

Case study

## Accessing the Age Pension sooner

LifelIncome | Investment-linked lifetime annuity

Did you know that you can potentially qualify for or bring forward the age of access to the Age Pension and ancillary benefits?



### Meet Susan...

Susan is 66 years old, single and a homeowner.

**\$750,000**

Superannuation balance

**\$90,000**

Savings

**\$10,000**

Personal assets

### Susan's objectives

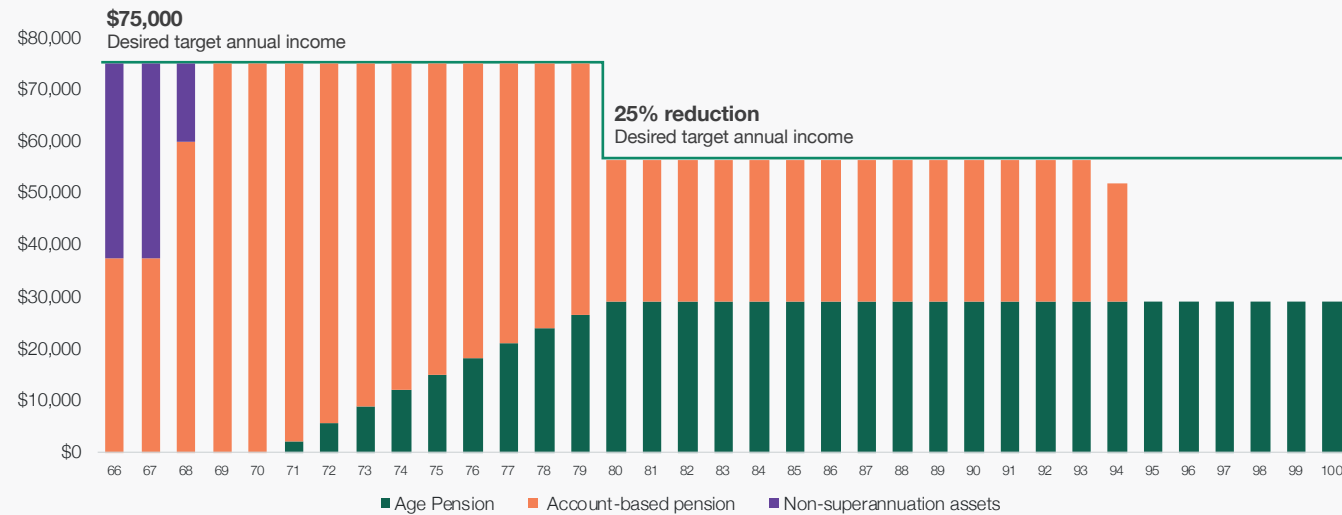
Wants to be proactive and access the Age Pension sooner to maintain her desired lifestyle

Wants certainty that she won't run out of money

Doesn't want to solely rely on the Age Pension

## Susan's current situation

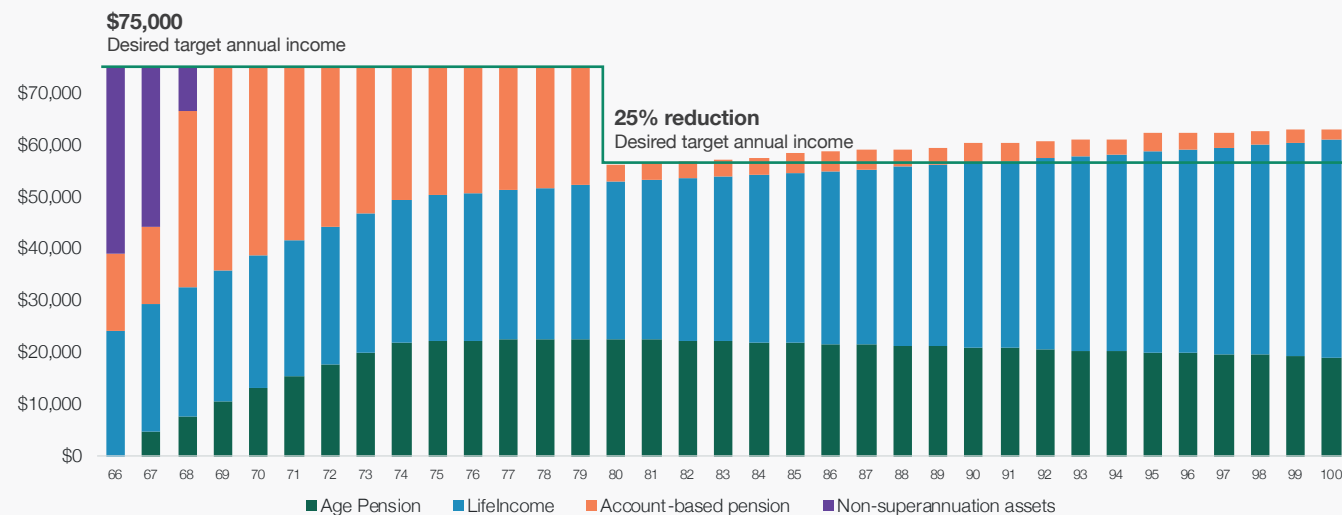
If she commences an account-based pension with her superannuation, Susan will only have access to the Age Pension, and the ancillary benefits of the Age Pension, from age 71. Her account-based pension will run out after age 94 and she will be solely dependent on the Age Pension.



## Susan's outcome

Susan speaks to her financial adviser and invests \$450,000 of her superannuation balance into LifeIncome and a FuneralBond of \$15,000.

Susan is now able to maintain her desired income target and almost double her income in later years. She is also able to add an additional layer of income guaranteed for life from LifeIncome and never have to rely on the Age Pension alone.



### Age 67

Immediate access to Age Pension and ancillary benefits

### \$15,000

Pre-paid funeral arrangements easing the burden for her loved ones

### \$101,927

Uplift in cumulative Age Pension by age 75

### \$76,019

Additional cumulative income above desired income target

### \$515,898

Additional cumulative income by age 100 (including Age Pension)

### 12 years

Payback period of investment into LifeIncome<sup>1</sup>

## Planning ahead...

### Access more of the Age Pension, sooner

Australians often apply for the Age Pension well after the time they become eligible, on average about 2.3 years after.<sup>2</sup> It is estimated that single retirees are losing an average of \$37,000 in Age Pension entitlements due to delays in applying for the Age Pension while couples are estimated to lose close to \$60,000.<sup>2</sup>

**Generation Life's LifeIncome** is defined as an 'asset-tested income stream (lifetime)' product for social security purposes and provides the potential to access some or more of the Age Pension and ancillary benefits such as discounted council rates and cheaper medicine under the Pharmaceutical Benefits Scheme.

Centrelink and the Department of Veterans' Affairs entitlements are determined using two 'means' tests: an assets test and an income test.

<b>Means tested asset value</b>	Under the assets test, only 60% of your investment amount is assessed. From age 84, subject to a minimum of 5 years from the date of investment, only 30% is assessed.
<b>Year 1 means tested income</b>	Only 60% of your LifeIncome annual income is assessed under the income test.

**Generation Life's FuneralBond** is exempt (up to certain limits) from the social security assets test and deeming provisions for the income test that applies to the Age Pension, Service Pension and other means-tested government entitlements. This means there's also the potential to improve pension benefits during your lifetime or to reduce aged care costs.



## LifeIncome

### Investment-linked lifetime annuity

LifeIncome, our investment-linked lifetime annuity, delivers more income, more certainty, more flexibility and more choice to meet retirement goals. LifeIncome provides regular income for life that's linked to the performance of your chosen investment option(s), which you can switch between when needed<sup>3</sup>. LifeIncome also provides the ability to receive income earlier, often when needed most.

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

## 8 key features of LifeIncome

### Immediate investment-linked lifetime annuity

Single or reversionary

### Investment choice across all major asset classes

29 options with the ability to switch at anytime<sup>3</sup>

### Reversionary Beneficiary

Money available to support your spouse or loved one<sup>4</sup> between ages of 50 and 95

### LifeBooster

More income sooner in the earlier years when you're able to enjoy it most

### 0% tax environment

Investment earnings are tax-free - there are tax benefits on income payments too

### Death Benefit / Withdrawal Benefit available

During Death Benefit Period / Withdrawal Period

### LifeIncome Flex

Increase your starting income by choosing a reduction in income when you or your Reversionary Beneficiary pass away

### Dollar-cost averaging

Progressively invest into your chosen investment option(s) over a period of up to 12 months

## About Generation Life

Generation Life, a wholly owned subsidiary of Generation Development Group (ASX:GDG), is a life company registered under the Life Insurance Act 1995 (Cth). As the pioneer of Australia's first truly flexible investment bond since 2004, we have been at the forefront of providing innovative tax-effective investment solutions. We are proud to be shaping the retirement income landscape with our latest innovation, LifeIncome.

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

## If you're a financial adviser...

We can run technical strategies and client scenarios to help you assist your clients to achieve their retirement and legacy goals.

### Do you have client scenarios in mind?

Our specialist team is here to help. Contact one of our Technical team members at [technical@genlife.com.au](mailto:technical@genlife.com.au) about running client scenarios for you today.



Outthinking today.

## Contact details

### Investor services

1800 806 362

### Adviser services

1800 333 657

### Enquiries

[enquiry@genlife.com.au](mailto:enquiry@genlife.com.au)

### Footnotes

1. The 'payback period' is the estimated time for the return of your investment in the form of cumulative income, as well as any increase in Age Pension which you may receive as a result of investing into LifeIncome and FuneralBond.
2. Source: The most expensive mistake retirees can make, SuperEd, published 2015
3. Brief excursion period applies – refer to the Product Disclosure Statement
4. If you are commencing LifeIncome with superannuation money, you can only nominate your spouse to receive your income after you pass away. If you are commencing LifeIncome with non-superannuation money you can nominate your spouse or any other person such as your child or sibling.

### Assumptions for Susan's retirement income illustrations

Based on a LifeIncome policy for Susan after allocating 60% of her superannuation to LifeIncome with a LifeBooster 2.5% rate. Her remaining superannuation balance is used to commence an account-based pension, drawing income to meet her desired income target. Annual income illustrations are shown in real dollars. Estimated fees, expenses and costs of 0.5% p.a. for the account-based pension and 1.22% p.a. for LifeIncome. Fees on LifeIncome are a percentage of the annual income. There are no fees on income from LifeIncome in the first financial year you commence LifeIncome. Assumed investment returns of superannuation assets is 8% p.a., non-superannuation assets at 3% p.a. and inflation of 2.5% p.a. No adviser fees have been charged and social security rates and thresholds are valid at 20/03/2024.

### Disclaimer

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