



## Disclaimer

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Nothing more certain...

# *Brisbane*

Masterclass 2025

Outthinking today.

# Discover Generation Life

Generation Life is the market leader and innovator in tax-aware investing, intergenerational wealth transfer, succession planning, and retirement income solutions.

As a wholly owned subsidiary of Generation Development Group, we are proud to be part of a broader Group that includes Lonsec Research and Ratings, and Evidentia Group.



>\$4.4b  
in FUM<sup>1</sup>



#1 provider of  
investment bond

60% market share of annual  
investment bond inflows<sup>2</sup>



Innovating retirement  
landscape

with estate planning and  
lifetime income solutions



Trusted and  
APRA regulated

Parent company  
ASX 200 listed<sup>3</sup>

1. As at 30 June 2025
2. Plan for Life, Investment Bonds Market Report for period ended 31 March 2025.
3. ASX 200 inclusion on the 24<sup>th</sup> of April 2025.





## Structural shift in advice

### Intergenerational wealth

Over 40% of advice practices offer estate planning services<sup>1</sup>

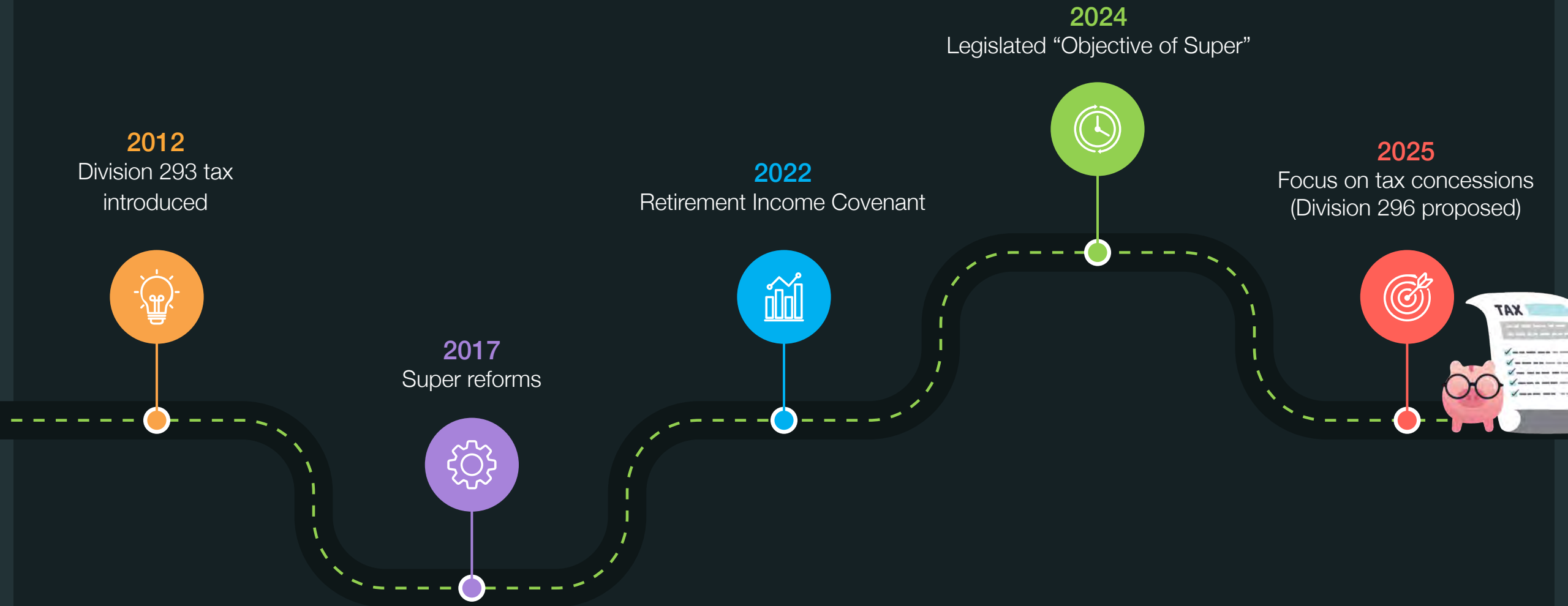


1. <https://www.moneymanagement.com.au/news/financial-planning/value-money-justifying-rising-fees-clients>



# Structural shift in advice

Continued changes to superannuation - broader than Division 296



# Life events

That can push towards high balances in Super and/or prevent access to Super



## Balances above \$3m

Those with superannuation balances above \$3m



## Capped out of super

Those who can't make non-concessional contributions – may be impacted by proposed Division 296 due to no indexation



## Liquidity event

Sale of a business



## High-income earners

May include C-suite, partners at audit/consulting firms, medical professionals with existing structures to cater for tax management

# Life events

That can push towards high balances in Super and/or prevent access to Super



## Inheritance recipient

Those who will be receiving an inheritance after the loss of a family member

## Insurance recipients

Those who may receive insurance payout through super – life insurance/TPD/income protection

## Loss of partner

Receiving an inheritance inside superannuation as reversionary beneficiary



## Investment bonds

An unrivalled estate planning solution that empowers multi-generational advice



# The alternatives

## Superannuation



## Trust



## Corporate beneficiary



## Personal



## Investment bonds



# The alternatives

## Superannuation

- Earnings taxed at 15%
- Proposed Division 296 tax expected for balances > \$3 million
- Superannuation death tax (15-30%)

## Trust



## Corporate beneficiary



## Personal



## Investment bonds





# The alternatives

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## Trust

- Flow through structure
- Income splitting
- In the spotlight for further tax reforms
- Trustee obligations

## Corporate beneficiary



## Personal



## Investment bonds



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## Corporate beneficiary

- Company tax rate of 30% applies
- A tax deferral strategy
- Amounts treated as dividends under Division 7A are generally not frankable
- Potentially hard to fully drain

## Personal



## Investment bonds



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- Company tax rate of 30% applies
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- Potentially hard to fully drain

## Personal

- Earnings taxed at personal marginal tax rates
- Subject to creditors
- Family home can be CGT exempt

## Investment bonds





## Investment bonds

- ✓ **Tax Optimised options generally ranges between 10% - 15%<sup>1</sup>**  
Maximum tax rate of 30%
- ✓ Can be structured as a **non-estate asset**
- ✓ Generation Life Tax Effective Australian Share Fund  
**#1 performing Investment Bond Australian Share fund<sup>2</sup>**
- ✓ **Creditor protection**



1. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

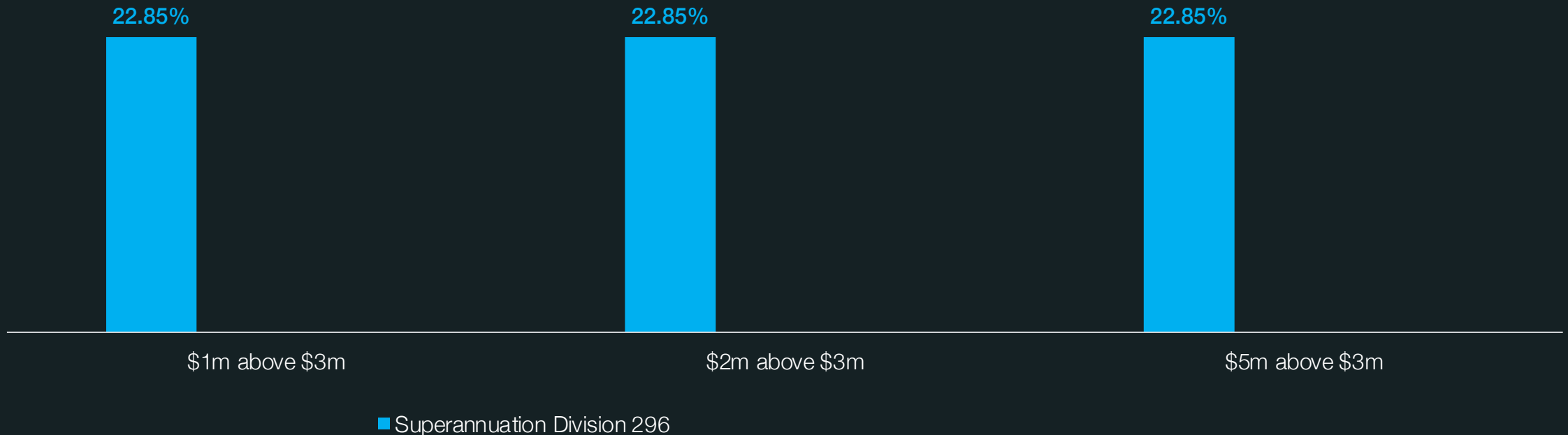
2. Morningstar Direct Australia Fund Equity Australia Large Blend for the 5-year period to 30 June 2025.



# Comparing superannuation, investment bond and trust beneficiary tax experience

Let's compare an investor's outcome assuming no other taxable income

Investment balances above \$3m

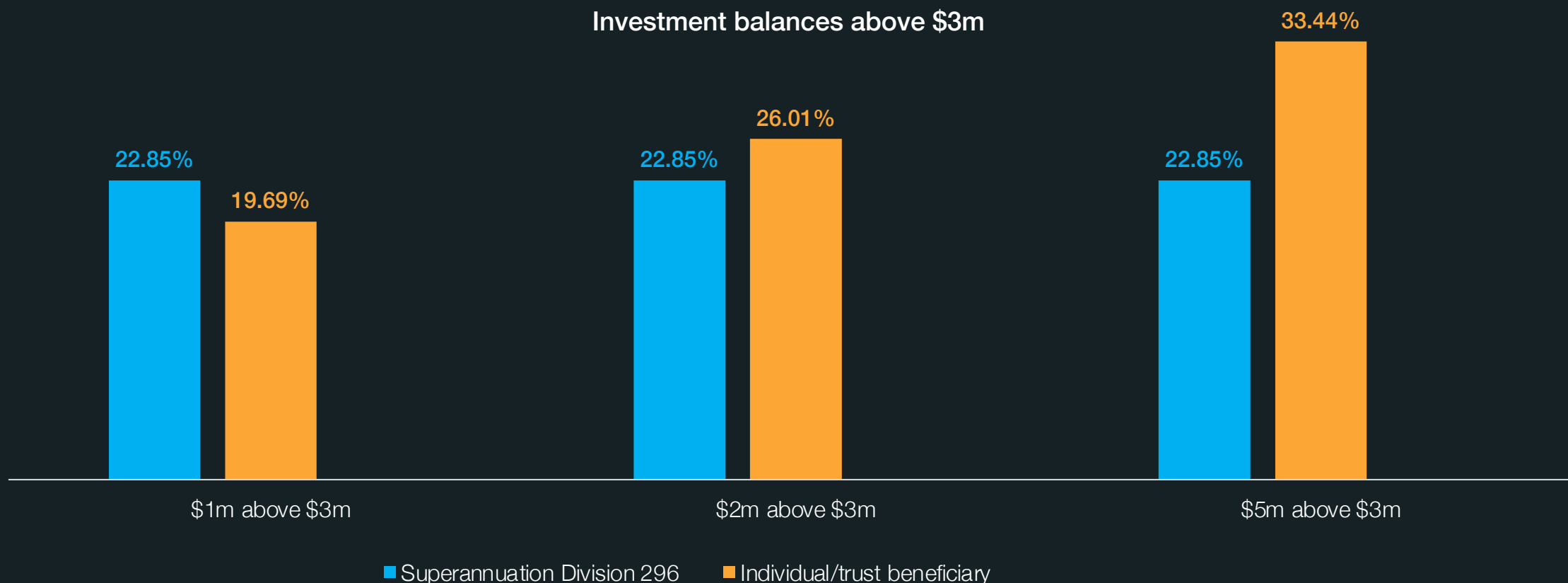


The graph above illustrates the effective long term average annual tax rate on investment balances of \$1m, \$2m and \$5m respectively above \$3m when invested in Australian and international shares across 12 investment strategies offered in the Generation Life tax optimisation range. Represents the average annual tax paid as percentage of realised income and realised gains after benefit of imputation credits. Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a period of 15 years for the combined selected investment strategies in the Generation Life Tax Optimised series of strategies. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option. Past performance does not indicate future performance. Trust beneficiary assumes no other assessable income.



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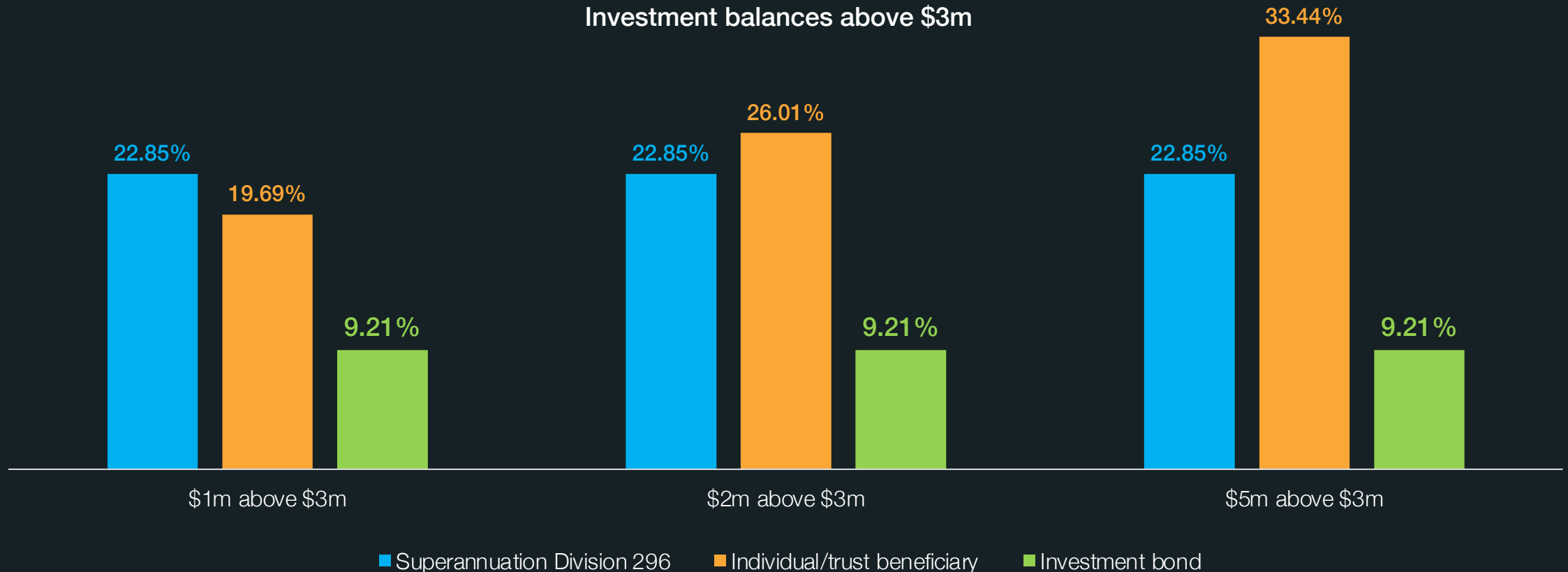


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## Investment approach: portfolio construction

Achieving better outcomes: highly experienced after-tax managers, higher alpha, efficient after-tax structures, tax awareness

The most common investment trade-off of...  
**Alpha, risk & trading costs**

...is incomplete without  
**tax awareness**



## Our innovative Tax Aware process



**Considering tax consequences when investing**

**Capital management** – offset capital losses against assessable income

**Income management** – respecting the 45-day rule and securing all tax credits

**More control over tax outcomes**

**Operational efficiencies** through netting of trades

Alpha & risk is uncertain, tax cost is certain

# Enhancing an after-tax pooled investment portfolio

The creation of cost parcels through inflows – UF11 iShares Wholesale Australian Equity Index Fund



Daily buy price of the iShares Wholesale Australian Equity Index Fund, APIR: BGL0005AU. Past performance is not a reliable indicator of future performance.



# Enhancing an after-tax pooled investment portfolio

## The creation of cost parcels through inflows – UF11 iShares Wholesale Australian Equity Index Fund



Daily buy price of the iShares Wholesale Australian Equity Index Fund, APIR: BGL0005AU combined with the daily buy orders of the asset from the Generation Life iShares Wholesale Australian Equity Index Fund (UF11) APIR: ALL0026AU. Past performance is not a reliable indicator of future performance.

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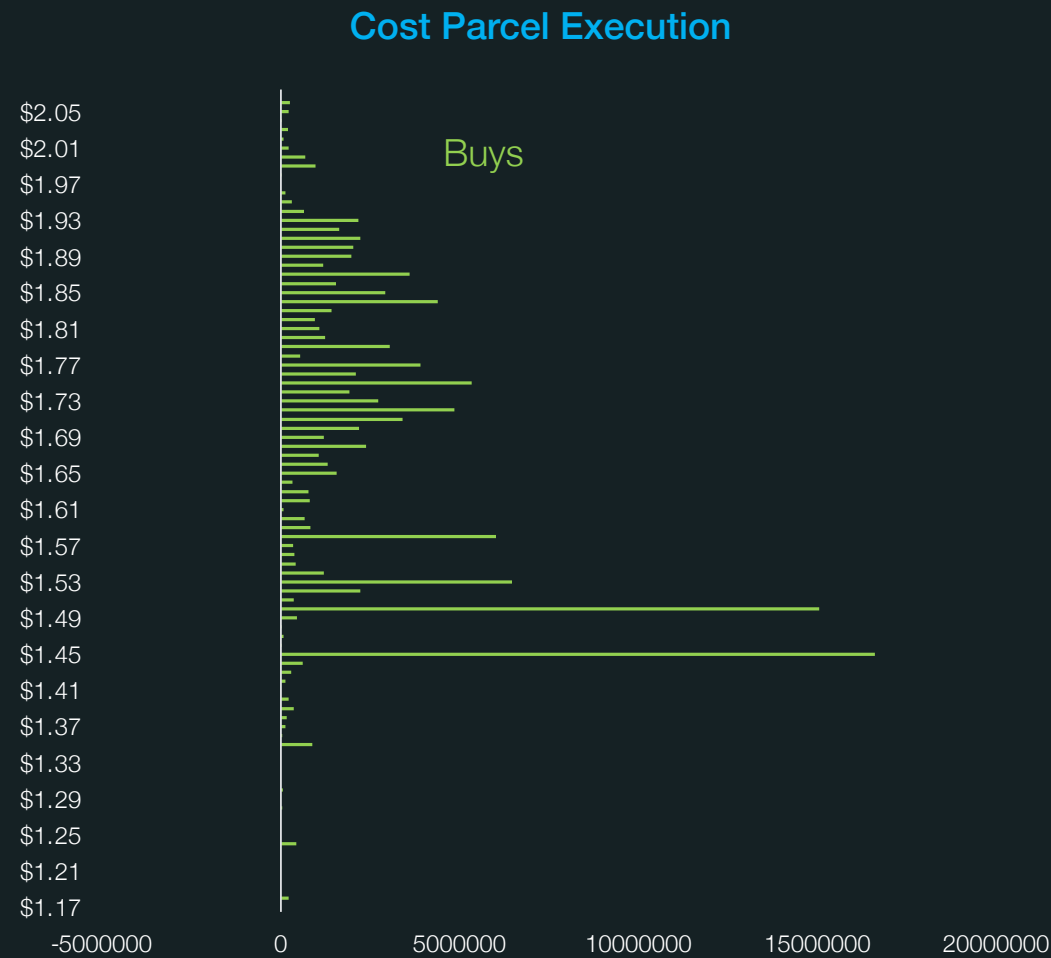


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# Selling the highest cost parcels

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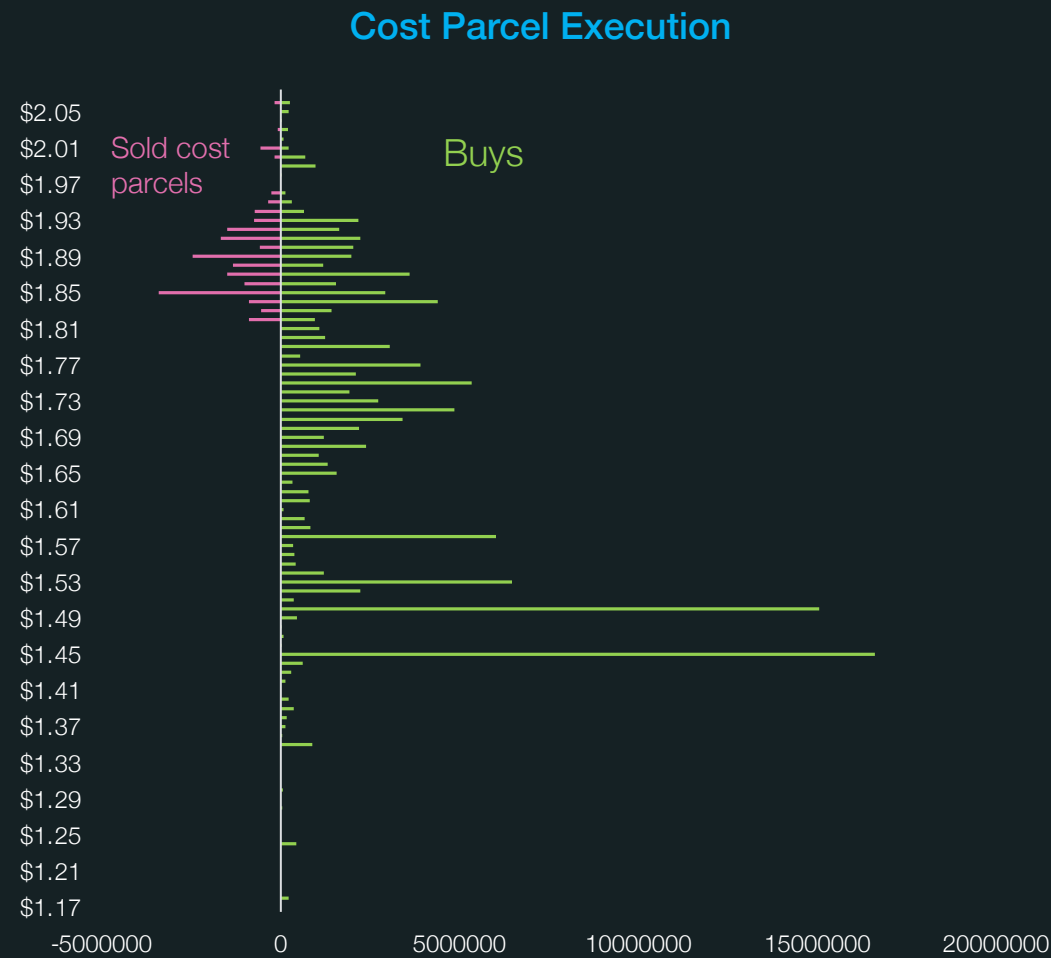


Buy orders of BGL0005AU ranked from highest to lowest price from the Generation Life iShares Wholesale Australian Equity Index Fund (UF11) APIR: ALL0026AU for the period December 2018 to December 2024. Past performance is not a reliable indicator of future performance.



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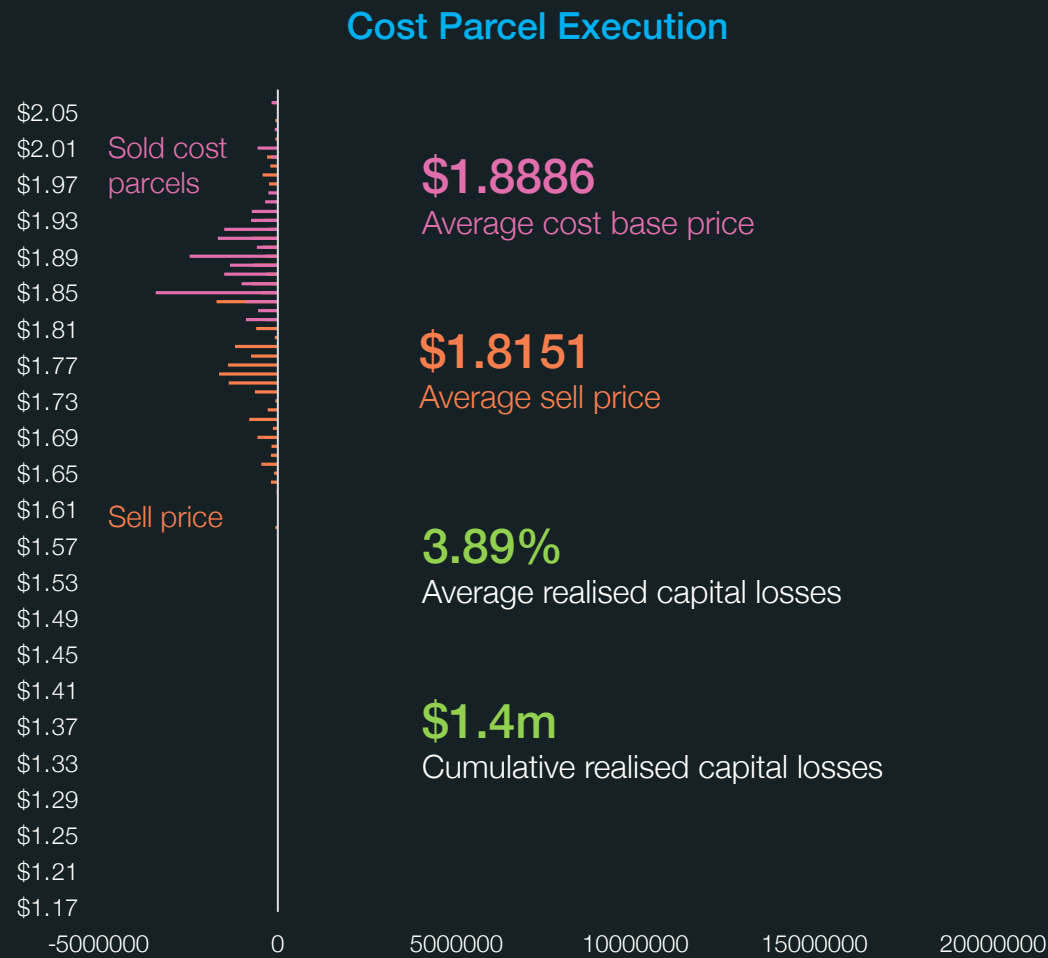


Buy orders of BGL0005AU ranked from highest to lowest price from the Generation Life iShares Wholesale Australian Equity Index Fund (UF11) APIR: ALL0026AU for the period December 2018 to December 2024. Past performance is not a reliable indicator of future performance.



# Managing capital outflows

## UF11 iShares Wholesale Australian Equity Index Fund



Buy orders of BGL0005AU ranked from highest to lowest price from the Generation Life iShares Wholesale Australian Equity Index Fund (UF11) APIR: ALL0026AU for the period December 2018 to December 2024. Past performance is not a reliable indicator of future performance.





# Generation Life Tax Effective Australian Share Fund

31 May 2025 - \$140 million

#1 fund 

out of 51 qualifying Australian share funds over 5 years<sup>1</sup>

Name	5-year return p.a.
Generation Life Tax Effective Australian Share Fund	10.62%
ANZ Investment Bond-Russell Australian Share Fund (Closed)	9.64%
Futurity Mgd & Blnd Rspnb Invm Port FM	9.37%
IOOF WealthBuilder Australian Share Fund	9.32%

**2.80%** p.a. higher than the average return of the investment category which is 7.82%.

**2.63%** p.a. higher than the median return of the sector which is 7.99%.

**1.37%** tax receivable p.a. since inception versus **1.19%** tax payable p.a. for iShares Australian Shares.

Tax Smart Feature	Explanation	Potential Benefit
Accelerating Tax Losses	Swapping securities that are trading at a loss for similar securities - all while staying fully invested	Generating tax losses to offset gains
Manage to a Tax Rates	Intentionally managing for a 30% revenue account tax-payer including considering the types of dividends (eligible for franking)	Avoiding the costliest taxable events (e.g. unfranked income)
Deferring Gains	Delaying the realisation of gains, allowing for a deferral of tax consequences	Keeping dollars invested and compounding over time

1. Morningstar Direct Australia Fund Equity Australia Large Blend for the 5-year period to 30 June 2025.

## 2 Tax effective share funds



Generation Life Tax Effective Australian Share Fund  
#1 performing Investment Bond Australian Share fund.<sup>1</sup>

Up to **5.6% p.a.** performance uplift

# 35 options



Tax Optimised

## 2 Fixed interest



PIMCO

Up to **2.4% p.a.** performance uplift

## 14 Diversified



Fidelity

Vanguard®



Dimensional



Up to **3.1% p.a.** performance uplift

## 9 Active share funds

HYPERION  
ASSET MANAGEMENT



BAEP  
Benevolent Australian Equity Partners

Perpetual

IML INVESTORS  
MUTUAL LTD

DNRCapital

MAGELLAN  
ASSET MANAGEMENT LIMITED

FRANKLIN  
TEMPLETON

Up to **3.3% p.a.** performance uplift

## 8 Model portfolios



EVIDENTIA  
GROUP

Mercer

MORNINGSTAR®

Up to **3.1% p.a.** performance uplift

Forecast expected long-term after-tax return uplift when compared to investing in a similar strategy directly by an individual on a marginal tax rate of 47% (including Medicare). Underlying investment returns are based on long-term pre-tax returns for the investment strategies, while tax assumptions are based on the long-term historical tax profile of the strategies. Forecast assumes an investment holding period of 15 years with no withdrawals and with all income reinvested. No guarantee is provided that the estimated long-term after-tax returns can be achieved and the returns are estimates only.

1. Morningstar Direct Australia Fund Equity Australia Large Blend for the 5-year period to 30 June 2025.







Case study

## Alternative tax structures outside of superannuation





## Meet John

<b>Age</b>	50
<b>Occupation</b>	Medical specialist on highest MTR and subject to potential malpractice risk
<b>Surplus income</b>	\$50,000 p.a. after PAYG tax
<b>Superannuation</b>	> \$3m and likely to be impacted by proposed Division 296 tax
<b>Inheritance</b>	\$500,000 from late mother





## John's goals

- ☐ Grow wealth outside of super
- ☐ Flexibility to access funds before fully retiring
- ☐ Reduce working hours before he turns 65
- ☐ Protect assets from personal liability

## John's concern...

**Can no longer make non-concessional contributions**

Total super balance over \$2m threshold

**Does not want to hold assets personally**

Concern about malpractice risk

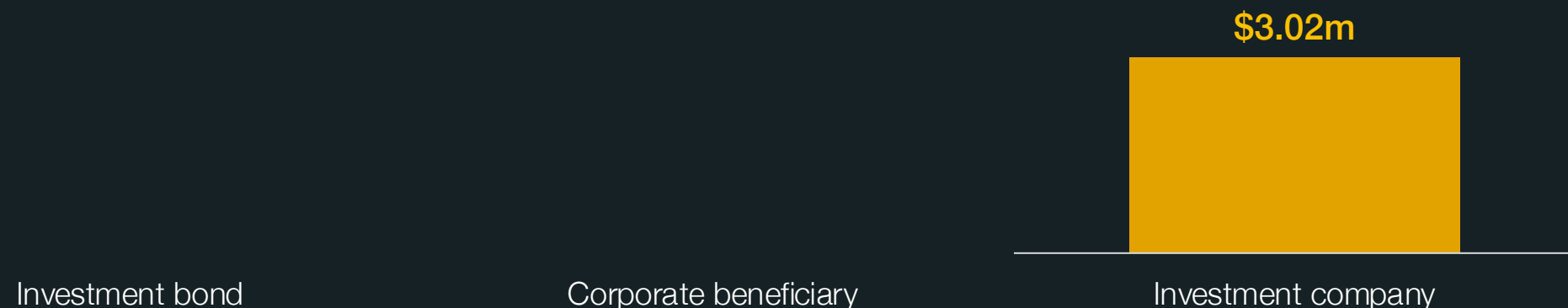
**John speaks to his financial adviser about exploring alternative tax structures.**





## John's solutions...

John's financial adviser provided three options and shows the expected proceeds after 15 years invested in the Vanguard All Growth Portfolio.

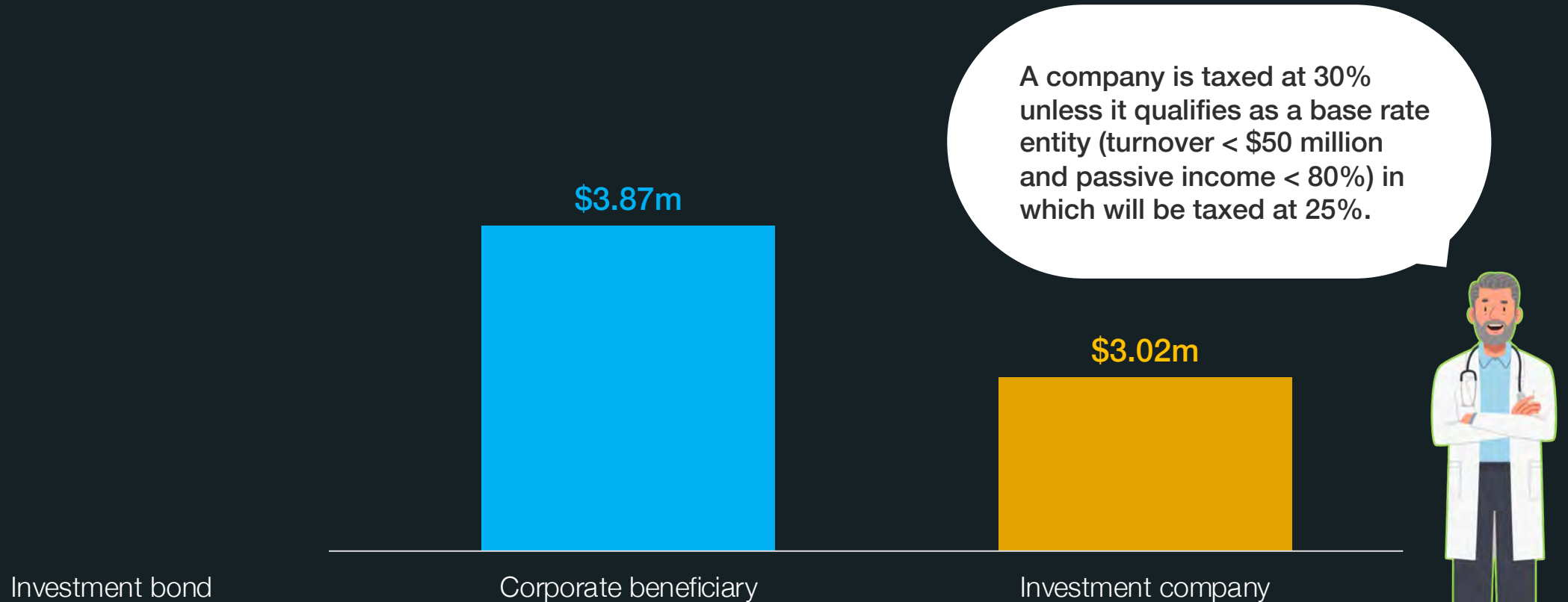


Assumptions: \$500,000 initial investment, \$50,000 p.a. contribution, from year 1 to year 15 at 47% MTR, investing in Vanguard All Growth option. The graph above compares investment strategies held through a Generation Life Investment Bond, an individual, a corporate beneficiary and bucket company invested in the Vanguard All Growth Portfolio over a 15-year period returning 12.1% p.a. before tax with a franking level of 89.4%, an income return of 3.4% p.a. and growth return of 8.8% p.a. Passive company structure with tax rate of 30.0% assumed. Progressive personal tax rates used (including 2% Medicare Levy) as at 2024/2025 rates and thresholds and indexed at 3% per annum. Underlying income is assumed to be reinvested and a full withdrawal made at the end of the period and paid to the investor. Returns are based on historical investment returns and expected tax assessable amounts. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.



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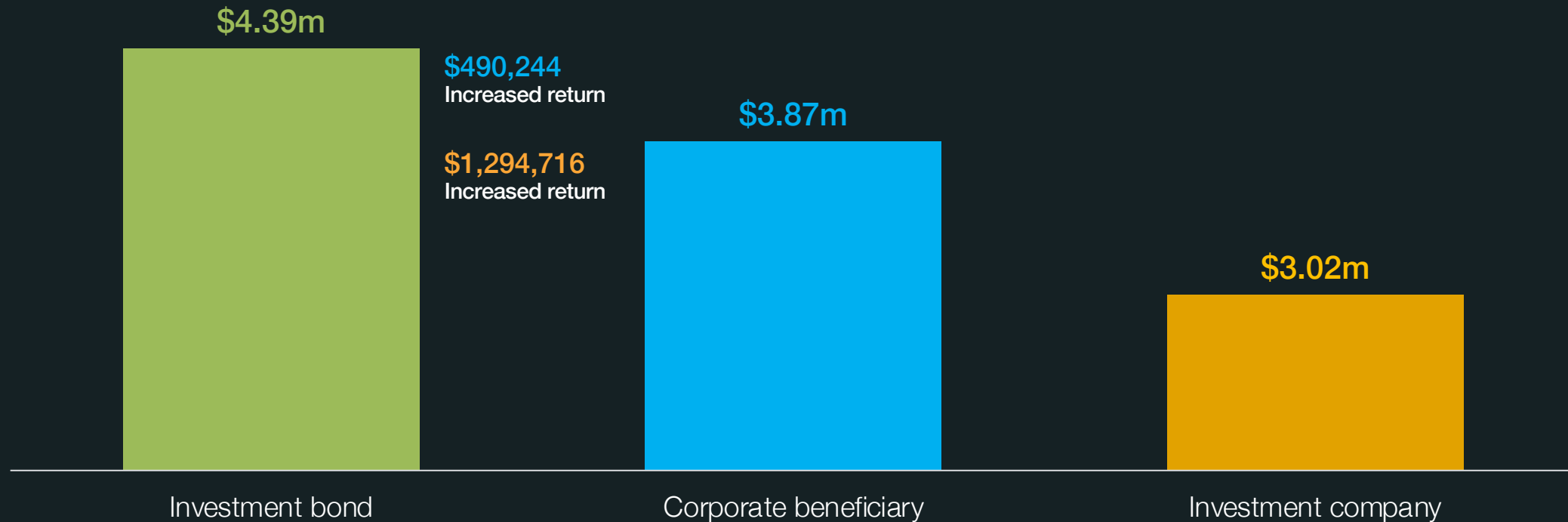
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## John's outcomes using investment bonds...



Flexibility – when accessing funds



Tax-effective returns through a simple structure



Easy admin, no setup costs



No Division 7A issues (compliance intensive)



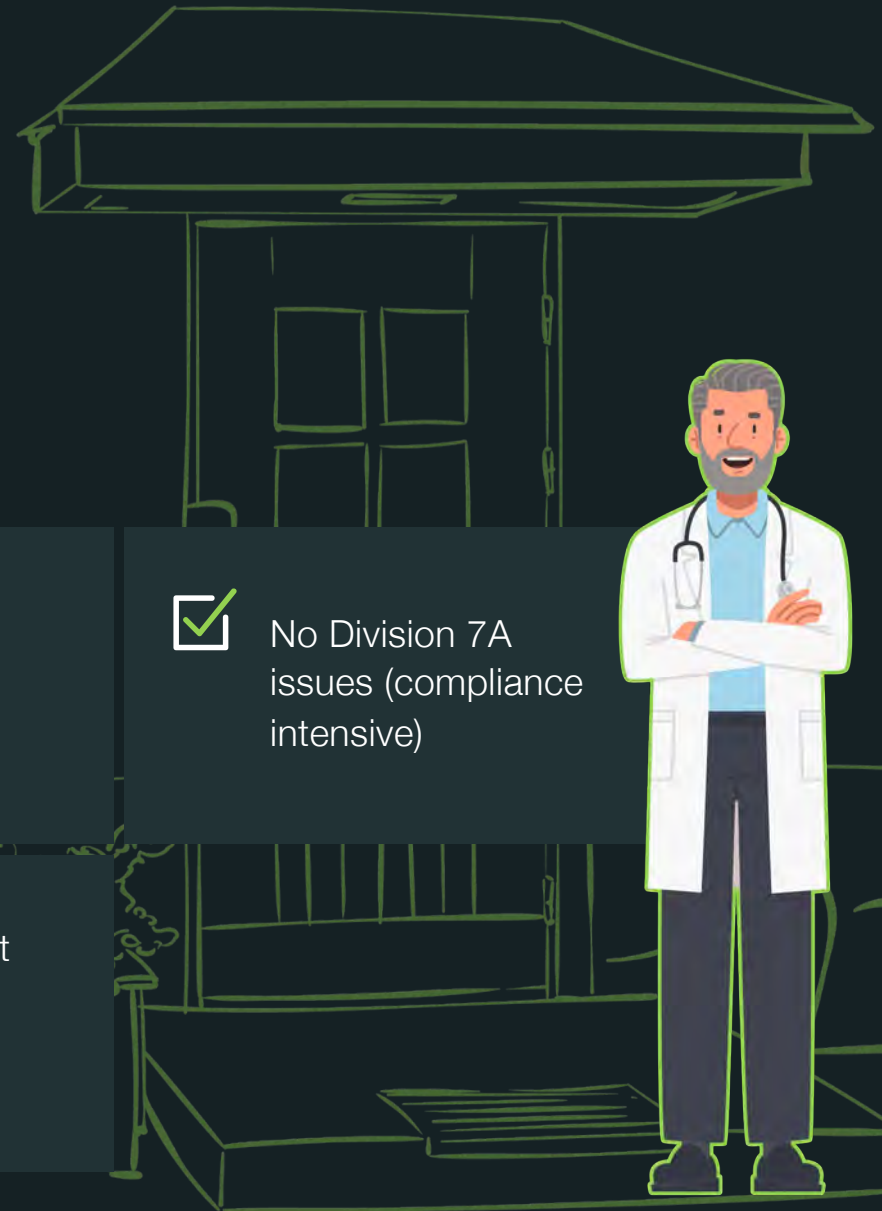
No top up tax after 10 years



Creditor protection in bankruptcy<sup>1</sup>



Non-estate asset – death benefits bypass trustee discretion<sup>1</sup>



<sup>1</sup> Subject to appropriate investment bond structuring.

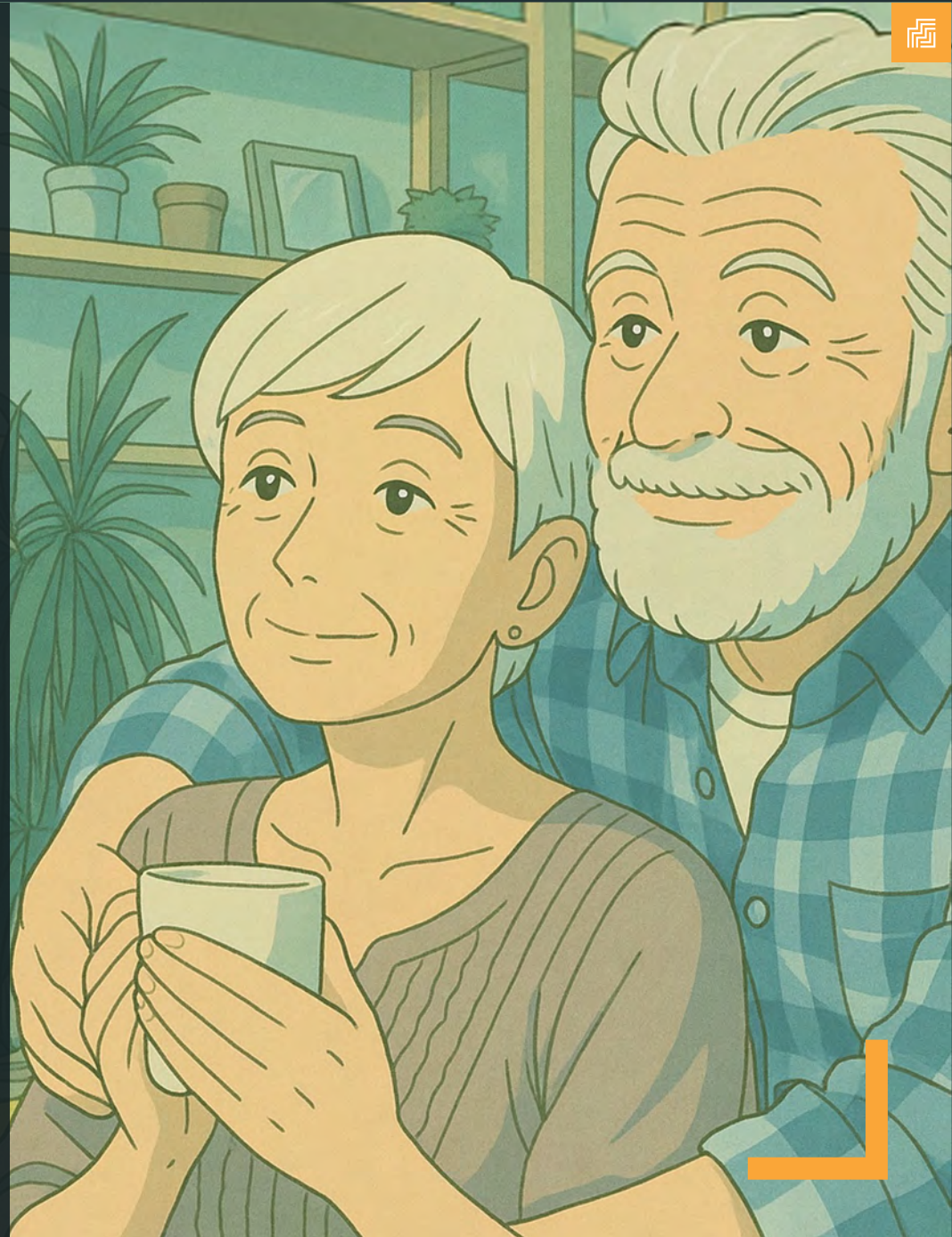






### Case study

## Reducing tax impact of death benefit income streams & lump sum payments





## Meet Jack and Sarah...

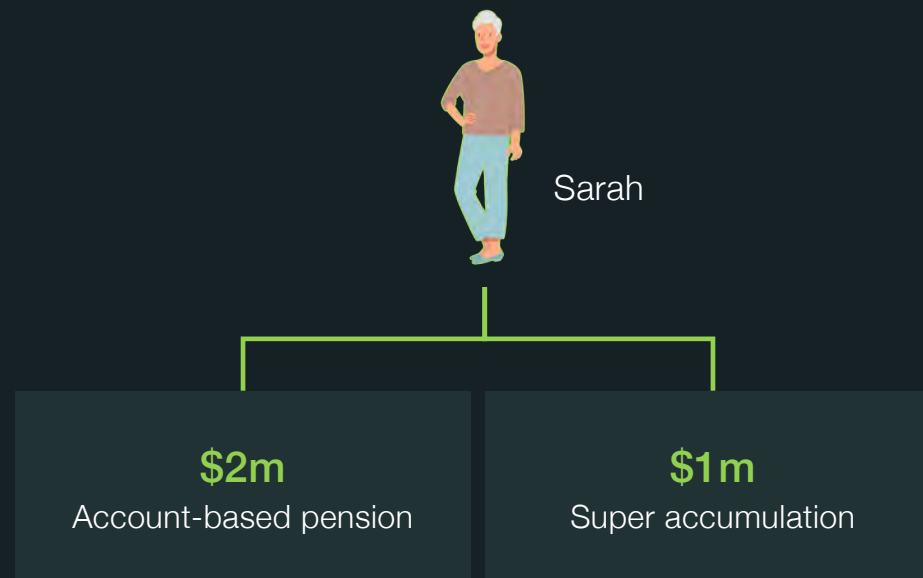
<b>Age</b>	Sarah 74 and Jack 78
<b>Situation</b>	Married for > 30 years Two adult children on highest MTR
<b>Superannuation</b>	Jack — \$4m in super Sarah — \$2m account-based pension and \$1m in super

Sadly, Jack recently passed away, nominating Sarah as his reversionary beneficiary of his superannuation.



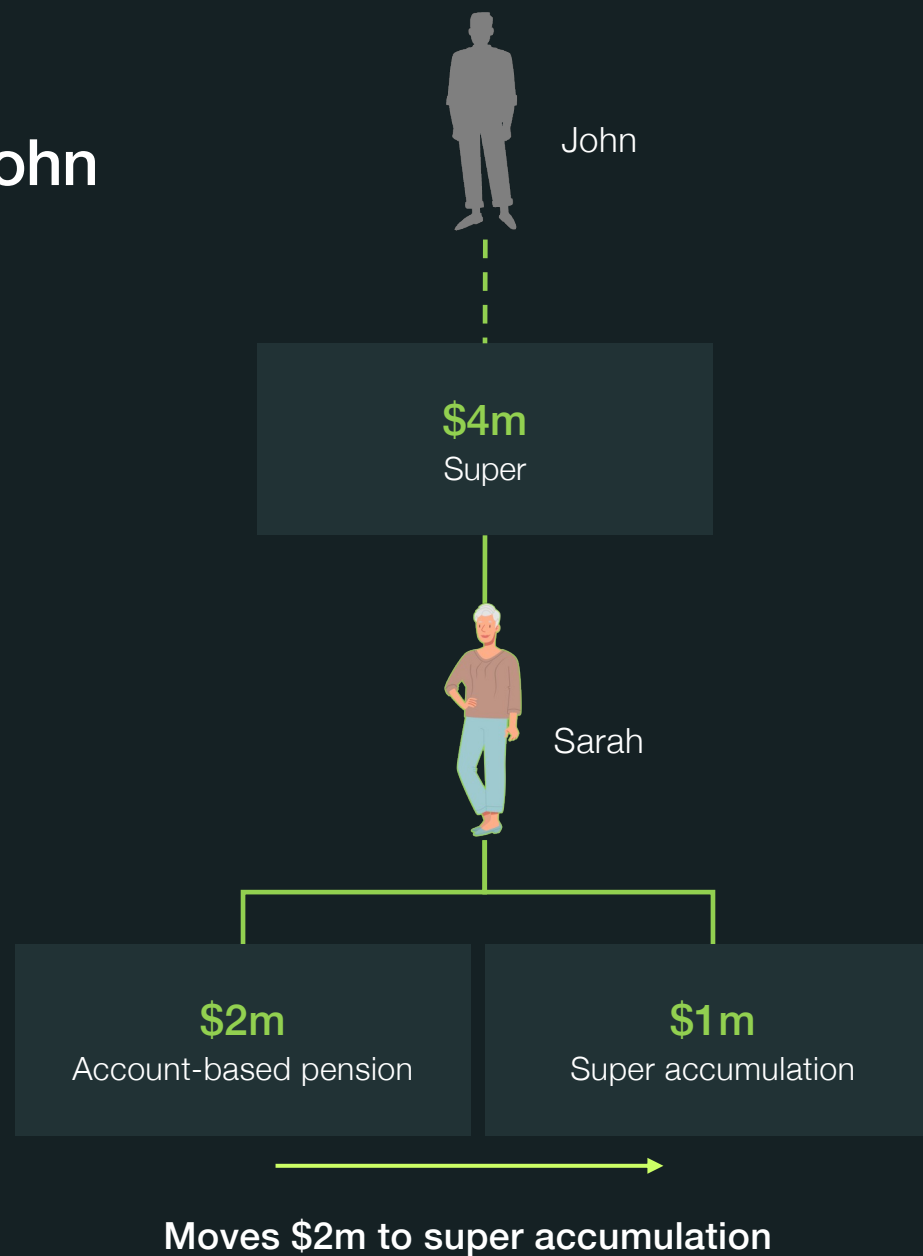


## Sarah's current superannuation



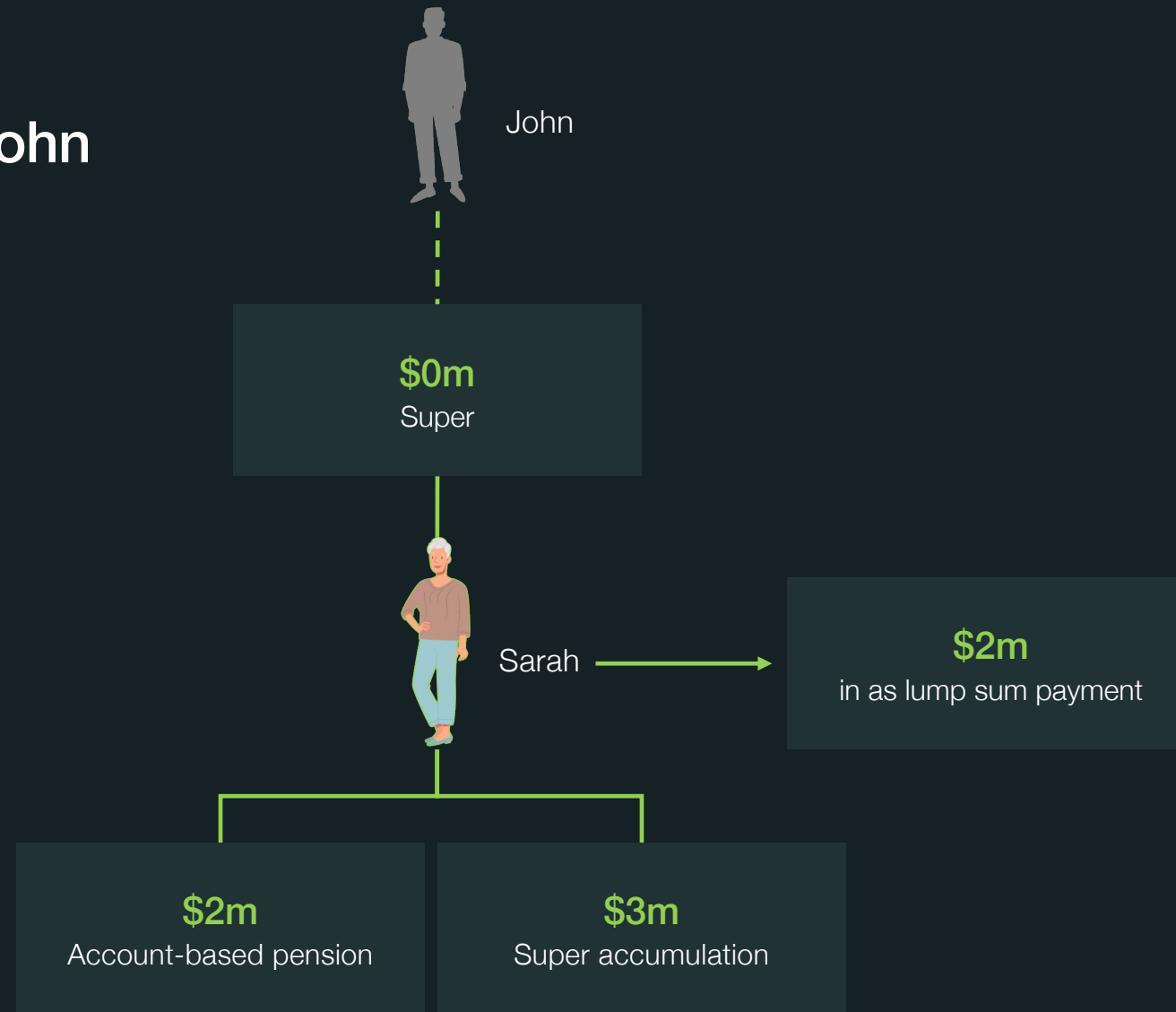


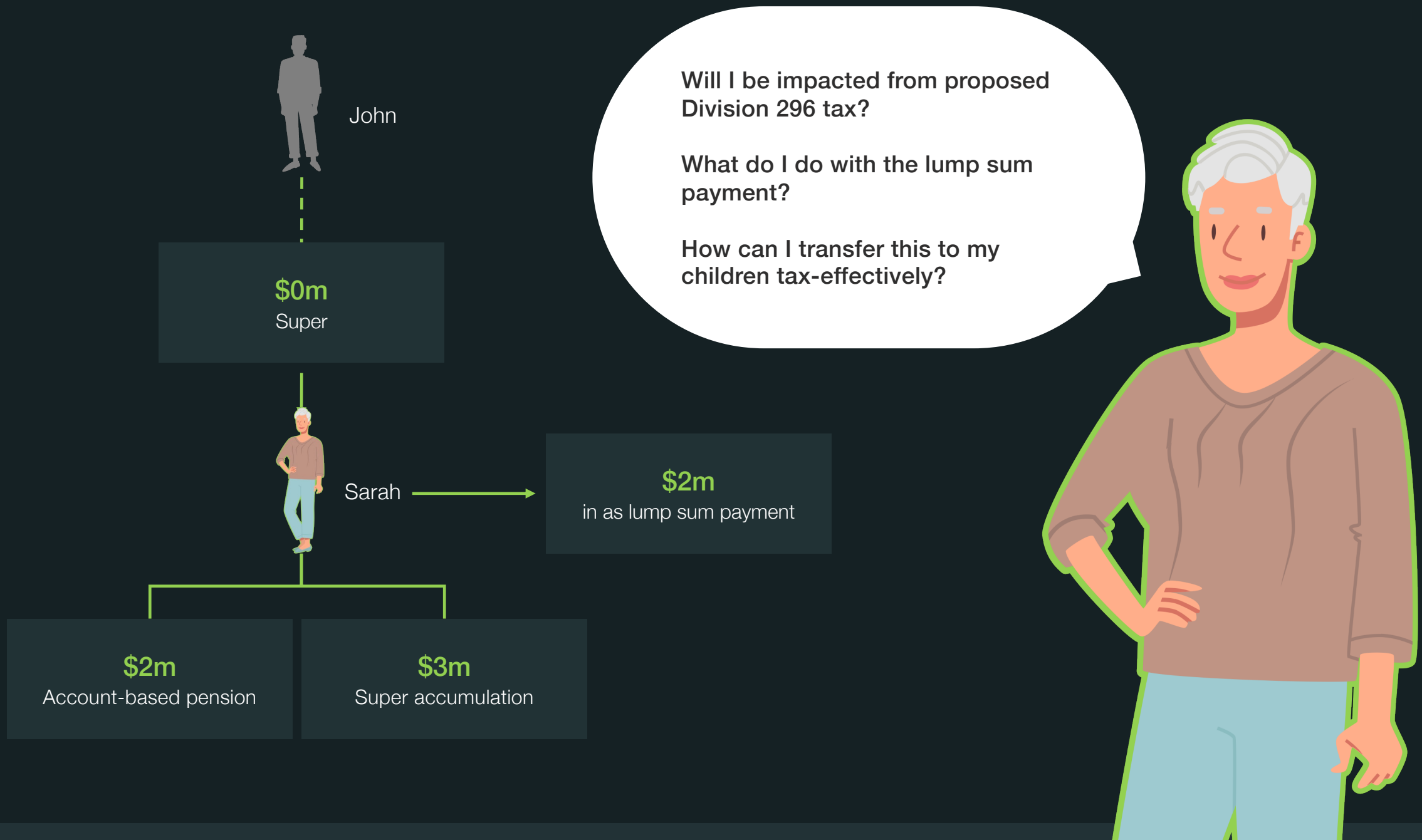
## What happens when John passes away...





## What happens when John passes away...







# Managing the tax effects

Sarah wants to minimise super death taxes and pass excess funds to her adult children tax-effectively via an investment bond

Year	Net super proceeds after death tax and Division 296 tax	Investment bond proceeds
Age 80	\$4.85m	\$5.12m
Age 85	\$8.16m	\$9.53m
Age 90	\$13.71m	\$16.59m

At age 87 – Sarah’s life expectancy:

\$1.84m

Net after-tax proceeds of the investment bond versus the super proceeds

\$1.6m

Death benefit taxes saved for beneficiaries

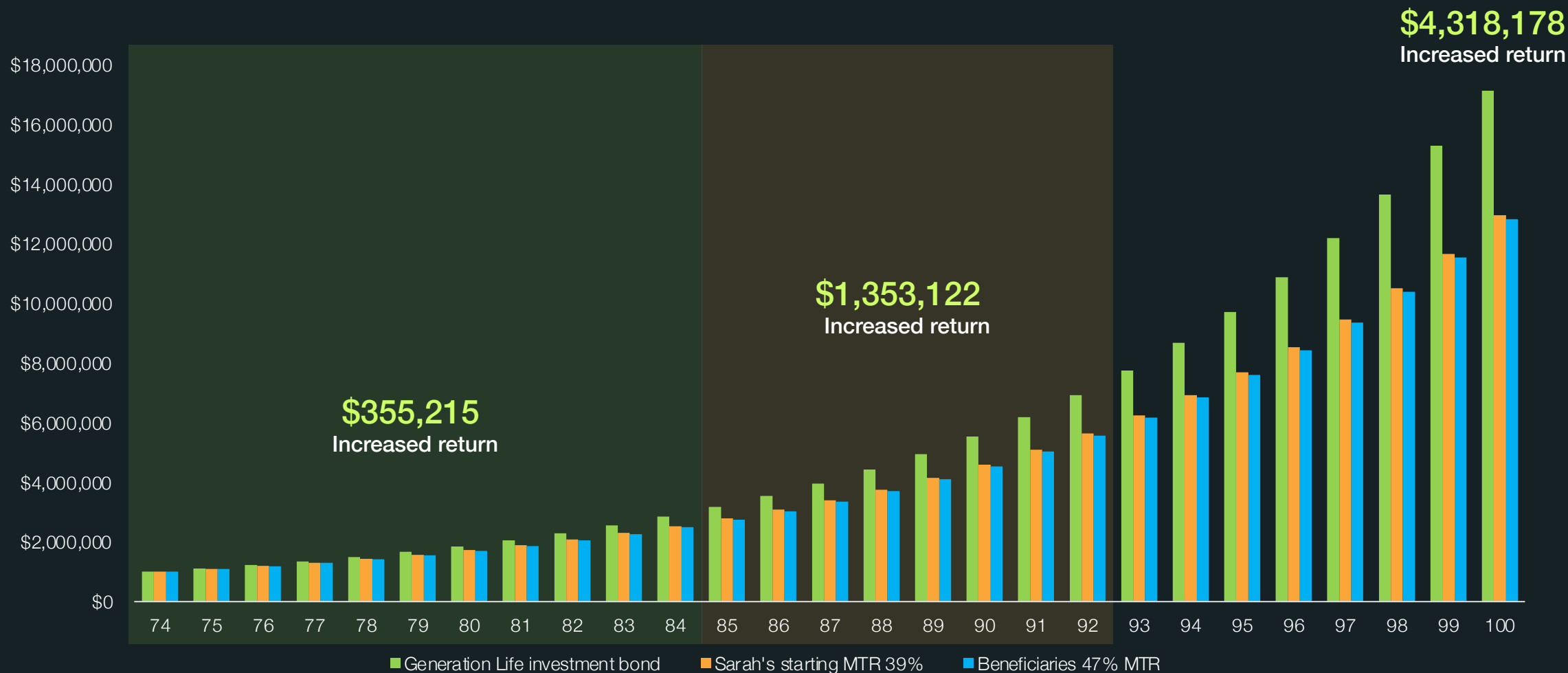
Assumptions: The table above compares a \$3m investment into a diversified Australian and international share strategy through a Generation Life Investment Bond against a similar investment strategy held through a \$3m Accumulation account and \$2m allocated pension account with minimum annual drawdowns. Superannuation taxable components of 60% with a death benefit tax of 15% plus 2% Medicare levy applicable to non-dependent beneficiaries. Assumes proposed Division 296 tax of 15% on earnings on TSB balances above \$3m applies. The strategy assumed to return 12.2% p.a. before tax (an income return of 3.4% p.a. and growth return of 8.8% p.a.) with a franking level of 89%. Returns are based on historical investment returns and expected tax assessable amounts without taking into account fees, charges and expenses. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.





# Setting up investment bonds for her children...

Sarah decides to invest the \$2 million lump sum into two investment bonds, earmarked for each of her children.



Based on an investment of \$1,000,000 in the Vanguard High Growth Portfolio with a total annual gross investment return of 9.5% p.a. Average return calculated using tax components and return history of the fund from inception to 30 June 2023. Past performance is not an indication of future performance. Performance is net of fund taxes, management fees and other operating expenses (if applicable) and excludes the effect of any investor specific costs, personal taxes on sale of assets or management fee rebates. Adult Children's MTR of 47% (including Medicare Levy). Sarah's starting MTR is 39%. Other assessable income increases by 4% per annum.



## Sarah's outcome using investment bonds...



Complements her super with a highly tax-effective structure



No distributable income or capital gains



Sarah can pass the investment bonds to her adult children tax-free



What happens to a total and permanent disablement (TPD) insurance payout once it is inside superannuation?





## Case study

# Death benefit taxes and missed opportunities



## Meet Bill and Helen...

Age	Helen 77
	Bill 79
Situation	Married
	Two adult children
Superannuation	Helen has a lower super balance (contributions directed to Helen's super to reduce the taxable component)

Sadly, Helen has recently passed away, nominating Bill as her reversionary beneficiary of her superannuation.







## Bill's concern...

Left with a **higher taxable component** on his super

**Large death benefit tax** payable by his children



## Protecting beneficiaries...

Just 11 months after Helen's passing, Bill also passes away.

With both parents deceased, Helen and Bill's superannuation death benefits were paid to their adult children.

Sadly, a common occurrence, with 70% of men more likely to pass away within a year of their spouse.<sup>1</sup>

1. National Council on Aging (2025) 'The widowhood effect: how to survive the loss of a spouse', National Council on Aging, 2 May. Available at: <https://www.ncoa.org/article/the-widowhood-effect-how-to-survive-the-loss-of-a-spouse/> (Accessed: 4 August 2025).



## The unintended tax impact...

What if Bill and Helen had established an investment bond?



Managed wealth through a tax-effective investment structure



Access to funds at any time



Certainty of wealth transfer – bypassing possible trustee discretion



Prevented children from incurring death tax on the taxable component





What is the success rate of claims  
against the estate in Australia?

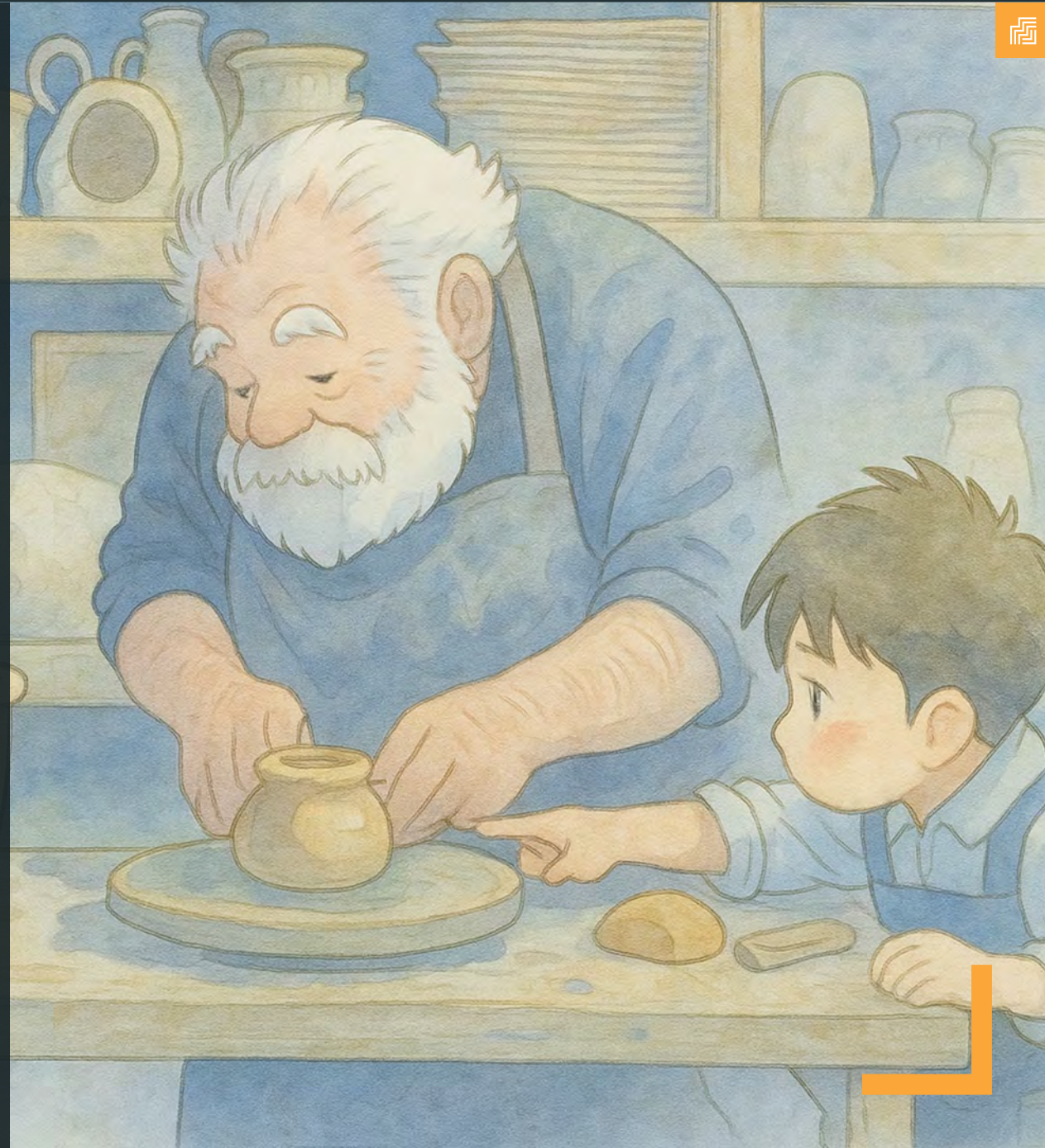






### Case study

## Proposed Division 296 and the superannuation death benefit tax





## Meet Raymond

<b>Age</b>	82
<b>Situation</b>	Wealthy retiree
<b>Investments</b>	SMSF \$9.3m - 70% taxable component
<b>Family</b>	Single father with two non-dependent adult children
<b>Tax</b>	Raymond and his children are in the top marginal tax bracket







## Raymond's goals & concerns

- ☐ Reduce impact of proposed Division 296 as his SMSF is > \$3 million
- ☐ Flexibility to access funds whenever he wants to
- ☐ Transfer wealth to children tax-effectively by managing the impact of super death taxes

**Raymond speaks to his financial adviser about exploring his options**



## Raymond's financial adviser presents 3 scenarios...

- 1. Superannuation**  
Leave money in superannuation and pay Division 296 and death benefit taxes
- 2. Trust**  
Leave superannuation balance above \$3m in a trust structure
- 3. Investment bond**  
Leave superannuation balance above \$3m in two investment bonds



## Raymond's outcome based on the three strategies

Raymond's financial adviser provided three outcomes if he invested the excess \$6.3m through different structures.

Year	Superannuation Division 296 tax	Superannuation Death Benefit tax	Net superannuation proceeds after death tax	Family trust	Two investment bonds
Age 83	\$6,768,045	(\$742,302)	\$6,025,743	\$6,721,812	\$6,784,938
Age 85	\$7,814,429	(\$857,066)	\$6,957,363	\$7,173,928	\$7,880,180
Age 89	\$10,432,952	(\$1,144,259)	\$9,288,693	\$9,970,992	\$10,678,068

If Raymond was to pass away at age 89...



**\$1,144,259**

No death benefit tax payable

+



**\$245,116**

Higher-end balance on investment bonds compared to super under Division 296

=



**\$1,389,375**

Additional inheritance to adult children via investment bond

Assumptions: The table above compares investment strategies held through a Generation Life Investment Bond and family trust against similar investment strategies held through a superannuation fund on amounts above \$3 million over a 8-year period returning 8.7% p.a. before tax with a franking level of 81.40%, an income return of 3.1% p.a. and growth return of 5.6% p.a. Returns are based on historical investment returns and expected tax assessable amounts without taking into account fees and charges. Generation Life does not make any guarantee or representation as to any particular level of investment returns. Past performance is not an indication of future performance.



## Raymond's outcomes...



Not concerned with Division 296 tax or death benefit tax implications



Easy, convenient and effective way to pass on wealth



Can be transferred as part of Raymond's estate planning wishes, tax-free



Raymond has access to his funds whenever he needs them until his passing



His kids not have assessable income to declare when accessing funds<sup>1</sup>



May consider restructuring remaining super balance for no additional death benefit tax implications



1. If the transfers occur after 10 years



Which type of payout can be exempt from Division 296 calculations?







Case study

## Blended families



## Meet Greg...

### Marriage

Married to second wife, Jane

### Family

Two adult children together with Jane  
14-year-old daughter, Sarah, from first marriage

### Estate plan

Reciprocal wills to provide for each other and children  
\$50,000 set aside for each child







## Greg's concern...

Read a news story about a son who lost his late mum's super to her second husband, after the court backed the trustee.<sup>1</sup>

Worried his wife may not honour his wishes – leaving Sarah with nothing.

1. The Australian (2025) 'Your super could skip your children, court ruling shows', The Australian, 21 July. Available at: <https://www.theaustralian.com.au/wealth/retirement/son-loses-mothers-super-to-stepfather-despite-court-challenge/news-story/86dfe80840662a6e600ae4b3cd71840a> (Accessed: 4 August 2025).

## The features of an investment bond that can **provide certainty**



Can be structured to not form part of the estate



Ability to bypass a generation



Ability to appoint an Account Guardian until the child is eligible



Binding nominations – cannot be changed once death occurs



Can work like a testamentary trust to make regular payments



Ability to appoint a Co-Signatory to authorise once-off payments









Case study

# Investing excess superannuation balances





## Meet Rachel

Age	75
Family	Widowed with three adult children
Superannuation	\$3.9m — impacted by proposed Division 296







## Rachel's goals...

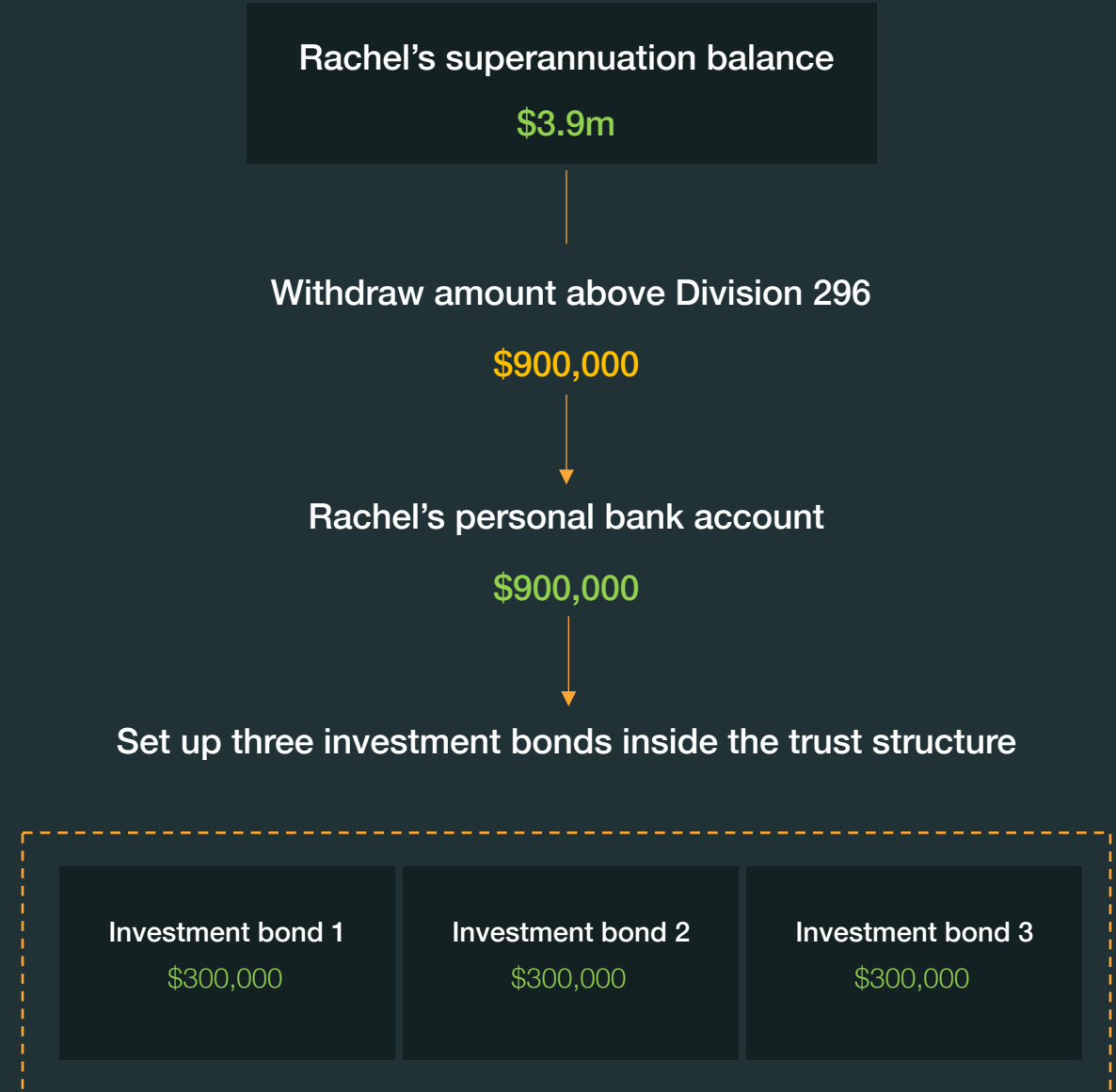
- ☐ Withdraw any balances above \$3m each year and invest in an alternative, tax-effective structure
- ☐ Implement effective estate planning to transfer her wealth to her three adult children

**Rachel speaks to her financial adviser.**



## Rachel's solution...

Withdraws \$900,000 from her superannuation and invests in three investment bonds for her children within the existing trust, each earmarked for transfer via the Future Event Transfer facility.





Rachel's superannuation balance

\$3m

Withdraw amount above Division 296 in subsequent years

\$355,506

Rachel's personal bank account

\$355,506

Annual contribution to each investment bond held inside the trust structure

Investment bond 1

+\$118,502

Investment bond 2

+\$118,502

Investment bond 3

+\$118,502

## What happens in subsequent years...

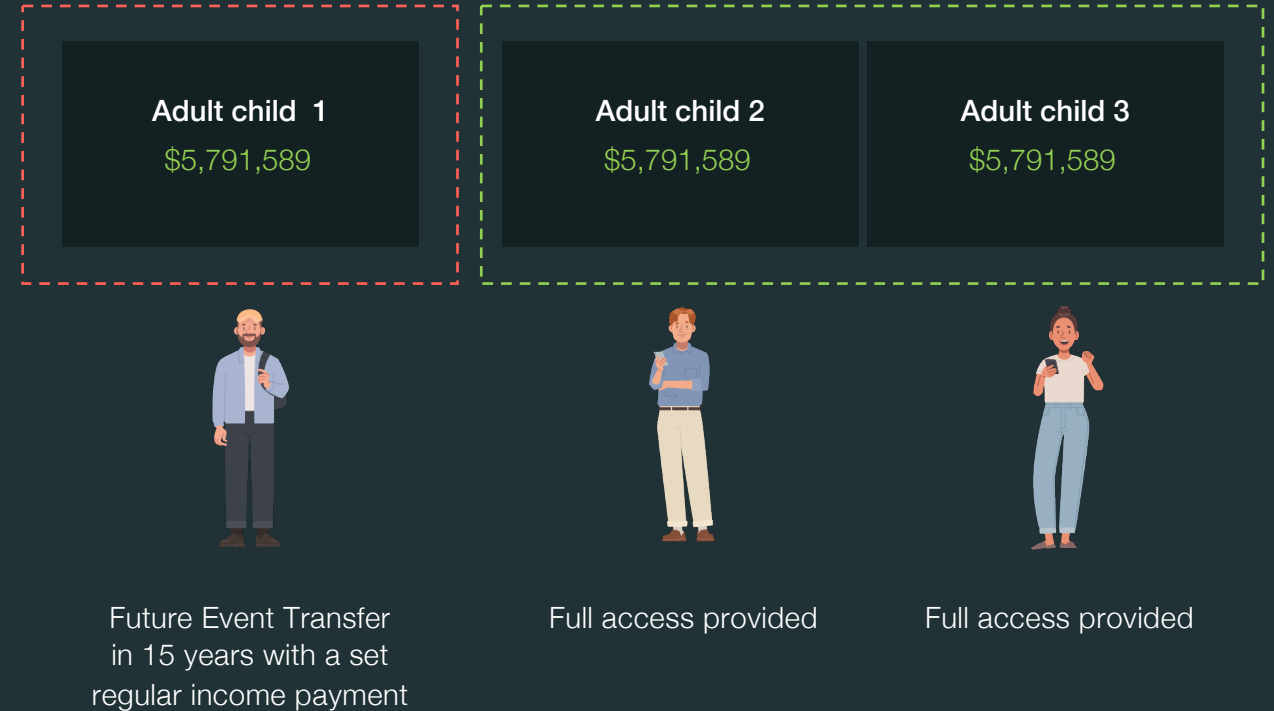
Withdraws \$355,506 annually from her superannuation.



## What if Rachel wants to control access in the future...

If one of Rachel's adult children struggles with money management, she can set limits on when and how much they can access.

### Balance of each investment bond in 15 years



## Rachel's outcomes...

- ✓ Able to transfer her investment bonds to her adult children at a future date, tax-free, through her trust
- ✓ Able to withdraw her super balance above \$3m and invest into an investment bond, minimising the impact of Division 296
- ✓ Control how her children can access funds – able to set a regular income arrangement







## 9 key features of investment bonds

### Life Insurance and Tax Act

### Maximum tax rate of 30%

Tax Optimised options  
generally range  
between 10% - 15%<sup>1</sup>

**No distributions**  
and access to  
funds at anytime

### Tax paid

No personal tax  
after 10 years &  
tax advantages  
within 10 years

### 125% advantage

**Portability** and tax-  
free transfers

**No personal  
capital gains tax**  
on investment  
switching

**No tax file  
number required**

**Creditor  
protection**

Can be structured  
as a **non-estate  
asset**

Estimated average tax rates being the estimated average annual tax as a percentage of earnings for each 12-month period over a period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on, amongst other things, the earnings of an investment option.

## 5 key uses of investment bonds



1.

### Alternative to superannuation

The most tax-effective investment solution after super



2.

### Estate planning

Be in control of transferring wealth



3.

### Saving for a child

Meeting the rising costs of future generations



4.

### Trusts

Reducing distributable income within trusts



5.

### Government entitlements

Improving pension entitlements



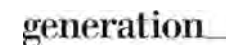
## Our leading investment menu

### Investment bonds

At Generation Life, we offer a wide range of investment options to meet investment objectives.

**76 investment options across all major asset classes:**

27	Diversified
13	Australian shares
14	International shares
6	Australian fixed interest
4	Property
7	International fixed interest
3	Alternatives
2	Cash and deposits





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## We are here to help

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# Thank you.

## Generation Life

Highly recommended for over a decade

1. Rating relate to LifeBuilder and ChildBuilder investment bond products

### Awards



### Research ratings



Investment Bonds<sup>1</sup>



Zenith for Generation Life  
Tax Effective Australian  
Share Fund



# Thank you

Outthinking today.

