



## Royal Fidelity Personal Retirement Account

ROYAL  FIDELITY

10  
YEARS



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10  
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*Celebrating 10 Years*

Of Helping Our Clients  
Create and Manage Wealth





## About Us

Since inception in 1997, Royal Fidelity has been committed to helping clients create and manage wealth. We are a 50/50 joint venture between RBC Royal Bank and Fidelity Bank (Bahamas) Limited, combining global knowledge and local intelligence. Offering a wide range of investment products and services in Barbados and The Bahamas, our financial solutions are designed to help you meet and achieve your investment goals. These include:

### **Personal Retirement Account**

Personal Pension Plans

Mutual Funds

Corporate Finance

Group Pension Plans

Investment Management

Corporate Services

Trusts & Estate Planning

Stock Brokerage







## About this document

The purpose of this document is to explain the key facts of the Royal Fidelity Personal Retirement Account. If you are considering whether to invest in the account, this document will help you make that decision. This document is intended to be a summary that you should read carefully in conjunction with:

- Your Personal Illustration
- Guide to Investment Risk
- Guide to RFMBT Investment Funds
- Terms & Conditions

The Royal Fidelity Personal Retirement Account is referred to as ‘the Account’ or ‘your Account’ throughout this document.

You should fully understand the facts of the Account before you invest. If you have any questions about the Account or the funds it will be invested in, please contact your financial advisor.







## Introducing the Royal Fidelity Personal Retirement Account

With its advanced technology platform, experienced, professional investment managers and efficient and reliable administration, the Royal Fidelity Personal Retirement Account (the "Account") is the most flexible pension solution available today. We are able to customize each Account to meet your needs including providing:

- A wide range of attractive investment options;
- The flexibility to choose when, how much and how frequently to receive your pension payments;
- The ability to add funds to the Account as you wish;
- Prompt transfer of the balance of your Account to your beneficiaries in the event of your death.

Unlike annuities and other pension payment options, you can take regular monthly, quarterly, semi-annual or annual payments, one-off payments or leave your money invested without taking any income. There is no limit to the amount of additional funds you can add, your ability to change your investment allocation or the level of income you can take from your pension investments. This flexibility allows you to tailor the Account to your specific needs as and when they arise.

Starting your own Royal Fidelity Personal Retirement Account is as simple as calling one of Royal Fidelity's qualified financial advisors and requesting a meeting to have them help you customize a solution that meets your needs.

There are risks associated with investing in the Investment Funds, as the value of your investment can go down as well as up and it is not guaranteed. In addition, taking high levels of income can leave you with inadequate savings to support you during retirement.

## Royal Fidelity Personal Retirement Account

Royal Fidelity's pension experts designed this account for new and existing retirees with lump sums of \$100,000 or more wanting to safeguard or grow their money. The Account is a flexible term investment product providing an attractive alternative to an annuity; however, it may not be suitable for all investors.

The Account is suitable for you if you:

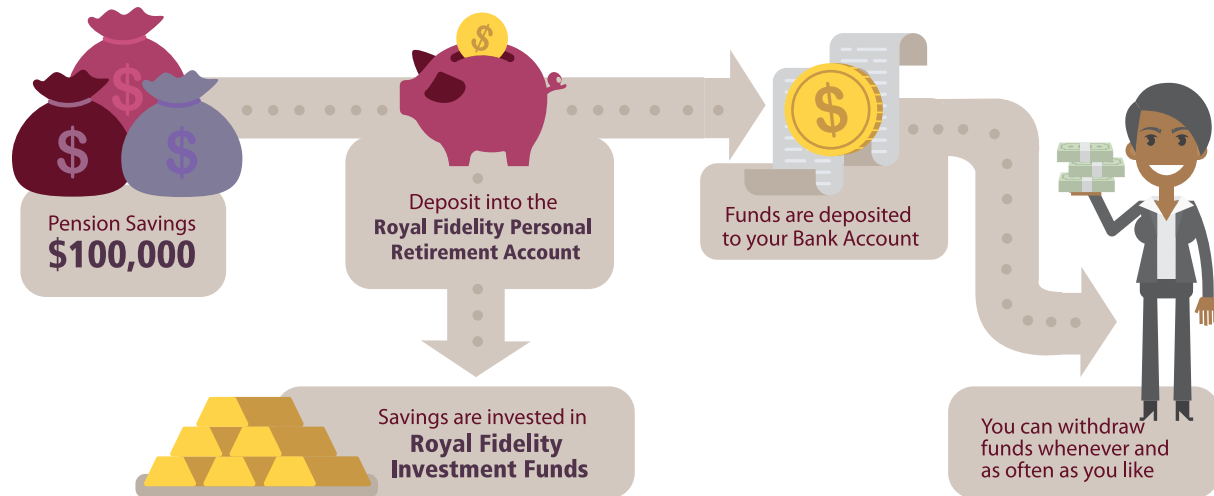
- ▶ Have at least \$100,000 to invest
- ▶ Want to have a choice of attractive investment options
- ▶ Want flexible income payments
- ▶ Want to keep your retirement savings invested
- ▶ Want to add funds when they become available
- ▶ Are willing to take the risk that the value of your savings could go down

The Account may not be suitable for you if you:

- ✗ Have less than \$100,000 to invest
- ✗ Want guaranteed income payments for life
- ✗ Want to withdraw all of your funds over a short period of time
- ✗ Do not want to take the risk that the value of your savings could go down



## Royal Fidelity Personal Retirement Account – How does it work?





## What is the difference between the Royal Fidelity Personal Retirement Account and an Annuity

	<b>Royal Fidelity Personal Retirement Account</b>	<b>Annuity</b>
<b>Who owns the Account</b>	You own the Account. By owning your pot and keeping it invested, there is potential for it to grow. As a result you could have more money than you had planned for in your retirement.	If you buy an annuity then you no longer own your savings. You effectively use your savings to purchase a stream of future payments over your life.
<b>How flexible is it?</b>	You are free to add or withdraw money when you want. You choose where your pension is invested and are responsible for it.	Once your annuity is set up, your income is fixed for life and cannot be changed.
<b>Is my money safe?</b>	While your fund remains invested, it is not guaranteed and is subject to the ups and downs of the market, so your income could fall. If you live longer than expected, you could outlive your income.	Your income is secure, will be paid to you for at least the rest of your life, no matter how long you live, and is not affected by market performance.
<b>What options do I have?</b>	There is huge flexibility in choosing which investment to invest your pension.	Before you buy your annuity, you can shop around to find the best rates. But once you choose your provider, you have to stay for life.
<b>What happens when I die?</b>	If you die, your remaining funds will be inherited by your Beneficiaries.	It cannot be inherited by your dependants unless you selected a spouse's income or a guarantee period before the annuity was set up.

## Comparative Income Schedule

	Bank Deposit	Annuity	RF Balanced Fund
Rates	0.50%	2.5%*	6%
Deposit	MONTHLY INCOME TO AGE 85		
\$100,000	\$ 4,265	\$ 5,428	\$ 7,823
\$500,000	\$21,326	\$27,138	\$39,113
\$800,000	\$34,121	\$43,421	\$62,581
\$1,000,000	\$42,652	\$54,276	\$78,227

\* This estimate is based on a number of quotes however, actual rates may differ depending on gender and health of the purchaser.

## Questions and answers

### Q. Do I have to take an income?

A. Yes, you have to take an income no later than the year in which the member attains the retirement age specified for the member in the National Insurance and Social Security Act. You can leave your pension savings invested until you need them up to that age.

### Q. When can I start taking an income?

A. As per Part VI of the Occupational Pension Benefits Act – Retirement and Vesting

29. (1) the normal retirement age under a pension plan submitted for registration after the commencement date of this Act shall not be earlier than 55 years of age and not later than the year in which the member attains the retirement age specified for the member in the National Insurance and Social Security Act.

(2) Unless the pension plan specifies an earlier retirement age, every plan registered on or before the commencement of this Act shall be deemed to specify a normal retirement age that is not later than the year in which the member attains the retirement age specified for the member in the National Insurance and Social Security Act.

(3) A member of a pension plan who retires on a date referred to in subsection (1) or (2) shall become entitled to the payment of the first instalment of his pension on the first day of the month following the attainment of his retirement age, and to subsequent instalments on the first day of each succeeding month.

### Q. How much income can I take?

A. The FSC has restrictions on the level of funds that can be withdrawn on an annual basis. Please note that if you take high levels of income, you risk depleting your pension savings too early and having to rely on NIS and other savings you may have.

### Q. How much tax-free cash can I take?

A. You can normally take up to 25% of the pension savings you are moving into drawdown as a tax-free cash lump sum.

### Q. Will I pay tax on my retirement income?

A. You can take up to 25% of the value of your current pension savings in a tax-free cash lump sum, when you first set up your Account. In Barbados, pension income is taxable income. Pensioners however receive a personal annual tax exempt allowance of \$40,000. Income over \$40,000 is taxable.

## Questions and answers

### Q. How is my income paid?

A. Income can be paid monthly, quarterly, semi-annually, annually or on an ad-hoc basis and is paid directly to your chosen bank. You must let us know how often you want your income paid and how much you require. Income payments are made on the first of the month or the previous working day if the first of the month is a weekend or bank holiday.

### Q. Where are my savings invested?

A. As a Barbadian or temporary resident in Barbados you can invest in one or a combination of up to three Investment Funds. We regularly monitor and review the portfolio of the Investment Funds on your behalf to ensure they continue to meet their investment objectives.

## Keeping track of your retirement account

You can keep track of your Personal Retirement Account online, where you can see –

- All Transactions within your Retirement Account
- Account Balances and Details
- Your Investment History

We'll send you more information about how to do this in your Welcome Package.

Your finances are going to play a substantial role in your retirement. If you'd like more information on all the literature referenced in this guide, it is available from us on request.

Additionally, if you would like some further guidance on funding your retirement, one of our Retirement Specialists will be happy to speak with you.







## Royal Fidelity Personal Retirement Account



Royal Fidelity Merchant Bank & Trust Limited is a 50/50 joint venture between the Royal Bank of Canada and Fidelity Bank & Trust International Limited



[www.royalfidelity.com](http://www.royalfidelity.com)

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