

# RBC Managed Payout Solutions

Take your payout. Protect your wealth.



## Unlock the income potential of your investments

You've worked hard to accumulate your wealth. Now it's time to unlock the income potential of your investments so that you can realize the retirement you've always envisioned.

But just because you're tapping into your assets doesn't mean you have to tap them out. RBC Managed Payout Solutions can provide the cash flow you need today, while helping to manage the impact to your capital.

## RBC Managed Payout Solutions:

- **Tax-efficient monthly payouts**  
Payouts are managed to result in higher after-tax cash flow than a typical bond or GIC.
- **Flexibility and liquidity**  
You have access to your money should unexpected needs arise.
- **Excellent value**  
A cost-effective solution with an established history of delivering tax-efficient cash flow.
- **Choice**  
You can choose the payout level that fits your lifestyle goals (with 5%, 6% or 7% options).

## Why RBC Managed Payout Solutions?

**RBC Managed Payout Solutions can help you kick-start your retirement income plan with one easy decision.**

Combining a strategy to provide monthly payouts with an actively managed investment, these solutions convert your savings into a regular paycheck.

Based on your needs, you can choose from a 5%, 6% or 7% payout level<sup>1</sup>. Payout refers to the professionally managed income stream that comes from the solution you choose.

**RBC Managed Payout Solutions are ideal if you:**

- Need cash flow to meet living expenses or supplement existing income.
- Seek cash flow that doesn't use up your initial investment.
- Can accept some fluctuations in the value of your investment for regular monthly after-tax income.

## Choosing the right payout level

**Your advisor can help you weigh the following trade-offs and choose the payout level that is right for you.**

### ■ **Maintaining your investment**

The more you withdraw, the higher the risk that your initial investment will be eroded and that your monthly payouts will decline over time.

### ■ **The stability of your payout**

If you choose higher monthly payouts, there will be more exposure to stocks in your portfolio. This may result in more variability in year-over-year payout amounts.

### ■ **Tax-efficiency of cash flow**

Income produced by different investments is not all taxed at the same rate. Generally, as the monthly payout increases, a greater portion of the payout will come from stocks in the form of dividends, capital gains and/or return of capital<sup>2</sup>. This provides better tax-efficiency but also more variability in the value of your investment.

<sup>1</sup> For RBC Managed Payout Solutions, the payout rate is reset annually in January based on the net asset value per unit at the end of the previous calendar year. The amount of the cash payment is not guaranteed and may change with market conditions.

<sup>2</sup> Return of capital (ROC) defers but does not eliminate taxes. ROC distributions are generally not taxable in the year of receipt; however, when units are sold, capital gains taxes are generally due.

## Understanding the trade-offs between RBC Managed Payout Solutions

	RBC Managed Payout Solution	RBC Managed Payout Solution – Enhanced	RBC Managed Payout Solution – Enhanced Plus
PAYOUT LEVEL	5%	6%	7%
MAINTENANCE OF PRINCIPAL	BEST	BETTER	GOOD
PAYOUT STABILITY	BEST	BETTER	GOOD
TAX EFFICIENCY	GOOD	BETTER	BEST

## A track record of successfully managing payouts

Since the first solution was launched in 2002, RBC Managed Payout Solutions have delivered predictable, tax-efficient monthly cash flow while helping to manage the impact to your capital.

RBC Managed Payout Solution						
	2009	2008	2007	2006	2005 <sup>2</sup>	2004 <sup>1</sup>
Payout rate*	5.2%	5.1%	4.9%	4.9%	4.5%	4.3%
Calendar performance	13.1%	-7.5%	2.8%	4.9%	6.0%	3.5%

RBC Managed Payout Solution — Enhanced						
	2009	2008	2007	2006	2005 <sup>3</sup>	2004 <sup>1</sup>
Payout rate	6.1%	6.1%	5.9%	6.0%	5.2%	4.8%
Calendar performance	16.3%	-12.9%	2.8%	7.1%	7.7%	5.1%

RBC Managed Payout Solution — Enhanced Plus						
	2009	2008	2007	2006	2005	2004
Payout rate	7.3%	7.3%	7.0%	7.2%	7.5%	7.7%
Calendar performance	14.8%	-18.8%	3.2%	9.5%	11.8%	12.2%

Source: RBC Asset Management Inc. Series A calendar performance.

<sup>1</sup> August 2004 – December 2004 annualized.

<sup>2</sup> Effective September 30, 2005, the monthly distribution amount was increased to bring the payout rate to ~ 5%.

<sup>3</sup> Effective September 30, 2005, the monthly distribution amount was increased to bring the payout rate to ~ 6%.

Distribution amounts per unit are reset annually in early January. These amounts are based on each portfolio's net asset value per unit at the end of each calendar year and the target payout rates, which have been in effect since 2006.

\* Payout rates are based on set monthly cash distributions for the calendar year as a percentage of unit price as of December 31st of previous year. It is assumed that distributions are not reinvested and that there are no deposits or withdrawals over the one-year holding period. Year-end capital distributions are reflected in the calendar performance but not included in the payout rate.

## Working with an advisor can help

Today, it seems that there is an endless array of income products to choose from. As an investor, this is beneficial. But it also means that making an informed decision is more important than ever. Your advisor can help you understand which RBC Managed Payout Solution will meet your needs. Most importantly, they can put a plan in motion to help you achieve your retirement income goals.

■ **So go ahead, take your payout. And protect your wealth with RBC Managed Payout Solutions.**



**RBC Global  
Asset Management™**



**LIPPER AWARD WINNERS**  
➤ **RBC Asset Management**  
Best Bond Fund Family – 2009  
Best Overall Fund Group – 2007 & 2008  
➤ **Phillips, Hager & North**  
Best Bond Fund Family – 2007, 2008 & 2010  
Best Overall Fund Group – 2010

Returns for the RBC Managed Payout Solution as of June 30, 2010:  
one-year 6.9%; three-year 2.7%; five-year 3.3%; since inception (August 2004) 4.0%

Returns for the RBC Managed Payout Solution – Enhanced as of June 30, 2010:  
one-year 7.4%; three-year 1.2%; five-year 3.2%; since inception (August 2004) 4.2%

Returns for the RBC Managed Payout Solution – Enhanced Plus as of June 30, 2010:  
one-year 5.4%; three-year -2.3%; five-year 2.2%; since inception (April 2002) 4.5%.

RBC Managed Payout Solution (formerly known as RBC Cash Flow Portfolio) and RBC Managed Payout Solution – Enhanced (formerly known as RBC Enhanced Cash Flow Portfolio) were launched August 2004; RBC Managed Payout Solution – Enhanced Plus (formerly known as RBC Tax Managed Return Fund) was launched April 2002.

Please consult your advisor and read the prospectus before investing. There may be commissions, trailing commissions, management fees and expenses associated with mutual fund investments. Mutual funds and their distributions are not guaranteed; their values change frequently and past performance may not be repeated. Except as otherwise noted, the indicated rates of return are the historical annual compounded total returns. The rates of return for periods of less than one year are simple rates of return. All rates of return include changes in unit value and assume reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unit holders that would have reduced returns. RBC Funds are offered by RBC Asset Management Inc. and distributed through authorized dealers.

RBC Global Asset Management comprises RBC Asset Management Inc., Phillips, Hager & North Investment Management Ltd. and RBC Global Asset Management (U.S.) Inc., which are separate legal entities owned by Royal Bank of Canada.