

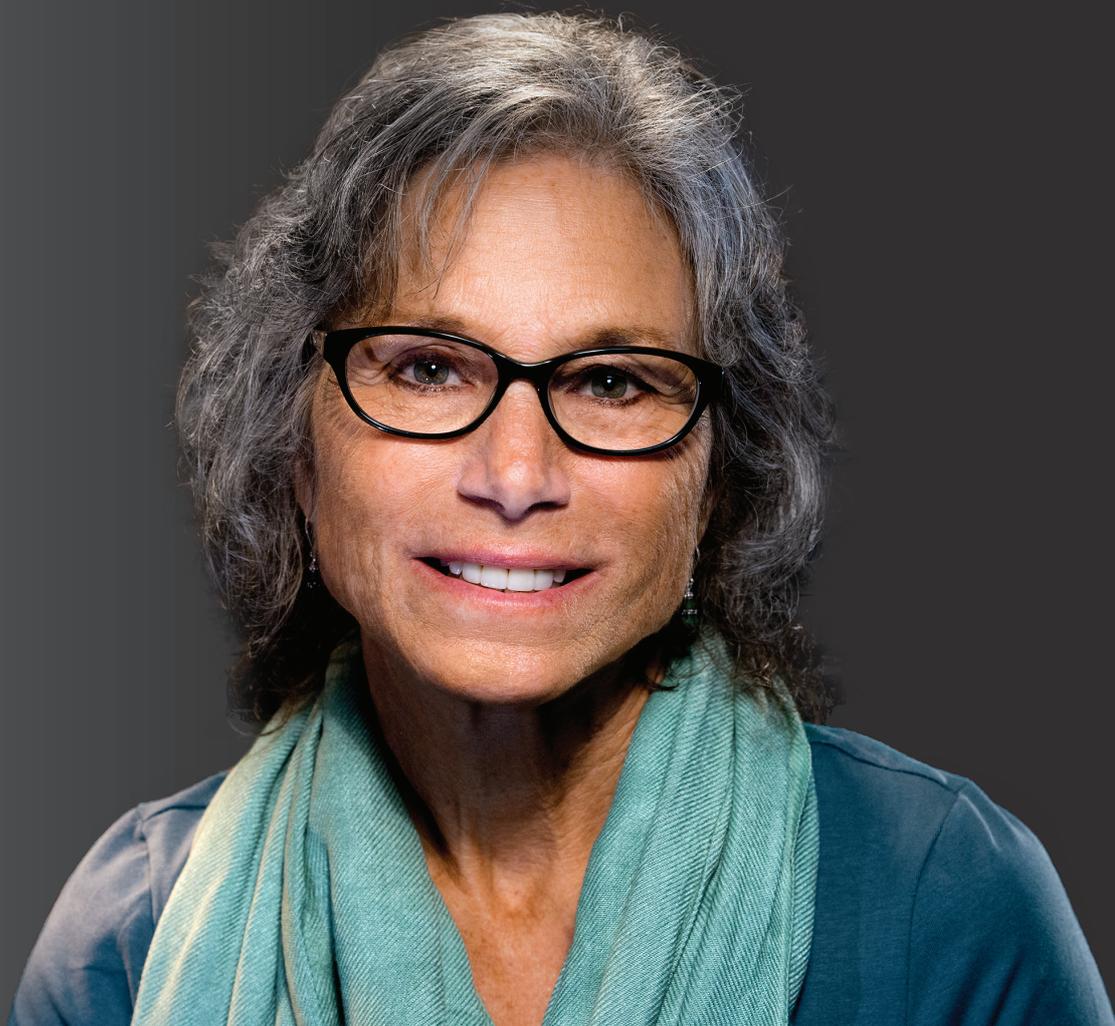
# Challenger Guaranteed Annuity Policy Document

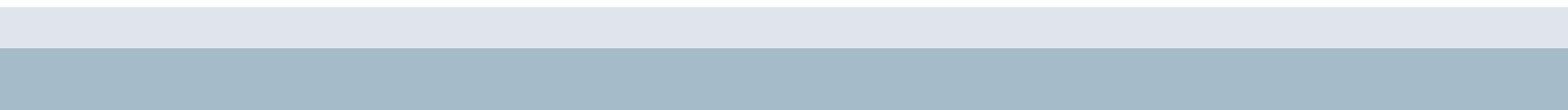
**Policy Document**

Dated 31 July 2015  
Challenger Guaranteed Annuity  
(SPIN CHG0005AU)

**Issuer**

Challenger Life Company Limited  
(ABN 44 072 486 938)  
(AFSL 234670)





# Policy Document

## Guaranteed Annuity

Your policy consists of two parts, this Policy Document and your Investor Certificate. You should read these documents carefully and keep them in a safe place.

In this Policy Document, references to 'you' and 'your' are references to the policy owner or, in the case of joint owners, the policy owners.

Your policy is a legal contract between you and Challenger Life Company Limited (ABN 44 072 486 938) (Challenger Life) (also referred to as 'we', 'our', and 'us'). This Policy Document is deemed to be issued to you only after your valid application form is accepted by Challenger Life. Whilst we take all care in producing your Investor Certificate and other investment documentation, we reserve the right to amend the documentation if we make an administrative error.

Your policy is administered as part of the Challenger Life Statutory Fund No. 2 and does not share in any surplus generated by the fund.

References in this Policy Document to regular payments include regular payments made following a rollover for a further term.

### 1. Commencement date

The commencement date of your policy will be the date that your application is accepted by Challenger Life. The first regular payment will be made at the end of the payment frequency period you have chosen, calculated from the commencement date.

### 2. Term

The term of the policy is as specified in your Investor Certificate and can be between one and 50 years (in whole years). Subject to section 12 of this Policy Document, the policy will end at the end of your chosen investment term. It will also end if you make a full withdrawal, in accordance with section 5 of this Policy Document, or if a lump sum is payable on your death in accordance with section 11 of this Policy Document.

### 3. Regular payments

The purchase price you paid purchases the regular payments described in your Investor Certificate. The payments will be made monthly, quarterly, half-yearly or yearly (as chosen at the start of the policy) until the end of the term of the policy. The payment frequency you have chosen is shown in the Investor Certificate.

The payments will be paid by electronic transfer to your bank, building society or credit union account.

For joint owners, the regular payments will be made in the proportions shown in the Investor Certificate, or otherwise in equal shares. Regular payments will continue to be made until the end of the term as long as a policy owner is alive, or otherwise in accordance with section 11 of this Policy Document.

The Investor Certificate shows whether your policy has a residual capital value (RCV). If the policy has a residual capital value, then at the end of the term of the policy you can roll over that residual capital value for a further term at the prevailing rates, or you can have that residual capital repaid to you. If you have the residual capital paid to you, your policy will end.

If your policy has no residual capital value, the Investor Certificate will show that it is an RCV0 policy, and at the end of the term, the policy will end and no further payments will be made.

### 4. Indexation

The annual indexation to be applied to your regular payments is shown in the Investor Certificate and will be one of three options:

- a) **No indexation** provides regular payments based on a fixed rate of return over the policy term.
- b) **Fixed indexation** provides annual indexation at a fixed whole percentage rate up to 5%. Your regular payments will increase by that rate on each anniversary of the commencement date, effective from the first regular payment date after each anniversary, during the policy term.
- c) **Consumer Price Index (CPI) indexation** provides annual indexation in line with changes in the CPI. Your regular payments will increase on each anniversary of the commencement date of your policy if there was an increase in the CPI between the second-last complete quarter before that anniversary and either the CPI for the same quarter of the immediately preceding year, or the CPI used for previous increases.

The CPI is the weighted average of the Eight Capital Cities Index, as published by the Australian Statistician, or any such adjusted index (where a material change occurs through a change in the law or any successor index selected by Challenger Life).

### 5. Withdrawal

You can make partial or full withdrawals from your policy. If you make a partial withdrawal, your regular payments will be reduced. If you make a full withdrawal, your regular payments will cease and the policy will end.

For policies purchased with money rolled over within the superannuation system, you can withdraw by way of rollover to another entity within the superannuation system, provided relevant legislative requirements are met.

If you die during the term of the policy and your regular payments continue to be made to your reversionary beneficiary or estate in accordance with section 11 of this Policy Document, they may withdraw from the policy and are deemed to be you for the purposes of this section of the Policy Document.

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A request to withdraw must be made in writing and signed by you. A full withdrawal will not be processed without the delivery to Challenger Life of your original Policy Document and Investor Certificate.

The withdrawal value of your policy is calculated in accordance with section 6 of this Policy Document.

### 6. Withdrawal value

The withdrawal value will not be less than the legislatively imposed surrender minimum for this type of policy and will be affected by interest rates at the time of withdrawal and the value of future payments to the end of the policy term.

The minimum withdrawal value calculation will be at least the present value of the future regular payments due for the remainder of the policy term. The future payments are discounted at a rate no more than the greater of that prescribed by law, which is currently:

- a) the yield on a Commonwealth Government Security with a term nearest to the remainder of the policy term plus 4%; or
- b) the gross yield implicit in the pricing of the policy at the time of issue.

Challenger reserves the right to vary the discount rate applied to the calculation of individual withdrawal values, provided they all meet the minimum standard.

The withdrawal value calculation may be amended to reflect legislative change. If you purchase your policy with money rolled over within the superannuation system, generally a withdrawal will be a superannuation benefit payment. If we pay it directly to you, you will not be able to roll it over again.

### 7. PAYG taxation

If required, Challenger Life deducts Pay As You Go (PAYG) withholding tax from each regular payment and from any lump sum withdrawal, as prescribed by relevant tax legislation.

### 8. Other government taxes, charges or imposts

Challenger Life has the right to recover from you, by deductions from your regular payments and/or any lump sum withdrawal, any stamp duty, tax, or other government charges or imposts or a proportionate part thereof that may be imposed in respect of this policy or this class of business.

Tax on superannuation rollovers (if applicable) will be deducted at the time you purchase the policy. Any superannuation surcharge payable by Challenger Life will be deducted from your investment when an assessment is received by Challenger Life from the Australian Taxation Office, and by applying to invest you authorise Challenger Life to do so. In such cases, Challenger Life may make a partial withdrawal from your policy for payment of the superannuation contributions

surcharge and your subsequent payments may be adjusted accordingly.

### 9. Changes in legislation

Challenger Life reserves the right to:

- a) adjust regular payments and tax instalments as a result of any change in tax or other relevant legislation;
- b) vary, without prior notice to the policy owner(s), any of the terms and conditions of the policy in order to comply with any requirements of, or as a result of, any amendments to any relevant laws or the rulings or determinations of the Commissioner of Taxation, the Australian Prudential Regulation Authority or any other statutory authority which has jurisdiction in respect of this Policy Document as a matter of law;
- c) in relation to CPI indexation, adjust the CPI applicable if there is a change in the law which materially alters the CPI or its use.

Challenger Life will advise you of any changes to the conditions relating to your policy as disclosed at the time of its issue in writing either in your annual statement or by other means.

### 10. Notices

All notices and statements sent to you will be sent to the last address you give us. Any letter or notice sent to Challenger Life must be left at, or sent to us at, the address set out in the current product disclosure statement (PDS) for the policy. Your Client Number and the Policy Number must be quoted in all correspondence.

### 11. Nominated beneficiaries

#### a) General

In this section, all references to a lump sum are a reference to a withdrawal value calculated in accordance with section 6 of this Policy Document and all references to your dependant is as determined by us, and means any person who is:

- your spouse (as defined by relevant laws);
- your child (including stepchild and adopted child);
- financially dependent on you;
- in an interdependency relationship with you (as defined by relevant laws).

Any person entitled to receive regular payments in accordance with this section will also receive any residual capital payable at the end of the investment term, unless they choose to roll over the policy in accordance with section 12 of this Policy Document or they choose to withdraw from the policy in accordance with section 5 of this Policy Document.

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Before any payment can be made in accordance with this section, Challenger Life requires satisfactory proof of death and delivery to it of the original Policy Document and Investor Certificate. You can change your nominated beneficiary or beneficiaries at any time by notice to Challenger Life, in writing and signed by you, and such valid change replaces all previous nominations.

For the avoidance of doubt, if a joint policy owner dies during the policy term, then their regular payments will continue to be made, along with any residual capital value, to the surviving joint owner. No payment can be made in accordance with this section of the Policy Document unless the surviving joint owner also dies during the policy term.

### **b) For policies purchased with money rolled over within the superannuation system**

If you purchase the policy with money rolled over within the superannuation system, you can elect your spouse (as defined by relevant laws) as a reversionary partner. If you make this election and you die during the policy term, your regular payments will continue to be made to your spouse. You cannot change the person you elect as your reversionary partner, but you can cancel the election.

You can nominate a single beneficiary, or multiple beneficiaries, provided they are your dependant, if:

- you do not elect a reversionary partner;
- your reversionary partner dies;
- your reversionary partner is no longer your spouse; or
- you cancel your reversionary election.

If you die during the policy term and you have a sole nominated beneficiary who is a dependant at the time of your death, we will continue to make your regular payments to them, provided at the time of your death they are younger than you and, in the case of a child, they are:

- under the age of 18; or
- between the ages of 18 and 24 and financially dependent on you; or
- disabled within the meaning of s8(1) of the Disability Services Act 1986.

If your sole nominated beneficiary does not meet these requirements, we will instead pay them a lump sum.

If you nominate multiple beneficiaries and you die before the end of the policy term, we will pay those beneficiaries a lump sum in the proportions you have specified, or otherwise in equal proportions, provided they are all dependants at the time of your death. If a beneficiary predeceases you, or is not your dependant at the time of your death, their proportion will be distributed pro rata to the remaining beneficiaries. If all beneficiaries predecease

you or are not dependants at the time of your death, we will make the lump sum payment to your estate.

We will make a lump sum payment to your estate if you die during the policy term without a reversionary partner and:

- you do not nominate any beneficiaries;
- your beneficiary or beneficiaries predecease you; or
- your nominated beneficiary is (or beneficiaries are) not your dependant at the time of your death.

### **c) For policies purchased with money not rolled over within the superannuation system**

If you purchase the policy with money not rolled over within the superannuation system, you can nominate anyone to be your beneficiary or beneficiaries.

If you die during the investment term and you have a sole nominated beneficiary, we will continue to make the regular payments to them. If you have not nominated any beneficiaries, we will continue to make the regular payments to your estate.

If you nominate multiple beneficiaries and you die before the end of the policy term, we will pay those beneficiaries a lump sum in the proportions you have specified, or otherwise in equal proportions. If a beneficiary predeceases you, their proportion will be distributed pro rata to the remaining beneficiaries. If all beneficiaries predecease you, we will make the lump sum payment to your estate.

## **12. Maturity**

If your policy has a residual capital value at the end of the policy term, you have a right to roll over that residual capital for a further term. If you nominate to roll over your residual capital for a further term under this policy, the rate of return you will receive on your residual capital value for the period of the extension will be based on Challenger Life's rates at that time.

For policies purchased with money rolled over within the superannuation system, we have the right to vary the terms and conditions of your policy where required to meet the Government's minimum payment standards at the time of rollover.

If your policy does have a residual capital value and at the end of the term you do not want to roll over the residual capital into a further term, you must provide Challenger Life with details of where you wish us to pay the residual capital before the end of the policy term of this policy. If you do not provide such details to us, we will pay the residual capital value to your nominated bank account or, if you do not have one, by cheque.

Any rollover into a further term is subject to the policy's minimum investment requirement.

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If the policy does not have a residual capital value, then at the end of the policy term the policy will end and no further payments will be made.

### **13. Lost policy**

Challenger Life reserves the right to recover the costs of replacing a lost Policy Document and/or Investor Certificate, or for payment of a claim, in the event that the Policy Document and/or Investor Certificate is lost, unless prohibited by law.

### **14. General information**

Your policy cannot be used as security for borrowing.

### **15. Compliance**

Any legislative provision or regulatory requirement which is either required to be included in this Policy Document, or must be complied with by Challenger Life, in order for the policy to qualify:

- a) as an annuity for the purposes of superannuation law; or
- b) for concessional tax treatment in relation to payments by Challenger Life;

is deemed to be included in this Policy Document for so long as such requirement must be complied with.

### **16. Adviser fees**

Where you agree with your financial adviser to the payment of adviser service fees, those fees will be paid by us in accordance with your consent and authorisation as notified to us. We will pay those fees to the Australian Financial Services Licensee responsible for supervising your financial adviser (or your financial adviser directly if they are the Licensee).

### **17. Communications with us**

Where we receive communications in relation to your policy, whether by fax, email or otherwise in writing, or by telephone, we will not be liable to you for any loss you may suffer as a result of a fraudulent communication received by us without your knowledge, unless that loss is a result of our negligence. We will only act on completed communications that we receive. We will not be liable to you for any loss or delay resulting from the non-receipt, or incomplete receipt, of any communication you send us.

Attach your Investor Certificate to this page.

