



## Discover Generation Life

Pioneer of Australia's first truly flexible investment bond. Over \$3.2b invested with us to date.<sup>1</sup> 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 48% market share of total inflows into investment bonds<sup>2</sup>

### Innovation focused

Tax aware investing, estate planning and retirement income landscape

### Trusted

APRA regulated and our parent company is listed on the ASX



Investment Bonds<sup>3</sup>

LifeBuilder Investment Bonds

1. As at 31 March 2024
2. Plan for Life, Investment Bonds Market Report for 12 months ended 31 December 2023
3. Chant West 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.

# Investment tax structures

## The opportunity of investment bonds

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

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



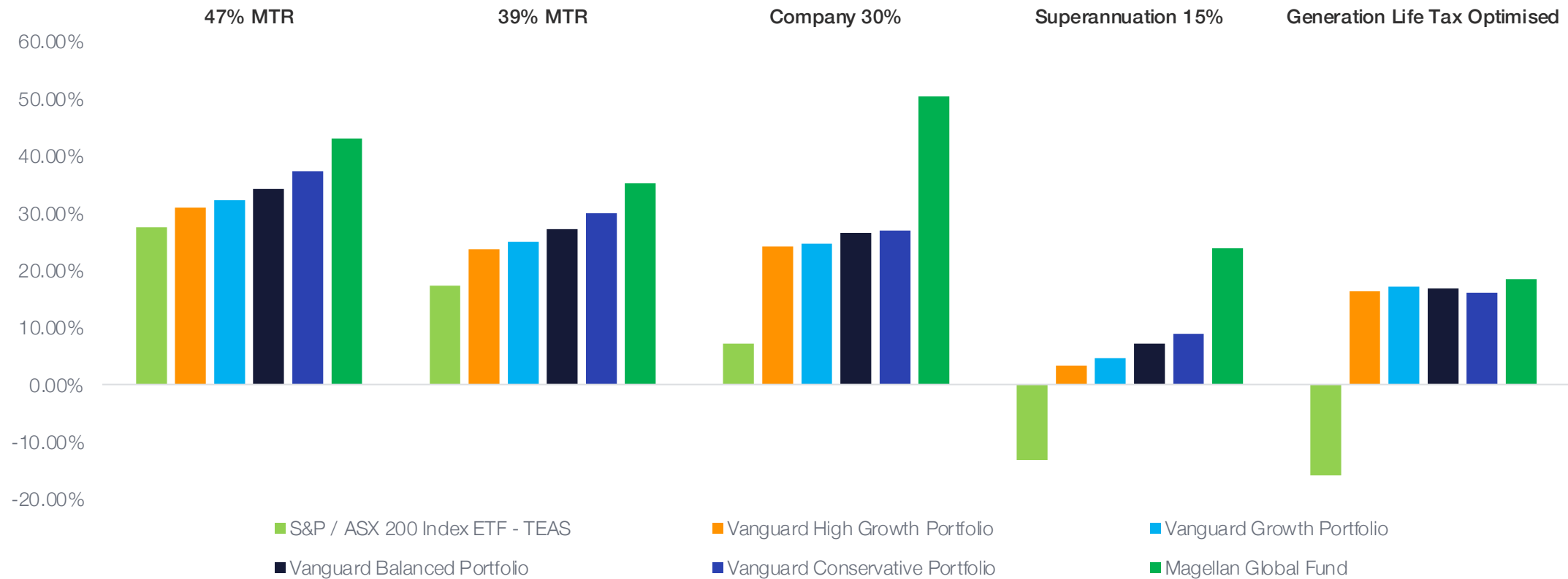
# Filling Buckets

Whats your investment limit, control and suitable investments

Individual	Private Trust	Company	Superannuation	Investment Bond
<b>Taxation:</b> <ul style="list-style-type: none"> <li>Personal Marginal tax rate. no transfer</li> </ul>	<b>Taxation:</b> <ul style="list-style-type: none"> <li>Personal Marginal tax rate or 30 %</li> </ul>	<b>Taxation:</b> <ul style="list-style-type: none"> <li>30 %</li> </ul>	<b>Taxation:</b> <ul style="list-style-type: none"> <li>Up to 30 %, Accum 15%, pension 0%</li> </ul>	<b>Taxation:</b> <ul style="list-style-type: none"> <li>Max 30%, generally ranges between 12% - 15%*</li> </ul>
<b>Limit:</b> Bracket creep	<b>Limit:</b> Bracket creep	<b>Limit:</b> Nil – Bracket creep when withdrawn	<b>Limit:</b> 1.9m TBC & \$3m non indexed	<b>Limit:</b> Nil
<b>Investment control:</b> One individual multiple tax rates	<b>Investment control:</b> Multiple individuals/entities multiple tax rates	<b>Investment control:</b> Certain tax rate. restricted by no CGT discount	<b>Investment control:</b> Certain tax rate until Div 296.	<b>Investment control:</b> Certain tax rate
Investment strategy Buy and hold. Unrealised Capital gain preferred	Investment strategy Buy and hold. Unrealised Capital gain preferred	Investment strategy High tax credits, income producing	Investment strategy Flexible strategy up to \$3m	Investment strategy Flexible strategy
<b>Bucket priority</b> Weakest above 45k income	<b>Bucket priority</b> Dependent on beneficiaries and tax structure used in trust	<b>Bucket priority</b> Low except for proceeds of service companies	<b>Bucket priority</b> Highest for retirement up to Div296 danger zone	<b>Bucket priority</b> Highest for pre retirement and current or future high wealth individuals

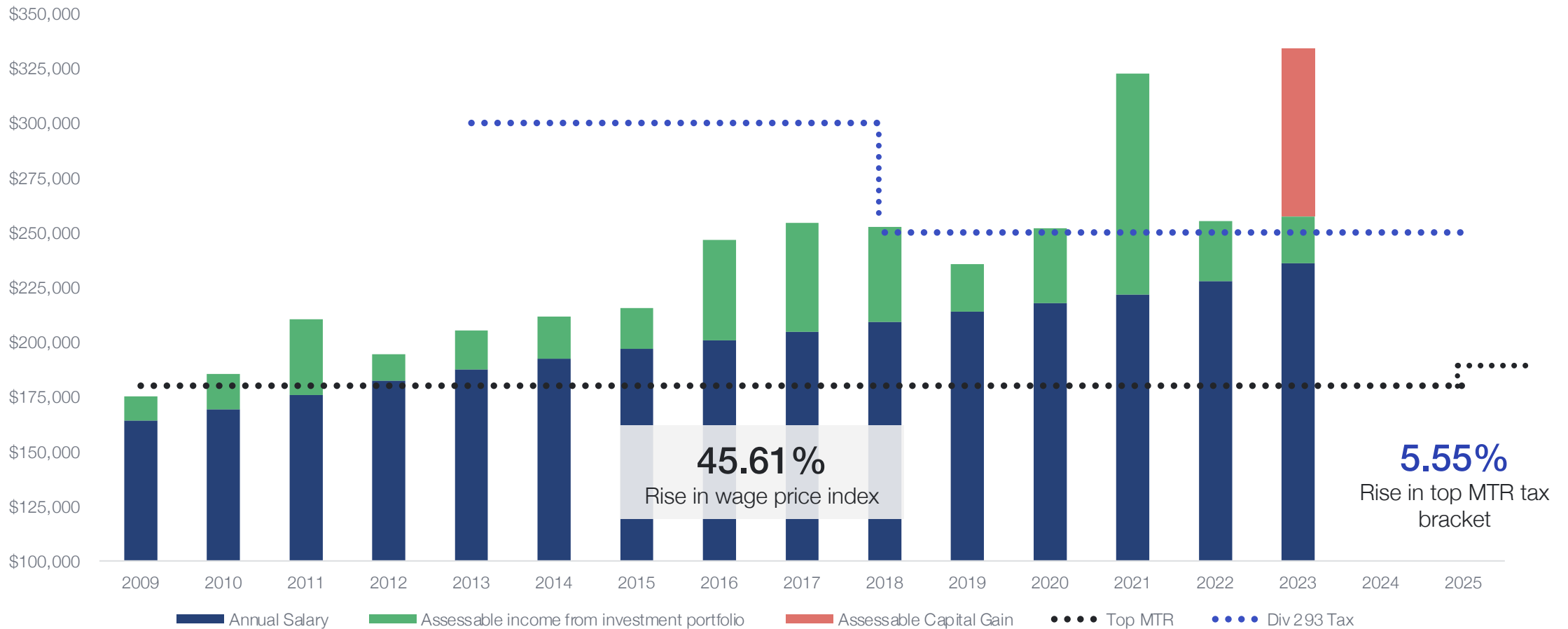
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## Effective Tax Rates on Distributions for Different Tax Structures (Actual annual FY19-FY23)



## Limit Break!

### Marginal tax bracket creep



Assumptions: Annual Salary Growth: Wage Price Index, Investment Portfolio Vanguard Growth Portfolio, distributions fully re-invested. Assessable income is after the effects of all tax credits and capital gains concessions. Starting salary of \$164,176. Starting investment portfolio of \$500,000. Based on Treasury Laws Amendment (Cost of Living Tax Cuts) Bill 2024 proposed to commence on 1 July 2024.

## Limit Break!

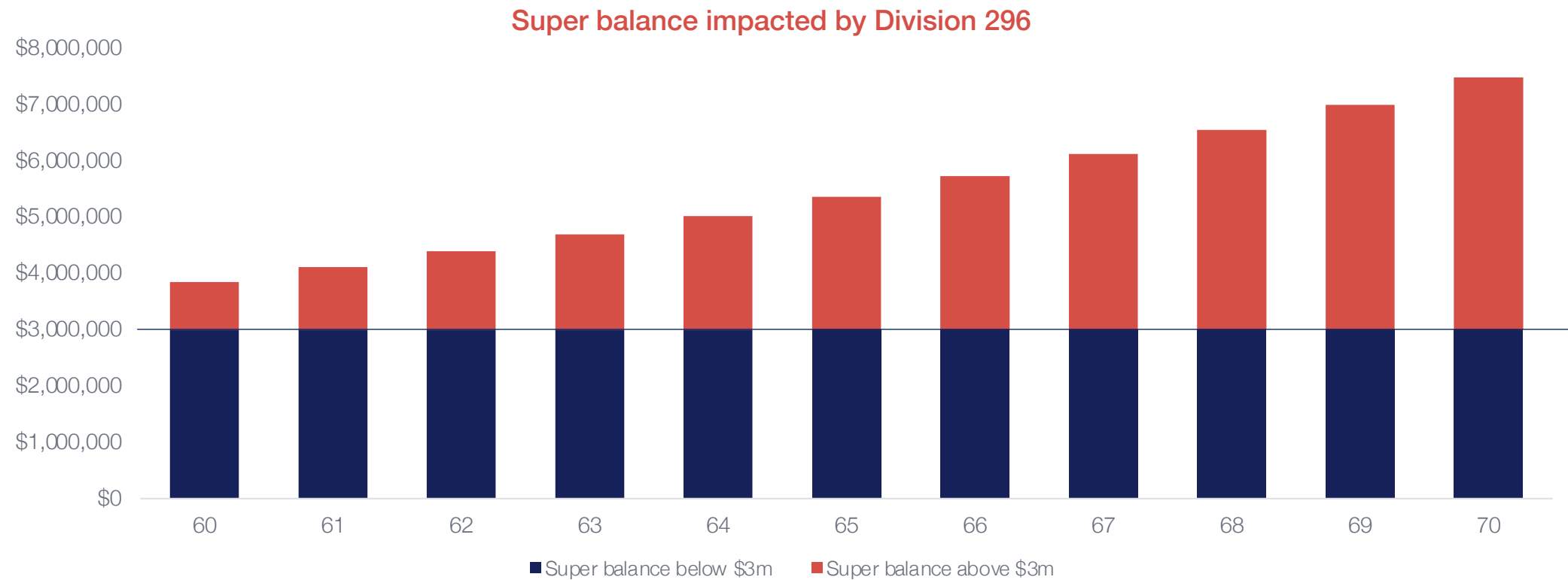
The future \$3m Division 296 threshold issue for various age cohorts at the retirement age of 65

Current age	25	35	45	55
Year 1 starting salary	\$100,000	\$175,000	\$225,000	\$250,000
Starting superannuation balance	\$35,000	\$250,000	\$600,000	\$1,400,000
Non-concessional contributions (p.a.)	\$5,000	\$15,000	\$25,000	\$40,000
Balance at retirement age	\$5,967,046	\$6,792,030	\$4,981,955	\$3,632,782

Assumptions: The table above assumes the general Transfer Balance Cap, wages growth and the concessional contributions cap for superannuation are indexed at 4% p.a. Super Guarantee contributions are assumed at 11.5% of salary in year 1 and 12% p.a. in the subsequent years. No increase in non-concessional contributions is assumed. Superannuation balance assumes a 7.5% p.a. after fees and tax return.



## All balances above \$3m will pay tax on unrealised gains



Assumptions: Assumes invested in the Generation Life Tax Effective Growth Fund strategy (or similar) with a franking level of 100% and total return of 7.9% p.a. Assumes current form Division 296 tax applies to James at age 60 to total superannuation balances above \$3m.

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## Tax aware investing

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

## Tax management investing & the impact on advice

**Tax** is normally your largest **expense**, therefore has the **greatest impact** on your **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%<sup>1</sup>

Unintended investment income can affect income test and social security benefits

A combination of investment structures maximises the after-tax dollars that you'll keep

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

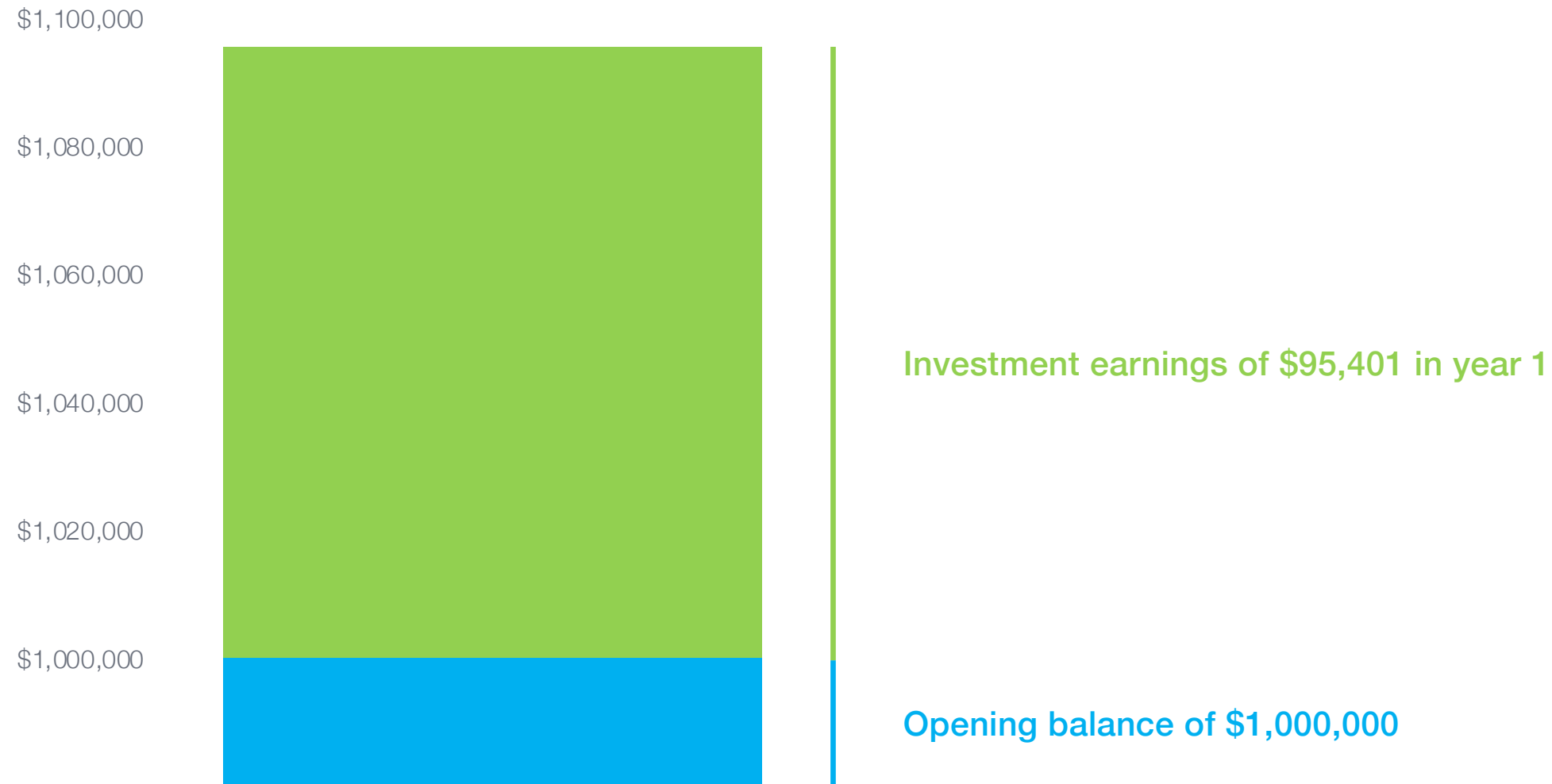
4.

Compounding  
returns

**Tax is the new alpha.**

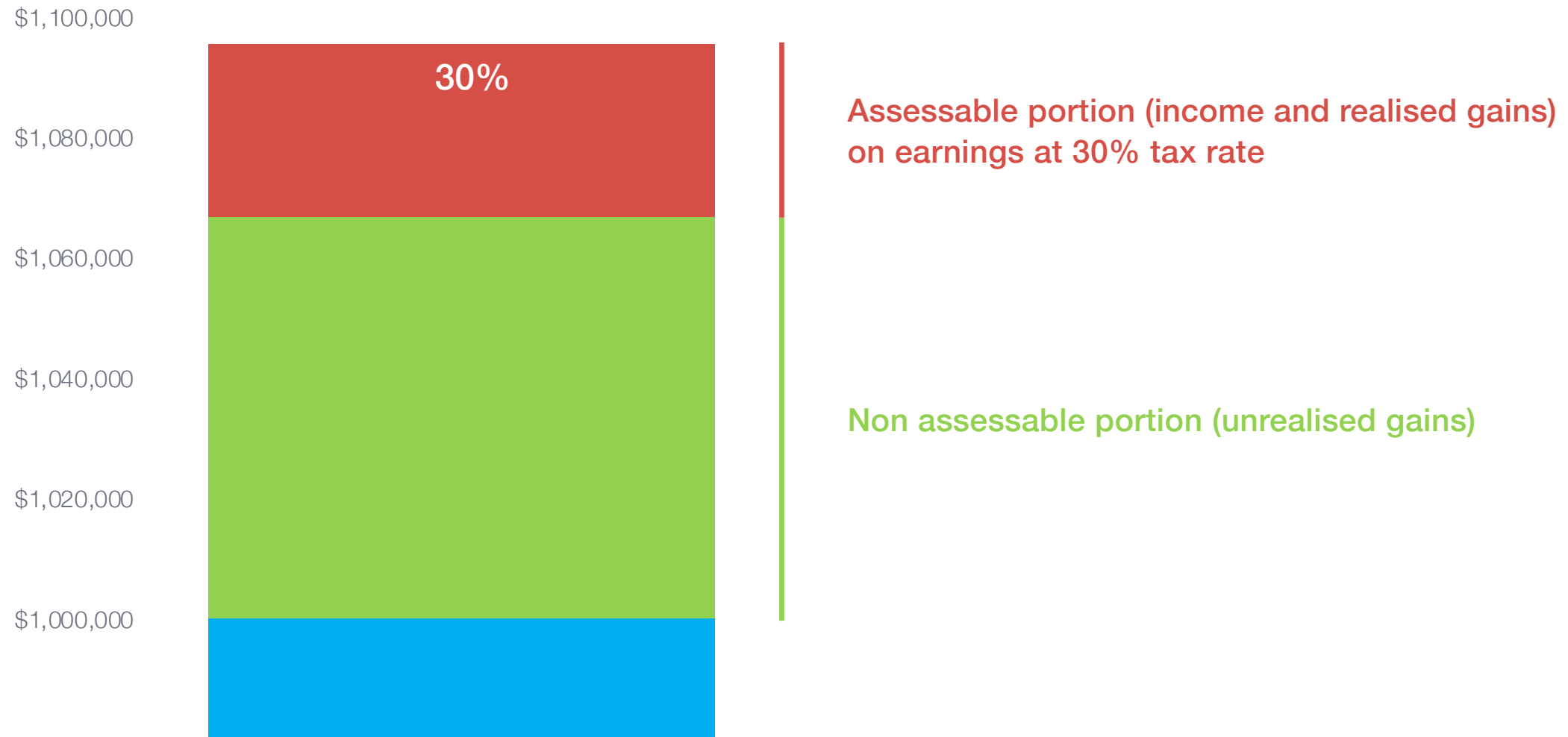


## The power of having a certain tax environment



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.

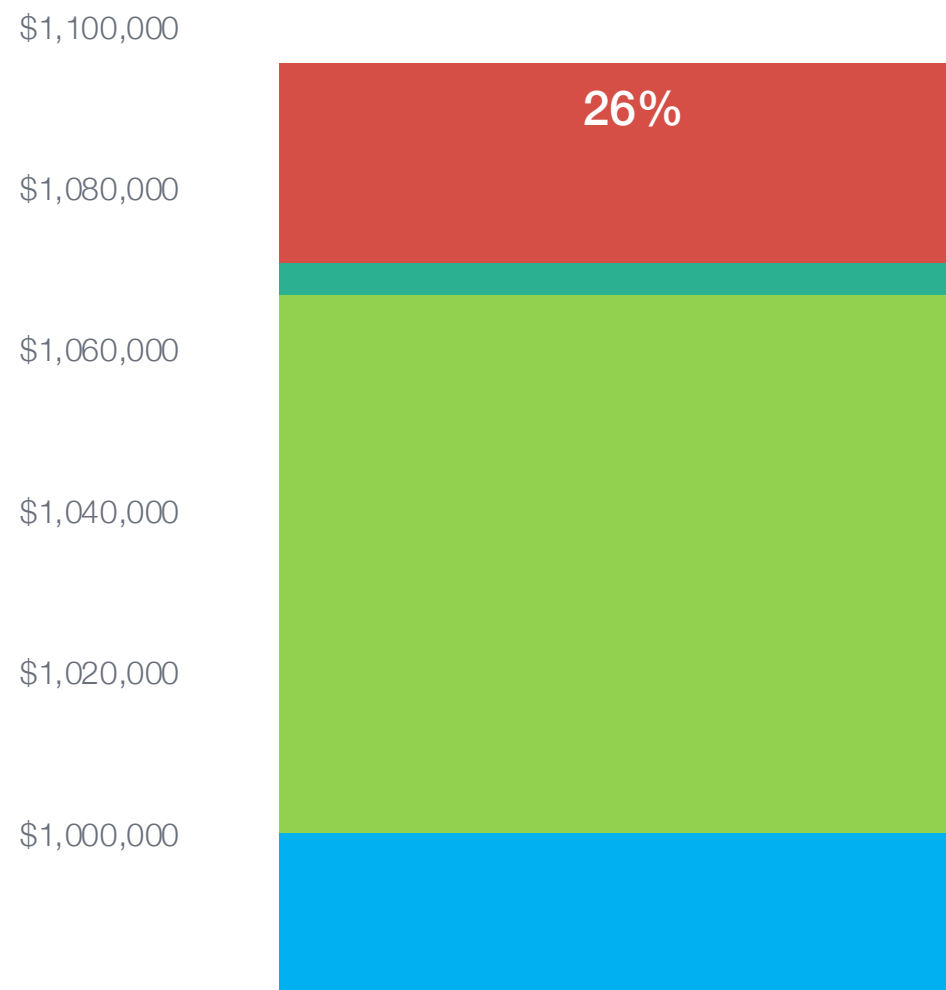
## An example: How does this work in practice...



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...

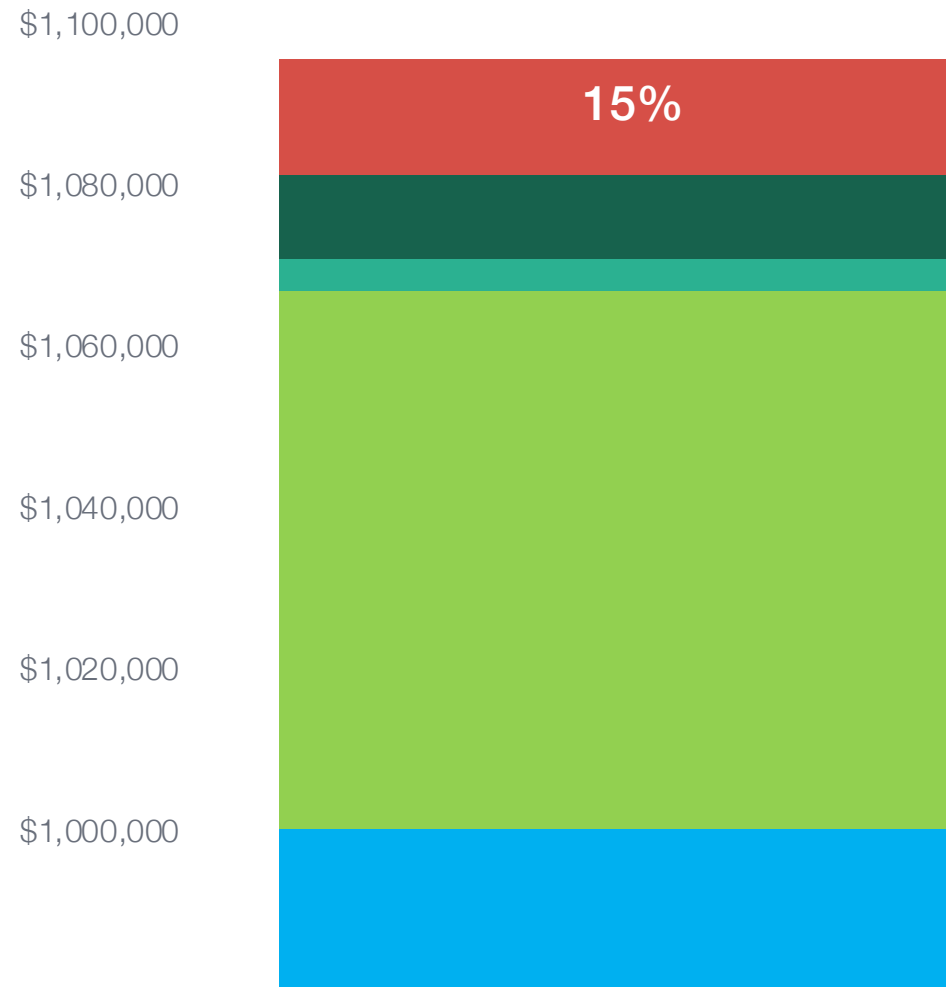


### I ↑ Income Management

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 income<sup>1</sup>. No tax is paid on unrealised capital gains.

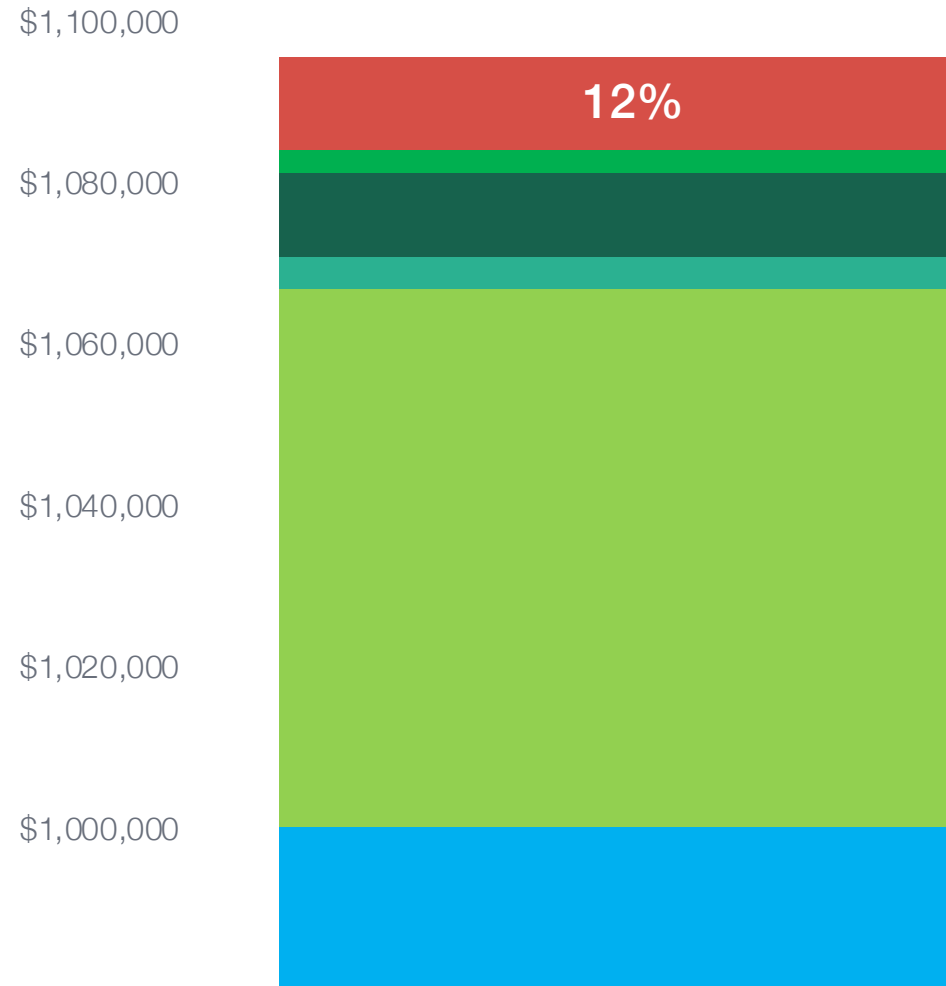
1. Capital gains or losses refer to gains or losses realised on the disposal of a fund's investments which are treated as a revenue gain or loss for tax purposes.

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.





## An example: Applying our tax aware process...

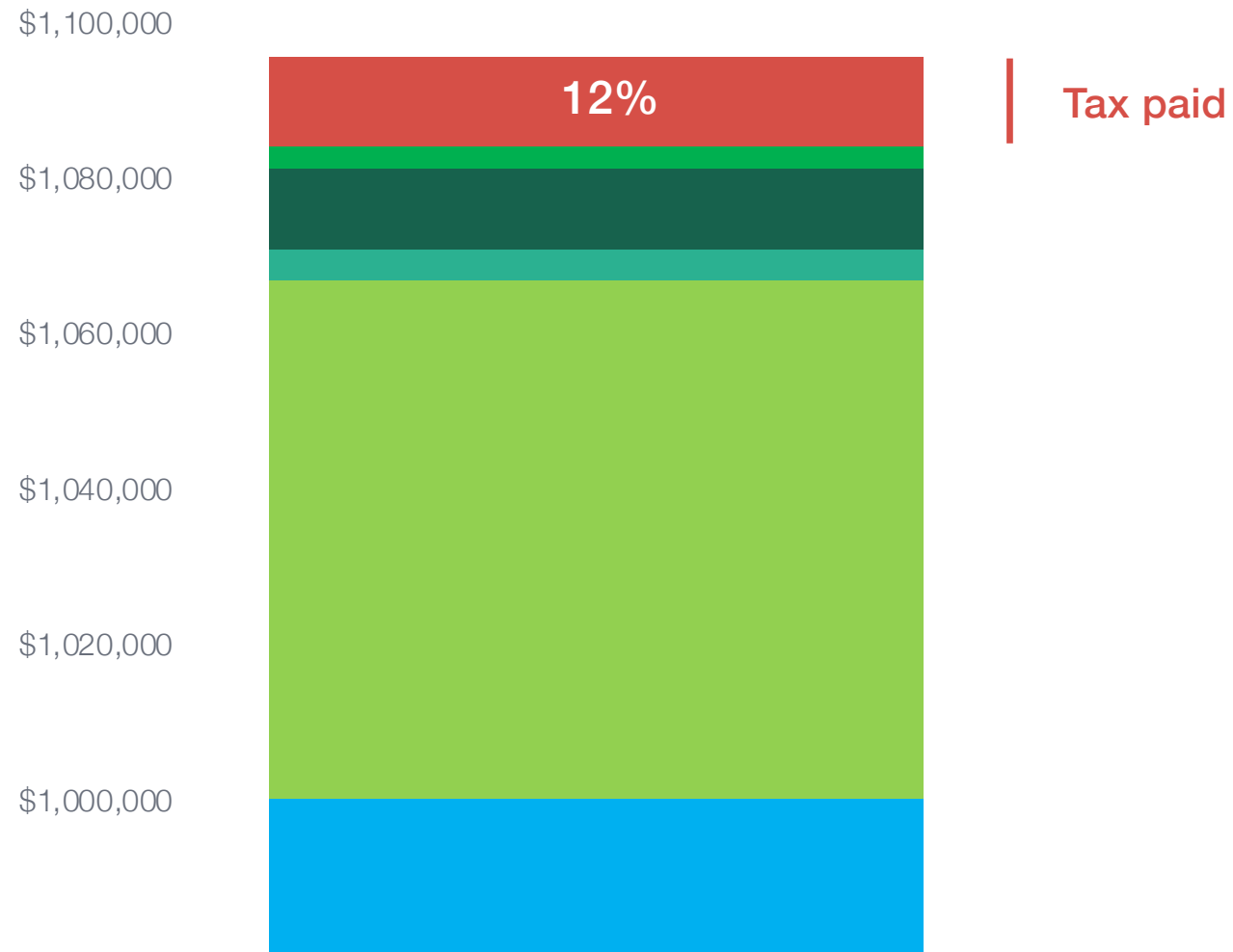


### I ↑ Structural Optimisation

Netting of trades, tax parcelling and corporate actions.

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## An example: Tax paid within our unique structure



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# The power of using an active approach to tax management

## Using losses to lower taxable income

Tax Experience in FY 23 as at 30 June 2023

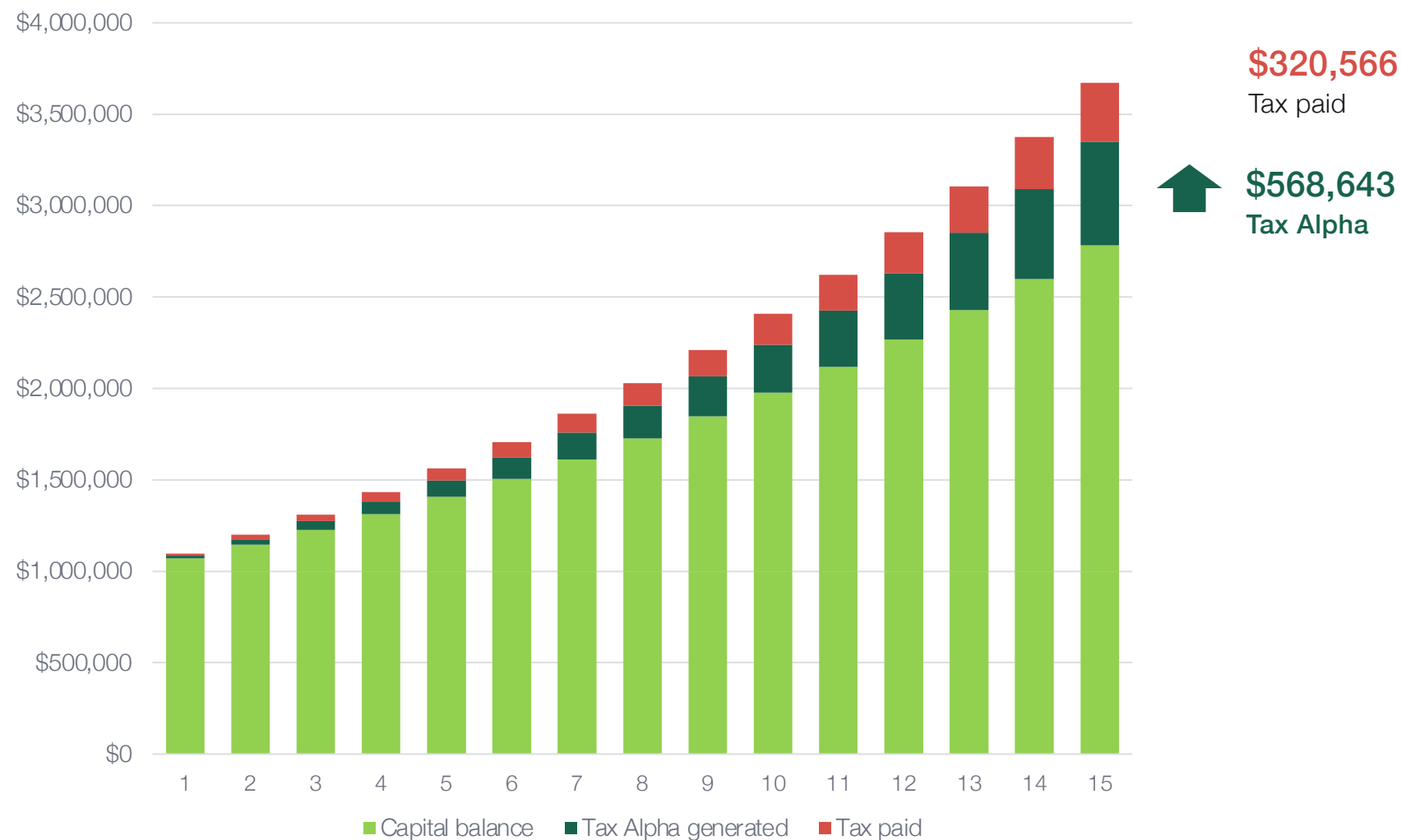
Growth Portfolio

	Generation Life Growth Portfolio	Unit Trust at 30% MTR
Cash yield	1.73%	1.73%
Franking credit and foreign tax credits	0.27%	0.27%
Tax payable on income (from building block funds)	0.25%	0.25%
Realised gains/losses during rebalancing	- 0.63%	
Overall tax payable refund	- 0.38%	0.25%

Due to the unique tax structure of investment bonds, **the overall tax payable is a -0.38% (refund)**. Held directly, the equivalent diversified portfolio not optimising for tax **has at least a 0.25% tax payment (payment)**.

**Monitoring both income and gains can uncover opportunities to improve after-tax outcomes.**

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



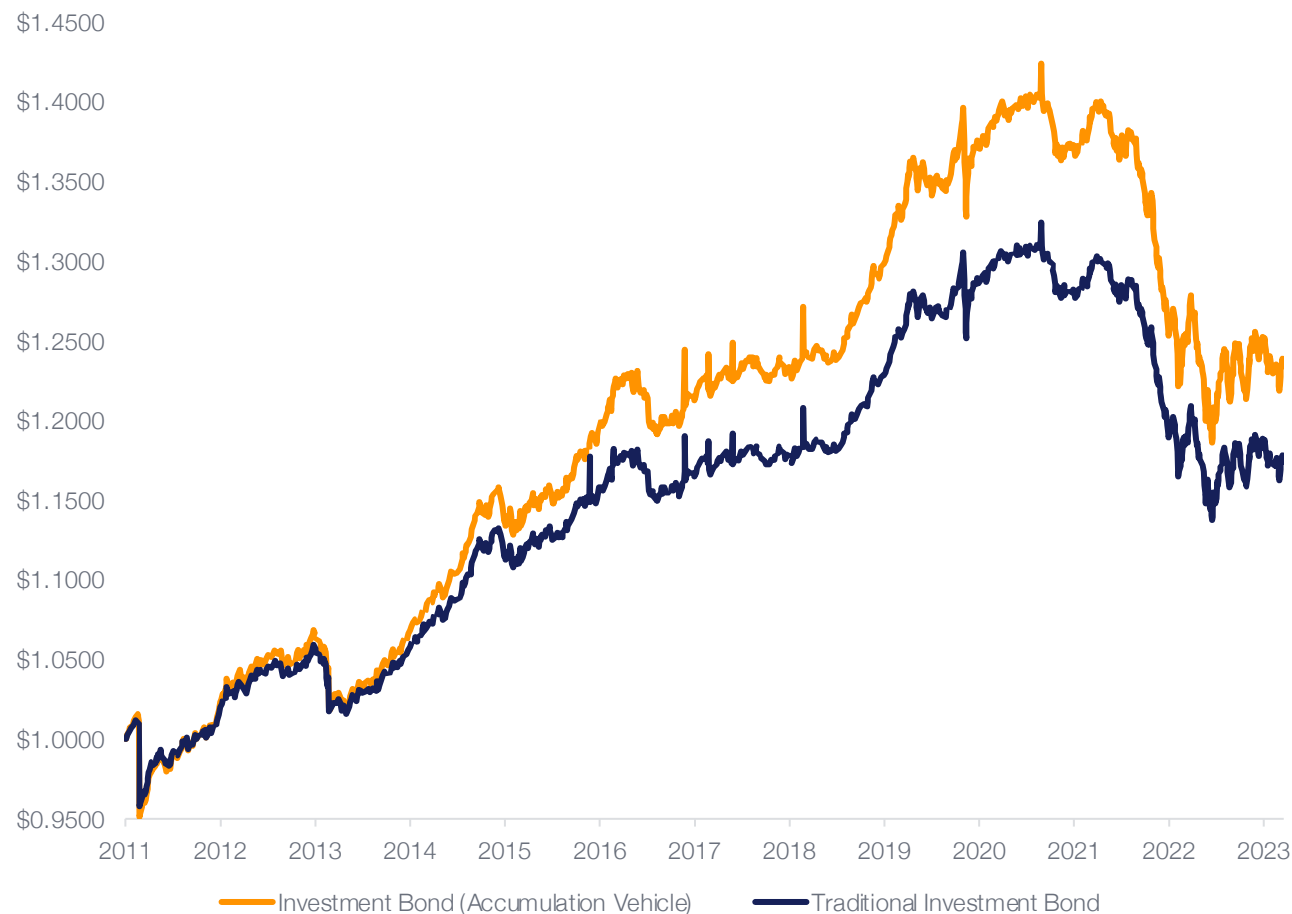
Assumptions: For illustrative purposes only. Assuming initial investment of \$1,000,000 with a total annual pre-tax investment return of 9.54% p.a. with an estimated average fees and costs of 0.63% p.a. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for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



# Structures matter – Fixed interest example

Guaranteed point of difference with no CGT discount

Australian Fixed Interest



Over the last 12 financial years an accumulation strategy would have added an **additional 31%** additional return. 5.96% extra cumulative return.

At current yields for global bonds the next 12 years would generate an additional 14.06%. For credit it would generate 45.92% extra return

## MTRs

47% vs 12.5%

39% vs 12.5%

32% vs 12.5%

## Super

15% vs 12.5%

Company

30% vs 12.5%

Revenue account treatment of FI means there is no CGT Discount

## Morningstar Model Performance Summary

Portfolio	Inception Date	Performance as at 30 April 2024 (after portfolio tax) <sup>1</sup>									
		6 Months	1 Year	Inception (p.a.)	Aus FI	Int FI	Int Prpty	Aus Shares	Int Shares	Other	Cash
Morningstar Balanced Model	Feb 2023	6.52%	2.84%	3.89%	23.05%	13.92%	4.61%	13.56%	28.69%	5.94%	10.23%
Morningstar Growth Model	Oct 2022	8.40%	4.82%	6.15%	13.90%	8.09%	6.02%	20.84%	39.18%	6.69%	5.28%
Morningstar High Growth Model	Oct 2022	10.14%	5.91%	7.34%	4.94%	1.39%	7.44%	28.80%	49.77%	4.57%	3.09%

## Performance comparison of Generation Life Tax Effective Australian Share Fund

As at 31 March 2024

	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	14.31%	13.65%	7.66%	8.83%	10.09%	13.15%
2 Years p.a.	6.89%	7.06%	4.41%	4.99%	5.35%	6.56%
3 Years p.a.	9.49%	8.65%	6.55%	7.21%	7.31%	8.15%
4 Years p.a.	15.92%	14.25%	11.97%	12.83%	12.37%	13.75%

\*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 leading investment menu

## Investment bonds

- **Single sector** strategies focused on a particular asset class
- **Multi-asset** strategies with access to multiple asset classes to cater for different investor risk profiles
- **Index** strategies for a low-cost approach to investing
- **Model Portfolios** to provide operational efficiency for advisers
- **Responsible investing** strategies for investors that are seeking to take into consideration ESG and impact investing into their portfolio.

### 71 investment options across all major asset classes

18 x Diversified	4 x Property
14 x Australian shares	6 x International fixed interest
12 x International shares	2 x Alternatives
7 x Australian fixed interest	2 x Cash and deposits
6 x Model portfolios	



## Investment options changes

For New Investment Bond Investment Options Booklet in April

### Investment Option Changes

- GQG Global Equity Fund – International Shares
- Macquarie Dynamic Bond Fund – Diversified Global Bonds
- Addition of Yarra Enhanced Income Fund

### Launch Tax Optimised Fixed Interest Range

- PIMCO Global Bond Fund initial tax effective fixed interest fund.
- Uses SICAV Accumulation Vehicles as the underlying vehicle
- Only pay tax on withdrawals from vehicle rather than income distributed annually.
- Tax rate reduced from 26.5% annually to 10-15%

### Passive Fee Reductions

- Ishares Australian Equity Fund (drop to 8bps)
- Ishares Wholesale Australian Bond (drop to 9bps)
- Ishares Int Equity hedged/unhedged (drop to 9bps)
- Ishares Australian Property (drop to 9bps)

### Tax Optimised Updates

- MFS Concentrated Global Equity Fund
- MLC Horizon Series moved to mandate (Now we have Passive, Factor, Active and optimised fund ranges)

## 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 period of 15 years. Actual tax amounts incurred are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

Thank you.

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Generation Life

Highly recommended for over a decade



Outthinking today.

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