



Comparing long-term investment solutions

The benefits of Generation Life's LifeBuilder

When determining the most appropriate financial planning strategy for a client, it is important to recognise and consider the various investment solutions that are available. Each client's objectives and needs will be different requiring a tailored approach to setting the right strategy. Clients may have varying needs including tax-effective wealth creation, tailored investments, planning for retirement and other life events, estate planning, and asset protection.

Investment bonds such as the Generation Life LifeBuilder provide a tax-effective alternative investment solution with flexible estate planning features. Investment bonds are a 'tax paid' investment, similar to superannuation, which operate like a combination of a life insurance policy and managed fund. The investment bond structure provides a tax-effective way to invest and transfer wealth with certainty.

The following provides a brief overview of the Generation Life LifeBuilder investment bond compared to a typical superannuation fund and a managed fund/portfolio service.

Comparing LifeBuilder to a superannuation fund and managed fund/portfolio service

	LifeBuilder	Superannuation fund	Managed fund/ portfolio service
Tax rate	Maximum of 30%. The amount of tax will vary between investment options.	Generally a maximum of 15% for a complying fund in accumulation phase.	Personal marginal tax rate of up to 45% for individuals plus Medicare Levy of 2%.
Access to funds	Available at any time.	Generally, cannot access before preservation age (55 – 60 years if retired) or retirement age (67 years).	Available at any time, (although may be subject to the rules of the specific managed fund/portfolio service).
Ability to transfer ownership	Yes. No capital gains tax. No duty payable on transfers.	No, not possible to transfer ownership in full.	Yes. Capital gains tax will apply on any capital gains. No duty generally payable however transfer of property based funds may attract duty.
Limits on contribution amounts	No limit on first year contributions. 125% of previous year's total contributions if taking advantage of the 125% opportunity.	Current annual cap of \$30,000 for concessional contributions and \$120,000 for non-concessional contributions (where the total superannuation balance cap is not exceeded). Penalty tax may apply if caps are exceeded.	None.
Contributions tax	None, however, no tax concessions on contributions are available.	Tax concessions on contributions available up to certain limits. 15% tax on concessional contributions applies (30% for higher income earners). Not applicable to non-concessional contributions.	None.
Investment limits	No limit on value of investment.	Lifetime account balance limit of \$1.9m on retirement phase accounts which is indexed annually. Penalty tax applies if caps are exceeded.	Generally no limit on value of investment (although may be subject to the rules of the specific managed fund/portfolio service).
Tax reporting	Not required unless making an assessable withdrawal within the 10-year period.	Yes, if the tax-free contribution caps are exceeded.	Yes. Generally if a managed fund/portfolio service has distributed assessable income or generated realised capital. Realised capital gains generated by the withdrawal from the managed fund/portfolio service or transfer of ownership of the managed fund/portfolio service is reportable. Tracking of tax-deferred amounts required for capital gains tax calculations.

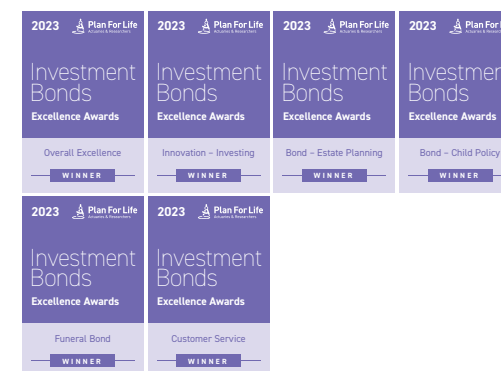
	LifeBuilder	Superannuation fund	Managed fund/ portfolio service
Investing	A large range of investment options.	A large range of investment options.	Typically one investment option per managed fund. Portfolio services offer a large range of investment options.
Estate planning	Flexible options to pass on wealth to dependants, non-dependants and entities.	Limited to dependant beneficiaries and may be subject to trustee discretion. Additional tax may be payable if death benefits are paid to certain non-dependant beneficiaries.	No option to manage estate planning needs. Will and/or probate is generally required to pass on wealth to dependants, non-dependants and entities.
Tax on death	No tax payable on death or payment of death benefits including adult beneficiaries (even if held for less than 10 years).	Death benefit payments may be subject to additional tax for non-dependant beneficiaries.	Income tax and capital gains tax may be payable by the estate or beneficiary under the Will.
Used as security against a loan	Yes, can be used as security for a loan. If a loan is used to generate income, then interest and other loan-related costs may be tax deductible.	No. Cannot be encumbered and can only be used for retirement savings.	Yes, can be used as security for a loan. If loan is used to generate income, then interest and other loan-related costs may be tax deductible.
Protection from creditors	Yes. If owner or their spouse (including de facto spouse) is nominated as a life insured, protection from creditors in the case of bankruptcy is available, provided the intention was not to defeat creditors. This protection applies to the investment itself as well as any proceeds from the investment received on or after the date of bankruptcy.	Yes. Protection from creditors in the case of bankruptcy is available, provided the intention was not to defeat creditors. This protection applies to the superannuation account itself as well as any proceeds from the superannuation account received on or after the date of bankruptcy.	No. An investment does not generally get protection from creditors in the event of bankruptcy.
Switching between investment options	You can switch between investment options at any time with no personal capital gains tax incurred.	You can generally switch between investment options at any time with no personal capital gains tax incurred.	You can generally switch between investment options. Personal capital gains tax may be incurred.
Investing by children	Yes. Minimum age requirement is 10 years. No personal tax incurred on earnings if no withdrawals are made within the first 10 years of investment.	Generally not allowed, although may be subject to the rules of the specific superannuation fund. A 15% contributions tax applies where contributions are not made by the child.	Generally, must be at least 16 years old. Personal tax for minors can be up to 66% on assessable income and realised capital gains, depending on assessable income levels.
Tax aware investment processes	Yes. Unique Tax Aware investment process designed to reduce the impact of tax on performance.	Generally some limited tax management processes (will vary between individual funds).	Generally, returns are managed without consideration of after-tax impact (will vary between individual managed fund/portfolio service).

Generation Life – a trusted partner

We understand that finding the right investment partner is important to you. As the pioneer of Australia's first truly flexible investment bond, we have been at the forefront of providing innovative tax-effective investment solutions since 2004. We are a leading specialist provider of tax optimised investment and estate planning solutions – with \$3.3 billion in funds under management.¹

As an award-winning provider of tax-effective investment solutions, our focus is to continue to provide Australians with market leading tax-effective investment solutions that provide a flexible investment alternative to meet both personal and financial goals. Our investment solutions are designed to help you grow your wealth, meet your day-to-day investment needs and to help plan for your future needs including the transfer of wealth to the next generation.

Generation Life investment bonds are investment-linked life insurance contracts governed under the Life Insurance Act 1995 and the Corporations Act 2001. The investment bonds operate under rules that are approved by the Australian Prudential Regulation Authority (APRA). Investment bonds follow legislated tax rules administered by the Australian Tax Office that set out how they are taxed and when you might have to pay tax.



Outthinking today.

LifeBuilder | ChildBuilder | FuneralBond

Generation Life is an Australian leader in investment bonds. We pride ourselves in providing an extensive investment menu with choice and quality for our investors.

1. As at 30 June 2024.

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

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