



Invest more, worry less

The value of segregated funds when markets turn volatile

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Today you will learn about ...

- 1) Key trends and wealth statistics
- 2) The current market landscape
- 3) How to address market anxiety with clients
- 4) The benefits of segregated funds
- 5) Why RBCI
- 6) Q&A



Saving for retirement is more challenging

- People are living longer. There's increased pressure for Canadians to ensure they have enough money to retire on.
- 58% of Canadians aged 55-75 are worried they will outlive their savings.*
- 94% say they are looking for guaranteed income for life.*



* Source: Ipsos survey conducted on behalf of RBC Insurance (Nov, 2015)



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Aging boomers

- 8.6 million baby boomers hold roughly 48% of Canadian wealth.
- That's close to \$2 trillion, an amount estimated to reach \$2.5 trillion in 2026.
- Boomers are moving out of their family-formation years into empty-nester retirement planning.
- We're heading into a potentially \$1.1 trillion intergenerational transfer of wealth.*



It's up to us to deliver asset growth, protection against downside risk and best-practice estate planning.

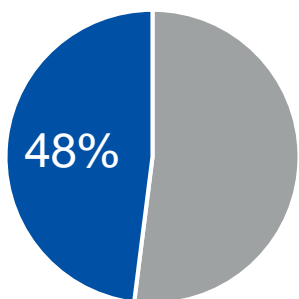
* Source: Investor Economics 2019 Household Balance Sheet Report – Canada



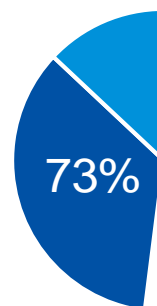
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Wealth and retirement goals

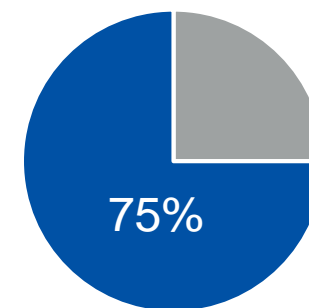
48% of Canadians in high-income households say they're not as wealthy as they thought they would be.



Of the 48% of respondents, **73%** believe they'll reach their financial goals before retirement.



75% of respondents agree building wealth is more difficult than in previous generations.



The majority agreed the following topics are challenging:

Knowing which information to trust

Staying on top of what's happening in the financial markets

Using tax strategies to minimize taxes

Ensuring they don't outlive their assets during retirement

Understanding the use of insurance in a financial plan

Chance of recession



Today's investors have a great deal on their minds.

- An aging business cycle
- Flattening or inverted yield curves
- Geopolitical risk
- Slowing manufacturing

... and more



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How to address market anxiety

Clients want growth and they want to protect their investments.

- We can help mitigate risk through diversification.
- Most Canadians are familiar with investment options such as GICs, mutual funds, bonds, stocks, etc.
- Many have either not heard of segregated funds or don't understand how they work.



Canadians want guarantees

87%

Canadians 55+ want investments that guarantee principal and growth.

60%

Canadians don't know that this option exists with seg funds.

83%

Canadians say that estate planning is important to them.

72%

Canadians are unaware that seg funds have unique estate planning benefits.

Benefits of segregated funds

Clients can:

- Select from a variety of fund options
- Hold seg funds in different types of accounts (RRSPs, TFSAs, non-registered plans, RRIFs or LIFs)
- Get started with only \$50/month
- Access their money at any time

Clients get:

1. Principal protection
2. Potential creditor protection
3. Probate bypass (time & cost!)
4. Privacy protection
5. Possibility to lock in market gains



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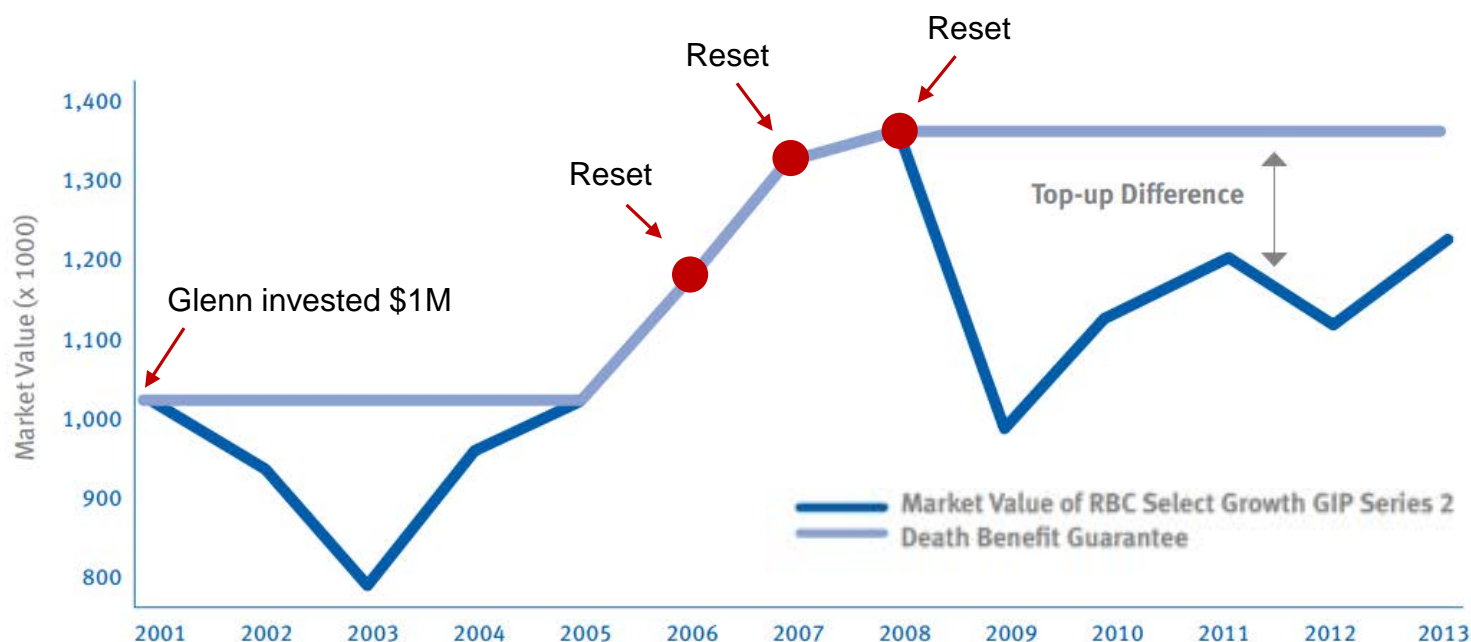
Principal protection through guarantees

- **Maturity guarantee:** protects a percentage of the value of the investment at the end of the investment term – guaranteed.
- **Death benefit guarantee:** ensures a specific percentage of the investment value will be passed on to client's beneficiaries if the client passes away.

Feature	Invest Series	Series 1	Series 2
Maturity Guarantee (whichever is greater)	At age 100... <ul style="list-style-type: none">• 75% of your deposit or market value	In 10 years ... <ul style="list-style-type: none">• 75% of your deposit or market value	In 10 years ... <ul style="list-style-type: none">• 75% of your deposit or market value
Death Benefit Guarantee (whichever is greater)	<ul style="list-style-type: none">• 75% of your deposit or market value	<ul style="list-style-type: none">• 100% of your deposit (if deposited <u>before</u> age 80)• 80% of your deposit (if deposited <u>after</u> age)	<ul style="list-style-type: none">• 100% of your deposit (if deposited <u>before</u> age 80)• 80% of your deposit (if deposited <u>after</u> age)

Lock in market gains through resets

- Our Series 2 seg funds contract allows clients to “reset” or “lock in” the market gains ONCE per calendar year till age 90.
- When a reset is used, the maturity date also resets.



EXAMPLE

- On Dec 31, 2000, 70-year-old Glenn invested \$1 million in the RBC Select Growth Guaranteed Investment Portfolio Series 2.
- Glenn uses the reset option to lock in gains. Each reset results in:
 - **Maturity guarantee increases**
 - **Death benefit guarantee increases**
 - **Maturity date resets**



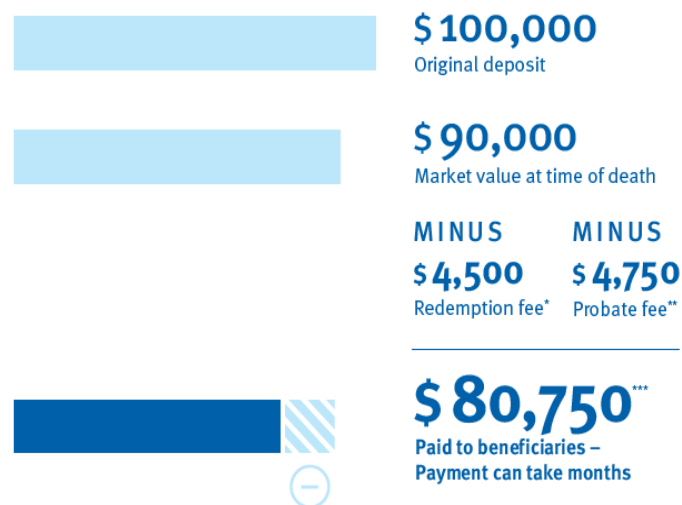
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Estate planning benefits

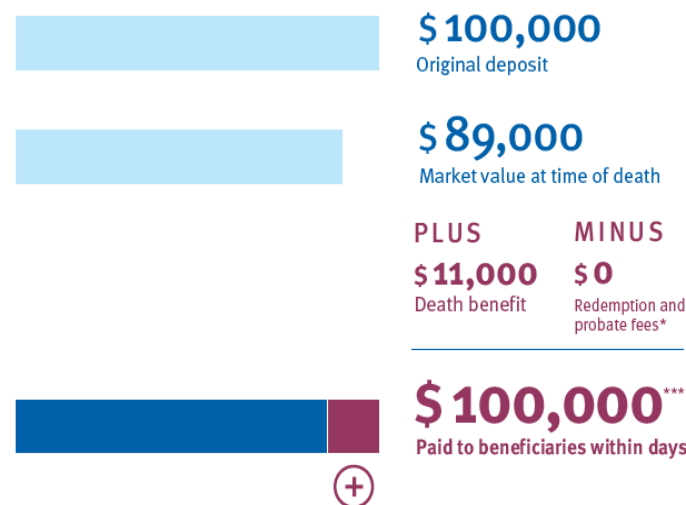
- Beneficiaries receive a certain percentage of the investments – guaranteed.
- Allows proceeds to pass directly to beneficiaries without going through probate.

Comparison of the benefits of mutual funds and segregated funds

Mutual fund account



Segregated fund contract



* Deferred 5% sales charge. RBC Insurance waives the sales charge options at death for segregated funds.

** Costs are estimated for a mutual fund portfolio of \$100,000 in Ontario, where the annuitant passes away within one year of the deposit. Does not include additional accounting fees. Probate fees vary by province.

*** For illustration purposes only. Assume client is invested in a Balanced Portfolio and the value of the investment drops 10% at time of death. Segregated fund fees are higher than mutual fund fees as they include a management fee and an insurance fee component.



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Problems solved by Segregated Funds

Risk averse clients in or approaching retirement

Clients over age 90 looking for creative estate planning solutions

Clients who are risk averse and sitting in a GIC or savings account at a bank

Self-employed professionals/business owners wanting to protect their investments

Clients over 60 looking to preserve their wealth with minimum estate fees

Clients looking to transfer wealth to their next generation

Clients who are concerned with spendthrift beneficiaries

Estate planning with blended families

Clients who are uninsurable



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Creditor protection

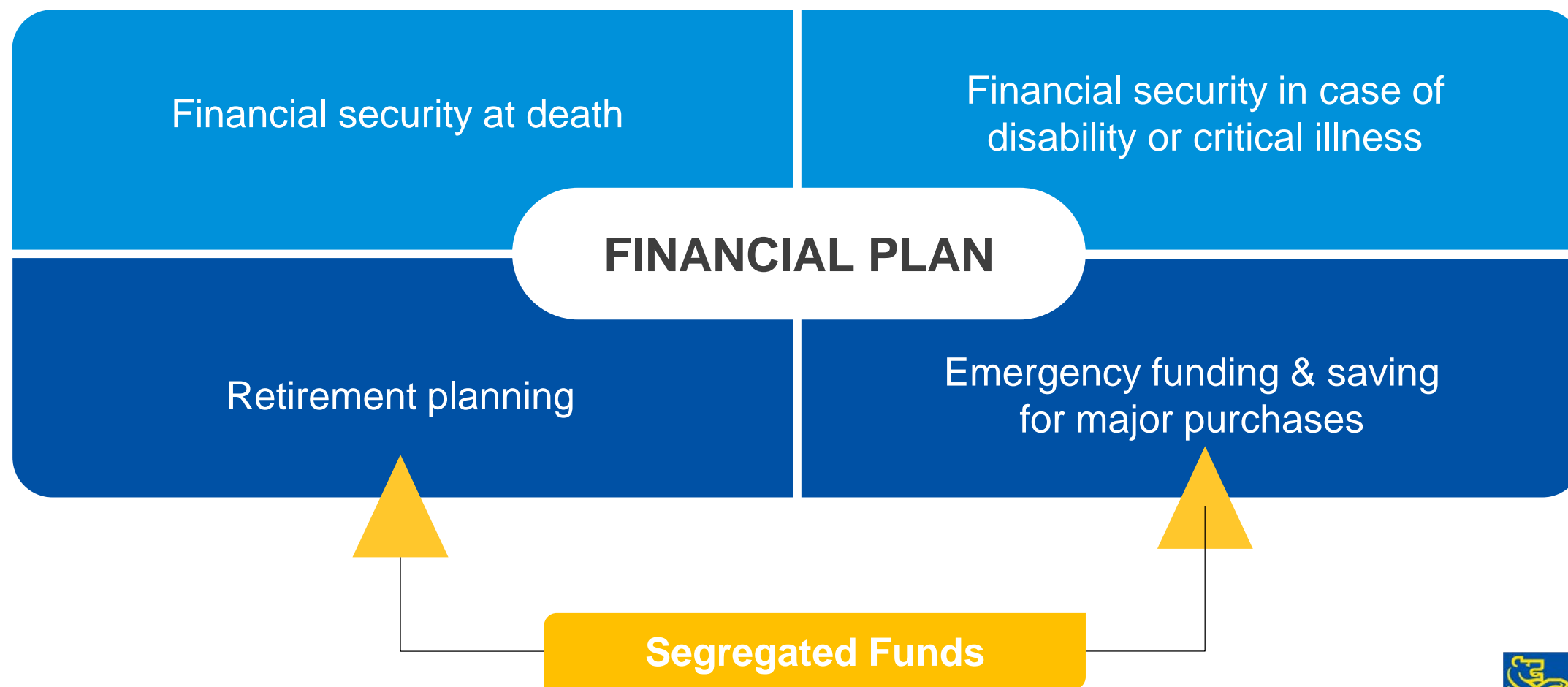
- Segregated funds held in **non-registered or registered accounts** may be protected from creditors in the event of bankruptcy
- Mutual funds in non-registered accounts don't offer creditor protection
- Creditor protection is typically available only when a **family class beneficiary** is named on the plan contract



Situations where creditor protection may not be available:

- Seg fund was purchased when investor was experiencing financial difficulties
- Outstanding CRA income tax liabilities
- Seg funds may not provide protection from claims arising under family law to provide for a dependent

When to discuss seg funds



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Benefits of investing in an RRSP

Benefits of RRSP:

- Tax deductibility
- Tax-deferred growth

What kind of investments can go in an RRSP?

- Cash
- Segregated funds
- Mutual funds
- Canadian and international equities (stocks)
- Fixed income securities (bonds, guaranteed investment certificates, T-bills, etc.)



Maximum annual RRSP contribution limits for the last seven years:

Year	Contribution Limit Per Year
2013	\$23,820
2014	\$24,270
2015	\$24,930
2016	\$25,370
2017	\$26,010
2018	\$26,230
2019	\$26,500



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Contribution limits for each year the TFSA has been around:

Year	Contribution Limit Per Year
2009 - 2012	\$5,000
2013 - 2014	\$5,500
2015	\$10,000
2016 - 2018	\$5,500
2019	\$6,000
2020	\$6,000



Why RBC GIFs?



- ✓ One of the fastest growing seg fund providers with year over year growth
- ✓ #2 in Net Flows!!!
- ✓ RBC GAM – Canada's largest money manager
- ✓ 75/75 - Lowest fees
- ✓ Consistent – Simple – Stable
- ✓ Competitive product suite



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RBC GAM - Your partner in global investment excellence

RBC Global Asset Management's aim and long-standing commitment is to deliver exceptional investment outcomes and valued insights to our clients.

Our values – client-first mentality, collaboration, accountability, diversity and inclusion, integrity and innovation – inspire everything we do.

350+ 
Investment professionals

22 
Investment teams

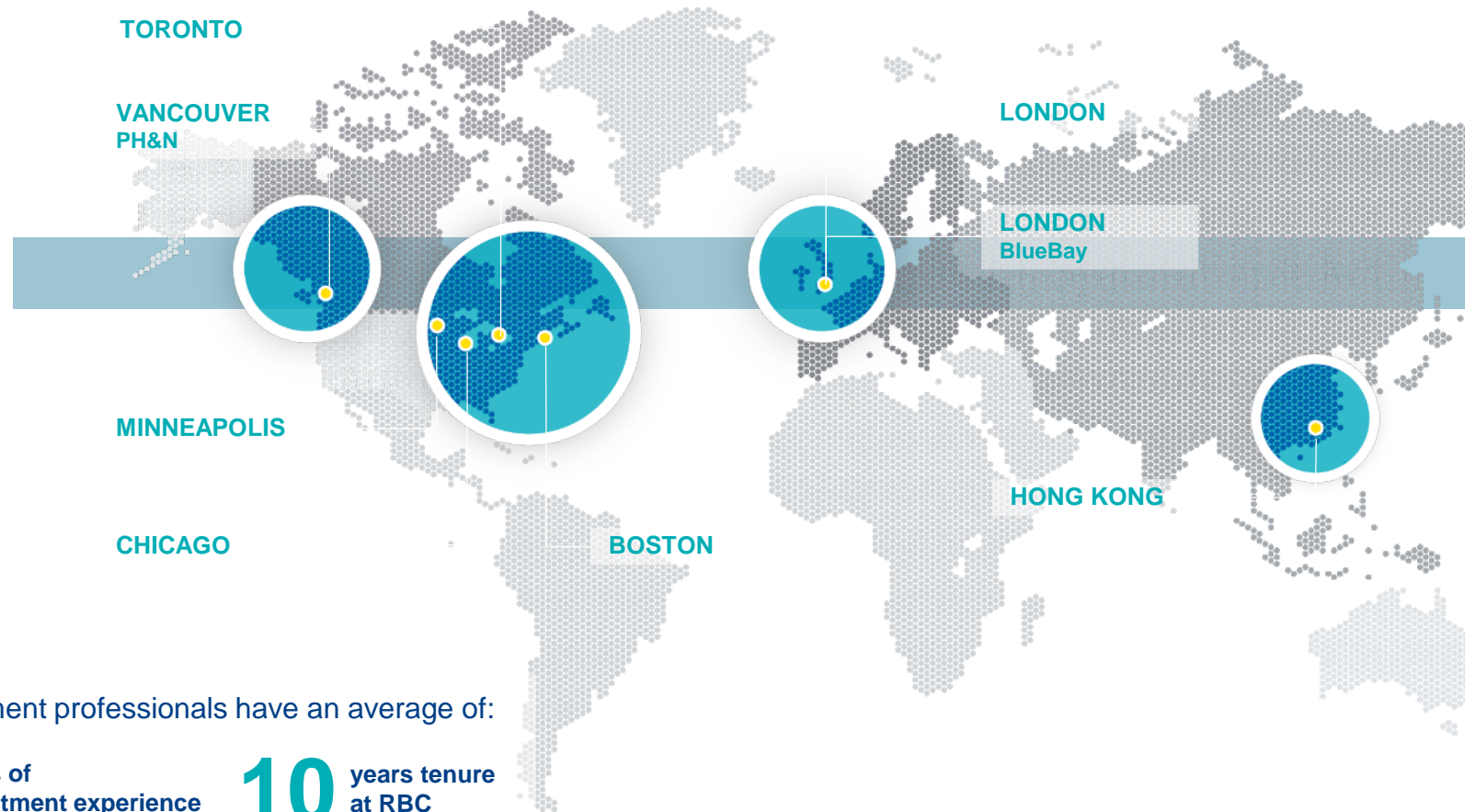
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Specialty research & development teams

\$430* +
Billion in AUM

*As of August 31, 2018

Global Access – Local Accountability

22 investment teams | Shared philosophy | Individual process & accountability | No “group think”



BREADTH OF CAPABILITIES

- Canadian Fixed Income
- High Yield & Corporate Bonds
- U.S. Government Bonds
- U.S. Corporate Bonds
- Global Bonds
- Emerging Markets Bonds
- Currency Solutions
- Canadian Equity
- U.S. Equity
- U.S. Small Cap Equity
- U.S. Mid Cap Equity
- European Equities
- Global Equities
- International Equities
- Emerging Markets Equities
- Asian Equities
- Japanese Equities
- Global Resources & Precious Metals
- Quantitative Investing
- Socially Responsible Investing
- Alternative Investments

Our investment professionals have an average of:

17 years of
investment experience

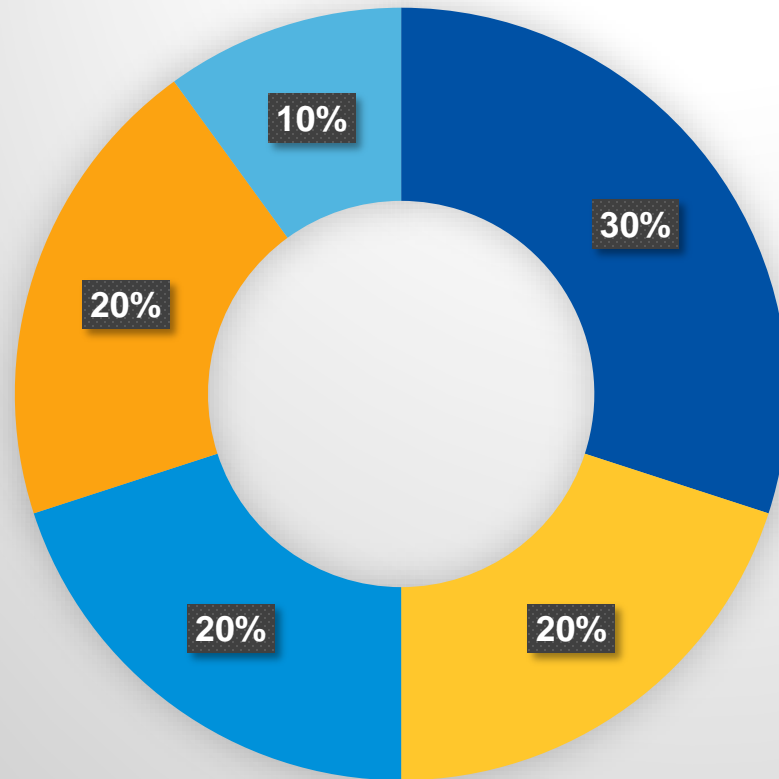
10 years tenure
at RBC

Not all strategies are available in the U.S.



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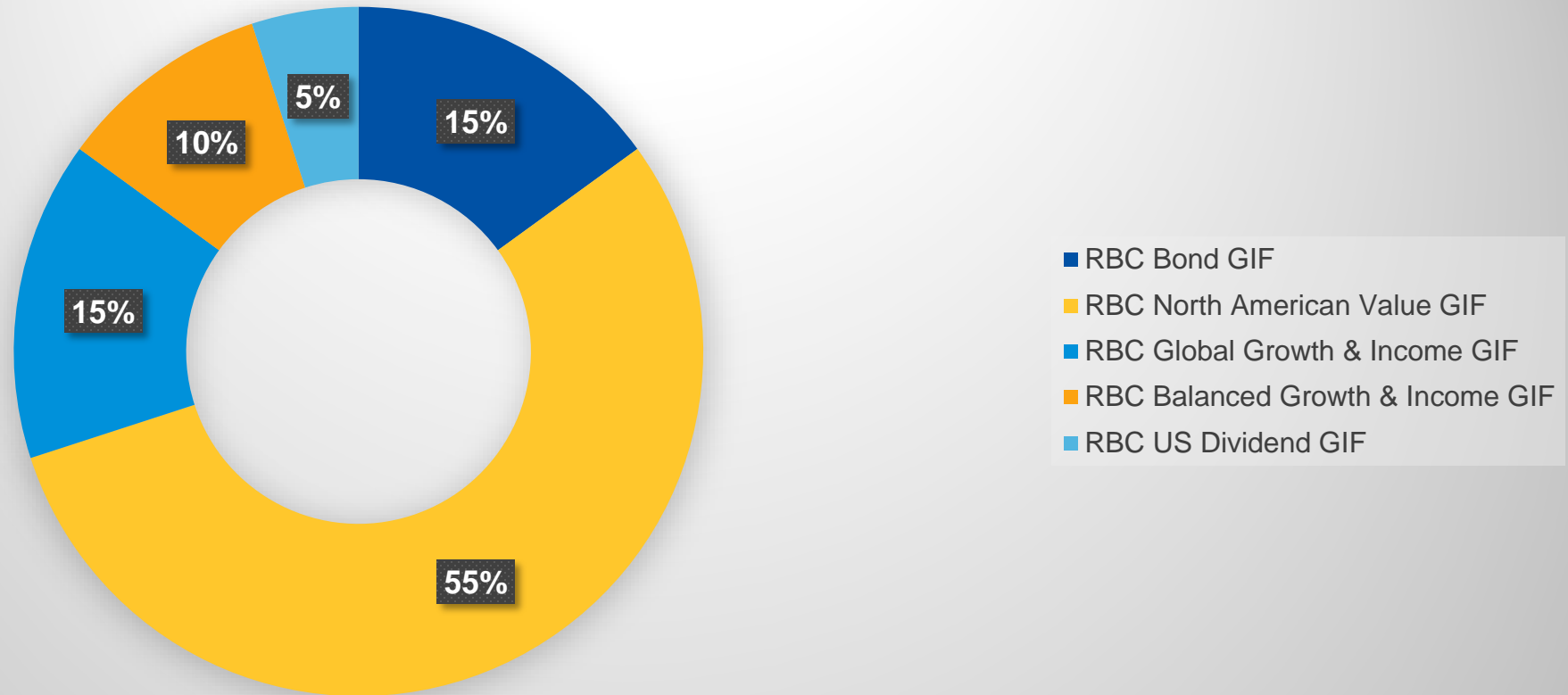
RBC GIF Balanced Investment Portfolio – ROR 5.2% since inception (75/100- Series1)



- RBC Global Bond GIF
- RBC Canadian Dividend GIF
- RBC U.S. Dividend GIF
- RBC Global Growth and Income GIF
- RBC Global Balanced GIF



RBC GIF Growth Investment Portfolio – ROR 6.4% since inception (75/100- Series1)



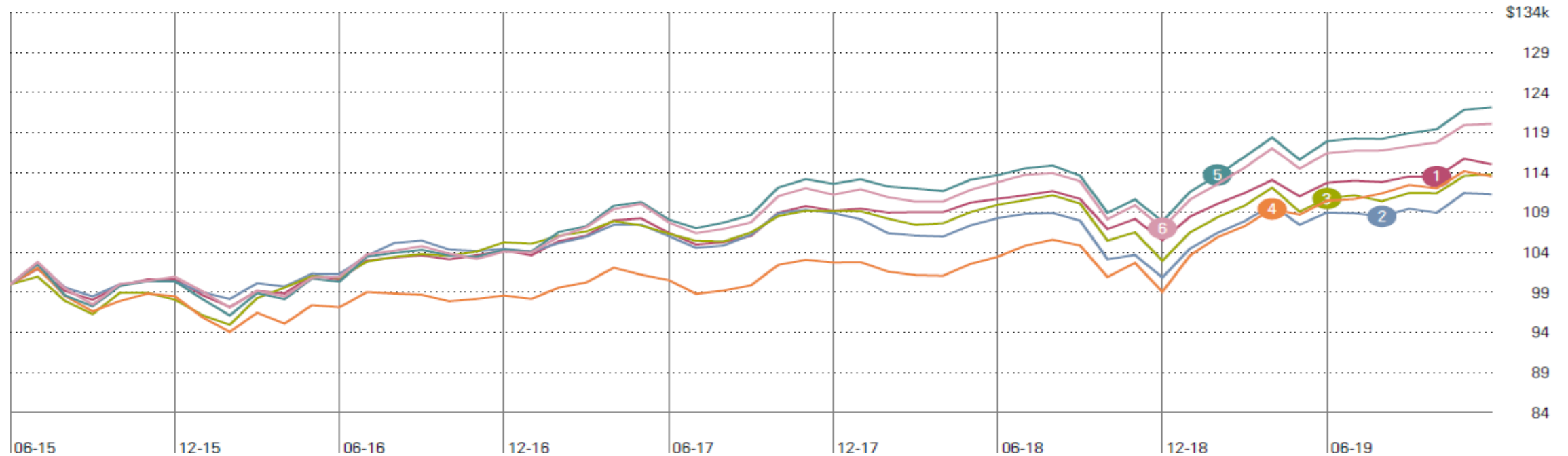
Managed Portfolio Comparison - BALANCED

Investment Growth

06-30-2015 to 12-31-2019

Currency
CAD

Initial Value: \$100,000



Investment	Cumulative Return %	Annualized Return %	Amount at End of Period \$
1 Canada Life Bal Alloc (PSG) Gens I (CAD)	15.01	3.16	115,012.08
2 Empire Life Emblem Balanced Port GIF L (CAD)	11.24	2.40	111,244.03
3 iA Selection Balanced SRP75100 (CAD)	13.75	2.90	113,748.65
4 Manulife SI Id Balanced 100 (CAD)	13.47	2.85	113,474.40
5 RBC Select Balanced GIP Series 1 (CAD)	22.14	4.54	122,136.54
6 Sun Life Granite Balanced - Est Ser A (CAD)	20.07	4.15	120,066.05

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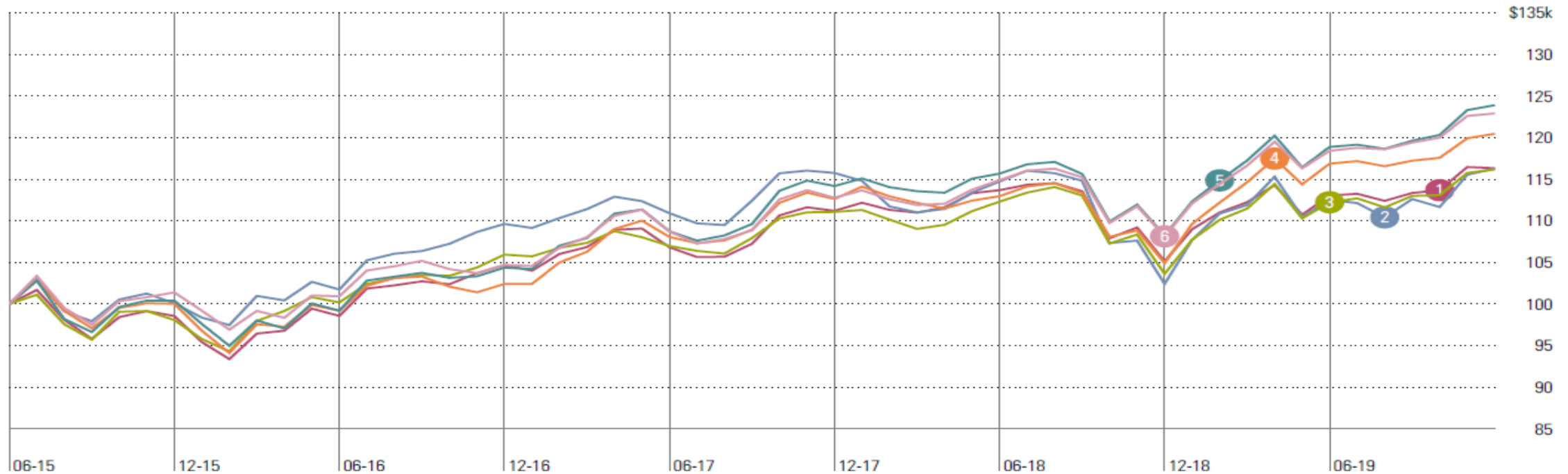
Managed Portfolio Comparison – GROWTH

Investment Growth

06-30-2015 to 12-31-2019

Currency
CAD

Initial Value: \$100,000



Investment	Cumulative Return %	Annualized Return %	Amount at End of Period \$
1 Canada Life Adv Alloc (PSG) Gens I (CAD)	16.33	3.42	116,328.38
2 Empire Life Emblem Growth Port GIF L (CAD)	16.28	3.41	116,277.71
3 iA Selection Growth SRP75100 (CAD)	16.17	3.39	116,166.97
4 Manulife SI Id Growth Pf 100 (CAD)	20.47	4.22	120,465.45
5 RBC Select Growth GIP Series 1 (CAD)	23.90	4.88	123,899.58
6 Sun Life Granite Balanced Gr - Est Ser A (CAD)	22.91	4.69	122,912.78

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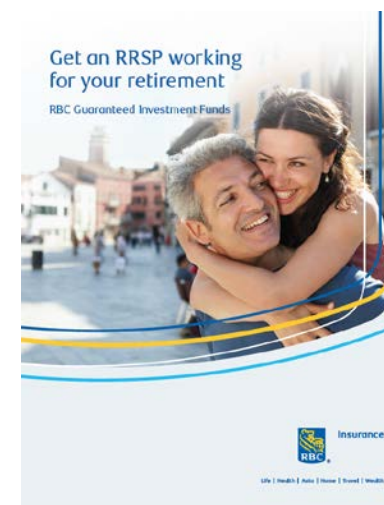
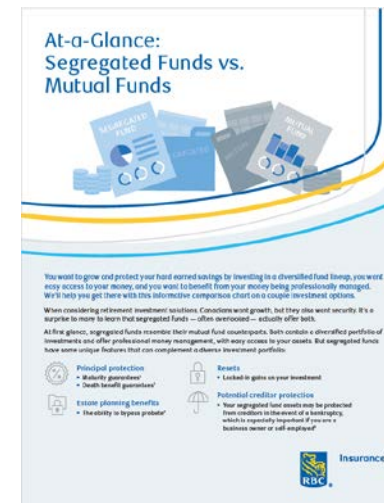
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Segregated Funds Resource Page:

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