

Immediate Annuity

HOW IT WORKS

An immediate annuity is a contract between you and an insurance company. In exchange for your lump-sum investment, the insurance company agrees to start paying you income immediately, and to continue these payments for as long as you may need them — either for life, or for a designated number of years.

Your immediate annuity can be set up to pay you income based on either a fixed or a variable rate of return:

- **Fixed Rate** — If you choose a fixed rate for your immediate annuity, you will receive a specified amount of income that is guaranteed for the length of your annuity contract.
- **Variable Rate** — When you select a variable rate of return, you allocate your money among a family of diversified investment portfolios. Your income will depend on the performance of these portfolios. Investments in variable products will fluctuate.

KEY ADVANTAGES FOR YOU

- **Professional Money Management (If the Payout Rate is Variable)** — Investment portfolios are managed by experienced investment managers.
- **Helps Avoid Probate** — If your annuity has a beneficiary, he or she will receive the money immediately because annuities avoid 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 AN IMMEDIATE ANNUITY

- **Income Needs** — Selecting a payout option depends on how long you will need to receive income.
- **Safety and Performance Record of the Insurer** — You'll want to make sure your immediate annuity is issued by an insurance company with the top ratings for the ability to pay claims.
- **Performance Record of the Money Manager** — If you have a variable immediate annuity, you will want to make sure that an independent rating agency has given top ratings to the money manager.
- **Adequate Reserves to Cover Emergency Situations** — You'll want to make sure that your financial strategy includes adequate cash reserves, as access to the principal in a immediate annuity can be limited.



RBC Wealth Management®

Immediate Annuity, continued

RBC WEALTH MANAGEMENT CAN HELP YOU

Your RBC Wealth Management® Financial Advisor will work closely with you to determine if an immediate 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.

ADDITIONAL CONSIDERATIONS

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.

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.

**Guaranteed by the claims-paying ability of the issuer. The topic relates to one optional feature of a variable annuity, which can be purchased for an additional charge. There are risks associated with an investment in a variable annuity.*

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