



Outthinking today.

# Discover Generation Life



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

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

**A lifetime annuity offering flexibility & choice** with an expansive investment menu, ability to switch and bring forward income

**49% market share of total inflows** into investment bonds<sup>1</sup>

**Market leader** in tax aware investing

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

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

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

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

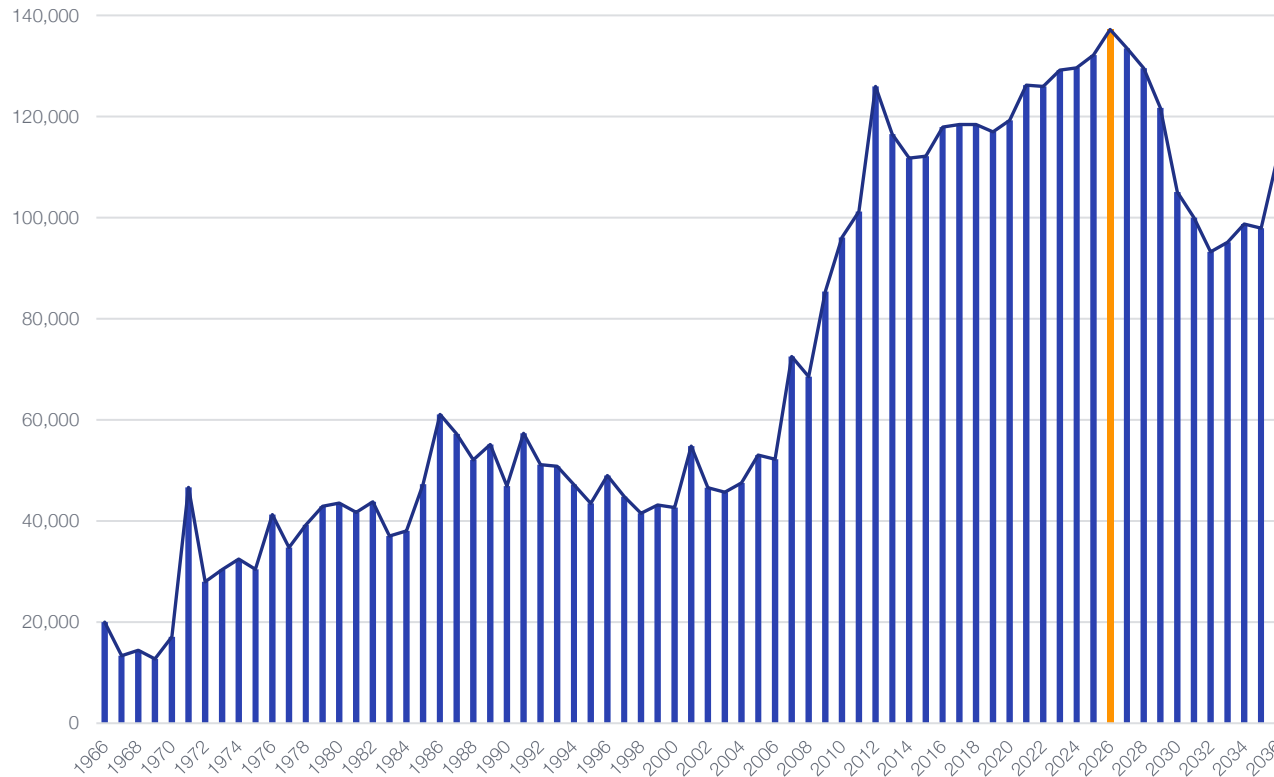
1. Plan for Life, Investment Bonds Market Report for period ended 31 March 2022

2. Ratings relate to LifeBuilder and ChildBuilder investment bond products



# Boomer's retirement mountain

Net annual change in Australian population 65+



Source: Salt, B, 2021, "Turning point: the 2020s baby boom retirement surge", published in Firstlinks on 24 March 2021, <https://www.firstlinks.com.au/turning-point-2020s-baby-boom-retirement-surge>

Surge in the retiree population is caused by the great baby boom of the 1950s

## 1990s

65-and-over population increased by an average of around **40,000 per year**

## 2020s

65-and-over population passing **126,000 in 2021**, peaking at **137,000 in 2026**

# The opportunity

An opportunity to design a comprehensive estate plan and retirement portfolio for your clients.

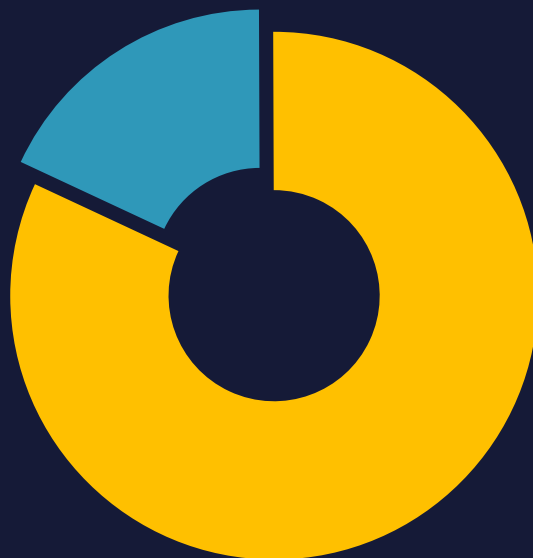
**18%**

Wealthy baby boomers

**\$600 billion**  
of assets

**78,300**  
individuals

**\$2.6 million**  
Average Net Investable  
Asset per Individual



**82%**

Average baby boomers

**\$3.3 trillion**  
of assets

**4 million**  
individuals

**\$400k**  
Average Net Investable  
Asset per Individual

**2%**

Of baby boomers are high net  
worth individuals, while 1% of total  
population are HNWI

Source: Core Data 2022

**\$224b**

Estimated to pass each year in  
inheritances by 2025

Vickovich, A, 2021, "Baby Boomers to pass on \$224b a year by 2050",  
published on The Australian Financial Review on 7 December 2021

Source: Core Data 2022



## Insights and application

### Investment bonds

Simplified estate planning - control and certainty for how wealth is passed on to the right people, at the right time



# Did you know...

## Leaving an inheritance and the challenges of wills

**86%**

of claims are brought  
by the immediate family

**88.2%**

Seniors plan on leaving  
an inheritance  
(\$930k on average)

**36%**

Estate to go to  
grandchildren

**12 months+**

for a case to be heard in  
court

**44.9%**

of Australians are worried about transferring wealth



**42.2%**

Concerned about the  
impact of tax when  
transferring wealth

**41.7%**

Concerned about  
misuse or mismanagement

# Investment structures for estate planning

	Superannuation	Discretionary trust	Wills / estate assets	Investment bonds
<b>Estate planning</b>	Some estate planning, limited to SIS Act	Some estate planning	Some estate planning but open to challenge	Strong estate planning
<b>Setting up</b>	Easy to set up	Can be complex	Can be complex	Easy to set up
<b>Cost-effective</b>	No additional costs	Additional set-up and ongoing costs i.e. tax reporting, accounts	Additional set-up and ongoing costs i.e. legal, trustee, probate costs	No additional costs
<b>Tax consequences to beneficiaries</b>	Non dependants may be subject to death tax	Ongoing tax depends on beneficiaries	Subject to estate wind up	Tax-free to beneficiaries on death or opportunity of future event transfer
<b>Accessibility on death</b>	Subject to SIS Act	Direction through trust deed	Maybe subject to lengthy probate delays	Typically, beneficiaries will receive funds within 7 business days of receiving documentation
<b>Creditor protection</b>	Protected	Protected	Not protected	Protected

# 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 and tax-free**  
transfers

**No personal Capital Gains Tax**  
on investment switching

No tax file number required

**Creditor protection**

Can be structured as a **non-estate  
asset**



# Estate planning

Be in control of transferring wealth

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## Non-Estate Asset

Can be structured to pass directly to beneficiaries

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## Complete Control & Certainty

Be in control of transferring wealth

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## Transferability / Portability

Automatic transfer of ownership to nominated beneficiaries

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## Rule from the grave

Control and manage access by future generations

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## Tax Free Benefits

Tax paid investment in the hands of future beneficiaries



# Managing blended family situations

## Case study

Steve is married to his second wife Sarah and has two young children

- + Steve has a 10 year old daughter Kate, from his first marriage
- + Steve would like to leave an inheritance to Kate to ensure she has a good start in life
- + Steve and Sarah use mutual wills to provide for each other and for their children from both marriages
- + He is however concerned that this arrangement will not reflect his concerns about providing for Kate and that his will may be challenged



### Steve's concerns...

- + Steve is concerned his will may be challenged
- + He is seeking peace of mind that his wishes are met and that he can provide for Kate without a successful challenge

# Managing blended family situations

## Case study

Steve establishes a Generation Life LifeBuilder

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Initial investment	\$150,000
Investment bond owner	Steve
Future event transferee	Kate
Future event transfer restrictions	Transfer on death of the LifeBuilder owner

### Outcome...

- + Using the LifeBuilder Future Event facility ensures Kate's nomination is fulfilled privately and outside of the estate
- + Avoiding the complications of including Kate in a will
- + LifeBuilder has been structured as a non-estate asset, placing his nomination of Kate outside of the estate processes

# Ruling from the grave

## Case study

Kate is 74 years of age

- + Kate has a devoted son Todd, age 38, 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 with her son Todd as a transfer recipient

Initial investment	\$500,000
Investment bond owner	Kate
Future Event Transfer	Set a future transfer of ownership to Todd on Kate's passing
Restrictions	Restrict Todd's access to funds 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 access to funds by Todd



# Protecting an inheritance

## Case study

### Mary is 58 years of age and divorced

- + 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

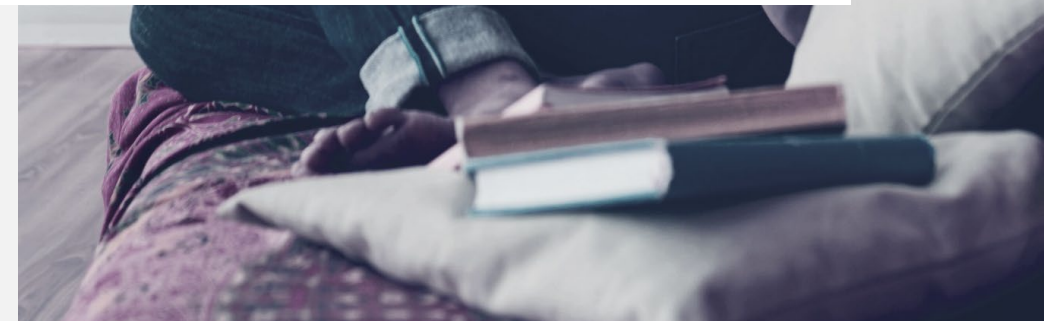
### Mary used some of the proceeds to pay out her mortgage and her total assets now are:

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



### Mary's objectives...

- + Mary wants to pass her estate on to Jack
- + She also wants to protect Jack's inheritance from a bankruptcy proceeding in the event that Jack's financial hardship worsens



# Protecting an inheritance

## Case study

Investment bonds are protected from creditors\*

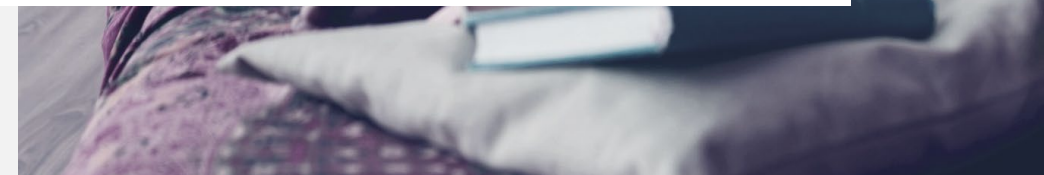
Initial investment	\$500,000 invested in a balanced portfolio
Investment bond owner	Mary
Future Event Transfer	Set a future transfer of ownership to Jack upon her death
Restrictions	Restrict Jack's access to funds to no more than \$100,000 per annum

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



### Outcome...

- + 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
- + Proceeds of investment bonds are creditor protected under Bankruptcy s116 2D



# Superannuation death nominations

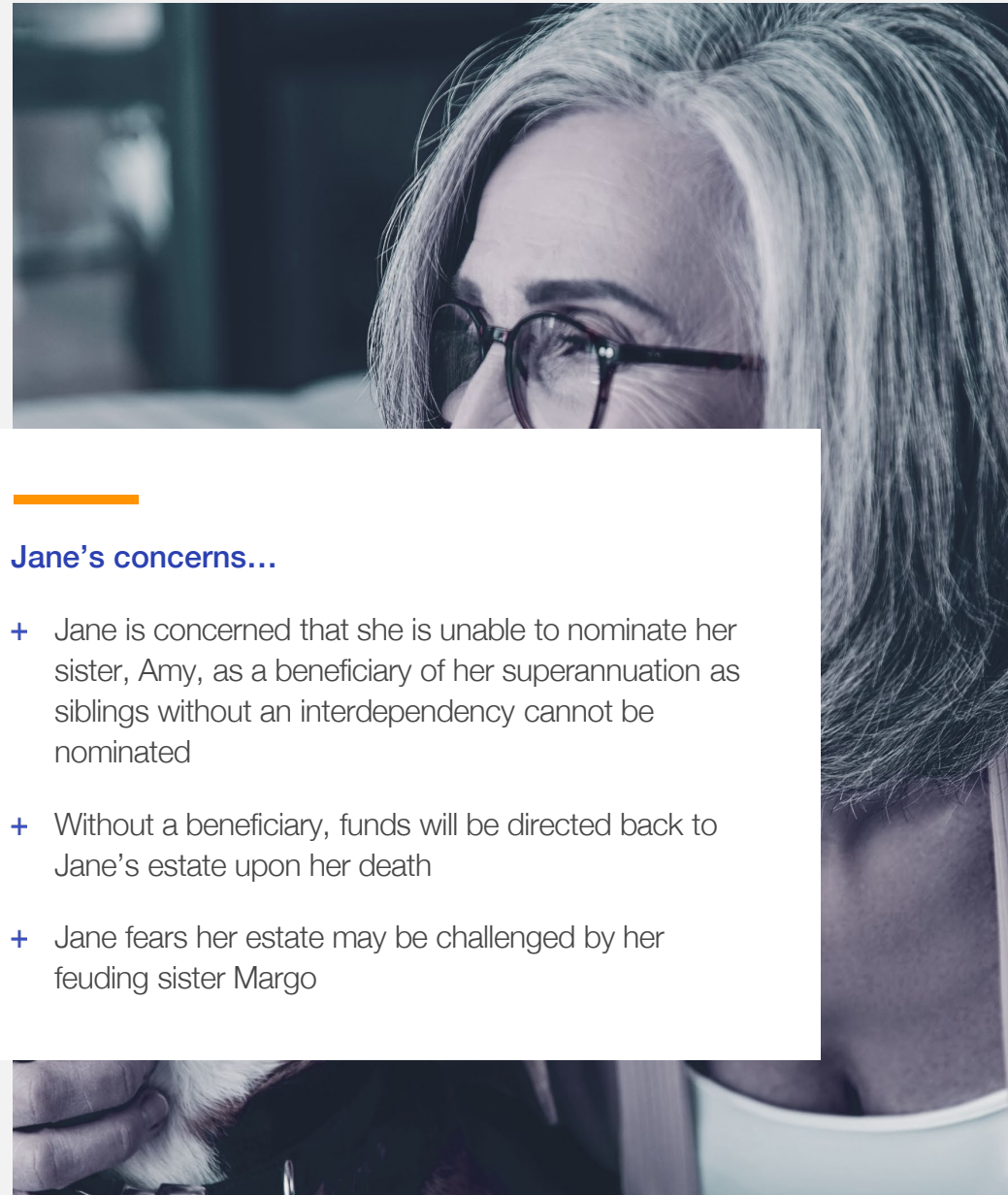
## Case study

Jane is 79 years of age and is 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 benefits

### Jane's concerns...

- + Jane is concerned that she is unable to nominate her sister, Amy, as a beneficiary of her superannuation as siblings without an interdependency 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

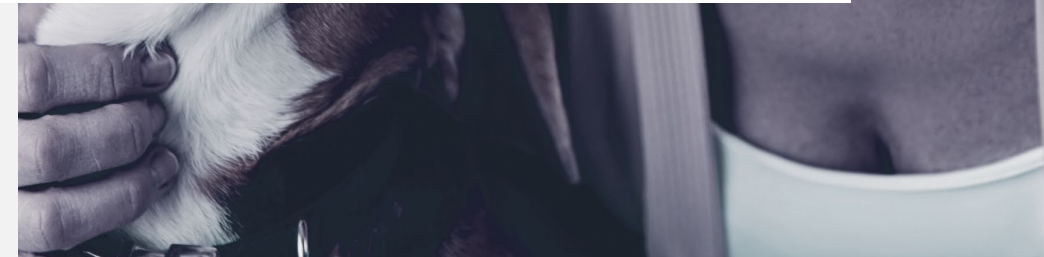
Jane cashes in her superannuation and establishes a Generation Life LifeBuilder with the proceeds

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





# Gifts to grandchildren

## Case study

### Sue is 77 years of age

- + 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 her Transfer Balance Cap and can incur a maximum tax rate of 30% on earnings if this isn't rectified
- + Sue wishes to ensure her legacy is distributed according to her wishes, which includes providing an inheritance for her four grandchildren, ideally \$100,000 each
- + Sue also wants to avoid any superannuation death tax on transfers to non-dependants.

### 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



# Giftng to grandchildren

## Case study

Sue establishes four Generation Life LifeBuilders

Initial investment	\$400,000 total investment from pension commutation proceeds (\$100,000 for each investment bond)
Investment bond owner	Sue
Future Event Transfer	Set a future transfer of ownership to to her 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



### 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 the superannuation benefit death tax applying, without any conflict and reducing the potential for challenges



# Gifting to grandchildren

## Case study

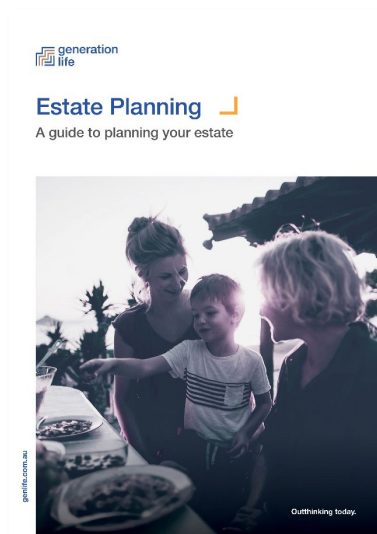


Year	Opening balance	Investment bond earnings	Investment bond tax at 18.4% of earnings	Net proceeds to non-dependant after tax	Result vs super account	Account earnings	Super tax/(credits) at 4.4% of earnings	Account earnings (net of super tax)	Net proceeds to non-dependant if taxed at 15.0%	Net proceeds 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

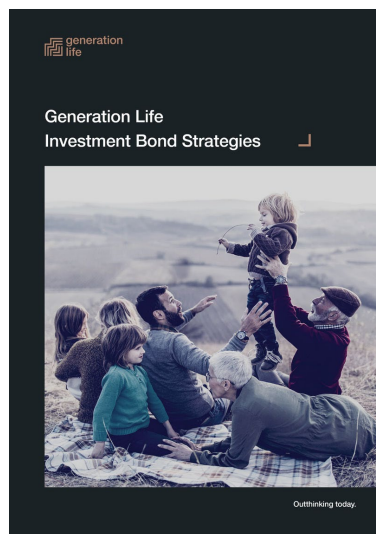
\$400,000 superannuation balance with 60% taxable component. Assumed gross of tax earnings of 7.3% p.a. Average effective estimated tax rate on superannuation account earnings of 4.4% compared to investment bond effective tax rate of 18.4%. Effective tax rates and earnings based on historical long-term returns. Outputs contain forward looking statements which are subject to known and unknown risks, uncertainties and other important factors that could cause the actual results, events, performance or achievements to be materially different from those expressed or implied in such statements. Although forward-looking statements contained in this document are based upon what Generation Life believe are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Past performance is not indicative of future performance.



## Resources available online



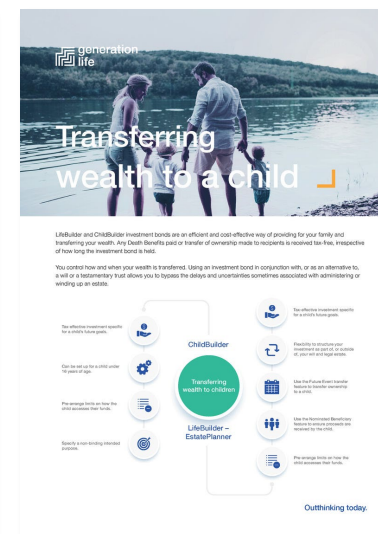
Estate planning  
guide



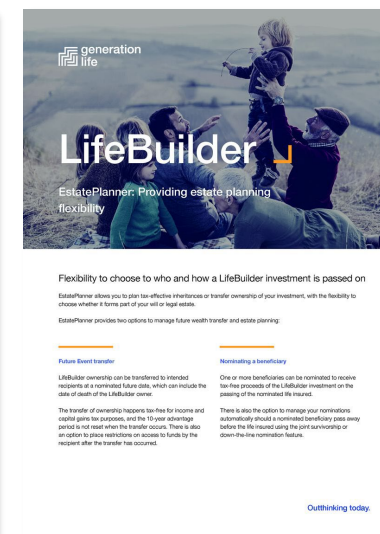
Investment bonds  
strategies



Investment bonds  
technical guide



Transferring wealth to  
a child guide



LifeBuilder  
EstatePlanner



Investment bonds

## Tax Aware Investing

Market leaders in after tax performance



# Tax Aware Investing

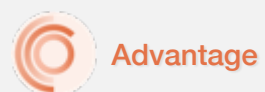
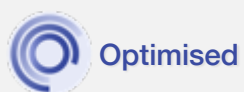
Delivering tax alpha

**Improving returns with no additional investment risk**  
by reducing tax costs

**How?** Unique structure, approach to trading, mandate structure, compounding returns

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

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





## Superior after tax outcomes

Perpetual Wholesale Australian Share Fund  
headline return for 12 month period

**-3.5%**

**Investing in a unit trust  
directly**

**3.34%**

Tax paid for the year at a 47% MTR

**-6.84%**

After tax return

**Managed through an investment  
bond tax structure**

**1.4%**

No distributions tax paid on income

**-2.39%**

After tax return

**Uplift of 4.45%**

## Example of how distributions are taxed

31-March	Initial investment @ \$1.591257 per unit (62,843 units)	\$100,000
30-Jun	Value of \$1.455553 per unit (decrease of 9.53%)	\$91,471
1-Jul	Distribution of \$0.125846 per unit	\$7,908
1-Jul	Value of investment after distribution payment	\$83,562
1-Jul	Tax assessable amount (after CGT discounts)	\$4,902
1-Jul	Personal tax payable (47% MTR)	-\$2,304
1-Jul	Net distribution proceeds (after tax) reinvested (4,221 units)	\$ 5,603
1-Jul	Total investment value including reinvestment (67,063 units)	\$ 88,813

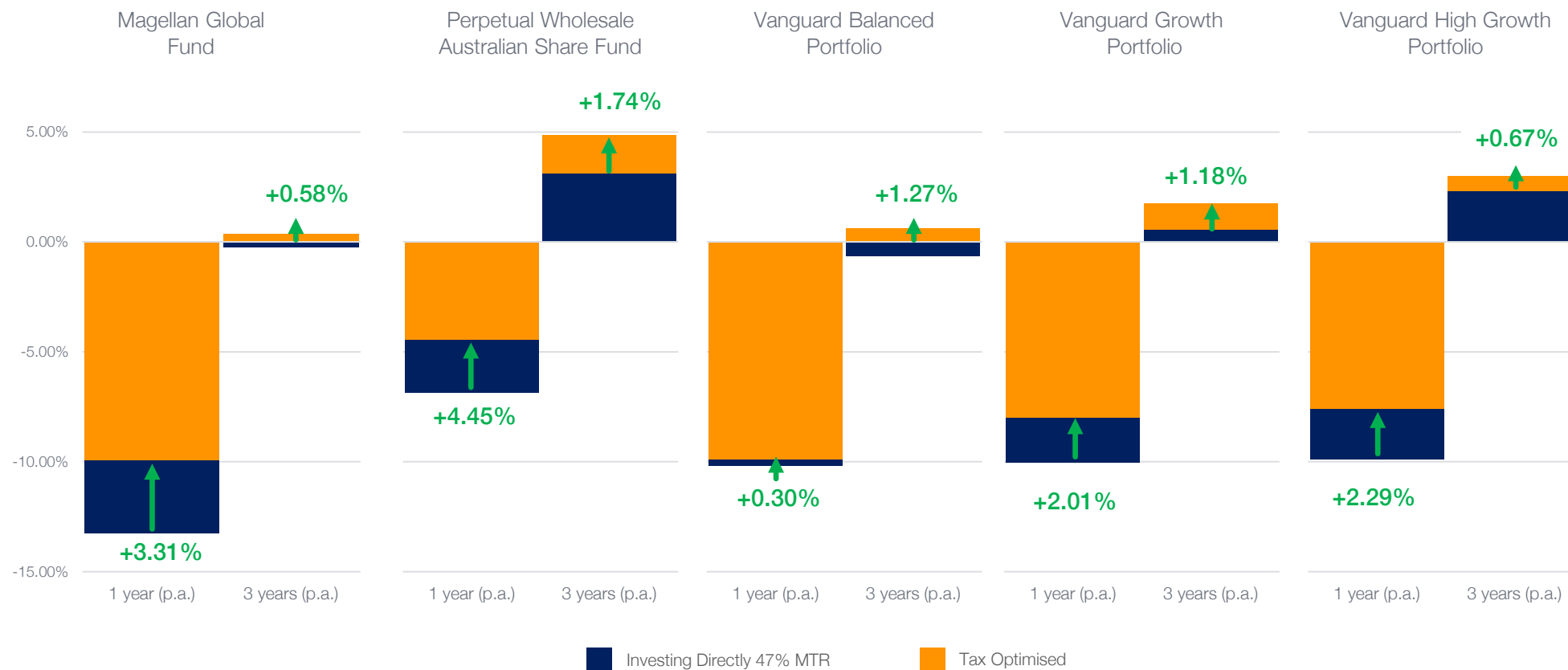
**Investment return for period held -11.19%**

**Quoted fund performance for period -8.30%**

Past performance is not an indication of future performance. Generation Life Performance is net of fund taxes, management fees and other operating expenses (if applicable) and is based on the unit prices for the quoted periods and exclude the effect of any investor specific transactions such as transaction costs, stamp duty and management fee rebates. Direct Investment performance is based on publicly available unit trust prices, distribution details and annual tax components. Individual circumstance have not been taken into account when calculating the direct tax liability applicable to each unique investor.

# Tax Optimised performance alpha

## Investing Directly versus Tax Optimised Portfolios to June 2022



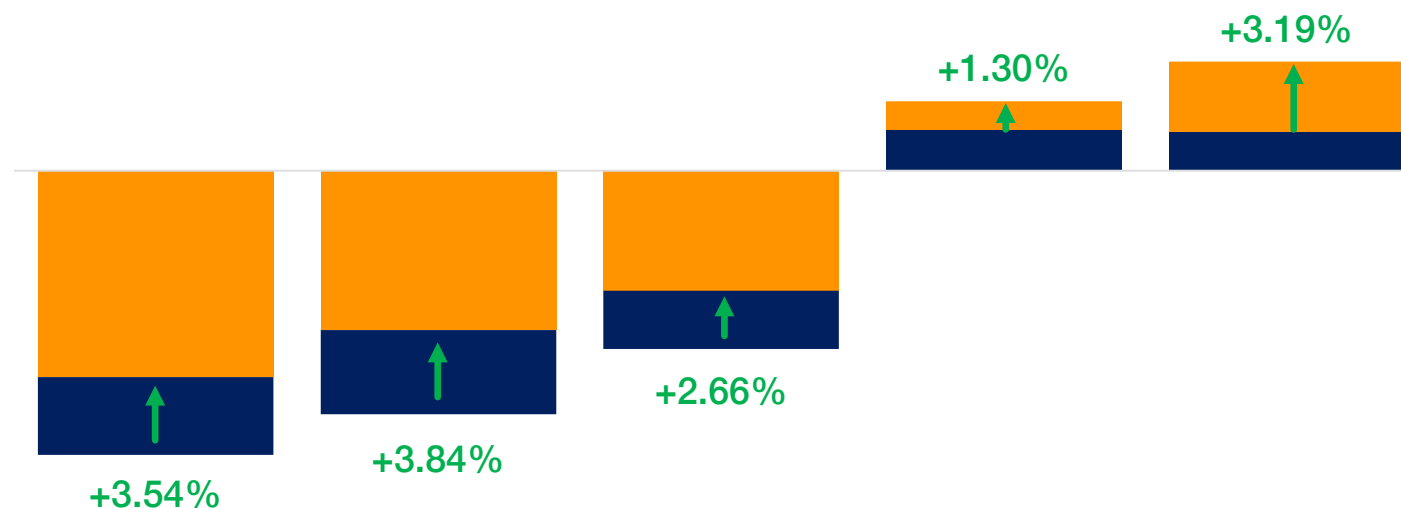
Performance period: 30 June 2022. Past performance is not an indication of future performance. Tax optimised fund returns are net of fund taxes, management fees, performance and other operating expenses (if applicable) and are based on the unit prices for the quoted periods and exclude the effect of any investor specific transactions such as transaction costs, stamp duty and management fee rebates. Direct Investment is conducted on the the unit prices for the quoted period and distributions net of 47% marginal tax rate minus any tax credits and offsets listed in tax component of unit trust. The results produced in this scenario do not take into account the objectives, financial situation or needs of any individual and are not intended for use as financial or investment advice or recommendations. Investment profile, holdings or product characteristics can have differences and it is recommended they are assessed independently for a fully informed decision on product suitability.

# Generation Life Tax Effective Australian Share Fund

Performance to 30 June 2022

Generating consistent after-tax alpha since inception

■ Generation Life Tax Effective Australian Share Fund ■ iShares Core S&P/ASX 200 ETF2



	3 months	6 months	1 year (p.a.)	3 years (p.a.)	Since inception (p.a.) (20 May 2019)
<b>Tax Alpha</b>	<b>3.54%</b>	<b>3.84%</b>	<b>2.66%</b>	<b>1.30%</b>	<b>3.19%</b>
Generation Life Tax Effective Australian Share Fund	-9.42%	-7.27%	-5.47%	3.17%	4.97%
iShares Core S&P/ASX 200 ETF	-12.96%	-11.11%	-8.13%	1.87%	1.78%

Past performance is not an indication of future performance. Performance is net of fund taxes, management fees and other operating expenses (if applicable) and is based on the unit prices for the quoted periods and exclude the effect of any investor specific transactions such as transaction costs, stamp duty and management fee rebates.

# Our leading investment menu

## Investment bonds

At Generation Life, we offer a wide range of investment options to meet investment objectives.

### 62 investment options across all major asset classes

18 x Diversified	4 x Property
13 x Australian shares	5 x International fixed interest
12 x International shares	2 x Alternatives
6 x Australian fixed interest	2 x Cash and deposits

AIM Affirmative Investment Management

ALLIANCEBERNSTEIN

ARDEA Investment Management

BAEP

BLACKROCK

Dimensional

Equity Trustees

evergreen

Firetrail INVESTMENTS

FRANKLIN TEMPLETON

generation

GMO

HYPERION ASSET MANAGEMENT

IML INVESTORS MUTUAL LTD

Kapstream JANUS HENDERSON

MACQUARIE

MAGELLAN ASSET MANAGEMENT LIMITED

MFS

MLC

M Mutual Limited

PENDAL

Perpetual

PIMCO

redpoint Investment Management

Russell Investments

Schroders

Stewart Investors

Vanguard

WALTER SCOTT





## Insights and application

### LifelIncome

The investment-linked lifetime annuity offering certainty and peace of mind with an income guaranteed for life.





# 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.

**\$1.4 trillion**

In post-retirement  
assets by 2030<sup>1</sup>

Income guaranteed  
for life

Investment choice

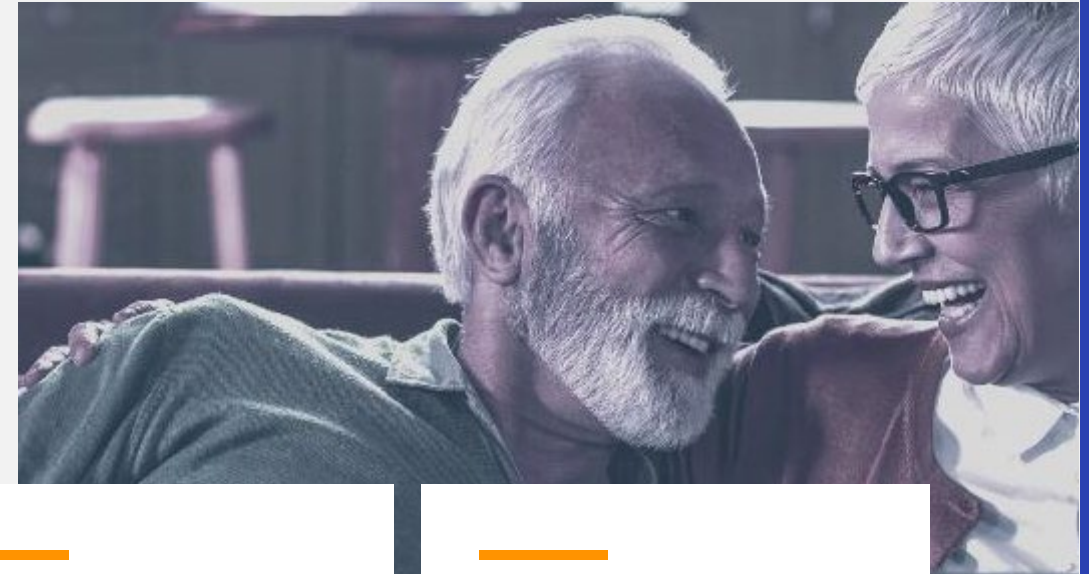
Concessional social  
security treatment

Money available to  
support beneficiaries



# Retirement is an emotional journey...

## Not just a financial decision



Feeling a loss of self-worth once they stop working

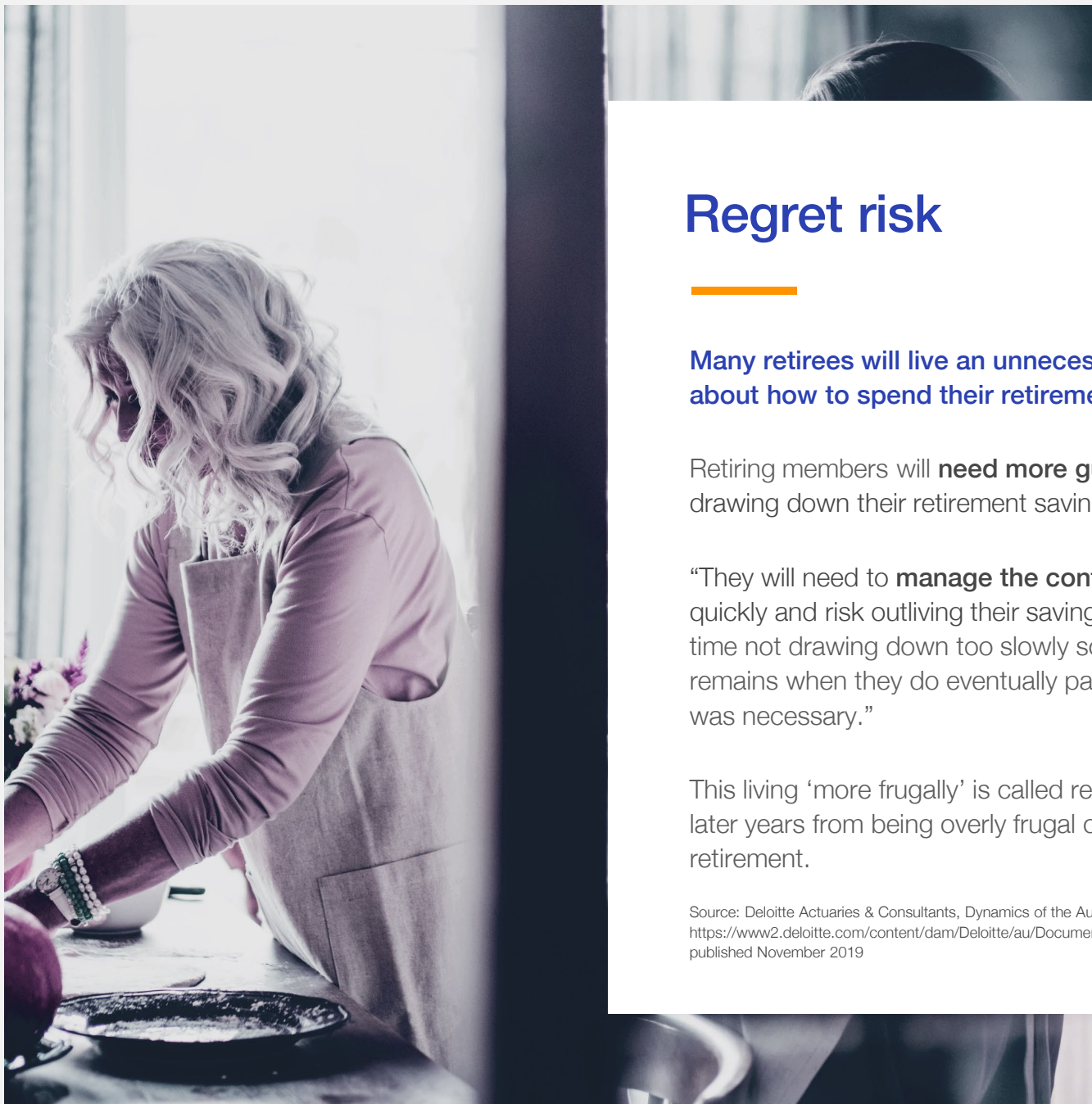
Bored or depressed if there is nothing in particular to do as the daily routine and activities they experienced in their working life provided them with purpose

Spending time on hobbies and interests may not turn out to be as rewarding and meaningful as anticipated

Differing or conflicting ideas on retirement lifestyle with a spouse

Source: Australian Government, Better Health Channel, Retirement, reviewed on 30 April 2004, <https://www.betterhealth.vic.gov.au/health/healthyliving/retirement>





## Regret risk

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Many retirees will live an unnecessarily constrained retirement due to anxiety about how to spend their retirement savings.

Retiring members will **need more guidance and/or advice** to help them manage drawing down their retirement savings over time.

“They will need to **manage the conflicting elements** of not drawing down too quickly and risk outliving their savings due to increasing longevity, and at the same time not drawing down too slowly so a significant proportion of their superannuation remains when they do eventually pass away and so have lived more frugally than was necessary.”

This living ‘more frugally’ is called regret risk, as retirees feel a sense of regret in their later years from being overly frugal or conservative in the earlier years of their retirement.

Source: Deloitte Actuaries & Consultants, Dynamics of the Australian Superannuation System, The next 20 years to 2038, <https://www2.deloitte.com/content/dam/Deloitte/au/Documents/financial-services/deloitte-au-fs-dynamics-australian-super%20system-2038.pdf>, published November 2019



## Bucket income strategies

### Finding an optimal mix

#### Account-based pension

A flexible income stream offering wide investment choice, lump sum withdrawals and the ability to vary income.

Government social security support, which can include income and other benefits such as healthcare discounts.

#### Age Pension

#### Non-super assets

Assets accumulated over time, including savings, the family home, shares, other investments.

A lump sum converted into regular income payments for life, regardless of the amount invested. Benefit from concessional social security and tax treatment.

#### Investment-linked lifetime annuity



# 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>

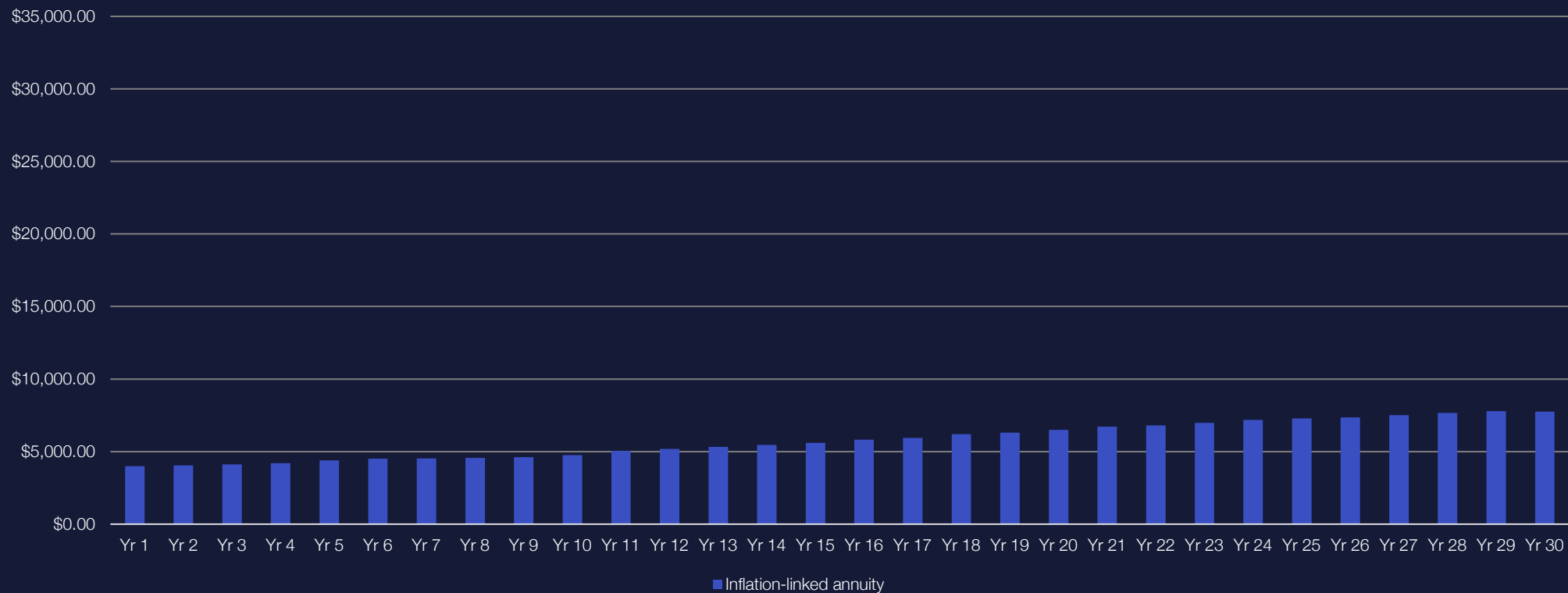
1. Brief exclusion period applies – refer to the Product Disclosure Statement

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.



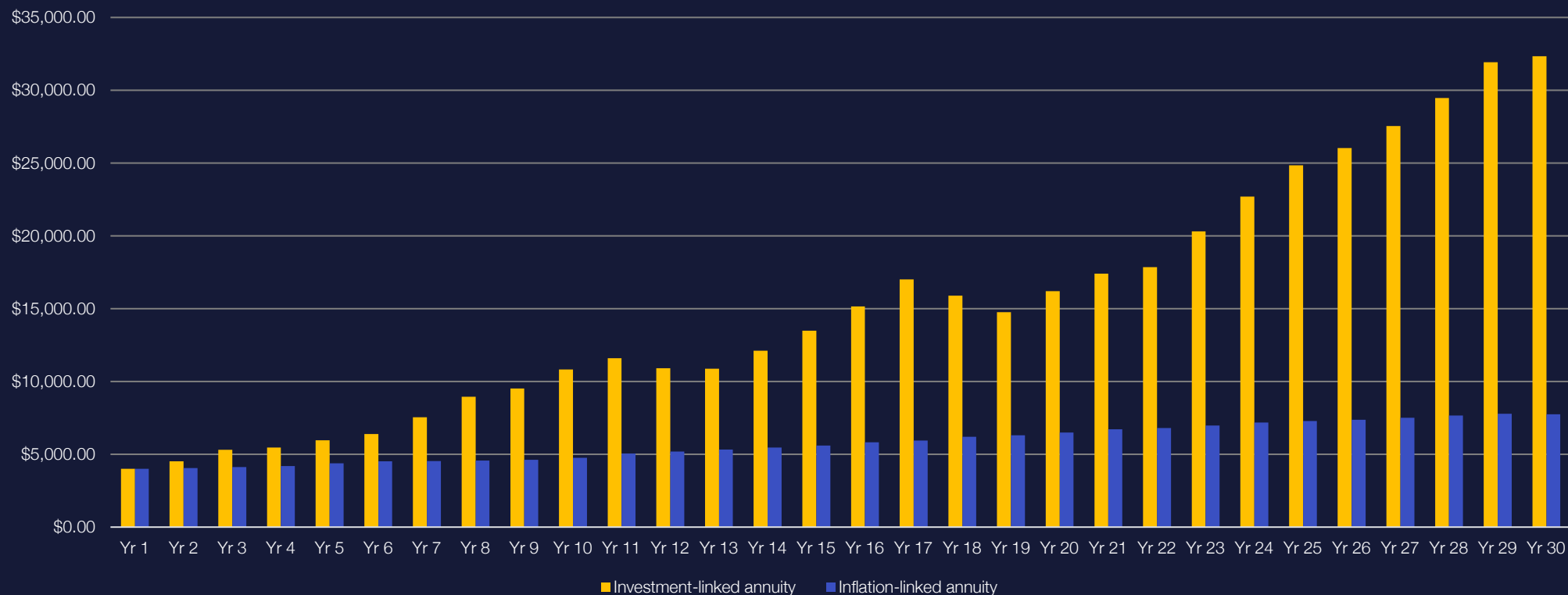
## Comparing inflation-linked vs investment-linked lifetime annuity



### 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 lifetime annuity

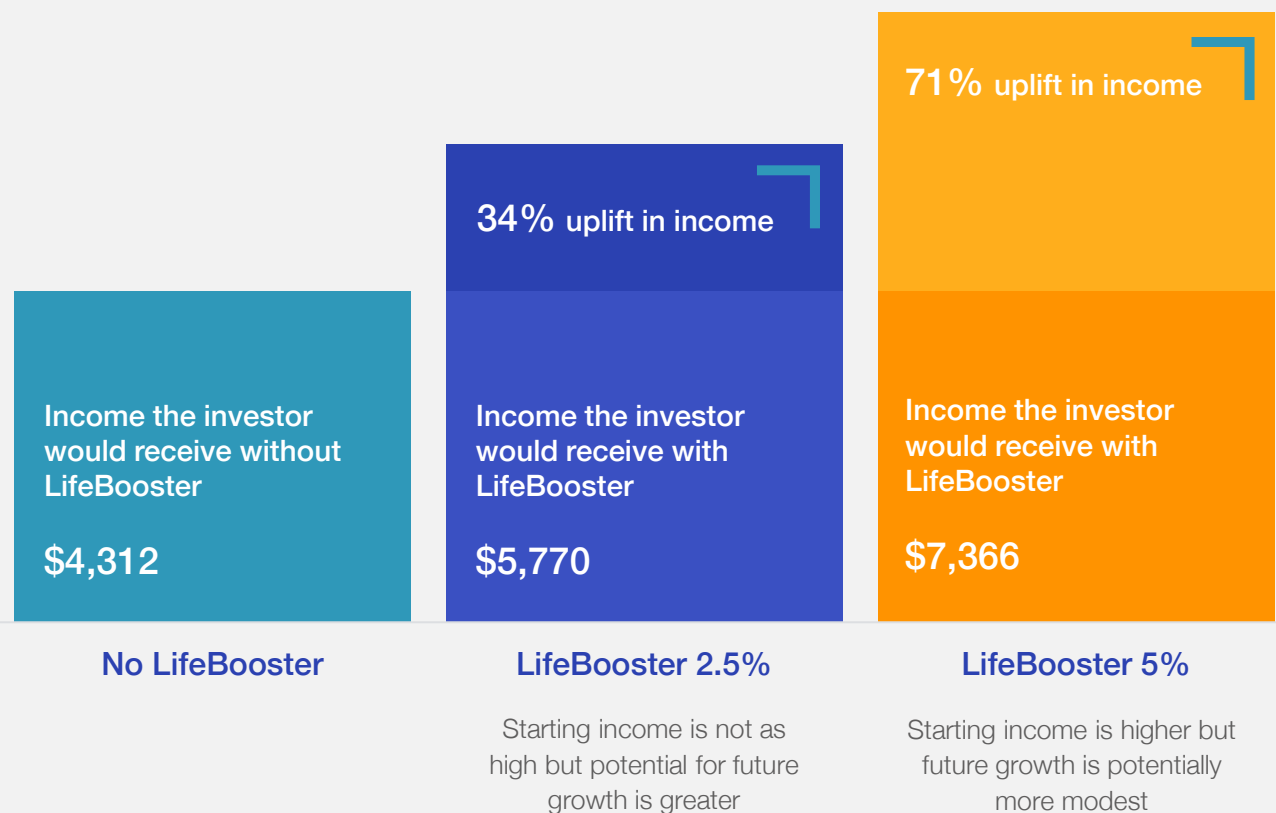


### Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year.
- Investment-linked annuity: 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 any lifetime annuity solution specifically. Provided as a general example of an investment-linked lifetime annuity only.

# More income, sooner with LifeBooster

## Comparing first year income



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

### LifeBooster provides retirees with:

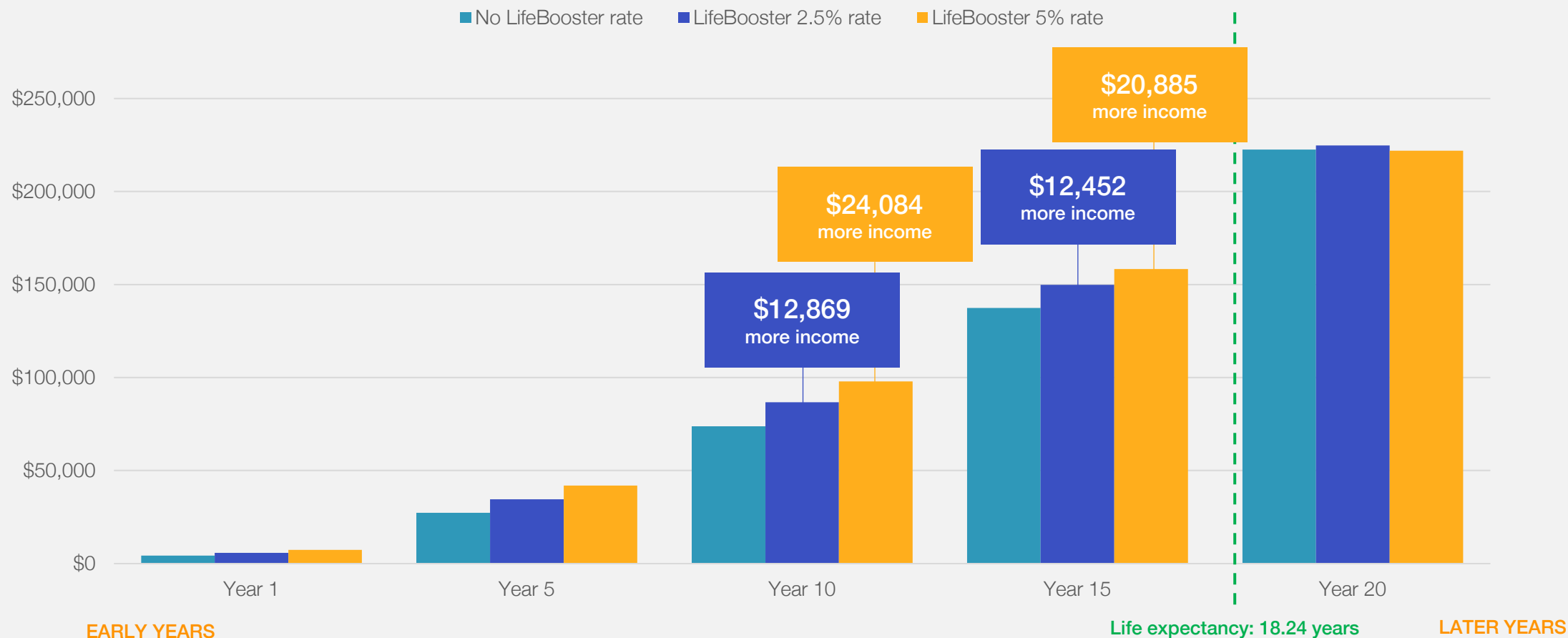
A much higher starting income than if no LifeBooster was applied

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

## The power of LifeBooster

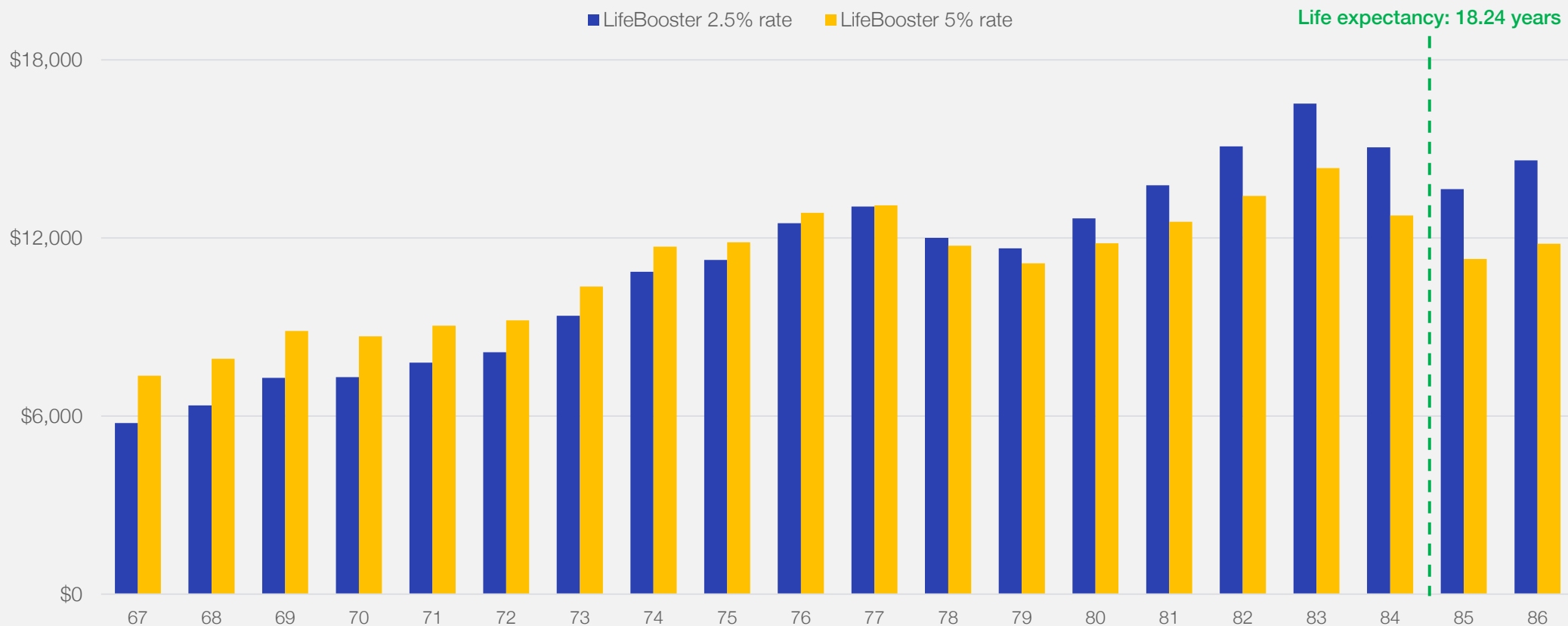
### Comparing cumulative income for Vanguard Balanced Portfolio



**Assumptions:** Male 67 years old, initial investment \$100,000, estimated total fees, expenses and costs of 1.22%. Vanguard Balanced Portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992. Past performance is no indication of future performance. 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.

## Choosing the right LifeBooster rate

### Comparing annual income for Vanguard Balanced Portfolio



**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 20-year period only, however LifeIncome will pay your client, and their spouse if they choose, an income for life. Vanguard Balanced Portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992.





# Our leading investment menu

## Lifeline

A wide range of investment options to meet investment objectives.  
You can hold any combination at any time.

### 23 investment options across multiple styles

- 
- 5 x Single Sector Index funds
  - 8 x Pre Packaged Diversified Models
  - 3 x Lower Volatility Outcome Based Funds
  - 3 x Truly Active Single Sector Funds
  - 1 x Inflation Linked Fund
  - 3 x Responsible Investment funds



## Annual income reset

- + Annual income is reset at the start of each Financial year.
- + Annual income is determined by multiplying the number of Income Units by the unit price of the chosen investment option(s).
- + 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.

# Meeting retirement needs

## Managing a change in risk profile



Assumptions: Based on a 70-year-old male commencing LifeIncome with \$400,000 and a LifeBooster rate of 5%. Assumed average returns in Year 1 – Year 9: 9.54%. Assumed average returns in Year 10 – Year 20: 6.5%. Fees & costs 1.22%. No adviser fees have been charged. A Lifetime Income Protection Provision may apply when resetting annual income. For further information, refer to the Product Disclosure Statement.

# 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 administration costs	\$43.02
Investment management*	\$15.49
Transaction costs (including insurance expense)	\$9.75
<b>Total fees and costs</b>	<b>\$68.26</b>
<b>Annual income for the next Financial year <i>(after fees and costs)</i></b>	<b>\$5,668.33</b>

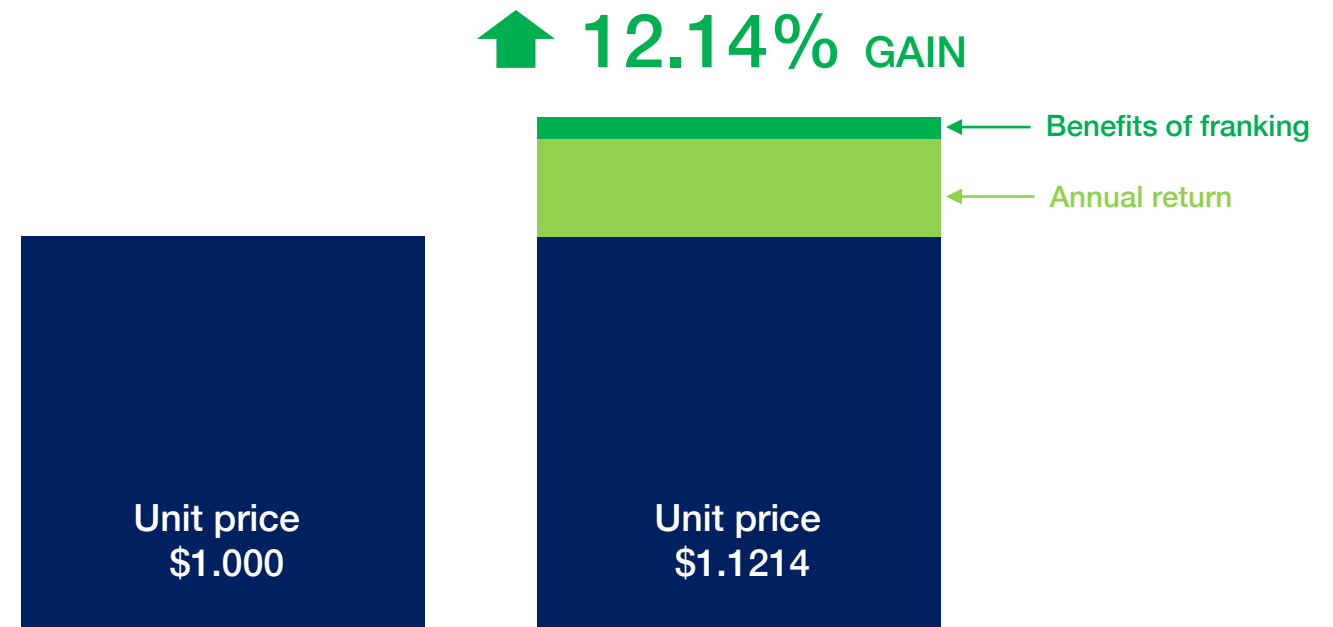
\*Example assumes Vanguard Growth Portfolio fees and costs



## 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 or superannuation.

### Impact of Franking Credits



Assume a 10% annual return consisting of

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





## Franking Credit environment

Higher rates and interest has good short term forecast for franking credits

30 June 2022

1.7% franking credit for ASX 200 projected for FY23

<u>Yield information (next 12 months)</u>	<u>S&amp;P/ASX 200</u>
Forecast dividend yield	5.0%
Forecast franked dividend yield	6.7%

30 June 2021

1.2% gross yield uplift over this time last year

<u>Yield information (next 12 months)</u>	<u>S&amp;P/ASX 200</u>
Forecast dividend yield	3.8%
Forecast franked dividend yield	5.0%

## Centrelink treatment of LifeIncome

LifeIncome 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.

---

### Year 1 means tested income

Only 60% of your LifeIncome annual income of \$7,366.20\* is assessed under the income test.

\* Based on a 67-year-old male commencing LifeIncome with \$100,000 and a LifeBooster rate of 5%. All decisions regarding social security benefits for individuals who purchase LifeIncome 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.



# Maximising retirement income

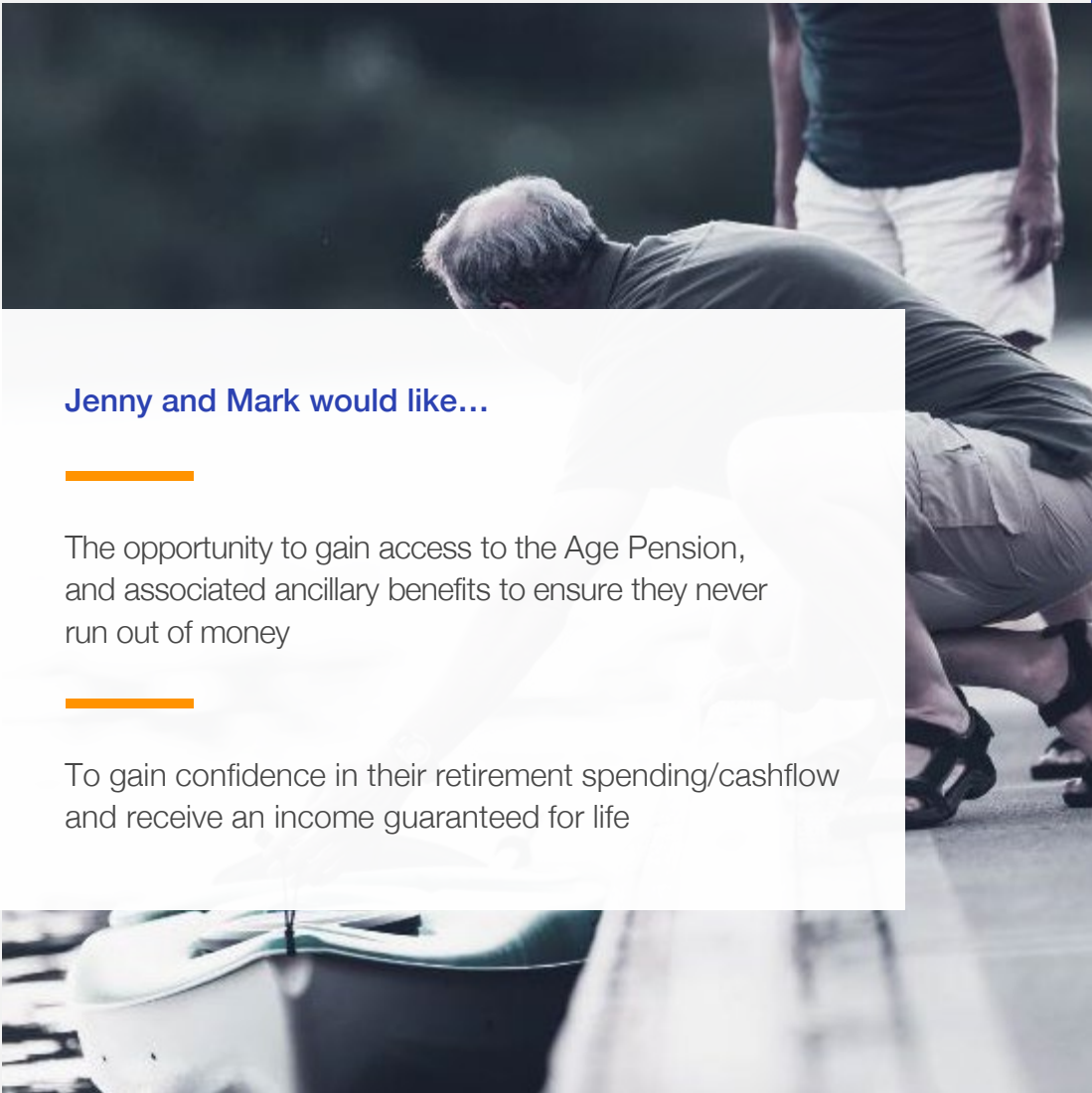
## Case study

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 and are proud of what they have achieved. Although they are in a strong financial position, they 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, home and 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

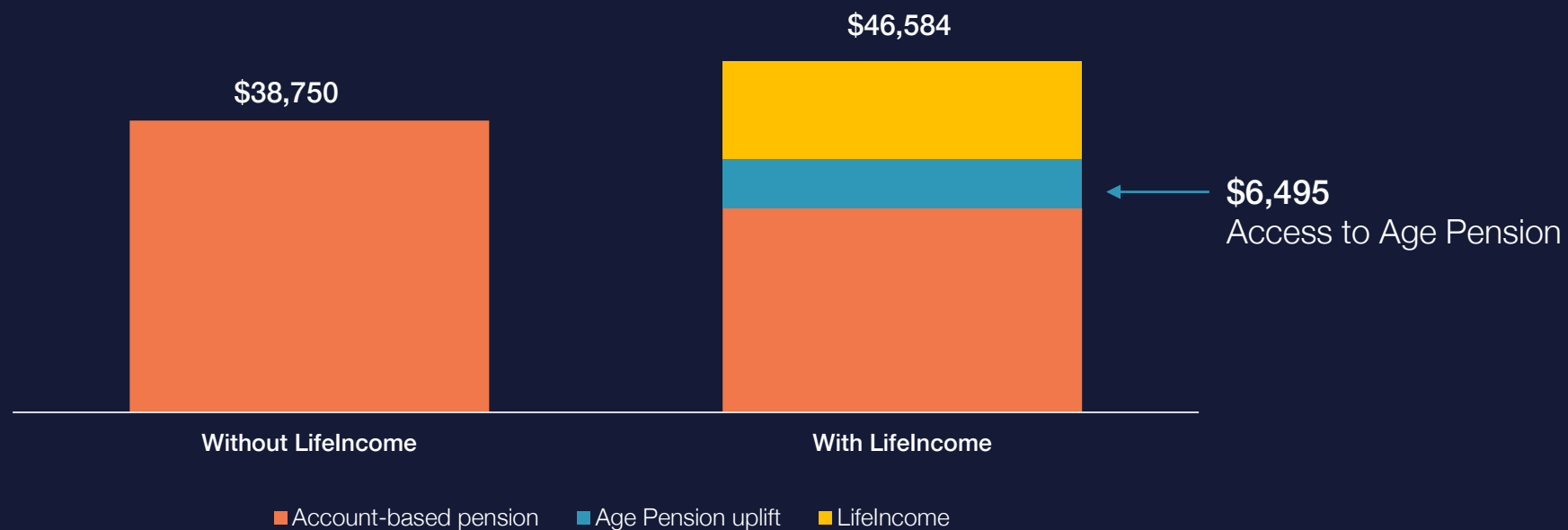


# Maximising retirement income

## Case study

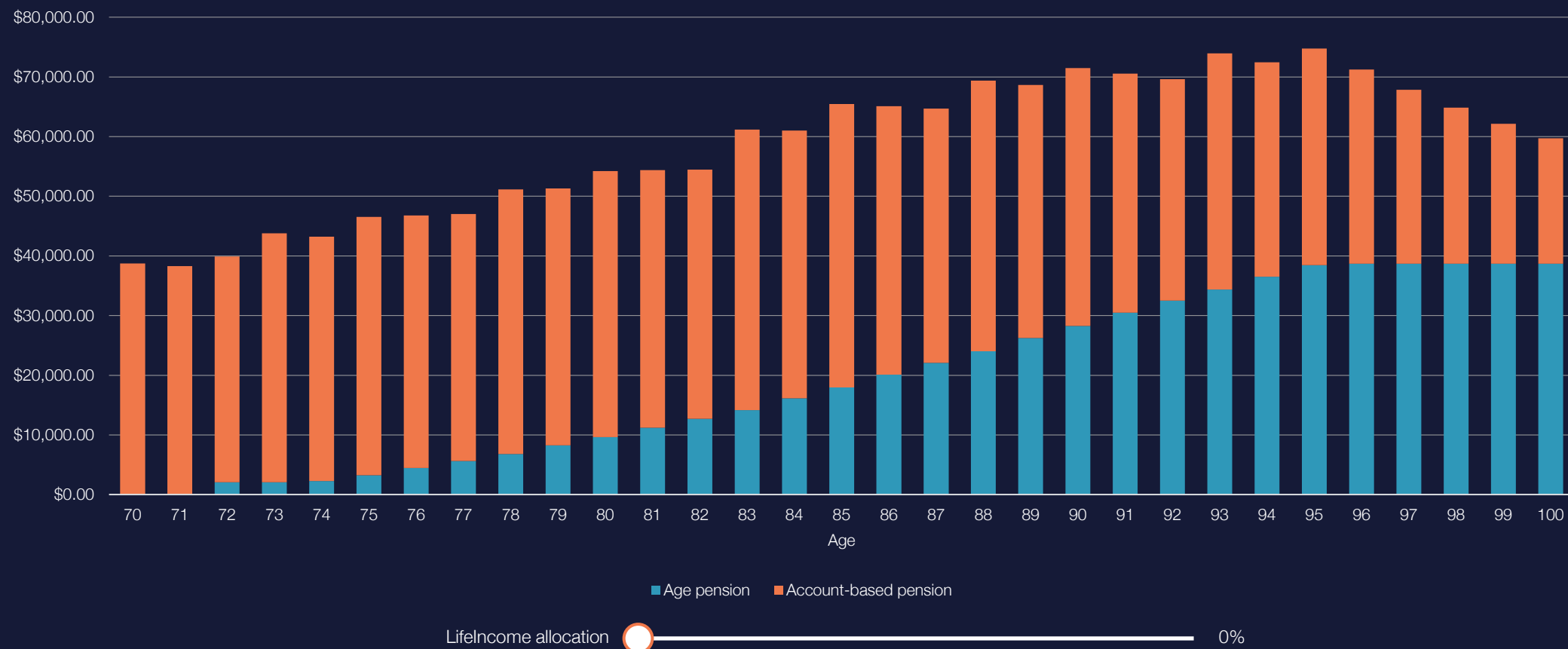
### Comparing first year income

Jenny and Mark invest 30% of their account-based pensions in LifeIncome. Both chose to increase their starting income by choosing a LifeBooster rate of 2.5%. This allows them to bring forward a portion of their future income. Jenny's LifeIncome commences with \$97,500 and Mark's with \$135,000.



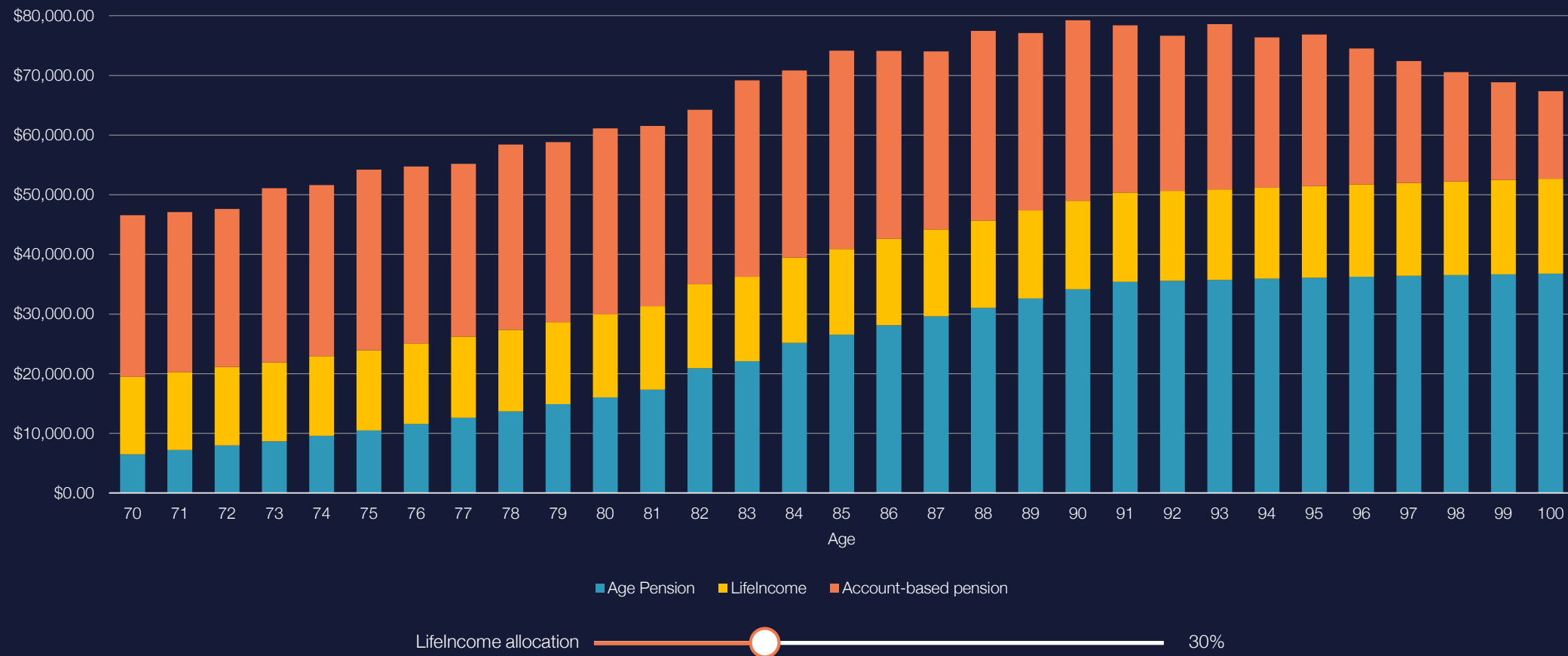
Assumptions: Minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged and social security rates and thresholds are valid as at July 2022.

## Annual income without LifeIncome





## Annual income with LifeIncome



# Maximising retirement income

## Case study

	Without LifelIncome	With LifelIncome	Difference
ABP drawdown (minimum)	\$38,750	\$27,125	(\$11,625)
Age Pension	-	\$6,495	Access to Age Pension
LifeBooster rate of 2.5%	-	\$12,965	34% income uplift
Year 1 income	\$38,750	\$46,584	\$7,834
Average annual income to age 100	\$90,370	\$100,810	\$10,440 p.a.
Cumulative total income to age 100	\$2,801,485	\$3,125,109	\$323,624
Cumulative Age Pension to age 100	\$1,034,564	\$1,217,731	\$183,167

Assumptions: Based on reversionary lifetime annuity policies for Jenny and Mark after each allocating 30% of their superannuation to LifelIncome with a LifeBooster 2.5% rate. Estimated fees, expenses and costs of 0.5% for the account-based pensions and 1.22% for LifelIncome. Assumed investment returns of superannuation assets is 7%pa, non-superannuation assets at 3% and inflation of 2.5%pa. This illustrates a 30-year period only, however the lifetime annuity will pay an income for life. Minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged and social security rates and thresholds are valid at 1 July 2022. Average annual income to age 100 and cumulative total income and cumulative Age Pension to age 100 are shown in nominal dollars.

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

**Social security benefits** – gain access to ancillary benefits associated with Age Pension

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

**Income brought forward** – more income sooner with income continuing to grow over their lifetime

**Payback period** – investment in lifetime annuity returned as income by year 11

# Maximising Age Pension

## Case study

### Sharon, 69 years of age, single homeowner

Sharon's 93-year-old mother has recently passed leaving her an inheritance which Sharon is concerned will impact her Age Pension. Given the stress of her mother's funeral she would like to eliminate this burden to her family on her passing.

#### Sharon has:

Account-based pension	\$270,000
Inheritance funds	\$150,000
Car and home/contents	\$20,000

#### Sharon would like to...

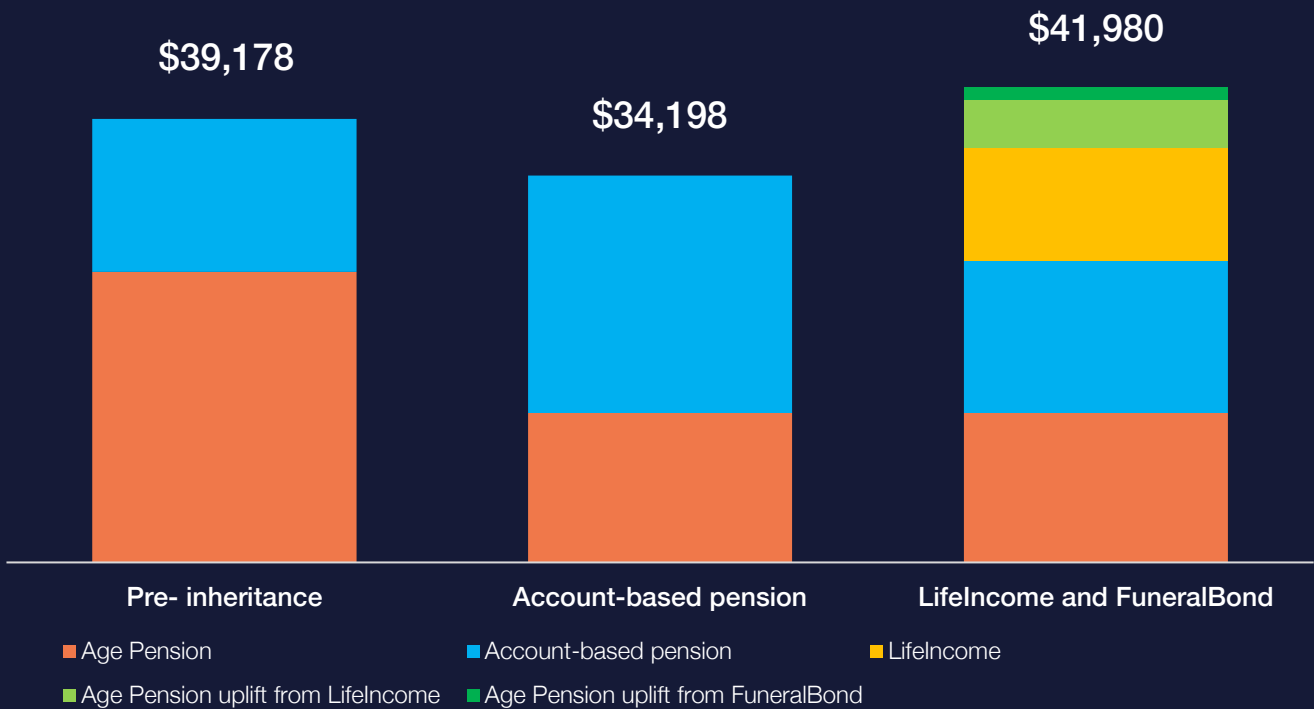
- + Minimise the impact her inheritance has on her Age Pension entitlement whilst maximising cash flow and government benefits
- + Have the confidence to enjoy her windfall and never run out of money
- + Secure income for life
- + Remove the burden of her funeral expenses on her family

# Maximising Age Pension

## Case study

### Comparing first year income

Sharon invests \$136,000 of her inheritance into LifeIncome with a LifeBooster 5% rate as well as taking out a \$14,000 FuneralBond, rather than investing in an account-based pension.



### Sharon's outcome...

Sharon receives an **Age Pension uplift of \$5,343 in year 1** - \$4,251 from LifeIncome and \$1,092 from FuneralBond

**If inheritance invested into ABP**  
**13% decrease** in income

**If invested into LifeIncome & FuneralBond**  
**23% increase** in income from post inheritance received

She also removes the **burden of her funeral expenses** on her family

**Assumptions:** Minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged and social security rates and thresholds are valid as at July 2022.



# Maximising Age Pension

## Case study

	Account-based pension	LifelIncome & FuneralBond	Difference
Income test	\$23,987 p.a.	\$22,692 p.a.	
Assets test	\$13,198 p.a.	\$18,541 p.a.	\$68,400 reduction in assessable asset
Age Pension assessed under the assets test as this produces the lower social security entitlement		\$81,600 assessable (An immediate 40% reduction)  \$40,800 assessable (70% reduction from 84th birthday)	
Age Pension entitlement	\$13,198 p.a.	\$18,541 p.a.	\$5,343 combined uplift in year 1
			\$4,251 LifelIncome \$1,092 FuneralBond

No adviser fees have been charged and social security rates and thresholds are valid at July 2022

**Confidence** to spend comfortably in retirement with income guaranteed for life

Income can be **linked to growth assets** without loss of social security benefits

**Convenience** of a prepaid Funeral

**Payback period 9 years** for LifelIncome investment (including Age Pension uplift)





# 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 for our Investment Bonds.

### Research ratings



Investment Bonds



Investment Bonds  
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LifelIncome

### Investment bond awards



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