RBC Wealth Management

WealthMonitor

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Wealth Management

The Voice of Experience: Advice on Aging from Older Americans

More than 2,500 Americans ages 65 and older were asked what advice they would give younger people on preparing for getting older. They were allowed to answer in their own words, but their responses fell into the following general categories, with up to three categories per person. Focusing on health came first, followed by finances and mindset or outlook on life.

Source: PEW Research Center, November 6, 2025

REITs Offer Income and Diversification

Real estate investment trusts (REITs) can offer a consistent income stream and help provide portfolio diversification. If you own broad stock funds, it's likely that you have some exposure to REITs, perhaps without being aware of it — about 85% of general equity funds contain REITs.[1] For a more strategic approach to making REITs a part of your investment portfolio, you can buy shares in a variety of REIT funds or individual publicly traded REITs.

Pooled property investments

An equity REIT (the most common type of REIT) is a company that uses the combined capital of a large number of investors to buy and manage residential, commercial, or industrial income properties. Equity REITs typically focus on a specific type of property that might range from shopping malls, apartment buildings, and medical facilities to self-storage facilities, hotels, and cell towers.

Under the federal tax code, a qualified REIT must pay at least 90% of its taxable income each year in the form of shareholder distributions. Unlike many companies, REITs generally do not retain earnings, so they may provide higher distribution percentages than some other investments. At the end of 2025, equity REITs paid an average dividend of 4.1%, almost triple the 1.4% average of dividend-paying stocks in the S&P 500 Index.[2–3] REIT dividends may be similar to bond yields in a high interest-rate environment and higher than bond yields in a lower-rate environment.

Share price volatility

While equity REITs are effective income-generating assets regardless of interest rates, share prices can be volatile and are especially sensitive to higher rates. Companies often depend on debt to acquire rent-producing properties, and REIT dividends may appear less appealing to investors relative to the stability of bonds offering similar yields. REIT share prices struggled in the high interest-rate environment of 2022 to 2025 and may be poised for better share-price performance as rates decline.[4] For buy-and-hold investors, however, the income from REIT dividends might be more important than short-term movements in share prices.

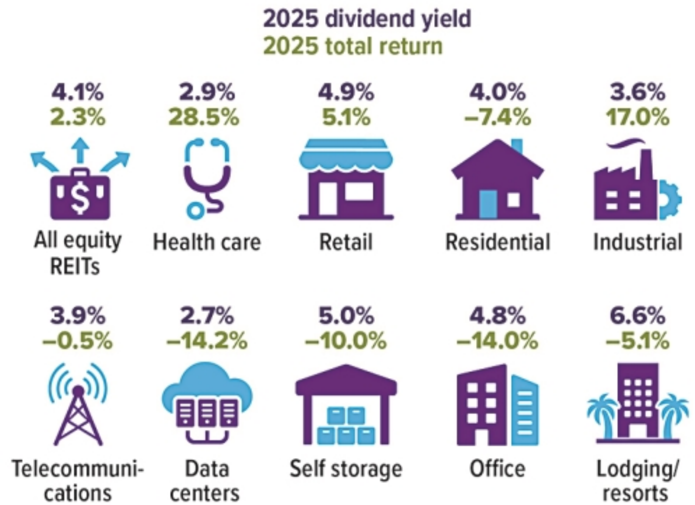
Diversification and asset allocation

Along with providing income, REITs can help increase diversification and broaden asset allocation, because REIT shares do not always follow the movements of stocks or bonds. Over the 10-year period ending in 2025, equity REITs had a correlation of 78% with the S&P 500 and 57% with the corporate and government bond market.[5] As this suggests, REITs are in some respects a unique asset class.

Diversification and asset allocation do not guarantee a profit or protect against investment loss.

Properties and Performance

REITs in general struggled in 2025, due in large part to the lingering high interest-rate environment. However, performance and dividend yields varied widely across different property types. Sector performance can shift significantly from year to year, while dividends tend to be more consistent.



Source: Nareit, 2026 (selected sectors in order of market cap)

Real estate risks

There are inherent risks associated with real estate investments and the real estate industry that could adversely affect the financial performance and value of a real estate investment. Some of these risks include a deterioration in national, regional, and local economies; tenant defaults; local real estate conditions, such as an oversupply of, or a reduction in demand for, rental space; property mismanagement; and changes in operating costs and expenses, including increasing insurance costs, energy prices, real estate taxes, and the costs of compliance with laws, regulations, and government policies.

The return and principal value of all investments fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. REIT distributions are not guaranteed. Investments seeking to achieve higher yields also involve a higher degree of risk.

Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1–2, 4–5) Nareit, 2024–2026

3) S&P Dow Jones Indices, December 31, 2025

What Is Asset-Based LTCI?

When planning for the potential cost of long-term care, you've probably considered long-term care insurance (LTCI). But premiums can be expensive, and if you do buy the coverage, you probably hope you never have to use it. The prospect of paying costly premiums for long-term care insurance that you may never use might discourage you from buying coverage.

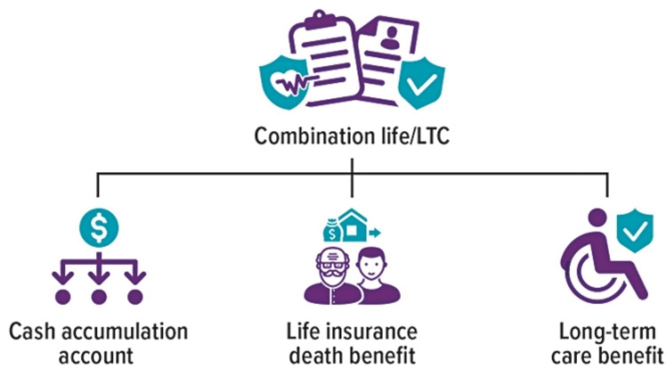
A possible solution is a type of insurance that blends several types of insurance coverage into a single policy. These hybrid LTC policies, also known as asset-based plans, combine the benefit of a life insurance policy or an annuity with the availability of long-term care benefits should you need them.

Life insurance asset-based plan

This type of plan combines permanent life insurance and long-term care coverage. Many such policies often require a substantial up-front premium, although some policies offer periodic premium payments (e.g., monthly, quarterly, annually). The amount of death benefit and long-term care allowance is based on your age, gender, and health at the time you buy the policy.

The appeal of this combination policy is that either you'll use the policy to pay for long-term care expenses, or your beneficiaries will receive the insurance proceeds at your death. In either case, someone will benefit from the premiums you pay. Benefits under an asset-based life insurance policy typically begin when the insured needs help with two or more activities of daily living such as eating, bathing, and dressing.

Example of combination permanent life/LTC policy features



Annuity asset-based plan

While policy provisions may differ from company to company, generally you put money into an annuity, usually in a lump sum or through a series of premium payments. You may also exchange another annuity or cash-value life insurance for a long-term care annuity via a Section 1035 exchange. The annuity typically pays a fixed rate of interest each year. In addition, the annuity provides a long-term care benefit amount, usually equal to two or three times your annuity cash value, subject to a maximum benefit period, which is the maximum length of time that you may receive long-term care benefit payments from the annuity.

Long-term care annuity benefits are often paid monthly. There is usually a charge for the long-term care component that is deducted from your annuity each year. With this type of plan, you can use the annuity proceeds for long-term care, and if you don't use the long-term care benefit, you still have the typical annuity options (tax-deferred savings, lifetime income payments, etc.).

Whether an asset-based plan is right for you depends on a number of factors. But an asset-based plan may be a viable option available for long-term care planning that might merit a second look.

NOTE: *Permanent life insurance offers lifetime protection and a guaranteed death benefit as long as you keep the policy in force by paying the premiums. A portion of the permanent life insurance premium goes into a cash-value account, which accumulates on a tax-deferred basis throughout the life of the policy. Withdrawals of the accumulated cash value, up to the amount of the premiums paid, are not subject to income tax. Loans are also free of income tax as long as they are repaid. Loans and withdrawals from a permanent life insurance policy will reduce the policy's cash value and death benefit and could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured.*

Generally, to be considered a tax-free exchange rather than a taxable surrender, you cannot receive the annuity proceeds directly; the proceeds from the annuity must be paid directly to the long-term care insurance company. Also, Section 1035 applies only if both the annuity contract and the long-term care insurance policy are owned by the same person or persons. A complete statement of coverage, including exclusions, exceptions, and limitations, is found only in the long-term care policy. It should be noted that carriers have the discretion to raise their rates and remove their products from the marketplace.

Generally, annuity contracts have fees and expenses, limitations, exclusions, holding periods, termination provisions, and terms for keeping the annuity in force. Most annuities have surrender charges that are assessed if the contract owner surrenders the annuity. Withdrawals of annuity earnings are taxed as ordinary income. Withdrawals prior to age 59½ may be subject to a 10% federal tax penalty. Any guarantees are contingent on the claims-paying ability and financial strength of the issuing insurance company.

What Can You Learn from Your Tax Return?

Tax season may be behind you, but don't stash away your tax return quite yet. It's full of information that might help you improve your finances or make a difference in next year's tax picture. Here are four things you could learn from reviewing your return.

Are your retirement contributions on track? The W-2 you received from your employer spells out what pre-tax contributions you made during the tax year to your workplace account such as a 401(k) or 403(b). If you were able to make deductible contributions to a traditional IRA, you can find that information on your tax return. An IRA provider will also send you an informational Form 5498, if you're eligible, that shows contributions you've made to a traditional, Roth, SIMPLE, or SEP IRA that you can use to track and review your contributions. The deadline for sending this to you is May 31, so look for this in your inbox or mailbox — you'll receive one form for each IRA.

Use this information to decide if you can increase your retirement contributions going forward. Contributing more will not only help boost your retirement savings (especially if you can receive a higher match from your employer) but could also help reduce next year's tax bill if you are making pre-tax contributions or your contributions will be tax deductible.

Are you withholding the appropriate amount of tax from your paycheck? Receiving a refund that is larger than expected or owing the IRS money are both signs that your withholding deserves a second look. While a big refund is great, it means that you're missing out on the chance to put that money to work for you throughout the year by regularly saving or investing more, or using the funds to pay off high-interest debt. Adjusting your withholding now can also help you reduce the amount you have to pay the IRS next tax season. The IRS has a Tax Withholding Estimator on irs.gov that can help you figure out the right amount of federal income tax to have withheld.

Could your money be working harder for you? Reviewing how much you earned in interest will reveal if you need to explore other options. If you're surprised by how little you earned, it might be time to shop around for a higher rate, or move your money to a different type of account that offers more potential for growth and matches your financial goals and tolerance for risk.

Do you need to rethink your financial strategy? With so much information at your fingertips, it's a good time to focus on your finances in general. Consider scheduling a post-tax season review with a financial or tax professional to explore strategies.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. There is no guarantee that working with a financial professional will improve investment results.

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