Fixed Annuity

HOW AN ANNUITY WORKS

An annuity is a contract between you and an insurance company. You can purchase an annuity either with one lump-sum payment or a series of payments.

HOW A FIXED ANNUITY WORKS

Fixed annuities are generally a lump sum payment. When you invest in a fixed-rate annuity, you'll receive a guaranteed interest rate for a predetermined period of time. Fixed-rate annuities typically are for one, three, five, seven or ten years. Usually, the longer the commitment, the higher the interest rate.

KEY ADVANTAGES FOR YOU

- *Tax Deferral* — An annuity's earnings are tax-deferred, which means your money can potentially grow faster than it would in other investments, whose earnings are taxed every year.
- *Helps Avoid Probate* — If your annuity has a beneficiary, the money will be paid directly to the beneficiary without going through probate, a time-consuming and expensive legal process.
- *Payout Options* — You can choose the payout option that is right for you:
  - *Continues for a Lifetime* — Payments cease at your death.
  - *Continues for Both You and Your Joint Annuitant* — Payments continue to the joint survivor at death.
  - *Issued for a Specified Number of Years* — Payments can continue to beneficiary for the remaining number of guaranteed payments.

THINGS TO CONSIDER WHEN PURCHASING A FIXED ANNUITY

- *Long-Term Investment* — You'll want to allow your money to grow until you select the right payout option. Early withdrawals may impact annuity cash values, and face potential penalty tax.
- *Safety Record of the Insurer* — You'll want to make sure your fixed annuity is issued by an insurance company with the top ratings for the ability to pay claims from an independent rating agency.
- *Surrender Period of the Annuity* — Most insurers impose surrender charges on withdrawals made during the contract's first five to seven years. You may want to carefully consider purchasing annuities that have extended surrender charges.

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RBC WEALTH MANAGEMENT CAN HELP YOU

Your RBC Wealth Management® Financial Advisor will work closely with you to determine if a fixed annuity will fit into your long-term financial strategy.

In addition, your Financial Advisor can explain more about choosing an annuity, benefiting from tax deferral and selecting the right payout option for your particular situation.

[1] *Penalties may apply to early withdrawals.*

RBC Wealth Management is not a Tax Advisor. All decisions regarding the Tax implications of your investments should be made in connection with your independent tax advisor.

Investors should consider the investment objectives, risks, and charges and expense 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.

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. Annuities are not guaranteed by FDIC or any other governmental agency and are not deposits or other obligations of, or guaranteed or endorsed by any bank or savings association. With fixed annuities, both the money you invest and the interest paid out are guaranteed by the claims-paying ability of the insurer.