance is a lot easier when you can offer your clients a brand they already know and trust.

At RBC Insurance®, we've kept our promises to Canadians in good times and bad – and through it all, our commitment to our customers has never wavered.

In addition to the trustworthiness and prestige conveyed by the RBC® brand, RBC Growth Insurance and RBC Growth Insurance Plus include the following features:

- Ability to earn dividends (not guaranteed)
- Experienced portfolio managers to manage the investments and help your clients' policies grow so they don't have to manage their policy themselves. Our investment professionals hold more than 100 years of collective asset management experience and follow the same investment philosophy as RBC Capital Markets® and RBC Global Asset Management®.
- Comprehensive product design that allows you to tailor coverage to your clients' individual needs.

RBC participating life insurance is available in two options:

Product	RBC Growth Insurance	RBC Growth Insurance Plus
Minimum coverage amount	▪ Coverage starts at $25,000	▪ Coverage starts at $250,000
Access to cash values	▪ Accessible at the end of policy year 5	▪ Accessible at the end of policy year 1
Cost of insurance	▪ More affordable par product with benefits of long term growth opportunities	▪ More expensive par product with benefits of early cash values and long term growth opportunities

The value of RBC participating life insurance

If you're an individual	If you're a business owner	If you're interested in insurance coverage for a child
▪ Estate protection	▪ Alternate investment vehicle compared to taxable investments	▪ Insurance protection for a child
▪ Alternate investment vehicle compared to taxable investments ▪ Cash value retirement solutions	▪ Cash value retirement solutions	▪ Guarantee for the future insurability of a child
▪ Ability to pass funds to future generations	▪ Ability to claim small business deductions while growth inside the policy is not subject to taxation – thus allowing you to invest the annual surplus in the business	▪ Way for grandparents and other loved ones to give a gift to a child
▪ Ability to access the policy values through a policy loan or as a collateral loan with a financial institution	▪ Source of tax-advantaged growth	▪ Ability to pass wealth to a child
▪ Another option for tax-advantaged investing if you've maxed out your RRSPs and TFSAs	▪ Ability to access the policy as collateral for a business loan	▪ Ability to transfer the policy to a child at a predetermined age so they can use the cash value (to cover education costs, for a down payment on a home, etc.)
▪ Ability to leave a legacy to loved ones or a charity of choice	▪ Protection for the owner of a shared business in the event of death of another owner	

How could this work for an individual?

Jeff is 45 and owns both a home and a family cottage. The value of the cottage has grown significantly since Jeff acquired it many years ago. He plans to leave the cottage to his children as part of their inheritance, but he knows that when he dies, his estate will likely face a hefty capital gains tax bill as a result of the cottage.

Jeff wants to ensure his estate has enough cash to cover the taxes due so his kids aren't left with the capital gains tax bill along with the family cottage. He estimates that when he reaches 85 (his life expectancy), the capital gains taxes on the cottage will be close to $300,000. Along with the cottage, Jeff has other assets that he thinks will keep appreciating in value, and he estimates that the tax liability resulting from the deemed disposition of those assets at death will be about $700,000 – in addition to the cottage capital gains tax bill.

Jeff is looking for a cost-effective solution that will not only help his estate meet the expected tax liability of $1 million, but also help address the uncertainty of facing a higher tax liability if he lives longer than age 85, or his assets appreciate more than he expects.

Based on advice from his licensed insurance advisor, he purchases an RBC Growth Insurance policy for $1 million of coverage and designates his estate as the beneficiary. This means the estate will be responsible for paying the tax liability in the year of death.

The guaranteed death benefit of $1 million will be used to pay the expected tax liability, while the additional insurance coverage purchased with paid-up additions can be used to pay any additional tax liability, thus helping reduce the risk of not having funds available if Jeff's tax liability at death is higher than expected.

Thanks to this advance planning, Jeff knows that when he passes away, his legacy will include assets that his loved ones can continue to enjoy for years to come, without the stress and worry of having to find money to pay his final tax liability.

How could this work for a business owner?

Hanna, age 38, owns a small dental practice that she wants to grow tax-efficiently. To help meet that goal, she purchases a corporately owned RBC Growth Insurance Plus policy for herself. Hanna knows that this policy can help her accumulate surplus funds from her practice in a tax-efficient manner, and that in the future, she can access those funds to support her financial goals.

When her business is generating an annual surplus, withdrawing it would mean Hanna would pay tax on the withdrawn amounts. But leaving the surplus in the corporation would mean the investment income would be subject to tax at a higher tax rate – which can be up to about 50%. In contrast to these options, the accumulation in her exempt life insurance policy is not subject to annual taxation.

When she is ready to expand the dental practice, Hanna can borrow against the cash value of the policy to provide cash to support her business expansion. The interest on the loan and the net cost of pure insurance may be deductible expenses to her dental practice, provided certain rules are met.

With her RBC Growth Insurance Plus policy, Hanna can determine a schedule for the policy loan repayment, allowing her to borrow against the policy again in the future, as she needs. Borrowing against the policy does not pause its cash value growth.

Then, once she is retired, Hanna can use the cash value that has accumulated in the policy on a tax-deferred basis to provide cash flow to meet her retirement income needs.

How could this work for children?

Gunraj is 40, married and has a six-year-old daughter. He wants to set his daughter up for the future by purchasing a cash value life insurance policy that does not require a lot of oversight on his part after purchase.

He likes the idea of paying all of the required premiums before he retires at age 60. As a result, he purchases a 20 Pay RBC Growth Insurance policy for $50,000 on the life of his daughter. The policy will be paid up by the time his daughter is 26, at which point he can transfer the ownership of the policy to her.

This policy will remain in force with the guaranteed cash value continuing to grow until his daughter turns 100. His daughter can borrow against the policy if she requires the funds for her education, help to purchase a home, or for any other financial need she'd like to meet.

Because Gunraj purchased the policy for his daughter when she was under 18, it also includes a Juvenile Guaranteed Insurability Benefit* for no additional premium. When his daughter purchases her first home, she will be able to exercise one of her three Juvenile Guaranteed Insurability Benefit options to purchase a term insurance policy or add more permanent life insurance from RBC Life Insurance Company without worrying about whether her insurability has changed.

* Juvenile Guaranteed Insurability Benefits (JGIB) is available on RBC Growth Insurance policies only and not available on RBC Growth Insurance Plus.

1.3 How should I illustrate RBC Growth Insurance and RBC Growth Insurance Plus to my clients?

As dividends are not guaranteed, illustrating alternate scenarios is important. Any fluctuations in dividends can have a significant impact on the non-guaranteed values in the policy, and providing alternate scenarios can illustrate the impact to values in the policy in the event the current dividend scale decreases.

Financial projections are included on the Policy Values pages of the illustration, demonstrating the performance of the policy under two scenarios – the performance at the current dividend scale and the performance if the current dividend scale interest rate decreases by one or two percentage points. Note that the alternate scenario is not intended to provide either a best estimate or a worst-case scenario.

2. RBC Growth Insurance and RBC Growth Insurance Plus product overview

RBC participating life insurance features five dividend options, plus a range of guaranteed benefits including guaranteed premium amounts and premium payment periods, a cash value and a guaranteed death benefit.

In addition, features such as the deposit option and reduced paid-up insurance option allow your clients to benefit from the flexibility offered by RBC participating life insurance – and adjust their policy to meet their changing needs and objectives over their lifetime.

2.1 Dividend options

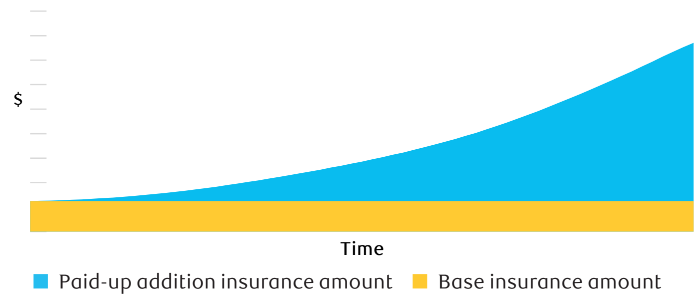
Five dividend options to consider

RBC Growth Insurance and RBC Growth Insurance Plus is participating life insurance eligible to earn dividends, which are credited to the policy on the policy anniversary and are not guaranteed.

Five dividend options allow you to customize an insurance solution to meet your clients' financial objectives in accordance with their individual scenario, preferences and needs.

1. **Paid-up additions** – The dividends your client earns may be used to purchase paid-up additional insurance, which is added to the base amount of the insurance. The additional paid-up insurance has its own cash value, which accumulates over time and is separate from the cash value of the base coverage. The additional paid-up insurance is also eligible to earn future dividends with a compounding effect, as illustrated below.

Paid-up additions



2. **Cash** – Dividends earned are paid out directly to the policy owner each year, which may result in a taxable disposition for the policy owner.
3. **Premium Reduction** – This option is only available if the policy premium is paid annually. Any dividends earned are credited to the policy, lowering the annual premium due for the next policy year. If the earned dividends are greater than the annual premium for the next policy year, the difference is paid out directly to the policy owner.
4. **Dividends on Deposit** – Dividends earned are deposited into a dividends on deposit account that earns taxable daily interest. The interest rate is subject to change and reviewed annually.
5. **Enhanced Insurance** – Similar to Paid Up-Additions, the Enhanced Insurance Dividend option uses a portion of the dividends earned on each policy anniversary to reinvest and purchase paid-up additional whole life insurance. It uses the remaining dividends to purchase an additional layer of protection by purchasing one (1) year term insurance to achieve a client's desired total coverage amount. It is the Enhanced Insurance Amount that makes this dividend option unique and different from Paid-Up Additions alone. Over time the Enhanced Insurance Amount may reach a point that it is made up entirely of paid-up additions and one (1) year term is no longer needed to achieve the total coverage amount. At that point, the dividend option will automatically change to Paid-up Additions. This is known as the Enhanced Crossover Point. For additional details on Enhanced Insurance, please refer to the Enhanced Insurance Dividend Client Guide.

Changing from one dividend option to another

Subject to our administrative rules, a policy owner may change their dividend option at any time, with the exception of Enhanced Insurance. If the dividend option is Enhanced Insurance, the policy owner may only change their dividend option after the enhanced crossover point has been achieved.

If a policy owner is switching from the paid-up additions option to another dividend option, the paid-up additions that have accrued in the policy will be surrendered and their associated cash value will be paid to the policy owner.

If the policy includes the additional deposit option, this option will terminate, and no additional deposits will be accepted. This change may result in a taxable disposition to the policy owner.

Important things to know about participating insurance

- Payout of dividends is not guaranteed as dividends are based on the performance of the par account. Losses in the par account may result in a decrease in the dividend scale, which would impact your client's projected non-guaranteed cash values in their illustration.
- If your client decides to add any optional benefits to the policy, these optional benefits will not be eligible to earn dividends. Dividends are only calculated on the base and paid-up additions coverage.
- Dividends undergo a "smoothing" process. With smoothing, fluctuations in investment gains and losses are spread over a number of years and passed back to policy owners slowly over time.
- RBC Insurance will review the dividend scale on an annual basis. Should we determine a change to the dividend scale is required, we will disclose this 60 days prior to the new rate taking effect.

2.2 Guaranteed benefits

Premium amount and premium payment periods

Providing your clients with flexibility is important. One place where clients are often looking for flexibility is in payment options.

RBC Growth Insurance and RBC Growth Insurance Plus allow you to tailor policies by offering your clients Life Pay and two limited-pay solutions: 20 Pay and 10 Pay.

Premiums for all three options – Life Pay, 20 Pay and 10 Pay – are guaranteed to remain level.

Additional benefits such as the deposit option and premium offset may also be available, depending on the payment period. This allows you to further customize a policy.

	Life Pay (payable to age 100) Single: 0-80 Joint: 18-80	**20 Pay** Single: 0-80 Joint: 18-80	**10 Pay** Single: 0-80 Joint: 18-80
Why select this option?	Ideal for those looking for the benefits of the insurer managing the policy assets and lower premiums compared to limited-pay options.	Ideal for those looking to balance growth and affordable premiums. Additionally, for juveniles.	Ideal for those looking to have significant growth over the life of the policy.
Availability of the deposit option Dividend option must be paid-up additions	Yes	Yes	No

Reaching age 100

When the insured life reaches age 100, the guaranteed cash value will be equal to the face amount of the base coverage.

When the life insured reaches age 100, the policy owner has the following options:

- They may surrender their policy to access the value of the death benefit, with tax implications.
- They may continue to hold their policy. The guaranteed cash values will no longer increase. The policy may continue to earn annual dividends. If the dividend option is paid-up additions, the non-guaranteed cash values will continue to increase.

Cash value

As your client pays their premiums, a stream of guaranteed cash values will accumulate in their policy. These guaranteed cash values are set out in the initial illustration signed by you and your client and can also be found on the schedule page of the policy contract.

The accrued net cash value may be used to support a policy loan or an automatic premium loan or become available to be paid out. In the event the policy owner surrenders their policy, the net cash value, which may be taxable, will be paid to the policy owner. For more information, refer to "Accessing policy cash values."

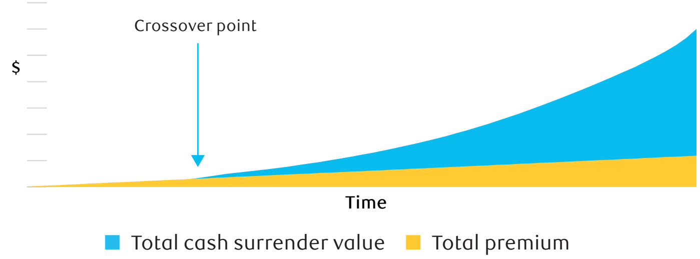
Guaranteed cash values become available for RBC Growth Insurance policies at the end of the fifth policy anniversary, and for RBC Growth Insurance Plus policies at the end of the first policy anniversary.

If the policy includes paid-up additions, non-guaranteed cash values may also accrue. For more information, refer to "Paid-up additions."

The guaranteed cash values will differ based on the following variables:

- Insured age at the time of issue
- Risk class
- Sex
- Coverage type
- Selected payment option
- Amount of permanent insurance in policy

Total premium vs. total CSV
(example of RBC Growth Insurance– Life Pay with paid-up additions)



Did you know?

At a certain point, the cash value in your policy will be greater than the amount of premium paid into the policy. This is referred to as the "crossover point."

Accessing cash values

Subject to our administrative rules, your client may access the policy's cash values. Accessing cash from the policy may result in a taxable disposition.

There are three ways to access cash values:

1. **Borrowing money from the policy's available cash value**

So long as the policy is not in the grace period, a policy owner may borrow against the policy, up to 90% of the available cash value, at any time. The minimum loan amount is $500.

If a policy owner borrows against the policy, daily interest is charged at a rate set by us on the date the policy loan is advanced. Unpaid interest is added to the policy loan balance at the end of the policy year. The interest rate charged is subject to change at each policy anniversary. Borrowing money from the policy may have tax implications.

Premium offset (see below) is not available if there is a loan against the policy (with the exception of the automatic premium loan). In the event there is a policy loan and your client would like to go on premium offset, they must first repay the policy loan.

2. Withdrawing money from the policy's net cash value

So long as the policy is not in the grace period, a policy owner may request a withdrawal from the policy's net cash value at any time. Any partial withdrawal from the policy's net cash value will reduce the death benefit.

If a policy owner would like to make a withdrawal from the guaranteed cash value instead of the net cash value, this withdrawal will reduce the policy's base face amount.

3. Automatic premium loans

If the client does not make their premium payment when it's due, we will automatically initiate a premium loan to pay any outstanding premiums. This automatic premium loan can be repaid at any time without penalty.

If they do not repay the automatic premium loan, loan interest will accrue. Once the accumulated loan balance (the outstanding principal plus interest) exceeds the policy's net total cash value, the policy will lapse after 31 days unless they repay the full balance (principal plus interest).

Any outstanding loan balance will be deducted from the policy's total cash value if the policy is surrendered, or from the total death benefit at the time of a claim.

If the deposit option (see below) is active in the policy and we do not receive a payment, we will deactivate the deposit option. The automatic premium loan will be used to pay the outstanding premiums for the policy itself.

Additionally, a policy owner may take their policy to a financial institution to use the available cash value as collateral for a loan.

Death benefit

One of the most important components of your client's life insurance policy is the death benefit. The death benefit is determined as:

The insurance coverage amount
(base coverage + any term riders)

Plus **any insurance purchased by dividends and any insurance purchased by deposit option payments or any enhanced insurance amount specified in your policy schedule (if applicable)**

Minus **any unpaid premiums, including interest**

Minus **any outstanding policy loans, including interest**

At death, any balance in the dividends on deposit account will also be paid to the beneficiary.

Additional benefits

Deposit option

The deposit option allows clients to make additional payments into their policy, above the required premiums, to purchase paid-up additional insurance. This option was designed to help maximize the tax-deferred growth in the policy.

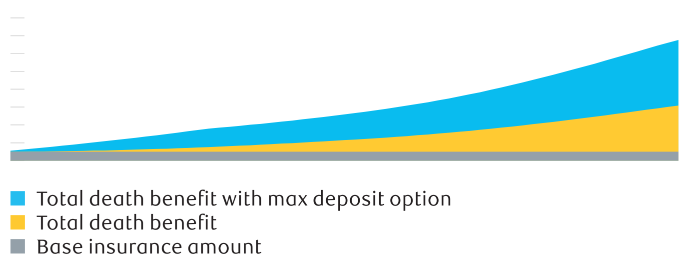
The deposit option is only available if the selected dividend option is paid-up additions or enhanced insurance, and only for 20 Pay and Life Pay premium pay periods (not for the 10 Pay premium pay period). Adding the deposit option to policies using the enhanced insurance dividend option will accelerate the enhanced crossover point.

Deposit option payments can be scheduled on a monthly or annual basis to align with the payment frequency of the base coverage. Subject to our administrative rules, ad hoc deposits may also be accepted after the first policy anniversary.

Limits: Minimum: $100 for monthly payments/ $1,200 for annual payments

Maximum: Determined by base coverage of policy to maintain tax-exempt policy status

Total death benefit when you provide maximum deposit option



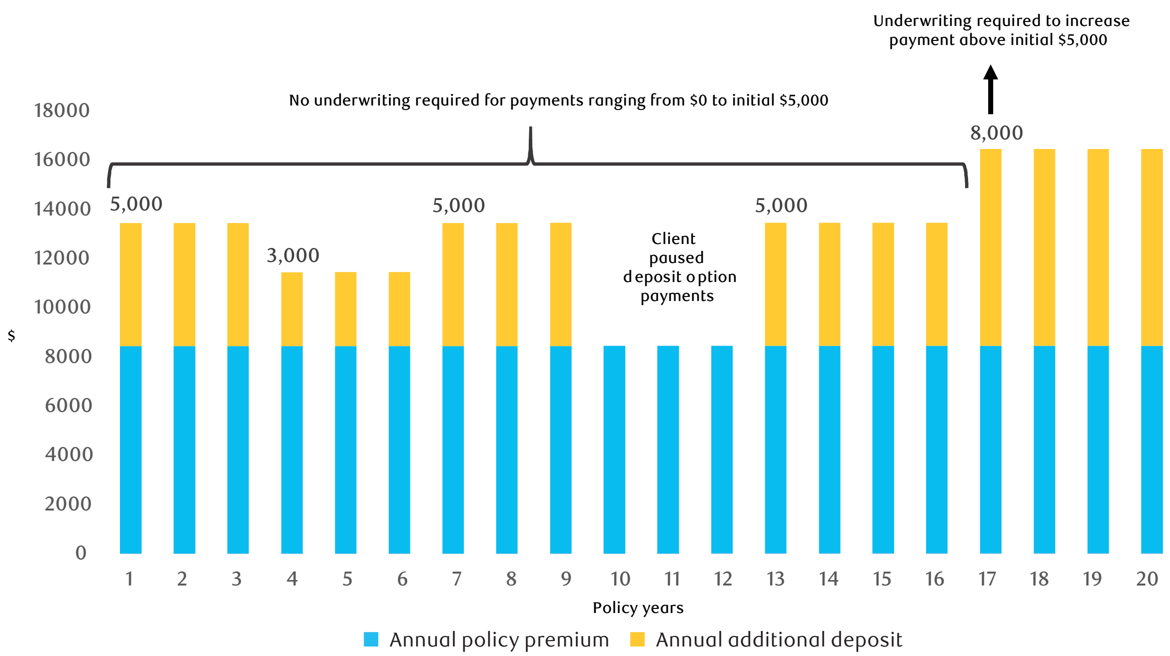
Once the deposit option is added to a policy, the amount of the initial deposit option payment determines the maximum for future payments without providing evidence of insurability. The minimum and maximum that can be submitted at the time of application or term conversion is specified in the illustration software.

To add the deposit option at the time of application or term conversion, the policy owner must specify and submit the initial deposit option payment. Once the payment is received and processed, the deposit option is successfully added to the policy. The policy owner may choose to change their deposit option payments by pausing, reducing or resuming up to their initial payment amount by providing a written request to customer service and without additional underwriting.

If the client would like to increase the maximum on an in-force policy, they may request this change by submitting a written request, along with evidence of insurability. Increases in the maximum for deposit option payments must be approved by head office.

The paid-up additional insurance is purchased the day the payment is made.

Deposit option 20 Pay example – initial deposit option payment of $5,000



Availability of deposit option on policies with substandard ratings

Multiple extra	Flat extra
Yes, available with juvenile and adult policies with any multiple extra.	Not available with policies with a flat extra rating, including joint policies where only one life has a flat extra. If the flat extra rating is removed in the future, your client can then request that the deposit option be added.

Adding the deposit option after the policy is issued

If the policy owner did not specify an amount on the application and did not submit a deposit option payment at the time of application, and they would like to start the deposit option, they may request this change. The request must be made in writing and accompanied by evidence of insurability, and must be approved by head office.

Important things to know about the deposit option

- If premiums are being waived by the Total Disability Waiver of Premium rider on the policy, we will stop the deposit option payments. Then, if premiums are no longer being waived, the deposit option payments will automatically restart.
- If premiums are being paid from an automatic premium loan, the deposit option will automatically terminate. If your client wishes to restart the deposit option, they must submit new evidence of insurability.
- If the policy owner chooses to go on premium offset (see below), the deposit option will be stopped at that time.

Premium offset

Premium offset is a projected future date at which the premiums paid into the policy, plus the dividends credited and the value of paid-up additions in the policy, may be sufficient to pay for future policy premiums.

Premium offset is a non-contractual feature that may only be illustrated if the dividend option is paid-up additions or enhanced insurance, after the enhanced crossover point.

If premium offset occurs, the future policy premiums will be paid by the dividend credited in combination with surrendering paid-up additions. The surrendered paid-up additions will result in the policy's total death benefit decreasing.

Premium offset is not guaranteed, as it is based on the performance of policy owner dividends and other policy-specific variables, including the addition of any optional riders and policy changes. Changes to any of these variables may have a significant impact on the policy values, including premium offset.

Illustrating premium offset

The premium offset option may only be available for clients who have elected the paid-up additions dividend option or enhanced insurance dividend option after the enhanced crossover point has been reached. The premium offset concept is not suitable for all clients. Premium offset may be suitable for clients who like the idea of using dividends they may earn and surrendering paid-up insurance to pay for their policy premiums starting from some point in the future, while understanding it is not guaranteed. If the dividend scale decreases, the earliest premium offset date could be pushed out to a later year than originally illustrated at issue. If a client has started the premium offset and the dividend scale decreases, the client may need to pay premiums again for a period of time. If you determine that premium offset may be suitable for your client, you may illustrate either the earliest projected offset date or a specified offset date.

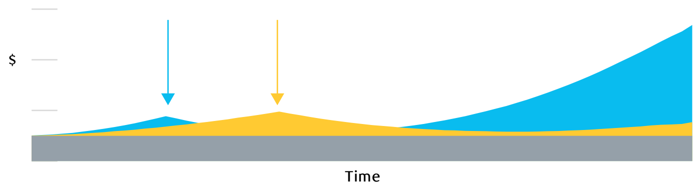
The output of the illustration will include both the projected offset date and the projected impact the premium offset will have on the overall policy values.

When illustrating premium offset, it is important to review not only the current dividend scale values, but also, and more importantly, the values for a stress-tested scenario of the current dividend scale interest rate minus 1.0% or 2.0%. Using the stress-tested scenario can help ensure the client understands the impact non-guaranteed dividends may have on the projected offset date.

Including additional deposit option payments may result in the premium offset date occurring earlier than if no deposit option payments were paid into the policy. However, additional deposit option payments do not provide a guarantee that premium offset will occur.

It is important that your client understand that if a policy goes on premium offset, it is possible that the policy will be required to become premium-paying once again if the values are no longer sufficient to pay for the policy.

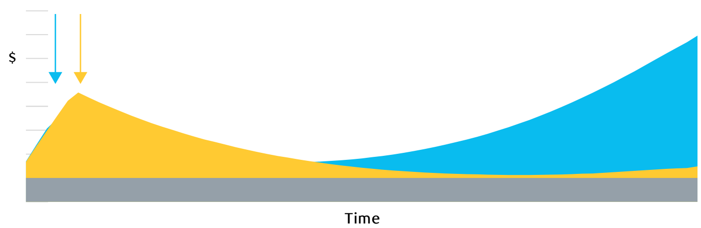
Premium offset death benefit with no deposit option



- Total death benefit (current DSIR)
- Total death benefit (current DSIR minus 2.0%)
- Base insurance amount

Blue arrow – Offset projected for year 15
Yellow arrow – Offset projected for year 24

Premium offset death benefit with maximum deposit option



- Total death benefit (current DSIR)
- Total death benefit (current DSIR minus 2.0%)
- Base insurance amount

Blue arrow – Offset projected for year 6
Yellow arrow – Offset projected for year 11

Servicing policies with premium offset

Each year, on the policy anniversary, an anniversary statement will be sent to your client, showing the projected premium offset date based on the policy values in effect at that time. The projected premium offset date shown on the anniversary statement may be updated from year to year, as policy values change.

Each policy anniversary, you should review with your client the impact of any change in the offset date in their policy as shown on their anniversary statement. During the course of your review, the policy owner should also be reminded that premium offset is not guaranteed.

If and when the policy becomes eligible to go on premium offset, we will provide a specific communication advising your client that premium offset is now available. (The policy will not automatically go on offset.) Then, if the client opts to change the premium payments to premium offset, we will require a written request from your client, along with an in-force illustration.

Who will be notified about premium offset?

We will only communicate changes to premium offset (including the projected offset date on the anniversary statement) to policy owners who have either:

1. submitted a signed illustration at the time of their application that includes premium offset, or
2. after issue, submitted a signed in-force illustration and completed a form requesting notification of the projected offset date.

These measures are to ensure the client has an opportunity to understand how premium offset will impact their policy.

Policy changes

Changes to the policy will require an in-force illustration, which should be reviewed with your client to discuss the impact the updated offset date may have on their policy. The policy owner should also be reminded that the premium offset is not guaranteed. In the event a policy is active on premium offset, and a requested policy change will result in the policy being taken off premium offset, both the servicing advisor and the policy owner will be notified. We will not proceed with the policy change until we receive approval from the policy owner to do so.

Reduced paid-up

If your client no longer wishes to pay for their policy, the reduced paid-up option may be a suitable choice. In this case, the policy's coverage amount will be reduced based on its net cash value. When requested, we will determine the coverage amount. But this change is only permitted so long as the policy maintains its tax-exempt status.

Once a policy is changed to reduced paid-up status, it cannot be changed back to any other premium payment status, and all optional benefits and riders will terminate.

A reduced paid-up policy may continue to earn dividends, if eligible. If the dividend option at the time of the request is premium reduction, we will automatically change it to dividends on deposit, but your client may also choose to elect an alternate dividend option.

2.3 Juvenile policies

There are a few important things to know for policies issued for children ages 0-17.

Premiums

The policy will be issued using combined rates, which allow your client to pay a level premium for the entire premium payment period. This feature means there is no requirement for your client to declare a change in their smoking status at age 18.

Juvenile Guaranteed Insurability Benefit

RBC Growth Insurance features a Juvenile Guaranteed Insurability Benefit at the time of issue with no additional premium – a benefit exclusive to RBC Insurance.

This benefit is not available on RBC Growth Insurance Plus policies. This benefit will allow the insured to purchase additional amounts of term or permanent insurance from RBC Life after their 18th birthday without providing updated evidence of insurability.

This benefit will be excluded when the insured receives a flat or multiple extra risk classification applied to their policy.

The insured can exercise this option within 31 calendar days after the policy anniversary nearest their 18th birthday. Additional option dates are within 31 calendar days following a life event (see table below) or within 31 calendar days following each third policy anniversary.

Issue ages 0-17

Availability	▪ Not included when there are sub-standard risks ▪ Not available after issue ▪ Not available on RBC Growth Insurance Plus policies
Rates	No additional premium required
Option amount	Coverage amount multiplied by 5, to a maximum of $250,000 Example: Coverage amount is $50,000 $50,000 x 5 = $250,000 option amount
Option dates	▪ Within 31 days of the insured's 18th birthday ▪ Within 31 days after every third policy anniversary ▪ Within 31 days after a life event (marriage/civil union/common law, birth/adoption of a child)
Number of options	Three
Benefit expiry	▪ Policy anniversary nearest the insured's 40th birthday; or ▪ When the maximum number of elections have been made (total may not exceed $500,000)
New coverage	The new coverage will be set up as a new policy with its own policy fee, using the rates and insured age on the date the option is being exercised.
Policy changes	In the event a request is received to reduce the policy face amount, the guaranteed insurability benefit option amount may be reduced proportionately to ensure the maximum option amount is not exceeded.

How to illustrate this benefit

This benefit will automatically be included in the output of all RBC Growth Insurance juvenile illustrations. **This benefit is not available on RBC Growth Insurance Plus policies.**

Determining if this benefit is included in your client's juvenile policy

This benefit will be included in all RBC Growth Insurance juvenile policies, provided no additional rating is applicable. Your client will be able to confirm if this benefit is included in their policy by referring to the schedule page of their policy contract. You may also confirm if this benefit is included in your client's policy after underwriting by reviewing the policy in the RBC Insurance Business Intelligence Centre.

2.4 Optional benefits (riders)

RBC *Your*Term Life Insurance

Instead of being issued as a standalone coverage, RBC *Your*Term™ can be added as a single-life or joint-life rider on all eligible life insurance plans with no additional policy fee. Coverage becomes paid-up on the anniversary nearest the insured's 100th birthday. Premium payments are not required after age 100.

The term rider can provide additional coverage for the life insured under the base policy, or it can be issued on a second life. If a person insured under a term rider survives the life insured under the base plan, the conversion privilege for the term rider will be extended 60 days from the death of the life insured.

Term riders will not impact the available deposit option room.

Refer to the RBC *Your*Term advisor guide and sample contract for full coverage details.

Children's term rider

The children's term rider provides term life insurance protection for a child, of a life insured named in the application and approved by underwriting. Any child born or legally adopted after the children's term rider is issued is automatically covered from the age of 14 days, upon written receipt by us of the child's name and date of birth. The premium for the rider does not change if additional children are insured.

Each insured child may convert to a new permanent policy, without evidence of insurability, for an amount up to 10 times the term rider coverage, to a maximum of $150,000. The conversion may be applied for in writing at any time after each insured child's 20th birthday, but no later than the coverage expiry date. Coverage under this rider expires 31 days past the policy anniversary nearest the insured child's 25th birthday.

If the designated life insured under the base policy dies while this rider is in force, insurance under the rider will end. Each insured child will receive a paid-up insurance policy for the amount of insurance provided by the rider. Then, the paid-up insurance policy will continue until the policy anniversary nearest the child's 25th birthday.

Issue ages 14 days to 20 years (age nearest)

Minimum benefit	$5,000
Rate per $1,000	$6
Maximum benefit	$30,000 per child

Guaranteed Insurability Benefit

The Guaranteed Insurability Benefit allows the insured to purchase additional amounts of permanent insurance without providing updated evidence of insurability.

Issue ages 18-45

Availability	▪ Not included when there are sub-standard risks ▪ Not available after issue ▪ Not available with joint policies ▪ Not available with third-party term riders
Rates	Rates per thousand vary by issue age, sex and smoking status. This premium will not be included in determining the rate band. Premiums are payable until the benefit expires.
Minimum option amount	$50,000
Maximum option amount	Lesser of insurance amount, including term riders (if applicable), to a maximum of $300,000
Option dates	Within 31 calendar days after: ▪ Every third policy anniversary ▪ A life event (marriage/civil union/common law, birth/adoption of a child)
Number of options	Six
Benefit expiry	▪ Policy anniversary nearest the insured's 56th birthday; or ▪ When the maximum number of elections have been made (total may not exceed $1,200,000)
New coverage	The new coverage will be set up as a new policy with its own policy fee, using the current rates and insured age on the date the option is being exercised.
Policy changes	The Guaranteed Insurability Benefit option amount may be reduced proportionately in the event the base coverage is reduced to ensure the maximum option amount is not exceeded.

Accidental death benefit

We will pay the accidental death benefit, in addition to the amount payable under the base policy, when the death occurs as a direct result of an accident and takes place within 90 days of the accident. This rider expires on the policy anniversary nearest the life insured's 65th birthday.

Minimum benefit	Lesser of sum insured or $25,000
Rate per $1,000	Female: $0.75; male: $1
Maximum benefit	Lesser of sum insured or $250,000

Total disability waiver of premium

When the life insured has been totally disabled for six consecutive months, we will waive the payment of the policy premiums – including premiums for the base plan, riders and policy fee.

This waiver of premium starts with the first monthly premium after the date total disability began, and continues for as long as the life insured is totally disabled. The rider expires on the policy anniversary nearest the 60th birthday of the life insured under this rider.

Issue ages 18-55

Rates as a percentage of premium waived	Female: 15%; male: 10%

Payor death and disability

When the premium payor has been totally disabled for six consecutive months, we will waive the payment of the policy premiums.

This waiver of premium includes the policy fee and rider premiums, starting with the first monthly premium due after the date total disability began, so long as the payor continues to be totally disabled. We will also waive the premium starting with the first premium due after the date the payor dies. The rider expires on the policy anniversary nearest the payor's 60th birthday.

The payor will be underwritten.

Issue ages 18-55

Rates as a percentage of premium waived	Female: 15%; male: 12%

Please refer to the sample contract for complete rider provisions and coverage exclusions.

2.5 Taxation

The provisions and regulations of the Income Tax Act (Canada) allow insurance policies to remain exempt from accrual taxation, up to a certain limit. This tax-exempt limit changes on the policy anniversary.

Maintaining the policy as tax exempt

Every year, we will perform a tax-exempt limit test, and we will make adjustments to the policy to ensure it maintains its tax-exempt status. We have the right to, and may at our sole discretion, refuse any requested transaction that would risk the policy's tax-exempt status, unless we can also make an appropriate adjustment to ensure this status is maintained.

In the event we adjust the policy by surrendering paid-up additions, insurance purchased by the deposit option will be surrendered first.

Income tax reporting

Some changes and transactions processed under the terms of this policy may result in taxable income to the policy owner. We will inform your client of any amount they are required to include in their income for tax purposes. Examples of transactions that may result in taxable income are:

- Change in ownership of the policy
- Full or partial surrender of the policy
- Decreasing the death benefit
- Exchanging a joint first-to-die policy for individual policies
- Accessing the policy's values (withdrawal or policy loan)
- Payment of a dividend in cash, or transfer of a dividend to the dividends on deposit account (including any balance remaining after using the dividend to pay premiums), to the extent that amount is more than the adjusted cost basis of the policy
- Interest earned on the dividends on deposit account balance
- Making the policy reduced paid-up

3. Applying for RBC participating life insurance

At RBC Insurance, our commitment is to protect your clients as efficiently as possible.

With RBC Growth Insurance and RBC Growth Insurance Plus, your clients can enjoy quick and easy underwriting. For more information, please refer to Standard and preferred life underwriting requirement guidelines. Our eApplication allows you to apply quickly and easily.

4. Converting existing term insurance to RBC Growth Insurance and RBC Growth Insurance Plus

If your client has an existing RBC Term Life Insurance policy with an eligible conversion privilege, they may partially or fully convert their term policy to an RBC Growth Insurance policy or any permanent plan we make available for conversion. Term policies with preferred rates will be issued at standard rates when they convert to the new RBC Growth Insurance or RBC Growth Insurance Plus policy, as only standard classes are available.

Your clients may now have two options to partially convert their term insurance to permanent insurance:

1. Convert a portion of their term policy to RBC participating life insurance while maintaining their original policy with the remaining term insurance. In this case, your client will have two policies.
2. If the term policy was issued in February 2005 or later, they may request to convert a portion of their term policy to RBC participating life insurance while carrying over the remaining term insurance as a new rider on the permanent policy using the attained age and the rates available at the time of the request. In this case, your client will have one policy. We do not require updated evidence of insurability.

   Eligible term riders on RBC participating life insurance include RBC *Your*Term 10, 15, 20 and 25. The policy owner may select any of the four available term lengths (if available for their current age at the time of their request).

Example: Your client has an RBC *Your*Term 17 for $1,000,000, issued five years ago. They choose to convert $600,000 to RBC participating life insurance and carry over the remaining $400,000 as a term rider on the new policy. Your client may opt to elect a term length of 10, 15, 20 or 25 years. The original policy will be terminated.

For more information, please contact your MGA or call your **RBC Insurance Sales Consultant** at **1-866-235-4332** or visit **rbcinsurance.com/participatinglife**.

Insurance

Not intended for client distribution. Please refer to the sample contract for complete policy provisions.

Any general advice provided in this guide is not intended to be relied upon as tax advice for your clients' specific situation. Every effort has been made to ensure the accuracy of the information in this guide. Despite our best efforts, some errors and omissions may occur. In the event of a discrepancy, the terms of the applicable RBC Growth Insurance or RBC Growth Insurance Plus policy will take precedence over any information contained in this guide. Please review the RBC Growth Insurance or RBC Growth Insurance Plus sample policies before advising your client. Underwritten by RBC Life Insurance Company.

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