

# RBC Growth Insurance and RBC Growth Insurance Plus

Use investment returns to buy participating whole life insurance and defer the tax



Insurance

## Is there a way to pay less tax on your fixed income investments?

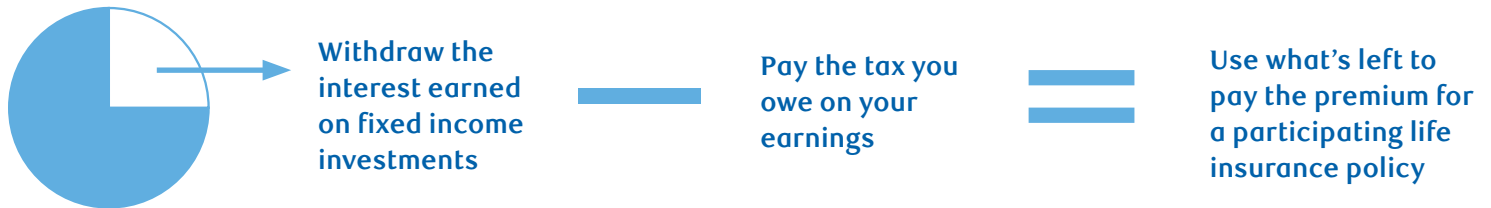
The income from a fixed income investment is taxed at the marginal rates. By using different alternatives, the tax burden may be lowered.

Clients often feel frustrated by the amount of tax they pay on these types of investments. As the income from those holdings increases, so too does the tax you owe. One way to soften this is by making RBC Growth Insurance™ or RBC Growth Insurance Plus™ part of your financial plan.

Many investors calculate the tax debt generated by their fixed income portfolio, and then withdraw that amount directly from the interest they earn. The remaining interest is reinvested in the portfolio. Annual tax on interest income can really add up over time and erode the long-term growth of your investment portfolio.

## There could be another way

Once a year, withdraw all of the interest you've earned from your fixed income investments. Use a portion of that amount to pay whatever taxes you owe on the earnings. Use the remaining money to pay the annual premium of a tax-exempt participating whole life insurance policy.



Purchasing RBC Growth Insurance or RBC Growth Insurance Plus with the after tax interest earned on your fixed income investments may boost the value of your estate. Participating whole life insurance policies have the added benefit of providing tax-deferred growth so your net worth can grow bigger, faster.

### Scenario 1 – Use the after tax income to pay the life insurance premium

Age	Investment					Insurance	
	Opening Balance	Annual Income	Annual Tax	After-Tax Income (Used to Pay Premiums)	Closing Balance	Cash Value	Death Benefit
50	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$6,584	\$505,061
55	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$39,746	\$535,963
60	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$127,847	\$585,041
65	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$270,541	\$653,365
70	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$386,894	\$742,133
75	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$530,734	\$854,382
80	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$709,314	\$995,553
85	\$1,000,000	\$20,000	\$10,000	\$10,000	\$1,000,000	\$928,485	\$1,172,192

### Scenario 2 – Reinvest the after tax income

Age	Opening Balance	Annual Income	Annual Tax	Closing Balance
50	\$1,040,604	\$20,812	\$10,406	\$1,051,010
55	\$1,093,685	\$21,874	\$10,937	\$1,104,622
60	\$1,149,474	\$22,989	\$11,495	\$1,160,969
65	\$1,208,109	\$24,162	\$12,081	\$1,220,190
70	\$1,269,735	\$25,395	\$12,697	\$1,282,432
75	\$1,334,504	\$26,690	\$13,345	\$1,347,849
80	\$1,402,577	\$28,052	\$14,026	\$1,416,603
85	\$1,474,123	\$29,482	\$14,741	\$1,488,864

### Summary table after 40 years

	Scenario 1	Scenario 2	Scenario 1 Benefit
Total taxes paid	\$400,000	\$488,864	\$88,864
Net value at death	\$2,172,191	\$1,488,864	\$683,327

Buying RBC Growth Insurance results in approximately 18% less tax payable and 46% more net value at death.

#### Assumptions:

- Investment – \$1 million initial investment. Interest rate is 2%. Income tax rate is 50%.
- Insurance – Male, non-smoker, standard, age 45, Life Pay RBC Growth Insurance policy, \$10,000 annual premium and \$492,599 initial death benefit; selected dividend option is paid-up additions and projected values are based on current dividend scale.

### RBC participating life insurance is available in two options

	RBC Growth Insurance	RBC Growth Insurance Plus
<b>Minimum coverage amount</b>	<ul style="list-style-type: none"> <li>Coverage starts at \$25,000</li> </ul>	<ul style="list-style-type: none"> <li>Coverage starts at \$250,000</li> </ul>
<b>Access to cash values</b>	<ul style="list-style-type: none"> <li>Accessible at the end of policy year 5</li> </ul>	<ul style="list-style-type: none"> <li>Accessible at the end of policy year 1</li> </ul>
<b>Cost of insurance</b>	<ul style="list-style-type: none"> <li>Pay less and get more opportunities for long-term financial growth</li> </ul>	<ul style="list-style-type: none"> <li>Pay for early cash values and long-term financial growth opportunities</li> </ul>

### Choosing the right option for you

If you're looking to buy more insurance coverage at a lower premium cost, RBC Growth Insurance offers a lower premium rate with long-term financial growth benefits.

Contact your licensed Insurance Advisor to discuss how participating life insurance can work for you.



Insurance

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