

Case study

# Estate planning flexibility

Generation Life Investment Bonds

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## Meet Margo...

**Margo is 77 years old, a homeowner with 3 adult non-dependant children: Sarah, Jane, and Sam.**

As she reflects on her legacy, she wishes to leave each child an inheritance. However, their diverse circumstances are causing Margo to worry about conflict that may arise as she aims to maintain family unity.

She wants to ensure her wishes are met, whilst avoiding the misuse and mismanagement of her inheritance, and the tax burden when transferring her wealth to her children.



## Sarah, Sam, and Jane's situations are different...



### Sarah's situation

Sarah is 51 years old and married with 3 young children. Both her and her husband are on the 47% marginal tax rate (MTR) including Medicare Levy.



### Sam's situation

Sam is 46 years old and single. He's not good with money, with no stable job.



### Jane's situation

Jane is 42 years old, a single mum to 7-year-old twins and working part time.

### Margo's concern for Sarah

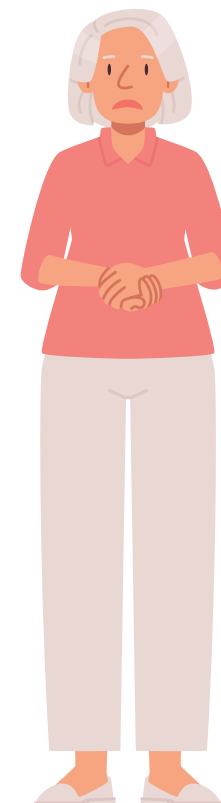
Margo is confident that Sarah is good with money but concerned that this inheritance will burden her with a huge tax liability.

### Margo's concern for Sam

Margo is concerned that Sam may need income. However, doesn't want to transfer a lump sum due to his potential misuse of funds.

### Margo's concern for Jane

Margo is concerned that Jane needs support funding her grandchildren's education.



## Margo's solution...

**Margo speaks to her financial adviser** to see how she should structure her financial assets to help transfer her wealth to Sarah, Jane, and Sam with certainty, whilst addressing each of her children's different situations.

Margo's financial adviser recommends she establish three investment bonds totalling \$1,500,000 from her superannuation withdrawal proceeds of \$1,300,000, and \$200,000 from the sale of her shares and direct investments.

	Current financial position	Restructured financial position
Home value	\$2,500,000	\$2,500,000
Cash at bank	\$100,000	\$100,000
Superannuation balance	\$2,100,000	\$800,000
Shares and direct investments	\$200,000	-
Investment bonds	-	\$1,500,000

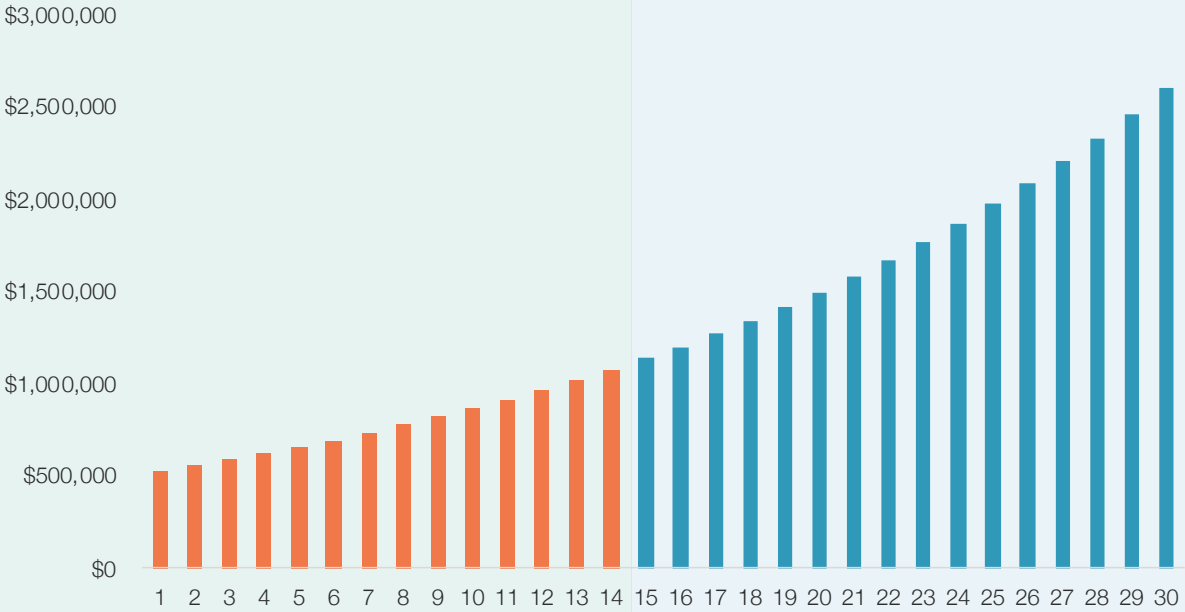
By using Generation Life's investment bond LifeBuilder Future Event facility, Margo has the flexibility to transfer wealth to Sarah, Jane, and Sam according to her wishes while addressing her concerns.



# Let's look at Margo's investment bond for Sarah...

LifeBuilder investment bond	\$500,000
Future Event transferee	Sarah
Future Event Transfer date	On the death of Margo

## What happens when Margo passes away at age 91?



### Margo is the owner

Margo has full access to her funds if she needs them until she passes away.



### Ownership transfers to Sarah

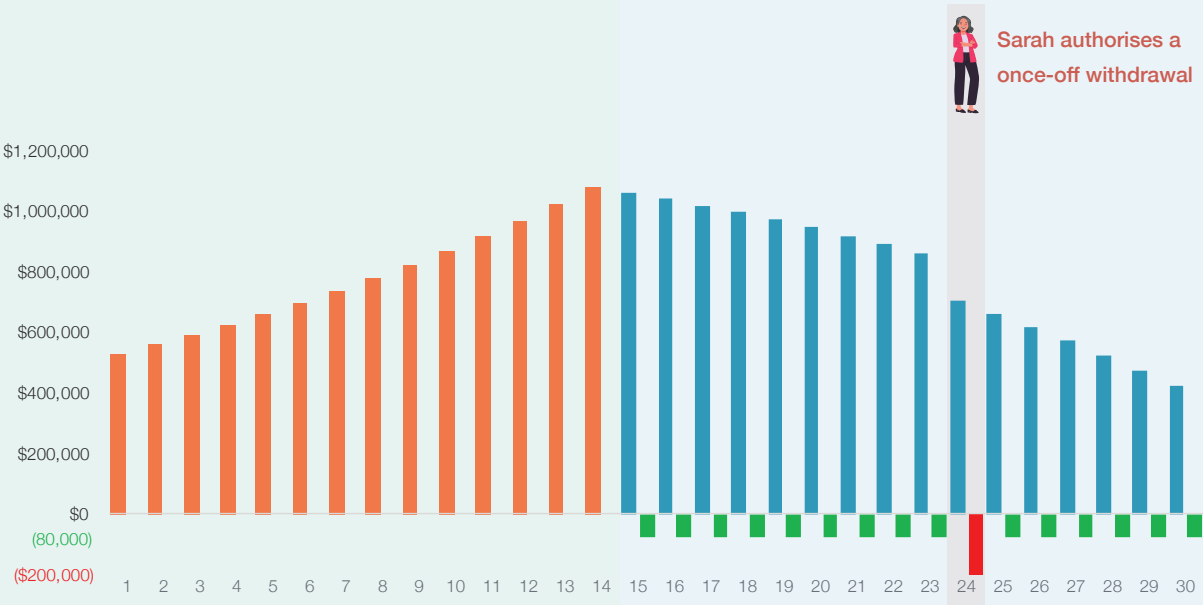
As an investment bond is a tax-paid structure, any withdrawals Sarah makes will not impact her personal tax position.

Sarah can also nominate her three children as beneficiaries of the investment bond.

# Let's look at Margo's investment bond for Sam...

LifeBuilder investment bond	\$500,000
Future Event transferee	Sam
Future Event Transfer date	On the death of Margo
Regular Income Payment	\$80,000 p.a.
Co-Signatory to authorise once-off withdrawal requests	Sarah

## What happens when Margo passes away at age 91?



### Margo is the owner

Margo has full access to her funds if she needs them until she passes away.



### Ownership transfers to Sam

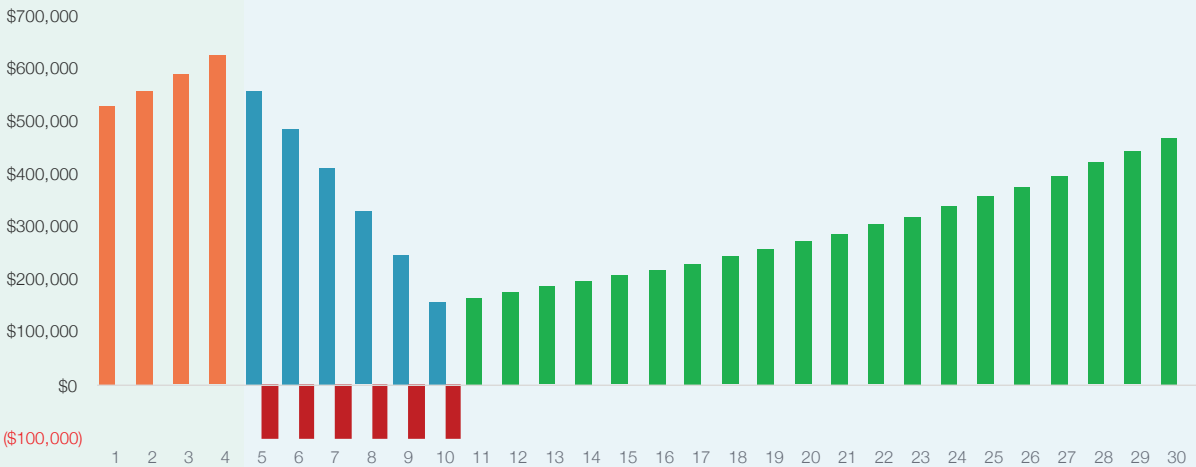
A Regular Income Payment of \$80,000 p.a. pre-established, that will be paid to Sam until exhausted or until he passes away.

As Sarah is the co-signatory to Sam's investment, she is able to authorise once-off withdrawals requested by Sam.

Let's look at Margo's investment bond for Jane...

LifeBuilder investment bond	\$500,000
Future Event transferee	Jane
Future Event Transfer date	Investment year 4
Regular Income Payment	\$60,000 p.a.
Regular Income Payment duration	6 years

What happens once the investment bond transfers to Jane in year 4?



Ownership transfers to Jane

Jane receives a Regular Income Payment of \$100,000 p.a. to cover her children's education costs. She also receives tax offsets of \$14,070 over the 6 years.

After 6 years...

The Regular Income Payment restriction is removed and Jane now has full access to the investment.

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## Generation Life's Future Event Transfer feature

Generation Life's Future Event Transfer feature is available through a LifeBuilder investment bond, and can provide a convenient and tax-effective way to transfer your wealth.

By using LifeBuilder's Future Event Transfer feature, you can control when and how your investment will be tax-effectively transferred and accessed by your loved ones upon your passing. The transfer happens tax-free for income and capital gains purposes.



The Future Event Transfer feature provides you with the estate planning flexibility to nominate:

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**Your transfer date** – this can be any future date before your passing, as at the date of your passing or a date after your passing.

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**The timing of access to funds after the transfer** – you can provide the recipient full access on transfer or delayed access.

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**Set how funds can be accessed after transfer** – you can decide to provide full access to funds or limit how much is paid to the recipient by setting up a Regular Income Payment arrangement.

## About Generation Life

At Generation Life, we know that finding the right investment partner is important for your future success.

We've been helping Australians since 2004 across all life stages and across multiple generations. Today, we are a pioneer in providing market-leading investment bond and investment-linked lifetime annuity solutions to help secure the financial future of many Australians and their families.

As part of an ASX listed company, we're passionate about innovating and providing the best outcomes for our investors. We believe in putting our investors at the heart of everything we do.



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

We can run technical strategies and tailored case scenarios for you to help your clients achieve their legacy goals. Contact one of our technical team members at [technical@genlife.com.au](mailto:technical@genlife.com.au) about running tailored client scenarios for you today.

## Contact details

### Investor services

1800 806 362

### Adviser services

1800 333 657

### Enquiries

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

**Assumptions for Margo's investment bonds for Sarah, Sam and Jane:** Assuming an initial investment of \$500,000 with a total annual after-tax investment return of 5.65% p.a. Estimated average fees and costs of 0.64% p.a. over the investment term with an effective long-term average investment bond tax rate of 7.76%.

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