



RBC Growth Insurance and RBC Growth Insurance Plus

Client Guide



Insurance

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LEGAL DISCLAIMER

RBC Growth Insurance and RBC Growth Insurance Plus are participating life insurance products that combine the benefits of insurance protection with guaranteed cash value growth. This guide is intended to provide an overview of product information. This guide is not intended to be relied upon as tax, legal, accounting or other advice. Please consult with your own professional advisors for advice specific to your situation. Every effort has been made to ensure 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.



Many Canadians use participating whole life insurance as one component of their financial portfolio to help meet their financial needs while benefiting from permanent life insurance protection.

RBC Growth Insurance™ and RBC Growth Insurance Plus™ are participating whole life insurance products that provide life insurance coverage coupled with the opportunity to earn tax-deferred investment growth, along with a guaranteed base death benefit and guaranteed premiums. They're ideal for protecting families and businesses, as well as facilitating the transfer of wealth from one generation to the next.

Why should you consider RBC Growth Insurance or RBC Growth Insurance Plus to meet your financial needs?

In addition to permanent life insurance coverage, participating whole life policy owners can take advantage of these different ways to increase their wealth:

- **Dividend reinvestment:** The dividends you earn in the policy can be reinvested, increasing the value of the policy's death benefit over time – and as the value of your death benefit grows, so does the cash value of your policy.
- **Tax-deferred growth:** Subject to limits set by the Income Tax Act, your policy's annual cash value can grow without incurring yearly taxes.
- **Multiple options to use the cash value of your policy:** You may request to use your policy as collateral for a loan from a financial institution, subject to the lender's requirements. You may also borrow up to 90% of your policy's cash value directly.

Understanding how participating whole life insurance can form part of your financial portfolio

Life insurance is not a one-size-fits-all solution. This means a policy you purchase in your thirties will likely need updating in your forties or fifties. For many people over their lifetime, a combination of different life insurance is appropriate. In addition, the type of insurance that suits your needs best will depend on your goals and preferences.

Your licensed Insurance Advisor can help you understand your options and the type, or combination, of life insurance that's best for your needs. Here's how and why RBC Growth Insurance or RBC Growth Insurance Plus might fit in your overall financial portfolio:

- **The power of dividends:** Participating whole life insurance includes the opportunity to earn dividends – a key differentiator from other types of life insurance.

You can use your dividends in several ways, adding more flexibility to your policy. For example, you might choose to reinvest them in your policy, use them to pay for part or all of your next year's premium, hold them in a savings account that earns interest or have them paid out to you directly as you earn them. Keep in mind that dividends are not guaranteed and vary based on investment returns, expenses and other factors. We've provided more information in the "Understanding the factors affecting policy owner dividends" section.

- **Flexibility:** RBC Growth Insurance and RBC Growth Insurance Plus provide you with flexibility in how you pay for your life insurance. While your coverage remains in place for life, you can choose to pay a level premium over 10 years, 20 years or until the life insured reaches age 100. You may also have the opportunity to use the cash value growing in your policy to pay your policy premiums more quickly.
- **Investment expertise:** When you choose RBC Growth Insurance or RBC Growth Insurance Plus, you can rely on RBC Insurance® experienced portfolio managers to manage the investments and help your policy grow, rather than you managing the investments yourself. 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®.
- **Peace of mind:** The automatic premium loan feature of your RBC Growth Insurance or RBC Growth Insurance Plus policy provides peace of mind as your coverage will remain active even if you miss a payment, as long as your policy has sufficient cash value. If you miss a payment, it may be covered by a loan taken out against the cash value of your policy.
- **Valuable guarantees:** RBC Growth Insurance and RBC Growth Insurance Plus also include embedded guarantees, all outlined in your personalized contract. These include:
 - **Level premiums:** The amount you pay for your life insurance policy will never increase.
 - **Stable base death benefit:** The death benefit is the amount of money paid out to the beneficiary at the time of the life insured’s death. With the exception of an outstanding policy loan, which can reduce the death benefit, this amount will not be reduced.
 - **Growing cash value:** Your policy will include a cash value, which will increase each year your policy remains in force. When the life insured reaches age 100, the base cash value will be equal to the policy’s base death benefit.

Comparing your life insurance options

Term insurance	Universal life insurance	Participating whole life insurance
RBC <i>YourTerm</i> ®	RBC Universal Life™	RBC Growth Insurance and RBC Growth Insurance Plus
Ideal for shorter-term needs if: <ul style="list-style-type: none"> ■ Others depend on your income ■ You have debts that need to be paid off in the event of your death ■ You are in need of a cost-efficient solution 	Ideal if in addition to lifetime insurance coverage: <ul style="list-style-type: none"> ■ You’re looking for a tax-deferred growth opportunity ■ You want to take a hands-on approach to managing the investment risk of your life insurance policy 	Ideal if in addition to lifetime insurance coverage: <ul style="list-style-type: none"> ■ You’re looking for a tax-deferred growth opportunity combined with the comfort of guarantees ■ You want to take a hands-off approach to your life insurance policy by benefiting from the investment expertise of RBC Insurance

The benefits of RBC Growth Insurance and RBC Growth Insurance Plus in action

Here are three practical examples of how the RBC Insurance participating whole life insurance plans can deliver benefits to an individual, a business owner or a family.



Meet Jeff, who wants an effective plan for future tax liabilities

- Jeff is 45 and owns both a home and a family cottage. The value of the cottage has grown significantly since he 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 because 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's estimated 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 could be as much as \$700,000 – that's 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 have funds available to pay 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.



Meet Hanna, who wants to grow her dental practice tax-efficiently

- 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.
- If her business generates an annual surplus, Hanna will have to pay tax on any amounts she withdraws, but if she leaves the surplus in the corporation, the investment income will be subject to tax at a higher rate – which can be up to about 50%. In contrast, if she puts the surplus funds in an exempt life insurance policy, any accumulation in the policy will not be subject to annual taxation.
- Plus, if Hanna wants to expand her dental practice, she can borrow against the cash value of the policy to fund her business expansion. Both the loan interest and the net cost of pure insurance may be deductible expenses to her dental practice, provided certain tax rules are met.
- With her RBC Growth Insurance Plus policy, Hanna can set a schedule for the policy loan repayment that will allow her to borrow against the policy again in the future, as she needs. Borrowing against the policy does not pause its cash value growth.
- Finally, once she retires, Hanna can once again use the cash value that's accumulated in the policy on a tax-deferred basis to provide cash flow to meet her retirement income needs.



Meet Gunraj, who wants to help ensure his daughter's future financial success

- Gunraj is age 40 and married with a six-year-old daughter. He wants to set his daughter up for the future by purchasing a cash value life insurance policy that doesn't require a lot of oversight on his part after its 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 Life 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 reaches age 100 – and his daughter can borrow against the policy if she requires the funds for her education, a home or any other financial need she'd like to meet. Because Gunraj purchases the policy for his daughter when she is under 18, it also includes the Juvenile Guaranteed Insurability Benefit* (JGIB) at no additional premium cost. When his daughter purchases her first home, she can exercise one of her three JGIB options to purchase a term insurance policy or increase the coverage on her whole life insurance policy without worrying about whether her insurability has changed.

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

At a glance:**How you can use RBC Growth Insurance or RBC Growth Insurance Plus to meet your financial goals**

If you're an individual	If you're a business owner	If you're interested in insurance coverage for a child
<ul style="list-style-type: none"> ■ For estate protection ■ As a financial product with tax-deferred growth and life insurance protection ■ To access the policy as collateral for a loan (not guaranteed as this is subject to meeting the requirements of the lender) ■ If you've maxed out your RRSPs and TFSAs and are looking for a financial product with tax-deferred growth and life insurance protection ■ To leave a legacy to loved ones or a charity of choice 	<ul style="list-style-type: none"> ■ To protect the small business deduction limit from reduction due to passive income above the permissible threshold; the tax-deferred growth inside an exempt life insurance policy does not impact the small business deduction limit ■ To benefit from the tax-deferred growth ■ To access the policy as collateral for a loan (not guaranteed as this is subject to meeting the requirements of the lender) ■ To fund the obligation under a buy-sell or shareholders' agreement when a co-owner dies 	<ul style="list-style-type: none"> ■ To provide insurance protection and ensure future insurability for a child ■ To plan for the transfer of your wealth to a child or facilitate gift-giving by grandparents or other loved ones

Which participating whole life insurance product is right for you?

RBC Insurance offers two participating whole life products: RBC Growth Insurance and RBC Growth Insurance Plus. Both offer the same great features and benefits; however depending on your age, budget and intended use of the policy, one product might be better suited to help you achieve your goals. Speaking with an Insurance Advisor will help you decide which product best fits your needs.

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

Understanding the factors affecting policy owner dividends

As a policy owner, each year your dividends are determined based on a combination of factors specifically related to RBC Growth Insurance and RBC Growth Insurance Plus policies. These include:

- Investment returns:** As you pay your life insurance premiums, those premiums are added to an investment fund that’s made up exclusively of funds from other RBC Growth Insurance and RBC Growth Insurance Plus policy owners. This investment fund is referred to as the “participating account” (“par account” or “par fund”). Holdings in the par account are managed by experienced RBC Insurance portfolio managers, and invested in a collection of assets based on a comprehensive and sustainable long-term growth strategy.
- Policy cancellations and deaths:** RBC Insurance uses assumptions that are based on our prior experience to project policy cancellations and death claims that will be paid out. Over the long term, these assumptions provide stability and sustainability to policy owner dividends.

- Administrative costs:** These include the costs to administer and service all RBC Growth Insurance and RBC Growth Insurance Plus policies.

On an annual basis, the assumptions used to project dividend amounts are compared to the actual results realized. If the realized results are different from the projected results, RBC Life Insurance Company’s board of directors may change the dividend rate. If administrative costs are lower than expected or if cancellations, claims and investment returns are better than expected, policy owners may receive a dividend payment. Results can fluctuate each year, and dividends are not guaranteed. In the event the realized results fall short of the projected results, based on the assumptions used, dividends may be reduced or may not be paid.

How we manage investment risk and volatility for policy owners

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 Growth Insurance and RBC Growth Insurance Plus: Frequently asked questions

<p>What are my payment options?</p>	<ul style="list-style-type: none"> Annually by direct bill Monthly by pre-authorized debit
<p>What kind of coverage can I get?</p>	<p>Single life: One insured life. The death benefit will be paid out to the beneficiary after the insured life dies.</p> <p>Joint first-to-die: Multiple lives insured. The death benefit will be paid out to the beneficiary when the first life insured dies.</p> <p>Joint last-to-die: Multiple lives insured. The death benefit will be paid out to the beneficiary when the last life insured dies.</p>
<p>What are the different guaranteed premium payment periods?</p>	<p>Life Pay (payable to age 100): Insurance premiums are guaranteed to remain level until the life insured’s 100th birthday, at which point the coverage becomes paid-up.</p> <p>10 Pay: Insurance premiums are guaranteed to remain level until the 10th policy anniversary, at which point the base coverage becomes paid-up. Optional benefits will include premiums that may not align with the premium payment period of the base coverage.</p> <p>20 Pay: Insurance premiums are guaranteed to remain level until the 20th policy anniversary, at which point the base coverage becomes paid-up. Optional benefits will include premiums that may not align with the premium payment period of the base coverage.</p>

What options can I select for my dividends – and can I change the option I select?

Cash: Under this option, dividends will be paid to you.

Paid-up additions: Dividends under this option will be used to purchase an additional amount of paid-up life insurance, separate from your base coverage amount. Insurance purchased with paid-up additions may earn dividends, and will also have a cash value.

Reduced premiums: Dividends under this option will automatically be applied to premiums for the next policy year. This option is only available if you pay for your policy on an annual basis. If the amount of dividends earned is more than your annual premium for the next year, the excess will be paid to you.

Dividends on deposit: Dividends under this option will be held in a dividends-on-deposit account and will earn interest daily at a rate we set, which may change from time to time. Funds may be withdrawn from this account at any time.

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-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. Over time the enhanced insurance amount may reach a point where it is made up entirely of paid-up additions and the one-year term insurance 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 and how it can work for you, please refer to the Enhanced Insurance Dividend Client Guide.

You have the ability to change your dividend option at any time. If you switch 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 you. Interest earned may be a taxable disposition.

When can I access the guaranteed cash value in my policy?

RBC Growth Insurance: Accessible at the end of year 5

RBC Growth Insurance Plus: Accessible at the end of year 1

What is the deposit option?

The deposit option allows you to make additional payments to your policy in excess of the required premiums to purchase paid-up additional insurance. This will help grow long-term non-guaranteed cash values in your policy. These payments are optional and not a component of the guaranteed premiums.

The frequency of scheduled deposit option payments will be the same as your premium payment frequency. Ad hoc deposits may also be submitted.

The deposit option payment submitted at the time of your application (or conversion request) will be used as the annual maximum for future deposit option payments. Once the first payment is received and processed, you may stop and start payments at your convenience up to the pre-determined maximum amount. You may request to increase the maximum in the future by submitting evidence of insurability at that time.

The deposit option is only available if the selected dividend option in the policy is paid-up additions and the premium payment period is 20 Pay or Life Pay.

What is the Juvenile Guaranteed Insurability Benefit?

Available with RBC Growth Insurance only. This benefit will automatically be included in the policy for no additional premium for insureds age 0-17 at the time of the application, provided the child was assessed as a standard risk at the time of the application.

This benefit allows the insured to purchase additional life insurance for the life insured in the future, without providing updated health and lifestyle information. The new policy will be any term or permanent coverage offered for this purpose by RBC Life Insurance Company at the time of the request.

The insured will have a total of three options to exercise this benefit, subject to the total maximum benefit amount reached. The insured can exercise this option after their 18th birthday and within 31 calendar days following their marriage or the birth or adoption of a child, or within 31 calendar days following each third policy anniversary.



What optional coverage enhancements can I add?

Guaranteed Insurability Benefit: This optional benefit allows the insured to purchase additional life insurance in the future without providing updated health and lifestyle information. The new policy will be any permanent coverage offered for this purpose by RBC Life Insurance Company at the time of the request. The insured will have a total of six options to exercise this benefit, subject to the total maximum benefit amount reached. The insured can exercise this option within 31 calendar days following their marriage or the birth or adoption of a child, or within 31 calendar days following each third policy anniversary.

Payor Death and Disability: This optional provision is available to the payor of the policy, if different from the life insured. It will waive the policy premium in the event of the death or the total and continuous disability of the specified policy payor. In the event of disability, waiver of the premium will commence after a period of six months since the onset of the payor's disability. This protection will continue until the payor reaches age 60, provided the policy is still in force.

Children's Term Rider: This rider provides term insurance protection for all the children of the life insured. The single family premium will insure each child for the amount specified, and the monthly cost of this rider is fully guaranteed. Coverage for each child remains in effect up to the child's 25th birthday. This rider also includes a valuable conversion feature, allowing each insured child to convert to a new permanent policy without evidence of insurability.

Waiver of Premium: This optional feature will waive the premium in the event of the total and continuous disability of the life insured. This protection will continue up to age 60 provided the policy is still in force. Waiver of the premium will commence after a period of six months since the onset of the disability.

Accidental Death Benefit: This optional feature provides a benefit in addition to the sum insured if death occurs as a result of an accident. This protection will continue until the life insured reaches age 65.

YourTerm 10: The *YourTerm 10* rider is guaranteed renewable and convertible. The death benefit and all premiums are guaranteed in the policy, provided your policy remains in force and you do not request any material changes to your coverage. The policy renews annually after the initial 10 years for the specified premium, up to age 100 – at which time, the policy becomes paid-up. Premiums increase with each annual renewal. You may convert your term coverage, up to age 71, to any permanent coverage offered for conversion by RBC Life Insurance Company at the time of conversion. You may exchange this rider for a *YourTerm 15*, *YourTerm 20* or *YourTerm 30* rider offered by us at the time of exchange. The exchange must occur prior to the earlier of the fifth rider anniversary and the rider anniversary nearest the life insured's 70th birthday.

YourTerm 15, 20, 25: The *YourTerm* rider is guaranteed renewable and convertible. The death benefit and all premiums are guaranteed in the policy, provided your policy remains in force and you do not request any material changes to your coverage. The policy renews annually after the initial 10 years for the specified premium, up to age 100 – at which time, the policy becomes paid-up. Premiums increase with each annual renewal. You may convert your term coverage, up to age 71, to any permanent coverage offered for conversion by RBC Life Insurance Company at the time of the conversion.

What is premium offset?

Premium offset is the option to use the growing cash value in the policy to pay for the insurance premiums. **The option is not guaranteed.**

You may elect to go on premium offset once the policy reaches its earliest possible offset date and there are no outstanding policy loans. The premium offset date is reached when its current and projected non-guaranteed cash values are adequate to pay all remaining premiums.

You may opt for premium offset if the earned dividend plus the cash value associated with the paid-up additions is sufficient to pay for future premiums. The date this is projected to occur is referred to as the “offset date.”

The death benefit, and cash value in turn, is reduced year over year as paid-up additions are surrendered. **The premium offset date is not guaranteed, and once your policy is on premium offset, you may need to pay future premiums if dividend rates change.** It is important to note that future changes in the dividend scale rate may impact the offset date. Additionally, deposit option payments will stop if and when a policy is on premium offset.

Premium offset is only available if the selected dividend option for the policy is paid-up additions. If the dividend option selected is enhanced insurance, premium offset is only available once the enhanced cross-over point is achieved.

Understanding taxation and your RBC Growth Insurance or RBC Growth Insurance Plus policy

The Income Tax Act (Canada) allows for the cash value of a life insurance policy to grow on a tax-deferred basis up to certain limits. RBC Growth Insurance and RBC Growth Insurance Plus policies also benefit from these rules. This limit, also called the “exempt test limit,” changes on the policy anniversary.

- **Maintaining the policy as tax exempt:** Every year, we perform a tax-exempt limit test, and based on the results, we may 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 can be subject to the tax legislation in effect at that time. We will inform you of any amount you are required to include in your income for tax purposes.

Under current income tax provisions, you may need to include an amount in your income as a result of certain transactions, including but not limited to:

- Change of ownership of the policy
- Full or partial surrender of the policy
- Decrease in the death benefit
- Exchange of a joint first-to-die policy for individual policies
- Accessing the policy’s values
- 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 in the dividends-on-deposit account

Annual meeting of the shareholders and policyholders of RBC Life Insurance Company

RBC Growth Insurance and RBC Growth Insurance Plus policyholders are invited to attend our annual meeting of the shareholders and policyholders and will have the opportunity to review the annual financial statements, appoint the auditor and elect the board of directors. All relevant details will be provided to policyholders prior to each meeting.

For more information, please contact your **Insurance Advisor**
or visit [rbcinsurance.com/growth-insurance](https://www.rbcinsurance.com/growth-insurance).



Insurance

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125418 (08/2021)