

# Annuities

## RETIREMENT – OPPORTUNITIES FOR GROWTH

Freedom doesn't come without a cost. Most financial experts say that you will need between 60 percent and 80 percent of your final working year's salary — for each year of your retirement.

Where will you get this money? Even if you could count on Social Security, it may provide far less than what you will need. You may be fortunate enough to have an employer-sponsored retirement plan.

That's why so many people are turning to private investments to supplement their retirement savings. And one of these investments is an annuity — which can provide an income stream you can't outlive.

## ANNUITIES – IT'S YOUR CHOICE

An annuity is an investment. As with any other investment, you purchase an annuity now for the value it will provide you in the future.

When you buy an annuity, you make either a lump-sum payment or a series of payments in exchange for a stream of income in the future.

And, because annuities grow tax-deferred, you can accumulate more money than you would in a taxable investment earning a similar yield.

## FREEDOM OF CHOICE: TWO TYPES OF ANNUITIES

There are two basic types of annuities: fixed-rate and variable. The type of annuity you choose depends on your individual situation, your long-term goals and how comfortable you are with risk. Investments in variable products will fluctuate and values upon redemption may be less than the original amount invested.

## ADVANTAGES OF ANNUITIES

You'll get the following major benefits when you purchase an annuity:

- *Tax Deferral* — Annuity earnings grow tax-deferred.
- *Choice of Payouts* — When it's time for you to get the money from your annuity, you'll have several payment choices. One is systematic withdrawal, the other annuitization.
- *Professional Management* — Variable annuity portfolios are run by professional money managers whose sole job is to objectively put together the top securities for their investors.
- *Helps Avoid Probate* — If your annuity has a beneficiary, he or she will receive the money immediately. That's because annuities avoid probate, a time-consuming and expensive legal process that affects most assets in an estate.

## ANNUITIZATION PAYOUT OPTIONS

An annuity gives you many choices of how you may want to receive your money. Here are the most common payout options:

- *Single Life* — With this option, you'll receive a set sum of money per month for the rest of your life. Your payment amount is based on how long the insurance company expects you to live.
- *Period Certain* — Under this option, you decide to receive your payout over a certain number of years; e.g., 10, 20, 30. Your payments will be based on the number of years to be covered and the interest rate earned.



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## *Annuities, continued*

- *Lifetime with Period Certain* — With this option, the insurance company pays you lifetime income but guarantees a minimum period of payments. Your death prior to the end of the certain period means your beneficiary will receive payments for the contracts' remaining period certain.
- *Certain Amount* — When you select this option, you'll receive a designated sum of money every month, every three months, or every year until your annuity's funds are used up.

If you also want your annuity to provide benefits to your beneficiaries, you might want to consider one of these choices:

- *Lifetime with Cash Refund*
- *Lifetime for Two Lives*

### **WHY INVEST IN AN ANNUITY THROUGH RBC WEALTH MANAGEMENT?**

You can buy an annuity from any number of sellers. But when you go with RBC Wealth Management, you can be assured of a number of major benefits:

- *Objectivity* — We are not an insurance company, so we do not produce our own annuity. Therefore, we are free to choose from many of the hundreds of annuities available on the market. When you invest in an annuity through us, you'll get an objective recommendation.
- *Personalization* — We're in the business of helping our clients plan for their future. When we recommend an annuity to you, we do so only after considering your individual circumstances.
- *Experience* — RBC Wealth Management has been helping people reach their financial goals since 1909. We have the resources, background and expertise to help you achieve financial security.

To learn more about how an annuity may fit into your overall investment plan, contact your RBC Wealth Management® Financial Advisor.

### **ADDITIONAL CONSIDERATIONS**

*Annuities are designed to be long-term investments and frequently involve substantial charges such as administrative fees, annual contract fees, mortality & risk expense charges and surrender charges. Early withdrawals may impact annuity cash values and death benefits. Taxes are payable upon withdrawal of funds. An additional 10 percent IRS penalty may apply to withdrawals prior to age 59½. With fixed annuities, both the money you invest and the interest paid out are guaranteed by the claims-paying ability of the insurer — they are neither government nor FDIC insured. Investments in variable products will fluctuate and values upon redemption may be less than the original amount invested.*

*Investors should consider the investment objectives, risks, charges and expenses of an annuity carefully before investing. Prospectuses containing this and other information about the annuity are available by contacting your RBC Wealth Management Financial Advisor. Please read the prospectus carefully before investing to make sure that the annuity is appropriate for your goals and risk tolerance.*

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