



RBC® Payout Annuities Contract

1. General Provisions

In this Contract, “you” and “your” refer to the Owner/Primary Annuitant (and/or Secondary Annuitant in the case of Joint Annuitants) of the policy. “We”, “us”, “our”, and “RBC Life” refer to RBC Life Insurance Company.

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act (for actions or proceedings governed by the laws of Alberta and British Columbia), The Insurance Act (for actions or proceedings governed by the laws of Manitoba), the Limitations Act, 2002 (for actions or proceedings governed by the laws of Ontario), or in other applicable legislation in your province of residence. For those actions or proceedings governed by the laws of Quebec, the prescriptive period is set out in the Quebec Civil Code.

This policy contains a provision removing or restricting the right of the insured to designate persons to whom or for whose benefit insurance money is to be payable.

1.1 The Annuity Policy

The policy consists of the Contract, the policy application, the annuity details confirmation (annuity details) and any amendments agreed upon in writing after the policy is issued. A copy of the application is attached.

We will not be bound by any amendments to this Contract, unless it is agreed to in writing and signed by us in writing. There are no rescission rights with respect to this policy. There are no rights of withdrawal or commutation on or after the Policy Effective Date (other than those stipulated in this Contract).

1.2 Policy Effective Date

Delivery of this Contract alone does not constitute acceptance by RBC Life of your purchase of the Contract. Your policy will be effective on the date we have both:

- a) received the total single premium amounts, and
- b) determined that the initial set up criteria for your policy has been met.

We will send you your Annuity Details once your policy has been issued, which will serve as a confirmation notice of purchase. The Policy Effective Date is the date by which we have received your total single premium deposit as set out in the Annuity Details.

Any endorsement or amendment that may be required will be provided to you and will form part of your Contract.

1.3 Benefits

According to the information specified in the Annuity Details, starting on the First Payment Date, RBC Life agrees to pay the Annuitant the Payment Amount as stipulated in the terms of your Contract. All payments will be payable according to the Payment Frequency and First Payment Date as specified in the Annuity Details.

If your Payment Date falls on a non-business day, payments will be released on the business day prior to your scheduled payment date. If the final payment of a Term Certain Annuity falls on a non-business day, payments will be released on the next business day.

1.4 Ownership

The Owner and Primary Annuitant of the policy must be the same person, and may exercise all rights and privileges under this policy. Joint Ownership of this policy is not permitted.

Except as stated above, this policy cannot be assigned.

1.5 Joint Annuitants

Where there are Joint Annuitants, then upon the death of the Primary Annuitant, the Secondary Annuitant, if living, will become the Owner. If death of the Primary and Secondary Annuitant occur on the same date, the Primary Annuitant is deemed to have survived the Secondary Annuitant.

The Secondary Annuitant must be the spouse or common law partner (as defined in the Tax Act) of the Primary Annuitant.

1.6 Changes

Any appointment, change, or revocation of a beneficiary must be made in writing and will be effective as of the date of signing. The appointment, change or revocation will not apply with respect to any payment(s) made or action taken by us before the written declaration is received at our Head Office. We assume no responsibility for the validity or effect of any appointment, change, or revocation. There is no right to name, change, or remove a Secondary Annuitant after the Policy Effective Date.

1.7 Premiums

The Premium Amount specified in the Annuity Details is the sum of all amounts we have received under this policy. No additional premiums will be accepted after the Policy Effective Date.

1.8 Currency and Place of Payment

All payments made to and by RBC Life must be in Canadian dollars and transacted through a Canadian financial institution.

1.9 Proof of Survival or Death

Certain payments are contingent upon the survival or death of the Annuitant or of a beneficiary. We may require proof of the survival or death of that person before we make the payment. This proof must satisfy our administrative criteria.

1.10 Misstatement of Age or Sex

If the age or sex of the Annuitant has been misstated, any amount payable under this Contract shall be such that the premium paid would have purchased an annuity policy at the correct age and sex according to the rates in use by RBC Life at the date of issue. Any under-payments or over-payments by RBC Life shall be added to or deducted from the payments to be made after the adjustment in accordance with our administrative rules. Any under-payment or over-payment shall be considered a liability of RBC Life to the Owner or the



Owner to RBC Life, and such liability will continue until paid (including payment as offset against annuity payments) and will continue notwithstanding the termination of this policy.

1.11 Income Tax

For registered annuity policies

The total value of each payment must be declared as taxable income. Where applicable, RBC Life will submit this annuity policy for registration as an RRSP. As an RRSP, the Annuity Type and the First Payment Date must conform to the provisions of the *Income Tax Act* of Canada and, if applicable, the *Quebec Taxation Act*.

For non-registered annuity policies

All non-registered policies issued by RBC Life are deemed to be prescribed, as defined by Regulation 304 of the *Income Tax Act*. There is no election for your policy to be administered on a non-prescribed basis.

1.12 Tax withholding on Registered Annuity Payments

Withholding tax is automatically withheld from each registered annuity payment and remitted to the Canada Revenue Agency (CRA) on your behalf. You will receive an annuity payment net of applicable withholding taxes. You have the option to waive any taxes withheld at source by us when applying for an RBC Payout Annuity (with the exception of RPP-locked in funds). If this option is chosen, you will receive the gross annuity payment amount as indicated on your Annuity Details confirmation.

2. Payment Provisions

2.1 Payee

The Payee is the person entitled to receive any payments falling due under this policy while the Annuitant is living. The Payee must be the Annuitant/Owner unless otherwise approved by RBC Life.

2.2 Minimum Payment Guarantees

A minimum payment guarantee period ensures a specific amount is paid to you, your spouse or common law partner (as defined in the Tax Act), if applicable and your beneficiary(ies).

2.3 Joint Life Reducing Annuities

If a reducing annuity is selected and one of the Annuitants dies prior to the end of the guaranteed period, then following that death, we will continue to make the same payment to the surviving Annuitant until the guaranteed term has expired. Once the guaranteed term has expired and the surviving Annuitant is still living, the payment will be reduced and payments will continue until the surviving Annuitant dies.

2.4 Commuted Value

Normally, we make payments as they fall due. In some cases, the commuted value of remaining payments, which is equal to the present value of all future payments, is paid as a lump sum.

If the Payment Amount is less than a specified amount according to our then current administrative rules, the commuted value of remaining payments will be paid as a lump sum.

The policy will terminate on the date we make this payment. We will determine the commuted value in accordance with our administrative rules.

2.5 Death on a Payment Date

In the event of the death of the Annuitant on the date that a payment falls due, the payment will be deemed to fall due before death occurs.

2.6 Death Prior to First Payment Date

Under a Joint Life annuity, in the event of the death of only one of the Annuitants before the first annuity payment date, the surviving Annuitant will continue the Joint Life annuity and receive income payments for their life.

3. Beneficiary Provisions

If you have selected a Life annuity with a zero guaranteed period, no beneficiary is selected because there is no death benefit payment payable.

3.1 Beneficiary Appointment

The person entitled to receive any payments or other amounts payable under this policy after the death of the Annuitant(s) is the beneficiary.

So far as the law allows, while the Annuitant(s) is living, the beneficiary appointment may be changed or revoked. If you designate a beneficiary as being irrevocable, then the consent of the irrevocable beneficiary may be required in order to exercise your rights. Payments to beneficiaries shall be made in accordance with applicable law.

3.2 Death of a Beneficiary

If there are multiple beneficiaries named under the policy, where a primary beneficiary pre-deceases the last surviving Annuitant, the share of benefits attributed to that primary beneficiary will be distributed pro-rata amongst the remaining primary beneficiaries.

If all primary beneficiaries pre-decease the last surviving Annuitant, the share of benefits attributed to those primary beneficiaries will be distributed pro-rata amongst the named contingent beneficiary(ies).

If there are no named primary or contingent beneficiaries, any remaining guaranteed annuity payments will be commuted as a lump sum to the last surviving Annuitant's estate.

3.3 If There Is No Named Beneficiary at Time of Death

In the event of death of the Annuitant on or after the first annuity payment, any remaining guaranteed annuity payments will be commuted as a lump sum to the last surviving Annuitant's estate. This Contract will terminate on the date we make this payment.



4. Death Benefit Provisions

4.1 Return of Premium Guarantee

In the event of death of the Annuitant, and if applicable, the Joint Annuitant, before the date of first annuity payment, a Death Benefit equal to the single premium paid will be paid to the beneficiary(ies). This Contract will terminate on the date we make this payment. There is no interest payable on the single premium.

Death Benefit provisions differ upon type of annuity as described in the following sections.

4.2 General Provisions

If the death of the Annuitant(s) occurs on or after the date of the first annuity payment, there is no death benefit payable if: (i) a guaranteed term is not selected or (ii) the death or last death of the Joint Annuitant occurs after the guaranteed period.

Refer to Payment Provisions section for details on Commuted Value.

If the Annuitant is living on the date of the first payment and if the Annuitant dies prior to the end of the guaranteed term, Death Benefits will be paid out as outlined below and in accordance with applicable law which includes the *Insurance Act* and the *Income Tax Act*.

4.3 Single Life Annuities with a Guaranteed Period and Term Certain Annuities

REGISTERED ANNUITIES:

Where the beneficiary is the spouse or common law partner (as defined in the Tax Act), at time of death:

Any remaining guaranteed annuity payments will continue to be payable to the spouse or common law partner (as defined in the Tax Act), as a death benefit until the end of the guaranteed period. This policy will terminate on the date we make the last payment.

Where the beneficiary is not the spouse or common law partner (as defined in the Tax Act), at time of death:

Any remaining guaranteed annuity payments will be commuted and paid as a lump sum.

NON-REGISTERED ANNUITIES:

Any remaining guaranteed annuity payments will continue to be made payable to the beneficiary until the end of the guaranteed term (provided minimum age criteria is met). The beneficiary has the option to commute these payments.

In the event of death of a beneficiary who is receiving a payment as described in the Death Benefits section, we will pay the commuted value of payments to the estate of the beneficiary.

If there are multiple beneficiaries at time of death, any remaining guaranteed annuity payment must be commuted and will be paid to all beneficiaries according to share of benefits instructions on file. The Contract will terminate on the date we make this payment.

4.4 Joint Life Annuities with a Minimum Payment Guarantee Period

In the event of death of both Annuitants on or after the first annuity payment, any remaining guaranteed annuity payments will be commuted and paid as a lump sum to the beneficiary.

Retirement Savings Plan Provisions

The following provisions apply to your Contract if you requested that we apply for registration of your policy under the *Income Tax Act*.

- Your policy will be registered as a Registered Retirement Savings Plan (RRSP) under the *Income Tax Act* (Canada) and any applicable provincial income tax legislation.
- If a Life Annuity with a minimum payment guarantee period is selected under an RRSP, the guaranteed period will not be longer than a term of years equal to 90 minus either the Annuitant's age (or the age of the spouse or common law partner (as defined in the Tax Act), if younger).
- If a Term Certain annuity is selected under an RRSP, the guaranteed term must extend to the Primary Annuitant's 90th birthday.
- The Annuity will begin on the date such benefits become payable and with annuity payments to be made monthly, quarterly, semi-annually, or annually.
- During your lifetime, all payments must be made to you.
- The periodic payments must be equal, except that payments may be reduced in accordance with paragraph 146(3)(b) of the *Tax Act*. Total periodic payments made in a year after your death cannot exceed the total periodic payments made in any year before your death.
- The Return of Premium Guarantee must be payable in the event of the Annuitant's death before the first payment is made.
- No advantage that is conditional in any way on the existence of the policy shall be extended to you or to a person with whom you are not dealing at arm's length, other than in accordance with subsection 207.01(1) of the *Tax Act*.
- Where a conflict or inconsistency exists between the provisions in this section and provisions contained elsewhere in this Contract, the provisions of this section will take precedence.
- Neither the policy nor any payments under this Contract may be assigned in whole or in part.