



Outthinking today.



Welcome.

Reimagining Legacy National Masterclass Roadshow



Andrew Inwood

Founder and Principal
CoreData Research



CORE|DATA



Generation Life Workshop

CORE|DATA

August 2023





global **presence**
local **focus**

About Us

CoreData Research is a **global specialist** financial services research and strategy consultancy, founded in 2002 and headquartered in Australia, with operations in **Sydney, Perth, Melbourne, London, Madrid, Boston** and **Manila**.

It provides clients with **bespoke and syndicated** research services through a variety of data collection strategies and methodologies, along with consulting and research, database hosting and outsourcing services.

CoreData provides both business-to-business and business to-consumer research, while the group's offering includes market intelligence, guidance on strategic positioning, methods for developing new business, advice on operational marketing and other consulting services.



Today

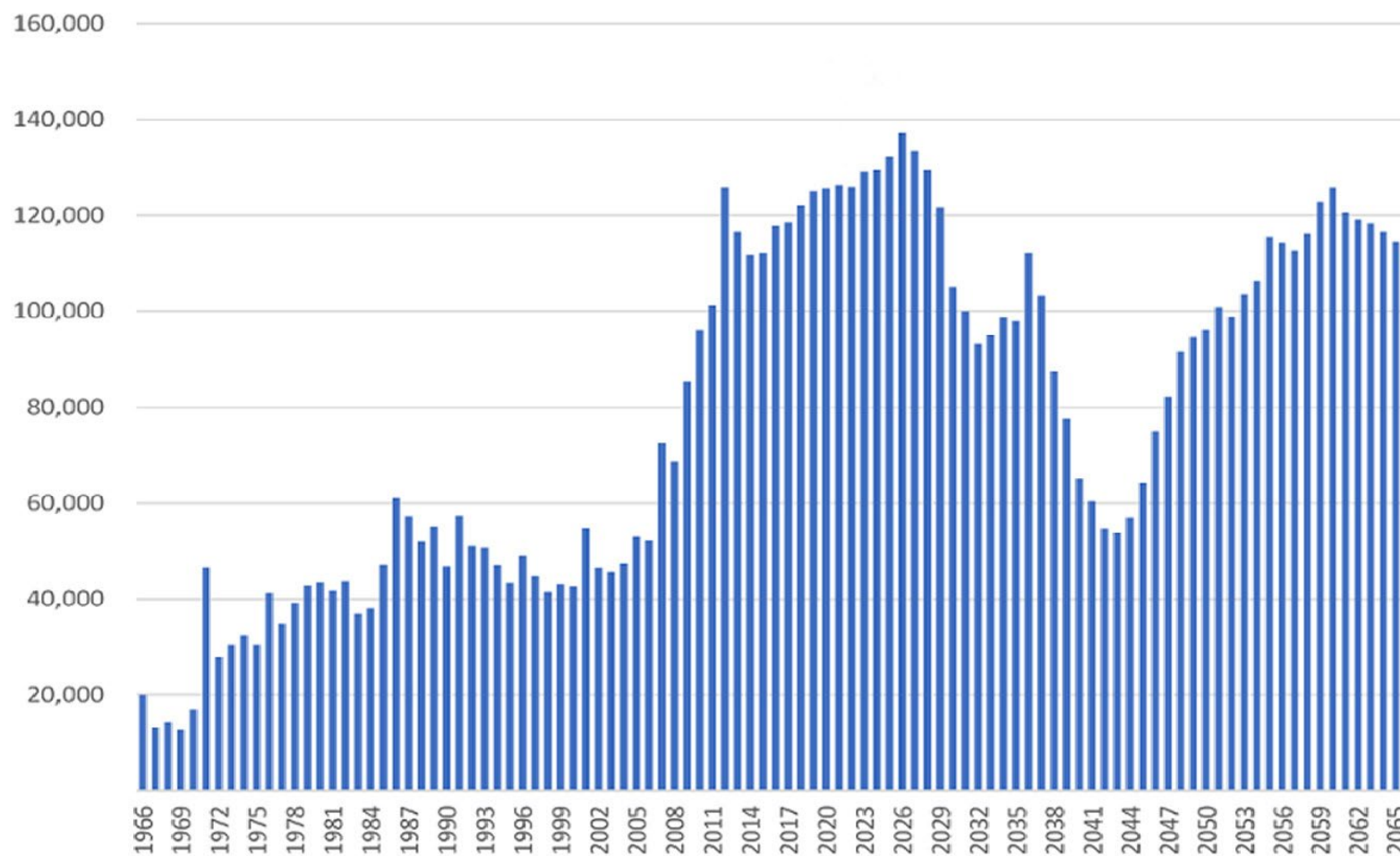
- 🕒 The Zeitgeist
- 🕒 Methodology
- 🕒 How Australians want to retire
- 🕒 Legacy and Wealth Transfer

The Zeitgeist



We Have Gone From An Accumulation System To Decumulation

Australians moving into retirement



Wealth Is Moving Through To The Next Generation

2% of baby boomers are high net worth baby boomers, while 1% of total population are HNWI.

Wealthy baby boomers

\$600 Billion Total Asset

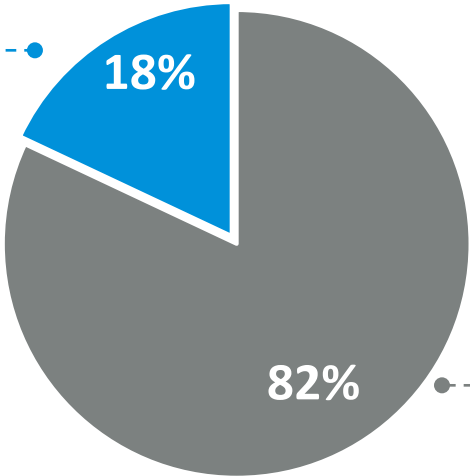
Approx. number of individuals passing on wealth: 78,300



Average Net Investable Asset per such individual: \$2.6 million



Total Inter-generational Wealth:
\$4.9 Trillion

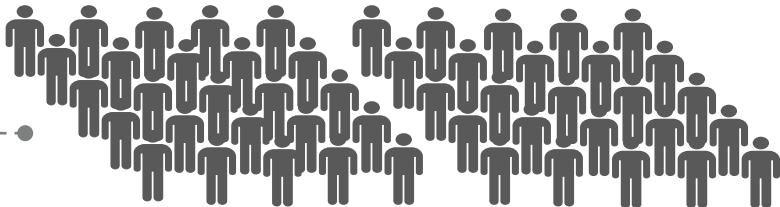


■ Average ■ Wealthy

Average baby boomers

\$3.3 Trillion Total Asset

Approx. number of individuals passing on wealth: 4 million



Average Net Investable Asset per such individual : \$400,000



Down and Out **In Sydney**



Modest lifestyle (p. a.)

Couple

\$42,127

Single

\$29,378

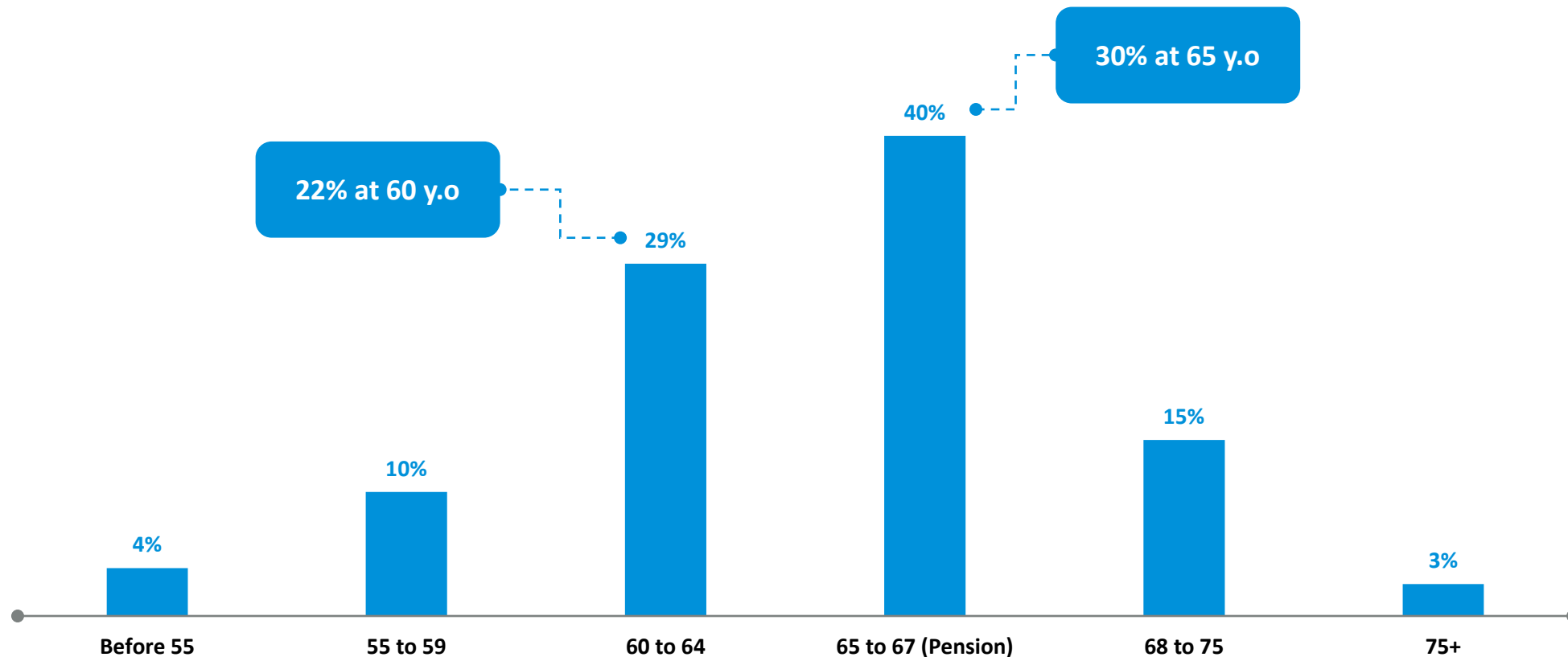


How Australians want to retire



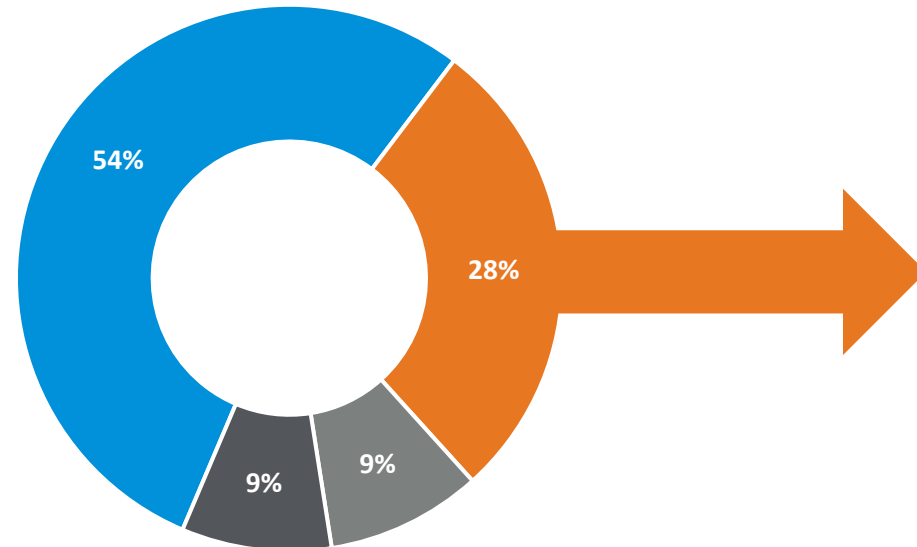
Retirement is **not an age**, it's a **mindset**

At what age do you think you'll retire?



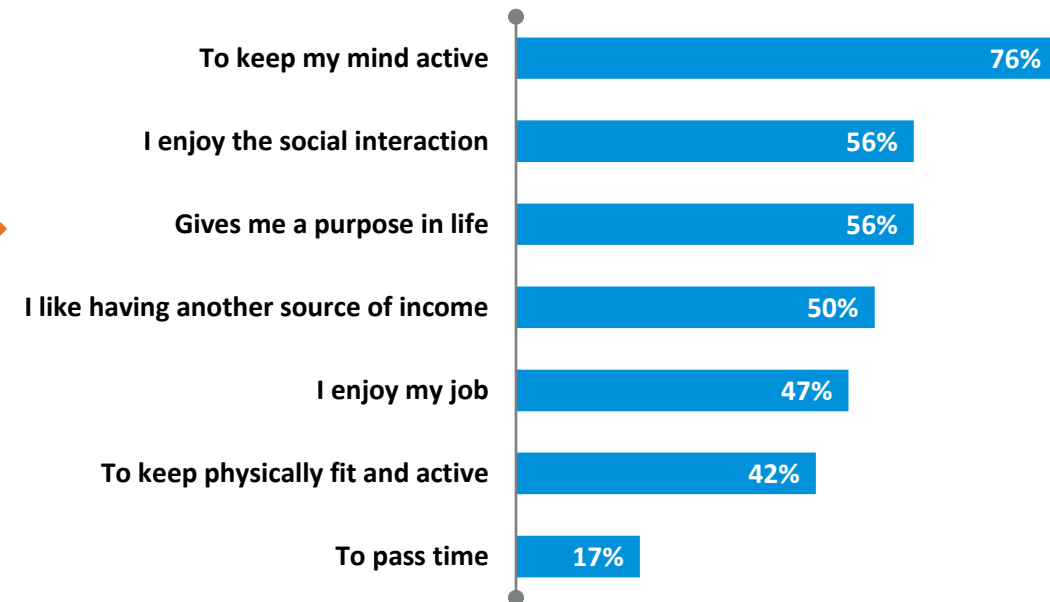
While the majority intent to be fully **retired by 67**, many plan to **continue working** in some capacity for mental health reasons

Retirement status at age 67



- Have retired completely
- Partially retired, but will still be working out of choice
- Be working full-time, but out of choice
- Have to work for financial reasons

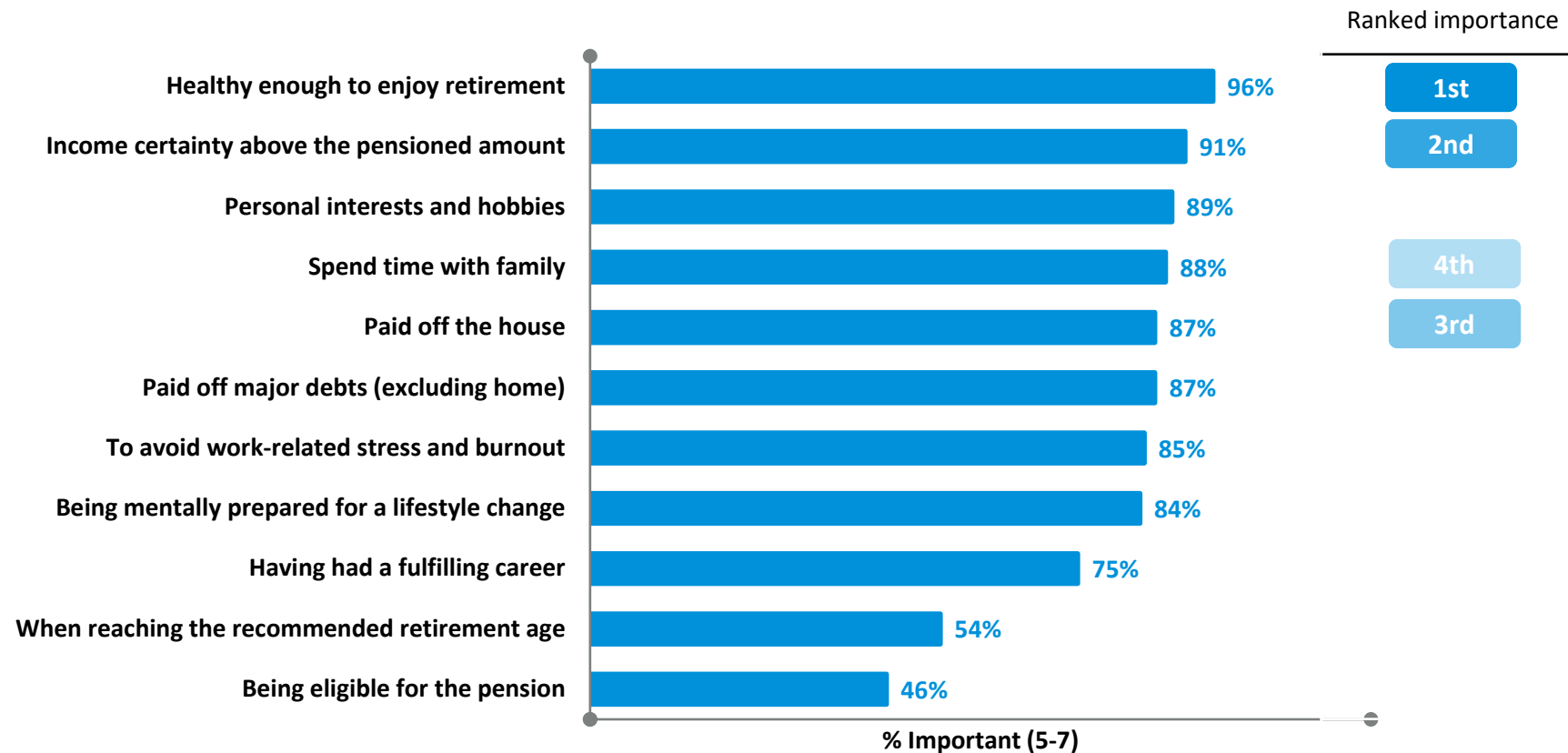
*Reasons for working during retirement
(either full- or part-time)*



**Multiple answers allowed*

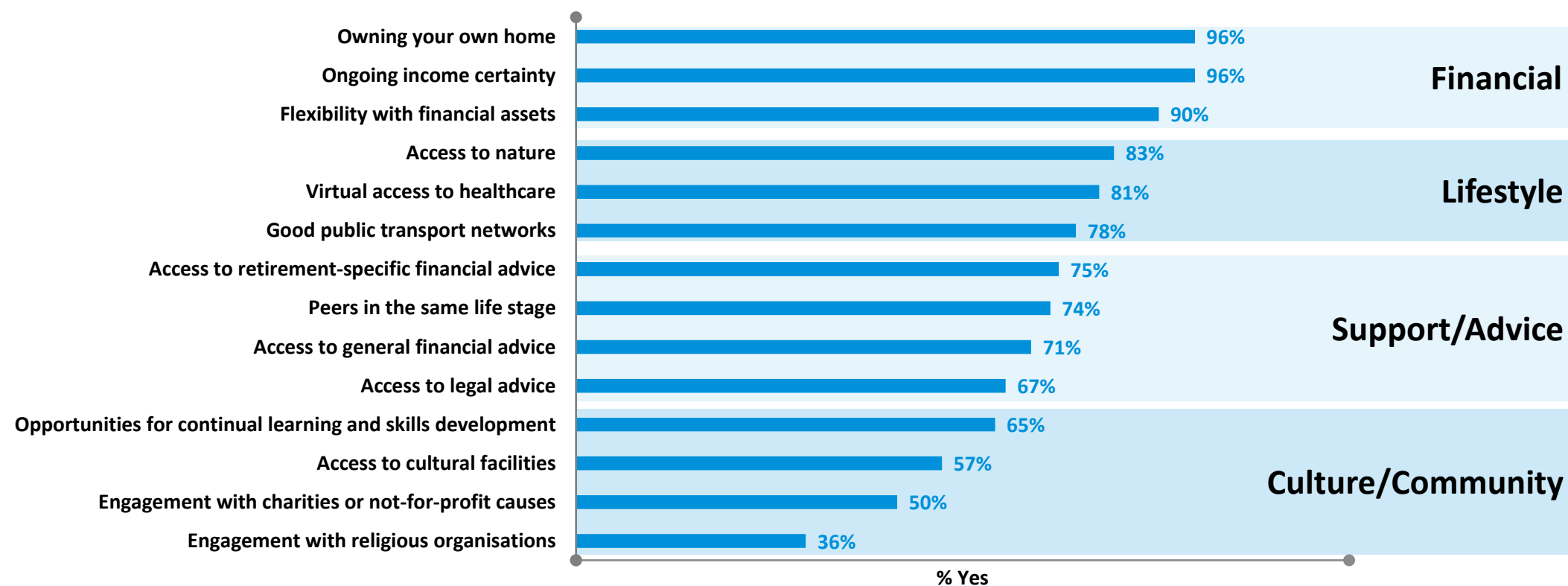
Health and income certainty are the top priorities amongst the affluent when considering retirement

Considerations for retirement



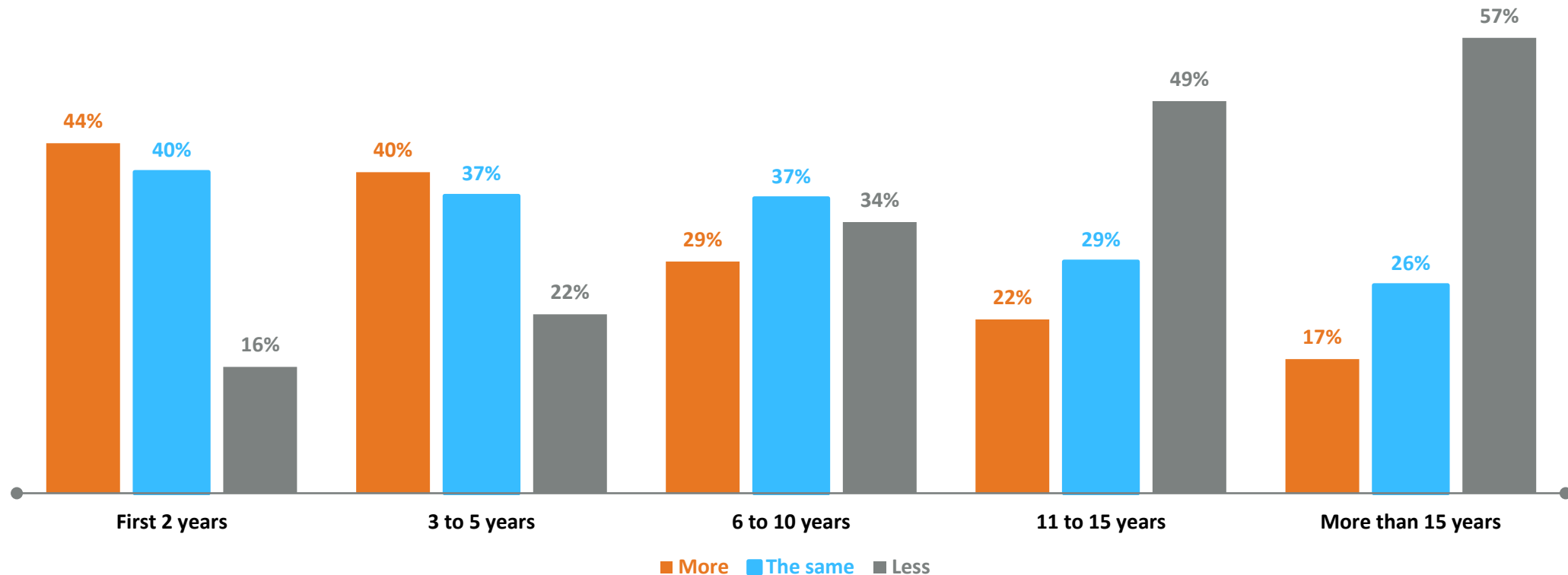
Financial stability and certainty seen as the most important to have in retirement

What's important in retirement?



Most expect to spend more in the first 5 years of retirement

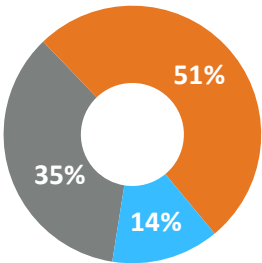
Spend in retirement compared to current



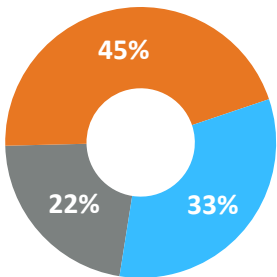
Expected spend on Entertainment and Hobbies to increase in retirement



Groceries



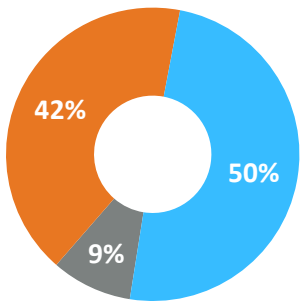
Eating out / Takeaway



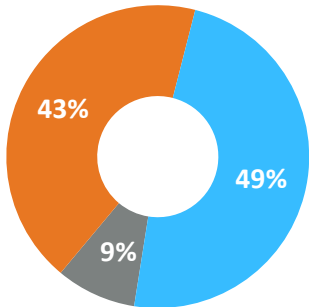
■ Less ■ About the same ■ More



Entertainment



Hobbies



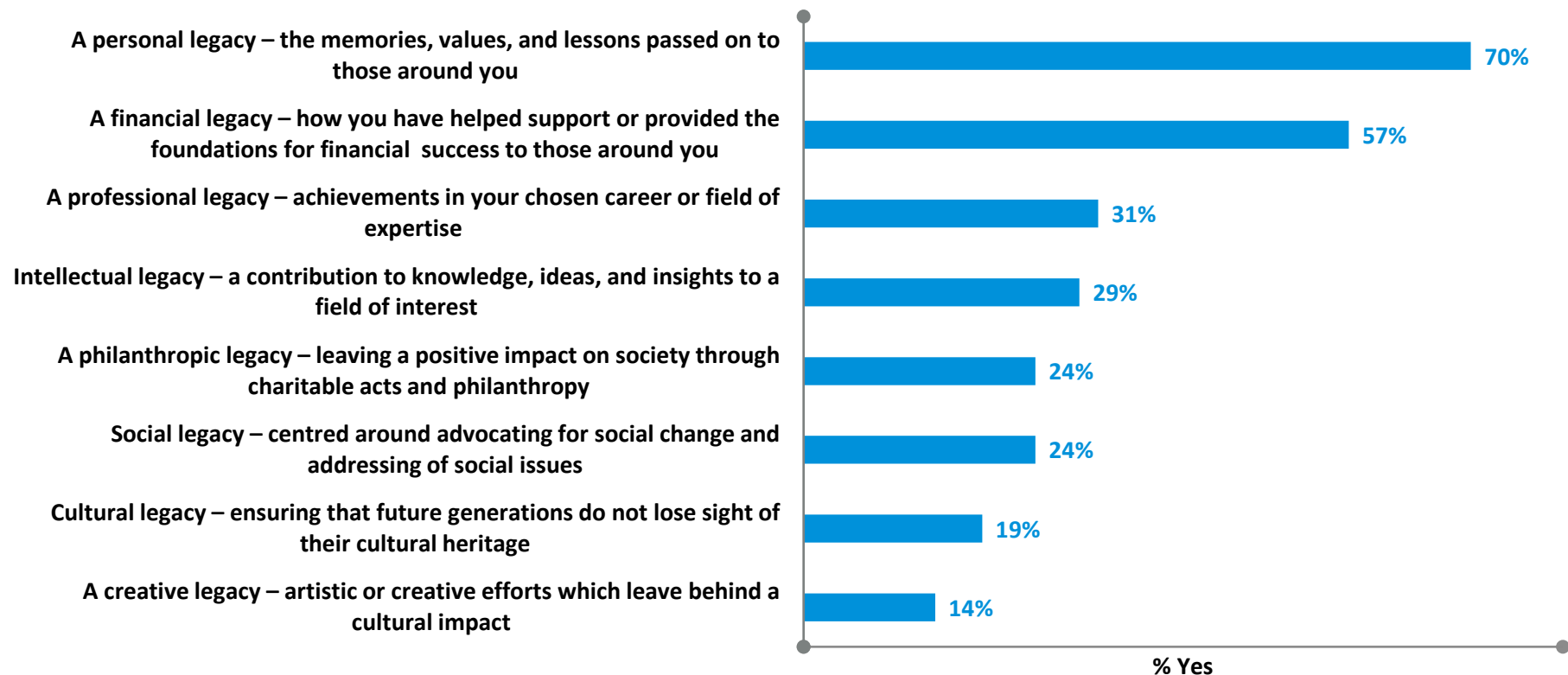
■ Less ■ About the same ■ More

Leaving a legacy

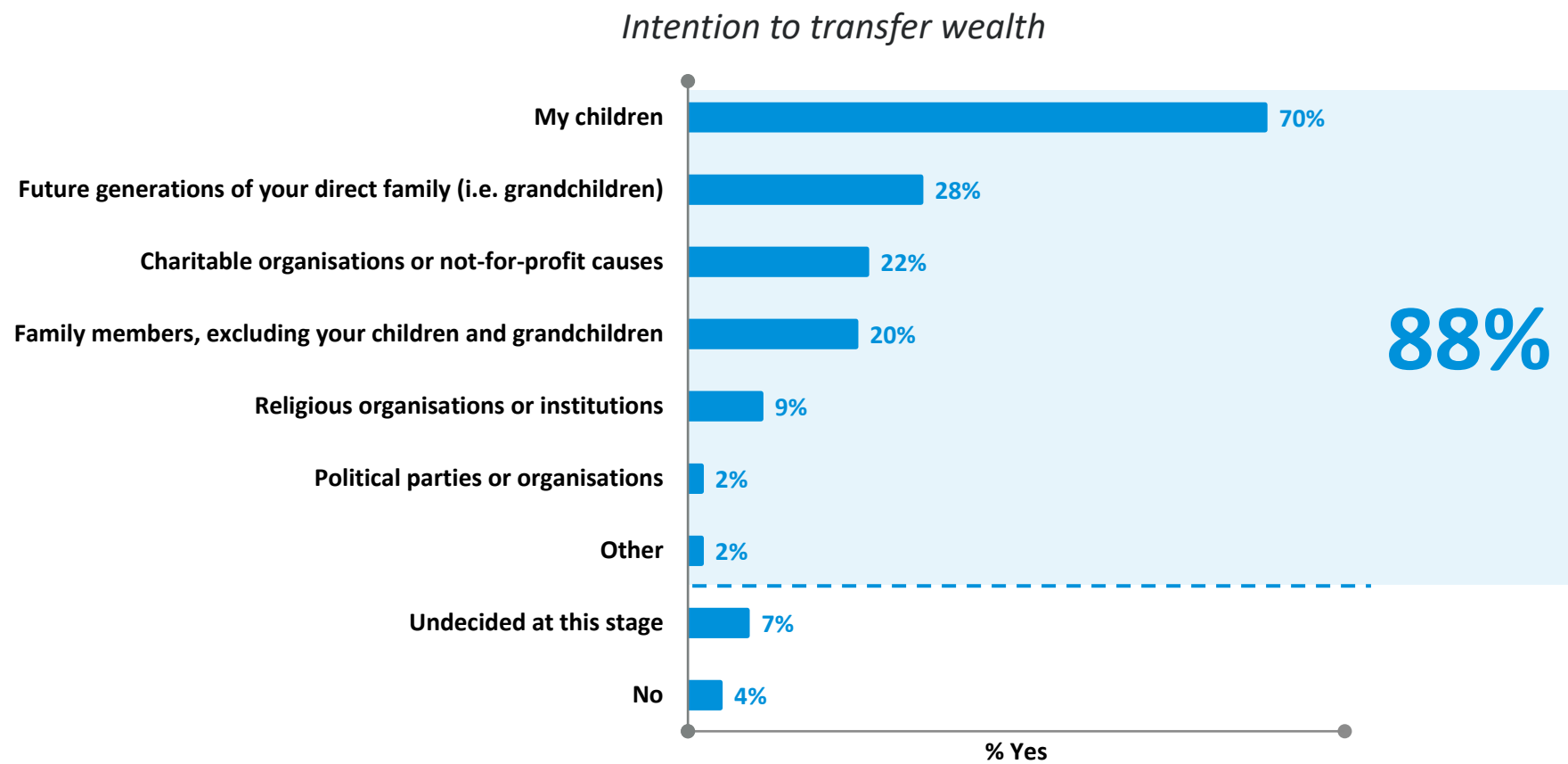


A **personal** legacy and **financial** legacy are most common associations, tying the two together is key to success

What do you associate with leaving a legacy behind?

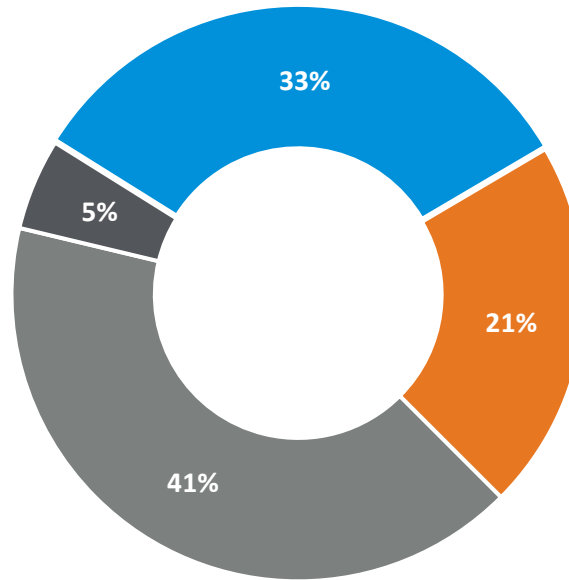


Intention to transfer wealth is evident, particularly to children and grandchildren



More than half intend to do at least some wealth transfer while they are still alive

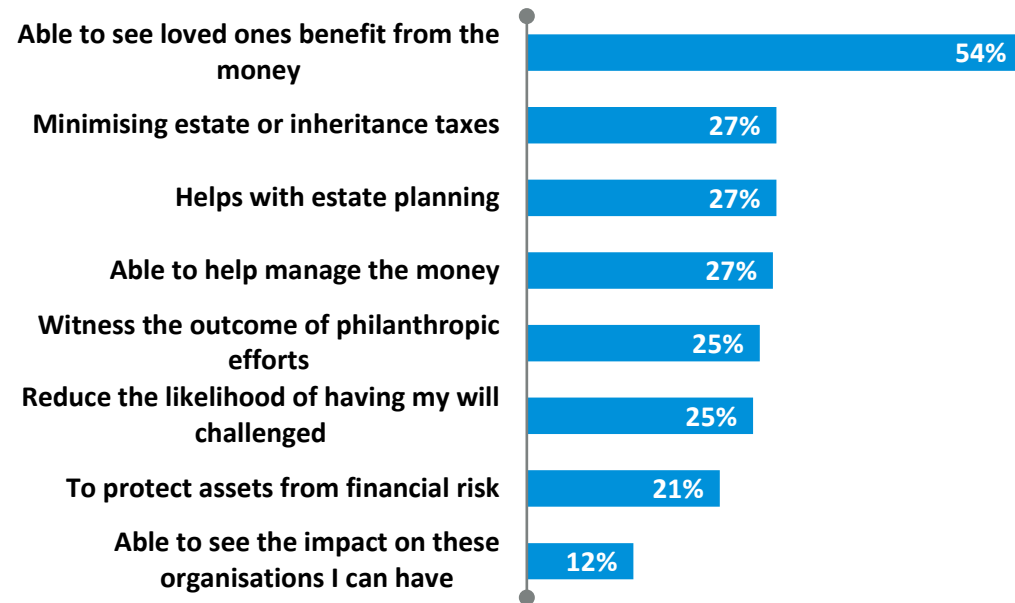
When do you intend to transfer wealth?



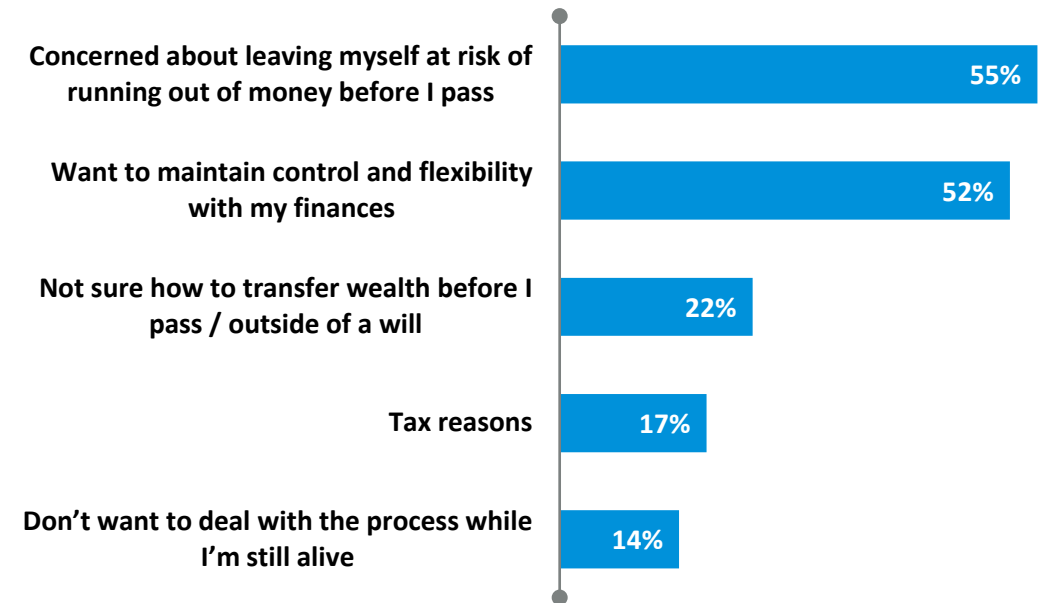
- Mostly upon death
- As much as possible while I'm still alive
- Combination of both
- Don't know

Assurance of financial future key to an early transfer of wealth, along with the opportunity to enjoy the outcomes

Reasons for transfer while still alive



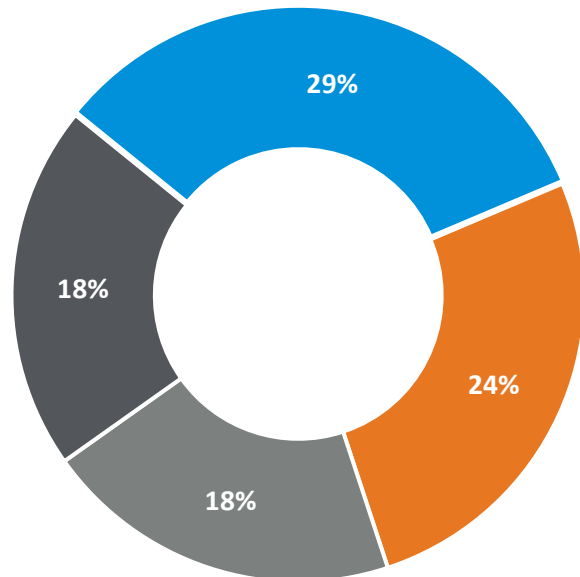
Reasons for transfer only upon death



**Multiple answers allowed*

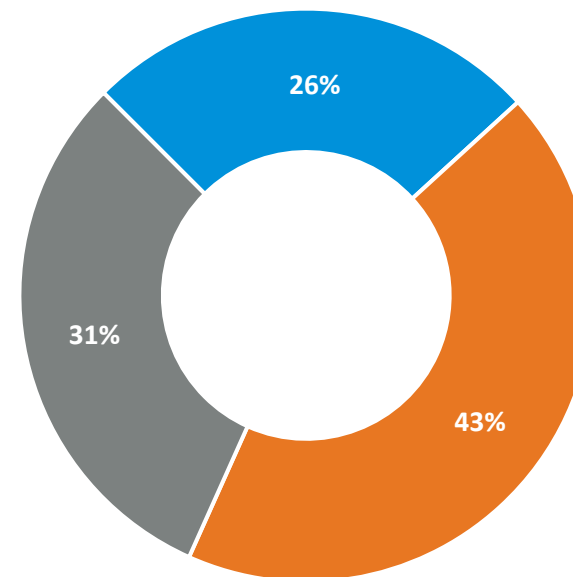
Formalising of **wealth transfer** plans an area for advisers to support with

Wealth transfer plans



- I have a clear plan developed, and this plan is written down
- I have a general plan, and I have told others about it but not written it down
- I have a general plan, but have not told anyone about it
- I intend to develop a plan

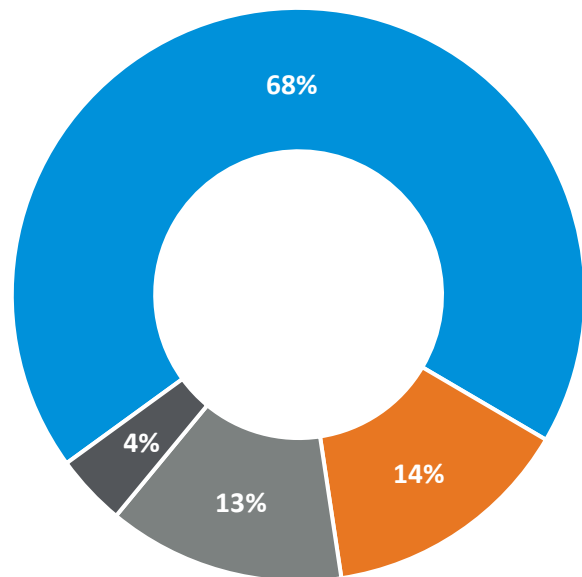
Professional support with wealth transfer



- Yes, already getting support
- Yes, intend to get support
- No, don't think it's necessary

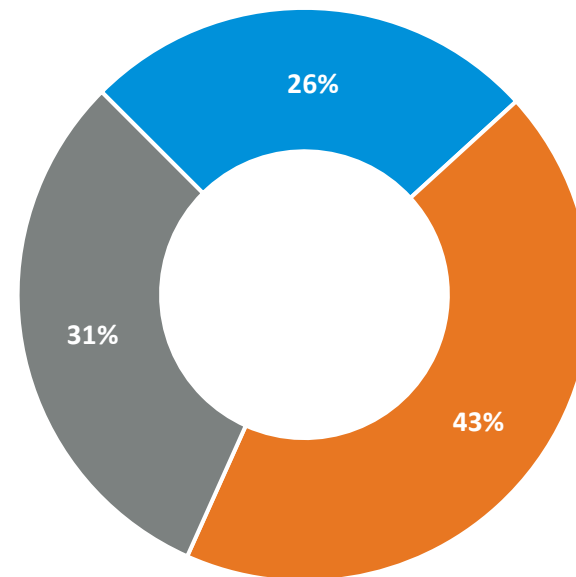
Advisers can play a more active role in encouraging involvement of the next generation

What proportion of your clients involve their children (over 21 YO)?



- Less than 10%
- 10% to 25%
- 26% to 50%
- More than 50%

Do you encourage clients to involve their children?



- I actively encourage it
- I wait for clients to initiate/suggest it
- I prefer not to involve them

One Core Message .. Came Through From The Recently Retired

I wish I had got advice earlier...



What's going to drive success

Start Conversations Early

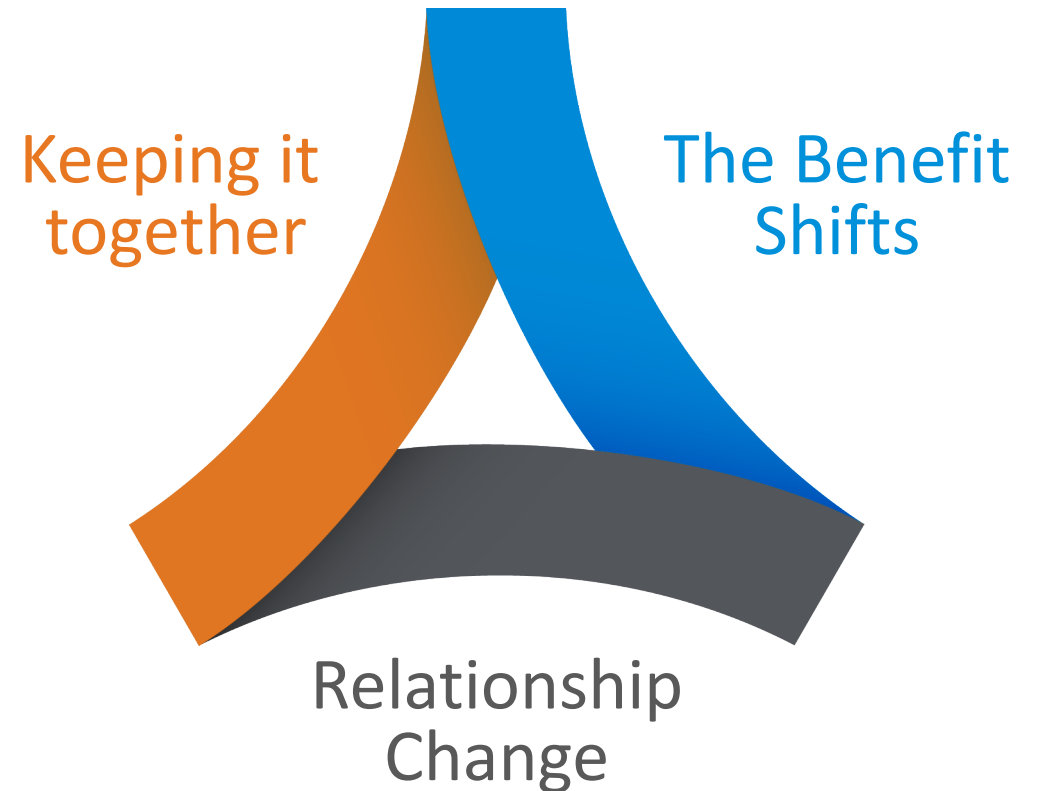
The Youngest baby boomer is 58 this year and while they are going to live till their 84 on average – the money is starting to move. Our data shows that an adviser will lose on average 2/3rds of the FUA as money moves – what has to be true to change this number.

Imagine Your Business 1/3rds The Size

If the money is shifting at this rate – that's going to drive the future value of your business – what plans and processes are in place to keep the money in the system for the benefit of the family and to keep ensuring that your business has a plan to stay in front.

What Was Value Isn't Value

The value exchange that you have delivered for one generation isn't value for the next generation – what are you doing now that your current clients are recommending you and the next generation understands your value?



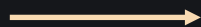
CORE|DATA

<https://coredata.com.au>



Grant Hackett OAM

Chief Executive Officer
Generation Life





Discover Generation Life

Pioneer of Australia's first truly flexible investment bond. Over \$2.8b invested with us to date.¹ Proud to be innovating the retirement income landscape with an investment-linked lifetime annuity.



1. As at 31 March 2023





Specialist provider

Investment bonds and investment-linked lifetime annuity



Market leader

#1 provider of investment bond solutions with 52% market share of total inflows into investment bonds¹



Innovation focused

Tax aware investing, estate planning and retirement income landscape



Trusted

APRA regulated and our parent company is listed on the ASX

1. Plan for Life, Investment Bonds Market Report for period ended 31 March 2023



Our innovative solutions

Investment bonds

- **Tax-effective** investment that complements super
- **Simple, flexible and effective** estate planning solution
- **69 investment options** across all major asset classes
- **20 Tax Optimised** investment options
- **Highly recommended** by Zenith and Lonsec¹

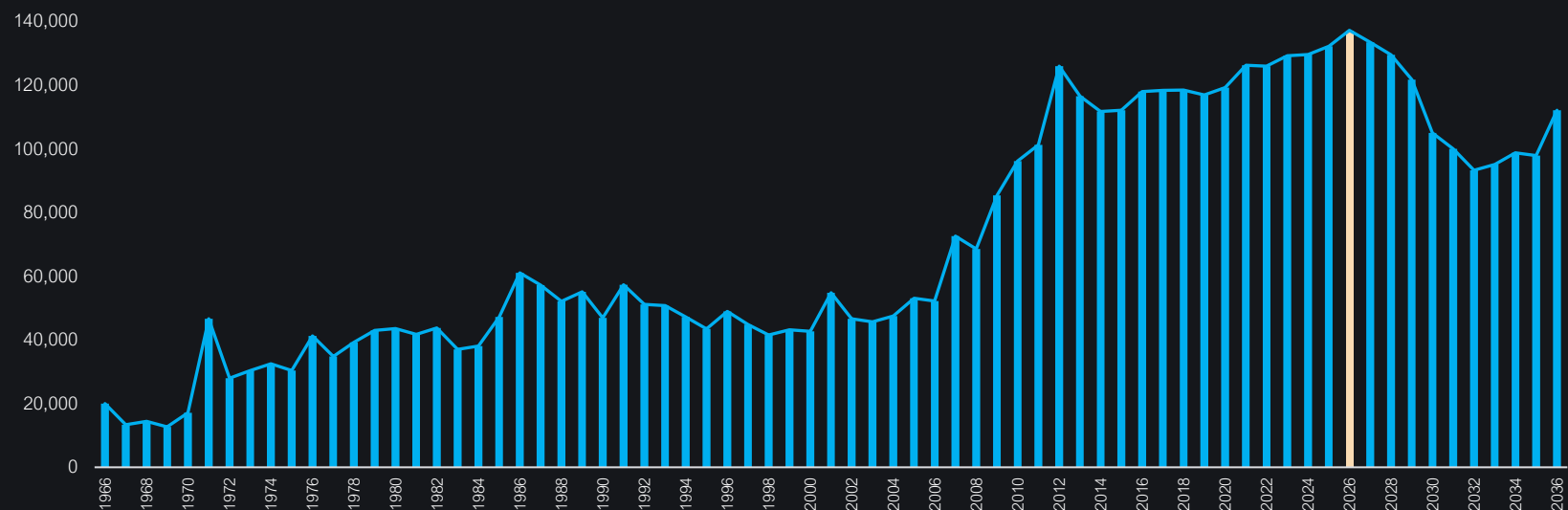
Lifeline

- A guaranteed **regular income for life**
- **29 investment options** across all major asset classes
- **Ability to switch** at almost anytime
- Improved access to the **Age Pension and more**
- **4-star rating** by SQM Research and approved by Lonsec

1. Ratings relate to LifeBuilder and ChildBuilder investment bond products

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

Boomer's retirement mountain: Net annual change in Australian population 65+



1990s

65-and-over population increased by an average of around 40,000 per year¹

137,000 per year in 2026

65-and-over population reached 126,000 per year in 2021, expected to peak at 137,000 per year in 2026¹

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



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

\$4.9 trillion¹

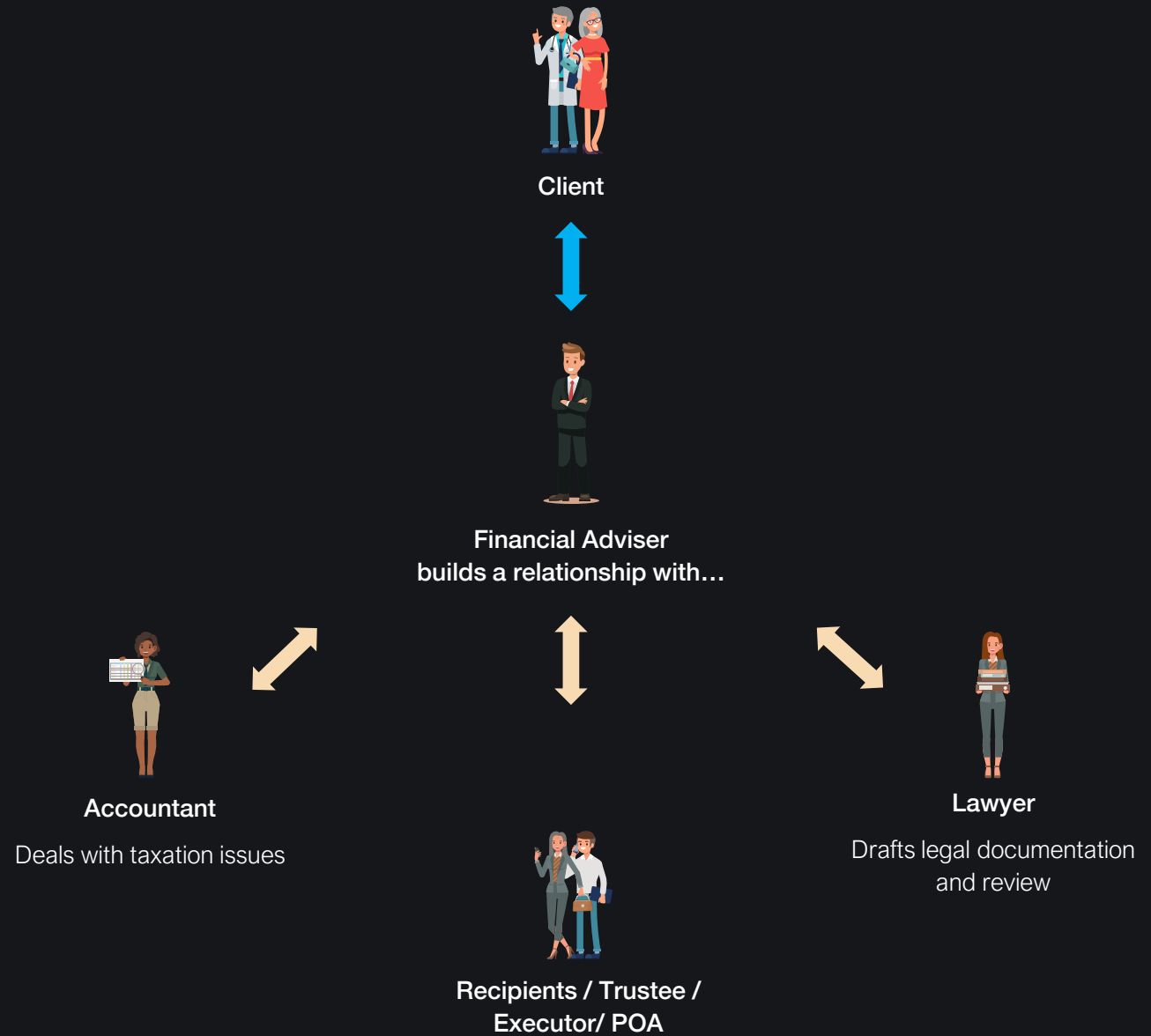
Total inter-generational wealth transfer opportunity with 18% of individuals holding Average Net Investable Assets of \$2.6 million

\$224b

Estimated to pass each year in inheritances by 2050²

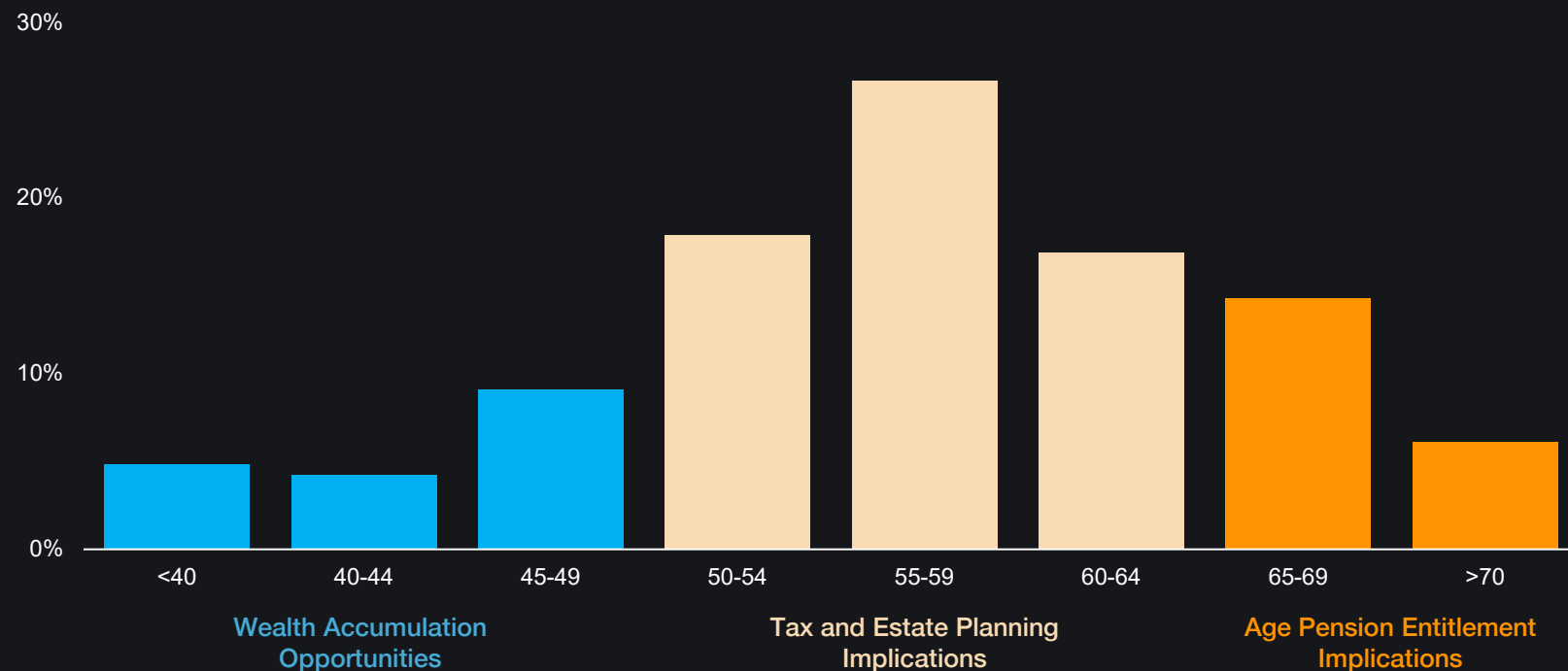
1. Core Data 2023
2. Vickovich, A, 2021, "Baby Boomers to pass on \$224b a year by 2050", published in The Australian Financial Review on 7 December 2021

Financial Advisers know
their clients' personal
situations better than any
other professional.



More than 80% of inheritance money flows to people aged 50 or older...

Proportion of inheritance money, received by children of the deceased, by age band of recipient.

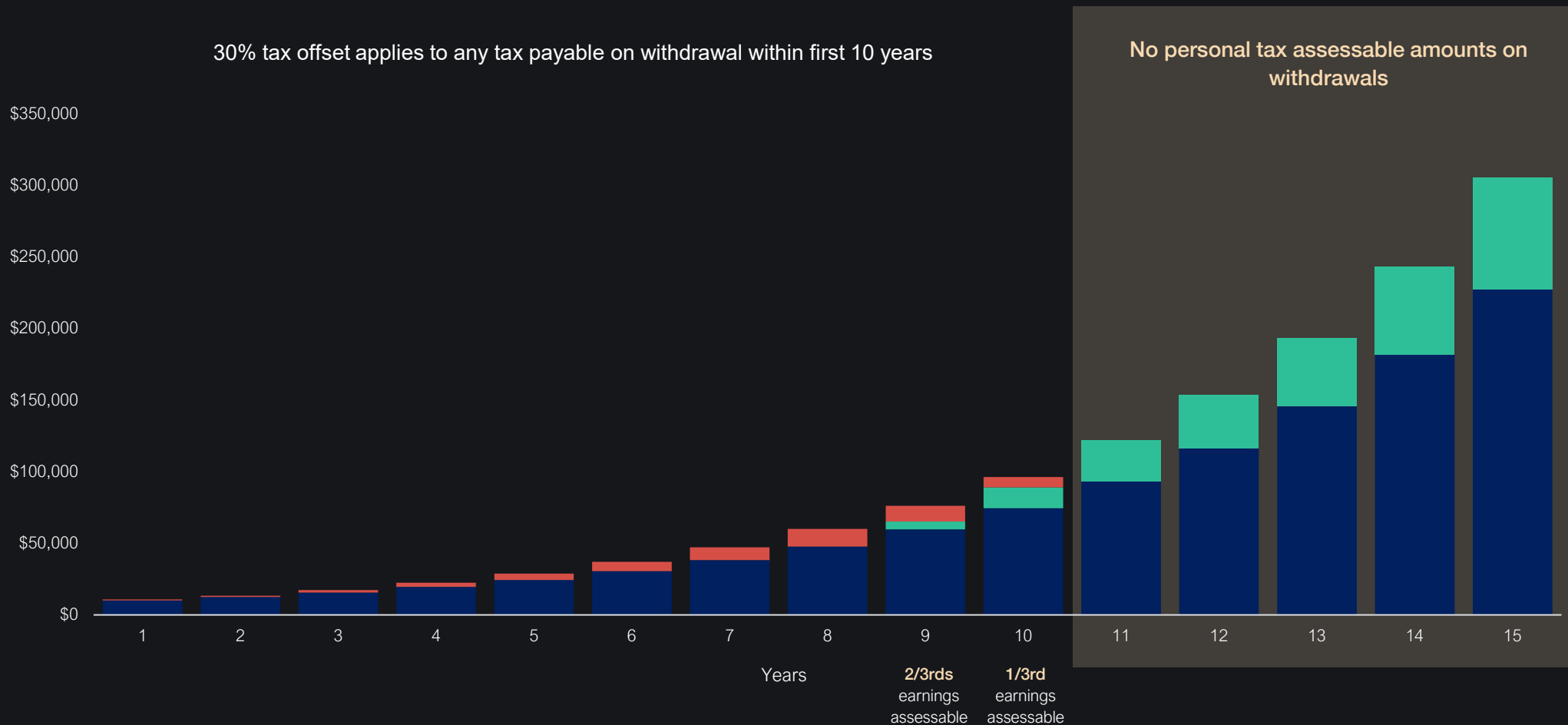


Notes: In probate data, the age of the recipient is only identifiable for children of the deceased, which represents three quarters of final estate money. Includes only estates where no bequest was made to a spouse. This will almost always correspond to 'final estates'; that is, estates of people without a surviving spouse.
Source: Grattan analysis of probate files, Victoria, 2016. By Grattan Institute.

Building your wealth your way
Legacy is built over time...



Investment bond tax structure and 125% advantage



Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.



The unique tax advantage

Capital Management - Investment bond can offset realised capital losses against income¹. No tax is paid on unrealised capital gains.

Income Management - Any add backs are passed on directly to investors. E.g. franking credits, respecting the 45 days trading rules, etcetera.

Operational Efficiency - Netting of trades, tax parcelling and corporate actions.

1. Capital gains or losses refer to gains or losses realised on the disposal of a fund's investments which are treated as a revenue gain or loss for tax purposes.

Choose the right building blocks

Comparing different global equity growth managers

39

Passive manager

Manager A
Low Turnover – Tax Neutral

Fee	0.20% p.a.
Turnover	10%
Spreads	0.08%

Pre-tax return 8.40% p.a.

Underperformed the index by 0.20% p.a.

After-tax return 7.10% p.a.

Tax impact is medium due to low turnover, some tax leakage through investor cashflow and tax credit leakage

Active manager Strong headline return

Manager B
High turnover, tax credit leakage and capital to income

Fee	0.99% p.a.
Turnover	95%
Spreads	0.20%

Pre-tax return 10.20% p.a.

Outperformed index by 1.60% p.a.

After-tax return 6.07% p.a.

Heavy tax impact – poor after-tax return

Tax aware active manager Outperformance on pre and post-tax basis

Manager C
Turnover at right time, trading cost and tax credit aware

Fee	0.42% p.a.
Turnover	30%
Spreads	0.10%

Pre-tax return 8.80% p.a.

Outperforms index by 0.20% p.a.

Tax Aware Optimisation 8.35% p.a.

Tax aware manager limits tax leakage and compounds returns for client



Compounding Tax Alpha

Tax optimised series return over 4 years



Assuming an opening balance of \$250,000. Investment in a trust assumes beneficiaries at 47% marginal tax rate (including levies) and excludes any trust establishment and maintenance cost.

Reducing distributable income within trusts





Trusts

Reducing distributable income within trusts

Investment bonds
do not produce
income or capital
gains distributions

No taxable income
to beneficiaries on
distribution if no
withdrawals in the
first 10 years

Alternative to a
corporate entity -
stop top up tax

Simpler
administration and
compliance, with
no tax reporting

Avoids potential
division 7A issues

Distributable income

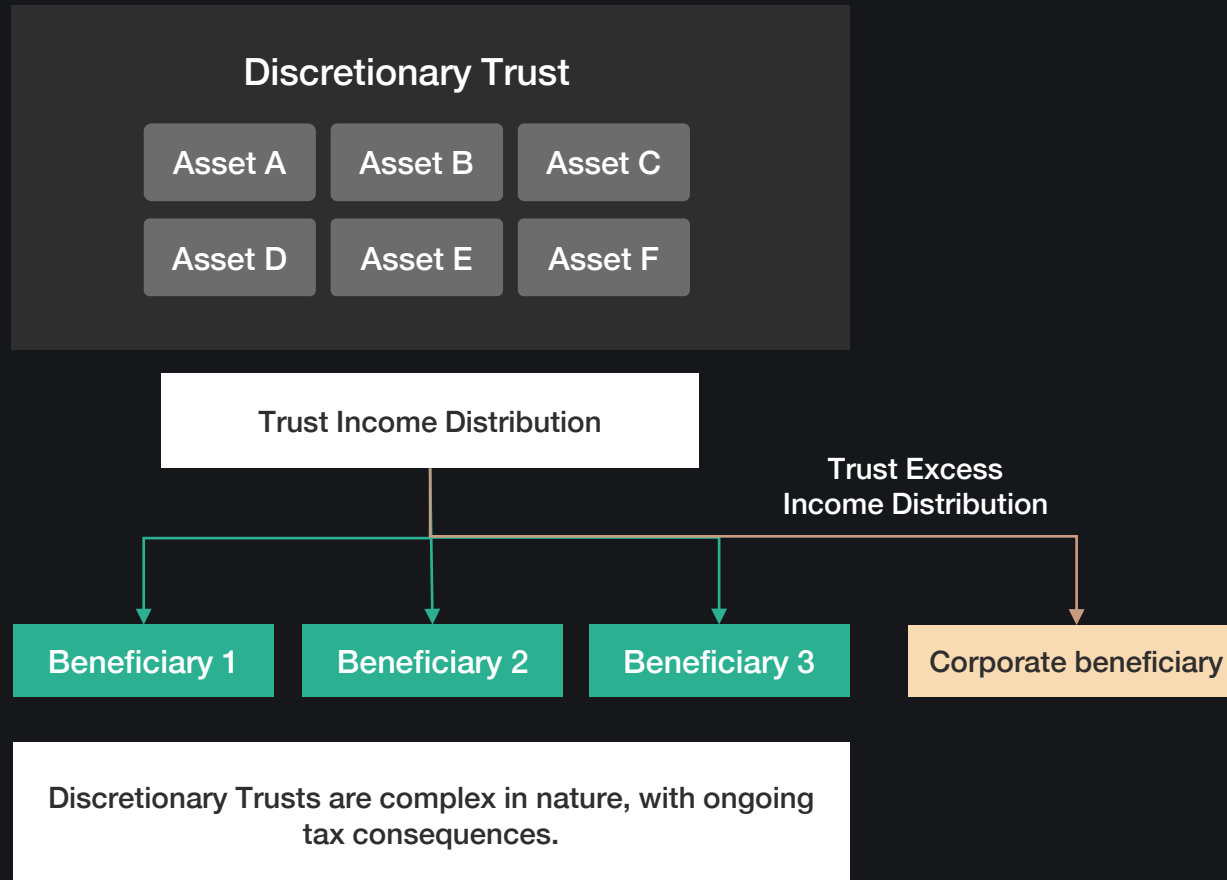
No investment bond

Cash & Term deposits	\$1,400,000
Direct property	\$2,400,000
Shares	\$4,400,000
Managed Funds	\$1,800,000
Total	\$10,000,000
Average yield	6.5%
Annual distributable income	\$650,000

With an investment bond

Cash & Term deposits	\$600,000
Direct property	\$2,400,000
Shares	\$1,400,000
Managed Funds	\$600,000
Investment Bond	\$5,000,000
Total	\$10,000,000
Average yield	6.5%
Annual distributable income	\$325,000

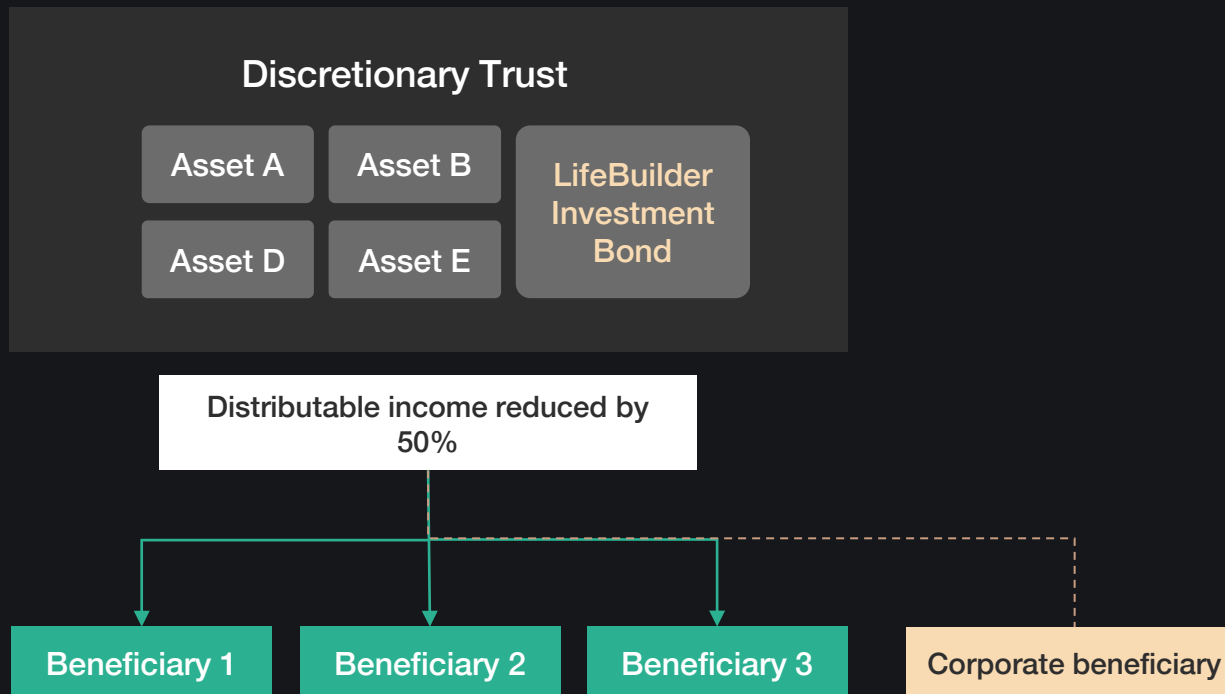
Distributions from a Discretionary Trust



Things to consider when using bucket company as a corporate beneficiary...

- Is a tax deferral strategy
- Distribution taxed at 30%
- Top-up tax of up to 24.3% (Not 17%)
- Ongoing costs - establishment/legal, accounting and tax
- No bankruptcy protection

Distributions from a Discretionary Trust owned investment bond after 10 years



The alternative ...

If the Trust holds an investment bond as the investment asset...

1. Maximum tax rate of 30%
2. No distributable income
3. No top-up tax to be paid

Four differences between LifeBuilder tax and bucket companies

Increased tax-efficiency

Investment bond can utilise losses against capital gains

No top-up tax

Tax paid after 10 years

Lower tax when trading assets

Life Company & Mandates provide more tax parcels to help reduce tax

Lower cost and less administration

Simple to administer and potentially lower cost

Investment bond vs company investor

Accumulating more wealth

As at 30 June 2023 (pre fees and costs)



	Investment Bond	Company investor
Investment value after 15 years	\$2,610,756	\$2,397,523
Annualised Return (after tax) p.a.	6.61%	6.00%
Investment bond Tax Alpha p.a.		0.61%

Based on 15 years of ASX200 actual returns and income/growth/franking information. Average effective tax rate of 12.4% p.a. for company investor used over the period. Average effective tax rate of 0.9% p.a. for Generation Life Tax Effective Australian Share Fund over the period. Excludes impact of fees and costs in the respective investment structures. Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.



Investment Bond vs company shareholder experience

Tax paid vs. tax deferred entity

As at 30 June 2023 (pre fees and costs)



	Investment bond	Company shareholder 47%	Company shareholder 39%
Investment value after 15 years	\$2,610,756	\$2,058,125	\$2,217,842
Accumulation performance p.a.	6.61%	6.00%	6.00%
Withdrawal after tax p.a.	6.61%	4.93%	5.45%
Investment bond Tax Alpha p.a.		1.68%	1.15%

Based on 15 years of ASX200 actual returns and income/growth/franking information. Average effective tax rate of 12.4% p.a. for company investor used over the period. Average effective tax rate of 0.9% p.a. for Generation Life Tax Effective Australian Share Fund over the period. Excludes impact of fees and costs in the respective investment structures. Investment returns are for illustrative purposes only and do not represent any actual or future performance expectations.



Performance comparison of Generation Life Tax Effective Australian Share Fund

As at 30 June 2023

	Headline investment return	Tax Optimised gross after tax return	47% individual MTR after tax return	Company investor after tax return	Tax Optimised after tax return (after fees)
1 Year	14.59%	11.59%	9.25%	11.88%	11.09%
2 Years p.a.	3.51%	2.98%	1.10%	2.03%	2.48%
3 Years p.a.	11.03%	9.38%	7.58%	8.15%	8.88%
4 Years p.a.	6.02%	5.59%	3.98%	4.77%	5.09%

* Headline and individual after tax returns for the comparative fund are based on the performance of an equivalent S&P/ASX 200 Index ETF.

For assumptions, please refer to the Tax Optimised brochure for assumptions: <https://genlife.com.au/tax-optimised-brochure>

Seeking alternative tax-effective structures





Meet Michael and Nicole...

Michael and Nicole are both members of the Gen X SMSF.

They have 3 children aged between 14 and 21.

Michael, 55, and Nicole 49, are employed and receiving superannuation guarantee contributions.

Michael used to work as a Management Consultant and is currently working as a Director. Nicole is working part-time at her kids' school.

Michael and Nicole's situation

Michael's situation

Annual assessable income	\$180,000	
Inheritance received	\$250,000	Invested directly into a managed fund

Nicole's situation

Annual income	\$85,000	This excludes SG of \$9,350
Annual assessable income	\$66,850	
Concessional contribution (salary sacrifice)	\$18,150	
Discounted realised gains assessable income from sold investment property	\$242,000	
Adjusted Taxable Income and concessional contributions	\$336,350	DIV. 293 tax of \$4,125

If Michael invested his inheritance directly...

Unexpected investment distribution surprises

31-March	Initial investment	\$250,000
30-Jun	Portfolio value at 30 June (decrease of 8.53%)	\$228,678
1-Jul	Cash distribution	\$27,720
1-Jul	Tax assessable Income (grossed up for franking)	\$31,770
1-Jul	Personal tax payable (47% MTR)	-\$14,931
1-Jul	Total investment value including reinvestment	\$ 217,797
Investors actual return after tax for the period		-12.88%
Quoted fund performance for period		-8.53%

Tax bracket creep

Wage income

\$180,000

39% MTR on incremental income

Investment income from trusts

\$31,770

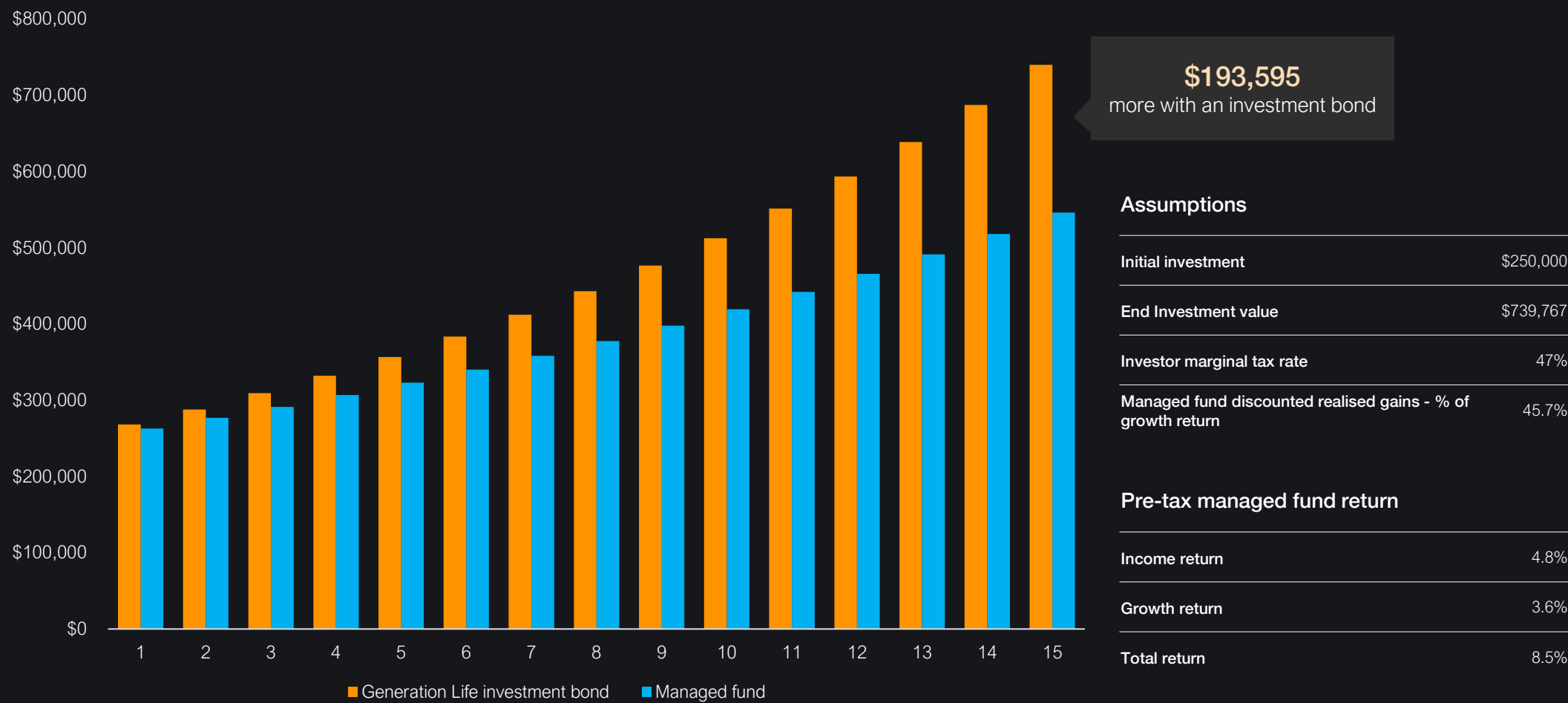
New taxable income

\$211,770

New tax bracket
47% MTR

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

If Michael invested his inheritance into an investment bond...

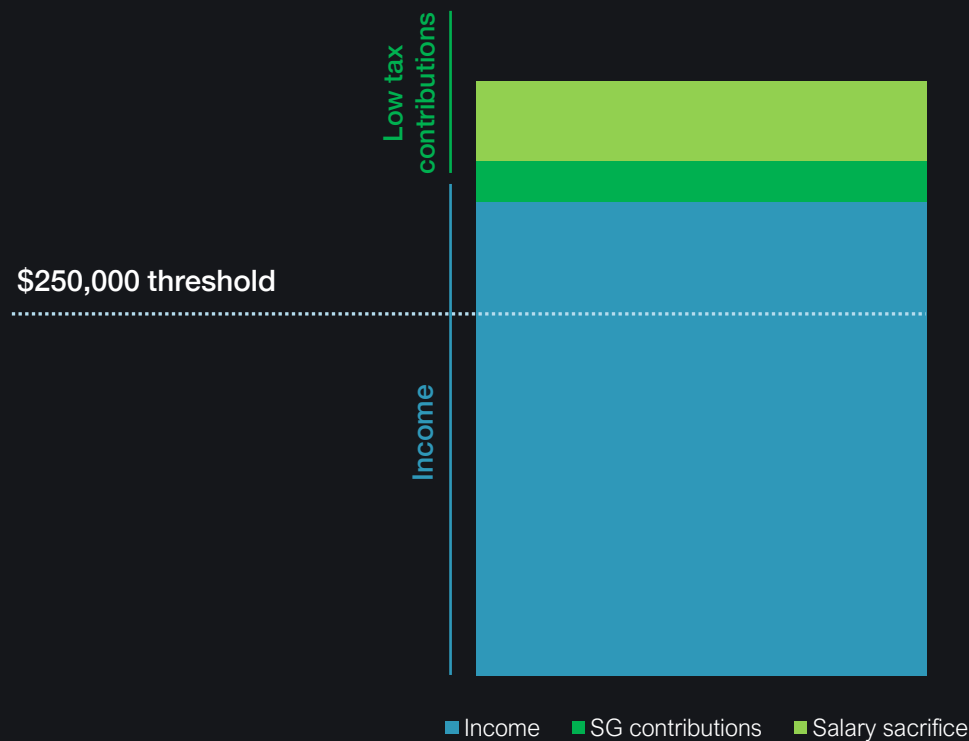


Based on an investment of \$250,000 in the iShares Oz Equity Index fund. Average return calculated using tax components and return history of the fund from inception to 31 December 2022. Past performance is not an indication of future performance. Performance is net of fund and fund taxes, management fees and other operating expenses (if applicable) and excludes the effect of any investor specific costs, person taxes on sale of assets or management fee rebates.



Impact of Division 293

As Nicole's Div 293 Income is \$336,350 she is above the \$250,000 threshold.



Division 293 applied to Nicole's low tax contributions

$$\begin{aligned}\text{Division 293 Tax} &= \$27,500 \times 15\% \text{ tax} \\ &= \$4,125\end{aligned}$$

This \$4,125 is payable to the ATO within 21 day of the assessment notice

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

What if Michael passes away unexpectedly after 10 years

Michael's SMSF held a death and TPD insurance policy.

Proceeds from rollover and insurance payout causes Nicole's super balance to exceed \$3m for a total balance of \$5m.

Nicole speaks to her financial adviser about other tax-effective alternatives.

She would like to also pass on her wealth to her children tax-effectively.



An alternative estate planning approach

ATO

PBR 1052091672127

Considerable importance to fund's trust deed and governing rules (SMSF no longer considered a withdrawal but taxable death benefit in the hands of a non-dependant)

PBR 1052123084697

28 weeks for master trust trustee to pay the withdrawal benefit, death occurred after withdrawal request, therefore was treated as death benefit.

Complete Control & Certainty

Insurance Contracts Act section 48A requires entitlements to be paid to nominated beneficiaries.

Why the proposed changes to superannuation?

Objectives of super - Push to codify what super is for.

Treasury consultation paper proposes “to preserve savings to deliver income for a **dignified retirement**, alongside government support, **in an equitable and sustainable way**”

Dignified retirement

Enough to get by on comfortably (not to amass wealth)

Equitable

A fair system (progressive tax approach)

Sustainable way

Able to be afforded by Government
(large deficit needs to be reigned in)

Nicole invests \$2m in two investment bonds and has \$3m remaining in superannuation

	Alternative strategy			
	\$5m invested under current super rules	\$5m invested under proposed super rules	\$3m invested under proposed super rules	\$2m to commence two investment bonds
Gross value (12 months)	\$5,436,202	\$5,436,238	\$3,261,743	\$2,164,023
Large balance tax (12 months)	-	-\$29,427	-\$3,150	-
Net value (12 months)	\$5,436,202	\$5,406,775	\$3,258,592	\$2,164,023
Net value after 15 years	\$17,726,145	\$15,702,584	\$9,870,884	\$7,853,890
Total net value after 15 years	\$17,726,145	\$15,702,584	\$17,080,077	

Income	4.83% p.a.
Growth	3.62% p.a.
Total Return	8.45% p.a.
Franking level	81.40%

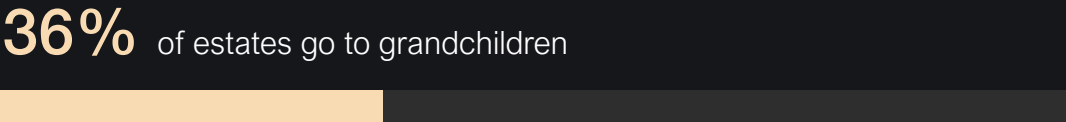
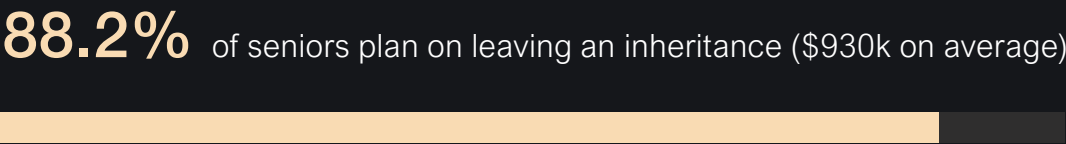
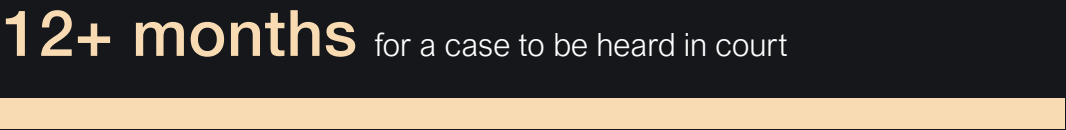
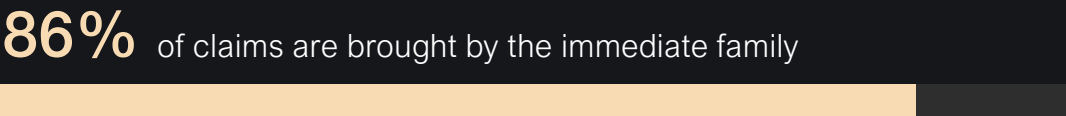


Transferring wealth with certainty





Leaving an inheritance and the challenges of wills

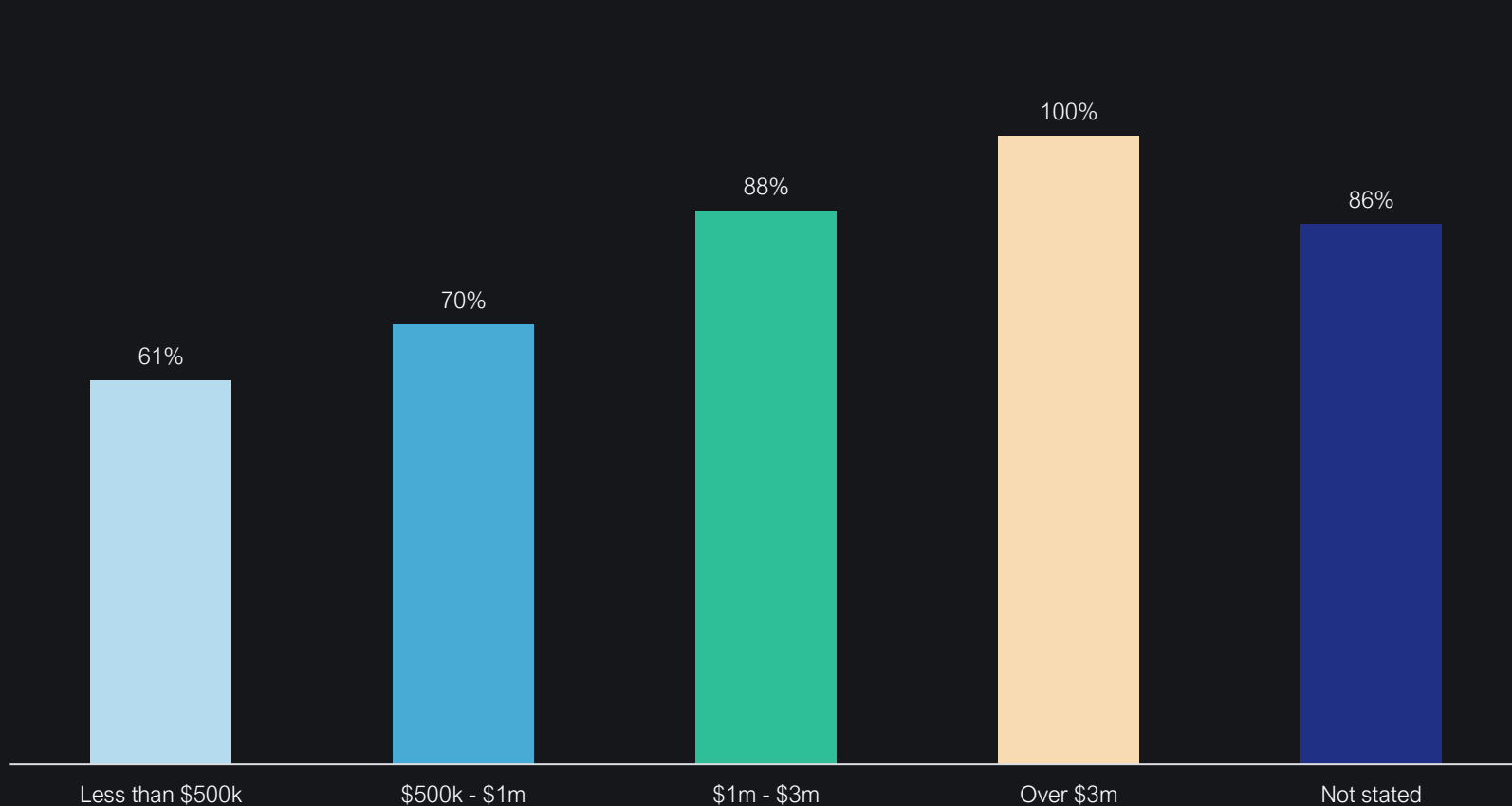


Source: Generation Life Estate Planning Research by Core Data 2020

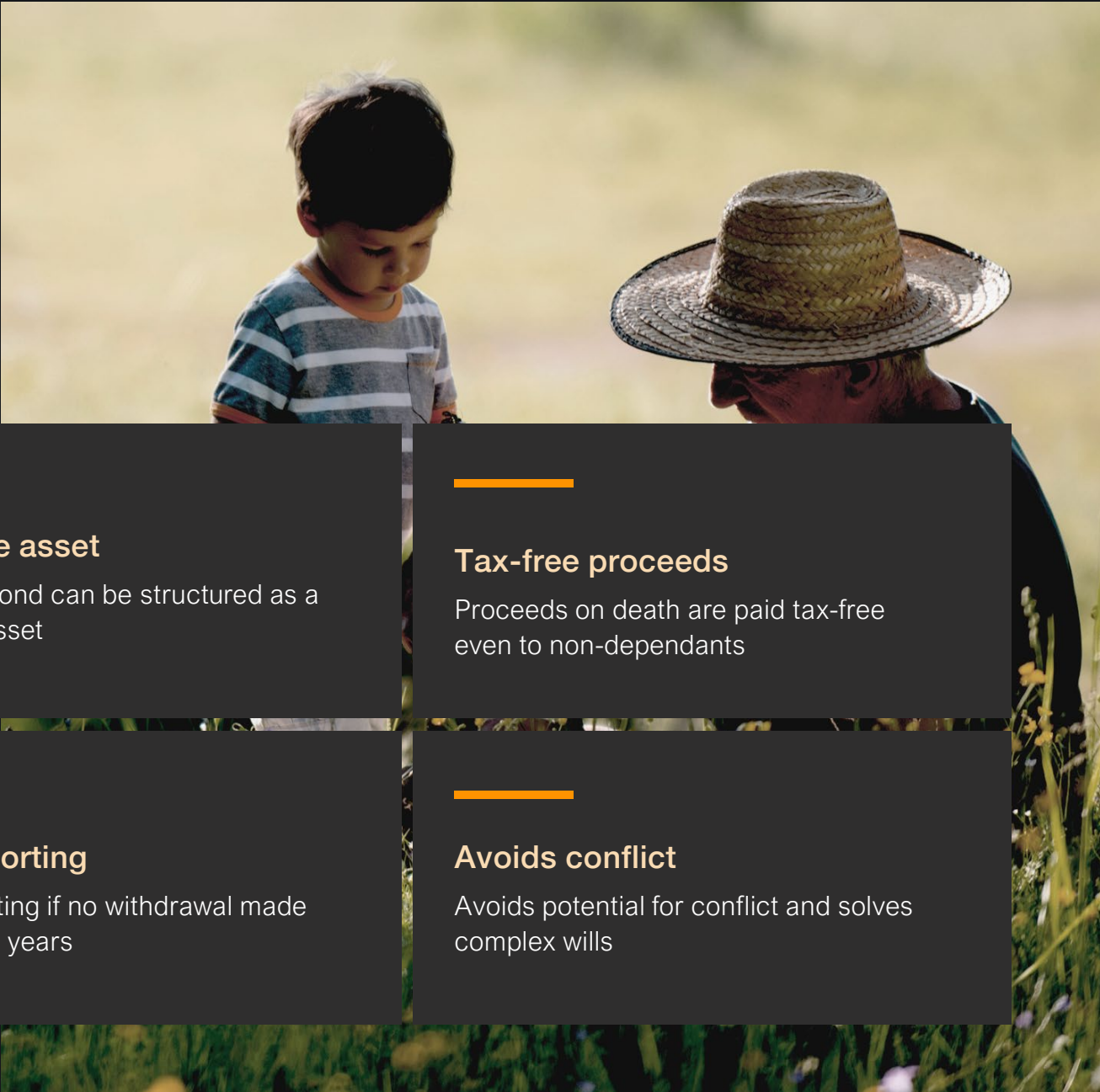


74% of estate claims are successful

Successful family provision claims by estate size



Source: UNSW Law Journal, Estate Contestation In Australia: An Empirical Study Of A Year Of Case Law, 2015



Investment bond estate planning benefits

Life insurance contract

A type of life insurance policy which is investment-based governed by the Life Insurance Act

Non-estate asset

Investment bond can be structured as a non-estate asset

Tax-free proceeds

Proceeds on death are paid tax-free even to non-dependants

Automatic transfer

Automatic transfer at specific ages, dates or on death can be selected

No tax reporting

No tax reporting if no withdrawal made in the first 10 years

Avoids conflict

Avoids potential for conflict and solves complex wills

Meet Margo...

Margo is 77 years old.

Margo has 3 adult non-dependant children, Sarah, Jane and Sam.



Margo's three children...



Sarah

- 51 years old and married
- Both on 47% MTR (including Medicare Levy)
- 3 young children
- On track to reach the proposed \$3m super double taxation threshold



Sam

- 46 years old and single
- Not good with money
- No stable job



Jane

- 42 years old and single mum
- Works part time and on 21% MTR (including Medicare Levy)
- 7-year-old twins

Margo's concern...



Sarah

- Confident that Sarah is good with money
- Concerned that her inheritance will burden Sarah with a huge tax liability



Sam

- Concerned that Sam may need income
- However, doesn't want a lump sum transferred due to the potential misuse of the funds



Jane

- Concerned that Jane needs support to help fund her grandchildren's secondary school education

Margo's current financial position ...

Home value	\$2.5m
Cash at bank	\$100,000
Superannuation balance	\$2.1m 50% taxable component (she maximised non-concessional contributions at age 75)
Bank shares	\$175,000 Weighted average price of \$23.00 accumulated between 2006 and 2010
Managed fund investment	\$10,000 Capital loss of \$10,000
Direct Growth ETF	\$20,000 Bought 2 years ago, currently worth \$22,500



Margo seeks financial advice to see how she can help structure her estate according to her wishes and deal with her concerns

Margo to restructure her assets as part of her estate plan...

Home value	\$2.5m	House to be sold on her death and distribute proceeds equally in accordance with the Will
Cash at bank	\$100,000	Remain as cash at bank of \$100,000
Superannuation balance	\$2.1m 50% taxable component (she maximised non-concessional contributions at age 75)	Withdraws \$1.3m from superannuation
Bank shares	\$175,000 Weighted average price of \$23.00 accumulated between 2006 and 2010	Sells shares and ETF due to low asset price and minimises CGT liability
Managed fund investment	\$10,000 Capital loss of \$10,000	Establishes 3 investment bonds from \$1.3m superannuation withdrawal proceeds and the \$200,000 from the sale of her shares and ETF.
Direct Growth ETF	\$20,000 Bought 2 years ago, currently worth \$22,500	

Margo's investment bond structure



#1 Investment bond \$500,000



Sarah
Future event
transferee

- Transfer ownership upon death
- Sarah as the new owner
- No re-setting of the 10-year period.

#2 Investment bond \$500,000



Sam
Future event transferee

- Transfer ownership upon death
- Set up a future Regular Income Payment until funds run out or the death of Sam.
- Sarah becomes the co-signatory to authorise once-off emergency withdrawals by Sam.

#3 Investment bond \$500,000



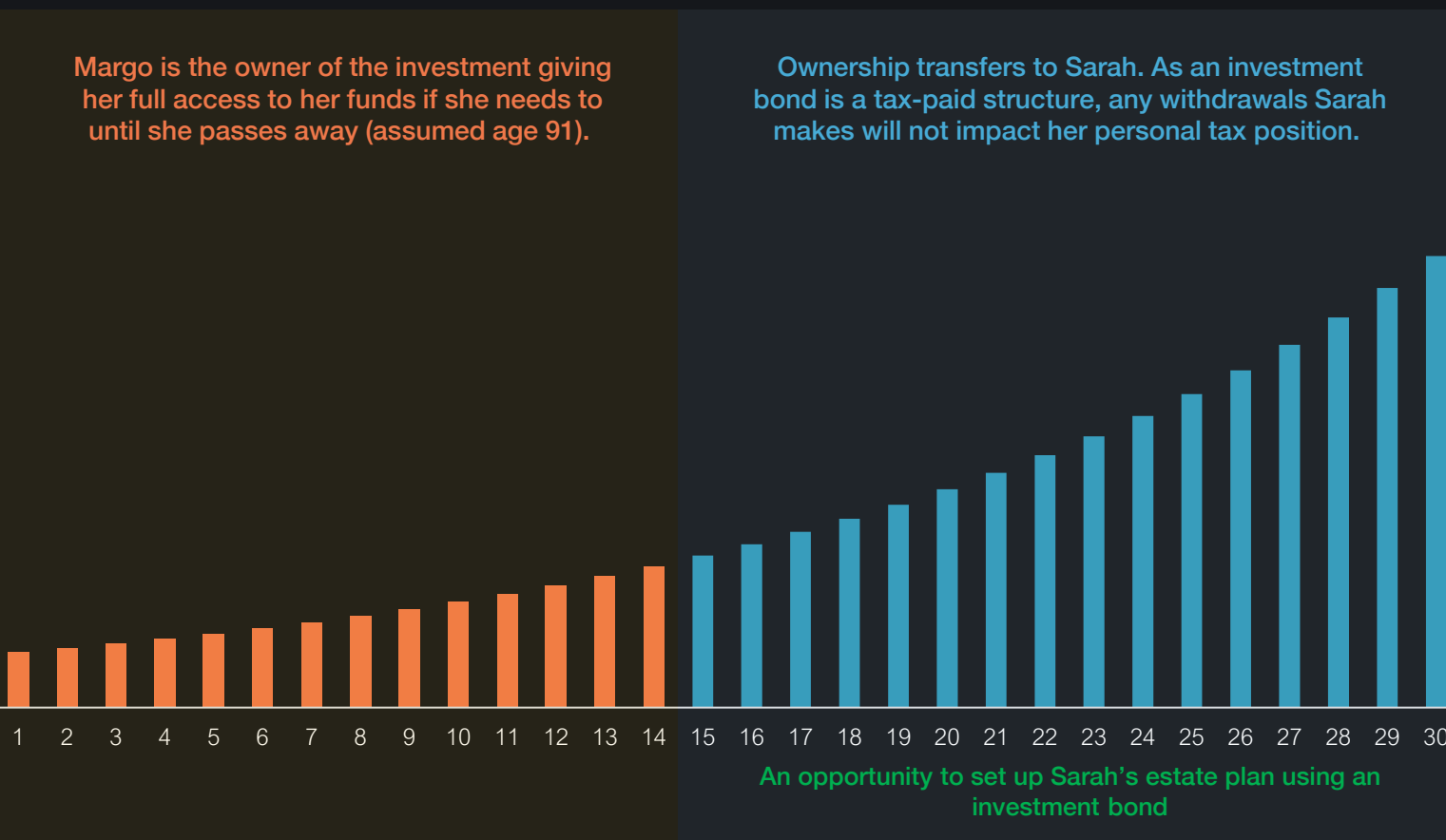
Jane
Future event transferee

- Transfer ownership to Jane in 4 years' time
- Set up a future Regular Income Payment for 6 years
- Sarah becomes the co-signatory to authorise once-off emergency withdrawals by Jane.

Let's look at Margo's investment bond for Sarah...

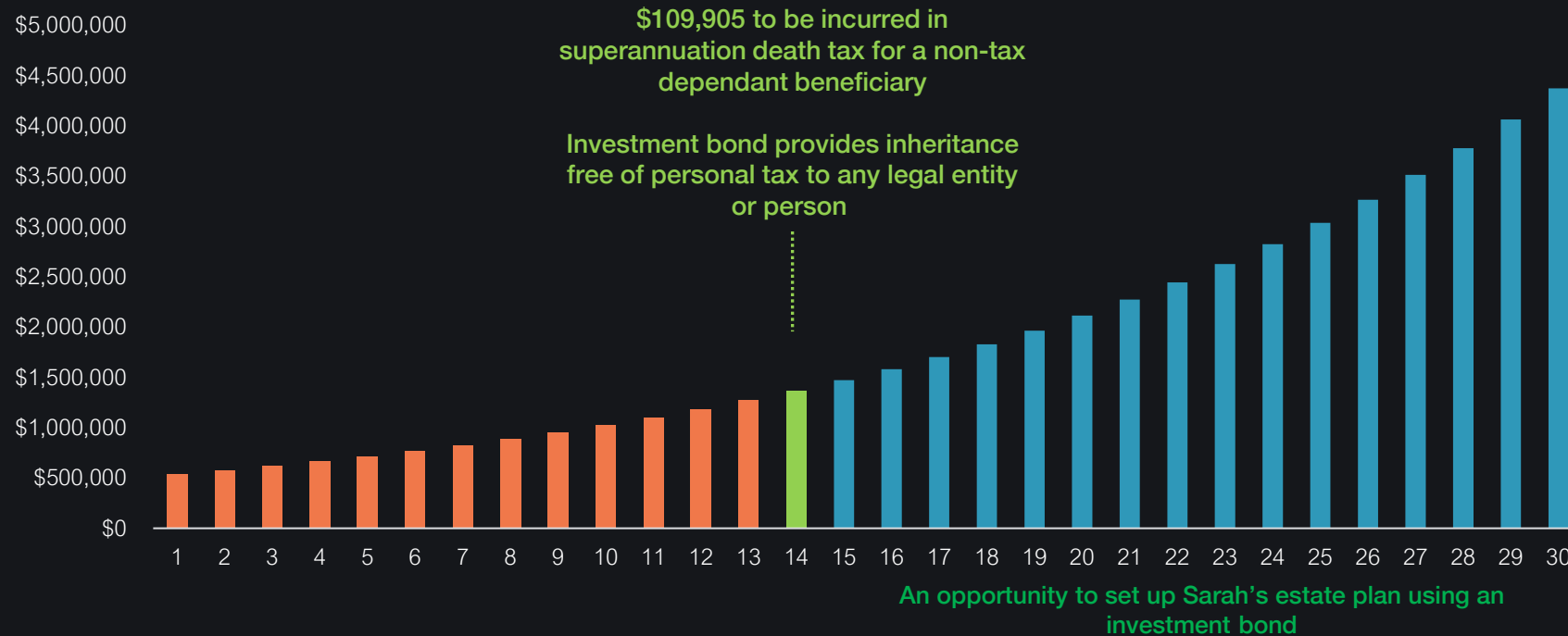


\$5,000,000
\$4,500,000
\$4,000,000
\$3,500,000
\$3,000,000
\$2,500,000
\$2,000,000
\$1,500,000
\$1,000,000
\$500,000
\$0



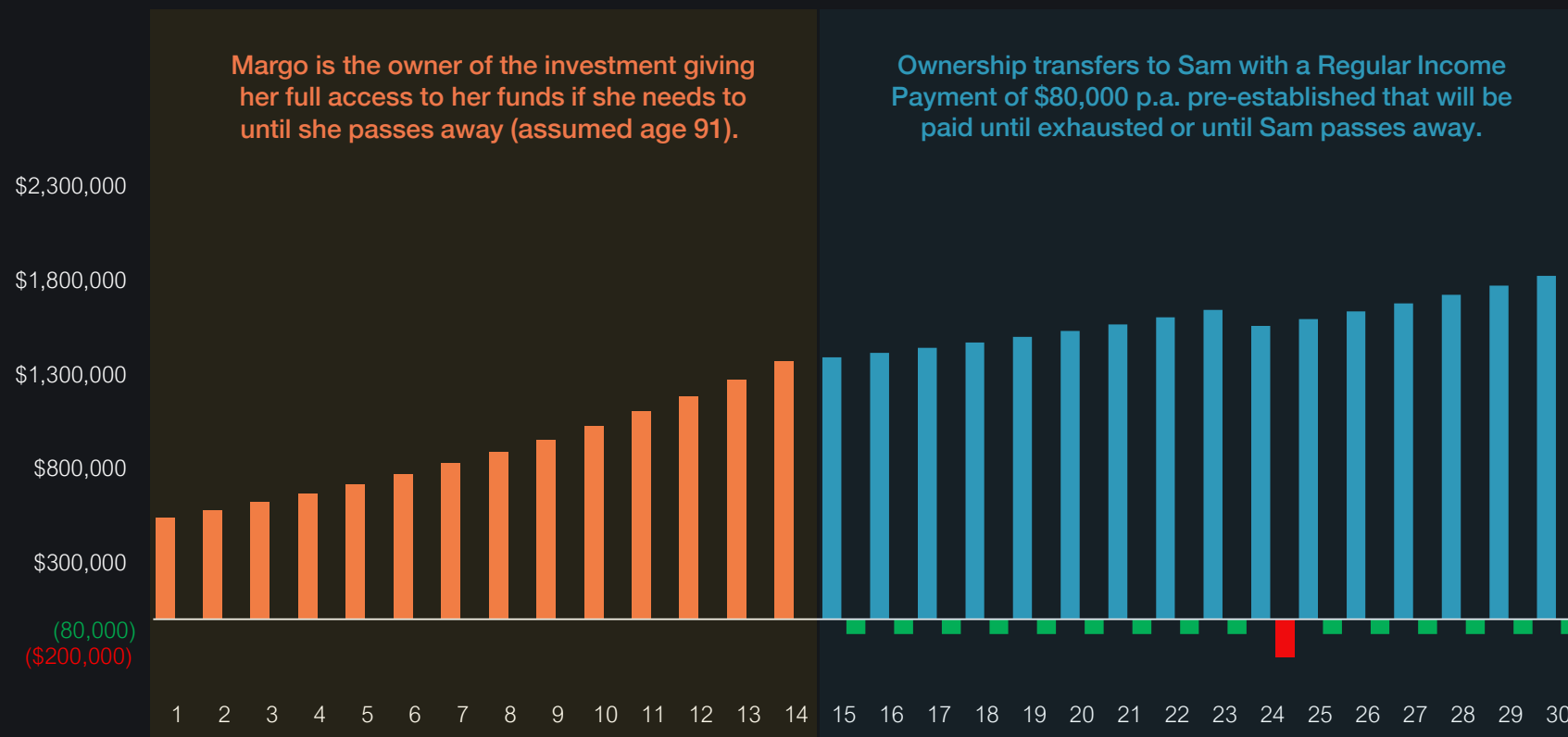
Assumption: Assuming an initial investment of \$500,000 with a total annual after-tax investment return of 7.37% p.a. Estimated average fees and costs of 1.47% p.a. over investment term with an effective long-term average investment bond tax rate of 16.10%.

Let's look at Margo's investment bond for Sarah...



Assumption: Assuming an initial investment of \$500,000 with a total annual after-tax investment return of 7.37% p.a. Estimated average fees and costs of 1.47% p.a. over investment term with an effective long-term average investment bond tax rate of 16.10%.

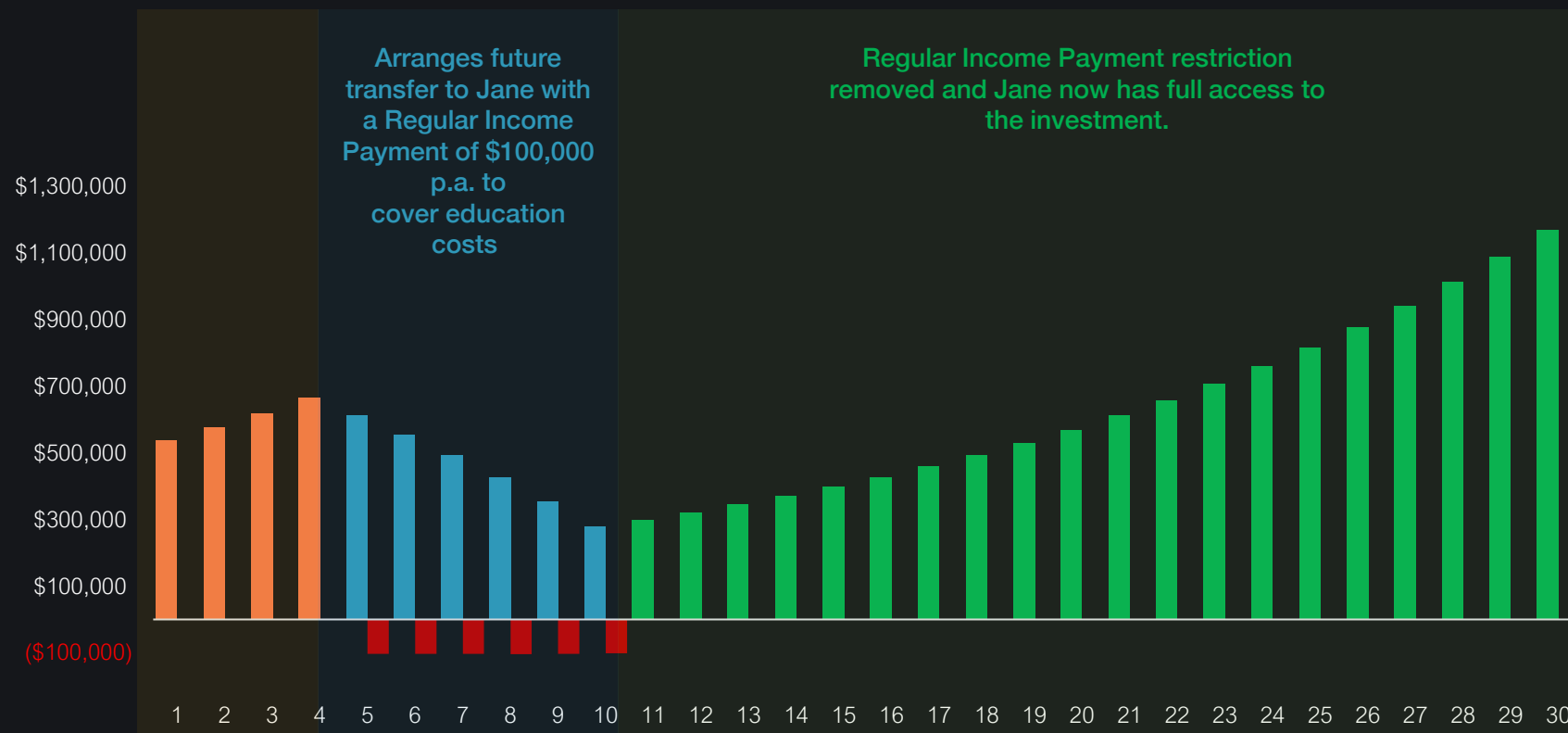
Let's look at Margo's investment bond for Sam...



Assumption: Assuming an initial investment of \$500,000 with a total annual after-tax investment return of 7.37% p.a. Estimated average fees and costs of 1.47% p.a. over investment term with an effective long-term average investment bond tax rate of 16.10%.

As Sarah is the co-signatory to Sam's investment, she is able to authorise once-off withdrawals requested by Sam.

Let's look at Margo's investment bond for Jane...



Jane receives a full tax offset and a surplus tax offset of \$17,455 over the 6 years.

Any withdrawals are tax-paid and any residual amount can be used to set up an estate plan

Assumption: Assuming an initial investment of \$500,000 with a total annual after-tax investment return of 7.37% p.a. Estimated average fees and costs of 1.47% p.a. over investment term with an effective long-term average investment bond tax rate of 16.10%.

Key outcomes...

Automatic transfer
of ownership

Full ownership
before bond is
transferred to
recipient

No impact to
recipient's personal
tax position

Ability for
recipients to set
up an estate plan

Restrictions on
accessing funds

Set up Regular
Income Payments

Co-signatory

Tax offset for
withdrawals
before 10-years



Preserving your wealth to meet your retirement needs





Did you know...

Australia has one of the **highest life expectancies in the world.**¹

Around **one in four Australians** aim to retire between the **age of 60 to 62.**²



Two in five Australians expect to **spend more than they currently do** in the **first years of retirement.**²



1. Australian Institute of Health and Welfare 2023
2. Generation Life – Locking In The Next Generation by Core Data 2023

What is LifeIncome?

Income
guaranteed for life

Ability to have a
loved one as a
Reversionary
Beneficiary

Potential Age
Pension benefits

Choice of
LifeBooster rates
to have a higher
starting income

Meet Frank and Dot

Frank and Dot are both 67 years old.

Both Frank and Dot love travelling around Australia and overseas. They also like spending time with their grandchildren, including taking them to activities when they can.





Frank and Dot's situation

Frank and Dot are homeowners and have:

Franks' superannuation balance	\$500,000
Dots' superannuation balance	\$450,000
Personal assets	\$10,000

Frank and Dot's objective

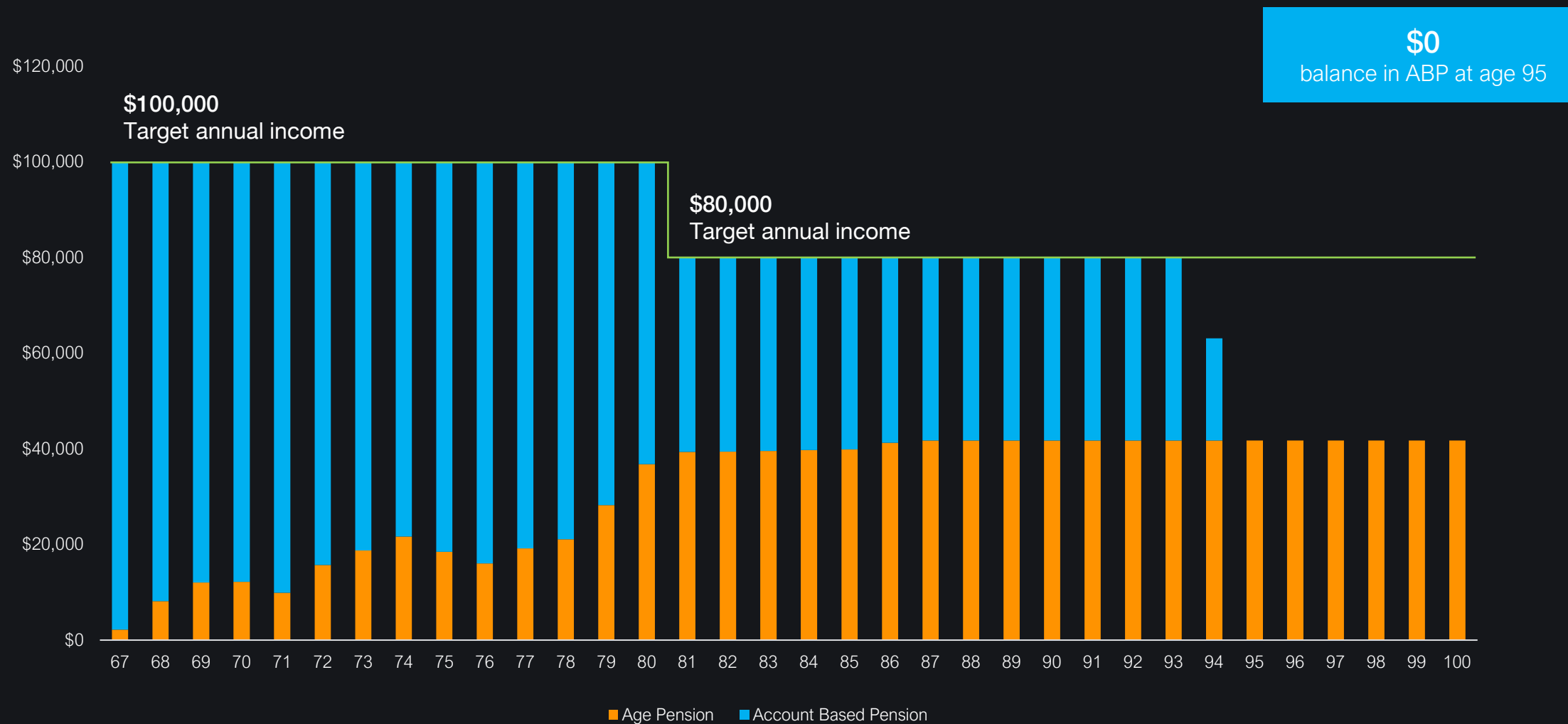
Frank and Dot would like to spend more in the earlier years, as they are both healthy, however they're afraid they might run out of money.

They do not want to burden their children with funeral expenses, and they would like to leave something to their grandchildren.

Frank and Dot speak to their financial adviser to see how they can maximise their retirement income and leave something behind.



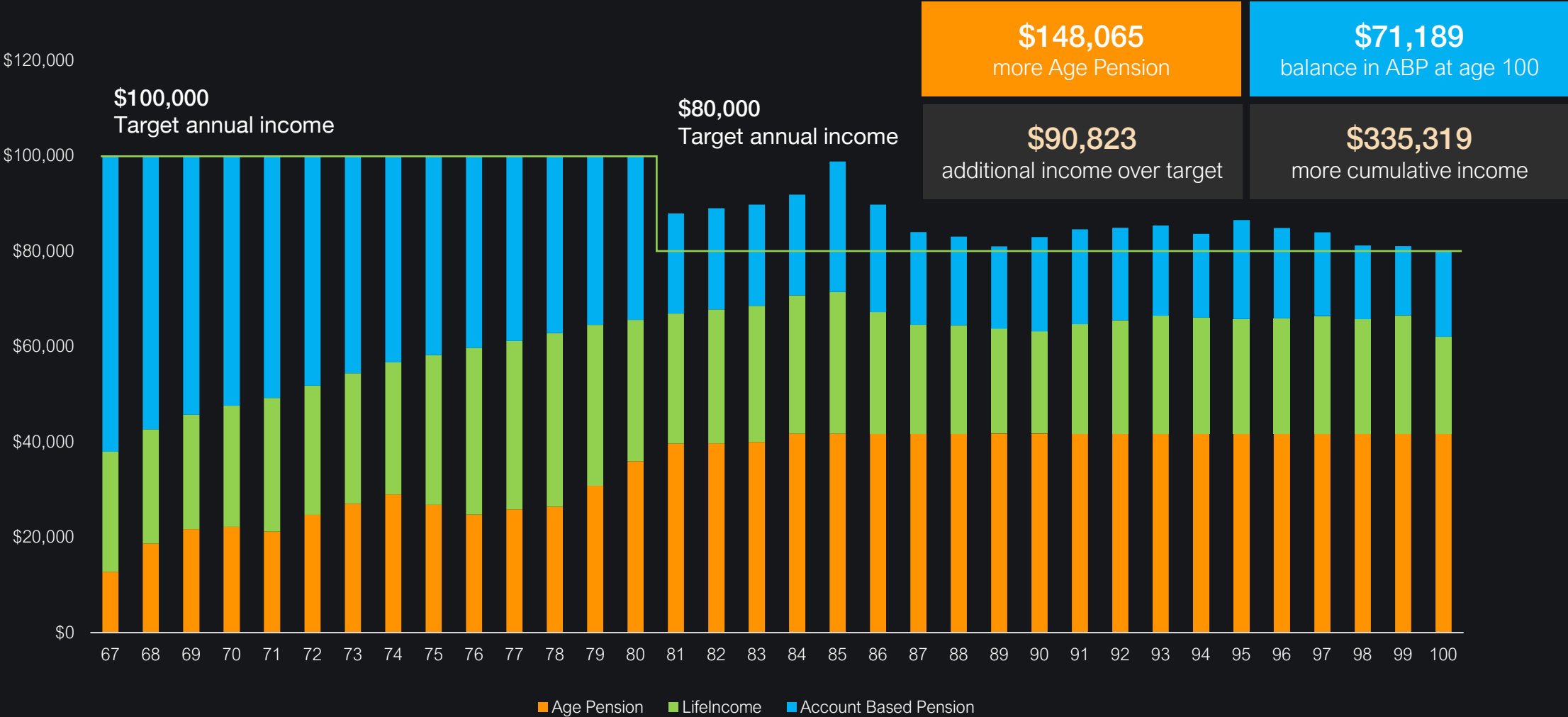
Frank and Dot's current situation



Assumptions: Account-based-pension drawdown amount is to meet the target income, minimum drawdowns do apply. Income is shown in real dollars. Age Pension rates and thresholds are effective 01/07/2023. Investment returns commencing 1st July 1989. Account-based-pension Investment portfolio consists of a 20% allocation to ASX All Ordinaries, 30% to MSCI World Ex Australia Index, 35% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 15% to Bloomberg Ausbond Composite Index.

Frank and Dot both establish a LifeIncome and FuneralBond

LifeIncome allocation of 40% of super (\$950,000)



Assumptions: Starting income is based on Frank (67) purchasing LifeIncome with a 5% LifeBooster rate and nominating Dot (67) as a reversionary beneficiary. Account-based-pension drawdown amount is to meet the target income, minimum drawdowns do apply. Income is shown in real dollars. Age pension rates effective 01/07/2023. Investment returns commencing 1st July 1989. Both LifeIncome and Account-based-pension invested in the same portfolio which consists of a 20% allocation to ASX All Ordinaries, 30% to MSCI World Ex Australia Index, 35% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 15% to Bloomberg Ausbond Composite Index.



Frank and Dot's outcome

Able to spend more in the earlier years of retirement with confidence

Able to potentially have money for their grandchildren

Receive more Age Pension in earlier years

Additional layer of income if their account-based pension runs out



Centrelink treatment of LifeIncome

Means tested asset value

60% of your investment amount.
From age 84, only 30% is assessed
(subject to a minimum of 5 years).

Means tested income

Only 60% of your LifeIncome
annual income.

LifeIncome is defined as an 'Asset-tested income stream (lifetime)' product for social security purposes. All decisions regarding social security benefits for individuals who purchase LifeIncome will be made by Centrelink or the Department of Veterans' Affairs officers based on social security law and the circumstances of the individual at the time of claim. Based on current social security law, reducing Age Pension by \$3 for every \$1,000 of assets over lower threshold.

For every \$200,000 invested in LifeIncome

Assessable assets	Reduce by \$80,000
Age Pension uplift*	\$6,240 p.a.
Risk free return*	3.12%

*Assuming eligibility





Forward thinking tomorrow
for all generations



9 key features of investment bonds

Life Insurance and Tax Act

Maximum tax rate of 30%

Tax Optimised
generally ranges
between 12% - 15%*

No distributions

Access to funds at
anytime

Tax paid

No personal tax
after 10 years - tax
advantages within 10
years

125% advantage

Portability and tax-
free transfers

**No personal
capital gains tax** on
investment switching

**No tax file
number required**

**Creditor
protection**

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

*Indicative effective average tax rates represent the estimated average annual tax as a percentage of earnings for each 12-month period over a future period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

8 key features of LifeIncome

Investment-linked lifetime annuity

Single or reversionary

Investment menu

29 options with the ability to switch at anytime¹

0% tax environment

Investment earnings within LifeIncome are tax-free

Dollar-cost averaging

Progressive investment

Reversionary beneficiary

Money available to support spouse or loved one² between ages of 50 and 95

LifeBooster

More income sooner

LifeIncome Flex

Increase starting income by choosing a reduction income when you or your reversionary passes away

Death Benefit & 6 month Cooling Off period³

Flexibility and peace of mind

1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. If you are commencing LifeIncome with superannuation money, you can only nominate your spouse to receive your income after you pass away. If you are commencing LifeIncome with non-superannuation money you can nominate your spouse or any other person such as your child or sibling.
3. The amount paid back will be the investment amount adjusted for movements in the unit price of the investment option(s) chosen less any taxes and duties not recoverable by Generation Life, and after deducting income payments already made. Generation Life's management and administration fees and insurance expenses will only be refunded for cancellations within the regulatory 14-day cooling-off period – refer to the Product Disclosure Statement.



Tools to support financial advisers

Comprehensive calculators to run projections and develop client illustrations.

Resources and materials – Estate Planning Guide, Strategy Booklet, Technical Guide, and research rating reports.

Tax Aware Performance reporting

Online strategy and educational videos

Online application and more seamless processing experience for a quicker

Generation Life

Highly recommended for over a decade

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

Awards



Research ratings



Lifeline



Investment Bonds



Investment Bonds
LifeBuilder

Note: Zenith rating includes LifeBuilder and ChildBuilder

Thank you.

Outthinking today.

Generation Life Limited AFSL 225408 ABN 68 092 843 902 (Generation Life) is the product issuer. The information in this presentation is provided for the use of licensed financial advisers and is not intended for any public or general distribution whatsoever. The information provided is general in nature and does not consider the investment objectives, financial situation or needs of any individual and is not intended to constitute personal financial advice. The product's Product Disclosure Statement (PDS) and Target Market Determination are available at www.genlife.com.au and should be considered in deciding whether to acquire, or continue to hold, the product. Professional financial advice is recommended. The offer made in the PDS is only available to persons receiving the PDS in Australia. Generation Life excludes, to the maximum extent permitted by law, any liability (including negligence) that might arise from this information or any reliance on it. Generation Life does not make any guarantee or representation as to any particular level of investment returns or income, pay back periods or Age Pension entitlements. Past performance is not an indication of future performance.

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.

The rating issued for Generation Life LifeBuilder, April 2023, is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2022 Lonsec. All rights reserved.

The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.