generation life

Case study

# The lifestyle maintainers

**LifeIncome | Investment-linked lifetime annuity**



## Meet Karlee and Adam...

They are both 65 and entering retirement.

**$1,100,000**
Superannuation balance (Combined)

**$10,000**
Personal assets

## Karlee and Adam's objectives

- ✓ Karlee and Adam would like to have a combined income of $104,500 p.a. to allow them to retire comfortably.
- ✓ They would also like their income to grow with their living costs.

# Understanding your income sources

Everyone's retirement plan will be different, because everyone's objectives, preferences and circumstances are different. When developing your plan, it is important that you speak to your financial adviser to consider all income sources available and help manage them according to your goals and objectives.

To help you with this conversation, here's a brief look at the common sources of retirement income available for Australian retirees today:

**Account-based pension** - A flexible superannuation income stream offering wide investment choice, flexibility to access capital and the ability to vary income. It is important to remember however, that there is no guarantee of income for life.

**Age Pension** - Government social security support, which can include income and other benefits such as, healthcare discounts.

**Non-super assets** - Assets accumulated over time including savings, the family home, shares and other investments.

**Investment-linked lifetime annuity** such as LifeIncome can provide an income that is guaranteed for life, offering a wide range of investment choices to help your income grow over time. LifeIncome has concessional treatment for social security purposes, providing the potential to access some or more of the Age Pension and ancillary benefits.

## LifeIncome

### Investment-linked lifetime annuity

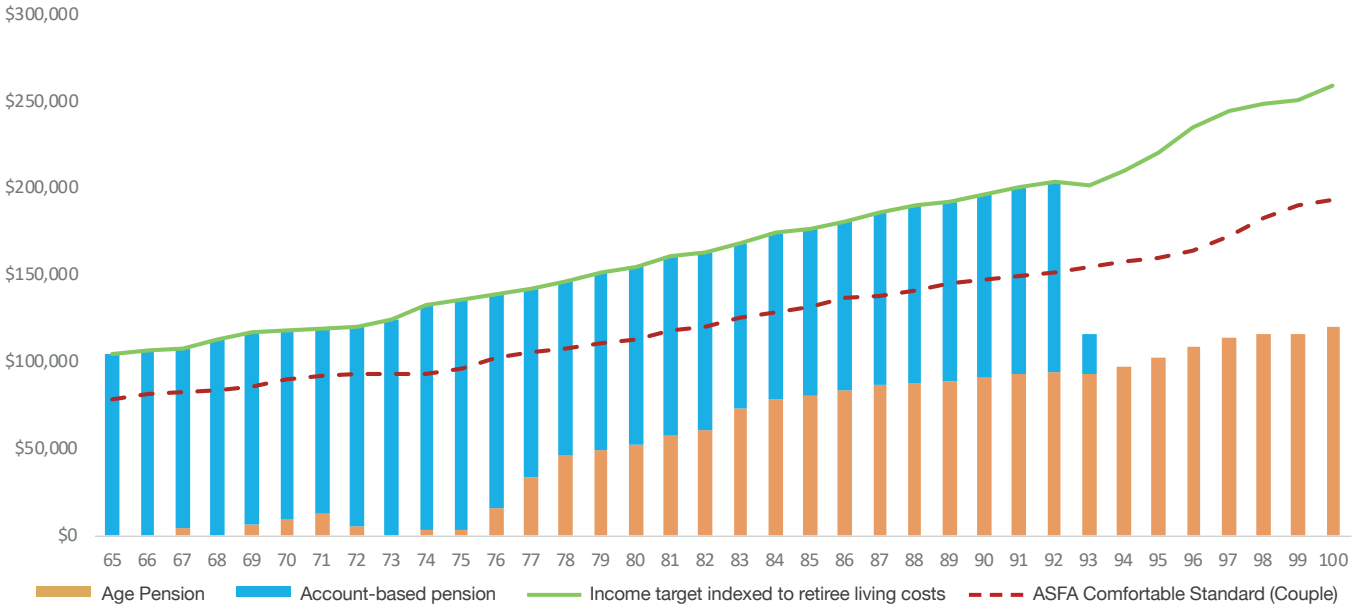
LifeIncome, our investment-linked lifetime annuity, delivers more income, more certainty, more flexibility and more choice to meet retirement goals. LifeIncome provides regular income for life that's linked to the performance of your chosen investment option(s), which you can switch between when needed.[1] LifeIncome also provides the ability to receive income earlier, often when needed most.

It is designed to optimise the level of income in retirement and complement other retirement solutions such as an account-based pension.



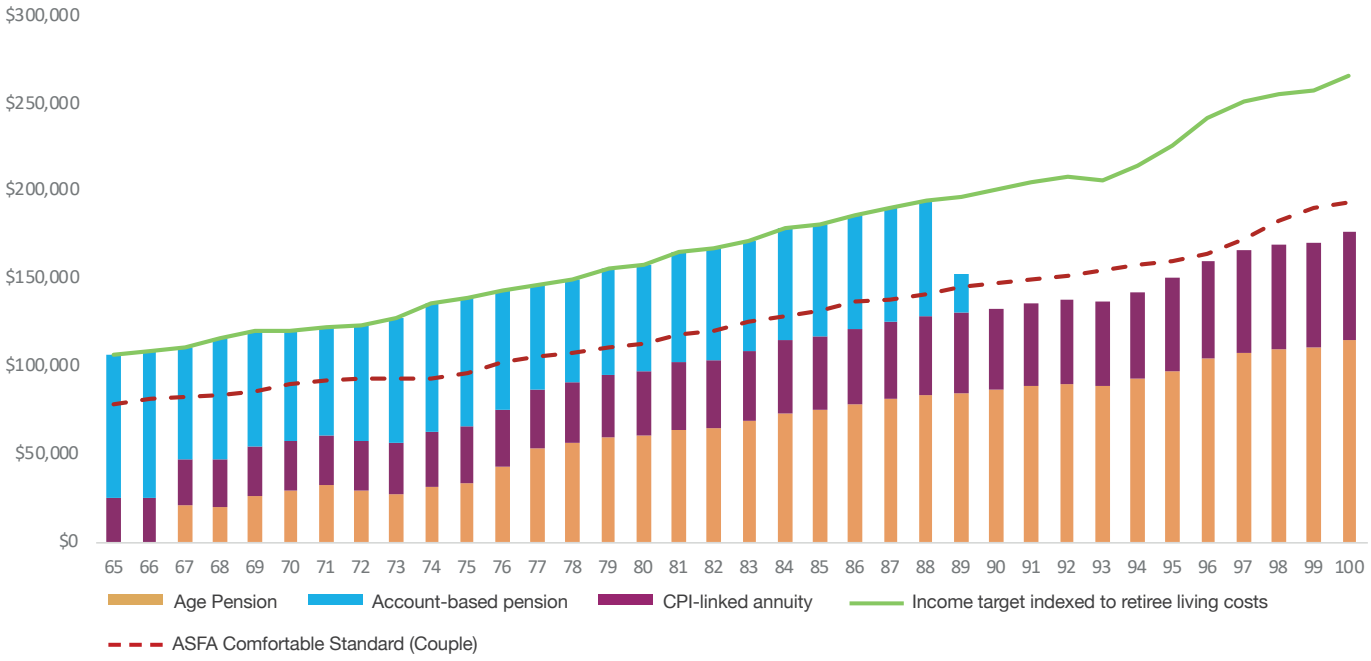
## What if Karlee and Adam rely on their account-based pensions?

A key consideration when planning a good retirement is to give yourself the confidence to enjoy your retirement and spend your retirement savings without fear of running out of money. The key thing to remember about relying on account-based pensions is that you can run out of money and there is no guarantee of regular income for life. This risk may make you cautious about spending your retirement savings, particularly in the earlier years.



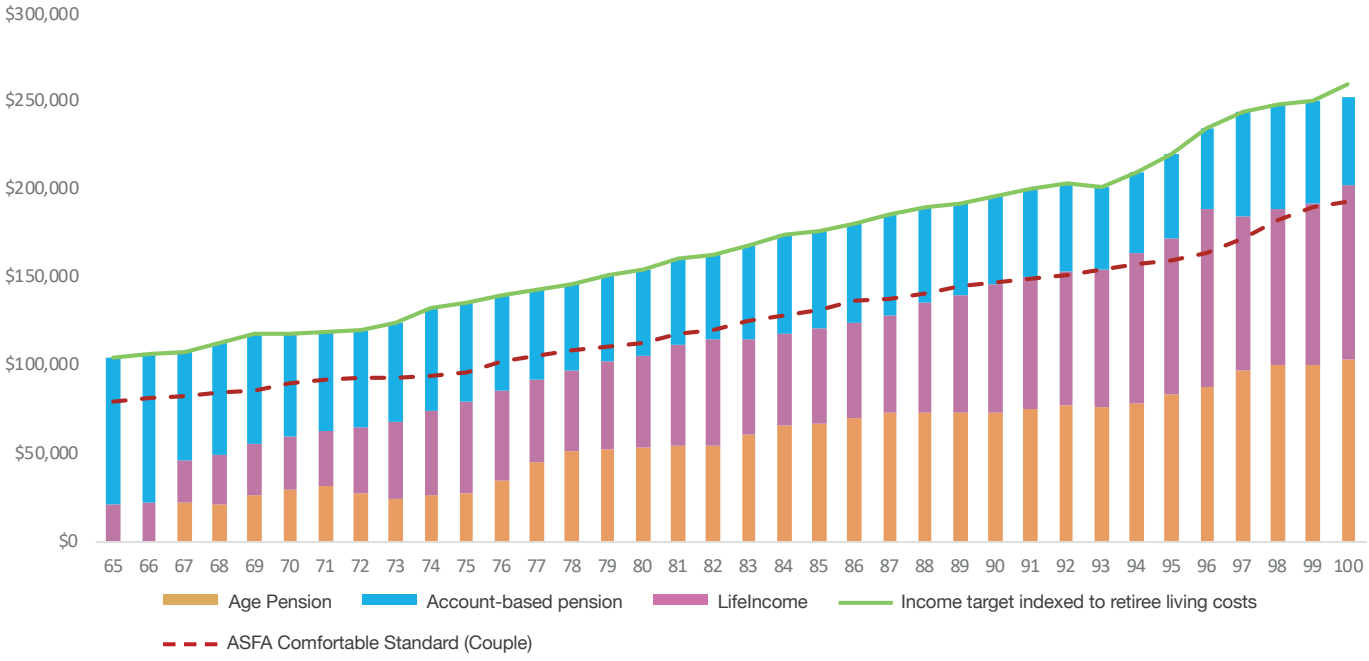

## What if Karlee and Adam combine a traditional lifetime annuity with their account-based pensions?

A traditional lifetime annuity provides a regular income guaranteed for life that is indexed to CPI (in this example). An additional drawdown, above the minimum level, from their account-based pensions, is required to meet their annual income target. Due to the concessional social security treatment of lifetime annuities, they may receive immediate access to the Age Pension when they reach the Age Pension qualifying age of 67.



## What if Karlee and Adam combine LifeIncome, an investment-linked lifetime annuity, with their account-based pensions?

LifeIncome, Generation Life's investment-linked lifetime annuity, provides them access to growth assets that can help grow their annual income over time. This means they can potentially draw down less from their account-based pension to meet their annual income target. The investment-linked lifetime annuity also gives them the ability to switch investment option(s) at any time.[1] Due to the concessional social security treatment of LifeIncome, similar to a traditional lifetime annuity, they may receive immediate access to the Age Pension when they reach the Age Pension qualifying age of 67.




## Karlee and Adam's outcome...

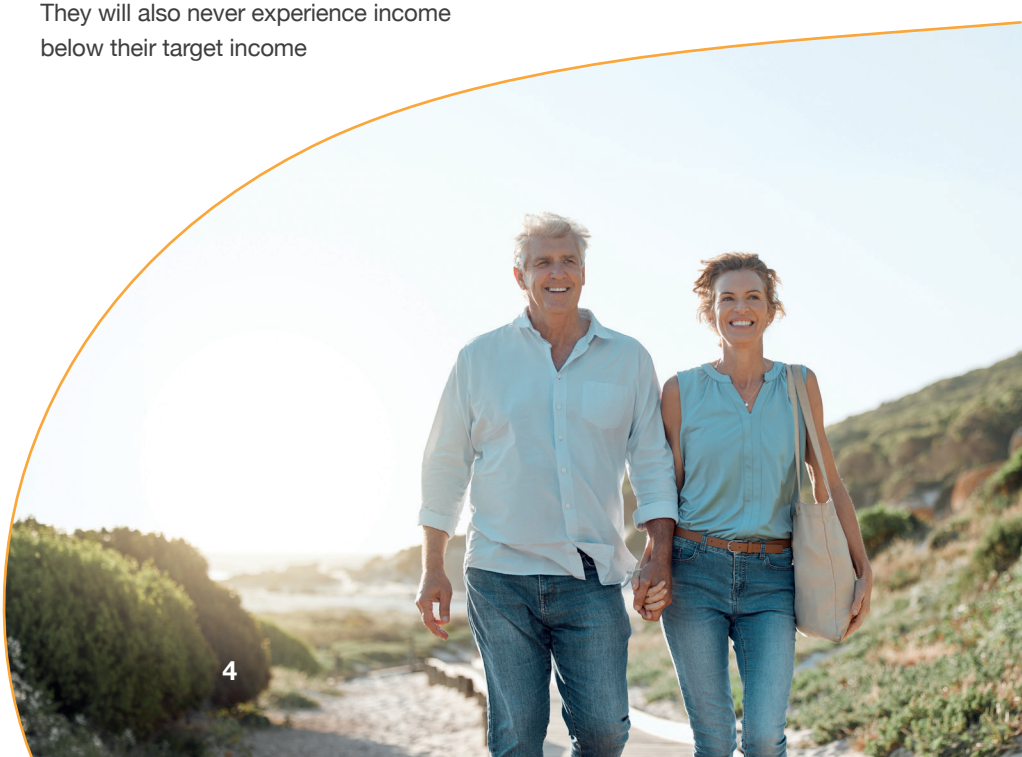
**By investing in LifeIncome compared to solely relying on their account-based pension...**

**$20,030**
balance in their account-based pensions at age 100

**$223,804**
more Age Pension by age 80

**$1,011,248**
additional cumulative income by age 100

They will also never experience income below their target income



## 6 key differences to CPI-linked lifetime annuities

1. Higher starting income
2. Starting income is not impacted by interest rates or investment markets
3. Flexibility to change investment outcome
4. Potential for more cumulative income
5. Income redistribution rate
6. Ongoing adviser involvement

## Why is portfolio construction so important for successful retirement planning?

Portfolio construction is the process of developing investment strategies and managing risk to achieve specific goals and objectives. Investment goals and objectives vary greatly between retirees, so having the correct mix of exposure through effective asset allocation is very important. The portfolio construction process in retirement must cater to your personal goals, risk tolerance and investment horizon.

Every asset class offers different levels of risk and return and is likely to perform differently under various market conditions. An important element to portfolio construction and the allocation of assets within the portfolio, is to effectively balance risk within the portfolio to achieve your desired outcomes.

The power of flexibility and using a professionally managed investment menu to tailor an investment portfolio's objectives to your individual income, social security and lifestyle objectives means that portfolio construction and investment choice become central tools in achieving your goals and objectives at every stage of your retirement.

## ASFA Retirement Standard

So, how much is required to retire comfortably? According to the ASFA Retirement Standard, the minimum annual cost of a comfortable retirement for a couple is $78,998 and $56,166 for a single person.[2] This assumes they own their own home and aren't paying a mortgage or rent. To achieve this, according to ASFA, couples are required to have $690,000 in combined superannuation balance, or $595,000 for an individual, at age 67.[2]

However, CoreData's Best Possible Retirement report 2026 found that the amount Australians believe they need to retire has passed **$1 million** for the first time, with retirees lifting their estimate by **26% in a single year**.[3]

## About Generation Life

Generation Life, a wholly owned subsidiary of Generation Development Group (ASX:GDG), is a life company registered under the Life Insurance Act 1995 (Cth). As the pioneer of Australia's first truly flexible investment bond since 2004, we have been at the forefront of providing innovative tax-effective investment solutions. We are proud to be shaping the retirement income landscape with our latest innovation, LifeIncome.

Generation Life is regulated by the Australian Prudential Regulation Authority ('APRA') and as such, we are required to hold a minimum amount of capital, determined by APRA, to ensure we can meet the payment obligations we have to our clients. APRA is the same independent statutory authority that supervises banks.

## If you're a financial adviser...

We can run technical strategies and client scenarios to help you assist your clients to achieve their retirement and legacy goals.

### Do you have client scenarios in mind?

Our specialist team is here to help. Contact one of our Technical team members at **technical@genlife.com.au** about running client scenarios for you today.

generation life

Outthinking today.

## Contact details

**Investor services**
1800 806 362

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1800 333 657

**Enquiries**
enquiry@genlife.com.au

**Footnotes**

1. Brief exclusion period applies – refer to the Product Disclosure Statement
2. ASFA Retirement Standard, June Quarter 2026.
3. CoreData and Conexus Financial, Best Possible Retirement Report 2026, July 2026.

**Assumptions**

Assumptions for graphs on page 3 and 4: Based on a 65-year-old couple homeowner with a combined superannuation balance of $1,100,000 and $10,000 in personal assets. Target annual income and the ASFA Retirement Standard are indexed based on historical changes in the CPI from 1991 to 1998, and the Self-Funded Retiree Living Cost Index (LCI) from 1998 to 2026, as published by the Australian Bureau of Statistics (ABS). The ASFA Retirement Standard used is 'comfortable lifestyle' for a couple at June quarter 2026. Annual income illustrations are shown in nominal dollars. Account based pension drawdown amount is to help meet the target income, minimum account-based pension drawdowns do apply. Assumes Karlee (65) invests 40% of their combined superannuation balance in a traditional CPI-linked annuity, with Adam (65) nominated as the Reversionary Beneficiary at 100%. Based on a LifeIncome policy for Karlee (65) investing 40% of their combined superannuation balance into a LifeIncome with a 2.5% LifeBooster rate and nominating Adam (65) as a Reversionary Beneficiary with a reversionary percentage of 100%. Age Pension rates and thresholds are as at 20/09/2026. The illustration uses historical investment returns commencing 1 July 1991. Both LifeIncome and account-based pension invested in the same 50/50 diversified index portfolio which consists of a 20% allocation to ASX All Ordinaries, 30% to MSCI World Ex Australia Index, 35% to Bloomberg Global Aggregate Bond Index (AUD Hedged) and 15% to Bloomberg Ausbond Composite Index. Estimated administration costs of 0.3% p.a. for the account-based pension and 0.92% p.a. for LifeIncome. Fees on LifeIncome are a percentage of the annual income. There are no fees on income from LifeIncome in the first financial year you commence LifeIncome. There are no fees and costs assumed for the traditional CPI-Linked annuity. Past performance is not a reliable indicator of future performance.

**Disclaimer**

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