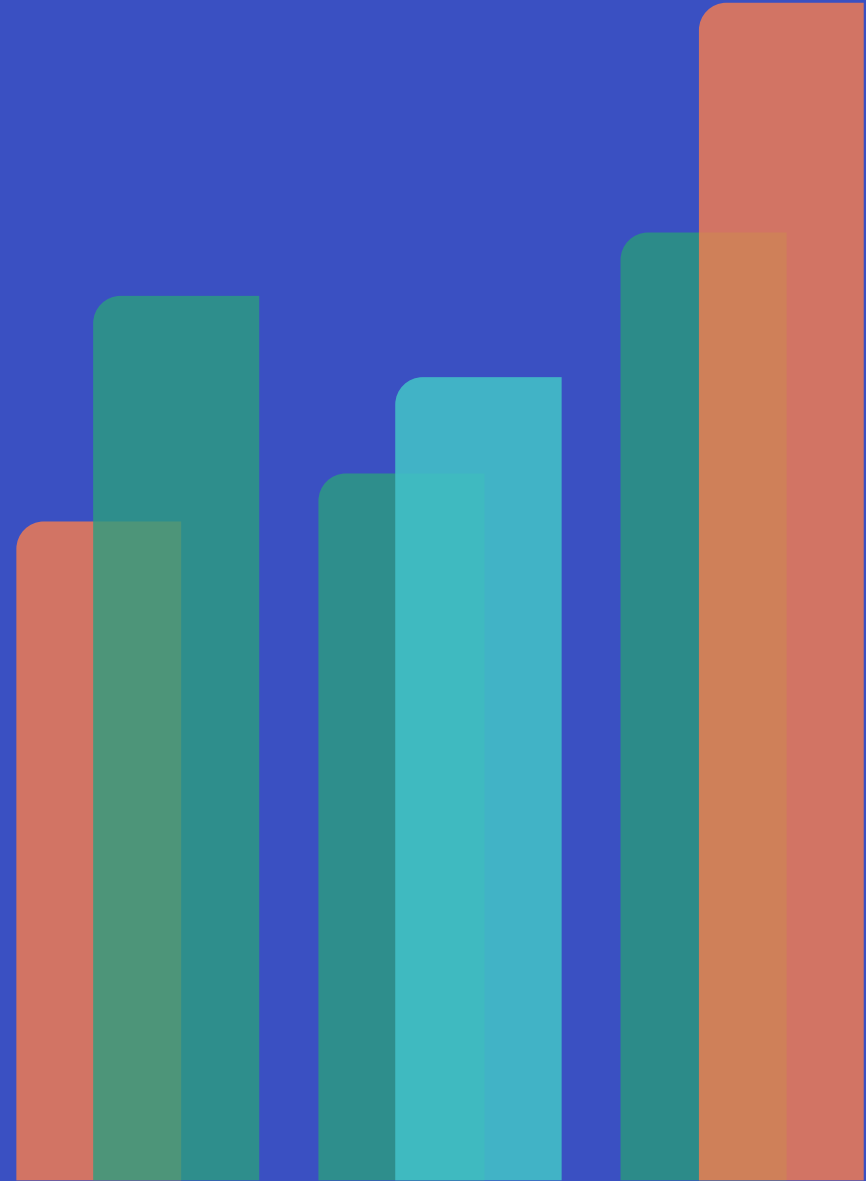




Generation Life Estate planning masterclass

For financial adviser use only

Presented by Meryl Davison, Distribution Manager, Generation Life



Helping Australians with investment solutions for over 17 years



Australia's most forward thinking and innovative investment bond provider



Market leader in tax aware investing



1st bond provider to offer an extensive investment menu



Over \$2b written in investment bonds



> 40% market share of inflows on a one year rolling average*



Trusted APRA regulated and parent company is ASX listed



No.1 in total inflows
Highly Recommended by Zenith & Lonsec



Human, fast, professional & personalised service

* Plan for Life 2021 Investment Bonds Report

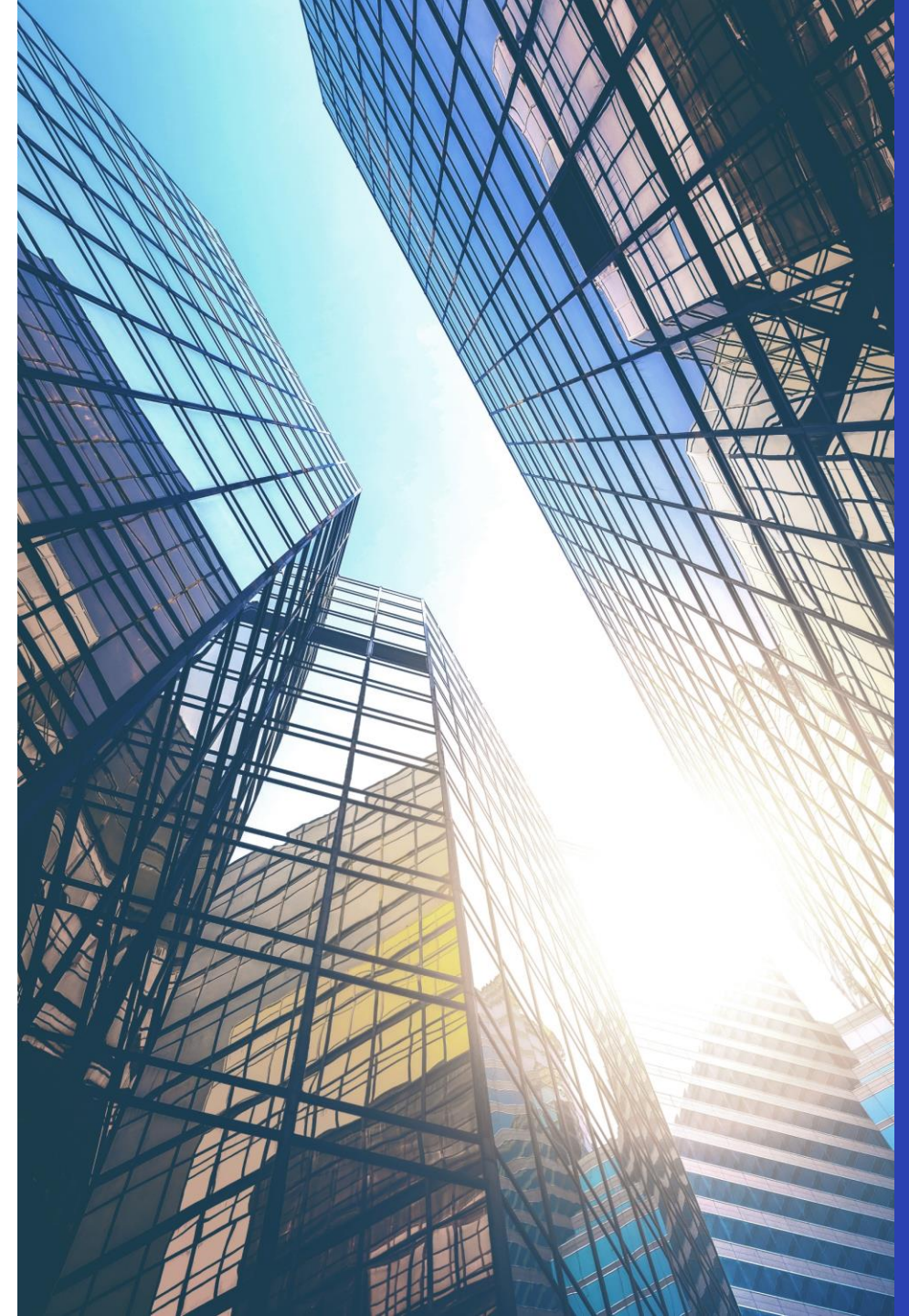
Generation Life

Highly recommended for over a decade

The only provider in the market to hold a ‘**Highly Recommended**’ rating with both Lonsec and Zenith Investment Partners.*



*Refer to page 38 for further information about ratings for Generation Life Investment Bonds (ChildBuilder and LifeBuilder).



Key features of investment bonds



Max tax rate of 30%



No distributions and access to funds at anytime



Tax paid after 10 years - tax advantages pre 10 years



125% advantage



Portability
Tax-free transfers



No personal Capital Gains Tax on switching



No tax file number required



Creditor protection



Can be structured as a non-estate asset

5 core uses of investment bonds



Estate planning

Be in control of transferring wealth



Alternative or complementary to superannuation

The most tax-effective investment solution after super



Trusts

Reducing distributable income within trusts



Saving for a child

Meeting the rising costs of future generations

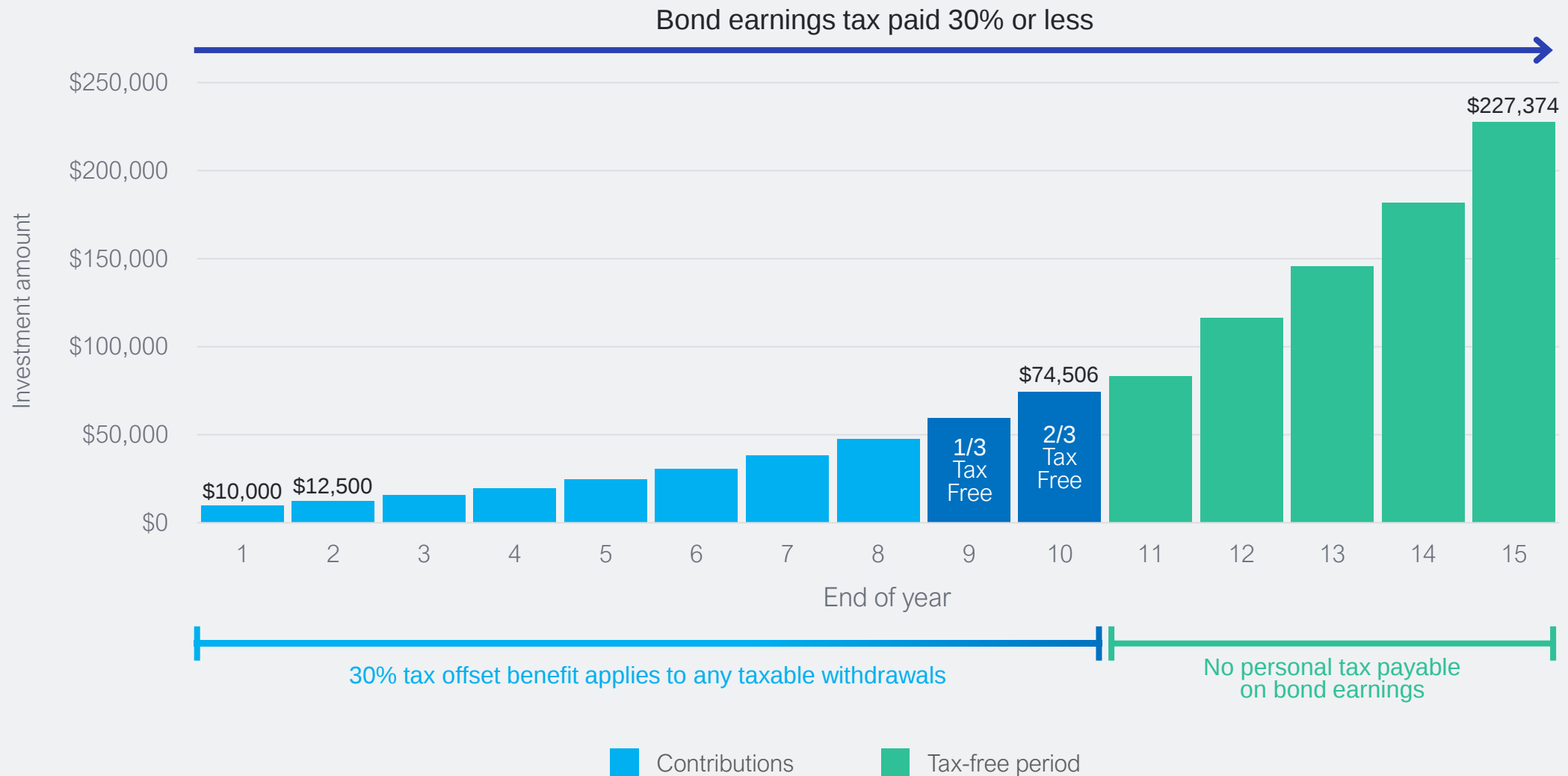


Government entitlement

Improving pension entitlements



Tax structure and 125% advantage

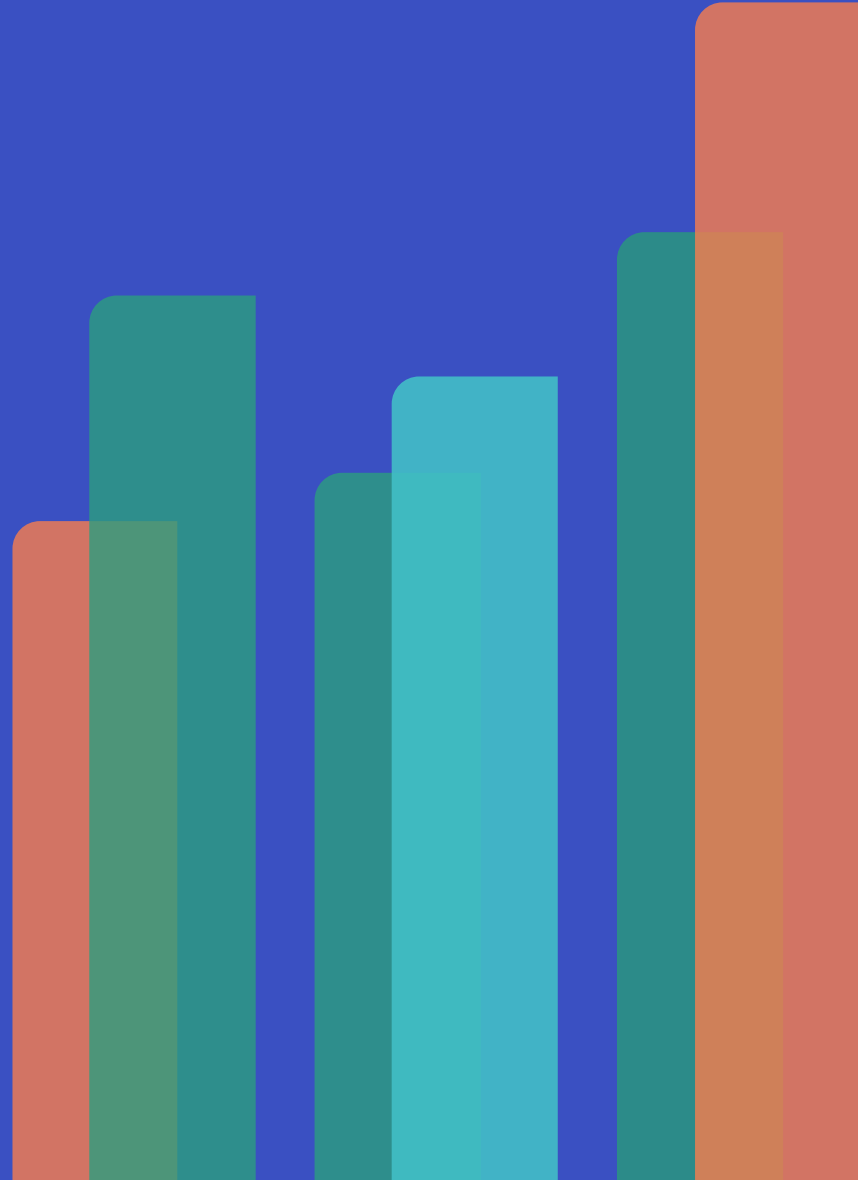


Investment structures for estate planning

	Estate planning	Setting up	Cost-effective	Tax consequences to beneficiaries	Accessibility on death	Creditor protection
Superannuation	 Some estate planning, limited to SIS Act	 Easy to set up	 No additional costs	 Non dependants may be subject to death tax	 Subject to SIS Act	 Protected
Discretionary trust	 Some estate planning	 Can be complex	 Additional set-up and ongoing costs i.e. tax reporting, accounts	 Ongoing tax depends on beneficiaries	 Direction through trust deed	 Protected
Wills / estate assets	 Some estate planning but open to challenge	 Can be complex	 Additional set-up and ongoing costs i.e. legal, trustee, probate costs	 Subject to estate wind up	 Maybe subject to lengthy probate delays	 Not protected
Investment bonds	 Strong estate planning	 Easy to set up	 No additional costs	 Tax-free to beneficiaries on death or opportunity of future event transfer	 Typically, beneficiaries will receive funds within 10 working days of receiving documentation	 Protected

Market Leader

in Tax Aware investing



How we consistently deliver tax alpha

The unique investment bond tax structure already allows us to offset realised capital losses against income and realised gains – rather than just realised gains.

However, the significant value add comes from better handling of the gain/loss trade-off. This gives us the ability to address operational and tax leakages.



Good turnover of assets, ability to offset a capital loss with an income gain



Updated tax management process



Not buying into unrealised and realised gains tax positions – all tax positions factored into unit price

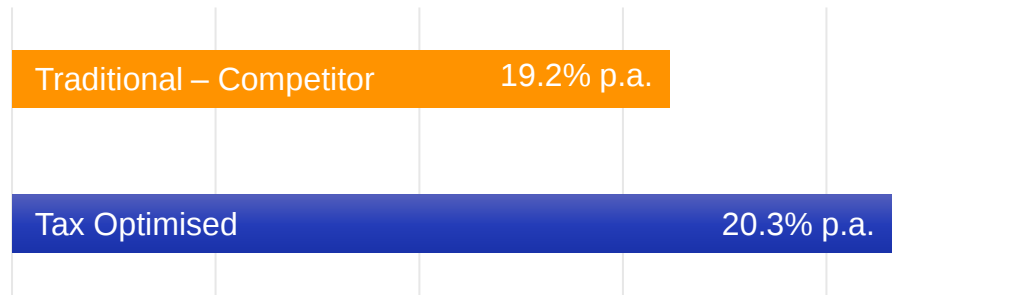


We are able to stay invested for longer and generate additional return on unrealised gains

12-months of actual performance uplift

Traditional versus Generation Life Tax Optimised range

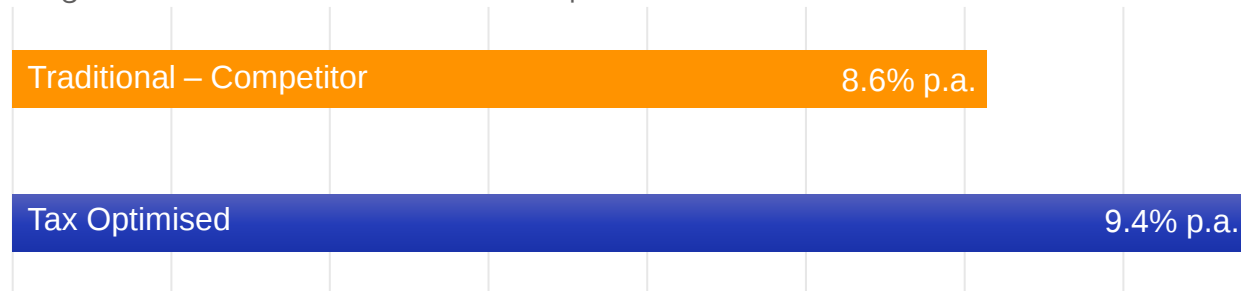
Vanguard High Growth Portfolio investment option*



Increased after-tax performance

↑ 1.09% p.a.

Magellan Global Fund investment option*



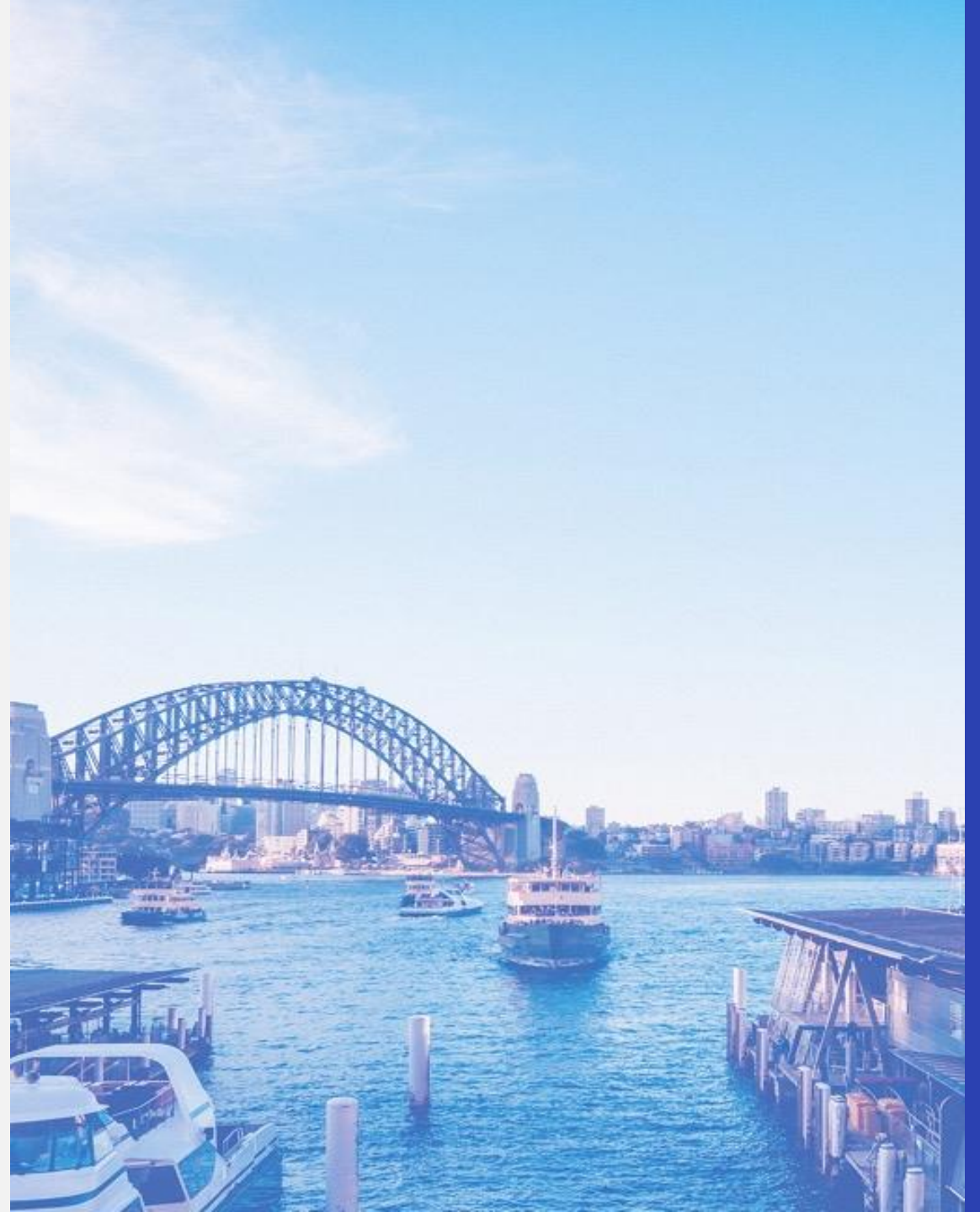
Increased after-tax performance

↑ 0.83% p.a.

*Traditional versus tax optimised for 12-months to July 2021

Investment bonds

Be in control of transferring your
wealth



Complexities associated with estate planning

Be in control of transferring your wealth

1.

Leaving unequal inheritances and solving for complex wills

2.

Leaving an inheritance outside the direct family

3.

Passing wealth on to the next generation with certainty

4.

Managing blended family situations

5.

Managing complexities when passing wealth on through superannuation

Leaving unequal inheritances

Case study

John, 84 years old

- + John has 3 adult children - Peter, Jeff and Sandra
- + Currently under his will, all his assets (estimated to be valued at \$3m) will be distributed equally amongst his 3 children
- + However, John wishes to give a greater share to Peter who has been caring for him these last 10 years in his home and supported him during his illness
- + John has access to \$500,000 which he wishes to pass onto Peter



John's concerns...

- + John is concerned that if he provides a greater share of his wealth to Peter in his will, it will cause conflict amongst his children, which he wants to avoid



Leaving unequal inheritances

Case study

John establishes a Generation Life LifeBuilder

Initial investment	\$500,000
Investment bond owner	John
Life insured	John
Beneficiary nominated	Peter (100%)



Outcome

- + Each child will receive a lump sum on John's death; however, they will not be aware that one sibling received a greater portion
- + Peter, Jeff and Sandra would receive a 3rd of John's estate assets of \$2.5m
- + Peter would receive an additional payment of \$500,000 plus earnings from the investment bond tax-free



Leaving money outside the direct family

Case study

Sarah, 78 years old

- + Total financial assets of \$1.2m including super
- + She has 2 children who live interstate who she sees twice a year at best
- + Sarah also has a dear niece, Penny who has been helping and supporting her these last 5 years since she was diagnosed with a terminal illness, including taking her to hospital, food shopping etc.
- + She really wants to leave an inheritance to Penny. Ideally \$200,000



Sarah's concerns...

- + Sarah knows this will cause conflict with her 2 children who don't understand the close relationship she has with her niece
- + She is also worried, as executors, they may not distribute the assets as per her wishes
- + She is looking to safeguard some money for her niece to pass on when she passes away without her children's knowledge or influence



Leaving money outside the direct family

Case study

Sarah establishes a Generation Life LifeBuilder

Initial investment	\$200,000
Investment bond owner	Sarah
Future Event Transfer	Set a future transfer to Penny on Sarah's passing



Future Event Transfer

- + Enables the transfer of ownership on a future date or event without any tax event occurring



Outcome

- + Sarah's able to transfer ownership tax-free upon her death
- + Sarah's wishes are met, and Penny receives an inheritance via a tax-free investment bond
- + Sarah's able to pass on an inheritance to her niece without her children's knowledge, without conflict and with complete certainty



Ruling from the grave

Case study

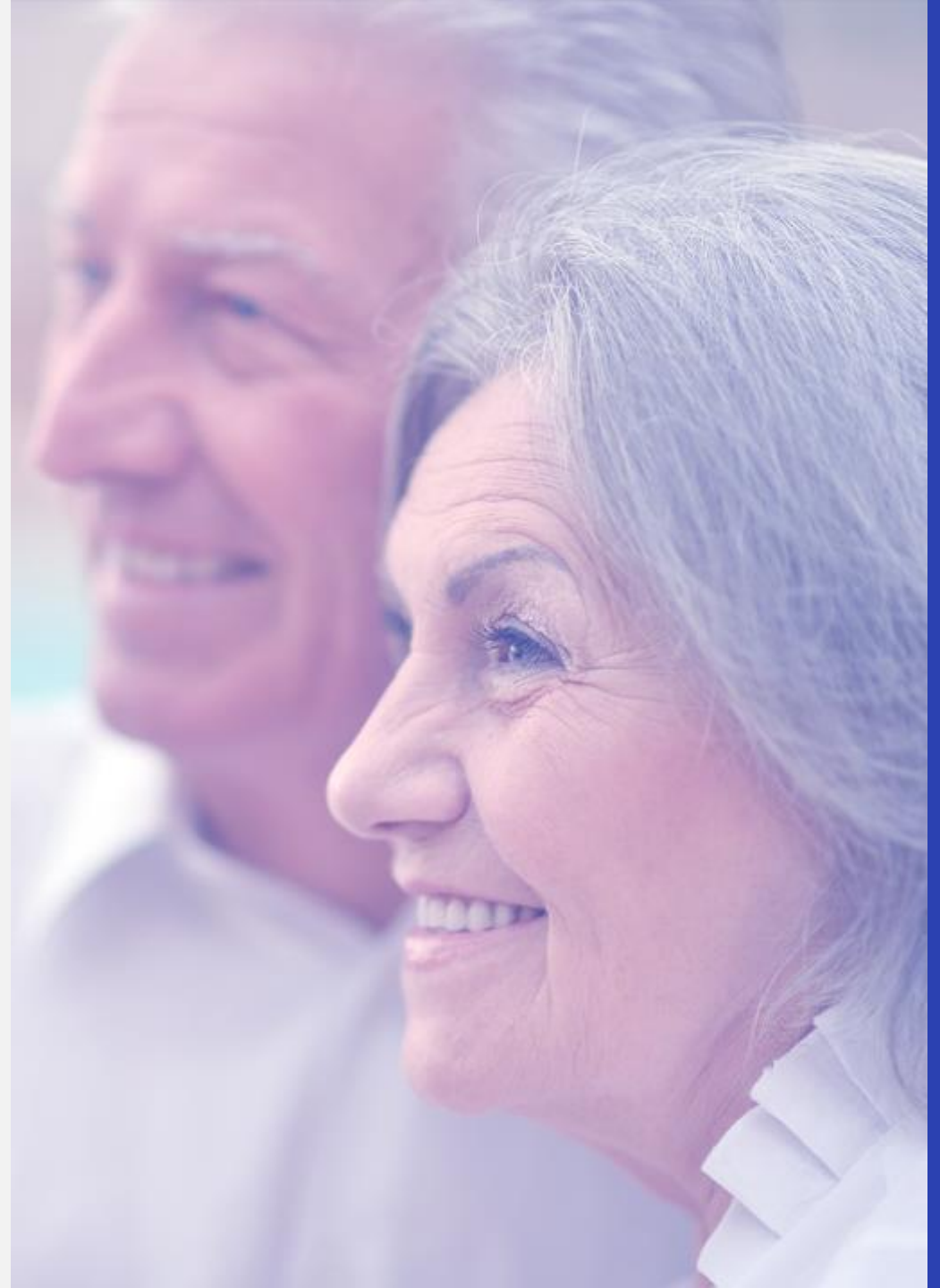
Kate, 86 years old

- + Kate has a devoted son Todd, age 52, who isn't good with money
- + Kate would like to leave an inheritance for Todd



Kate's concerns...

- + Kate is concerned that Todd will waste his inheritance if he has access to a lump sum of money
- + She is also worried about the potential burden a complex testamentary trust will have on his siblings who are stressed by their brother's continual money issues



Ruling from the grave

Case study

Kate establishes a Generation Life LifeBuilder for her son Todd

Initial investment	\$500,000
Investment bond owner	Kate
Future Event Transfer	Set a future transfer to Todd on Kate's passing
Restrictions	Restricts access to no more than \$50,000 per annum



Outcome

- + Kate meets her goal of helping her son
- + Alleviates any burden on her other children
- + Kate can 'rule from the grave' to control the flow of funds



Protecting an inheritance

Case study

Mary, 58 years old

- + Mary has been diagnosed with a terminal illness and has been given a life expectancy of 10 months
- + Being terminal, her superannuation balance, together with life cover, has been paid out
- + She has 1 adult son, Jack, who is currently experiencing financial hardship

Mary used some of the proceeds to pay out her mortgage and her total assets now are:

- + Family home valued at \$1.2m
- + Cash in bank of \$500,000



Mary's objectives...

- + Mary wants to pass her estate to Jack
- + She also wants to protect Jack's inheritance from liquidators
- + Mary wants to avoid paying superannuation death tax, as Jack is an adult beneficiary

Protecting an inheritance

Case study

Investment bonds are protected from creditors*

Initial investment	\$500,000 invested in a balanced portfolio
Future Event Transfer	Transfer on death
Future Event transferee	Jack
Restrictions	Maximum withdrawals of \$100,000 p.a.

*In this scenario, Jack will receive protection from creditors in the case of bankruptcy (provided the intention wasn't to defeat creditors)



Summary

- + Estate planning is an integral part of the financial planning process
- + The Generation Life EstatePlanner feature allows advisers to go to the next level in addressing their clients' estate planning wishes



Philanthropic bequest

Case study

Mark, 82 years old

- + Mark is passionate about wildlife and wishes to leave a portion of his estate to the value of \$300,000 to his local animal welfare organisation
- + As the funds are intended for the use of a charity Mark is seeking a simple, cost-effective structure



Mark's concerns...

- + Mark doesn't want his family to know he's made this bequest and is concerned they may challenge his Will after his passing

Philanthropic bequest

Case study

Mark establishes a Generation Life LifeBuilder with his financial adviser as a bequest

As a non-estate asset, it will not be in the public domain nor form part of probate and reduce the likelihood of challenge

Initial investment	\$300,000
Investment bond owner and life insured	Mark
Beneficiary nominated	Animal welfare organisation



Outcome

- + Mark achieves his goal of creating a simple, cost-effective bequest
- + Payment of benefits occurs tax-free irrespective of how long the investment bond has been held for



Investment bonds

Complexities with passing wealth on through superannuation



Using superannuation to pass on wealth

1.

Tax payable on death to beneficiaries

- + Adult children beneficiaries
- + Non-dependants
- + Taxed contribution element - taxed at a maximum rate of 15% (plus Medicare levy)
- + Untaxed contribution element - taxed at a maximum rate of 30% (plus Medicare levy)

2.

Who can be a beneficiary of Super death benefit?

- + Spouse
- + Child (any age)
- + Interdependent relationship (normally must live together)
- + Will be paid to estate otherwise

3.

Tax-free only to:

- + Spouse
- + Former spouse
- + Child under 18 years
- + Interdependent relationship

4.

Discretions

- + May be subject to trustee discretion and valid death benefit nomination may not be made

Trustee discretion with unintended consequences

Case study

- + Mary-Anne unexpectedly passed away at age 55
- + She had accumulated superannuation savings of \$450,000
- + At the time of Mary-Anne's death she was in a de facto relationship and was still unsure of the longevity of the relationship
- + Mary-Anne had no children or dependants, so she decided to provide for her mother through a binding superannuation nomination
- + Mary-Anne's mother was not financially dependent on her



Unintended consequences

- + Mary-Anne's superannuation fund's trustee formed a view that her mother was not a financial dependant (as defined in the Superannuation Industry Supervision Act (SIS Act))
- + Consequently, the death benefit payment to her mother was not made
- + Even though Mary-Anne had made the decision not to provide for her de facto, the superannuation fund's trustee determined that Mary-Anne's superannuation benefits would be paid out to her de facto partner



Binding nominations comparison

The realities of trustee discretion



Binding nominations via an investment bond

- + Beneficiaries of binding nominations receive funds completely tax-free through an investment bond
- + Investment bond nominations can distribute proceeds upon death directly to a beneficiary and bypass the will and legal estate
- + Unlike superannuation death benefit nominations, an investment bond is not subject to trustee discretions, nor does it include natural person or 'dependant' restrictions on beneficiaries
- + Further, the proceeds of the investment bond are creditor protected



Binding nominations via superannuation

- + Different tax treatments can apply to death benefits through superannuation depending on whether the benefit is paid as a lump sum, income stream or mixture of both, and if the beneficiary/ies are classified as 'tax dependants'
- + Superannuation provides the ability for binding nominations, however super trustees have the discretion to alter the deceased's instructions where they consider it appropriate

Superannuation death nominations

Case study

Jane, 79 years old, single with no children

- + Jane has \$800,000 in her superannuation
- + Jane has two sisters Margo and Amy
- + Following a family rift, she would like only Amy to inherit her superannuation funds



Jane's concerns...

- + Jane is concerned that she is unable to nominate her sister, Amy, as a beneficiary of her superannuation as siblings cannot be nominated
- + Without a beneficiary, funds will be directed back to Jane's estate upon her death
- + Jane fears her estate may be challenged by her feuding sister Margo



Superannuation death nominations

Case study

Jane transfers her superannuation tax-free and establishes a Generation Life LifeBuilder with the proceeds

Initial investment	\$800,000
Investment bond owner	Jane
Nominated beneficiary	Amy



Outcome

- + On Jane's death, the investment bond matures and is paid tax-free to her beneficiary, Amy
- + She avoids superannuation death benefit tax
- + Jane is provided with estate planning certainty



Gifting to grandchildren

Case study

Sue, 77 years old

- + She has \$2.1m in her superannuation, a combination of hers and her late husband's superannuation
- + Within her superannuation, Sue has a 60% taxable component
- + Sue has \$400,000 over the Total Balance Cap and incurring a maximum tax rate of 15% on earnings
- + Sue wishes to ensure her legacy is distributed according to her wishes, which includes providing an inheritance for her 4 grandchildren, ideally \$100,000 each



Sue's objectives...

- + Tax-effectively pass on her superannuation benefits to her grandchildren
- + Sue wants certainty that no one can challenge her nominations or inappropriately use the funds on behalf of the grandchildren
- + She wishes to restrict the amount her grandchildren can access to a maximum of 15% of the account balance per annum for a period of 10 years upon her passing

Gifting to grandchildren

Case study

Sue establishes 4 Generation Life LifeBuilder's

Initial investment	\$100,000 each
Investment bond owner	Sue
Future Event Transfer	Transfer to grandchildren upon her death
Restrictions	Sue will restrict access to withdrawal payments per annum to a maximum of 15% of the investment bond value for a period of 10 years upon her death



Future Event Transfer

- + Enables you to nominate restrictions on access to funds



Outcome

- + Sue's able to transfer ownership tax-free upon her death
- + Sue's wishes are met as she can pass on an inheritance to her grandchildren without any conflict and reduce the potential for challenges



Superannuation death benefit

Case study

Year	Opening balance	Investment bond earnings	Investment bond tax at 18.4% of earnings	Net proceeds to non-dependant after tax	Result vs super/pension account	Account earnings	Super tax/(credits)	Account earnings (net of super tax)	Net proceeds to non-dependant if taxed at 15.0%	Net proceeds to non-dependant if taxed at 15.0% plus Medicare levy
1	\$400,000	\$29,200	\$5,373	\$423,827	BETTER	\$29,200	\$1,314	\$27,886	\$389,376	\$384,242
2	\$423,827	\$30,939	\$5,693	\$449,074	BETTER	\$31,236	\$1,406	\$29,830	\$416,522	\$411,029
3	\$449,074	\$32,782	\$6,032	\$475,824	BETTER	\$33,413	\$1,504	\$31,910	\$445,559	\$439,684
4	\$475,824	\$34,735	\$6,391	\$504,168	BETTER	\$35,743	\$1,608	\$34,134	\$476,622	\$470,336
5	\$504,168	\$36,804	\$6,772	\$534,200	BETTER	\$38,234	\$1,721	\$36,514	\$509,849	\$503,126
6	\$534,200	\$38,997	\$7,175	\$566,022	BETTER	\$40,900	\$1,840	\$39,059	\$545,393	\$538,201
7	\$566,022	\$41,320	\$7,603	\$599,738	BETTER	\$43,751	\$1,969	\$41,783	\$583,416	\$575,722
8	\$599,738	\$43,781	\$8,056	\$635,464	BETTER	\$46,801	\$2,106	\$44,695	\$624,088	\$615,859
9	\$635,464	\$46,389	\$8,536	\$673,317	BETTER	\$50,064	\$2,253	\$47,811	\$667,597	\$658,793
10	\$673,317	\$49,152	\$9,044	\$713,425	BETTER	\$53,554	\$2,410	\$51,145	\$714,138	\$704,721
11	\$713,425	\$52,080	\$9,583	\$755,922	BETTER	\$57,288	\$2,578	\$54,710	\$763,924	\$753,851
12	\$755,922	\$55,182	\$10,154	\$800,951	WORSE	\$61,282	\$2,758	\$58,524	\$817,181	\$806,405



Investment bond estate planning benefits

33



Non-estate asset

Investment bond is a non-estate asset



Tax-free proceeds

Proceeds are tax-free even to non-dependants



Automatic transfer

Automatic transfer at specific ages



No Capital Gains Tax

No annual tax or CGT reporting



Avoids conflict

Avoids conflict and solves complex wills



Introducing the Generation Life
Investment-linked lifetime annuity

Our solution

An investment-linked lifetime annuity, available only through Financial Advisers*



Guaranteed income for life

Like a traditional lifetime annuity, income is guaranteed for life



Investment linked

The level of income paid annually is based on the performance of investments - you can switch investment options at any time



Access more Age Pension

Concessional social security treatment can help clients access a part or full Age Pension and other benefits sooner



Peace of mind

Using one of the world's largest re-insurers to take on the longevity risk



More income

Aims to deliver substantially more value to a client over a traditional lifetime annuity, particularly in the early years when they are more active and likely to spend more



Complements existing solutions

Designed to complement an account-based pension

* Subject to approval by the Australian Prudential Regulation Authority



Event materials and further information

Thank you for joining us.

A copy of this presentation along with other resources and product brochures are provided on the link below.

Go to <https://bit.ly/3oWsq0R>

We'd love to hear from you

We value your feedback on the **Generation Life** estate planning masterclass - new strategies for an even stronger bond

Please take a moment to complete our short survey using the survey link below or by scanning the QR code.

Go to <https://bit.ly/2YVHSjf>





Outthinking today.

Thank you

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