

# Introducing investment bonds

Tax-effective and flexible  
investment solutions

## What is an investment bond

Investment bonds are a tax-effective managed investment portfolio which can be used to build wealth. They can also be used to transfer wealth between generations efficiently and tax-effectively.

Investment bonds offer a large range of investment choice including investments in cash, fixed interest, shares and property. You can also invest in ready-made diversified portfolios, as well as low-cost index tracking investments and investments that take into consideration Environmental, Social or Governance (ESG) matters.

## A 'tax paid' investment

An Investment bond is a life insurance policy which provides a tax-effective way to invest and transfer wealth.

Investment bonds are 'tax paid' investments, where tax on the investment bond's earnings is paid by the issuer (such as a life insurance company or friendly society) at the current company tax rate of 30%. The actual effective rate of tax paid by the issuer can be less than 30% with the benefit of franking credits, other tax benefits and strategies or processes they apply to manage tax payable levels.

Being tax paid means the returns and performance from an investment bond are provided on an after-tax basis – unlike other investments such as managed funds and shares.

Provided you do not make a withdrawal within the first 10 years of your investment, known as the 10-year tax period, there is no further tax paid by you. If you make a withdrawal within 10 years, a portion of the withdrawal proceeds will be assessable for tax. The assessable amount will depend on how long you have held the investment for.

You can make additional contributions each year without resetting the 10-year tax period. But, if you contribute more than 125% of your previous year's contributions, then the 10-year tax period restarts.

## Why use an investment bond?

### Tax-effective

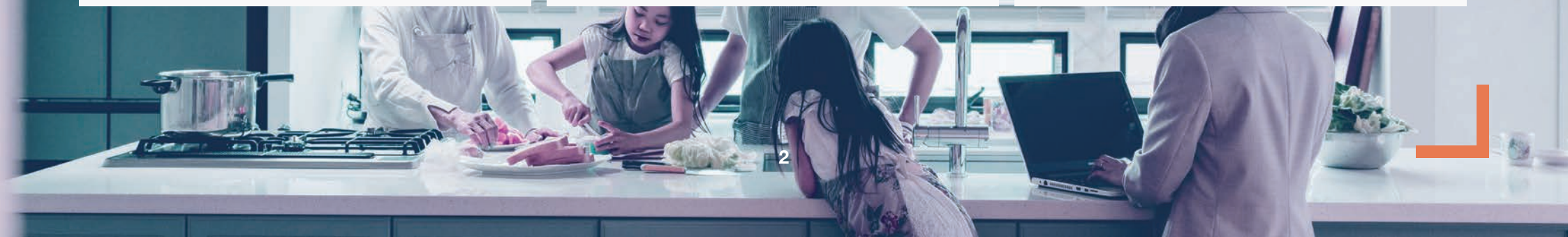
- A tax paid investment with no personal tax assessable income while you remain wholly invested.
- No personal income tax is payable on withdrawals made after 10 years if the 125% opportunity rule is maintained.
- No personal capital gains tax when switching between investment options or making a withdrawal.
- Earnings within the investment bond are taxed at a rate of 30%, but the effective tax rate can be lower.
- Can be used to invest for the benefit of a child without minor tax rates applying.

### Estate planning

- A cost-effective solution that provides certainty and control over how you pass on your wealth to individuals, trusts or charities.
- Reduced complexities with the ability to direct payments or transfer ownership automatically on your passing.
- Control access to funds after your passing with the ability to by-pass your estate and the complexities that can come with assets held by an estate.
- No superannuation death benefit tax on payments to 'non-dependants'.
- Use a funeral bond (a special type of investment bond) to tax-effectively fund for funeral costs.

### Option for retirement

- No need to consider superannuation contribution caps or age restrictions.
- Regular withdrawals can be made to receive a regular income stream.
- Ownership can be structured to assist with improving government social security benefits and reducing aged care costs.
- A funeral bond investment is assets and income test exempt for social security purposes<sup>1</sup>.



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### Access to funds

- You can make a lump sum full or partial withdrawal at any time.<sup>2</sup>
- No conditions of release – unlike superannuation.
- Flexibility to make one-off or regular withdrawals.<sup>2</sup>
- You can transfer ownership at any time, normally without tax implications.

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### Investment choice

- Broad range of investment options across multiple asset classes.
- Access to low-cost index investment options.
- Access to investment options that take into consideration Environmental, Social or Governance (ESG) matters.

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### Simplicity

- There is no need to provide a tax file number and no annual tax reporting is required provided you do not make a withdrawal within the first 10 years of your investment.
- There is no tax reporting required on withdrawals made after holding your investment for 10 years.

### Flexible tax-effective investing for all life stages

Investment bonds can be used to fund for many life stages and events, whether that is for large one-off purchases, funding for future known costs, providing for a nest egg in retirement or to provide for or transfer wealth to the next generation.



## Tax Aware investment process

Generation Life improves on the tax-efficiency of investment bonds through our Tax Aware investment process. The Tax Aware process is unique to Generation Life and is designed to reduce the effective tax paid on earnings while invested to improve your after-tax returns. The Generation Life Tax Aware series of investment options are offered across the extensive investment menu for LifeBuilder, ChildBuilder and FuneralBond and provide three levels of innovative, tax-efficient investment options to choose from.



### Tax Optimised

The pinnacle of our Tax Aware investing process designed to maximise performance on an after-tax basis through the direct acquisition and sale of the investment option's assets in a tax-efficient manner.



### Tax Enhanced

The Tax Enhanced level builds on the investment bonds tax-effectiveness by carefully managing the sale of the underlying managed fund used to gain exposure to the investment's strategy.



### Tax Advantage

The Tax Advantage level offers the core benefits of the investment bond's tax structure where ongoing earnings are taxed within the investment bond at a maximum tax rate of 30%.

## Generation Life's investment bond solutions

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### LifeBuilder

A flexible tax-effective investment solution to help you with a wide range of investment needs including wealth creation, tax planning, retirement savings and estate planning. Incorporates EstatePlanner, to provide flexibility, control and certainty over how your wealth is passed on.

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### ChildBuilder

Specifically designed for anyone, including parents, grandparents, family or friends to establish a tax-effective investment for a child's future financial needs and goals.

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### FuneralBond

A simple and tax-effective way to help meet your future funeral costs, with no age or health restrictions. You can use the investment as part of a pre-paid funeral arrangement and it's assets and income test exempt for social security purposes.<sup>1</sup>

Innovating tax-effective investing

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

As the pioneer of Australia’s first truly flexible investment bond, we have been at the forefront of providing innovative tax-effective investment solutions since 2004. Today, we are a leading specialist provider of tax optimised investment, succession planning, intergenerational wealth transfer, estate planning and retirement income solutions – with over \$4 billion invested with us to date.

Generation Life is a regulated life insurance company, which is part of the Australian Securities Exchange listed Generation Development Group Limited group of companies comprising a number of diversified financial services related businesses.

Our focus and commitment is to provide Australians with market-leading tax-effective and flexible investment solutions to meet both personal and financial goals.

Generation Life investment bonds are investment-linked life insurance contracts governed under the Life Insurance Act 1995 and the Corporations Act 2001. The investment bonds operate under rules that are approved by the Australian Prudential Regulation Authority (APRA). Investment bonds follow legislated tax rules administered by the Australian Tax Office that set out how they are taxed and when you might have to pay tax.



Investment minimums

Initial investment	\$1,000 \$25,000 with a Dollar Cost Averaging facility	The Dollar Cost Averaging facility lets you invest your initial investment into your chosen investment options in instalments to help reduce risk.
Additional investments	\$500	
Regular savings plan	\$50 per month	You can set a Regular Savings Plan for monthly, quarterly, half yearly or annual investments.  You can also automatically increase your regular savings plan annually up to 25% to take advantage of the 125% opportunity tax benefits.
Withdrawals	\$500	
Regular withdrawals	\$500 per month	You can set a monthly, quarterly, half yearly or annual Regular Withdrawal facility.

Contact us

Investor services	Adviser services	Enquiries
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1. Investment contribution limits apply. Refer to the Product Disclosure Statement for further information.
2. A funeral bond is designed to meet your future funeral expenses. You cannot withdraw any money from a funeral bond prior to your death.