

## Case study

# Income layering to maximise retirement income

LifelIncome | Investment-linked lifetime annuity

Did you know by income layering, you can maximise your retirement income, giving you the peace of mind to retire with confidence?

### Meet Paul and Jean...

Paul and Jean are happily married and are homeowners. Paul is 70 years old and Jean is 67 years old.

Both Paul and Jean are grey nomads and love travelling. They own a motor home and plan to travel around Australia.



### Paul and Jean have...

**\$500,000**

Paul's superannuation balance

**\$400,000**

Jean's superannuation balance

**\$150,000**

Motor home and other personal assets

**\$70,000**

Savings

### Paul and Jean's concerns...

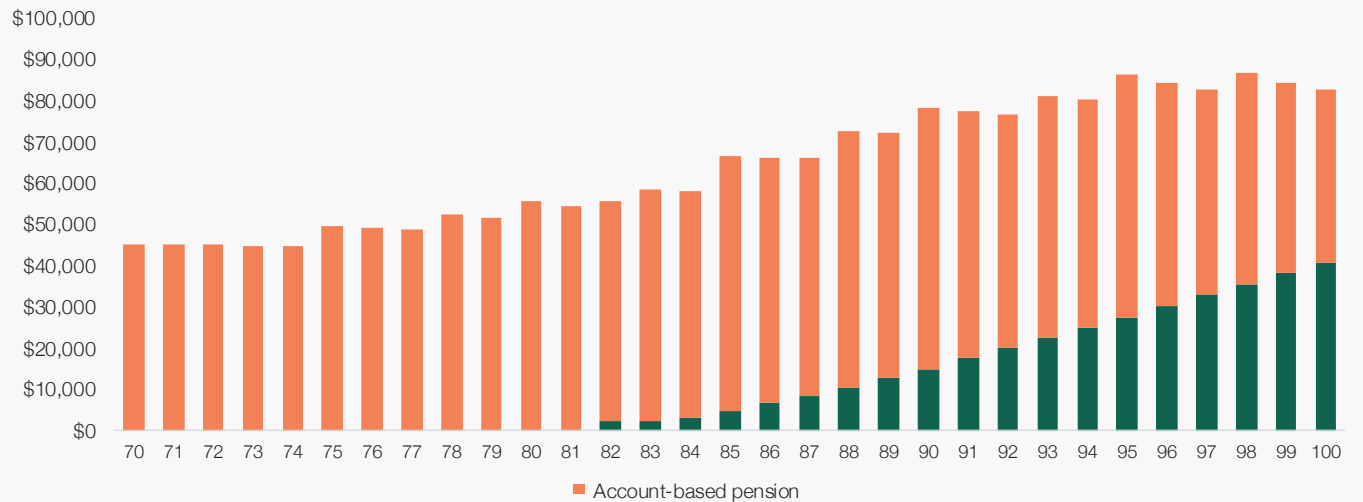
Concerned about running out of money so are just drawing down the minimum each year from their account-based pensions

Living frugally and spending only \$45,000 p.a. which is impacting their travel plans

Don't have the confidence to spend more - relying on their account-based pensions

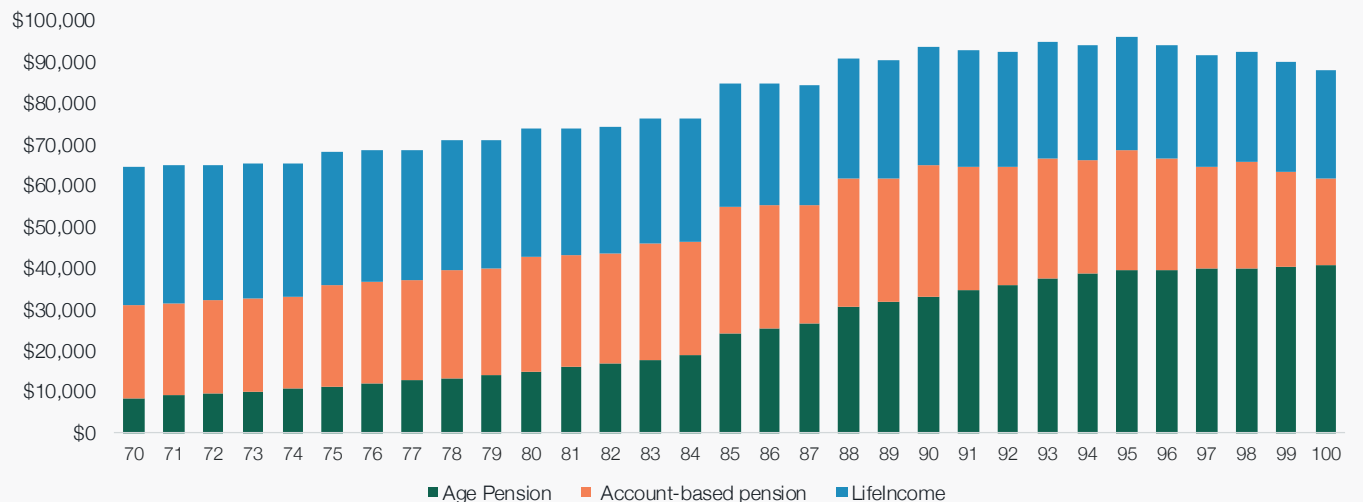
### Paul and Jean’s current situation

Based on their current situation, Paul and Jean are spending \$45,000 p.a. and living frugally. They won’t receive the Age Pension and ancillary benefits for the next 12 years.



### Paul and Jean speak to their financial adviser...

Paul and Jean establish two LifeIncome policies with \$250,000 invested for Paul and \$200,000 invested for Jean. This gives them a combined total of \$450,000 remaining in their account-based pensions.



**\$19,291**

Uplift in first year income

**\$8,377**

Immediate access to the Age Pension and ancillary benefits in the first year

**10 years**

Payback period of investment into LifeIncome<sup>1</sup>

**\$575,204**

Additional Age Pension by age 100

**\$695,351**

Additional income by age 100 (including Age Pension)

**12 years**

Bring forward access to the Age Pension

## Understanding your income sources

Everyone's retirement plan will be different, because everyone's objectives, preferences and circumstances are different. When developing your plan, it is important that you speak to your financial adviser to consider all income sources available and help manage them according to your goals and objectives.

To help you with this conversation, here's a brief look at the common sources of retirement income available for Australian retirees today:

**Account-based pension** - A flexible superannuation income stream offering wide investment choice, lump sum withdrawals and the ability to vary income. It is important to remember however, that there is no guarantee of income.

**Age Pension** - Government social security support, which can include income and other benefits such as, healthcare discounts.

**Non-super assets** - Assets accumulated over time including savings, the family home, shares and other investments.

**Investment-linked lifetime annuity** such as LifeIncome can provide an income that is guaranteed for life, offering a wide range of investment choice, and has the potential to provide access to some or more of the Age Pension. LifeIncome 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.



## LifeIncome

### Investment-linked lifetime annuity

LifeIncome, our investment-linked lifetime annuity, delivers more income, more certainty, more flexibility and more choice to meet retirement goals. LifeIncome 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>2</sup>. LifeIncome 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. LifeIncome can also assist with maximising Age Pension entitlements through social security asset and income test concessions.

## 8 key features of LifeIncome

### 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>2</sup>

### Reversionary Beneficiary

Money available to support your spouse or loved one<sup>3</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

### LifeIncome 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. We are proud to be shaping the retirement income landscape with our latest innovation, LifeIncome.

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. The 'payback period' is the estimated time for the return of your investment in the form of cumulative income from LifeIncome, as well as any increase in Age Pension which you may receive as a result of investing into LifeIncome.
2. Brief exclusion period applies – refer to the Product Disclosure Statement
3. If you are commencing LifeIncome with superannuation money, you can only nominate your spouse to receive your income after you pass away. If you are commencing LifeIncome with non-superannuation money you can nominate your spouse or any other person such as your child or sibling.

### Assumptions for Paul and Jean's retirement income illustrations

Each graph reflects LifeIncome policies, account-based pensions, and Age Pension being received by both Paul and Jean for 30 years.

Based on two LifeIncome policies for Paul and Jean each allocating 50% of their superannuation to LifeIncome with a LifeBooster 5% rate. Their remaining superannuation balances are used for account-based pensions, drawing income at the minimum level. Annual income illustrations are shown in real dollars. Cumulative income figures are shown in nominal dollars. Estimated fees, expenses and costs of 0.5% p.a. for the account-based pensions and 1.22% p.a. for LifeIncome. Fees on LifeIncome are a percentage of the annual income. There are no fees on income from LifeIncome in the first financial year you commence LifeIncome. Assumed investment returns of superannuation assets is 8% p.a., non-superannuation assets at 3% p.a. and inflation of 2.5% p.a. No adviser fees have been charged and social security rates and thresholds are valid at 20/03/2025.

### Disclaimer

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