



# Discover Generation Life



Pioneer of Australia's first truly flexible investment bond, with over \$2.5b written with us to date. Proud to be shaping the retirement income landscape with an investment-linked lifetime annuity.

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Specialist provider of **investment bonds and an investment-linked lifetime annuity**

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**An annuity offering flexibility and choice** with expansive investment menu and ability to switch, bring forward income

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**No.1** in total inflows into investment bonds<sup>1</sup>

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**Market leader** in tax aware investing

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Flagship investment bond products **Highly recommended** by Zenith and Lonsec<sup>2</sup>

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**1st investment bond provider** to offer an expansive investment menu (62 investment options)

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**Trusted** APRA regulated and parent company is listed on the ASX

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**Human**, fast, professional and personalised service

1. Plan for Life, Investment Bonds Market Report for period ended 31 December 2021  
2. Ratings relate to LifeBuilder and ChildBuilder investment bond products



# 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

# Investment bond options

LifeBuilder and ChildBuilder investment bonds are an efficient and cost-effective way of providing for your family and transferring your wealth.

Tax-effective investment specific for a child's future goals.

Can be set up for a child under 16 years of age.

Pre-arrange limits on how the child accesses their funds.

Specify a non-binding intended purpose.



Tax-effective investment specific for a child's future goals.

Flexibility to structure your investment as part of, or outside of, your will and legal estate.

Use the Future Event transfer feature to transfer ownership to a child.

Use the Nominated Beneficiary feature to ensure proceeds are received by the child.

Pre-arrange limits on how the child accesses their funds.



## 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

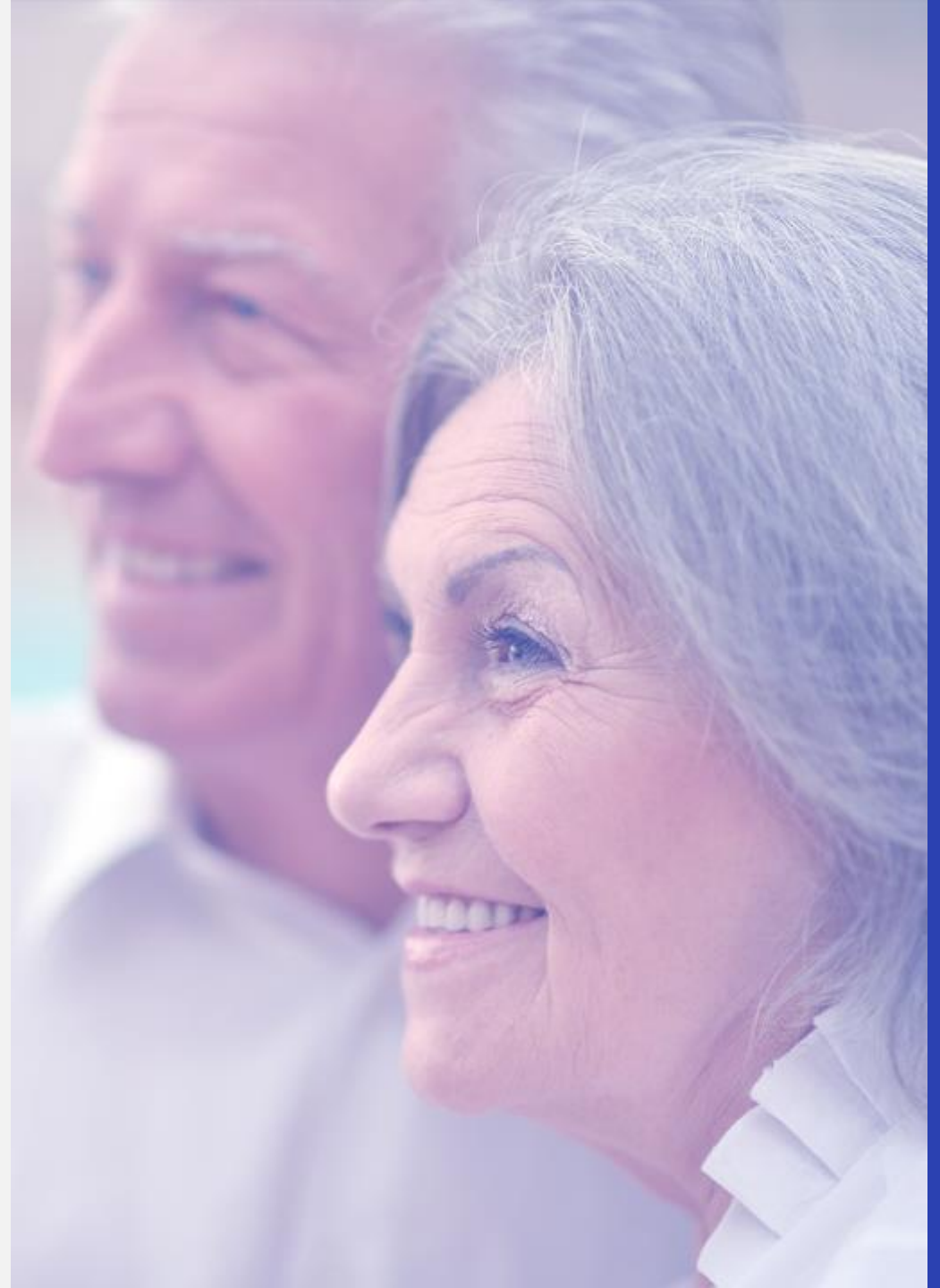
Kate, 86 years old

- + 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



Investment bonds

## Complexities with passing wealth on through superannuation



# Using superannuation to pass on wealth

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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

# 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 LifeBuilders

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

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## 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



# New LifeBuilder funds

Four funds can be placed into 3 distinct initiatives

## AB Managed Volatility Equities Fund

- + Managed by Alliance Bernstein
- + 80% Australian shares exposure & 20% global shares
- + Underlying fund has outperformed its benchmark by 1.52% p.a. since inception<sup>1</sup>
- + Has managed to roughly match the return of ASX300
- + Has experienced downside risk protection in market corrections
- + Can be used to fund income streams or provide equities exposure with downside protection

## Generation Global Share Fund

- + Managed by Generation Investment Management
- + Global share exposure with focus on quality sustainability focused companies
- + Underlying fund has outperformed its benchmark by 3.47% p.a. since inception<sup>2</sup>.
- + Well respected global impact investment management team
- + Founded by Al Gore and David Blood two highly influential people in finance and politics
- + Currently not available to retail investors other than through Generation Life

## Dimensional Global Bond Sustainability Trust

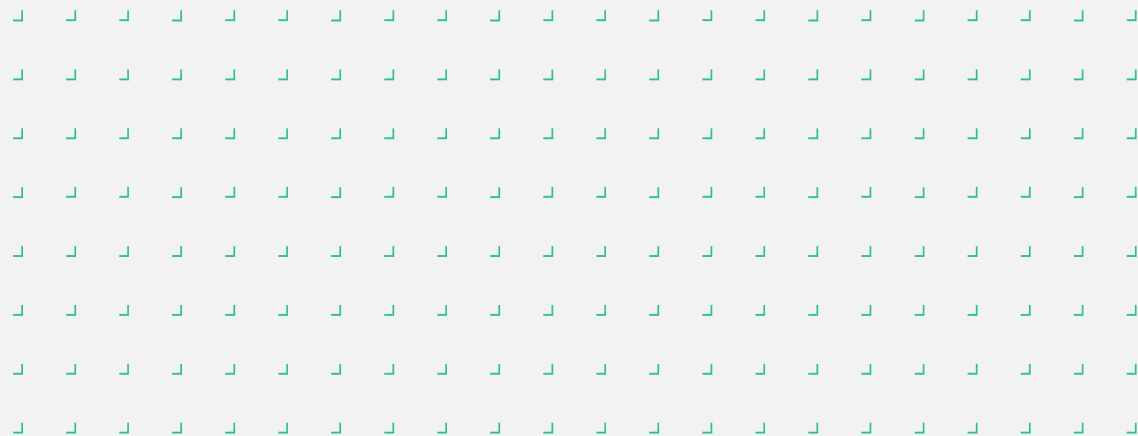
### Dimensional World 30/70 Portfolio

- + World 30/70 Portfolio completes the four risk profiles though investment bonds menu
- + Global Bond Sustainability Trust can be blended to create bespoke Dimensional models
- + Global Bond Sustainability Trust looks to reduce carbon emissions with same duration and credit quality as flagship Dimensional bond offering

1. Benchmark is the S&P/ASX 300 Accumulation Index. Performance since inception (31 March 2014) to 31 March 2022  
 2. Benchmark is the MSCI World (ex Australia) Index. Performance since inception (4 September 2007) to 31 March 2022

# Introducing Generation Life LifeIncome

The new era of lifetime annuities



## Introducing LifeIncome

Generation Life is proud to be shaping the retirement income landscape with our LifeIncome product, by applying our innovative approach to clients' retirement income needs and enabling Australians to focus on enjoying retirement with the confidence of an income guaranteed for life.



Income guaranteed  
for life

Investment choice

Concessional social  
security treatment

Money available to  
support beneficiaries



# Innovative Income Streams legislation rule changes

Removed the restriction that income could not fall from one year to the next

An investor's annual income can be linked to investment market returns and qualify for concessional tax and social security treatment

Allows providers to offer a choice of investment options on lifetime income streams



## Centrelink treatment of annuities

An annuity is defined as an 'Asset-tested income stream (lifetime)' product for social security purposes. Centrelink and the Department of Veterans' Affairs entitlements are determined using two 'means' tests: an assets test and an income test.

Assuming \$100,000 investment:

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### Means tested asset value

\$60,000.00

Under the assets test, only 60% of your investment amount is assessed. From age 84, subject to a minimum of 5 years from the date of investment, only 30% is assessed.

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### Year 1 means tested income

\$4,419.72\*

Only 60% of your LiferIncome annual income is assessed under the income test.

\* Based on a starting annual income of \$7,366.20 which is the starting income based on a 67-year-old male commencing LiferIncome with \$100,000 and a LifeBooster 5% rate. All decisions regarding social security benefits for individuals who purchase LiferIncome will be made by Centrelink or the Department of Veterans' Affairs officers based on social security law and the circumstances of the individual at the time of claim.



## 3 themes from the Retirement Income Review

The themes below have led to the introduction of the [Retirement Income Covenant](#).

1.

**Longevity risk is not being adequately addressed**

It is important as it allows people to confidently drawdown assets to fund their retirement

2.

**Maximising retirement income should be the aim**

Greater use of longevity risk management products, and more financial advice and guidance

3.

**A combination of regular income and access to capital is the solution**

To provide confidence with a regular income but also able to fund larger lifestyle purchases, such as a new car or a holiday

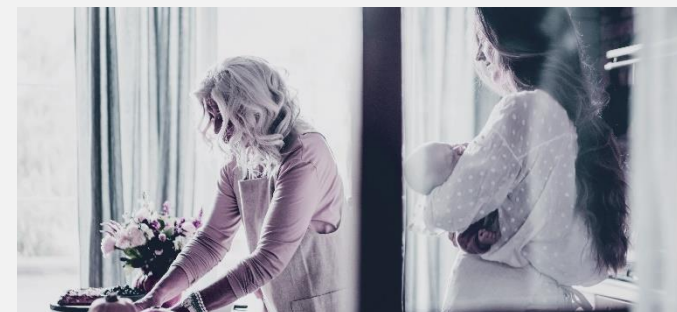
## Retiree behaviour



Most retirees **only drawdown the Government mandated minimum** from their account-based pension<sup>1</sup>



**People would spend more** if they knew they would never run out of money<sup>2</sup>



Retirees with lifetime annuities **double the amount they are willing to spend** each year, on themselves and their families<sup>3</sup>

1. Australian Government, The Treasury, Retirement Income Review - Final Report, issued November 2020, <https://treasury.gov.au/publication/p2020-100554>

2. Firstlinks, Retirement income promise relies on spending capital, July 2021

3. MarketWatch, Opinion: Retirees with annuities have more fun, August 2021

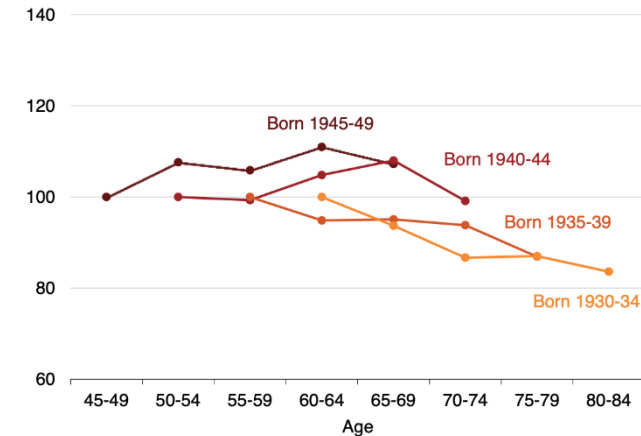
# Spending patterns of Australian retirees

## The need for more income in the early years

Research has shown that spending in retirement actually declines over time.

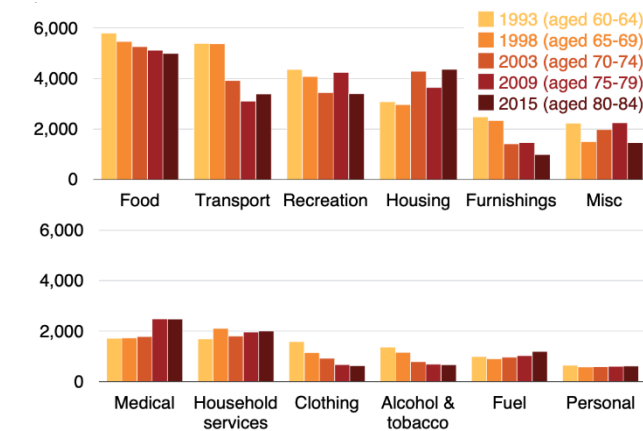
By enabling an investor to receive more income in the earlier years of retirement, they can more closely align their income with their spending over the course of their retirement journey.

**Australians tend to spend less after they retire.** Spending tends to slow at around the age of 70 and decreases rapidly after 80.



## Retirees spend less as they age

Household spending by age cohort, relative to 1993, 2015-16, per cent\*



## Retiree spending on food, transport, and recreation declines

Household annual expenditures for cohort born in 1930-34, 2015-16\*

Source: Grattan Institute 2018, Money in retirement: More than enough, <https://grattan.edu.au/wp-content/uploads/2018/11/912-Money-in-retirement.pdf>, published November 2018

## How long do you plan for?

Longevity risk is the risk clients will outlive their savings. The problem is people don't know how long they're going to live, so how can they know how much they can spend?



### Did you know...

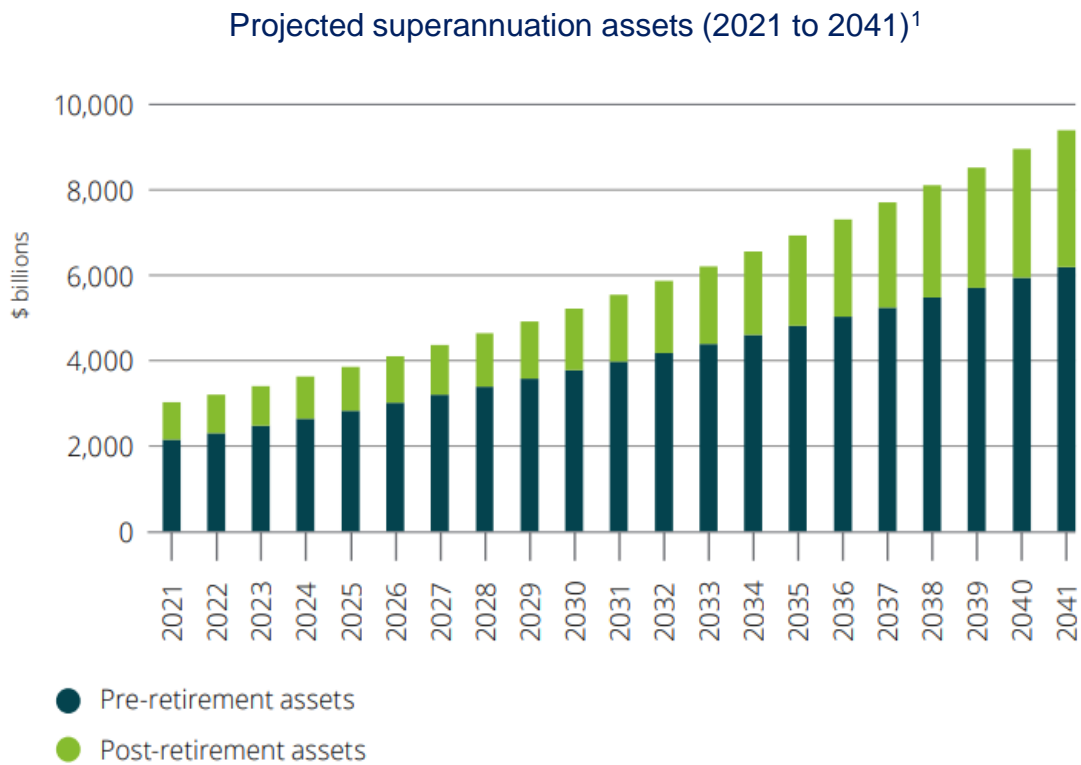
**Australians are living longer.** Life expectancies across all ages have increased over the past 40 years, particularly for men<sup>1</sup>

If an advisory firm had 100 healthy wealthy 65-year-old couples as clients - they should expect **half of them to still have one spouse alive at age 95<sup>2</sup>**

1. The Australian Government the Treasury, Retirement Income Review – Final Report, published July 2020 <https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>, page 105  
2. Optimum Pensions, 2022

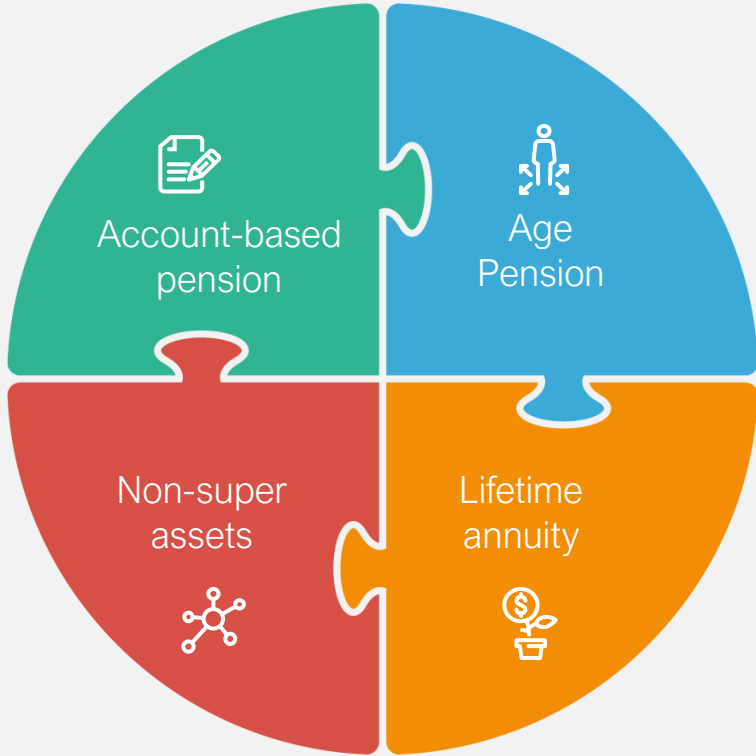


# Retirement income plans providing certainty and confidence



1. Deloitte Actuaries & Consultants, Dynamics of the Australian Superannuation System, The next 20 years to 2041, <https://www2.deloitte.com/au/en/pages/financial-services/articles/dynamics-australian-superannuation-system.html>, published December 2021

Market predicted to grow to \$1.4 trillion by 2030\*



\*Deloitte Actuaries & Consultants, Dynamics of the Australian Superannuation System, The next 20 years to 2041, <https://www2.deloitte.com/au/en/pages/financial-services/articles/dynamics-australian-superannuation-system.html>, published December 2021

# Key features of Generation Life LifeIncome

An immediate, investment-linked lifetime annuity, linked to a single or reversionary life

23 investment options – any combination of investment options can be held at a time

Switch between investment options at any time<sup>1</sup>

LifeBooster feature pays a higher income from the start. Choose between two LifeBooster rates of 5% and 2.5%

A Death Benefit is payable if an investor passes away within the Death Benefit Period

Ability to charge an initial advice fee and ongoing adviser service fee

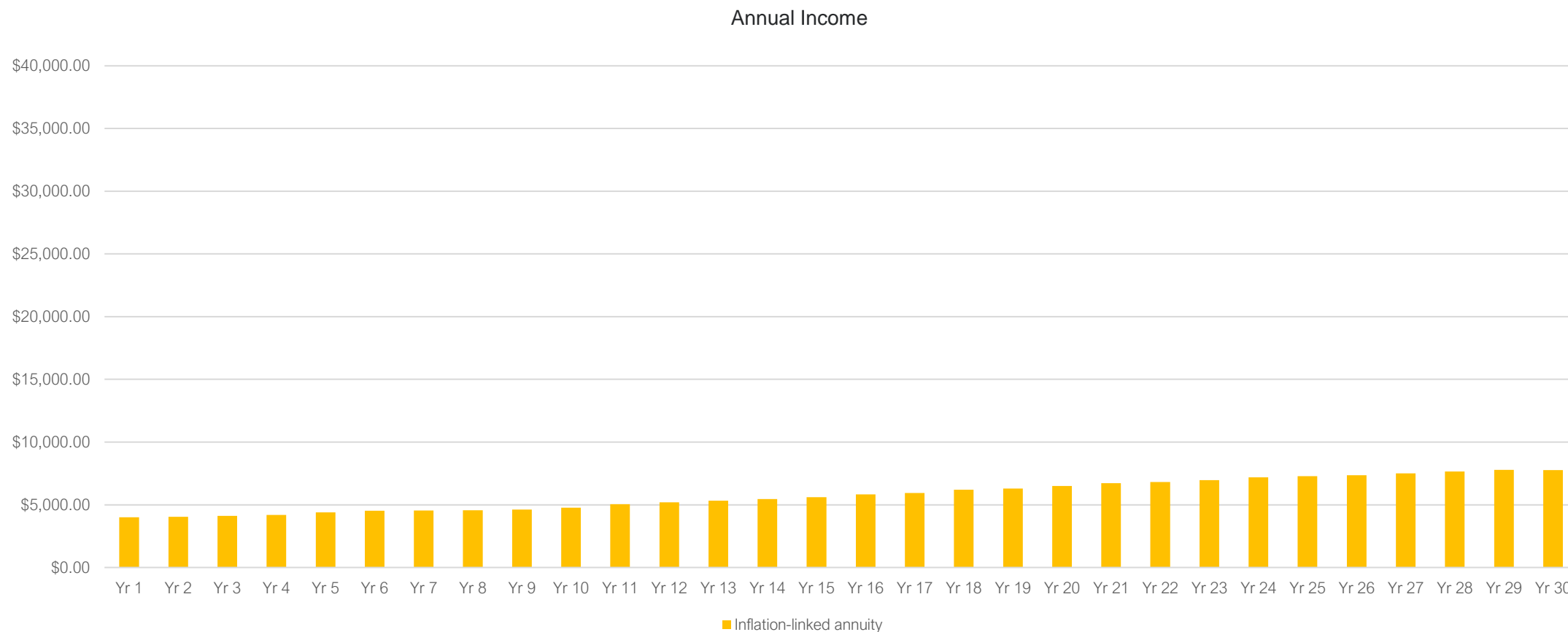
6 month 'cooling-off' period inclusive of the statutory 14-day cooling-off period<sup>2</sup>

Available for super and non-super money to investors aged at least 50 years<sup>3</sup>

1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. The amount paid back will be the investment amount adjusted for movements in the unit price of the investment option(s) chosen, less any taxes and duties not recoverable by Generation Life, and after deducting income payments already made. Generation Life's management and administration fees and insurance expenses will only be refunded for cancellations within the regulatory 14-day cooling-off period.– refer to the Product Disclosure Statement.
3. For superannuation money, your client must have satisfied a relevant condition of release to access their preserved benefits.

# Comparing inflation-linked vs investment-linked annuity

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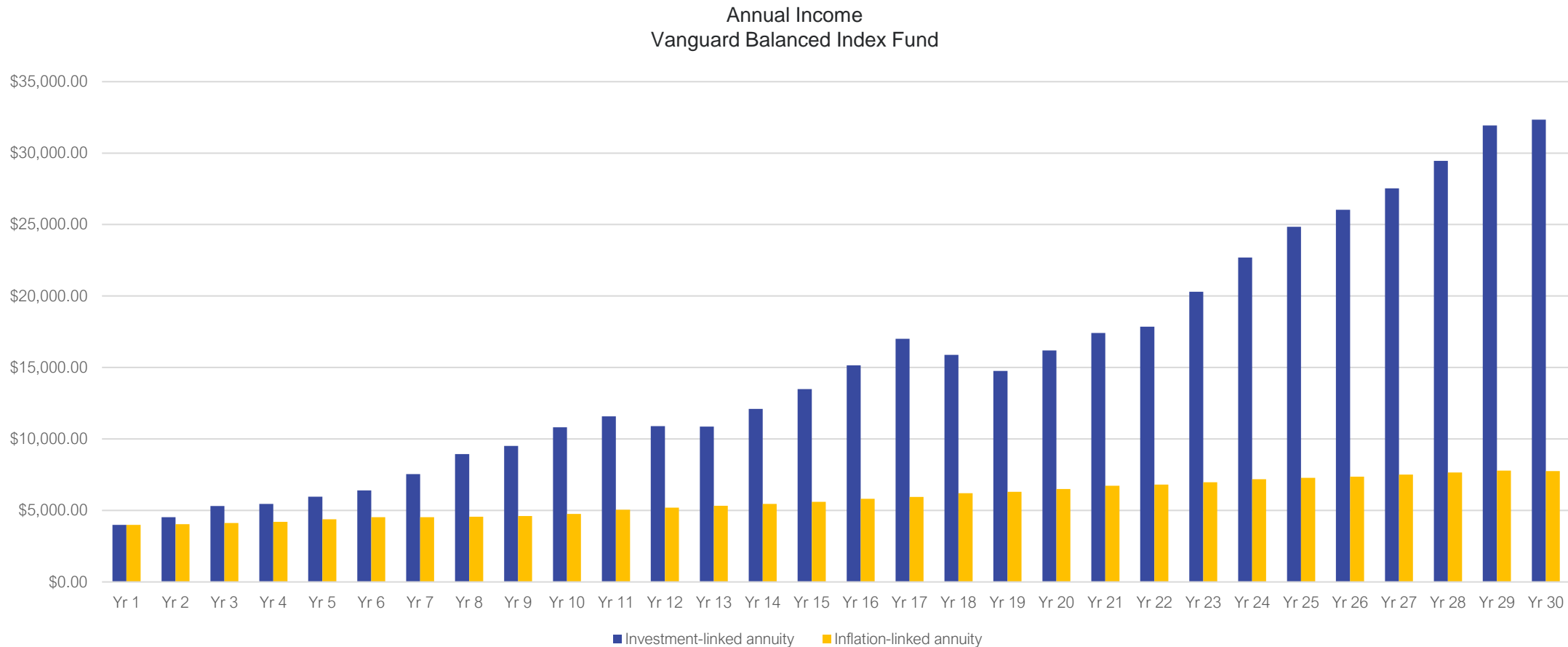


## Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022
- Starting income could start at different levels, depending on the year of commencement



# Comparing inflation-linked vs investment-linked annuity



## Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year.
- Investment-linked annuity: Vanguard Balanced Portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992. Fees, expenses and costs of 0.92% + investment management cost of 0.27%.
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022.
- Starting income for both annuities \$4,000 for illustrative purposes. Starting incomes for both products could start at different levels, depending on the year of commencement.
- Not indicative of Generation Life LifeIncome specifically. Provided as a general example of an investment-linked lifetime annuity only.

# More income, sooner with LifeBooster

LifeBooster provides retirees with:

A much higher starting income than if no LifeBooster was applied

Investment paid back in the form of cumulative income sooner

More income in the early years of retirement when a retiree is more active and able to enjoy it

## First Year Annualised Income

### LifeBooster 5% rate

Starting income is higher but future growth is potentially more modest

71% uplift in income

Income the investor would receive without LifeBooster

\$4,312

Income the investor would receive with LifeBooster

\$7,366

### LifeBooster 2.5% rate

Starting income is not as high but potential for future growth is greater

34% uplift in income

Income the investor would receive without LifeBooster

\$4,312

Income the investor would receive with LifeBooster

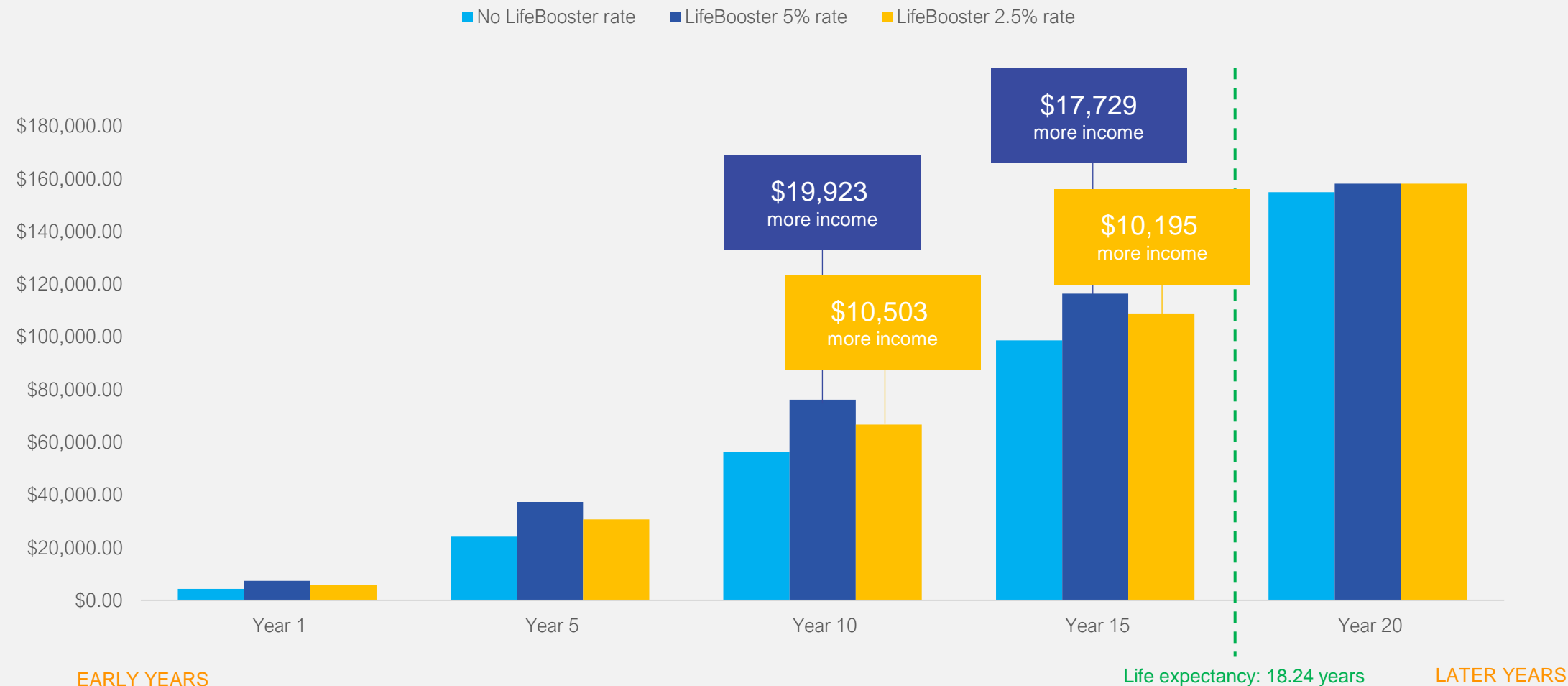
\$5,770

Assumptions: 67-year-old male, \$100,000 investment, LifeBooster rate 5% and 2.5%



# The power of LifeBooster

Cumulative income - Comparing LifeBooster 5% and 2.5% to no LifeBooster


























Assumptions: Male 67 years old, initial investment \$100,000, gross return on LifeIncome investment option 7%, estimated total fees, expenses and costs of 1.22%. In this example LifeIncome without LifeBooster would pay more cumulative income only after the investor exceeds 87 years old for LifeBooster 5% rate, and exceeds 88 years old for LifeBooster 2.5% rate.

# Investment menu

Our investment menu gives advisers unrivalled flexibility.

- + Hold any combination of up to 23 investment options
- + Switch between investment options at any time\*
- + Complement the investment strategy employed in an account-based pension
- + Supports different approaches to portfolio construction

\*Brief exclusion period applies – refer to the Product Disclosure Statement

	Fund name	Zenith rating*	Lonsec rating*
	AB Managed Volatility Equities Fund	Highly recommended	Highly recommended
	Ardea Real Outcome Fund	Recommended	Highly recommended
	Bennelong Concentrated Australian Equities Fund	Highly recommended	Highly recommended
	Dimensional Global Bond Sustainability Trust	Recommended	Recommended
	Dimensional World 30/70 Portfolio	Recommended	Investment Grade
	Dimensional World 50/50 Portfolio	Recommended	Investment Grade
	Dimensional World 70/30 Portfolio	Recommended	Investment Grade
	Dimensional World Equity Portfolio	Recommended	Investment Grade
	Hyperion Global Growth Companies Fund	Recommended	Highly recommended
	iShares Hedged International Equity Index Fund	Highly recommended	Highly recommended
	iShares Wholesale Australian Bond Index Fund	Highly recommended	Highly recommended
	iShares Wholesale Australian Equity Index Fund	Highly recommended	Recommended
	iShares Wholesale Australian Listed Property Index Fund	Highly recommended	Highly recommended
	iShares Wholesale International Equity Index Fund	Recommended	Highly recommended
	Magellan Infrastructure Fund	Highly recommended	Highly recommended
	Pendal Sustainable Balanced Fund	Recommended	Recommended
	PIMCO Wholesale Global Bond Fund	Highly recommended	Highly recommended
	Schroder Real Return Fund	Recommended	Recommended
	Stewart Investors Worldwide Sustainability Fund	Recommended	Recommended
	Vanguard Balanced Portfolio	Recommended	Recommended
	Vanguard Conservative Portfolio	Recommended	Recommended
	Vanguard Growth Portfolio	Recommended	Recommended
	Vanguard High Growth Portfolio	Recommended	Recommended

\*Ratings relate to the underlying managed fund and are the most recently issued, dates vary depending on the managed fund



# Flexible styles of investing

Three portfolio construction ideas



Construct your own



Prepackaged



Hybrid

## Single Sector Model Portfolios

- + Construct an 80/20 portfolio using single sector passive funds and/or a combination of single sector active and passive funds

## Diversified options

- + Using a prepackaged diversified or outcome-based fund

## A core satellite approach

- + Use a diversified or outcome fund as a core and add a satellite of single sector tilts



Did you know you can switch investment options at any time?\*

\* Brief exclusion period applies – refer to the Product Disclosure Statement



# Using a Prepackaged portfolio

## Annual income based on historical returns

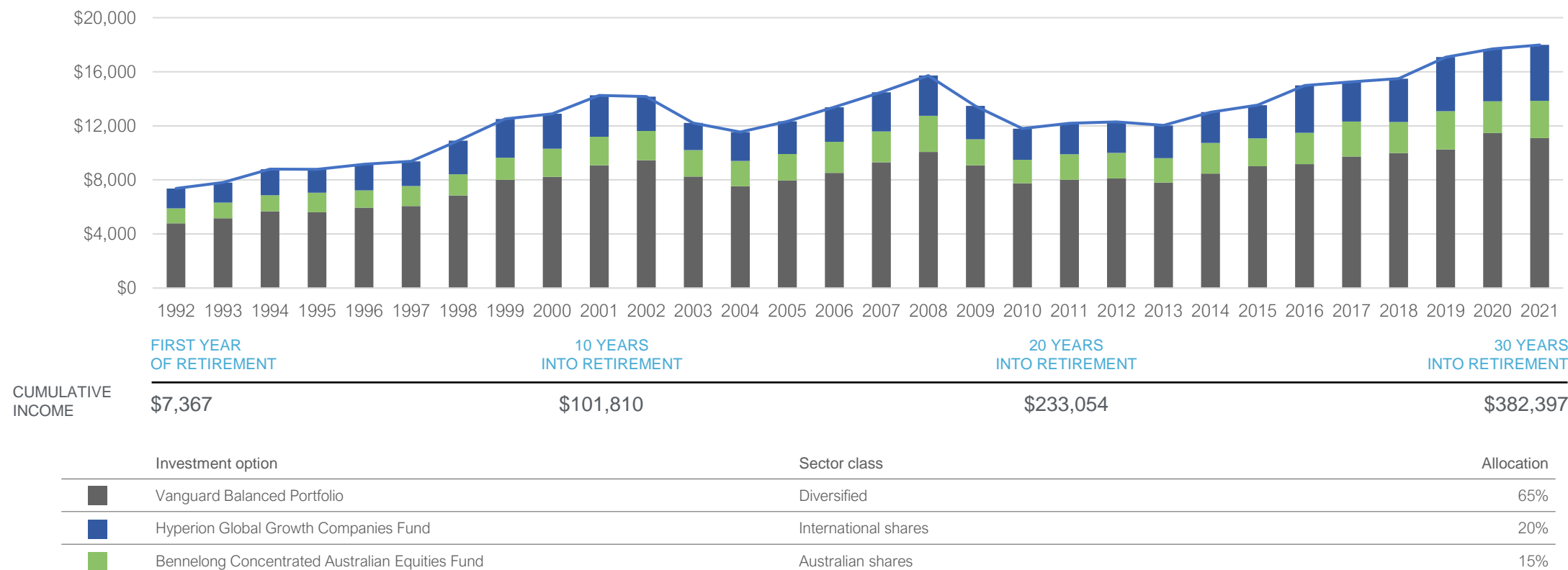


**Assumptions:** Starting income is based on a 67-year-old male commencing LifeIncome with \$100,000 and a LifeBooster 2.5% rate. Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 2.5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however LifeIncome will pay your client, and their spouse if they choose, an income for life.



# Constructing a Core Satellite portfolio

Annual income based on historical returns

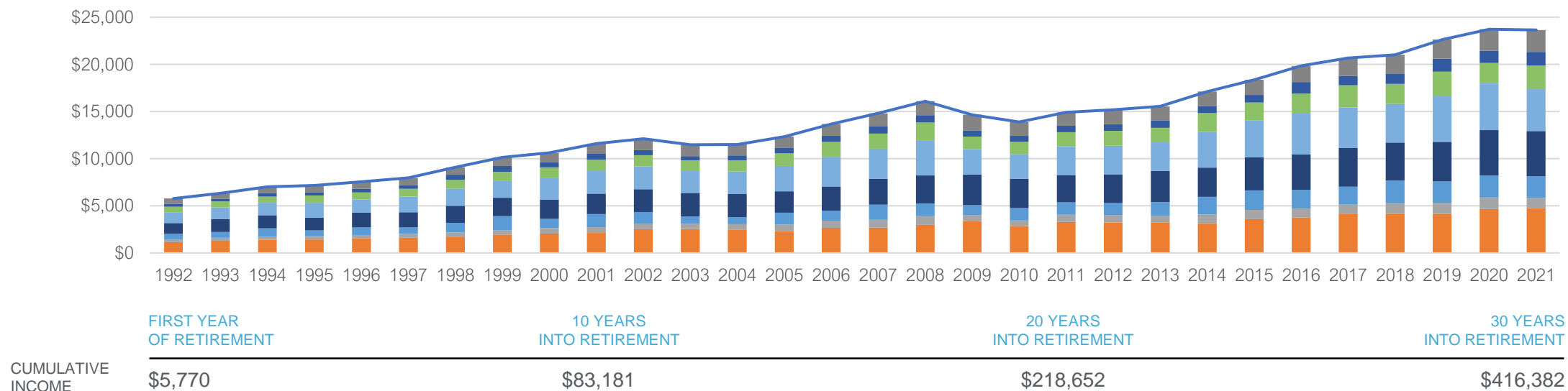


**Assumptions:** Starting income is based on a 67-year-old male commencing LifeIncome with \$100,000 and a LifeBooster 5% rate. Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however LifeIncome will pay your client, and their spouse if they choose, an income for life.



# Constructing a Model Portfolio

## Annual income based on historical returns



Investment option	Sector class	Allocation
 iShares Hedged International Equity Index Fund	International shares	10%
 AB Managed Volatility Equities Fund	Australian shares	20%
 Bennelong Concentrated Australian Equities Fund	Australian shares	10%
 iShares Wholesale Australian Equity Index Fund	Australian shares	5%
 Ardea Real Outcome Fund	Fixed interest	10%
 PIMCO Wholesale Global Bond Fund	Fixed interest	20%
 iShares Wholesale Australian Bond Index Fund	Fixed interest	20%
 Hyperion Global Growth Companies Fund	International shares	5%

**Assumptions:** Starting income is based on a 67-year-old male commencing LifeIncome with \$100,000 and a LifeBooster 2.5% rate. Estimated fees, expenses and costs of 0.92% p.a. + investment management fee of chosen investment option(s) and discounted by the LifeBooster rate of 2.5% p.a. Past performance is no indication of future performance. This illustrates a 30-year period only, however LifeIncome will pay your client, and their spouse if they choose, an income for life.

## Annual income reset

- + Annual income is reset at the start of each Financial year.
- + Annual income is determined by multiplying the number of Guaranteed Annual Income Units by the unit price of the chosen investment option(s).
- + Guaranteed Annual Income Units remain the same for life. Unless your client chooses to switch investment options.

Annual income reset table

	First year	Year 2	Year 3	Year 4	Year 5
Income units	4,949	4,949	4,949	4,949	4,949
Net return in previous Financial year*	N/A	3%	-2%	5%	2%
Unit Price	\$1.4885	\$1.5332	\$1.5025	\$1.5776	\$1.6092
Annual income	\$7,367	\$7,588	\$7,436	\$7,808	\$7,964
Monthly income payment	\$614	\$632	\$620	\$651	\$664
Difference in monthly payment from one year to the next	N/A	\$18	(\$12)	\$31	\$13

\* Indicative returns are net of fees and the impact of discounting investment performance by your chosen LifeBooster rate and the Lifetime Income Protection Provision.



## Switching

- + Switch at any time (except for last three business days of the Financial year)
- + Switch from any combination to another combination
- + Switching doesn't impact current Financial year's income
- + Buy/sell spreads apply

### Switch from

Investment option	% of option switched	Unit Price	Income Units	Annualised Income
Vanguard Growth Portfolio	100%	1.1000	7,455.00	\$8,200.50

### Switch to

Investment option	% of option switched	Unit Price	Income Units	Annualised Income
Vanguard Balanced Portfolio	70	1.5000	3,826.90	\$5,740.35
Vanguard Conservative Portfolio	30	0.9950	2,472.51	\$2,460.15
				\$8,200.50

# Impact of fees and costs on annual income

Fee	Amount
Management and administration	0.75%
Investment management	0.10% - 1.05%
Transaction costs (including insurance expense)	0.17% - 0.60%

## Example of impact of fees and costs

There are no fees and costs on the income paid in the first Financial year.

The fees and costs of LifeIncome impact the amount of annual income that your client will receive, after their first Financial year.

Fee	Amount
Annual Income for the next Financial year <i>(before fees and costs)</i>	\$5,736.59
Management and admin	\$43.02
Investment management*	\$15.49
Transaction costs (including insurance expense)	\$9.75
<b>Total fees and costs</b>	<b>\$68.26</b>
Annual income for the next Financial year <i>(after fees and costs)</i>	\$5,668.33

\*Assumes Vanguard Growth Portfolio fees and costs

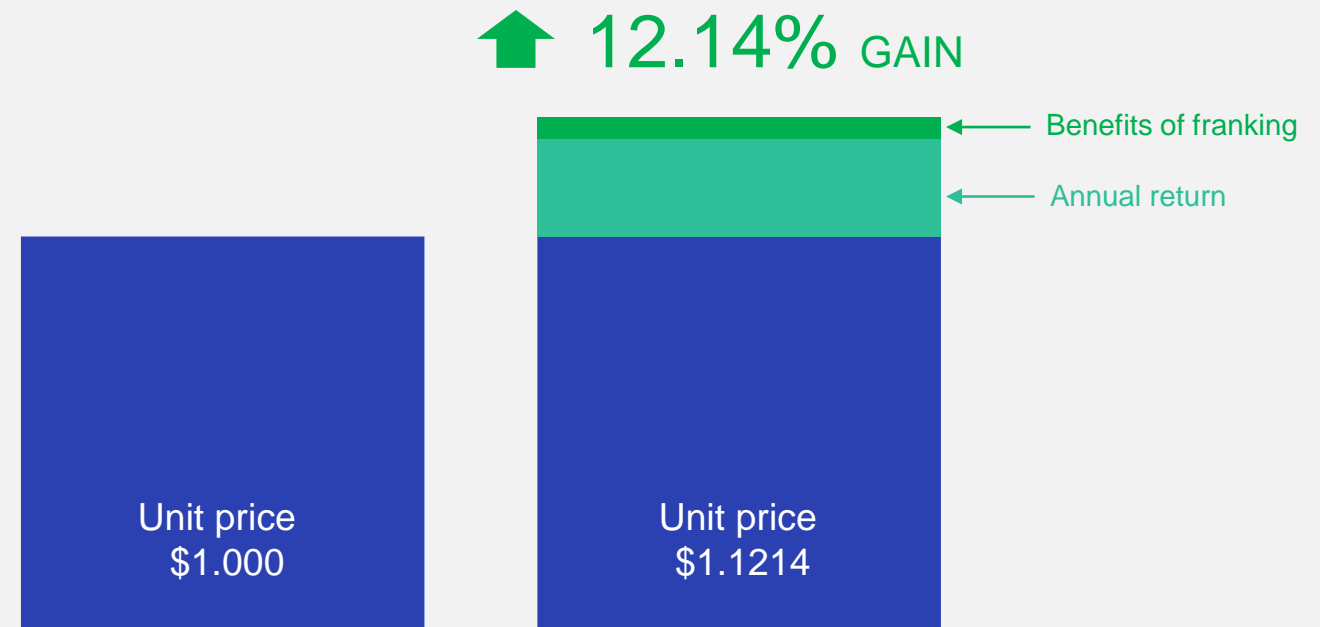




## Power of a tax-exempt environment

- + Any earnings on LifeIncome are tax-free while they remain in your client's account, regardless of their age.
- + This is an advantage LifeIncome has over non-retirement phase investments inside or outside of superannuation.

### Impact of Franking Credits



Assume a 10% annual return consisting of

5% capital growth and 5% income which is fully franked

# The important role of the financial adviser

Finding the optimal mix for your clients - balancing income, access to savings, lifestyle objectives, risk, social security and estate planning considerations.

The issues involved in optimising retirement income are complex and multi-layered.



## Support clients to invest with more discipline

Investing in superannuation and other assets in a holistic fashion – with a broader portfolio view

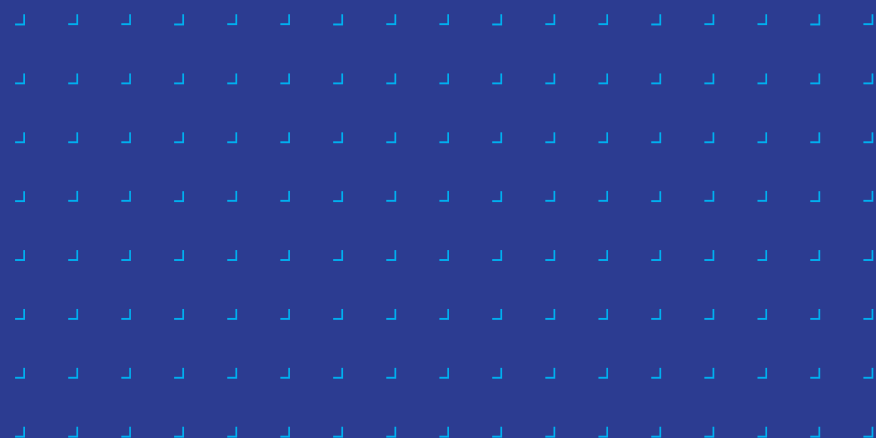
Exploring investment opportunities to suit differing risk appetites and objectives

Staying invested during periods of market turbulence

## Adviser support

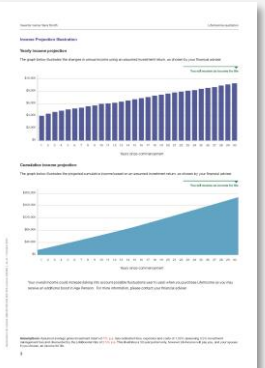
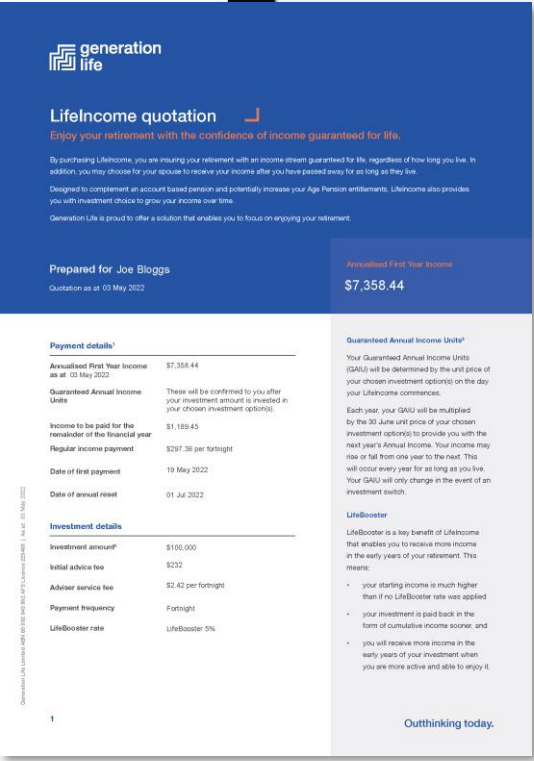
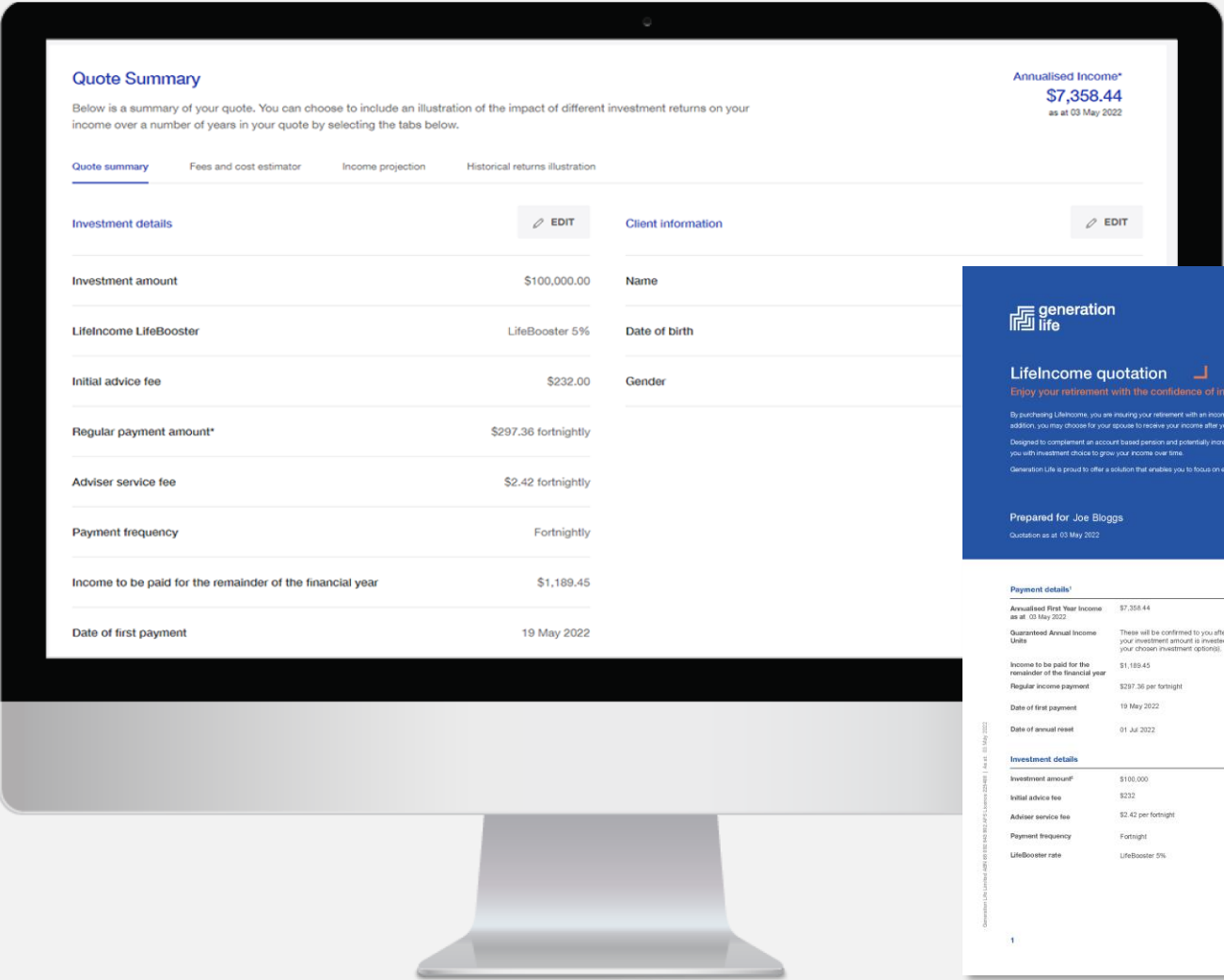


- + Quotation
- + Retirement Income Optimiser



# Quote output

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\*Date generated 27 April 2022



# Generating the quote

## Inputs

Policyholder name	Joe Bloggs
Date of Birth	15 April 1955
Gender	Male
Payment Frequency	Fortnightly
Purchase Price	\$100,000
LifeBooster Rate	5%
Investment Option	Fund XYZ
Date of Application	1 April 2022

\*Date generated 3 May 2022

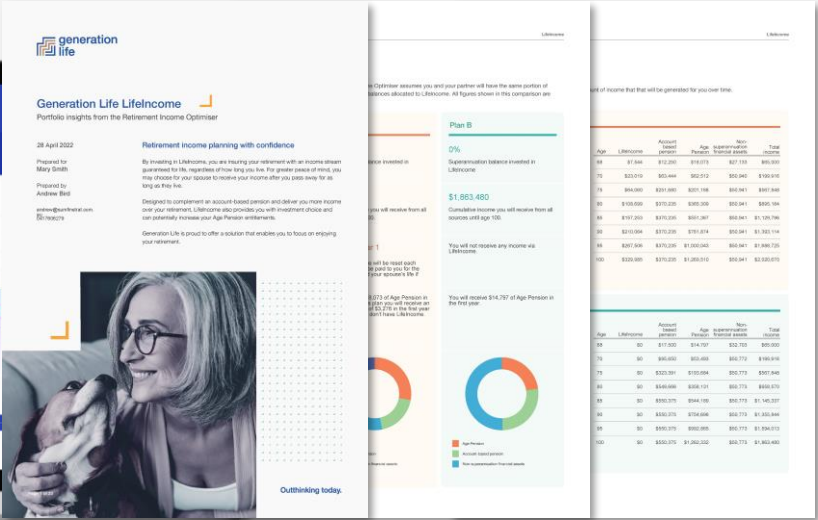
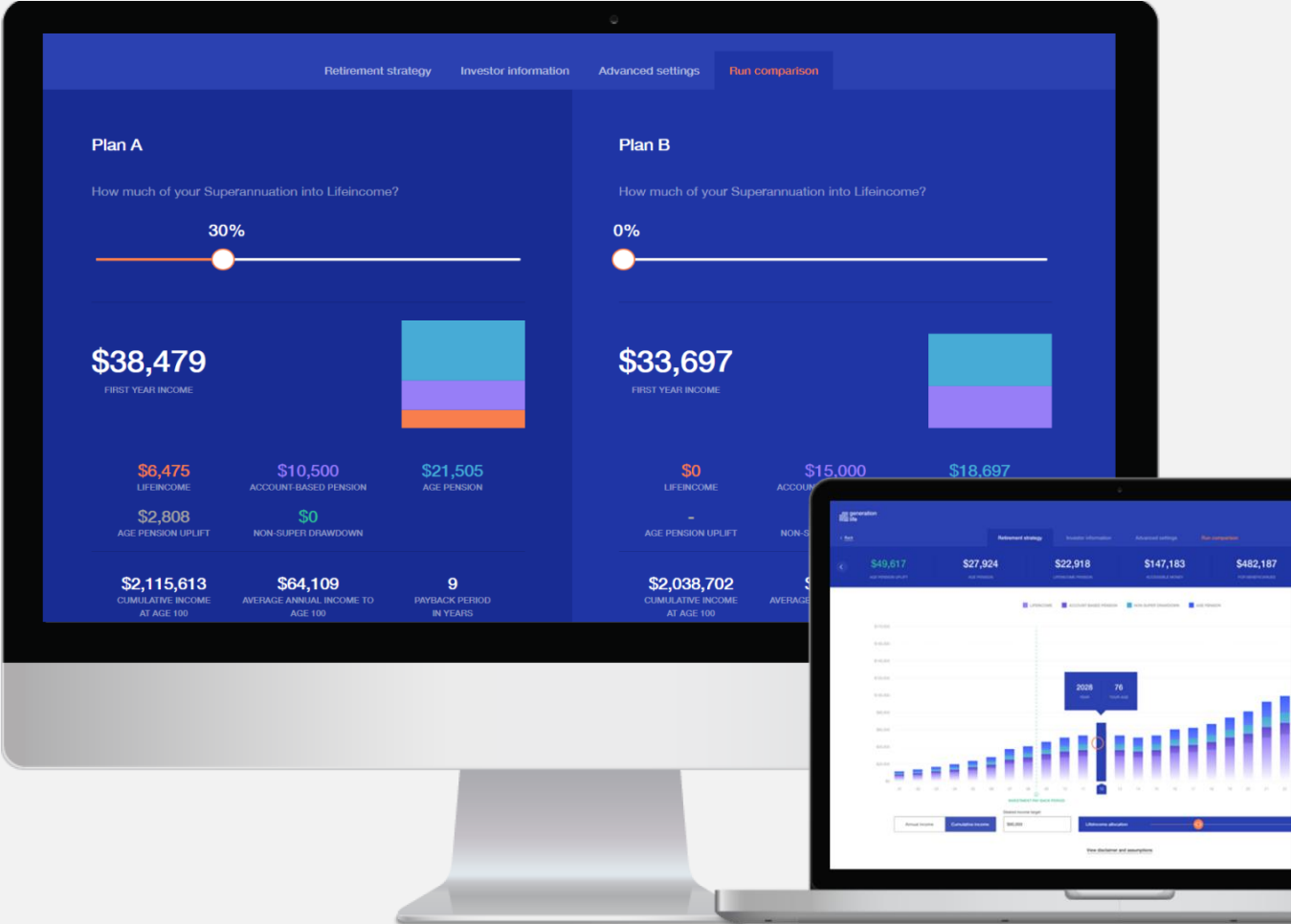
## Outputs

Annualised First Year Income	\$7,366.20
Guaranteed Annual Income Units	These will be determined after we invest your client's money in their chosen investment option(s)
Income to be paid for the remainder of the year	\$1,836.51
Regular Income Payment	\$262.36 per fortnight
Date of First Payment	15 April 2022





# Retirement Income Optimiser



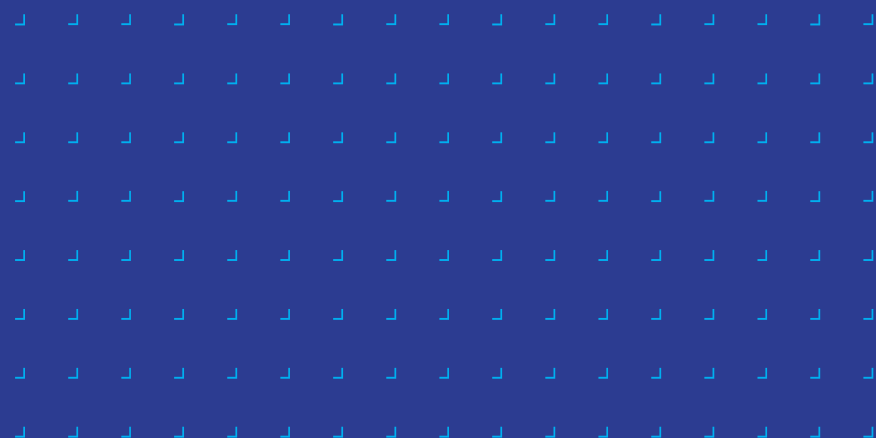
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# Case study



+ Confidence



# Confidence

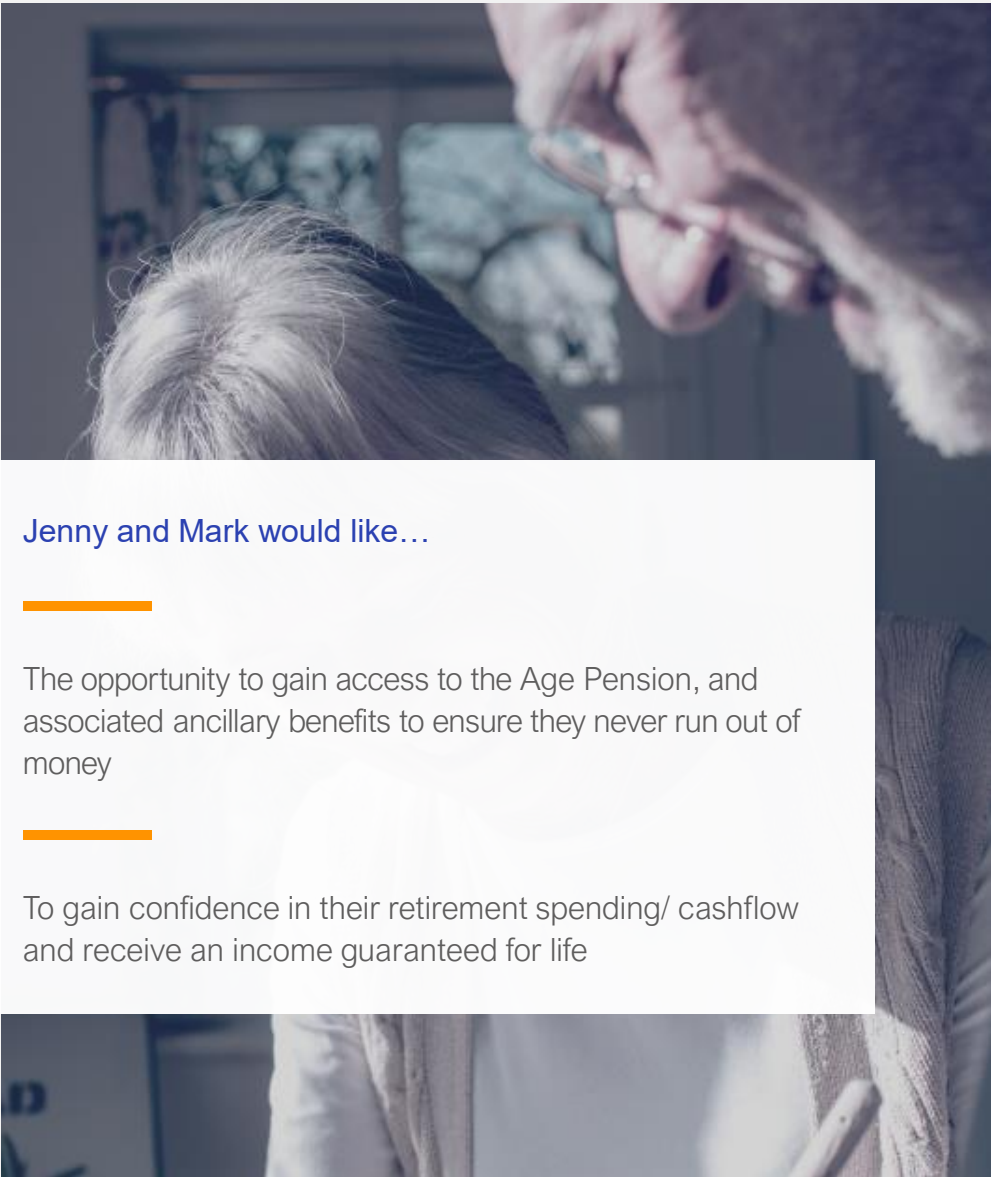
## Case study

Jenny 70 and Mark 72 years of age, homeowners

Jenny and Mark are married, healthy, self funded retirees, who enjoyed investing throughout their working lives but are now worried to spend as they don't know how long their assets need to last.

Jenny and Mark have:

Jenny's account-based pension (ABP)	\$325,000
Mark's account-based pension (ABP)	\$450,000
Savings	\$100,000
Car and home/ contents	\$50,000



### Jenny and Mark would like...



The opportunity to gain access to the Age Pension, and associated ancillary benefits to ensure they never run out of money



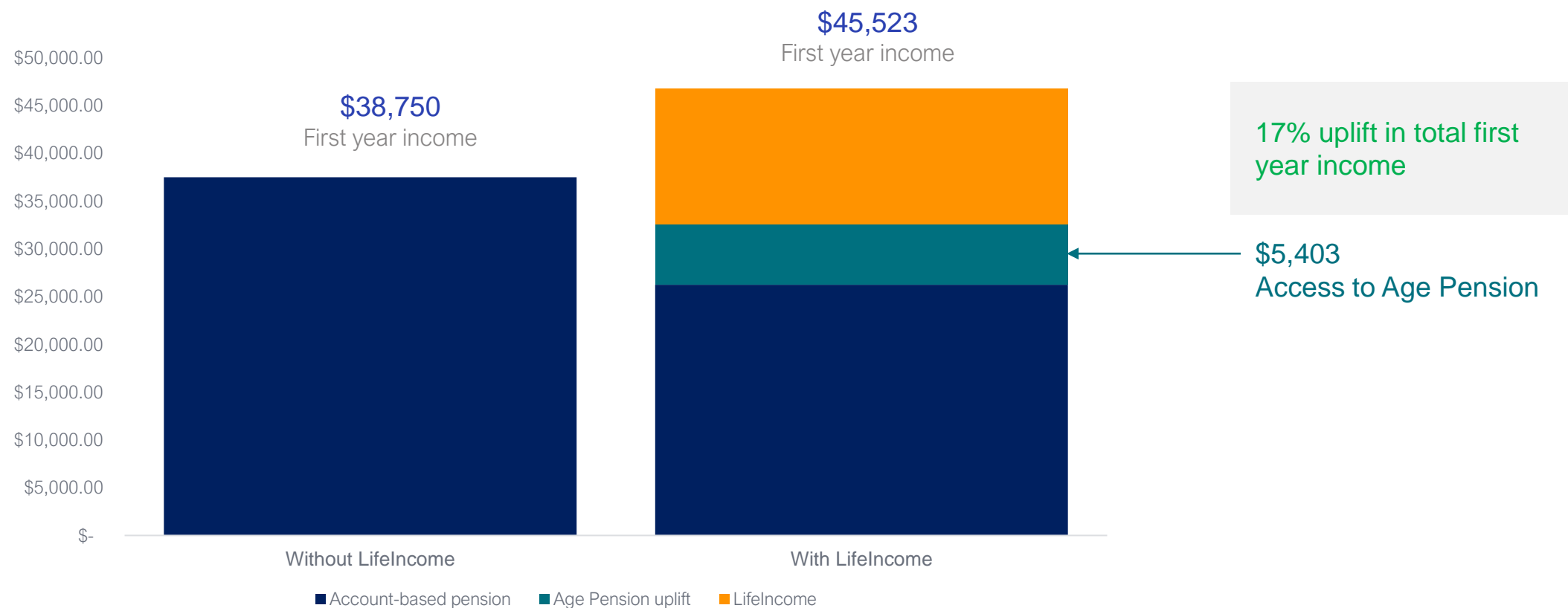
To gain confidence in their retirement spending/ cashflow and receive an income guaranteed for life



# Confidence

## Case study

Jenny and Mark choose to each invest 30% of their account-based pensions in LifeIncome. Both opt for a reversionary LifeIncome, with a LifeBooster 2.5% rate: Jenny's LifeIncome is commenced with \$97,500 and Mark's with \$135,000.



**Assumptions:** gross investment returns of 8% p.a., LifeIncome fees and costs of 1.22% p.a., account-based pension fees and costs of 0.5% p.a., minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged and social security rates and thresholds are valid as at 30 March 2022.



# Confidence

## Case study

### Breakdown

	Without LifIncome	With LifIncome	Difference
ABP drawdown (minimum)	\$38,750	\$27,125	(\$11,625)
Age Pension	-	\$5,403	Access to Age Pension
LifIncome LifeBooster 2.5%	-	\$12,996	
Year 1 income	\$38,750	\$45,523	\$6,773
Average annual income to age 100	\$92,849	\$106,202	\$13,353 p.a.
Cumulative income to age 100	\$2,878,310	\$3,292,261	\$413,951

**Assumptions:** gross investment returns of 8% p.a., LifIncome fees and costs of 1.22% p.a., account-based pension fees and costs of 0.5% p.a., minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged and social security rates and thresholds are valid at 30 March 2022. Average annual income to age 100 and Cumulative income to age 100 are shown in nominal dollars.

### Outcome

**Access to Age Pension** – additional income stream to improve retirement experience

**Social security benefits** – gain access to ancillary benefits associated with Age Pension such as discounted medicines, care and other concessions

**Money to support spouse** – Continued income for life even when one spouse passes

**LifeBooster 2.5% rate** – More income sooner with income continuing to grow over their lifetime

**Payback period** – Investment in LifIncome returned as income by year 11





## Who is LifeIncome suitable for?

Designed for retirees, LifeIncome can be commenced by anyone aged between 50 and 85 years.

An investor can start LifeIncome with non-superannuation money or a rollover from an existing superannuation fund.

For superannuation money, an investor must have met a condition of release and have access to their preserved superannuation benefits.

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Clients looking to access  
some or more of the Age  
Pension


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Clients looking for an  
income stream for life



\*Brief exclusion period applies – refer to the Product Disclosure Statement.

## A brief look at the annuities available in Australia

	Competitor A	Competitor B	LifeIncome
Investment options	 5 – can only hold one at a time Synthetic composite indices with no investment	 Balanced - one only and no investment choice	 23 – can hold more than one investment option
Ability to bring forward income	 No	 Yes – 5%	 Yes – a choice 2.5% or 5%
Frequency of income payments	 Monthly only	 Fortnightly only	 Fortnightly and monthly
Switching	 At anniversary only	 No	 At any time*
Adviser fees	 Yes	 No	 Yes
Type of money	 Superannuation and non-superannuation	 Superannuation only	 Superannuation and non-superannuation
Guaranteed	 Yes	 No	 Yes







# Thank you.

Outthinking today.

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Page 28: Retirees spend less as they age: Spending from the 1993-94, 1998-99, 2003-04, 2009-10 and 2015-16 iterations of the Household Expenditure Survey. Each line represents a single cohort across time as they age. While the age cohorts are 5 years apart, there was a gap of 6 years between the past three HES surveys. Spending is deflated by CPI. This analysis of the spending patterns of age cohorts over time is consistent with analysis that compares spending of households of different ages today. Sources: Grattan analysis of ABS (various years).

Page 28: Retiree spending on food, transport, and recreation declines: Because of small changes in the categorisation of expenses between surveys, these results are indicative only. Expenditure on housing does not include principal repayments on mortgages. The increase in expenditure on housing is largely due to more spending on rates and insurance. Source: Grattan analysis of ABS (various years).

Date of issue: 26 May 2022.

