Reimagining Legacy

Guide 2023

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Outthinking today.

"Leaving a legacy for those that matter most is one of the most emotional life goals Australians will ever work towards."

As a father and a son, ensuring that my family will have a happy, healthy and prosperous future is something I think about all the time. I personally believe that legacy is not just about my achievements in life; more importantly, it will be that my loved ones will be able to fulfil their goals and aspirations with my help, even when I'm no longer with them. This is what I define as my legacy.

Legacy can mean many different things to many different people. It is more than just a financial decision about what you leave behind; it is the footprint that you'd like to leave on the world and be remembered for. I am where I am now because of the legacy left by the generations before me, and one of my key drivers is that I'll be able to leave a legacy myself for the generations who follow me.

At Generation Life, we are focused on continuing to provide tax-effective investment solutions to help Australians at every stage of life to plan for a financial future for them to thrive. Leaving a legacy for those that matter most is one of the most emotional life goals Australians will ever work towards. Helping them achieve this, is something we've been particularly focused on when building our investment solutions.

A legacy is not something you only think of late in life, it's something that's built and protected over time.

Leaving a legacy can be a complex, emotional journey that may not go to plan. With that in mind, we want to support all Australians across each stage of the journey–to build, protect, leave and preserve their legacy with certainty.

At Generation Life, we understand everyone has different needs, with their own challenges and complexities that makes meeting their goals a deeply personal journey. The financial landscape may also appear daunting and overly complex to many people, so starting the process of leaving a legacy can feel overwhelming. This is where we want to help Australians navigate tomorrow with optimism and plan for tomorrow across generations.

We strongly believe you, as a financial adviser, play a crucial role in helping support Australians throughout their legacy journey, and into the next generation. Financial advisers are optimally placed to not only look at their clients' financial needs, but support their emotional decisions and build a holistic plan.

Generation Life's recent Reimagining Legacy research helps to better understand Australians' perceptions of legacy.

We hope this guide provides insightful information around how best to support your clients' financial decisions and emotional needs in building, protecting, leaving and preserving their legacy.

Warm regards,

Grant Hackett OAM
Chief Executive Officer and Managing Director
Generation Life

This guide's purpose

This guide has been created for financial advisers like you to use as a resource when supporting your clients through the emotional (and sometimes challenging) journey of building, protecting, leaving and preserving their legacy. It also provides our latest insights to help guide older Australians to have the happy and dignified retirement they deserve, without the fear of running out of money or experiencing 'regret risk'.

Full of new data, scenarios and information on key investment solutions, this Reimagining Legacy guide includes suggestions on how you can tackle common myths around these solutions. It will help you to help your clients build a holistic plan that takes financial and emotional objectives into consideration, as well as giving you the confidence to communicate complex solutions with clarity and ease.

Executive summary

Topline research findings from Reimagining Legacy

$4.9tn

total assets of Australian Baby Boomers[1] and it is estimated that **$224bn** will be passed on each year in inheritances by 2050.[2]

70%

of affluent and high net worth Australians define legacy as passing on “memories, values and lessons,” and **57%** see it as a financial bequest to help build the foundations of the financial success of those around them.[3]

67%

of Australians feel confident they will leave a legacy to future generations, with **49%** relying on wills and **34%** on superannuation to transfer wealth, meaning they may not achieve their goals as they intend.

38%

of Australians say saving for a happy retirement is their number one financial goal, but a knowledge gap amongst older Australians means they aren’t using investment solutions that could help fund the dignified retirement they deserve.

10%

of adult Australians are currently using a financial adviser, despite three-quarters - **77%** having specific wealth goals. This means millions of Australians are working through emotional and complex wealth goals, without the support they need.

What this guide covers

Building and protecting a legacy
(refer to part one)

Australians of all ages feel confident they'll be able to leave a legacy, but only 14% have a plan in place to do so. This section explores how you can help your clients begin their legacy journey tailored to their unique financial goals. As part of this, we explain the value of the new generation of highly tax-effective investment bonds to help build and protect your clients' wealth over time.

Leaving and preserving a legacy
(refer to part two)

The 'leaving' and 'preserving' stages of the legacy journey are especially important for Australians over-50 who have reached, or are transitioning into retirement. This section outlines what people in this life stage are currently doing to achieve these goals, and how financial advisers can help Australians effectively utilise innovative and tax-effective investment solutions such as, the new generation of investment bonds, with certainty from one generation to the other.

A dignified retirement
(refer to part three)

Saving for a happy retirement is Australia's top financial goal, but older Australians need help to build a holistic investment plan that will fund the dignified retirement they deserve. This section suggests how financial advisers can support their clients through this life stage, with insight into Generation Life's LifeIncome - our investment-linked lifetime annuity solution which was developed specifically to give older Australians peace of mind in retirement with an income stream that pays them for life. It is available exclusively through financial advisers.

The important role of financial advice
(refer to part four)

With 75% of the adult Australian population worried about something impacting their ability to leave a legacy, financial advisers are more important than ever. However, only 10% of Australians are currently using a financial adviser. This section outlines the support Generation Life can provide including the opportunity for ongoing advice to help financial advisers support their clients to build, protect, leave and preserve their legacy, as well as the legacies of future generations.

Felipe Araujo

Wealth expert
Executive Director and General Manager, Generation Life

As Executive Director and General Manager, Felipe has a deep understanding of financial advisers' needs and challenges, as well as those of their clients. Felipe joined Generation Life in October 2017 from Westpac Bank, where he held leadership and national strategy positions. Felipe also previously held key positions at Accenture Group, Investments XP based in Brazil, and a director role at The Australia - Brazil Chamber of Commerce Inc.

Noel Whittaker

Finance and investment expert

Noel is an international bestselling author, finance and investment expert, radio broadcaster, newspaper columnist and public speaker. He reaches over three million readers weekly through his columns in major Australian newspapers, including The Sydney Morning Herald, Melbourne's The Age, and Brisbane's The Sunday Mail. He's one of Australia's most successful authors, having written 20 bestselling books and achieved total worldwide sales of more than two million copies. Noel's recent books include *Retirement Made Simple*, *Superannuation Made Simple*, and *10 Simple Steps to Financial Freedom*. For 30 years, Noel was also the Director of Eureka Whittaker Macnaught, one of Australia's leading financial advisory companies, with more than two billion dollars in assets under management.

Vincent Stranges

Investment bonds expert
Head of Product, Generation Life

An experienced investment & financial services executive, Vincent is an expert in investment bond options. He has a deep understanding of multiple investment structures (including superannuation, pensions, non-super and tax effective structures), asset classes, investment markets, product categories, client segments, and distribution channels. His background previously working in compliance at ASIC means Vincent is also experienced in relevant tax and regulation.

Patrick Clarke

Lifetime annuities expert
General Manager – Retirement Solutions, Generation Life

Patrick has worked across financial services, particularly superannuation, for more than 30 years and is an expert in lifetime annuities. Patrick leads the team that developed and manages Generation Life's unique, new generation lifetime annuities solution, LifeIncome. He started his career before the superannuation guarantee regime launched and has built deep expertise throughout the compulsory superannuation journey. His career has spanned product development, superannuation law and corporate super administration. His ongoing goal is to build solutions that help people use their retirement savings effectively to live a dignified and happy retirement.

Survey methodology

Generation Life commissioned global research company Censuswide to conduct a study of 2,000 adult Australian consumers to gain both quantitative and qualitative insights into what legacy means to them, their financial goals, the financial vehicles and assets they believe will help them achieve those goals and their perceptions of financial advisers.

To reflect the key audiences visiting financial advisers for support to achieve their legacy goals, the respondent base had quotas of at least 15% retirees, 15% over-50 (aged 50-84), 15% High-Net-Worth-Individuals (HNWI) and 15% Ultra-High-Net-Worth Individuals (UHNWI). Note, there may be crossover(s) between different demographic cohorts for e.g. over-50s may also be UHNWI.

In this survey, HNWI were defined as those with $1 million - $2.99 million in assets. UHNWI were defined as those with over $3 million in assets.

Introduction

We've reached a generational turning point.

2021-2027 represents the peak of the Australian Baby Boomer retirement surge.[4] Baby Boomers currently hold approximately $4.9tn[1] in assets and it is estimated that $224bn[2] will be passed on each year in inheritance by 2050. In these uncertain economic times, Australians need more support than ever before to help them build, protect, leave and preserve their legacy.

In this decade, around five million Australians[5] will transition into well-deserved retirement, joining the 4.1 million people who are already there.[6] This historically large group of retirees are focused on funding the dignified retirement they've always dreamt about, but they are also thinking about the footprint they'll leave on the world when they pass away - their legacy.

To mark this historic moment and provide financial advisers with the insights needed to support Australians of all ages during this historical generational wealth transfer, we conducted research unpacking the concept of legacy and its importance to the population. Interestingly, while legacy is naturally top of mind for older Australians, our research identified that it's also a priority for the wider population across all ages and wealth brackets.

How does this guide define 'a dignified retirement'?

A dignified retirement is defined as a retirement that an older Australian can enjoy without having to live frugally, enjoying it with peace of mind because they are confident that they won't run out of money before they pass way and will have money left over to leave a legacy to loved ones. Having a retirement income strategy with multiple income layers such as an account-based pension, Age Pension and the new generation of investment bonds and lifetime annuities, is key to achieving a dignified retirement.

How does this guide define 'leaving a legacy'?

At Generation Life, we define 'leaving a legacy' as building, protecting, leaving and preserving the transfer of important assets to selected people or purposes, at the right time, in the right way.

70% of affluent Australians define legacy as passing on "memories, values and lessons," and 57% see it as a financial bequest to help build the foundations for the financial success for those around them.[3] The term legacy is mostly associated with the building of a personal legacy closely intertwined with a financial legacy. Leaving a legacy is one of the most emotional goals an individual will ever hold, and we believe that Australians deserve to have greater control over the process, to feel secure their wealth is transferred to the right people at the right time and as little as possible is lost to unintended recipients, taxation or unnecessary legal fees.

Financial advisers play a crucial role in helping clients achieve these goals, so both financial and emotional objectives are met.

67% of Australians feel confident that they'll leave a legacy when they pass away. It's reassuring that Australians have retained this optimistic view, though we live in a period marked by economic instability. With Australia's inflation rate the highest it's been in 30 years, life is becoming more expensive than ever before and hard-earned savings need to stretch even further.

Despite this optimism, the research also unveiled that there's a lack of knowledge on how best to leave a legacy. This permeates all demographics, including more affluent people who are overwhelmed by the breadth of financial options available to them. **20%** of UHNWI (those with over $3 million in assets) are unsure of how to best optimise their wealth. In comparison, Australians over-50 lack awareness around the value of doing so, with **25%** not using any financial tools to optimise their wealth.

There is a heavy reliance across the population on wills, **49%** and superannuation, **34%**, as vehicles to leave a legacy. While wills are largely fit for purpose, the fact they can be legally disputed can cause issues in more complex family situations—a challenge for wealthier people in particular. According to data published in the UNSW Law Journal, **74%** of estate claims are successful, and for clients with between $1 million - $3 million in assets, this jumps to **88%** – and then **100%** for clients with over $3 million in assets.[7]

Superannuation, on the other hand, is not intended to be a wealth transfer tool[8], and the tax implications can be an issue when it's used as an intergenerational wealth transfer vehicle to transfer wealth to non-dependants. This is compounded further by recent proposed superannuation changes that will mean from 2025-6, earnings (both realised and unrealised) on superannuation account balances over $3 million will be taxed an additional 15%.[9]

Financial advisers are well-placed to offer tremendous value to Australians' legacy journey by arming them with the knowledge and the right investment solutions to ensure their wealth is transferred to the right people at the right time.

Research conducted by Grattan Institute suggests that 80% of wealth transfers will be to adult children aged 50 or over.[10] Financial advisers are best placed to help with assessing the tax and estate planning impact for those aged 50-67 and the aged pension entitlement for those in retirement.

This includes using the new generation of investment bonds to build, protect and transfer wealth tax-effectively, and retire with confidence with a retirement income that is guaranteed for life using an investment-linked lifetime annuity.

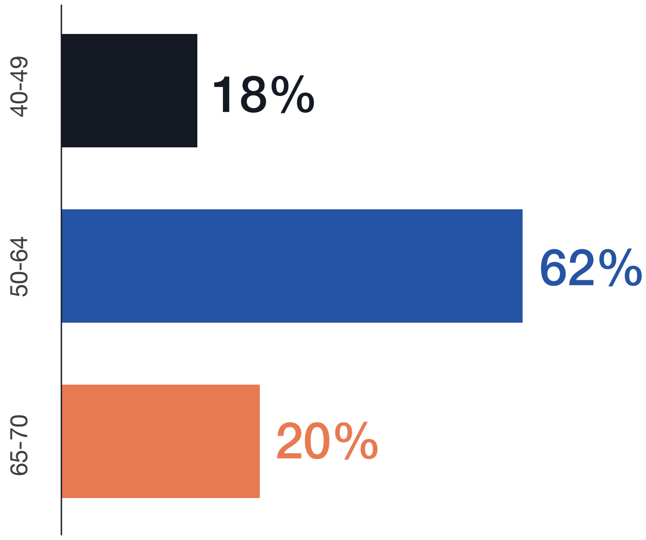
"The important thing here is to know the difference between a wish and a plan. It's clear there are specific strategies that can be used to leave a legacy, but people need good advice to achieve them."

Noel Whittaker

Finance and Investment Expert

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:[11]



Opportunities/implications by age bracket

40-49 years: wealth accumulation opportunities

50-64 years: tax and estate planning implications

65-70 years: Age Pension entitlement implications

What we want you to take away from this guide

Generation Life has developed this guide to help you support your clients in building and protecting their legacy. After reading it we hope you:

- Understand that leaving a legacy and saving for a happy, dignified retirement are top goals for Australians, but many lack the financial acumen to achieve these goals effectively
- Understand the role that financial advisers can play in helping to solve this knowledge gap
- Understand how Generation Life's investment solutions fit into a diverse financial strategy for different individuals depending on their wealth, life stage and goals
- Are able to support them in understanding the innovative investment solutions available through Generation Life that will help them achieve their desired outcomes

Part one:

Building and protecting a legacy

Not tomorrow's problem

Over 80% of high-net-worth Australians intend to leave a legacy, yet only one in five have a plan to do so.[3]

Key insights

67%

of Australians feel confident about their ability to leave a legacy.

70%

of affluent Australians define legacy as passing on "memories, values and lessons," and **57%** see it as a financial bequest to help build the foundations for the financial success of those around them.[3]

63%

of Australians' children will be the recipients of their legacy. This remains the case for over-50s, although older Australians are slightly more likely, **21%**, to want to pass their legacy to their grandchildren as well.

70%

of affluent and HNWI intend to pass a legacy to their children, **28%** to grandchildren, **22%** to charitable organisations/not-for-profit and **20%** to extended family.[3]

14%

of Australians have a plan in place to leave a legacy, with the overall sentiment being that leaving a legacy is 'tomorrow's problem'.

23%

is the worryingly low percentage of Australians over-50, that have a plan in place to leave a legacy.

Key insights (continued)

18%

of Australians with $1 million or more in assets have a plan to leave a legacy, and for those with under $1 million in assets, this is even lower at just **15%**.

78%

of private banking clients are concerned about the successful transfer of their wealth and assets when they pass away[12] despite the low percentage of Australians with $1 million or more in assets, with a plan.

74%

of estate claims are successful, and for clients with between $1 million–$3 million in assets this jumps to **88%** and then to **100%** for clients with over $3 million in assets.[7]

35 to 50 yrs

is the age when building and protecting your clients' wealth is particularly important ahead of pre-retirement (the stage of cutting back work hours in one's older years) and retirement.

Building and protecting a legacy in a tax-effective and controlled way needs to be a priority today—it can't be seen as tomorrow's problem.

Solutions

The support of a financial adviser is essential to help Australians choose the right investment solutions that will help them build and protect their legacy. Investment bonds offer a tax-effective investment solution for clients seeking to build wealth outside their super, with the added benefit of additional estate planning features offering control and certainty around how and when their wealth is transferred when they pass away.

"At Generation Life, our new generation of investment bonds has been designed specifically to deliver superior after-tax outcomes for those seeking to build wealth, transfer their wealth and save for retirement and beyond.

Our investment bonds offer a wide range of investment options across all major asset classes that are built to be tax-efficient through our Tax Aware investment process. Our Tax Optimised investment options, the pinnacle of our tax aware investing, can drive down the long-term effective rate of tax to between 12-15%[13], for our growth focused investment options. For this reason, the compounding effect can be significant when building your legacy over time."

Vincent Stranges
Investment Bonds Expert

Key benefits: how investment bonds can help build and maintain a legacy

The building and maintaining stages of the legacy journey are the beginning of a long-term strategy that your clients will travel through for the rest of their life. Peace of mind that their key objectives will be met—whether that's building enough wealth for a child to be educated at a private school, or having control over where their wealth goes—is critically important.

We've designed Generation Life's new generation of investment bonds with these emotional goals in mind, meaning that:

- **They're tax effective and tax optimised:** Clients will experience an average effective tax rate of just 12%-15%[13] for Tax-Optimised growth-focused investment options over a 15-year period, compared to the maximum investment bond tax rate of 30% and individual marginal tax rate plus Medicare of 47%.[21] By working with clients to choose from a range of investment options, tax can be further optimised and returns increased.
- **They can be built using a range of investment options to suit your client:** Clients can build their investment bond from a range of different investment options including cash, fixed interest, shares, property, responsible investing, alternatives and diversified options. Along with the investment bond's tax benefits, this means your clients can benefit from compounding returns over the long term.
- **They're flexible:** There are no restrictions on when clients can access their funds, and they can switch investment options at any time.
- **They're a great complementary option to have alongside your clients' superannuation:** Investment bonds are also a tax-effective option to superannuation, offering clients flexibility, control and access to their wealth at any time.
- **They're built around your clients' wishes:** Since an investment bond is a type of life insurance contract which is governed by the Life Insurance Act 1995, your clients' wishes are less likely to be disputed after they pass away. This ensures the right assets will go to the right recipients, at the right time, and in the right way.
- **They are a great alternative to superannuation:** There are no limits on how much and when your client can contribute to their investment bond, and they can access their funds at any time.
- **They don't have to be reported in annual tax returns after ten years:** All earnings are retained within the investment bond and not required to be reported in your clients' annual tax return each year if they hold their investment for 10 years or more. Tax reporting is also not required before the ten years if no withdrawals take place during that period.

Scenario

Managing superannuation contribution caps

Situation

Georgia is 55 years old, on the highest marginal tax rate of 47%[14], and has made personal (non-concessional) contributions into her superannuation. Her current superannuation balance is $500,000. Georgia recently came into an inheritance of $700,000 and wants to maximise her superannuation contributions and save for her retirement as tax-effectively as possible.

Objective

Georgia is looking to make investments from her inheritance into her retirement and own legacy plan in a tax-effective way but has reached her non-concessional contributions cap for the next three years. She does not want to pay additional tax and charges, which she would have to do if she were to make any further personal contributions.

Solution

Georgia invests the funds from her inheritance into a Generation Life Investment Bond, gaining exposure to a wide range of tax effective investment options.

Benefit

By setting up a Generation Life Investment Bond, Georgia can tax-effectively save for her retirement without incurring any additional contributions tax or charges.

While Georgia's objective is to save for her retirement, she has the flexibility to make a withdrawal if she needs access to her funds. She also has the option of structuring the investment with regular income payments on her retirement, without any additional personal tax paid on the regular payment amount as she has held the investment for at least 10 years.

Georgia's estate planning needs can also be taken care of. She can nominate beneficiaries who will receive the proceeds from her investment directly on her passing, and they will not form part of Georgia's estate. Georgia's beneficiaries will not need to declare the benefit proceeds on their tax return and since the Generation Life investment bond does not form part of Georgia's estate, it therefore bypasses her will.

Part two:

Leaving and preserving a legacy

A lost opportunity for future generations

1 in 3 Australians believe super is the best way to optimise wealth and leave a legacy, despite this not being its purpose.

Key insights

49%

of Australians are relying on a will and **34%** are relying on their superannuation to leave a legacy.

20%

of UHNWIs admit that "not knowing how to best optimise their wealth" is preventing them from achieving their financial goals. This knowledge gap exists for people of all wealth brackets but is a particular concern of UHNWIs.

90%

of Australians aren't using, or aren't aware of, investment bonds, despite the innovations made to the new generation of investment bonds - a tax-effective investment solution that offers flexibility, control and access at any time.

This showcases a national knowledge gap, as wills can create complexities if not drafted properly and can prevent wealth being transferred to the intended recipients with certainty. Superannuation is a tax-ineffective wealth transfer tool when passing wealth onto non-dependants, as this isn't its intended purpose.[15]

"Australia's superannuation system is the envy of the world, and it does exactly what it's been designed to do: support Australians to fund a dignified retirement. However, its purpose is to provide Australians with a retirement income, not for them to use it as a wealth transfer tool to leave a legacy when they pass away."

Felipe Araujo
Wealth Expert

"The impact of tax isn't just financial when leaving a legacy, it's emotional as well as it can affect the intended legacy that a person wishes to leave to their loved one. Just under half (45%) of affluent Australians are worried about the wealth transfer process, and 42% are concerned that tax will impact their wealth transfer.[3] *The impact of tax should be considered before, during and after the transfer."*

Vincent Stranges
Investment Bonds Expert

"[A big] issue here is that the will and associated documents, such as an enduring power-of-attorney and advance health directive, should be drawn up in the most effective way possible. The main issues with wills are that they are often not updated to reflect a person's changing circumstances which can cause very serious consequences. Furthermore, not leaving instructions as to where the will can be found [causes complexity]. But worst of all are these homemade wills or the wills you create by filling in a form from the newsagents."

Noel Whittaker
Finance and Investment Expert

Financial advisers can support Australians to embrace a more diverse portfolio, which can include tax-effective, new generation investment bonds to help them achieve the financial future they want across generations.

Solutions

For Australians looking to build wealth in a tax-effective way, provide a child with a financial head start, or pass on wealth and provide for loved ones with certainty, the new generation of investment bonds are an important investment solution. The unique tax structure of an investment bond coupled with the diverse range of investment options your clients can select to suit their needs, will help them meet their long-term, emotional legacy goals.

Key benefits: how investment bonds can help leave and preserve a legacy

Leaving and preserving a legacy are the top financial goals for many Australians. Being able to leave their hard-earned wealth to those they love according to their wishes is one of the top priorities for the population. Generation Life's new generation of investment bonds can help ensure that Australians can leave their legacy with certainty and peace of mind.

The estate planning benefits of investment bonds are:

Flexible and secure options to manage estate planning and wealth transfer with control and certainty:

- A tax-effective wealth accumulation solution allowing for easy, automatic wealth transfer.
- Transfer of ownership is tax-free for income and capital gains tax purposes, and the 10-year advantage period is not reset when the transfer occurs.
- Clients have the flexibility to structure the investment, as part of - or outside of – a will and legal estate.
- Can be used to arrange for someone else to continue holding your client's investment after they pass away.
- Gives clients peace of mind that a loved one's future will be looked after efficiently and cost-effectively.
- Clients can control how and when the future recipient can make withdrawals and limit the amount the recipient can access each year by setting a regular payment amount for them to receive.

They avoid the delays, complexities and uncertainties sometimes associated with winding up an estate:

- Avoids the complexities that can be associated with using a will or testamentary trust, or where there are complex family arrangements to deal with.
- Wealth can be transferred in a will-like fashion to family and non-family members, companies, trusts and charities and your clients' wishes without dispute.
- Clients can nominate one or more beneficiaries to receive tax-free proceeds of the investment once they pass away, or they can schedule a future transfer to a specific person.
- Clients can transfer investment bond ownership to intended recipients at a nominated future date, which can include the date your client passes away.

They can take away the burden of loved ones paying for a funeral once your client has passed away:

- Funeral bonds, a special type of investment bond, can also help your clients meet their future funeral costs, with no age or health restrictions.
- Clients can incorporate their investment as part of pre-paid funeral arrangements, and there is also the potential to improve Age Pension benefits.

Debunking misconceptions around investment bonds

Over a quarter of the population believe that they can't access their money once it is invested in an investment bond and **25%** believe that they are too complicated. These are significant misconceptions, which could be preventing some Australians from leaving their full legacy.

Below, we have addressed the most common myths surrounding investment bonds that came out of our research, alongside others from our financial advisers' clients. Keep this page open on your desk to help clearly explain the value of using an investment bond to leave a legacy to your clients.

Myth: You can't access your money for ten years.

Fact:

Generation Life's investment bonds offer complete flexibility when your clients want to access their funds. While they do provide tax advantages for longer-term investments, your clients aren't locked into a rigid 10-year commitment. In fact, they have the freedom to access their money whenever they need it.

Myth: They're inflexible.

Fact:

Flexibility is at the core of Generation Life's investment bonds. We provide your clients with the freedom to adapt their investment strategy to their changing circumstances. They can switch between investment options without any personal tax consequences and make additional contributions at any time. There's also the option to make additional contributions annually of up to 125% of their previous year's contributions without resetting the 10-year period for tax purposes. This level of flexibility ensures that their investment remains adaptable while still benefiting from the unique tax advantages of Generation Life's investment bonds.

Myth: There are better ways to transfer intergenerational wealth.

Fact:

Generation Life's investment bonds are specifically designed to facilitate the transfer of wealth to future generations seamlessly. They're structured around your clients' personal wishes—giving them complete control over how and when their wealth is passed on. For example, Generation Life's LifeBuilder investment bond gives clients access to the unique Future Event transfer feature to determine exactly how and when the investment bond will be passed on. This can also potentially minimise the tax implications that the next generation will face when receiving their inheritance, offering peace of mind and long-term financial security for their loved ones.

Myth: They have limited investment options.

Fact:

Within Generation Life's investment bonds structure, there are many different investment options to explore. With three levels of tax-aware investing benefits and an extensive range of investment options available, your clients can choose from a diverse menu of strategies, including diversified portfolios, fixed interest, shares, property, and more. This flexibility allows you to tailor their investment bond portfolio to their individual investment goals and risk tolerance, ensuring they have ample opportunities for growth and diversification at every life stage.

Myth: They tax heavily.

Fact:

If your clients' marginal tax rates are higher than 30%, investment bonds are a great tax-effective long-term investment. While it's true that investment bond earnings are subject to tax, our investment bonds offer significant tax advantages compared to other investment options. They are structured as tax-paid investments, meaning that the underlying investments are taxed within the investment bond structure at the corporate tax rate (currently 30%). This can be even lower if your clients select our Tax Optimised series of investment options which can have an effective tax rate as low as 12-15%[13]. As an additional benefit, after holding the investment bond for at least 10 years, any withdrawals become tax-free for the investor, making them a powerful tool for long-term tax planning strategies.

Myth: They're old-fashioned.

Fact:

Don't be fooled by the misconception that investment bonds are antiquated. We understand the evolving needs of investors and have developed a new generation of investment bonds designed to meet those needs in today's world. With a range of investment options tailored to different risk appetites and financial goals providing flexibility, control and access at any time, our investment bonds provide a contemporary approach to wealth accumulation, tax planning, and estate planning strategies.

"Certainly most clients don't understand them [investment bonds]. They don't understand the 125% rule, or that they can be transferred free of capital gains tax. However, investment bonds are the perfect solution for investing for future generations. All you have to do is make an investment into the investment bond and sit back and watch it grow. Then, after you have owned the investment bond for ten years, you can withdraw all or part of the proceeds free of any addtional personal tax. However, there is no obligation to withdraw your money and you can leave it in the low-tax investment bond area for as long as you wish."

Noel Whittaker

Finance and Investment Expert

"The number one misnomer we experience when speaking with financial advisers and their clients about investment bonds is that they're inflexible. This simply isn't the case for the new generation investment bond. You don't have to wait a decade to access your funds this is simply just the time you wait to unlock the full potential of the tax-free withdrawal benefit. Unlike superannuation, the money in your investment bond is available whenever you need it."

Vincent Stranges

Investment Bonds Expert

Scenario

Transferring wealth with certainty

Situation

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

Objective

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

Solution

James sets up a Generation Life Investment Bond with an investment of $400,000 and is the sole life insured. Under the EstatePlanner nominated beneficiary option, he nominates that Sam receives 25% of the investment value and Louise receives 75% of the investment value.

Alternatively, James could set up two separate Generation Life Investment Bonds to the equivalent value and nominate each child as a sole nominated beneficiary to receive the proceeds of his investment on her passing.

Benefit

Using a Generation Life Investment Bond and nominating beneficiaries and the set percentages of the investment they'll receive allows James to bypass the estate and will process, ensuring that his allocation wishes are met.

If at any point in the future James wants to change how his investment is divided up, he can do that easily without having to incur the cost of changing his will. In addition, if at any point his personal circumstances change (e.g., he gets a divorce or remarries) then there is no need for him to restate or update his beneficiary details. His nominations will continue until he decides to change his nominated beneficiaries.

An alternative solution for James

James sets up four Generation Life investment bonds of $100,000 each and is the sole life insured. Under the EstatePlanner Future Event Transfer facility, he nominates (for each LifeBuilder Investment Bond) a grandchild to transfer ownership of the investment bond to on his death. He can also set the transfer to happen at a timing of her choice, for example when each grandchild turns 18.

Benefit

The Generation Life Investment Bond Future Event Transfer facility lets James by-pass the estate and will process, ensuring that his wishes are met.

His investment will also be transferred to his grandchildren tax-effectively with no tax consequences as a result of the transfer. If at any point in the future he decides to change how his investment is transferred, he can do that easily without having to incur the cost of changing his will by removing the grandchild as the intended recipient. In addition, if at any point his personal circumstances change (e.g., through divorce or marriage) then there is no need for him to re-state or update her Future Event Transfer instructions. His instructions will remain valid until he decides to change her instructions.

Part three:

A dignified retirement

Saving for a happy retirement is Australia's #1 financial goal

But a financial knowledge gap amongst over-50s means they could be missing out on the retirement they deserve.

Key insights

38%

of Australians say their top financial goal is "saving for a happy retirement"

40%

of Australians aged 65 and over prioritise leaving a legacy as their top financial goal.

33%

of Australians over-50 prioritise high-interest savings accounts, their super (**32%**), or – worryingly – have no vehicles or assets in place at all (**25%**), to achieve their financial goals. Therefore, Australians over-50 aren't making use of the innovative investment solutions out there that can help them optimise their retirement years.

67%

of Australians over-50 are currently discussing 'pre-retirement plans' with their employers[16] (cutting down days and hours as they approach retirement). It's important that financial advisers help pre-retirees feel more secure with their finances by relying on the right combination of investment solutions.

Key insights (Continued)

23%

of Australians over-50 are worried that they'll run out of money during their older years. This leads to retirees living more frugally than necessary because they are afraid to spend their hard-earned savings.

89%

of Australians over-50 aren't using (or haven't heard of) lifetime annuities, despite the fact that the new era of lifetime annuities can help eliminate the fear of running out of money in retirement by offering a flexible income for life.

There's a critical role for financial advisers to support older Australians to optimise their wealth with a more diverse financial portfolio, so that they have the chance to enjoy the happy, dignified retirement they deserve, avoiding 'regret risk'.

What is regret risk?

Many Australians arrive at retirement with significant capital but no ability to manage that capital effectively. They are constantly threading together a knot of worries—Can they live the lifestyle they want? Can they pass money onto their children? Will they run out of money? Their reward for 40 years of saving is not less financial uncertainty – it's more.

Australia has one of the highest life expectancies in the world.[17] There's a growing need to support our ageing population as many don't see a long lifespan as full of promise and potential, but rather one of worry and instability.

As a result, many Australians retirees are only drawing down the minimum on their account-based pension balance. They lack the confidence to spend, concerned that their costs will go up towards the end of retirement. Once they reach the later years of their retirement journey, they often look back and feel a sense of regret from being overly frugal or too conservative with their spending in their earlier years.

At Generation Life, we call this 'regret risk' and it's something we're actively looking to counter with our investment-linked lifetime annuity solution, LifeIncome.

Solutions

As an industry, we've done a great job of helping people save for retirement – but we have a lot more work to do in helping retirees spend their savings responsibly and leave a legacy to the next generation. As a financial adviser, you can recommend a holistic investment strategy to your clients that includes a lifetime annuity alongside their super and Age Pension for a happy and dignified retirement, and the right new generation investment bond to help them leave a legacy.

"Australians' number one financial goal is saving for a happy retirement, but in our experience, we've seen that many will just save away without a plan or support. This is why financial advisers are so important to support individuals in the run-up to retirement - pre-retirement - and retirement to ensure their financial portfolio reflects them as an individual. There are a number of questions that need to be considered to build the most holistic plan for the retirement they deserve.

Generation Life is proud to offer an investment-linked lifetime annuity that provides such a unique combination of features following the government's decision to foster more innovative retirement solutions. The overarching goal of the rules was to provide income stream products to meet consumer preferences and that's what we've aimed to deliver. Consumer preferences differ from one consumer to the next and it is important to have lifetime annuities that, when combined with an account-based pension in a tailored way, can meet these preferences."

Patrick Clarke
Lifetime Annuities Expert

Key benefits: how lifetime annuities can give retirees peace of mind with an income for life

At Generation Life, we understand that your clients' retirement plans are not just a financial decision, they're an emotional journey. Their retirement should be a well-deserved reward after years of hard work, not a time to worry about their savings and whether they'll run out of money.

We've developed our new generation investment-linked lifetime annuity solution, LifeIncome, to help tackle these concerns and give your clients peace of mind. Available exclusively through financial advisers, LifeIncome can help older Australians have the happy, dignified retirement they deserve.

Why Generation Life introduced LifeIncome

- Government reforms in 2017 enabled Income Stream products to offer more flexibility, "to meet consumer preferences while ensuring income is provided throughout retirement".[18]
- This meant that Innovative Income Stream products that met the requirements of the new measures would enjoy the same tax concessions and social security concessions as traditional lifetime annuities.
- Generation Life saw this as an opportunity to create a flexible, investment-linked lifetime annuity that would give retirees the confidence to spend knowing they won't run out of money.
- As well as this, with five million Australians[5] joining the 4.1 million people already enjoying their well-deserved retirement over the next few years,[6] the country's superannuation funds are moving from a long period of accumulation to decumulation.
- Investment solutions like LifeIncome are purpose-built to help older Australians maximise the money they've saved through their life in a tax-efficient way, alongside their superannuation and the Age Pension.

Peace of mind with an income stream that pays your clients for life

- One of the key challenges facing Australians is managing the retirement risk of longevity, or in other words, the fear of outliving savings and suffering a reduced retirement lifestyle. 2 in 5 Australians expect to spend more in their first years of retirement than they do in the years shortly before they retire.[3]
- LifeIncome is an investment-linked lifetime annuity that can help solve this common concern for retirees and help avoid 'regret risk'.

Countering a reliance on high-interest savings accounts

- Contrary to the idea that savings accounts are always a 'safe' financial option, many clients effectively lose money by leaving it in a savings account as the interest they earn is often behind the rate of inflation.
- LifeIncome offers the potential for your clients' investment to grow over time, offering them higher income as a result of higher potential returns, due to the investment-linked structure.

LifeIncome combined with other retirement income sources can help your clients address risk

- Combining a lifetime annuity with an account-based pension, and if eligible, the Age Pension, is an optimal way to address inflation risk, market risk and longevity risk.[19]
- The right combination of investment solutions can also optimise retirement outcomes and encourage retirees to spend their retirement savings, knowing they won't run out of money.

LifeIncome can also help your clients leave a legacy

- A lump sum Death Benefit is payable to your clients' nominated beneficiaries or estate if they pass away within their Death Benefit Period, which is determined when they commence LifeIncome.
- Retirees can opt to include their spouse as the recipent of an income for as long as the spouse lives. In some cases, the recipient can be someone other than the spouse.

LifeIncome offers a combination of features no other investment linked lifetime annuity provides:

- 29 investment options managed by professional fund managers, with options ranging from active or passive, single sector funds to diversified funds
- The ability to hold these options in any combination and switch between options at almost any time
- A choice of income redistribution rates (called LifeBooster)
- The ability to purchase an annuity with non-superannuation or superannuation monies
- A choice of fortnightly or monthly income payments
- The ability to implement a Dollar Cost Averaging investment approach to progressively invest on a monthly basis over a minimum of two and a maximum of 12 months
- The ability to nominate a reversionary beneficiary to receive income when the policyholder passes away and to nominate a reversionary beneficiary other than a spouse when non-superannuation money is used
- The ability to elect to receive more income as a couple, in return for reduced income when one of the couple passes away (called LifeIncome Flex).

Over the next decade, it's likely financial advisers will become even more important in building client wealth, helping with decumulation of wealth and improved retirement outcomes. With over five million Australians reaching retirement in the 2020s,[5] financial advisers can help their clients live the retirement lifestyle they deserve with the new era of lifetime annuities offering more income, more choice, and more flexibility.

Debunking myths about lifetime annuities

You can support your clients by debunking the most common myths about lifetime annuities that came out of our research, alongside some other myths that our financial advisers' clients have shared with them. Keep this page open on your desk to help clearly explain to your clients the value of using a lifetime annuity and how to actively avoid 'regret risk'.

Myth: I will lose all of my investment if I pass away early.

Fact:

All lifetime annuities offer a death benefit. Gone are the days when you lose a significant proportion of your savings if you pass away soon after commencing an annuity. LifeIncome offers your client a lump sum death benefit payable to their nominated beneficiaries if your client passes away during their Death Benefit Period. The death benefit aims to return the difference between what was put into the annuity and what has already been paid out as cumulative income.

Myth: I'm concerned the provider will default.

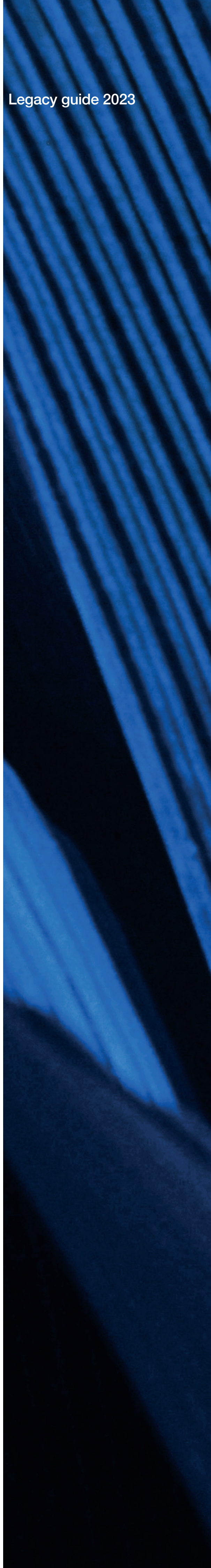
Fact:

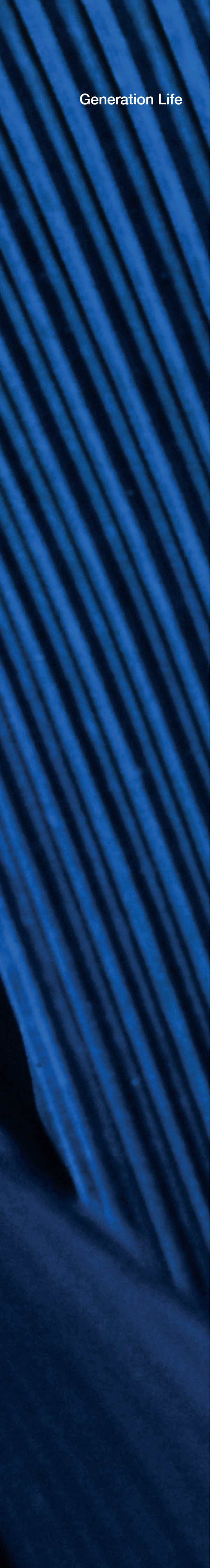
No provider of a lifetime annuity in Australia has defaulted on their payments to policyholders. All investment-linked lifetime annuity providers in Australia are regulated by the Australian Prudential Regulation Authority (APRA). APRA requires all annuity providers to hold enough capital to meet extreme market events. LifeIncome is reinsured by Hannover Re, who is also regulated by APRA in Australia. Hannover Re is one of the largest reinsurers in the world specialising in longevity risk which is also regulated by APRA in Australia. Our reinsurance arrangements with Hannover Re support Generation Life making income payments to you for life. More importantly, each investment option is held separately and distinctly from the other investment options and assets of Generation Life. 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.

Myth: Annuities don't offer value for money.

Fact:

Our investment-linked lifetime annuities are designed to return your investment in the form of cumulative income through higher starting income and the potential for annual income to grow over time. This is through a number of key features available when investing in LifeIncome. LifeBooster, a key feature of LifeIncome enables your client to increase their starting income. Where your clients selects a Reversionary Beneficiary, LifeIncome Flex gives them the opportunity to increase thier starting income even further, enabling them to receive their initial investment back sooner. Whilst income is the focus, it isn't the only value when it comes to LifeIncome. Other ancillary benefits include a lump-sum death benefit to be included in your clients' estate plan, and having the potential to access the Age Pension and associated benefits or the Commonwealth Seniors Health Card.





Myth: Annuities are a fixed income product.

Fact:

Investment-linked lifetime annuities offer exposure to a wide range of assets, including growth assets like shares. Traditional lifetime annuities have only offered a fixed-rate return or an indexed return (e.g. CPI-linked). Due to LifeIncome's investment-linked structure, changes in annual income are linked to the investment performance of your clients' chosen investment option(s). The income payments will go up and down with investment performance, and over the longer term income can be expected to grow in excess of inflation, depending on the investment option(s) chosen. LifeIncome offers a wide range of investment options across all major asset classes including shares, infrastructure and private debt, with the ability for your client to switch these investment option(s) at anytime.[20]

Myth: Annuities are complex.

Fact:

Investment-linked lifetime annuities have come a long way. At Generation Life, we believe in making the complex simple for retirees. In exchange for a lump sum your client will receive an income that is payable for life. The income your client will receive can rise or fall each year depending on the investment performance of their chosen investment option(s). They have complete flexibility to choose their investment option(s) and switch between options because markets, attitudes and appetites for risk can all change. It's that simple.

Myth: Annuities are subject to high tax rates that diminish overall returns.

Fact:

There is generally no tax payable when you purchase a lifetime annuity with non-superannuation or superannuation monies (when rolled over from a taxed source within the superannuation system). Any earnings on LifeIncome are tax free while they remain in your account, regardless of your age. This is an advantage of LifeIncome over non-retirement phase superannuation accounts and investments outside superannuation. You can also receive the benefits of any franking credits that may arise. In addition, LifeIncome income payments are tax-free in your hands if you have commenced your LIfeIncome policy using superannuation monies and at least 60 years old. In all other cases, there are tax concessions on your regular payments.

Find out more about Generation Life's innovative investment-linked lifetime annuity here or book a consultation with our experienced team.

Scenario

Enjoying a fulfilling, dignified retirement with more income in the earlier years.

Situation

Frank and Dot are both 67 years old.

They both love travelling around Australia and overseas. They also like spending time with their grandchildren, including taking them to enjoy activities when they can. Frank and Dot are homeowners and have $500,000 in Frank's superannuation balance, $450,000 in Dot's superannuation balance and $10,000 in personal assets.

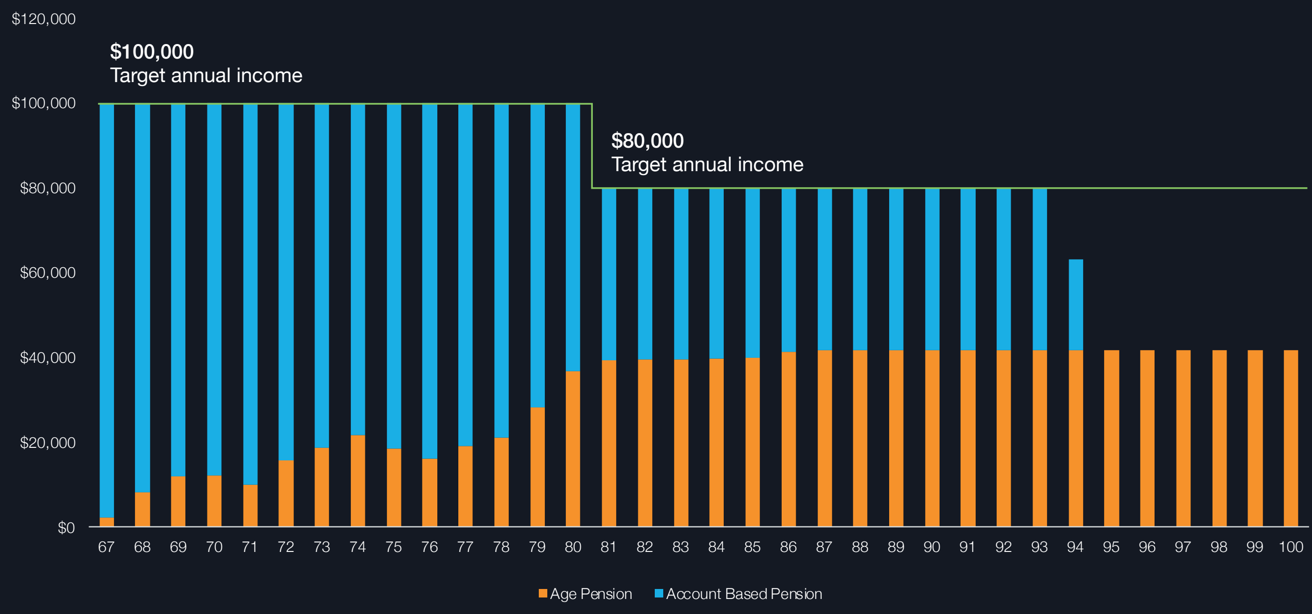
Objective

Frank and Dot would like to spend more of their savings and income in the earlier years of their retirement, when they are both relatively young and healthy, but are afraid that they might run out of money. They do not want to burden their children in the future and would like to leave a small portion of their wealth to their grandchildren. Frank and Dot speak to their financial adviser to see how they can maximise their retirement income and leave something behind.

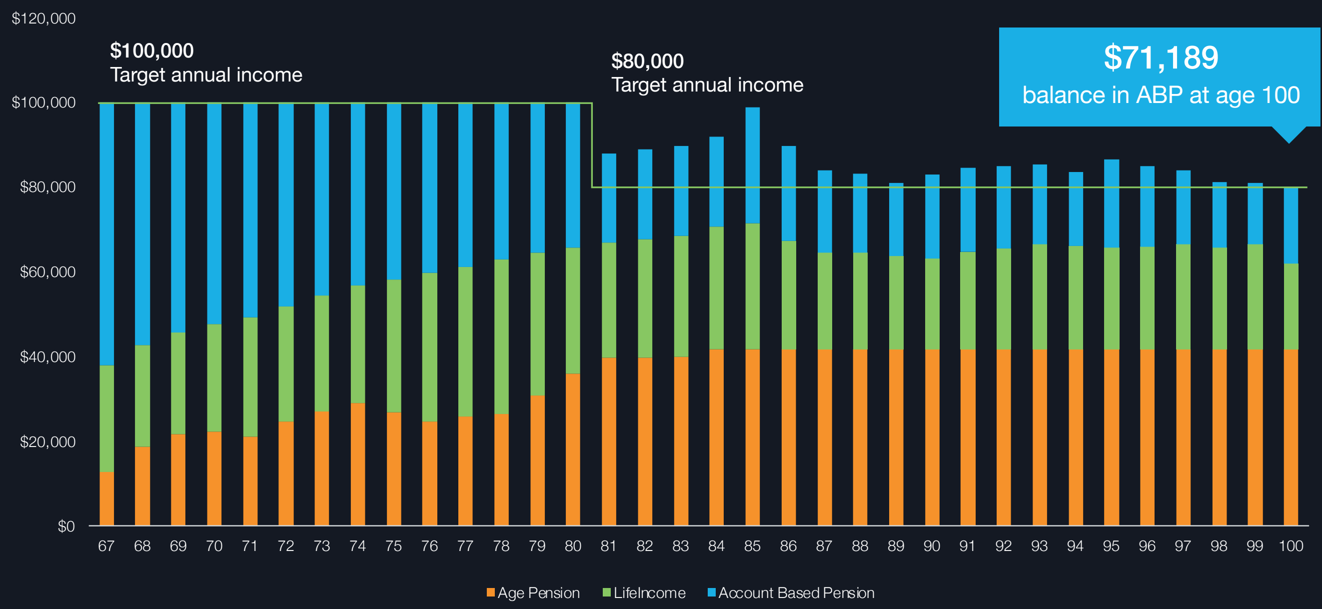
Solution

Frank and Dot both establish a LifeIncome investment-linked lifetime annuity with 40% of their combined superannuation balances ($950,000) to maximise their retirement income and leave something behind. They also establish a FuneralBond Investment Bond, to ease the burden of their funeral costs on their children after they pass away.

Frank and Dot's current situation



Frank and Dot's solution - LifeIncome and FuneralBond



For assumpitions refer to page 47

Outcome

By establishing both a Generation Life LifeIncome investment-linked lifetime annuity and a Generation Life FuneralBond Investment Bond, Frank and Dot can retire with confidence and spend more in the earlier years of their retirement, knowing they will never have to rely on the Age Pension alone. They will also receive a higher level of their Age Pension in the earlier years of their retirement. This additional layer of income gives them peace of mind that they'll be fine if their account-based pension runs out. They also now potentially have more money to leave behind for their grandchildren when they pass away, and their future funeral costs have been looked after easing the financial burden on their children.

Part four:

The important role of financial advice

Hope isn't a strategy

77% of Australians have wealth goals, but almost a third haven't achieved any of them, with just 10% using the support of a financial adviser

Key insights

85%

of Australians are experiencing some stress when it comes to their finances.

20%

of UHNWI Australians are most concerned about not knowing how to best optimise their wealth, potentially feeling overwhelmed by the investment solutions and options available to them.

10%

of Australians currently use a financial adviser and, despite their worries and the complexity of many people's situations, a third (**32%**) believe they don't need one.

90%

of Australians aren't using a financial adviser, or don't know what financial advisers are used for. It is essential that the significant value of financial advice is promoted to these Australians.

24%

of Australians who have used a financial adviser used them to help save for a happy retirement. Financial advisers are important regardless of an investors' life stage or wealth bracket, but they become invaluable once individuals start thinking about retirement.

Financial advisers are the chronically-underused key to help Australians overcome their financial concerns and build a strategy to achieve their financial goals and leave a legacy.

Solutions

"There's a great saying: good advice doesn't cost, it saves. One of the major problems in Australia now is a critical Adviser shortage: there are simply not enough Advisers, and the required paperwork is onerous and ineffective. The challenge is putting this together, and it's made more difficult by the wide range of people who need advice. A major finding of the Retirement Income Review was that most retirees are baffled by the complex interplay between the taxation, social security and aged care systems. I will always maintain that those who have the means should always embark on a lifelong journey with their Adviser for the best financial outcomes."

Noel Whittaker
Finance and Investment Expert

"Partnering with a financial adviser is vitally important to help all Australians meet their legacy goals. Our Reimagining Legacy research identified a clear knowledge gap amongst the Australian population around which financial products can be used to achieve their objectives. Financial advisers are the key to supporting clients in achieving their financial goals, identifying the best way to meet them, and tackling challenges along the way, whether that's ensuring they won't run out of money during retirement or that their legacy will be passed on the way they want in a tax-optimised and effective way."

Felipe Araujo
Wealth Expert

Leaving a legacy

Everyone's objectives for leaving a legacy are as different as their life story. You are well-placed to work with your clients to build a long-term strategy for building, protecting, leaving and preserving their legacy in a way that suits their goals with control and flexibility. Our tax-efficient, new generation of investment bonds have been crafted to suit different legacy goals (from looking after a child's future, to paying for a funeral to reduce the burden on the family) and work well for clients looking to accumulate wealth and manage their estate planning strategy with certainty.

A dignified retirement

Retirement is one of the most exciting moments in your client's life, and they deserve to reach this point without worrying that they could run out of money before they pass away. Our lifetime annuities investment solution is available exclusively through you as their financial adviser so you can guide them through this emotional journey towards an outcome that suits their individual situation, enabling them to have the retirement they deserve.

Financial advisers' important role

Financial decisions can be overwhelming, but financial advisers are can help make the complex simple for Australians. You are ideally placed to explain the investment process, help clients spend their retirement savings with peace of mind, and manage family and estate planning issues, ensuring your clients' sense of obligation to their loved ones doesn't reduce their own living standards. You also have the knowledge and training to understand the right combination of retirement income products that will suit older Australians' retirement needs and lifestyle desires.

Over the next decade, it's likely financial advisers will become even more important in building client wealth. With over five million Australians[5] reaching retirement in the 2020s, it's time for financial advisers to help their clients live the retirement lifestyle they desire with the new era of lifetime annuities offering more income, more choice and more flexibility.

Our goal at Generation Life

At Generation Life, we are proud to support you and your clients with innovative investment solutions that help you drive success. Our aim is to help you plan for tomorrow for all generations and provide excellent ongoing advice.

We know financial advisers play a crucial role in building, protecting, leaving and preserving the wealth of Australians. Over the next decade, as individual wealth grows, the opportunity to leave a legacy for the next generation will increase in importance and financial advice will be imperative. We're here to help and support you towards continuing to make a real difference to the financial future of Australians, and ensuring their wealth is transferred their way.

Access our range of calculators, resources and educational materials on Generation Life's Adviser Online to run illustrations and access all the information you'll need to help your clients, including:

- Educational and informative sessions: We offer educational events nationally throughout the year and regularly sponsor industry events, offering meaningful and insightful experiences.
- Adviser tools at your fingertips: We have developed a range of digital tools such as calculators and comprehensive reports to help you tailor illustrations and projections to your clients' financial objectives.
- Strategies and case studies: We can help you find a solution to your clients' wealth building challenges and identify all relevant opportunities.
- Seamless application experience: Apply seamlessly online anytime, anywhere with the option to sign electronically or submit using DocuSign and AdobeSign.
- Tax Optimised performance reporting: Comparing our Tax Optimised invesment options' returns against three investor profiles on a after-tax basis – individual investors with a marginal tax rate of 47% or 39%, and a company investor on the standard 30% company tax rate.[21]
- Ongoing support and services: We offer personalised, tailored experiences to help you and your clients manage their investments. Whilst you can access everything online, we are always here to support you in person.

Conclusion

Key take aways from this guide

Australians are excited to leave a legacy but, for the majority, it's seen as 'tomorrow's problem'.

Many are overwhelmed by the options out there – but with the support of a financial adviser and Generation Life's innovative, tax-effective investment solutions, they can build, protect, leave and preserve their legacy.

Recapping the key insights from our Reimagining Legacy guide

- **67%** of Australians feel confident they'll leave a legacy but don't know how best to do so. Financial advisers like you are essential to help them build diverse financial strategies that will make leaving a legacy straight-forward and tax-effective.
- Building and protecting a legacy needs to be prioritised today by Australians over 35 and, especially for HNWIs and UHNWIs, the new generation of investment bonds are a tax-effective and flexible solution to build wealth.
- An overreliance on wills and superannuation as the means of leaving and protecting a legacy is costing Australians, especially over-50s. Financial advisers can support these Australians to diversify their portfolios and legacy strategies, by including tax-effective and innovative new generation investment bonds built to leave a legacy.
- Saving for a happy retirement is Australia's #1 financial goal, but a knowledge gap means many aren't using investment solutions like innovative investment-linked lifetime annuities that will help fund the retirement they deserve.
- At Generation Life, everything we do seeks to back Australia's financial advisers and help them give their clients the support they need, building products that cut all non-value-add elements so they can provide the best possible advice to their clients.
- We're working to help raise awareness of the tremendous value advisers can offer through the perfect mix of investment solutions to help Australians leave a legacy, and we are by your side to support you and your clients through this emotional journey.

Australians don't understand investment bonds, and this is preventing them from achieving their legacy goals. It's time to debunk misconceptions around this tax-effective and efficient investment solution. Find out more about Generation Life's new generation investment bonds here or book a consultation with our experienced team.

Financial advisers need to tackle misconceptions their older clients have around lifetime annuities, encouraging them to embrace these investment solutions as a way to fund a fulfilling, dignified retirement free from regret. Find out more about Generation Life's innovative investment-linked lifetime annuity here or book a consultation with our experienced team.

About 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, estate planning and retirement solutions since 2004 with over $2.8 billion invested with us to date.

Generation Life is a life insurance company registered under the Life Insurance Act 1995. 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.

Awards:

Ratings:

Investment bonds
"Highly Recommended"
by Zenith

Investment bonds LifeBuilder
"Highly Recommended"
by Lonsec Research

LifeIncome
"Superior"
by SQM Research

Note: Zenith rating is for LifeBuilder and ChildBuilder

Outthinking today.

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Assumptions for 'Frank and Dot's current situation' graph:

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 performance reflects historical 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.

Assumptions for 'Frank and Dot's solution - LifeIncome and FuneralBond' graph:

Starting income is based on Frank (67) using $380,000 of his superannuation to purchase 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 and thresholds are effective 01/07/23. Investment performance reflects historical 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.

Disclaimers:

generation life

Outthinking today.

Reimagening Legacy Guide 2023

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