

Case study

Minimising the impact of an inheritance on your Age Pension benefits

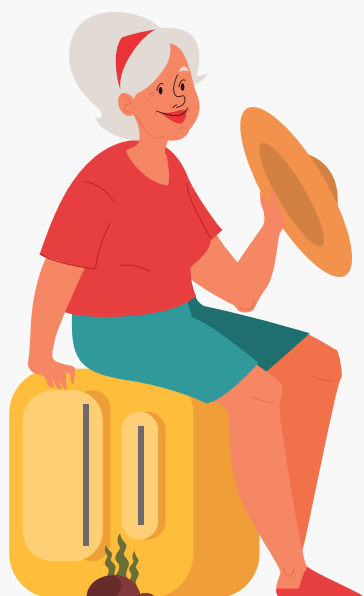
LifelIncome | Investment-linked lifetime annuity

Did you know that an investment-linked lifetime annuity can help minimise the impact of an inheritance on your Age Pension benefits?

Meet Ina...

Ina is 79 years old, recently widowed and a homeowner.

Ina's husband recently passed away. Due to now being assessed on the Single rates, with all assets in her name, Ina's Age Pension entitlement has dropped substantially.



Ina currently has...

\$228,000

Reversionary account-based pension

\$210,000

Cash at bank

\$58,000

Managed fund

\$10,000

Personal assets

\$13,092

Current Age Pension - a reduction from \$39,502 when they were receiving as a couple

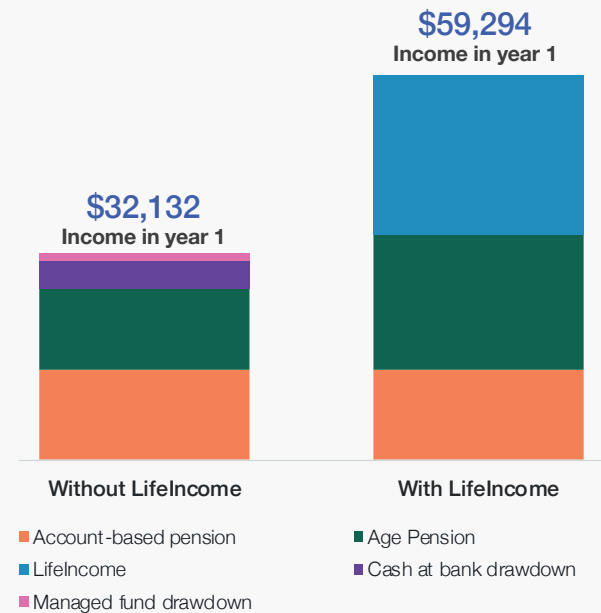
Ina's objectives

Minimise the impact from her late husband's inheritance on her Age Pension benefits

She would like to optimise the level of income in retirement and complement other income streams

Ina speaks to her financial adviser...

Ina’s financial adviser recommends she establish a non-superannuation LifelIncome using \$200,000 from her bank account and her \$58,000 managed fund.



Ina’s first year income position...

| | Without LifelIncome | With LifelIncome |
|-----------------------|---------------------|------------------|
| LifelIncome | \$0 | \$24,468 |
| Age Pension | \$13,092 | \$21,146 |
| Account-based pension | \$13,680 | \$13,680 |
| Cash at bank drawdown | \$4,200 | \$0 |
| Managed fund | \$1,160 | \$0 |
| Total | \$32,132 | ↑ \$59,294 |

Access more of the Age Pension

LifelIncome 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.

Means tested asset value - 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.

Year 1 means tested income - Only 60% of your LifelIncome annual income is assessed under the income test.

Ina’s Age Pension assessment

| | Without LifelIncome | With LifelIncome | Difference |
|------------------------------------|---------------------|------------------|----------------------|
| Assessable income | \$9,952 | \$18,828 | |
| Assessable assets | \$506,000 | \$402,800 | \$103,200 reduction |
| Age Pension income (Assets tested) | \$13,092 | ↑ \$21,146 | \$8,054 (62% uplift) |



Social security rates and thresholds as at 20/03/2024.

Ina's outcome

\$27,162

Uplift in annual income in year 1

\$8,054

Age Pension uplift in year 1

\$10,000

Cash at bank as savings for emergencies

Generate regular income with the option to select **monthly or fortnightly payments** from LifeIncome

Created an **additional income stream guaranteed for life** on top of the Age Pension



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 needed¹. 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 anytime¹

Reversionary Beneficiary

Money available to support your spouse or loved one² 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 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

Footnotes

1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. If you are commencing LifeIncome with superannuation money, you can only nominate your spouse to receive your income after you pass away. If you are commencing LifeIncome with non-superannuation money you can nominate your spouse or any other person such as your child or sibling.

Assumptions for Ina's retirement income illustration

Based on a LifeIncome policy for Ina by investing \$258,000 into a non-superannuation LifeIncome with a LifeBooster 5% rate. There are no fees and costs on the income paid from LifeIncome in the first financial year. The fees and cost of LifeIncome impact the amount of annual income received, after the first financial year. No adviser fees have been charged and social security rates and thresholds are valid at 20/03/2024. Account-based pension assumes minimum drawdown of 6% per annum. Cash at bank and managed fund assumes 2% drawdown for Ina's first year income position without LifeIncome.

Disclaimer

Generation Life Limited (Generation Life) AFSL 225408 ABN 68 092 843 902 is the product issuer. The information provided is general in nature and does not consider the investment objectives, financial situation or needs of any individual and is not intended to constitute personal financial advice. The product's Product Disclosure Statement and Target Market Determination are available at <http://www.genlife.com.au> and should be considered in deciding whether to acquire, hold or dispose of the product. Professional financial advice is recommended. Generation Life excludes, to the maximum extent permitted by law, any liability (including negligence) that might arise from this information or any reliance on it. Generation Life does not make any guarantee or representation as to any particular level of investment returns or income, or Age Pension entitlements. Past performance is not an indication of future performance.