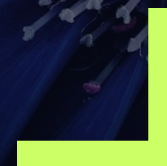




 generation
life

Outthinking today.



Back to Basics Webinar

Everything you need to know
about investment bonds



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Discover Generation Life

Pioneer of Australia's first truly flexible investment bond with over \$3.3b in funds under management.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 51% market share of total inflows into investment bonds²

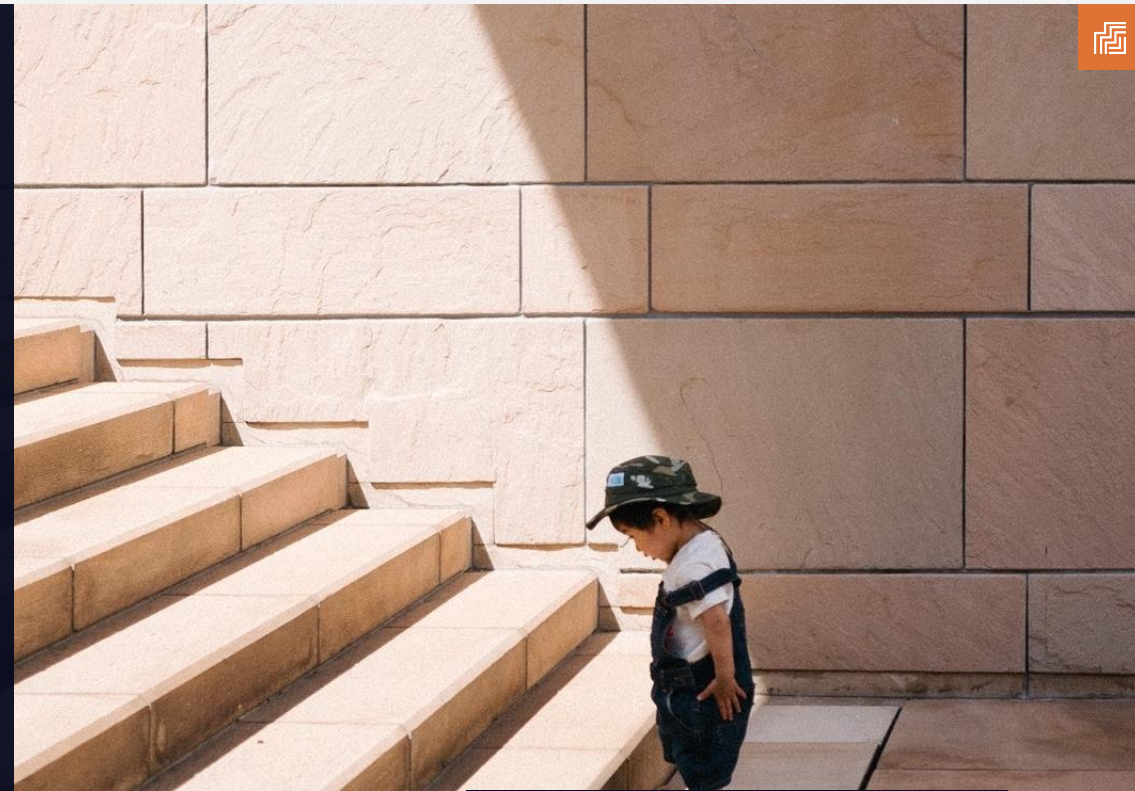
Innovation focused

Tax aware investing, estate planning and retirement income landscape

Trusted

APRA regulated and our parent company is listed on the ASX


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




Introducing Generation Life Investment Bonds

At Generation Life, we are focused on providing innovative ways to build an optimistic future for our investors, through a new way of tax aware investing.

Our investment bonds provide a tax-effective alternative to superannuation, with flexible estate planning features that provide certainty when it comes to transferring wealth.



“ Investment returns go up when taxes go down.
It's that simple.



Meet Harry and May...

Harry and May are both 41 years old, are married and have two children aged 12 and 9.

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



Harry and May's situation...

Harry and May are looking to build wealth tax-effectively and want the flexibility to access their savings at any time, but also look to leaving a financial legacy to their children in the future.

They have paid off their home and currently have a total of \$20,000 saved and combined surplus after-tax income of \$1,000 per month.





Did you say investment bonds?

Harry and May stumbled across an article on how investment bonds can be a great way to build wealth tax-effectively. They did however read about some of the misconceptions surrounding investment bonds.

Speaking to their financial adviser, Rebecca, they wanted to know everything they need to know about investment bonds.

What is an investment bond?

Tax-paid legal structure, just like superannuation

Investment-linked life policy

No personal tax liability after 10 years

No distributable income (unlike a managed fund)

Accessibility to funds

Invest in major asset classes i.e. cash, Australian & global equities, fixed interest, property, ESG as well as diversified multi-sector options.

8 common misconceptions of investment bonds

Myth 1:

You can't access your money for 10 years

Myth 2:

They're old fashioned

Myth 3:

They're tax-heavy

Myth 4:

They have limited investment options

Fact 1:

Access funds at any time
Greater tax benefits the longer invested

Fact 2:

Innovations
New tax management processes and enhanced estate planning flexibility

Fact 3:

Tax Optimised
Effective tax rates payable generally ranging between 10-15%¹

Fact 4:

Wide range of investment options
Across all major asset classes

1. Indicative effective average tax rates represent the estimated average annual tax as a percentage of earnings for each 12-month period over a future 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. Past performance is not a reliable indicator of future performance.

8 common misconceptions of investment bonds

Myth 5:

They're inflexible

Myth 6:

They're only for the wealthy

Myth 7:

There are better ways to transfer wealth to future generations

Myth 8:

Superannuation is the best and only investment option for retirement

Fact 5:

Flexible features that cater to many core uses for all generations

Fact 6:

Can best suit anyone on a marginal tax rate of 30% or above

Fact 7:

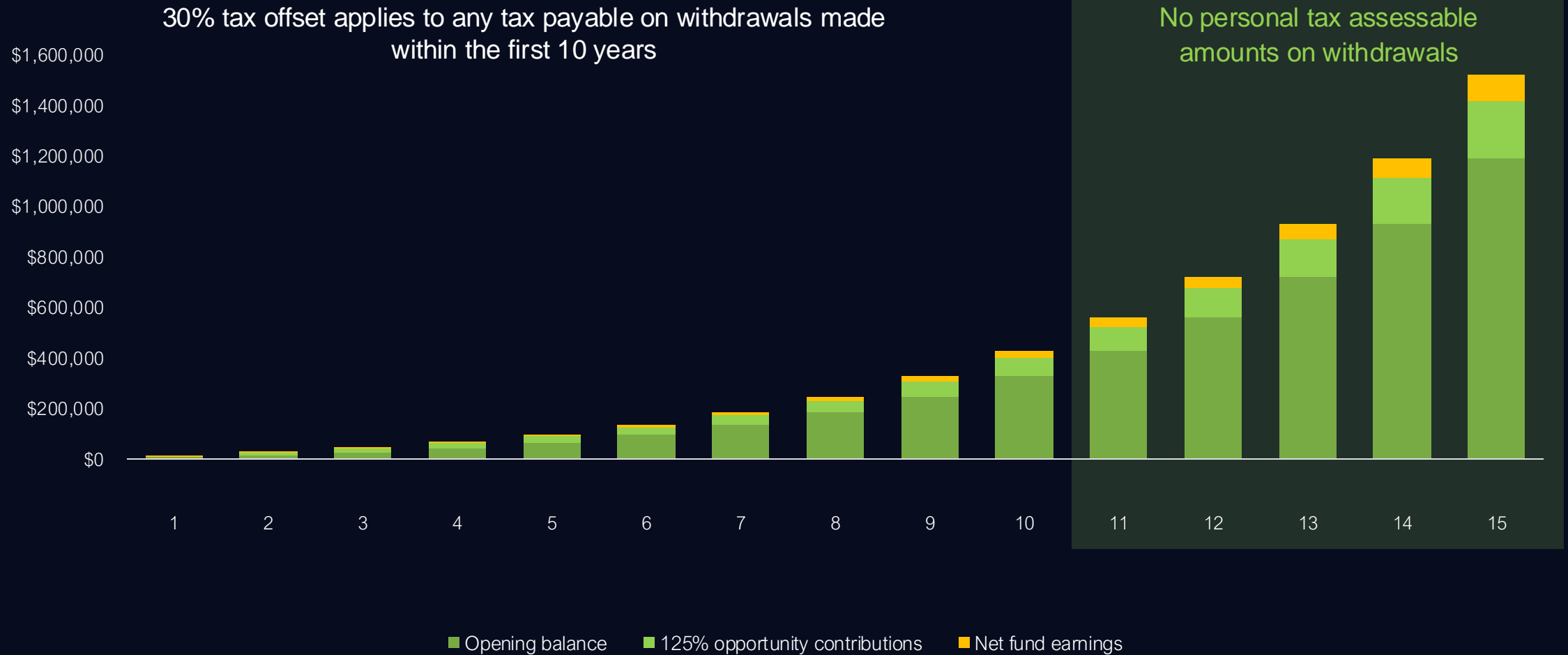
Unrivalled estate planning features

Fact 8:

Tax-effective alternative to superannuation

No Death Benefit tax and no Division 296 tax (proposed)

Investment bond tax structure and 125% advantage



What happens when Harry and May access their funds before 10 years?



Assuming a \$50,000 withdrawal in years 8-11 and an annual after-tax investment return of 8.51% p.a. Illustrative purposes only and do not represent any actual or future performance expectations.

Let's compare...

Tax-paid vs non-tax paid investing

Using Generation Life's quarterly Tax Optimised reporting, Rebecca shows Harry and May the difference between tax-paid structures and direct investing, and how this may make a difference to their after-tax returns.





Direct investing

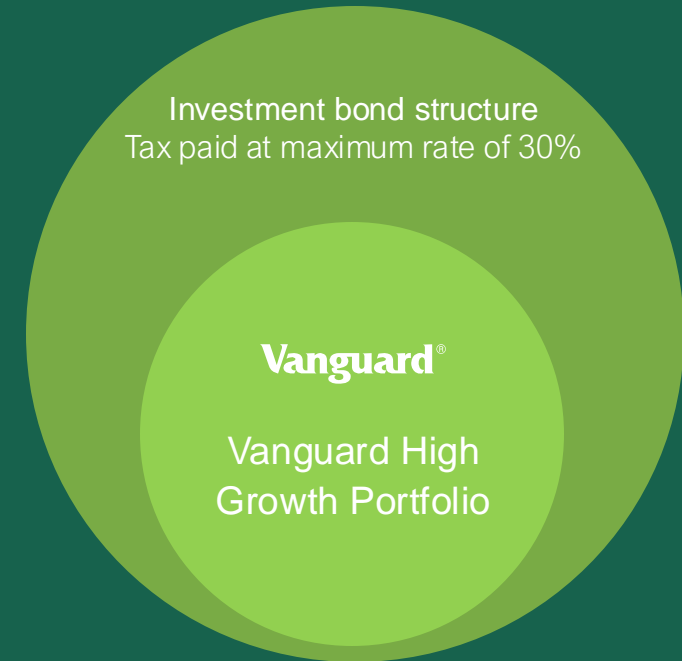
Personally investing in managed fund
Taxed at personal marginal tax rate



Headline 3-year total return before tax
7.18% p.a.

Investment bond

Investment bond structure
Tax paid at maximum rate of 30%



Headline 3-year total return before tax
7.18% p.a.



Direct investing



Taxed at Harry and May's
personal marginal tax rate of 47%

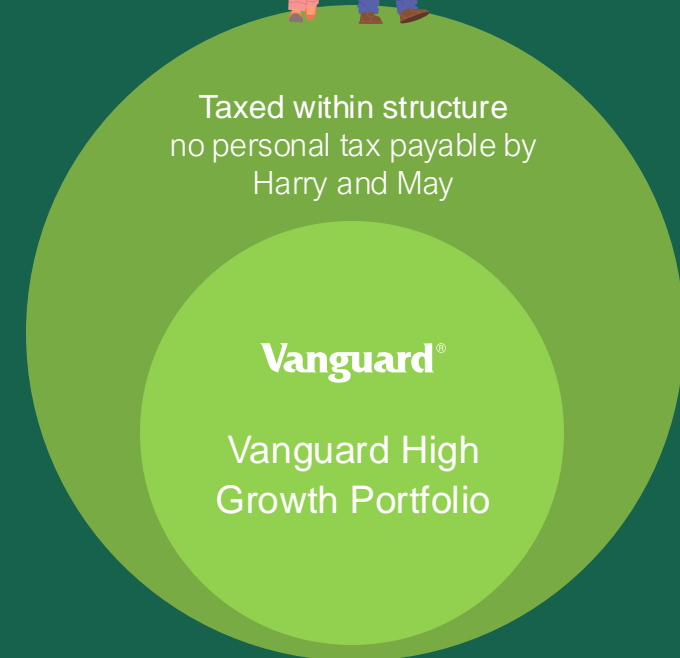


Headline 3-year total return before tax
7.18% p.a.

Investment bond



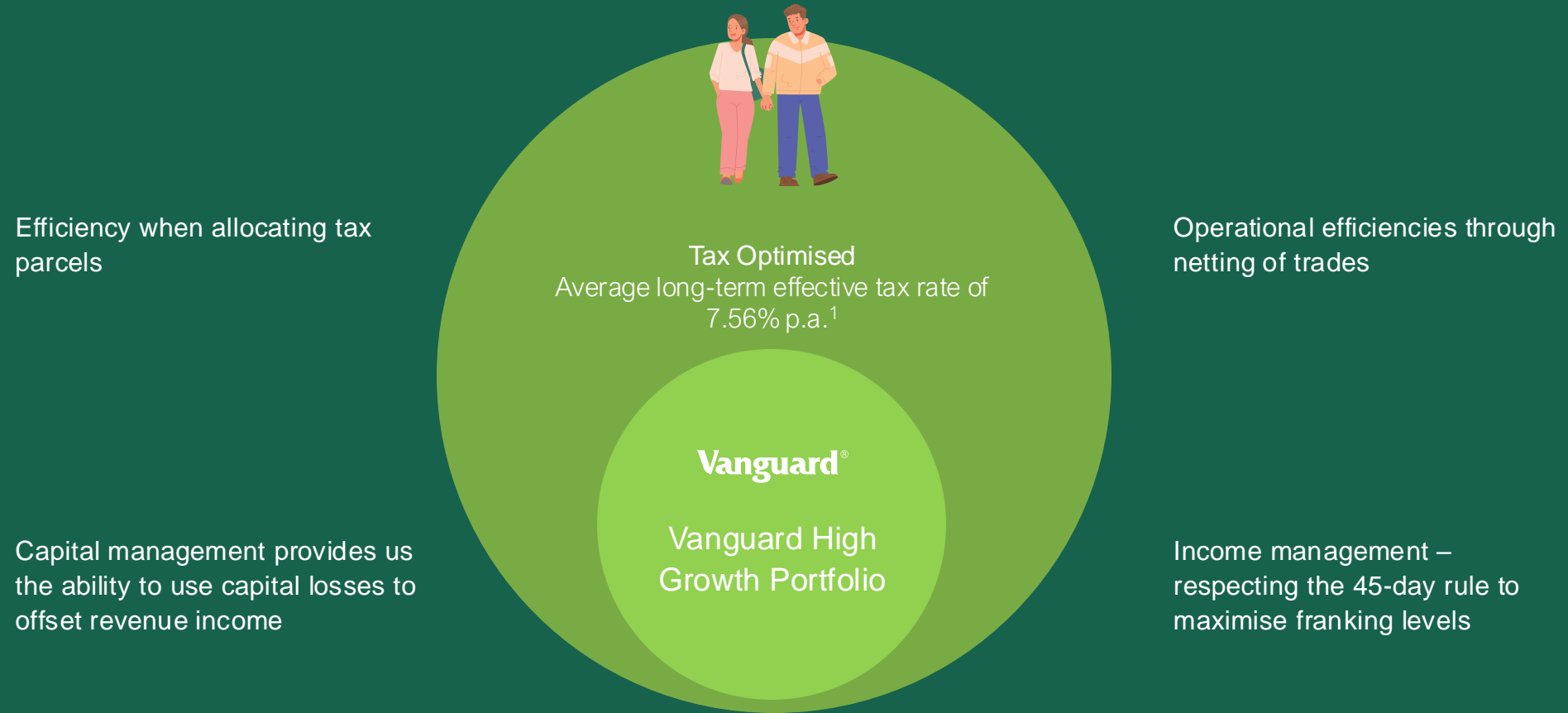
Taxed within structure
no personal tax payable by
Harry and May



Headline 3-year total return before tax
7.18% p.a.



Tax Optimisation unique to Generation Life Investment Bonds



1. Indicative effective average tax rates represent the estimated average annual tax as a percentage of earnings for each 12-month period over a future 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. Past performance is not a reliable indicator of future performance.



Direct investing



Tax at Harry and May's
personal marginal tax rate of 47%



3-year after-tax return
4.29% p.a.

Investment bonds



Tax Optimised
Average effective tax rate of 7.56% p.a.



3-year after-tax return
5.76% p.a.

Return uplift of 1.47% p.a.



Performance comparison of Vanguard High Growth Portfolio

As at 30 September 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	21.22%	16.73%	10.30%	11.89%	13.65%	16.33%
2 Years p.a.	17.97%	14.20%	12.78%	13.62%	12.51%	13.80%
3 Years p.a.	7.18%	5.76%	4.29%	4.69%	4.58%	5.36%

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 Generation Life Tax Effective Australian Share Fund

As at 30 September 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	21.62%	19.54%	10.78%	12.44%	14.32%	19.04%
3 Year p.a.	8.31%	8.18%	5.49%	6.10%	6.28%	7.68%
5 Year p.a.	8.30%	7.82%	4.68%	5.20%	5.41%	7.32%

*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>



Starting an investment bond

Harry and May decide to start two investment bonds with each of their children as recipients of funds in the future.

They intend to involve their children in the wealth transfer plan in the future and involve them in the conversations with Rebecca, to help them learn how to manage the portfolio.

They don't want to transfer a lump sum and want their children to learn how to budget, save and appreciate the value of money before giving them full access.

Using the Generation Life Online Application form, their adviser Rebecca establishes two investment bonds on behalf of Harry and May.



Select investment bond type and investor type

Select which investment bond type

☐

LifeBuilder

☐

ChildBuilder

☐

FuneralBond

Select investor type

☐

Individual and joint investors

☐

Company

☐

Trust

☐

Deceased Estate

Investor 1

Investor 2



Select investment bond type and investor type

Select which investment bond type



LifeBuilder



ChildBuilder



FuneralBond

Select investor type



Individual and joint investors



Company



Trust



Deceased Estate

Investor 1

Investor 2

At Generation Life, we offer three investment bond types to meet your clients' needs.

LifeBuilder

LifeBuilder offers a tax-effective investment solution that can assist with wealth creation, retirement savings, tax planning and estate planning.

ChildBuilder

Designed for parents, grandparents, family and friends wanting to establish a tax-effective investment for a child's future such as education expenses, a first home deposit or a car.

FuneralBond

A tax-effective solution to save for future funeral expenses or to fund a prepaid funeral. The FuneralBond can also be exempt from the age pension means testing.

To meet Harry and May's objectives, they both decided to select the LifeBuilder option.



Select investment bond type and investor type

Select which investment bond type



LifeBuilder



ChildBuilder



FuneralBond

Select investor type



Individual and joint investors



Company



Trust



Deceased Estate

Investor 1

Harry

Investor 2

May

Individuals or joint investors

Up to three people can apply for a joint LifeBuilder investment.

Companies and trusts

Companies and trusts (including deceased estates) can also set up an investment bond.

An investment bond is not a flow through structure and does not distribute income, which is a great solution for those seeking to manage income distributions within a trust.

Harry and May decided to apply as joint investors.



Setting up your investment

Initial investment

Dollar Cost Averaging

☐

Yes

☒

No

Regular Savings Plan

☐

Yes

☐

No

Select Regular Savings Plan frequency?

☐

Monthly

☐

Quarterly

☐

Half yearly

☐

Annually

Select Regular Savings Plan amount?

Auto-rebalancing facility

☐

Yes

☐

No

Dollar Cost Averaging facility

This facility implements a Dollar Cost Averaging strategy on the lump sum contributions progressively (on a monthly basis) for up to a maximum of 12 payments. A minimum investment of \$25,000 for each bond is required.

Harry and May decided not to use the Dollar Cost Averaging facility as their initial investment for each investments is \$10,000.



Setting up your investment

Initial investment

Dollar Cost Averaging

☐

Yes

☒

No

Regular Savings Plan

☒

Yes

☐

No

Select Regular Savings Plan frequency?

☒

Monthly

☐

Quarterly

☐

Half yearly

☐

Annually

Select Regular Savings Plan amount? Automatic increase (1-25%)

Auto-rebalancing facility

☐

Yes

☐

No

Regular Savings Plan

Regular Savings Plan contributions can be made via direct debit on a monthly, quarterly, half yearly or annual basis.

The Regular Savings Plan amount can be increased at any time. Alternatively, they can be automatically increased each investment year, by a fixed percentage amount of up to 25%. This provides a convenient way to take full advantage of the 125% opportunity.

Harry and May decided to set up a Regular Savings Plan of \$1,000 per month using their surplus income.



Setting up your investment

Initial investment

Dollar Cost Averaging

☐

Yes

☒

No

Regular Savings Plan

☒

Yes

☐

No

Select Regular Savings Plan frequency?

☒

Monthly

☐

Quarterly

☐

Half yearly

☐

Annually

Select Regular Savings Plan amount?

Automatic increase (1-25%)

Auto-rebalancing facility

☒

Yes

☐

No

Auto-rebalancing facility

Auto-rebalancing realigns the investment portfolio to the desired investment option allocation weightings based on the Default Investment Allocation chosen.

This is chosen as it will ensure the portfolio remains aligned and also helps reduce the additional administrative effort required for Rebecca.



Investment bond estate planning benefits

Life insurance contract

A type of life insurance policy which is investment-based governed by the Life Insurance Act

Non-estate asset

Investment bonds can be structured as a non-estate asset

Tax-free proceeds

Proceeds on death are paid tax-free even to non-dependants

Automatic transfer

Automatic transfer at specific ages, dates or on death can be selected

No tax reporting

No tax reporting if no withdrawal made in the first 10 years

Avoids conflict

Avoids potential for conflict and solves complex wills



EstatePlanner

Select EstatePlanner preference



Future Event Transfer



Nominated beneficiaries

Future Event transfer



Date of future transfer

Select how you would like your transfer to be handled in the event of your death?



Transfer on the selected date

Or



Transfer on death of the LifeBuilder owner(s)

Or



On death of the LifeBuilder owner(s)

Elect an Account Guardian



Yes



No

If yes, please provide Account Guardian name.

With a LifeBuilder investment bond, you have two options to transfer wealth.

Future Event Transfer

Transfer ownership of the investment in full to an intended recipient at a nominated future date, which can include the date of death of the last surviving investment bond owner.

The transfer of ownership happens tax-free for income and capital gains tax purposes.

Nominated beneficiaries

You can nominate one or more beneficiaries to receive tax-free proceeds of the investment on the passing of the nominated life insured.

There is also the option to manage your nominations automatically should a nominated beneficiary pass away before the life insured using the joint survivorship or down-the line options.

Harry and May decided to select the Future Event Transfer feature as they want to pass on the investment intact.



EstatePlanner

Select EstatePlanner preference



Future Event Transfer



Nominated beneficiaries

Future Event transfer



Date of future transfer

26/10/2037

Select how you would like your transfer to be handled in the event of your death?



Transfer on the selected date

Or



Transfer on death of the LifeBuilder owner(s)

Or



On death of the LifeBuilder owner(s)

Elect an Account Guardian



Yes



No

If yes, please provide Account Guardian name.

By selecting the Future Event Transfer option, Harry and May can either select the option to transfer at a future date or upon the passing of both.

Date of future transfer

Individuals, joint owners and trusts can transfer ownership on a nominated future date.

Individual and joint owners can also choose either the earlier of the date of passing or a nominated future date.

If choosing death of the last surviving owner, ownership will be transferred based on the passing of the last surviving owner.

Harry and May decided to transfer the ownership of the investment to their children on their 25th birthday.



EstatePlanner

Select an Account Guardian

☐

Yes

☒

No

If yes, please provide Account Guardian name.

Access to funds after transfer

☐

No restrictions on accessing funds

Or

☐

Restrict access to funds

☐

Access to funds will be available after the following date:

☐

Establish a future Regular Income Payment arrangement once the transferee has access to funds

Regular Income Payment frequency

☐

Monthly

☐

Quarterly

☐

Half yearly

☐

Annually

Regular Income Payment amount (% or \$)

If the transfer is on death of the last surviving owner and the recipient is not 16 years old at the time of transfer, then the estate or the nominated Account Guardian holds it on trust until the child turns 16.

If the owners die before the transfer on the specified date, then the estate or Account Guardian holds it until the transfer date.

Harry and May decided not to elect an Account Guardian and so the investment will be held on trust by the estate of the last surviving owner.



EstatePlanner

Access to funds after transfer

☐

No restrictions on accessing funds

Or

☒

Restrict access to funds

☒

Access to funds will be available after the following date:

26/10/2042

☒

Establish a future Regular Income Payment arrangement once the transferee has access to funds

Regular Income Payment frequency

☒

Monthly

☐

Quarterly

☐

Half yearly

☐

Annually

Regular Income Payment amount (% or \$)

\$1,000

Regular Income Payment period

10 years

With LifeBuilder, you can decide to provide full access to funds on transfer, delay access to funds or provide for an income stream by setting up a Regular Income Payment arrangement.

No restrictions on accessing funds giving immediate access to funds post transfer with no restrictions on how much can be withdrawn.

Delaying access to funds for a period after the nominated transfer date by nominating a funds access date.

Regular Income Payments where funds will be periodically paid to the transfer recipient (either as a fixed dollar or percentage of the balance on transfer) including the length of time you want the payment to be made for.

You can delay the start of the Regular Income Payment arrangement where funds will be periodically paid after the nominated delayed access start date.

Harry and May decided to place restrictions to access funds to 5 years after the transfer date. They also set up a monthly Regular Income Payment of \$1,000 per month for 10 years, with the child having full access after 10-year regular payment ceases.



EstatePlanner

Regular Income Payment amount (% or \$)

\$1,000

Regular Income Payment period

10 years



Nominate a Co-Signatory to authorise once-off withdrawal requests

Co-Signatory 1

May

Co-Signatory 2

May's brother

Where access to funds is delayed and/or a Regular Income Payment arrangement is in place, investors can choose to appoint one or more Co-Signatories to authorise any special one-off withdrawal requests made by the transfer recipient. For example, if emergency funds are required.

Harry and May decided to nominate May and her brother as Co-Signatories for one-off emergency withdrawals.



Select your investment option(s)

68 investment options across all major asset classes including 26 Tax Optimised investment options.

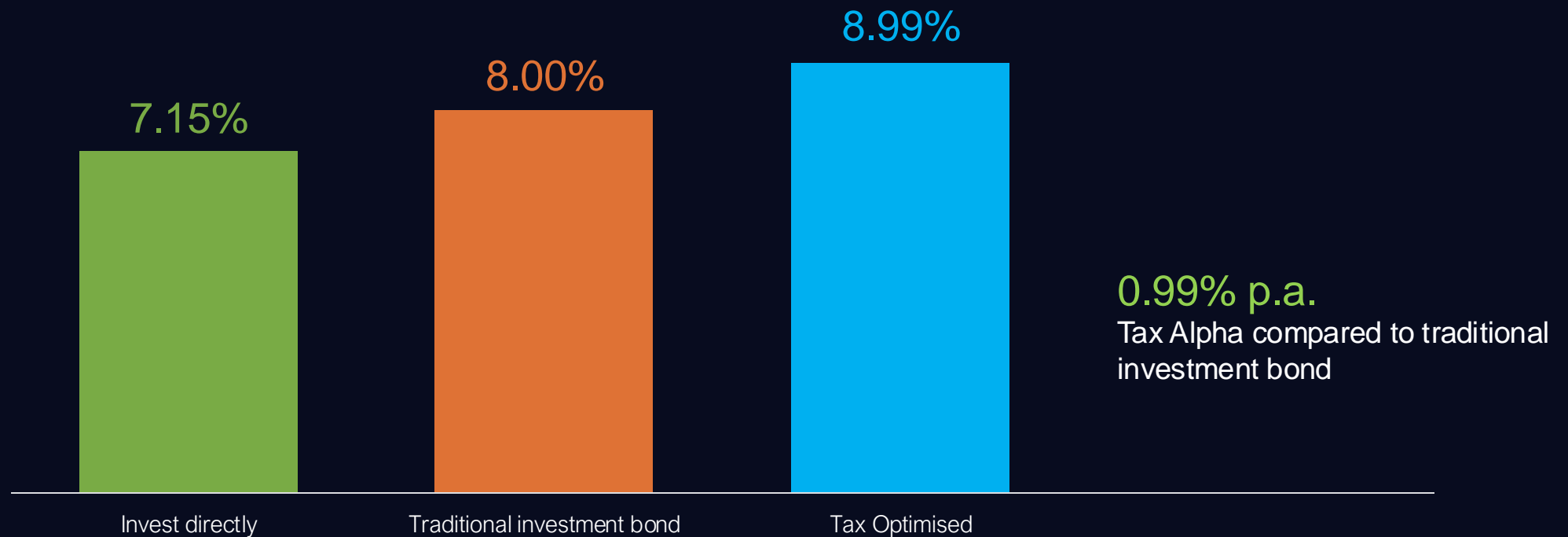
23 x	Diversified
13 x	Australian shares
13 x	International shares
6 x	Australian fixed interest
4 x	Property
6 x	International fixed interest
2 x	Alternatives
2 x	Cash and deposits

Rebecca recommended that Harry and May invest in the Generation Life Tax Effective Australian Share Fund investment option given their preference for Australia share exposure and their long-term investment horizon



Harry and May's after-tax outcome after 5 years...

Harry and May decided to invest into the Generation Life Tax Effective Australian Share Fund. In five years, they received their annual statement and sat down with Rebecca to review their position.



Assuming a \$20,000 initial contribution and a monthly regular savings plan of \$1,000. Investment bond returns assuming a full fee rebate on the 0.50% p.a. administration fee. Annualised returns based on a money weighted basis. For assumptions, please refer to the Tax Optimised brochure: <https://genlife.com.au/tax-optimised-brochure>.

Outcome for Harry and May...

Harry and May can **accumulate wealth tax-effectively** with an increased after-tax performance of 29.39%¹

Investment bonds are **tax-paid** and therefore not taxed at their personal marginal tax rate if they don't make a withdrawal in the first 10 years

They have access to a **wide range of Tax Optimised investment options with effective long-term tax rates generally ranging between 10-15%**²

They have **full access** to their funds at any time if needed

Harry and May can also choose to transfer their wealth to their children, **giving them a financial head start in life**

Using the Future Event Transfer feature, they can **educate their children with Rebecca's help on how to manage their investment portfolio prior** to accessing funds

They are also able to **teach their children the value of money and budgeting** by setting up a Regular Income Payment stream

Lastly, they have **full control of their investment**, giving Harry and May the ability to change their instructions at any time if their circumstances change

1. Assuming a \$20,000 initial contribution and a monthly regular savings plan of \$1,000. Investment bond returns assuming a full fee rebate on the 0.50% p.a. administration fee. Annualised returns based on a money weighted basis. For assumptions, please refer to the Tax Optimised brochure: <https://genlife.com.au/tax-optimised-brochure>.

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5 key uses of investment bonds

Generation Life investment bonds are designed to provide tax-effective investment solutions to help secure a financial future across all generations.

1.

Alternative to superannuation

The most tax effective investment solution after super

2.

Estate planning

Be in control of transferring wealth

3.

Saving for a child

Meeting the rising costs of future generations

4.

Trusts

Reducing distributable income within trusts

5.

Government entitlements

Can improve pension entitlements

Tools to support financial advisers

Comprehensive calculators to run projections and develop client illustrations.

Resources and materials – Estate Planning Guide, Strategy Booklet, Technical Guide, and research rating reports.

Tax Aware Performance reporting

Online strategy and educational videos

Online application for a quicker and more seamless processing experience

Thank you.

Generation Life

Highly recommended for over a decade

Note: Chant West rating for LifeBuilder and ChildBuilder



Awards



Research ratings



LifelIncome



Investment Bonds

