

Discover Generation Life



genlife.com.au

Outthinking today.



As parents, children, and grandchildren across generations, we understand that life is more than just a financial decision, **it is an emotional journey.**



SCAN THE QR CODE

About Generation Life video

By Grant Hackett OAM

Chief Executive Officer and Managing Director of Generation Life



Discover Generation Life

At Generation Life, we know that finding the right investment partner is important to your future success.

We've been helping Australians since 2004 across all life stages and across multiple generations. Today, we are a pioneer in providing market leading investment bond and investment-linked lifetime annuity solutions to help secure the financial future of many Australians and their families.

As part of an ASX listed company we're passionate about innovating and providing the best outcomes for our investors. Whether its providing retirement solutions, tax-effective investments or helping investors, their families and future generations achieve a secure financial future, we believe in putting our investors at the heart of everything we do.

Importantly, we recognise that providing the right investment solution is about more than just numbers. Our personal and professional approach is just as important in ensuring your investment needs are met.

Our innovative investment solutions

Helping Australians across all life stages and across multiple generations.

LifeBuilder | ChildBuilder | FuneralBond Investment Bonds



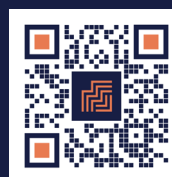
Generation Life investment bonds are designed to provide tax-effective investment solutions to help achieve a secure financial future across all generations. We provide investment solutions with investment choice that can help build wealth tax-effectively, provide a child a financial head start in life, or pass on wealth and provide for loved ones with certainty and simplicity.

Our innovative approach to tax management culminates in our unique Tax Aware process which is applied to our investment options at three distinct levels. This process is designed to generate superior long term after tax returns.

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About investment bonds video

By Grant Hackett OAM
Chief Executive Officer and Managing Director
of Generation Life



LifelIncome

Investment-linked lifetime annuity



LifelIncome, our investment-linked lifetime annuity, delivers more income, more certainty, more flexibility and more choice to meet your retirement goals. LifelIncome provides a regular income for life that's linked to the performance of your chosen investment options, which you can switch between when needed. LifelIncome also provides the ability to receive income earlier when you need it most.

It is designed to optimise the level of income in retirement and complement other retirement solutions such as an account-based pension. LifelIncome can also assist with maximising Age Pension entitlements through social security asset and income test concessions.

LifelIncome is available exclusively through financial advisers.

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About LifelIncome video

By Grant Hackett OAM
Chief Executive Officer and Managing Director
of Generation Life





About Generation Life

As the pioneer of Australia's first truly flexible investment bond, Generation Life has been at the forefront of providing innovative investment, estate planning and retirement solutions since 2004 with over \$2.8 billion invested with us to date.

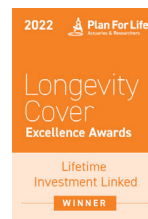
We work with some of the leading Australian and international managers, as well as our own investment experts to provide investment choice and flexibility to meet the varied needs of investors.

Your investment is secured at every step

Generation Life is a life insurance company registered under the Life Insurance Act. Our parent company Generation Development Group (ASX:GDG) is listed on the Australian Securities Exchange.

Our products are governed under the Life Insurance Act 1995 and the Corporations Act 2001 and the rules that underpin the operation of our investment bonds and investment-linked lifetime annuity are approved by the Australian Prudential Regulation Authority (APRA). Our structure ensures that your chosen investment options are held separately and distinctly from the assets of Generation Life and are quarantined and protected from any potential adverse positions that may impact either Generation Life or any of the other investment options.

Awards



Ratings



Investment bonds
“Highly Recommended”
by Zenith



Investment bonds LifeBuilder
“Highly Recommended”
by Lonsec Research

Note: Zenith rating includes LifeBuilder and ChildBuilder





Adviser and Investor Online

The Generation Life Adviser and Investor Online provides you access to a wide range of account information, resources and tools to meet your investment needs.

Investment summary

See details of all your Generation Life investments on your own personal dashboard.

Investment reports

Easy access to the investment portfolio for each of your accounts, including the latest valuations or regular income payment, investment breakdown, transactions and investing information and information on how your portfolio has performed.

View statements and correspondence online

A document library where you can view and retrieve important documents including all future annual statements sent to you as well as an inbox for messages we send to you.

Account information

For each investment held, you can view important information for both investment bonds and LifeIncome account types including what facilities or options you have selected for your investment.

Enhanced features only available for Financial Advisers

Financial adviser resources

Enhanced adviser resources to quickly and easily find reference material and videos as well as adviser-only support documents.

Financial adviser calculators

Access a range of financial adviser calculators to run projections and client scenarios for both investment bonds and LifeIncome.

If you are a financial adviser looking to access our adviser-only resources and calculators, please register for access at <https://secure.genlife.com.au/register>.

Contact us



enquiry@genlife.com.au



Investor services 1800 806 362

Adviser services 1800 333 657



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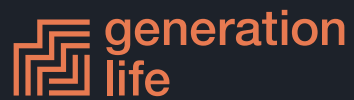
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The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ('Zenith') rating (assigned October 2022) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines> www.zenithpartners.com.au/regulatory-guidelines-funds-research.

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LifelIncome

Investment-linked lifetime annuity



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Investment-linked lifetime annuity

Navigating retirement with confidence

LifelIncome is a first-of-its-kind investment-linked lifetime annuity that offers you confidence to enjoy your retirement and peace of mind with a regular income that is guaranteed for life. Your retirement is a well deserved reward after years of hard work, not a time to worry about your savings and whether you'll run out of money. At Generation Life, we understand that your retirement plan is not just a financial decision, it's an emotional journey.

More income, more certainty

Available exclusively through your financial adviser, LifelIncome is designed to optimise your retirement income and complement other retirement solutions such as an account-based pension.

LifelIncome also provides the potential to access some or more of the Age Pension and ancillary benefits such as discounted council rates and cheaper medicine under the Pharmaceutical Benefits Scheme. When included as part of a comprehensive retirement portfolio, LifelIncome can deliver more income over your retirement, giving you the confidence to enjoy the lifestyle you desire. For even greater peace of mind, you may choose for your spouse or loved one¹ to receive your income for the rest of their life after your passing.



Key benefits of LifeIncome

+ LifeBooster

More income sooner. Enjoy more income in the earlier years of your retirement.

+ Protecting your spouse or loved one

For greater peace of mind, you may choose for your spouse or loved one¹ to receive your income after you pass away as long as they live.

+ LifeIncome Flex

Offers you the flexibility to receive more income when you and your loved one are both younger, healthier and alive. In return, your income will reduce when either you or your loved one passes away.

+ Income guaranteed for life

Confidence of an income guaranteed for life by using one of the world's largest reinsurers.

+ Investment choice

Wide ranging investment menu across all major asset classes. You can combine any number of investment options to suit your preferences.

+ Switch at any time

Flexibility to change your investment options at any time.²

+ Death Benefit

A lump sum death benefit is payable to your nominated beneficiaries or estate if you pass away during your Death Benefit Period.

+ Access to the Age Pension

Potential to access some or more of the Age Pension and other social security benefits sooner.

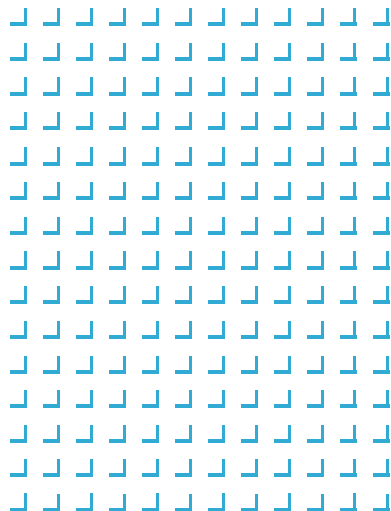


How does LifelIncome work

When you invest in LifelIncome, your initial investment is exchanged for a regular income stream that is guaranteed for life. Your first year's income ('Annualised First Year Income') is determined by using several factors, including your age, gender, investment amount and your chosen LifeBooster rate. You have the choice of receiving your regular income as fortnightly or monthly payments.

Once your LifelIncome has commenced, you have complete flexibility to switch your investment options at any time and you can hold as many investment options (in our investment menu) as you wish.²

At the start of each Financial year, your new annual income will be adjusted to reflect the performance of your chosen investment option(s) and other factors such as fees, costs and provisions (refer to the table in the 'Annual Income Reset' section of the PDS).





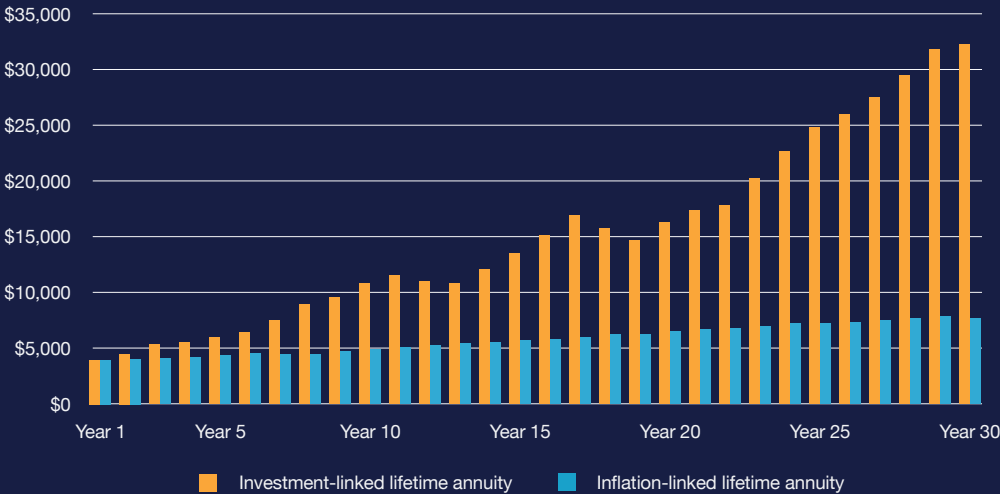
Investment choice and flexibility

Lifeline's innovative design offers you complete choice and flexibility of a wide range of investment options across a range of leading Australian and international investment managers and the freedom to switch these options at any time.²

Working closely with your financial adviser, you can build your own portfolio by investing in single asset investment options or use one of the diversified investment options to suit your desired risk profile. So if your risk profile changes then so too can your investment.

Investment-linked vs. inflation-linked lifetime annuity

The graph below illustrates how an investment-linked lifetime annuity has the potential for annual income to grow over time when compared to an inflation-linked lifetime annuity.



Please refer to page 11 to view assumptions.



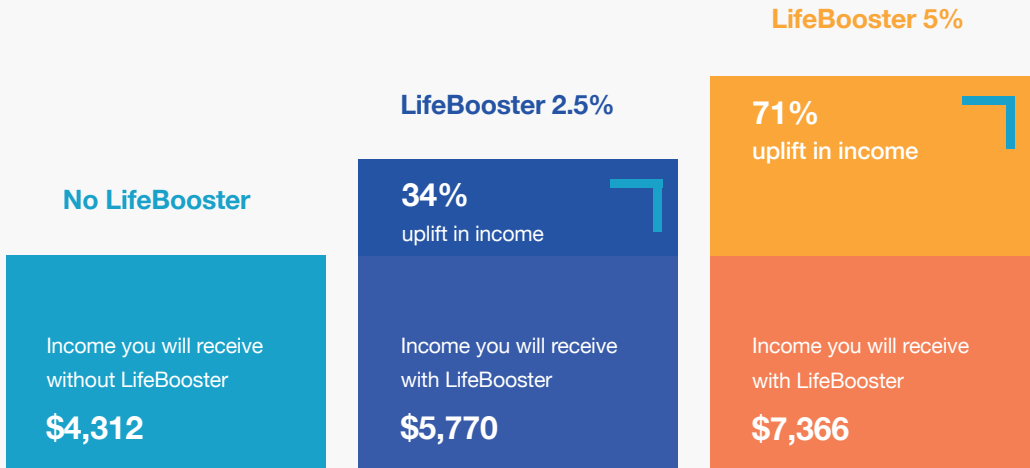
The power of LifeBooster

Access to more income sooner with LifeBooster

LifeBooster is a key benefit of LifeIncome that enables you to receive more income in the early years of your retirement, when research demonstrates spending is highest.³ This unique feature gives you the peace of mind to align your income with your spending patterns over your retirement journey.

To enable you to tailor your income requirements over time, LifeIncome offers two LifeBooster rates of 2.5% and 5%, which optimise your starting income while still allowing your income to grow over the life of your investment.

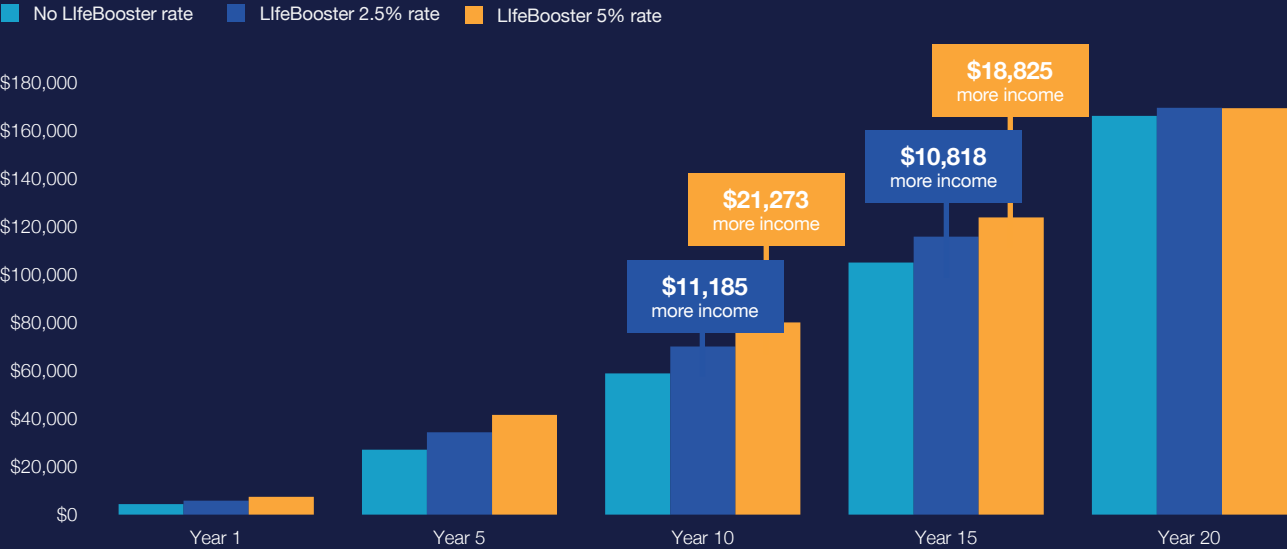
Comparing first year income



Please refer to page 11 to view assumptions.



Comparing cumulative income



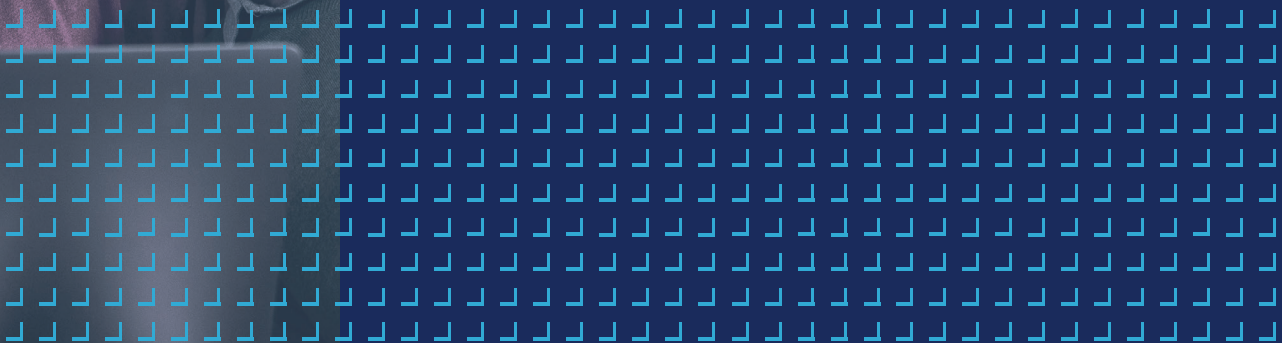
Please refer to page 11 to view assumptions.



Who is LifeIncome suitable for?

LifeIncome can be applied to a retirement strategy in many ways. Designed for retirees, LifeIncome can be commenced by anyone aged between 50 and 95 years.

You can start LifeIncome with non-superannuation money or a rollover from your existing superannuation fund. For superannuation money you simply need to have met a condition of release and have access to your preserved superannuation benefits.





Ideas for using LifeIncome

Eliminating the fear of running out of money

- Protection from running out of money by receiving an income for life
- Confidence to enjoy retirement, especially in the earlier years
- Maximise your income in retirement

Easier access to the Age Pension and government benefits

- Accessing or increasing social security income without giving up exposure to investment markets
- Complementing your other sources of retirement income with the Age Pension
- Accessing associated Social Security benefits such as the Pensioner Concession Card and discounted utilities bills and cheaper public transport

Creating a comprehensive retirement income portfolio

- Combine with other income streams to maximise your income and meet your retirement goals and objectives
- Diversifying your retirement income sources to fund ad-hoc expenses such as holidays, enjoying experiences or buying a new car

Looking after loved ones

- A Reversionary Beneficiary option - ensuring your spouse or loved one¹ receives an income for life after your passing
- A lump sum Death Benefit paid to your beneficiaries or Estate on your passing
- Peace of mind for your children knowing you will receive an income for the rest of your life
- Protect against elder abuse by limiting access to capital whilst ensuring an income stream for as long as you live

Non-superannuation LifeIncome – Investing outside superannuation

- Looking for a tax effective retirement income stream outside superannuation
- Tax effective lifetime income stream option for those exceeding their superannuation Transfer Balance Cap
- Avoiding superannuation tax on any lump Sum Death benefit
- Leave a legacy of an income for life to a loved one like a child or sibling that has difficulty managing money



Outthinking today.

Generation Life – a trusted partner

Generation Life, a wholly owned subsidiary of Generation Development Group (ASX:GDG), is a life company registered under the Life Insurance Act 1995 (Cth). As the pioneer of Australia's first truly flexible investment bond, we have been at the forefront of providing innovative tax-effective investment solutions since 2004.

We are proud to be shaping the retirement income landscape with LifeIncome, applying our innovative approach to clients' retirement income needs, enabling Australians to focus on enjoying retirement with the confidence of an income guaranteed for life.

Generation Life is regulated by the Australian Prudential Regulation Authority ('APRA') and as such, we are required to hold a minimum amount of capital, determined by APRA, to ensure we can meet the payment obligations we have to our clients. APRA is the same independent statutory authority that supervises banks.



Assumptions:

Assumptions for “Investment-linked vs. inflation-linked lifetime annuity” graph on page 5:

- Commenced 1 July 1993. Annual Income paid to 30 June each year.
- Investment-linked lifetime annuity: Balanced portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1993. Fees, expenses and costs of 0.92% + investment management cost of 0.27%.
- Inflation-linked lifetime annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables> published 2023.
- 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.

Assumptions for “Comparing first year income” graph on page 6: 67-year-old male, \$100,000 investment, LifeBooster rate 5% and 2.5%

Assumptions for “Comparing cumulative income” graph on page 7: Male 67 years old, initial investment \$100,000, estimated total fees, expenses and costs of 0.92%. Vanguard Balanced Portfolio returns from July 1 2003. Past performance is no indication of future performance. In this example Lifeline 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.

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1. If you are commencing Lifeline with super you can only nominate your spouse to receive your income after you pass away. If you are commencing Lifeline with non-superannuation money you can nominate your spouse or any other person such as your child or sibling.
2. Investors can switch between investment options at any time, with the exception of the period between midday on the third last business day of the Financial year and the end of the Financial year. Switches can be made provided that the minimum held in any investment option, determined at the time of the switch, is at least 1% of the value of their Income Units. There is no limit to the number of switches investors can make.
3. 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

LifeIncome

Investment-linked lifetime annuity

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Investor services | 1800 806 362

Adviser services | 1800 333 657

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LifeBuilder

Putting you in control



Outthinking today.

LifeBuilder puts you in control

LifeBuilder is a flexible, tax-effective investment designed for all generations.

LifeBuilder is an investment bond with powerful tax advantages – especially for higher income earners. It is a tax-effective investment solution designed to meet your long-term investment objectives and covers a wide range of investment needs and life stages including wealth creation, tax planning, retirement savings, wealth transfer and estate planning.



Key benefits of LifeBuilder

- + Maximum tax rate of 30%
- three levels of tax-efficient investment options
- + No income or capital gains distributions
- + No restrictions on accessing your investment
- + Ability to transfer ownership tax-free
- + Wide range of investment options to choose from
- + No personal capital gains tax on switching investment options
- + No tax file number required
- + Estate planning features
- + Structure tax-free inheritances



Discover tax-effective investing

LifeBuilder caters for a wide range of investment needs across all life stages without the complexities.

LifeBuilder is an investment bond which is a 'tax paid' investment where earnings are taxed at a maximum effective tax rate of 30%. A lower effective tax rate can apply depending on the investment options chosen and as a result of tax credits. Your investment's tax-efficiency is optimised once you hold your investment for at least 10 years with no personal tax payable on withdrawals after this period. This is known as the 10-year advantage period.

The investment for tax-smart investors

LifeBuilder may be right for you if you're looking for a tax-effective investment. But that's just the start.

Generation Life offers a large range of investment options to choose from, each with varying levels of tax-efficiency with the ability to switch between investment options fee-free at any time. There is no personal capital gains tax when switching between investment options or if transferring the ownership of your investment to someone else at any time.

Who is LifeBuilder suitable for?

Investing tax-effectively: All earnings are taxed at a maximum rate of 30%. The effective tax rate can be significantly lower than 30% depending on the investment option you choose.

Providing estate planning flexibility and certainty: You can transfer wealth to future generations tax-free and with certainty and peace of mind with the LifeBuilder EstatePlanner feature.

Looking for an alternative to superannuation: There are no limits on how much and when you can contribute. You can access your funds at any time.

Managing income levels in private trusts: While your trust remains invested in the LifeBuilder investment bond there is no income for the trust to declare and distribute from its investment.

Creating a tax-effective income stream: There are no restrictions on when you can start your income stream, including if you are intending to retire early and access to superannuation is not available.

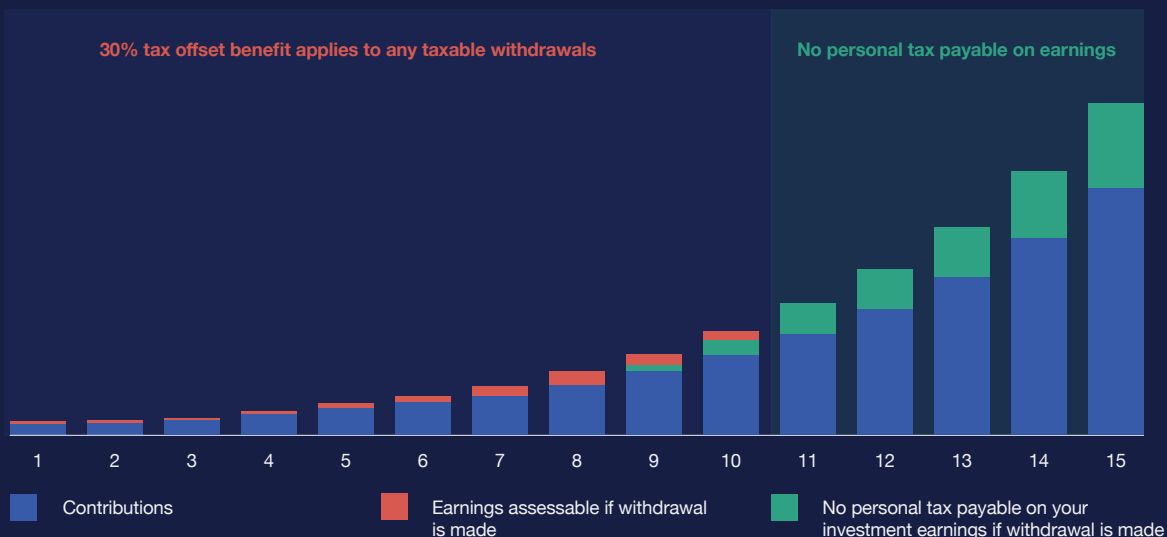
People looking to qualify for or improve social security benefits: To help manage or improve Government benefits and entitlements including by using LifeBuilder's Bonds Custodian Trust feature.

Accelerate your investment potential

LifeBuilder gives you flexibility on how much you want to contribute to your investment. There are no limits on the amount you can contribute in your first investment year. You can make additional investments each year, either as a regular saving or one-off contribution, of up to 125% of your previous year's contributions without resetting your investment's 10-year advantage period. LifeBuilder's Regular Savings Plan feature also lets you automatically increase the level of regular savings contributions each year to take advantage of the 125% opportunity.

Easy access to your investment

LifeBuilder gives you complete access to your funds, whenever you may need them. You can make a withdrawal at any time with no restrictions on how much you can withdraw. If you make a withdrawal within the 10-year period, you will receive a 30% tax offset to reduce your tax payable amount for the same financial year. If you make a withdrawal in years 9 or 10 of your investment, the tax payable by you is reduced by 1/3rd and 2/3rds respectively.





Simplified estate planning

LifeBuilder's EstatePlanner feature allows you to plan tax-effective inheritances or the transfer of ownership of your investment, with the flexibility to choose whether it forms part of your will or legal estate. Using EstatePlanner provides you with control and certainty over how your investment is passed on to the right people, at the right time.

EstatePlanner provides two options to help manage future wealth transfer and estate planning, and avoids the complexities that can often be associated with using a will or testamentary trust, or where there are complex family arrangements to deal with.



Future Event Transfer

Individuals, joint owners, and trusts can transfer their LifeBuilder ownership to intended recipients at a nominated future date, which can include the date of death of the LifeBuilder owner. The transfer of ownership happens tax-free for income and capital gains tax purposes, and the 10-year advantage period is not reset when the transfer occurs. There is also an option to set up a future regular income payment to an individual recipient after the transfer has occurred to provide a future set income stream.

You can also provide the flexibility to nominate someone to authorise additional one-off payments if required by the recipient in the future.



Nominating a beneficiary

If you are an individual or joint investor you can nominate one or more beneficiaries (which can include individuals, companies, trusts and charities) to receive tax-free proceeds of the LifeBuilder investment on the passing of the nominated life insured. There is also the option to manage your nominations automatically should a nominated beneficiary pass away before the life insured using the joint survivorship or down-the-line nomination feature.



Access to a wide range of investment options

Our range of investment options provide you with a choice of investment management styles and objectives to cater for different goals across many asset classes. You can choose from the following options:

- Single sector strategies focused on a particular asset class.
- Multi-asset strategies with access to multiple asset classes to cater for different investor risk profiles.
- Index strategies for a low-cost approach to investing.
- Responsible Investing strategies where Environmental, Social or Governance (ESG) issues are important to you when selecting your investment portfolio.



Tax Aware investment process

In addition to the tax-effectiveness of an investment bond generally, Generation Life builds on the tax-efficiency of the LifeBuilder investment bond through our Tax Aware investment process. Unique to Generation Life, this is designed to reduce the tax paid on earnings while invested to improve your after-tax returns.

The Generation Life Tax Aware series of investment options is offered across the broad investment menu for LifeBuilder and provides three levels of innovative, tax-efficient investment options to choose from.



Tax Optimised



Tax Enhanced



Tax Advantage



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Your investment is secured at every step

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Our products are governed under the Life Insurance Act 1995 and the Corporations Act 2001. The rules that underpin the operation of our investment bonds and investment options are approved by the Australian Prudential Regulation Authority (APRA).

Each investment option is held separately and distinctly from the other investment options and assets of Generation Life.

Importantly, this means each investment option is legally independent and is quarantined and protected from any potential adverse positions that may impact either Generation Life or any of the other investment options.



Ideas for using LifeBuilder

Achieving your financial goals is not only satisfying, it also holds the key to your financial freedom. Whether you're looking to create wealth tax-effectively, save for retirement, transfer wealth with certainty or looking for an alternative to superannuation, Lifebuilder can assist in meeting your financial goals.

Investing outside superannuation

- Looking for a tax-effective, flexible investment solution outside superannuation
- Allow for uncapped contributions with complete flexibility
- Create a tax-effective income stream for early retirement before superannuation preservation age
- Overcome superannuation's estate planning limitations

Building wealth tax-effectively

- Building wealth in a tax-effective structure
- Maximise after tax returns
- Save for a specific life event

Improving Government benefits in aged care

- Qualify for the Commonwealth seniors health card
- Increase pension entitlements by reducing the level of deemed income for Centrelink or Department of Veterans' Affairs purposes

Private Trusts and alternative structures

- Looking for an alternative to private trusts and private investment companies
- Reduce or eliminate the level of distributable income inside a discretionary or family trust

Estate Planning

- Passing on wealth outside of a will and estate
- Have full control and peace of mind over the transfer of wealth without any capital gains tax implications
- Transfer ownership with no personal tax or capital gains implications.
- Set a future transfer date or event Including the option to set a future regular income stream for a future owner
- Set up an inheritance outside your will and legal estate
- Simplify a complex will and blended family estate issues
- Setting up charitable bequests

Loan & gearing strategies

- Using investment bonds as security against a loan



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Contact details

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Enquiries

enquiry@genlife.com.au

Adviser services

1800 333 657



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ChildBuilder

Plan for a child's financial future



Outthinking today.

ChildBuilder, build your child's future

ChildBuilder is an investment bond designed for anyone including parents, grandparents, family and friends wanting to establish a tax-effective investment for a child's future financial needs and goals.

It's a simple cost-effective and tax-effective investment solution that can also create inheritances for children and facilitate the transfer of wealth between generations without the uncertainties and complexities of a will.

ChildBuilder is a flexible and tax-effective alternative to investing directly or through managed funds.



Key benefits of ChildBuilder

- + A simple and tax-effective way to save for a child's future
- + No income or capital gains distributions
- + No personal tax paid on withdrawals after 10 years
- + Tax-effective saving for a child – no punitive minor tax
- + Wide range of investment options to choose from
- + No personal capital gains tax on switching between investment options
- + No tax file number required to set up an account
- + A simple solution for estate planning
- + Structure tax free inheritance



Giving a child a financial head start

You can set up a ChildBuilder for anyone under 16 years of age and vest (transfer) ownership to them when they reach a specified age (between 10 and 25 years). The vesting is automatic and with no personal tax consequence, no stamp duty and no additional fees or charges.

When vested, the investment converts to a LifeBuilder investment bond with the benefit of the 10-year tax advantage period not re-setting. If the ChildBuilder is transferred to a child between the ages of 10 and under 16 years, a parent's or guardian's consent is required in order to transact on the investment.

In the event of your passing before the nominated vesting date or age, your ChildBuilder investment can be transferred to an Account Guardian who will hold the investment until the child reaches the nominated vesting date or age, or alternatively it can be held by your estate for the benefit of your nominated child until they reach their nominated vesting age.

What is ChildBuilder suitable for?

Saving for a child's future: A simple savings tool to help fund future costs such as school education costs, a child's first car or a child's first home deposit.

Building wealth for a child tax-effectively: Earnings are taxed at a maximum effective rate of 30% rather than at your personal marginal tax rate. These earnings don't contribute to your taxable income.

Saving for a child's future through responsible investing: ChildBuilder provides a wide range of investment options from which you can choose, including responsible investing options. You have peace of mind knowing you are helping your child financially, and also investing to create a better and more sustainable future for them.

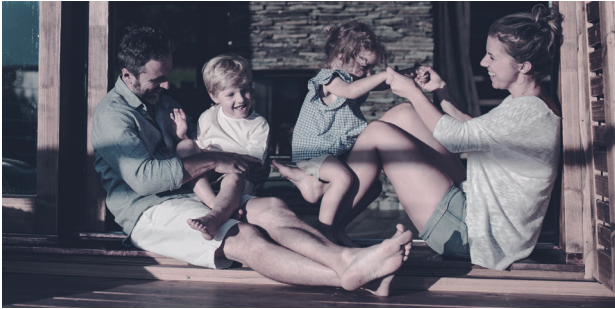
Providing a simple estate planning solution: ChildBuilder can help you arrange your estate's affairs with certainty, separate to, or in conjunction with your normal will and estate arrangements.

Accelerate your investment potential

ChildBuilder's regular savings plan feature lets you build your tax-effective investment quickly to meet your investment goal. You can automatically increase your additional contributions each year by up to 25% of the previous year's contributions without impacting your ChildBuilder's valuable tax status.



Illustration of contribution levels to take advantage of the 125% opportunity and does not include any projection returns.



Helping you meet your client's future life events

With a ChildBuilder, you can specify a non-binding intended purpose for the use of the investment once it has vested to the child. Your intended purpose is noted on your investment and can include any purpose or goal, which may be a first home deposit, education or study expenses, wedding expenses, to fund a child's overseas travel plans or a first car. There is no restriction on the type of intended purpose you can specify.



Accessing your investment

Life can take all sorts of twists and turns and you may need to address a change in your own financial situation or reassess the financial goals you have set for your child. As the investment owner, you retain full control and access to your ChildBuilder investment, until it vests to your nominated child. You have the flexibility to make one-off withdrawals or set up a regular withdrawal facility.



Access to a wide range of investment options

Our range of investment options provide you with a choice of investment management styles and objectives to cater for different goals across all major asset classes. You can choose from the following options:

- Single sector strategies focused on a particular asset class.
- Multi-asset strategies with access to multiple asset classes to cater for different investor risk profiles.
- Index strategies for a low-cost approach to investing.
- Responsible Investing strategies where Environmental, Social or Governance (ESG) issues are important to you when selecting your investment portfolio.

Tax Aware investment process

In addition to the tax-effectiveness of an investment bond generally, Generation Life builds on the tax-efficiency of the ChildBuilder investment bond through our Tax Aware investment process. Unique to Generation Life, this is designed to reduce the tax paid on earnings while invested to improve your after-tax returns.

The Generation Life Tax Aware series of investment options is offered across the broad investment menu for ChildBuilder and provides three levels of innovative, tax-efficient investment options to choose from.



Tax Optimised



Tax Enhanced



Tax Advantage



Outthinking today.

Generation Life – a trusted partner

As the pioneer of Australia's first truly flexible investment bond, Generation Life has been at the forefront of providing innovative tax-effective investment solutions since 2004. Over \$2.8 billion has been invested with us to date.

Your investment is secured at every step

Generation Life is a life insurance company registered under the Life Insurance Act. Our parent company Generation Development Group (ASX:GDG) is listed on the Australian Securities Exchange.

Our products are governed under the Life Insurance Act 1995 and the Corporations Act 2001. The rules that underpin the operation of our investment bonds and investment options are approved by the Australian Prudential Regulation Authority (APRA).

Each investment option is held separately and distinctly from the other investment options and assets of Generation Life.

Importantly, this means each investment option is legally independent and is quarantined and protected from any potential adverse positions that may impact either Generation Life or any of the other investment options.



Ideas for using ChildBuilder

It's important if you are looking at helping secure the financial needs of a child that you consider the best option to do so. With a ChildBuilder, you can establish a simple, cost-effective way to give a child a financial headstart in life.

Meeting the rising costs of future generations

- Give a child a financial head start tax-effectively
- Ensuring that a child's future is secured
- Save for school education costs
- Pay out a child's future student loans

Saving for a child's specific life events

- Save for a child's first home deposit
- Save for a child's wedding
- Set up a tax-effective investment to start a family
- Save for a child's overseas travel plans

Building wealth tax-effectively

- Create inheritances and transfer wealth to a child without the uncertainty and complexity of a will
- Manage wealth transfers to a child in blended family situations
- Avoid potential conflicts and inequities between children that might be difficult to handle under a will
- Make a financial provision (outside of a will) for a child from a previous marriage or relationship
- Nominate an Account Guardian to hold the investment in the event you pass before the child's nominated vesting date or age is reached.



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1800 806 362

Enquiries

enquiry@genlife.com.au

Adviser services

1800 333 657



Disclaimers:

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FuneralBond

Peace of mind for you and
your family

genlife.com.au



Outthinking today.

FuneralBond

Peace of mind for you and your family

There's no easy way to contemplate your own funeral, but with Generation Life's FuneralBond you can make that day a little easier for your loved ones.

FuneralBond is a simple and tax-effective way to help meet your future funeral costs. Saving for your funeral costs is a practical and thoughtful gesture that can ease financial stress on those left behind during their time of grief.

You can use the investment as part of a prepaid funeral arrangement. Plus, there's also the potential to improve pension benefits during your lifetime or to reduce aged care costs.





Key benefits of FuneralBond

Investment choice

You can choose from a large range of investment options to meet your investment goals and switch between investment options fee-free.

Exempt from assets and income test

FuneralBond is exempt (up to certain limits) from the Centrelink and the Department of Veterans' Affairs assets test as well as the income test that applies to the Age Pension, Service Pension and other means-tested government entitlements.

No restrictions or conditions

There are no age and health restrictions that apply, unlike funeral insurance.

Prepaid funeral arrangements

You can transfer the ownership of your FuneralBond as part of a prepaid funeral arrangement to a funeral director of your choice.

Tax-effective

FuneralBond is a 'tax paid' investment where earnings are taxed at a maximum effective tax rate of 30%. A lower effective tax rate can apply depending on the investment options chosen, and as a result of tax credits.

Flexibility

You can invest either as an individual investor or as joint investors and you can invest a lump sum or with regular contributions.

Simplicity

There is no personal tax paid on the investment earnings and no annual tax reporting is required while you remain invested. Record keeping is simple as all investment earnings are retained in your FuneralBond investment. This means you do not need to track capital gains, dividend payments and imputation credits for tax return purposes.



Who is FuneralBond suitable for?

Control and certainty

Investors looking to pre-plan their funeral arrangements.

Government entitlements


Investors seeking to maintain or improve Centrelink or Department of Veterans' Affairs entitlements.

Simple low-cost access


Investors that may not meet age or health conditions for funeral insurance, or those looking for a low-cost alternative to save for funeral costs.

Tax-efficiency

Investors looking for a tax-effective way of saving for funeral costs and with no annual tax reporting required.



FuneralBond, the clever, considerate way to save and pay for funeral costs.



Social security advantages

FuneralBond is exempt (up to certain limits) from the social security assets test and deeming provisions for the income test that applies to the Age Pension, Service Pension and other means-tested government entitlements. The current investment limit is \$14,000 (as at 1 July 2022) and it is indexed annually in July.

We recommend you consult with your financial adviser or contact Centrelink or the Department of Veterans' Affairs for further information about social security benefits.

You can use your FuneralBond as part of a prepaid funeral arrangement to meet the reasonable cost of your funeral expenses and transfer your FuneralBond to your chosen funeral director. In this instance there are no limits on the amount that you can contribute into your FuneralBond to be exempt from the social security assets test and deeming provisions for the income test.

Using FuneralBond as part of a prepaid funeral arrangement

If you've entered into or are considering entering into a prepaid funeral arrangement with a funeral director, you can transfer ownership of the FuneralBond to them as part of that arrangement. It's important to note that if you transfer ownership, the funeral director becomes the owner of the FuneralBond.

Payment of benefits

You cannot withdraw any money from your FuneralBond prior to your death, as it is designed to be used to meet your future funeral costs.

If you've transferred ownership of your FuneralBond investment to a funeral director, as part of a prepaid funeral arrangement, the benefit will be paid directly to them on your death. Otherwise, we will pay the benefit to your estate or if directed by the estate, to the funeral director. Benefits will generally be paid within seven business days upon receipt of the required documentation.



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Estate Planning

A guide to planning your estate





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Planning your estate



Planning how to transfer your assets to your loved ones can remove unnecessary stress and financial hardship.

It's important to ensure that the assets you have accumulated over your lifetime are left for those most important to you. Getting the planning right can help avoid adverse and unintended consequences such as:

- the wrong people receiving benefits or assets
- high fees and costs eroding the value of your gift
- delays in distributing your assets
- potential challenges by disgruntled beneficiaries and others
- additional tax being incurred.

What is estate planning?

Estate planning is the process of structuring your financial and personal affairs so that your assets and personal possessions are distributed according to your wishes when you pass away.

Estate planning involves more than just creating a will, although a will is an important part of estate planning. Having a will alone may not necessarily deal with the effective distribution of your assets, which is why it's important to consider your estate planning carefully to ensure it reflects your circumstances, wishes and needs.

Most estate plans also include other matters relating to the end of life, including enduring powers of attorney, powers of enduring guardianship, medical treatment decision maker appointments and advanced care directives. Having these in place ensures that someone can make decisions for you, and according to your wishes if you are unable to make decisions for yourself.

When considering your estate planning needs, it's also important to consider other tools and strategies including superannuation nominations, insurance, and other investment or wealth transfer vehicles. Having a structured plan in place, together with the appropriate estate planning tools, can help deliver an effective and efficient outcome.

Benefits of estate planning

Estate planning provides you with certainty and peace of mind, knowing that your affairs will be managed in accordance with your wishes when you pass away. The benefits of having an effective plan include:

- providing for loved ones with special needs
- ensuring your children's or grandchildren's inheritance has greater protection from creditors or any future relationship breakdown
- managing complex family or personal relationships (for example multiple marriages, children from different marriages or vulnerable family members).

No matter what your estate planning needs are, it is important when deciding how to provide for your loved ones, to seek professional estate planning advice.

Effective estate planning results in the right assets going to the right people, at the right time, with minimal fuss, expense, and inconvenience.



Tip

It's important to consider what you want to achieve by passing on your wealth. Your financial adviser can help you develop your estate planning strategies and work with the appropriate legal and tax professionals to implement those strategies.

When developing your estate planning strategies, careful consideration should also be given to:

- who you want to provide for and their personal or special needs
- any complexities in your family arrangements
- the potential for legal claims or disputes
- the tax impact to your estate and the intended recipients
- who will act as your executor or estate representative.

The goals of estate planning

Estate planning is a vital part of a holistic financial plan that ensures the shared goals of parents and children are met. Effective estate planning can assist with:

- managing the interests of vulnerable beneficiaries
- ensuring support for your surviving partner and family
- protecting the inheritances of beneficiaries
- protecting your assets from third party claims
- establishing a means to manage capital for the benefit of current and future generations
- tax minimisation for the estate and beneficiaries.

Planning ahead

When considering how to provide for your family, you may also want to consider providing an early inheritance. For example gifting cash or assets to your family when you're nearing retirement or after you've retired.

Planning for early inheritances can help improve social security entitlements or reduce the costs of future aged care services. You can gift assets up to certain limits without impacting the social security assets test and deemed income rules. After five years, gifted assets (of any value) are not assessed for social security and aged care purposes.

You should discuss with your financial adviser if you plan on gifting assets to help you understand how this may impact any government entitlements and benefits you may be receiving currently or wish to receive in the future.

Your estate planning team

In making sure that you have the right plan in place, it's important to have the right team to help you achieve your estate planning objectives.

Your financial adviser

The first step in creating an effective plan is understanding your current situation, identifying your estate planning objectives and formulating an estate planning strategy to meet your unique circumstances. Your financial adviser will help in identifying your assets, work with you to understand what you want to achieve and then develop the plan or strategies to meet your desired estate planning objectives.

Solicitor

Unfortunately, disputes can happen when assets need to be distributed among people when no clear guidelines have been set. A solicitor can help you draw up any legal documentation required to ensure it is legally binding and covers what you would like to happen with your assets as part of the estate plan you have put together.

Tax adviser

The distribution of your assets (including the timing of the distribution and any income the assets derive) can come with different tax obligations for your estate as well as your beneficiaries. Depending on the complexity of your estate plan, you may want to engage a tax adviser to assist you with tax planning.

How your assets are owned



Understanding the assets you own, their legal structure, and how they will be dealt with and distributed on your passing is important. You will need to consider whether your assets are:

- owned by you as an individual
- owned jointly with another party (as joint tenants or tenants in common),
- held within a legal structure (such as a company or trust) where there is more than one person with an interest.

When owning assets jointly with another party, they will generally be held under a:

- joint tenancy arrangement, or
- tenants in common arrangement.

Under a joint tenancy arrangement, ownership automatically passes to the surviving owner (irrespective of what may be directed under your will).

Under a tenants in common arrangement, each owner has a distinct legal and divisible interest in the asset. For example, an interest in a company where there is a 75:25 ownership split. Your interest in the asset can be directed under your will.

For estate planning purposes, there are two broad categories under which your assets will fall:

- estate assets, or
- non-estate assets.

Understanding what assets fall within each category will help formulate your estate plan.



Tip

Setting up how you want your assets to be dealt with and through what mechanism should be considered as part of any estate planning strategy.

How you chose to set up your asset ownership will depend on the type of asset and the level of complexity in your estate plan.

You may want to consider how your assets are owned, particularly if you have complex family arrangements or if you have specific tax management requirements.

You should consider consulting with your financial adviser when considering making an investment or changing the ownership arrangement of your assets to ensure that it is consistent with your estate planning needs.

Estate assets

Assets that have your name only on the title or assets owned with another party as tenants in common are considered estate assets.

Estate assets generally include:

- personal property where you are the sole owner (for example a car or jewellery)
- financial assets (for example bank accounts, managed funds or shares)
- life insurance policies where the estate is the nominated beneficiary
- real estate owned either individually or as a tenant in common with someone else
- other interests such as a partnership or interest in a trust.

These assets will form part of your estate on your passing and be distributed in accordance with your will.

Non-estate assets

These are assets that do not form part of your estate and pass under a variety of other agreements and arrangements.

Non-estate assets generally include:

- assets owned as joint tenants
- assets held in a discretionary family trust where you are the trustee and/or beneficiary
- assets held in a private company in which you have an interest
- superannuation in either accumulation or pension phases, where payment is made to eligible dependants
- reversionary pensions or annuities
- insurance policies (including investment bonds) where any proceeds payable under the policy are not paid to your executor/estate, but for example, may be payable to a nominated beneficiary.

It is possible to structure superannuation payments and proceeds of insurance policies to your estate if required, depending on how you want the proceeds to be dealt with in the future. If you have concerns that your wishes under your will may be challenged or you have complex family arrangements to consider, then making arrangements for these proceeds to be paid or distributed directly to beneficiaries may be appropriate.

When considering the right estate planning approach for each type of asset, we recommended consulting your financial adviser to make sure your current and future investments are structured to meet your estate planning objectives.



Tip

Leaving your wealth can be tricky and complicated, especially if you have complex family arrangements such as a blended family, are looking to provide in unequal proportions or if you want to provide for non-family members.

Beneficiaries or third parties may feel that they have not been adequately provided for and may, as a result, seek to make a claim against your estate and challenge how your estate is to be distributed through your will. Studies have shown that up to 74% of claims made against estates have been successful in Australia.¹

The contesting of an estate can add considerable stress, time and cost to the process. It is therefore important when considering estate planning, to look to minimise the potential for a successful claim being made. You should:

- ensure that your wishes are well documented in your will
- keep your will up to date, and
- consider how you structure your assets – non-estate assets will not form part of your estate and therefore will not be contestable under a Family Provision Claim. Refer to pages 12, 15 & 22 on potential non-estate assets, such as investment bonds, superannuation and life insurance.

¹ Estate Contestation in Australia UNSW Law Journal (2015)

Using a will

Why having a will is important

Dying without a valid will means that the intestacy laws decide who receives your assets. This is called 'dying intestate'.

The intestacy laws vary between States and Territories, but generally there are set rules regarding who receives your assets and in what proportion they are distributed. The rules are also designed to only cater for certain family members and do not take into account your wishes or personal situation.

Where under the rules it is not possible to distribute your assets to family members, for example, if you do not have any living family members, then your assets will at the first instance pass to the government.

Depending on your circumstances, more than one set of State or Territory rules may apply, depending on where your assets are located. This may complicate things further. For example, company share investments will generally reside where a company's share registry is held.

Sometimes a will is not enough

Estate planning involves making sure the right strategies are implemented to meet your personal circumstances and wishes. While a will can help with this, it may not always be the most effective way of transferring a large part of your wealth consistent with your wishes.

There are many factors to consider including who the beneficiary of your gift will be, any complex family situations, the potential for a family member or others to challenge, how quickly you want your assets dealt with and the tax effectiveness of any gifts.

It is important that you consider what is important to you and discuss this with your financial adviser and your solicitor to work out the most appropriate strategy and approach to making sure the right assets go to the right people at the right time.

Preparing a will

Put simply, a will is the legal document that sets out how and to whom you would like your assets to be distributed to. It can also cover some other requests, such as nominating guardians for children who are minors at the time you die, as well as funeral and burial wishes.

A will can be used to make specific gifts to charities, and can also be used to establish one or more trusts to manage the transfer of your wealth to beneficiaries (commonly referred to as testamentary trusts (see page 9)).

It's important to correctly document your will to help mitigate potential legal challenges from disgruntled estate beneficiaries and other interested parties left out of the will, or someone just being unhappy and wanting to overturn elements of the will. This can cause costly, lengthy (and stressful) legal disputes.

Appointing an executor

It is generally required that at least one executor is appointed who is responsible for ensuring that your wishes are carried out. You can have more than one executor if you feel you need to, for example, if you have two adult children that you want to share the responsibility.

When deciding on the nomination of an executor, some considerations could include their age, their relationship with your family and the complexity of your situation.

In some cases, an alternative to appointing an individual, or a number of individuals as an executor, is to appoint a trustee company. A trustee company may be appropriate, depending on the complexity of your estate, the length of time it may take to finalise and whether you can find a suitable person to act as your executor.

A trustee company will charge a fee for their services which will normally be paid from your estate's assets. It is important to consider these costs when deciding how you would like your estate administered.

The executor is responsible for the administration of your estate, from organising the funeral, identifying your assets, arranging probate, paying your debts, to the ongoing management of your assets until the estate administration is completed.

Administering an estate can take many months (sometimes years), so you need to be sure that the nominated person is both willing and capable of undertaking the task of executor. Also, often the person(s) nominated as executor becomes the trustee of any ongoing trusts contained in your will.

You should let your executors know you have nominated them in that role, so you can be sure they are willing to perform the necessary tasks on your behalf.



Tip

Appointing the right executor to manage your estate is one of the most important decisions you will make when it comes to estate planning. When you pass away and your will is accepted for probate, your executor 'steps into your shoes', meaning they can perform all the legal tasks you used to do.

When choosing your executor(s) you should ask yourself the following questions:

- How many executors do I need and will any joint executors I appoint get along?
- Do I need to appoint a back-up executor?
- Will they be living interstate, overseas or are they planning on moving overseas?
- Is the person a responsible and trustworthy person?
- Do they require payment for their services?
- Do they have a good financial standing or knowledge?
- Will they outlive me?
- Will there be any drama between family members if I choose a particular person(s)?
- Are they an undischarged bankrupt or do they have a criminal conviction?
- Are they patient and level-headed?
- Are they willing to act as my estate's executor?

Nominating beneficiaries

You are free to leave your estate to anyone you like, although you should consider potential legal challenges if a family member or other person feels they have not been adequately provided for.

If you want to omit a family member or certain other persons from your will or provide for beneficiaries disproportionately, you should seek professional advice to help you understand the possible legal implications in the event that your estate is contested. It is very important to document the reasons for leaving someone out of your will or where you have provided for them disproportionately. This documentation can be used as evidence of your wishes if a claim on your estate is made. This could avoid significant delays in the administration of your estate, as well as costs related to the defence of the claim.

In nominating beneficiaries, you may also want to consider the impact that your inheritance may have on a beneficiary. For example, if you choose a beneficiary that receives a government benefit, you may want to consider the impact of the inheritance on those benefits when creating your estate plan. You may need to consider alternatives if this may be an issue.

Assets to distribute through your will

Depending on the assets you own, it may be appropriate to apportion your estate's assets amongst your beneficiaries, rather than individually nominating specific assets to be gifted to certain beneficiaries. It is important to remember however, that only estate assets (refer to page 6) can be distributed through your will.

If you are considering specific gifting, then you may want to consider, in consultation with your financial adviser, alternative non-estate asset arrangements, such as superannuation or life insurance policies/investment bonds, to distribute your wealth outside of a will arrangement.

Appointing a guardian

If you have children under the age of 18, you may want under your will to appoint a guardian(s) for them. Without a guardian appointed, and in the event of the death of you and your partner, the courts may determine who will care for your children. Your appointed guardian will be able to make legal decisions and will be fully responsible for their care until they reach 18 years of age.

Testamentary trusts

Testamentary trusts are trusts established under a will to manage and distribute assets to beneficiaries over an extended period of time after you pass away. Testamentary trusts operate similarly to a discretionary trust (however with different tax rules). It's important to consider that there are also legislated anti-avoidance measures to ensure that certain income received by minors from non-estate assets held in a testamentary trust are taxed at higher rates.

Your will must appoint a trustee for the testamentary trust, who will be responsible for administering the trust assets in the way your will specifies. Testamentary trusts can last for many decades after your death and therefore it's important to appoint a trustee willing to accept this responsibility.

As a trust entity, a testamentary trust also requires ongoing administration and tax reporting to be undertaken by the trustee, with these costs to be deducted from the trust's assets. The trustee may also need upfront and ongoing legal and tax advice. You should consider the practicalities and costs of setting up a testamentary trust against the benefits of the structure, particularly if you have a smaller value estate with a limited outlook period.

Keeping your will up to date

A will may become invalid due to changes in circumstances (such as marriage) or errors in executing or processing the will.

It is recommended that you frequently review and update your will where necessary. The last valid will you make will determine the distribution of your estate when you pass away. It is therefore important to update your will if your circumstances change or the instructions you have in your current will no longer meet your wishes.

There can be many reasons or events that might require you to update your will including:

- you start a new business or wind up a business
- you separate or divorce
- you form a new relationship
- you enter or dispose of a trust
- changes in value, or the purchase or disposal of a major asset
- changes in legislation that can impact the arrangements you have put in place
- the birth of a new beneficiary or the death of an existing beneficiary or executor.

When updating your will, it is recommended you seek the advice of a qualified legal practitioner.

You should also make sure you consult with your financial adviser to ensure that your estate planning strategies are still appropriate for your changed circumstances.





Appointing a Power of Attorney

Effective estate planning ensures that your wealth is distributed according to your wishes after you pass away. Have you considered what happens if you lose capacity and cannot make decisions before you die because of an accident or ill health?

A Power of Attorney is a legal document that enables you to authorise someone you trust to make decisions and sign documents on your behalf if you are not able to do so yourself. There are different types of Powers of Attorney which can cover different circumstances. When establishing a Power of Attorney arrangement, you have the flexibility to determine when, for how long, or under what circumstances it comes into effect.

Each State and Territory has different types of Powers of Attorney, however, there are generally two types of Power of Attorney:

- General Power of Attorney – this applies while you have the mental capacity to make your own decisions and terminates once you lose mental capacity. This is generally used for short-term and specific purposes, for example the purchase of a house while you are overseas.
- Enduring Power of Attorney – this continues to operate even after you have lost mental capacity. This is normally used for longer-term needs and especially for estate planning.

You can appoint your partner, another trusted family member, friend or trustee company, to act as your appointed attorney. The appointed attorney must:

- be over the age of 18
- not benefit personally unless the Power of Attorney provides for this, and
- not do anything illegal while operating under the Power of Attorney.

Your appointed attorney is not able to prepare a will on your behalf or transfer the Power of Attorney to someone else unless specified.



The role of an appointed attorney is powerful and carries significant responsibilities. Your appointed attorney is effectively stepping into your shoes and making decisions that you would normally make. You should choose an appointed attorney you can trust that will:

- act honestly, diligently and in good faith
- act with reasonable skill and care
- keep accurate records and accounts.

When selecting an attorney you should consider:

- their age
- their ability to make good decisions for you (particularly during stressful periods)
- when the powers will start
- whether to appoint one or more alternative attorneys and if more than one attorney is appointed, whether decisions need to be made jointly or not.

You should also decide what powers to give your attorney and what decisions they can make including:

- financial authority; and/or
- medical authority.

You should also think about any limits you might want to place on your attorney's ability to make decisions about specific financial and personal matters.

Make sure important people in your life know that you have appointed an attorney.

Keep the original document in a very safe place, and give your attorneys a certified copy.

Make sure you review your power of attorney regularly (as long as you are able) to make sure it is still suitable for your current circumstances.

You can revoke, or cancel, your Power of Attorney at any time, so long as you have the decision-making capacity to do so.

Power of Guardianship

Depending on the State or Territory you live in, a separate document called a Power of Guardianship may be required to appoint someone to make decisions on your future healthcare and lifestyle decisions, when you can no longer make decisions yourself.

Advance Care Directive

An Advance Care Directive, sometimes referred to as a living will, is a written record that details your preferences for your future care along with your beliefs, values and goals. Unlike an Enduring Power of Attorney or Power of Guardianship, it does not appoint anyone to make decisions on your medical treatment.

Medical Treatment Decision Maker

You can choose someone to make medical treatment decisions for you if you are ever unable to make these types of decisions due to injury or illness. Your appointed person should be someone you trust to respect your values and preferences for your medical treatment. You can only have one medical treatment decision maker at a time.

Obtain advice

We recommend that when contemplating Powers of Attorney and Powers of Guardianship that you speak to a qualified legal practitioner to ensure your documentation is legally binding. You should also speak to your financial adviser to ensure your estate planning needs continue to be met.



Superannuation and estate planning

Superannuation is a major investment for many Australians. It is important to consider your superannuation assets when formulating your estate planning strategy.

Superannuation does not automatically form part of an estate, i.e. it is not an estate asset, and therefore will not automatically be dealt with under your will. A superannuation fund's rules sets out how and to whom a superannuation death benefit payment can be paid. Any life insurance component of your superannuation will also form part of any death benefit payment made.

When considering how your superannuation will be dealt with on your death, you should also consider the terms of the superannuation fund's trust deed, any trustee discretions that can be applied in determining the distribution of benefits, and any tax implications when paying out a benefit to a beneficiary.

Nominating Beneficiaries

Generally, you can nominate a beneficiary to receive death benefit payments on both your superannuation accumulation account and pension account. Any beneficiary you nominate must be eligible to receive a death benefit. If you do not nominate any eligible beneficiaries, then your death benefit will be paid to your estate.

It's important to ensure that you keep up-to-date your beneficiary nominations under your superannuation as your circumstances and your beneficiaries' circumstances change.

Superannuation funds will typically offer beneficiary nominations as either a 'binding nomination' or 'non-binding nomination'. It is important to consult with your superannuation fund, as not all superannuation funds will offer both nomination types.

Your benefit will only be distributed in accordance with the provisions of your will if it is paid to your estate - either as a result of the trustee of the fund using their discretion, or in accordance with a valid binding nomination you may have implemented.

If you have a self-managed superannuation fund, the rules and processes that apply when making a death benefit nomination and at the time a benefit becomes payable, can be complex.

You should consult with your financial adviser to ensure your arrangements are appropriate.

Non-binding nominations

Non-binding beneficiary nominations are not formally binding on the trustee and only act as a guide for the trustee in deciding how to pay your death benefit. The superannuation fund trustee will have full discretion to pay your death benefit to another eligible person (who must be a dependant under the relevant laws) or your estate's representative.

Binding nominations

Many superannuation funds offer the ability to provide binding beneficiary nominations. Not all superannuation funds offer the opportunity to make a binding death benefit nomination. You should check with your superannuation fund.

Depending on the superannuation fund, they may provide for either 'lapsing' nominations where the nomination must be renewed every three years. Alternatively, they may provide for 'non-lapsing' nominations which will continue until you cancel or update your nomination. If you do not renew it before the end of the three-year period from last signing, it becomes a non-binding nomination.

Where a binding nomination has been made, the superannuation fund trustee is required to distribute to the person(s) you have nominated, as long as they are classified as a dependant and the nomination meets the legislative requirements.

If the nomination is valid, the trustee must follow it, even if your circumstances have changed. For example, if you nominate your legally married spouse and you separate but do not divorce, the nomination remains valid and binds the trustee unless the nomination has been amended, cancelled or has expired.

The person(s) you have nominated to receive your money must be a dependant at the date of your death, otherwise the trustee may exercise discretion to determine whom to pay the benefit to, which may include your estate's legal personal representative.

Who can you nominate as a beneficiary?

The beneficiary(ies) you nominate must be a 'dependant' or your estate's legal personal representative. A dependant includes:

- your current spouse or partner
- your children of any age
- a person who is financially dependent on you when you die
- person whom you have an interdependency relationship with
- your estate or legal personal representative.

An 'interdependency relationship' is generally when two persons (whether or not related by family) have a close personal relationship, live together and one or each of them provides the other with financial and domestic support and personal care.

If you nominate your estate or personal legal representative, you must specify in your will how and who you want to distribute your superannuation money to.

What happens if a nomination is not made or your binding nomination is not valid?

If you die without making a nomination or your binding nomination is invalid or not effective when you die, your superannuation fund trustee will decide who receives your money based on the relevant laws. This may be to either one or more of your dependants or to your legal personal representative. Where this happens, the trustee will consider your dependants' circumstances at the time of your death.

How will my beneficiaries be taxed?

The tax treatment of any benefit payment will depend on whether your superannuation is paid as a lump sum, income stream or mixture of both, and if your beneficiary or beneficiaries are classified as 'tax dependants' at the time of your death.

Benefits paid to beneficiaries who are dependants for tax purposes are generally taxed more favourably compared to benefits paid to non-dependants. In addition, tax laws provide that if you died in the line of duty as either a member of the defence force or as a police officer, beneficiaries of a superannuation death benefit who are not tax dependants will be treated as tax dependants.

The definition of a tax dependant is slightly different to a superannuation dependant, with a taxed dependant being:

- your spouse or de facto spouse (or former spouse or former de facto spouse), or
- any children you had under the age of 18, or
- any person that had an interdependency relationship with you just before death, or
- any other person that was substantially financially dependent on you just before death.

Tax rates of superannuation death benefits paid as a lump sum²

Tax component	Paid to tax dependant	Paid to tax non-dependant
Tax-free	Nil	Nil
Taxable (taxed element)	Nil	Up to 15% plus levies ³
Taxable (untaxed element)	Nil	Up to 30% plus levies ⁴

Tax rates of superannuation death benefits paid as a pension⁴

Tax component	Paid to tax dependant	Paid to tax non-dependant
Tax-free	Nil	Generally, a superannuation pension cannot be paid to a non-dependant.
Taxable (taxed element)	Nil ⁵	
Taxable (untaxed element)	Marginal rate plus levies and less 10% offset ^{5 6}	

**Tip**

It's important to ensure you understand exactly how your superannuation beneficiary nominations will be treated by your superannuation fund and the potential impact on the benefit value after any tax that might apply.

Nominating a non-tax dependant to receive your superannuation benefits may result in a reduction in the benefit payment amount to the nominated beneficiary.

Understanding how your nominations will be treated and whether or not your superannuation benefits will form part of your estate (i.e. distributed according to your will) is important in ensuring your wishes are met.

You should speak to your financial adviser who will help you determine the right approach to structuring your superannuation to meet your individual estate planning objectives.

² The tax treatment on any lump sum payment made to the estate generally depends on whether it's ultimately received by a beneficiary that is eligible to receive the benefit as a tax-free lump sum, such as your spouse or your child if under 18 or financially dependent on you.

³ Medicare and other levies may apply. If the lump sum is paid to a non-dependant beneficiary directly from the superannuation fund, the taxable amount will be included in the beneficiary's assessable income with a tax offset applied so that tax on the benefit does not exceed the rate indicated. This may however impact entitlements to certain benefits and concessions which are determined based on income levels.

⁴ Different rates of tax may apply if a death benefit is received from a defined benefit fund. You should seek professional tax advice as the rules regarding death benefits from a defined benefit fund are complex.

⁵ Except when the deceased is below age 60 and the pension recipient is also below age 60 – in which case the amount attracts the recipient's marginal tax rate, but also receives a 15% tax offset.

⁶ Except when the deceased is below age 60 and the pension recipient is also below age 60 – in which case no tax offset is received.

Investment bonds and estate planning

Investment bonds can be a cost-effective, tax-effective and convenient way to pass on your wealth to your dependants and others, with minimal fuss.

Investment bonds have features that can be used in conjunction with, or as an alternative to, conventional estate planning tools – such as a will, a testamentary trust (for future gifting and for making intergenerational wealth transfers), and superannuation.

Most investment bonds will provide the ability to transfer benefits on your passing to your nominated beneficiaries. In some cases, an investment bond may also provide an option to transfer ownership of the investment bond to another person on your passing.

Nominating beneficiaries

As a form of life insurance policy but linked to investment returns, an investment bond has a life insured, which for estate purpose would typically be you. On your passing, the investment bond benefits would be paid to your estate or to your nominated beneficiary or beneficiaries.

The investment bond, nominated in favour of a beneficiary, is a non-estate asset and is therefore not subject to any directions under your will, challenges to your will or any delays in the distribution and finalisation of your estate. The payment of proceeds can be made confidentially and without the knowledge of other interested parties.

Depending on your investment bond provider, you may have the additional option of having your beneficiary allocations automatically re-weighted in the event a nominated beneficiary pre-deceases you.

You may also be able to direct the investment bond provider to pass on the benefit payment to the estate of the nominated person instead. These features provide a convenient way to ensure that your nominations remain valid, irrespective of any changes to the circumstances of your nominated beneficiaries.

Transferring ownership

Some investment bonds may provide the option of transferring ownership of your investment bond to another person. In some cases, you may also be able to elect when the person or entity gets access to the investment as well as provide for a regular income stream to be paid in the future. The transfer of ownership can happen without any personal tax consequences to your investment or the recipient of the investment bond.⁷

The investment bond will be treated as a non-estate asset and will therefore not be subject to any directions under your will, challenges to your will or any delays in the distribution and finalisation of your estate.

Benefits of using an investment bond for estate planning

Using an investment bond's beneficiary nomination can help supplement your estate planning strategy and may be useful for:

- providing for blended families to financially provide for children of previous relationships, for a new spouse's children or for estranged children – whilst using a conventional will to provide for a current spouse and/or children
- solving potential conflicts and inequities between children and grandchildren that might be complex and difficult to handle under a will
- making gifts to organisations such as charities, hospitals, schools and religious groups (beneficiaries can be a natural person or an entity, including a company or trust)
- privately meeting moral obligations to non-related parties and friends.

Using an investment bond's transfer on death facility as an alternate estate planning strategy may be useful if you:

- want to pass on your wealth outside of your will and estate
- pass on your wealth with no tax being incurred
- want to manage when your intended recipient can access the investment and/or set a future regular income stream for their use.

⁷ Where transfers are completed with nil consideration.

Alternative to a will

Depending on your personal circumstances and the types of assets you are wishing to distribute, an investment bond can be used to transfer wealth as a non-estate asset (i.e. outside of your will). Where an investment bond has a nominated beneficiary or where instructions are provided to transfer ownership on your passing, the investment bond is treated as a non-estate asset, and dealt with outside of your will.

In this case, the investment bond has a number of benefits over a typical will arrangement including:

- no additional costs involved in setting up (compared to the cost of setting up a will)
- no requirement to obtain probate or administration of the estate (including not requiring to be filed in the public domain)
- benefit proceeds or ownership passes directly (and privately) to the nominated beneficiaries – as a non-estate asset. It is generally not possible to make a claim on the estate, including for family provision or in testator's family maintenance challenges.⁸

⁸ In NSW the general (and long-established) legal position of investment bond nomination proceeds constituting 'non-estate' assets may in certain circumstances be open to challenge under Chapter 3 of the Succession Act 2006 (NSW). This Act applies to financial products (such as investment bonds, annuities, and superannuation benefits) that are issued to persons whose estates are subject to that Act and where: (1) a beneficiary nomination is made within three years of the death of the life insured; (2) the Court makes certain family provision orders; and (3) where the beneficiary nomination was made with the intention of denying or limiting provisions of an eligible estate beneficiary. There are certain eligibility requirements and time restrictions for claimants. The Court must formally approve a claim, which may involve a 'claw back' as notional estate assets to meet claims that are not satisfied from the estate. There are certain eligibility requirements and time restrictions for claimants. The Court must formally approve a claim, which may involve a 'claw back' as notional estate assets to meet claims that are not satisfied from the estate. There are certain eligibility requirements and time restrictions for claimants. The Court must formally approve a claim, which may involve a 'claw back' as notional estate assets to meet claims that are not satisfied from the estate.

Case study – providing for unequal transfers of wealth



Scenario

Julia is 60 years of age and is looking to provide for her family after her passing. Julia has two children, Sam and Louise, who have one and three children respectively.



Objective

Julia wants to make sure that enough funds are distributed to each of her children to help with the cost of raising the grandchildren. She wants to make sure that there is no conflict (as could be the case under a traditional will arrangement). Julia is looking at providing \$100,000 to Sam's family and \$300,000 to Louise's family on her passing.



Solution

Julia sets up an investment bond with an investment of \$400,000 and is the sole life insured. She nominates that on her death Sam receives 25% of the investment value and Louise receives 75% of the investment value.



Benefit

Using an investment bond and nominating beneficiaries allows Julia to by-pass the estate and will process, ensuring that her allocation wishes are met.

If at any point in the future Julia wants to change how her investment is divided up, she can do that easily without having to incur the cost of changing her will. In addition, if at any point her personal circumstances change (e.g. divorce, marriage) then there is no need for her to re-state or update her beneficiary details. Her nominations will continue until she decides to change her nominated beneficiaries.

Alternative to a testamentary trust

As an alternative to a testamentary trust, you can use an investment bond to plan ahead with peace of mind about how, when and to whom your estate's wealth (or part of it) will be distributed to the next generation. An investment bond has a number of benefits compared to testamentary trusts including:

- not requiring to be set up under a will
- no additional establishment costs unlike a testamentary trust
- not requiring the appointment of a willing and competent trustee
- can be structured to meet small and large value gifts, and
- no ongoing tax reporting of investment earnings and administrative tasks.

Case study – controlling access to inheritances



Scenario

Margo, aged 81, has a devoted grandson aged 16 years.



Objective

Margo would like to help her grandson financially for his future. Margo is concerned that her grandson may be too young to receive a lump sum inheritance.



Solution

Margo establishes an investment bond to the value of \$100,000 to help her grandson. She sets up a future transfer where her investment bond ownership will transfer to her grandson on her passing. She also provides instructions to commence a \$1,500 monthly regular income stream for her grandson upon transfer until funds are depleted.



Benefit

Margo meets her goal in helping her grandson and can control the flow of funds to him after her passing. The investment bond provides a simple and cost-effective alternative to setting up testamentary trust for the benefit of her grandson.

A similar strategy could be used by Margo to control access to inheritances for her adult children and grandchildren if she needed to.

Supplementing your superannuation estate planning strategy

Investment bond beneficiary nomination features are similar to superannuation beneficiary arrangements to directly distribute death benefits and bypass your will and legal estate, with a couple of notable additional benefits:

- No tax is payable under any circumstances by the nominated beneficiary as a result of the benefit payment. Proceeds are received tax-free in the hands of the nominated beneficiary.
- There are no restrictions on who can be nominated as a beneficiary. You can nominate any person (including a company, trust or charity) to receive benefit payments.
- There is no trustee or issuer discretion – benefits are paid to the person(s) you have nominated.
- Instructions once made do not have to be periodically refreshed or reconfirmed in future years, unlike many superannuation funds with binding nominations.

Case study – avoiding superannuation death benefits tax



Scenario

Jane, an 81 year old widow, has two adult children – John 56 and Steve 53. She has a total superannuation balance of \$1.4m, which includes a taxable component of \$650,000.



Objective

Jane is concerned that her adult children are non-tax dependants and that the taxable component of any lump-sum superannuation death benefit paid to her adult children will be subject to a tax rate of 15% plus the Medicare levy of 2%. She currently estimates this would reduce the benefit amount received by her sons by \$110,500.



Strategy

Jane withdraws her superannuation balance of \$1.4m tax-free (being over the age of 60). She establishes two investment bonds of \$700,000 each.

She sets up a future transfer event for each of the investment bonds and nominates for ownership of the investments to transfer to each of her two sons on her passing. The transfer of ownership of the investment bonds to her sons on her passing will be tax-free in the hands of her sons.



Funding funeral expenses

Setting aside funds to pay for funeral expenses should be considered as part of any estate planning arrangement. Providing for your funeral costs ahead of time provides peace of mind that money is available to fund the cost, while also removing the burden from your family.

There are several ways of funding funeral expenses, including the use of a funeral bond, a pre-paid funeral or taking out funeral insurance.

Using a funeral bond

Funeral bonds are a type of investment bond that can only be withdrawn after your passing to pay for your funeral. A funeral bond ensures funds are set aside to pay for your funeral expenses.

You can invest as much as you need to meet the 'reasonable costs' of your future expected funeral expenses, however there are some limitations. Funeral bonds can also provide social security benefits with exemptions from the assets test and income deeming rules in some cases.

They are also simple to administer and while the value of your funeral bond may increase over time, you do not need to include any earnings from the funeral bond in your tax return during your lifetime.

Social security benefits

Funeral bonds can have social security advantages as an investment contribution up to certain limits, is exempt from the social security asset test and is not subject to deeming under the income test.

The allowable exempt limit is currently \$14,000 in contributions per person (as at 1 July 2022) and is indexed annually each July. If you invest more than the allowable limit, the entire investment amount will be assessed under the social security assets and income tests. The exception to this is where you are investing for the purpose of immediately transferring ownership of the investment to a funeral director as part of a pre-paid funeral arrangement.

There are no limits on the amount that you can contribute into a funeral bond if you've entered into a pre-paid funeral arrangement with a funeral director and transfer the funeral bond to the funeral director as payment for the arrangement.

If you are considering entering into a pre-paid funeral arrangement with a funeral director, you can transfer ownership of the funeral bond to them as part of that arrangement. It's important to note that if you transfer ownership, the funeral director becomes the legal owner of the funeral bond and bears all future investment risk. The funeral director must then use the proceeds of the funeral bond to fund the funeral costs.



A funeral bond can assist with government benefit entitlements, such as the Age Pension or Veterans' Service Pension – and also the calculation of subsidised aged care fees. A funeral bond investment will be (up to certain allowable limits):

- exempt from the social security asset test, and
- not subject to deeming under the income test.

You should talk to your financial adviser if you qualify or would like to qualify for certain government entitlements and how a funeral bond may be able to assist.

How funeral bonds are taxed on withdrawal

If you choose not to transfer ownership of a funeral bond to a funeral director (as part of any pre-paid funeral arrangement), the final benefit value will be paid to your estate or if directed by the estate, to your selected funeral director. The funeral bond's earnings will then be assessable income in the hands of your estate at the estate's marginal tax rate, but only in the year of the payment.

If you instead decide to transfer ownership of your funeral bond to a funeral director (as part of a pre-paid funeral arrangement), the benefit will be paid directly to them with the payout being assessable in the hands of the funeral director in the year of payment. The funeral bond's earnings will not be assessable to your estate.

Ownership options

You can own a funeral bond in your own name or alternatively as a joint investment with your partner or spouse. Where joint ownership applies, the funeral bond proceeds will be payable on the death of one policy owner (normally the first to pass away).

It is important to consider ownership in the context of social security benefits, if you receive or expect to receive a means-tested government income support payment. For social security purposes, a funeral bond will only be considered as an exempt asset provided the total contribution value is not greater than the allowable limit.

An alternative ownership arrangement (to holding a joint funeral bond) to consider where you are considering funding for funeral costs for yourself and your partner or spouse, is to each own a separate funeral bond. This enables each partner or spouse to invest up to the maximum amount allowed under social security rules without affecting pension entitlements.

Case study – controlling access to inheritances



Scenario

Sam is 75 years old and is looking for a way to pay for his funeral expenses. He wants to set up a pre-paid funeral arrangement through a funeral director.



Objective

Sam wants to ease the financial stress of his funeral expenses on his family and ensure that he is in an optimal Social Security Age Pension position.



Solution

Sam establishes a funeral bond investment to the value of \$14,000 (the current allowable limit as at 1 July 2022). He assigns the ownership of the funeral bond to his funeral director in exchange for his selected pre-paid funeral arrangement.



Benefit

Sam can establish a pre-paid funeral arrangement and use the funeral bond investment as part of the arrangement. The funeral director will then use the proceeds of the funeral bond on Sam's passing to fund the cost of the funeral service.

Sam's funeral bond investment and any growth in value will be exempt from the Centrelink and Department of Veterans' Affairs assets and income tests. He will also not have to pay any personal tax on the funeral bond's ongoing investment earnings.

Funeral insurance

Funeral insurance is a type of insurance that you can take out to cover the cost of your funeral after you pass away. Depending on the type of funeral you would like to have, you can choose different levels of cover to fund the cost of your funeral. After your passing, this money will be paid to the person you have nominated as the beneficiary.

Generally speaking, funeral insurance premiums increase based on age, and therefore grow over time.

As an insurance policy, you will need to ensure you continue to pay premiums in order to keep the insurance cover.

Insurance policies will generally also have restrictions and conditions on eligibility, for example, funeral insurance policies are not generally available where a person has commenced cover after the age of 65 years.

Additionally, health evidence may be required to be presented, and there may be a 'waiting period' where only a death as a result of an accident will result in a benefit payment being made.

When considering funeral insurance, you may want to consider the level of cover being offered, and conditions or exclusions that may apply to the policy as well as the level of premiums and the affordability of the premiums over time.



Tip

You should check the details of any insurance policy you are considering carefully.

A funeral insurance policy may require health evidence to be provided.

There may also be a minimum waiting period before cover will commence as well as eligibility criteria.

Insurance policies will generally assume that you have provided full disclosure as part of your application and will assess any claim made based on the disclosure. You should ensure that you have provided full disclosure as part of any application for insurance you make.

Using life insurance to provide for your family



You may want to consider taking out life insurance as part of your estate planning to provide a financial safety net for your family to meet future expenses (such as mortgage repayments) or to protect your interests in a business partnership.

How to access life insurance

You may choose to hold this cover in your superannuation fund. Alternatively, it can be held outside of your superannuation fund in your own name. You should discuss your life insurance needs with your financial adviser who can help you tailor a solution that meets you and your family's future needs.

Life insurance through superannuation

When you have life insurance through your superannuation, the premiums for that insurance are deducted from your superannuation account balance. This may help, particularly if personal cashflow is an issue for you, however, you may need to consider the impact on your returns as you will be reducing your superannuation account balance to fund the premium costs.

You may be able to agree with your employer to make salary sacrifice contributions into your superannuation fund to purchase your superannuation insurance in pre-tax dollars.

If you select a default level of insurance cover offered by your superannuation fund, some funds may automatically accept you for cover without requiring a health check. If you want to take out extra cover above the standard level through your superannuation fund, a medical questionnaire and a medical exam might be required.

Unlike taking out life insurance directly, the ability to nominate where proceeds from the insurance will be distributed will be subject to the superannuation fund's options on the payment of death benefits (see page 12). There may also be tax consequences where a death benefit is distributed to a non-tax dependant through a superannuation fund (refer page 13).

Insurance cover through superannuation generally ends once you have attained age 70, so you will need to consider alternatives if you wish to maintain cover beyond this period.

Holding life insurance in your name

Similar to life insurance held through a superannuation fund, directly owned life insurance provides a lump sum payment on your passing to help your spouse, partner or dependants.

Some providers may provide flexibility on how premiums are paid, for example, stepped premiums may be offered where premium rates are cheaper initially but increase over time.

You can also nominate any person or entity to receive the death benefit proceeds (including a trust), and there is no requirement for the beneficiary to be a dependant. Death benefit proceeds are paid tax-free directly to your nominated beneficiaries, without any delay in the process that may occur where the trustee of a superannuation fund is involved.



Tip

How you hold your life insurance to provide for your family will be different based on your personal circumstances and needs. You will need to consider your needs and personal circumstances, including:

- the type of cover you need
- the level of cover required
- how tailored you require the insurance to be
- the tax impact of a life insurance payout, and
- how you would like to fund the insurance premiums.

Insurance policies will generally assume that you have provided full disclosure as part of your application including any pre-existing medical conditions. Any claim made will be assessed based on the disclosures you have made. You should ensure that you have provided full disclosure as part of any application for insurance you make.

Estate planning checklist

- ☐ Do you have an up-to-date will?
- ☐ Do you need to pass on part of your wealth outside of your will and estate?
- ☐ Are your assets and investments structured to meet your estate planning needs?
- ☐ Have you reviewed your superannuation beneficiary nominations and the tax impact of your nominations?
- ☐ Have you considered the tax consequences of passing on your wealth?
- ☐ Do you need to set up a Power of Attorney for financial or medical reasons?
- ☐ Do you need to review your life insurance to ensure your family is adequately provided for after your passing?
- ☐ Have you considered gifting or early inheritances to pass on your wealth before your passing?
- ☐ Do you need to consider any government pension or entitlements that you may want to manage while planning for the transfer of assets?

You should seek advice from your financial adviser who can help you address these questions and other estate planning issues as part of a complete estate plan that meets your individual circumstances and objectives.

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About Generation Life

We understand that finding the right investment partner is important to you. As the pioneer of Australia's first truly flexible investment bond, Generation Life have been at the forefront of providing innovative tax-effective investment solutions since 2004. As an innovation led business, we constantly strives to enhance investment solutions to optimise after-tax investment performance for our investors.

Generation Life is a leading specialist provider of tax optimised investment and estate planning solutions – managing over \$2.8 billion on behalf of our investors.

Generation Life is a regulated life insurance company and our parent company is listed on the Australian Securities Exchange. Our focus is to continue to provide Australians with market leading tax-effective investment solutions that provide a flexible investment alternative to meet both their personal and financial goals.

Our investment solutions are designed to help you grow your wealth, meet your day-to-day investment needs and to help you plan for your future needs including the transfer of wealth to the next generation.



Outthinking today.

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