Estate transfer

RBC Growth Insurance – a participating life solution

Leave your loved ones more with RBC Growth Insurance

Insurance

We all want to be remembered. We also want to share what we've built during our lives with the people we care about the most. For some, it's about building a legacy. For others, it's simply an act of generosity made possible by hard work and careful planning.

RBC Growth Insurance™ is one of the financial products you can trust to achieve your goal. You can buy RBC Growth Insurance on your life, and designate your loved ones as the beneficiaries.

RBC Growth Insurance is a participating life insurance product, which means the policy owner's premiums are pooled with other policy owners' premiums in an account, referred to as the participating account. The pooled premiums are invested by the insurer. If the participating account experiences better than expected investment returns, and lower than expected death claims and expenses, policy owners may receive a portion of the surplus through the distribution of policy dividends. Dividends are not guaranteed.

You're free to choose how you will use the dividends. Your options include taking it in cash, holding it with us to earn interest income, using it to buy additional paid-up insurance coverage to increase the death benefit or applying it to future premiums to reduce your payments. This is in addition to the payout of a tax-free death benefit to your beneficiaries when you pass away. Note that probate fees are applicable if you have not designated a beneficiary and the proceeds of your policy become part of your estate.

Making RBC Growth Insurance part of your estate plan

There are different ways you can invest your savings. While investing in a Registered Retirement Savings Plan (RRSP) is prudent, it only provides tax deferral. The withdrawals are fully taxable, and in the year of death, the entire balance in the RRSP account could become taxable. This may result in a sudden increase in taxable income and your tax expense. In the case of a Tax-Free Savings Account (TFSA), while the withdrawals and investment income are not taxable, the amount contributed is not tax-deductible. And in both cases, the amount that can be contributed is limited by the Income Tax Act.

Due to these contribution limits, you may be investing in non-registered accounts as well. Unfortunately, the contributions to non-registered accounts are not tax-deductible, and the income is taxed every year. This means less savings are available to invest, and less income is available to reinvest every year. Taxation impedes long-term growth in non-registered accounts.

Instead, if you're looking for insurance in addition to somewhere to invest a portion of your savings, consider purchasing RBC Growth Insurance. You can take advantage of both tax-deferred growth and a tax-free death benefit. Plus, unlike other investment options, life insurance provides greater financial protection to your loved ones, even considering the premiums you pay. Over time, you may be able to add to the policy's value by making deposits above the required premium and, in turn, further increase the death benefit.

See the chart on the next page for a comparison of investing in non-registered accounts and buying an RBC Growth Insurance policy.

This is a good solution if you:

- Want to protect your estate
- Have a sound retirement plan
- Keep an updated Will

Premiums/contribution			Investment values			Insurance values		
Age	Annual Premium/ Contribution	Cumulative Premium/ Contribution	Cumulative Income	Cumulative Tax	Investment Balance	Cash Value	Death Benefit	Increase in Estate Value Due to Insurance (Death Benefit less Investment Balance)
50	$20,000	$100,000	$6,081	$3,040	$103,040	$11,908	$616,771	$513,731
55	$20,000	$200,000	$22,673	$11,337	$211,337	$74,876	$673,486	$462,149
60	$20,000	$300,000	$50,315	$25,157	$325,157	$245,927	$764,477	$439,320
65	$20,000	$400,000	$89,568	$44,784	$444,784	$512,240	$891,358	$446,574
70	—	$400,000	$134,945	$67,472	$467,473	$676,973	$1,047,329	$579,857
75	—	$400,000	$182,636	$91,318	$491,318	$880,526	$1,229,274	$737,955
80	—	$400,000	$232,761	$116,380	$516,381	$1,122,341	$1,447,467	$931,086
85	—	$400,000	$285,442	$142,721	$542,721	$1,419,615	$1,711,739	$1,169,017
90	—	$400,000	$340,810	$170,405	$570,405	$1,762,215	$2,017,576	$1,447,171

Assumptions:

- Investment – $20,000 invested annually in a fixed income investment for 20 years. Annual after tax income reinvested. Interest rate is 2%. Income tax rate is 50%.
- Insurance – Male, non-smoker, standard, age 45, 20 Pay RBC Growth Insurance policy, $20,000 annual premium and $594,900 initial death benefit, selected dividend option is paid-up additions and projected values are based on current dividend scale.

A participating life insurance policy like RBC Growth Insurance can deliver your beneficiaries a tax-free death benefit that they can use immediately for any purpose. It could mean not having to sell a valued asset like a cottage or family business to pay for the tax liability and other expenses arising at your death.

Contact your licensed insurance advisor to discuss how RBC Growth Insurance can work for you.

RBC® Insurance

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