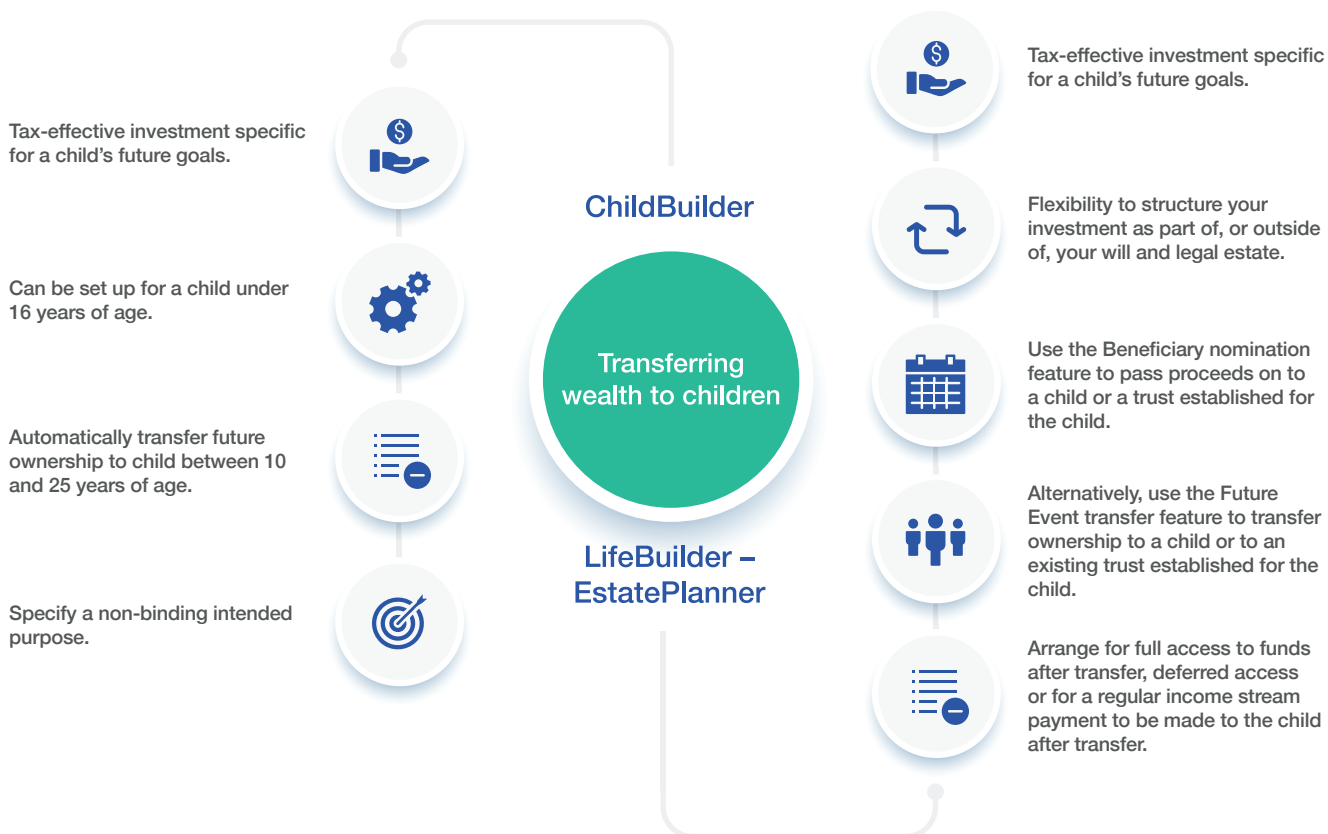


Transferring wealth to a child

LifeBuilder and ChildBuilder investment bonds are an efficient and cost-effective way of providing for your family and transferring your wealth. Any death benefits paid or transfer of ownership made to a child is received tax-free, irrespective of how long the investment bond was held.

You control how and when your wealth is transferred. Using an investment bond in conjunction with, or as an alternative to, a will or a testamentary trust allows you to bypass the delays and uncertainties sometimes associated with administering or winding up an estate.



ChildBuilder

ChildBuilder is specifically designed for anyone (parents, grandparents, family and friends) who want a tax-effective investment for a specific child's future financial needs and goals.

A ChildBuilder can be set up for a child under 16 years of age and to vest (transfer) ownership to them at a specified date or age (although they must be between 10 and 25 years of age at the vesting date).

The vesting is automatic and with no personal tax consequences, no stamp duty and no additional fees or charges. When vested, the investment converts to a LifeBuilder with the benefit of the 10-year period not resetting. If the ChildBuilder is transferred to a child between the ages of 10 and under 16 years, a parent's or legal guardian's consent is required for the child to transact on the investment.

You can change the vesting date or age, or access your investment at any time, including making withdrawals for your own purposes or paying for a child's education or maintenance expenses.

You can also specify a non-binding intended purpose for the use of the ChildBuilder investment bond once the investment has vested to the child. This can be noted on your investment and might include things such as "First home deposit", "Study expenses" or "First car". There are no restrictions on the type of intended purpose you specify.



LifeBuilder – EstatePlanner

LifeBuilder's EstatePlanner offers a simple tax-effective solution for providing certainty on how your wealth is passed on. EstatePlanner lets you establish tax-effective inheritances with the flexibility to structure your investment, as part of, or outside of, your will and legal estate.

You can use the unique Future Event transfer feature to control when and how your investment will be tax-effectively transferred and accessed by the next generation on a specified date or on the death of the owner, including setting up a future regular income stream payment with the flexibility for one-off or additional regular withdrawals to be made. Transfers can be made directly to an individual or trust (including a family or discretionary trust).

Alternatively, you can use the Beneficiaries nomination feature, where you can nominate one or multiple beneficiaries to receive the proceeds of your investment on the occurrence of the nominated life insured event, including the death of the nominated life insured. A beneficiary can be any legal entity including an individual or trust established for the benefit of the child.

Future Event transfers

The Future Event transfer feature lets you select a future date or the death of the owner for the automatic transfer of the investment to a nominated child recipient or a trust established for the child.

You have peace of mind knowing that you control when the future transfer of your LifeBuilder investment occurs and that you can change it at any time. You continue to have full control and access to your investment until the transfer occurs.

Using the Future Event transfer feature provides added tax related benefits as the initial investment date of the investment bond is retained after transfer, meaning that the 10-year rule is not reset when transferred. The transfer also happens tax-free and without any personal income or capital gains tax implications.

Importantly, you can also pre-arrange how your investment will be accessed by the new owner (which can be the child or a trust set up for the benefit of the child). You can nominate a date or period after which funds can be accessed or set a future regular income stream payment to be made with the flexibility for one-off additional payments to be made or for an additional regular income payment to be established. If you select your death as the transfer event (not applicable to companies and trusts), the potential delays of obtaining probate are avoided as the transfer will occur once Generation Life has obtained notification of the death and all required documentation.

Beneficiaries nomination feature

An alternative to the Future Event transfer feature is EstatePlanner's Beneficiaries nomination feature, where you can set one or multiple beneficiaries to receive the proceeds of your investment tax-free on the death of the life insured. There are no age restrictions and no family or interdependency relationship is required. Beneficiaries can be any legal entity including a family or discretionary trust.

There is no restriction on the number of beneficiaries that can be nominated or what percentage to allocate to each beneficiary. You can also remove or add a beneficiary, as well as change the benefit percentage allocations at any time before the death of the nominated life insured.

If multiple beneficiaries are nominated there is the option to specify that, in the event of the death of a beneficiary to have the benefit payment allocation automatically re-distributed amongst the surviving beneficiaries. Alternatively, the benefit can be passed automatically 'down-the-line' (for example, from a nominated beneficiary to their estate representative).

How ChildBuilder compares to LifeBuilder – EstatePlanner

The following summary compares how ChildBuilder and LifeBuilder's EstatePlanner feature can be used to transfer wealth to a child.

Setting up an account

	ChildBuilder	LifeBuilder - EstatePlanner
Ownership options	Up to three individuals can be joint owners. All owners must be at least 16 years of age. Trusts and deceased estates can also be set up as owners.	Up to three individuals can be joint owners. Ownership by a child is permitted, however, a parent/guardian must provide consent if the child is between 10 and under 16 years of age. Trusts and deceased estates can also be set up as owners.
How do I transfer my wealth?	You nominate a child to transfer ownership to. The transfer date can be based on the child's age or a nominated date. The transfer must occur before the child turns age 25.	You have two options available: <ul style="list-style-type: none">You can nominate a child or child's trust as a beneficiary to receive a death benefit payment in the event of the death of the life insured (who can be the owner).Alternatively, you can elect to transfer ownership to the child or the child's trust on a specified date or on the death of the owner.
Can multiple children be selected to receive benefits?	Only one child can be nominated per ChildBuilder investment.	Multiple beneficiaries can be nominated to receive a death benefit. Only one child or trust can be nominated per LifeBuilder investment if using the Future Event transfer facility.
Are there any minimum age requirements when nominating a child to receive a benefit?	Yes. The child must be under 16 years of age at the time of nomination.	No. There are no minimum age restrictions. However, for transfers to a child under 16 years of age, the owner (where a future date is elected) or their estate (where the date of passing is elected), will hold the investment until the child turns 16. Alternatively, an Account Guardian can be nominated to hold the investment until the child turns 16 years of age.
Can you elect a life insured?	No. The child automatically becomes the life insured.	Yes. One or more persons can be nominated as a life insured with the ability to nominate a preferred life insured to trigger a nominated beneficiary death benefit payment. Where a child is nominated as a transfer recipient, the child will automatically be nominated as a life insured.
Can you add additional lives insured?	No. Only one child can be nominated.	Yes. You can add additional persons as lives insured.

Transferring wealth and tax benefits

	ChildBuilder	LifeBuilder - EstatePlanner
Can you remove a life insured?	No.	No. You cannot remove a life insured, however, you can add additional lives insured, or you can nominate a preferred life insured to trigger a death benefit payment.
How are benefits transferred or paid to a child?	Ownership is transferred to a child once the child reaches the nominated age or date.	<p>A child or a trust can be nominated as a beneficiary to receive the proceeds from the investment on occurrence of the nominated life insured event, including the death of the nominated life insured (which can be the owner).</p> <p>Alternatively, the owner can nominate to transfer ownership of the investment to a child or trust on a nominated future date or the death of the owner.</p>
When does the transfer of ownership occur?	Transfer of ownership to the child occurs on the nominated vesting age or date. The nominated child must be at least 10 years of age but not older than 25 years at the date of transfer.	Where a Future Event transfer is requested, transfer of ownership occurs on the death of the last surviving owner or a future nominated date.
Are there any costs associated with the transfer of ownership?	No. There are no personal tax or capital gains tax consequences, no stamp duty and no additional fees or charges resulting from the transfer.	No. There are no personal income or capital gains tax consequences, no stamp duty and no additional fees or charges resulting from the transfer.
Are there any tax assessable amounts payable by the child?	<p>No. The transfer of ownership is not tax assessable either for the owner or the nominated child. There are no personal income or capital gains tax consequences for either party.</p> <p>There may be a tax assessable amount on any withdrawals made by the child within 10 years of the original establishment of the investment.</p>	<p>No. Benefit payments to nominated beneficiaries are not tax assessable.</p> <p>A transfer of ownership using the Future Event transfer feature does not create a tax event either for the owner, or the recipient child or trust. There are no personal income or capital gains tax consequences for either party.</p> <p>There may be a tax assessable amount on any withdrawals made by the child within 10 years of the original establishment of the investment.</p>

Transferring wealth and tax benefits

	ChildBuilder	LifeBuilder - EstatePlanner
Is the 10-year tax advantage rule applicable?	Yes, however, the account becomes the most tax-effective after 10 years.	Yes, however, the account becomes the most tax-effective after 10 years.
Is the 10-year tax advantage rule reset on transfer of ownership?	<p>Transfer of ownership to another owner does not trigger a resetting of the 10-year tax period.</p> <p>The 10-year tax period is not reset when transferred to the child at the selected vesting age or date.</p>	<p>Transfer of ownership to another owner does not trigger a resetting of the 10-year tax period.</p> <p>The Future Event transfer feature does not trigger a resetting of the 10-year tax period when transferred to the intended recipients on the nominated date or death of the owner.</p>
Can a child transfer ownership, or use the investment as security for a loan once the investment is transferred to them?	The child can transfer ownership or use the investment as security for a loan. If the child is aged less than 16 years, a parent's or guardian's consent must be obtained.	Under the Future Event transfer feature, provided there are no restrictions placed on the transfer by the original owner, the child can transfer ownership or use the investment as security for a loan.



Control and access

	ChildBuilder	LifeBuilder - EstatePlanner
Does the investment become an estate asset?	<p>If the investment owner passes away before the nominated vesting date or age of the child, the investment owner has the option of nominating an Account Guardian to hold the investment or having their estate representative hold the ChildBuilder in trust for the benefit of the child.</p>	<p>The death benefit payable to a nominated beneficiary does not form part of the deceased owner's estate.</p> <p>If the Future Event transfer feature is used, and the date of death is selected as the transfer event, then the investment does not form part of the deceased's estate.</p> <p>The investment owner has the option of nominating an Account Guardian to hold the investment on trust for the benefit of the child if at the time of the future transfer the child is aged under 16 years or until the nominated transfer date (whichever is later). If no nomination is made, the investment will be held by the estate representative until the child reaches 16 years of age and the transfer date is attained.</p>
Can you nominate a specific use purpose for the investment?	<p>Yes. You can nominate intended purposes for which the child can use the investment. These purposes are not binding on the child but do reflect your wishes.</p>	<p>Funds can be used for any purpose.</p>
Can access to funds by the child be restricted?	<p>There are no restrictions on access to funds by the child once vesting has occurred.</p>	<p>Under the Future Event transfer feature, access to funds by the child or the trust can be restricted for a period after the transfer date. There is also an option to set up a future regular income payment to a child or trust after the transfer has occurred to provide a future set income stream.</p> <p>You can also provide the flexibility to nominate someone to authorise additional one-off or regular payments if required by the child in the future.</p>

Control and access

	ChildBuilder	LifeBuilder - EstatePlanner
What happens if the owner passes away prior to the nominated transfer date?	The investment owner has the option of nominating an Account Guardian to hold the investment or having their estate representative hold the ChildBuilder in trust for the benefit of the child until the nominated transfer date.	<p>Under the Future Event transfer feature, if the owner has not elected to transfer ownership on the earlier of the date of death or the nominated future date, then ownership will pass to the estate representative who cannot amend the intended recipients. Further restrictions can also be placed on the ability of the estate representative to deal with the investment, including making a withdrawal or using the investment as security on a loan.</p> <p>Alternatively, the investment owner has the option of nominating an Account Guardian to hold the investment on trust until the nominated transfer date. If no nomination is made, the investment will be held by the estate representative until the nominated future date.</p>
What happens if the child dies before transfer?	The investment does not form part of the child's estate. The owner or the owner's estate will receive the proceeds of the investment tax-free.	In the case of the Future Event transfer feature, if the nominated child dies before the nominated transfer date, the ownership will remain with the owner.
Do I have full control before the transfer or benefit payment?	Yes. The owner has full control and access to their investment until the transfer occurs. They can make withdrawals, make additional contributions and make changes to their investment options.	Yes. The owner has full control and access to their investment until the transfer occurs. They can make withdrawals, make additional contributions, alter or revoke the future transfer request and make changes to their investment options.
Can investment options be changed by the child?	<p>Once the transfer has occurred, the child must be 16 years of age or older to change investment options.</p> <p>If they are under 16 years of age, the changing of investment options is only permitted with the consent of a parent or guardian.</p>	Once the transfer has occurred, the child must be 16 years of age or older to change investment options. If they are under 16 years of age, the Account Guardian or estate representative may make changes to the investment options.
Can you change your instructions?	The vesting age or date can be changed, however, it is not possible to change the nominated child.	<p>You can change or revoke the Future Event transfer instructions at any time prior to the transfer.</p> <p>Nominated beneficiary benefits can be amended prior to the date of death of the nominated life insured.</p>

Other uses for a ChildBuilder



Child specific endowment plan

ChildBuilder's simplest strategy is investing a lump sum to grow until the investment bond vests to the nominated child at a set age, or automatically at age 25.



Funding a child's first home or deposit

ChildBuilder also offers you a simple, tax-effective investment that can be set to operate as a type of directed inheritance to help a child or grandchild into their first property.



Education funding saving plan

ChildBuilder is an ideal savings tool for you to fund the rising costs of education in Australia for your child or grandchild.



Student loan and debt reduction

Forward thinking parents and grandparents can use ChildBuilder to reduce or pay out student loans and other debt burdens.



Other uses for a LifeBuilder

Investing tax-effectively

A tax paid investment to help generate wealth tax-effectively and with flexibility.

Looking for an alternative to superannuation

There are no limits on how much and when you can contribute. You can access your funds at any time.

Looking to manage income levels in private trusts

While the trust remains invested there is no income for the trust to declare and distribute from its LifeBuilder investment.

Retirees looking to create a tax-effective income stream

There are no restrictions on when you can start your income stream – including if you are intending to retire early and access to superannuation is not available.

People looking to qualify for or improve Government benefits

Options to help manage or improve Government benefits and entitlements including using the Bonds Custodian Trust feature.



Outthinking today.

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