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Your control panel...

Handouts

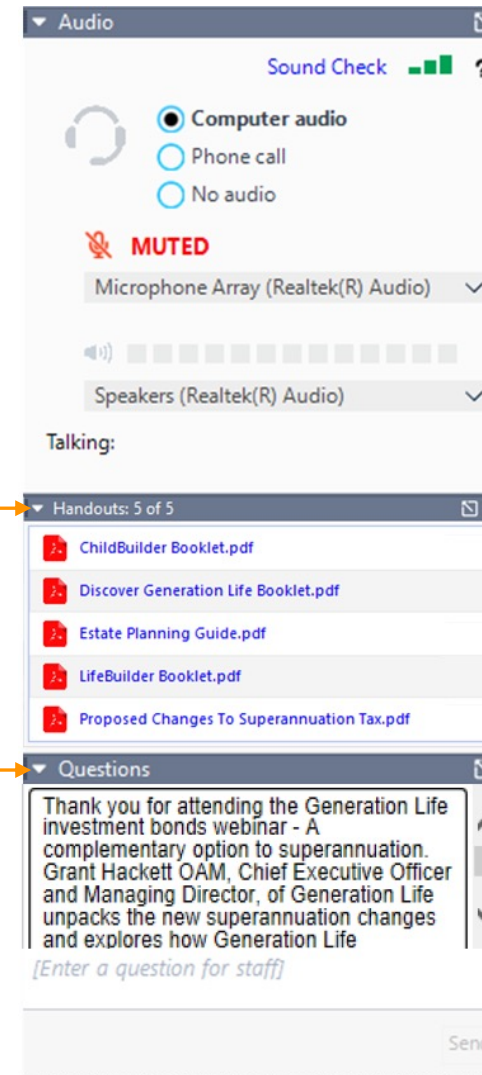
Download our product brochures and other handouts

Questions

We encourage you to ask us questions.

To ask a question, simply type into the text box and press send. We will answer as many questions as possible at the end of the presentation.

If we are unable to respond to your question during the session, your Distribution Manager will contact you in the coming days.



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Returns aren't guaranteed but tax alpha is



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.

Specialist provider

Investment bonds and investment-linked lifetime annuity

Market leader

#1 provider of investment bond solutions with 51% market share of total inflows into investment bonds²

Innovation focused

Tax aware investing, estate planning and retirement income landscape

Trusted

APRA regulated and our parent company is listed on the ASX



Investment Bonds³

LifeBuilder Investment Bonds

1. As at 30 September 2023
2. Plan for Life, Investment Bonds Market Report for period ended 30 June 2023
3. Zenith rating is for LifeBuilder and ChildBuilder

A new generation of investment bond

Tax paid structure that is governed by the **Life Insurance and Tax Acts**

Our **Tax Optimised Series effective tax rates** generally range between **12% - 15%***


No distributions and access to funds at anytime

Portability and tax-free transfers

Creditor protection

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

* Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.



Proposed changes to taxation on superannuation

Planning ahead and knowing the
alternative tax structures available

Why the proposed changes to superannuation?

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

Based on proposed legislation - super is “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

Fiscally sustainable and cost-
effective for government

Large superannuation balance tax - Div 296 Tax

Short consultation period on draft legislation 3rd to 18th October 2023

Starts on the 1 July 2025

Super balances are adjusted for contributions and withdrawals (adjusted balance)

The relevant base calculation includes both realised and unrealised gains, and includes the benefits of any add backs such as franking credits

No indexation of \$3m threshold (equivalent of \$2.07m for a 50-year-old at a retirement age of 65)*

Tax will be payable within 84 days of invoice (except defined benefit funds)

How balance adjustments impacts the Div 296 taxable component...

How will 'Earnings' be calculated?

Difference in an individual's superannuation balance at the start and end of the income year **adjusted** for withdrawals and contributions for the year.

TSB 1 July 2025	\$5,000,000
Gross returns (8%)	\$400,000
TSB 30 June 2026	\$4,000,000
Less contributions (Subtracted from TSB)	\$100,000
Plus withdrawals (Added back to TSB)	\$1,500,000
Adjusted TSB 30 June 2026	\$5,400,000
Total earnings (44.45% taxable)	\$400,000
Earnings on amounts above \$3m subject to Div 296	\$177,800

Over 30 major changes to superannuation since 1992

Changes make for **complexity**

Changes come with **additional** compliance and administration **costs**

Changes cause **uncertainty** for those nearing retirement – pondering when the next change would be

Who is impacted now & in the future...

The \$3 million amount becomes worth far less in future dollars

80,000

Australians with big balances expected to be affected by the draft legislation¹

≈ 50,000

SMSF members expected to be affected with **13.5%** expected to experience liquidity stress²

> 520,000

Australians will breach the threshold in their lifetime which represents 3.1% of total individuals³

> 204,000

Australians who are under 30 will breach the threshold in their lifetime³

A 30-year-old will have a real cap of \$1m in today's dollars³

Those above \$2.5m in today's terms, will be impacted by the Div 296 tax calculated at 30 June 2026⁴

1. Better Targeted Superannuation Concessions fact sheet published 28 February 2023, see Joint Media release Assistant Treasurer and Minister for Financial Services
2. Evaluation of the proposed changes to superannuation tax concessions published October 2023, International Centre for Financial Services at the University of Adelaide for the SMSF Association
3. <https://www.fsc.org.au/news/media-release/distributional-analysis-of-an-unindexed-3-million-superannuation-balance-cap> published 3 March 2023
4. <https://www.firstlinks.com.au/10-revelations-new-3m-dollar-super-tax> published 8 March 2023

Investment tax structures

The opportunity of investment bonds

Individual	Company	Private Trusts	Superannuation	Investment Bond
Taxation: <ul style="list-style-type: none"> Personal Marginal tax rate 	Taxation: <ul style="list-style-type: none"> 30% 	Taxation: <ul style="list-style-type: none"> Personal Marginal tax rate or 30% 	Taxation: <ul style="list-style-type: none"> Up to 30% Accumulation 15% Drawdown 0% 	Taxation: <ul style="list-style-type: none"> Max 30% Tax Optimised generally, ranges between 12% - 15%*
Limitations: <ul style="list-style-type: none"> Wills – estate asset Available to creditors 	Limitations: <ul style="list-style-type: none"> Tax deferral only Gross-up of franking Div 7A Annual reporting Willing participants Estate planning 	Limitations: <ul style="list-style-type: none"> Usually, must distribute earnings Annual reporting Willing participants Trustee obligations Estate planning can be complex 	Limitations: <ul style="list-style-type: none"> Extra Div 296 tax over \$3m \$1.9M TSB (2023/24) SIS Legislation Estate planning uncertainty Preservation Annual reporting Trustee obligations 	Opportunity: <ul style="list-style-type: none"> More flexible tax structure Tax free transfers Creditor protection Estate planning certainty 10-year tax-free period Tax advantages in first 10 years No limit on contributions

* Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

Tax aware investing

The new generation of investment bonds –
the evolution of after-tax investing

Tax management investing & the impact on advice

Taxes can be one of the biggest **expenses** and take the **biggest bite out of returns**.

Tax-efficient investing becomes more important as tax bracket creep starts to have an impact

Be careful of tax deferral strategies – kicking the can down the road

Managing tax leakage

The compounding effect of saving 1% p.a. of return in tax per year for 15 years increases your return by 85%¹

Unintended investment income can affect income test and social security benefits

After-tax dollars that you'll keep – a combination of investment structures maximises this

1. Using the average annual MSCI World ex-Australia (with net dividends reinvested) in Australian dollars Index return over the 10-year period to 31 January 2023. Past performance is not an indication of future performance.

Tax Optimised investment series

Innovations uniquely through Generation Life's tax aware process

1.

Unique investment
bond structure

2.

Disciplined approach
to trading

3.

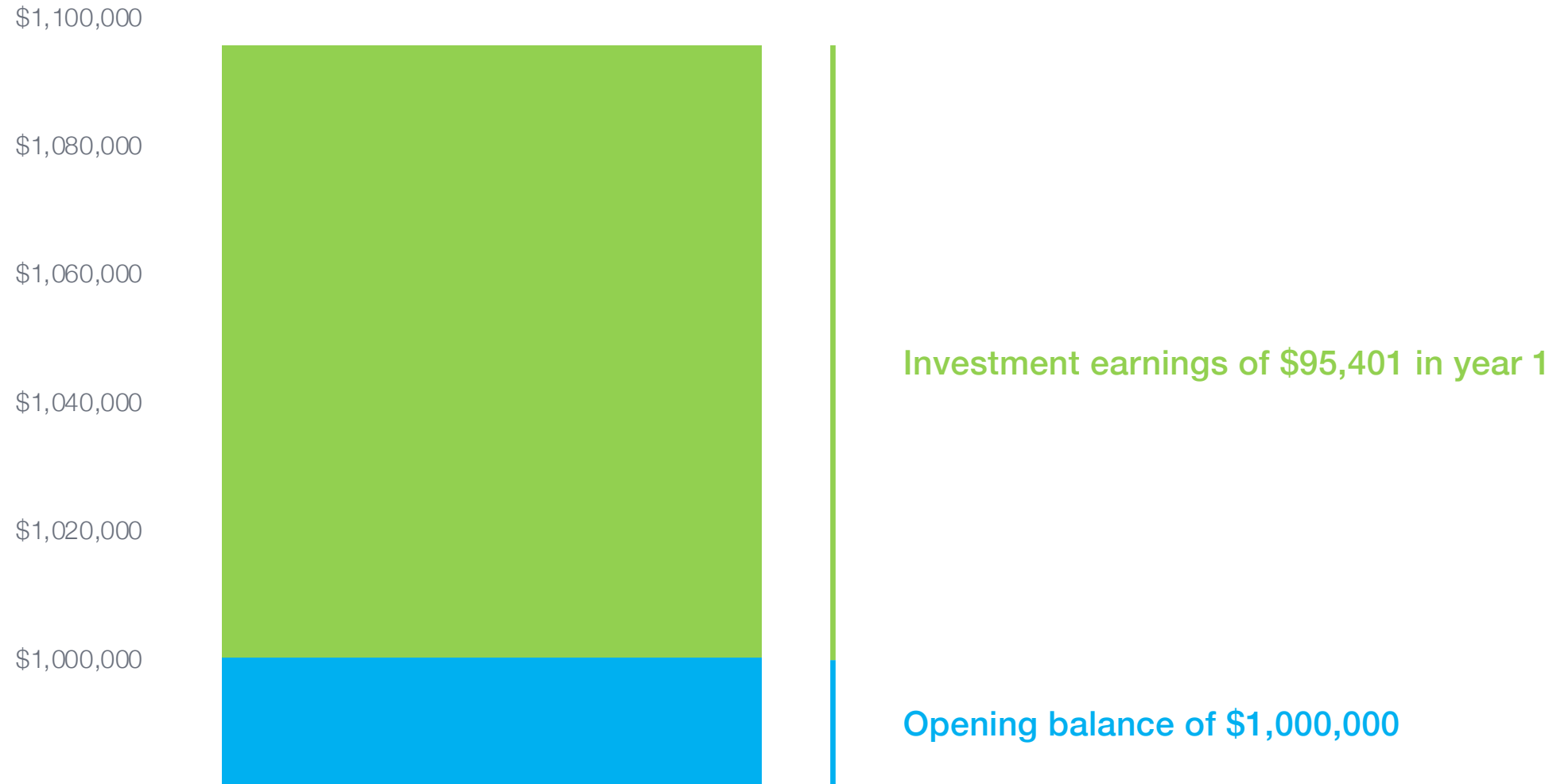
More control over
tax outcomes

4.

Compounding
returns

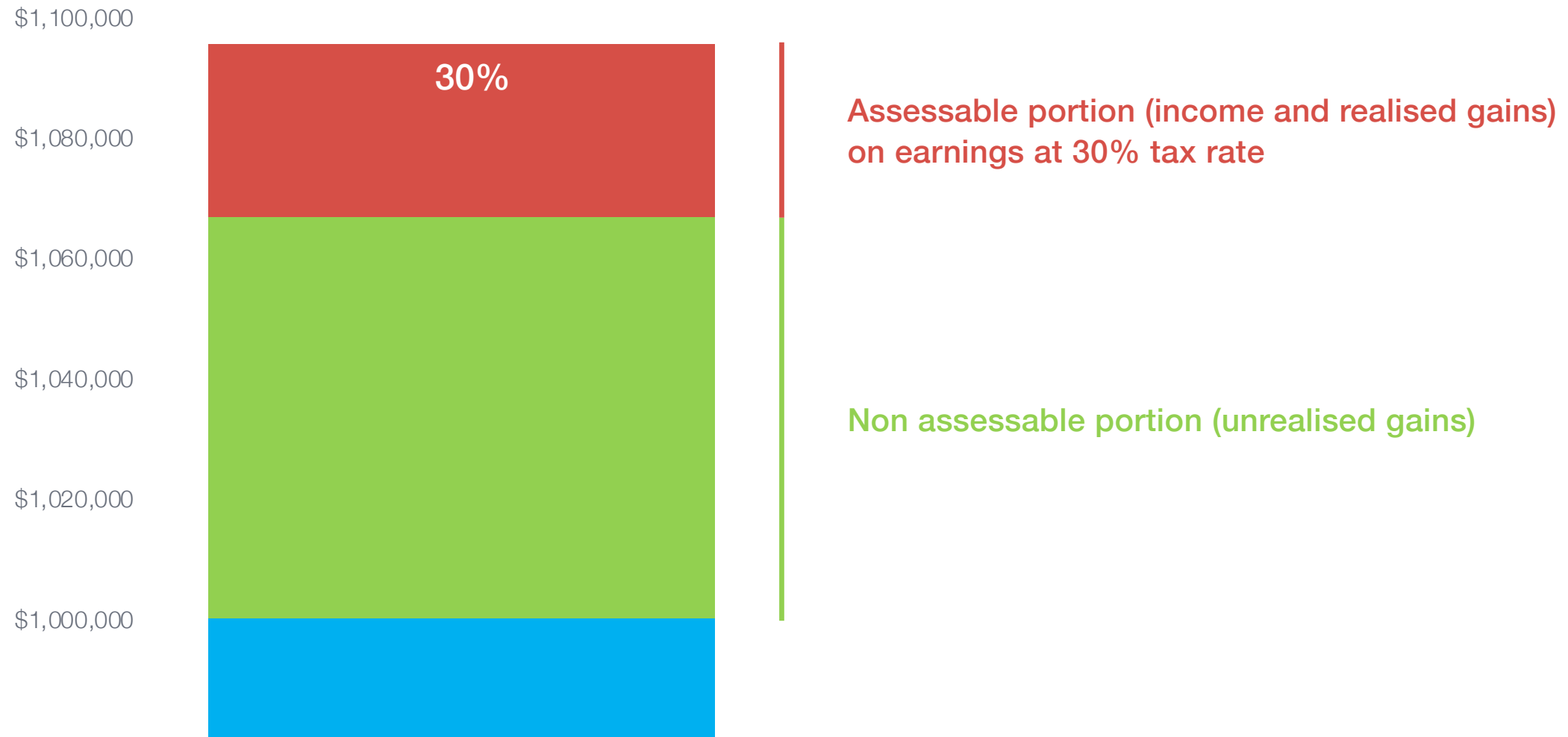
Tax is the new alpha.

An example: How does this work in practice...



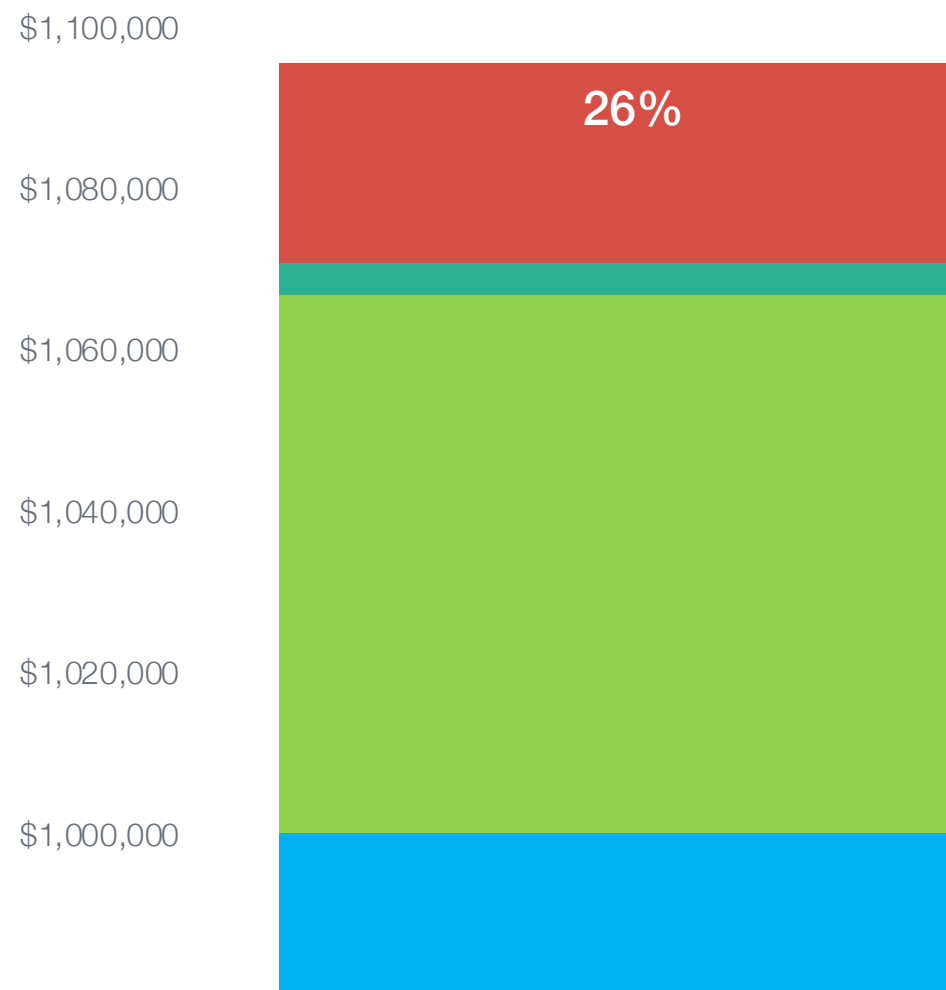
Assumptions: For illustrative purposes only. Assuming initial investment of \$1,000,000 with a total annual pre-tax investment return of 9.54% p.a. with an estimated average fees and costs of 0.63% p.a. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

An example: How does this work in practice...



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An example: Applying our tax aware process...

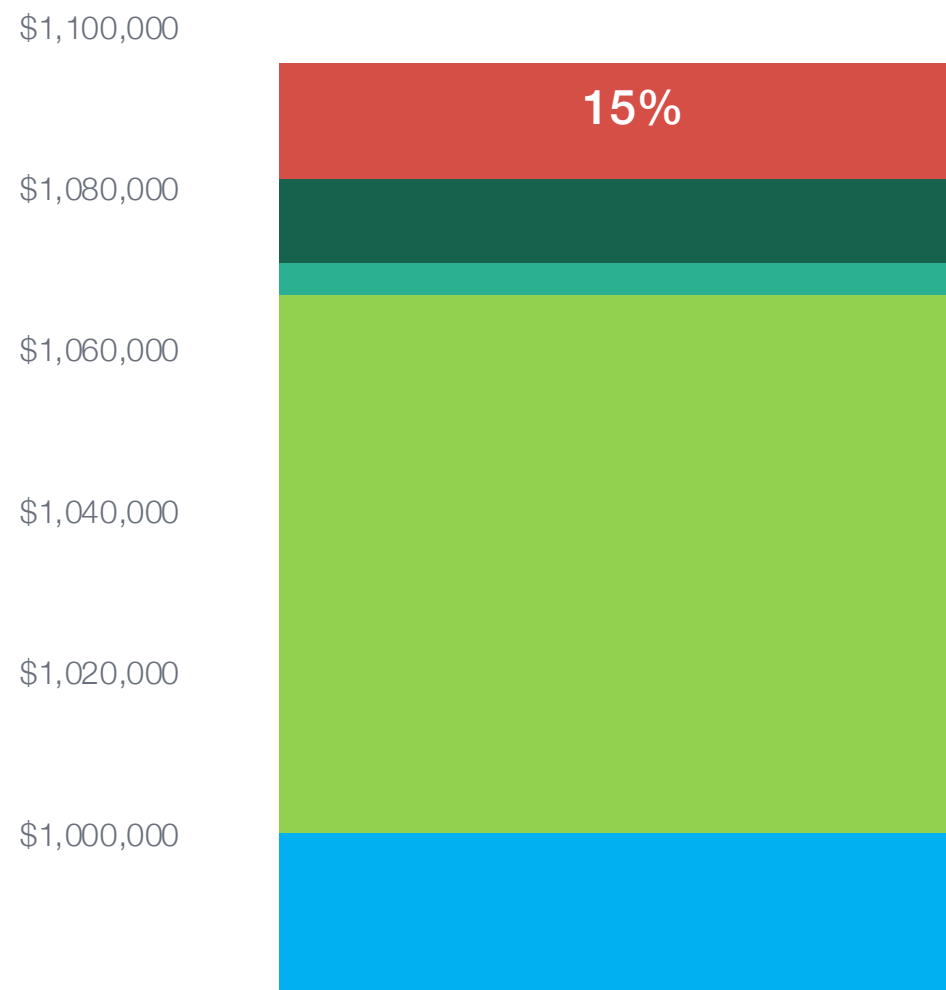


I ↑ Income Management

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

Assumptions: For illustrative purposes only. Assuming initial investment of \$1,000,000 with a total annual pre-tax investment return of 9.54% p.a. with an estimated average fees and costs of 0.63% p.a. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

An example: Applying our tax aware process...



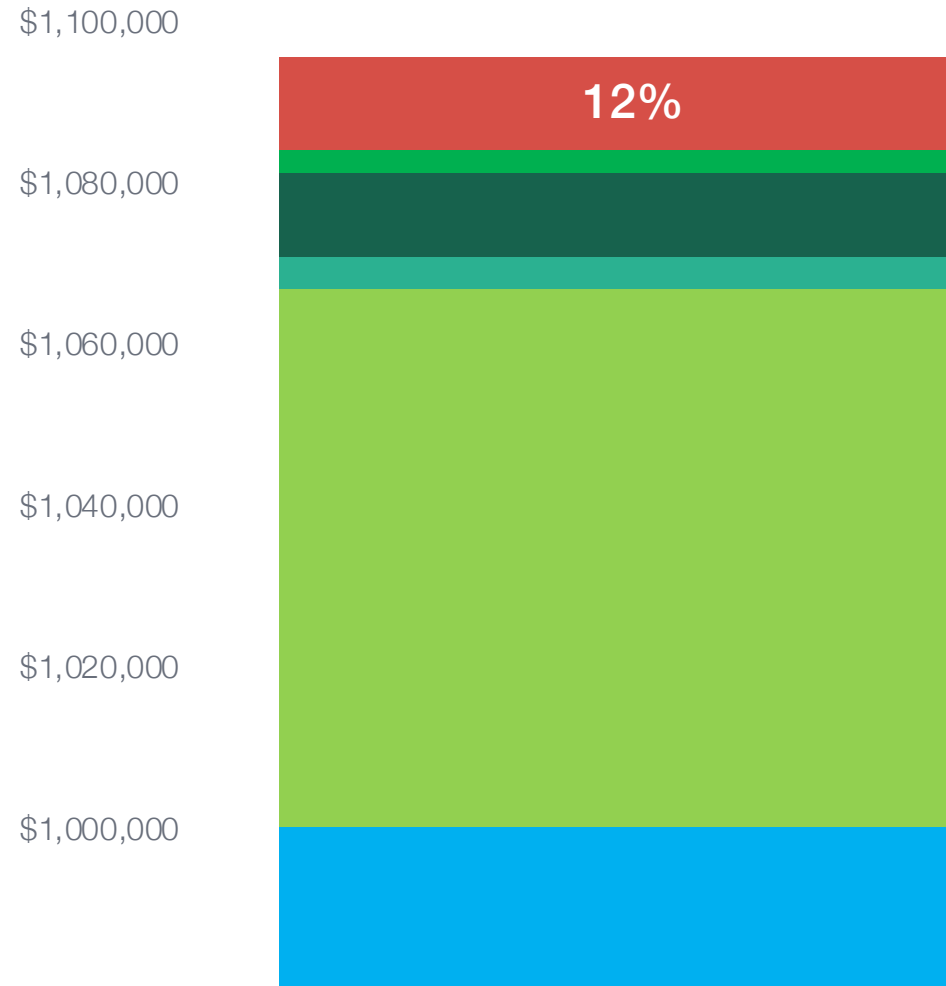
↑ Capital Management

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

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.

Assumptions: For illustrative purposes only. Assuming initial investment of \$1,000,000 with a total annual pre-tax investment return of 9.54% p.a. with an estimated average fees and costs of 0.63% p.a. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

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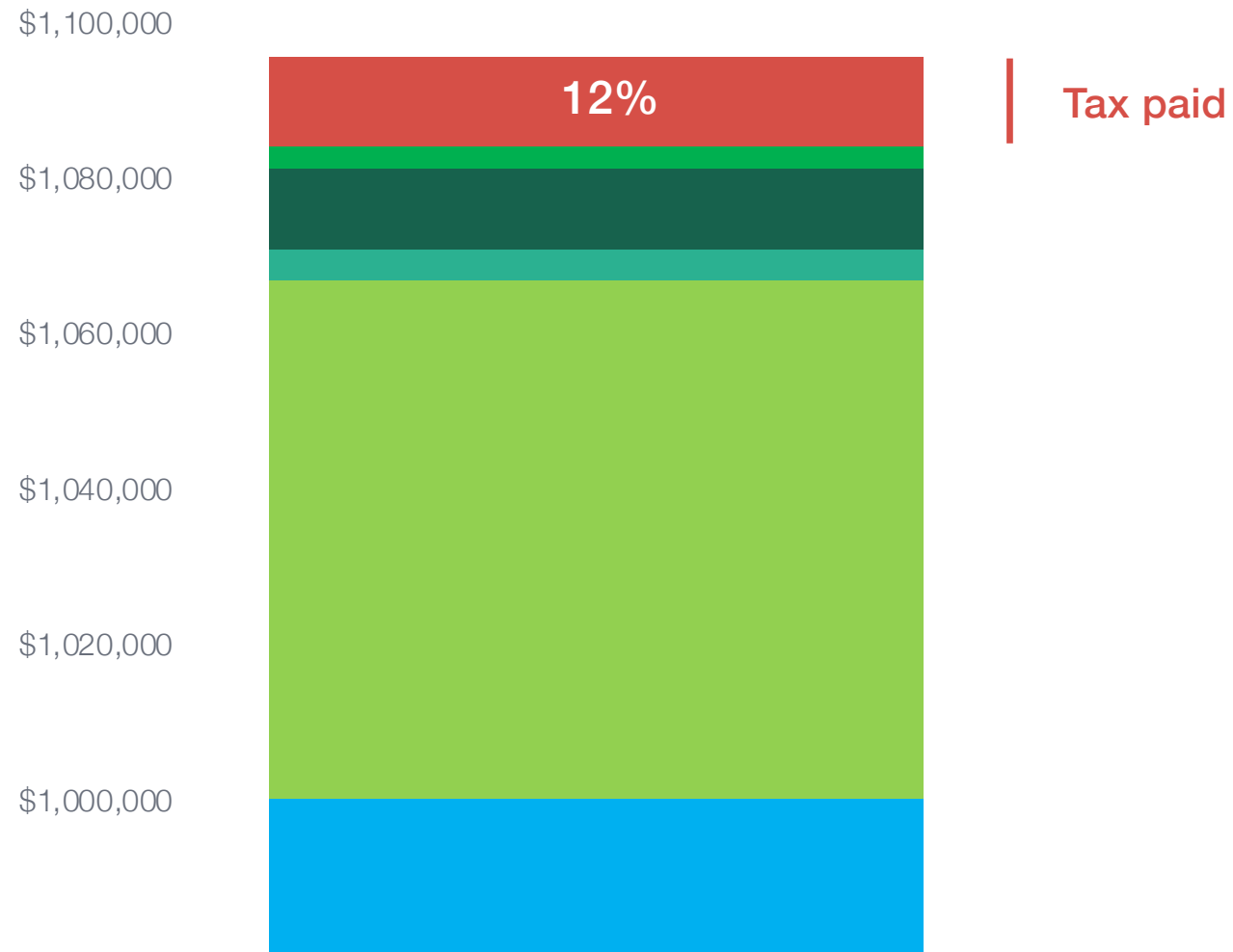


I ↑ Operational Efficiency

Netting of trades, tax parcelling and corporate actions.

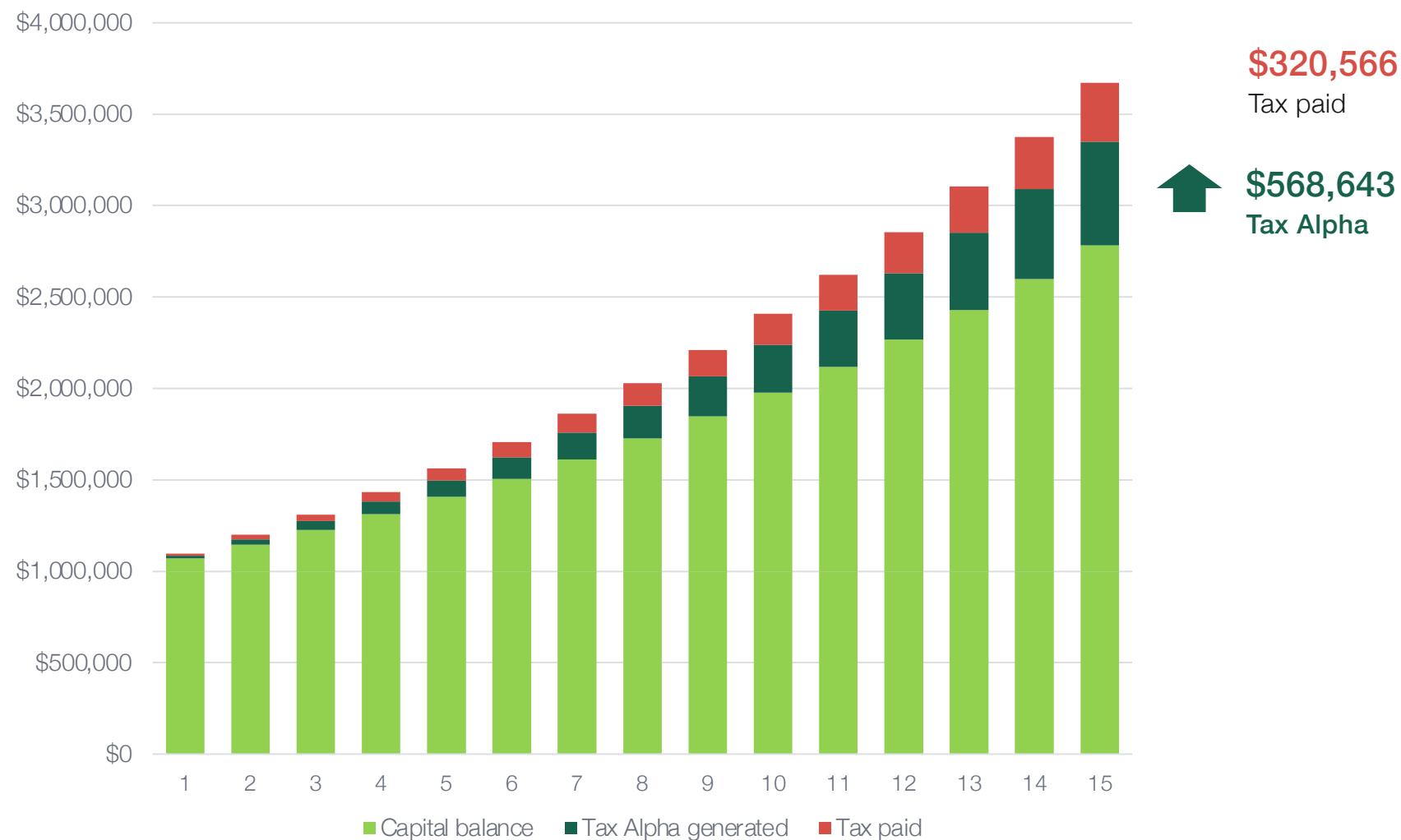
Assumptions: For illustrative purposes only. Assuming initial investment of \$1,000,000 with a total annual pre-tax investment return of 9.54% p.a. with an estimated average fees and costs of 0.63% p.a. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

An example: Tax paid within our unique structure



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An example: Tax alpha – compounding effect on money you keep over the long term



Assumptions: For illustrative purposes only. Assuming initial investment of \$1,000,000 with a total annual pre-tax investment return of 9.54% p.a. with an estimated average fees and costs of 0.63% p.a. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

What matters in Tax Optimised investments

1.

Using after-tax inputs when making an investment decision

2.

Tax saving can help cover other costs like adviser fees

3.

Measure and manage what your clients keep – bolster your CVP

4.

Find managers who are aligned to your desired outcome and risk profile

5.

Choose the right investment structure

Choose the right building blocks

Comparing different global equity growth managers

Passive Factor Exposure

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 credit leakage

Tax-paid from earnings **1.30% p.a.**

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-paid from earnings **4.13% p.a.**

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

Manager C
Long term investor, turnover at right time and tax credit aware

Fee	0.62% p.a.
Turnover	30%
Spreads	0.10%

Pre-tax return **9.00% p.a.**

Outperforms index by 0.40% p.a.

Tax Aware Optimisation **8.35% p.a.**

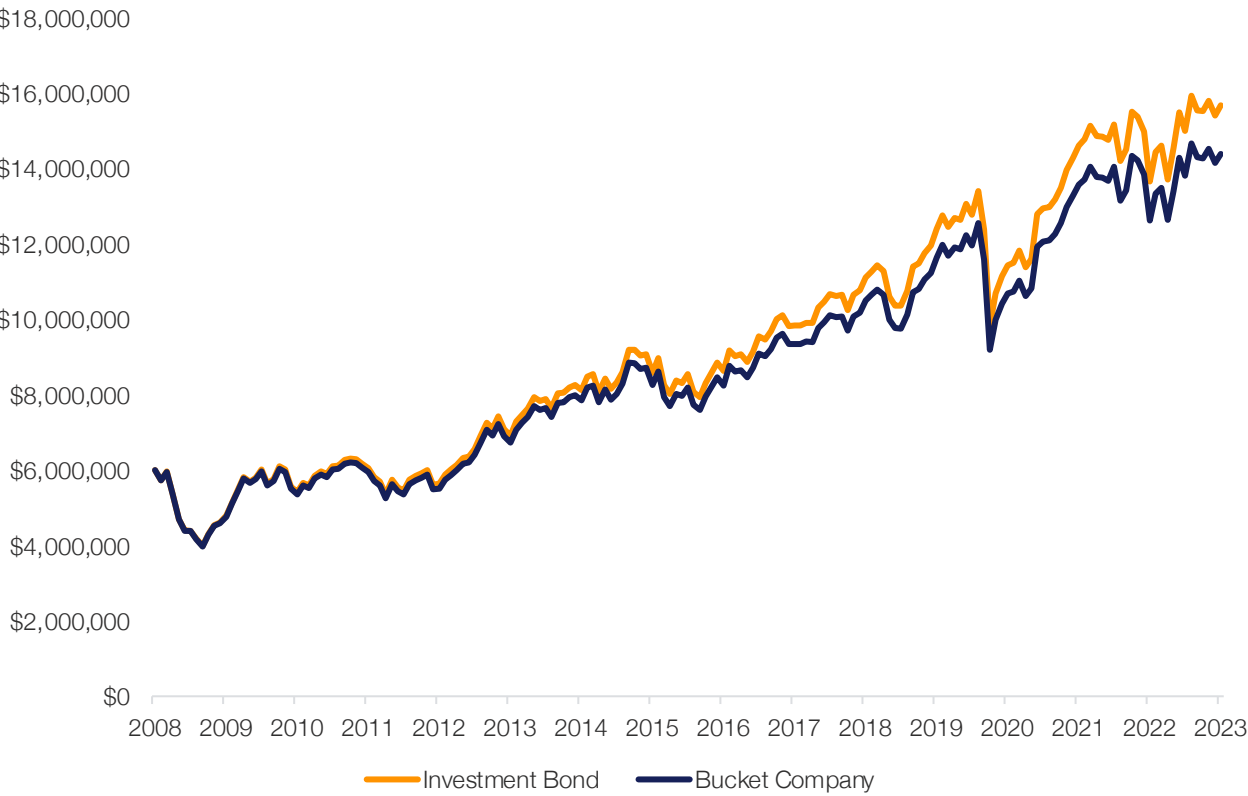
Tax aware manager limits tax leakage and compounds returns for client

Tax-paid from earnings **0.65% p.a.**

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	\$15,664,536	\$14,385,139
Annualised Return (after tax) p.a.	6.61%	6.00%
Investment bond Tax Alpha p.a.		0.61%

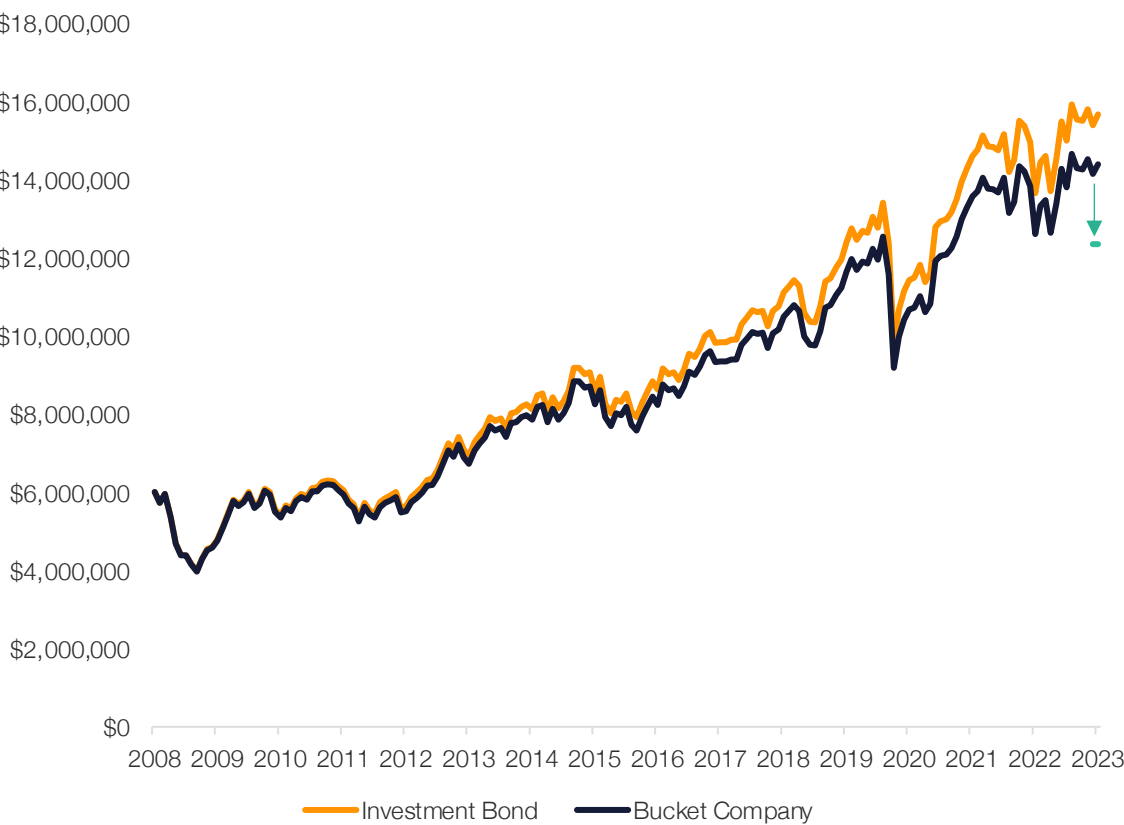
Based on 15 years of ASX200 actual returns and income/growth/franking information. Average effective tax rate of 12.4% p.a. for company investor used over the period. Average effective tax rate of 0.9% p.a. for Generation Life Tax Effective Australian Share Fund over the period. Excludes impact of fees 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	\$15,664,536	\$12,348,748	\$13,307,049
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.



Our track record on delivering tax alpha...



Performance comparison of Generation Life Tax Effective Australian Share Fund

As at 30 September 2023

	Headline investment return	Tax Optimised gross after-tax return	47% individual MTR after-tax return	39% individual MTR after-tax return	Company investor after-tax return	Tax Optimised after-tax return (after fees)
1 Year	13.22%	10.03%	6.83%	7.86%	9.01%	9.53%
2 Years p.a.	2.21%	2.91%	-0.12%	0.36%	0.84%	2.41%
3 Years p.a.	10.90%	9.28%	7.42%	8.09%	8.06%	8.78%
4 Years p.a.	5.21%	5.07%	3.24%	3.67%	4.08%	4.57%

*Headline and individual after-tax returns for the comparative fund are based on the performance of an equivalent S&P/ASX 200 Index ETF. Past performance is no indicator of future performance.

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



Our track record on delivering tax alpha...



Performance comparison of Vanguard High Growth Portfolio

As at 30 September 2023

	Headline investment return	Tax Optimised gross after-tax return	47% individual MTR after-tax return	39% individual MTR after-tax return	Company investor after-tax return	Tax Optimised after-tax return (after fees)
1 Year	14.81%	11.58%	7.54%	8.68%	9.96%	11.18%
2 Years p.a.	0.79%	0.60%	-0.85%	-0.58%	-0.44%	0.20%
3 Years p.a.	8.56%	6.36%	5.56%	6.07%	5.88%	5.96%
4 Years p.a.	6.09%	4.58%	3.77%	4.17%	4.17%	4.18%

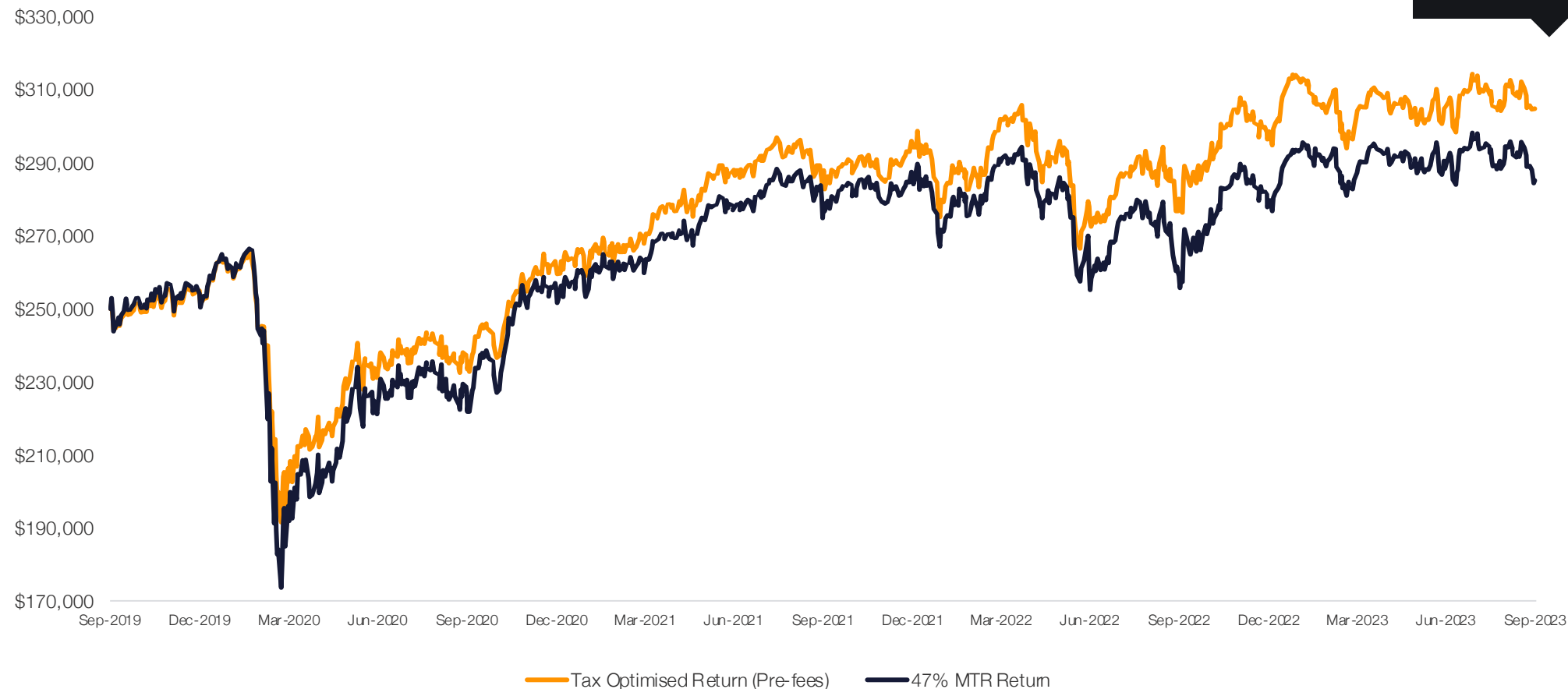
Past performance is no indicator of future performance.
For assumptions, please refer to the Tax Optimised brochure: <https://genlife.com.au/tax-optimised-brochure>



Compounding Tax Alpha

Tax Optimised series return over 4 years

1.83% p.a.
increased return

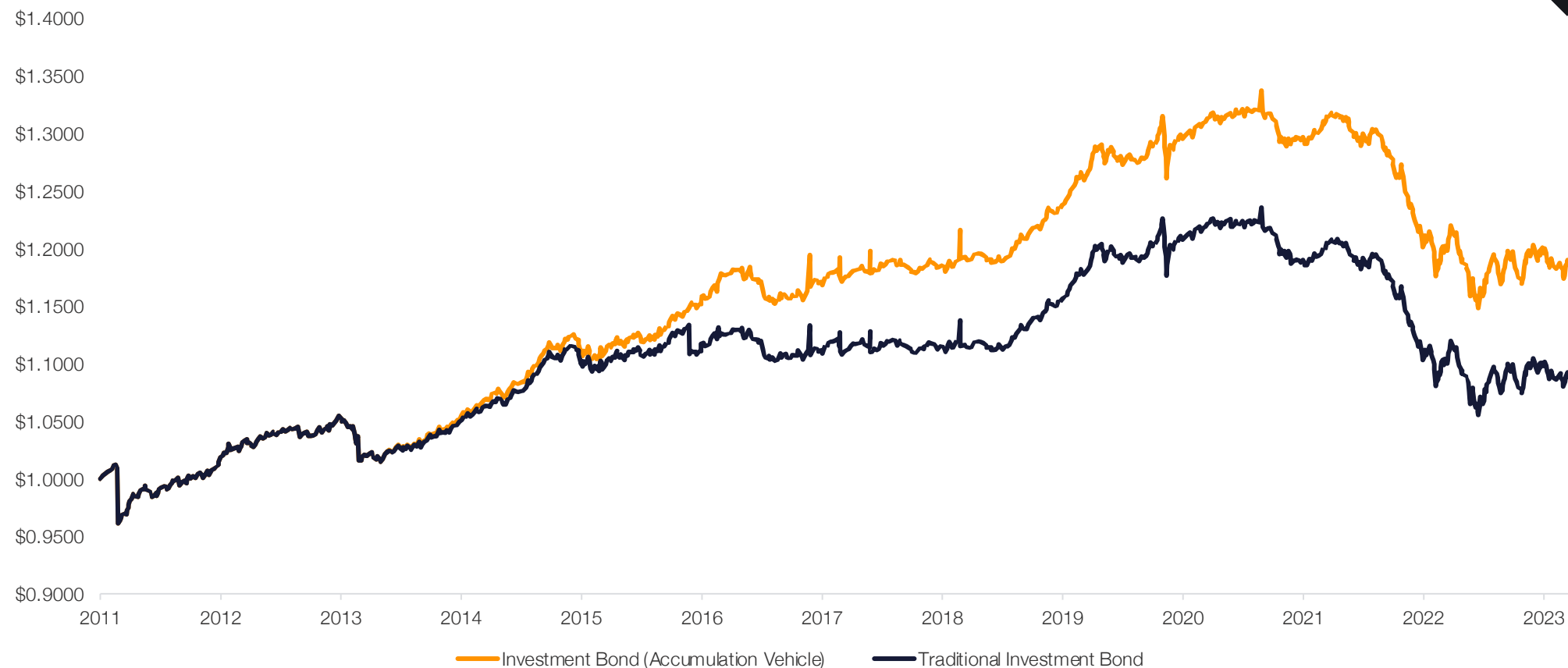


Assuming an opening balance of \$250,000. Individual after-tax returns at a 47% Marginal Tax Rate (MTR) applied (including the Medicare levy) for the comparative fund are based on the performance of an equivalent S&P/ASX 200 Index ETF. Tax Optimised returns are based on Generation Life Tax Effective Australian Share Fund. For assumptions, please refer to the Tax Optimised brochure: <https://genlife.com.au/tax-optimised-brochure>. Past performance is no indicator of future performance.

The future of Generation Life's investment menu...

Tax Effective Australian Fixed Interest

0.71% p.a.
increased return

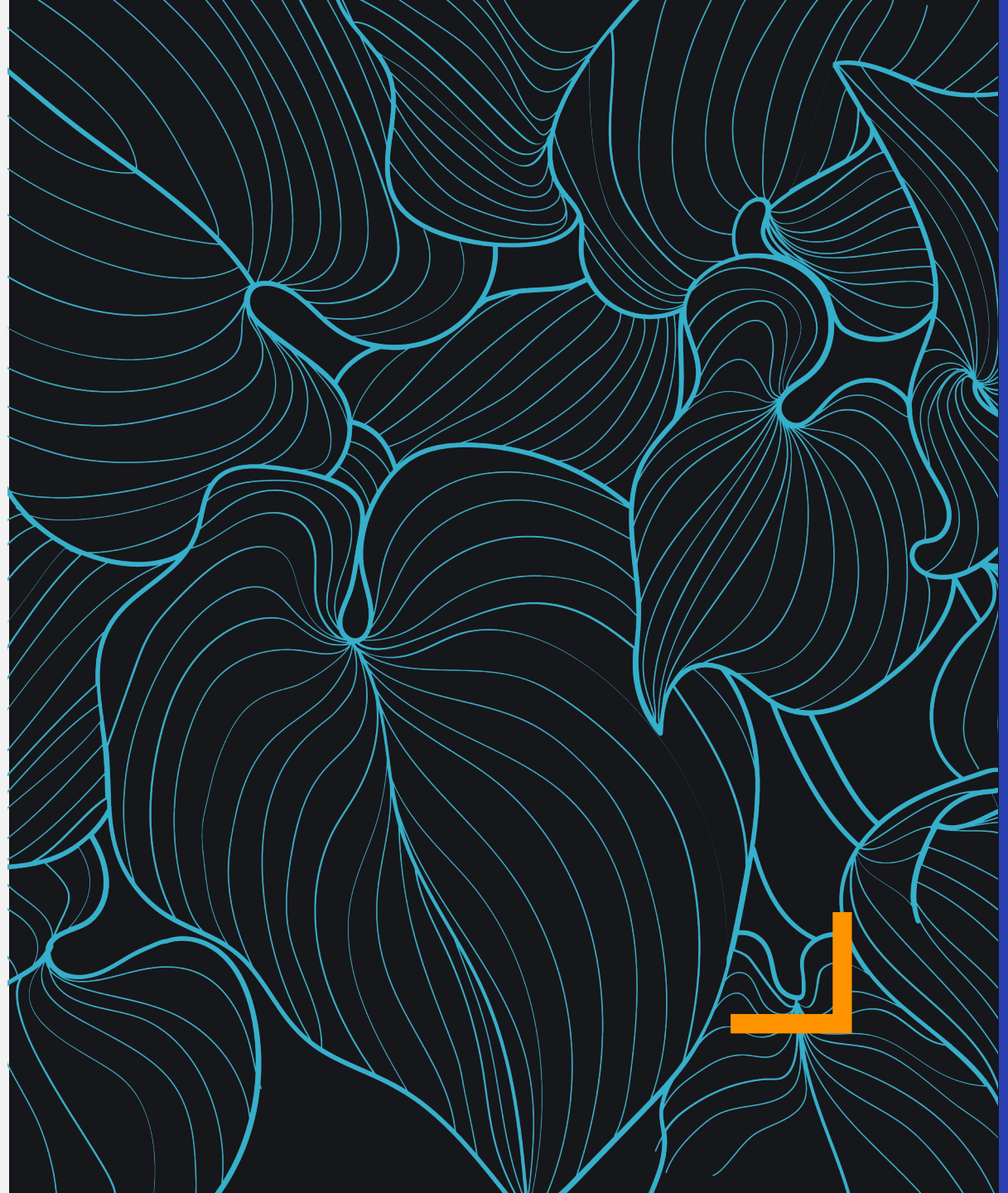


Assuming an opening balance of \$1. Investment Bond Accumulation Returns are based Vanguard Australian Fixed Interest ETF Fund from 1 July 2011 to the 30 June 2023. Accumulation vehicle assumes reinvesting distributions without paying tax. Compared to a traditional investment bond that pays tax as the distribution is received based on historical unit trust distributions in this strategy. Each period is accounting for the 30% capital gains tax in the event of the asset being sold. Accumulation Return is an illustration only and may not be reflective of actual experience in the fund. Past performance is not an indication of future performance.

Case study

Complementary tax-effective structure

Investment bonds as a complementary option to superannuation.





Meet John...

John is a surgeon in his mid 60s, with a SMSF worth \$5m and is not subject to preservation.

He has 2 kids in their mid 20s.

John's solution...

Due to the recent proposed changes to superannuation tax, John's financial adviser proactively contacted him regarding changes to superannuation and recommends a restructure to John's superannuation.

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

	\$2m excess super invested under proposed super rules	\$2m excess invested into an investment bond	Additional after-tax benefit
Net value after tax after 10 years	\$4,151,589	\$4,821,733	↑ \$670,144

Compares investment into an Australian shares index fund compared to the Generation Life Tax Effective Australian Share Fund based on historical investment returns and expected tax assessable amounts. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.



Outcome for John...

Easy, convenient and effective way to pass on wealth

Each investment bond **can be transferred tax-free** as part of John's estate planning wishes to his children

John has **access to funds** whenever he needs them and can set up tax-paid regular withdrawals before his passing

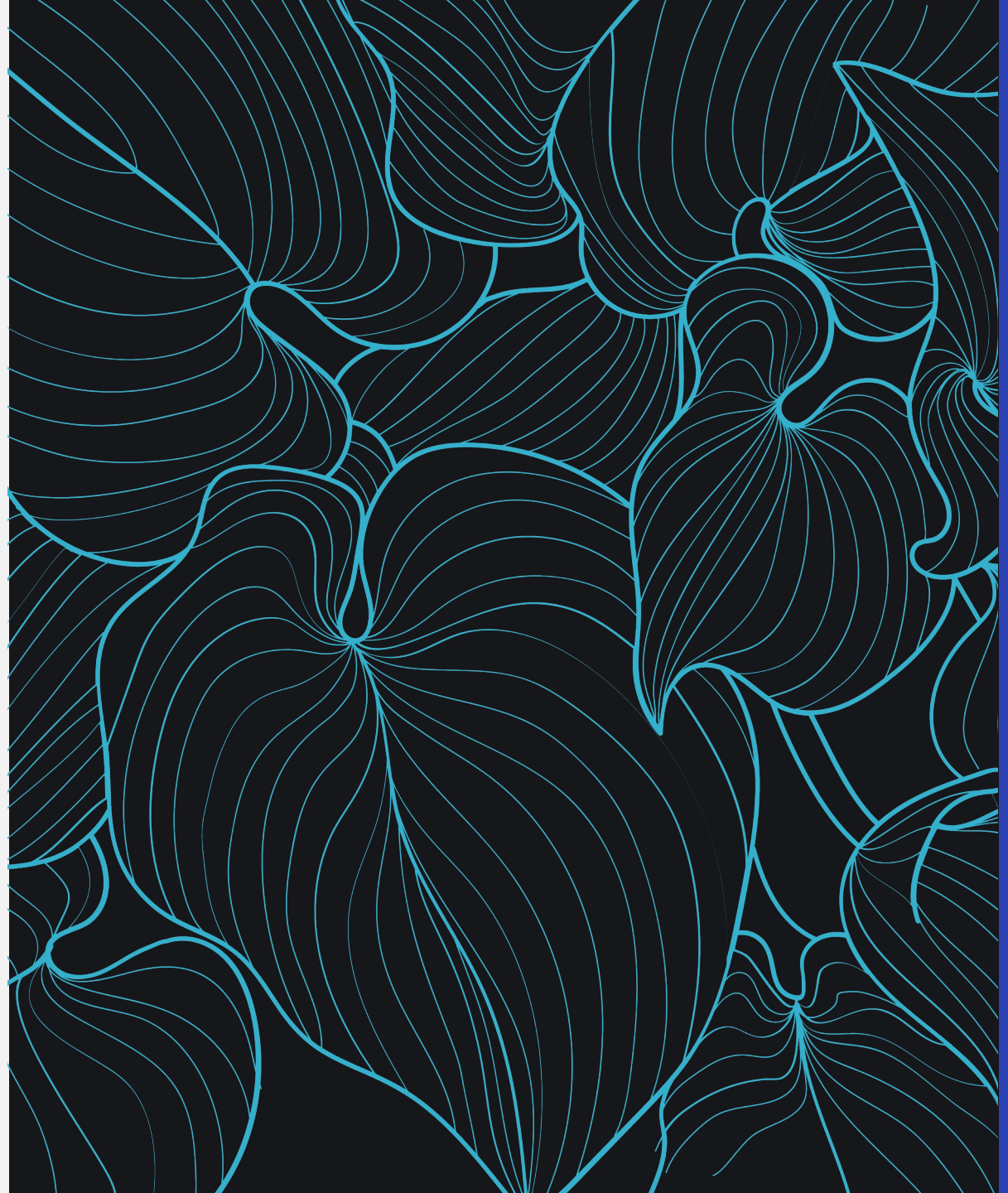
Children may not have any **assessable income to declare on withdrawals** if the transfers occur after 10 years of John's original investment



Case study

Reducing distributable income within trusts

Setting up investment bonds within a
trust



Distributable income

Trust with no investment bond

Cash & Term deposits	\$700,000
Direct property	\$1,200,000
Shares	\$2,200,000
Managed Funds	\$900,000
Total	\$5,000,000
Average yield	6.5% p.a.
Annual distributable income	\$325,000

Trust with an investment bond

Cash & Term deposits	\$300,000
Direct property	\$1,200,000
Shares	\$700,000
Managed Funds	\$300,000
Investment Bond	\$2,500,000
Total	\$5,000,000
Average yield	6.5% p.a.
Annual distributable income	\$162,500

Comparing investment bonds vs. trusts

Investment bonds do not require income or gains to be distributed. Trusts usually do.

Investment bonds are simple to administer. No annual tax returns required.

Investments bonds are an Estate Planning vehicle with tax free inheritances.

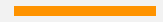
But...

Trusts can also own investment bonds.

Best of each structure.



Case study



Avoiding tax bracket creep

Unintended consequences of income surprises





Meet Fiona...

Fiona is 60 years old and has an annual assessable income of \$175,300 and is currently on the 39% marginal tax rate.

She also has a superannuation balance of \$1.9m.

Fiona's concern...

Fiona recently received an inheritance of \$250,000.

Fiona speaks to her financial adviser about alternative ways she could invest the inheritance.



If Fiona invests the inheritance directly... ..

31 Mar	Initial investment	\$250,000
30 Jun	Portfolio value at 30 June (decrease of 8.53%)	\$228,678
30 Jun	Distribution (grossed up for franking)	\$31,770
30 Jun	Cash Distribution	\$27,720
1 Jul	After tax balance	\$218,172

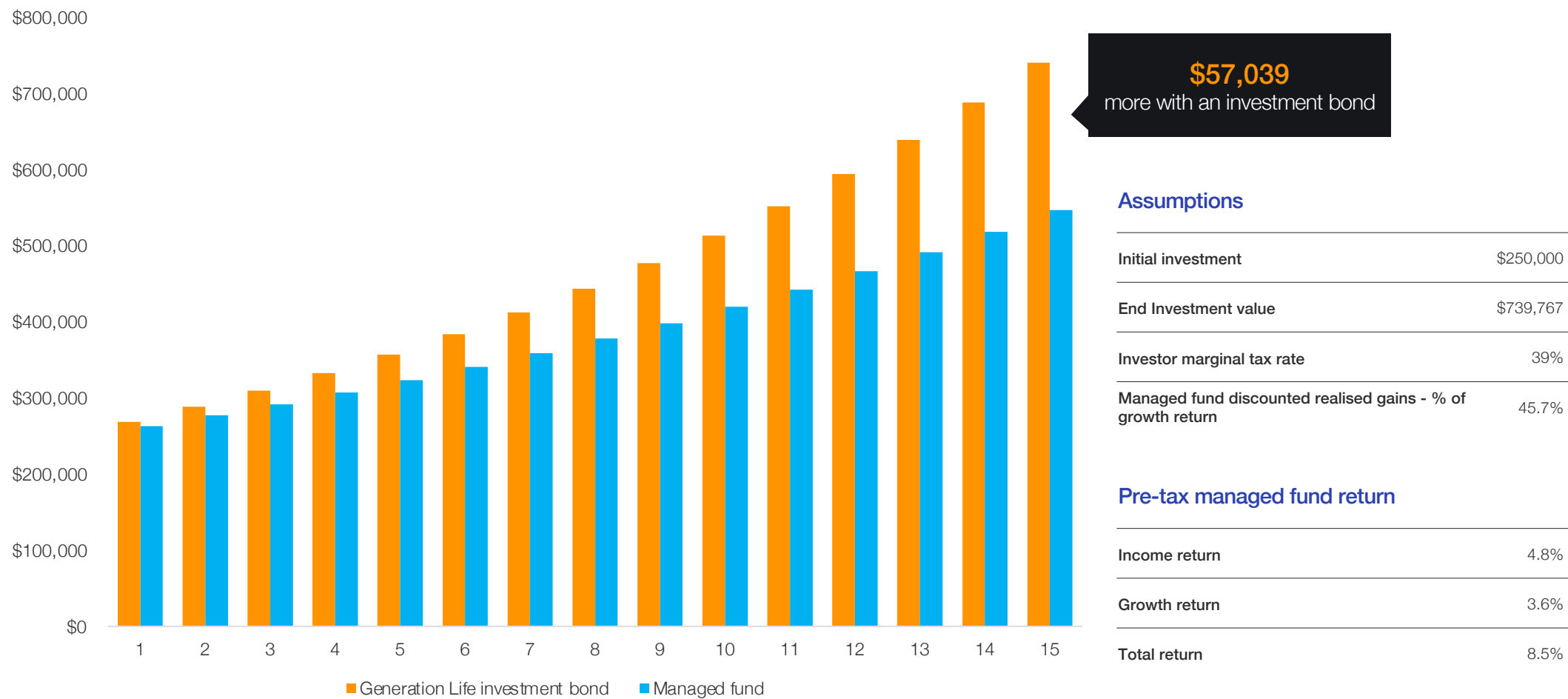
Fiona's personal income

Annual assessable income	\$175,300
Assessable income from investment	\$31,770
New assessable income	\$207,070
Assessable income on 47% marginal tax rate	\$27,070

85% of gross distribution is taxed on the highest marginal tax rate.

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 Fiona invested the inheritance into an investment bond...



Based on an investment of \$250,000 in the iShares Wholesale Australian 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.

The best of all options in one structure

Tax paid structure

Tax paid within the investment bond and therefore no impact to personal tax

Income splitting

Not required - Investment Bonds do not produce any capital or income distribution to split

Tax arbitrage

Highly tax-effective structure that complements superannuation via our Tax Optimised Series

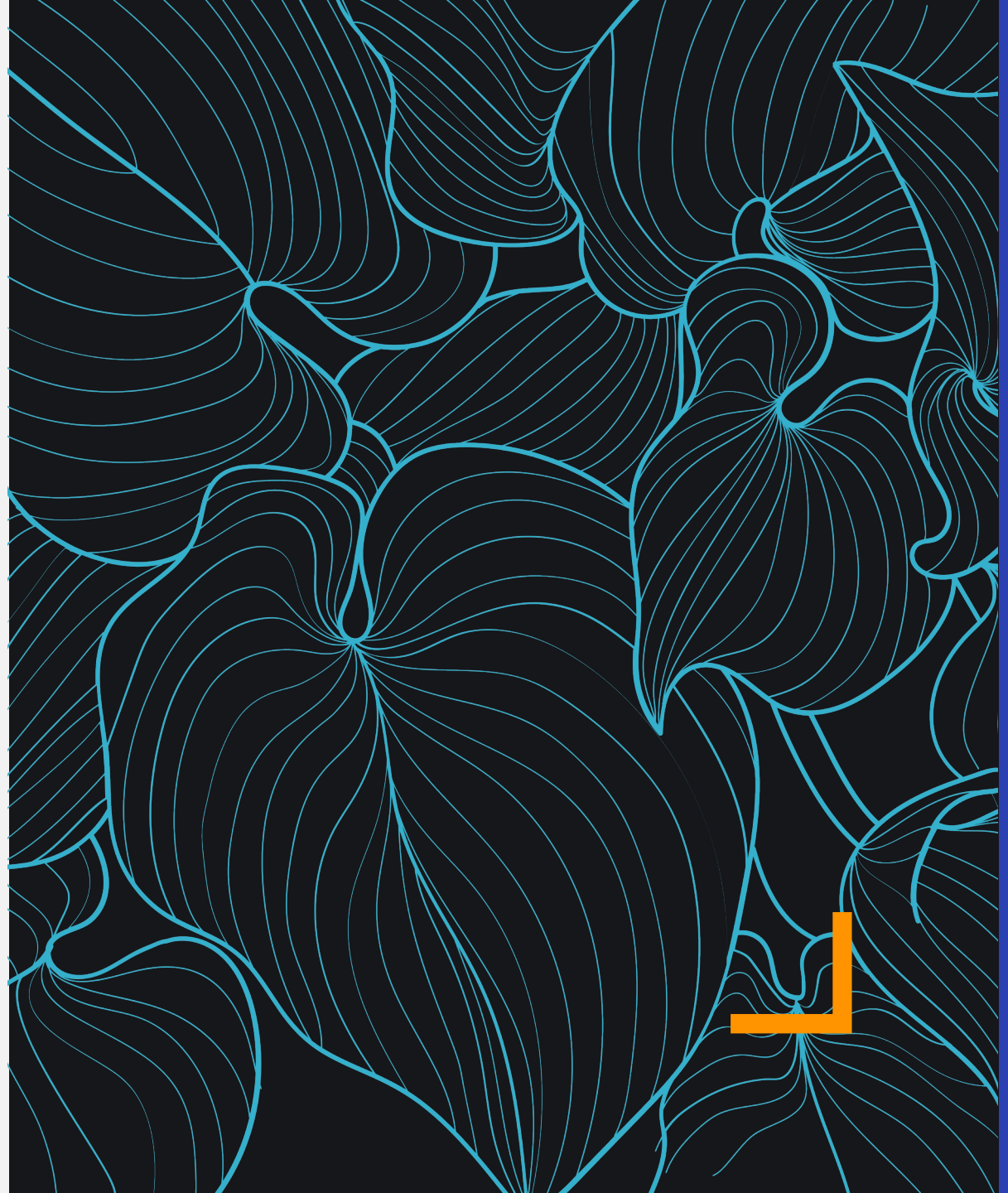
Estate planning & asset protection

Can be protected from creditors and the ability to set up as a non-estate asset with features similar to testamentary trusts



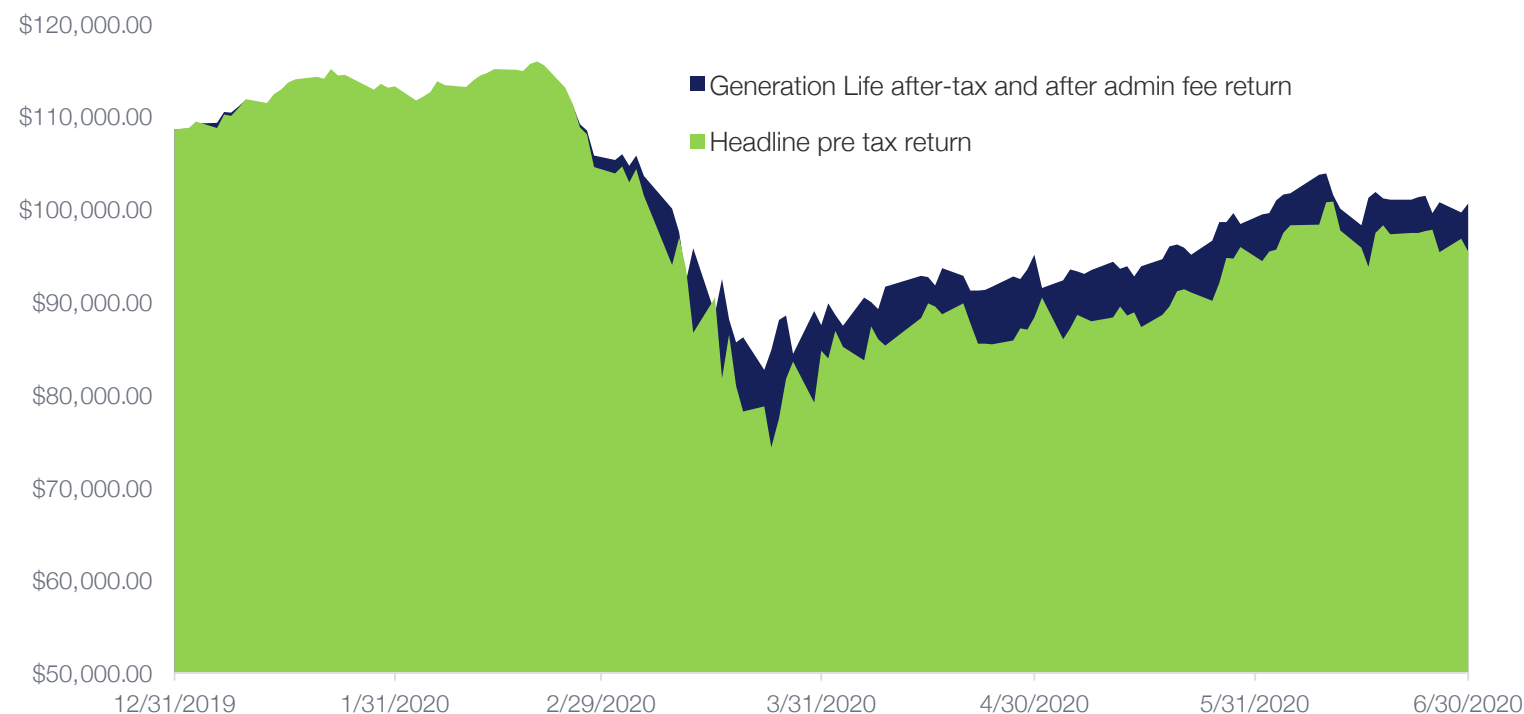


Looking into the future...



Downside protection with investment bonds

Have more invested to bounce back from market corrections



Protection in market corrections

Using realised capital losses against income in a market correction means your portfolio will drop by less than headline returns during this period.

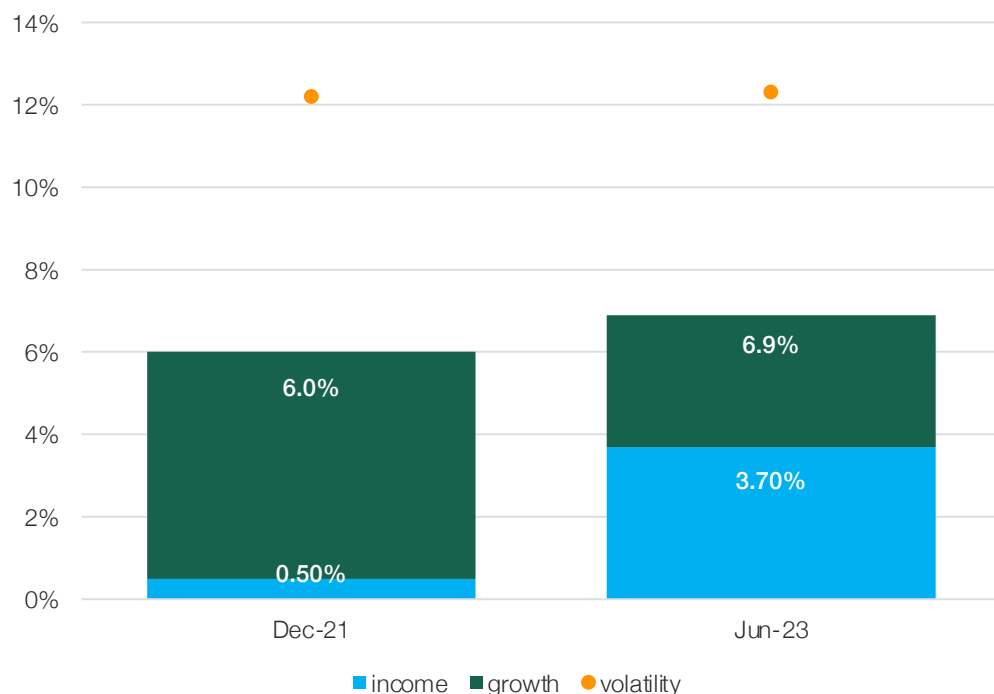
Based on unit price returns of Generation Life Tax Effective Australian Share Fund between 31 December 2019 and 30 June 2020 against the iShares Australian Equity Index Fund actual returns and income/growth/franking information. Past performance is no guarantee of future performance.



Key themes to watch out for next year

Inflation, interest rates, business conditions and geopolitical issues

10 Year estimated return for diversified growth portfolio 70% Growth and 30% Defensive



The cash rate is the starting point for how every asset is valued.

Higher long-term interest rates means...

- the composition of the return will change
- slightly higher volatility which helps the tax optimised process
- capital growth expected to be lower – reduces impact of CGT discount
- Income produced by assets (relative to total return) expected to be higher.
- Investors may pay more tax on their returns.

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 and
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**

* Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a forecast 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.

Thank you.

Generation Life

Highly recommended for over a decade



Investment Bonds



Investment Bonds
LifeBuilder

Note: Zenith rating is for LifeBuilder and ChildBuilder

A large, abstract graphic on the right side of the page. It consists of numerous overlapping, stylized leaf shapes created with thin, light blue lines on a dark blue background. The leaves are oriented diagonally, pointing towards the bottom right.

Outthinking today.