



Outthinking today.

All things centrelink

Laura Salsbury | Senior Distribution Manager





Discover Generation Life

Pioneer of Australia's first truly flexible investment bond. Over \$3b invested with us to date.¹ Proud to be innovating the retirement income landscape with an investment-linked lifetime annuity.

1. As at 31 December 2023



Specialist provider

Investment bonds and investment-linked lifetime annuity

Market leader

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

Innovation focused

Tax aware investing, estate planning and retirement income landscape

Trusted

APRA regulated and our parent company is listed on the ASX

1. Plan for Life, Investment Bonds Market Report for period ended 30 September 2023

The growing demand for advice for your older clients

Did you know...

Population aged over 65 set to double¹

In the next 40 years

Population aged over 85 set to triple¹

In the next 40 years

64%¹

of Australians of pension age receive some Age Pension

Over 2.5m²

People in Australia are in receipt of Age Pension

\$72 billion³

Expected Age Pension expenditure by 2025-2026

3rd highest⁴

Life expectancy in Australia compared to the world¹

31%⁵

Not in receipt of the Full Pension

1.8m²

Retirees get no pension at all

1. Intergenerational Report 2023
2. <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2022>
3. https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/BriefingBook45p/WelfareCost
4. <https://www.abs.gov.au/statistics/people/population/life-expectancy/latest-release>
5. <https://www.aihw.gov.au/reports/australias-welfare/income-support-older-australians>

Qualifying for government entitlements or benefits

Assets test

Assets owned by your clients and their spouse such as investment assets, personal assets and interests from trusts or private companies.

Income test

Under the 'deemed' income test, prescribed deeming rates are applied to the value of a financial asset to determine its 'deemed' income, instead of its 'actual' income.

Pension payments

Payments made either by Centrelink or the Department of Veterans' Affairs are generally subject to income and assets testing.

Whichever test produces the lower social security payment, is the test that is applied.

Home care and aged care

Based on an assessment of your clients' ongoing care needs.

For residential aged care an assessment of your clients' capacity to pay is undertaken based on their assets and income, while for home care, is only income is assessed.

Manage income and means tested fees

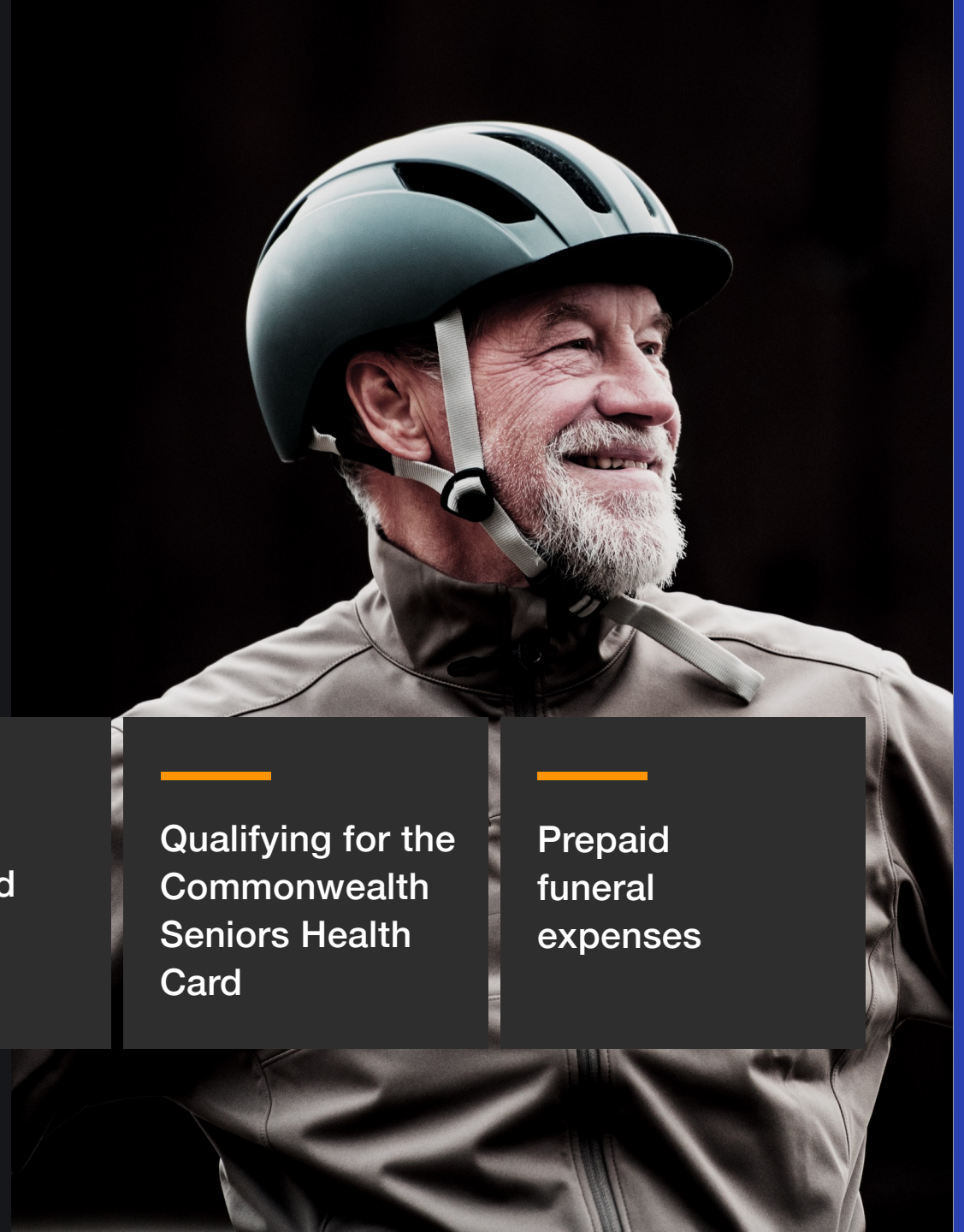
Improving
pension
entitlements

Managing
home care
fees

Managing
means tested
fees

Qualifying for the
Commonwealth
Seniors Health
Card

Prepaid
funeral
expenses





Qualifying for at least \$1 of pension...

What are the social security benefits?

Water and Sewage discounts

Approximately \$328.90 p.a.

Local council rates

Approximately \$235.15 p.a.

Vehicle registration

50% reduction on the motor vehicle registration fee component

Pharmaceutical Benefits Scheme

Other typical benefits

Such as public transport concessions and bulk billing

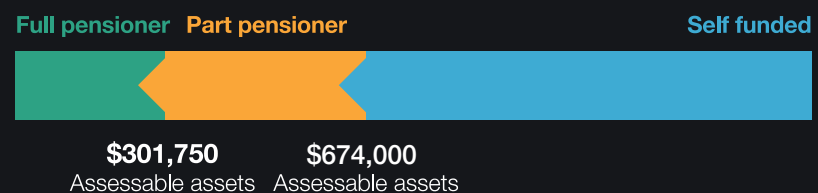
Age Pension guide as at 20 March 2024

Maximum Age Pension Rates

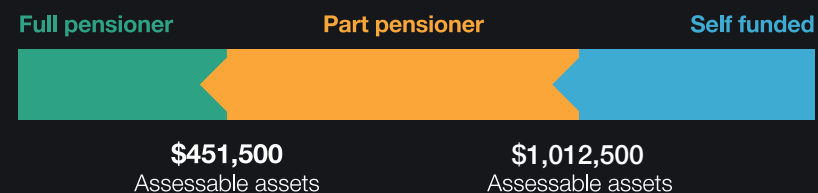
	Total (per fortnight)	Total (per year) ¹
Single ²	\$1,116.30	\$29,023.80
Couple (Combined)	\$1,682.80	\$43,752.80

Assets test

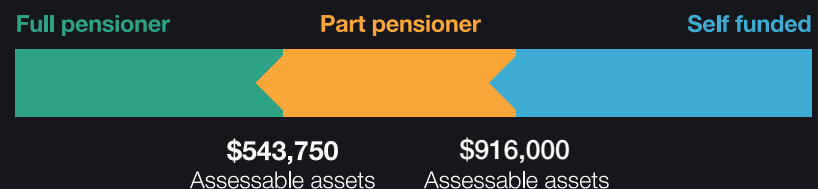
Single - Homeowner



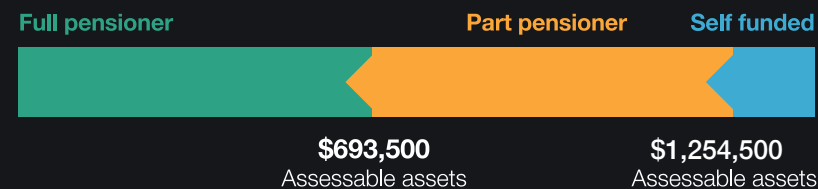
Couple (combined) - Homeowner



Single - Non-Homeowner



Couple (combined) - Non-Homeowner



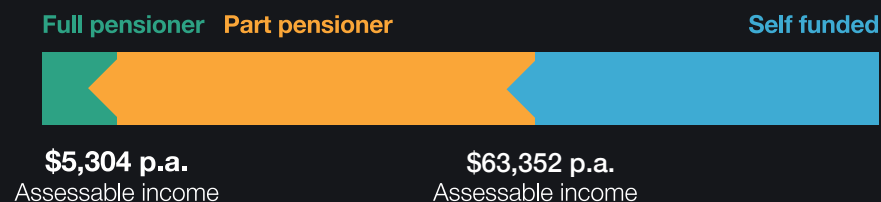
1. Annual amounts are approximate
2. Applies to each member of a couple separated by illness

Age Pension guide as at 20 March 2024

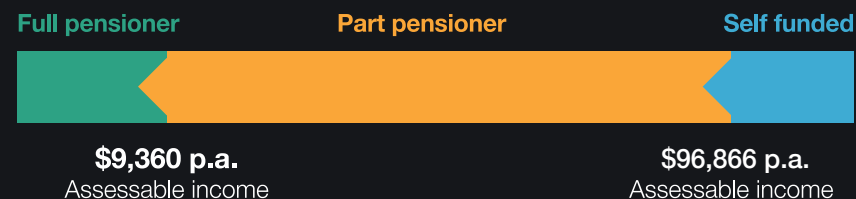
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Income test

Single



Couple (combined)



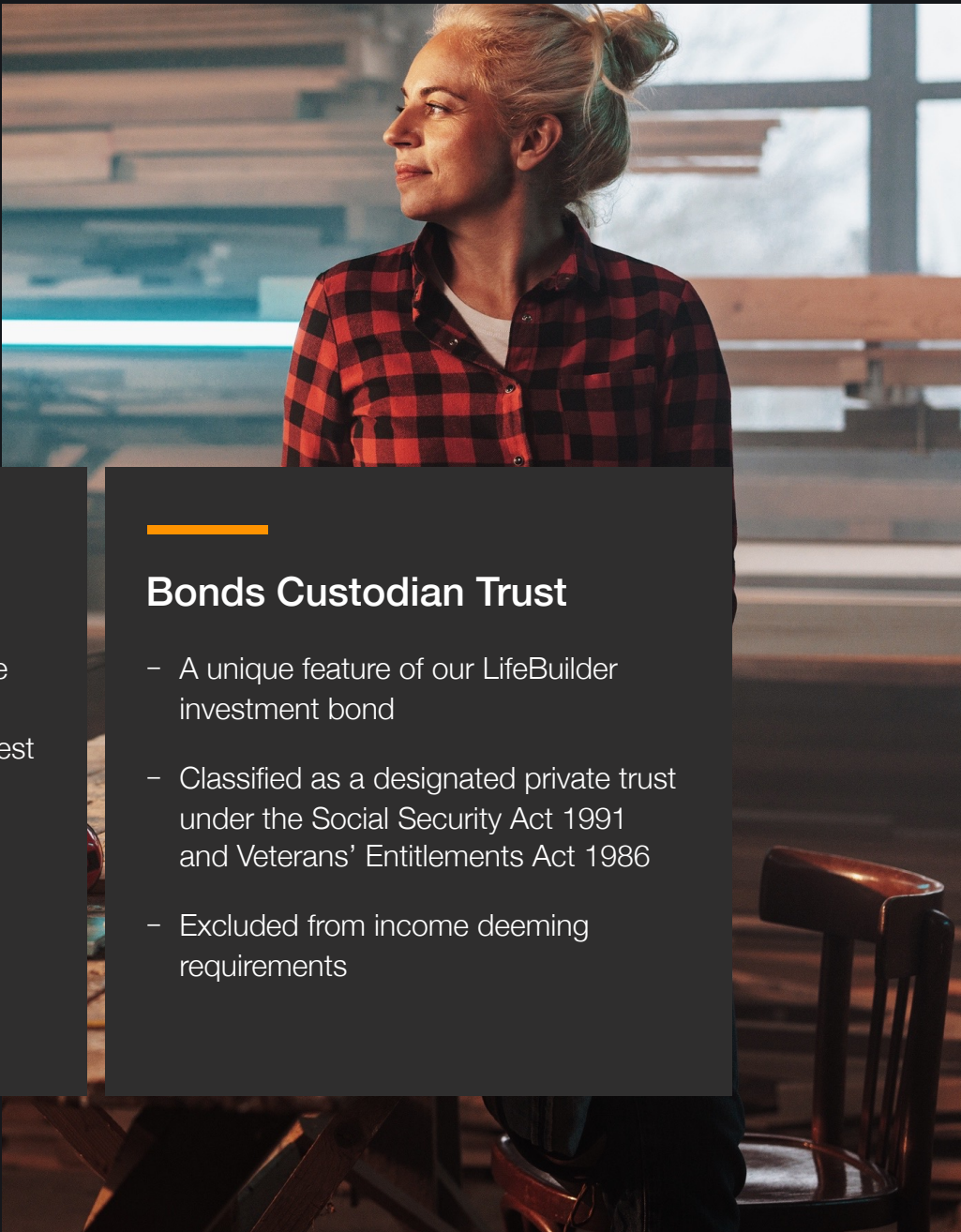
Deemed assets to income

Deemed Assets	Assessable Income	
	Single	Couple (combined)
\$100,000	\$1,042	\$250
\$200,000	\$3,292	\$2,496
\$300,000	\$5,542	\$4,746
\$400,000	\$7,792	\$6,996
\$500,000	\$10,042	\$9,246
\$600,000	\$12,292	\$11,496
\$700,000	\$14,542	\$13,746
\$800,000	\$16,792	\$15,996
\$900,000	\$19,042	\$18,246
\$1,000,000	Ineligible	\$20,496
\$1,100,000	Ineligible	\$22,746
\$1,200,000	Ineligible	\$24,996
\$1,300,000	Ineligible	Ineligible

Homeowner assets test threshold

Non-homeowner assets test threshold





Help your clients maximise their Government benefits and entitlements

LifeIncome

- An immediate investment-linked lifetime annuity
- Provide a regular income that is guaranteed for life
- Defined as an 'asset-tested income stream (lifetime)' product for social security purposes

FuneralBond

- Exempt (up to certain limits) from the social security assets test and deeming provisions for the income test
- Applies to the Age Pension, Service Pension and other means-tested government entitlements

Bonds Custodian Trust

- A unique feature of our LifeBuilder investment bond
- Classified as a designated private trust under the Social Security Act 1991 and Veterans' Entitlements Act 1986
- Excluded from income deeming requirements



FuneralBond

Generation Life Investment Bonds

Improving Centrelink or Department of Veterans' Affairs entitlements while providing peace of mind for you and your family.



FuneralBond and Centrelink

FuneralBond exempt from assets and income test if within allowable limit of \$15,000 per individual

If the allowable limit is exceeded even by only \$1, FuneralBond becomes non-exempt

Able to exceed \$15,000 limit if entered a pre-paid funeral contract & assigns to a funeral director

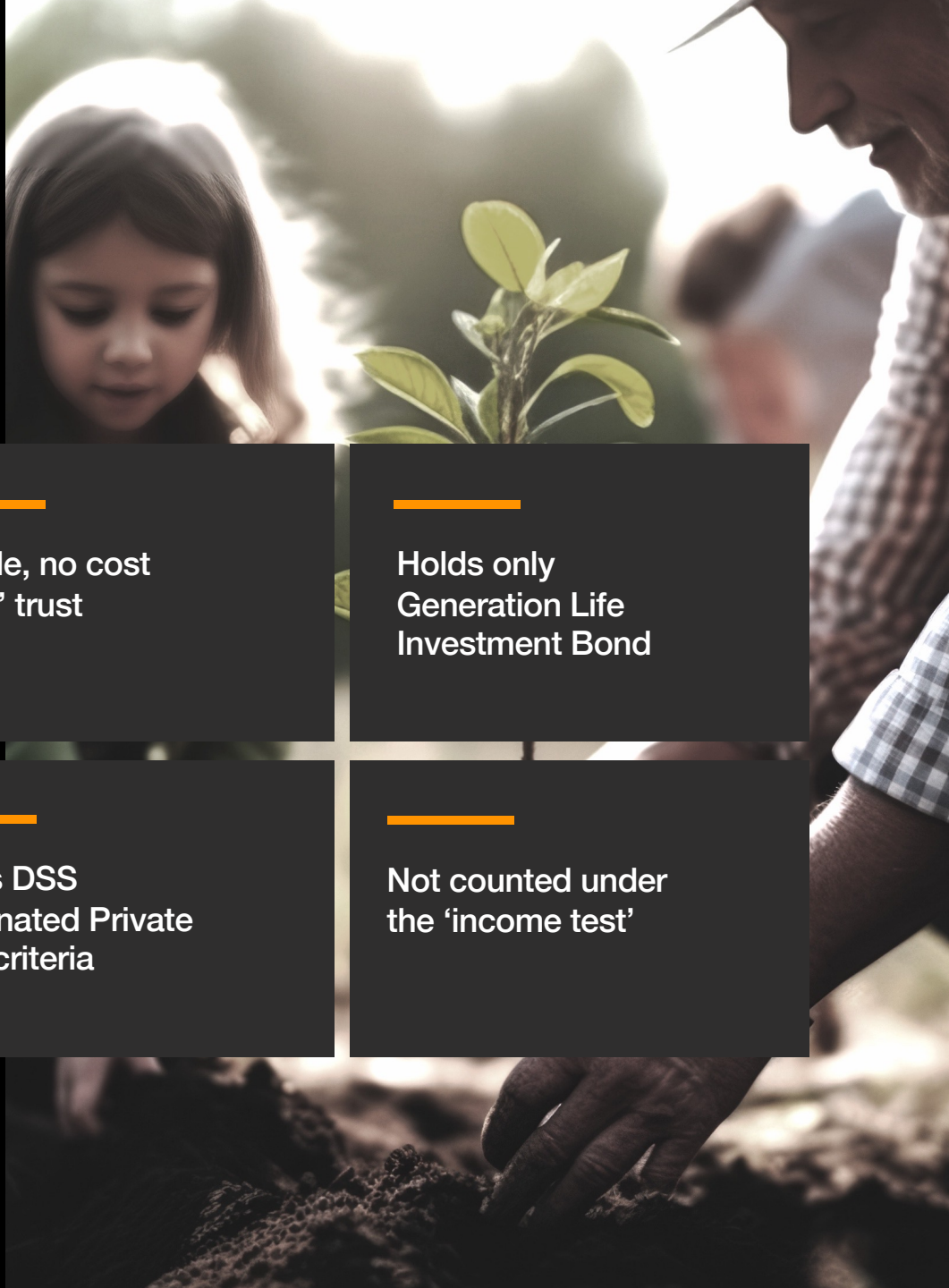
Earnings inside a FuneralBond do not count toward allowable limits



Bonds Custodian Trust LifeBuilder Investment Bonds

Improving government entitlements and benefits.





Investment bonds and Centrelink

Investment bonds used through a Generation Life bare trust structure can remove or limit income testing for age pensions, home care packages and may limit the effects of the means test for residential aged care

Simple, no cost
'Bare' trust

Holds only
Generation Life
Investment Bond

Meets DSS
Designated Private
Trust criteria

Not counted under
the 'income test'

Retiree behaviour

Most retirees **only drawdown the Government mandated minimum** from their account-based pension¹

Living too frugally

Passing away with most of their super intact, without spending their retirement savings¹

Retirees with lifetime annuities effectively **double the amount they are willing to spend** each year, on themselves and their families²

1. Australian Government, The Treasury, Retirement Income Review - Final Report, issued November 2020, <https://treasury.gov.au/publication/p2020-100554>
2. MarketWatch, Opinion: Retirees with annuities have more fun, August 2021

Centrelink treatment of LifeIncome

Means tested asset value

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

Means tested income

Only 60% of your LifeIncome annual income

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

For every \$200,000 invested in LifeIncome

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



7 facts about investment-linked lifetime annuities

Myth:

I will lose all of my investment if I pass away early

Myth:

The provider will default

Myth:

Annuities don't offer value for money

Myth:

Annuities are fixed income products

Myth:

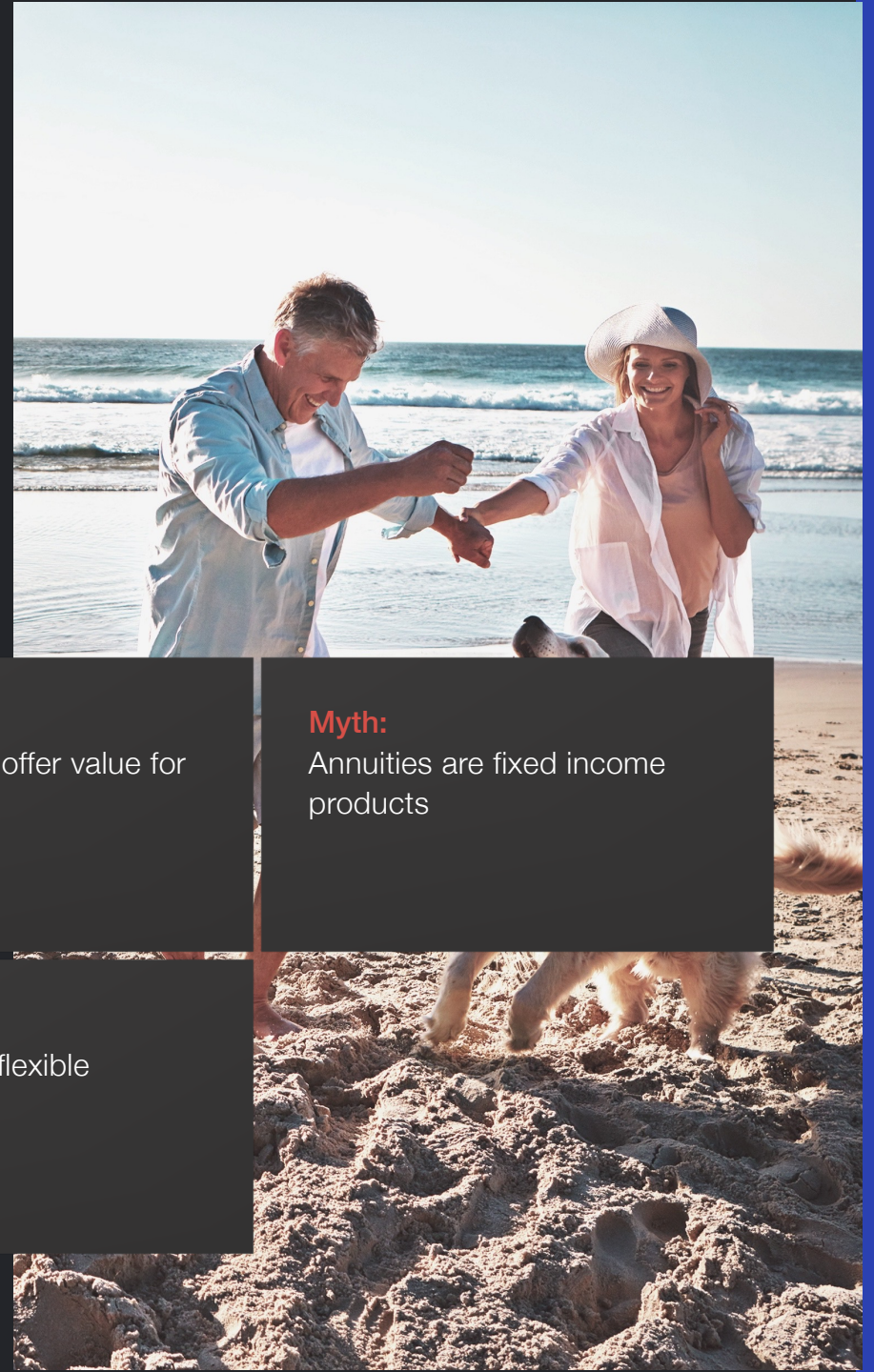
Annuities are too complex

Myth:

High tax rates that diminish overall returns

Myth:

Annuities are inflexible



7 facts about investment-linked lifetime annuities

Fact:

All lifetime annuities offer a death benefit

Fact:

All lifetime annuity providers are regulated by APRA

Fact:

Designed to provide more cumulative income sooner and higher starting income that grows over time

Fact:

A wider range of investment options across a major asset classes

Fact:

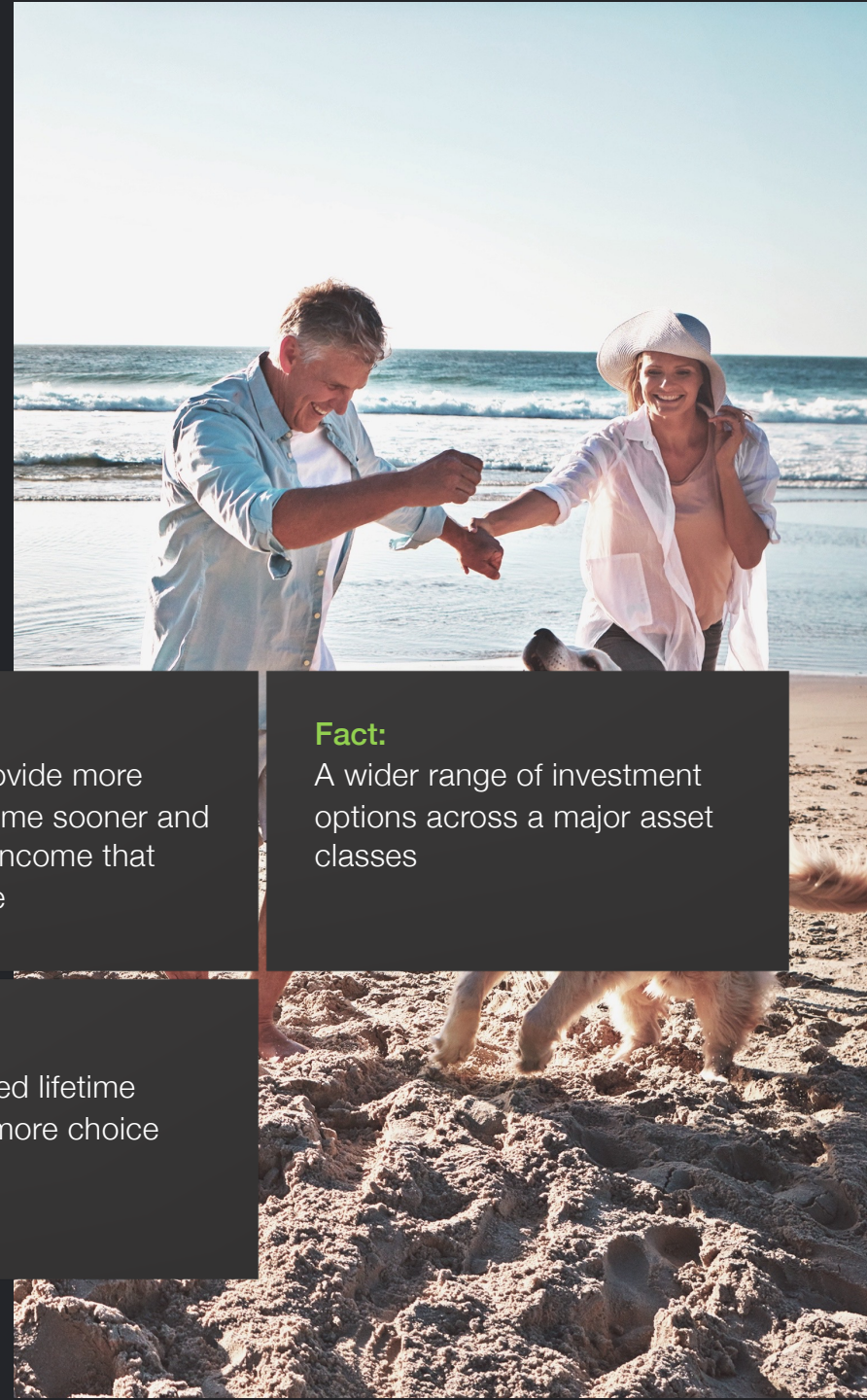
Simple to manage once your investment has been set up

Fact:

All the funds are invested in tax free environments whether the annuity is purchased with non-super or super monies

Fact:

Investment-linked lifetime annuities offer more choice and flexibility



6 core uses of LifeIncome

1.

Qualify or bring forward the age to access the Age Pension and ancillary benefits

2.

Minimising the impact of an inheritance on your Age Pension benefits

3.

Providing peace of mind to spend in retirement and avoiding 'regret risk'

4.

Income layering alongside account-based pension and Age Pension

5.

Investment choice that aligns to your client's risk profile with the ability to switch at anytime¹

6.

Protecting your spouse / loved one with income for life or a death benefit

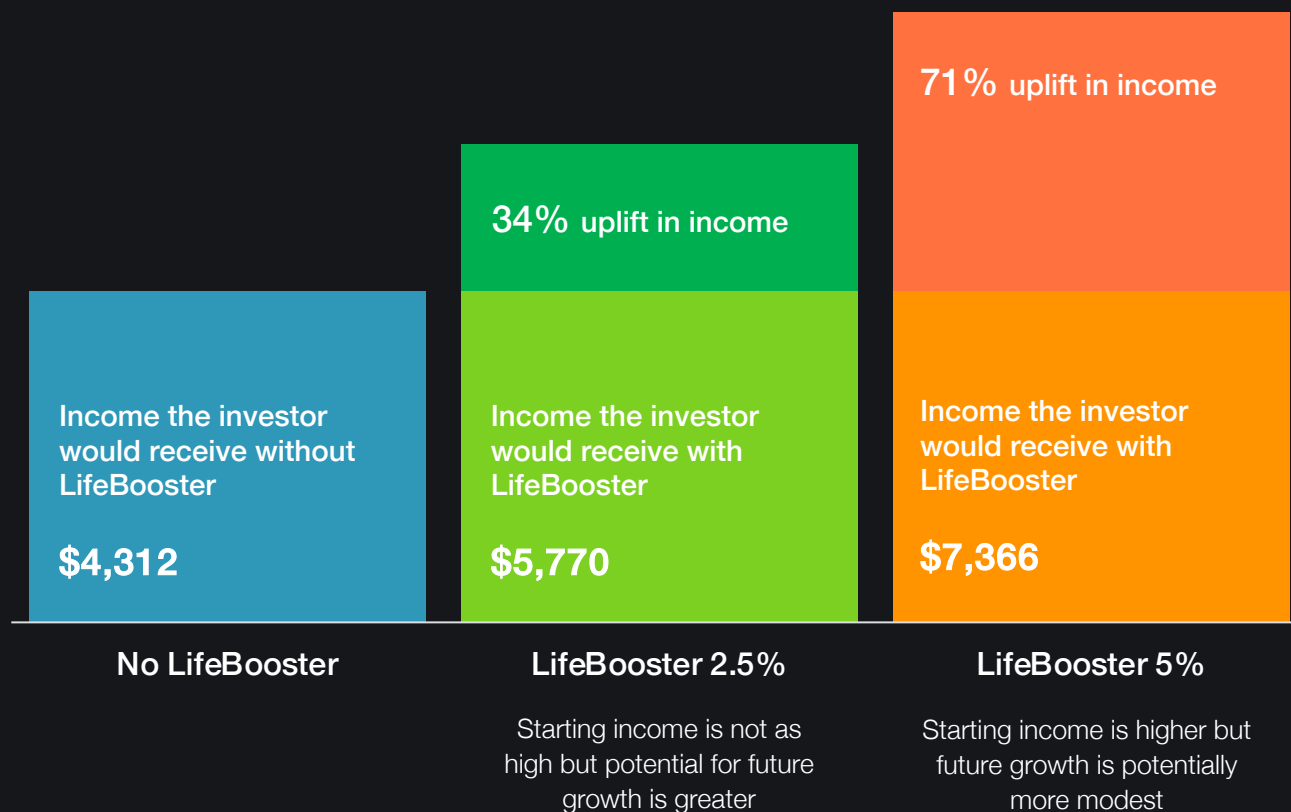


1. Brief exclusion period applies – refer to the Product Disclosure Statement



How LifeBooster works

Comparing first year income



Assumptions: 67-year-old male, \$100,000 investment.

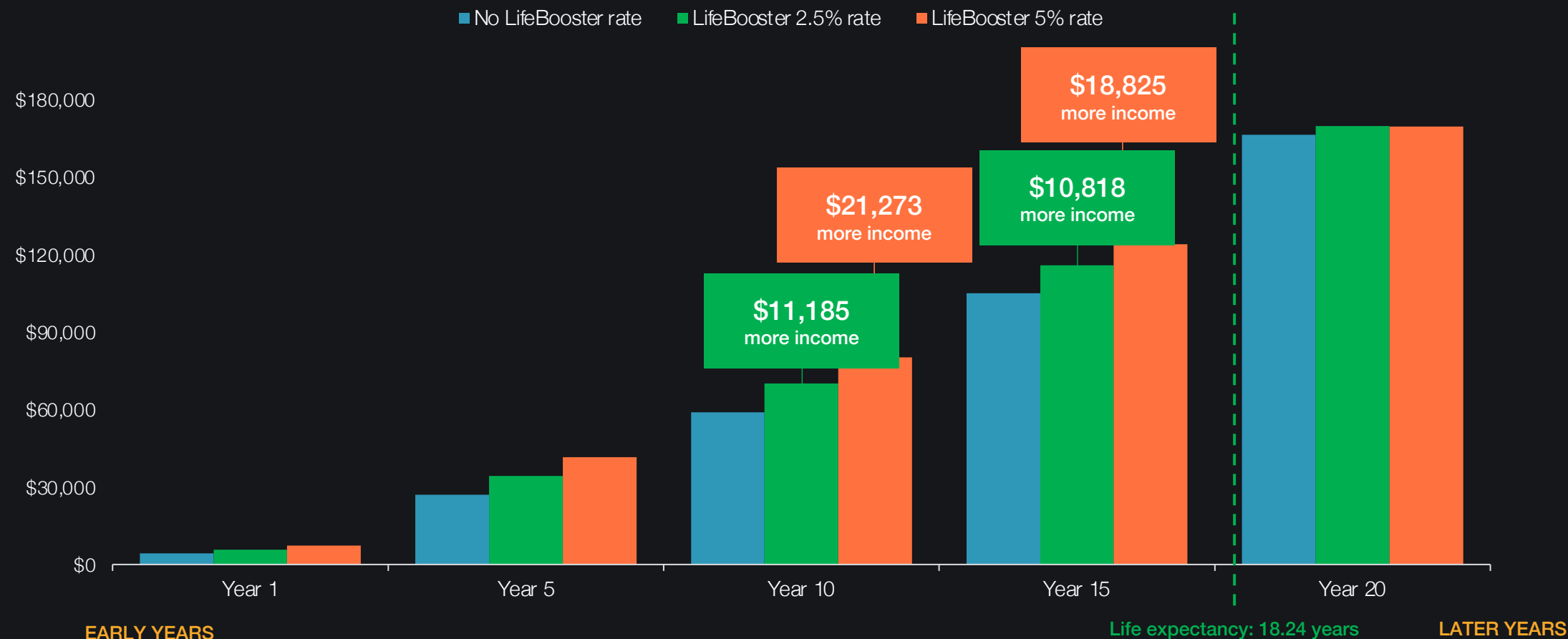
A much higher starting income than if no LifeBooster was applied

Investment paid back in the form of cumulative income sooner

More income in the early years of retirement when retirees are more active and able to enjoy

The power of LifeBooster

Comparing cumulative income for Vanguard Balanced Portfolio



Assumptions: Male 67 years old, initial investment \$100,000, estimated total fees, expenses and costs of 0.92% p.a. Vanguard Balanced Portfolio returns from July 1 2003 with no investment switches. Past performance is no indication of future performance. In this example LifeIncome without LifeBooster would pay more cumulative income only after the investor exceeds 87 years old for LifeBooster 5% rate and exceeds 88 years old for LifeBooster 2.5% rate.

6 key differences to CPI linked lifetime annuities

Higher starting income

Starting income doesn't change

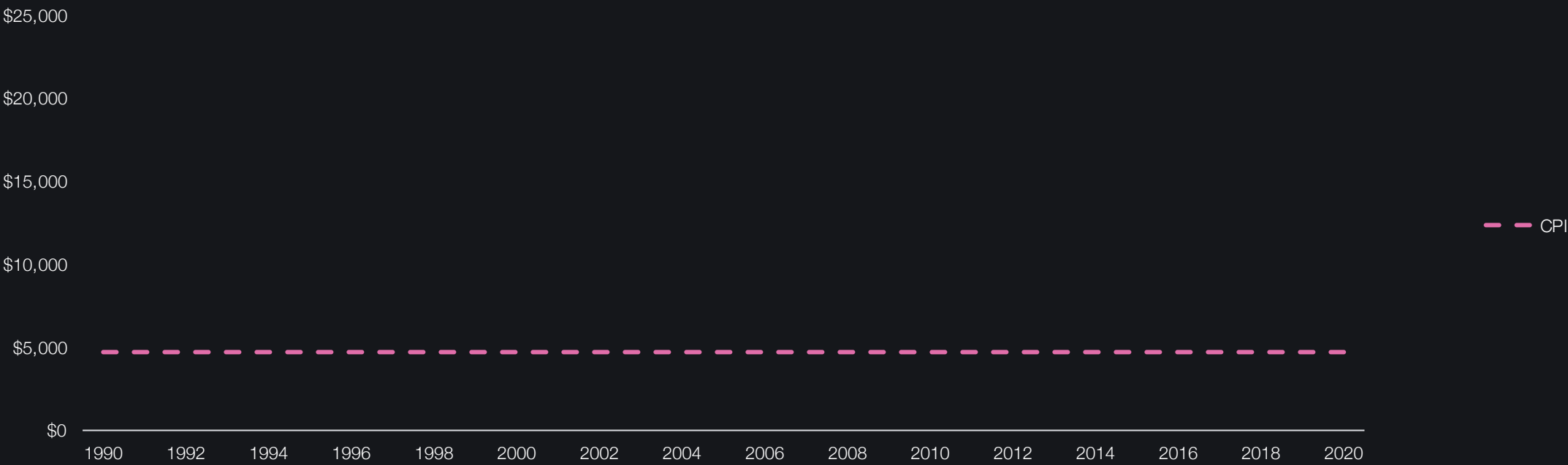
Potential for more cumulative income

Flexibility to change investment outcome

Ongoing adviser involvement

Income redistribution rate

Real Annual Income



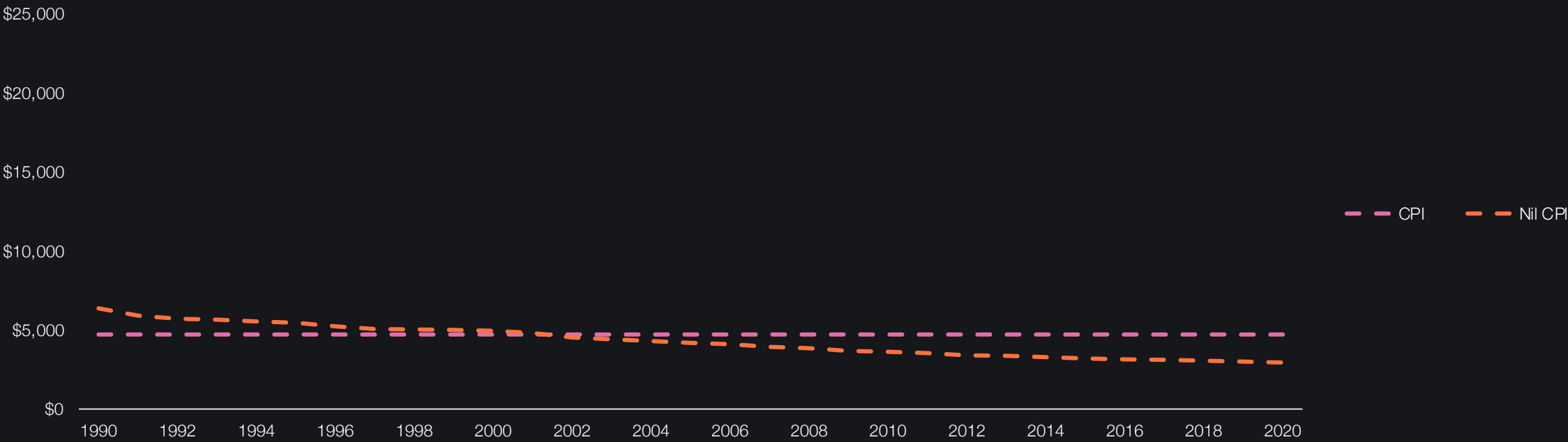
Real Cumulative Income

	CPI
5 year	\$23,545
10 year	\$47,090
15 year	\$70,635
20 year	\$94,180
30 year	\$141,270

Assumptions: Starting income is based on a 65-year-old female commencing LifeIncome with \$100,000 and a LifeBooster rate of 2.5%. The graph shows performance of a LifeIncome policy under the historical performance of various asset classes. Estimated fees, expenses and costs of 0.92% p.a. Past performance is no indication of future performance. This illustrates until age 95 only, however LifeIncome will pay your client an income for life. The starting incomes of the CPI and Nil CPI traditional annuities are based on the latest available rate as at 30/03/2023 commencing with \$100,000. Performance of the CPI Linked Annuity is based on historical CPI of the respective period. All income is discounted by CPI of the respective period.



Real Annual Income



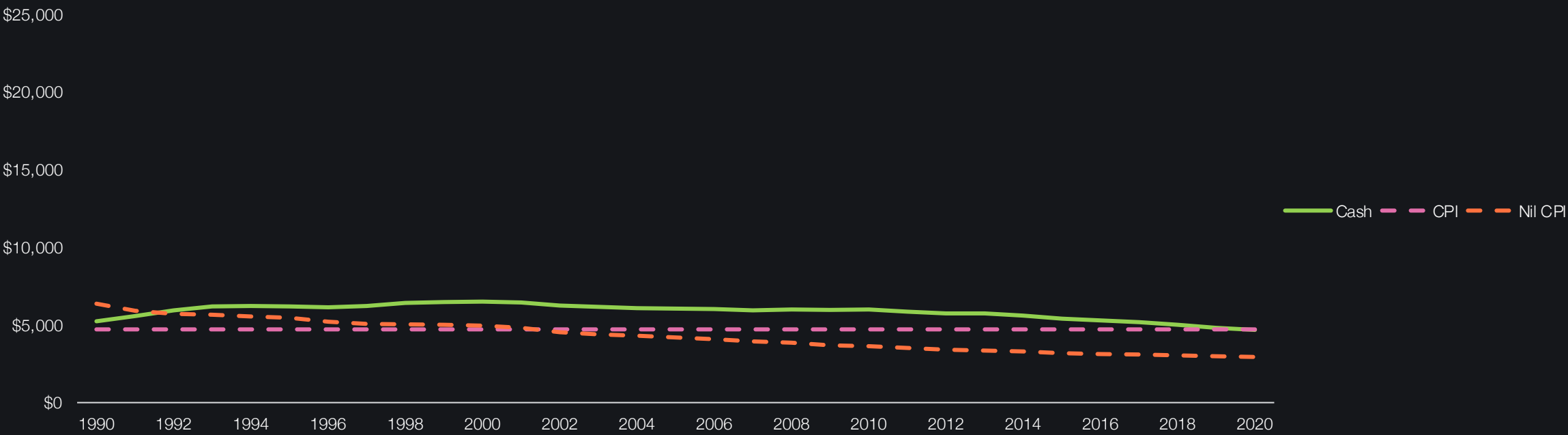
Real Cumulative Income

	CPI	Nil CPI
5 year	\$23,545	\$29,170
10 year	\$47,090	\$54,921
15 year	\$70,635	\$77,888
20 year	\$94,180	\$97,600
30 year	\$141,270	\$130,232

Assumptions: Starting income is based on a 65-year-old female commencing LifeIncome with \$100,000 and a LifeBooster rate of 2.5%. The graph shows performance of a LifeIncome policy under the historical performance of various asset classes. Estimated fees, expenses and costs of 0.92% p.a. Past performance is no indication of future performance. This illustrates until age 100 only, however LifeIncome will pay your client an income for life. The starting incomes of the CPI and Nil CPI traditional annuities are based on the latest available rate as at 30/03/2023 commencing with \$100,000. Performance of the CPI Linked Annuity is based on historical CPI of the respective period. All income is discounted by CPI of the respective period.



Real Annual Income



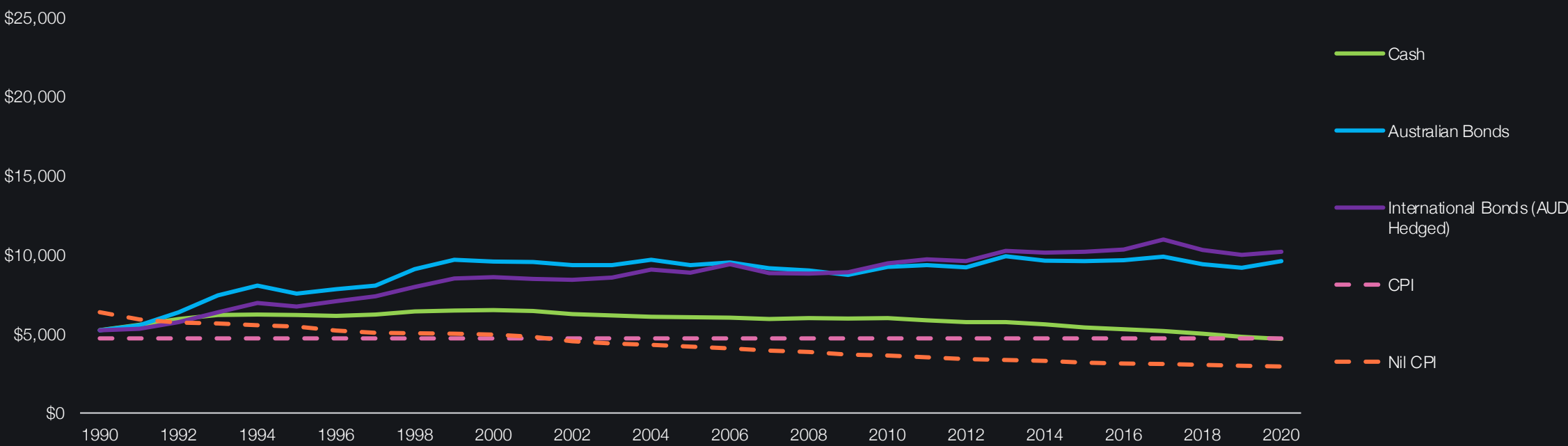
Real Cumulative Income

	CPI	Nil CPI	Cash
5 year	\$23,545	\$29,170	\$29,093
10 year	\$47,090	\$54,921	\$60,510
15 year	\$70,635	\$77,888	\$91,910
20 year	\$94,180	\$97,600	\$121,863
30 year	\$141,270	\$130,232	\$176,429

Assumptions: Starting income is based on a 65-year-old female commencing LifeIncome with \$100,000 and a LifeBooster rate of 2.5%. The graph shows performance of a LifeIncome policy under the historical performance of various asset classes. Estimated fees, expenses and costs of 0.92% p.a. Past performance is no indication of future performance. This illustrates until age 100 only, however LifeIncome will pay your client an income for life. The starting incomes of the CPI and Nil CPI traditional annuities are based on the latest available rate as at 30/03/2023 commencing with \$100,000. Performance of the CPI Linked Annuity is based on historical CPI of the respective period. All income is discounted by CPI of the respective period.



Real Annual Income



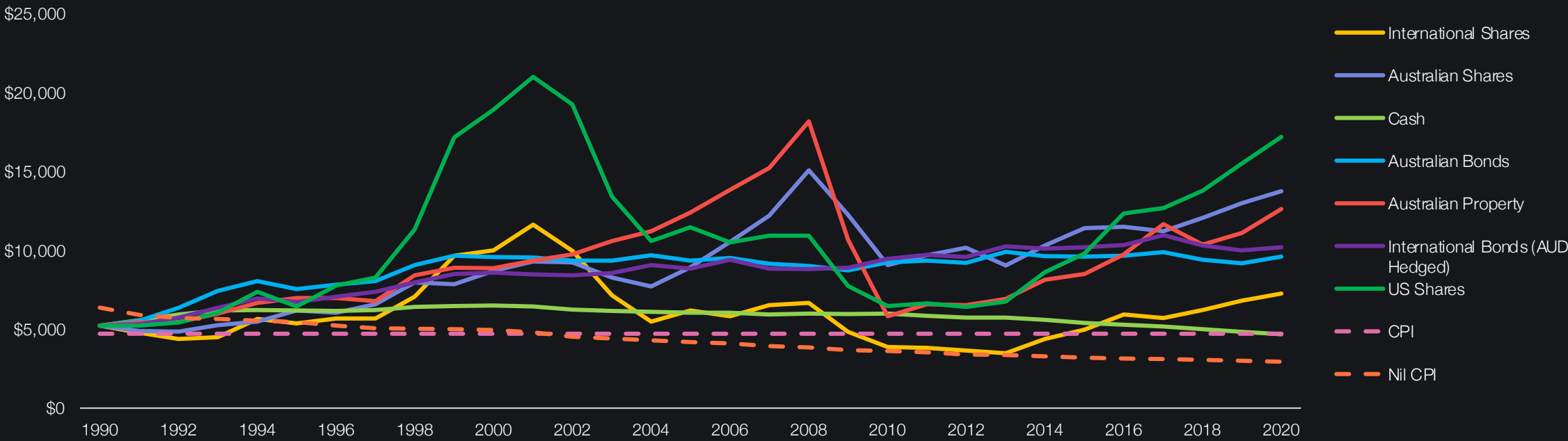
Real Cumulative Income

	CPI	Nil CPI	Cash	Australian Bonds	International Bonds (AUD Hedged)
5 year	\$23,545	\$29,170	\$29,093	\$32,556	\$29,568
10 year	\$47,090	\$54,921	\$60,510	\$74,699	\$67,170
15 year	\$70,635	\$77,888	\$91,910	\$122,112	\$110,225
20 year	\$94,180	\$97,600	\$121,863	\$167,807	\$154,970
30 year	\$141,270	\$130,232	\$176,429	\$262,738	\$255,760

Assumptions: Starting income is based on a 65-year-old female commencing LifeIncome with \$100,000 and a LifeBooster rate of 2.5%. The graph shows performance of a LifeIncome policy under the historical performance of various asset classes. Estimated fees, expenses and costs of 0.92% p.a. Past performance is no indication of future performance. This illustrates until age 100 only, however LifeIncome will pay your client an income for life. The starting incomes of the CPI and Nil CPI traditional annuities are based on the latest available rate as at 30/03/2023 commencing with \$100,000. Performance of the CPI Linked Annuity is based on historical CPI of the respective period. All income is discounted by CPI of the respective period.



Real Annual Income



Real Cumulative Income

	CPI	Nil CPI	Cash	Australian Bonds	International Bonds (AUD Hedged)	Australian Property	US Shares	International Shares	Australian Shares
5 year	\$23,545	\$29,170	\$29,093	\$32,556	\$29,568	\$28,752	\$29,260	\$24,517	\$25,687
10 year	\$47,090	\$54,921	\$60,510	\$74,699	\$67,170	\$66,717	\$80,180	\$57,884	\$60,326
15 year	\$70,635	\$77,888	\$91,910	\$122,112	\$110,225	\$116,393	\$163,234	\$102,044	\$103,472
20 year	\$94,180	\$97,600	\$121,863	\$167,807	\$154,970	\$186,611	\$214,741	\$132,042	\$162,381
30 year	\$141,270	\$130,232	\$176,429	\$262,738	\$255,760	\$271,864	\$313,559	\$180,771	\$269,661

Assumptions: Starting income is based on a 65-year-old female commencing LifeIncome with \$100,000 and a LifeBooster rate of 2.5%. The graph shows performance of a LifeIncome policy under the historical performance of various asset classes. Estimated fees, expenses and costs of 0.92% p.a. Past performance is no indication of future performance. This illustrates until age 100 only, however LifeIncome will pay your client an income for life. The starting incomes of the CPI and Nil CPI traditional annuities are based on the latest available rate as at 30/03/2023 commencing with \$100,000. Performance of the CPI Linked Annuity is based on historical CPI of the respective period. All income is discounted by CPI of the respective period.



Real Annual Income



Real Cumulative Income

	CPI	Nil CPI	Conservative	Balanced	Growth	High Growth
5 year	\$23,545	\$29,170	\$28,076	\$27,797	\$27,734	\$25,793
10 year	\$47,090	\$54,921	\$63,952	\$64,945	\$65,043	\$61,091
15 year	\$70,635	\$77,888	\$106,287	\$110,456	\$111,576	\$106,590
20 year	\$94,180	\$97,600	\$143,259	\$154,626	\$163,434	\$148,257
30 year	\$141,270	\$130,232	\$210,019	\$241,915	\$257,332	\$222,333

Assumptions: Starting income is based on a 65-year-old female commencing LifeIncome with \$100,000 and a LifeBooster rate of 2.5%. The graph shows performance of a LifeIncome policy under the historical performance of various diversified portfolio indices. Estimated fees, expenses and costs of 0.92% p.a. Past performance is no indication of future performance. This illustrates until age 100 only, however LifeIncome will pay your client an income for life. The starting incomes of the CPI and Nil CPI traditional annuities are based on the latest available rate as at 30/03/2023 commencing with \$100,000. Performance of the CPI Linked Annuity is based on historical CPI of the respective period. All income is discounted by CPI of the respective period.





Meet Bill and Rita...

Bill is 70 years old, and Rita is 68 years old.



Bill and Rita's situation...

Bill and Rita are homeowners and require around \$80,000 p.a. to retire comfortably.

They have \$550,000 in deemed assets and \$30,000 in car and contents.

They currently receive \$32,965 p.a. in Age Pension.

Bill and Rita's objective...

Bill and Rita are looking to maximise their Age Pension.

They currently have enough income to meet their lifestyle but would like to preserve as much of their capital, as long as possible.

They would also like to ensure that they don't burden their children with their funeral costs.



Bill and Rita's current situation...

Deemed financial assets	\$550,000
Contents and car	\$30,000

Assessable Income	\$10,371
Assessable Assets	\$580,000
Current income (p.a.):	
Age pension (\$16,482 p.a. each)	\$32,965
Income drawn from financial assets	\$47,035
Total income	\$80,000



Bill and Rita's solution

Deemed financial assets	\$550,000
Contents and car	\$30,000

Assessable Income	\$10,371
Assessable Assets	\$580,000
Current income (p.a.):	
Age pension (\$16,482 p.a. each)	\$32,965
Income drawn from financial assets	\$47,035
Total income	\$80,000

What if...

Bill and Rita establish a LifeIncome and two FuneralBonds.

Deemed financial assets	\$310,000
Contents and car	\$30,000
Gifting	\$10,000
LifeIncome	\$200,000
Generation Life Funeral Bonds	\$30,000

Assessable Income	\$13,211
Assessable Assets	\$460,000
Current income (p.a.):	
Age pension (\$20,531 p.a. each)	\$41,063
Income drawn from financial assets	\$25,203
LifeIncome	\$13,734
Total income	\$80,000



Bill and Rita's solution

Deemed financial assets	\$550,000
Contents and car	\$30,000
Assessable Income	\$10,371
Assessable Assets	\$580,000
Current income (p.a.):	
Age pension (\$16,482 p.a. each)	\$32,965
Income drawn from financial assets	\$47,035
Total income	\$80,000

Deemed financial assets	\$310,000
Contents and car	\$30,000
Gifting	\$10,000
LifelIncome	\$200,000
Generation Life Funeral Bonds	\$30,000
Assessable Income	\$13,211
Assessable Assets	\$460,000
Current income (p.a.):	
Age pension (\$20,531 p.a. each)	\$41,063
Income drawn from financial assets	\$25,203
LifelIncome	\$13,734
Total income	\$80,000

What if...

Bill and Rita establish a LifelIncome, two FuneralBonds, and a BCT.

Deemed financial assets	\$192,000
Contents and car	\$30,000
Gifting	\$10,000
LifelIncome	\$150,000
Generation Life Funeral Bonds	\$30,000
Generation Life BCT	\$200,000
Assessable Income	\$8,711
Assessable Assets	\$460,000
Current income (p.a.):	
Age pension (\$21,162 p.a. each)	\$42,325
Income drawn from financial assets	\$23,941
LifelIncome	\$13,734
Total income	\$80,000



Bill and Rita's outcome

\$9,360

Total Age Pension uplift in year 1

Generate an income guaranteed
for life

Preserve their capital to meet
their lifestyle or leave a legacy

Not burden their children with
their funeral costs





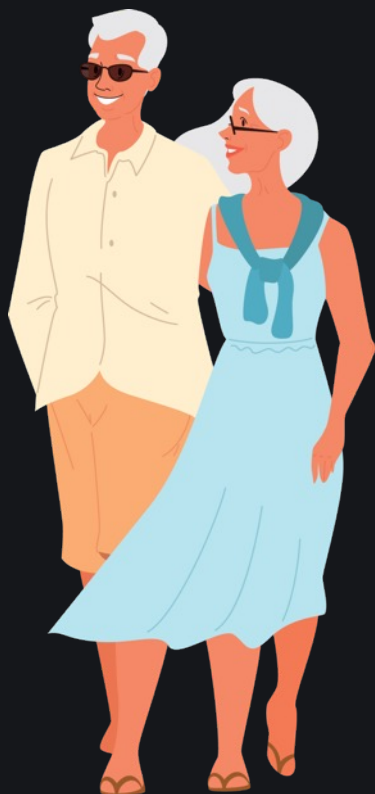
Case study

The power of investment choice and flexibility

Meet Jim and Glenda...

Jim and Glenda, both 67 years old and recently retired





Jim and Glenda's situation

Jim and Glenda are looking to create an income stream that complements their account-based pension.

They would like to either mirror the existing risk profile of their account-based pension or have the flexibility to change to a different risk portfolio if they choose to do so.

Jim and Glenda's objective...

Jim and Glenda would like to:

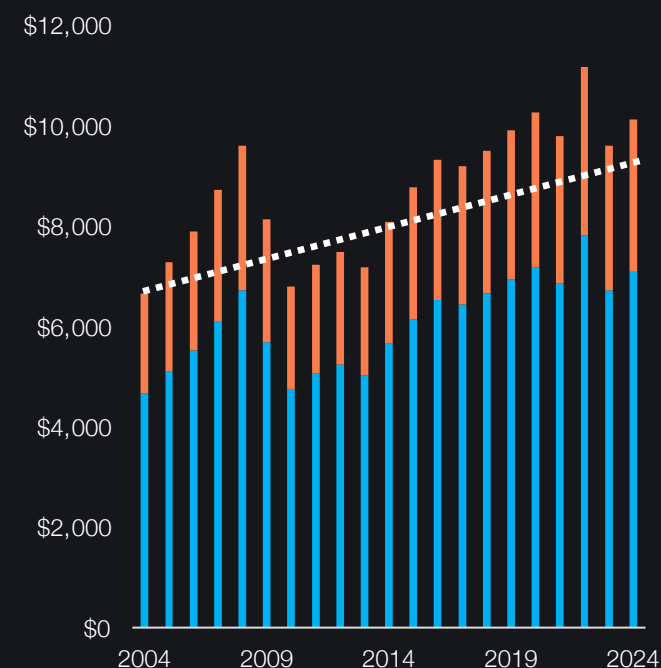
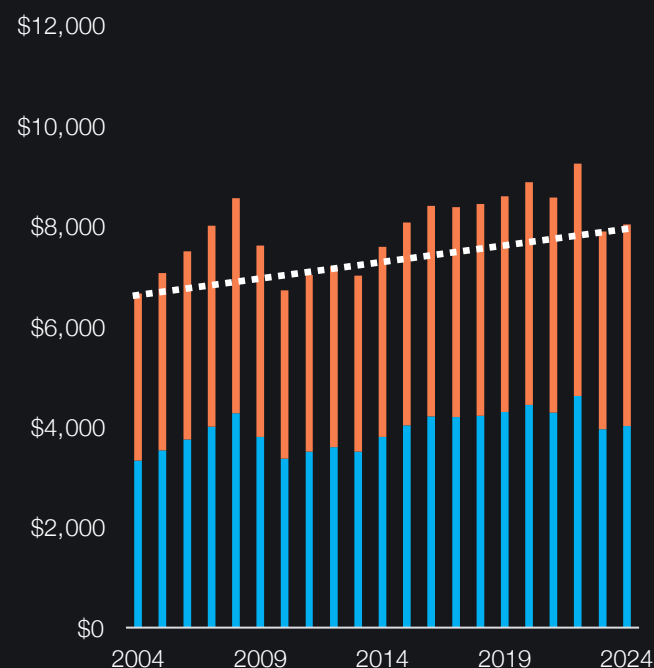
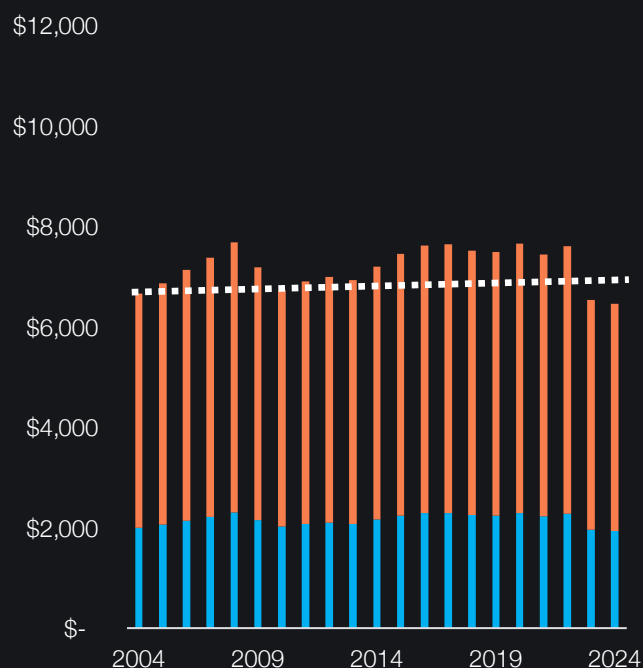
- Have certainty that they won't run out of money
- Meet their retirement needs as these change over time
- Have flexibility around investment choice

Jim and Glenda recently read about investment-linked lifetime annuities and decided to speak to their financial adviser



If Jim and Glenda invest \$100,000 with a **5% LifeBooster rate**...

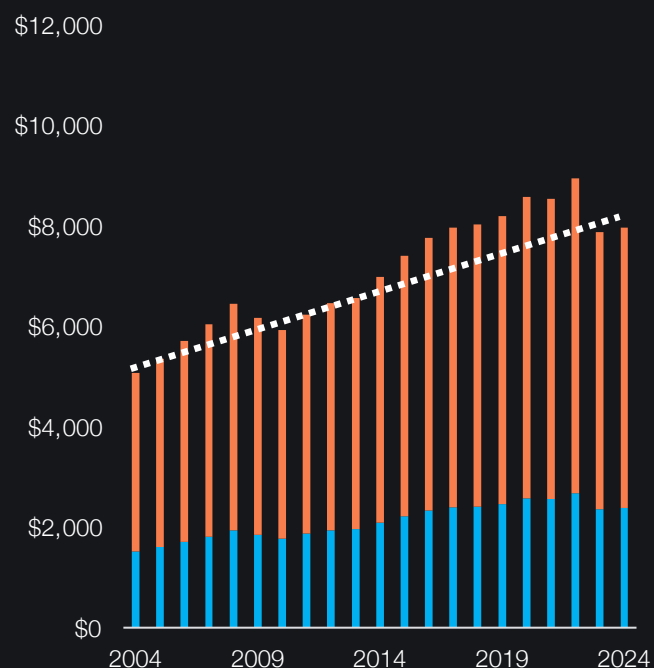
They will receive a higher starting income of **\$6,663** with the opportunity for future growth.



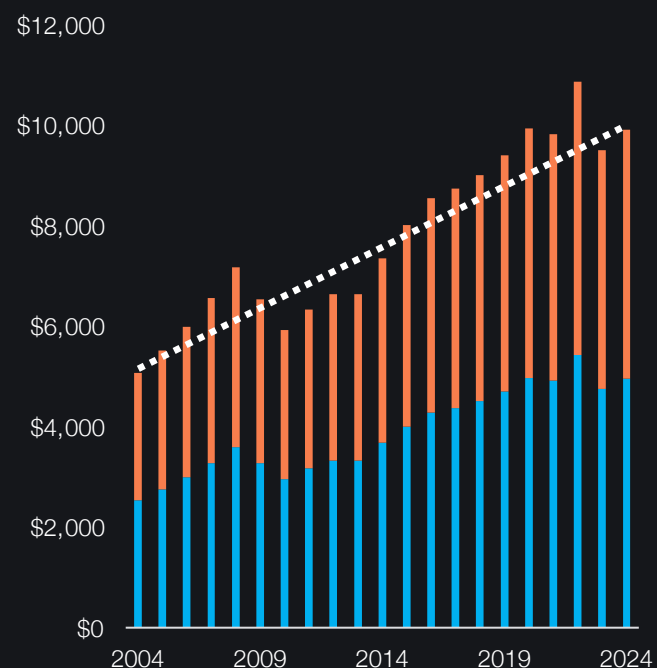
Starting income is based on a LifeIncome for Jim with Glenda nominated as the Reversionary Beneficiary and commencing a LifeIncome policy of \$100,000 investment with LifeBooster 5%. Figures referencing the past 20 years from 1st July 2003 to 30th June 2023. Returns have applied an assumed franking credit refund as follows: Vanguard Conservative, 0.19% p.a., Vanguard Balanced, 0.29% p.a., Vanguard Growth, 0.46% p.a., Vanguard High Growth, 0.58% p.a.. Annual income illustrations are shown in nominal dollars. Estimated administration fees of 0.92% p.a. for LifeIncome. Fees on LifeIncome are a percentage of the annual income. Past performance is not a reliable indicator of future performance.

If Jim and Glenda invest \$100,000 with a **2.5% LifeBooster rate**...

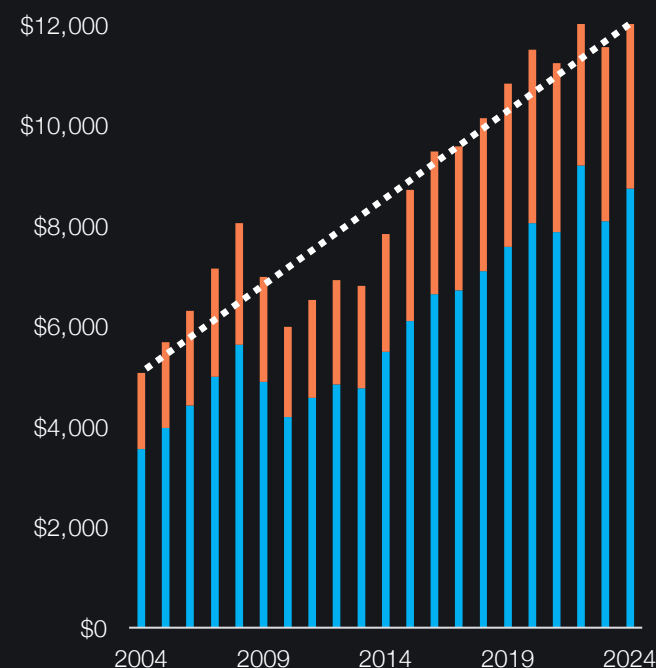
They will receive a starting income of **\$5,077** with future growth potentially is greater.



30/70 portfolio



50/50 portfolio



70/30 portfolio

Starting income is based on a LifeIncome for Jim with Glenda nominated as the Reversionary Beneficiary and commencing a LifeIncome policy of \$100,000 investment with LifeBooster 2.5%. Figures referencing the past 20 years from 1st July 2003 to 30th June 2023. Returns have applied an assumed franking credit refund as follows: Vanguard Conservative, 0.19% p.a., Vanguard Balanced, 0.29% p.a., Vanguard Growth, 0.46% p.a., Vanguard High Growth, 0.58% p.a.. Annual income illustrations are shown in nominal dollars. Estimated administration fees of 0.92% p.a. for LifeIncome. Fees on LifeIncome are a percentage of the annual income. Past performance is not a reliable indicator of future performance.

Jim and Glenda's solution

As Jim and Glenda are both in their early years of retirement, they would like to have a higher starting income, linked to a portfolio with a return profile that will deliver income that grows over time.

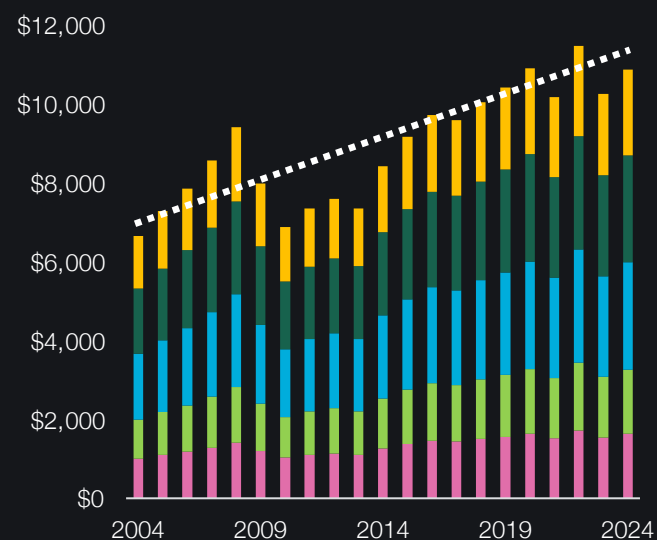
Their financial adviser decides to construct a 70/30 portfolio with a 5% LifeBooster rate to meet Jim and Glenda's current objective.



Portfolio construction ideas

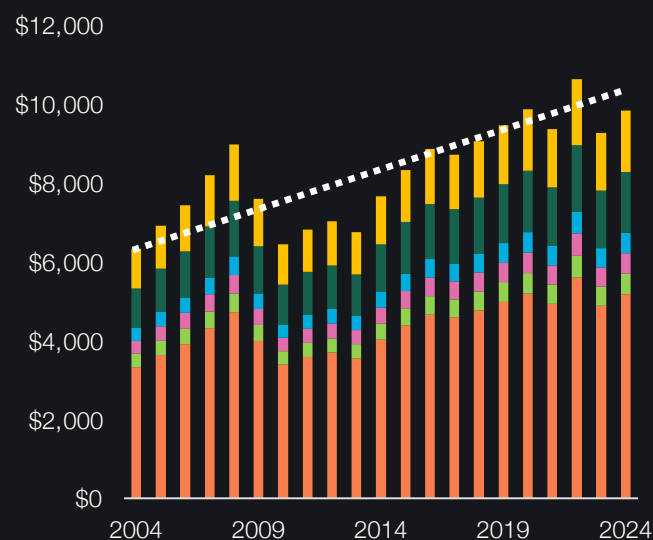
Options to construct Jim and Glenda's 70/30 Portfolio

Single Sector Model Portfolios



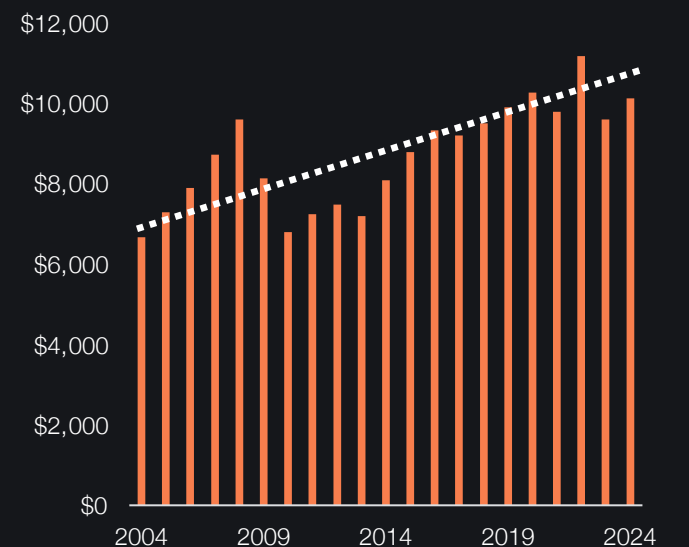
iShares Wholesale Australian Equity Index Fund	25%
iShares Wholesale International Equity Index Fund	25%
IML Australian Share Fund	20%
PIMCO Wholesale Global Bond Fund	15%
iShares Wholesale Australian Bond Index Fund	15%

A core-satellite approach



Vanguard Growth Portfolio	50%
iShares Wholesale International Equity Index Fund	15%
iShares Wholesale Australian Equity Index Fund	15%
IML Australian Share Fund	5%
PIMCO Wholesale Global Bond Fund	5%
iShares Wholesale Australian Bond Index Fund	10%

Pre-packaged Diversified options



Vanguard Growth Portfolio	100%
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Starting income is based on a LifeIncome for Jim with Glenda nominated as the Reversionary Beneficiary and commencing a LifeIncome policy of \$100,000 investment with LifeBooster 5%. Figures referencing the past 20 years from 1st July 2003 to 30th June 2023. Annual income illustrations are shown in nominal dollars. Estimated administration fees of 0.92% p.a. for LifeIncome. Fees on LifeIncome are a percentage of the annual income. Past performance is not a reliable indicator of future performance. Past performance is not a reliable indicator of future performance.



What if Jim and Glenda wish to grow their income with less volatility?

Generation Life's latest innovation...

An investment approach for real return investing is to choose the portfolio that has the **highest probability** of achieving the required **return objective** over the investment horizon while focusing on **downside protection**.



Introducing Generation Life's Retirement Portfolios



Generation Life Lifestyle Portfolio

Objective

To outperform the benchmark by **5.0%** p.a. over rolling 5-year periods. The benchmark is the 5-year rolling annualised change of **Self-Funded Retiree Living Cost Index¹**.

Generation Life Protect Portfolio

Objective

To outperform the benchmark by **2.5%** p.a. over rolling 5-year periods. The benchmark is the 5-year rolling annualised change of **Self-Funded Retiree Living Cost Index¹**.

1. The Self-Funded Retiree Living Cost Index is published by the Australian Bureau of Statistics.



Jim and Glenda's outcome

Invest in Generation Life Lifestyle Portfolio with a return profile like a 70/30 portfolio, with downside protection strategies

Able to tailor their risk profile to their current retirement goals

Able to switch at anytime¹ as their circumstance changes overtime

Access to a wide range of leading investment managers across all major asset class



1. Brief exclusion period applies – refer to the Product Disclosure Statement



Case studies

Improving your residential aged care benefits and maximising age pension entitlements



Meet Vivienne and Alan

Vivienne 73 and Alan 82 years of age, homeowners.

Vivienne and Alan are married, self funded retirees.

Alan has been approved for residential aged care.

Vivienne and Alan have

Vivienne's account-based pension (ABP)	\$700,000
Alan's (ABP)	\$500,000
Savings	\$100,000
Car, home and contents	\$5,000



Vivienne and Alan's objective

They are looking to increase their overall cashflow to supplement Vivienne's lifestyle needs and to help pay Alan's aged care fees.

They would like to maximise their annual illness separated pension rate and reduce their means tested aged care fee where possible.



Vivienne and Alan's solution

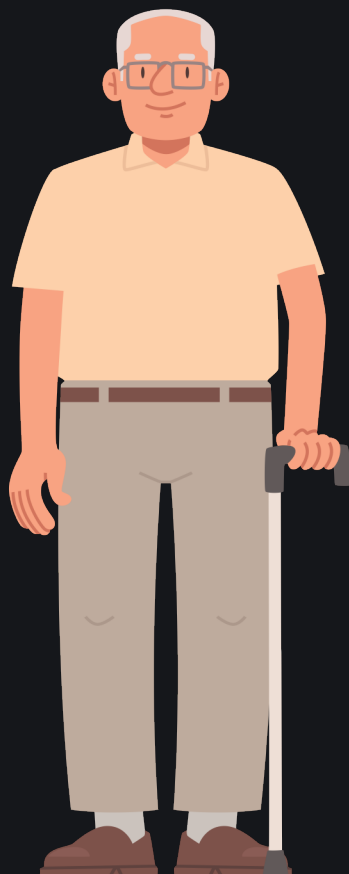
	Plan A Vivienne's super remains in ABP	Plan B Invest \$300,000 into LifeIncome	Difference
RAD	Use Alan's ABP \$500,000 RAD	Use Alan's ABP \$500,000 RAD	
Basic daily fee	\$22,214	\$22,214	
Means-tested care fee	\$6,325	\$5,125	(\$1,200)
Extra service fee \$20 per day	\$7,300	\$7,300	
Vivienne's living expenses	\$35,000	\$35,000	
Alan's living expenses	\$5,200	\$5,200	
Total expenses	\$76,039	\$74,839	(\$1,200)
LifeIncome	\$0	\$20,866	\$20,866
ABP Income	\$35,000	\$20,000	
Savings account earnings	\$3,500	\$3,500	
Illness Separated Age Pension	\$29,456	\$38,816	↑ \$9,360
Total income	\$67,956	\$83,182	↑ \$15,226
Cash flow	(\$8,083)	\$8,343	

A **\$16,426 improvement**
in cash flow in year 1

Improvement in
Age Pension of **\$9,360**
in year 1



Assumptions: Age Pension assessed under Illness-Separated Homeowner rates. Social security rates and thresholds are valid as at September 2023. Minimum drawdown rate ignores Covid-19 relief, no adviser fees have been charged. Savings assumed to earn interest of 3.5%pa. Income from LifeIncome based on LifeBooster 5% for 75 year old female.



Meet Jeff

Jeff is a single 78 year-old and has been approved for residential aged care.



Jeff's situation

Care Situation	New to care
Level of care required	Residential
Agreed accommodation payment amount	\$450,000
Full amount being paid as a lump sum	
Remaining savings	\$600,000
Personal contents/ valuables	\$4,000

Jeff's options

Jeff is exploring options to reduce aged care fees and change his age pension.

Generation Life	Current Position	Scenario 1	Scenario 2	Scenario 3
LifeBuilder BCT	-	\$0	\$0	\$175,000
FuneralBond	-	\$0	\$15,000	\$15,000
Other Strategies				
Insurance and Annuity Care Product	-	\$550,000	\$0	\$0
Income	-	\$26,841	\$0	\$0
Gifting	-	\$0	\$10,000	\$10,000
Deemed Asset				
Bank Account	\$600,000	\$50,000	\$575,000	\$400,000
Other Assets				
Personal Contents	\$4,000	\$4,000	\$4,000	\$4,000



Jeff's estimated outcome

Aged Care Assessment	Current Position	Scenario 1	Scenario 2	Scenario 3
Assessable assets	\$1,054,000	\$985,253	\$1,029,000	\$1,029,000
Assessable income	\$34,619	\$37,796	\$35,545	\$32,069
Daily Means Tested Amount	\$109.48	\$110.07	\$109.38	\$104.96
Asset Component	\$106.34	\$102.56	\$104.96	\$104.96
Income Component	\$3.14	\$7.51	\$4.41	\$0.00
Aged Care Annual Fees				
Basic care fees	\$22,214	\$22,214	\$22,214	\$22,214
Means tested care fees	\$15,527	\$15,741	\$15,490	\$13,879
Age Pension Assessment				
Assessable assets	\$604,000	\$535,253	\$579,000	\$579,000
Assessable income	\$12,292	\$16,230	\$11,730	\$7,792
Relevant Test	ASSET	INCOME	INCOME	ASSET
Annual Age Pension	\$23,815	\$23,054	\$25,303	\$25,765
Aged Care Costs Reduction	-	(\$214)	\$37	\$1,649
Age Pension Uplift	-	(\$761)	\$1,489	\$1,950
Social Security Uplift	-	(\$975)	↑ \$1,526	↑ \$3,599



Our innovative solutions

Investment bonds & Funeral Bonds

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

LifeIncome

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

1. Ratings relate to LifeBuilder and ChildBuilder investment bond products

Generation Life

Highly recommended for over a decade

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

Note: Zenith rating for LifeBuilder and ChildBuilder

Awards



Research ratings



LifelIncome



Investment Bonds



Investment Bonds
LifeBuilder



Thank you.

Outthinking today.

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