Get guaranteed regular income for a fixed investment term that you choose.
About this PDS

This PDS relating to the Challenger Guaranteed Annuity (also referred to as Fixed Term Annuity or the Annuity) provides information to help you assess if the Annuity is a suitable investment for you. You should fully read this PDS before investing.

The information in this PDS is general information only and does not take into account your particular investment objectives, financial situation or needs. You should consider whether you need professional advice, particularly about taxation, retirement planning and investment risk tolerance, before investing.

The information in this PDS is current as at the date shown on the front cover. However, some information can change from time to time. If a change is considered materially adverse, we will issue a supplementary or replacement PDS. We may also provide updates to you electronically with your agreement or via our website. For updated information about the Annuity, visit the website shown on the back cover of this PDS or consult your financial adviser. We will send you a copy of any updated information free of charge on request.

The Annuity is issued by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (referred to as Challenger, we, us, or our). Mail: Reply Paid 3698, Sydney NSW 2001. Phone: 13 35 66. Email: info@challenger.com.au.

Challenger's ultimate parent is Challenger Limited (ABN 85 106 842 371) (Challenger Limited). Neither Challenger Limited nor any other company within the Challenger Limited group of companies guarantees the performance of Challenger's obligations to customers, or assumes any liability to customers in connection with the Annuity. Challenger is regulated under the Life Insurance Act 1995 (Cth) (Life Act), which governs the provision of annuities in Australia. Challenger is authorised by the Australian Prudential Regulation Authority (APRA) to operate a life insurance business in Australia. All references to guarantees refer to payments we promise to pay under the Guaranteed Annuity (Fixed Term) Policy Document (Policy Document).

The Annuity will be issued only when an application in the form approved by Challenger is received and the money used to buy the Annuity has cleared. The invitation to invest under this PDS is only available to persons receiving this PDS in Australia and is subject to the terms and conditions described in this PDS and the Policy Document (see page 18). You should read these documents before investing. We reserve the right to withdraw the invitation to invest and withdraw this PDS. In the event of any inconsistency between the terms of the Policy Document and the terms of this PDS, the terms of the Policy Document prevail.
Who is Challenger?

We are Australia's largest provider of annuities and a life company registered under the Life Insurance Act 1995. We provide reliable income to around 60,000 investors through our management of more than $18 billion in assets.

Challenger is regulated by the Australian Prudential Regulation Authority (APRA), and we must hold a minimum amount of capital, set by APRA, to ensure that we can meet the payment promises we have made to investors. APRA is the same authority that regulates banks. We guarantee the Annuity's payments.

Where we reference ‘guarantees’ throughout this PDS, we are referring to the payments we promise to pay you as an investor.

Our parent company is Challenger Limited, an investment management firm managing $78 billion in assets. Established in 1985 and listed on the Australian Securities Exchange (ASX:CGF) in 1987, Challenger Limited is focused on providing Australians with financial security for retirement.

The regular income we promise to pay Annuity investors is not impacted by any movements in Challenger Limited’s share price.

What is a Fixed Term Annuity?

A Fixed Term Annuity provides regular income for a fixed investment term that you choose in return for a lump sum investment. Term annuities are a secure investment offered by a life insurance company and operate in a similar way to a term deposit available from a bank.

The lump sum amount invested is returned to you at the end of the fixed term or, alternatively, you can choose to have all or part of the invested amount paid back to you with the regular income payments over the investment term.

The regular income we agree to pay you and the return of the amount invested is guaranteed by us regardless of how investment markets perform – giving you peace of mind.

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1 As at 31 December 2018.

2 Annuities are not covered by the Australian Government’s Financial Claims Scheme, which protects certain types of deposits in the event that a bank, building society or credit union fails.
Annuities are secure

Annuities are a secure investment – we offer a rate of return at the start of your investment and guarantee to pay it for the agreed fixed term regardless of how investment markets perform.

When you invest in a Fixed Term Annuity, your investment goes into a secure fund along with the investments received from other annuity investors. This fund is known as the ‘statutory fund’, and all regular payments to our annuity investors are paid from this fund. We are also required by the Australian Prudential Regulation Authority (or APRA for short) to invest our own money into the fund.

APRA monitors the statutory fund’s investments, the aim of which is to ensure that we can meet the promises that we have made to you. APRA is the same authority that regulates banks. If at any time we do not achieve investment returns that are sufficient to cover all the promises that we have made to our annuity investors, we must cover the shortfall from the money we have invested in the fund.

As at 31 December 2018, we had over $3.5 billion of our own money invested in the funds that we manage. That’s enough to ensure that we could continue to cover all promises made to our annuity investors even if a one in 200-year investment market shock event occurred.

To further protect your investment, APRA can require us at any time to invest more of our own money into the fund or tell us to change the statutory fund’s investments. The aim of this supervision is to ensure that we can meet our payment promises to you now and into the future, and is the reason why an Annuity is a secure investment.

The regular income we promise to pay you is not impacted by any movements in Challenger Limited’s share price.
Payment flexibility

As well as choosing how often you want to receive payments, you also have the flexibility to choose how we pay you back the original amount invested. It can all be repaid at the end of your chosen fixed term, or all or part of it can be repaid with your regular payments. The choice is yours.

The amount of your original investment to be repaid at the end of the fixed term is called your ‘residual capital value’ (RCV).

5-year fixed term example: The entire amount invested is returned at the end of the fixed term
This is called an ‘RCV100’, investment – meaning 100% of the amount invested is repaid at the end of the fixed term.

You invest $100,000

Your regular payments

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

At the end of the fixed term we repay you $100,000

5-year fixed term example: 50% of the amount invested is repaid to you with your regular payments
This is called an ‘RCV50’, investment – meaning 50% of the amount invested is repaid at the end of the fixed term and the remaining 50% is repaid with your regular payments.

You invest $100,000

Your regular payments (includes the return of $50,000 of your original investment over the fixed term)

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

At the end of the fixed term we repay you the remaining $50,000

5-year fixed term example: The full investment amount is repaid with regular payments
This is called an ‘RCV0’, investment – meaning there is nothing left to be repaid at the end of the fixed term because the entire amount invested is repaid with your regular payments.

You invest $100,000

Your regular payments (includes the return of $100,000 of your original investment over the fixed term)

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

At the end of the fixed term we repay you $0

Diagrams are illustrative only.
**Product features**

### Snapshot
- Operates in a similar way to a term deposit available from a bank\(^3\).
- You can use your super or personal savings to invest.
- You choose the fixed term of between 1 year and 50 years.
- You have the choice of monthly, quarterly, half-yearly or yearly payments.
- Your investment is repaid at the end of the fixed term unless you choose to have some or all of it repaid throughout the fixed term as part of your regular payments.
- Payments are guaranteed regardless of how investment markets perform.
- Payments are tax-free if you use your super to invest.

<table>
<thead>
<tr>
<th>The summary</th>
<th>The detail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who can invest?</strong></td>
<td>Anyone aged 18 years and older (aged 60 years and older if you are using your super to invest).&lt;br&gt;• The minimum investment is $10,000.&lt;br&gt;• If you are using your super to invest, you must be aged 60(^4) or over and have unrestricted access to your super.&lt;br&gt;• If you are investing non-super money, you can invest jointly with another person.&lt;br&gt;• A Self-Managed Super Fund (SMSF), company or trust can invest.</td>
</tr>
<tr>
<td><strong>What terms are available?</strong></td>
<td>You can choose an investment term of 1 to 50 years.&lt;br&gt;The term you select must be a whole year and cannot change after you invest. If you use your super to invest and ask for all of your initial investment to be repaid as part of your regular payments, super rules restrict the maximum term you can select – it cannot be greater than the number of whole years until you turn age 100. For example, if you are age 65, the maximum fixed term available would be 35 years.</td>
</tr>
<tr>
<td><strong>How often will I be paid?</strong></td>
<td>You can choose to receive payments monthly, quarterly, half-yearly or yearly.&lt;br&gt;Your regular payments will be paid by electronic transfer to your bank, building society or credit union account at the end of the payment frequency you have chosen. For example, if you choose to be paid monthly, the first payment will be made one month after investing. If you choose to be paid yearly, the first payment will be made one year after investing. If you invest for a 1-year fixed term, you cannot choose to receive yearly payments.&lt;br&gt;Once your Annuity starts, you cannot change your choice.</td>
</tr>
<tr>
<td><strong>What interest rate will I receive?</strong></td>
<td>We offer competitive rates based on current investment market conditions.&lt;br&gt;You can request a payment quote from your adviser or by calling us (see back cover). Quotes are generally valid for 14 days – so you have time to compare our rates and to consider if a Fixed Term Annuity is a suitable investment for you.&lt;br&gt;If you choose to have all of your investment repaid to you at the end of the investment term (RCV100), you are likely to be paid a higher interest rate than if you choose to have all or part of your investment repaid with your regular payments (RCV0-RCV99). This is because the RCV100 option allows us to invest all your money for the full fixed term. With the RCV0-RCV99 option, your capital is returned to you earlier with regular payments, so we can’t invest all your money for the full fixed term.</td>
</tr>
</tbody>
</table>

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\(^3\) Annuities are not covered by the Australian Government's Financial Claims Scheme, which protects certain types of deposits in the event that a bank, building society or credit union fails.

\(^4\) Generally, to have unrestricted access to your super between the ages of 60 and 65 you must have ceased work. There are some limited circumstances where you may be eligible to invest with super money if you are under age 60, for example if your super fund has assessed you as totally and permanently disabled.
<table>
<thead>
<tr>
<th>The summary</th>
<th>The detail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When is my original investment repaid to me?</strong></td>
<td>You can have it repaid at the end of the fixed term or have it fully or partly repaid to you as part of your regular payments.</td>
</tr>
<tr>
<td><strong>The detail</strong></td>
<td>You have the flexibility to choose how the amount invested is repaid to you:</td>
</tr>
<tr>
<td></td>
<td>• paid back fully at the end of the fixed term (called RCV100);</td>
</tr>
<tr>
<td></td>
<td>• paid back fully as part of your regular payments (called RCV0); or</td>
</tr>
<tr>
<td></td>
<td>• paid back partly at the end of the fixed term and partly with your regular payments (called RCV1-RCV99). For example, if you choose to have 70% returned at the end of the fixed term, it will be called an RCV70 investment. That is 70% of your investment will be repaid at the end of the fixed term and the remaining 30% will be repaid to you as part of your regular payments.</td>
</tr>
<tr>
<td></td>
<td>See page 3 for examples. Once your Annuity starts you cannot change your choice. If you are using your super to invest, the regular income you receive must meet the Government’s minimum payment rules. The payment quotes we provide you always ensure these payment rules are met. However, not all capital return options may be available to you to meet the rules.</td>
</tr>
<tr>
<td></td>
<td>If your Annuity has a residual capital value at the end of the fixed term, you can choose to roll over that residual capital for a further term. The rate of return you will receive on the extension will be based on rates at that time. For additional information, see section 12 of the enclosed Policy Document.</td>
</tr>
<tr>
<td><strong>Will my regular payment amount change over time?</strong></td>
<td>We guarantee the amount of regular income at the start of your fixed term. Payments will not change unless you choose to have them increased annually in line with increases in the Consumer Price Index (CPI) or by a fixed percentage rate.</td>
</tr>
<tr>
<td></td>
<td>You can only choose to have your regular payments increased annually in line with increases in the CPI, or by a fixed whole percentage rate (of up to 5%) if you have chosen a term of at least two years and have also chosen to have all your capital returned to you as part of your regular payments (RCV0). Payments will be indexed after each anniversary of the start of your Annuity. For example, if you choose to receive payments monthly, the first payment to be indexed will be the 13th monthly payment, and if you choose to receive payments yearly, the first payment to be indexed will be the 2nd yearly payment.</td>
</tr>
<tr>
<td></td>
<td>How CPI is calculated can be found in section 4 of the enclosed Policy Document.</td>
</tr>
<tr>
<td></td>
<td>If you choose to have your payments indexed in line with increases in the CPI, your regular payments do not reduce if the change in the CPI is negative. If there is a negative change in the CPI, the next time we apply indexation to your payments will be the policy anniversary after the CPI index has increased above the index value at the time CPI indexation was last applied to your payments. If you choose fixed indexation, your regular payments will be increased by your chosen percentage, each year.</td>
</tr>
<tr>
<td><strong>What tax will I pay on my regular payments?</strong></td>
<td>The tax treatment of your Annuity will depend on your personal circumstances and the type of investor you are.</td>
</tr>
<tr>
<td></td>
<td>If you are using your super to invest, your regular payments are tax free. If you are using non-super money to invest, your regular payments may be subject to tax. If you are investing as a self-managed superannuation fund, company or trust, or you are a non-resident investor or a temporary visa holder, you should seek your own tax advice.</td>
</tr>
<tr>
<td></td>
<td>For further information on tax and your Annuity, see page 11.</td>
</tr>
<tr>
<td><strong>Can I add more money to my investment?</strong></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>You cannot add more money to your Annuity after it has started; however, you can commence a new, additional Annuity at any time.</td>
</tr>
</tbody>
</table>
Can I withdraw before the end of the fixed term if my circumstances change?

Yes. While you should only invest if you plan to remain invested for the full fixed term, you can ask to be repaid a lump sum amount if your circumstances change.

The detail

You can withdraw from the Annuity before the end of the investment term (in part or in full). However, the Annuity is designed to be held until the end of the investment term and so you might not receive the benefits you would have, had you not withdrawn.

If you withdraw before the end of the fixed term, there is a penalty and the withdrawal value may be less than what you invested, even after taking into account payments you have already received. This is because the competitive rates that we offer can only be provided because we invest your money for the full investment term that you have chosen.

The calculation of a lump sum withdrawal value after death may be greater than the withdrawal value if you chose to withdraw before the end of the fixed term, in recognition that withdrawal after death was not a voluntary withdrawal.

The early withdrawal value calculation is impacted by changing interest rates, which means it is only possible to determine the withdrawal value at the time of withdrawal. If you withdraw in full, your regular payments stop. Set out below is an example, which is an illustration only. Actual outcomes will depend on factors such as inflation and prevailing interest rates.

For additional information, see section 6 of the enclosed Policy Document.

Withdrawal example

You invest $100,000 for five years at a rate of 2.90% per annum, and choose to have all your investment repaid to you at the end of the term (RCV100). We pay you annual payments of $2,900.

If you want to withdraw your Annuity at the end of the third year (after receiving three annual payments of $2,900), an estimate of your Annuity’s withdrawal value is:

<table>
<thead>
<tr>
<th>Change in interest rates since investing</th>
<th>Estimated withdrawal value</th>
<th>Annual payments received</th>
<th>Total received since investing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease in rate of 2%</td>
<td>$98,898</td>
<td>$8,700</td>
<td>$107,598</td>
</tr>
<tr>
<td>Decrease in rate of 1%</td>
<td>$97,040</td>
<td>$8,700</td>
<td>$105,740</td>
</tr>
<tr>
<td>No change to rate</td>
<td>$95,235</td>
<td>$8,700</td>
<td>$103,935</td>
</tr>
<tr>
<td>Increase in rate of 1%</td>
<td>$93,480</td>
<td>$8,700</td>
<td>$102,180</td>
</tr>
<tr>
<td>Increase in rate of 2%</td>
<td>$91,774</td>
<td>$8,700</td>
<td>$100,474</td>
</tr>
</tbody>
</table>

5 The illustration is based on our rates and interest rates effective 1 May 2019.
### The summary

**What happens to my investment if I die before the end of the fixed term?**

The remaining benefits are paid to the beneficiaries you have nominated or to the surviving owner if you have invested jointly with another person.

### The detail

**If you invest with non-super money**

If you invest as an individual, you can nominate one or more beneficiaries to receive the remaining benefits of the investment should you die during the investment term. You can add a beneficiary or change a beneficiary nomination at any time.

If you nominate your estate or a single beneficiary and you die during the fixed term, regular payments (and any amount payable at the end of the fixed term) will be paid to the beneficiary.

If you nominate multiple beneficiaries and you die during the fixed term, the beneficiaries will be paid a lump sum. If a beneficiary predeceases you, then their portion will be paid to the remaining beneficiaries. If all beneficiaries predecease you, the withdrawal value will be paid as a lump sum to your estate.

If you invest jointly with another person and one of you dies, ownership will transfer in full to the surviving owner. After transfer, the surviving owner can nominate one or more beneficiaries to become the owner of the investment (and to receive the remaining benefits of your Annuity) should they die during the investment term.

**If you invest with super money**

You can nominate one or more beneficiaries to receive the remaining benefits of the investment should you die during the investment term. You can only nominate a person who is your dependant (refer to section 11 of the enclosed Policy Document for details). You can add a beneficiary or change a beneficiary nomination at any time.

If you nominate a single beneficiary and you die during the fixed term, if the beneficiary is a dependant who is younger than you at the time of your death, the regular payments (and any residual capital value) are made to them. They can then elect to withdraw the payments as a lump sum. If the beneficiary is a dependant who is older than you at the time of your death, the withdrawal value will be paid as a lump sum to your estate. If the beneficiary is not a dependant, the withdrawal value will be paid as a lump sum to your estate.

If you nominate multiple beneficiaries and you die during the fixed term, the beneficiaries will be paid a lump sum. If a beneficiary predeceases you, or is not a dependant, then their portion will be paid to the remaining beneficiaries. If all beneficiaries predecease you, or there are no dependant beneficiaries, the withdrawal value will be paid as a lump sum to your estate.

You also have the option to have the remaining benefits transferred to your spouse (they will be called your reversionary partner). You must make this election at the time you invest and you cannot change it (although you can cancel it). ‘Spouse’ has a special meaning and is currently defined in law as a person with whom you are in a relationship that is legally registered as a marriage or under state or territory law as a civil union; or a de facto relationship (meaning that although you are not legally married, you live together on a genuine domestic basis as a couple). If at any time your spouse does not meet the definition defined in law, they will cease being a reversionary partner and upon your death remaining benefits will be payable to your estate.

Full beneficiary nomination rules are outlined in section 11 of the enclosed Policy Document. If you do not make a beneficiary nomination, your estate will receive the remaining benefits of the investment. Information on the taxation treatment of benefits payable to beneficiaries is on page 13.

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6 The regular payments can only be made to your child if they meet certain criteria regarding their dependence (see section 11 of the Policy Document). If the regular payments are being made to your child who then ceases to meet the relevant criteria, the remaining benefits under the Annuity must be withdrawn as a lump sum at that time.
What are the risks of investing?

All investments carry some risk. Listed below are the key risks that you should take into account when deciding whether a Fixed Term Annuity is right for you.

**Withdrawal risk**

This is the risk that if you voluntarily withdraw or die before the end of the fixed term, you may receive back less money than you invested and less money than you would have received had you held the Annuity for the full investment term.

The withdrawal value of the Annuity will vary over time because it depends on changing factors, including how long you’ve held the Annuity for and prevailing market rates at that time. Any lump sum payable on death during the investment term is calculated similarly to the withdrawal value for voluntary withdrawal, and so this risk also applies to withdrawal on death.

To protect against this risk of early death and receiving back less money than you invested, you can nominate a single beneficiary to continue receiving the regular payments until the end of the fixed term. If you have chosen to have the investment amount returned to you at the end of the fixed term, then the beneficiary will also be paid that amount at the end of the fixed term.

**Regulatory risk**

Government policies and laws may change in the future, which may impact your personal circumstances. In such circumstances, we may be required to change the terms and conditions of your Fixed Term Annuity if changes to tax or other laws impact your investment or, if necessary, to comply with any law, ruling or determination of any relevant government authority.

We will generally notify you in advance of any material change to your policy before it occurs, and in any event as soon as practicable after the change. Where a change is not materially adverse to you, we will give you notice of the change no later than 12 months after the change has occurred.

**Counterparty risk**

This is the risk that we become unable to meet our commitments to you. However, we are subject to detailed legislative and regulatory requirements designed to ensure that this does not occur.

Challenger is regulated under the Life Act and the prudential standards made under it, which prescribe minimum capital and solvency requirements for Challenger as well as for the annuity business it writes. The Australian Prudential Regulation Authority (APRA) actively supervises Challenger’s compliance with these requirements, which are designed to ensure that we are able to meet our obligations to investors. For example, Challenger is required to hold enough capital to withstand a one in 200-year investment market shock event. APRA can require us at any time to change how we invest or tell us to invest more capital into the fund.

Even so, unforeseen and extreme circumstances that might impact our ability to make payments to you can never be completely ruled out.

**Inflation risk**

This is the risk that the real value of your regular payments may reduce over time as a result of inflation.

To help manage this risk, where you have asked to have the full invested amount returned to you throughout the fixed term, we offer the option of indexing your regular payments each year in line with changes in the Consumer Price Index (CPI) or by a fixed percentage you choose.

Choosing the CPI indexation option will reduce the amount of your initial regular payments, but they will increase with inflation.

Choosing the fixed percentage indexation option will reduce the amount of your initial regular payments, but they will increase each year by the chosen fixed percentage.
Fees and other costs

There are no fees or charges payable to us, although you can agree for us to pay fees on your behalf for financial advice and other services.

We may provide benefits to financial services intermediaries where the law permits us to do so. If we do, we will do so using our own money. We maintain a register of these benefits in accordance with relevant regulatory requirements. If you would like to review this register, please contact us.

No fees – how do we make money?

We simply invest the money you give us. We take the costs of providing the Annuity (including payments to a third-party administrator if applicable) into account when setting the amount of your regular payments, and we also make various assumptions about potential investment returns. If we achieve investment returns that are above the amount required to cover the promises made to our annuity investors, we keep the excess amount. This is how Challenger makes a profit.

If we do not achieve investment returns that are sufficient to cover all promises made to our annuity investors, we cover the shortfall from our own money.

Adviser service fees

We only pay fees to a financial adviser where you ask us to. You do not have to authorise or consent to the payment of these fees. We can only pay fees to your financial adviser where they are authorised to receive fees by their licensee.

You can authorise us to pay fees for services provided to you by your financial adviser and, in the case of the upfront adviser service fee, for facilitating the issue of the Annuity on behalf of Challenger. Where you authorise that, 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).

You can instruct us to pay fees (if any) as outlined in the table below. Alternatively, you can choose to pay your adviser directly.

<table>
<thead>
<tr>
<th>Upfront adviser service fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>You can ask us to pay your financial adviser a one-off fixed-dollar fee.</td>
</tr>
</tbody>
</table>

If you agree to pay an upfront adviser service fee, the amount of your regular payments will be less than if you did not agree to pay a fee. The maximum fee you can ask us to pay your financial adviser depends on the fixed term you choose:

<table>
<thead>
<tr>
<th>Fixed term</th>
<th>Maximum fee per $50,000 invested (including GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>$275</td>
</tr>
<tr>
<td>2 years</td>
<td>$550</td>
</tr>
<tr>
<td>3 years</td>
<td>$825</td>
</tr>
<tr>
<td>4 or more years</td>
<td>$1,100</td>
</tr>
</tbody>
</table>

If you withdraw your Annuity, or your Annuity is withdrawn due to death, we may require that all or part of the upfront adviser service fee be repaid to us (by your financial adviser). This is because the upfront adviser service fee is calculated on the basis that the Annuity is held for the full investment term.

Any fee that you ask us to pay will also be shown on the investment confirmation you receive after investing with us.

<table>
<thead>
<tr>
<th>Ongoing adviser service fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>You can ask us to pay your financial adviser a fixed dollar ongoing fee.</td>
</tr>
</tbody>
</table>

For example, if you agree to pay an annual ongoing adviser service fee of $300 (including GST), and you receive after-tax monthly regular payments of $1,000, we will deduct $25 ($300/12 monthly payments). We will pay an adviser service fee of $25 each month and pay you $975.

The ongoing adviser service fee can be cancelled or varied by you at any time by telling us or your financial adviser.

Any fee that you ask us to pay will be shown on your investment confirmation and on the annual statement we send you each year.
Other important information

How we invest

Challenger will invest the assets of the statutory fund, subject to investment restrictions in the Life Act. Generally, the fund will be invested in cash, shares, government and corporate bonds, convertible notes, debt instruments, geared and ungeared property investments, infrastructure investments and other assets. The investment objectives for the fund include to achieve consistent returns on investment and to match the cash flow in from investment returns with cash flow out to investors so that all present and future guaranteed payments can be made to all investors.

The name of Challenger’s statutory fund that your money will go to when you buy the Annuity is Challenger’s Statutory Fund No. 2. All references to guarantees refer to payments Challenger promises to pay under the Policy Document.

Labour standards and environmental, social and ethical considerations

Challenger takes account of labour standards and environmental, social and ethical considerations in selecting, retaining and realising an investment through its adherence with Challenger Limited policies related to responsible investment.

Challenger Limited is a signatory to the Principles of Responsible Investment (PRI) and aims to be a responsible investor by considering environmental, social and governance (ESG) factors when investing the assets of the statutory fund. In signing up to PRI, Challenger Limited has committed to extending ESG integration activities across its investments, as we recognise that such factors are important factors impacting investment performance over the longer term. While Challenger takes into account ESG considerations when investing the assets of the statutory fund, we do not adhere to any particular set of standards and have no predetermined view as to what constitutes such considerations, or the extent to which they will be taken into account in our investment management practices.


Your annuity and family law

If you buy your Annuity with money rolled over within the superannuation system, family law provisions may affect your Annuity if you separate from your spouse. Your investment may be split between you and your ex-spouse.

Under relevant family laws, your spouse can request that we provide them with information about your Annuity. We are prohibited by law from telling you that your spouse has made such a request. We will not provide your spouse with your address or contact details. There may be a fee in respect of requests for information from your spouse; however, this is payable by your spouse and is not payable by you. You and your ex-spouse can agree to instruct us (or a court can order us) to split your regular payments (and any lump sum payment). The split does not have to be in equal shares.

Social security

Centrelink and Department of Veterans’ Affairs entitlements are determined by two means tests – an assets test and an income test.

The Annuity is assessed as follows:

<table>
<thead>
<tr>
<th>Annuity term</th>
<th>Assets test</th>
<th>Income test</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term annuity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>An annuity with a term of five years or less and not considered to be a long term annuity.</td>
<td>The amount invested less 50% of the deduction amount*, calculated every six months in arrears (or 100% of the deduction amount* every 12 months in arrears where yearly payments are made).</td>
<td>Deeming rules apply. Under these rules, an assumption is made that financial investments earn a certain amount of income, regardless of the income they actually earn.</td>
</tr>
</tbody>
</table>
### Annuity term

<table>
<thead>
<tr>
<th>Long-term annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity with a term that is greater than five years or equal to or greater than the investor's life expectancy.</td>
</tr>
</tbody>
</table>

### Assets test

- The amount invested less 50% of the deduction amount*, calculated every six months in arrears (or 100% of the deduction amount* every 12 months in arrears where yearly payments are made).

### Income test

- Regular payments received, less the deduction amount*.

### Term of the Annuity

Where you are over Age Pension age, the social security treatment of your Annuity under the assets test and income test will be outlined on your payment quote.

This is general information only, and we recommend you get advice regarding your individual circumstances. Your local Centrelink or Department of Veterans’ Affairs office can help answer any questions you may have. Your financial adviser can also help.

### Information for Non-Australian residents

If you do not live in Australia, you can invest provided you receive information about the Annuity and sign the application form in Australia.

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (FATCA), and the Organisation for Economic Co-operation and Development (OECD) Common Reporting Standard (CRS).

To comply with our obligations under various reporting legislation, we will provide to the Australian Taxation Office (ATO) such data as required in respect of your investment with us. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia.

If at any time you are required to provide tax residency information to us and have chosen not to provide it, we will be required to make a report to the ATO. If we attempted to confirm your tax status with you but have been unable to do so, we may still be required to notify the ATO.

### Tax in general

The tax information contained in this PDS only applies to individual Australian tax resident investors (who are either an Australian citizen or a permanent visa holder) and sets out our understanding of current tax legislation as at the date of this document. If you are investing as a self-managed superannuation fund, company or trust, or you are a non-resident investor or a temporary visa holder, you should seek your own tax advice. The legislation and its interpretation could change in the future. We recommend that you seek the advice of a tax adviser before investing.

### Tax when you buy an Annuity

There is no tax payable when you buy an Annuity with non-superannuation money.

There is generally no tax payable on superannuation benefits that are rolled over within the superannuation system to buy the Annuity. However, if you roll over a superannuation benefit that contains an untaxed element of the taxable component (which can occur with benefits paid from unfunded schemes such as public sector super funds), tax is deducted at a maximum rate of 15%7 by Challenger and remitted to the Australian Taxation Office (ATO). The initial capital investment in an Annuity bought with a rollover of a superannuation benefit that contains an untaxed element is net of the tax on the rollover.

### How regular payments are taxed

When bought with money rolled over within the superannuation system by a person aged 60 or over, the regular payments are tax free. When your Annuity is not bought with money rolled over within the superannuation system, the regular payments you receive from the Annuity are split into two components for tax purposes: the deductible amount and the assessable amount.

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7 To the extent a rollover exceeds the untaxed plan cap, the maximum tax on the excess (at the top marginal tax rate plus applicable government levies) will be withheld by the transferring superannuation entity.
The deductible amount is the amount of each regular payment that is considered to represent the return of part of your initial capital investment. This amount is tax free. The deductible amount is calculated at the time of your investment. The following formula can be used to calculate your annual deductible amount.

Initial investment amount less the amount of the original investment to be returned to you at the end of the fixed term

Term of the Annuity
If you make a partial withdrawal, your deductible amount will be recalculated.

The portion of your regular payments that is greater than the deductible amount is called the ‘assessable amount’, and is included in your assessable income for tax purposes.

Pay As You Go (PAYG) withholding tax
If you did not buy your Annuity with money rolled over within the superannuation system, the assessable amount may be subject to Pay As You Go (PAYG) withholding tax, which Challenger is required to deduct and remit to the ATO. The amount of PAYG tax deducted, if any, may be reduced by any relevant offsets and the tax-free threshold (if applicable). Note that PAYG tax deducted is not a final tax and a greater or lesser amount of tax may apply upon assessment of your annual income tax return. At the end of each financial year, we will send you a PAYG Payment Summary and tax information with details to assist you with preparing your income tax return.

Providing your Tax File Number to us
By completing a Tax File Number (TFN) Declaration, the PAYG tax deducted from your regular payments may be reduced. The TFN Declaration also allows you to apply for a tax-free threshold. You should consult your financial adviser or tax adviser to ascertain whether you are eligible to claim the tax-free threshold.

It is not an offence not to quote your TFN, but if you choose not to quote it, it may be necessary to deduct tax at the highest marginal rate (plus applicable Government levies). Your TFN will be used for legal purposes only, including providing information to the Australian Taxation Office (ATO) so that your tax can be properly assessed. The collection of TFNs is authorised by taxation and privacy laws.

If you are aged 60 or over and invest with money rolled over within the superannuation system, you only need to provide your TFN if you are rolling over benefits from an untaxed source.

Seniors and pensioners tax offset
If your Annuity is bought with non-superannuation money, you might be eligible to claim the seniors and pensioners tax offset (SAPTO). The amount of the SAPTO you will get will depend on your personal circumstances. If you are eligible and wish to claim SAPTO, please complete the TFN Declaration and the Withholding Declaration.

Excess transfer balance
If you are using your super to invest, there is a limit on how much super can be transferred to an income stream in retirement phase, known as the ‘transfer balance cap’. The capital investment amount of your Annuity will be reported to the ATO and will count towards your transfer balance cap.

If the investment amount of all your income streams exceeds the transfer balance cap, you may be able to roll the excess back to an accumulation super account or commute the excess as a lump sum. You may also be liable for excess transfer balance tax. We recommend you speak to your financial adviser or tax adviser regarding your individual circumstances.

If we receive a commutation authority from the ATO in respect of an amount in excess of the transfer balance cap, the amount must be withdrawn within 60 days of when the commutation authority was issued. Amounts withdrawn from the Annuity under these circumstances will be treated as a voluntary withdrawal. If we are unable to contact you within the 60-day period to consult on rollover or payment instructions, we will pay the amount into your nominated bank account.

For further information on the transfer balance cap, please refer to the ATO website (ATO.gov.au) or speak to your financial adviser or tax adviser regarding your individual circumstances.

How a withdrawal is taxed
For an Annuity bought with money rolled over within the superannuation system, a withdrawal is tax free at age 60 or over.

A withdrawal from an Annuity that was not bought with money rolled over within the superannuation system may be comprised for tax purposes of a repayment of capital as well as income. The income component of the lump sum payment may be taxed in the hands of the recipient.
How death benefits are taxed

Death benefits and their tax consequences can be complex. We recommend that you seek financial and tax advice in respect of your own circumstances. The following table refers to a ‘dependant’ (as defined in section 11 of the Policy Document) and a ‘tax dependant’. A tax dependant is:

- Your spouse or ex-spouse;
- Your child (under 18 years of age or otherwise financially dependent on you, and includes an adopted child or stepchild);
- Someone who is financially dependent on you (i.e. you contribute necessary financial support to maintain that person); or
- Someone in an interdependency relationship with you.

For more information see the table below.

### If you invested using super money

<table>
<thead>
<tr>
<th>Beneficiary type</th>
<th>Death benefit payment</th>
<th>Taxation treatment of death benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reversionary partner</strong></td>
<td>Regular payments (and any residual capital value) are made to your reversionary. They can then elect to withdraw the payments as a lump sum.</td>
<td>Regular payments are tax free if you die aged 60 or over, or if your reversionary is aged 60 or over. Lump sum withdrawal value is tax free.</td>
</tr>
<tr>
<td><strong>Single nominated beneficiary</strong></td>
<td>If the beneficiary is a dependant who is younger than you at the time of your death, the regular payments (and any residual capital value) are made to them. They can then elect to withdraw the payments as a lump sum. If the beneficiary is a dependant who is older than you at the time of your death, the withdrawal value of your Annuity will be paid to them as a lump sum. If the beneficiary is not a dependant, the withdrawal value of your Annuity will be paid as a lump sum to your estate (see below).</td>
<td>Regular payments are tax free. The lump sum withdrawal value is tax free if paid to a tax dependant. Otherwise, the taxable component is subject to a maximum of 15% tax (plus applicable Government levies).</td>
</tr>
<tr>
<td><strong>Multiple nominated beneficiaries</strong></td>
<td>Dependant beneficiaries receive a lump sum payment. If a beneficiary predeceases you, or is not a dependant, then their portion will be paid to the remaining dependant beneficiaries. If all beneficiaries predecease you, or there are no dependant beneficiaries, your Annuity will be paid as a lump sum to your estate (see below).</td>
<td>The lump sum withdrawal value is tax free if paid to a tax dependant. Otherwise, the taxable component is subject to a maximum of 15% tax (plus applicable Government levies).</td>
</tr>
<tr>
<td><strong>Estate</strong></td>
<td>Your estate receives a lump sum payment.</td>
<td>The lump sum withdrawal value is taxable in the hands of the estate. If the estate pays benefits to a tax dependant, they are tax free. If the estate pays benefits to a non-tax dependant, the taxable component of your Annuity will be subject to a maximum of 15% tax.</td>
</tr>
</tbody>
</table>

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8 An interdependency relationship is a close personal relationship between two people who live together, where one or both provides for the financial, domestic and personal support of the other (or who would meet these conditions except they are temporarily living apart due to a physical, intellectual, psychiatric or other disability).

9 The regular payments can only be made to your child if they meet certain criteria regarding their dependence (see section 11 of the Policy Document). If the regular payments are being made to your child who then ceases to meet the relevant criteria, the remaining benefits under the Annuity must be withdrawn as a lump sum at that time, which will be tax free.
If you invested using non-super money

<table>
<thead>
<tr>
<th>Beneficiary type</th>
<th>Death benefit payment</th>
<th>Taxation treatment of death benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single nominated beneficiary</td>
<td>Regular payments (and any residual capital value) are made to the beneficiary. They can then elect to withdraw the payments as a lump sum.</td>
<td>The income component of the regular payments will be taxed at the beneficiary's marginal tax rate (plus applicable Government levies). The capital component of the lump sum is tax free. The income component(^{10}) of the lump sum is taxed at the beneficiary's marginal tax rate (plus applicable Government levies).</td>
</tr>
<tr>
<td>Multiple nominated beneficiaries</td>
<td>Beneficiaries receive a lump sum payment. If a beneficiary predeceases you, then their portion will be paid to the remaining beneficiaries. If all beneficiaries predecease you, your Annuity will be paid as a lump sum to your estate.</td>
<td>The capital component is tax free. The income component(^{10}) is taxed at the beneficiaries’ marginal tax rate (plus applicable Government levies).</td>
</tr>
<tr>
<td>Estate</td>
<td>Regular payments (and any residual capital value) are made to the estate. The payments can then be withdrawn as a lump sum.</td>
<td>The income component of the regular payments will be taxed in the hands of the estate. The capital component is tax free. The income component(^{10}) is taxed in the hands of the estate.</td>
</tr>
</tbody>
</table>

Privacy and personal information

This section of the PDS explains how we collect, use and disclose your personal information, with further detail available in our privacy policy (available at www.challenger.com.au).

We collect, use and exchange your personal information to: process your application; provide and administer your Annuity and send you information; improve and personalise our products and services; inform you about other products and services that may be useful to you; conduct product and market research; and comply with our obligations under the law, including in respect of anti-money laundering, financial services, taxation, life insurance and, for an annuity purchased with super money, superannuation laws.

We collect personal information from you and, if relevant, from your financial adviser or administrator. We may take steps to verify the information collected. Where you provide us with personal information about someone else (for example, your reversionary beneficiary, power of attorney or related persons, including the beneficial owners connected with your investment), you must have their consent to provide their personal information to us and have shown them this ‘Privacy and personal information’ section of the PDS.

If you choose not to provide some of your personal information to us, the following may apply (depending on the type of information):

- **TFN:** We may have to deduct tax at the highest marginal rate (plus applicable Government levies) from regular payments made to you.
- **Bank account details:** We may not be able to pay withdrawal proceeds or regular payments to you.
- **Tax residency information:** We may not be able to process your request, and we may be required to notify the ATO if incomplete information is provided.
- **Incomplete application:** We may not be able to process your application.
- **Insufficient identity verification documents/records:** We may not be able to process your application or make payments to you.

**Disclosing your information**

We disclose your information to your financial adviser. In addition, we may disclose information we hold about you: if you consent to the disclosure; if the disclosure is required or authorised by law; to organisations acting on our behalf (for example, sending your statements or providing administration services); to professional service firms that provide services to us such as legal

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\(^{10}\) A lump sum will not have an income component if it is less than your initial capital investment less deductible amounts already returned.
and audit services, or data or information services; to reinsurers; to related companies; to electronic identity verification service providers, in order for identity information (about you or related persons connected with your investment) to be verified against relevant government and other databases, for the purpose of complying with anti-money laundering laws; to organisations with which we have an association and you are a member (such as National Seniors Australia); or otherwise in accordance with our Privacy Policy.

**Overseas disclosure**

Challenger does not currently disclose personal information to recipients in foreign countries.

However, in some cases, personal information may be used (or accessed) by third-party service providers located overseas to perform certain administrative functions in relation to your Annuity. Challenger has reviewed these arrangements to ensure appropriate security protections are in place to protect and control the personal information of its annuitants. If you would like further information, please contact us (see back cover).

**Direct marketing and opting out**

From time to time, we or our related companies may contact you to tell you about other products and services that might be useful to you, including financial, superannuation, investment, insurance and funds management products and services. Please contact us (see back cover) if you do not want to receive any of this kind of marketing material.

**Accessing or updating your information**

You can request access to the information we hold about you (and any reversionary) or update personal information by contacting us (see back cover). If you believe your personal information has been misused and would like to make a complaint, please see the ‘Complaints’ section. Our Privacy Policy also contains this information, as well as further details about our handling of personal information. You can obtain a copy of our Privacy Policy at www.challenger.com.au or by contacting us.

Some requests may require additional verification or supporting documentation prior to processing.

**Communications**

You agree that Challenger may give you any notice, document or other information required to be given to you under law (or the agreement with you) in one of the following ways (where permitted by law):

- by sending it to an email address you have provided for you or your adviser;
- by sending you or your adviser an email or other electronic communication providing a website reference or hypertext link to the notice, document or information; or
- by making the notice, document or information available on the website or such other website as notified to you or your adviser from time to time.

**Information you will receive after investing**

After you invest, you will be sent an Investor Certificate which, together with the Policy Document contained in this PDS, sets out the relevant terms and conditions. We will also send you a Centrelink schedule for social security purposes. You should read these documents carefully and contact your financial adviser if you have any questions.

Please keep your Policy Document and Investor Certificate in a secure place, as they are important documents. A charge may apply if you misplace these documents as we may advertise for missing policies, and the Life Act allows us to recover some of these expenses from you.

While we take all care in producing your Investor Certificate and other investment documentation, we reserve the right to correct the documentation if we make an administrative error.

Each year, you will receive an annual statement with details of your Annuity, including payments made over the period and other relevant information.

If you are an individual and did not roll over money within the superannuation system to buy the Annuity, you will also be sent a PAYG payment summary and tax information to assist you in completing your annual tax return.
On maturity

The Annuity’s maturity date is the last day of its investment term. If you chose not to have any capital repaid at the end of the investment term, the Annuity will end and no further payments will be made. If you chose to have all or some of your capital repaid at the end of the term, we will notify you at least 30 days prior to your Annuity’s maturity date. At this time you can choose to:

- roll over your capital for a further term (providing the capital to be repaid to you exceeds the Annuity’s minimum investment requirements);
- buy a new Annuity with different options;
- have your capital repaid to you as a lump sum; or
- roll over your residual capital value within the superannuation system, if your Annuity was originally bought with super money.

If you invested super money and you choose to roll over your capital for a further term, we may reduce your capital repayment amount or your selected term to ensure that your Annuity continues to meet the Government’s payment standards for this type of investment.

Where you do not confirm your choice before the end of your investment term, we will automatically make the capital repayment to your nominated bank account or, where you do not have a nominated bank account, we will send you a cheque.

Keeping us informed

It is important that we have the correct details for you or any nominated beneficiaries so that we can communicate with you and provide you with important information. To update your contact details speak to your financial adviser or contact us (see back cover).

Complaints

As part of our commitment to providing quality service to our clients, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint within five business days of receiving it, and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 45 days (or 30 days in relation to privacy). If you have a particular complaint regarding your Annuity, please do not hesitate to contact us by calling our Investor Services team on 13 35 66 or by writing to:

Complaints Resolution Officer
Challenger Life Company Limited
GPO Box 3698
Sydney NSW 2001

If you are not satisfied with how the complaint has been handled you may contact the following external dispute resolution scheme:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Tel: 1800 931 678
Email: info@afca.org.au

AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Cooling-off rights

By law, you have a cooling-off right. This means you can change your mind after investing and ask for your money to be repaid (less any tax we are required to deduct from the amount invested).

To be valid, your request must be made in writing and must be received by us within 14 days from the end of the fifth business day after the day you invested. Requests should be sent to the address shown on the back cover of this PDS.

If you invested with money rolled over within the superannuation system, your money will be returned to the rollover institution from which the money was received. If you invested with non-super money, your money will be paid back to the bank account you provided at the time of investment.

The cooling-off rights do not apply again if you choose to roll over for a further investment term at the end of your initial fixed term.
This page has been left blank intentionally.
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 and the money used to buy the policy has cleared. While 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 first 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 at least one 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 RCV, then at the end of the term of the policy you can roll over that RCV 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 RCV, 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 is selected by Challenger Life).
5. Withdrawal requests

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.

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

Before we can pay you the withdrawal value, the law requires that we have paid you a pro-rata amount of your regular payments for the relevant year (with each year commencing on the commencement date or the anniversary of your policy).

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.

If you die during the term of the policy and a lump sum is payable, there may be a period of time between death and payment of the lump sum. Where this occurs, the regular payments that you would have received during that period (had you been alive) will be suspended, earning interest at the Reserve Bank of Australia official cash rate, until the withdrawal value is calculated in accordance with section 6 of this Policy Document. Those suspended payments (plus the interest earned) will be included in the withdrawal value payable.

The withdrawal value calculation may be amended to reflect legislative change. If you buy 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.

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

6. Minimum withdrawal value

The minimum withdrawal value will be no less than the amount prescribed under the Life Insurance Act 1995 (Cth).

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 by any means we determine. Any letter or notice sent to Challenger Life must be sent by prepaid post to the address set out in the current Product Disclosure Statement for the policy. Your Policy Number must be quoted in all correspondence.

11. 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; or
- 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.

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 (and any residual capital value) will continue to be made to your spouse, provided that they have continued to be your spouse up to the date of your death. 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 (and any residual capital value) 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 section 8(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 (unless we remove this right by giving you 30 days notice). 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, the residual capital value will be held in a non-interest bearing account until 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.

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.

If your policy was purchased with money rolled over within the superannuation system, you cannot transfer ownership of the policy to another person. However, if a reversionary life insured has been nominated, they can receive payments under the policy following your death.
15. Compliance

Any legislative provision or regulatory requirement that 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.
How to invest

You should read this PDS and the Policy Document before deciding to invest.

Contact your financial adviser or call us for an obligation-free payment quote and application form. The regular payments we offer are reviewed and updated regularly to reflect market conditions. Your quote will generally be valid for 14 days from the date on which we provide it.

Your Annuity will be issued once we accept your valid application, and the money you used to invest clears.

To make a valid application you must include:

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<th>Details</th>
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| **1. A completed and signed application form** | Ensure that all relevant sections of the application form are fully completed and that you sign the application form.  
If your application form is not complete, we may not be able to proceed until the required information is received. In these situations we will attempt to contact you and/or your financial adviser. We will hold your application money in a non-interest bearing account until we receive the required information.  
Your Annuity will start on the day that all outstanding information is received by us (or the next NSW business day if received after 3.00pm or on a non-NSW business day). You will receive the Annuity rates applicable at that time if your payment quote has expired.  
If all outstanding information is not received within 30 days from the day we received your application money, your money will be returned. If you invested with money rolled over within the super system, your money will be returned to the rollover institution from which the money was received. If you invested with non-super money, your money will be paid back by cheque. |
| **2. A valid payment quote** | Contact your financial adviser or call us (see back cover) for an obligation-free payment quote.  
The regular payments we offer are reviewed and updated regularly to reflect market conditions. Your quote will generally be valid for 14 days from the date on which we provide it. If your quote has expired, then your regular payments will be calculated on the day we process your application. |
| **3. Identity verification documents/information** | In accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation, we need verification of your identity before your Annuity can start. |
| **4. Provide payment (Direct debit, Cheque or super rollover)** | **Direct debit:** You can arrange for the money to be debited from your bank account by completing the direct debit facility section of the application form. All direct debits are subject to the Direct Debit Request Service Agreement.  
**Cheque:** You can pay by cheque by making the cheque payable to ‘Challenger Life Company Limited <insert the name of the investor>’.  
**Super rollover:** If you are using your super to invest, provide adequate rollover information to facilitate the transfer (generally provided by your current super fund). |

If your valid application and money is received in our Sydney office before 3.00pm Sydney time on a NSW business day (the cut-off time), your application will generally be processed on that day. If your valid application and money are received after the cut-off time, or on a non-business day, your application will generally be processed on the next NSW business day.

We can accept or reject any application and are not required to give any reason for a refusal.
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Investor Services
13 35 66

Adviser Services
1800 621 009

By email
info@challenger.com.au

By mail
Challenger Life Company Limited
Reply Paid 3698
Sydney NSW 2001

Additional information