

## Case study

# Protecting your loved one with an income for life or a death benefit

LifelIncome | Investment-linked lifetime annuity

Did you know that investment-linked lifetime annuities offer a death benefit?

### Meet Bob...

Bob is happily married to Linda and they have a daughter Sarah.

Bob and Linda are both 71 years old. Sarah is a single mother of two teenage children and is 50 years old.



Bob has...

**\$140,000**  
Superannuation  
balance

**\$20,000**  
Savings

**\$250,000**  
Non-superannuation  
assets

### Bob would like to...

Have income certainty in retirement

Wants to be able to leave a legacy to either his wife or daughter when he passes away

Wants to invest in an annuity - but afraid to lose his investment if he passes away earlier than expected



Bob's concern...

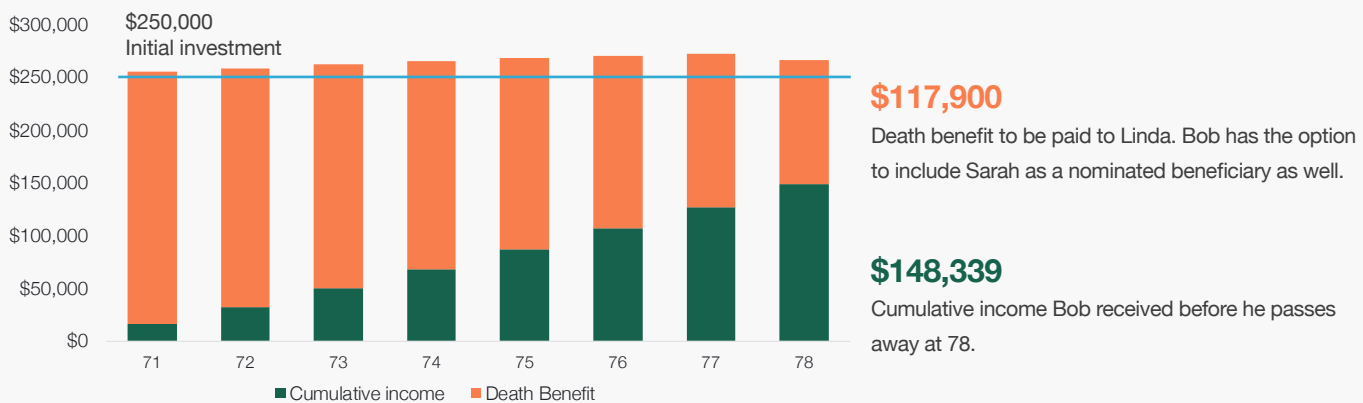
Bob has heard of lifetime annuities but doesn't know much about them. He is concerned about losing his savings if he passes away early.

Bob's financial adviser provides three options to Bob and illustrates what would happen if he was to pass away early.

OPTION 1

Bob invests \$250,000 into LifeIncome and nominates his wife Linda as the beneficiary.

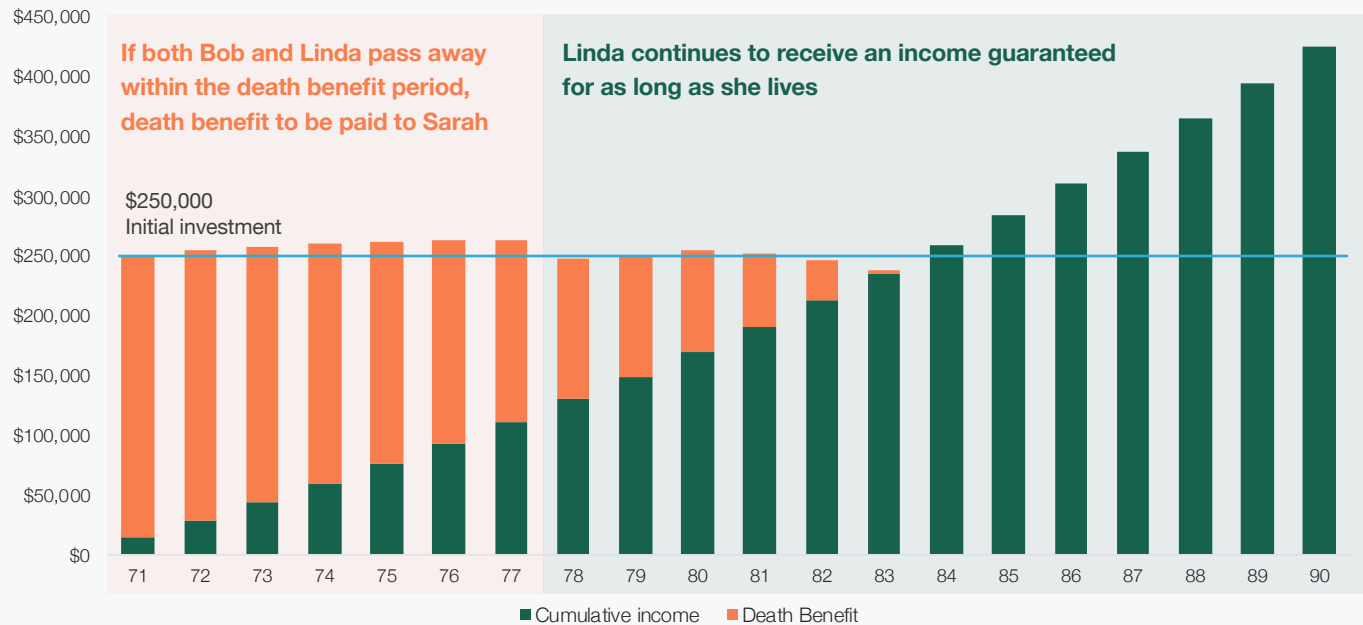
If Bob passes away at age 78...



OPTION 2

Bob invests \$250,000 into LifeIncome with his wife Linda as the Reversionary Beneficiary.

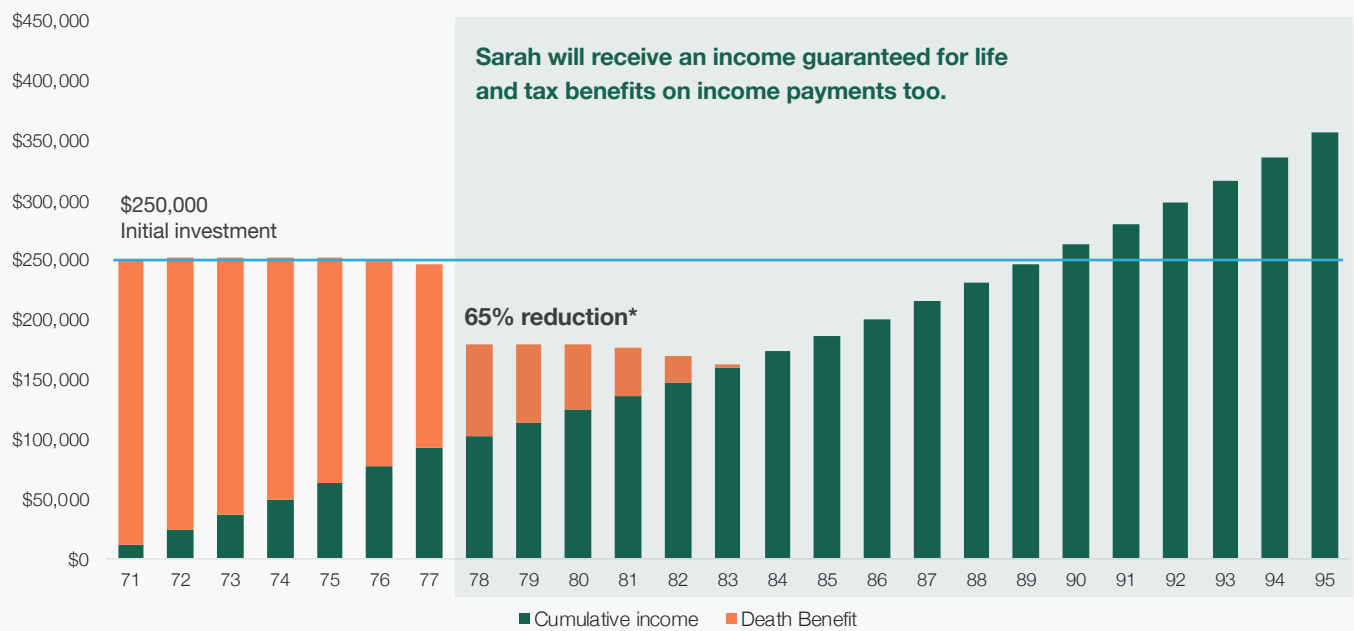
If Bob passes away at age 78...



OPTION 3

Bob invests \$250,000 into LifelIncome with his daughter as the Reversionary Beneficiary choosing LifelIncome Flex 65%.

If Bob passes away at age 78...



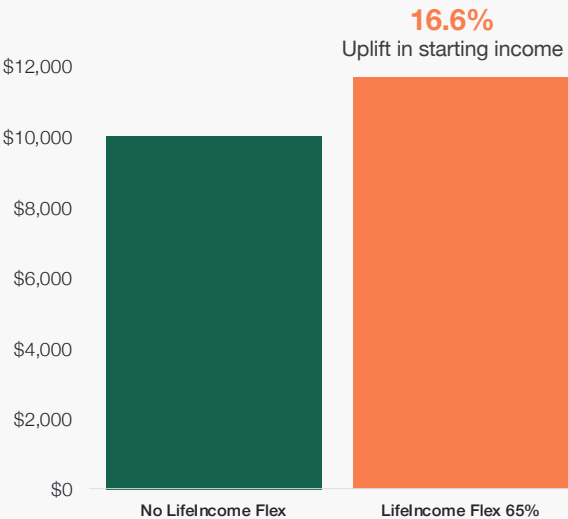
\* This reduction is on the Guaranteed Annual Income Units and Death Benefit. Please refer to the Product Disclosure Statement for more information.

What is LifelIncome Flex?

LifelIncome Flex offers even more income while you and your Reversionary Beneficiary are both alive.

In return, income will reduce when either you or your loved one passes away, as income requirements may change.

The chart on the right illustrates the uplift in Bob's starting income where he chooses Sarah as the Reversionary Beneficiary and selects LifelIncome Flex 65%.



## Protecting your spouse / loved one

LifelIncome offers two choices for what happens to your LifelIncome when you pass away. You can choose for your nominated beneficiary(ies) or your estate to receive a lump sum payment only, or you can choose for LifelIncome to be paid to your Reversionary Beneficiary for as long as they live.

### Death Benefit payment

A lump sum Death Benefit is payable to your nominated beneficiary(ies) if you pass away within your Death Benefit Period. If you include a Reversionary Beneficiary, then the Death Benefit is payable on the passing of the last life within the Death Benefit Period. The Death Benefit Period is determined at the commencement of your LifelIncome based on your age.

When nominating your beneficiary(ies), the rules for nominated beneficiary(ies) are different depending on whether you open your LifelIncome with superannuation money or non-superannuation money.

With superannuation money, a beneficiary must be a dependant at the time you apply for LifelIncome and at the time of your death. With non-superannuation money, you can nominate any individual or legal entity as a beneficiary.

### Reversionary Beneficiary

For greater peace of mind, you may choose a Reversionary Beneficiary to receive your income after you pass away for as long as they live.

Where you commence LifelIncome with superannuation money, a Reversionary Beneficiary must be your spouse, both at the time of application and at your death. Where you commence LifelIncome with non-superannuation money, your Reversionary Beneficiary can be any person.

Your Reversionary Beneficiary at commencement must be between 50 and 95 years old.

## How does LifelIncome Flex work?

If you have chosen a Reversionary Beneficiary, LifelIncome gives you the choice to increase your starting income depending on your chosen LifelIncome Flex percentage. You can choose from 75%, 65% or 50%.

Similar to LifeBooster which enables you to receive more income in the earlier years of your retirement, LifelIncome Flex offers you even more income while you and your Reversionary Beneficiary are both alive.

At Generation Life, we understand that as spending needs may change after the death of you or your Reversionary Beneficiary, so too may your income requirements. This is because as an individual, you may not require the same level of income as a couple, to maintain the same lifestyle. This is why the Age Pension for a single is 66% of that for a couple.

If you have commenced a policy with a Reversionary Beneficiary with a 100% income percentage, your Guaranteed Income Units will not reduce, on either your death or the death of your Reversionary Beneficiary.

### LifelIncome Flex coupled with the power of having investment choice

Not only does LifelIncome Flex give you the opportunity to increase your starting income, you also have the opportunity to grow your income as your investment grows over time.

LifelIncome's innovative design offers you complete choice and flexibility. You are able to access a wide range of investment options across all major asset classes, from market leading Australian and international investment managers, and we give you the freedom to switch between these options<sup>1</sup>.



## LifelIncome

### Investment-linked lifetime annuity

LifelIncome, our investment-linked lifetime annuity, delivers more income, more certainty, more flexibility and more choice to meet your retirement goals. LifelIncome provides regular income for life that's linked to the performance of your chosen investment option(s), which you can switch between when needed<sup>1</sup>. LifelIncome also provides the ability to receive income earlier, often when needed most.

It is designed to optimise the level of income in retirement and complement other retirement solutions such as an account-based pension. LifelIncome can also assist with maximising Age Pension entitlements through social security asset and income test concessions.



## 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>

### 0% tax environment

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

### Dollar-cost averaging

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

### LifeBooster

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

### Reversionary Beneficiary

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

### LifelIncome Flex

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

### Death Benefit / Withdrawal Benefit available

During Death Benefit Period / Withdrawal Period

## 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. We are 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.

## If you're a financial adviser...

We can run technical strategies and client scenarios to help you assist your clients to achieve their retirement and legacy goals.

## Do you have client scenarios in mind?

Our specialist team is here to help. Contact one of our Technical team members at [technical@genlife.com.au](mailto:technical@genlife.com.au) about running client scenarios for you today.



Outthinking today.

## Contact details

### Investor services

1800 806 362

### Adviser services

1800 333 657

### Enquiries

[enquiry@genlife.com.au](mailto: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.

### Assumptions for Bob, Linda and Sarah's retirement income illustrations

Based on Bob allocating \$250,000 of his non-superannuation assets to LifelIncome with a LifeBooster 2.5% rate (option 1), nominating Linda (71) as a Reversionary Beneficiary (option 2) and nominating Sarah (50) as a Reversionary Beneficiary choosing LifelIncome Flex 65% (option 3). Assumed average gross investment return of 8% p.a. less estimated fees, expenses and costs of 1.22% p.a. (assuming 0.3% p.a. investment management fee) and discounted by the LifeBooster rate of 2.5% p.a. Cumulative income illustrations are shown in nominal dollars. Fees on LifelIncome are a percentage of the annual income. There are no fees on income from LifelIncome in the first financial year you commence LifelIncome.

### Disclaimer

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