

## What is an investment-linked lifetime annuity?



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In exchange for a lump sum, you will receive regular income guaranteed for life. The income you receive is linked to the performance of your chosen investment option(s).

Combining an investment-linked lifetime annuity with an account-based pension, and if eligible, the Age Pension, is an optimal way to address inflation and investment risks, and the fear of running out of money. With an ageing population and life expectancies continuing to be high, this is becoming an even more important area for retirees to consider.

### Introducing LifelIncome

The most flexible and innovative investment-linked lifetime annuity in the market.

Available exclusively through your financial adviser, LifelIncome is designed to complement other retirement income sources and provide certainty when it comes to meeting your retirement goals.

### 6 core uses of LifelIncome



Potentially qualify or bring forward the age to access the Age Pension and ancillary benefits.



Minimising the impact of an inheritance on your Age Pension benefits and providing regular income guaranteed for life.



Protecting your spouse / loved one with income for life or a death benefit payment.



Providing peace of mind and confidence to spend your retirement savings and avoiding 'regret risk'.



An additional income layer alongside your account-based pension and Age Pension.



Investment choice that aligns to your risk profile with the ability to switch at anytime<sup>1</sup> as this changes throughout your retirement.

Access more of the Age Pension

LiferIncome is defined as an ‘asset-tested income stream (lifetime)’ product for social security purposes and provides the potential to access some or more of the Age Pension and ancillary benefits such as discounted council rates and cheaper medicine under the Pharmaceutical Benefits Scheme.

Centrelink and the Department of Veterans’ Affairs entitlements are determined using two ‘means’ tests: an assets test and an income test.

Means tested asset value	Under the assets test, only 60% of your investment amount is assessed. From age 84, subject to a minimum of 5 years from the date of investment, only 30% is assessed. From 1 January 2025, the age will increase to age 85.
Means tested income	Only 60% of your LiferIncome annual income is assessed under the income test.

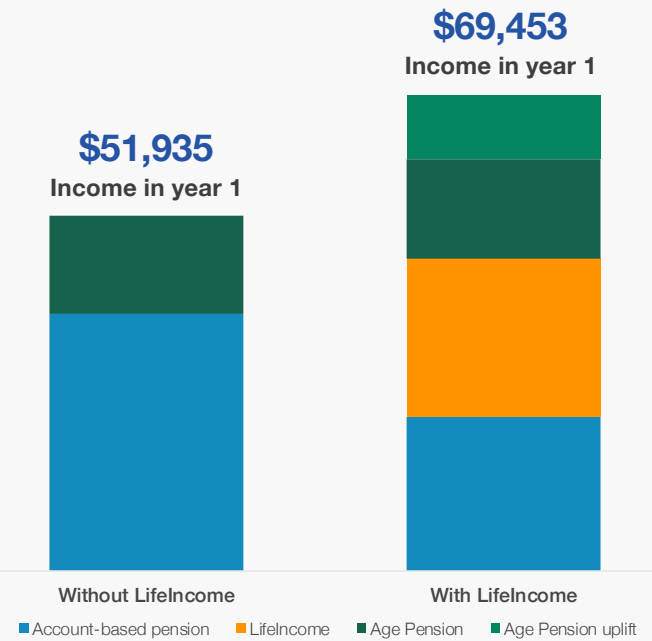


Example: Meet John and Angela...

John and Angela are homeowners.

\$400,000 John’s super balance	\$350,000 Angela’s super balance
71 years old John’s age	70 years old Angela’s age
\$100,000 Non-super assets (deemed)	\$10,000 Personal assets

What if John and Angela allocate some of their super balance into LiferIncome?



40% Allocated into LiferIncome	\$300,000 Investment amount
\$17,518 Total additional income in year 1	\$9,360 Age Pension uplift in year 1

Assumptions: Based on LiferIncome policies for John and Angela by each allocating 40% of their superannuation to LiferIncome with a LifeBooster 5% rate. There are no fees and costs on the income paid from LiferIncome in the first financial year. The fees and cost of LiferIncome impact the amount of annual income received, after the first financial year. No adviser fees have been charged and social security rates and thresholds are valid at 20/09/2024. Account-based pension income assumes minimum drawdown of 5% per annum.

Investment choice and flexibility

Traditional lifetime annuities have only offered a fixed-rate return or an indexed return (e.g. CPI-linked).

Due to LifeIncome’s investment-linked structure, changes in annual income are linked to the investment performance of your chosen investment option(s). The income payments will go up and down with investment performance, and over the longer term income can be expected to grow in excess of inflation, depending on the investment option(s) chosen.

LifeIncome offers a wide range of investment options across all major asset classes including shares, infrastructure and private debt, with the ability for you to switch these investment option(s) at anytime.<sup>1</sup>

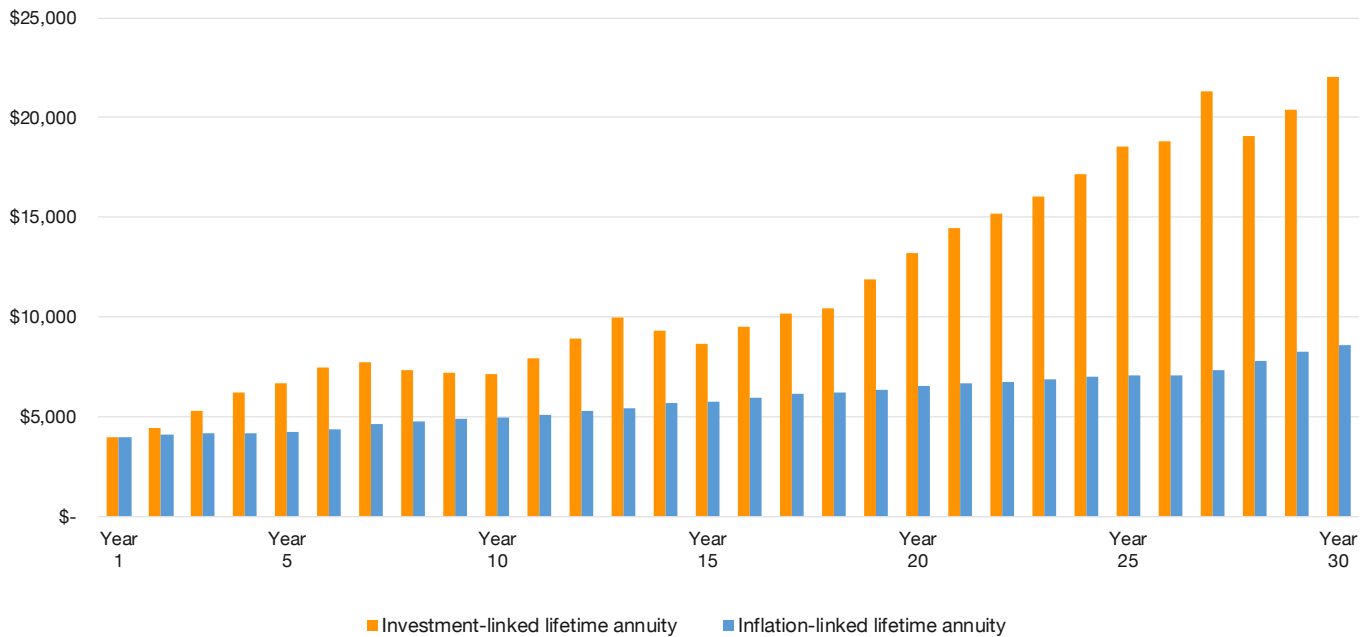
Working closely with your financial adviser, you can build your own portfolio by investing in single asset investment options or use one of the diversified investment options to suit your desired risk profile. So if your risk profile changes then so too can your investment.

Four portfolio construction ideas

- Construct your own single sector model portfolio -** Construct a portfolio using single sector passive funds or single sector active funds or a combination of both.
- Choice of pre-packaged diversified options -** Choose a pre-packaged diversified or outcome-based fund.
- A core/satellite approach -** Use a diversified or outcome fund as a core and add a satellite of single sector tilts.
- Retirement portfolios -** Purpose built portfolios tailored for clients’ retirement income.

Investment-linked vs. inflation-linked lifetime annuity

The graph below illustrates how an investment-linked lifetime annuity has the potential for annual income to grow over time when compared to an inflation-linked lifetime annuity.



Assumptions: Annual income paid to 30 June each year. Inflation-linked lifetime annuity based on inflation rates commencing 1996. Investment-linked lifetime annuity is based on actual balanced portfolio returns from 2003 and returns constructed using indices and asset allocations from 1996. For investment-linked lifetime annuity - fees, expenses and costs of 0.92% p.a. and 0.27% p.a. (no LifeBooster rates for investment-linked). Starting income of each product of \$4,000. Not indicative of any lifetime annuity solution specifically; provided as a general example of lifetime annuities only.

## 8 key features of LifelIncome

### Immediate investment-linked lifetime annuity

Single or reversionary

### Investment choice across all major asset classes

29 options with the ability to switch at anytime<sup>1</sup>

### Reversionary Beneficiary

Money available to support your spouse or loved one<sup>2</sup> between ages of 50 and 95

### LifeBooster

More income sooner in the earlier years when you're able to enjoy it most

### 0% tax environment

Investment earnings are tax-free - there are tax benefits on income payments too

### Death Benefit / Withdrawal Benefit available

During Death Benefit Period / Withdrawal Period

### LifelIncome Flex

Increase your starting income by choosing a reduction in income when you or your Reversionary Beneficiary pass away

### Dollar-cost averaging

Progressively invest into your chosen investment option(s) over a period of up to 12 months

## About Generation Life

Generation Life, a wholly owned subsidiary of Generation Development Group (ASX:GDG), is a life company registered under the Life Insurance Act 1995 (Cth). As the pioneer of Australia's first truly flexible investment bond since 2004, we have been at the forefront of providing innovative tax-effective investment solutions and proud to be shaping the retirement income landscape with our latest innovation, LifelIncome.

Generation Life is regulated by the Australian Prudential Regulation Authority ('APRA') and as such, we are required to hold a minimum amount of capital, determined by APRA, to ensure we can meet the payment obligations we have to our clients. APRA is the same independent statutory authority that supervises banks.

## Our reinsurer

Generation Life has appointed Hannover Life Re of Australasia Ltd as the reinsurer for LifelIncome - a subsidiary of Hannover Rueck SE, part of the Hannover Re Group worldwide, one of the largest re-insurers in the world specialising in longevity risk. Our reinsurance agreement<sup>3</sup> supports Generation Life making income payments for life. Hannover Re Group is known for very strong insurer financial strength ratings, including Standard & Poor's AA- 'Very Strong'.



Outthinking today.

## Contact details

### Investor services

1800 806 362

### Adviser services

1800 333 657

### Enquiries

enquiry@genlife.com.au

### Footnotes

1. Brief exclusion period applies – refer to the Product Disclosure Statement.
2. If you are commencing LifelIncome with superannuation money, you can only nominate your spouse to receive your income after you pass away. If you are commencing LifelIncome with non-superannuation money you can nominate your spouse or any other person such as your child or sibling.
3. You're not a party to the reinsurance agreement between Generation Life and Hannover Re.

### Disclaimer

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