



The future of super is already here

Beyond super: navigating the next phase
of tax and wealth reforms

Masterclass 2026

The information in this presentation is based on Federal Budget 2026-27 measures announced on 12 May 2026 and the Federal Budget 2026-27 fact sheets issued. The announcements may be subject to change and final legislation enacted.

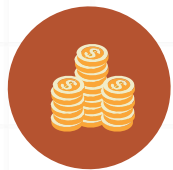
Outthinking today.



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 the Group that includes Lonsec Research and Ratings, and Evidentia Group.



>\$5.3b
in FUM¹



**#1 provider of
investment bond**
60% market share of annual
investment bond inflows²

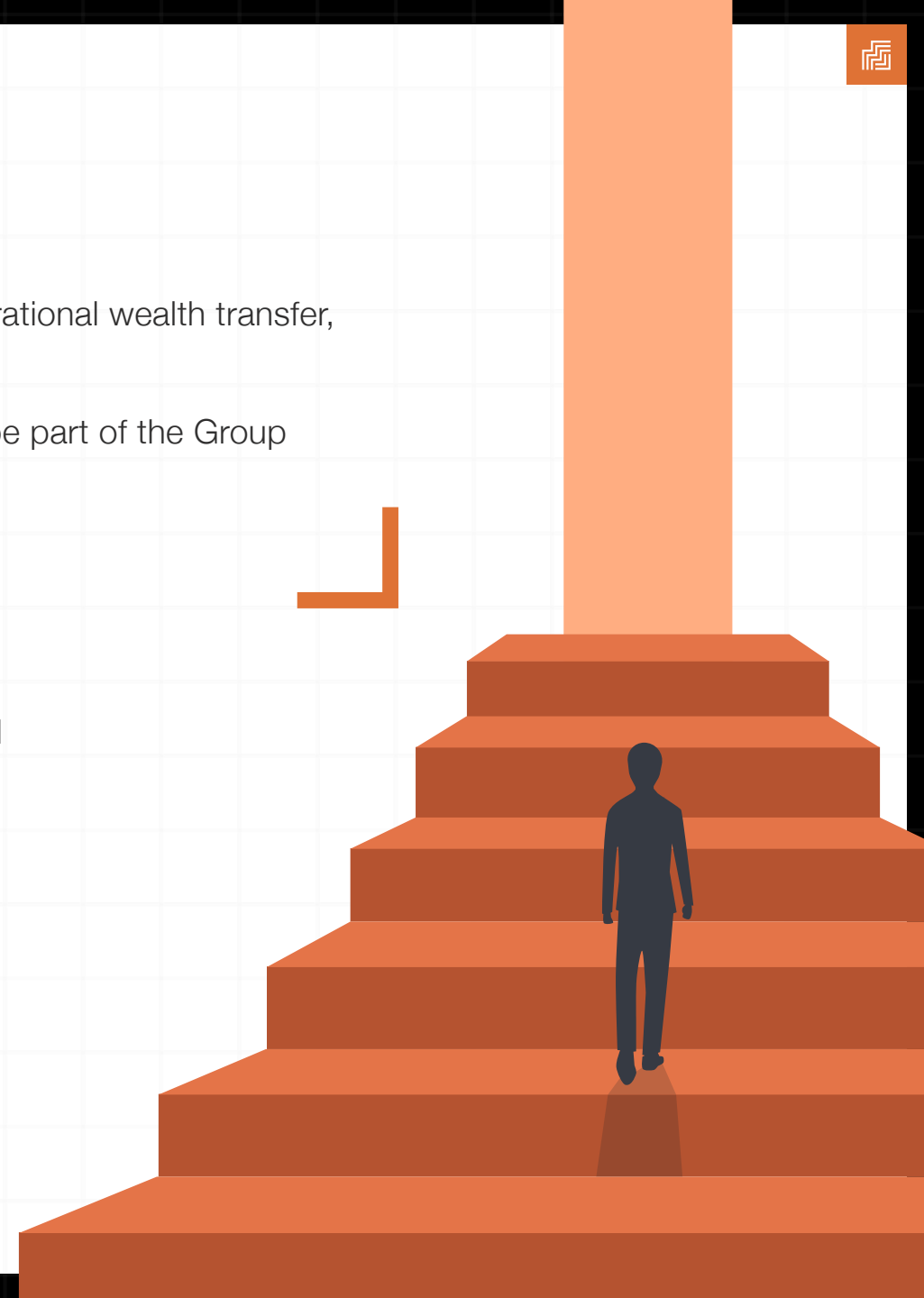


**Innovating
retirement landscape**
with estate planning and
lifetime income solutions



**Trusted and
APRA regulated**
Parent company
ASX 200 listed³

1. As at 31 March 2026
2. Plan for Life, Investment Bonds Market Report for period ended 30 September 2025.
3. ASX 200 inclusion on the 24th of April 2025.



Today's session...

01

Post Federal Budget update

Division 296, CGT changes, trust taxation and what's coming next

02

What does this mean for your clients?

Planning frameworks, investment behaviour and how to have the conversation

03

Case studies

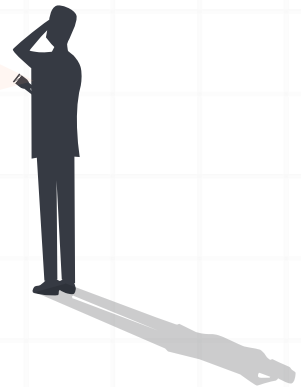
Family trust dilemma, gearing solutions and Division 296 estate planning



Felipe Araujo
Chief Executive Officer
Generation Life



Dr Sam Wylie
Principal Fellow, Melbourne Business School
Director, Windlestone Education



Investment bonds

Built to provide certainty in an uncertain world

Forward Thinking - At Generation Life, we don't just respond to change. **We anticipate it.**



Predictable tax rules



Tax-effective and tax-paid **structure**



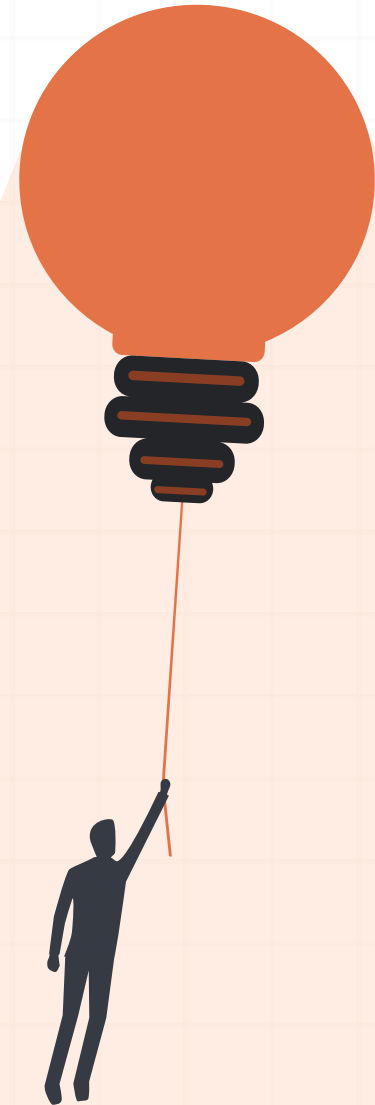
Estate planning **flexibility**



Wide range of **investment choice** across all major asset classes



Access to internal gearing and direct property strategies





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 no 10 year reset - 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 representing 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.



Your role as financial advisers today...

“Chief Interpretation Officers”

1.

Simplifying complex decisions

2.

Providing reassurance under changing rules

3.

Sustaining confidence in long-term planning

Confidence is the new currency of advice



Confidence

Is now the No.1 value HNW Australians seek from financial advice



69%

Feel less confident about retiring comfortably than they did in 2022



71%

Say they were more confident about their long-term financial security three years ago



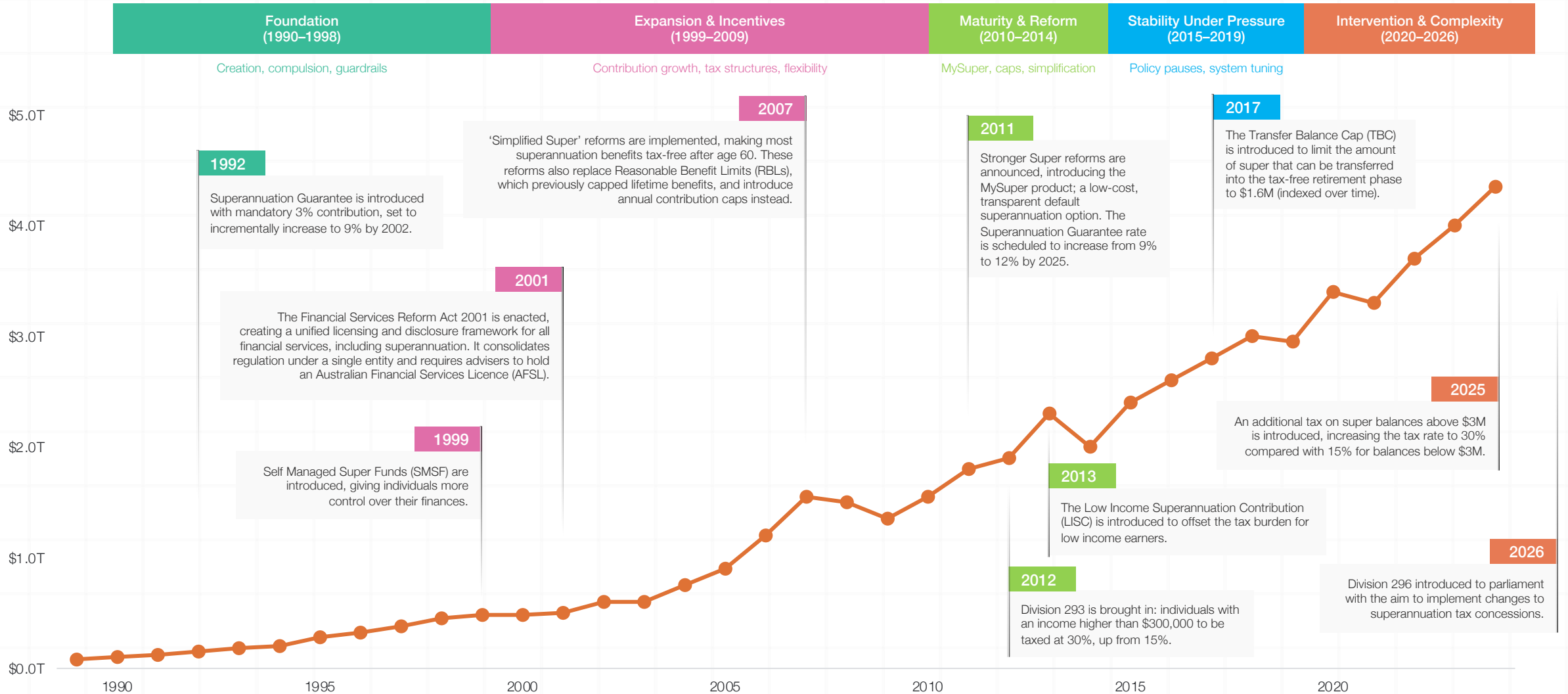
61%

Are not confident the system will build and protect long-term savings



Superannuation in Australia: A timeline

Australians have seen 85+ policy changes to superannuation since inception



Source: CoreData, November 2025

An illustration of an open doorway on the left side of the page. The doorway is dark grey, and the light from the other side creates a bright orange glow that fills the opening and casts a long, orange shadow on the floor. The background is a dark grey grid.

The next chapter...



30%

Tax at 30¢ in the dollar is the new normal

The new tax reality

Current **uncertainty**...

Tax-efficient investment opportunities are narrowing.

Capital gains tax

- **Cost base indexation** – inflation adjusted – including pre-1985 assets
- **30% minimum tax** on taxable capital gains
- **All assets – not just property**
- **Commencing 1 July 2027** – grandfathering available
- **Superannuation/SMSFs** - not impacted

Discretionary Trusts

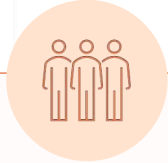
- **30% minimum tax** on taxable earnings
- This **limits the benefit of income streaming**
- **Impacts all trust beneficiaries**
- **30% non-refundable tax credit** available (except for corporate beneficiaries)
- **Potential double taxation** for corporate beneficiaries
- **Commencing 1 July 2028**

Superannuation

- **Division 296 tax a reality**
- **30% tax** on earnings for balances above \$3m
- **Further 10% tax** on earnings for balances above \$10m
- **Commencing 1 July 2026**
- **Death benefit tax and estate planning limitations** should be considered



Taxation of trusts



What or who will be impacted

- Individual beneficiaries of discretionary (family) trusts
- Discretionary testamentary trusts established after 7.30pm on 12 May 2026
- Closely held trusts (possibly)
- High income producing trusts
- High-income professional households
- Beneficiaries relying on income streaming to fund cashflows
- Low MTR (<30%) beneficiaries
- Corporate beneficiaries – double taxation



What will be the impact

- Tax on trust's taxable amounts
- Minimum 30% tax payable by trust
- Non-refundable tax credit for individual beneficiaries
- No tax credit for corporate beneficiaries – potential double tax event
- Income streaming to lower MTR beneficiaries less attractive

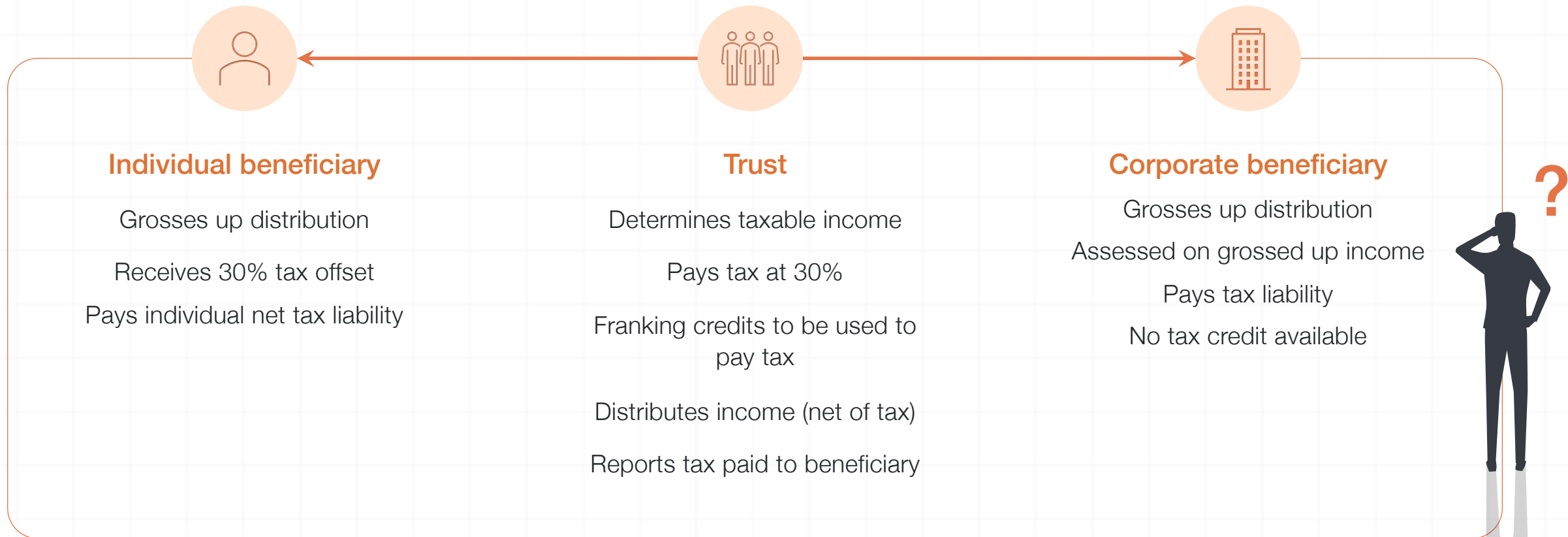


Things to consider

- Review of trust arrangements
- Corporate beneficiary structures
- Business arrangements involving trust structures
- Ability to fully utilise tax offset for low MTR beneficiaries
- 3-year tax rollover relief to restructure arrangements with possible tax relief
- Alternative tax effective solutions for wealth transfers

Taxation of trusts

how will it work?



Comparing current position and proposed changes



Individual beneficiaries

Current rules

New proposed changes

| | Current rules | | | New proposed changes | | |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|-----------------|
| | Beneficiary 1 | Beneficiary 2 | Total | Beneficiary 1 | Beneficiary 2 | Total |
| Other taxable income | Nil | \$190,000 | | Nil | \$190,000 | |
| Distribution received (net of tax) | \$50,000 | \$50,000 | \$100,000 | \$35,000 | \$35,000 | \$70,000 |
| Share of trust taxable income | \$50,000 | \$50,000 | \$100,000 | \$50,000 | \$50,000 | \$100,000 |
| Personal tax on trust taxable income | \$5,252 | \$22,500 | \$27,752 | \$5,252 | \$22,500 | \$27,752 |
| Tax credit (non-refundable) | - | - | - | \$15,000 | \$15,000 | \$30,000 |
| Tax payable on trust income | \$5,252 | \$22,500 | \$27,270 | \$0 | \$7,500 | \$7,500 |
| Net of tax distribution received | \$44,748 | \$27,500 | \$72,248 | \$35,000 | \$27,500 | \$62,500 |
| Effective tax paid | 10.5% | 45.0% | 27.75% | 30.0% | 45.0% | 37.50% |

Proposed changes assumptions

- Trust earns \$100,000
- Income only with no CGT
- No franking credits
- Trust pays tax at 30%
- Distributes income after tax of \$70,000
- Reports \$30,000 tax paid/tax credit to beneficiaries
- 50% income streamed to each beneficiary
- MTR rates excluding Medicare Levy for FY 27-28

Comparing current position and proposed changes



Corporate beneficiary

| | Current rules | New proposed changes |
|---|-----------------|----------------------|
| Distribution received | \$100,000 | \$70,000 |
| Tax on trust taxable income | \$30,000 | \$30,000 |
| Tax credit | - | - |
| Tax payable on distribution | \$30,000 | \$21,000 |
| Net of tax distribution received | \$70,000 | \$49,000 |
| Effective tax paid | 30.0% | 51.0% |

Proposed changes assumptions

- Trust earns \$100,000
- \$70,000 income distributed to corporate beneficiary
- \$30,000 tax credit not available to corporate beneficiary
- Corporate beneficiary taxable income of \$70,000 and 30% tax rate



Taxation of trusts

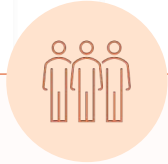


How investment bonds compare

- Tax paid accumulation solution
- Taxed internally at up to 30%
- Generation Life Tax-Optimised effective tax rates range between 10%-15%¹
- Can be owned within a trust (including testamentary trust) or personally/jointly
- No personal tax payable on withdrawals after 10 years (assuming 10 year period not reset)
- No distribution complexity – no corporate beneficiary needed to hold earnings and manage tax
- Can be appropriately structured to provide creditor protection and operate outside of deceased estate arrangements
- Can be used in place of a testamentary trust to manage tax affairs

1. Indicative effective average tax rates representing 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.

Capital gains tax indexation of cost base



Who will be impacted

- All non-super investors disposing assets after 1 July 2027
- Investors with pre-1985 assets
- Investors looking to crystallise gains in retirement or defer to periods where MTR is low (excludes recipients of mean-tested income support payment e.g. Age Pension)
- Higher-rate taxpayers with large unrealised gains and long investment horizons
- Investors who've built portfolios around realising discounted capital gains, rather than fully taxed income



What will be the impact

- All assets – not just residential property
- Removal of 50% discount from 1 July 2027
- Indexation of cost base linked to CPI from 1 July 2027
- Taxed at the greater of 30% or investor marginal tax rate
- New builds – option of 50% discount or indexation method



Things to consider

- Transition – value as at 1 July 2027 or apportionment formula
- Uncertain what future tax liability will be – linked to difference between CPI and growth – not a constant 50%.
- The greater the spread between CPI and growth, the greater the tax assessable.
- Will be difficult to predict what the final tax outcome will be
- Strategy to defer capital gains to post retirement may not be as effective
- Additional costs in managing and monitoring cost bases and valuations (unlisted assets)

Comparing current position and proposed changes

| | |
|--|-------------|
| Initial investment | \$1,000,000 |
| Annual growth rate | 8.0% |
| Inflation rate | 3.0% |
| Holding period | 10 years |
| Other taxable income | \$190,000 |
| Medicare levy rate | 2% |
| CGT minimum tax rate (new) | 30% |
| Pre-1 July 2027 CGT discount (current) | 50% |

After 10 years

| | |
|---|-------------|
| Ending value | \$2,158,925 |
| Indexed cost base | \$1,343,916 |
| Nominal capital gain (no indexation) | \$1,158,925 |
| Real capital gain (indexation) | \$815,009 |
| Tax on other Income | \$ 59,167 |
| CGT payable (current rules) | \$272,347 |
| CGT payable (proposed) | \$383,054 |
| CGT payable – blended apportionment (5 years + 5 years) | \$327,701 |

Based on Federal Budget 2026-27 measures announced on 12 May 2026

Outcome

After-tax proceeds (current) **\$1,886,578**

After-tax proceeds (proposed) **\$1,775,871**

After-tax proceeds (blended) **\$1,831,224**



Capital gains tax indexation of cost base



How investment bonds compare

- Taxed internally at up to 30%
- Generation Life Tax-Optimised effective tax rates range between 10%-15%¹
- No personal CGT – can be transferred with no CGT event
- No additional tax on withdrawals after 10 years (assuming 10 year period not reset)
- Personally held investments face the greatest exposure, investment bonds cut through that complexity

1. Indicative effective average tax rates representing 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.

Other tax considerations



Negative gearing

Who is impacted

Investors negatively gearing established residential property purchased/contracted after 12 May 2026.

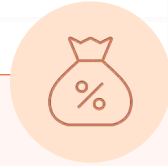
Individuals, partnerships, companies and most trusts – widely held trusts and super funds excluded.

Considerations

Property adding to housing stock exempted

Rental income losses quarantined and can only be offset in future against other residential income and capital gains

Other investment solutions or asset classes as alternatives to leverage and accumulate wealth



Super death tax and Division 296 tax

Who is impacted

Super death benefits paid to non-dependants attract a 15% tax on the taxable component

Division 296 tax of up to 25% on earnings impacts large super balances above \$3m and \$10m thresholds

Considerations

Recontribution strategies may be limited depending on client position.

May also impact those currently under the thresholds with future contributions and growth in value outstripping indexing



Income tax cuts

Who is impacted

The reduction in the second marginal tax rate tier from 16% to 15% from 1 July 2026, and to 14% from 1 July 2027

Complemented with proposed \$250 Working Australian Tax Offset and a \$1,000 instant tax deduction

Considerations

No plan by government to index marginal tax rates – budget constraints will determine affordability

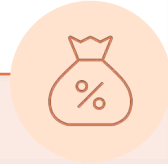
Other tax considerations



Negative gearing

How investment bonds can help

- Can provide tax effective leveraged exposures within a tax paid environment
- Can provide tax effective solutions without the need to leverage
- Can help manage personal tax assessable income levels (i.e. to manage tax events and bracket creep)



Super death tax and Division 296 tax

How investment bonds can help

- Generation Life Tax Optimised long term effective tax rates generally range between 10%-15%¹.
- Tax paid can be comparable to super, particularly when considering Division 296 tax
- No contribution caps, access restrictions, or estate planning limitations
- No death benefit tax
- Can be structured as a non-estate asset



Income tax cuts

How investment bonds can help

- Tax-paid structure – delivering after tax-return that doesn't impact personal taxes
- Tax management simplicity

1. Indicative effective average tax rates representing 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.

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Family trust dilemma, gearing solutions and Division 296 estate planning



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Key Concepts

- The tax changes are very large, but change is normal, and well-advised investors adapt
- Need a single framework to understand all the changes, and to bring conversations back to
- Treasurer has targeted every mainstream strategy for reducing high personal taxes
- Target is minimum tax payments of 30%
- Capital gains still have major advantages over income
 - Delaying realization of capital gains is now even more important
 - Leveraging investment in shares becomes more important
- Advisors need to remake client's whole strategy
 - Types of assets, with more growth assets
 - Which assets are held in which structures
 - Amount and type of borrowing to invest



Planning for Australia's high personal taxes

1 Low-tax structures

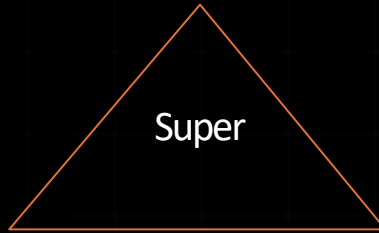
2 CGT advantages

3 Income splitting & smoothing



Planning for Australia's high personal taxes

1 Low-tax structures



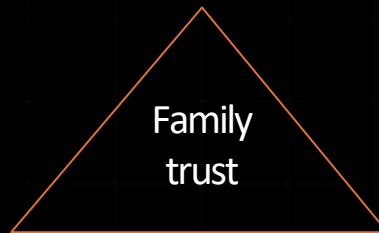
2 CGT advantages

CGT discount

Delaying realization

Turning income into delayed cap gains

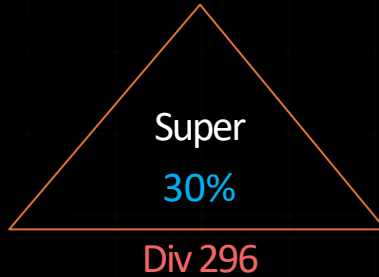
3 Income splitting & smoothing





Planning for Australia's high personal taxes

1 Low-tax structures



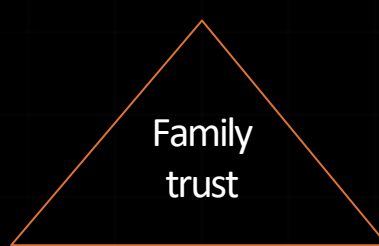
2 CGT advantages

CGT discount
No discount
Inflation indexation

Delaying
realization
Tried to kill

Turning income into
delayed cap gains
No negative gearing
of residential

3 Income splitting & smoothing



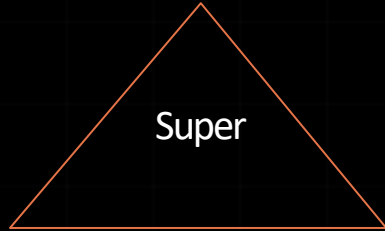
30% minimum

No offset for
corporate beneficiary

Minimum capital
gains tax of 30%



Planning for Australia's high personal taxes



1 Low-tax structures

2 CGT advantages

3 Income splitting & smoothing

| Accumulation | | |
|--------------|--------|-----------|
| | Income | Cap Gains |
| < \$3M | 15% | 10% |
| \$3M – \$10M | 30% | 20% |
| > \$10M | 40% | 26.7% |

| Pension | | |
|--------------|--------|-----------|
| | Income | Cap Gains |
| < \$3M | 0% | 0% |
| \$3M – \$10M | 15% | 10% |
| > \$10M | 25% | 16.7% |

| |
|---------------------|
| Contribution limits |
| Preservation age |
| Final Tax |



| Income | Cap Gains |
|--------|-----------|
| 30% | 30% |

| |
|-------------------------|
| No limit |
| Tax-paid after 10 years |
| Final Tax |



| Income | Cap Gains |
|--------|-----------|
| 30% | 30% |

| |
|-------------------------|
| No limit |
| No liquidity constraint |
| + Top-up tax |



Planning for Australia's high personal taxes

1 Low-tax structures

2 CGT advantages

CGT discount

Delaying realization

Turning income into delayed cap gains

3 Income splitting & smoothing



Delaying realization

1 Low-tax structures

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Effective CGT

47%

50% Discount

23.5%

Delay

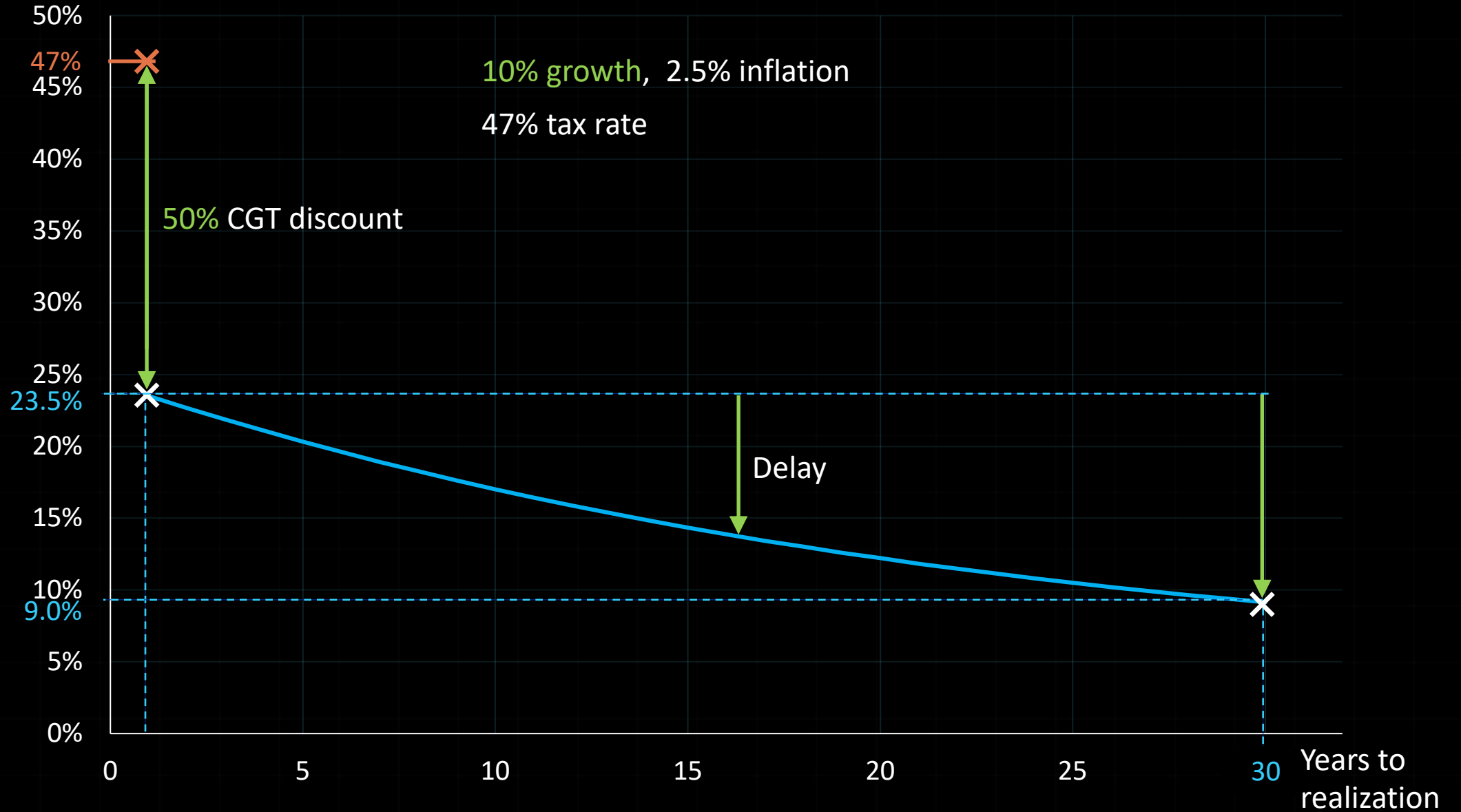
10 – 20%

The *effective* CGT rate is the percentage of an investor's return that is taken as tax



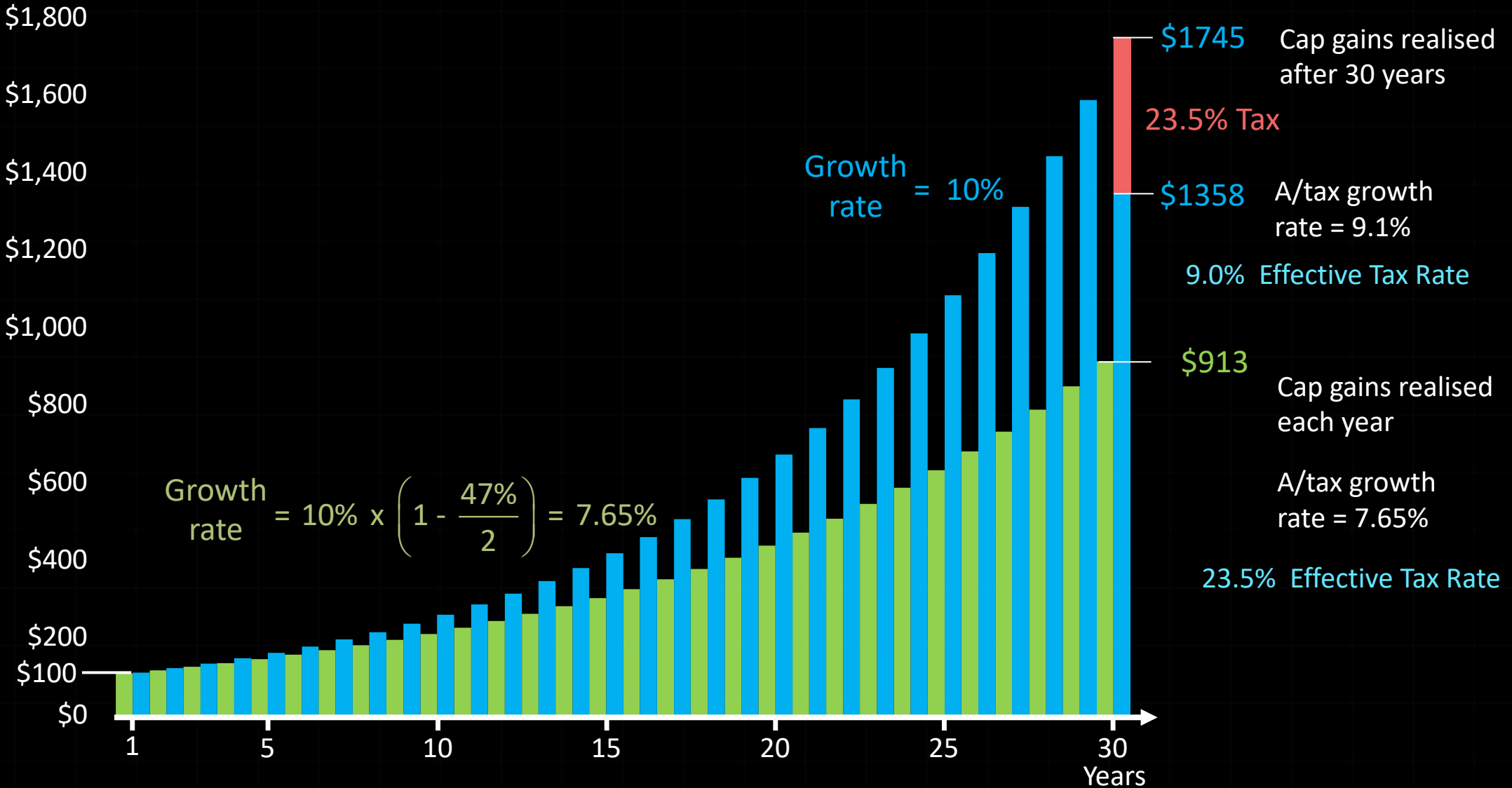


Effective Capital Gains Tax Rate





Delaying Realization of Capital Gains



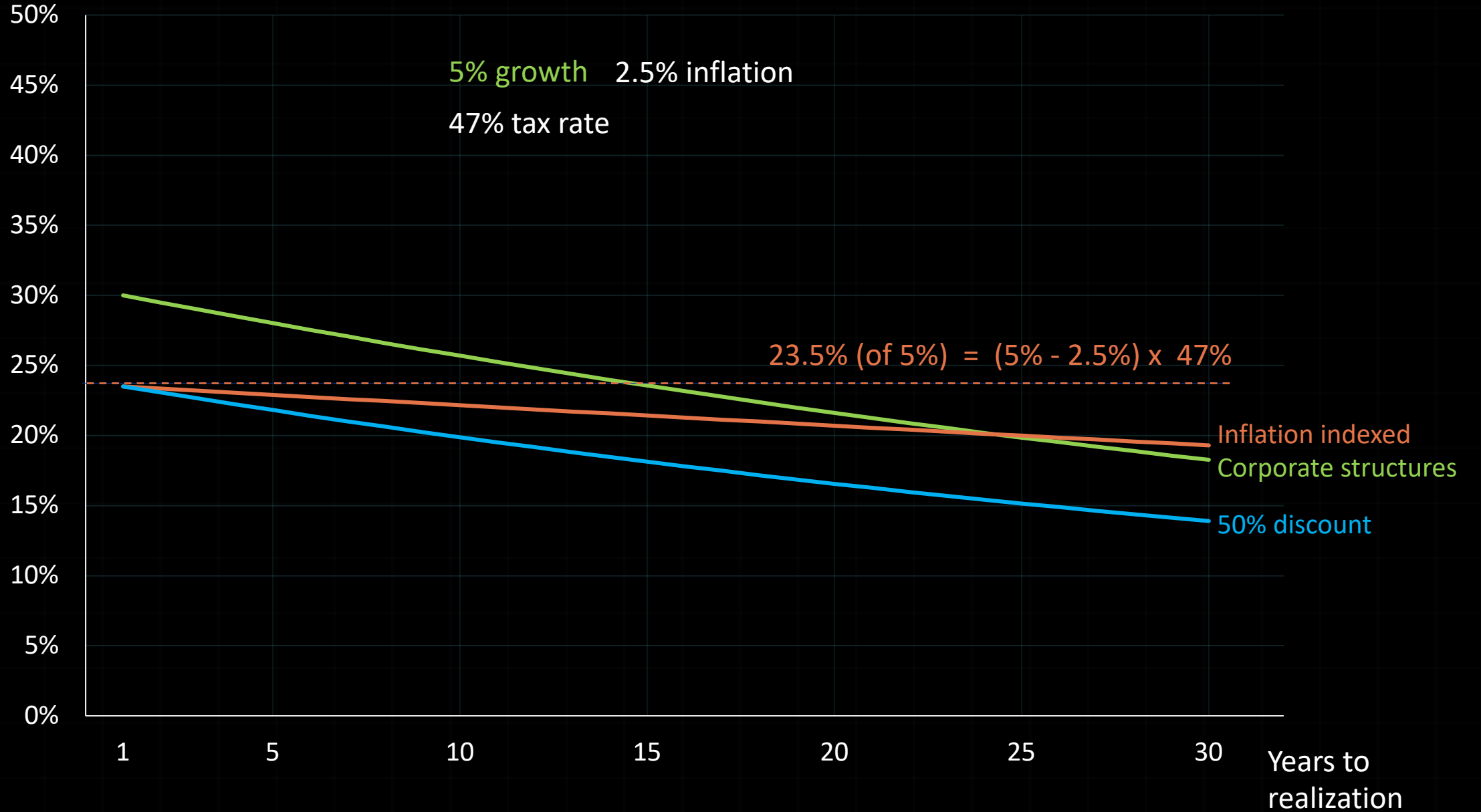


Effective Capital Gains Tax Rate





Effective Capital Gains Tax Rate





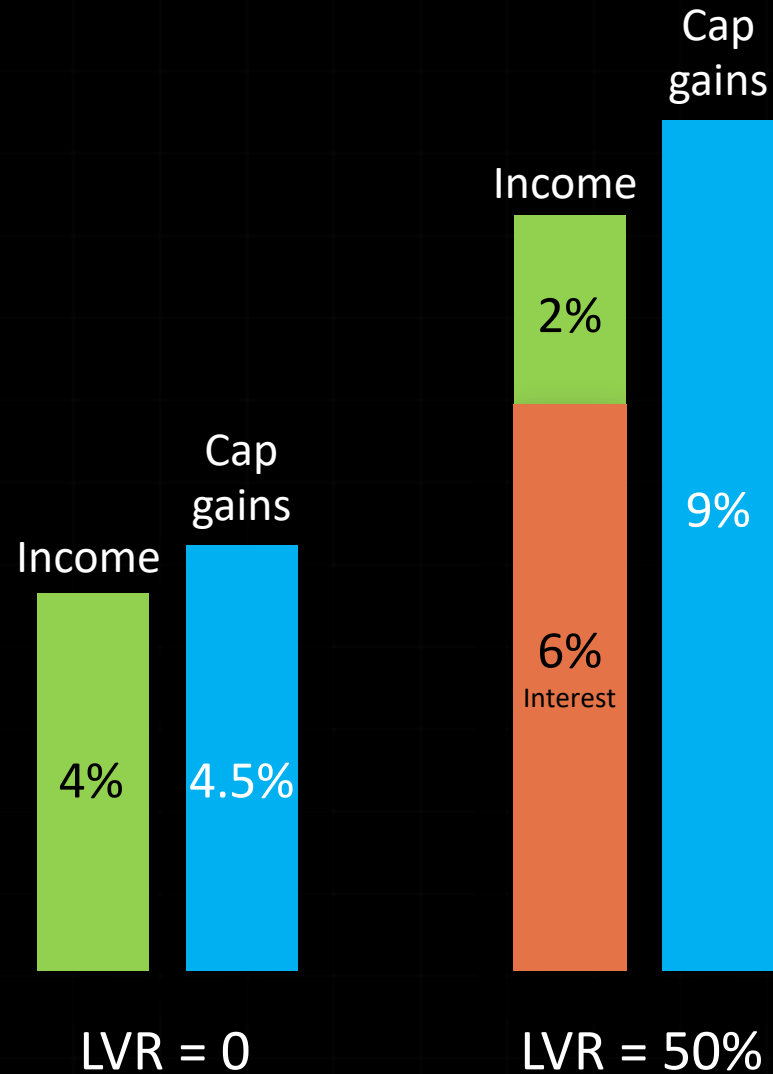
Turning income into capital gains

Debt

- Increases exposure
- Turns income into capital gains

Investment bonds

- Capital losses reduce taxable income in investment bonds
- Has the effect of turning income into delayed capital gains, from a tax perspective



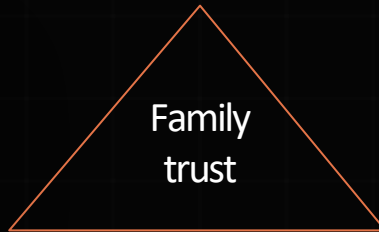


Planning for Australia's high personal taxes

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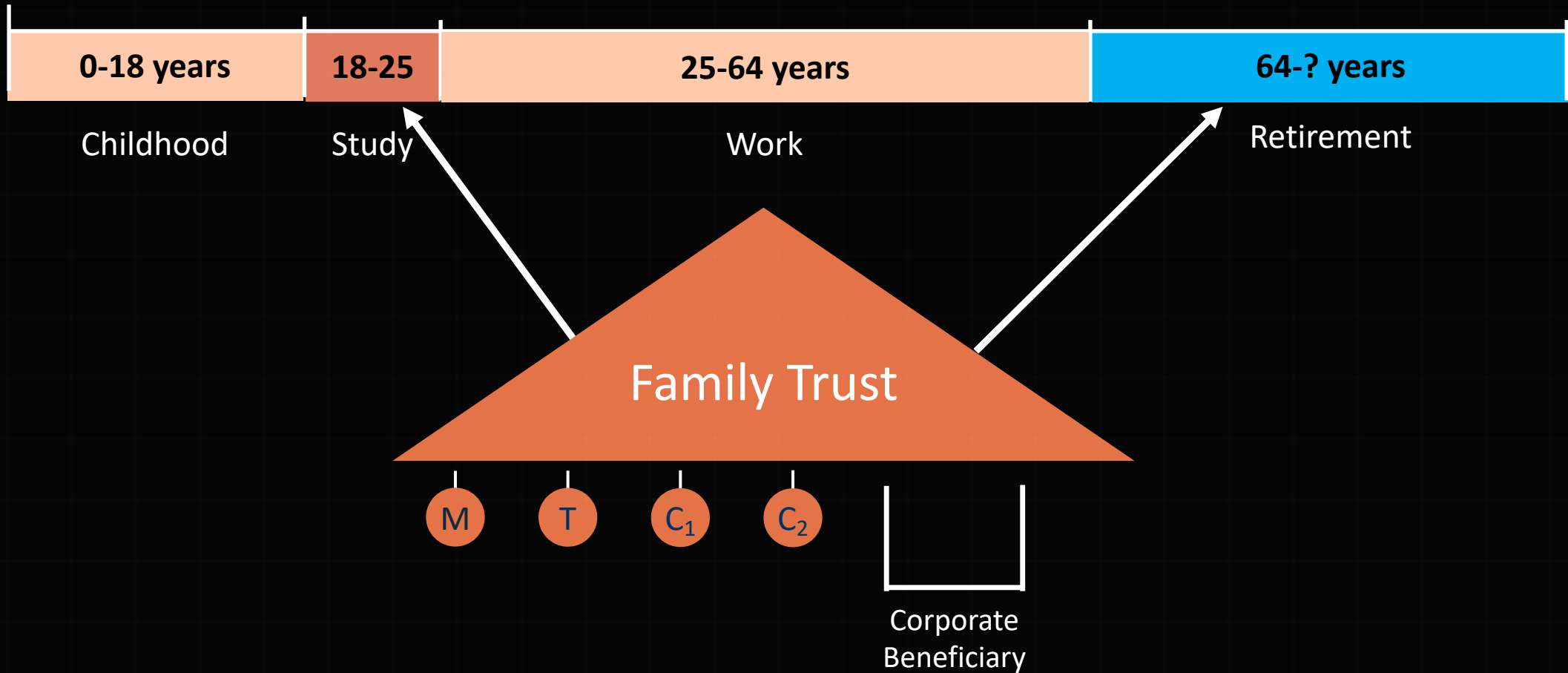
2 CGT advantages

3 Income splitting & smoothing








Smoothing lifetime income

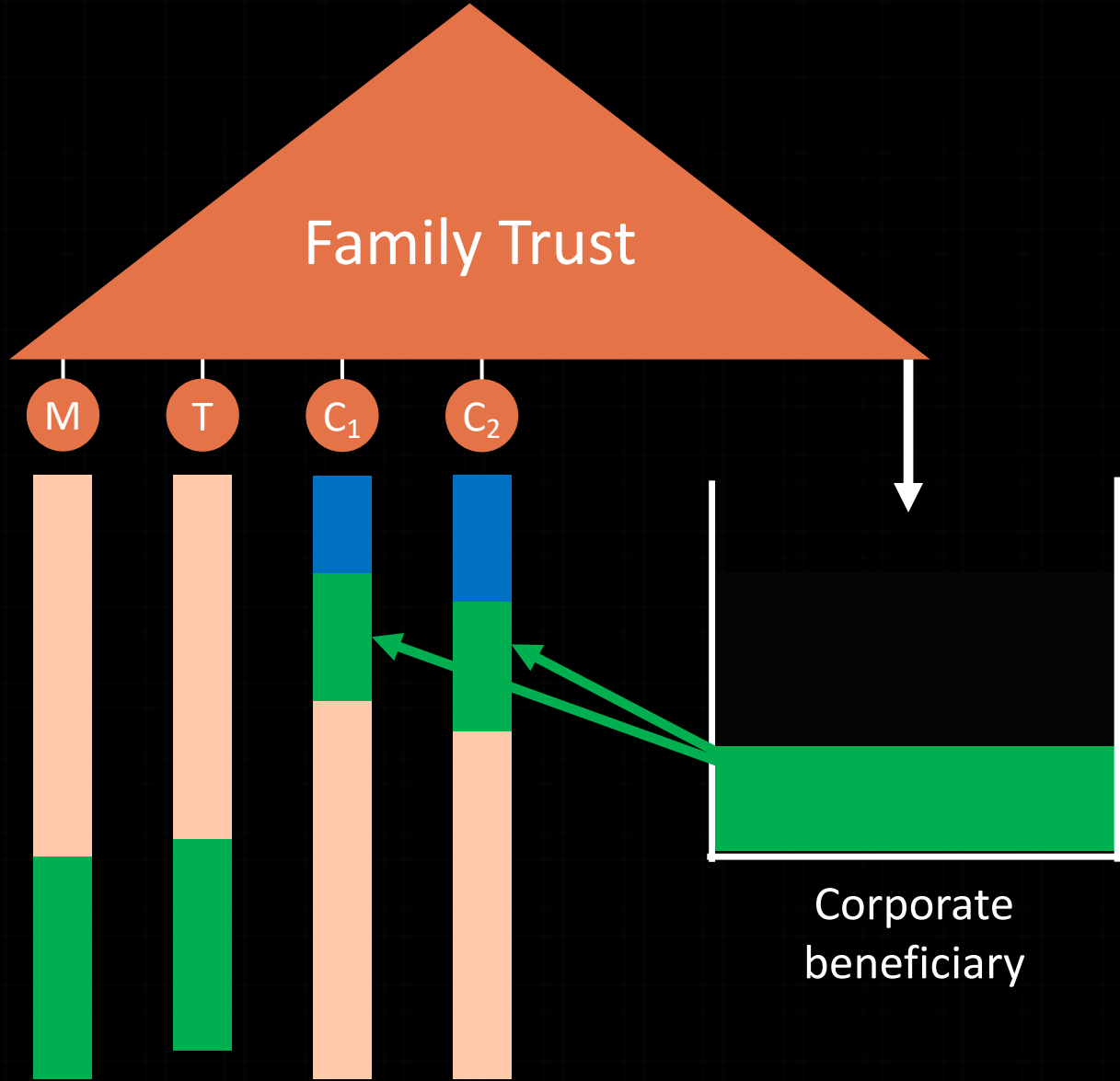




Income splitting

Family Trust

- Children < 18 years 
- On High Income 
- On Low Income 






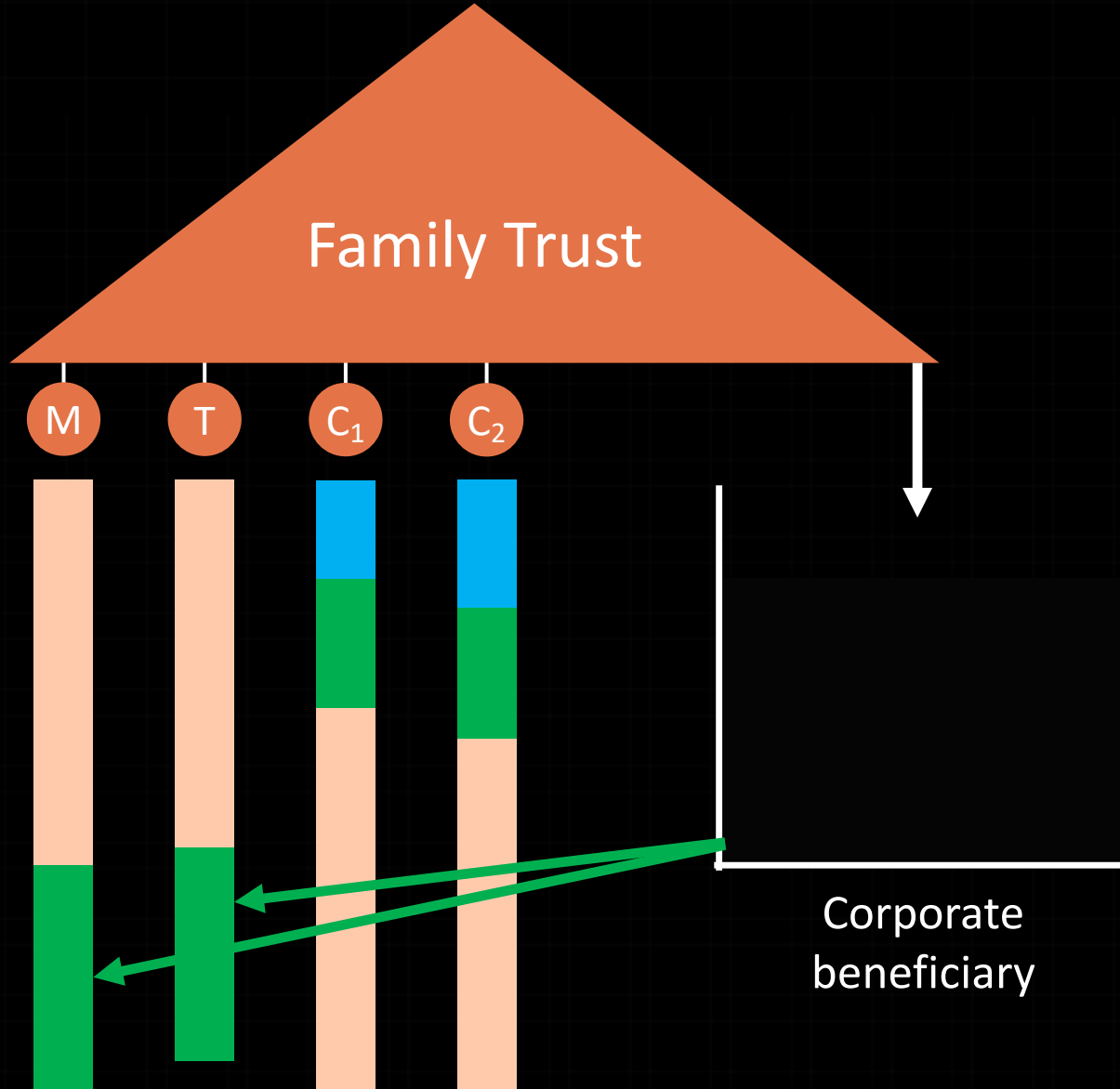
Corporate beneficiary



Income splitting

Family Trust

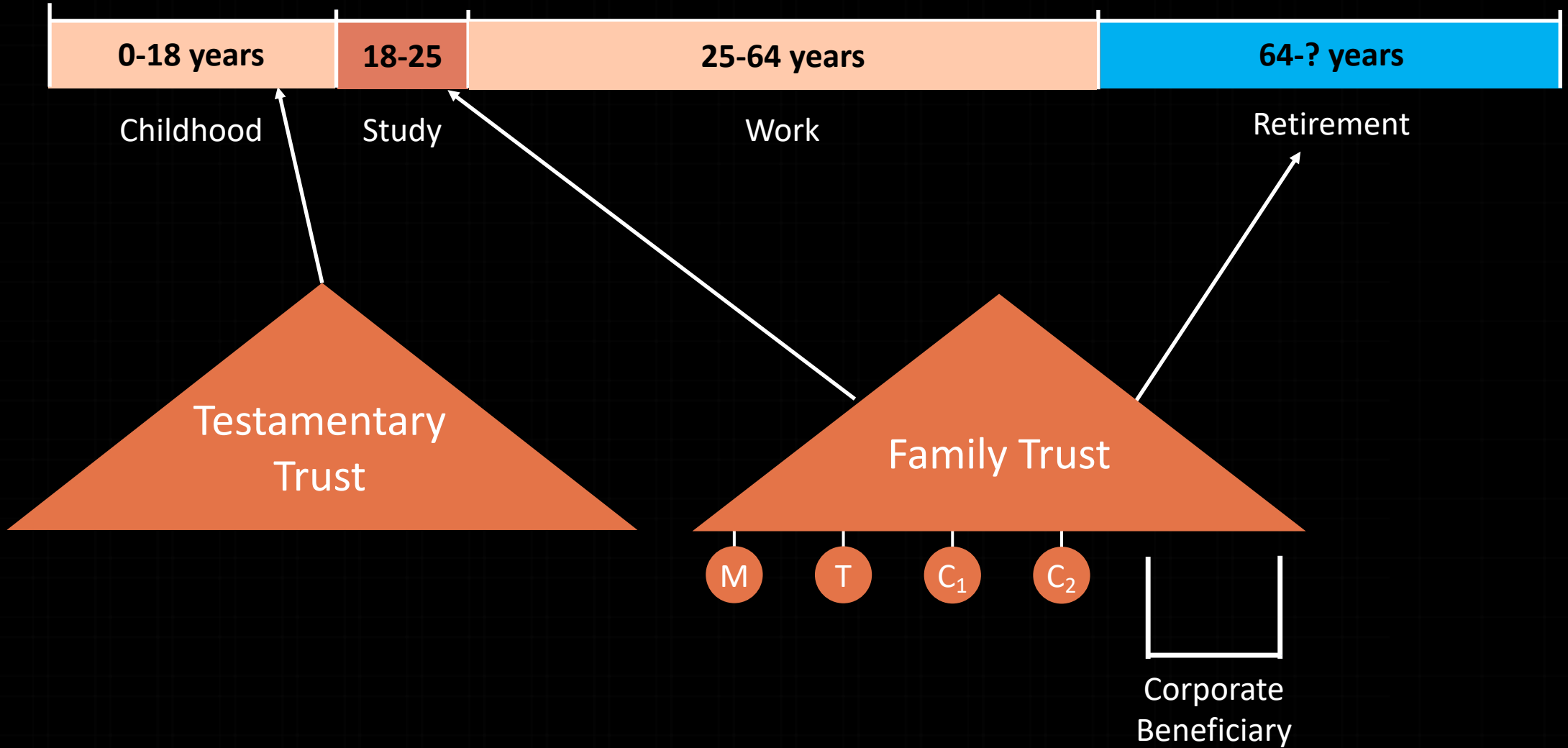
- Children < 18 years 
- On High Income 
- On Low Income 



Corporate beneficiary



Smoothing lifetime income





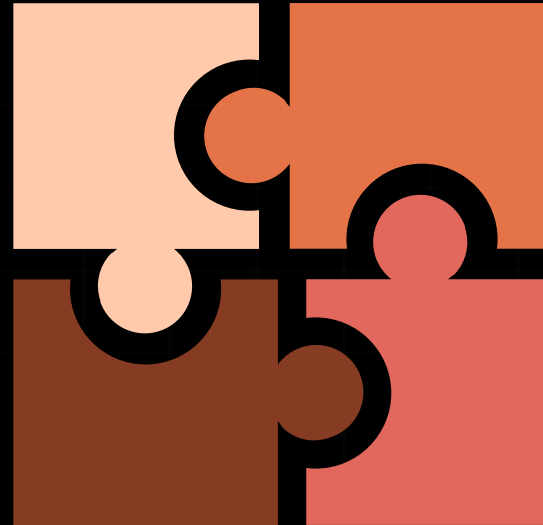
Investment Strategy

What to invest in?

Strategic asset allocation

How much extra risk?

How much extra risk and return



Where to hold investments?

Structuring and tax

How to Implement?

Bringing strategy into existence

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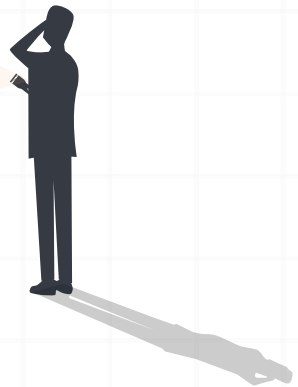
Family trust dilemma, gearing solutions and Division 296 estate planning



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The future of wealth planning

Going **beyond your typical structures**

01.

Need for structural diversification

02.

Multiple tax environments

03.

Greater flexibility

Why this matters now?

Change isn't slowing down

Client portfolio structuring needs to be designed for change – not dependant on it

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.



Alternative to super

Tax-effective investing with estate planning certainty

2.



Estate planning

Be in control of transferring wealth

3.



Trusts

Reducing distributable income within trusts as accumulation vehicle

4.



Complementing super

Tax-effective structure to accumulate wealth alongside super

5.



Saving for a child

Meeting the rising costs of future generations

Case study

The family trust dilemma



Meet Travis and Lisa

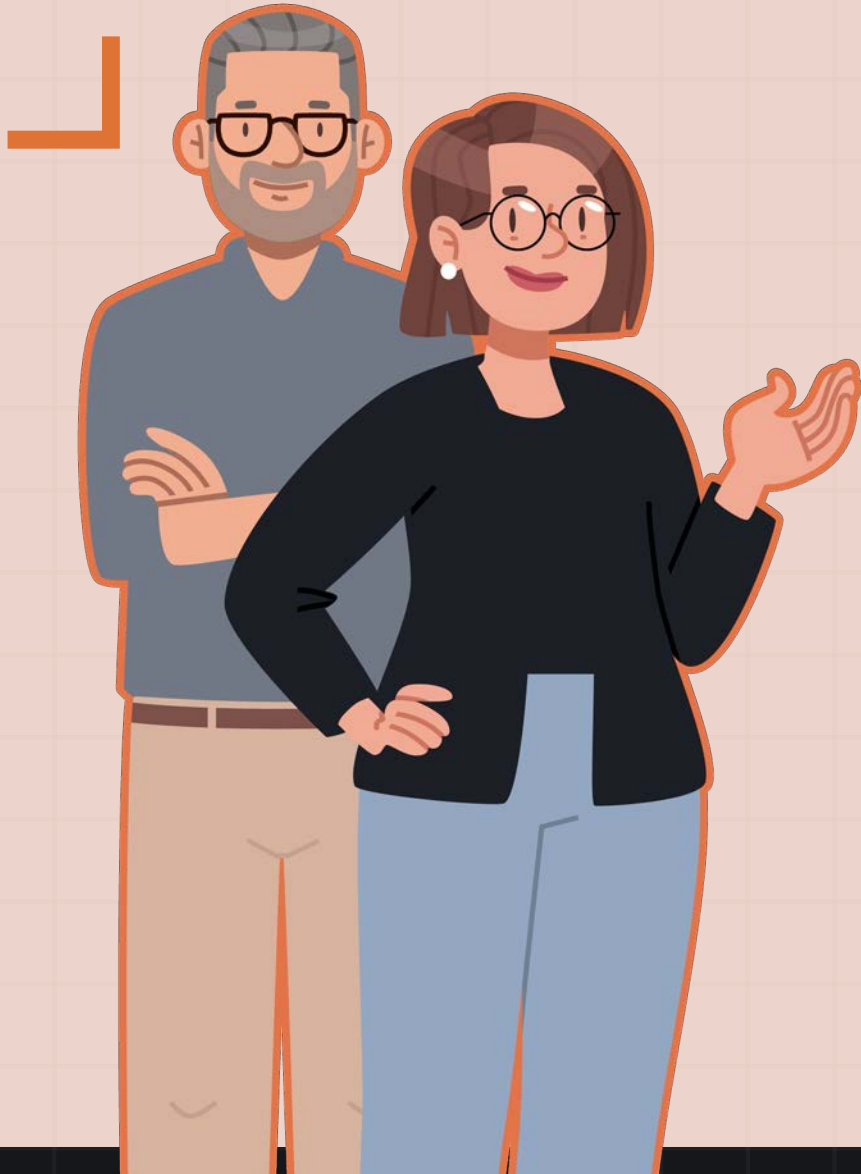
| | |
|--------------------|--|
| Age | Travis (53) and Lisa (52) |
| Situation | Travis is a business owner Lisa is full time mother |
| Investments | \$5.6m in a discretionary (family) trust \$4.2m in superannuation |
| Family | Two adult children |
| Situation | Using a family trust to hold multiple assets and distribute income |





Travis and Lisa's **concerns**

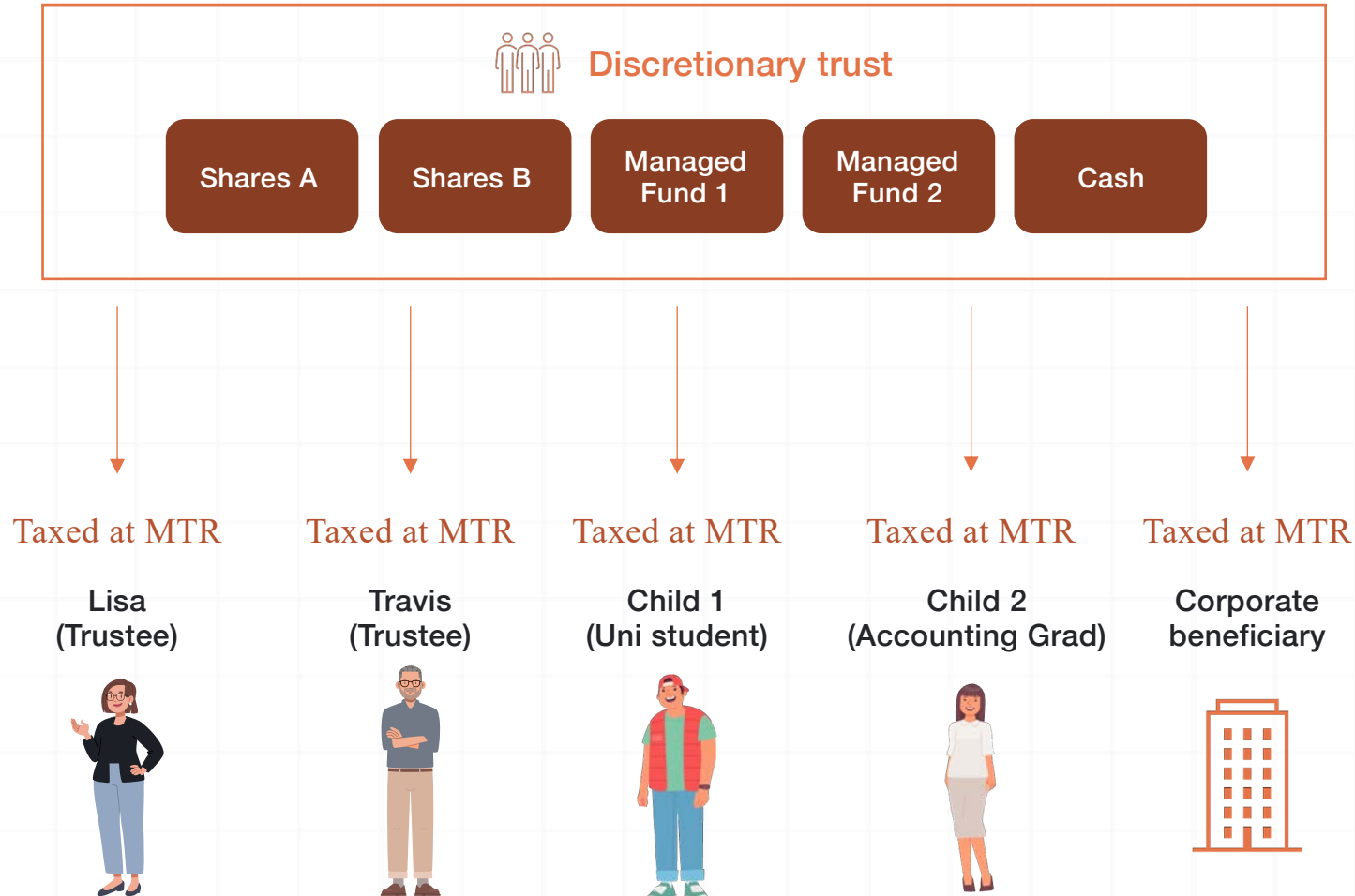
- Concerned about the distributions in the trust being taxed at a minimum of 30%
- Want to maintain flexibility and family control
- Want certainty around intergenerational wealth transfer



Travis and Lisa look at **2 options...**

-
1. Maintain current trust structure
-
2. Sell trust assets and establish investment bonds

Travis & Lisa's current structure based on current rules...



Have been used for **income streaming**

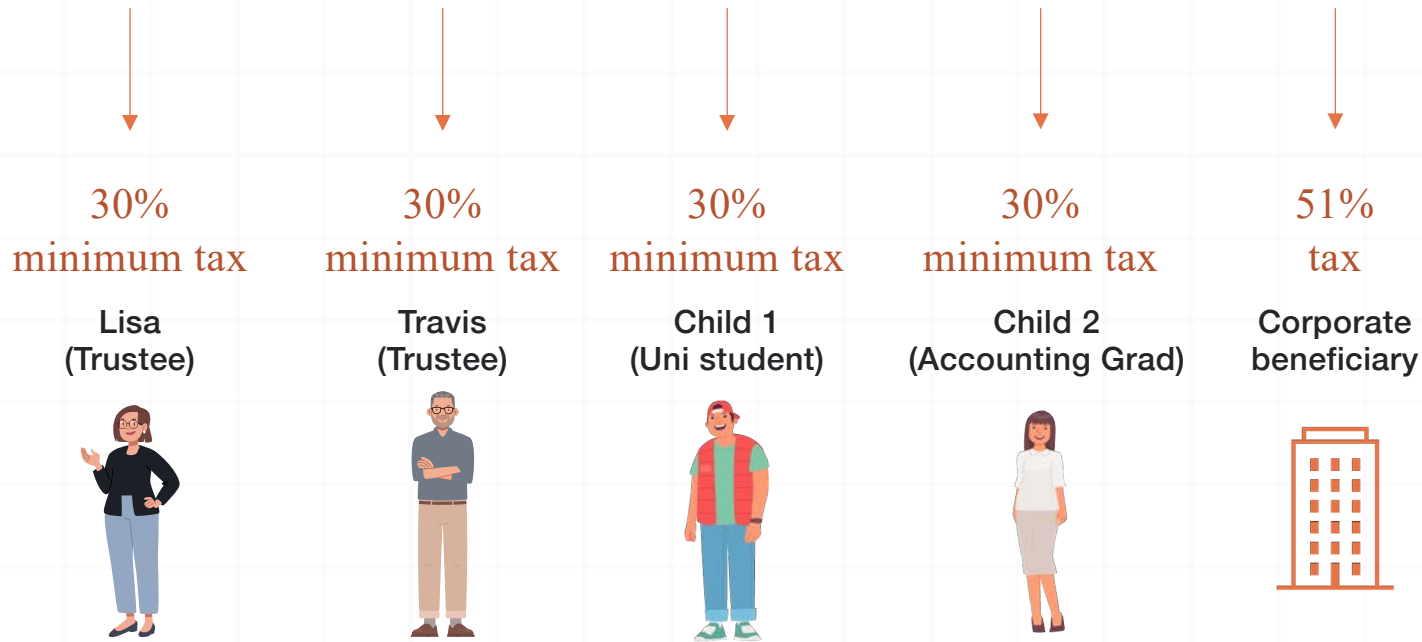
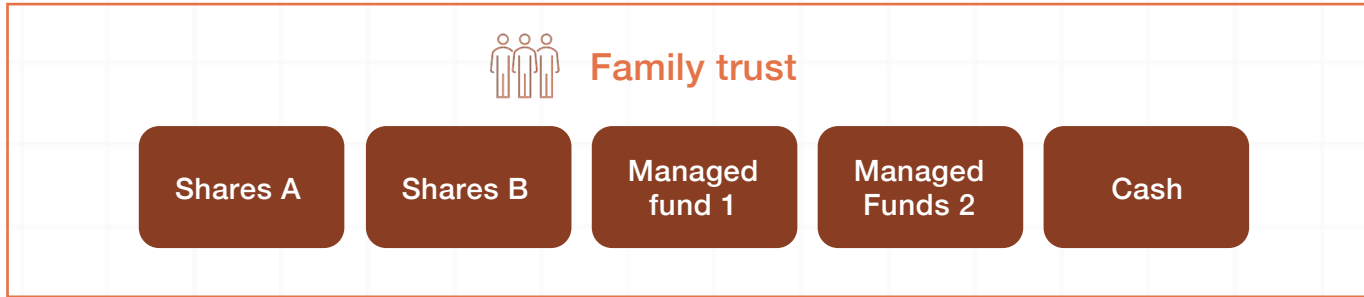
Taxed at beneficiaries' **MTR**

Stream dividends to **corporate beneficiary**

Corporate beneficiary is in effect a **tax deferral** strategy

Corporate beneficiary that ends up distributing back to discretionary trust to then distribute to individual beneficiaries would be a high risk tax avoidance strategy

Travis and Lisa's **current structure based on the nEW rules...**



Minimum tax of 30% for beneficiaries below 30% MTR

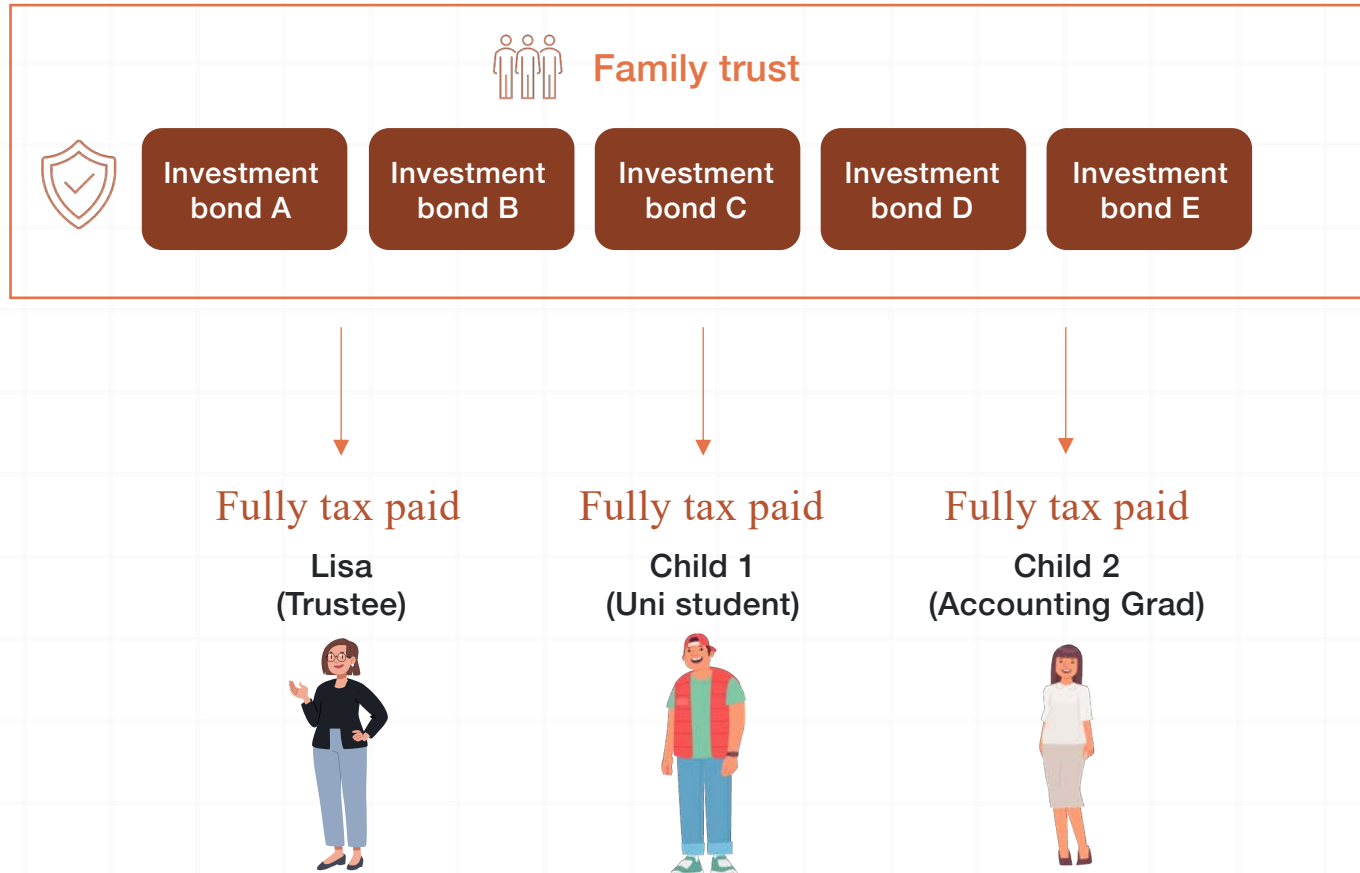
Assets held within trust **subject to CGT**

Distribution to bucket company **subject to potential double taxation**

No longer an income streaming strategy to beneficiaries

Non-refundable tax credit for individual beneficiaries
No tax credit for corporate beneficiary

Setting up **investment bonds** within a trust



Investment bonds are tax-paid – **maximum rate of 30%**

Tax-Optimised – effective tax rate generally ranging between **10%-15%** over the long term¹

Does not distribute income – no corporate beneficiary needed to manage tax

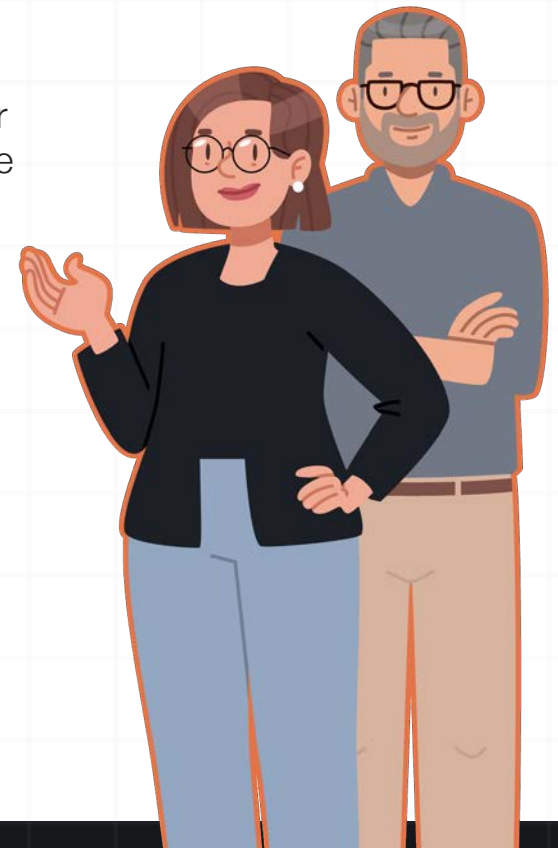
Income to beneficiaries can be controlled when needed

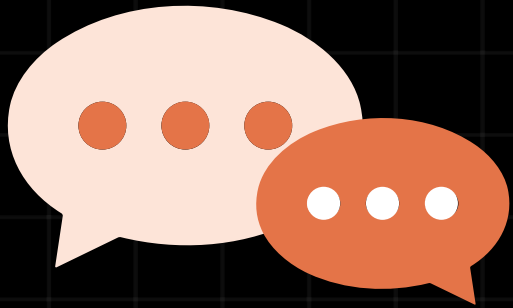
30% tax offset available against personal tax liability for pre-10 year withdrawals

1. Indicative effective average tax rates representing 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.

Travis' and Lisa's outcomes...

- ✓ Retained family control via trust structure
- ✓ 30% tax offset available on withdrawals before 10-years for adult children to reduce their personal tax liability
- ✓ Tax-paid at maximum rate of 30% – Tax optimisation can further reduce effective tax rate
- ✓ Simplified administration over time
- ✓ Greater certainty and control when transferring wealth to the next generation





The adviser conversation...

How to implement this as part of your practice?



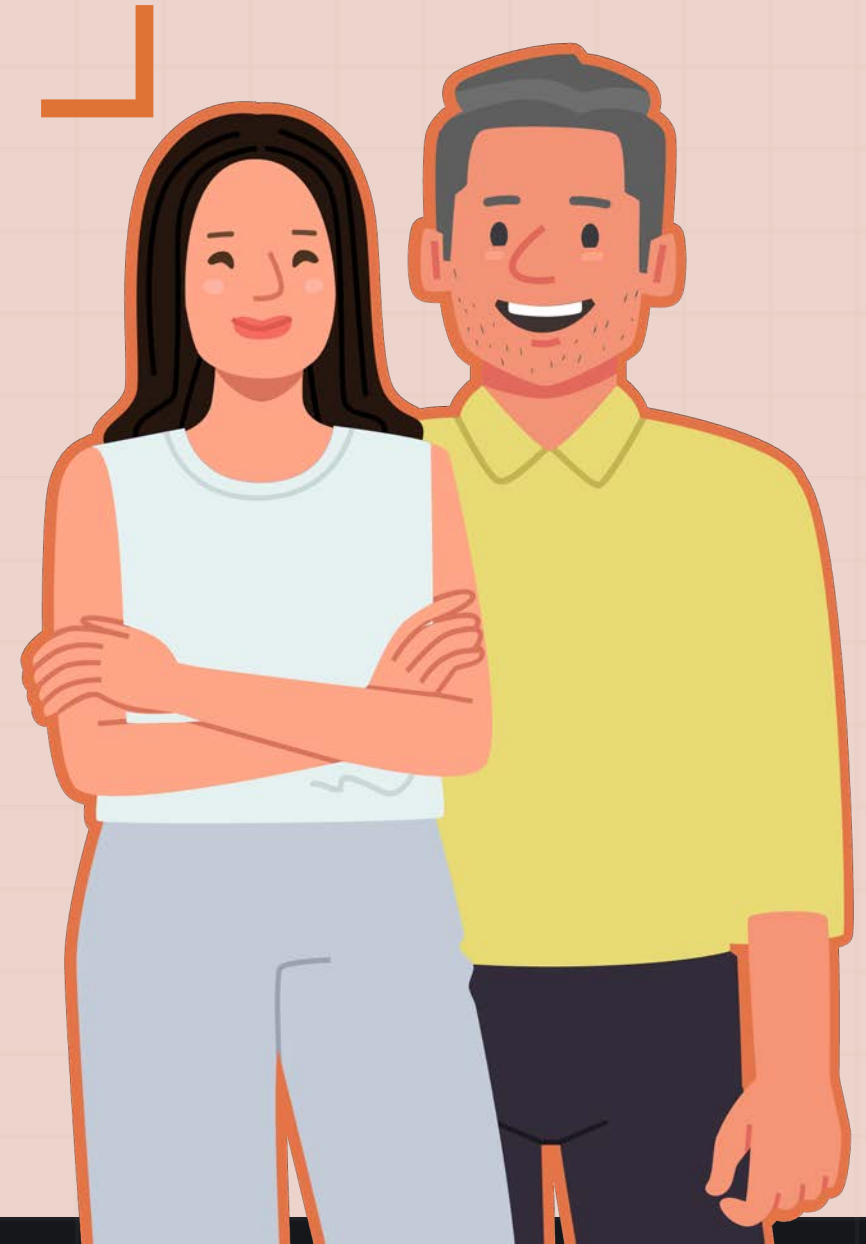
Case study

Gearing solution



Meet Michael and Rebecca

| | |
|------------------|---|
| Age | Michael (48) and Rebecca (45) |
| Family | Two adult children both students at university |
| Tax | Combined income of \$520,000 p.a. – both on top marginal tax rates |
| Situation | <p>Has \$450,000 available to invest after maximising their superannuation contributions and paying off their mortgage.</p> <p>Looking to reduce their taxable income and provide a legacy for the kids</p> |





Michael's and Rebecca's concerns

Due to recent Federal Budget announcement...

- Potential changes means they won't be able to implement their geared residential property strategy
- They don't have the capital needed to gear into commercial property and don't have the experience to do so

Michael and Rebecca want to explore their options



Michael and Rebecca look at 3 options...

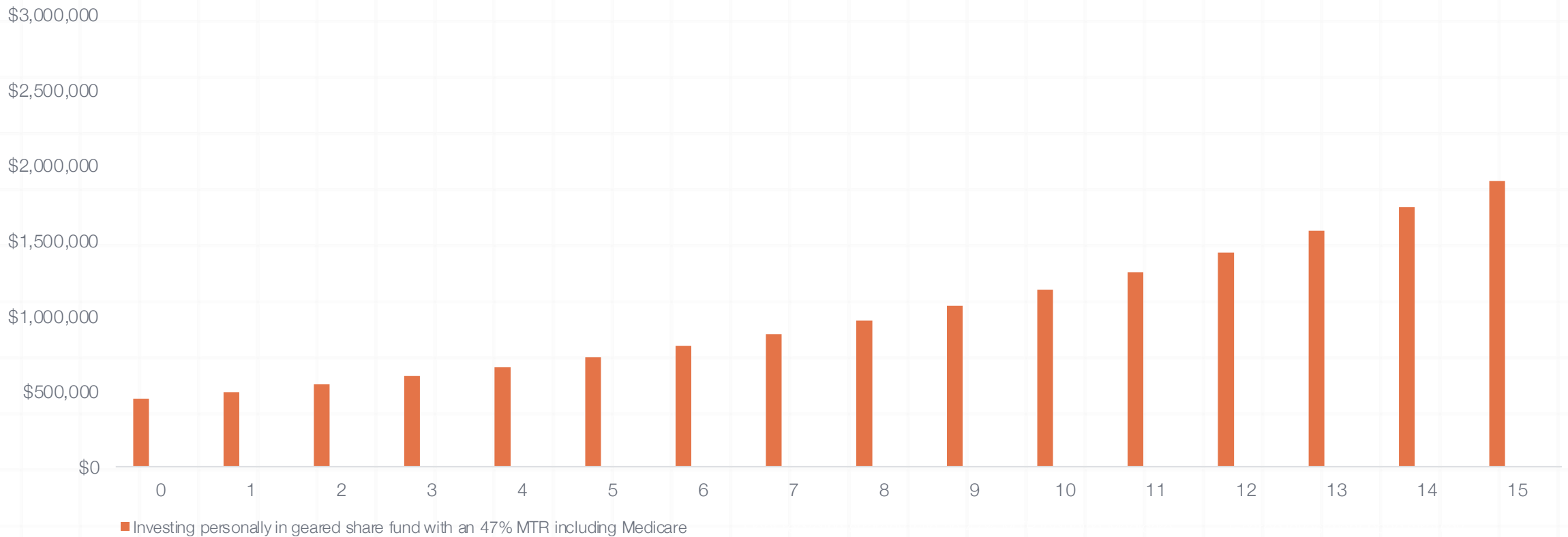
1. Invest in a geared Australian share managed fund
2. Gear directly into shares or managed funds
3. Invest in an investment bond that is geared in Australian shares



Michael's and Rebecca's

Option 1 - Invest in a geared Australian share managed fund...

Michael and Rebecca contribute \$200,000 of the inheritance to Rebecca's superannuation, then invest the remaining \$450,000 into a geared Australian share fund held in their personal names.



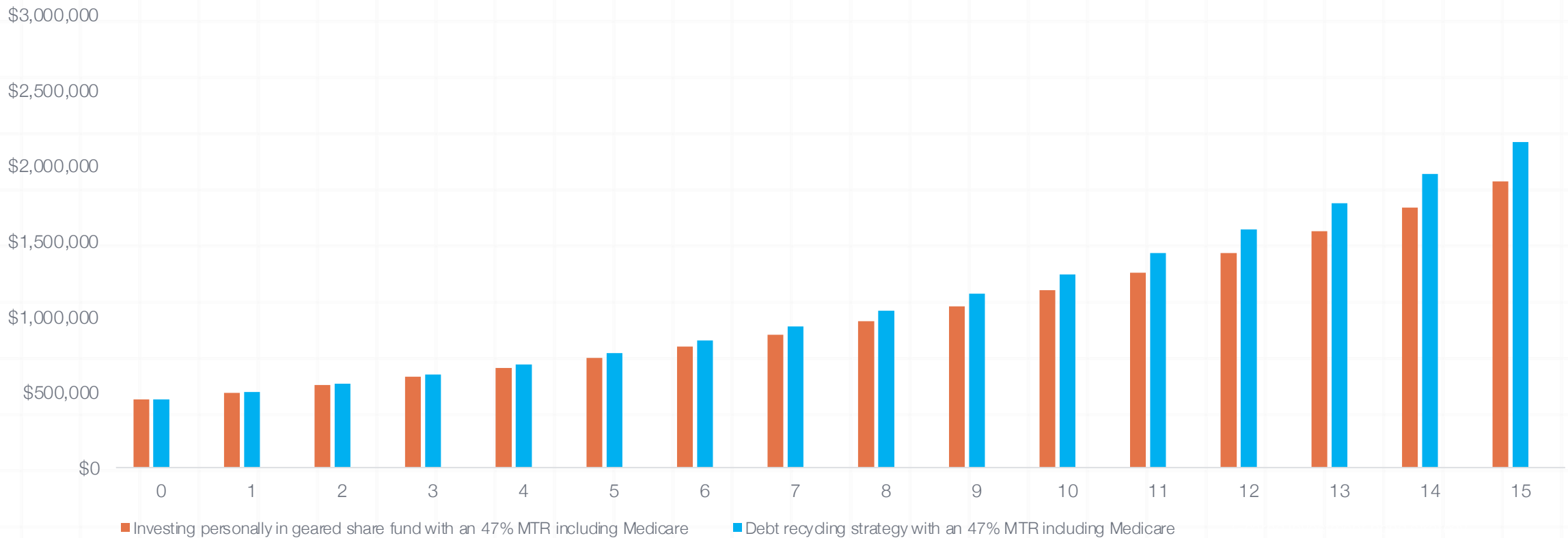
Assuming a total ungeared pre-tax and expenses return of 8.92% p.a. with income returns of 3.56% p.a. and growth returns of 5.36% p.a. Excludes the impact of administration and tax management costs. Assumes all interest costs are fully tax deductible within investment vehicle or strategy. Assumed interest rate margin above institutional interest rates assumed for investment bond and managed fund borrowings equivalent to 1.00% p.a. reflecting residential property owner occupied lending rates. Excludes the cost of any loan establishment charges. Assumes annual rebalance to target gearing level of 45% of asset/security value. All loan facilities are interest only with interest costs capitalised.



Michael's and Rebecca's

Option 2 - Gear directly into shares or managed funds...

Same \$450,000 of investable capital — but instead of relying on a fund's internal gearing, Michael and Rebecca utilise a debt recycling strategy against their family home in their own names and invest directly into Australian shares or managed funds.



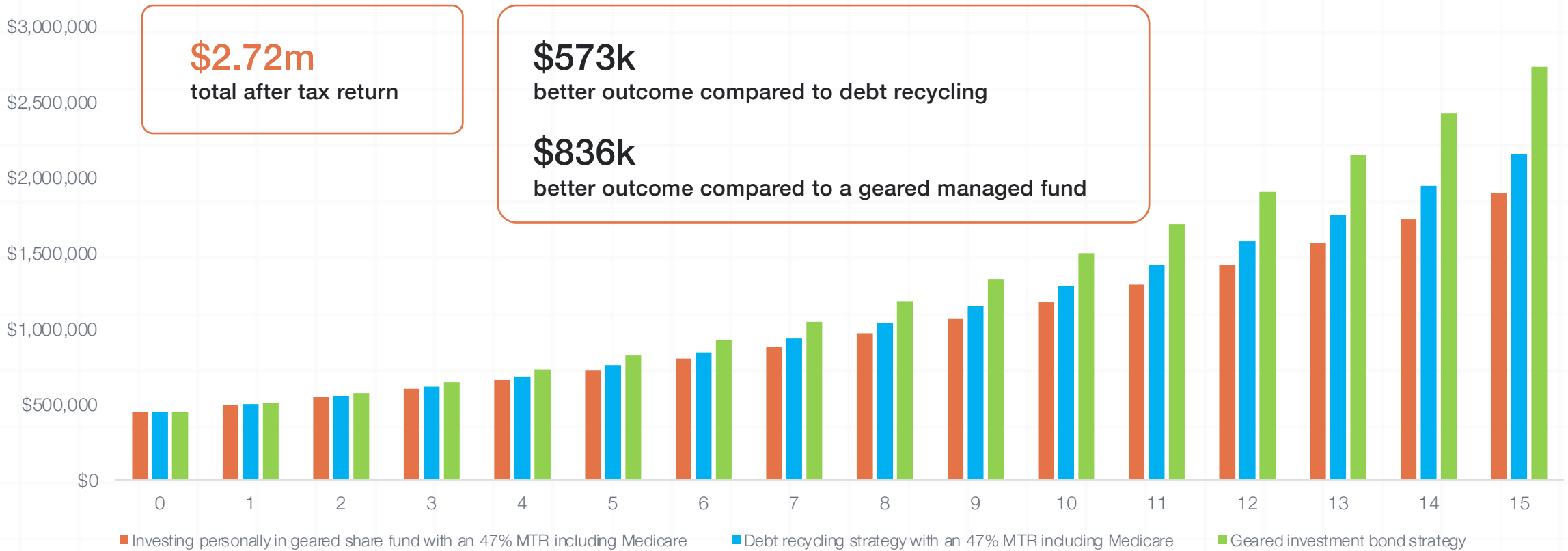
Assuming a total ungeared pre-tax and expenses return of 8.92% p.a. with income returns of 3.56% p.a. and growth returns of 5.36% p.a. Excludes the impact of administration and tax management costs. Assumes all interest costs are fully tax deductible within investment vehicle or strategy. Assumed interest rate margin above institutional interest rates assumed for investment bond and managed fund borrowings equivalent to 1.00% p.a. reflecting residential property owner occupied lending rates. Excludes the cost of any loan establishment charges. Assumes annual rebalance to target gearing level of 45% of asset/security value. All loan facilities are interest only with interest costs capitalised.



Michael's and Rebecca's

Option 3 - Invest in a geared investment bond strategy...

Same \$450,000 of investable capital — but they establish a \$450,000 investment bond and invest into the Generation Life Tax Effective Australian Share Fund (Geared).



Assuming a total ungeared pre-tax and expenses return of 8.92% p.a. with income returns of 3.56% p.a. and growth returns of 5.36% p.a. Excludes the impact of administration and tax management costs. Assumes all interest costs are fully tax deductible within investment vehicle or strategy. Assumed interest rate margin above institutional interest rates assumed for investment bond and managed fund borrowings equivalent to 1.00% p.a. reflecting residential property owner occupied lending rates. Excludes the cost of any loan establishment charges. Assumes annual rebalance to target gearing level of 45% of asset/security value. All loan facilities are interest only with interest costs capitalised.

Michael and Rebecca's **outcomes**...



Access to a geared strategy



No personal CGT impact



Tax-paid investment structure and with no impact to MTR



No personal borrowing required & institutional rates

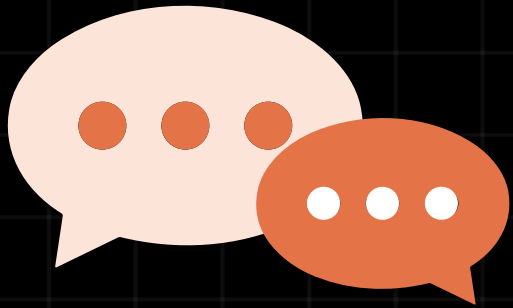


No loan management obligations



Estate planning opportunities





The adviser conversation...

How to implement this as part of your practice?



Case study

Division 296 and death tax



Meet Sandra

| | |
|------------------|---|
| Age | 75 |
| Situation | Widow |
| Super | \$2.1m in pension phase \$3.9m in accumulation phase 70% taxable component for both |
| Family | Four grandchildren |





Sandra's concerns

- Reduce impact of Division 296
- Flexibility to access funds whenever she wants, before she passes away
- Transfer wealth to her grandchildren tax-effectively by managing the impact of super death taxes

Sandra wants to explore her options

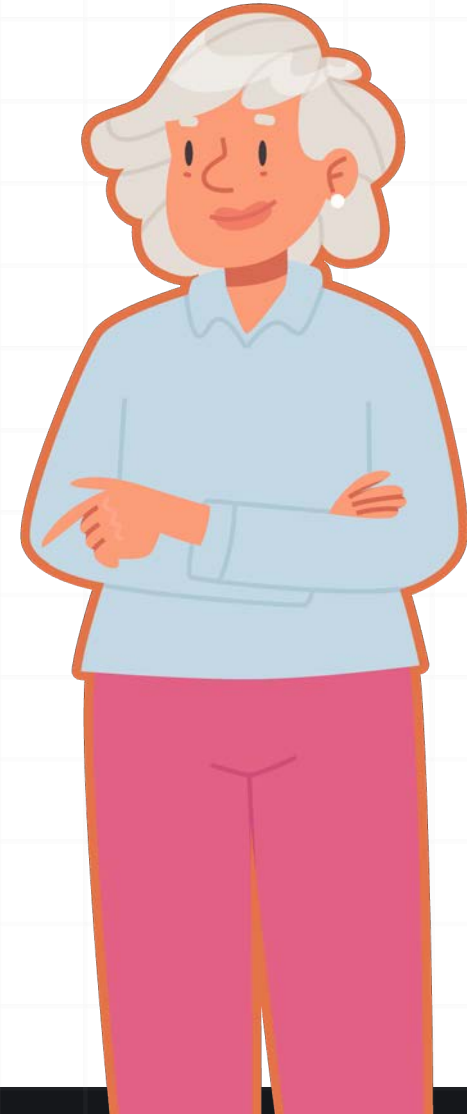


Sandra looks at 2 options...

1. Leave balances above \$3m in super and pay death benefit tax upon death
2. Withdraw balance above \$3m from superannuation and establish four investment bonds

What if Sandra establishes four investment bonds?

| Age | Super with Division 296 tax | Super Death Benefits tax | Net super proceeds after death benefits tax | Investment bonds |
|-----|-----------------------------|--------------------------|---|------------------|
| 85 | \$4.75M | (\$0.57M) | \$4.19M | \$4.84m |
| 90 | \$5.76M | (\$0.68M) | \$5.07M | \$6.19M |
| | | | | +\$1.12M |

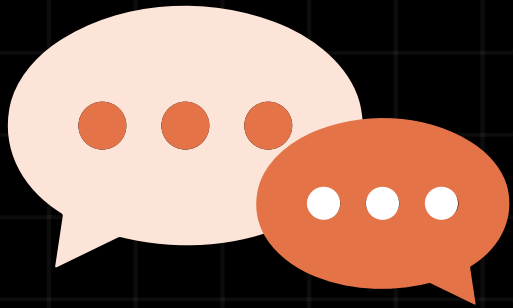


The graphs above illustrate the comparative outcomes of a Super accumulation account subject to the Division 296 taxes and investment bonds on initial amounts in excess of the Division 296 Total Superannuation Balance thresholds invested over 15 years without drawdowns. The scenario compares investment amounts in excess of the proposed \$3m threshold. The pre-tax investment returns assume a total return of 6.08% p.a., comprising a total income return of 1.96% p.a. and total growth return of 4.13% p.a., a franking level of 36.2% 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 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 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.

Sandra's outcomes...

- ✓ Full access to funds whenever she needs
- ✓ Able to transfer wealth to her grandchildren tax-effectively
- ✓ She can place restrictions on accessing funds, including setting up a Regular Income Payment
- ✓ She can nominate a Co-Signatory to make once-off withdrawals as restrictions are in place
- ✓ No impact on recipient's personal tax position if investment bond is transferred to his intended recipients
- ✓ She avoids Division 296 tax and death benefit tax on balances above \$3m





The adviser conversation...

How to implement this as part of your practice?





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 |





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





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