

Comparing Retirement Income Strategies

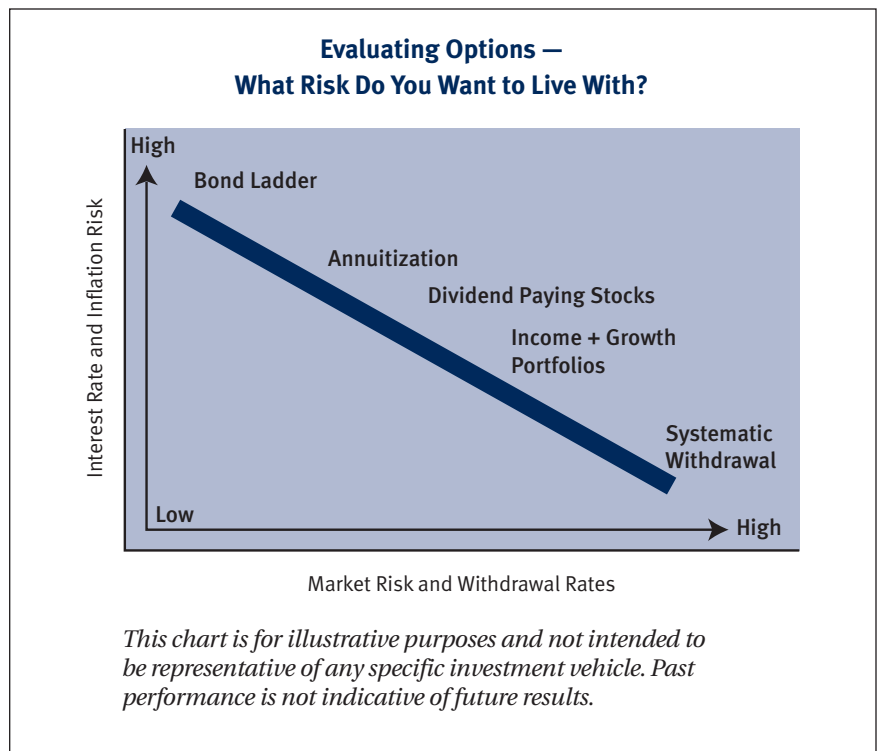
Retirement is a time for travel, volunteerism, favorite hobbies, educational opportunities and other things that are important to you. But have you given thought to the dependable income stream you need to fully enjoy these activities?

Whether retirement is a future dream or a current reality, it's never too soon — or too late — to develop an income plan to see you through your post-career years. And now is the best time to do it, because the earlier you start, the more you gain from the advantages of time and flexibility. Comparing and contrasting the advantages and cautions of these retirement income strategies is a good place to start.

COMPARING RISKS

Which strategy is best suited for your risk tolerance? Depending on your retirement lifestyle goals, financial circumstances and time horizon, certain types of risk may be more of a concern to you than others.

The Evaluating Options chart shows the degree to which each strategy may expose your retirement income plan to risks caused by fluctuating interest rates, market volatility and/or inflation eroding the buying power of your savings. Generally, the higher



the inflation and/or interest rate risk, the lower the market risk. And in most cases, the higher the market risk, the lower the inflation and/or interest rate risk.

Are there ways to hedge these risks? In some cases, there may be. Ask your Financial Consultant. He or she may be able to help you customize your retirement income plan by combining different retirement income strategies and including other investment techniques to help mitigate the risks that concern you.



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Strategies	Advantages	Cautions
Bond Ladder		
Setting up a series of bonds to mature at different dates in the future, typically to match an income need. ■ Do not spend principal.	■ Reliable income stream ■ Ideal for risk averse investor ■ Helps lessen interest rate risk	■ May not keep up with inflation ■ May not provide enough income ■ Income decreases if interest rates decline ■ Subject to interest and inflation risk
Annuitization* (Single Premium Immediate Annuity)		
Converting a lump sum of money into an income stream over a specified period of time or for the life of the annuitant.	■ Reliable income stream that can last a lifetime ■ May not need all the assets to create income ■ Can be set up for monthly, quarterly, semi-annual or annual payments ■ Inflation rider available	■ Lose control of assets ■ Locking in at historic low interest rates ■ Subject to inflation risk unless inflation rider is attached, which increases the cost ■ Loss of control of principal
Dividend Paying Stocks		
Large Cap Value, Real Estate Investment Trust (REIT), Preferred Securities ■ Do not spend principal	■ May keep up with inflation ■ Dividends are tax favored	■ May not provide enough income ■ Dividends can fluctuate significantly

** 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 59 1/2. 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. Investments in variable products will fluctuate and values upon redemption may be less than the original amount invested. Investors should consider the investment objectives, risks, and charges and expenses of an annuity carefully before investing. Prospectuses containing this and other information about the annuity are available by contacting your RBC Wealth Management Financial Consultant. Please read the prospectus carefully before investing to make sure that the annuity is appropriate for your goals and risk tolerance.*

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Strategies	Advantages	Cautions
Systematic Withdrawal		
<p>Strategy of putting together a portfolio of stocks and/or bonds and systematically taking income (or proceeds) from the portfolio. If not enough, spend principal.</p> <ul style="list-style-type: none"> Typically a predetermined dollar amount or percent of assets and time period (monthly/quarterly/ annually). 	<ul style="list-style-type: none"> Depending on the stock & bond mix, can provide asset growth with higher withdrawal rates than other strategies Simple to set up Good chance money will last Income can increase if values increase Investments can include growth component Dividends and municipal bonds have favored tax treatment 	<ul style="list-style-type: none"> Trouble if stocks are down when first implemented (selling equities in down market) Income varies each year if taking a percent of assets Selling and rebalancing strategies may be complex — need to have selling strategy May invest too much in bonds Subject to equity market risk Dividends can fluctuate significantly
Income + Growth Portfolios		
<p>Strategy splits assets into income portfolio and growth portfolio. Income portfolio consists of 10 year bond income ladder that funds income need with income and return of principal or Single Premium Immediate Annuity (SPIA). Growth portfolio is invested in fixed income and equities to provide potential protection against inflation.</p>	<ul style="list-style-type: none"> More reliable income stream (10 years) Less affected by short term market moves Can provide asset growth with higher withdrawal rates than other strategies 	<ul style="list-style-type: none"> Can be more aggressive strategy Harvesting strategy is critical Subject to interest rate and equity market risk

CALL YOUR FINANCIAL CONSULTANT TODAY

To help ensure you can enjoy the retirement activities that are important to you, take a little time now to prepare the income stream you need to live comfortably while you are living life to the fullest. Your RBC Wealth Management Financial Consultant can take an objective look at how all your assets and investments work together and suggest

an appropriate plan for converting your wealth to income. He or she can also help you monitor your progress, and change course as needed, to help you achieve your retirement income goals and other long-term objectives.

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