

# RBC Insurance Announces 2023 SRIA Guaranteed Interest Rate



## WESTWARD'S VIEWPOINT

The 20% year to date loss in bond and equity markets will inevitably affect life insurance policy interest rates. Thankfully, smoothing formulas protect policyholders from dramatic policy interest rate reductions.

For RBC Insurance (RBCI) policies invested in the Smoothed Return Investment Account (SRIA), the guaranteed SRIA interest rate for 2023 is **3.0%**, down from 4.1% in 2022.

The historical performance table shows how RBCI successfully set an average annual policy rate of 4.53% that is very close to the average annual return in the Reference Portfolio of 4.51% from 2014 through 2021.

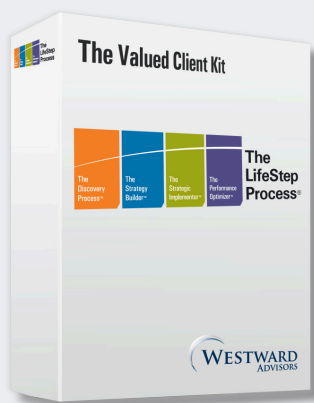
The unprecedented 2022 market downturn in both bond and equity markets has resulted in a Reference Portfolio loss of 11.26% through August 31, 2022 and brought down the average return since 2014 to 3.23%.

The 3.0% rate in 2023 is still a highly attractive guaranteed tax deferred interest rate that becomes entirely tax free when paid out as a tax free death benefit.

When the Reference Portfolio recovers alongside a recovery in the bond and equity markets, the policy rate will eventually follow.

The lower policy rate squeezes the annual benefit of leveraging the SRIA in 2023. Clients are encouraged to take the long view and factor in the past and future benefits of leveraging the SRIA when reviewing leveraging results in the current economic climate.

For more information, clients can contact their Account Manager or Wayne Stone at [waynes@westwardadvisors.com](mailto:waynes@westwardadvisors.com).



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## RBC INSURANCE SRIA INVESTMENT ACCOUNT

The SRIA is an investment account option in certain RBCI Security Fund universal life insurance policies. Funds invested in the SRIA are managed on a discretionary basis by RBCI in an underlying portfolio (the "Reference Portfolio"). The investment objective is low volatility with a long-term focus targeting superior returns while minimizing risk of capital loss. Actual returns in the Reference Portfolio are smoothed into the policy interest rate through a guaranteed calendar year interest rate announced prior to each calendar year.

The historic performance of the SRIA is as follows:

Year	REFERENCE PORTFOLIO RETURNS			Policy Rate
	Gross	Fee	Net	
2014	6.41%	1.65%	4.76%	4.75%
2015	6.23%	1.65%	4.58%	4.75%
2016	6.16%	1.65%	4.51%	4.75%
2017	6.17%	1.65%	4.52%	4.75%
2018	3.29%	1.65%	1.64%	4.75%
2019	7.45%	1.65%	5.80%	4.25%
2020	7.15%	1.65%	5.50%	4.10%
2021	6.45%	1.65%	4.80%	4.10%
Average	6.16%	1.65%	<b>4.51%</b>	<b>4.53%</b>
2022 to Aug 31	(9.61%)	1.65%	(11.26%)	4.10%
New Average	4.88%	1.65%	<b>3.23%</b>	<b>4.39%</b>

As of August 31, 2022, the Reference Portfolio's market value was \$1.579 billion allocated as follows:

## Reference Portfolio Asset Allocation

