



RBC Growth Insurance and RBC Growth Insurance Plus

Enhanced Insurance 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.

Your Insurance Advisor can help you determine the right amount of life insurance for you and your family.

RBC Growth Insurance™ and RBC Growth Insurance Plus™ can be configured to meet your insurance needs at a price you can afford, while also providing an opportunity to earn growth inside your policy.

Policyholders of participating life insurance may receive an annual dividend based on the performance of the participating account. You can choose from five different dividend options based on how you wish to receive this payment each year.

Most clients choose to reinvest their dividends in the same life insurance policy with either the Paid-up Additions or the Enhanced Insurance option. If you choose to do this, the growth accumulates free of annual taxation following the rules in section 148(2)(a) of the Income Tax Act. More information on this can be found in [Understanding RBC Growth Insurance, RBC Growth Insurance Plus and the participating account](#).

Your Insurance Advisor may suggest structuring your policy with a selected dividend option of Enhanced Insurance. There are many benefits to Enhanced Insurance as well as things to consider prior to proceeding with this as your dividend option.



Prior to recommending participating life insurance with the Enhanced Insurance dividend option, your advisor will need to determine the total amount of life insurance required, and will need to have an understanding of your monthly/annual budget for your life insurance. Knowing these two factors, they can structure your participating life insurance policy with two layers of protection: a base amount and an Enhanced Insurance amount.

Base amount and Enhanced Insurance amount

The sum of these two layers form the total amount of insurance coverage that is paid out to a beneficiary in the event the life insured passes away.

The **base amount** is made up entirely of participating life insurance. This base amount will remain level for the life of the policy and forms the basis of what your guaranteed premiums will be. This base amount may be paid-up in 10 years, 20 years or up to the life insured's 100th birthday. Your advisor will recommend the best pay period for you.

The **Enhanced Insurance amount** is what makes this dividend option unique. This layer of coverage is made up of a combination of one-year term insurance and any additional participating life insurance that is purchased from the reinvested dividends you may receive each year ("paid-up additions").

The first year your policy is in force, the proportion of the Enhanced Insurance amount is 100% of one-year term insurance provided at no additional cost to the policyholder. Over time, as dividends are used to purchase additional insurance, the proportion of one-year term insurance, which started at 100%, will start decreasing, with the difference being made up of additional paid-up additions.

The new participating life insurance that your dividends purchased is not added to your base amount, but instead is a component of the Enhanced Insurance amount.

As the amount of paid-up additions increases, the cash value inside of your policy will continue to grow. However, the total death benefit paid out to the beneficiary will remain the same. Over time, the

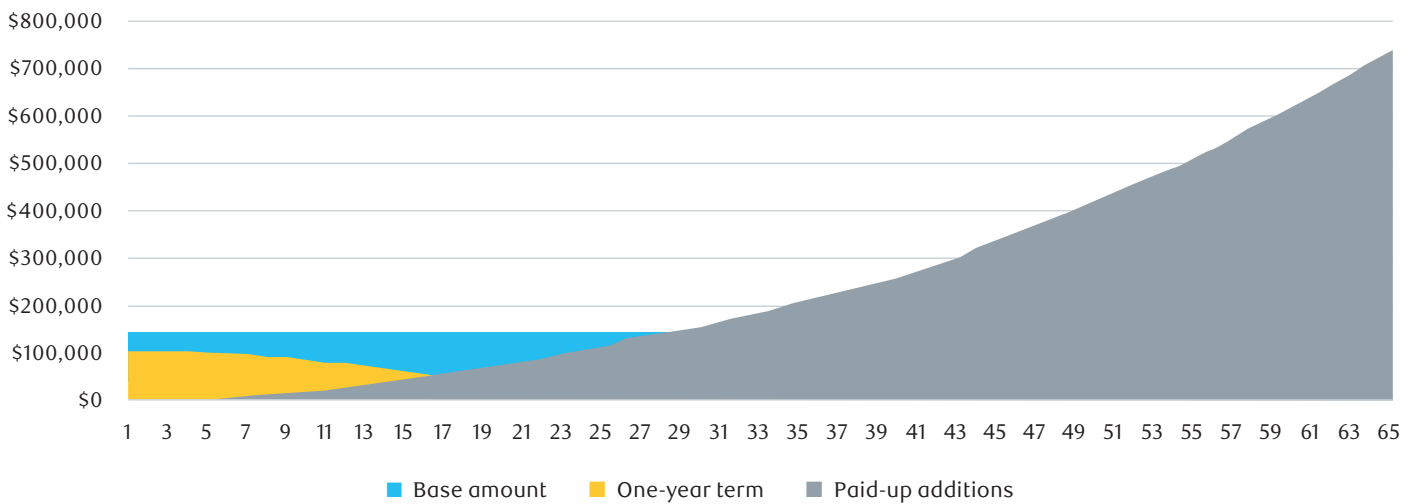
Enhanced Insurance amount may reach a point where it is made up entirely of paid-up additions. At this point, your dividend option will automatically change to the Paid-up Additions dividend option. This is known as the **Enhanced Crossover Point**. The date your policy reaches the crossover point is not guaranteed as it is based on the dividend scale, which is also not guaranteed.

Example of a policy with \$250,000 total death benefit

Base amount: \$143,678

Enhanced Insurance amount: \$106,322

Total death benefit (Enhanced Insurance)



Comparing dividend options: Paid-up Additions and Enhanced Insurance

Example



Margot's advisor identifies her permanent life insurance need is \$250,000. She chooses a 20 Pay period for her policy as she is interested in paying it off sooner.

In this example you can see that Margot is protected for the same amount of life insurance at the time of applying for coverage. However, the premium amount is less when she selects the Enhanced Insurance dividend option.

Although her premiums are lower with the Enhanced Insurance option, the cash value inside the policy will not grow at the same rate as it would with the Paid-up Additions option, and the total death benefit will not increase until her policy reaches the Enhanced Crossover Point.

Your Insurance Advisor can help you understand which dividend option is best for your insurance needs and overall financial plan.

Paid-up Additions Definition

To help with your decisions, it is important to understand how the Paid-up Additions dividend option works.

Dividends under this option are used to purchase an additional amount of paid-up life insurance on top of the amount you selected at the time of applying. Insurance purchased with paid-up additions may also earn dividends and will have a cash value of its own.

Product Information	RBC Growth Insurance – 20 Pay Paid-up Additions dividend option	RBC Growth Insurance – 20 Pay Enhanced Insurance dividend option
Total death benefit at time of application	\$250,000	\$250,000
Summary of coverage at time of application	\$250,000 par whole life	\$143,678 base amount (par whole life) \$106,322 Enhanced Insurance amount
Premiums	\$6,332.25 x 20 years = \$126,645	\$3,846.84 x 20 years = \$76,936.80
What happens with the dividend payment each year?	Automatically used to purchase as much paid-up additional life insurance as it will buy, adding to the total death benefit of her policy. This means the amount paid to Margot's beneficiary will increase each year until she passes away.	Automatically used to purchase as much paid-up additional life insurance as it will buy. The difference between the total guaranteed death benefit and the paid-up additional life insurance is filled by using a portion of the dividend to purchase the remaining life insurance amount using one-year term insurance. This process will repeat itself each year. As the amount of paid-up additional life insurance increases, the policy will require less and less one-year term insurance.
Projected total death benefit at age 85 (current scale)	\$979,972 Internal rate of return – 5.08%	\$554,955.99 Internal rate of return – 4.90%
Projected total cash value at age 65 (current scale)	\$275,130 Internal rate of return – 3.74%	\$155,733.21 Internal rate of return – 3.41%

Things to consider prior to selecting Enhanced Insurance as your dividend option

- Any changes you make to an inforce policy may impact the ratio of base amount to Enhanced Insurance amount.
- Once your policy is issued with this dividend option, you may not withdraw the cash value from your policy, request a premium offset or request to switch dividend options until the Enhanced Crossover Point is achieved.
- Deposit option payments may accelerate the date the Enhanced Crossover Point is achieved.
- You may convert the one-year term insurance within the 31 days prior to any policy anniversary, without providing evidence of insurability.



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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