



Outthinking today.

**Striving to maximise tax efficiency
and retirement income**

Welcome.



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

54% market share of total inflows into investment bonds¹

Market leader in tax aware investing

Flagship investment bond products **Highly recommended** by Zenith and Lonsec²

1st investment bond provider to offer an expansive investment menu (currently 64 investment options)

Trusted APRA regulated and parent company is listed on the ASX

Human, fast, professional and personalised service

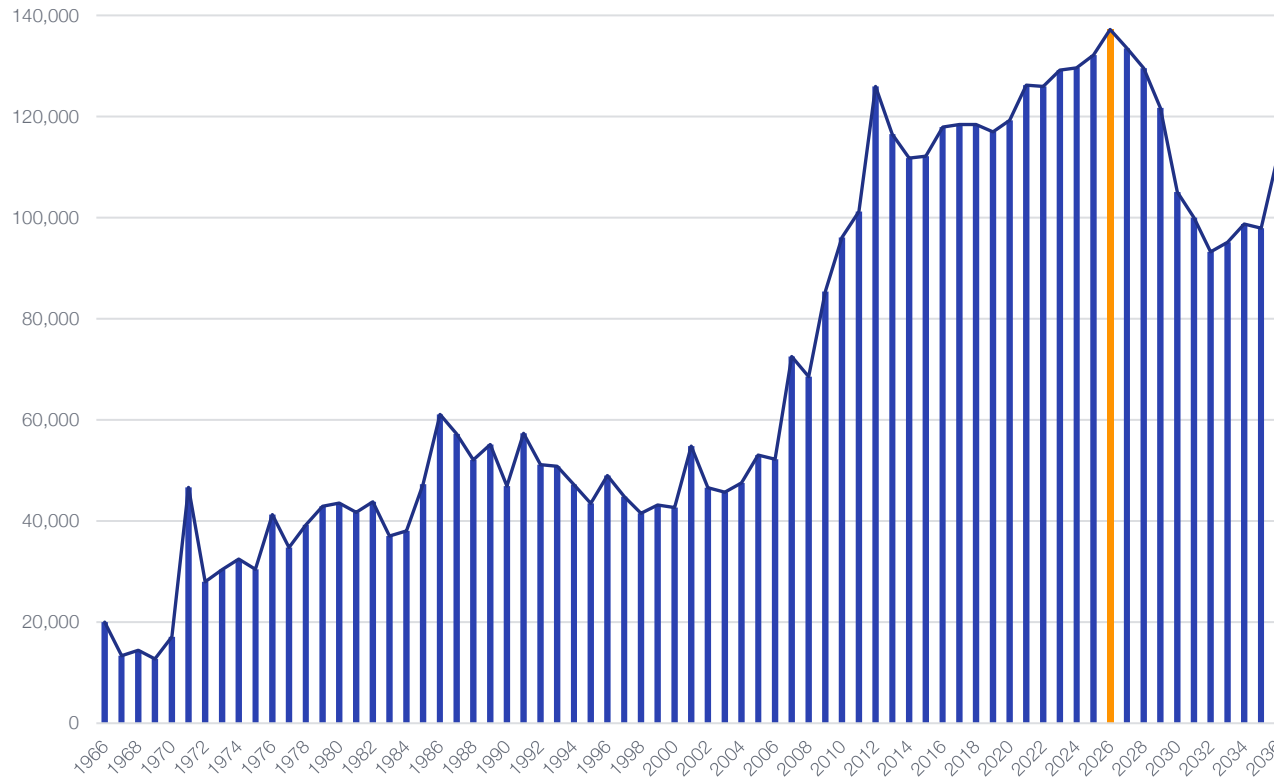
1. Plan for Life, Investment Bonds Market Report for period ended 30 June 2022

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.

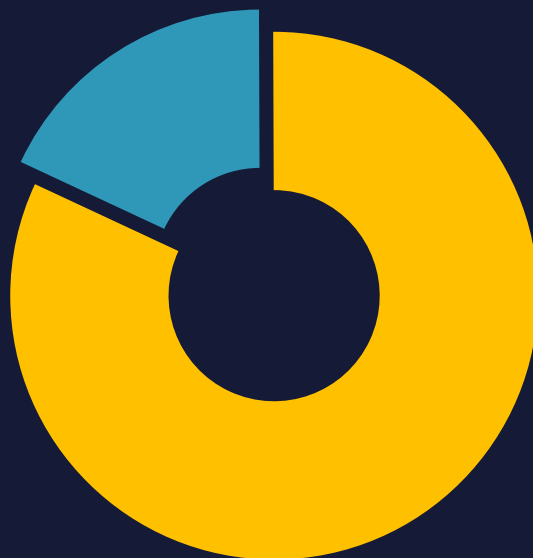
18%

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 2050

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

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

88.2%

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

36%

Estate to go to
grandchildren

Investment structures for estate planning

	Superannuation	Discretionary trust	Wills / estate assets	Investment bonds
Estate planning	Some estate planning, limited to SIS Act	Some estate planning	Some estate planning but open to challenge	Strong estate planning
Setting up	Easy to set up	Can be complex	Can be complex	Easy to set up
Cost-effective	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
Tax consequences to beneficiaries	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
Accessibility on death	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
Creditor protection	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

Non-Estate Asset

Can be structured to pass directly to beneficiaries

Complete Control & Certainty

Be in control of transferring wealth

Transferability / Portability

Automatic transfer of ownership to nominated beneficiaries

Rule from the grave

Control and manage access by future generations

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

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

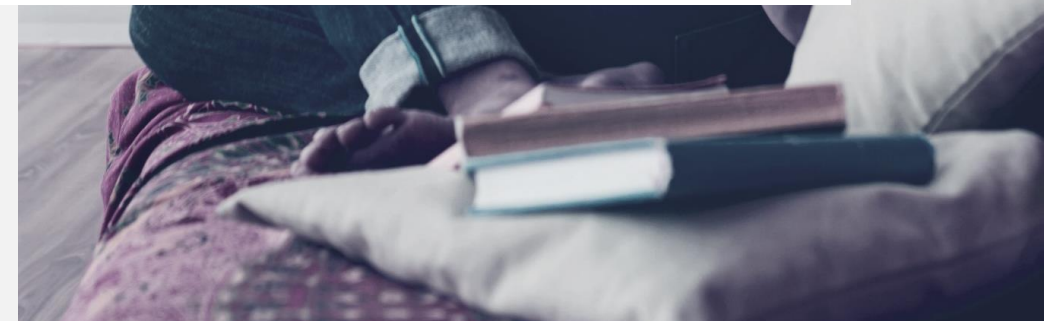
Mary used some of the proceeds to pay out her mortgage and her total assets now are:

- + 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*

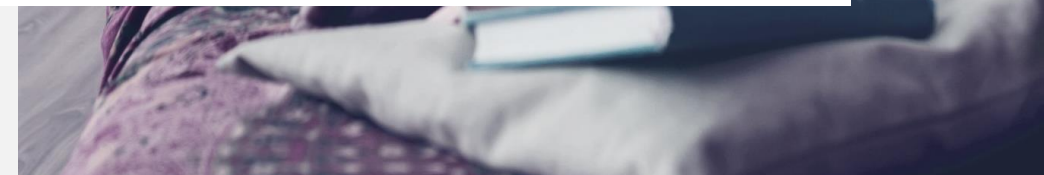
Initial investment	\$500,000 invested in a balanced portfolio
Investment bond owner	Mary
Future Event Transfer	Set a future transfer of ownership to Jack upon her death
Restrictions	Restrict Jack's access to funds to no more than \$100,000 per annum

*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

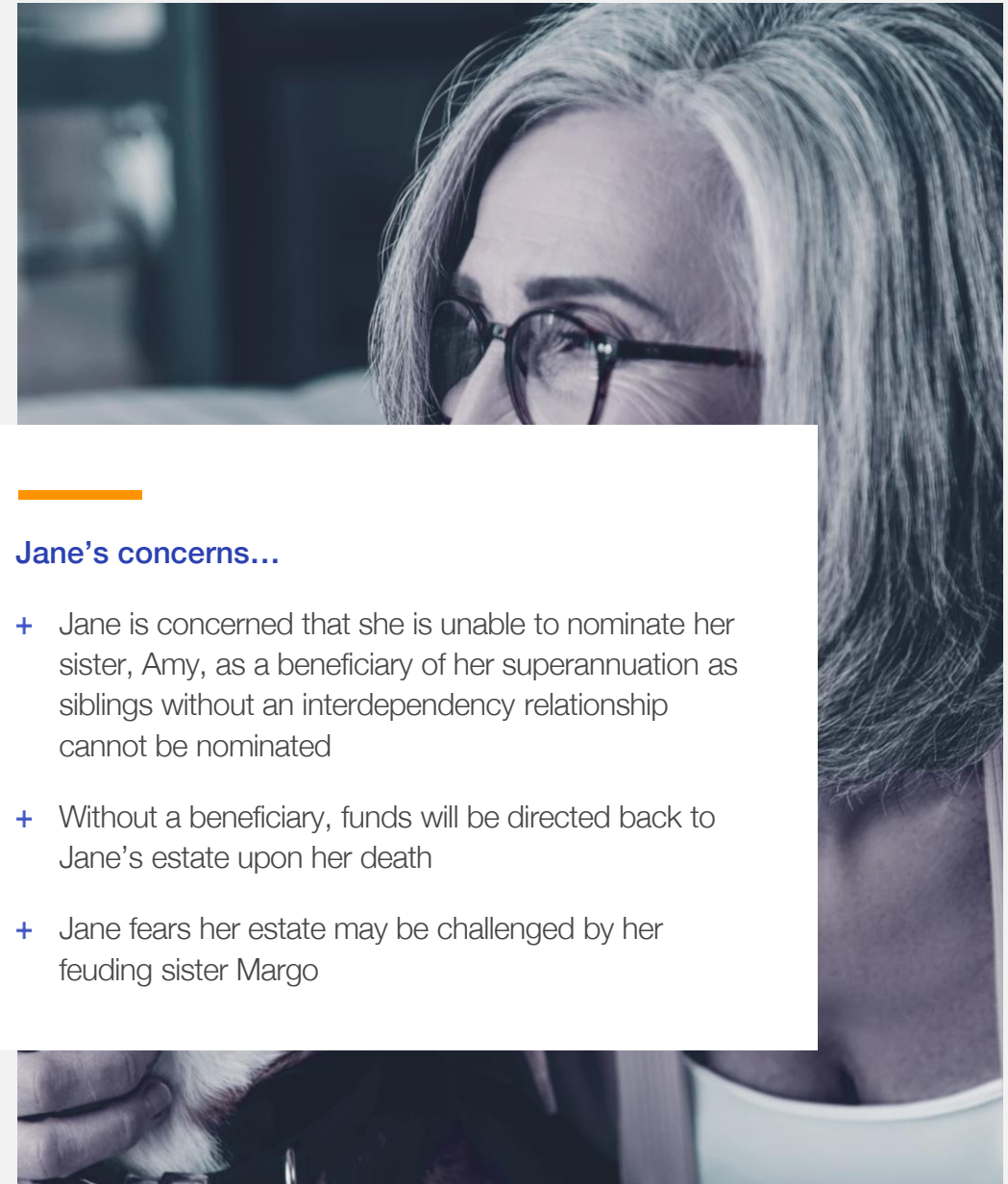
Case study

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 relationship 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

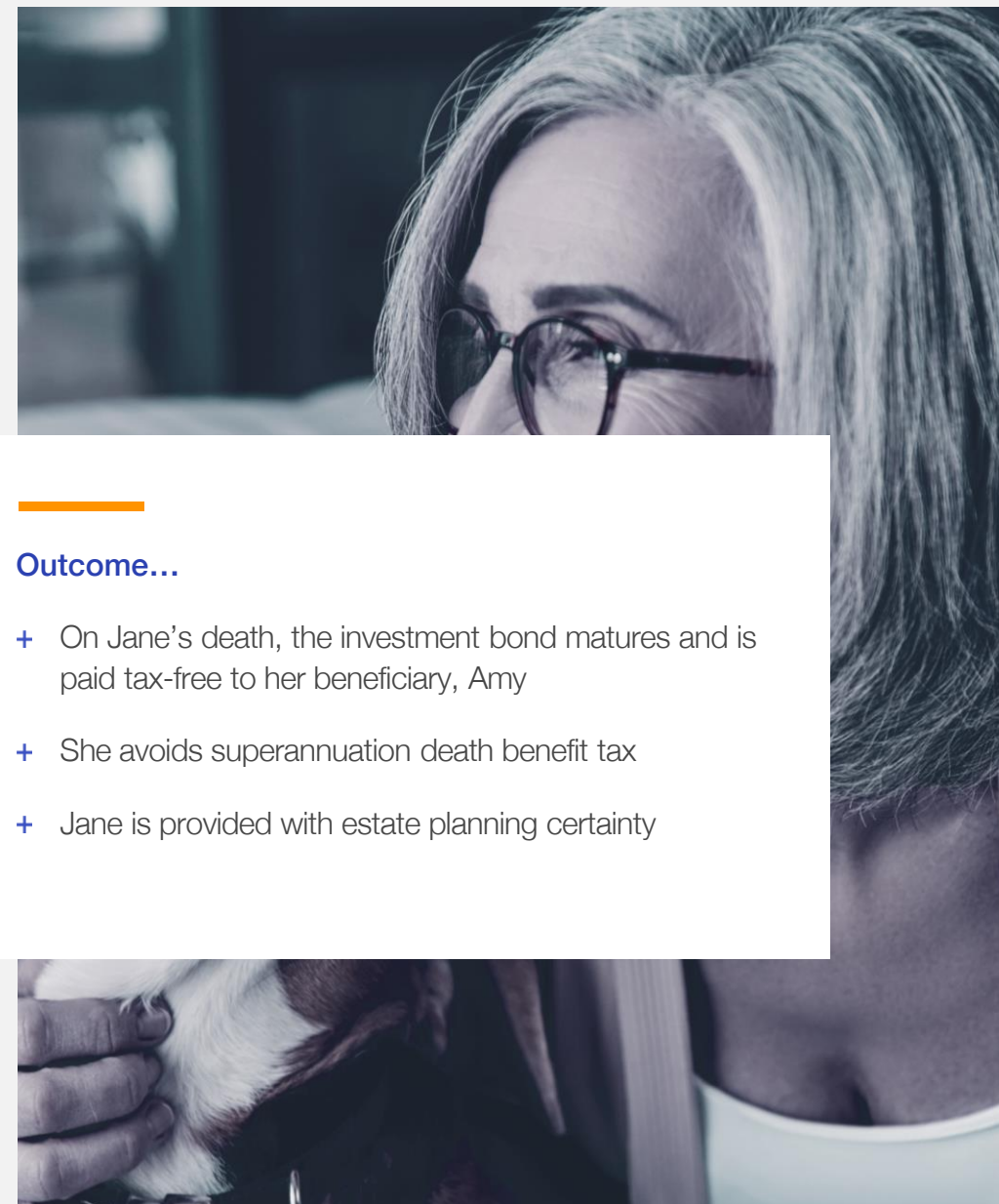


Superannuation death nominations

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



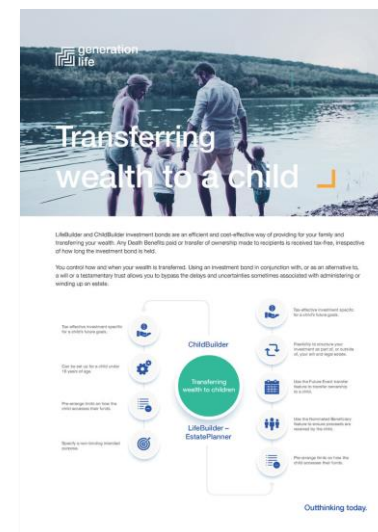
Estate planning
guide



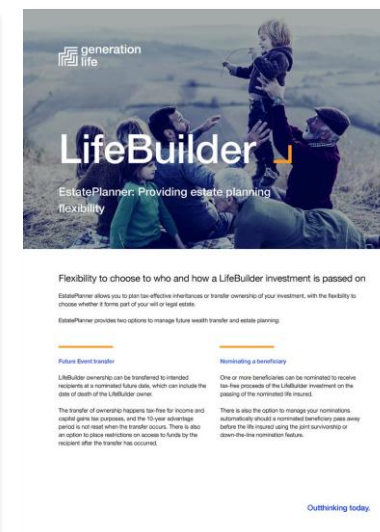
Investment bonds
strategies



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

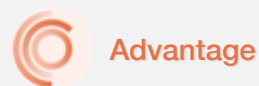
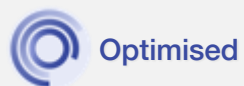
Delivering tax alpha

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%

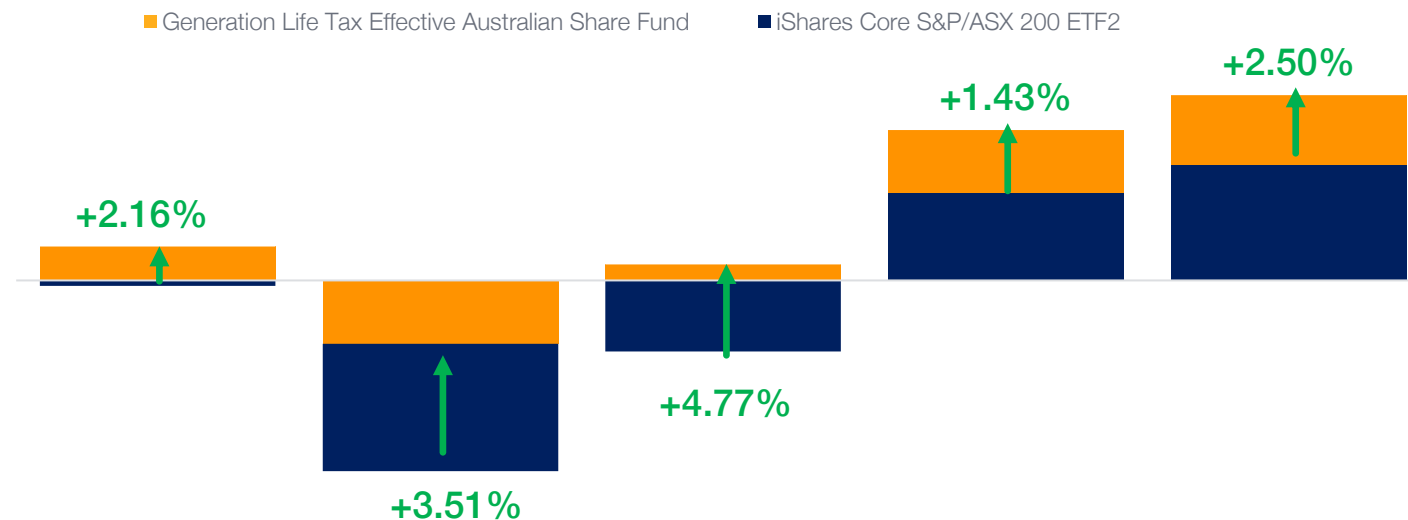
Quoted fund performance for period -8.30%

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.

Generation Life Tax Effective Australian Share Fund

Performance versus 30% investor to 30 October 2022

Generating consistent after-tax alpha since inception



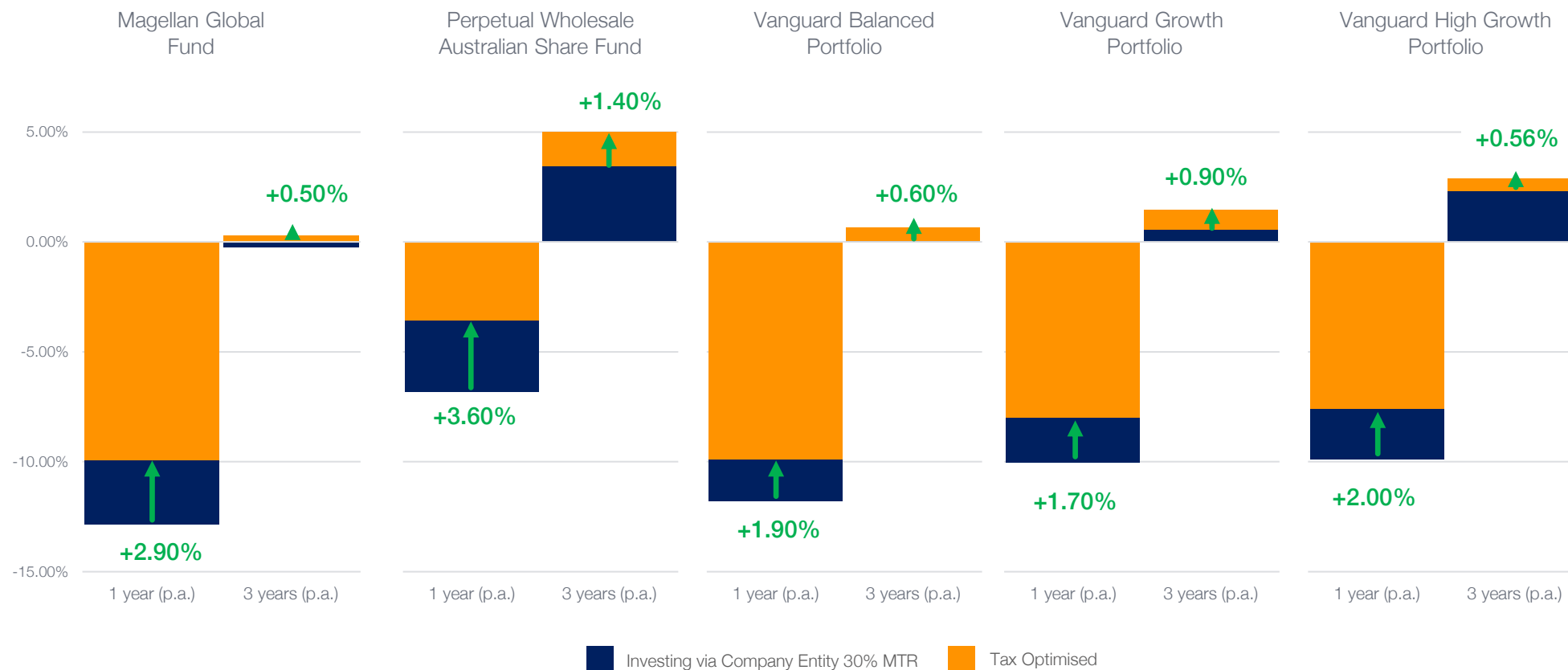
	3 months	6 months	1 year (p.a.)	3 years (p.a.)	Since inception (p.a.) (20 May 2019)
Tax Alpha	2.16%	3.51%	4.77%	1.43%	2.50%
Generation Life Tax Effective Australian Share Fund	1.86%	-3.46%	0.88%	4.83%	6.32%
iShares Core S&P/ASX 200 ETF	-0.30%	-6.97%	-3.89%	3.40%	3.82%

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.



Tax Optimised performance alpha

Tax Optimised investing versus a standard 30% tax rate



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.

Our leading investment menu

Investment bonds

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

64 investment options across all major asset classes

20 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





Insights and application

LifeIncome

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 2030¹

Income guaranteed
for life

Investment choice

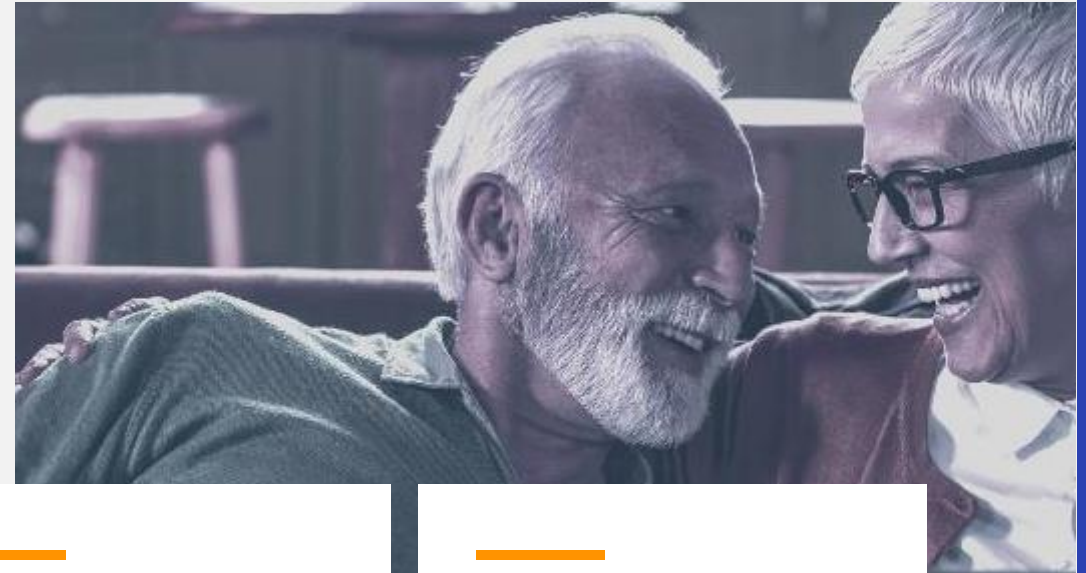
Concessional social
security treatment

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

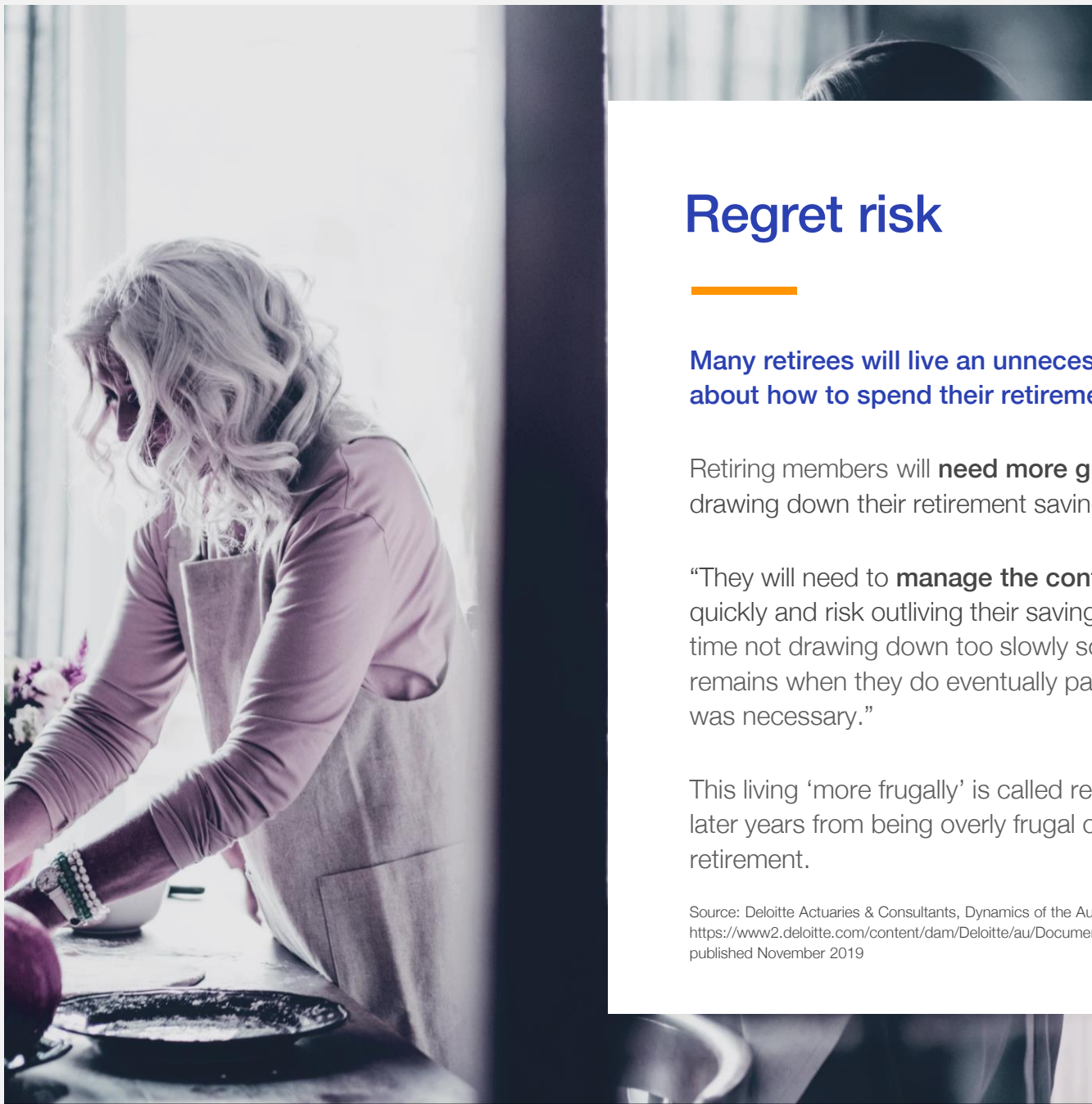
Bored or depressed if there is nothing in particular to do as the daily routine and activities they experienced in their working life provided them with purpose

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

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



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 time¹

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

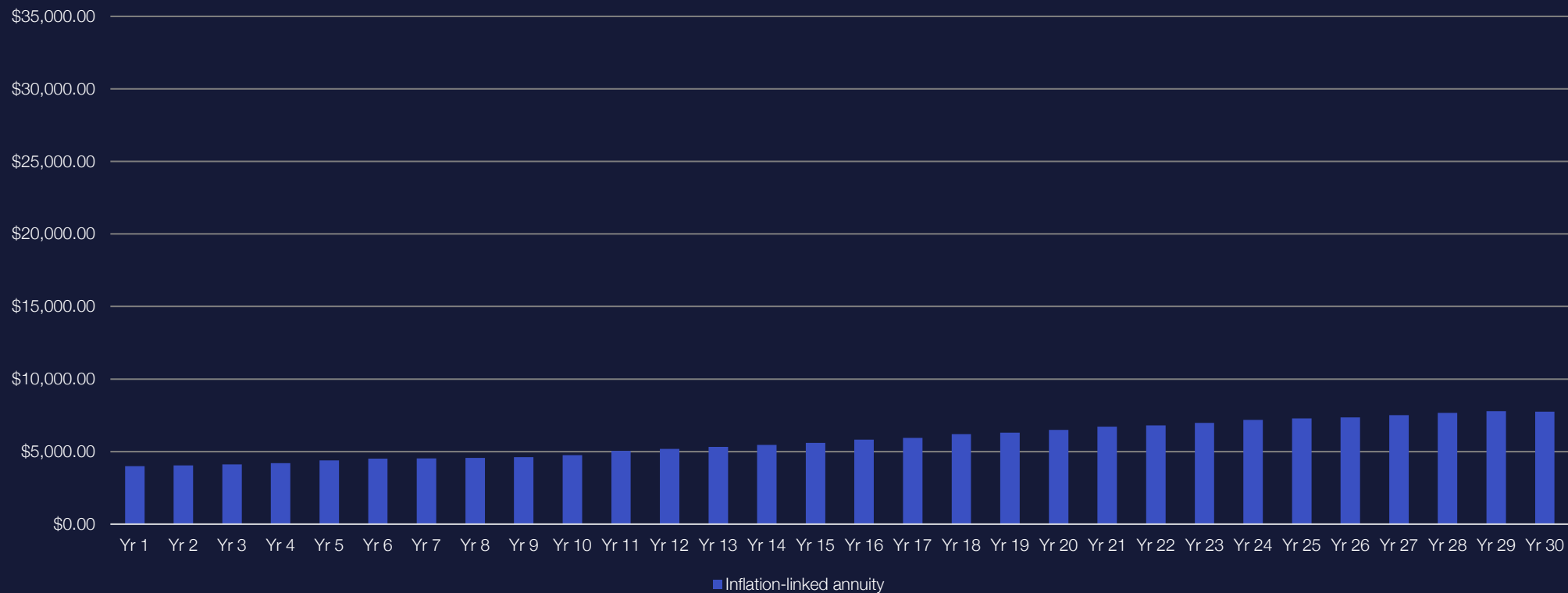
6 month 'cooling-off' period inclusive of the statutory 14-day cooling-off period²

Available for super and non-super money to investors aged at least 50 years³

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.



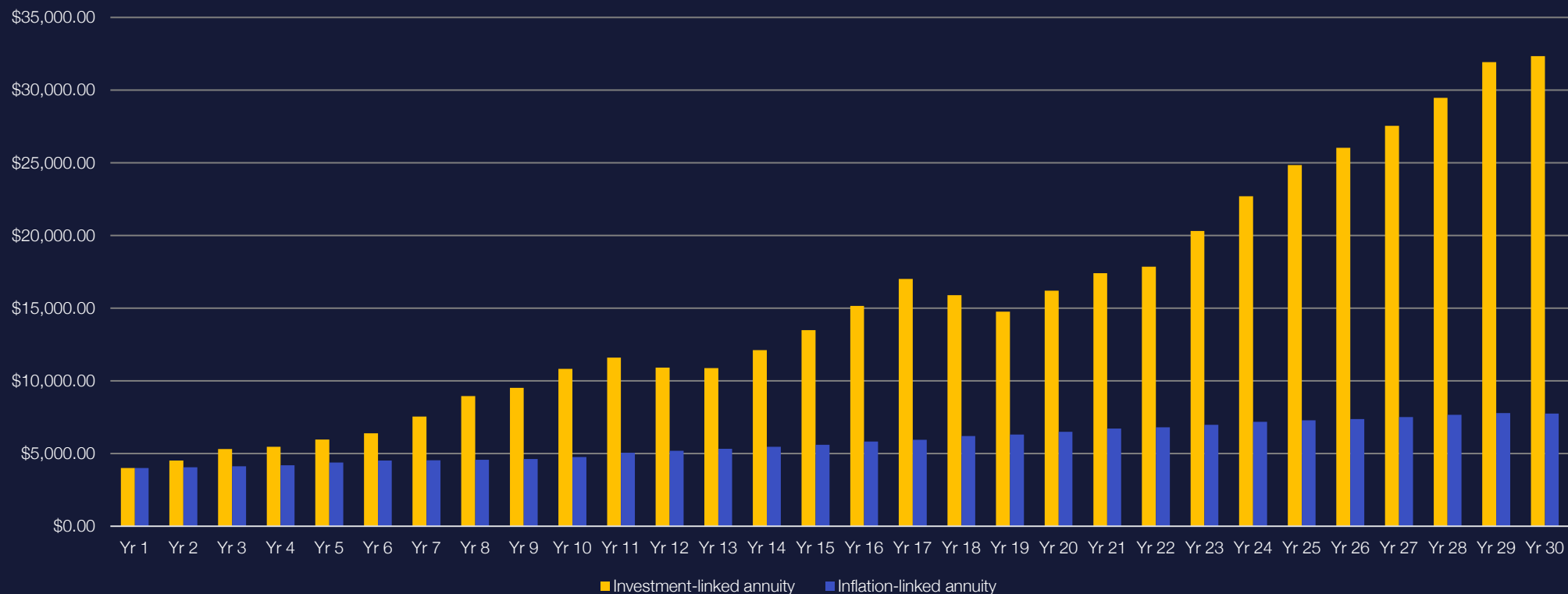
Comparing inflation-linked vs investment-linked lifetime annuity



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

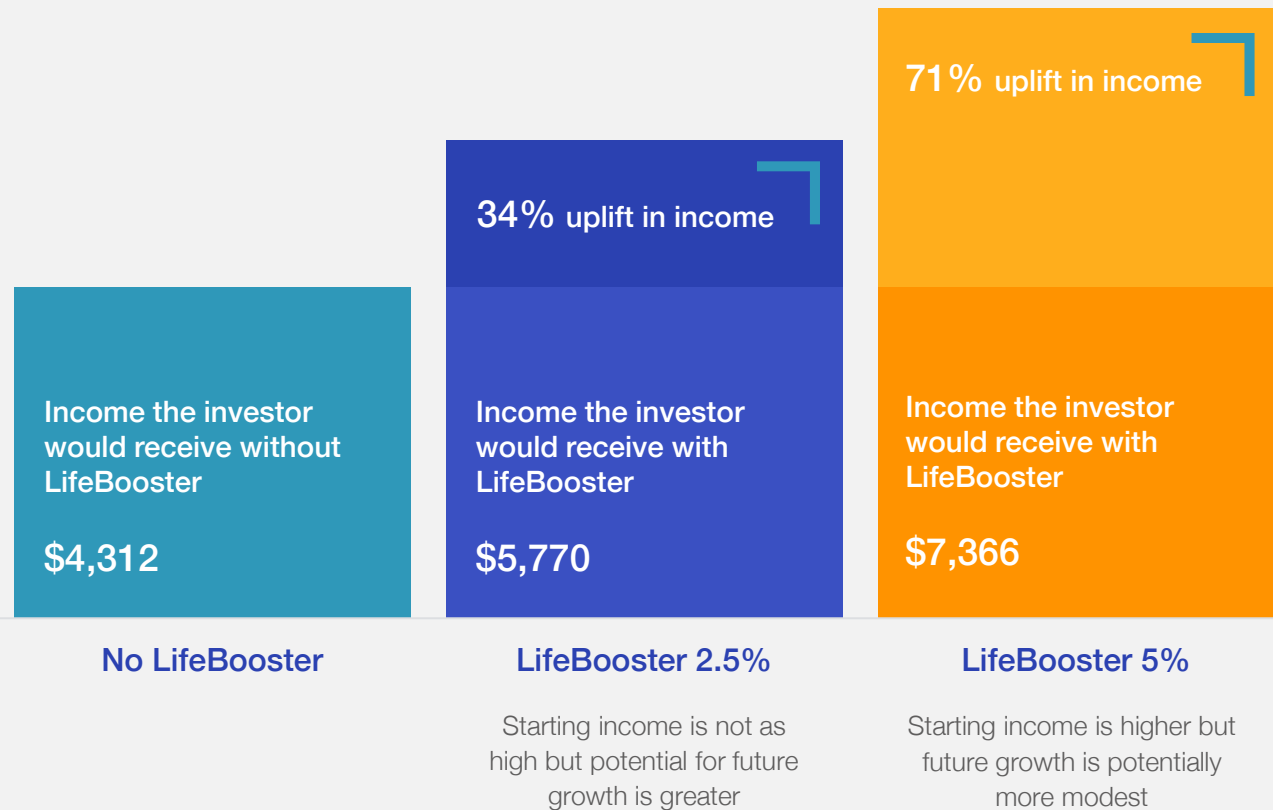


Assumptions

- 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:

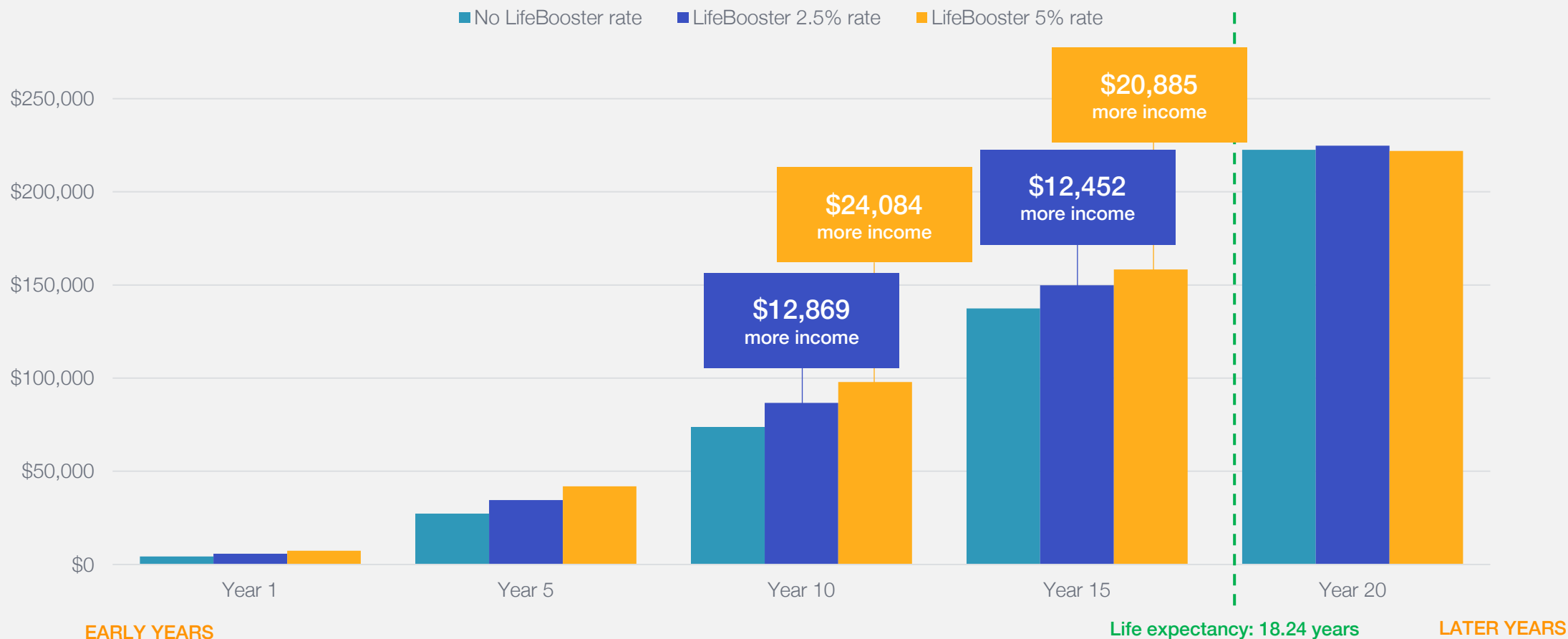
A much higher starting income than if no LifeBooster was applied

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.

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
Total fees and costs	\$68.26
Annual income for the next Financial year <i>(after fees and costs)</i>	\$5,668.33

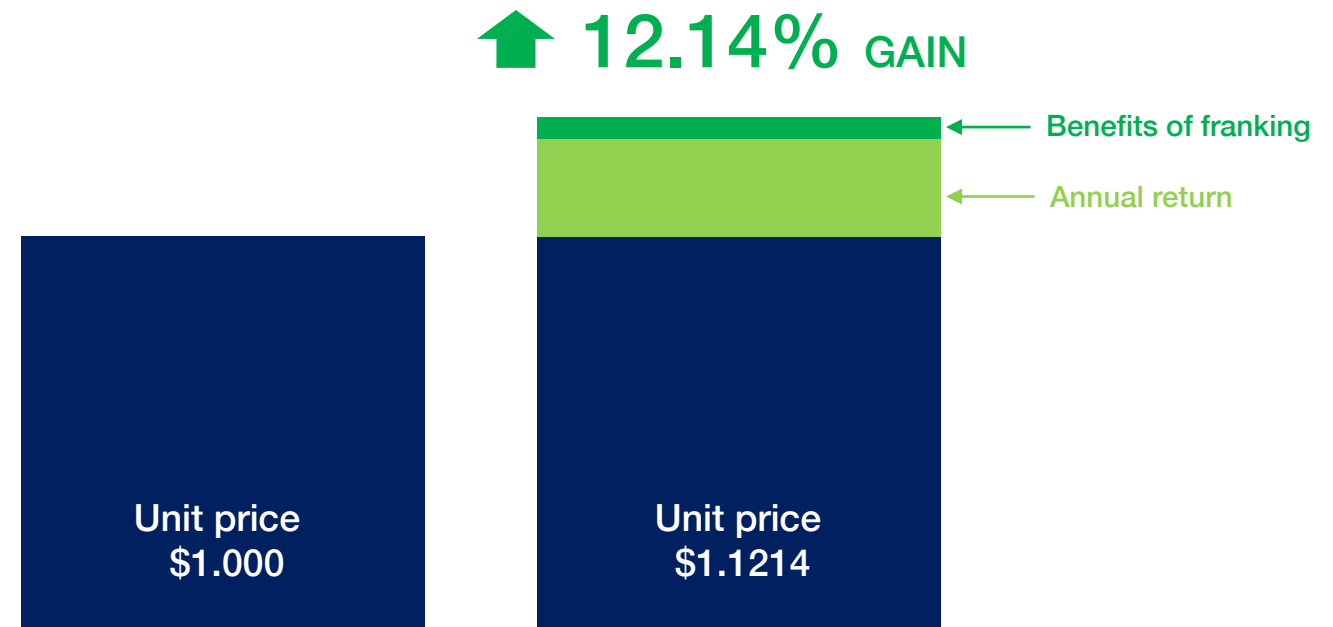
*Example assumes Vanguard Growth Portfolio fees and costs



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

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

30 June 2021

1.2% gross yield uplift over this time last year

Yield information (next 12 months)	S&P/ASX 200
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:

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

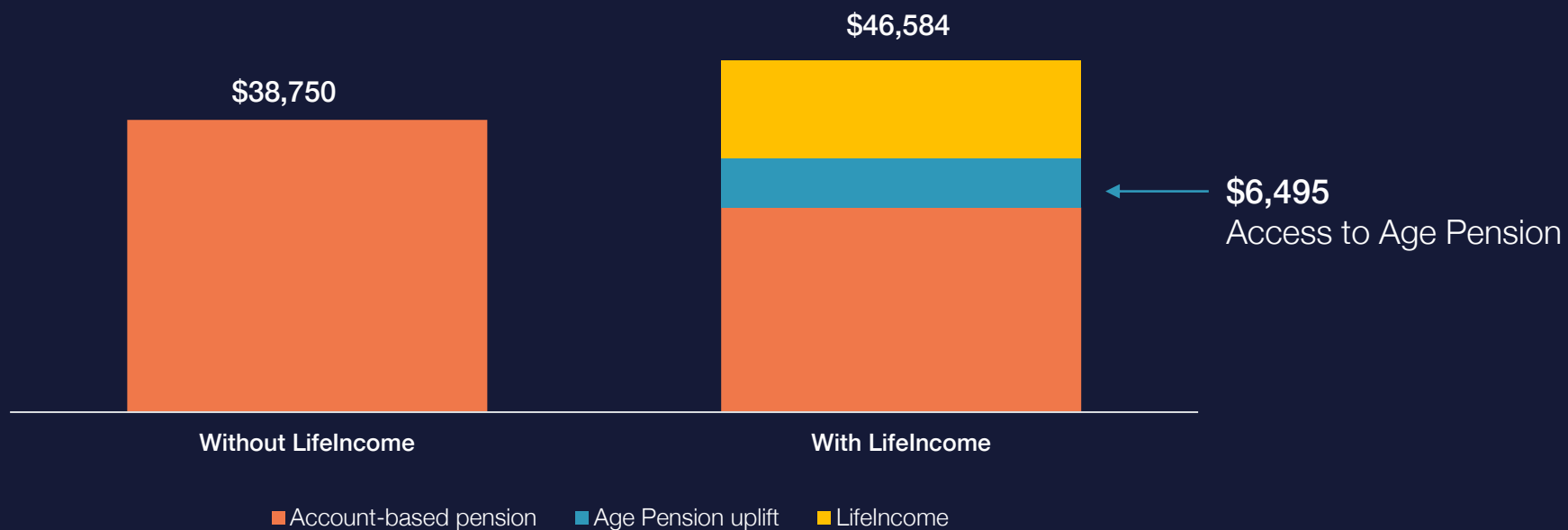
To gain confidence in their retirement spending/cashflow and receive an income guaranteed for life

Maximising retirement income

Case study

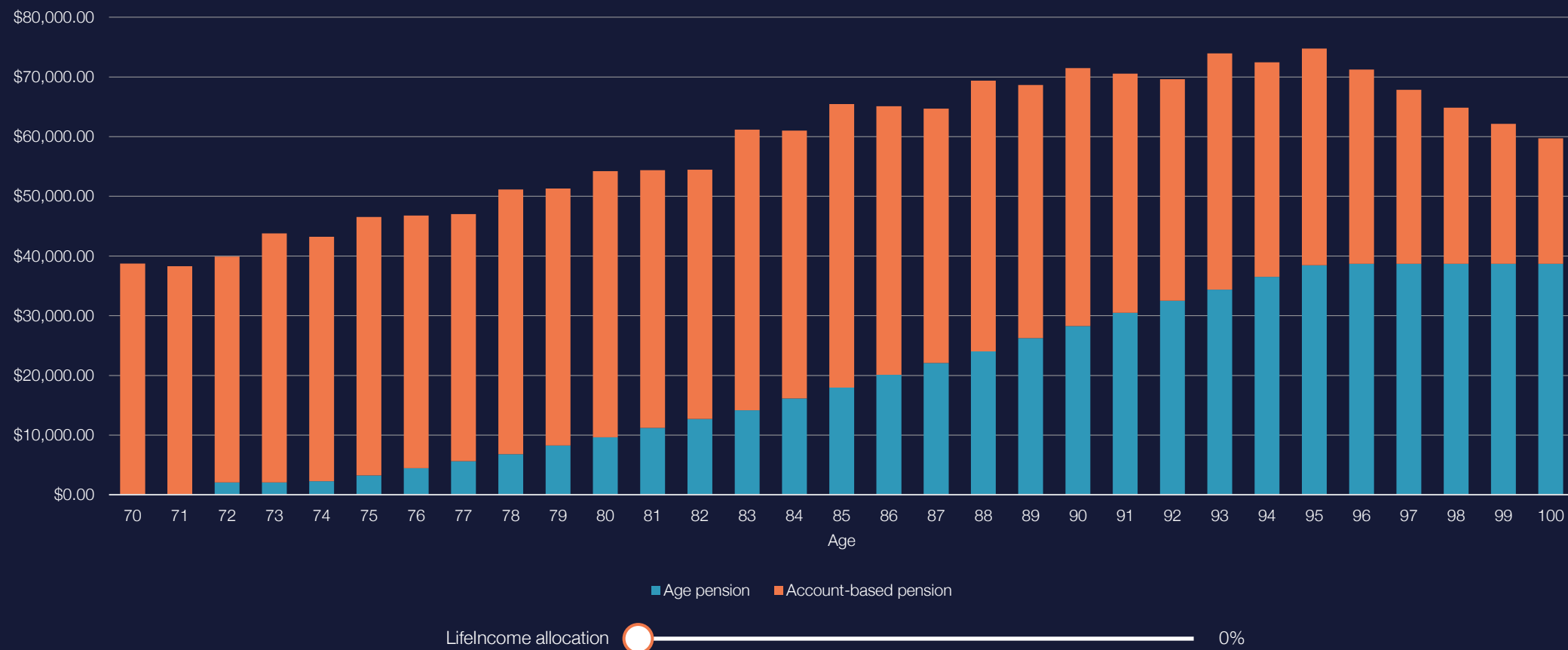
Comparing first year income

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.

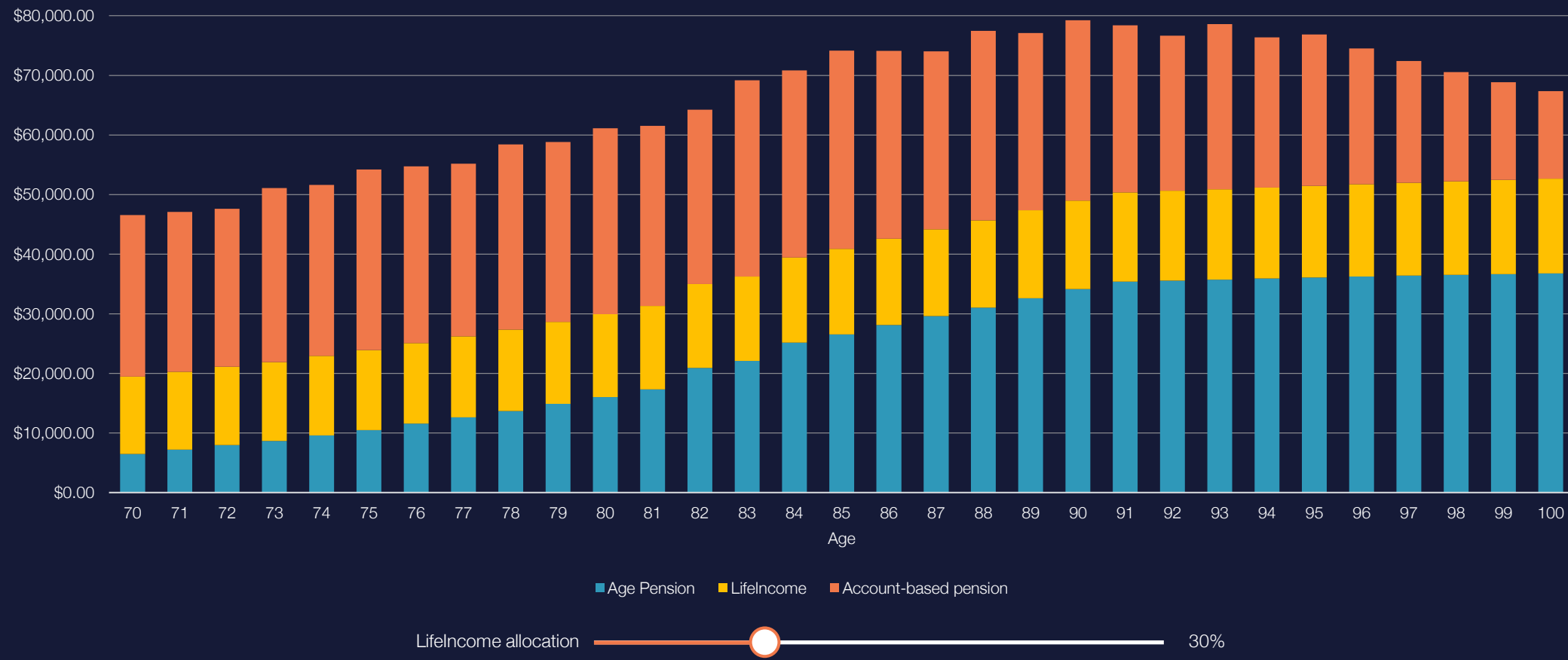


Assumptions: Minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged and social security rates and thresholds are valid as at July 2022.

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...

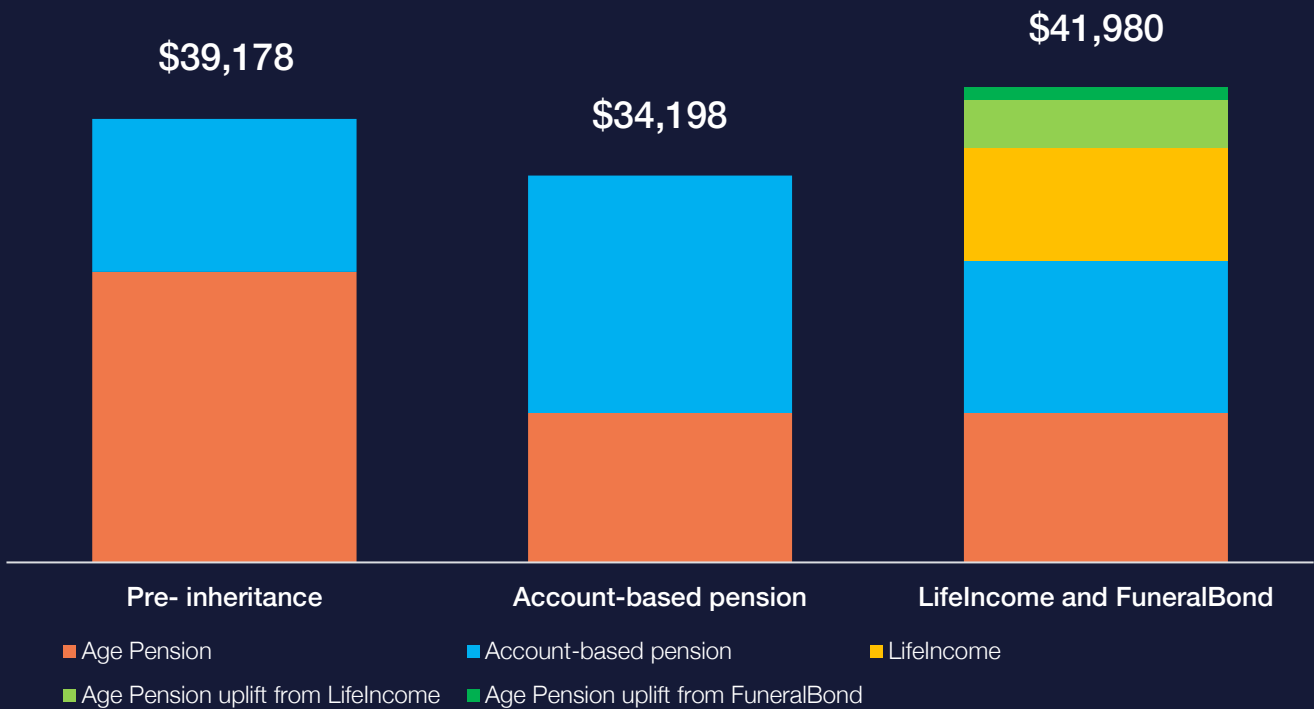
- + Minimise the impact her inheritance has on her Age Pension entitlement whilst maximising cash flow and government benefits
- + Have the confidence to enjoy her windfall and never run out of money
- + Secure income for life
- + Remove the burden of her funeral expenses on her family

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	\$420,000 assessable	\$351,600 assessable \$81,600 assessable (An immediate 40% reduction) \$40,800 assessable (70% reduction from 84th birthday)	\$68,400 reduction in assessable asset
Age Pension entitlement	\$13,198 p.a.	\$18,541 p.a.	\$5,343 combined uplift in year 1
Age Pension assessed under the assets test as this produces the lower social security entitlement			\$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

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The only provider in the market to hold a **“Highly Recommended”** rating with both Lonsec and Zenith Investment Partners for our Investment Bonds.

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Investment Bonds
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Thank you.

Outthinking today.

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