



Outthinking today.

Help your clients unlock their dream retirement

LifelIncome - investment-linked lifetime annuity



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Discover Generation Life

Pioneer of Australia's first truly flexible investment bond. Over \$3.2b 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 52% 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

1. As at 31 March 2024
2. Plan for Life, Investment Bonds Market Report for period ended 30 September 2023

Award-winning track record of innovation and leadership in specialist markets

Innovators and market leaders

We are the leading provider of investment bonds in Australia, and have been awarded the Overall Excellence Award for Investment Bonds every year since 2020.

We have developed and launched Australia's most flexible investment-linked lifetime income product and have been awarded the best Lifetime Investment Linked product in the Longevity Cover Excellence Awards.

Market expertise & Investment

As part of the development of Generation Life LifeIncome, we invested in experienced product and IT professionals and state of the art registry (Composer) and unit-pricing systems (FRS InvestPro).

Our team has a proven track record in working together and working with these systems to develop innovative products



More options to address longevity risk

Innovative Income Streams legislation - 2017



Removed the restriction that income could not fall from one year to the next

Qualify for concessional tax and social security treatment without losing access to growth assets

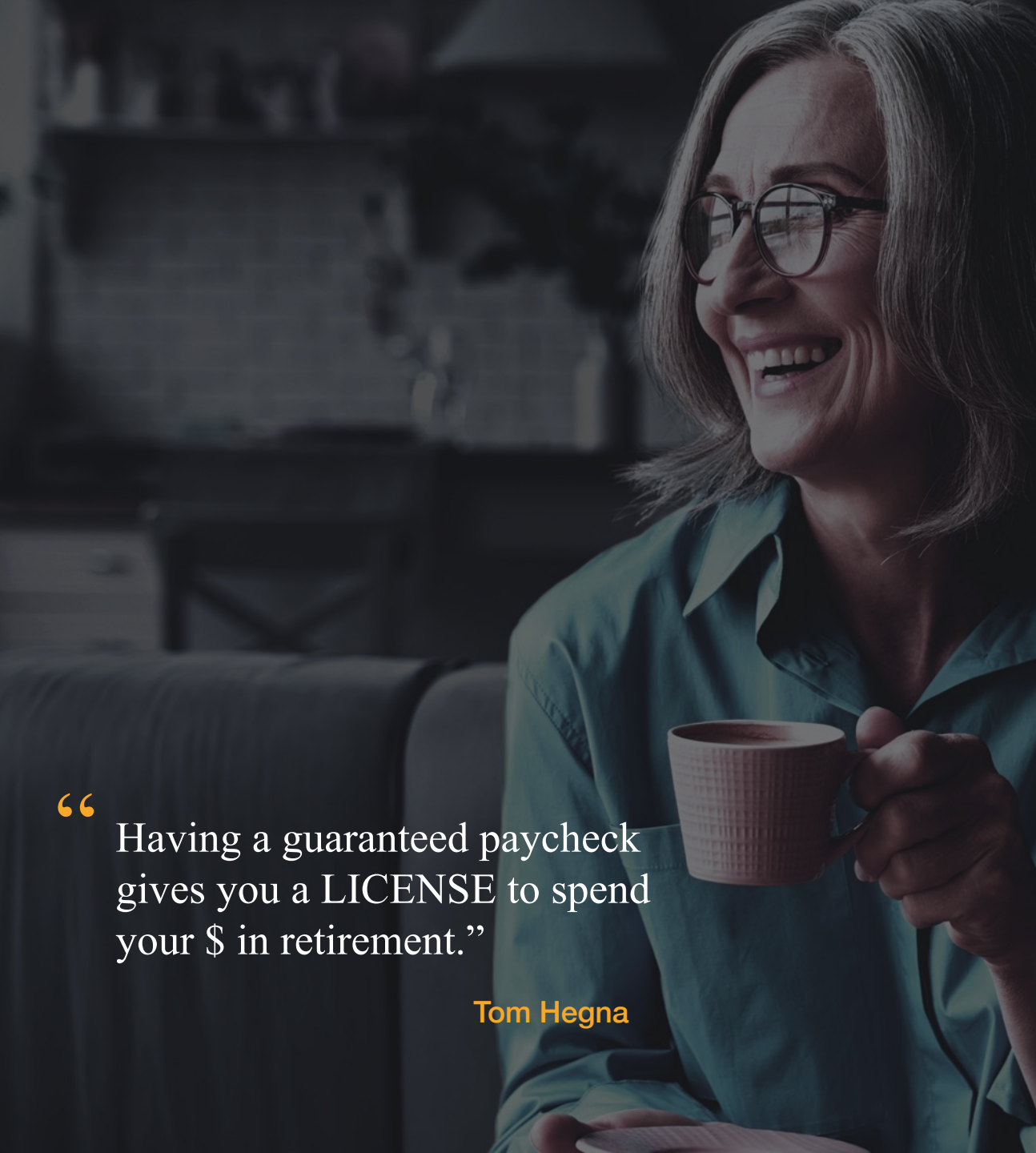
An investor's **annual income can be linked to investment market returns** allowing providers to offer a choice of investment options for a lifetime income stream

Decouple longevity from investment risk

Providing a greater return on investment

How long do you plan for?

Longevity risk is the risk that clients will outlive their savings. The problem is people don't know how long they're going to live, so how can they know how much they can spend?

A woman with grey hair and glasses, wearing a teal shirt, is smiling and holding a light-colored ceramic cup. She is sitting on a couch in a dimly lit room with a fireplace in the background.

“ Having a guaranteed paycheck gives you a LICENSE to spend your \$ in retirement.”

Tom Hegna



Retirees' behaviours

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

Living too frugally

Dying with most of their super intact, without spending their retirement savings¹

Not spending retirement savings and income to avoid running out of money

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

Australians are living longer, life expectancies across all ages have increased over the past 40 years, particularly for men³

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

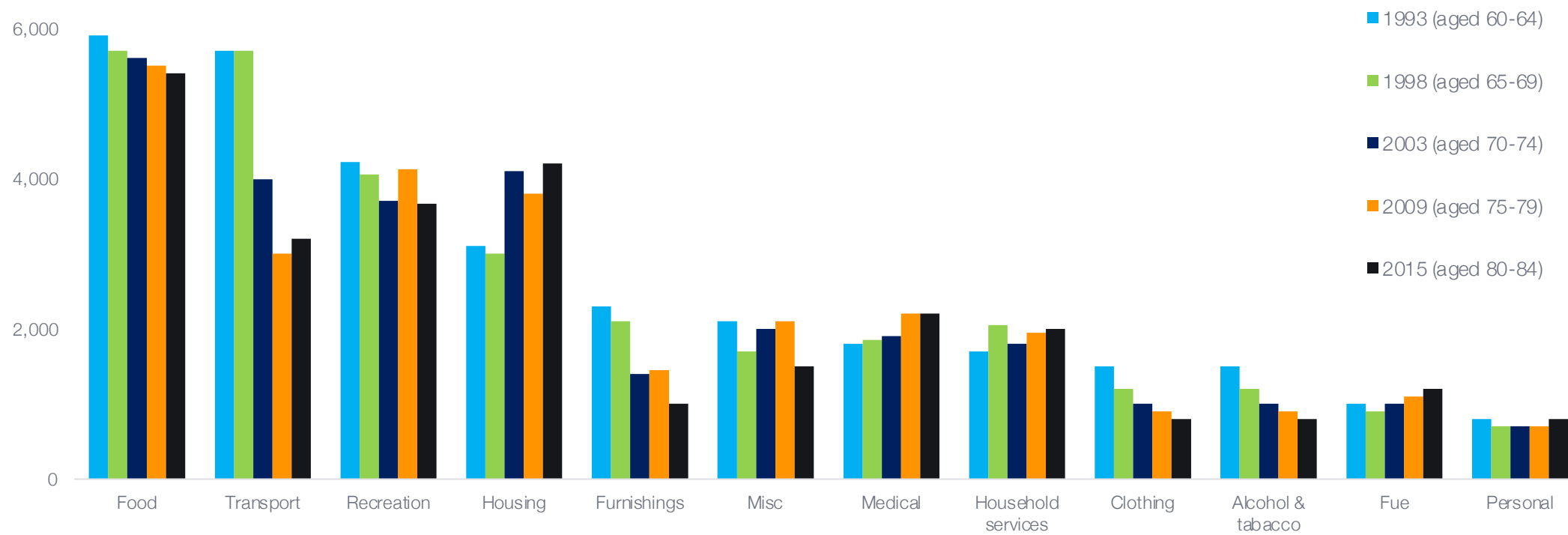
3. The Australian Government the Treasury, Retirement Income Review – Final Report, published July 2020 <https://treasury.gov.au/sites/default/files/2021-02/p2020-100554-udcomplete-report.pdf>, page 105

Spending patterns of Australian retirees

The need for more income in the early years

Retiree spending on food, transport, and recreation declines

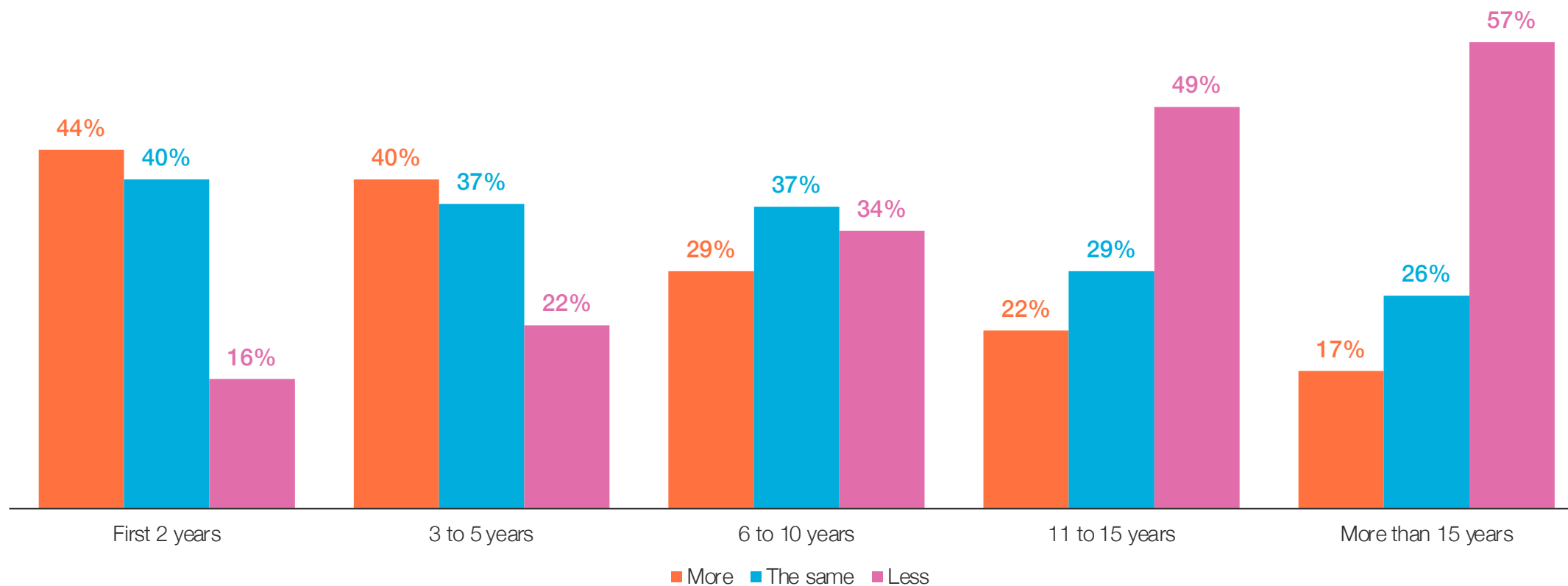
Household annual expenditures for cohort born in 1930-34, 2015-16*



* Source: Grattan Institute 2018, Money in retirement: More than enough, <https://grattan.edu.au/wp-content/uploads/2018/11/912-Money-in-retirement.pdf>, published November 2018

Retirees want to spend more in retirement

More than two in five expect to spend more than their current income in the earlier years of retirement.



Based on results of survey(s) by Generation Life and CoreData described in the Funding a dignified retirement and leaving a legacy research summary 2023.

8 Stages of Retirement Planning

1.

Every retirement is unique

2.

Wider retirement issues such as, emotional and economic challenges

3.

Consider how long your clients expect to be retired

4.

Income needed for each year for life

5.

Calculate savings needed for retirement

6.

Other capital for major expenses and emergencies

7.

Leave bequests or help children earlier

8.

Combination of products and Age Pension

Maximising Retirement Outcomes

Finding an optimal mix

A flexible income stream offering wide investment choice, lump sum withdrawals and the ability to vary income.

Government social security support, which can include income and other benefits such as healthcare discounts.

Account-based pension

Non-super assets

Assets accumulated over time, including savings, the family home, shares, other investments.

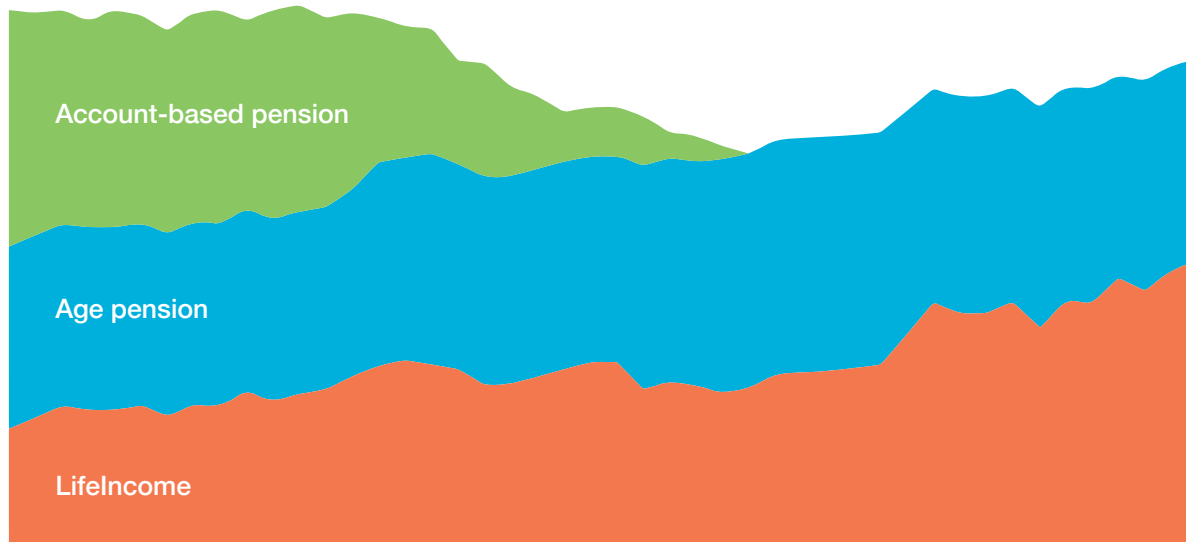
Age Pension

LifeIncome

A lump sum converted into regular income payments for life, regardless of the amount invested. Benefit from concessional social security and tax treatment.

A high-level example of retirement planning

Sources of income in retirement



Early years, aged 67

Enjoy your retirement with confidence knowing you will not run out of money

Later years

You will receive a regular income for as long as you live

You can have more income than the minimum income provided by your account-based pension

Because you have income for life, you can confidently access your capital for life events, gifts and other investment purposes

You can have a retirement income that generally keeps pace with increases in costs of living depending on your investment choices

You can potentially receive the Age Pension and receive benefits tied to the Age Pension

How retirement products compare

	Traditional		Innovative	
	Leave in super	ABP	Traditional Lifetime annuity	Generation Life LifeIncome
Product features				
Invest super money	Yes	Yes	Yes	Yes
Invest non-super money	Yes ¹	No	Yes	Yes
Investment choice	Yes	Yes	No	Yes
Concessional Age Pension treatment	No	No	Yes	Yes
Ability to withdraw capital	Yes	Yes	Partial depending on the product ²	Partial depending on the product ²
Benefit payable on death	Yes	Yes	Yes ³	Yes ³
Income redistribution	N/A	N/A	No	Yes
Risk management				
Inflation risk protection option	Partial ⁴	Partial ⁴	Yes	Partial ⁷
Who carries the investment risk?	Member	Member	Insurer ⁶	Member
Who carries longevity risk?	Member	Member	Insurer	Insurer
Meeting retirees' emotional needs				
Income for life	No	No	Yes	Yes
Option for income for life for spouse or loved one	No	No	Yes (Spouse only)	Yes
Access to capital	Yes	Yes	Partial depending on the product ²	Partial depending on the product ²

1. Subject to contribution limits

2. Subject to the Capital Access Schedule and potential exit fees

3. Subject to the Capital Access Schedule and product design rules

4. Investment choice allows clients to choose investments that are expected to match or outperform inflation over time

5. Lifetime income that invests in growth assets can target increases in line with CPI

6. Investment risk is transferred to the annuity provider

7. Generation Life LifeIncome has two diversified funds (Lifestyle & Protect) which have a return profile directly targeted to the inflation that a retiree experiences. Generation Life also has cash rate linked solutions such as a cash fund, and private debt fund.





Discover LifeIncome

Investment-linked lifetime annuities reimagined

Lifeline

Innovations to lifetime annuities providing choice and flexibility



Investment choice and switching

Including purpose-built investment options

Switch investment options if circumstances change

Income redistribution rates

More income in earlier years can mean money is received sooner

Exposure to growth assets

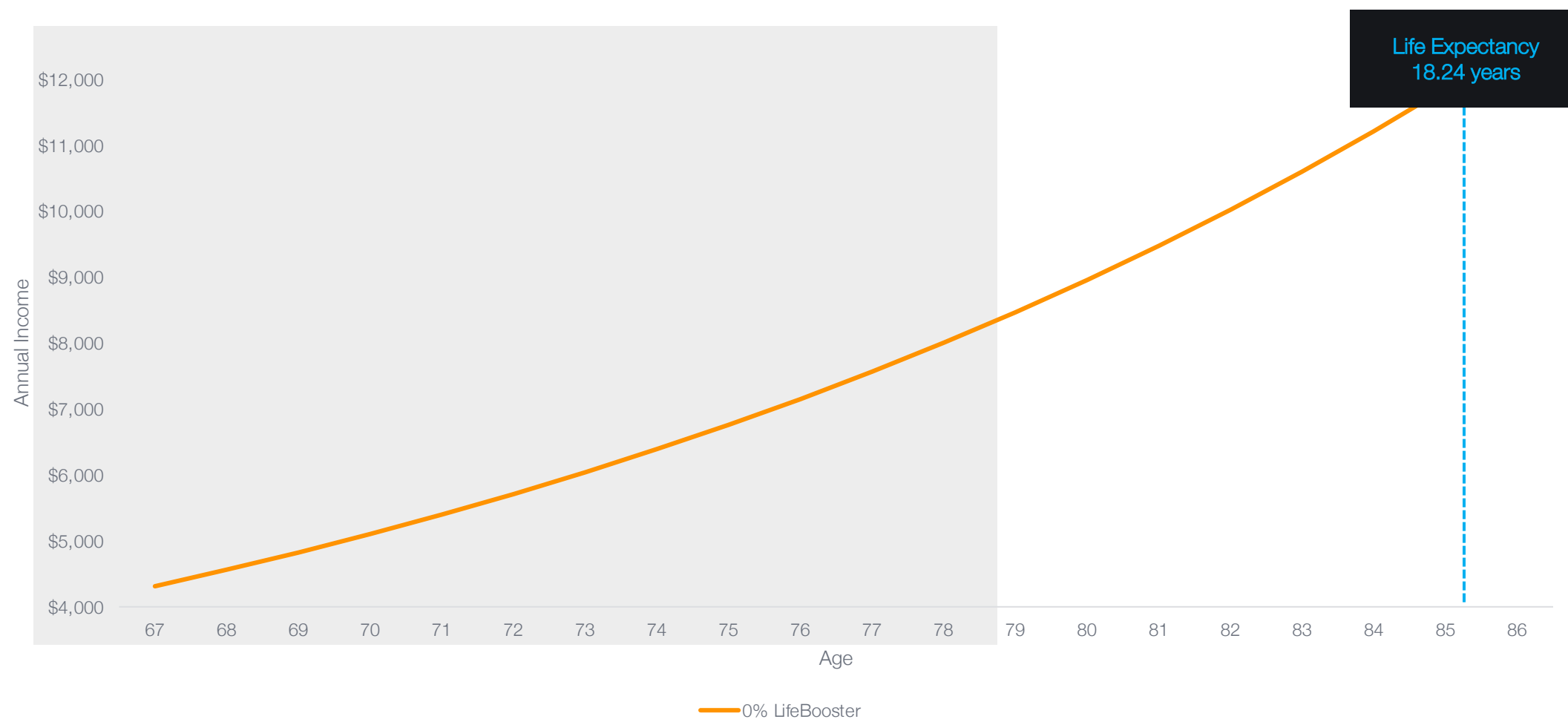
Income that grows in excess of inflation in the longer term

Combine features in different ways

Not all members are the same

Use different investment options for different members

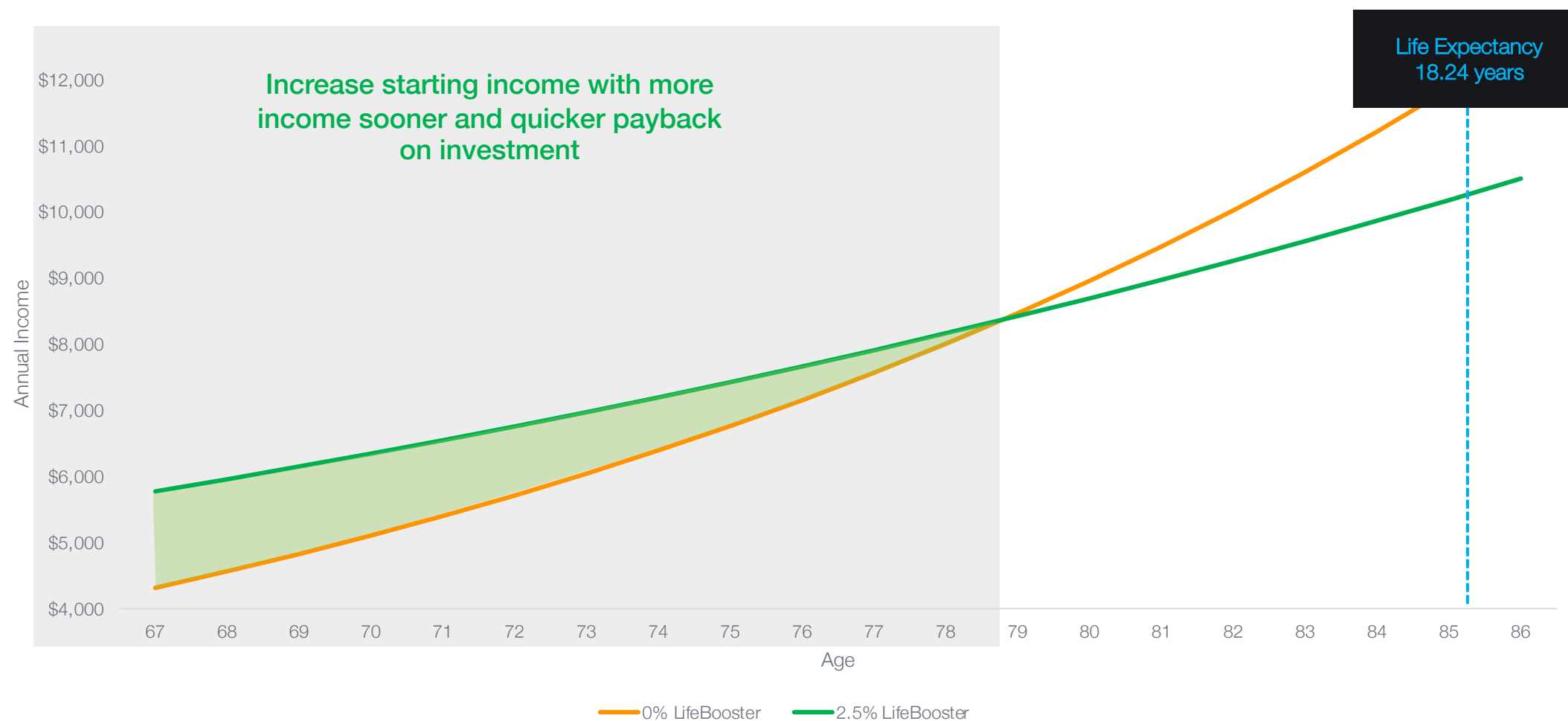
The concept of LifeBooster



Assumptions: Male 67 years old, an initial investment \$100,000 with a LifeBooster rate of 2.5%. Estimated total fees, expenses and costs of 1.22% p.a. Gross investment return of 7% p.a. assumed and is not adjusted for inflation/CPI. Past performance is no indication of future performance. In this example LifeIncome without LifeBooster would pay more annual income only after the investor exceeds 79 years old for LifeBooster 2.5% rate.

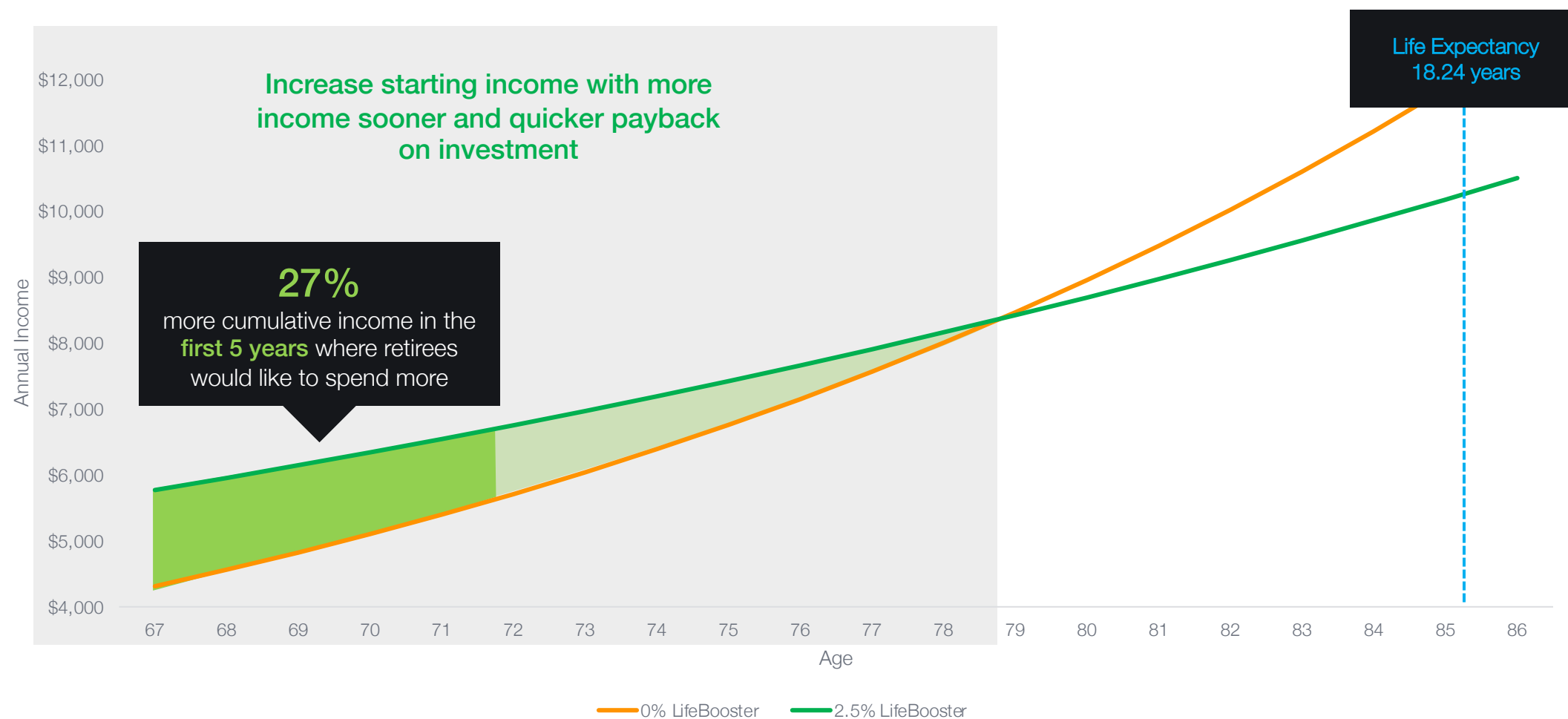


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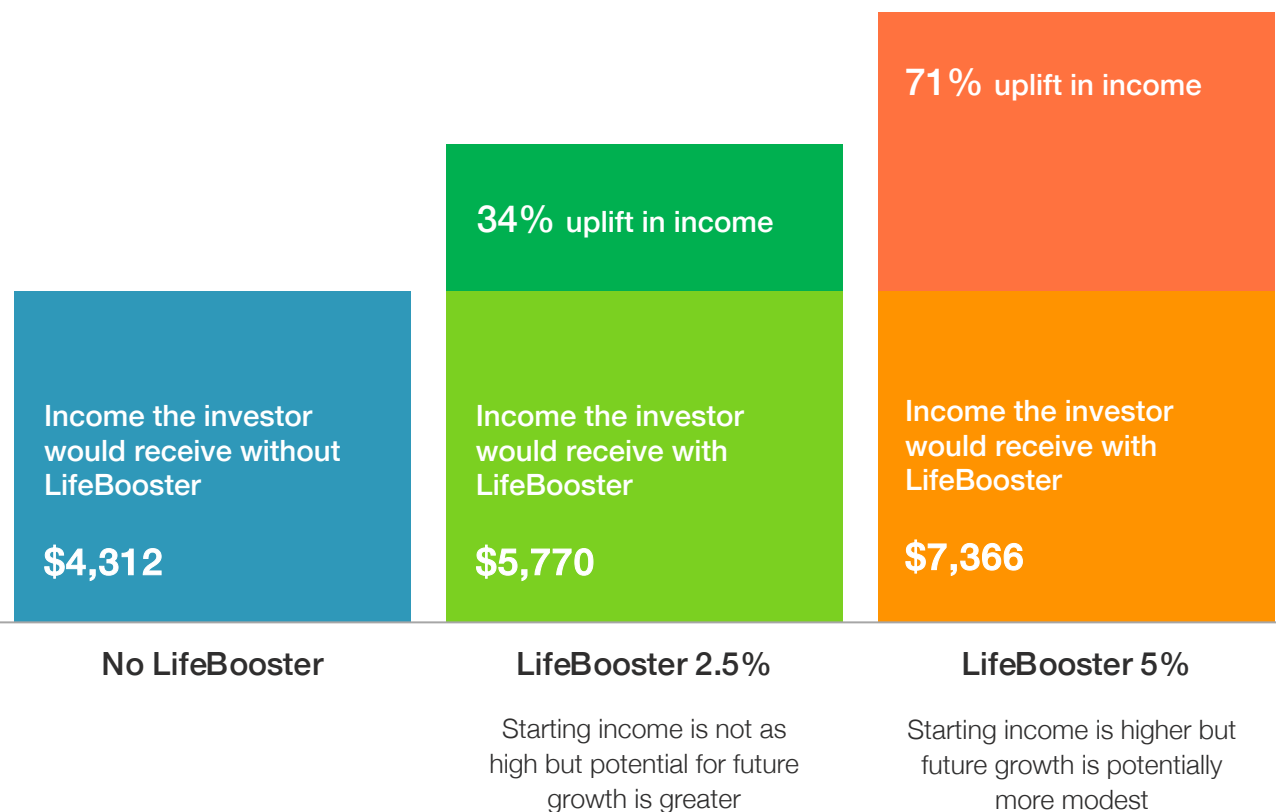
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How LifeBooster works

Comparing first year income



Assumptions: 67-year-old male, \$100,000 investment, LifeBooster rate 5% and 2.5%. Generation Life LifeIncome calls their Income redistribution rate – "LifeBooster"

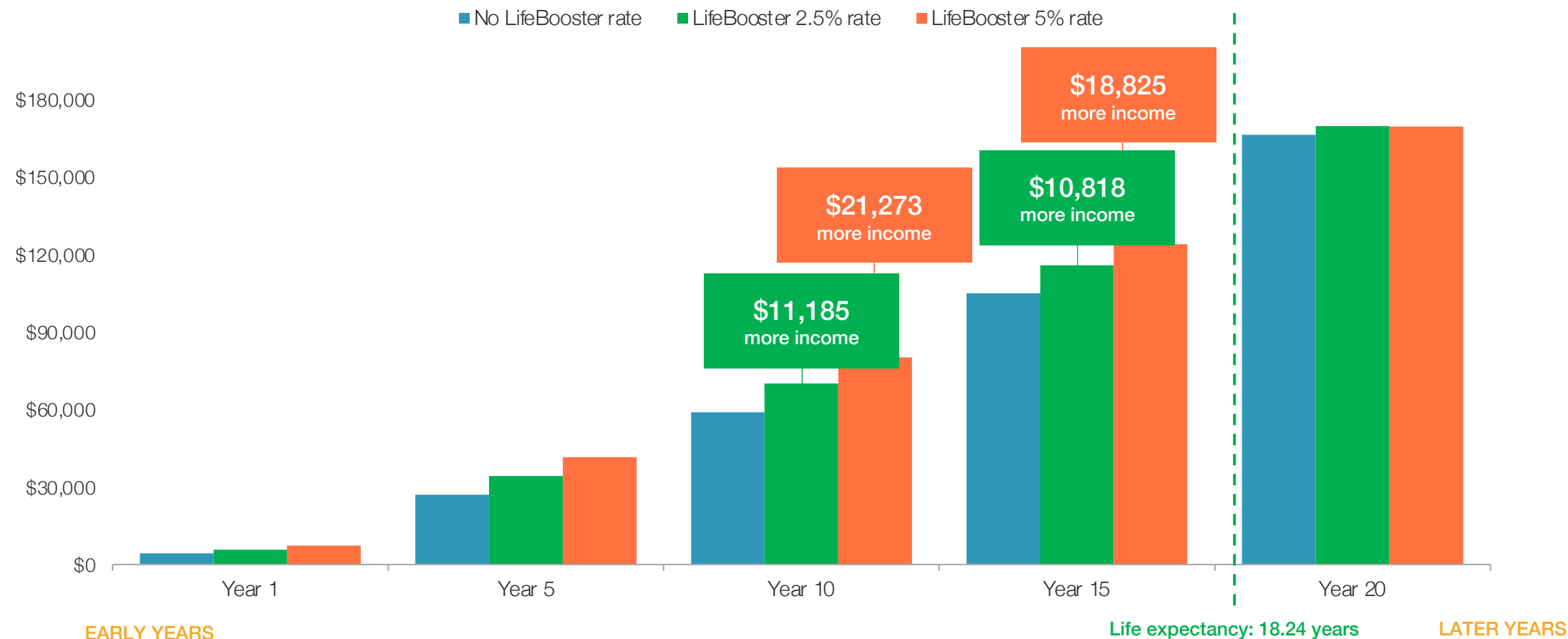
A much higher starting income than if no LifeBooster was applied

Investment paid back in the form of cumulative income sooner

More income in the early years of retirement when a retiree is more active and able to enjoy it

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%. Vanguard Balanced Portfolio returns from July 1 2003. 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.

Flexible styles of investing

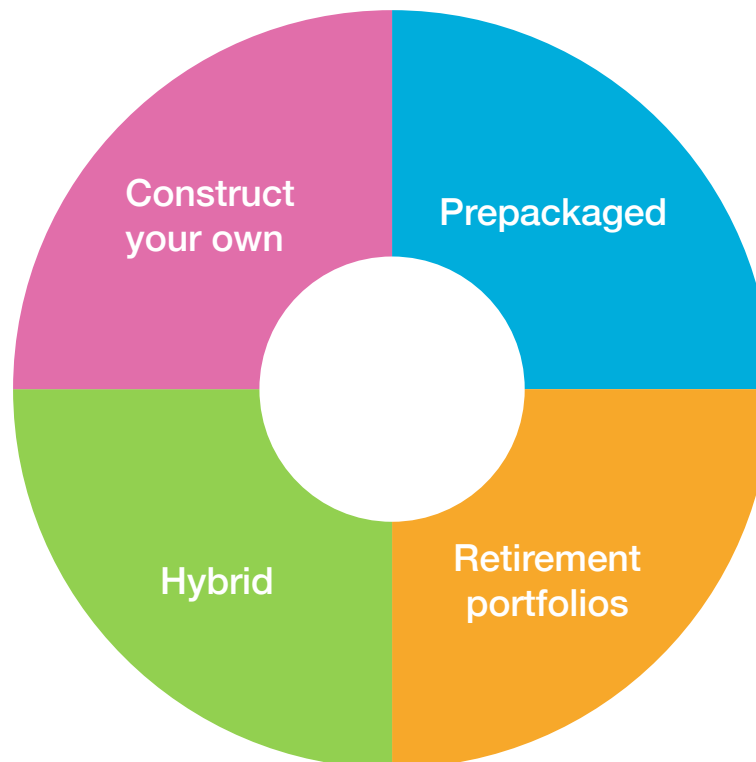
Four portfolio construction ideas

Single Sector Model Portfolios

Construct a portfolio using single sector passive funds and/or a combination of single sector active and passive funds

A core-satellite approach

Use a diversified or outcome fund as a core and add a satellite of single sector tilts



Diversified options

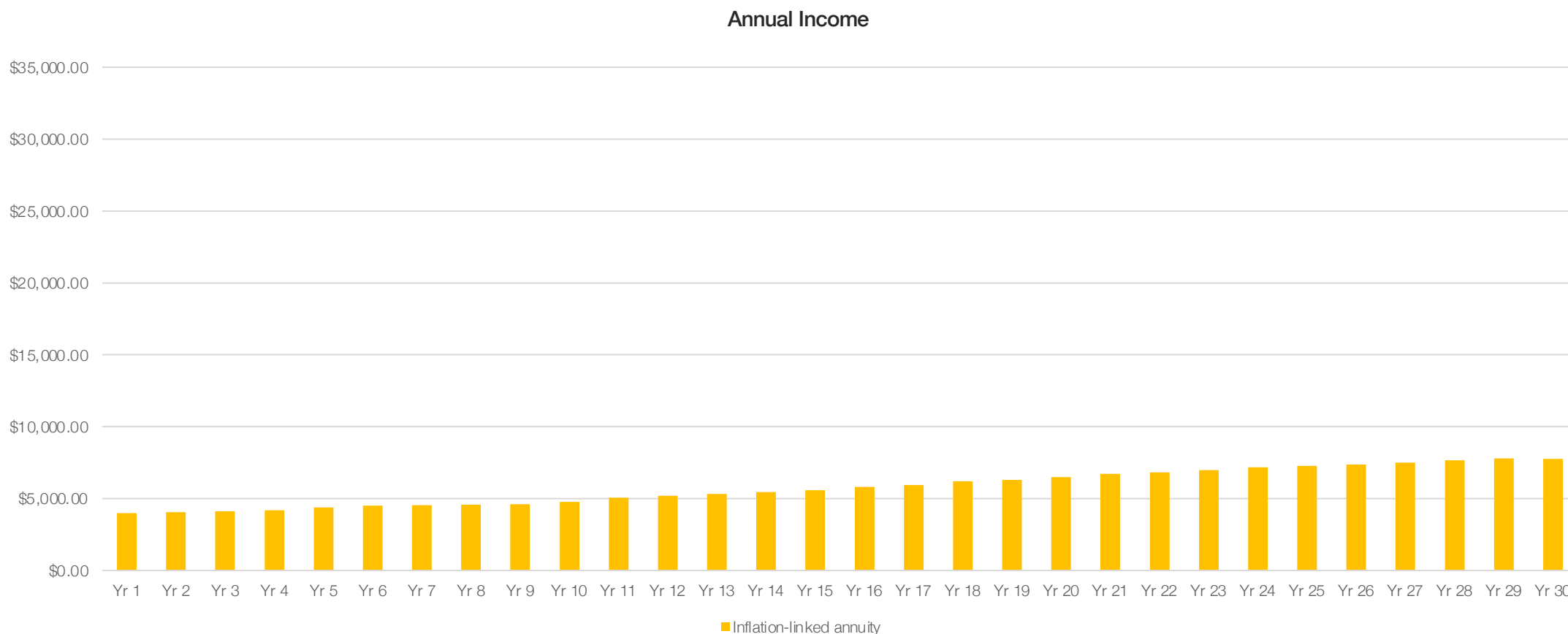
Using a prepackaged diversified or outcome-based fund

Retirement portfolios

Purpose built portfolios tailored for clients' retirement income

* Brief exclusion period applies – refer to the Product Disclosure Statement

Comparing inflation-linked vs investment-linked annuity

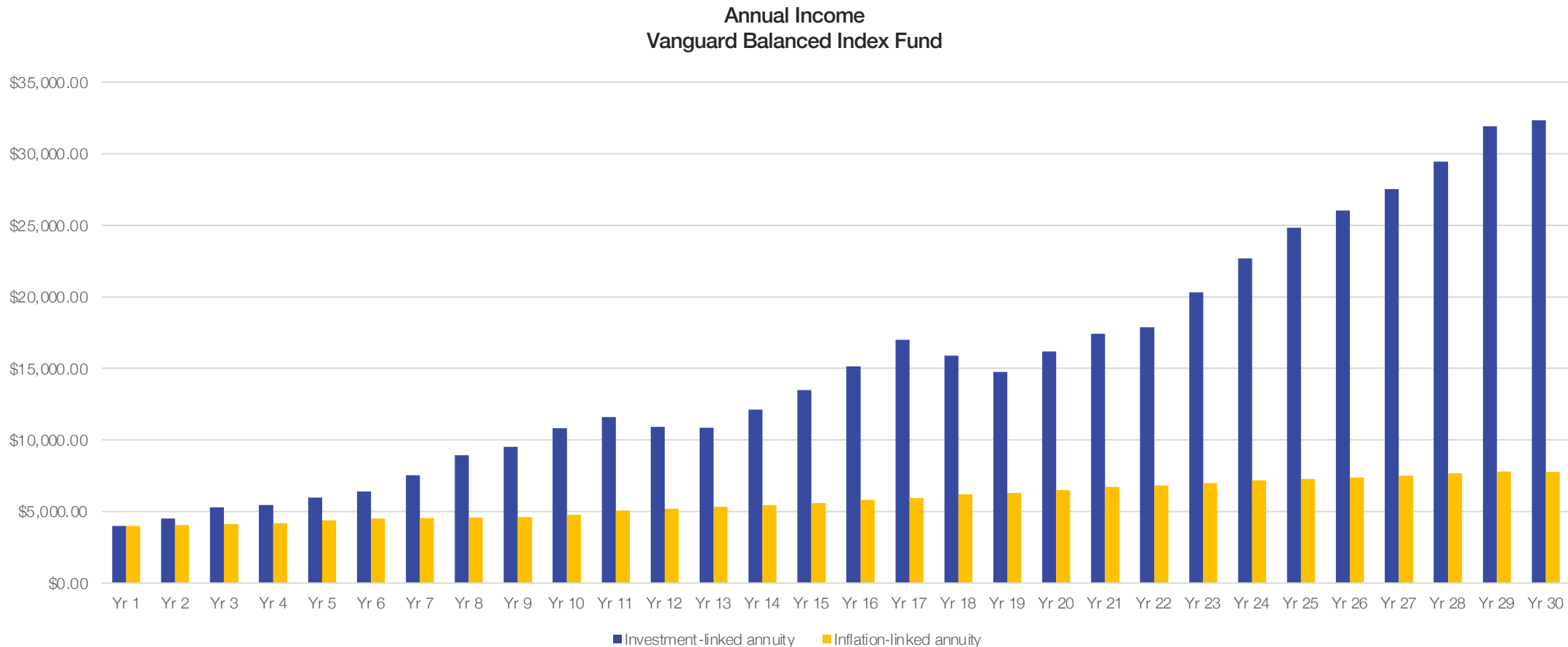


Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022
- Starting income could start at different levels, depending on the year of commencement

Comparing inflation-linked vs investment-linked annuity

25



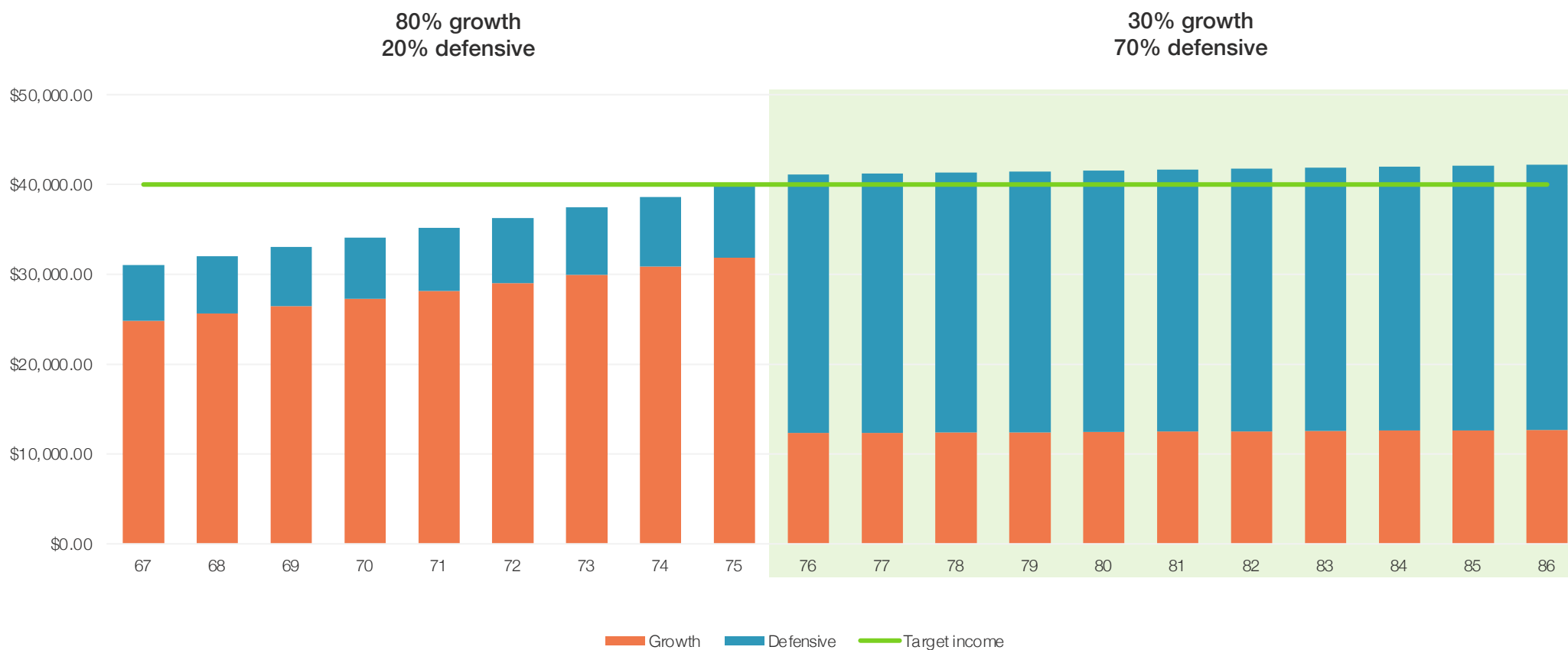
Assumptions

- Commenced 1 July 1992. Annual Income paid to 30 June each year.
- Investment-linked annuity: Vanguard Balanced Portfolio returns are actual from 2003 and are constructed using indices and approximate asset allocation from 1992. Fees, expenses and costs of 0.92% + investment management cost of 0.27%.
- Inflation-linked annuity: Inflation rate source: Reserve Bank of Australia, Statistical Tables, Consumer Price Inflation – G1, <https://www.rba.gov.au/statistics/tables/>, published 2022.
- Starting income for both annuities \$4,000 for illustrative purposes. Starting incomes for both products could start at different levels, depending on the year of commencement.
- Not indicative of Generation Life LifeIncome specifically. Provided as a general example of an investment-linked lifetime annuity only.



Switching to meet changing needs

Managing a change in risk profile



Assumptions: Based on a 70-year-old male commencing LifeIncome with \$400,000 and a LifeBooster rate of 5%. Assumed average returns in Year 1 – Year 9: 9.54%. Assumed average returns in Year 10 – Year 20: 6.5%. Fees & costs 1.22%. No adviser fees have been charged. A Lifetime Income Protection Provision may apply when resetting annual income. For further information, refer to the Product Disclosure Statement.

6 core uses of LifeIncome

1.

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



Case study

Income layering to maximise retirement income

Meet Paul and Jean...

Paul and Jean are happily married and are homeowners.

Paul is 70 years old and Jean is 67 years old.

Paul and Jean are...

- Grey nomads and love travelling
- They own a motor home and plan to travel around Australia





Paul and Jean's situation...

Paul and Jean currently have...

Paul's superannuation balance	\$500,000
Jean's superannuation balance	\$400,000
Savings	\$70,000
Motor home and other personal assets	\$150,000

Paul and Jean's concern...

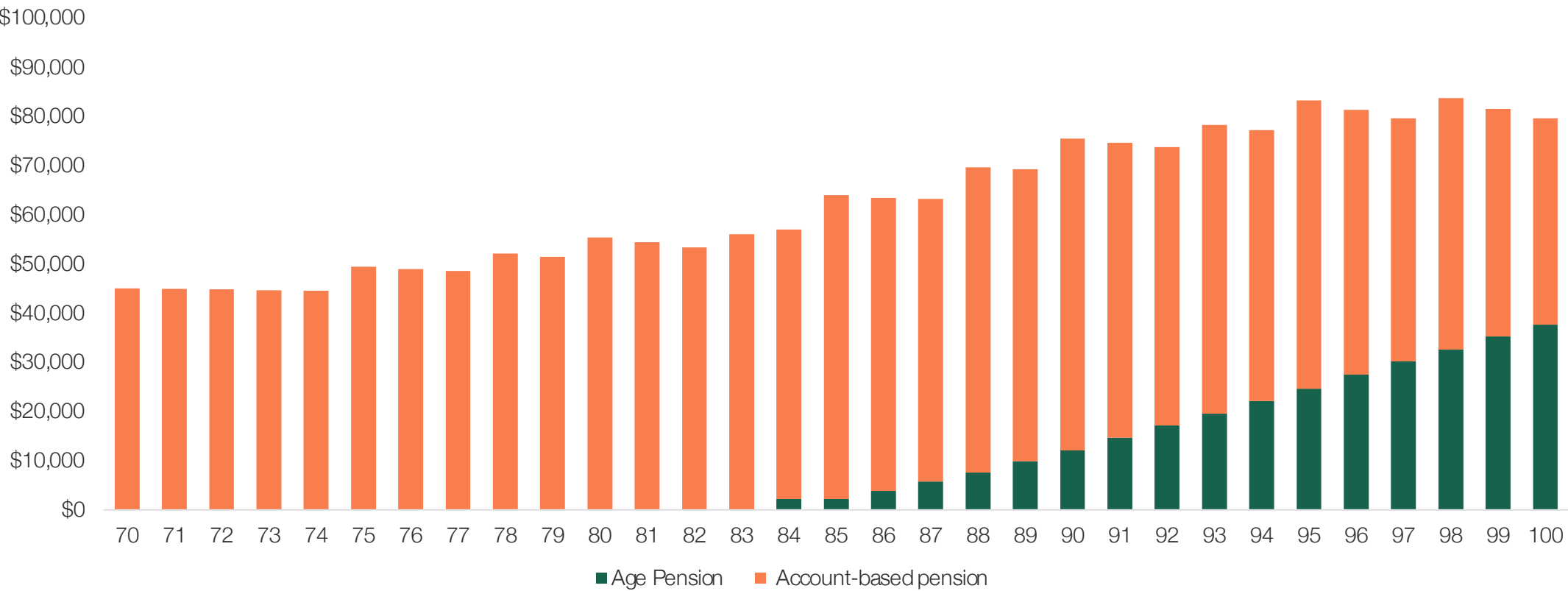
Paul and Jean are...

- Concerned about running out of money so are just drawing down the minimum each year from their account-based pensions
- Living frugally and spending only \$45,000 p.a. which is impacting their travel plans
- Don't have the confidence to spend more and solely relying on their account-based pensions

Paul and Jean speak to their financial adviser

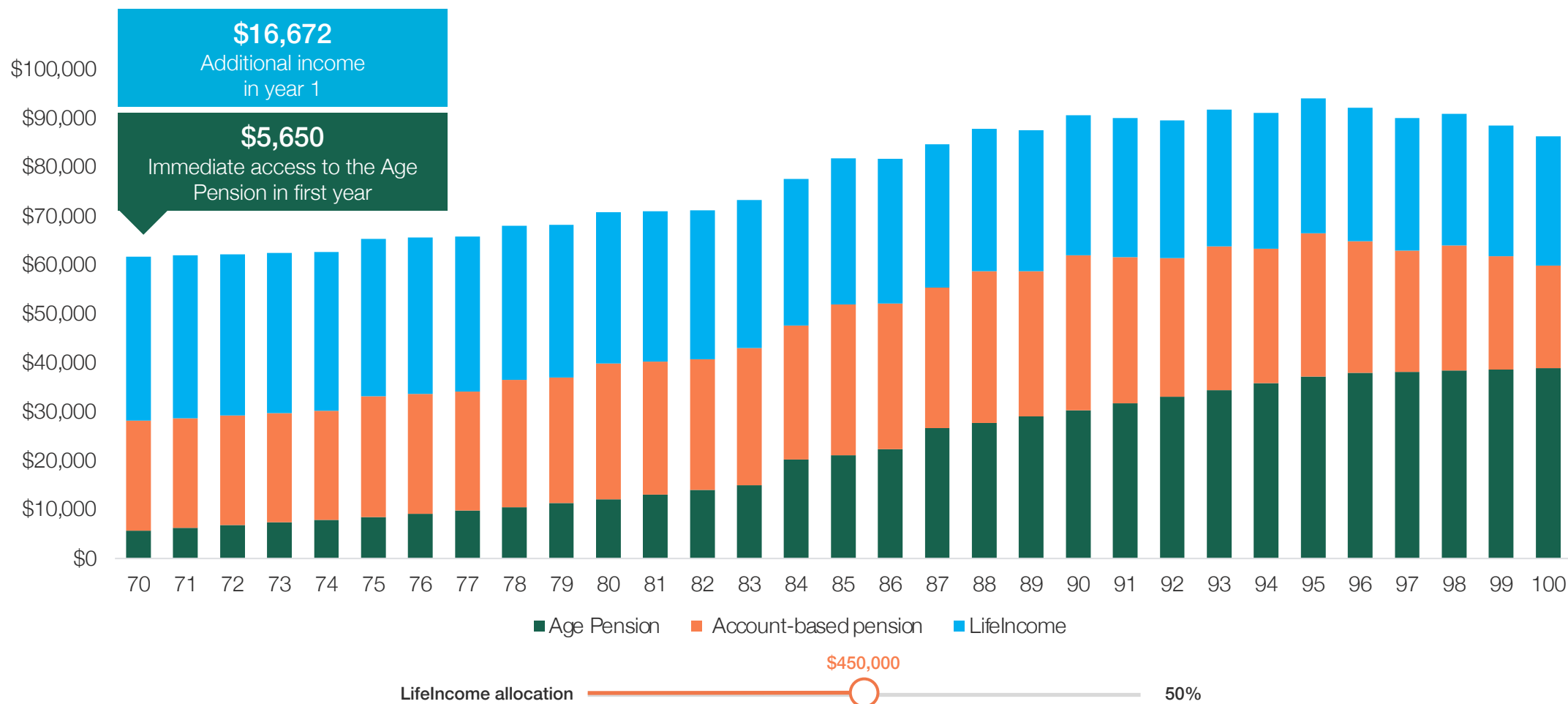


Paul and Jean's current situation...



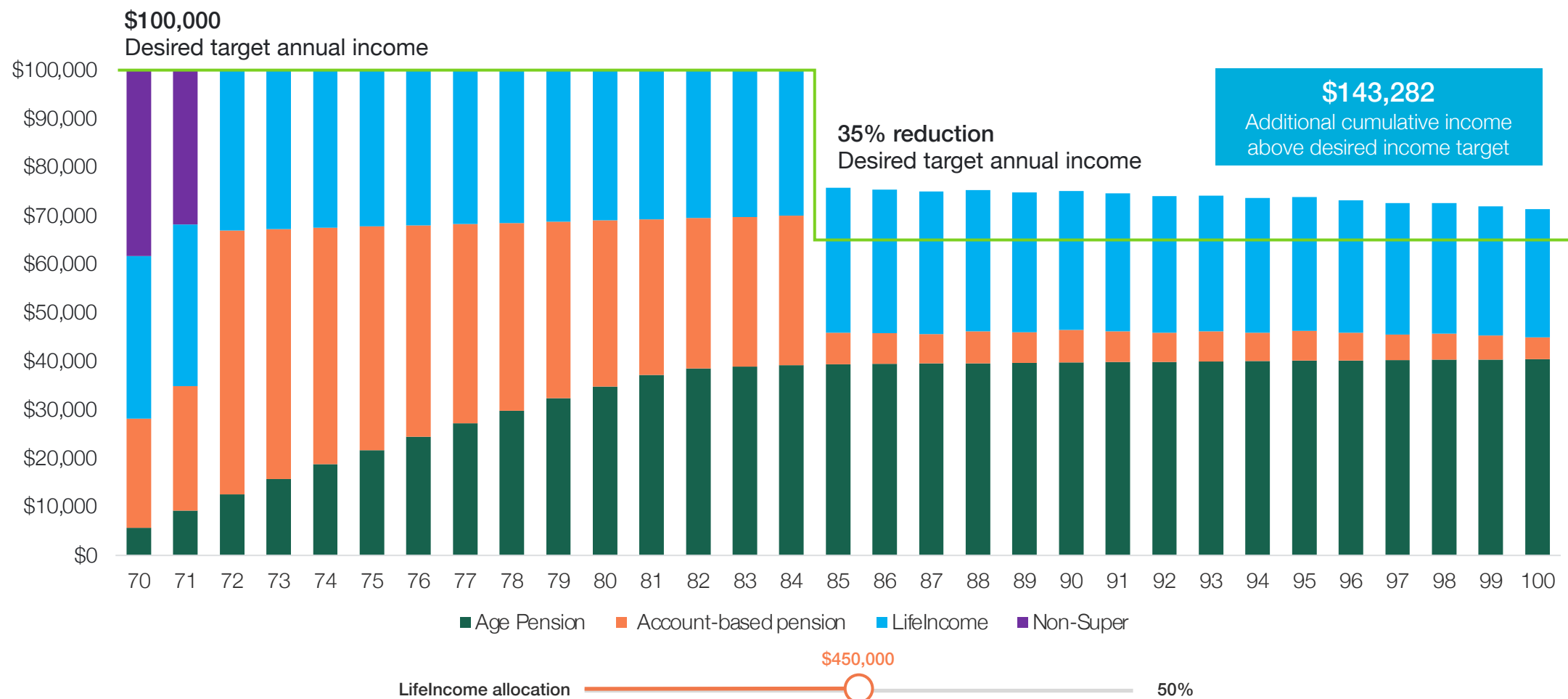
Paul and Jean superannuation balances are used to commence account-based pensions, drawing income at the minimum level. Annual income illustrations are shown in real dollars. Estimated fees, expenses and costs of 0.5% p.a. for the account-based pensions. Assumed investment returns of superannuation assets 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.

If Paul and Jean establish two LifeIncome policies...



Based on two LifeIncome policies for Paul and Jean after each allocating 50% of their superannuation to LifeIncome with a LifeBooster 5% rate. Their remaining superannuation balances are used to commence account-based pensions, drawing income at the minimum level. Annual income illustrations are shown in real dollars. Estimated fees, expenses and costs of 0.5% p.a. for the account-based pensions 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.

What if Paul and Jean decide to meet their desired target income...



Based on two LifeIncome policies for Paul and Jean after each allocating 50% of their superannuation to LifeIncome with a LifeBooster 5% rate. Their remaining superannuation balances are used to commence account-based pensions, drawing income at the to meet desired target annual income after LifeIncome and Age Pension income. Annual income illustrations are shown in real dollars. Estimated fees, expenses and costs of 0.5% p.a. for the account-based pensions 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.

Paul and Jean's outcome

Able to access \$5,650 of Age Pension in year 1 and ancillary benefits

Additional income of \$16,672 in year 1 and maximise their retirement income

\$219,305 additional Age Pension by age 85 bringing forward access by 14 years

Additional cumulative Age Pension of \$557,441 by age 100

Additional cumulative income of \$681,962 by age 100

Payback period¹ of 10 years



1. Payback period is defined as how long it will take to payback the LiferIncome investment. The 'payback period' includes 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 LiferIncome.

8 key features of LifeIncome

Investment-linked lifetime annuity

Single or reversionary

Investment menu

29 options with the ability to switch at anytime¹

0% tax environment

Investment earnings within LifeIncome are tax-free

Dollar-cost averaging

Progressive investment

Reversionary beneficiary

Money available to support spouse or loved one² between ages of 50 and 95

LifeBooster

More income sooner

LifeIncome Flex

Increase starting income by choosing a reduced income when investor or their reversionary passes away

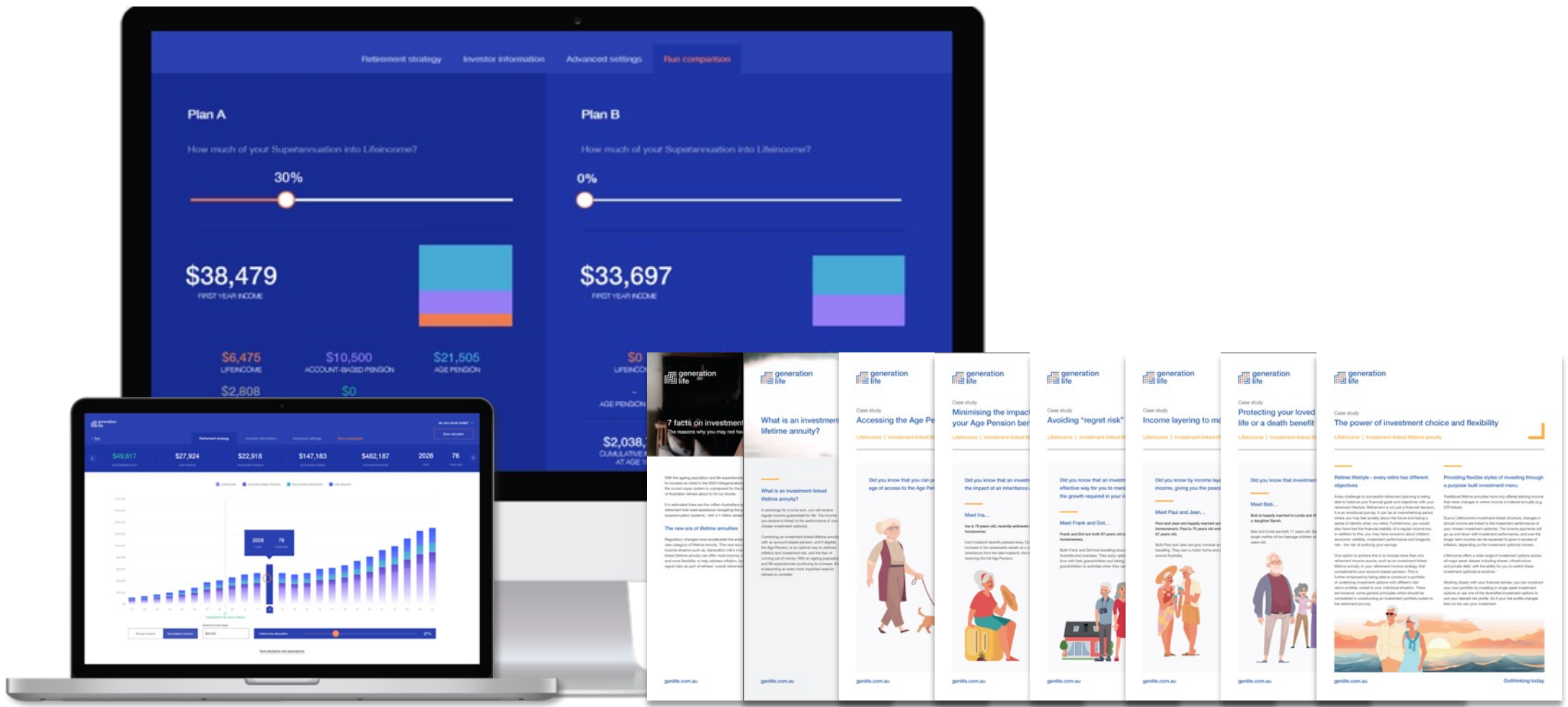
Death Benefit & Withdrawal Benefit

Flexibility and peace of mind

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

2. If commencing LifeIncome with superannuation money, they can only nominate their spouse to receive income after they pass away. If commencing LifeIncome with non-superannuation money, they can nominate their spouse or any other person such as their child or sibling.

Tools and resources available...



Generation Life

Highly recommended for
over a decade

Note: Chant West rating for LifeBuilder and ChildBuilder

Awards



Research ratings



LifelIncome



Investment Bonds



Investment Bonds
LifeBuilder



Thank you.

Outthinking today.

