

# Challenger Guaranteed Annuity (Complying) Policy Document

## Policy document

Dated 27 September 2016  
Challenger Guaranteed Annuity  
(SPIN CHG0005AU)

## Responsible Entity

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





# Policy Document

## Guaranteed Annuity (Complying)

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, where the policy owner elects a reversionary beneficiary in accordance with section 10 of this Policy Document and the context allows, the reversionary beneficiary.

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.

### 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 must meet legislated minimums and maximums for an asset test exempt life expectancy income stream.

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 10 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. Regular payments will continue to be made as long as the policy owner is alive.

### 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 only withdraw from your policy in limited circumstances. 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.

If you die during the term of the policy and your regular payments continue to be made to your reversionary beneficiary in accordance with section 10 of this Policy Document, they are deemed to be you for the purposes of this section of the Policy Document.

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.

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### 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 guaranteed future payments to the end of the policy term.

The minimum withdrawal value calculation will be at least the present value of the future guaranteed 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.

### 7. 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.

### 8. 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, 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.

### 9. 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.

### 10. Nominated beneficiaries

You can elect your spouse (as defined by relevant laws) as a reversionary beneficiary. 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 beneficiary, but you can cancel the election.

We will make a lump sum payment to your estate if you die during the policy term without a reversionary beneficiary or the reversionary beneficiary you elected is no longer your spouse or has predeceased you.

Before any lump sum 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.

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### **11. 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.

### **12. General information**

Your policy cannot be used as security for borrowing.

### **13. 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.

### **14. 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).

### **15. 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.

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This page has been left blank intentionally.

Attach your Investor Certificate to this page.

**By phone**

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

**Website**

[www.challenger.com.au](http://www.challenger.com.au)