

Challenger Guaranteed Annuity (Complying)

Second Supplementary Product Disclosure Statement

Dated 12 February 2020

This Second Supplementary Product Disclosure Statement (**Second SPDS**) updates the Challenger Guaranteed Annuity (Complying) Product Disclosure Statement dated 27 September 2016 (**PDS**) and the Supplementary Product Disclosure Statement dated 1 July 2019 (**First SPDS**) issued by Challenger Life Company Limited (ABN 44 072 486 938, AFSL 234670) (**Challenger**).

This Second SPDS is to be read together with the PDS and the First SPDS and has been issued to update information in the PDS regarding the conditions where we will accept money into the Challenger Guaranteed Annuity (Complying) (**Product**) along with the change to investment terms as a result of updated life expectancy tables.

1. Changes to the conditions when buying a Challenger Guaranteed Annuity (Complying)

Due to recent changes made by the Department of Social Services, there are additional circumstances where we can accept monies into the Product. As a result of the changes, the Second SPDS updates the following sections of the PDS:

The paragraph on **page 3** under the heading 'Complying status' is deleted and replaced with the following;

You can only buy the Annuity with money rolled over from a:

- self-managed super fund (SMSF); or
- regulated super fund or sub fund that is closing;

that is currently paying an asset test exempt (ATE) lifetime, life expectancy, or term allocated (market linked) income stream, or as otherwise specified by the Department of Social Services. This is because the Annuity is designed to be recognised as a complying ATE income stream for social security purposes, if certain conditions are met. For more information, see 'A brief guide to complying annuities' on page 17.

The paragraph on **page 4** next to the sub heading "Who can buy an Annuity?" is deleted and replaced with the following;

Who can buy an Annuity?

The Annuity can be purchased by investors aged 60 and over, with money rolled over from a:

- self-managed super fund (SMSF); or
- regulated super fund or sub fund that is closing

that is currently paying an asset test exempt (ATE) lifetime, life expectancy, or term allocated (market linked) income stream, if certain conditions are met.

For more information, see 'Starting your Annuity' on page 10 and 'A brief guide to complying annuities' on page 17.

The paragraph on **page 5** under the heading 'Complying status' is deleted and replaced with the following;

The Annuity is designed to meet the requirements of an ATE income stream. This means that if your SMSF, or a regulated super fund or sub fund that is closing, is currently paying an ATE lifetime, life expectancy or term allocated (market linked) income stream, you can roll over your benefits to the Annuity and retain the ATE status of your income stream, where certain conditions are met. For more information, see 'A brief guide to complying annuities' on page 17.

The following paragraph is added after the second bullet point under the heading "Starting your Annuity" on **page 10**;

You may also buy the Annuity (if you are aged 60 or over) with money rolled over from a regulated super fund or sub fund that resulted from the full withdrawal of an ATE lifetime, life expectancy or term allocated (market linked) income stream as the super fund or sub fund is being closed.

The following paragraph is added after the second last paragraph under the heading "Conditions for retaining ATE on complying annuities" on **page 18**;

The Annuity is also designed to accept monies rolled over as a result of the closure of a super fund or sub fund that is currently paying an ATE lifetime, life expectancy or term allocated (market linked) income stream.

The second sentence on **page 15** under the heading 'Cooling off rights' is deleted and replaced with the following;

This means you can change your mind about buying an Annuity and ask for your capital to be returned.

2. Change to investment terms required for asset test exempt (complying) annuities

On 1 January 2020, the required investment terms for an annuity to be complying changed.

The change reflects updated life expectancy tables published by the Australian Government Actuary.

Accordingly, the 'Investment terms required for ATE (complying) annuities' information on **page 17** is deleted and replaced with the following table;

Term (years)			Term (years)		
Age	Male	Female	Age	Male	Female
60	25-40	27-40	81	9-19	10-19
61	24-39	27-39	82	8-18	10-18
62	23-38	26-38	83	8-17	9-17
63	22-37	25-37	84	7-16	8-16
64	21-36	24-36	85	7-15	8-15
65	20-35	23-35	86	6-14	7-14
66	20-34	22-34	87	6-13	7-13
67	19-33	21-33	88	6-12	6-12
68	18-32	20-32	89	5-11	6-11
69	17-31	20-31	90	5-10	5-10
70	16-30	19-30	91	5-9	5-9
71	16-29	18-29	92	4-8	5-8
72	15-28	17-28	93	4-7	4-7
73	14-27	16-27	94	4-6	4-6
74	13-26	15-26	95	4-5	4-5
75	13-25	15-25	96	4-5	4-5
76	12-24	14-24	97	3-4	3-5
77	11-23	13-23	98	3-4	3-4
78	11-22	12-22	99	3-4	3-4
79	10-21	12-21	100	3-4	3-4
80	10-20	11-20			

These terms are relevant for single investors. Different terms may apply if a reversionary beneficiary is nominated.

The information in this Second SPDS is up-to-date at the time of preparation and is provided by Challenger Life Company Limited (ABN 44 072 486 938 AFSL 234670), the issuer of Challenger Guaranteed Annuity (Complying) (**Annuity**). This information has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider the appropriateness of the information, having regard to their objectives, financial situation and needs and consider the Challenger Guaranteed Annuity (Complying) PDS dated 27 September 2016 and the Supplementary Product Disclosure Statement dated 1 July 2019 (available from challenger.com.au) before making any decision about the product. We will also send you a copy of the updated information free of charge on request.

Challenger Guaranteed Annuity (Complying)

Supplementary Product Disclosure Statement

Dated 1 July 2019

This is the first Supplementary Product Disclosure Statement (**SPDS**) to the Challenger Guaranteed Annuity (Complying) Product Disclosure Statement dated 27 September 2016 (**PDS**) issued by Challenger Life Company Limited (ABN 44 072 486 938, AFSL 234670) (**Challenger**).

This SPDS is to be read together with the PDS and has been issued to update information in the PDS for seeking an external review of a complaint due to a change to the relevant external dispute resolution scheme.

Changes to the external dispute resolution scheme

The Financial Ombudsman Service (FOS) Australia will no longer accept new disputes from 1 November 2018. The Australian Financial Complaints Authority (AFCA) will deal with all financial services disputes from 1 July 2019.

As a result of the change, this SPDS updates the following section of the PDS:

The paragraph on page 15 of the PDS under the heading 'Complaints' is deleted and replaced with the following paragraph;

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.

The information in this SPDS is up-to-date at the time of preparation and is provided by Challenger Life Company Limited (ABN 44 072 486 938 AFSL 234670), the issuer of Challenger Guaranteed Annuity (Complying) (**Annuity**). This information has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider the appropriateness of the information, having regard to their objectives, financial situation and needs and consider the Challenger Guaranteed Annuity (Complying) PDS (available from www.challenger.com.au) before making any decision about the product. We will also send you a copy of the updated information free of charge on request.

Challenger Guaranteed Annuity (Complying)

Product Disclosure Statement (PDS)

Dated 27 September 2016
Challenger Guaranteed Annuity
(SPIN CHG0005AU)

Responsible Entity

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



Table of contents

About the Challenger Guaranteed Annuity (Complying)	3	Starting, managing and withdrawing your Annuity	10
Complying status	3	Starting your Annuity	10
Features at a glance	4	How to buy an Annuity	10
Benefits of the Annuity	5	Managing your Annuity	11
Complying status	5	Withdrawing your Annuity	11
Regular payments	5	How the Annuity is taxed	13
Market and inflation protection	5	Tax in general	13
Competitive rates	5	How death benefits are taxed	13
You pay no fees to Challenger	5	Other information	14
Risks of the Annuity	6	Your Annuity and family law	14
Withdrawal risk	6	Social security	14
Counterparty risk	6	Privacy and personal information	14
Inflation risk	6	Cooling-off rights	15
Annuity options	7	Complaints	15
Investment term	7	Changes to terms and conditions	15
Payment frequency	7	Incomplete or rejected application forms	15
Indexation	7	Customer identification program	16
Nominating a beneficiary	7	A brief guide to complying annuities	17
Fees and other costs	8	The requirements for a complying annuity	17
No Challenger fees	8	Fixed terms	17
Adviser service fees	8	Investment terms required for ATE (complying) annuities	17
How we invest	9	Income and assets tests	18
		Conditions for retaining ATE on complying annuities	18
		Application forms	19

Challenger Guaranteed Annuity (Complying)

The Challenger Guaranteed Annuity (Complying) creates a regular cash flow for your desired investment term, regardless of how investment markets perform.

The Annuity is designed to accept money rolled over from a self-managed super fund that is currently paying an asset test exempt income stream so that the asset test exemption can be maintained.



About this Product Disclosure Statement (PDS)

This PDS relating to the Challenger Guaranteed Annuity (Complying) (**Annuity**) is dated 27 September 2016.

This document provides information to help investors and their advisers assess the benefits of buying the Annuity and to compare it with other investment opportunities on offer. We strongly encourage you to read this document in full before making an investment decision.

In preparing this PDS we did not take into account your particular investment objectives, financial situation or needs. As every person's needs and aspirations are different, you should consider whether investing in the Annuity is appropriate for you in light of your particular circumstances. You may also wish to get independent advice, particularly about taxation, retirement planning and investment risk tolerance.

The information in this PDS is current as at the date of the document. However, some information can change from time to time. If a change is considered materially adverse, we will issue a supplementary or replacement PDS. If a change is not materially adverse, we will update the information in the PDS as described below.

We may also provide updates to you electronically with your agreement. For updated or other information about the Annuity, please consult your financial adviser, call our Investor Services team on 13 35 66 or visit www.challenger.com.au. We will send you a copy of any updated information free of charge on request.

Important notices

The Annuity is issued by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (**Challenger**, also referred to as we, us, or our), which is also the issuer of this PDS. Challenger's ultimate parent is Challenger Limited (ABN 85 106 842 371). Neither Challenger Limited nor any other company within the Challenger group of companies guarantees the performance of Challenger Life Company Limited'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 Challenger Guaranteed Annuity (Complying) 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 buy the Annuity 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, which are available by calling our Investor Services team on 13 35 66 or visiting www.challenger.com.au. You should read these documents before applying for an Annuity. We reserve the right to withdraw the invitation to buy the Annuity 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.

About the Challenger Guaranteed Annuity (Complying)

1

About the Challenger Guaranteed Annuity (Complying)

The Challenger Guaranteed Annuity (Complying) provides regular payments for a chosen term, in exchange for a capital investment (the money you use to buy the Annuity). The regular payments are made at intervals you choose and are comprised of a fixed rate of return on your capital investment, plus your capital investment, which is repaid to you throughout the investment term. At the end of the investment term the Annuity ends and no further payments are made.

The rate of return you will receive is established at the time you buy the Annuity, and will depend on the product options you choose and prevailing interest rates. Challenger guarantees that it will not change the rate of return for the term of the Annuity.

Complying status

You can only buy the Annuity with money rolled over from a self-managed super fund (SMSF) that is currently paying an asset test exempt (ATE) lifetime, life expectancy, or term allocated (market linked) income stream. This is because the Annuity is designed so that the regular payments will continue to be recognised as a complying ATE income stream for social security purposes, if certain conditions are met. For more information, see 'A brief guide to complying annuities' on page 17.

Challenger

Guaranteed Annuity (Complying)

Features at a glance

The Annuity offers a number of options, so you can tailor it to your needs. The options you choose will affect the guaranteed rate of return on your investment. A summary is below; for more information, see 'Annuity options' on page 7.

Who can buy an Annuity?	<p>The Annuity can be purchased by investors aged 60 and over, with money rolled over from an SMSF that resulted from the full withdrawal of an ATE lifetime, life expectancy or term allocated (market linked) income stream, if certain conditions are met.</p> <p>For more information, see 'Starting your Annuity' on page 10 and 'A brief guide to complying annuities' on page 17.</p>
Investment term	Between the minimum and maximum term necessary to meet the ATE requirements.
Minimum investment amount	\$10,000
Capital repayment	Your capital investment will be repaid to you, as part of your regular payments, throughout the investment term.
Payment indexation	<p>You can choose to have your regular payments increased annually.</p> <p>The annual increase can be in line with increases in the Consumer Price Index (CPI) or a fixed whole percentage rate of up to 5%.</p> <p>For more information, see 'Indexation' on page 7.</p>
Regular payment frequency	You can choose to receive payments monthly, quarterly, half-yearly or yearly.
Additional investment	You cannot add to your Annuity once it starts.
Voluntary withdrawals	<p>Withdrawals are generally not available.</p> <p>Once the Annuity starts, it can only be ended before the end of the investment term in the event of your death or other limited circumstances. In those cases the Annuity will have a withdrawal value that can be paid as a lump sum.</p> <p>For more information, see 'Withdrawing your Annuity' on page 11.</p>
Nominating beneficiaries	<p>You can choose for your regular payments to be made to your spouse (as defined by law) if you die during the investment term. Or, you can nominate your estate to receive a lump sum payment.</p> <p>For more information, see 'Annuity options' on page 7.</p>

2

Benefits of the Annuity

The benefits of the Annuity are set out below. The benefits must be considered along with the risks, which are on the next page.

Complying status

The Annuity is designed so that the regular payments meet the requirements of an ATE income stream. This means that if your SMSF is currently paying an ATE lifetime, life expectancy or term allocated (market linked) income stream, you can roll over your SMSF benefits to the Annuity and retain the ATE status of your income stream, where certain conditions are met. For more information, see 'A brief guide to complying annuities' on page 17.

Regular payments

The Annuity provides regular payments that last for your chosen investment term.

The amount of these regular payments is determined at the time you buy the Annuity and will depend on the capital investment, prevailing market rates and the options you choose. The dollar value of your regular payments can change over time if you choose for your payments to be indexed.

Market and inflation protection

The Annuity can provide you with the comfort of knowing you will receive regular payments for your chosen investment term, regardless of how investment markets perform. You will not bear any market risk in relation to how your capital is invested. Challenger bears the market risk as it guarantees the rate of return on your investment.

If you choose indexation, your Annuity can also help protect you from the effects of inflation reducing the purchasing power of your regular payments.

Competitive rates

The Annuity uses competitive rates to determine the amount of your regular payments. This will depend on prevailing market conditions (such as interest rates at the time you buy the Annuity) and will also be influenced by the product options you choose. Some options can give you higher or lower regular payments (for more information, see 'Annuity options' on page 7).

You pay no fees to Challenger

Our costs are taken into account when we determine the regular payments you will receive during the term of the Annuity, and various assumptions are made regarding potential investment return and our own income. This means that you do not pay Challenger any fees or charges. For more information about how Challenger derives income from providing the Annuity, see 'How we invest' on page 9.

You can agree to the payment of fees for financial advice and other services. For more information, see 'Fees and other costs' on page 8.

3

Risks of the Annuity

All investments carry some risk. The appropriate level of risk for you will depend on factors such as your age, financial goals, investment timeframe, where other parts of your wealth are invested, and your risk tolerance. Listed below are the key risks that you should take into account when deciding whether to buy an Annuity.

Withdrawal risk

This is the risk that, in the limited circumstances the Annuity can be withdrawn during the investment term, you might receive back less money than you invested and less than you would have received had you held the Annuity for the investment term. The withdrawal value of your Annuity will vary over time because it depends on changing factors, including how long you've held the Annuity for and prevailing 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 during the investment term.

For more information, see 'Withdrawing your Annuity' on page 11.

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 (which governs the provision of annuities in Australia) 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. APRA actively supervises Challenger's compliance with these requirements to ensure that we are able to meet our obligations to investors. For example, Challenger is required to hold enough capital to withstand a 1 in 200-year shock event.

Even so, unforeseen and extreme circumstances that might impact our ability to make payments to you can never be completely ruled out. For more information, see 'How we invest' on page 9.

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, we offer the option of indexing your regular payments each year in line with changes in the Consumer Price Index (CPI). Choosing this indexation option will reduce the amount of your initial regular payments, but they will increase during times of inflation.

For more information, see 'Indexation' on page 7.

4

Annuity options

The Annuity offers a number of options, so you can tailor it to meet your needs. The rate of return on your investment is determined at the start of the Annuity and will depend on the options you choose, which are explained below. You must choose your options when you buy the Annuity.

Investment term

The investment term you choose must be a term between the legislated minimum and maximum required in order for the regular payments to retain their ATE status. For more information, see 'Fixed terms' on page 17.

Payment frequency

You can choose to have your regular payments paid monthly, quarterly, half-yearly or yearly. Your regular payments are made to your nominated bank account at the end of each payment period. If you do not make a selection, the default payment frequency is monthly.

Indexation

You can choose to have your regular payments increased annually. The increase can either be in line with increases in the CPI¹, or by a fixed percentage between 1% and 5%.

The increase will be applied to the first payment after each anniversary of the start of the Annuity and applies to the dollar amount of the regular payments as at the anniversary date.

If you choose to index in line with CPI and the change in the CPI is negative, then your regular payments will not reduce.

If there is a negative change in the CPI in a given year, then the next time we calculate indexation the portion of any increase that will apply to your regular payments will be the increase in the CPI since the last time we applied CPI indexation to your regular payments.

For example: If the applicable consumer price index was 100 points when you invested, but was 99 points on the first policy anniversary, your payments do not decrease. However, the applicable index would need to rise above 100 on the next (or subsequent) policy anniversary before your payments would be indexed upwards.

If you choose fixed indexation, your regular payments will be increased by your chosen percentage, each year.

If you do not choose indexation, your regular payments will not be adjusted, which means that in periods of inflation, the purchasing power of your regular payments will reduce, and your future regular payments could be less than if you had chosen indexation.

By choosing indexation, your initial regular payments will be lower than if you buy an Annuity without indexation.

Indexation example

If you are receiving monthly payments of \$1,000 and you have chosen 3% indexation, then on the 1st anniversary of the start of the Annuity your monthly payments would increase to \$1,030 (an increase of 3%), effective from the 13th monthly payment Challenger makes. Challenger will then make monthly payments of \$1,030 throughout the second year of your Annuity. On the 2nd anniversary your monthly payments would increase to \$1,060.90 (a further 3% increase) throughout the third year of your Annuity. This process occurs annually over the term of the Annuity and the indexation is applied to the dollar amount of the regular payments as at the anniversary date.

Nominating a beneficiary

You can choose for your spouse to receive the benefits of your Annuity if you were to die before the end of the investment term.

Reversionary beneficiary

You can elect that in the event that you die before the end of the investment term, payments continue to be made to your spouse.

In the superannuation context, 'spouse' has a special meaning and is currently defined in law as a person (whether of the same or opposite sex) who you are in a relationship with that is:

- legally registered as a marriage or 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).

In this case, your spouse is called your 'reversionary' beneficiary. You must make this election when you buy your Annuity and you cannot change it, although you can cancel it.

Payments to your estate

If you were to die before the end of the investment term without a reversionary (or the reversionary you elected is no longer your spouse or has predeceased you), then we would pay your remaining benefits to your estate as a lump sum.

¹ The CPI is the weighted average of the Eight Capital Cities Index, as published by the Australian Statistician, to provide a general measure of price inflation for all Australian households. We reserve the right to adjust the index used if there is a change in law which results in a material change to the CPI or its use. We do not cap CPI changes. The index used to calculate the CPI can be changed at any time. The CPI is only a proxy for inflation and does not exactly match actual price or wage inflation in the economy. To determine the increase in the CPI to apply to your regular payments, we calculate the difference in the CPI between the second-last complete quarter before the day on which the indexation is to apply and either the CPI for the same quarter of the immediately preceding year or the CPI used for the previous increase, and express this as a percentage.

5

Fees and other costs

There are no fees or charges payable to us, although you can agree to the payment of fees for financial advice and other services, see below.

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 Challenger fees

Challenger takes the costs of providing the Annuity into account when setting the amount of your regular payments,

and we also make various assumptions about potential investment return and our own income. For information about how Challenger derives income from providing Annuities, see 'How we invest' on page 9.

Adviser service fees

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 do not have to authorise or consent to the payment of these fees if you choose not to. You can instruct us to pay fees (if any) as outlined in the table below.

Upfront adviser service fee	<p>You can agree to the payment of an upfront adviser service fee of up to 0.55% (including GST) of your capital investment multiplied by your investment term up to a maximum of 2.2% (including GST). The upfront adviser service fee can only be paid by us with your authorisation.</p> <p>For example, if you invest \$10,000 at a time when your investment term is 10 years, you can agree to the payment of an upfront adviser service fee of up to \$220, calculated as follows:</p> $0.55\% \times 10 = 5.5\%$ <p>This is subject to a cap of 2.2%, so:</p> $2.2\% \times \$10,000 = \220 <p>The dollar value of any upfront adviser service fee that is paid will be shown on your Annuity quote and reduces the amount of your regular payments. If you have not received a quote, contact your adviser and request one. The amount of any upfront adviser service fee that we pay will also be shown on the Investor Certificate you receive when you buy the Annuity.</p> <p>If you withdraw your Annuity, 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 its investment term.</p>
Ongoing adviser service fee	<p>You can agree to the payment of an ongoing adviser service fee and authorise us to pay it. If you agree, the ongoing adviser service fee can be deducted from your regular payments before they are made to you.</p> <p>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. If you agree to pay an annual ongoing adviser service fee of \$300, and you receive yearly after tax payments of \$12,000, we will deduct \$300. We will pay an adviser service fee of \$300 and pay you \$11,700.</p> <p>The ongoing adviser service fee can be cancelled or varied by you at any time by telling your financial adviser and if you inform us we will stop paying those fees (see 'Keeping us informed' on page 11).</p> <p>The annual amount of any ongoing adviser service fee that we pay will be shown on the Investor Certificate you receive when you buy your Annuity. We will also confirm the amount paid each year when we send you your annual statement.</p>

6

How we invest

When you buy an Annuity, your capital investment goes into a fund along with capital received from other Annuity investors. Challenger also adds to this fund from its own money. This is known as a statutory fund and is regulated under the Life Act.

All regular payments are made from the statutory fund, even if the fund suffers poor investment return. If the fund falls below the minimum level needed to make all current and future payments, Challenger can be required to top up the fund with its own money. APRA actively supervises this requirement and has extensive powers to intervene that are designed to ensure that payments can be met despite volatile or adverse movements in the broader financial markets.

If the statutory fund receives additional investment return above the amount necessary to make all guaranteed payments, then Challenger can take some surplus income from it; however, we are only legally permitted to do so after we have made sure that there are sufficient funds to meet the current and future regular payments for all investors.

With this retirement solution, Annuity investors can take comfort in knowing their investment is in a statutory fund and:

- unlike many other investments where investors incur the risk and impact of any market falls, the Annuity makes regular payments for your chosen investment term, even if market returns are lower;
- Challenger invests its own money to provide a buffer for investors;
- the statutory fund is prudently invested, to ensure that investment return is sufficient to cover all payments due to investors;
- there are strict rules in place to ensure investors receive the full benefit of their Annuity, even during periods of market volatility.

Challenger will invest the statutory fund, subject to investment restrictions in the Life Act. Generally, the fund will be invested in cash, shares, corporate bonds, convertible notes, debt instruments, geared and ungeared property investments, infrastructure investments and other assets. The investment objectives for the fund include achieving consistent returns on investment and to match the cash flow in from investment return 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 an Annuity is Challenger's Statutory Fund No. 2. All references to guarantees refer to payments we promise to pay under the Policy Documents.

Challenger is a signatory to the United Nations Principles of Responsible Investment (UNPRI) 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 UNPRI, Challenger has committed to extending ESG integration activities across our investments, as we recognise that such factors are important factors impacting investment performance over the longer term.

Whilst 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.

7

Starting, managing and withdrawing your Annuity

You can buy an Annuity by talking to your financial adviser or by calling our Investor Services team on 13 35 66. When you buy an Annuity you will receive an Investor Certificate setting out the regular payments Challenger will make to your nominated bank account. The Annuity will start immediately and the first payment will be made 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 the Annuity is issued. If you choose to be paid annually, the first payment will be made on the first anniversary of the start of the Annuity.

It is important to keep us informed of any changes to your personal information. You can only withdraw from the Annuity in limited circumstances.

You cannot use your Annuity as security for borrowing.

Starting your Annuity

If you are aged 60 and over, you can buy an Annuity with money rolled over from an SMSF that resulted from the full withdrawal of:

- A defined benefit pension (as defined in relevant superannuation law), which was an ATE lifetime or life expectancy income stream, because the actuary can no longer certify that there is a high probability that the income stream can continue²; or
- An ATE lifetime, lifetime expectancy or term allocated (market linked) income stream from a SMSF that is being wound up because either a member of the SMSF supporting the income stream has died or the administrative responsibilities have become too onerous due to the age or incapacity of a trustee.

The regular payments you receive must meet the Government’s minimum payment standards, set out in the following table. If you nominate a reversionary who is older than you, then their age will be used to calculate the minimum payment.

Age	Minimum annual regular payments (% of the capital investment)
Under 65	4%
65-74	5%
75-79	6%
80-84	7%
85-89	9%
90-94	11%
95 and over	14%

How to buy an Annuity

You should read this PDS and the Policy Document (available at www.challenger.com.au) before deciding to buy an Annuity. You should also get a quote. Contact your financial adviser or our Investor Services team for an obligation-free quote. The regular payments we offer are reviewed and updated regularly to reflect market conditions. A quote is necessary and will 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 buy the Annuity clears.

A valid application must include:

- a completed and signed application form;
- your quote;
- the identity verification documents (outlined in the application form);
- your capital investment (see below for ways to pay); and
- adequate rollover information.

If your valid application and money are received in our Sydney office before 3pm 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.

Ways to pay

You can pay for your Annuity by providing your capital investment amount by making the cheque payable to ‘Challenger Life Company Limited <insert the name of the investor>’ and attaching it to the application form.

² As required by section 9A(1)(b) or section 9B(1A)(b) of the Social Security Act 1991 (Cth)

Challenger

Guaranteed Annuity (Complying)

Managing your Annuity

Information you will receive about your Annuity

When you buy your Annuity you will be sent a Policy Document and Investor Certificate, which set 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 or our Investor Services team 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 the investor.

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

When you invest we will also send you details on how to access InvestorOnline, a secure online service that provides access to up-to-date information about your Annuity, including recent payments and annual statements. InvestorOnline is available 24 hours a day, seven days a week.

Making changes to your Annuity

If you elect a reversionary beneficiary, you cannot change this, but you can cancel it.

You can make changes to the personal information that Challenger holds about you.

You cannot make any other changes to your Annuity once it has started. You cannot make additional deposits to your Annuity and it is not possible to switch between options after you buy the Annuity.

Keeping us informed

It is important that we have correct contact details for you and your reversionary beneficiary so that we can communicate with you and provide you with important information.

You can telephone our Investor Services team on 13 35 66 to update your contact details or to make enquiries.

All other instructions should be made in writing and sent to us at:

Challenger Life Company Limited
GPO Box 3698
Sydney NSW 2001

When writing to us, please:

- quote your client or policy number;
- state the full name in which your investment is held;
- clearly set out your request;
- provide us with a contact name and daytime telephone number; and
- ensure that the request is signed and dated.

Some changes also require additional supporting documentation (such as a change of name request, where a certified copy of the marriage certificate or deed poll is required). We will only change your nominated bank account if we receive an original, signed and dated, written request.

Withdrawing your Annuity

Voluntary withdrawals are generally not available however you may be able to withdraw in limited circumstances. For more information on withdrawing your Annuity, contact your financial adviser or our Investor Services team on 13 35 66.

Withdrawal following death

If you die before the end of the investment term and have elected a reversionary beneficiary, your regular payments will continue to be made to them (provided they are still your spouse at the time of your death).

If you die during the investment term without a reversionary beneficiary (or the reversionary beneficiary you elected is no longer your spouse or has predeceased you), the Annuity's withdrawal value is payable as a lump sum to your estate.

For more information, see 'Nominating a beneficiary' on page 7.

Where 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. Those suspended payments (plus the interest earned) will be included in the withdrawal value for that lump sum payment.

We will only pay withdrawals to your nominated bank account or by cheque payable to your estate. We will not make payments to any other third party.

Challenger

Guaranteed Annuity (Complying)

Calculating the withdrawal value

The withdrawal value of your Annuity is the value of future projected payments remaining for the entire investment term, considering indexation, and discounted to reflect that the payments will be made prior to the scheduled payment dates (the 'present value'). The discount rate will vary depending on movements in interest rates between the time you purchase the annuity and the time the withdrawal is requested.

To calculate the withdrawal value, we will work out the present value of all the payments you would have received from the date of calculation to the end of the investment term. This can involve a significant discount in some circumstances, and may result in the withdrawal value being less than the amount you invested, even after taking into account the payments you have already received.

The calculation method of the present value is impacted by changing market rates, which means it is only possible to determine the withdrawal value at the time of withdrawal. This calculation is subject to a minimum level of any withdrawal value, prescribed under the Life Act and prudential standards enforced by APRA. We will always provide a withdrawal value equal to or greater than this minimum level.

The withdrawal value of the Annuity on the day we make the payment may vary from the withdrawal value stated in the letter we send you. To minimise any variation, we will generally pay the withdrawal value within five business days of receiving all required documentation.

8

How the Annuity is taxed

Tax in general

The tax information contained in this PDS sets out our understanding of current tax legislation as at the date of this document. The legislation and its interpretation could change in the future. We recommend that you seek the advice of a tax adviser before investing.

The tax information contained in this PDS only applies to individual Australian tax resident investors who are either an Australian citizen or permanent visa holder.

There is generally no tax payable on superannuation benefits that are rolled over within the superannuation system to buy the Annuity and your regular payments are tax free.

Tax File Number (TFN)

Before you provide your TFN (individuals only) to us, we are required to tell you the following:

- The collection of TFNs is authorised by the taxation and privacy laws. Your TFN will be used for legal purposes only, including providing information to the ATO so that your tax can be properly assessed. These purposes may change in the future.
- It is not an offence not to quote your TFN, but if you choose not to quote it, tax may need to be deducted at the highest marginal rate (plus applicable government levies). These consequences may change in the future.

You only need to provide your TFN if you are rolling over benefits from an untaxed source.

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 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);
- someone in an interdependency relationship³ with you.

For more information see the table below.

Beneficiary type	Death benefit payment	Taxation treatment of death benefit
Reversionary beneficiary	Regular payments are made to your reversionary.	Tax free.
Estate	Your estate receives a lump sum payment.	Taxable in the hands of the estate. Note: if the estate pays benefits to a tax dependant, benefits 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.

³ 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
Other information

Your Annuity and family law

Family law provisions may affect your Annuity if you separate from your spouse. Your investment in the Annuity 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 to split your regular payments (and any lump sum payment made within the investment term). 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 – and assets test and an income test. Under both tests the Annuity receives beneficial treatment which reduces the assessable amount by a deduction amount that represents the return of you capital. The deduction amount can be calculated by using the following formula:

$$\frac{\text{Capital investment reduced by allowable withdrawals}}{\text{Term of the Annuity}}$$

The Annuity is assessed as follows.

Assets Test	Income Test
For 100% ATE annuities the amount assessed will be zero.	Regular payments received less the deduction amount.
For 50% ATE annuities the amount assessed is: 50% x (Purchase Price reduced by half the deduction amount each 6 months in arrears) or 50% x (Purchase Price reduced by the full deduction amount each 12 months in arrears, where yearly payments are made).	

The social security treatment of your Annuity under the assets test and income test will be outlined in your 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 question you may have. Your financial adviser can also help.

Privacy and personal information

We collect and use personal information to:

- process your application;
- provide and administer your Annuity and send you information;
- inform you about other products and services that may be useful to you;
- improve and personalise our products and services;
- conduct product and market research; and
- comply with our obligations under the law, including in respect of anti-money laundering, financial services and taxation laws.

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

- TFN or ABN: we may have to deduct tax at the highest marginal rate (plus applicable levies) from regular payments made to you.
- Account details: we may not be able to pay withdrawal proceeds or regular payments to you.
- Incomplete application: we may not be able to process your application.
- Insufficient identity verification documents: we may not be able to process your application or future withdrawal requests.

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);
- to professional service firms that provide services to us such as legal and audit services, or data or information services;
- to reinsurers;
- to related companies;

Challenger

Guaranteed Annuity (Complying)

- 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.

We do not disclose personal information to recipients in foreign jurisdictions.

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 tell us if you do not want to receive any of this kind of marketing material by contacting the Investor Services team.

For how you can correct or update the personal information we hold about you, or your reversionary, (see 'Keeping us informed' on page 11). If you believe your personal information has been misused and would like to make a complaint, please see the 'Complaints' section for instructions on how to do so. Our privacy policy also contains 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 our Investor Services team on 13 35 66.

Cooling-off rights

By law, investors have a cooling-off right. This means you can change your mind about buying an Annuity and ask for your capital to be returned to the SMSF it was rolled over from. The cooling-off right must be exercised within 14 days from the earlier of:

- when you receive confirmation your Annuity has started; or
- the end of the fifth business day after the day you bought your Annuity.

If you wish to exercise your cooling-off right, we must receive your written instructions and your original Policy Document and Investor Certificate before the expiry of the 14-day cooling-off period. These should be sent to:

Challenger Life Company Limited
GPO Box 3698
Sydney NSW 2001

The capital will be returned to the rollover institution from which the money was received.

If we have to pay any tax on the amount you paid for the Annuity, we will deduct it from your refund. If you have any questions about cooling-off rights, please contact your financial adviser or our Investor Services team on 13 35 66.

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 complaints). 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 our response or how the complaint has been handled (or if we have not responded within 45 days or 30 days in relation to privacy complaints), you may contact the following external dispute resolution scheme:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Tel: 1800 367 287
www.fos.org.au

Some complaints regarding annuities can also be made to:

The Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001
Tel: 1300 884 114
www.sct.gov.au

Changes to terms and conditions

We may change the terms and conditions of your Annuity if changes to tax or other law impacts your investment, or if necessary to comply with any law, ruling or determination of any relevant government authority.

We will notify you of any change before, or as soon as practicable after, the change, but no later than 12 months after the change has occurred (or three months if the change is materially adverse).

Incomplete or rejected application forms

To ensure that your application is processed efficiently it is important that you:

- complete all sections of the application form;
- provide all required identity verification documents outlined in the application form; and
- attach a valid quote to the application form.

Challenger

Guaranteed Annuity (Complying)

We have provided a checklist with the application form to help you to meet these requirements.

If your application form is not complete, we may not be able to proceed until the required information is received. In these situations we may:

- attempt to contact you and/or your financial adviser (if applicable); or
- hold your application money in a non-interest bearing account until we receive the required information.

Money may be held for a maximum period of 30 days (in a non-interest bearing account) commencing on the day we receive the funds. After this period your money will be returned to the SMSF it was rolled over from, by cheque.

Your Annuity will commence on the day that all outstanding information is received by us (or the next NSW business day if received after 3pm or on a non-business day in NSW), and you will receive the Challenger rates applicable at that time. We can accept or reject any application and are not required to give any reason for a refusal.

Customer identification program

In accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation, we need verification of your identity before the Annuity can start.

If you are investing via a financial adviser, they will be required to get identity verification documents from you, prior to lodging your application.

To do this, your financial adviser will need to see original or certified copies of your identity verification documents and take a copy of them. Your financial adviser will then send us copies of your identity verification documents together with your application form. If the application form is signed under power of attorney, we will also need a certified copy of the power of attorney and a specimen signature of the attorney.

If you have not provided identity verification documents to a financial adviser, you will be required to provide certified copies of your identity verification documents directly to us.

The application form explains who can certify documents.

We may be required to ask you for additional identity verification documentation and/or information about you or anyone acting on your behalf, either when we are processing your application or at some stage after we issue the Annuity. We may pass any information we collect and hold about you or your Annuity to the relevant government authority in accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation.

10

A brief guide to complying annuities

The information included in this section sets out our general summary of relevant legislation and rules as at the date the PDS was issued. The legislation and its interpretation could change in the future. If it does, we may have to change the terms of your Annuity to ensure it remains complying.

The requirements for a complying annuity

The Annuity will comply with the requirements to provide an ATE annuity for social security purposes, if it has the following features.

- The annuity cannot have a residual capital value.
- The term must meet certain criteria (see 'Fixed terms' below).
- Regular income payments may increase each year, either by a maximum of CPI + 1% or at a fixed rate of up to 5%, whichever is the greater.
- The annuity cannot be used as security for borrowing.
- The annuity is non-commutable (meaning you cannot withdraw) except in limited circumstances, including if you die before the end of the term.
- Regular income payments cannot decrease except after an allowable commutation.
- Regular income payments must be made at least annually.

Fixed terms

To qualify for an ATE, the term of your Annuity must be no shorter than your life expectancy at the time you buy the Annuity and no longer than the number of whole years until you turn age 100⁴, as set out in the following table. You can choose any fixed term within this range.

If you elect your spouse as a reversionary then the term of the Annuity can be:

- between your life expectancy and the number of whole years until you turn age 100; or
- if your reversionary's life expectancy is longer than yours, your reversionary's life expectancy and the number of whole years until your reversionary turns age 100.

Fixed term examples:

1. If a 65-year-old male elects his 62-year-old wife as a reversionary beneficiary, then to qualify for an ATE the term of the Annuity must be between 20 years and 38 years.
2. If a 95-year-old male elects his 85-year-old wife as a reversionary beneficiary, then to qualify for an ATE the term of the Annuity must be between 4 years and 15 years.

Investment terms required for ATE (complying) annuities

For an annuity to be complying, it must be payable for a permitted term as shown in the table below.

Age	Term (years)		Age	Term (years)	
	Male	Female		Male	Female
60	24-40	27-40	81	9-19	10-19
61	23-39	26-39	82	8-18	9-18
62	22-38	25-38	83	7-17	9-17
63	21-37	24-37	84	7-16	8-16
64	21-36	23-36	85	7-15	8-15
65	20-35	23-35	86	6-14	7-14
66	19-34	22-34	87	6-13	7-13
67	18-33	21-33	88	5-12	6-12
68	17-32	20-32	89	5-11	6-11
69	17-31	19-31	90	5-10	5-10
70	16-30	18-30	91	4-9	5-9
71	15-29	17-29	92	4-8	5-8
72	14-28	17-28	93	4-7	4-7
73	14-27	16-27	94	4-6	4-6
74	13-26	15-26	95	4-5	4-5
75	12-25	14-25	96	3-4	4-5
76	12-24	14-24	97	3-4	3-5
77	11-23	13-23	98	3-4	3-4
78	10-22	12-22	99	3-4	3-4
79	10-21	11-21	100	3-4	3-4
80	9-20	11-20			

To make sure you get the appropriate Annuity with all the necessary requirements for your individual circumstances, you should speak with your financial adviser, who can assist you choose the features and conditions that meet your circumstances. Your local Centrelink or Department of

⁴ If the number of years to age 100 is less than or equal to the applicable life expectancy, you can choose a term no shorter than the applicable life expectancy and no longer than the life expectancy that would apply if you (or your spouse, if applicable) were five years younger.

Challenger

Guaranteed Annuity (Complying)

Veterans' Affairs office can help answer any questions you may have. You can contact Centrelink by calling 13 23 00 or the Department of Veterans' Affairs on 13 32 54.

Income and assets tests

Centrelink and the Department of Veterans' Affairs have two tests to determine eligibility for an income support benefit. These tests are the income and assets tests. The test that produces the lowest income support entitlement is used to calculate your benefit.

Under the rules, ATE annuities will be either 50% or 100% exempt from the assets test, provided the recipient satisfies the exemption criteria. Whether the Annuity is 50% or 100% ATE depends on the ATE status of the income stream paid from the SMSF from which rollover monies are received.

For 100% ATE annuities, the asset value for the purpose of the social security assets test will be zero.

For 50% ATE annuities, the asset value for the purpose of the social security assets test in the first year of investment will be 50% of the capital investment. If you choose to receive regular payments annually, then at the beginning of each subsequent year, the asset value for the purpose of the social security assets test will be calculated using the following formula:

$50\% \times (\text{Purchase Price reduced by the full deduction amount for each 12 months lapsed})$. For more information see 'Social security' on page 14.

For both 50% and 100% ATE annuities, the amount assessed for the purpose of the social security income test is the regular payment less the deduction amount. For more information see 'Social Security' on page 14.

Conditions for retaining ATE on complying annuities

The Annuity is designed to accept monies rolled over from an SMSF that is currently paying an ATE lifetime, life expectancy or term allocated (market linked) income stream.

In order for the Annuity to retain the 100% or 50% ATE status held by the original income stream, it is critical the relevant conditions outlined in the 'Guide to Social Security Law', section 4.9.2.17 (<http://guides.dss.gov.au/guide-social-security-law>) are met.

The most common conditions relating to SMSFs are as follows:

- the income stream is a defined benefit pension as defined in the superannuation laws but does not satisfy the high probability requirements specified in section 9A(1)(b) or 9B(1A)(b) of the Social Security Act 1991; or
- the SMSF has closed because a member of the SMSF supporting the income stream has died; or

- the SMSF has closed because the administrative responsibilities of the SMSF have become too onerous due to the age or incapacity of a trustee of the SMSF.

Under any of these conditions, it is critical that all of the assets backing the original complying pension in the SMSF are used to buy the Annuity. This includes pension reserves (if any) specifically backing the original complying pension. If only some of the relevant assets are used to buy the Annuity, it will be 100% assets tested by Centrelink.

Failure to meet all the relevant conditions will lead to the Annuity becoming reassessed by Centrelink as an assets tested income stream.

Challenger Guaranteed Annuity (Complying) Application Form – Individuals (Issue date: 27 September 2016)

SPDS 1 July 2019
SPDS2 12 February 2020

Office use only

When you complete the form: • use a black pen • print within the boxes in clear BLOCK LETTERS

1. Investor details

1A. Investor

Do you already have an investment with Challenger? ☐ Yes ☐ No Policy No. (if known) _____

Surname _____

Given name(s) _____

Title (Mr/Mrs/Miss/Ms) _____ Date of birth ____/____/____ Age Male ☐ Female ☐

What other names are you known by? _____

Are you an Australian resident for tax purposes? ☐ Yes ☐ No If No, in which country do you reside for tax purposes? _____

Telephone (home) _____ Telephone (work) _____

Mobile _____

Email address _____

Residential address (street address must not be a PO box) _____

Suburb/town _____ State _____ Postcode _____

Country _____

If your country of residence is not Australia or New Zealand, please ensure that you also complete section 7.

2. Investment details

Amount to be invested \$ _____ (minimum \$10,000).

If your superannuation benefit statement is not attached to this application form, please complete the following:

Name of fund or rollover institution _____

Approximate amount \$ _____

(Note: You must organise and follow-up the rollover directly with your existing superannuation or rollover institution.)

Please select (✓) the origin and source of funds being invested.

- ☐ Income from regular employment – regular and/or bonus ☐ Investment income (e.g. rent, dividends, pension)
- ☐ Business income (income from operating a business) ☐ One-off payment (e.g. matured investment, court settlement, redundancy, inheritance)
- ☐ Sale of assets (e.g. shares, property) ☐ Windfall (e.g. gift, lottery winnings) ☐ Borrowed funds

3. Annuity options

Please set up my Annuity as per quote ID: _____

The term of the Annuity must meet the requirements set out in page 17 of the PDS.

Note. The quote ID can be found at the top of the quotation.

The Challenger Guaranteed Annuity (Complying) PDS dated 27 September 2016 (PDS) gives information about investing in the Annuity. Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) is the Issuer of the Annuity. Any person who gives another person access to this application form must also give the person access to the PDS and any supplementary PDS. You should read the PDS before completing this application form.

Challenger Life Company Limited or a financial adviser who has provided an electronic copy of the PDS will send you a paper copy of the PDS and any supplementary document and application form free of charge if you so request.



4. Financial institution account details – we will make your regular payments to this account

Investor 1

Cheque payments are not available.

Bank

Branch

Account name

BSB number

-

Account number

5. Reversionary beneficiary election (spouse only)

If you complete this section then in the event of your death, your annuity will continue to be paid to your spouse, subject to the terms set out in the PDS and superannuation laws.

Name

Date of birth

Address

Suburb

State

Postcode

Telephone number ()

6. Customer identity verification

If you do not have an existing investment with Challenger, you must complete this section. If you are lodging this application through a financial adviser, they are required to provide us with copies of the identity verification documents. If you are not lodging this application through a financial adviser, you are required to provide us with certified copies of the identity verification documents. Please see page 21 for a list of who can certify the documents.

Please provide EITHER A or B

Note: At least one document must show your date of birth.

A. a valid copy of ONE of the following documents:

- ☐ Australian driver's licence containing your photograph; or
- ☐ Passport containing your photograph and signature; or
- ☐ A card issued under a State or Territory law containing your photograph and proof of age.

B. OR if one of the above cannot be provided, please provide one document from group 1 and one document from group 2 below:

Group 1

A copy of one of the following documents:

- ☐ Birth certificate or Australian birth extract; or
- ☐ Australian citizenship certificate; or
- ☐ Pension or Health care card issued by Centrelink or Department of Veterans' Affairs

Group 2

(The document must contain your full name and current residential address as shown in section 1 of the application form)

A copy of one of the following documents issued to you:

- ☐ A notice or bill issued within the preceding three months from a local government body or utilities provider that records the provision of services to you, e.g.:
 - Council rates notice
 - Electricity bill
 - Gas bill
 - Water rates notice
 - Telephone bill
 - Internet services bill
- ☐ A letter or notice issued within the preceding 12 months from a Commonwealth or State/Territory government department that records the provision of financial benefits to you, e.g.:
 - Pension Statement
 - Rent Assistance Statement
 - Mobility Allowance Statement
 - Utilities Allowance Statement
- ☐ A letter or notice issued to you within the preceding 12 months from the ATO that records a debt or refund payable by or to you, e.g.:
 - Notice of Assessment
 - Payment reminder
- ☐ If residing in a care facility, a notice or invoice issued by that facility within the preceding three months that records the provision of care services to you







8. Adviser service fees (as per attached quotation)

Upfront adviser service fee* . %

Ongoing adviser service fee (p.a.) \$, .

* The dollar amount of this service fee is shown on the quotation provided to you by your adviser. We will also confirm the amount on your Investor Certificate.

I/We authorise the payment of the above adviser service fee(s) and acknowledge that the ongoing adviser service fee is an ongoing arrangement that will continue until I/we direct our financial adviser or inform Challenger otherwise. I/We understand that fees cannot be refunded by Challenger once paid to my/our adviser.

Where I/we have consented to the payment of an adviser service fee(s), I/we direct Challenger to pay the fee(s) to the Australian Financial Services Licensee responsible for my/our financial adviser (or my/our financial adviser directly if they are the Licensee) and I/we acknowledge that the amount of my/our regular payments will be less than if I/we chose not to pay a fee(s).

9. Declaration

I/We declare that:

- all details in this application (including all related documents provided) are true and correct and I/we indemnify Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) against any liabilities whatsoever arising out of it acting on any incorrect or misleading information provided by me/us in connection with this application or in the future;
- I/we have received a copy of the current PDS and Policy Document to which this application applies and have read them. I/We agree to be bound by the provisions of the policy (including the Policy Document and Investor Certificate) and this PDS and application. In the event of any inconsistency between the PDS and Policy Documents, I/we acknowledge that the Policy Documents prevail;
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer in Australia;
- the details of my/our investment can be provided to the dealer group or adviser by the means and in the format that they direct;
- I/we understand that the application form, together with any superannuation benefit statement (if applicable) and Challenger quotation will be relied upon by Challenger Life Company Limited in its decision to issue a Guaranteed Annuity policy. Where the information on the quotation differs to that on the application form, the policy will be based on the information provided on the application form;
- if this application is signed under power of attorney, the attorney declares that he/she has not received notice of revocation of that power (a certified copy of the power of attorney should be submitted with this application unless we have already sighted it);
- I/we confirm that I am/we are not holding the Annuity on behalf of anybody else;
- I/we acknowledge and provide my/our express consent and authorisation to Challenger to pay the adviser service fees mentioned in section 8 of this application form to my/our financial adviser.
- I confirm that this Guaranteed Annuity is being purchased with a rollover from a lifetime, life expectancy or term allocated (market linked) assets test exempt (complying) income stream which satisfies section 9A or 9B or 9BA of the Social Securities Act 1991.

In relation to your personal information:

- I/we acknowledge that I/we have read the pages of the PDS containing the information under the heading 'Privacy and personal information'. I am/We are aware that until I/we inform Challenger Life Company Limited otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to the provision of, and authorised (if applicable) my/our financial adviser to provide, such personal information to Challenger and its related entities as is required or reasonably deemed necessary by Challenger and its related entities under applicable law. I/We declare that any third party information in this application has been provided with the third party's consent and I/we have shown that third party the pages of the PDS containing the information under the heading 'Privacy and personal information';
- I/we understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible uses or disclosures of my/our information as detailed on the PDS (except in relation to direct marketing material), my/our application may not be accepted by Challenger Life Company Limited and we agree to release and indemnify Challenger Life Company Limited in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided.

Investor

Signature (please sign)

Date

Print name

Important notes

Challenger Life Company Limited may in its absolute discretion refuse any application for a policy. Persons external to the Challenger Group or other entities who market Challenger Group products are not agents of any entity in the Challenger Group but are independent investment advisers. Challenger will not be bound by representations or statements which are not contained in information disseminated by Challenger. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act. This Annuity is offered by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670).





10. Additional transfer information

The details of the original transferring assets test exempt (complying) income stream are as follows:

Date income stream purchased/commenced: / /

Original assets test exempt (Complying assets test exempt (please tick):

- ☐ 50% assets test exempt
☐ 100% assets test exempt

11. Adviser details

By signing this section I declare that:

- the attached documents are true copies of the documents used to satisfy the customer identity verification requirements and I have complied with my obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.
- I have provided the required additional identity verification information and documents and understand that payments will be withheld until any additional information required is provided.
- I confirm that the adviser service fees set out in section 8 of this application form have been agreed to by the applicant.

Adviser full name

Adviser group name

Adviser group AFSL No.

Adviser telephone

Signature
(please sign)

Date





Before sending us your application form, please ensure you have provided us with:

- ☐ your investor details in section 1
 - ☐ your investment details included in section 2 including the investment amount and rollover details
 - ☐ a valid quote and the quote ID in section 3
 - ☐ your financial institution account details in section 4
 - ☐ your beneficiary details in section 5
 - ☐ the required customer identity verification documents and information as outlined in sections 6 and 7
 - ☐ details of any upfront or ongoing adviser fees in section 8
 - ☐ the transferring trustee declaration in section 10
 - ☐ your adviser declaration in section 11
 - ☐ a TFN declaration. It is not an offence not to quote your TFN, but if you choose not to quote it, tax may need to be deducted at the highest marginal rate (plus applicable government levies)
 - ☐ all rollover information (generally provided by the rollover institution) if rolling over from within the superannuation system
- and that you have:
- ☐ read the declaration and signed section 9

Adviser comment/special instructions



Contact details

By phone

Investor Services team 13 35 66 (during Sydney business hours)

By email

info@challenger.com.au

By fax

02 9994 7777

By mail

Challenger Life Company Limited
Reply Paid 3698
Sydney NSW 2001

Website

www.challenger.com.au

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