

# Not tomorrow's problem

Masterclass Roadshow 2024

Outthinking today.





## Discover Generation Life

Pioneer of Australia's first truly flexible investment bond with over \$3.3b in funds under management.<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 49% market share of total inflows into investment bonds<sup>2</sup>

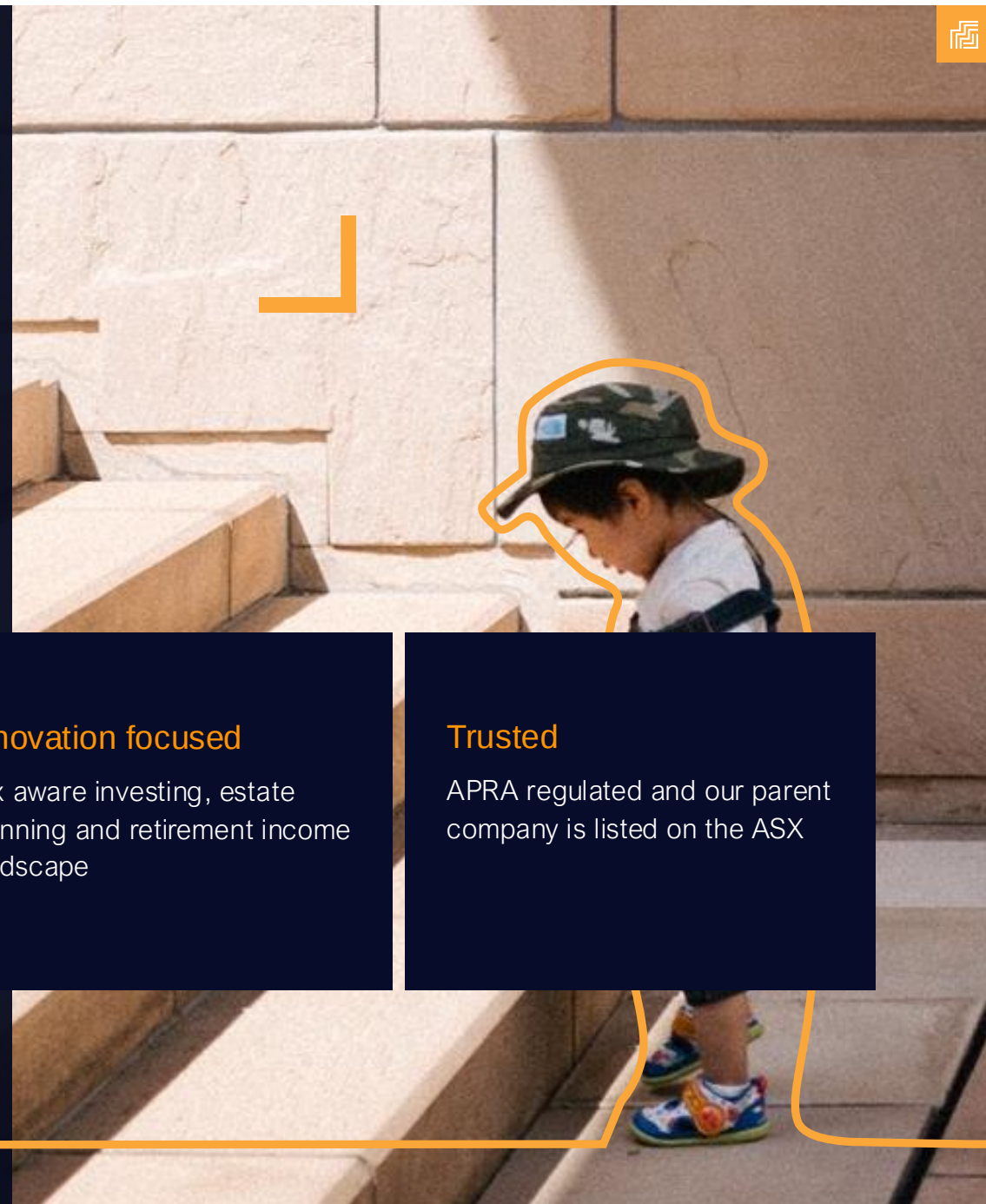
### Innovation focused

Tax aware investing, estate planning and retirement income landscape

### Trusted

APRA regulated and our parent company is listed on the ASX

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





## Our innovative solutions

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### Investment bonds

- Tax-effective investment that complements super
- Simple, flexible and effective estate planning solution
- 68 investment options across all major asset classes
- 27 Tax Optimised investment options
- Highly recommended by Chant West<sup>1</sup>

### LifeIncome

- A regular income guaranteed 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

1. Ratings relate to LifeBuilder and ChildBuilder investment bond products



20s

Saving for first home  
Move out from parents



30s

Marriage  
Having children





**Divorce**

**Caretaker for elderly parents**



**40s**



**Kids to university**

**Inheritance recipients**



**50s**



60s

**Transition into retirement**

**Age Pension entitlements**

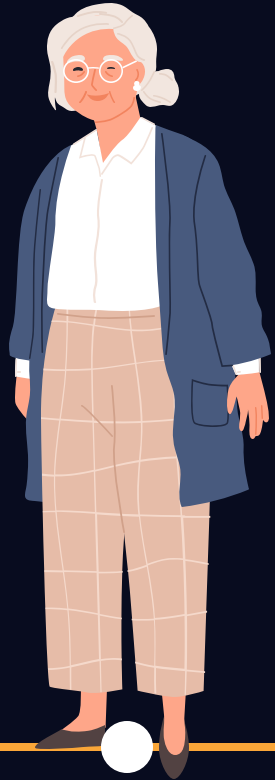


70s

**Medical conditions**

**Downsizing**





80s

Health event

Funeral planning



90s

Severe disability

Home and Aged care



## Generation Life Investment Bonds

“Are you considering the impact of tax on your investment? **We are and we’re doing something about it.**”

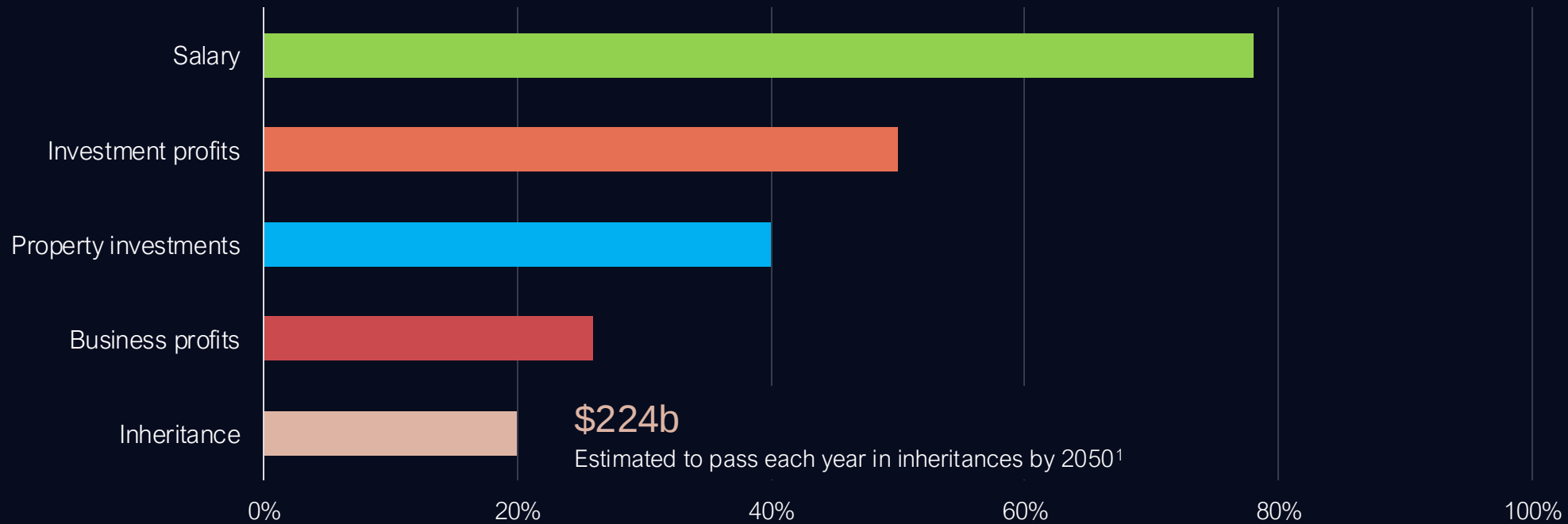




## Average net worth of Australian households are growing...

Average net worth of Australian households grew 19% in the decade from 2009-10, when the average was \$878,200 to \$1.042 million in 2019-20.

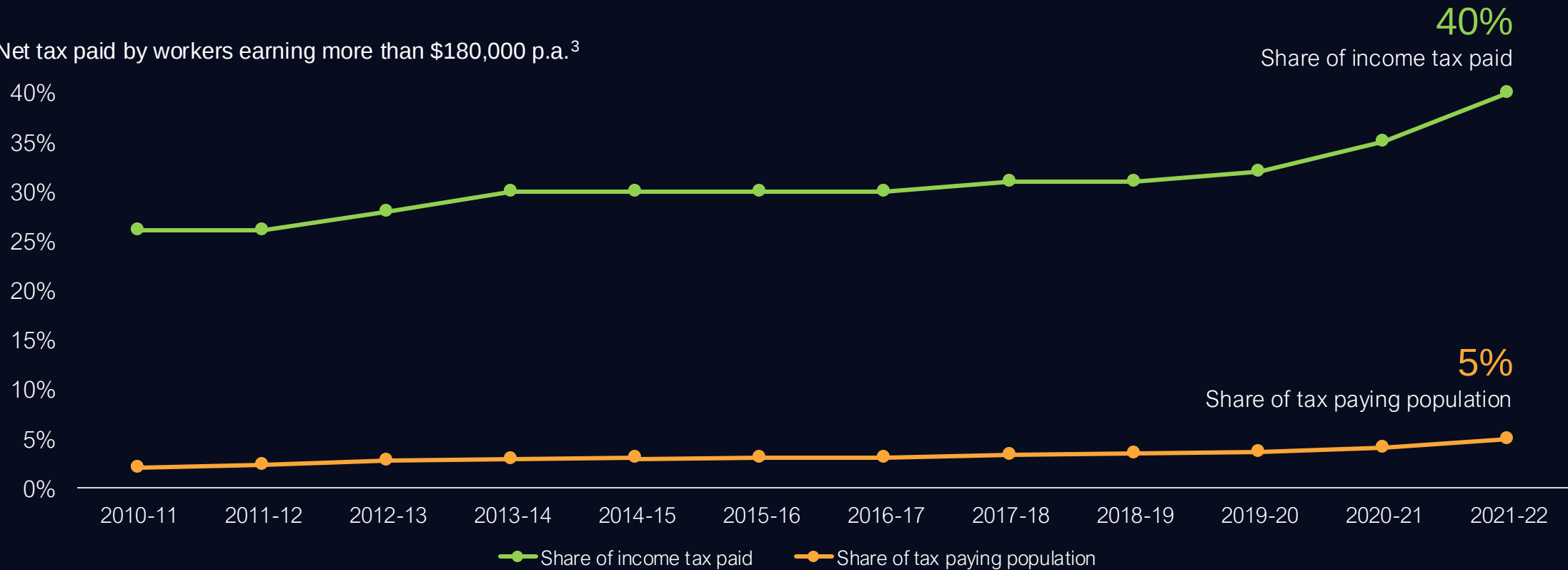
### Main sources of wealth (%)



# One million Australians to face top Marginal Tax Rate by 2030<sup>1</sup>

Bracket creep has pushed the number of Australians on the top marginal tax bracket from 625,302 in the 2021-2022<sup>2</sup> income year to 772,383 in the 2022-2023 income year<sup>3</sup>, which is an uplift of 24% over a 12-month period.

Net tax paid by workers earning more than \$180,000 p.a.<sup>3</sup>



1. Kehoe, J. and Read, M. (2022a) One Million Australians face top tax rate by 2030, Australian Financial Review. Available at: <https://www.afr.com/politics/one-million-australians-face-top-tax-rate-by-2030-20221005-p5bnao>.

2. Source: Australian Taxation Office, Taxation Statistics 2020-21 for individuals by taxable status, age range and taxable income range, 2010-11 to 2020-21 income years.

3. Australian Financial Review. (2024). Top earners and companies bear record tax burden. [online] Available at: <https://www.afr.com/politics/federal/top-earners-and-companies-bear-record-tax-burden-20240617-p5jmg0> [Accessed 19 Jul. 2024].

## Tax management investing & the impact on advice

**Tax** is normally your largest **expense**, therefore has the **greatest impact** on your **returns**.



Managing tax leakage by tax-efficient investments becomes more important as tax bracket creep starts to have an impact.



Unplanned investment income receipts can affect assessable income levels.



Be careful of tax deferral strategies – kicking the can down the road.



A combination of investment structures can maximise the after-tax dollars that your clients keep.



## Challenges of managing after-tax returns

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No knowledge of the investors' marginal tax rates by fund managers

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No industry comparative performance measurements on an after-tax basis

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Components of returns vary for different portfolios e.g. no two 10% returns are the same

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No choice on when to receive a fund distribution

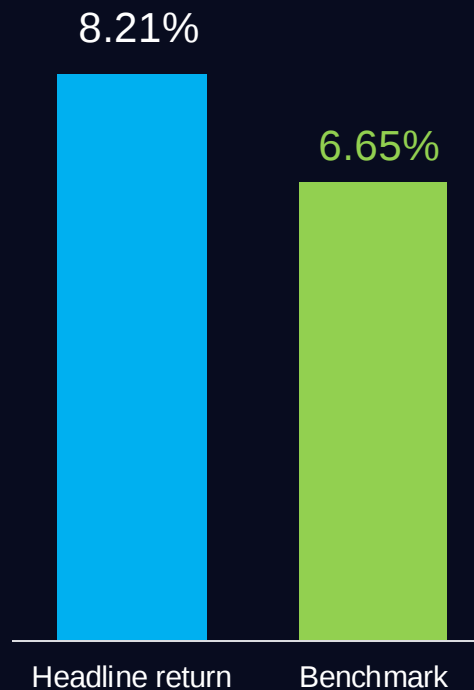


In Australia, we are a fair way behind world standards in maximising performance on an after-tax focus.



# Headline returns are not consumable returns...

There's more to the 'story' than just the headline return. How much of your return gets taxed?



1.56%

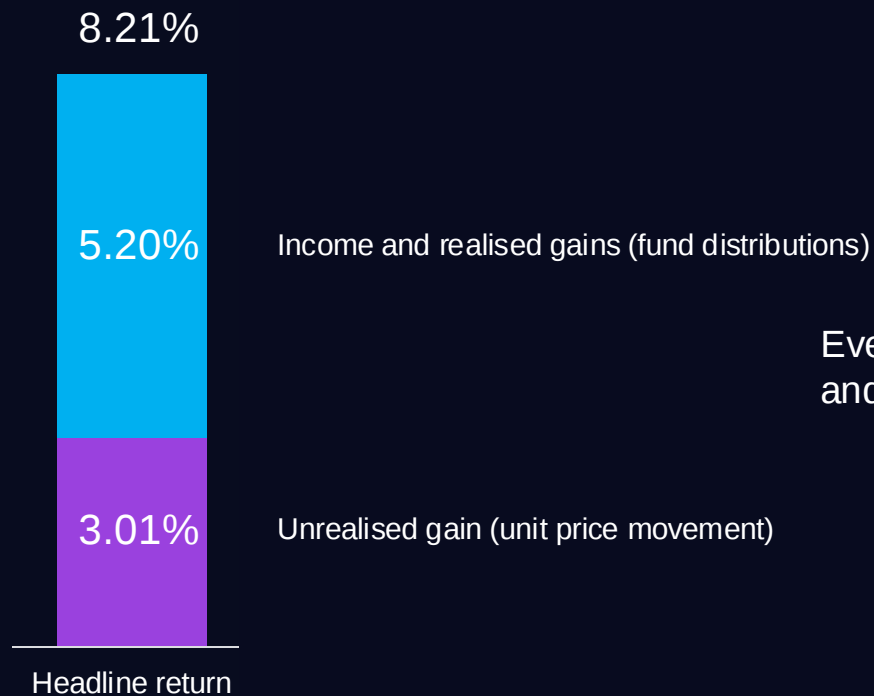
The portfolio headline return has outperformed the benchmark.

Happy days... but there's more to the story.



# Headline returns are not consumable returns...

There's more to the 'story' than just headline return. How much of your return gets taxed?

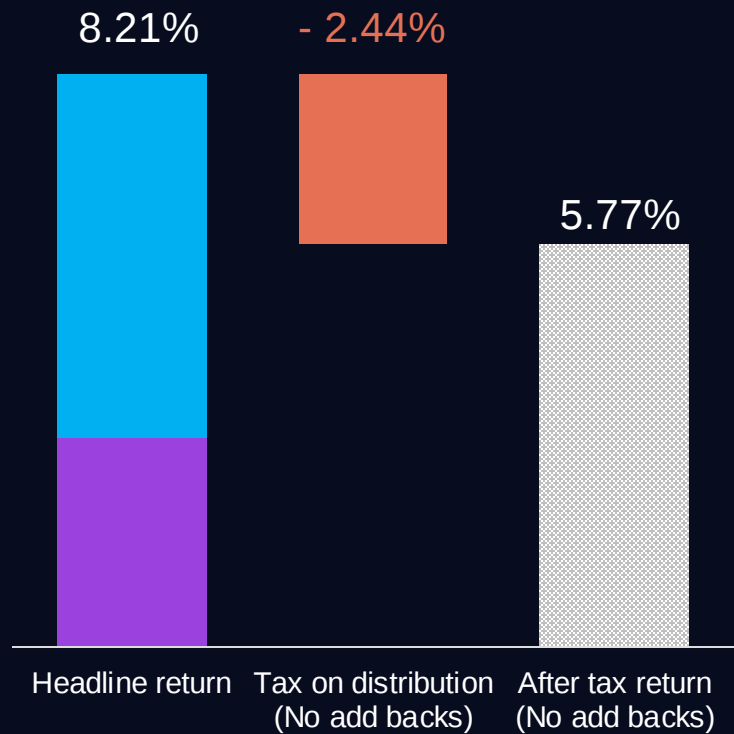


Every headline return has an **income component** and an unrealised **growth component**.



# Headline returns are not consumable returns...

There's more to the 'story' than just headline return. How much of an investor's return gets taxed?



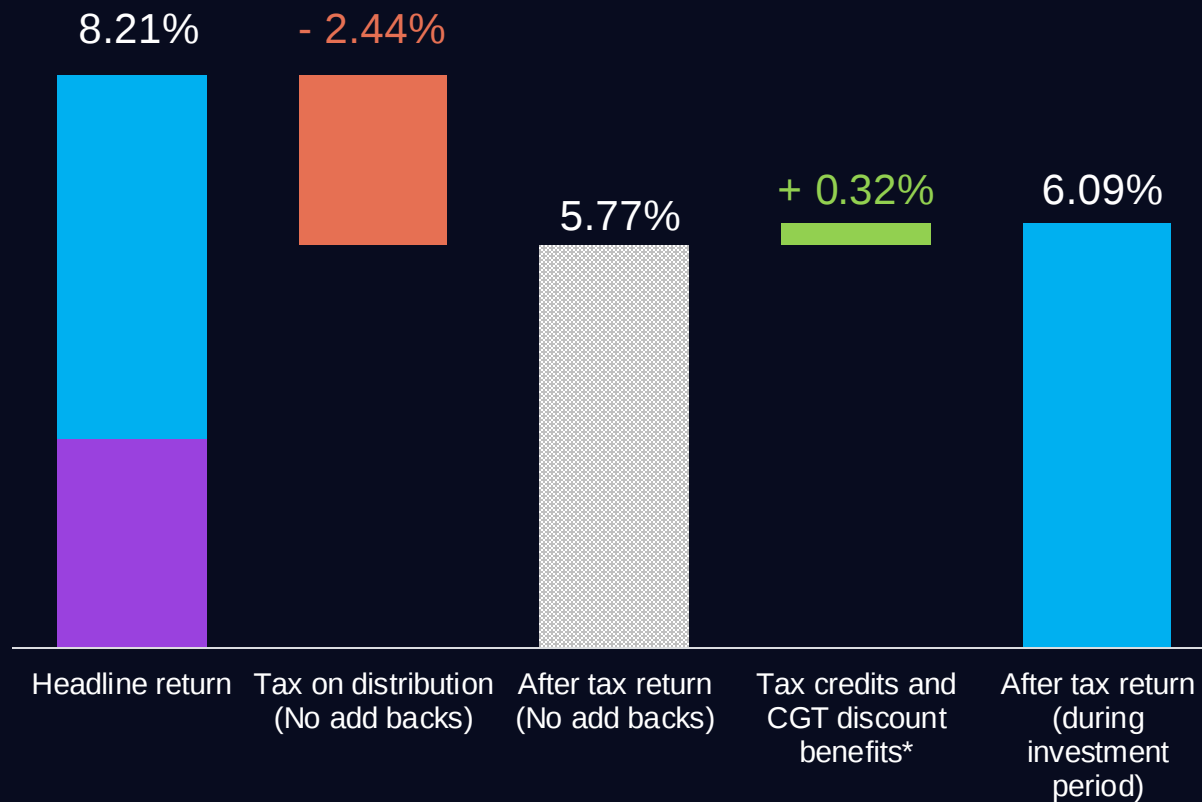
Unit trust structure passes all the taxable income they produce to investors, and investors pay tax on that income.

Therefore, the investor after-tax return is lower than the headline fund return.



# Headline returns are not consumable returns...

There's more to the 'story' than just headline return. How much of your return gets taxed?



Income distributions include realised capital gains, imputation credits and other tax credits which are used to lower tax on your tax assessable income.\* Realised gains discounts can apply to reduce assessable income as well.

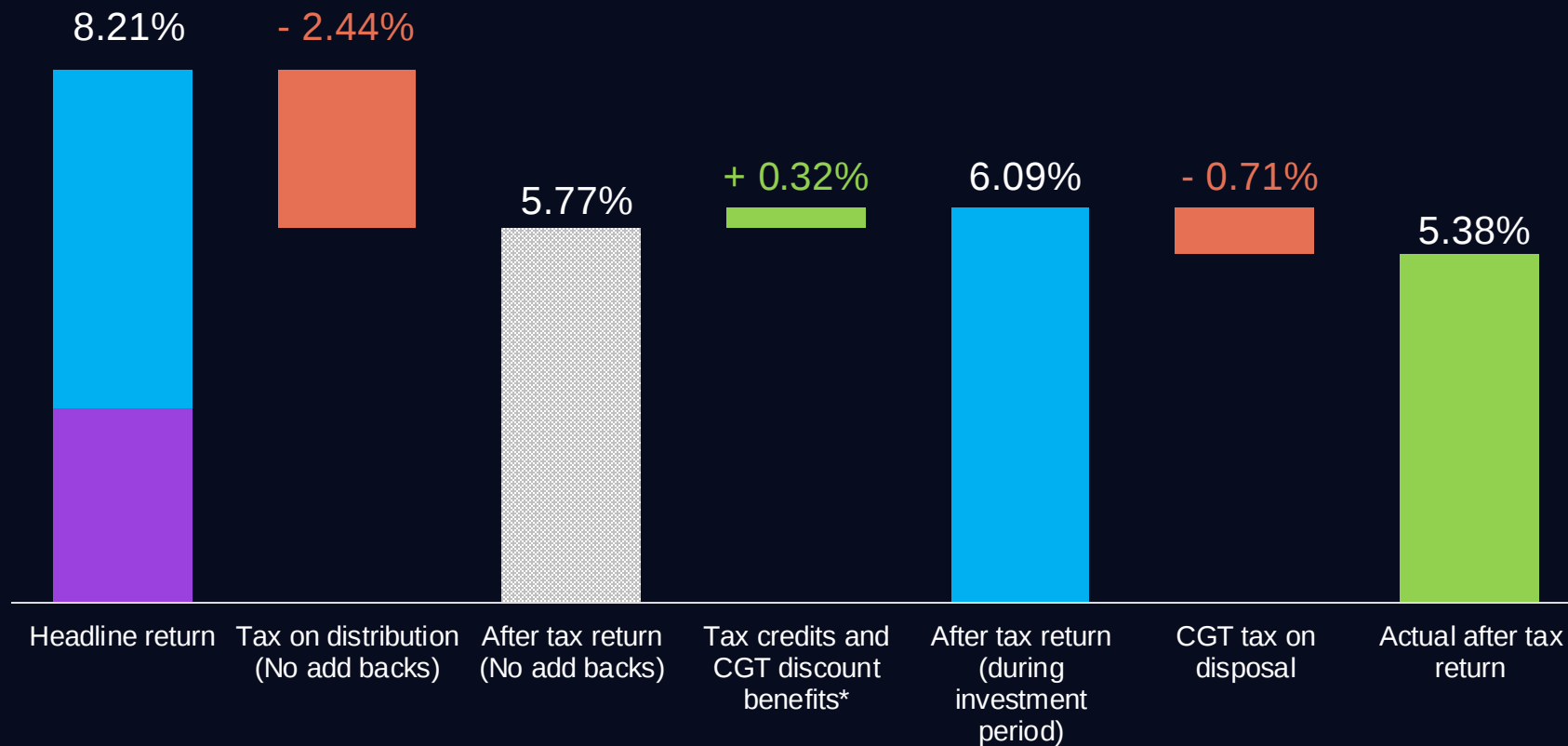
**It's important to know this amount...**

\* Discount is taken into account when there is a CGT event.



# Headline returns are not consumable returns...

There's more to the 'story' than just headline returns. How much of an investor's return gets taxed?



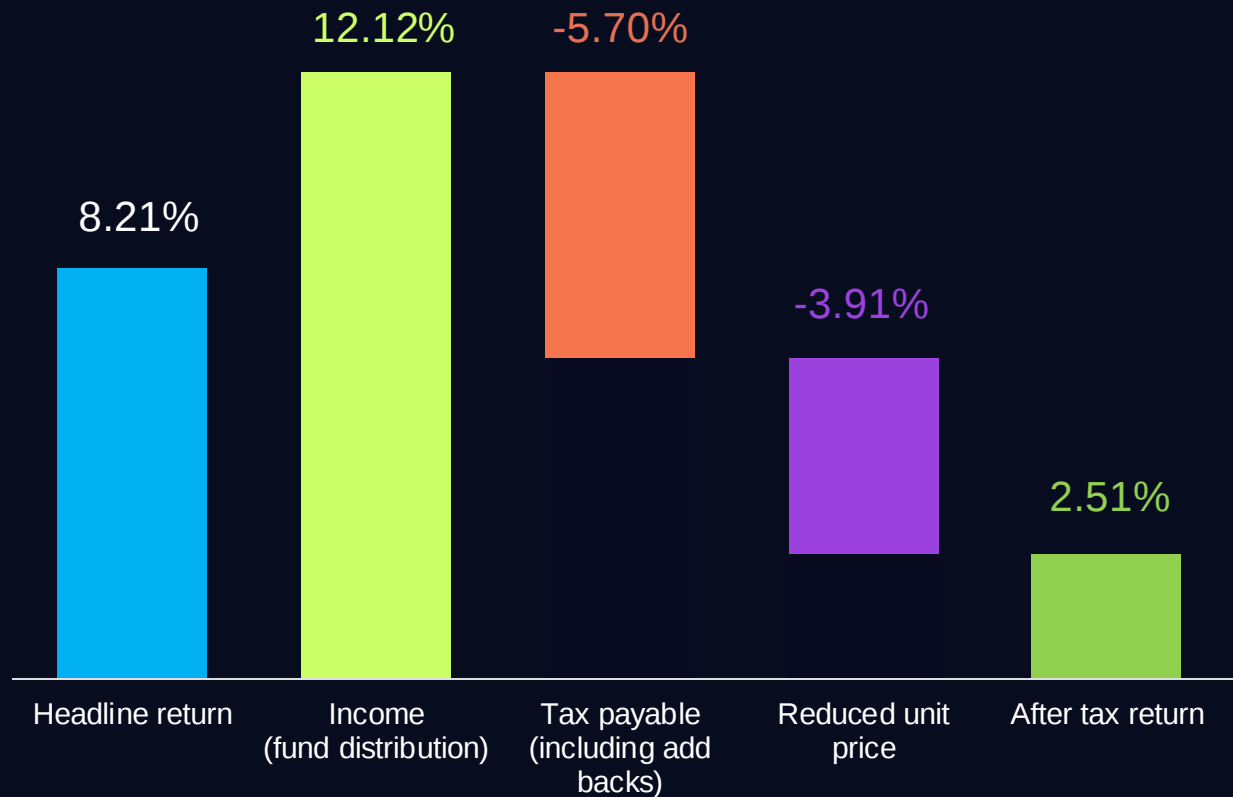
When an investor switches investment option or exits their investment, this results in a CGT event on the growth they have generated.\*

Need to know what the impact of tax will be on the disposal of an asset.

\* Discount is taken into account when there is a CGT event.



## Be aware of funds that distribute more taxable income than return...



Sometimes assessable income from funds can be higher than the total return for the year.

The after-tax return is 69.43% lower than the headline return in this scenario.



## Tax Optimisation through investment bonds



# The new generation of investment bonds

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## Tax paid structure

Governed by the Life Insurance and Tax Acts

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## It is Tax Optimised

Our Tax Optimised series effective long-term tax rates can generally range between 10% - 15%<sup>1</sup>

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## No distributions and access to funds at anytime

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## Creditor protection

Protection from creditors in the case of bankruptcy

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## Estate planning

Portability and transfers can be tax-free

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## Wealth transfer certainty

Can be structured as a non-estate asset

1. 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.

## Our investment bonds open opportunities for **optimisation...**

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Efficiency when allocating tax parcels

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More control over tax outcomes

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Capital management provides us the ability to offset capital losses against assessable income<sup>1</sup>

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Operational efficiencies through netting of trades

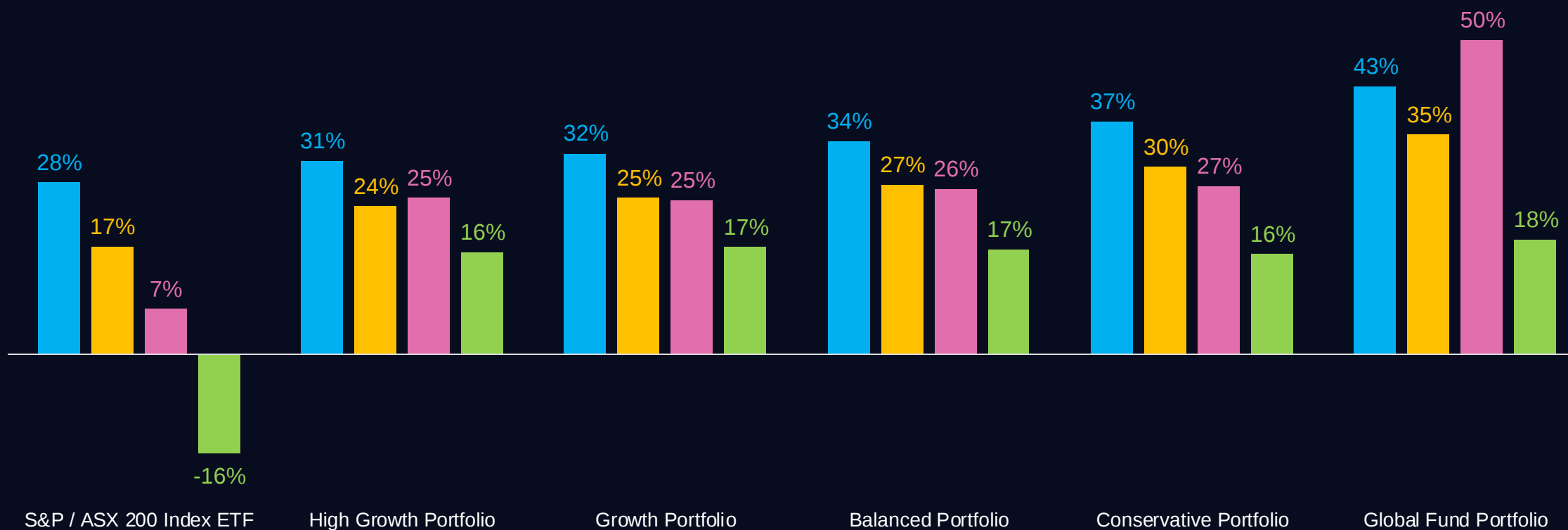
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Income management – respecting the 45-day rule to maximise franking levels

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

# Comparing effective tax rates for different asset classes

■ 47% individual MTR ■ 39% individual MTR ■ 30% Company investor ■ Generation Life Tax Optimised



The table above compares the actual annual effective tax rates on distributions for different tax structures between 2019 financial year and 2023 financial year. Past performance is not an indication of future performance.

Our track record on delivering **tax alpha**...



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

As at 30 June 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      | 12.09%                     | 11.43%                               | 6.47%                               | 7.44%                               | 8.50%                             | 10.93%                                      |
| 2 Year p.a. | 13.29%                     | 11.51%                               | 10.28%                              | 11.16%                              | 10.83%                            | 11.01%                                      |
| 3 Year p.a. | 6.28%                      | 5.72%                                | 4.06%                               | 4.58%                               | 4.96%                             | 5.22%                                       |
| 4 Year p.a. | 11.28%                     | 9.88%                                | 8.05%                               | 8.72%                               | 8.62%                             | 9.38%                                       |
| 5 Year p.a. | 7.18%                      | 6.74%                                | 5.26%                               | 5.84%                               | 6.01%                             | 6.24%                                       |

\*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 track record on delivering **tax alpha**...



# Performance comparison of Vanguard High Growth Portfolio

As at 30 June 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      | 15.00%                     | 11.23%                               | 7.27%                               | 8.35%                               | 9.47%                             | 10.83%                                      |
| 2 Year p.a. | 14.74%                     | 11.46%                               | 10.33%                              | 11.05%                              | 10.15%                            | 11.06%                                      |
| 3 Year p.a. | 6.22%                      | 4.86%                                | 3.85%                               | 4.25%                               | 4.09%                             | 4.46%                                       |

Past performance is no indicator of future performance.

For assumptions, please refer to the Tax Optimised brochure: <https://genlife.com.au/tax-optimised-brochure>



## Division 296 tax and Death Benefit tax

### Exploring alternative structures to superannuation

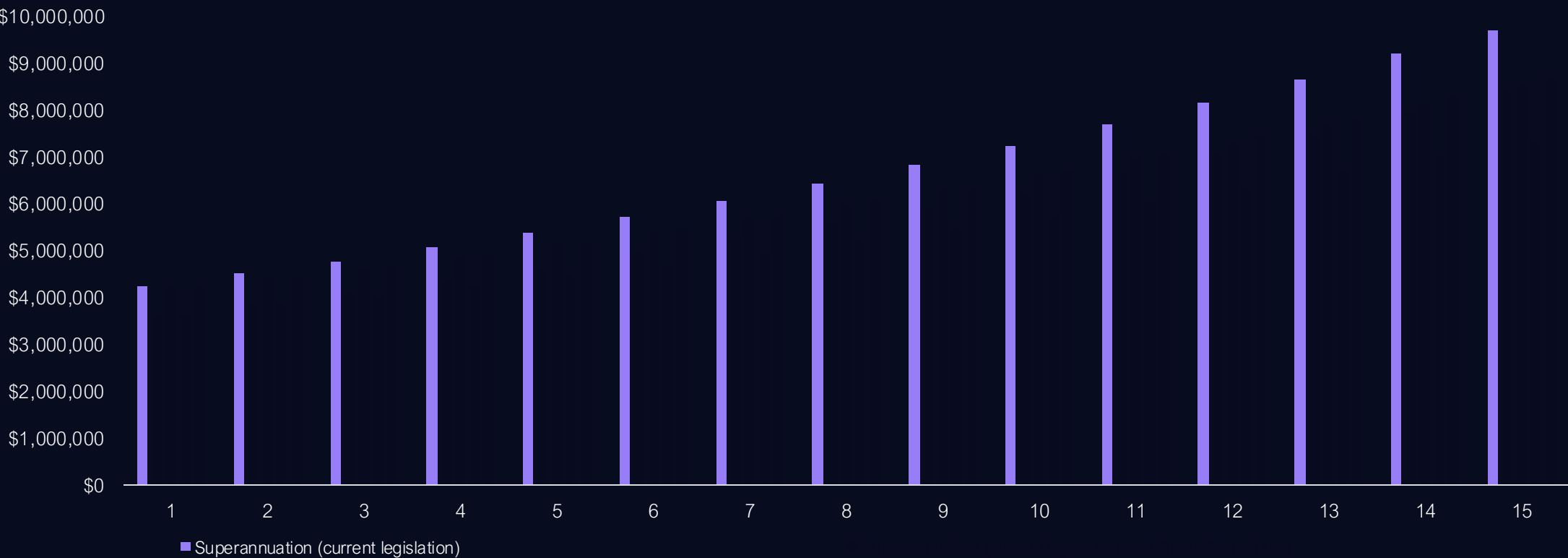
1 in 3 Australians believe super is the best way to optimise wealth and leave a legacy.<sup>1</sup> Have you considered the impact of Death Benefit tax when transferring wealth and the proposed Division 296 tax for your clients?



1. Generation Life Reimagining Legacy Guide 2023 <https://generationlife-endpoint.azureedge.net/live/attachments/clo5cxqfg04l70ipce9ow6kbv-generation-life-reimagining-legacy-report-2023.pdf> accessed 4 July 2024

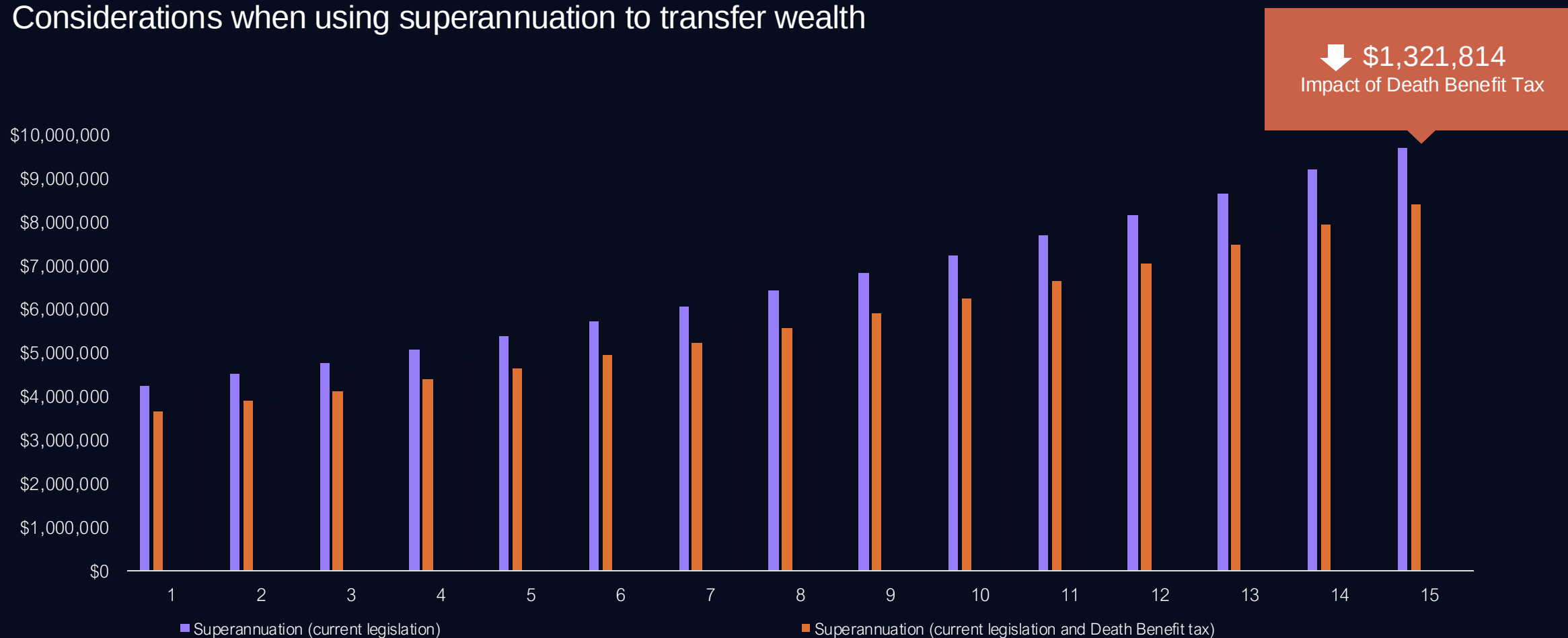


# Considerations when using superannuation to transfer wealth



Assumptions: Assumes an initial investment of \$4m invested in the Vanguard Balanced Portfolio with a franking level of 51.7% and total return of 6.2% p.a. Superannuation balance assumes an 80% taxable component. Returns based on tax components to 30 June 2023 of the portfolio and return history of the portfolio from inception to 31 December 2023. Past performance is not an indication of future performance.

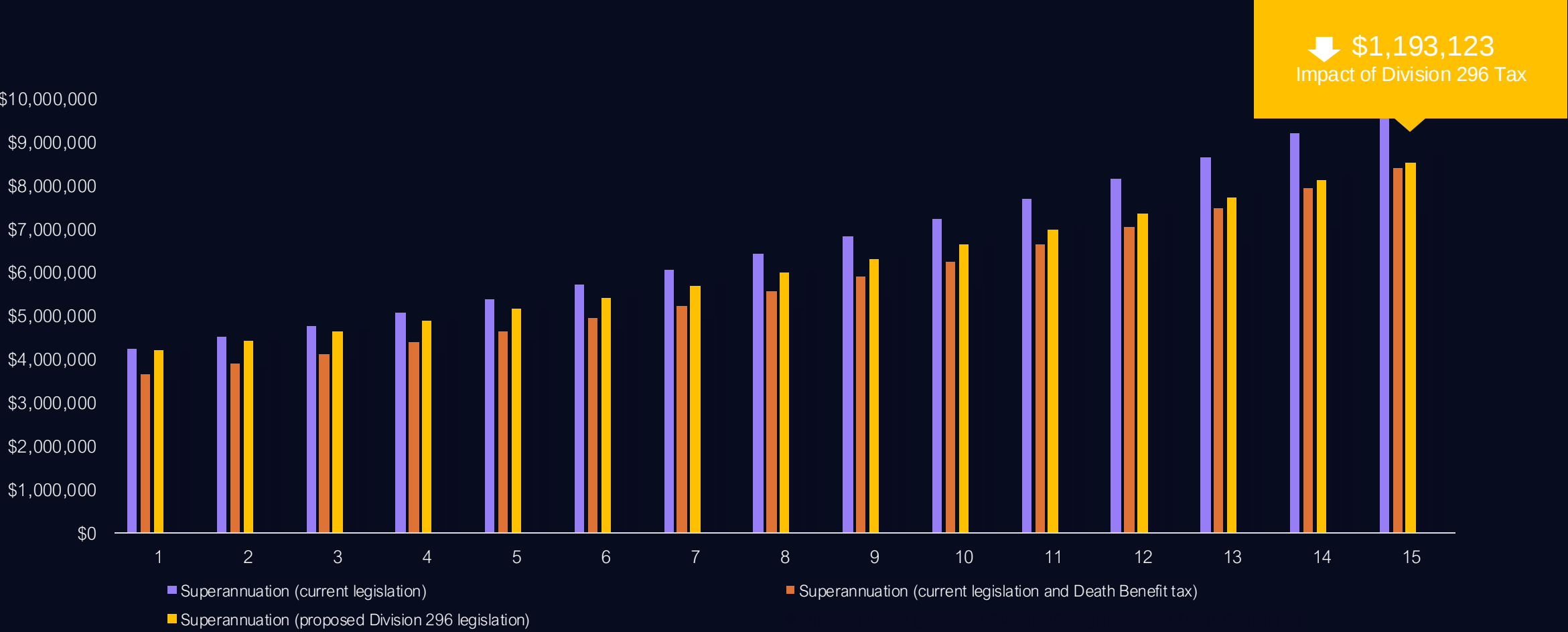
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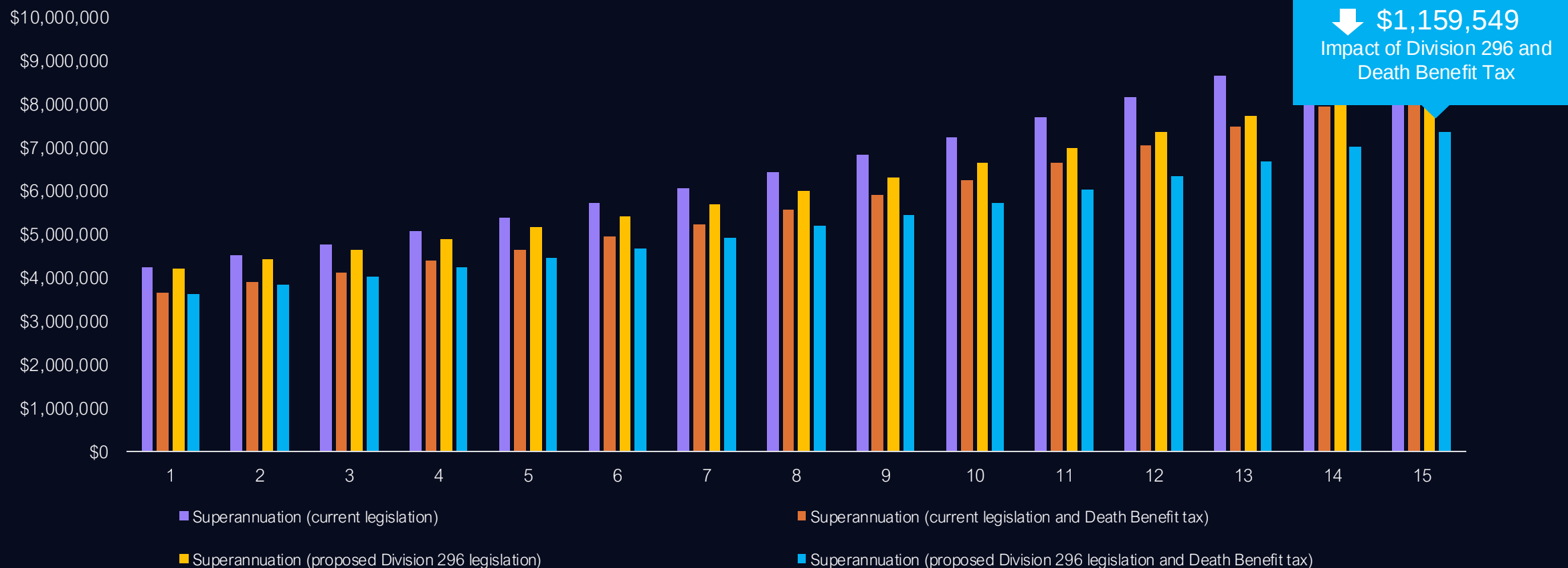


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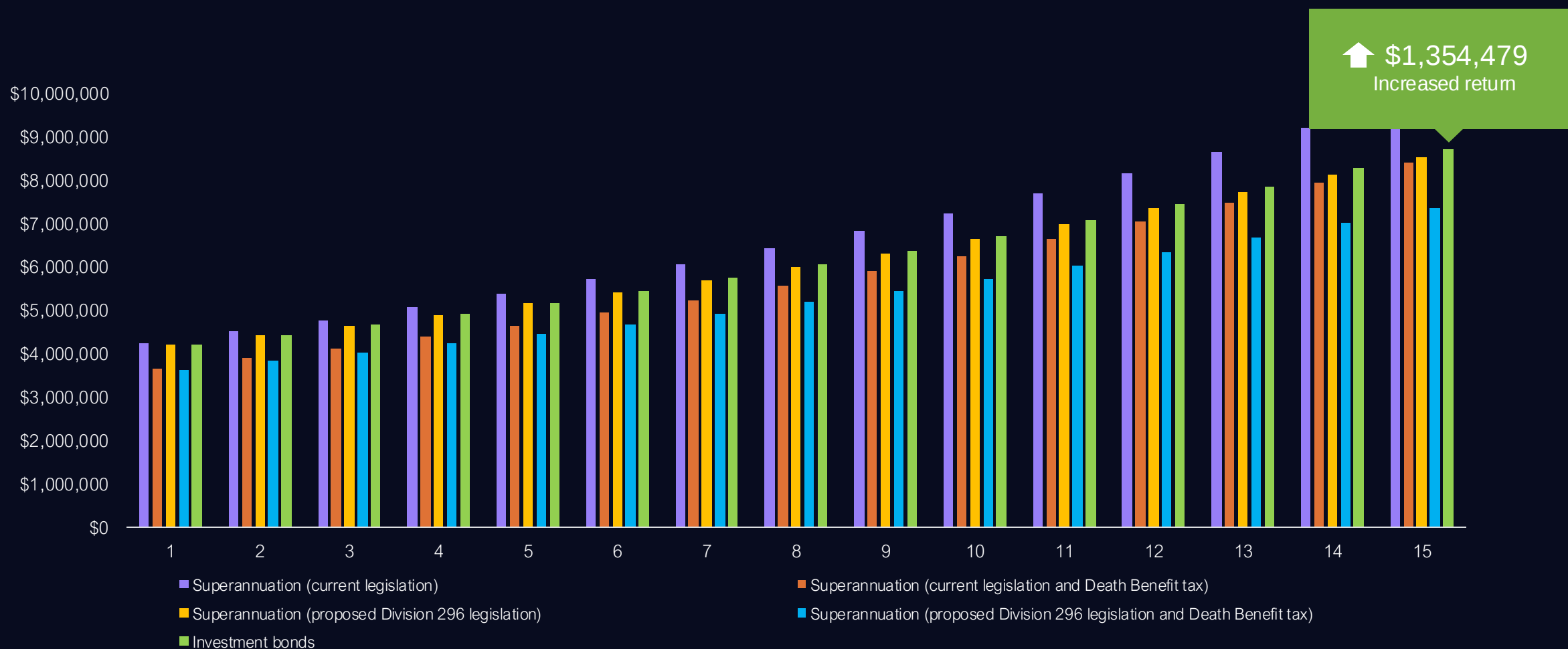
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## Meet Bob...

Bob is 82 years old and is a wealthy retiree.



## Bob's situation...

Bob has an SMSF worth \$9.3m with a 70% taxable component.

Due to his personal assets and the income generated, this places him on the top marginal tax rate bracket.

He is single and has two non-dependant adult children, who themselves are professionals on the top marginal tax bracket.



## Bob's concern...

Due to the proposed changes to Division 296 tax on earnings on superannuation balances above \$3m, Bob has contacted his financial adviser to review his superannuation holdings.

Bob is currently in good health but given his age, his adviser also raises the potential impact of superannuation death taxes to his non-dependant children on his \$6.51m taxable component.

Bob's financial adviser ran three scenarios...



### Superannuation

Leave money in superannuation and pay Division 296 and death benefit tax

### Trust

Invest superannuation balance above \$3m through a trust structure

### Investment bonds

Invest superannuation balance above \$3m into two investment bonds

## Bob's outcome based on the three strategies

Bob's financial adviser provided three outcomes if he invested the excess \$6.3m through different structures.

| Year   | Superannuation<br>Division 296 tax | Superannuation<br>Death Benefit tax | Net superannuation<br>proceeds after death<br>tax | Alternative strategies |                      |
|--------|------------------------------------|-------------------------------------|---------------------------------------------------|------------------------|----------------------|
|        |                                    |                                     |                                                   | Family trust           | Two investment bonds |
| Age 83 | \$6,768,045                        | (\$742,302)                         | \$6,025,744                                       | \$6,721,812            | \$6,784,938          |
| Age 84 | \$7,271,940                        | (\$797,568)                         | \$6,474,372                                       | \$7,173,928            | \$7,310,528          |
| Age 85 | \$7,814,429                        | (\$857,066)                         | \$6,957,362                                       | \$7,173,928            | \$7,880,180          |
| Age 86 | \$8,398,468                        | (\$921,122)                         | \$7,477,346                                       | \$8,177,938            | \$8,497,585          |
| Age 87 | \$9,027,241                        | (\$990,084)                         | \$8,037,156                                       | \$8,734,667            | \$9,166,749          |
| Age 88 | \$9,704,172                        | (\$1,064,329)                       | \$8,639,844                                       | \$9,331,394            | \$9,892,009          |
| Age 89 | \$10,432,952                       | (\$1,144,259)                       | \$9,288,693                                       | \$9,970,992            | \$10,678,068         |

If Bob was to pass away at aged 89, he would leave a combined **\$1,389,375 uplift**.

His beneficiaries would save \$1,144,259 in Death Benefit taxes. The end value benefit of the investment bond versus superannuation Division 296 tax would be \$245,116.

Assumptions: The table above compares investment strategies held through a Generation Life Investment Bond and family trust against similar investment strategies held through a superannuation fund on amounts above \$3 million over a 8-year period returning 8.7% p.a. before tax with a franking level of 81.40%, an income return of 3.1% p.a. and growth return of 5.6% p.a. Returns are based on historical investment returns and expected tax assessable amounts without taking into account fees, charges and expenses. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.

## Outcome for Bob...

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No Division 296 tax and death benefit tax implications

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Easy, convenient and effective way to pass on wealth

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Can be transferred as part of Bob's estate planning wishes to his children tax-free of death benefit tax

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Bob has access to the funds whenever he needs them until his passing

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His children may not have any assessable income to declare on withdrawals if the transfers occur after 10 years

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Bob may consider restructuring his remaining superannuation balance to avoid additional death benefit tax implications





Helping the next generation



## Meet Gordon and Mel...

Gordon and Mel are both 41 years old, are married and have two children aged 12 and 9.



## Gordon and Mel's situation...

Gordon and Mel are both corporate professionals working full time and are on the highest marginal tax rate. They currently both maximise their concessional contributions each year.

Gordon and Mel have paid off their home, have a total of \$10,000 saved and combined surplus after-tax income of \$2,000 per month.



## Gordon and Mel's objective...

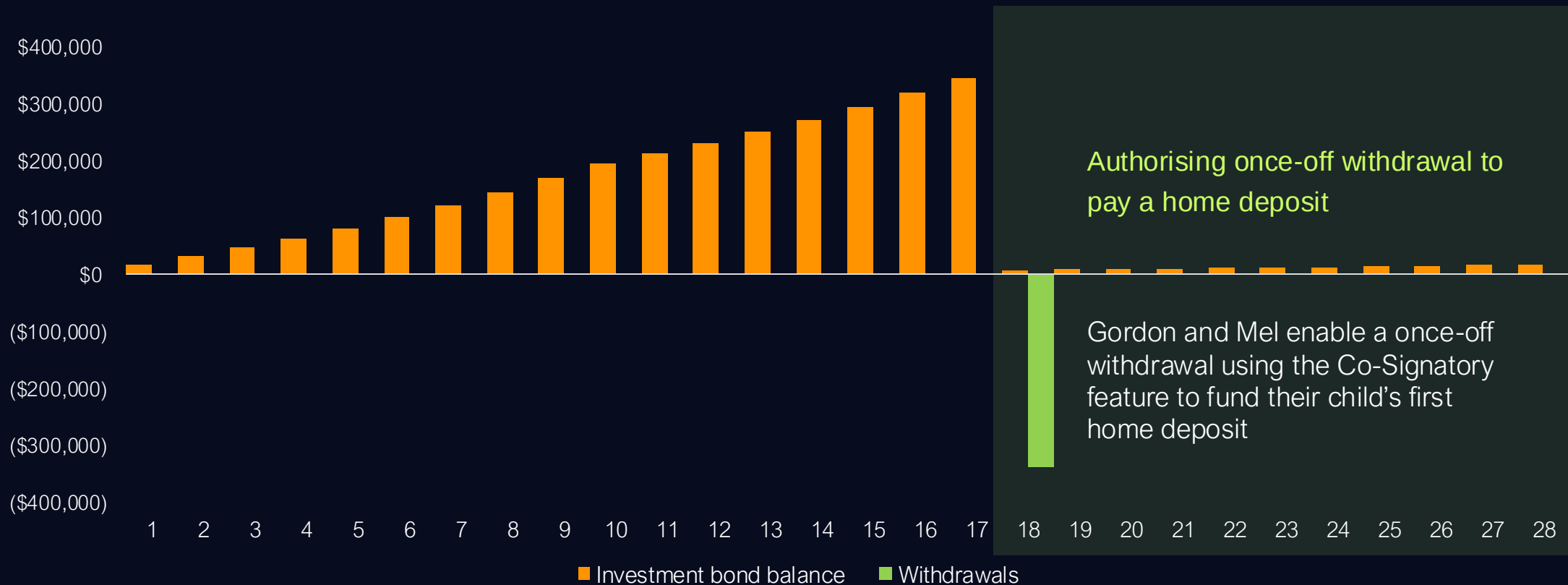
With the rise in inflation and house prices over the years, Gordon and Mel are concerned that both their children will struggle financially so they would like to give them a financial head start in life.

They would also like to ensure any funds provided to their children will be primarily used as a deposit to purchase their first home.



## Gordon and Mel's solution...

Gordon and Mel establish two investment bonds of \$5,000 each. They also set up a Regular Savings Plan of \$1,000 per month for the first 10 years, for each investment bond.



Assumption: Assuming an initial investment of \$5,000 and a Regular Savings Plan of \$1,000 per month for the first 10 years. The total annual after-tax investment return of 8.51% p.a. assumed. Estimated average fees and costs of 0.67% p.a. over investment term with an effective bond tax rate of 7.56% p.a..

## Gordon and Mel's outcome...

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Both Gordon and Mel can tax-effectively help their children save for their first home

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The Future Event Transfer Co-Signatory feature enables once-off withdrawals to be approved by Gordon and Mel

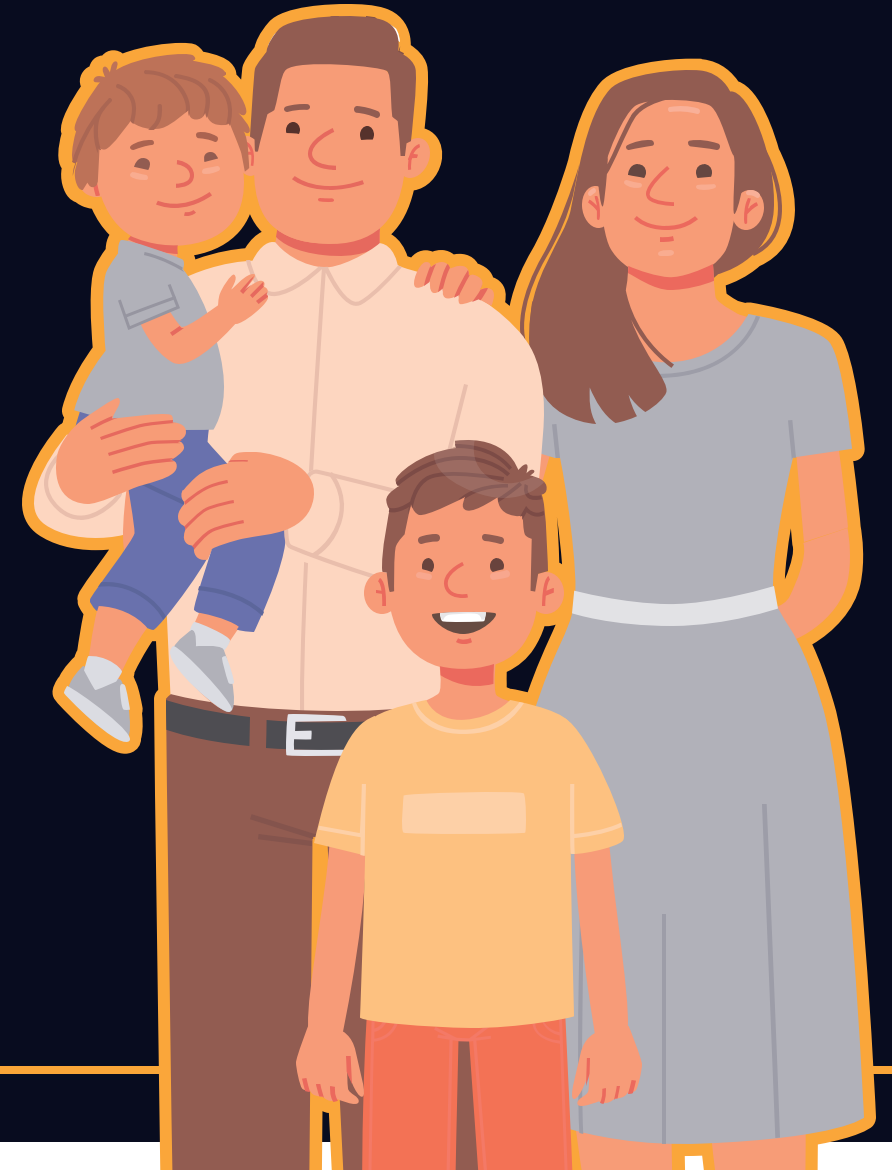
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As their investment bonds, earnings are contained in the investment bond structure, this doesn't impact Gordon and Mel's personal tax assessable positions.

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This provides greater certainty that Gordon and Mel's intentions are met



Generational wealth  
Flexible wealth transfer opportunities



## Meet Diane...

Diane is 78 years old and is failing in health. She has 3 adult children, Daniel, James and Lisa.

Diane had another son, John, who passed away. She loves her two grandchildren, Ellie and Jake, dearly but is estranged from John's widow.



## Diane's intended beneficiaries...

Due to Diane's failing health, she is thinking of transferring her wealth to her children and grandchildren.



### Daniel

- Stable and entrusted as Diane's future Executor
- 53 years old, married, professional on 47% MTR (including Medicare Levy)



### James

- 46 years old and single
- Not good with money, and gambles
- No stable job



### Lisa

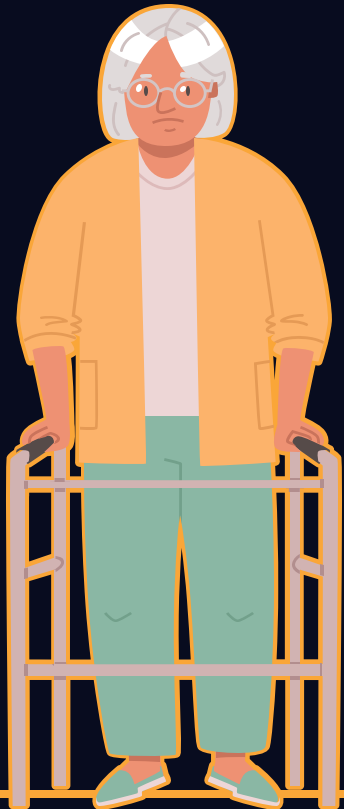
- 51 years old and is going through a difficult time with her husband, heading for divorce



### Ellie and Jake

- 10-year-old twins
- Has lost contact with her grandchildren but still wants to provide for them

## Diane's concerns...



Daniel

- Concerned that Daniel will have conflicts with his siblings as an Executor enacting her wishes
- Concerned about costs surrounding complex legal structures
- Concerned with not burdening her beneficiaries with any Death Benefit or other tax liabilities
- Wants to provide for Daniel in her lifetime as he has already done so much for her



James

- Concerned that James will misuse his inheritance and may need regular income



Lisa

- Concerned about Lisa's marriage breaking down and that her bequest will form part of Lisa's divorce proceedings



Estranged Grandchildren

- Concerned about her estranged relationship with Ellie and Jake's mother, and doesn't want her to have discretion over her bequest
- Concerned with burdening her Executor and keeping her Estate open until her grandchildren come of age

## Diane's current financial position...

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|            |        |
|------------|--------|
| Home value | \$2.1m |
|------------|--------|

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|              |           |
|--------------|-----------|
| Cash at bank | \$200,000 |
|--------------|-----------|

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|                        |        |
|------------------------|--------|
| Superannuation balance | \$3.4m |
|------------------------|--------|

Subject to proposed Div. 296 tax legislation

80% taxable component (potential \$462,400 tax bill for non-dependant beneficiaries )

Diane **seeks financial advice** to see how she can help structure her estate in a cost-effective manner and **according to her wishes**, to deal with her concerns and **minimise the tax burden on her beneficiaries**



## Diane restructures her assets...

|                        |                                                                                                                                                     |                                                                                                                                                  |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Home value             | \$2.1m                                                                                                                                              | House to be sold on her death and distribute proceeds equally in accordance with the Will amongst her three surviving children (\$700k each)     |
| Cash at bank           | \$200,000                                                                                                                                           | Remain as cash at bank of \$200,000                                                                                                              |
| Superannuation balance | \$3.4m<br>Subject to new proposed Div296 legislation<br>80% taxable component (potential \$462,400 death tax bill for non-dependant beneficiaries ) | Withdraws superannuation<br>No longer subject to proposed Div. 296<br>Death tax will not be imposed on beneficiaries to reduce their inheritance |

Establishes 5 investment bonds from  
\$3.4m superannuation proceeds

## Diane's investment bond structure

### #1 Investment bond \$1,100,000



Daniel

Future event transferee

- Immediate transfer of ownership
- Daniel the new owner
- No restrictions

### #2 Investment bond \$1,100,000



James

Future event transferee

- Transfer ownership upon death
- Set up a future Regular Income Payment until funds run out or the death of James
- Daniel becomes the Co-Signatory to authorise once-off emergency withdrawals

### #3 Investment bond \$1,100,000



Lisa

Future event transferee

- Transfer ownership the earlier of 5 years or the death of Diane
- No present entitlement prior to Diane's death
- Diane could bring forward ownership while she is still alive

### #4 & 5 Investment bond \$50,000 each

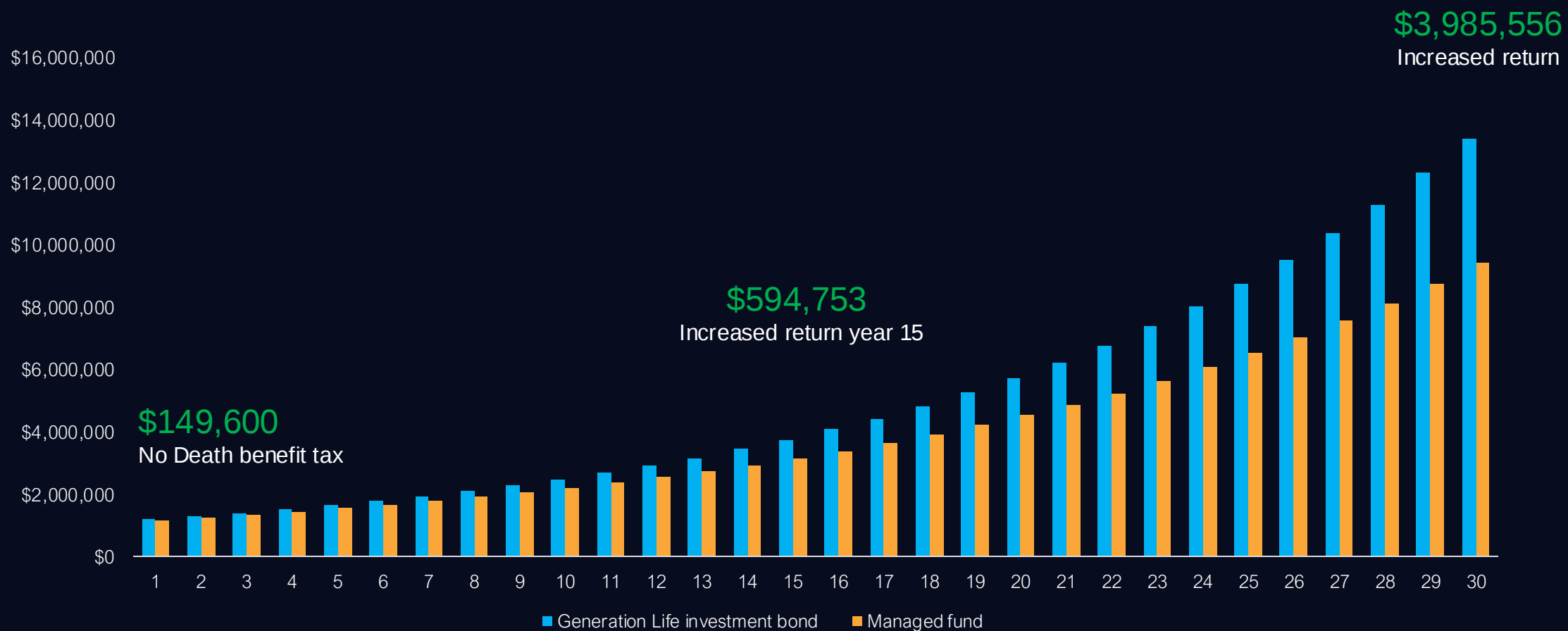


Ellie and Jake

Future event transferees

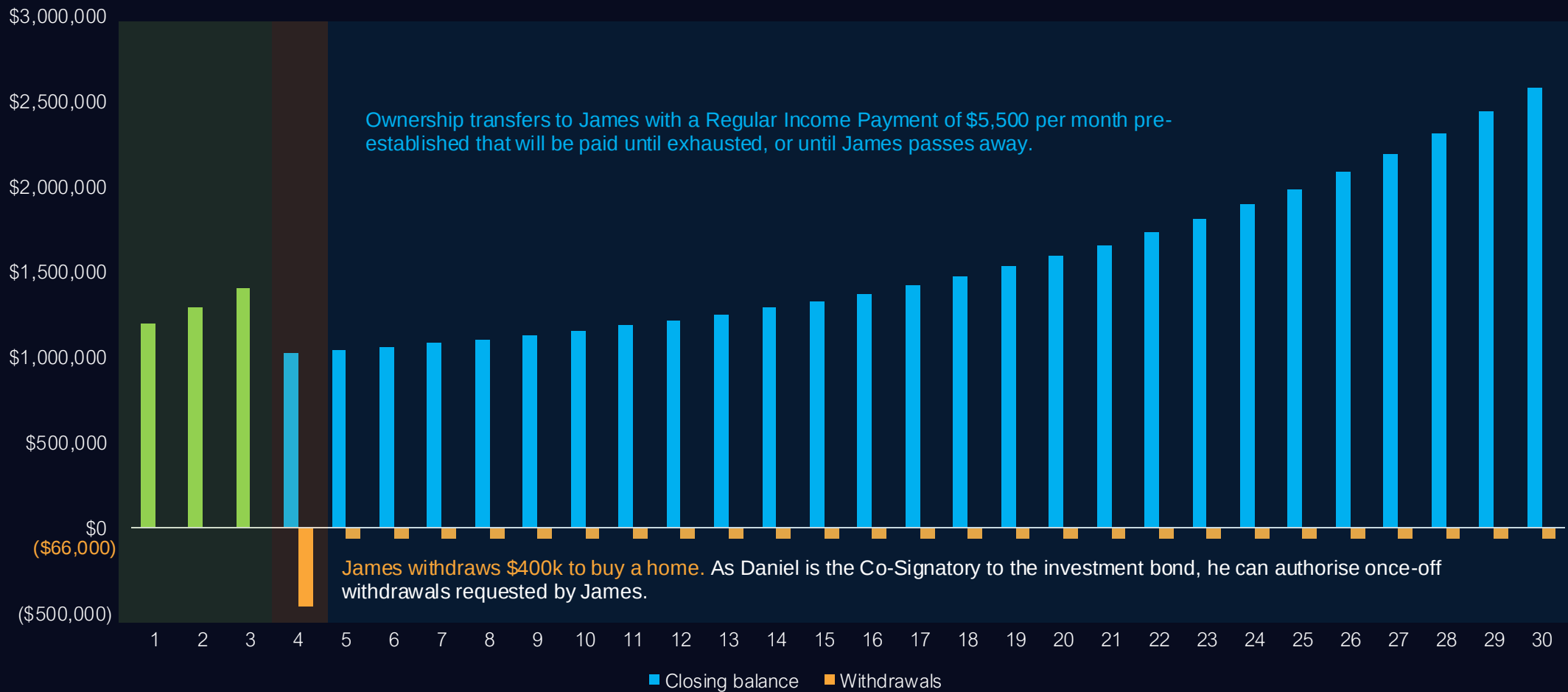
- Transfer ownership upon death
- Restricted access until 21
- Daniel becomes the Co-Signatory to authorise one-off emergency withdrawals

## Let's look at Diane's investment bond for Daniel...



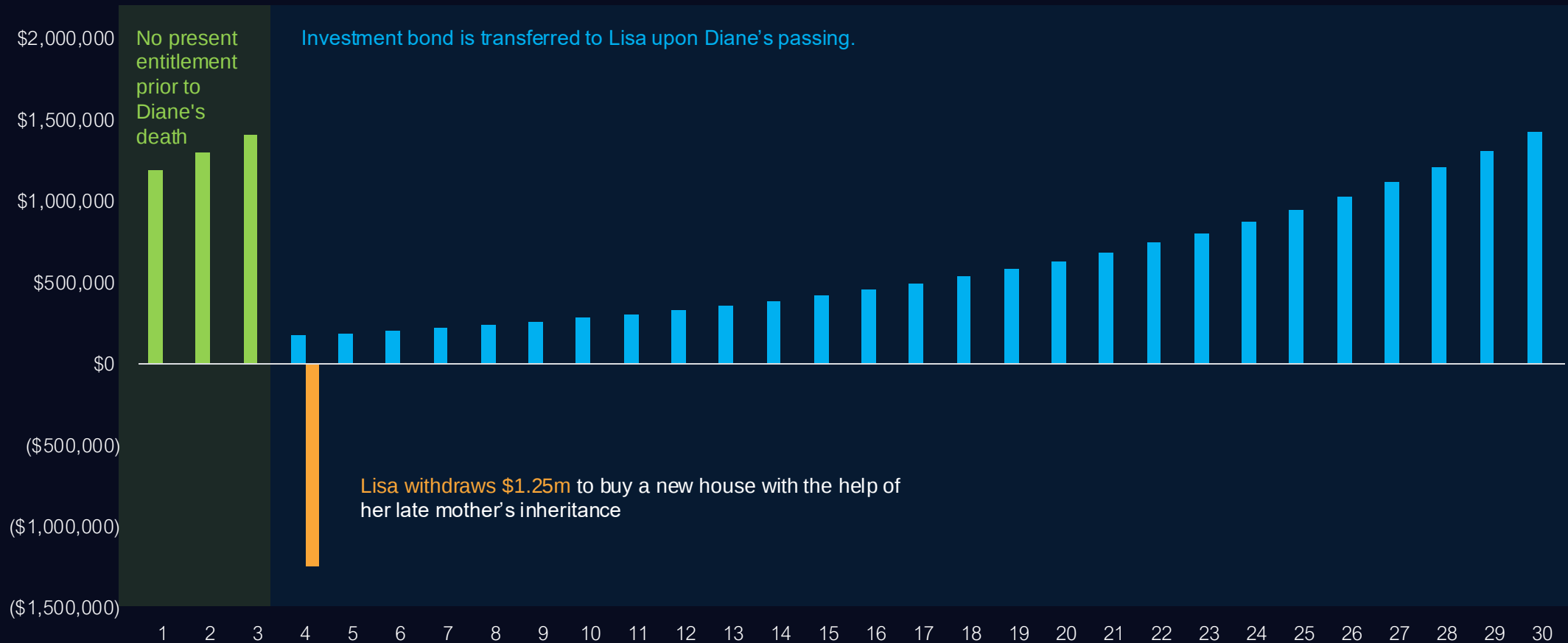
Based on an investment of \$1,100,000 in the Vanguard High Growth Portfolio with a total annual gross investment return of 9.5% p.a.. Average return calculated using tax components and return history of the fund from inception to 30 June 2023. Past performance is not an indication of future performance. Performance is net of fund taxes, management fees and other operating expenses (if applicable) and excludes the effect of any investor specific costs, personal taxes on sale of assets or management fee rebates. Clients MTR 47%

## Let's look at Diane's investment bond for James...



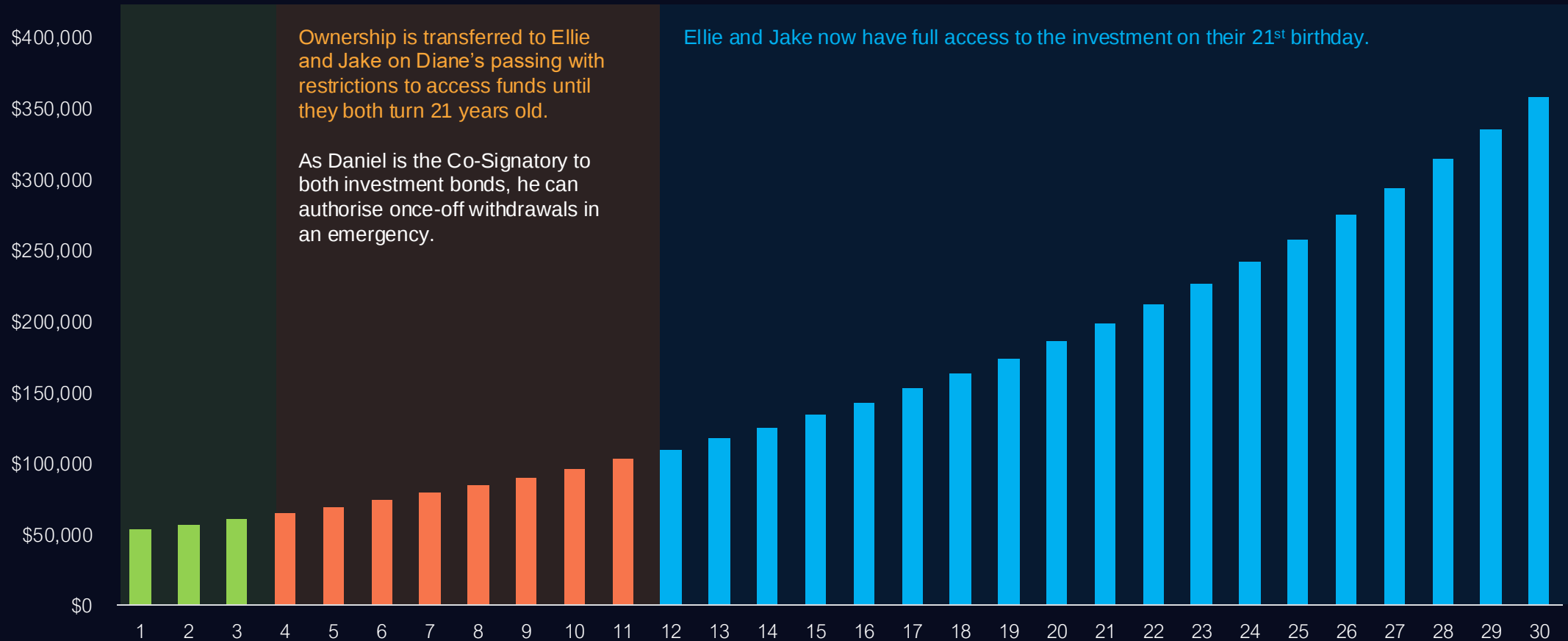
Assumption: Assuming an initial investment of \$1,100,000 in the Vanguard High Growth Portfolio with a total annual after-tax investment return of 8.51% p.a. Estimated average fees and costs of 0.62% p.a. over investment term with an effective long-term average investment bond tax annual rate of 7.56%. Clients MTR 32%

## Let's look at Diane's investment bond for Lisa...



Assumption: Assuming an initial investment of \$1,100,000 in the Vanguard High Growth Portfolio with a total annual after-tax investment return of 8.51% p.a. Estimated average fees and costs of 0.62% p.a. over the investment term with an effective long-term average investment bond tax annual rate of 7.56% p.a. Clients MTR 32%

## Let's look at Diane's investment bond for Ellie and Jake...



Assumption: Assuming an initial investment of \$50,000 in the Vanguard High Growth Portfolio with a total annual after-tax investment return of 6.83% p.a. Estimated average fees and costs of 0.67% p.a. over investment term with an effective long-term average investment bond tax annual rate of 11.86%.

## Outcome for Diane...

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Automatic transfer of ownership

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Delay in ownership

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No impact on recipient's personal tax position

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Ability for recipients to set up an estate plan

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Restrictions on accessing funds and no present entitlement

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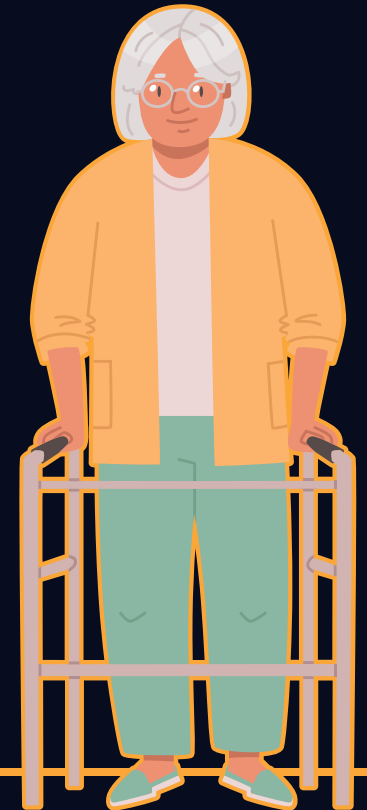
Set up Regular Income Payments

---

Co-Signatory

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Managing Division 296 & Death Benefit tax implications





# LifeIncome

## Investment-linked lifetime annuity





# LifeIncome

Innovations to lifetime annuities providing choice and flexibility

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## An income guaranteed for life

Higher starting income with LifeBooster can mean more cumulative income sooner

---

## Investment choice and switching at anytime<sup>1</sup>

Across all major asset classes including purpose-built investment options

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## Reversionary beneficiary

Option for reversionary percentage

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## Death Benefit & Withdrawal Benefit

Protect your spouse / loved one whilst having flexibility and peace of mind

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





## Income layering

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Retirement income certainty isn't solely based on the balances but on income streams

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Having multiple income streams can ensure essential spending needs are covered

---

Income layering should address both immediate and future income needs

---

Therefore, giving the confidence to spend on things that they wish or want

# Maximising retirement outcomes

A key consideration when planning a good retirement is to maximise retirement income to give your clients the confidence to enjoy their retirement and spend their retirement savings without fear of running out of money.

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

Account-based pension

Non-super assets

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

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

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.

## Meet Karlee and Adam...

They are both 65 and entering retirement.





## Karlee and Adam's situation...

They want a reasonable income stream positioned to be sustainable and grow with her living costs.

They currently have:

---

|                                 |             |
|---------------------------------|-------------|
| Combined superannuation balance | \$1,200,000 |
|---------------------------------|-------------|

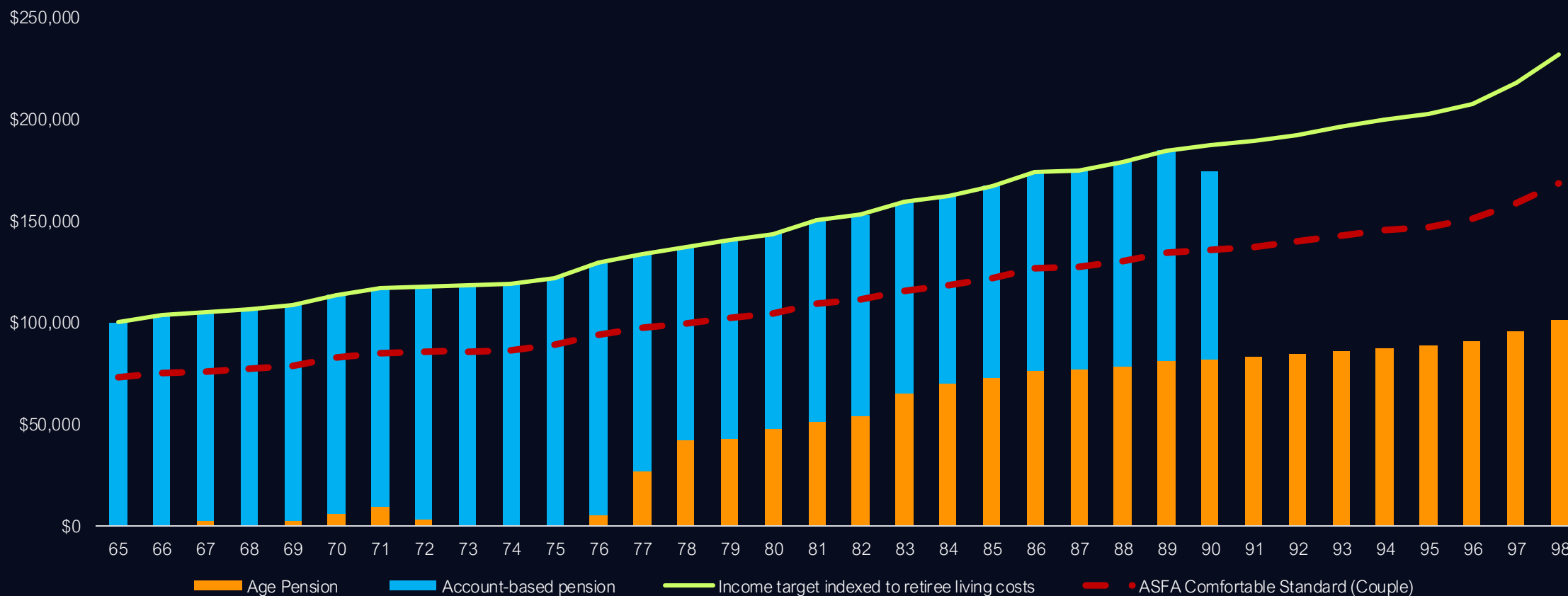
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|                 |          |
|-----------------|----------|
| Personal assets | \$10,000 |
|-----------------|----------|

Karlee and Adam would like to have \$100,000 p.a. to retire comfortably but would like their income to grow with their living costs

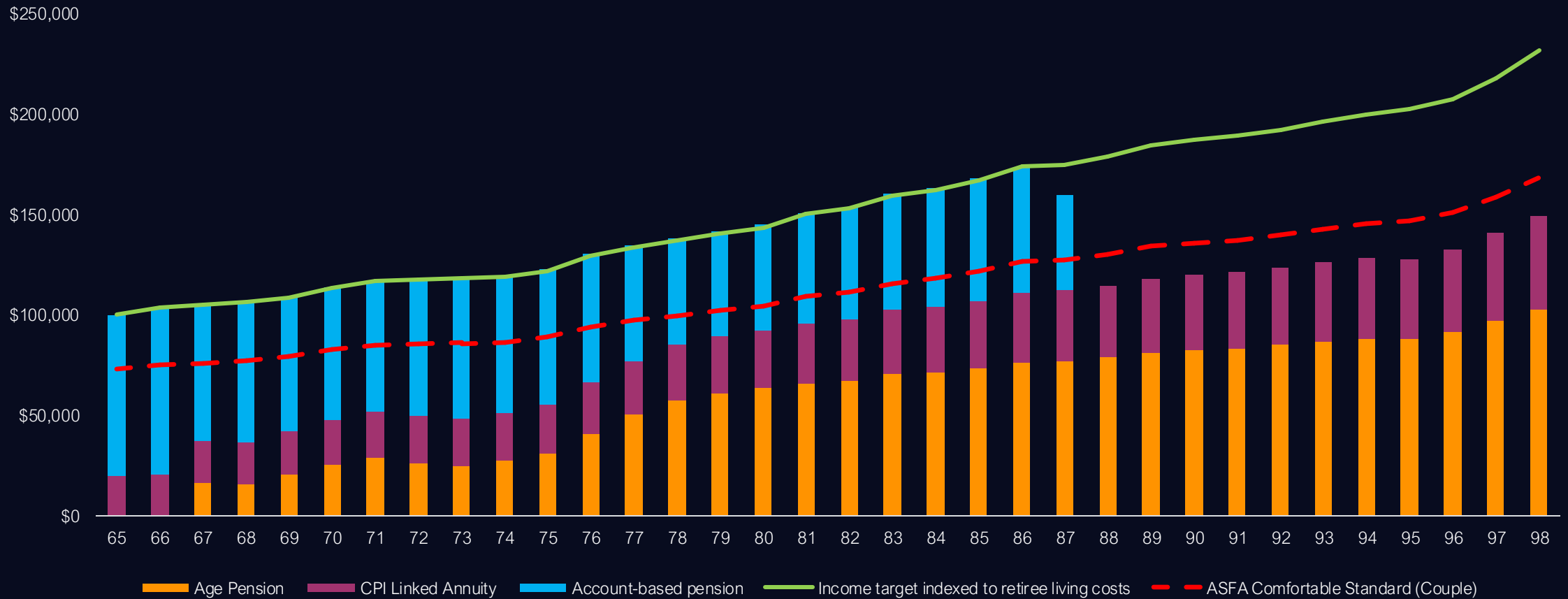


## What if Karlee and Adam solely relies on their account-based pensions



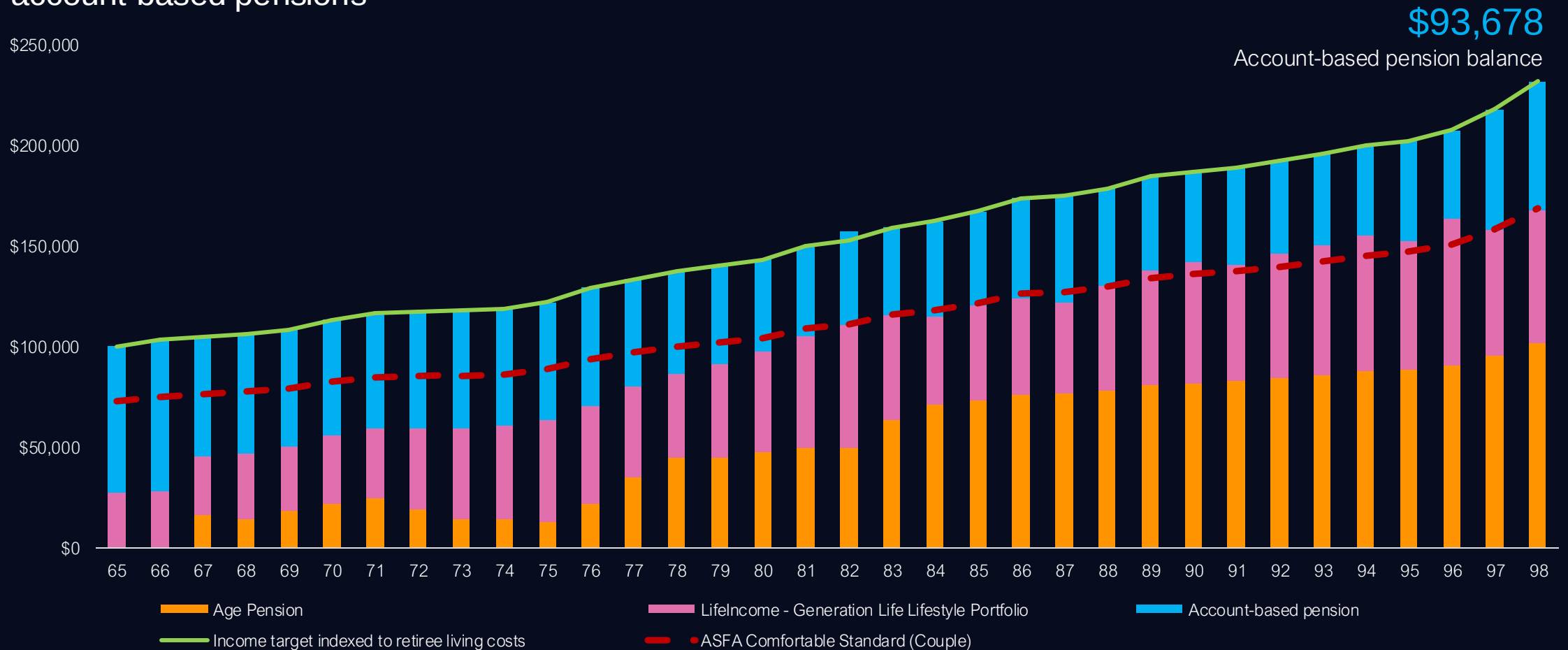
Based on a 65 year old couple with a superannuation balance of \$1,200,000 and \$10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1990 to 1998, and the Retiree Living Cost Index from 1998 to 2023, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a single person. Annual income illustrations are shown in nominal dollars. Account-based-pension drawdown amount is to meet the target income, minimum account-based pension drawdowns do apply. Age Pension rates and thresholds are as at 01/07/2024. The illustration uses historical investment returns commencing 1st July 1990. The account-based pension invested into a 70/30 diversified index portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 20% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 10% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension. Past performance is not a reliable indicator of future performance.

## What if Karlee and Adam combines a traditional lifetime annuity with their account-based pensions



Based on a 65 year old couple with a superannuation balance of \$1,200,000 and \$10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1990 to 1998, and the Retiree Living Cost Index from 1998 to 2023, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a single person. Allocating 40% of the superannuation balance to a CPI linked annuity using a starting income rate as of 29/05/2024. Account-based pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in nominal dollars. Age Pension rates and thresholds are effective 01/07/2024. The illustration uses historical investment returns and CPI indexation commencing 1st July 1990. The account-based pension is invested into a 70/30 diversified index portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 20% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 10% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension. Past performance is not a reliable indicator of future performance.

## What if Karlee and Adam combines a LifeIncome investment-linked lifetime annuity with their account-based pensions



Based on a 65 year old couple with a superannuation balance of \$1,200,000 and \$10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1990 to 1998, and the Retiree Living Cost Index from 1998 to 2023, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a single person. Allocating 40% of the superannuation balance to LifeIncome and selecting LifeBooster 5%. Account-based pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in nominal dollars. Age Pension rates and thresholds are effective 01/07/2024. The illustration uses historical investment returns commencing 1st July 1990. LifeIncome portfolio using back-tested returns of the Generation Life Lifestyle Portfolio. The account-based pension invested into a 70/30 diversified index portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 20% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 10% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension and 0.92% p.a. for LifeIncome. When commencing a LifeIncome, there are no fees on income from LifeIncome in the first financial year, or part there-of. Past performance is not a reliable indicator of future performance.



## Karlee and Adam's outcome...

By investing in LifeIncome compared to solely relying on their account-based pension...

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They will have an account-based pension balance of \$93,678 at age 100

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\$157,061 more Age Pension by age 100

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They will also never experience income below their target income

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They will also receive an additional cumulative income of \$937,286 by age 100

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## 6 key differences to CPI-linked lifetime annuities

1.

Higher starting income

2.

Starting income doesn't change

3.

Flexibility to change investment outcome

4.

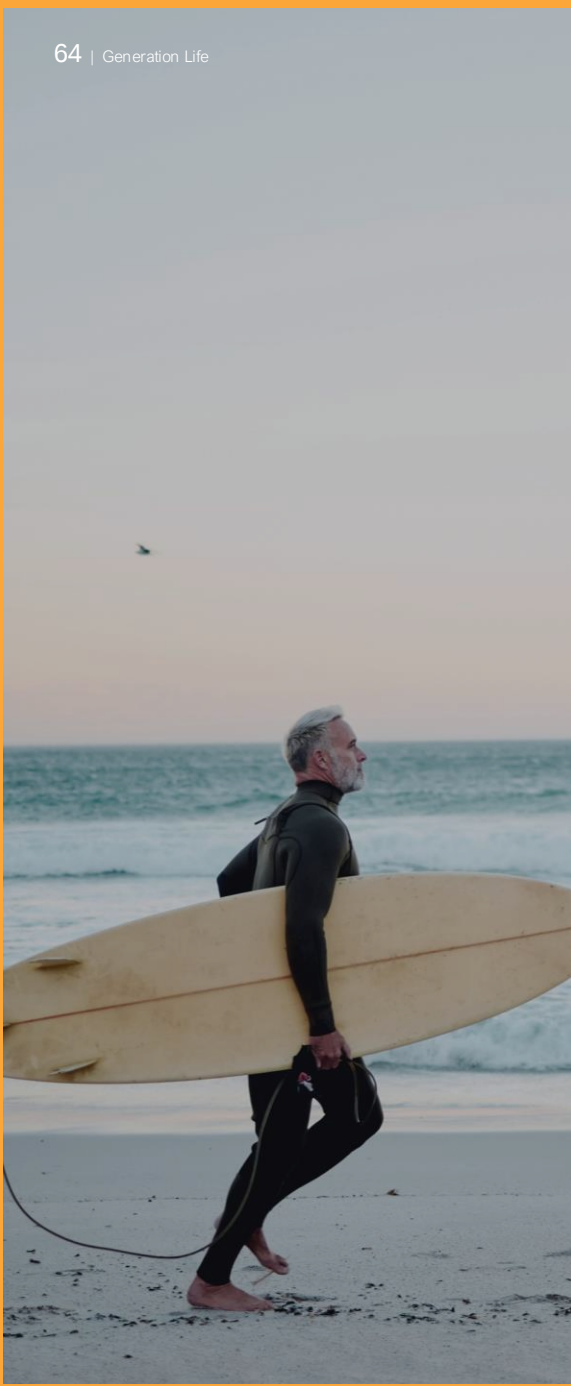
Potential for more cumulative income

5.

More income sooner with LifeBooster

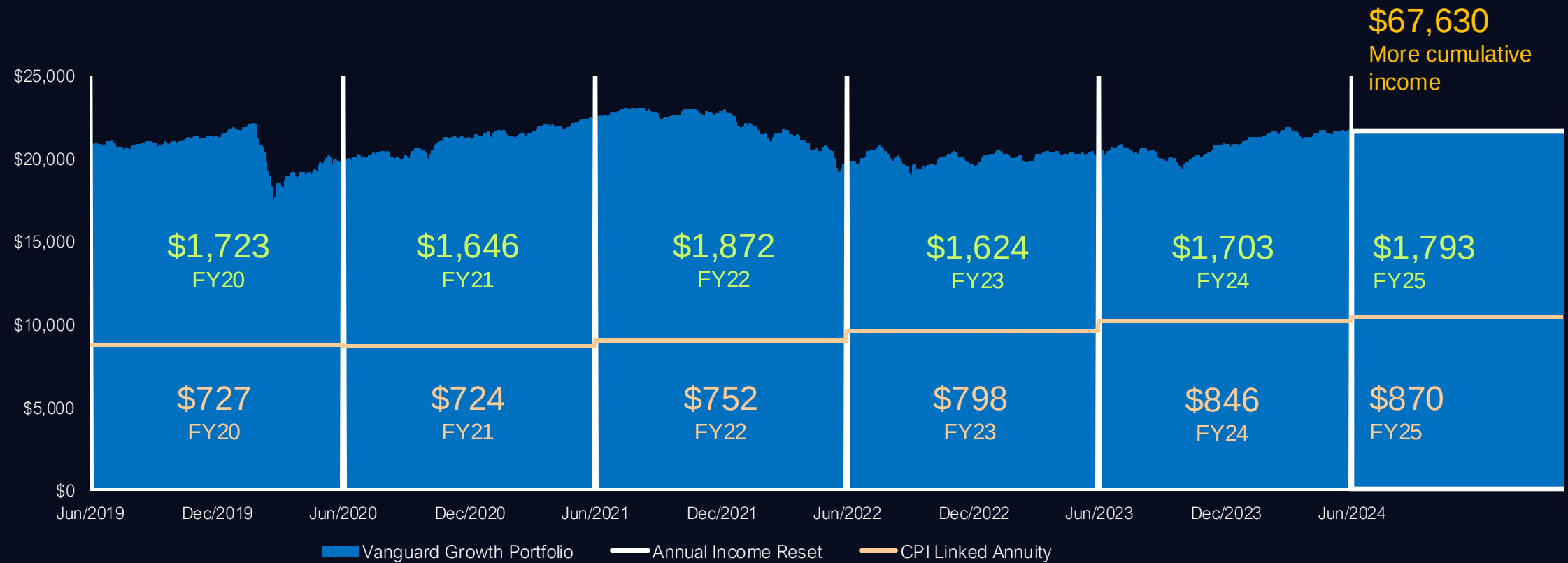
6.

Ongoing adviser involvement



## What if Karlee and Adam's commenced their LifeIncome policy in June 2019, what will their monthly income experience so far...

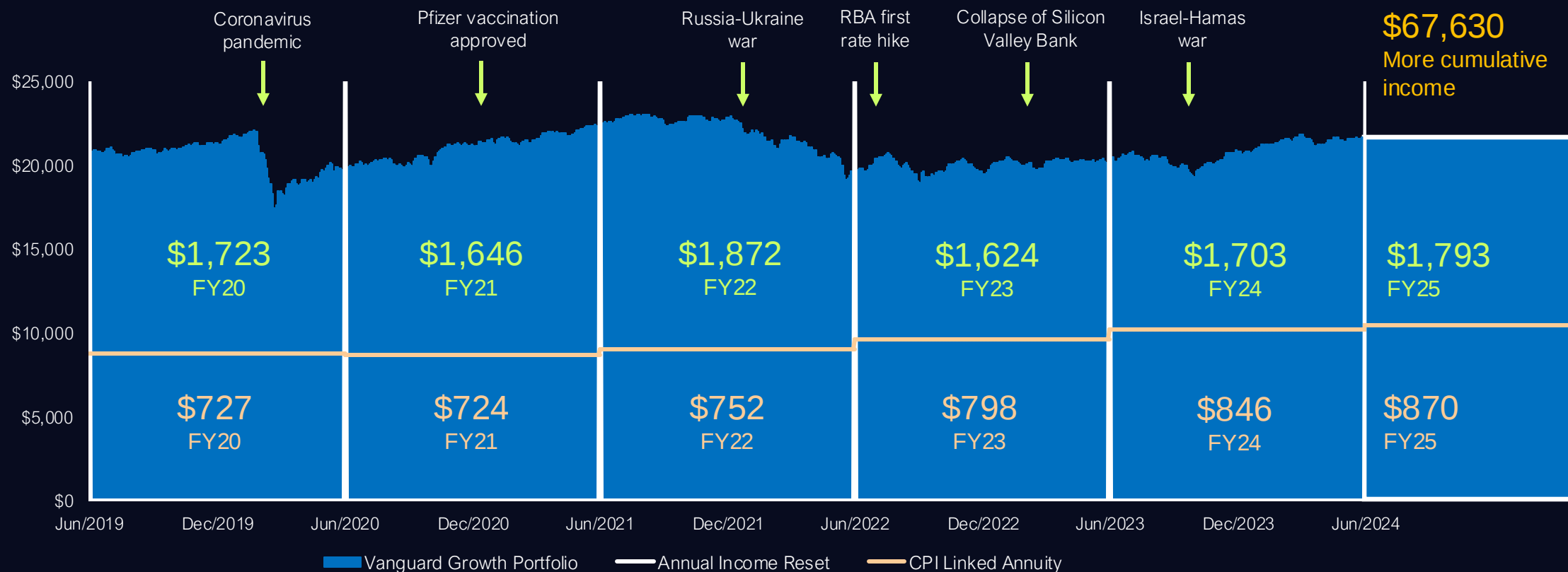
Let's assume Karlee and Adam commenced her LifeIncome policy in June 2019 and selects the Vanguard Growth Portfolio.



Assumptions: A 65-year-old couple investing \$320,000 into LifeIncome on the 31/06/2019 and selecting a LifeBooster rate of 5%. Allocating 100% to the Vanguard Growth Portfolio investment option. Figures displayed are the monthly income payments the client receives in the given financial year. Past performance is not a reliable indicator of future performance.

## What if Karlee and Adam's commenced their LifeIncome policy in June 2019, what will their monthly income experience so far...

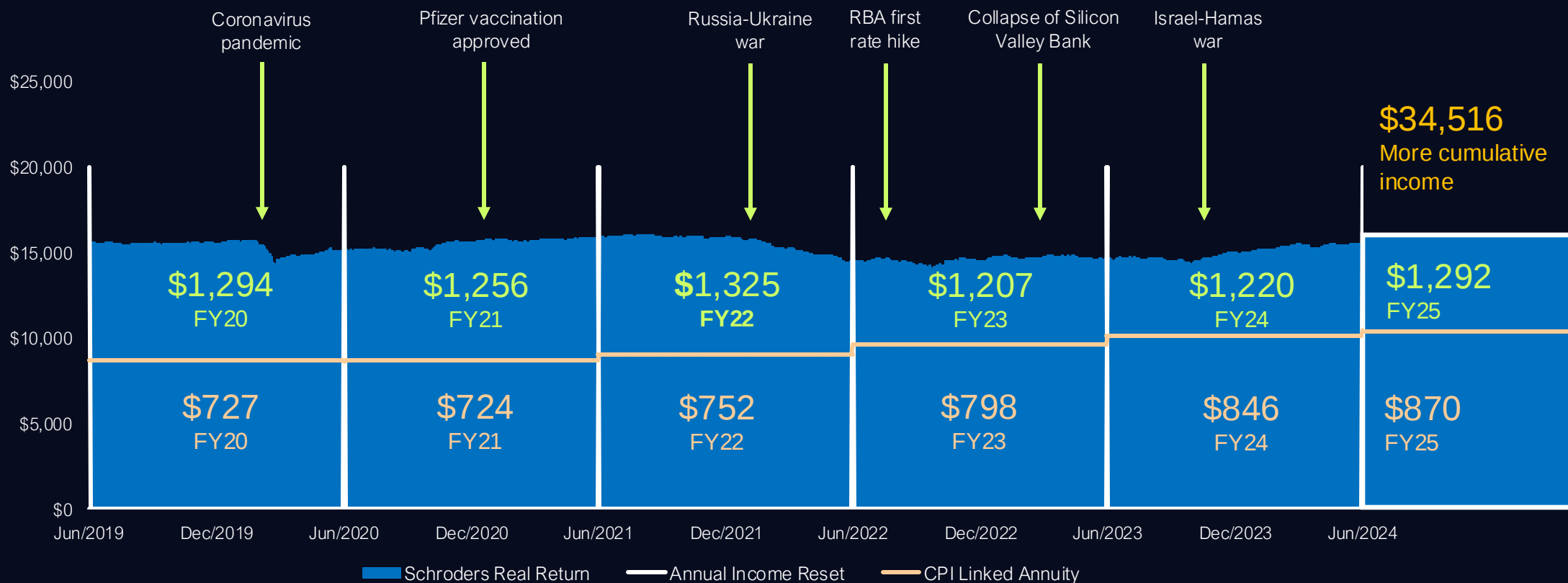
Let's assume Karlee and Adam commenced her LifeIncome policy in June 2019 and selects the Vanguard Growth Portfolio.



Assumptions: A 65-year-old couple investing \$320,000 into LifeIncome on the 31/06/2019 and selecting a LifeBooster rate of 5%. Allocating 100% to the Vanguard Growth Portfolio investment option. Buy/Sell spreads applied. Figures displayed are the monthly income payments the client receives in the given financial year. Past performance is not a reliable indicator of future performance.

## What if Karlee and Adam's commenced her LiferIncome policy in June 2019, what will their monthly income experience so far...

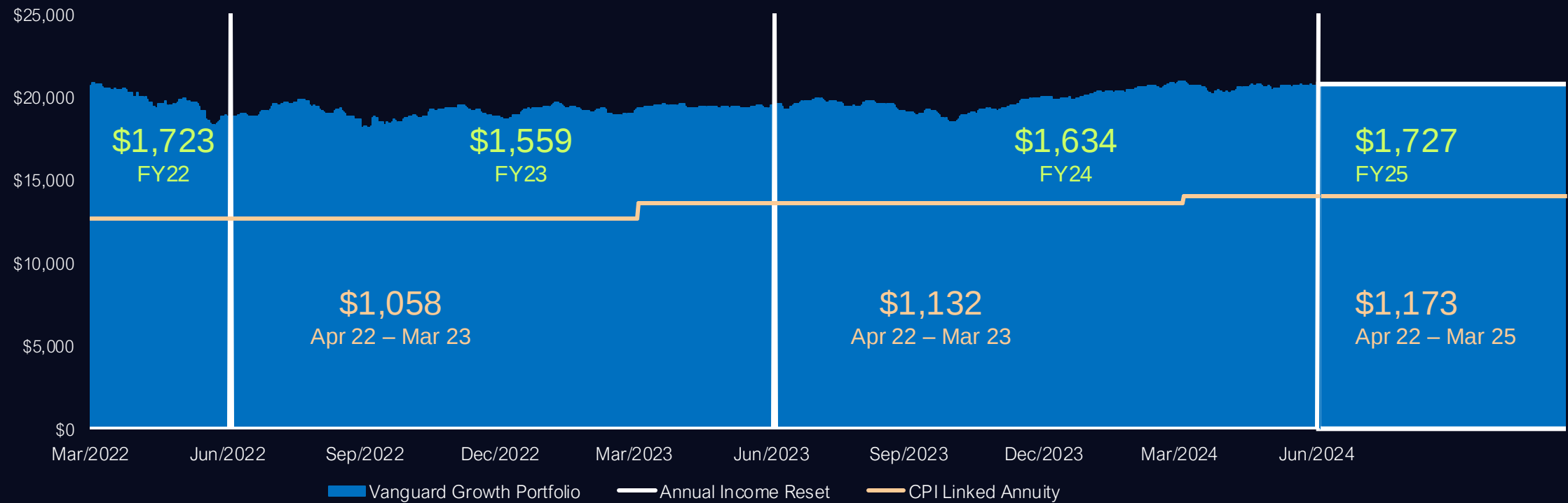
Let's assume Karlee and Adam commenced her LiferIncome policy in June 2019 and selects the Schroders Real Return.



Assumptions: A 65-year-old couple investing \$320,000 into LiferIncome on the 31/06/2019 and selecting a LifeBooster rate of 2.5%. Allocating 100% to the Schroders Real Return investment option. Buy/Sell spreads applied. Figures displayed are the monthly income payments the client receives in the given financial year. Past performance is not a reliable indicator of future performance.

## What if Karlee and Adam's commenced her LifeIncome policy in March 2022, what will their monthly income experience so far...

Let's assume Karlee and Adam commenced her LifeIncome policy in March 2022 and selects the Vanguard Growth Portfolio.



Assumptions: A 65-year-old couple investing \$320,000 into LifeIncome on the 28/03/2022 and selecting a LifeBooster rate of 5%. Allocating 100% to the Vanguard Growth Portfolio investment option (APIR Code: ALL2116AU). Buy/Sell spreads applied. Figures displayed are the monthly income payments the client receives in the given financial year. Past performance is not a reliable indicator of future performance.



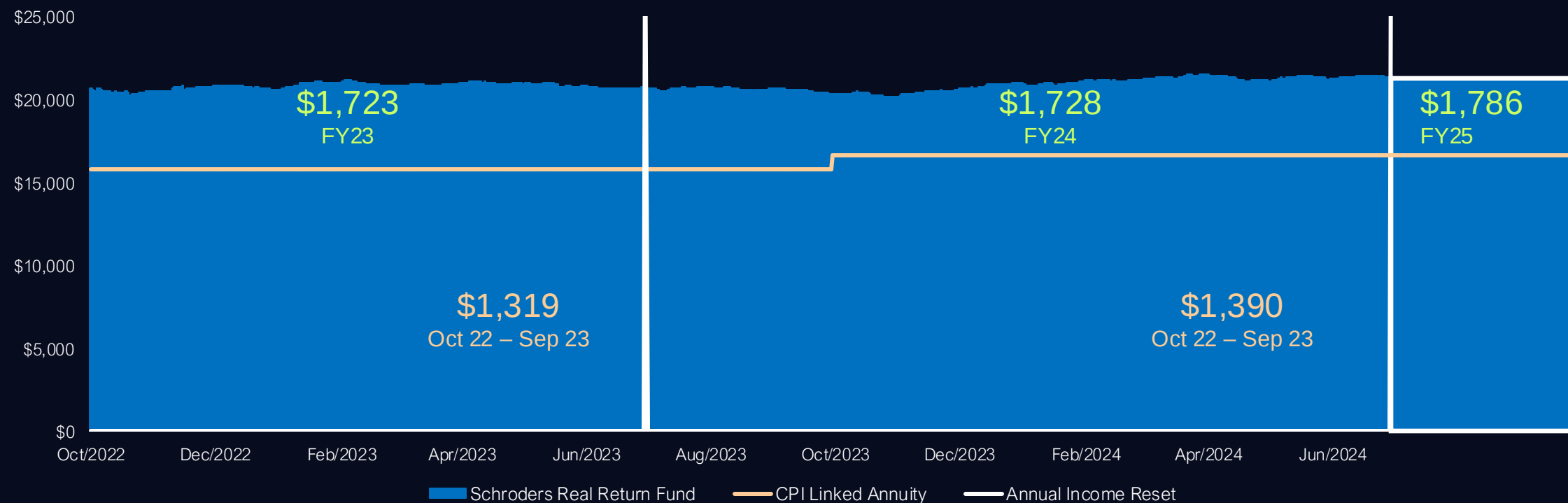
## Karlee and Adam's monthly income compared to a CPI linked annuity...

| Month  | Lifeline | CPI-linked annuity | Additional Income |
|--------|----------|--------------------|-------------------|
| Apr-22 | \$1,723  | \$1,058            | \$665             |
| May-22 | \$1,723  | \$1,058            | \$665             |
| Jun-22 | \$1,723  | \$1,058            | \$665             |
| Jul-22 | \$1,559  | \$1,058            | \$501             |
| Aug-22 | \$1,559  | \$1,058            | \$501             |
| Sep-22 | \$1,559  | \$1,058            | \$501             |
| Oct-22 | \$1,559  | \$1,058            | \$501             |
| Nov-22 | \$1,559  | \$1,058            | \$501             |
| Dec-22 | \$1,559  | \$1,058            | \$501             |
| Jan-23 | \$1,559  | \$1,058            | \$501             |
| Feb-23 | \$1,559  | \$1,058            | \$501             |
| Mar-23 | \$1,559  | \$1,058            | \$501             |
| Apr-23 | \$1,559  | \$1,132            | \$427             |
| May-23 | \$1,559  | \$1,132            | \$427             |
| Jun-23 | \$1,559  | \$1,132            | \$427             |
| Jul-23 | \$1,634  | \$1,132            | \$503             |

| Month        | Lifeline | CPI-linked annuity | Additional Income |
|--------------|----------|--------------------|-------------------|
| Aug-23       | \$1,634  | \$1,132            | \$503             |
| Sep-23       | \$1,634  | \$1,132            | \$503             |
| Oct-23       | \$1,634  | \$1,132            | \$503             |
| Nov-23       | \$1,634  | \$1,132            | \$503             |
| Dec-23       | \$1,634  | \$1,132            | \$503             |
| Jan-24       | \$1,634  | \$1,132            | \$503             |
| Feb-24       | \$1,634  | \$1,132            | \$503             |
| Mar-24       | \$1,634  | \$1,132            | \$503             |
| Apr-24       | \$1,634  | \$1,173            | \$462             |
| May-24       | \$1,634  | \$1,173            | \$462             |
| Jun-24       | \$1,634  | \$1,173            | \$462             |
|              |          |                    |                   |
| Total income | \$43,489 | \$29,792           | \$13,697          |
|              |          |                    |                   |
| FY25 income  | \$1,727  | \$1,173            | \$554             |

## What if Karlee and Adam's commenced their LifeIncome policy in October 2022, what will their monthly income experience so far...

Let's assume Karlee and Adam commenced their LifeIncome policy in October 2022 and selects the Schroders Real Return Fund.



Assumptions: A 65-year-old couple investing \$320,000 into LifeIncome on the 30/09/2022 and selecting a LifeBooster rate of 5%. Allocating 100% to the Schroders Real Return investment option (APIR Code: ALL5032AU). Buy/Sell spreads applied. Figures displayed are the monthly income payments the client receives in the given financial year. Past performance is not a reliable indicator of future performance.



## Karlee and Adam's monthly income compared to a CPI linked annuity...

| Month  | Lifeline | CPI-linked annuity | Additional Income |
|--------|----------|--------------------|-------------------|
| Oct-22 | \$1,723  | \$1,319            | \$404             |
| Nov-22 | \$1,723  | \$1,319            | \$404             |
| Dec-22 | \$1,723  | \$1,319            | \$404             |
| Jan-23 | \$1,723  | \$1,319            | \$404             |
| Feb-23 | \$1,723  | \$1,319            | \$404             |
| Mar-23 | \$1,723  | \$1,319            | \$404             |
| Apr-23 | \$1,723  | \$1,319            | \$404             |
| May-23 | \$1,723  | \$1,319            | \$404             |
| Jun-23 | \$1,723  | \$1,319            | \$404             |
| Jul-23 | \$1,728  | \$1,319            | \$409             |
| Aug-23 | \$1,728  | \$1,319            | \$409             |
| Sep-23 | \$1,728  | \$1,319            | \$409             |
| Oct-23 | \$1,728  | \$1,390            | \$338             |
| Nov-23 | \$1,728  | \$1,390            | \$338             |
| Dec-23 | \$1,728  | \$1,390            | \$338             |

| Month        | Lifeline | CPI-linked annuity | Additional Income |
|--------------|----------|--------------------|-------------------|
| Jan-24       | \$1,728  | \$1,390            | \$338             |
| Feb-24       | \$1,728  | \$1,390            | \$338             |
| Mar-24       | \$1,728  | \$1,390            | \$338             |
| Apr-24       | \$1,728  | \$1,390            | \$338             |
| May-24       | \$1,728  | \$1,390            | \$338             |
| Jun-24       | \$1,728  | \$1,390            | \$338             |
|              |          |                    |                   |
| Total income | \$36,238 | \$28,335           | \$7,903           |
|              |          |                    |                   |
| FY25 income  | \$1,786  | \$1,190            | \$496             |



## Live large or leave a legacy



The power of income layering



## Meet Helen and Charlie...

Helen and Charlie are both 67 years old and have two adult children.



## Helen and Charlie's situation

Helen and Charlie are homeowners and have:

---

|                                  |           |
|----------------------------------|-----------|
| Charlie's superannuation balance | \$500,000 |
|----------------------------------|-----------|

---

|                                |           |
|--------------------------------|-----------|
| Helen's superannuation balance | \$450,000 |
|--------------------------------|-----------|

---

|                 |          |
|-----------------|----------|
| Personal assets | \$10,000 |
|-----------------|----------|



## Helen and Charlie's objective...

Recently retired, Helen and Charlie would like to travel around the world in the earlier years of their retirement, as both of their adult children are young professionals and doing well in life.

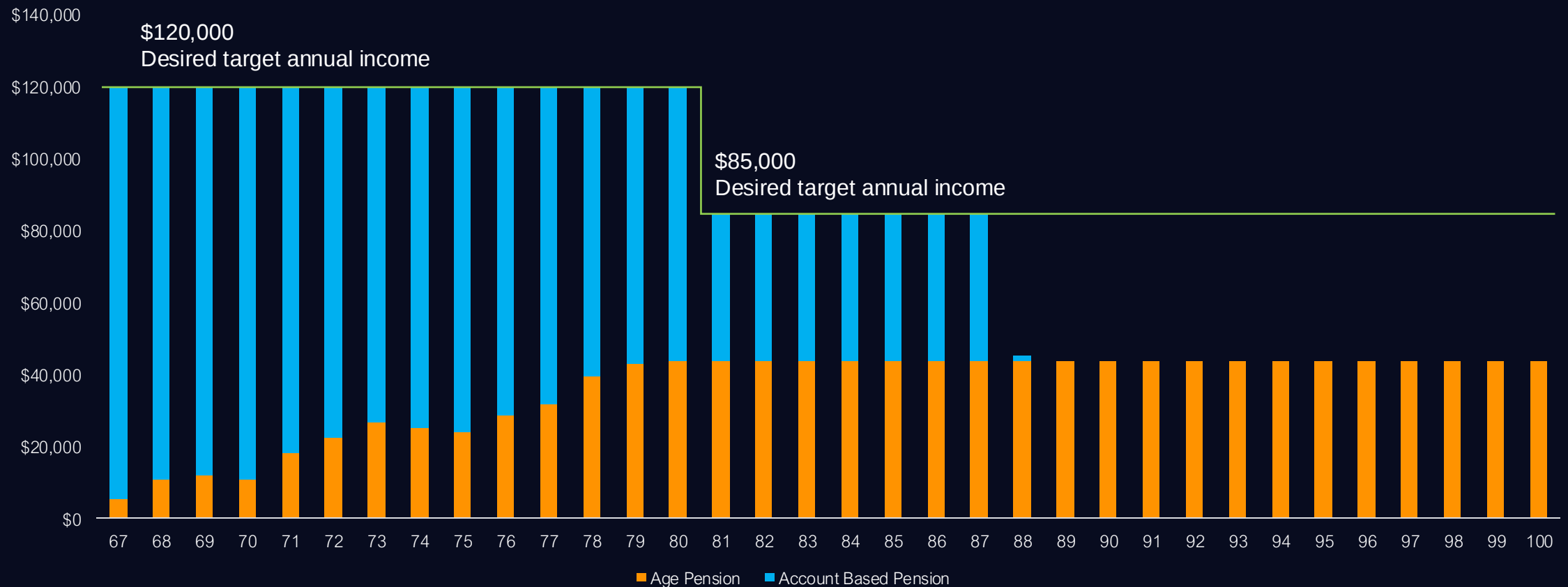
They are however, thinking of potentially focusing on leaving an inheritance as a footprint to be remembered for.

Helen and Charlie speak to their financial adviser about what will happen if they decide **to live large or leave a legacy...**



# What if Helen and Charlie decide to **live large**...

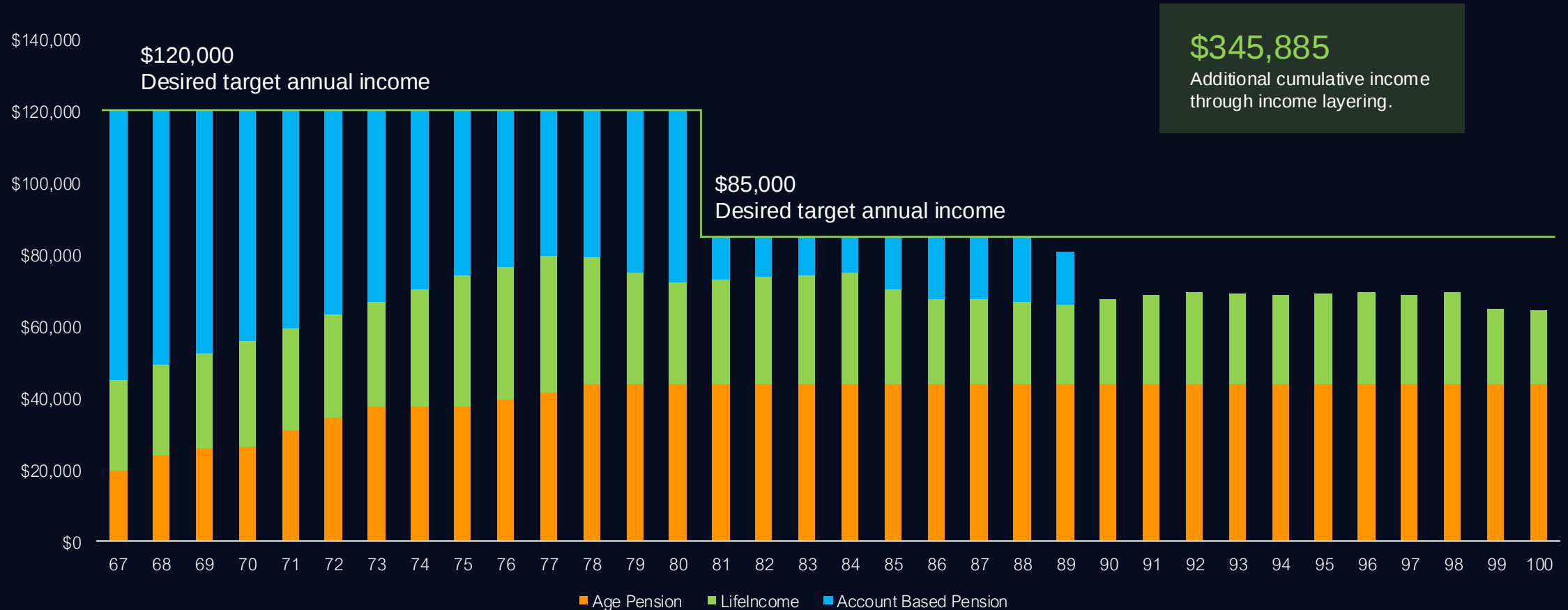
If Helen and Charlie solely rely on their account-based pensions



Assumption: Account based-pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in real dollars. Age Pension rates and thresholds as at 01/07/2024. Investment returns are net of investment management fees and commencing 1st July 1990. Account-based pension invested in a portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 18% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 12% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension. Past performance is not a reliable indicator of future performance.

# What if Helen and Charlie decide to **live large...**

If Helen and Charlie allocates \$380,000 to establish a LifeIncome and two FuneralBonds



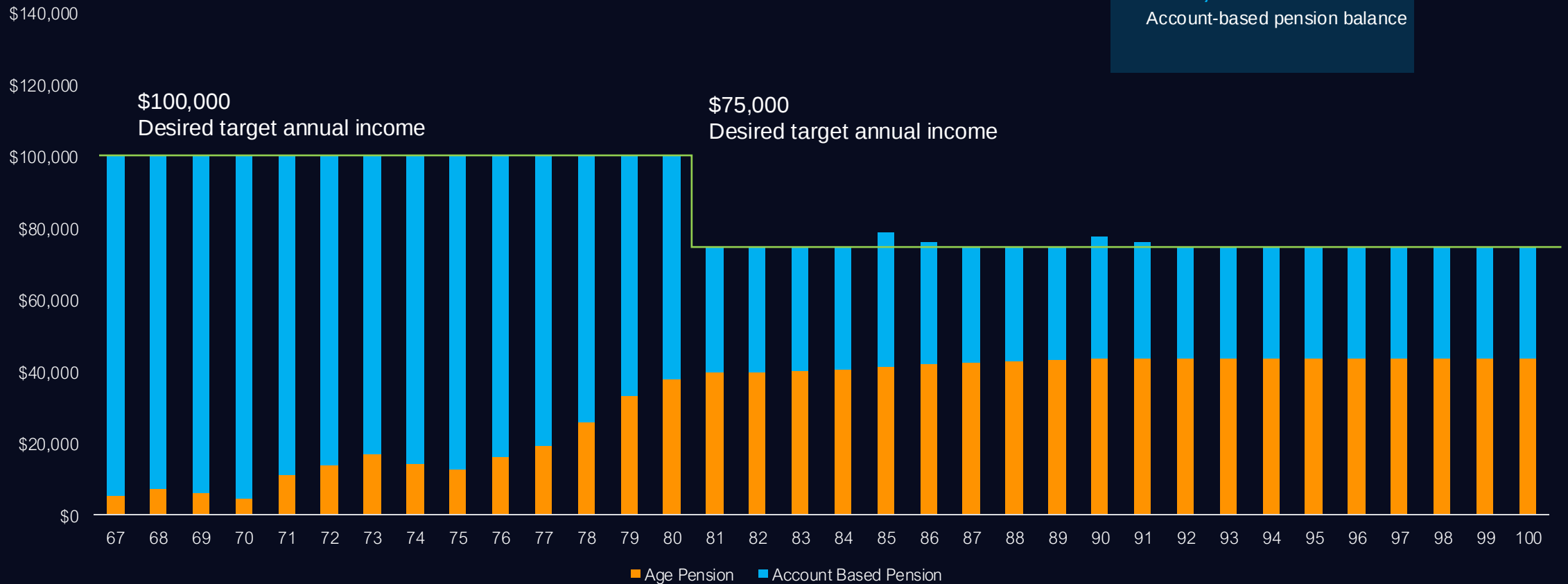
Assumption: Based on LifeIncome policy for Helen (67) allocating 40% of their combined superannuation balance to LifeIncome with a 5% LifeBooster rate and nominating Charlie (67) as a reversionary beneficiary. Account-based-pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in real dollars. Age Pension rates and thresholds as at 01/07/2024. Investment returns are net of investment management fees and commencing 1st July 1990. Both LifeIncome and account-based-pension invested in the same portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 18% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 12% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension and 0.92% p.a. for LifeIncome. \$31,000 allocated to funeral bonds. Past performance is not a reliable indicator of future performance.

# What if Helen and Charlie decide to **leave a legacy...**

If Helen and Charlie solely rely on their account-based pensions

**\$31,457**

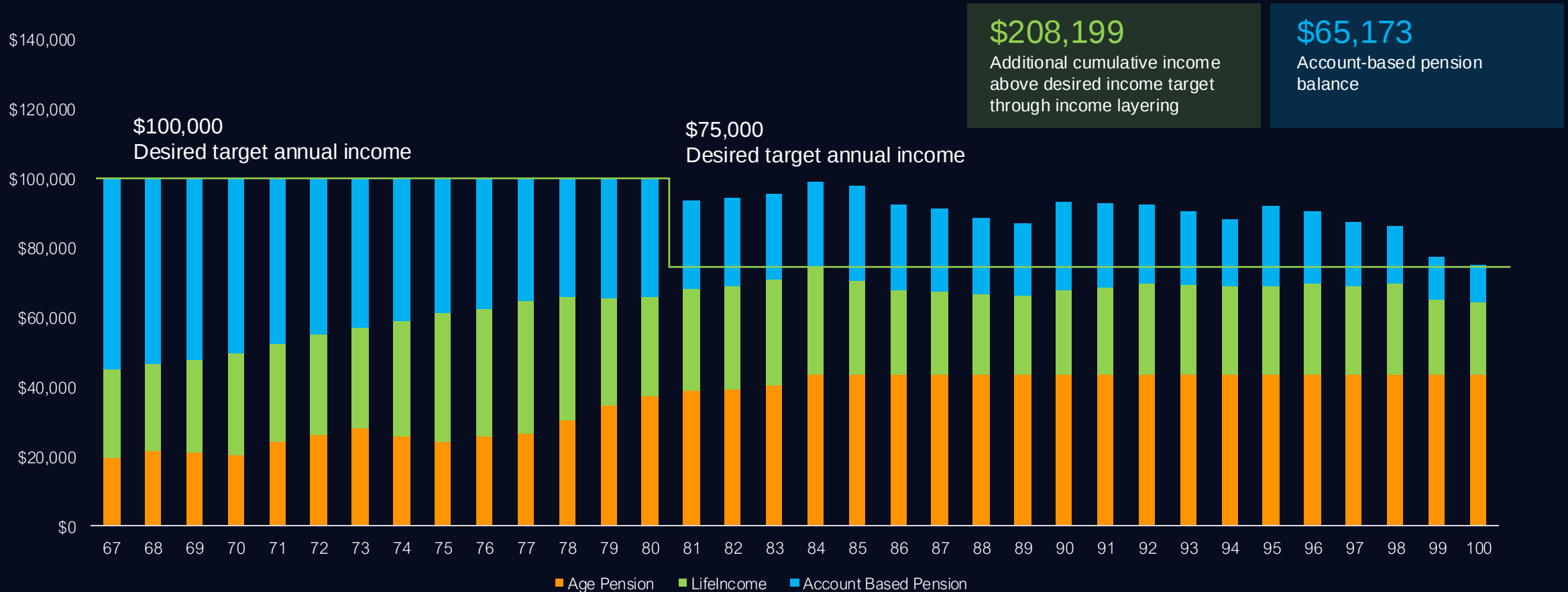
Account-based pension balance



Assumption: Account based-pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in real dollars. Age Pension rates and thresholds as at 01/07/2024. Investment returns are net of investment management fees and commencing 1st July 1990. Account-based pension invested in a portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 18% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 12% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension. Past performance is not a reliable indicator of future performance.

# What if Helen and Charlie decide to **leave a legacy...**

If Helen and Charlie allocate \$380,000 to establish a LifeIncome and two FuneralBonds



Assumption: Based on LifeIncome policy for Helen (67) allocating 40% of their combined superannuation balance to LifeIncome with a 5% LifeBooster rate and nominating Charlie (67) as a reversionary beneficiary. Account-based-pension drawdown amount is to meet the target income, minimum drawdowns do apply. Annual income illustrations are shown in real dollars. Age Pension rates and thresholds as at 01/07/2024. Investment returns are net of investment management fees and commencing 1st July 1990. Both LifeIncome and account-based-pension invested in the same portfolio which consists of a 30% allocation to ASX All Ordinaries, 40% to MSCI World Ex Australia Index, 18% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 12% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension and 0.92% p.a. for LifeIncome. \$31,000 allocated to funeral bonds. Past performance is not a reliable indicator of future performance.

## Outcome for Helen and Charlie...

---

By incorporating LifeIncome, Helen and Charlie have the option to either live large or leave a legacy

---

Through income layering, they won't need to solely rely on Age Pension if they decide to spend large in retirement

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They receive an additional uplift in Age Pension of \$14,196 in year 1

---

Alternatively, if they choose to, they will also have more cumulative income to leave a legacy



# Generation Life

Highly recommended for over a decade



Note: Chant West rating for LifeBuilder and ChildBuilder

## Awards



## Research ratings



LifelIncome



Investment Bonds

# Thank you.

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