



Division 296 tax is a reality

Why can Generation Life Investment Bonds
are your ideal solution

Outthinking today.





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Felipe Araujo
Chief Executive Officer
Generation Life

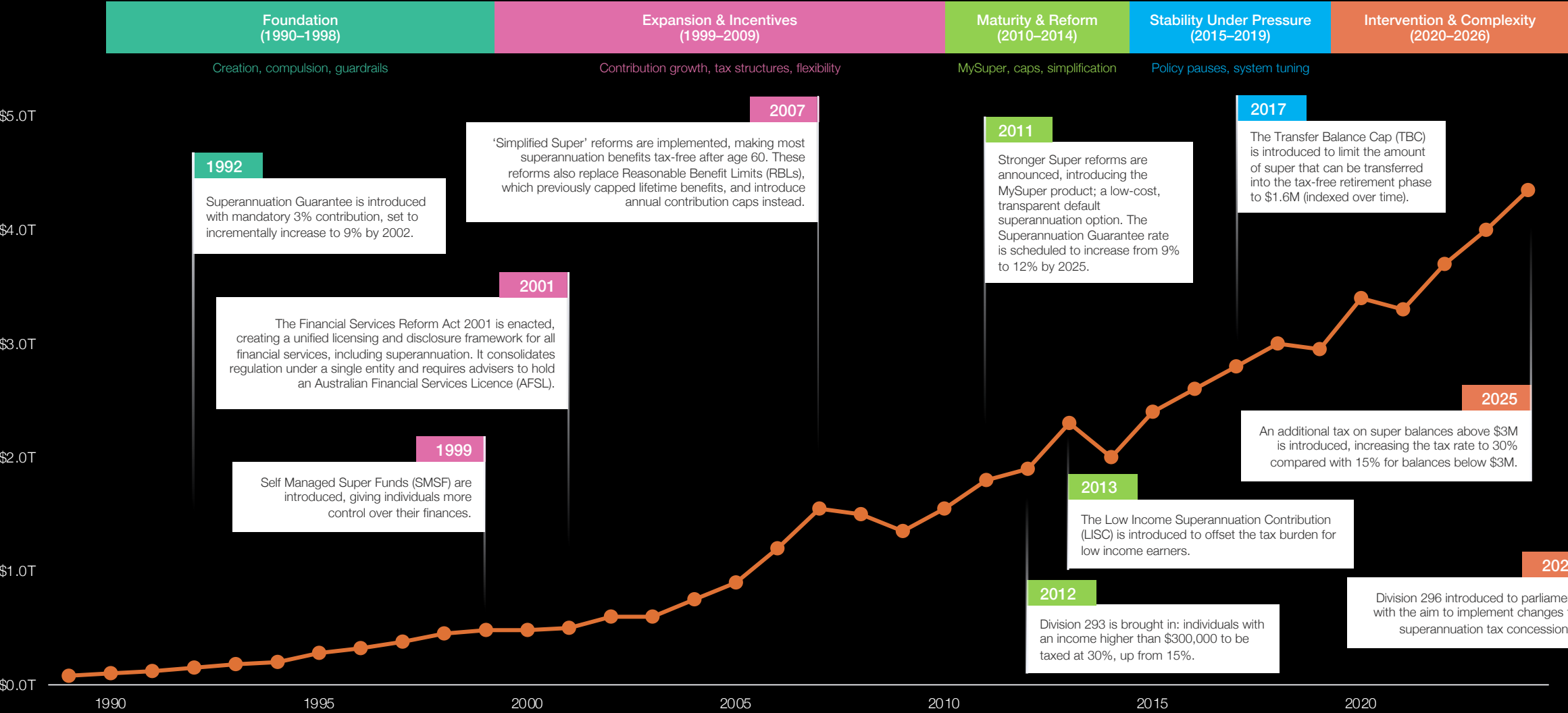


Vincent Stranges
Head of Product
Generation Life



Superannuation in Australia: A timeline

Australians have seen 85+ policy changes to superannuation since inception



Source: CoreData, November 2025.

As super changes, the **value of advice becomes clear...**

System strength

84%

of Australians say Australia has one of the best retirement systems globally

Adviser demand

96%

of advisers say clients have raised superannuation in the past 12 months

Rule instability

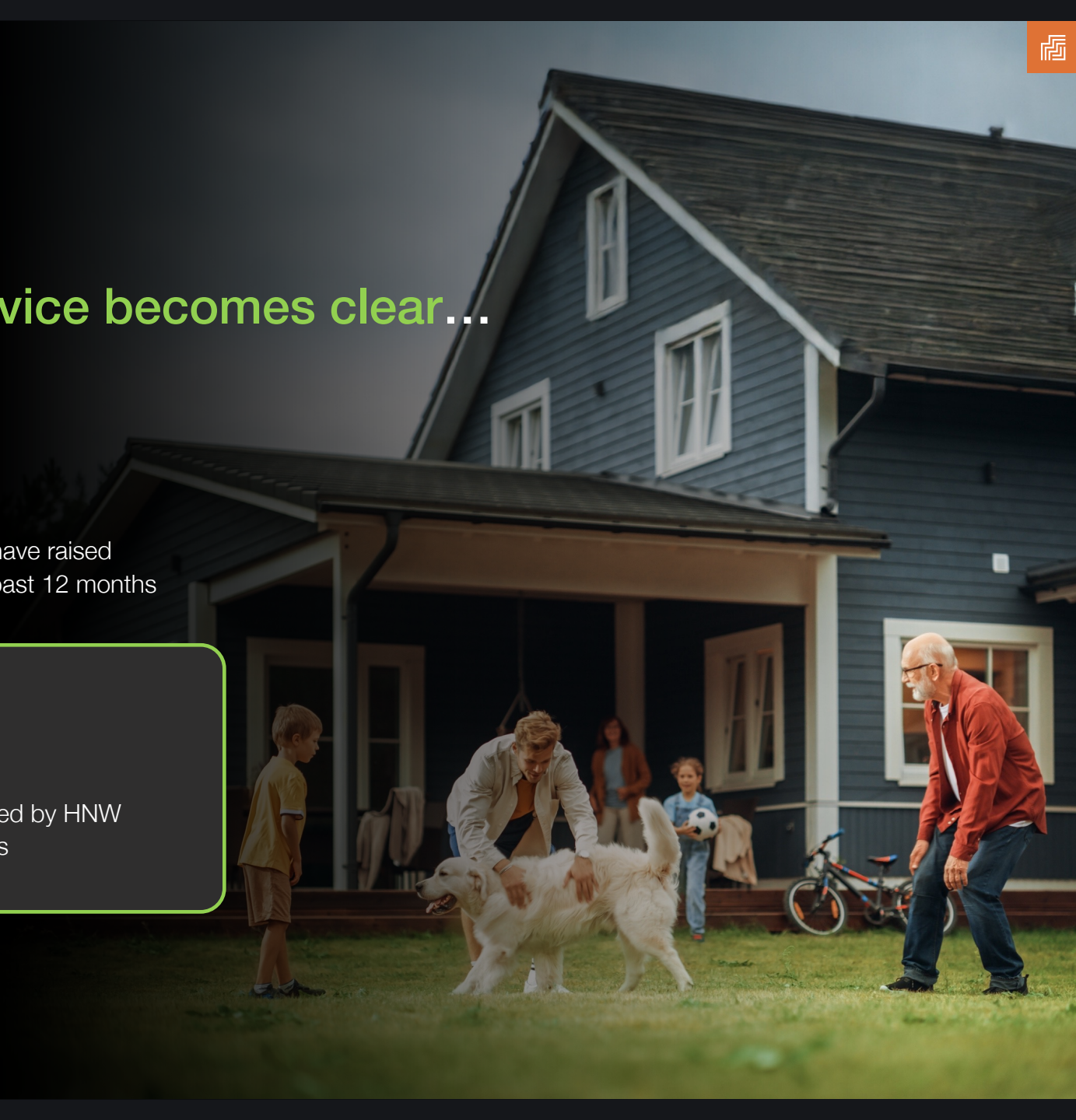
66%

say superannuation rules change too often and are hard to follow

Value redefined

Confidence

is the main priority shared by HNW Australians and advisers



Division 296

The impact is only just beginning...

Today...

77,400

Balances above \$3m and under \$10m

5,700

Balances above \$10m

Many more to come...

Investors with balances between \$2m and \$3m today may soon find themselves above the Division 296 \$3m threshold.¹

For advisers, the question is therefore no longer

“Who is impacted today?”

but

“Which clients could be impacted tomorrow?”

Based on proposed Division 296 version as set out in Treasury, Impact Analysis, Better Targeted Superannuation Concessions 2023

1. Assuming balances are indexed to the consumer price index.



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Chief Executive Officer
Generation Life



Vincent Stranges
Head of Product
Generation Life



Division 296: New super tax for HNW investors

Tax

>\$3m TSB threshold – additional 15% tax, indexed to CPI (\$150k increments)

>\$10m TSB threshold – additional 10% tax, indexed to CPI (\$500k increments)

TSB is aggregate of all client's super balances (not per account)

TSB is higher of start and end/final balance (first year exception)

Tax on member's realised earnings

Tax also payable on death (by estate)

Timing

Starts 1 July 2026

First calculations at 30 June 2027

First notices issued FY27–28

How it will work

1. Funds to report balances to ATO
2. ATO calculates TSB
3. ATO requests member earnings from super funds
4. ATO calculates and issues tax notice

Tax can be funded from own money or super fund.
Managing thresholds may be possible if able to make withdrawals from super.



Indexation in practice at 3% CPI

\$3m threshold

Year	Super balance (7% p.a. after tax return growth)	CPI	Indexed
1	\$3,000,000	\$3,000,000	\$3,000,000
2	\$3,210,000	\$3,090,000	\$3,000,000
3	\$3,434,700	\$3,182,700	\$3,150,000
4	\$3,675,129	\$3,278,181	\$3,150,000
5	\$3,932,388	\$3,376,526	\$3,300,000
6	\$4,207,655	\$3,477,822	\$3,450,000
7	\$4,502,191	\$3,582,157	\$3,450,000
8	\$4,817,344	\$3,689,622	\$3,600,000
9	\$5,154,559	\$3,800,310	\$3,750,000
10	\$5,515,378	\$3,914,320	\$3,900,000

\$10m threshold

Super balance (7% p.a. after tax return growth)	CPI	Indexed
\$10,000,000	\$10,000,000	\$10,000,000
\$10,700,000	\$10,300,000	\$10,000,000
\$11,449,000	\$10,609,000	\$10,500,000
\$12,250,430	\$10,927,270	\$10,500,000
\$13,107,960	\$11,255,088	\$11,000,000
\$14,025,517	\$11,592,741	\$11,500,000
\$15,007,304	\$11,940,523	\$11,500,000
\$16,057,815	\$12,298,739	\$12,000,000
\$17,181,862	\$12,667,701	\$12,500,000
\$18,384,592	\$13,047,732	\$13,000,000



What accounts are included in TSB calculations?

Super accounts (accumulation and pension interests):

- industry funds
- retail funds
- employer sponsored and corporate super funds
- self-managed super funds.

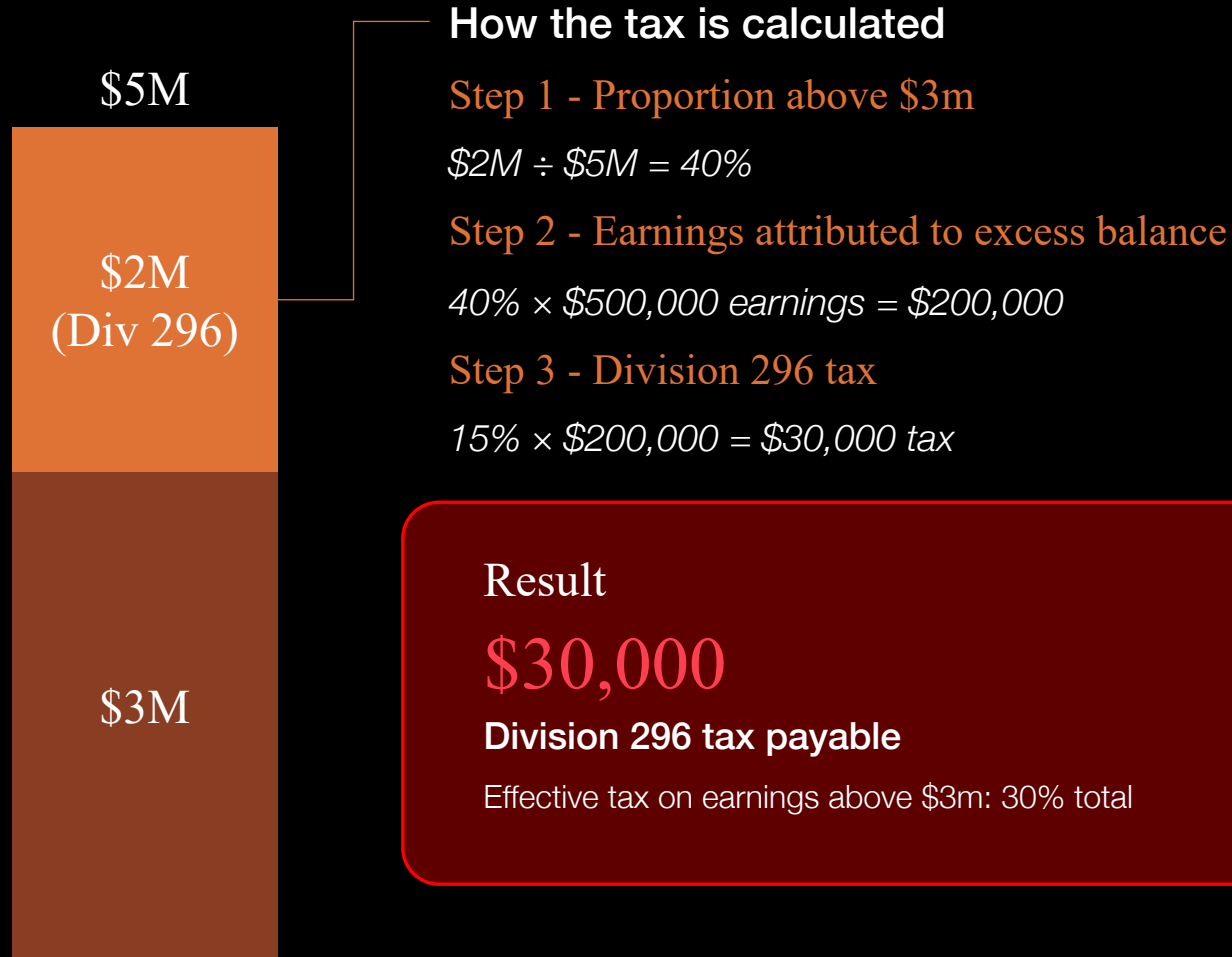
Other retirement accounts (with special valuation rules)

- defined benefit schemes
- lifetime annuities
- annuities purchased with superannuation monies

Exemptions from Div 296 tax

1. Foreign superannuation interests
2. Constitutionally protected funds
3. Personal injury are generally excluded
4. Child recipients of superannuation income streams

How Division 296 will work: Super balance reaches \$5M



Result

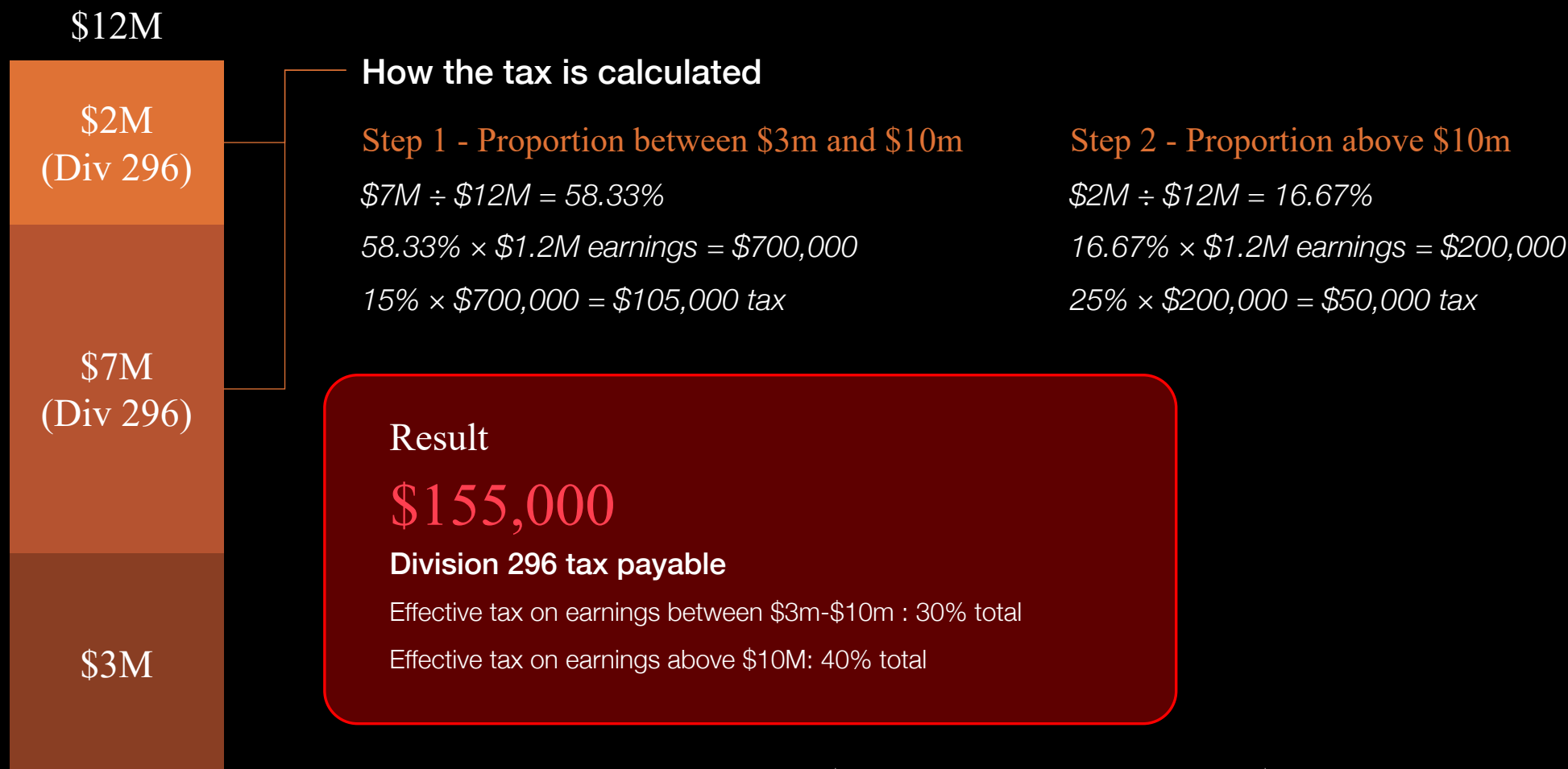
\$30,000

Division 296 tax payable

Effective tax on earnings above \$3m: 30% total

Assumptions: The illustration above assumes a total super balance (TSB) of \$3.8 million at the start of the financial year (1 July), increasing to \$5 million by 30 June, with the highest balance of \$5 million used for the purposes of calculating Division 296 tax. Over the year, the portfolio generates total earnings of \$500,000, reflecting the growth in the member's super balance across the period. Assumes that superannuation is in accumulation phase.

How Division 296 will work: Super balance reaches \$12M



Assumptions: The illustration above assumes a total super balance (TSB) of \$10.5 million at the start of the financial year (1 July), increasing to \$12 million by 30 June, with the highest balance of \$12 million used for the purposes of calculating Division 296 tax. Over the year, the portfolio generates total earnings of \$1.2 million, reflecting the growth in the member's super balance across the period. Assumes that superannuation is in accumulation phase.



How Div 296 tax is calculated on death

Special rule

If you pass away during the year

Death and Division 296

Death does not automatically eliminate Division 296 tax.

High TSB

If the opening TSB exceeded \$3 million, a Division 296 liability may still arise on death.

ATO-determined liability

Liability is determined by ATO and dealt with by the estate (a release authority can allow payment from super if needed).

Transitional exception

Applies for 2026–27 financial year only

If a person dies on or before 30 June 2027, no Division 296 tax applies for that financial year.

Super death tax

Tax on benefit payments on taxable component to non-financial dependants may still be applicable.



Grandfathering unrealised gains

Special transitional cost-base adjustment rules are designed to quarantine unrealised gains accrued before 1 July so they are not captured by the new tax.

SMSFs can opt in to this approach (with appropriate record keeping). If chosen, it applies to the entire fund and all assets — individual assets cannot be selectively applied.

If the election is made:

The cost base of all CGT assets held at 30 June 2026 is reset to market value on that date

This reset applies only when calculating Division 296 earnings

The original cost base remains unchanged for normal fund tax purposes

Other super funds (e.g. retail and industry funds) will apply a transitional cost-base adjustment factor (factors yet to be finalised).

Impact for SMSF trustees

Robust valuations

Must have robust, supportable valuations for property and other unlisted assets

Underpins TSB and earnings attribution

Earnings and attribution reporting

Report realised earnings for relevant members

Follow ATO guidance

Maintain two cost bases if election made to do so

Liquidity planning

Plan to accommodate for possible ATO release authorities

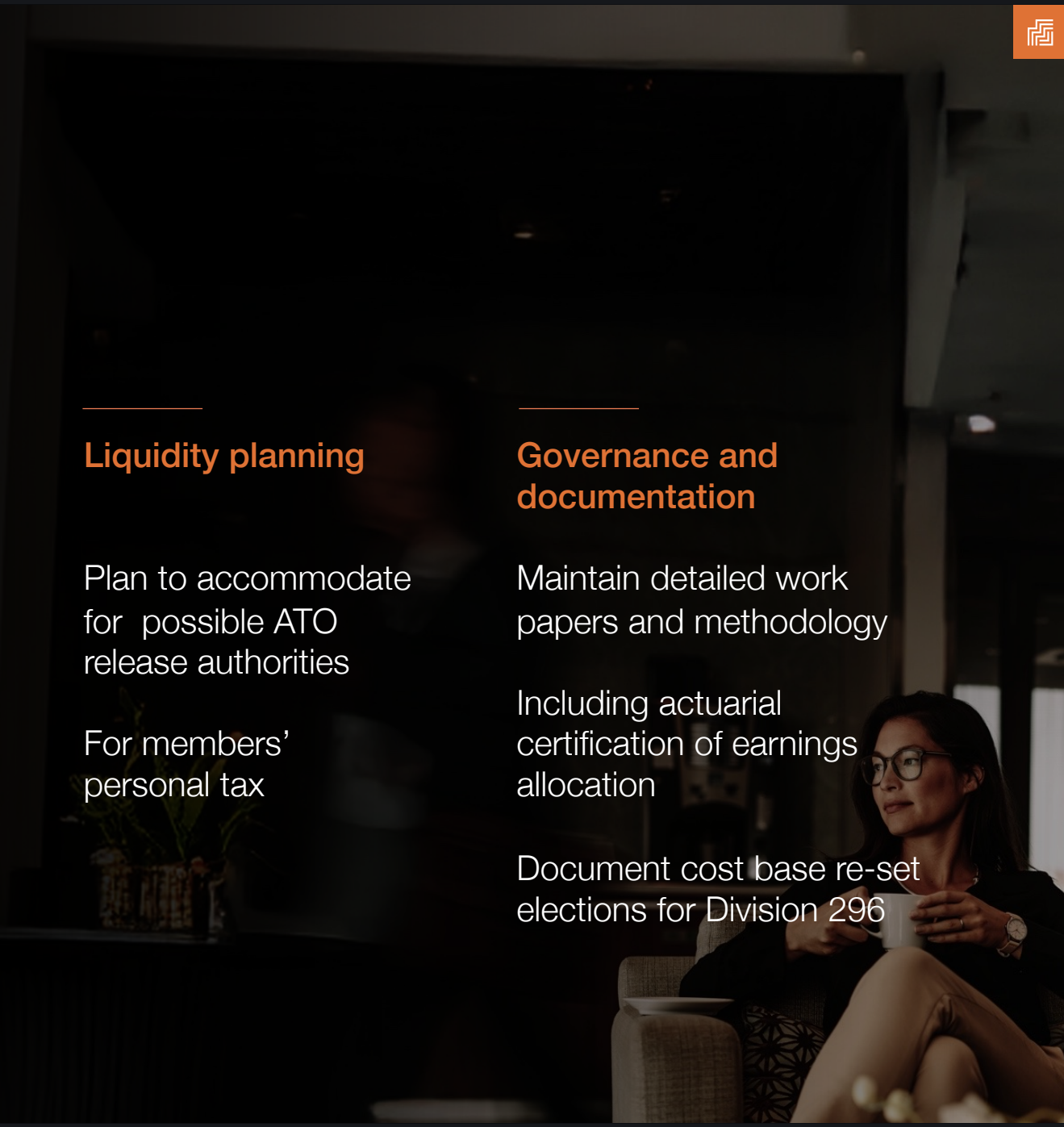
For members' personal tax

Governance and documentation

Maintain detailed work papers and methodology

Including actuarial certification of earnings allocation

Document cost base re-set elections for Division 296



Your action list

-  Consider whether a Division 296 cost-base reset is appropriate given tax position and assets
-  Track combined superannuation balances as you approach \$3m and review long-term projections
-  Revisit asset allocation for tax efficiency
-  Stress-test liquidity for potential release authorities (particularly in SMSFs)
-  Review contribution strategies and patterns to manage TSB balances
-  Review estate planning needs and preferred outcomes
-  Consider alternative structures for excess balances above the TSB thresholds



Structural diversification: The alternatives and considerations

Superannuation

- Earnings taxed at 15%

Trust

- Flow through structure
- Income splitting

Company

- Company tax rate of 30% applies
- A tax deferral strategy

Personal

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

Investment bonds



Structural diversification: The alternatives and considerations

Considerations

- Division 296
- Superannuation death tax (15-30%)

Trust

- Flow through structure
- Income splitting

Company

- Company tax rate of 30% applies
- A tax deferral strategy

Personal

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

Investment bonds



Structural diversification: The alternatives and considerations

Considerations

- Division 296 tax
- Superannuation death tax (15-30%)

Considerations

- In the spotlight for further tax reforms
- Potential taxation on trust distributions
- Trustee obligations

Company

- Company tax rate of 30% applies
- A tax deferral strategy

Personal

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

Investment bonds



Structural diversification: The alternatives and considerations

Considerations

- Division 296
- Superannuation death tax (15-30%)

Considerations

- Potential taxation on trust distribution
- In the spotlight for further tax reforms
- Trustee obligations

Considerations

- Amounts treated as dividends under Division 7A are generally not frankable
- Potentially hard to fully drain

Personal

- Earnings taxed at personal marginal tax rates
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Investment bonds



Structural diversification: The alternatives and considerations

Considerations

- Division 296
- Superannuation death tax (15-30%)

Considerations

- Potential taxation on trust distribution
- In the spotlight for further tax reforms
- Trustee obligations

Considerations

- Amounts treated as dividends under Division 7A are generally not frankable
- Potentially hard to fully drain

Considerations

- Potential Negative Gearing
- Potential changes to CGT
- Subject to creditors

Investment bonds



Structural diversification: The alternatives and considerations

Considerations

- Division 296
- Superannuation death tax (15-30%)

Considerations

- Potential taxation on trust distribution
- In the spotlight for further tax reforms
- Trustee obligations

Considerations

- Amounts treated as dividends under Division 7A are generally not frankable
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Considerations

- Potential Negative Gearing
- Potential changes to CGT
- Subject to creditors

Investment bonds



Legislative stability



Generation Life Investment Bonds

- ✓ **Tax Optimised options generally ranges between 10% - 15%¹**
Maximum tax rate of 30%
- ✓ Can be appropriately structured as a **non-estate asset**
- ✓ Generation Life Tax Effective Australian Share Fund
#1 performing Investment Bond Australian Share fund²
- ✓ **Creditor protection³**



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.

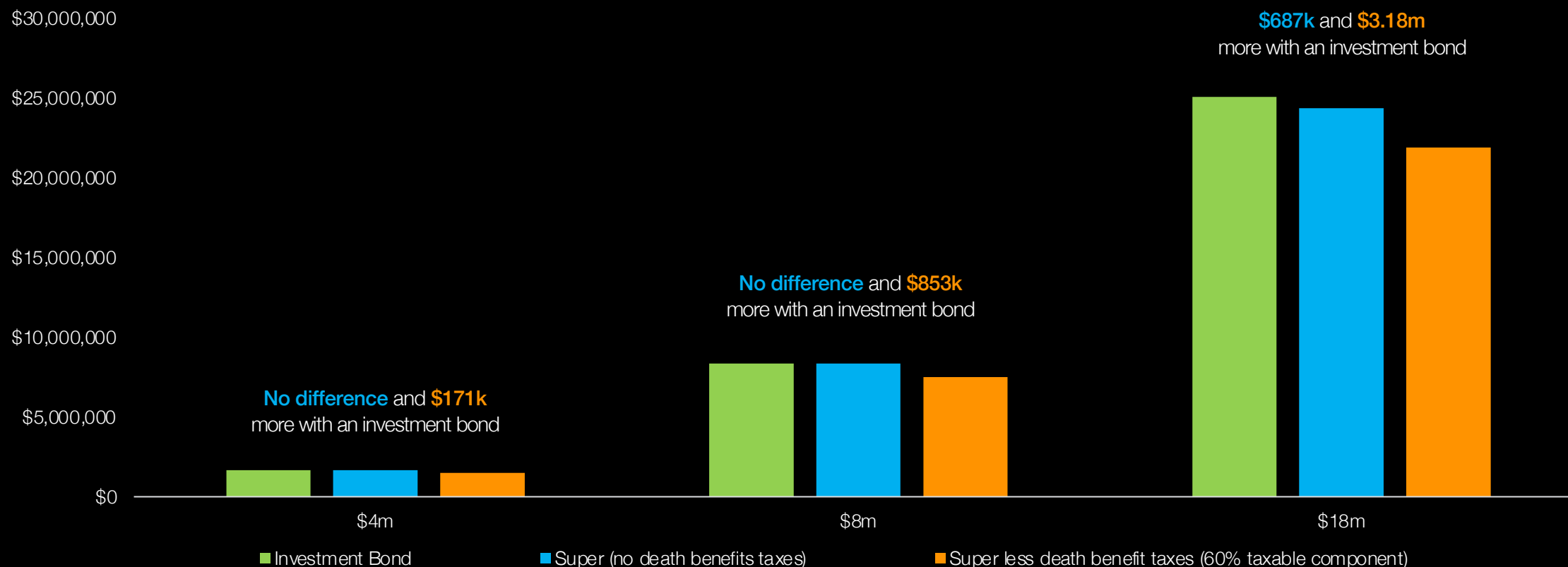
2. Morningstar Direct Australia Fund Equity Australia Large Blend for the 5-year period to 30 June 2025.

3. Creditor protection applies where the investment bond is appropriately structured and the client's intention is not to defeat creditors.



What Division 296 impact looks like compared to an investment bond...

Cash at 5% p.a. - 15 years investment term

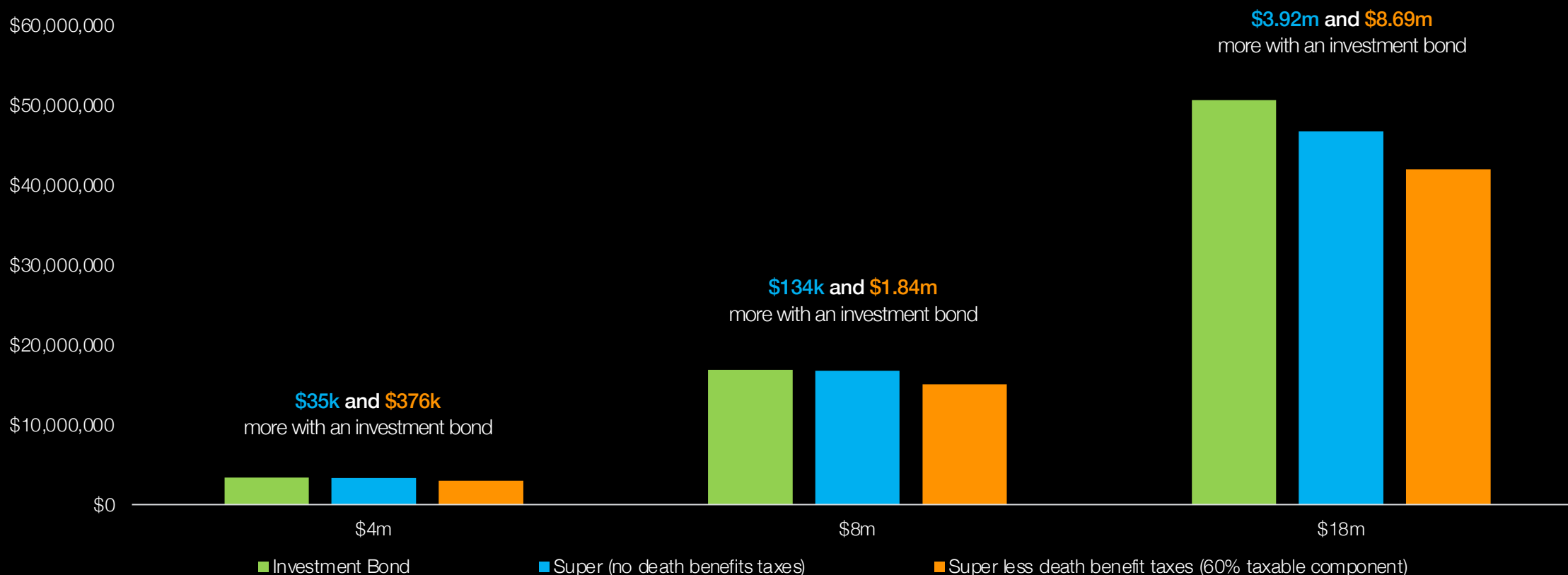


The graphs above illustrate estimated comparative outcomes of Super accumulation account subject to the Division 296 taxes and investment bonds with initial investment amounts in excess of the proposed Division 296 Total Superannuation Balance (TSB) thresholds invested over 15 years without drawdowns. The scenarios compare investment amounts in excess of the proposed \$3m threshold. The pre-tax investment returns assume a total return of 5.0% p.a., comprising a total income return of 5.00% p.a. and no total growth return, a franking level of 0% and exclude the impact of fees for both super and investment bond accounts. Assumes tax for the superannuation account based on the current superannuation tax rate of 15% on super estimated taxable income plus proposed Division 296 tax on Division 296 estimated taxable income, and a tax rate of 30% for Generation Life investment bonds based on a tax rate of 30% on estimated taxable income. The illustration is based on TSB value at the end of each financial year and assumes that the payment of tax happens at the end of the financial year from the super account balance. Taxable Division 296 income is assumed to be grossed up (i.e. including franking credits and other tax offsets applicable). TSB thresholds are assumed to be indexed in line with Division 296 Indexation levels assuming an annual CPI rate of 3%. Taxable super component of 60% is assumed. Benefits are assumed to be paid to non-tax dependants with a death benefits tax rate of 15% plus 2% Medicare Levy. The illustration is based on Generation Life's understanding of the Division 296 tax outlined in the Treasury Laws Amendment (Building a Stronger and Fairer Super System) Act 2026 and the Superannuation (Building a Stronger and Fairer Super System) Imposition Act 2026. Actual outcomes may vary depending on investment performances, the assumptions actually occurring, tax regulation, fees actually payable and investors' particular circumstances. Past performance does not indicate future performance.



What Division 296 tax impact looks like compared to an investment bond...

Vanguard High Growth Portfolio - 15 years investment term

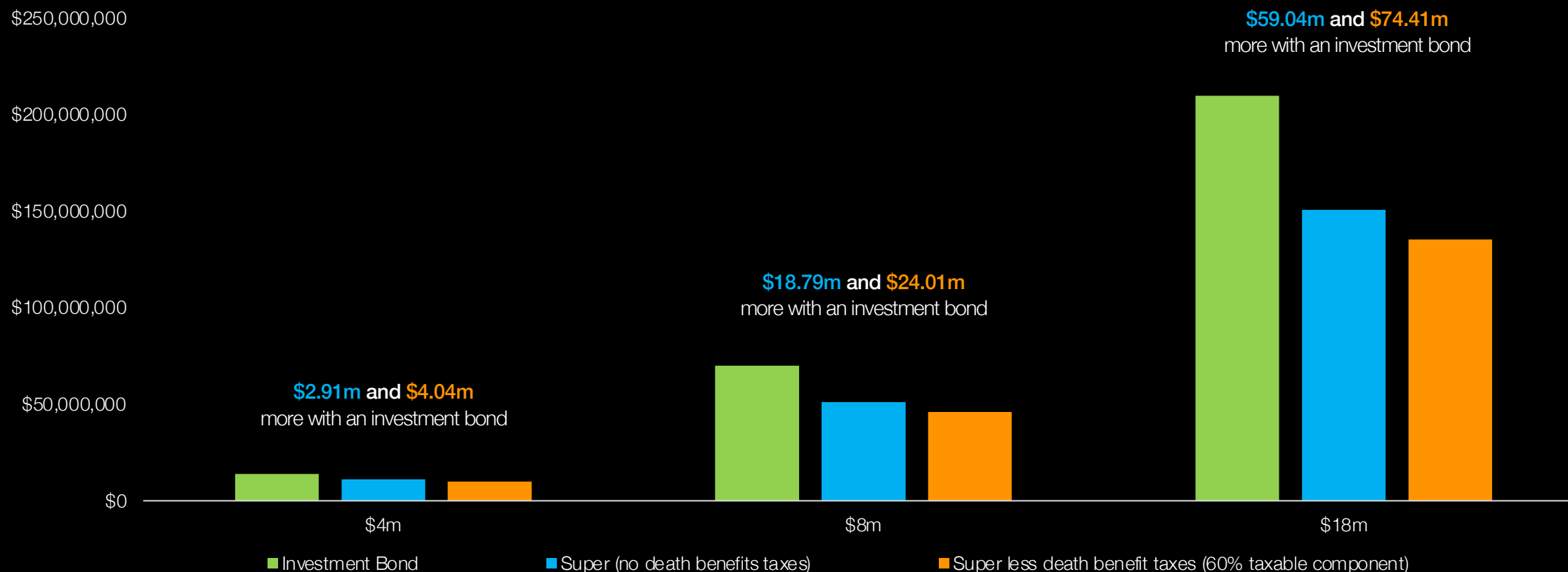


The graphs above illustrate the comparative outcomes of a Super accumulation account subject to the Division 296 taxes and investment bonds on initial amounts in excess of the Division 296 Total Superannuation Balance thresholds invested over 15 years without drawdowns. The scenario compares investment amounts in excess of the proposed \$3m threshold. The pre-tax investment returns assume a total return of 7.4% p.a., comprising a total income return of 3.25% p.a. and total growth return of 6.08% p.a., a franking level of 100% and excludes the impact of administration fees for both super and investment bond accounts. The illustration considers the TSB value at the end of each financial year and assumes that the payment of tax happens at the end of the financial year from the super account balance. Taxable Division 296 income is assumed to be grossed up (i.e. including franking credits and other tax offsets applicable) and realised gains earnings are discounted by 33.33%. TSB thresholds are assumed to be indexed in line with Division 296 indexation levels assuming an annual CPI rate of 3%. Taxable super component of 60% is assumed. Benefits are assumed to be paid to non-tax dependants with a death benefit tax rate of 15% plus 2% Medicare Levy. The illustration is based on Generation Life's understanding of the Division 296 tax outlined in the Treasury Laws Amendment (Building a Stronger and Fairer Super System) Act 2026 and the Superannuation (Building a Stronger and Fairer Super System) Imposition Act 2026. Actual outcomes may vary depending on investment performances, the assumptions actually occurring, tax regulation, and individual investor circumstances. Past performance does not indicate future performance.



What Division 296 tax impact looks like compared to an investment bond...

Hyperion Global Growth Companies Portfolio - 15 years investment term



The graphs above illustrate the comparative outcomes of a Super accumulation account subject to the Division 296 taxes and investment bonds on initial amounts in excess of the Division 296 Total Superannuation Balance thresholds invested over 15 years without drawdowns. The scenario compares investment amounts in excess of the proposed \$3m threshold. The pre-tax investment returns assume a total return of 20.2% p.a., comprising a total income return of 0.50% p.a. and total growth return of 19.70% p.a., a franking level of 100% and excludes the impact of administration fees for both super and investment bond accounts. The illustration considers the TSB value at the end of each financial year and assumes that the payment of tax happens at the end of the financial year from the super account balance. Taxable Division 296 income is assumed to be grossed up (i.e. including franking credits and other tax offsets applicable) and realised gains earnings are discounted by 33.33%. TSB thresholds are assumed to be indexed in line with Division 296 indexation levels assuming an annual CPI rate of 3%. Taxable super component of 60% is assumed. Benefits are assumed to be paid to non-tax dependants with a death benefit tax rate of 15% plus 2% Medicare Levy. The illustration is based on Generation Life's understanding of the Division 296 tax outlined in the Treasury Laws Amendment (Building a Stronger and Fairer Super System) Act 2026 and the Superannuation (Building a Stronger and Fairer Super System) Imposition Act 2026. Actual outcomes may vary depending on investment performances, the assumptions actually occurring, tax regulation, and individual investor circumstances. Past performance does not indicate future performance.



HNWs with large super balances also have complex estate planning requirements



Estate planning through super



Taxed at 15% and up to 30% (plus Medicare levy) on taxable component when paid to non-dependant



Any super fund discretion means risk of benefits going to the wrong people



Claim periods can be long (e.g. 6 months or more).



Restrictions on who can be a beneficiary



Estate planning through investment bonds



Death benefits paid tax-free



No discretion on part of product issuer. Paid out as directed by the deceased



Proceeds of benefits paid out normally within 7 business days.



Proceeds can be paid to any person or legal entity (including trusts)



Agenda

The evolving landscape of super 5

Division 296 in detail 9

Case study 30



Felipe Araujo
Chief Executive Officer
Generation Life



Vincent Stranges
Head of Product
Generation Life

Case study

Division 296 and the superannuation death benefit tax





Meet Chris

Age	79
Situation	Wealthy retiree
Investments	SMSF \$9.3m - 70% taxable component
Family	Single father with two non-dependant adult children
Tax	Chris and his children are in the top marginal tax bracket





Chris' goals & concerns

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

Chris wants to explore his options



Chris looks at 5 options...

1. Leave excess in super & pay death benefit tax
2. Invest excess through family trust with individual beneficiaries
3. Invest excess through family trust with corporate beneficiary
4. Invest excess through investment company
5. Invest excess in investment bond



Chris’ after-tax outcomes based on the five strategies

Chris’ outcomes if he invested the excess \$6.3m through different structures in a balanced portfolio and passed away aged 89.

Super with Division 296 tax	Super Death Benefits tax	Net super proceeds after death benefits tax	Family trust (individual beneficiaries)	Family trust (corporate beneficiary)	Investment company	Investment bonds
\$9.85M	(\$1.17M)	\$8.67m	\$8.87m	\$8.83m	\$8.69m	\$9.65M
			+\$0.20m	+\$0.16m	+\$0.02m	+\$0.98M

Additional inheritance to adult children via investment bond compared to holding in super

The table above illustrates the comparative outcomes on a \$6.3m holding reflecting the balance above the above the Division 296 \$3m threshold invested in a Super accumulation account subject to the Division 296 taxes, a Generation Life investment bond, family trust with individual beneficiaries, family trust with corporate beneficiary and individual beneficiaries, and investment company with shareholders on MTR of 47% including Medicare levy. No drawdowns by Chris. The pre-tax investment returns for a balanced portfolio assume a total return of 4.9% p.a., comprising a total income return of 3.8% p.a. and total growth return of 1.2% p.a., a franking level of 66.8% and excludes the impact of administration fees for both super and investment bond accounts. The illustration considers the TSB value at the end of each financial year and assumes that the payment of tax happens at the end of each financial year from the super account balance. Taxable Division 296 income is assumed to be grossed up (i.e. including franking credits and other tax offsets applicable) and realised gains earnings are discounted by 33.33% in the super fund. Family trust individual beneficiaries are assumed to have a 47% tax rate (including Medicare Levy) with a 50% realised gains discount applicable, while corporate beneficiaries are assumed to have a 30% tax rate with no CGT discount available. TSB thresholds are assumed to be indexed in line with Division 296 indexation levels assuming an annual CPI rate of 3%. Taxable super component of 70% is assumed. Benefits are assumed to be paid to non-tax dependants with a death benefit tax rate of 15% plus 2% Medicare Levy. The illustration is based on Generation Life’s understanding of the Division 296 tax. Actual outcomes may vary depending on investment performances, the assumptions actually occurring, tax legislation and regulation, and individual investor circumstances. Past performance does not indicate future performance.



Chris' outcomes...



No concerns with Division 296 tax or death benefit tax implications



Easy, convenient and effective way to pass on wealth



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



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



His kids won't have assessable income to declare when accessing funds¹



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



1. If the transfers occur after 10 years



9 key features of investment bonds

Life Insurance and Tax Act

1.

Maximum tax rate of 30%

Tax Optimised generally ranges between 10% - 15%¹

2.

No distributions and access to funds at anytime

3.

Tax paid - no personal tax after 10 years - tax advantages within 10 years

4.

125% advantage

5.

Portability and tax-free transfers

6.

No personal capital gains tax on investment switching

7.

No tax file number required

8.

Creditor protection²

9.

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

1. Indicative effective average tax rates represent the estimated average annual tax as a percentage of earnings for each 12-month period over a future 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. Creditor protection applies where the investment bond is appropriately structured and the client's intention is not to defeat creditors.

5 key uses of investment bonds

Investment bonds are designed to provide tax-effective investment solutions to help secure a financial future across all generations.

1.

Complementing super

Tax-effective structure to accumulate wealth alongside super

2.

Alternative to super

Tax-effective investing with estate planning certainty

3.

Estate planning

Be in control of transferring wealth

4.

Saving for a child

Meeting the rising costs of future generations

5.

Trusts

Reducing distributable income within trusts

Our leading investment menu

Investment bonds

At Generation Life, we offer 78 investment strategies across all major asset classes, with 38 Tax Optimised investment options.

27 x	Diversified	21 x	 Tax Optimised
13 x	Australian shares	6 x	 Tax Optimised
16 x	International shares	7 x	 Tax Optimised
5 x	Australian fixed interest (including private credit)		
5 x	Property (including direct real estate)	1 x	 Tax Optimised
7 x	International fixed interest	3 x	 Tax Optimised
3 x	Alternatives		
2 x	Cash and deposits		
2 x	Pre-selected gearing investment strategies	1 x	 Tax Optimised



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.



>\$5.2b
in FUM¹



#1 provider of
investment bond

60% market share of annual
investment bond inflows²



Innovating retirement
landscape
with estate planning and
lifetime income solutions



Trusted and
APRA regulated
Parent company
ASX 200 listed³

1. As at 31 December 2025
2. Plan for Life, Investment Bonds Market Report for period ended 30 September 2025.
3. ASX 200 inclusion on the 24th of April 2025.



Thank you.

Generation Life

Highly recommended for over a decade

Awards



Research ratings



Investment Bonds¹

1. Rating relate to LifeBuilder and ChildBuilder investment bond products

