

Challenger Lifetime Annuity (Liquid Lifetime)

Helping you gain
peace of mind in
retirement by turning
your super or savings
into a monthly
income for life.



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About this PDS

This PDS relating to the Challenger Guaranteed* Annuity (also referred to as **Liquid Lifetime** or the **Annuity**) provides information to help you assess if Liquid Lifetime 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 Liquid Lifetime, 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.

Liquid Lifetime is issued by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (referred to as **Challenger Life, Challenger, we, us, or our**) who is a member of the Challenger Limited group of companies (**Challenger Group**). Mail: Reply Paid 3698, Sydney NSW 2001. Phone: 13 35 66. Email: info@challenger.com.au.

Challenger Life is a registered life company under the *Life Insurance Act 1995* (Cth) (**Life Act**), and is regulated by the Australian Prudential Regulation Authority (**APRA**). Investments go into a secure fund along with the investments received from other annuity investors. This is known as a 'statutory fund' (**Statutory Fund**), which Challenger Life is required to maintain under the Life Act. APRA monitors the Statutory Fund's investments, the aim of which is to ensure that Challenger Life can meet payment promises to investors. If at any time Challenger Life does not achieve investment returns that are sufficient to cover all the promises Challenger Life has made to annuity investors, Challenger Life must cover the shortfall from the money Challenger Life has invested in the Statutory Fund. The income Challenger Life agrees to pay annuity investors is guaranteed to be payable for life.

Challenger Life is not an authorised deposit-taking institution for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an authorised deposit-taking institution in the Challenger Group (**Challenger ADI**) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Challenger Life. **Accordingly, unless specified otherwise, the performance, the repayment of capital and any particular rate of return on your investments are not guaranteed by any Challenger ADI.**

References in this PDS to the 'RBA cash linked' payment option relate to the option to link your regular payments made by us to changes in the official cash rate target published by the Reserve Bank of Australia (RBA). Challenger is not affiliated with the RBA, and this option is not endorsed by the RBA. More information about this option can be found in the PDS and Policy Document.

Liquid Lifetime will only be issued when an application in the form approved by Challenger is received and accepted by us. 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 27). 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.

* If you invest in the Flexible Income (Market-linked payments) or Enhanced Income (Market-linked payments) option, only the first year's monthly income amount is guaranteed. After the first year, regular payments will index up or down annually so that they adjust with changes in your chosen market-linked payment option. In periods of poor performance, payments can index down below the starting payment (see page 14).

Who is Challenger?

Challenger has been providing financial services to Australians since 1985 and is the largest provider of annuities in the country. Our vision is to provide customers with financial security for a better retirement.

Challenger Limited is our parent company, an ASX-listed company with group assets under management of \$106 billion*. It is regulated by the Australian Prudential Regulation Authority (APRA). To learn more about Challenger, visit challenger.com.au/about-us.

Our promise to pay you income for life is not impacted by any movements in Challenger Limited's share price.

Challenger provides reliable income to investors through its management of more than \$22 billion in assets*.

What is Liquid Lifetime?

Liquid Lifetime is a lifetime annuity. A lifetime annuity is an investment that pays you income for life in return for a lump sum investment.

Depending on the payment option selected by you, payments will either be fixed, indexed to inflation, linked to changes in the RBA cash rate or indexed to investment markets.

The monthly income we agree to pay you is paid for your lifetime (and your spouse's lifetime if you choose to include your spouse as part of the investment), regardless of how long you live, helping to give you peace of mind in retirement.

Liquid Lifetime has won a number of awards, including the 2017 Money Management Retirement Product Innovation award, 2018 Chant West Best Fund: Longevity Product award and the 2018 Association of Financial Advisers (AFA) Long Term Income Stream award. Challenger was also named AFA Annuity Provider of the Year in 2021 for the thirteenth year in a row.

Liquid Lifetime pays you monthly income for life.

*As at 31 March 2022.

How Liquid Lifetime works

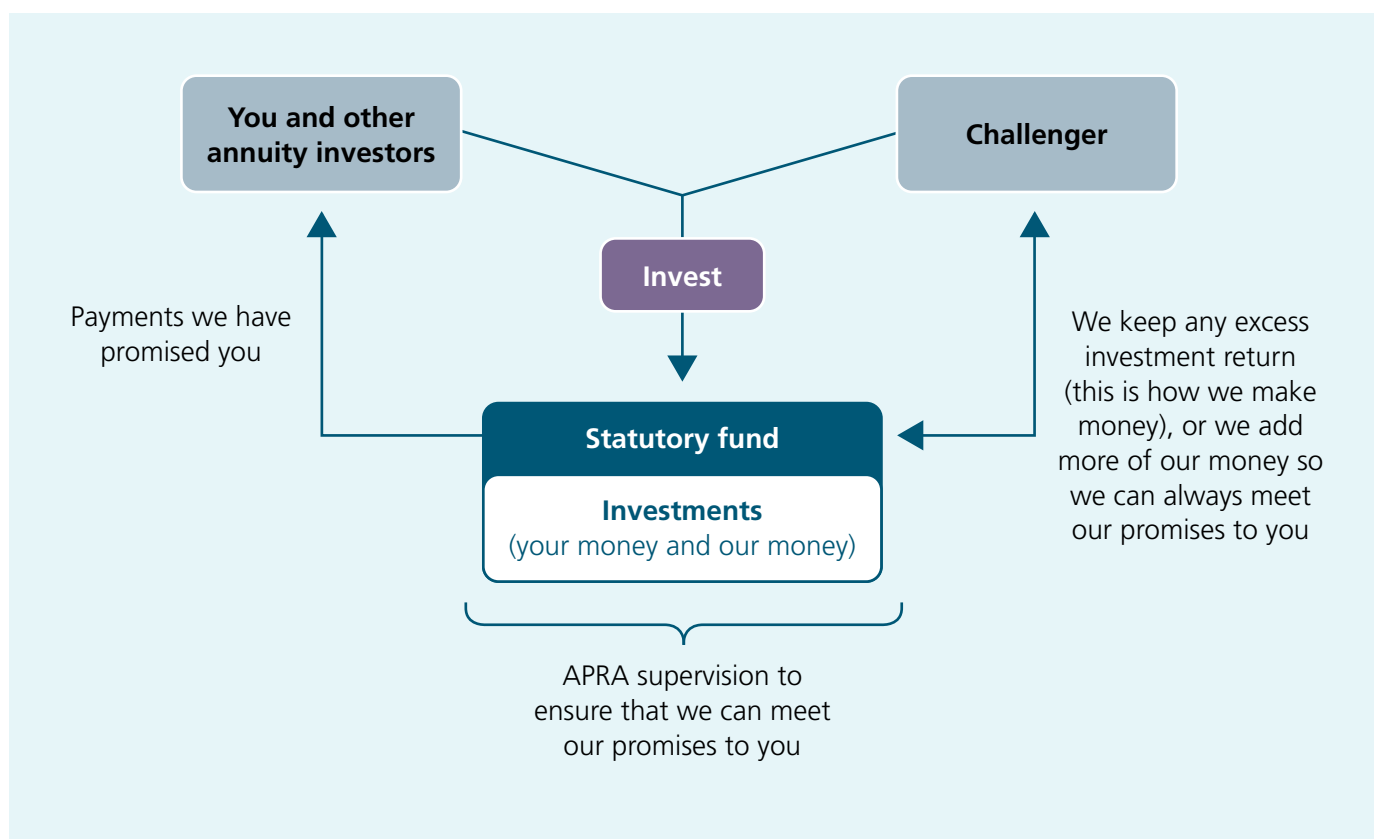
When you buy a Liquid Lifetime, your investment goes into a fund along with the investments received from other annuity investors. This fund is known as a 'statutory fund', and all regular payments to our annuity investors are paid from this fund. We are also required by APRA to invest our own money 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 authority that regulates the banking, insurance and superannuation industries. 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 2021, we had over \$3 billion of our own money invested in the funds that we manage. That's more than 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.

Our promise to pay you income for life is not impacted by any movements in Challenger Limited's share price.



Think you know annuities? Liquid Lifetime is different

Liquid Lifetime really is different and that is why it has won so many awards. Here are some common annuity myths that Liquid Lifetime busts.

Myth 1

You have to invest all of your retirement savings

You do not have to invest all of your money into Liquid Lifetime. You can choose to invest only a portion of your super or personal savings and receive income for life. You can invest as little as \$10,000.

Myth 2

If your circumstances change, it's too bad – you are locked in

Liquid Lifetime has a long period where you can choose to cancel the investment and receive back a lump sum withdrawal payment – just in case your circumstances change*.

Myth 3

If you die, you lose all your money

Liquid Lifetime pays a guaranteed death benefit if you die early*. The death benefit is up to 100% of the amount you invest and is payable to the beneficiaries you nominate or to your estate.

Myth 4

Annuities are expensive with high fees

Liquid Lifetime has no fees (although you may agree to pay fees to your adviser for their services). The amount we promise to pay you is what you will receive. This is important to note when comparing Liquid Lifetime to other investments that may charge separate management and investment fees.

So how do we make money? We simply invest the money you give us. 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.

Myth 5

It is a bad time to invest if interest rates are low

As Liquid Lifetime is a very long-term investment, the payments we offer are based on long-term interest rates. That means they already have future expected interest rate movements priced in.

You can also choose to have your payments linked to changes in the RBA cash rate (this option is called 'RBA cash linked') or in line with movements in domestic and global investment markets (this option is called 'Market-linked payments'). Choosing either of these options will mean that your payments increase or decrease as cash rates or investment markets change.

Myth 6

Annuities provide a lower rate of return compared to other investments

When comparing Liquid Lifetime to other investments, it is important to remember that Liquid Lifetime pays you income for life and that you have the option to have your lifetime payments adjusted each year in line with movements in the Consumer Price Index (CPI), in line with movements in the RBA cash rate (this option is called 'RBA cash linked') or in line with movements in domestic and global investment markets (this option is called 'Market-linked payments').

Considering that you receive income for life, our payment rates are very competitive when compared to other investments.

* You can ask us to change these features in return for different starting payments. But the choice is totally yours.

Which Liquid Lifetime option is right for you?

Flexible Income (Immediate payments)

Choose this option if you want income certainty. You will receive CPI-indexed payments for life that start a month after investment. Alternatively, you can ask to have payments fixed (so that they never change) or linked to changes in the RBA cash rate (so that they move up and down whenever the cash rate changes).

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Flexible Income (Deferred payments)

Choose this option if you want income certainty but you do not want payments to start immediately. You will receive CPI-indexed payments for life that commence at a future time that you choose. Alternatively, you can ask to have the deferred payments fixed (so that they never change) or linked to changes in the RBA cash rate (so that they move up and down whenever the cash rate changes).

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Flexible Income (Market-linked payments)

Choose this option if you want your payments linked to changes in investment markets. Your payments will be less predictable year to year because payments will be indexed up and down based on the performance of your chosen market index. You will receive payments for life that start a month after investment.

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Flexible Income (Immediate payments) option

Snapshot

- You can use your super or personal savings to invest.
- Monthly payments continue for life (and your spouse's life if you choose).
- Payments start a month after investment.
- Payments keep pace with inflation (CPI-indexed payments).
- Payments are guaranteed regardless of how investment markets perform.
- Monthly payments are tax free if you use your super to invest.
- Up to 100% of your investment is repaid to your nominated beneficiaries or estate if you die within the withdrawal period.
- It has a withdrawal value for a period based on your life expectancy – just in case your circumstances change and you no longer require lifetime income.

	The summary	The detail
Who can invest?	Anyone aged 18 years and older (aged 60 years and older if you are using your super to invest).	<ul style="list-style-type: none"> • The minimum investment is \$10,000. • If you are using your super to invest, you must be aged 60* or over and have unrestricted access to your super. • You cannot buy Liquid Lifetime if you live in a residential aged care facility or if you have an Aged Care Assessment Team/Service (ACAT/ACAS) approval that specifies that you are eligible to move into a facility. • If you have a self-managed superannuation fund (SMSF), you can invest via a rollover of the investment amount – Liquid Lifetime cannot be held as a direct investment of the SMSF. • You should consider the Liquid Lifetime Target Market Determination (TMD) before making a decision about whether to invest. A copy of the TMD can be obtained from your financial adviser, by calling us or online (see back cover).
When do payments start?	The first payment is made a month after your Liquid Lifetime starts.	Payments will be made monthly around the same day of the month for the rest of your life (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime). Payments will be paid by electronic transfer to your bank, building society or credit union account.
How much income will I receive?	We offer competitive payments based on how long you are likely to live, the options you choose and current investment market conditions.	<p>We guarantee your regular income at the start of your Liquid Lifetime and agree to pay a regular income monthly for your lifetime (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime).</p> <p>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 consider if Liquid Lifetime is a suitable investment for you.</p> <p>If you are using your super to invest, your regular monthly income will be tax free. If you are using non-super money to invest, only a portion of your regular monthly income will be treated as assessable income for tax (see page 24 for more information).</p>

* 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. For more information, refer to the Additional Information Guide, available online (see back cover).

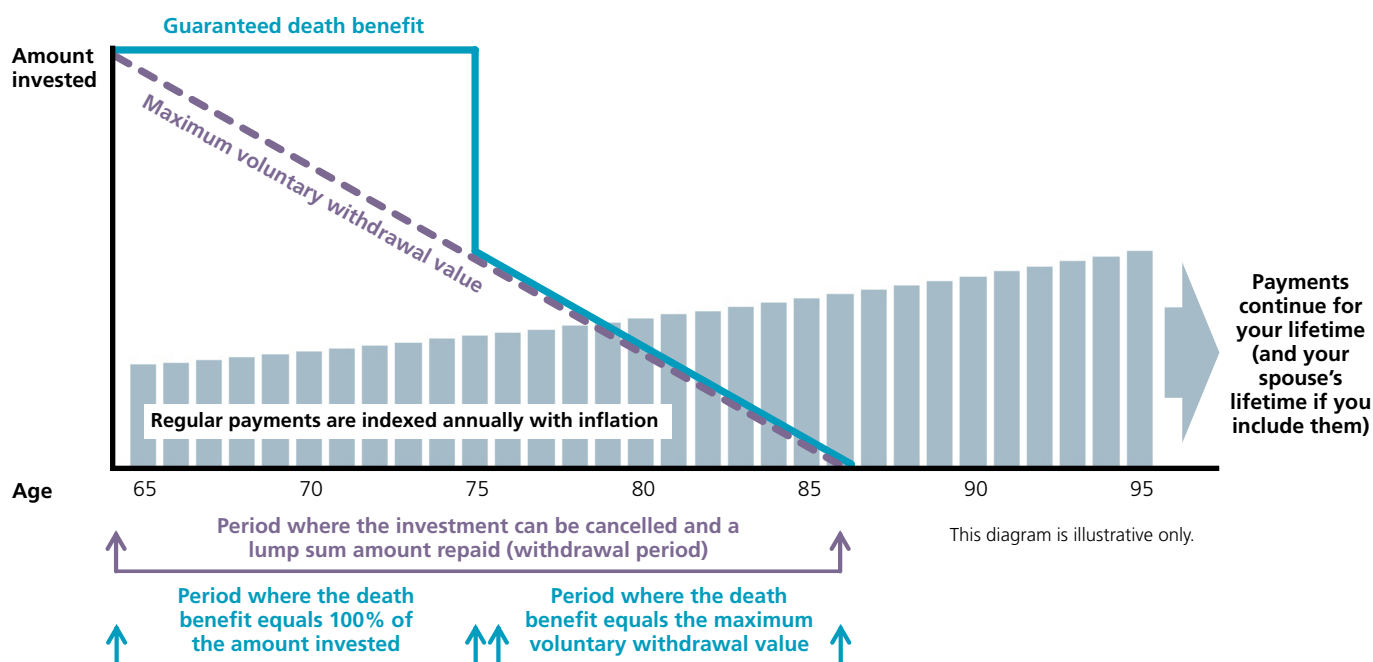
	The summary	The detail
Will my regular payment amount change over time?	<p>Payments will be adjusted each year in line with movements in the CPI, unless you ask us to link them to changes in the RBA cash rate or not to adjust them.</p>	<p>After you invest, regular payments will change annually so that they keep pace with changes in the CPI. This helps protect the purchasing power of your regular payments.</p> <p>Payments will be indexed after each anniversary of the start of your Liquid Lifetime (for example, the first payment to be indexed will be the 13th monthly payment). If the change in CPI is positive, your regular payments will increase, and if the change in CPI is negative your payments will reduce. How CPI is calculated can be found in section 7 of the enclosed Policy Document.</p> <p>Before starting a Liquid Lifetime, you can ask us not to index payments to changes in the CPI by choosing an alternative payment option. The other options available are:</p> <ul style="list-style-type: none"> • You can choose to link payments to changes in the RBA cash rate (called 'RBA cash linked'). If you choose RBA cash linked, your regular payments will change whenever there is a change in the RBA cash rate (whether it be an increase or decrease). If the RBA cash rate reduces, your payments will reduce. If the RBA cash rate increases, your payments will increase. • You can choose to only partially index your payments annually with movements in the CPI (called 'partial CPI'). If you choose partial CPI, your regular payments will change annually in line with any increase in the CPI that is greater than 2%; for example, if the change in CPI is 3%, your payments will increase by 1%. If the change in CPI is between zero and 2%, your payments will be unchanged. If the change in CPI is negative, your payments will reduce. • You can choose fixed payments that never change (called 'no indexation'). By choosing the no indexation option, you will generally have greater purchasing power now; however, over time the purchasing power of your regular payments is likely to reduce as a result of inflation. <p>Further information on each payment option can be found in section 7 of the enclosed Policy Document.</p> <p>The starting payment of each option is different. You can request a payment quote from your adviser or by calling us (see back cover). You cannot change your indexation choice after your Liquid Lifetime has started.</p> <p>Examples of how changes in the CPI or RBA cash rate are applied to regular payments are provided in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p>
How long will I receive payments for?	<p>We guarantee payments will be paid for your lifetime, and if you choose, the lifetime of your spouse.</p>	<p>If you would like payments to also be made for your spouse's lifetime, you must make this choice at the start of your Liquid Lifetime. Your spouse will be referred to as the 'reversionary life insured'.</p> <p>The amount of regular payments we promise to pay you will be lower if you include your spouse as part of the investment because we are likely to have to make payments for a longer period of time.</p> <p>It is important to understand that once your Liquid Lifetime starts, you cannot add your spouse, or change your nominated spouse. This is because your spouse's life expectancy is also used to determine the regular payments we promise to pay you. You can choose to remove your spouse from your Liquid Lifetime at any time; however, if you do so, your regular payments do not change.</p> <p>If you are using your super to invest, '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 life insured, and upon your death your Liquid Lifetime will end.</p> <p>Payments will stop if you withdraw your Liquid Lifetime.</p>

	The summary	The detail
Can I withdraw if my circumstances change?	<p>Yes. While you should only invest in Liquid Lifetime if you plan to keep it for life, it has a long withdrawal period based on your life expectancy where you can ask to be repaid a lump sum amount if your circumstances change.</p>	<p>For example, a 65-year-old female who invests can withdraw at any time during the first 22 years of investment (called the 'withdrawal period'). The withdrawal period that will apply to you is shown on your payment quote available from your adviser or by calling us (see back cover). A table of withdrawal periods by age and sex is also available in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>The maximum withdrawal value starts at 100% of the amount you invest and progressively reduces until it reaches zero at the end of the withdrawal period. The actual withdrawal value we pay you is impacted by movements in interest rates and an allowance for the cost to us of breaking the investment, and cannot exceed the maximum. That is why it is only possible to determine the withdrawal value at the time of withdrawal. If you withdraw, your regular payments stop.</p> <p>We have examples of withdrawal values and how they are impacted by interest rate movements in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>You cannot make partial withdrawals.</p> <p>After the withdrawal period has ended, your Liquid Lifetime will no longer have a withdrawal value and you will continue to receive monthly income for the rest of your life (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime).</p> <p>Before starting a Liquid Lifetime, you can ask us to remove the withdrawal period and the death benefit in return for higher starting payments – called the Enhanced Income (Immediate payments) option. If you choose this option, your Liquid Lifetime will never have a withdrawal value. The withdrawal period cannot be added back to your Liquid Lifetime once it has started.</p>
Will my family receive anything back when I die?	<p>If you (and your spouse if you have included them as part of your Liquid Lifetime) die within the withdrawal period, we will make a lump sum payment to the beneficiaries you nominate or your estate.</p>	<p>The amount payable upon death is guaranteed at the start of your Liquid Lifetime. For half of your withdrawal period (rounded down to a whole year), there is a money back guarantee. During this period we will pay a death benefit equal to 100% of the amount invested. This amount is not reduced by any payments made up until the time of death, although it may be subject to tax as detailed below.</p> <p>For the remainder of the withdrawal period, we will pay a death benefit equal to the maximum withdrawal amount. We do not pay anything if you die outside the withdrawal period. The applicable death benefit is only payable after the death of all persons included as part of the investment.</p> <p>A death benefit illustration is shown on the payment quote available from your adviser or by calling us (see back cover).</p> <p>If you are using non-super money to invest, the death benefit we pay may be comprised of a repayment of capital as well as income, for tax purposes. Depending on how long you have been receiving regular payments, the income component could potentially form a significant part of the lump sum payable. The recipient of the payment is subject to tax on the income component.</p> <p>If you are using super money to invest, the withdrawal value we pay will be tax free if the death benefit is paid to a tax dependant. As with all super investments, if the death benefit is paid to a non-tax dependant, it may be subject to tax.</p>

	The summary	The detail
Will my family receive anything back when I die? (continued)		Before starting a Liquid Lifetime, you can ask us to remove the death benefit and the withdrawal period in return for higher starting payments – called the Enhanced Income (Immediate payments) option . If you choose this option, your Liquid Lifetime will not have a death benefit. This means that when you (and your spouse if you have included them as part of your Liquid Lifetime) die, the regular payments stop and nothing is payable to your estate or nominated beneficiaries. The death benefit cannot be added back to your Liquid Lifetime once it has started.
Can I add more money to my investment?	No	You cannot add more money to your Annuity after it has started; however, you can commence a new additional Liquid Lifetime at any time.

Flexible Income (Immediate payments) illustration

This example is based on a 65-year-old female with CPI-indexed payments. For a personalised illustration, you can request a payment quote from your adviser or by calling us (see back cover).



Flexible Income (Deferred payments) option

Snapshot

- You can only use your super to invest.
- You choose when monthly payments start.
- You receive higher starting payments than if you choose to start payments immediately.
- Once payments commence, they are payable for life (and your spouse's life if you choose).
- Deferred payments keep pace with inflation (CPI-indexed payments) – even in the deferral period.
- Payments are guaranteed regardless of how investment markets perform.
- Monthly payments are tax free once they commence.
- Up to 100% of your investment is repaid to your nominated beneficiaries or estate if you die within the withdrawal period.
- It has a withdrawal value for a period based on your life expectancy – just in case your circumstances change and you no longer require lifetime income.

	The summary	The detail
Who can invest?	Anyone aged 60* years and older using their super to invest.	<ul style="list-style-type: none">• The minimum investment is \$10,000.• You must have unrestricted access to your super.• You cannot buy Liquid Lifetime if you live in a residential aged care facility or if you have an Aged Care Assessment Team/Service (ACAT/ACAS) approval that specifies that you are eligible to move into a facility.• If you have a self-managed superannuation fund (SMSF), you can invest via a rollover of the investment amount – Liquid Lifetime cannot be held as a direct investment of the SMSF.• You should consider the Liquid Lifetime Target Market Determination (TMD) before making a decision about whether to invest. A copy of the TMD can be obtained from your financial adviser, by calling us or online (see back cover).
When do payments start?	Payments commence a month after the deferral period you choose.	<p>The deferral period you choose must be in whole years, and payments must start no later than the investment anniversary after you turn age 100 (or your spouse turns age 100 if they are older than you and you have included them as part of your Liquid Lifetime). You can only include your spouse as part of the investment if they are aged 65 or older at the time of investment.</p> <p>Once your payments commence, payments will be made monthly around the same day of the month for the rest of your life (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime). Payments will be paid by electronic transfer to your bank, building society or credit union account.</p>

* 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 if you are under age 60, for example if you have been assessed as totally and permanently disabled by your super fund. For more information, refer to Additional Information Guide, available online (see back cover).

	The summary	The detail
How much income will I receive?	We offer competitive payments based on how long you are likely to live, the payment deferral period you choose and current investment market conditions.	<p>We guarantee your regular income at the start of your Liquid Lifetime and agree to pay a regular income after the deferral period you choose for your lifetime (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime).</p> <p>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 consider if Liquid Lifetime is a suitable investment for you.</p> <p>Your regular monthly income will be tax free.</p>
Will my regular payment amount change over time?	Deferred payments will be adjusted each year in line with movements in the Consumer Price Index (CPI), unless you ask us to link them to changes in the Reserve Bank of Australia (RBA) cash rate or not to adjust them.	<p>After you invest, deferred payment amounts will change annually so that they keep pace with changes in the CPI, even if they are not yet payable to you. This helps protect the purchasing power of your future regular payments.</p> <p>Deferred payments will be indexed after each anniversary of the start of your Liquid Lifetime (for example, the first deferred payment to be indexed will be the 13th deferred monthly payment). If the change in CPI is positive, your deferred payment amounts will increase, and if the change in CPI is negative, your deferred payments will reduce. How CPI is calculated can be found in section 7 of the enclosed Policy Document.</p> <p>Before starting a Liquid Lifetime, you can ask us not to index payments to changes in the CPI by choosing an alternative payment option. The other options available are:</p> <ul style="list-style-type: none"> • You can choose to link payments to changes in the RBA cash rate (called 'RBA cash linked'). If you choose RBA cash linked, your payments will change whenever there is a change in the RBA cash rate (whether it be an increase or decrease). If the RBA cash rate reduces, your payments will reduce. If the RBA cash rate increases, your payments will increase. • You can choose to only partially index your payments annually with movements in the CPI (called 'partial CPI'). If you choose partial CPI, your payments will change annually in line with any increase in the CPI that is greater than 2%; for example, if the change in CPI is 3%, your payments will increase by 1%. If the change in CPI is between zero and 2%, your payment will be unchanged. If the change in CPI is negative your payments will reduce. • You can choose fixed payments that never change (called 'no indexation'). By choosing the no indexation option, you will generally have greater purchasing power now; however, over time the purchasing power of your regular payments is likely to reduce as a result of inflation. <p>Further information on each payment option can be found in section 7 of the enclosed Policy Document.</p> <p>The starting deferred payment of each option is different. You can request a payment quote from your adviser or by calling us (see back cover). You cannot change your indexation choice after your Liquid Lifetime has started.</p> <p>Examples of how changes in the CPI or RBA cash rate are applied to deferred payments are provided in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p>

	The summary	The detail
How long will I receive payments for?	After the deferral period, we guarantee payments will be paid for your lifetime, and if you choose, the lifetime of your spouse.	<p>If you would like deferred payments to also be made for your spouse's lifetime, you must make this choice at the start of your Liquid Lifetime. Your spouse will be referred to as the 'reversionary life insured'.</p> <p>The amount of deferred regular payments we promise to pay you will be lower if you include your spouse as part of the investment, because we are likely to have to make payments for a longer period of time.</p> <p>It is important to understand that once your Liquid Lifetime starts, you cannot add your spouse, or change your nominated spouse. This is because your spouse's life expectancy is also used to determine the regular payments we promise to pay you. You can choose to remove your spouse from your Liquid Lifetime at any time; however, if you do so, your regular payments do not change.</p> <p>'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 life insured, and upon your death your Liquid Lifetime will end.</p> <p>Payments will stop if you withdraw your Liquid Lifetime.</p>
Can I withdraw if my circumstances change?	Yes. While you should only invest in Liquid Lifetime if you plan to keep it for life, it has a long withdrawal period based on your life expectancy where you can ask to be repaid a lump sum amount if your circumstances change.	<p>For example, a 65-year-old female who invests can withdraw at any time during the first 22 years of investment (called the 'withdrawal period'). The withdrawal period that will apply to you is shown on your payment quote available from your adviser or by calling us (see back cover). A table of withdrawal periods by age and sex is also available in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>The maximum withdrawal value starts at 100% of the amount you invest and progressively reduces until it reaches zero at the end of the withdrawal period. The actual withdrawal value we pay you is impacted by movements in interest rates and an allowance for the cost to us of breaking the investment, and cannot exceed the maximum. That is why it is only possible to determine the withdrawal value at the time of withdrawal. If you withdraw, your regular payments stop (or future payments will not be paid if you withdraw while in the deferral period).</p> <p>We have examples of withdrawal values and how they are impacted by interest rate movements in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>You cannot make partial withdrawals.</p> <p>After the withdrawal period has ended, your Liquid Lifetime will no longer have a withdrawal value and you will continue to receive (or continue to be eligible to receive if you are still within your chosen deferral period) monthly income for the rest of your life (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime).</p> <p>Before starting a Liquid Lifetime, you can ask us to remove the withdrawal period and the death benefit in return for higher starting payments – called the Enhanced Income (Deferred payments) option. If you choose this option, your Liquid Lifetime will never have a withdrawal value. The withdrawal period cannot be added back to your Liquid Lifetime once it has started.</p>

The summary

The detail

Will my family receive anything back when I die?

If you (and your spouse if you have included them as part of your Liquid Lifetime) die within the withdrawal period, we will make a lump sum payment to the beneficiaries you nominate or your estate.

The amount payable upon death is guaranteed at the start of your Liquid Lifetime. For half of your withdrawal period (rounded down to a whole year), there is a money back guarantee. During this period we will pay a death benefit equal to 100% of the amount invested. This amount is not reduced by any payments made up until the time of death, although it may be subject to tax as detailed below. For the remainder of the withdrawal period, we will pay a death benefit equal to the maximum withdrawal amount. We do not pay anything if you die outside the withdrawal period. The applicable death benefit is only payable after the death of all persons included as part of the investment. A death benefit illustration is shown on the payment quote available from your adviser or by calling us (see back cover). The death benefit we pay will be tax free if it is paid to a tax dependant. As with all super investments, if the death benefit is paid to a non-tax dependant, it may be subject to tax. Before starting a Liquid Lifetime, you can ask us to remove the death benefit and the withdrawal period in return for higher deferred payments – called the **Enhanced Income (Deferred payments) option**. If you choose this option, your Liquid Lifetime will not have a death benefit. This means that when you (and your spouse if you have included them as part of your Liquid Lifetime) die, your investment ends (even if payments have not yet commenced) and nothing is payable to your estate or nominated beneficiaries. The death benefit cannot be added back to your Liquid Lifetime once it has started.

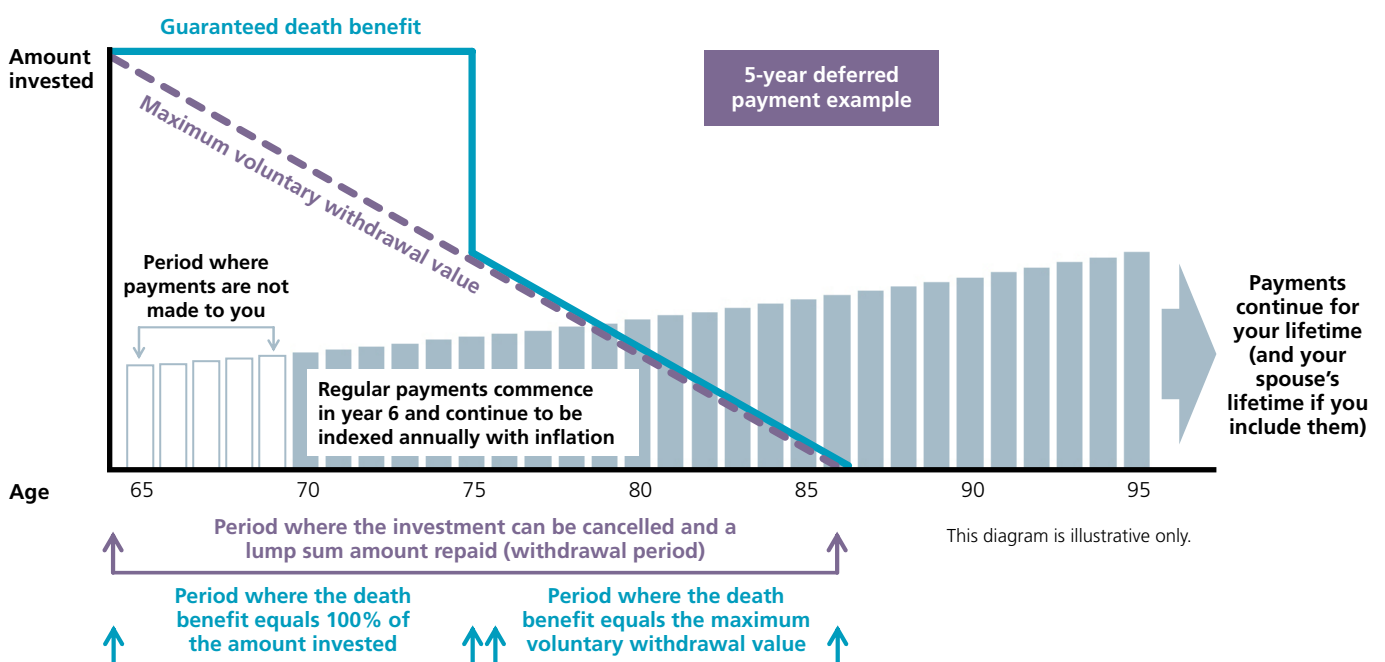
Can I add more money to my investment?

No

You cannot add more money to your Annuity after it has started; however, you can commence a new, additional Liquid Lifetime at any time.

Flexible Income (Deferred payments) illustration

This example is based on a 65-year-old female with CPI-indexed payments. For a personalised illustration, you can request a payment quote from your adviser or by calling us (see back cover).



Flexible Income (Market-linked payments) option

Snapshot

- You can use your super or personal savings to invest.
- Monthly payments continue for life (and your spouse's life if you choose).
- Payments start a month after investment.
- Payments move up and down annually with changes in the market-linked index chosen by you – only the first year's monthly income amount is guaranteed.
- You can switch your chosen market-linked index each year.
- You can choose to have higher starting payments in return for reducing future indexation by between 1% – 5% p.a. (Accelerated payment option).
- Monthly payments are tax free if you use your super to invest.
- Up to 100% of your investment is repaid to your nominated beneficiaries or estate if you die within the withdrawal period.
- It has a withdrawal value for a period based on your life expectancy – just in case your circumstances change and you no longer require lifetime income.

	The summary	The detail
Who can invest?	Anyone aged 18 years and older (aged 60 years and older if you are using your super to invest).	<ul style="list-style-type: none"> • The minimum investment is \$10,000. • If you are using your super to invest, you must be aged 60* or over and have unrestricted access to your super. • You cannot buy Liquid Lifetime if you live in a residential aged care facility or if you have an Aged Care Assessment Team/Service (ACAT/ACAS) approval that specifies that you are eligible to move into a facility. • If you have a self-managed superannuation fund (SMSF), you can invest via a rollover of the investment amount – Liquid Lifetime cannot be held as a direct investment of the SMSF. • You should consider the Liquid Lifetime Target Market Determination (TMD) before making a decision about whether to invest. A copy of the TMD can be obtained from your financial adviser, by calling us or online (see back cover).
When do payments start?	The first payment is made a month after your Liquid Lifetime starts.	Payments will be made monthly around the same day of the month for the rest of your life (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime). Payments will be paid by electronic transfer to your bank, building society or credit union account.
How much income will I receive?	We offer competitive starting payments based on how long you are likely to live, the options you choose and current investment market conditions.	<p>We pay a monthly income for your lifetime (and the rest of your spouse's life if you have them included as part of your Liquid Lifetime). Your income will be indexed up or down to your chosen market-linked payment option each year.</p> <p>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 consider if Liquid Lifetime is a suitable investment for you.</p> <p>If you are using your super to invest, your regular monthly income will be tax free. If you are using non-super money to invest, only a portion of your regular monthly income will be treated as assessable income for tax (see page 24 for more information).</p>

* 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. For more information, refer to the Additional Information Guide, available online (see back cover).

	The summary	The detail
Will my regular payment amount change over time?	Payments are linked to movements in the market-linked index chosen by you.	<p>At the start of your Liquid Lifetime you can choose to have payments linked to changes in one of the following market-linked index options:</p> <ul style="list-style-type: none"> • Cash index; • Conservative index; • Conservative balanced index; • Balanced index; or • Growth index. <p>Information on each market-linked index can be found on pages 18–19.</p> <p>Only the first year’s monthly income amount is guaranteed. After the first year, regular payments will index up or down annually so that they adjust with changes in your chosen market-linked payment option. In periods of poor performance and/or where you choose the Accelerated payment option (see below), payments can index down below the starting payment.</p> <p>The higher the exposure to growth assets your chosen market-linked index has, the more volatile your yearly indexation rate is likely to be (meaning there is a higher likelihood that your regular payment amount will change significantly up or down year to year). The percentage allocation to growth assets for each market-linked index is detailed on pages 18–19.</p> <p>Payments will be indexed after each anniversary of the start of your Liquid Lifetime (for example, the first payment to be indexed will be the 13th monthly payment). If the change in your chosen market-linked payment option is positive, your regular payments will increase, and if the change in your chosen market-linked payment option is negative, your payments will reduce. For example if your regular monthly payment was \$1,000 and your chosen payment option increased by 20%, the following year’s regular monthly payment would index up to \$1,200. Similarly, if your chosen payment option decreased by 20%, the following year’s regular monthly payment would index down to \$800. The starting index value for your chosen market-linked payment option will be the index value on the first business day after the start of your Liquid Lifetime. How changes in each market-linked index is calculated can be found on pages 18–19 and in section 7 of the enclosed Policy Document.</p> <p>An example of how market-linked indexation is applied to regular payments is provided in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>Accelerated payment option</p> <p>You can choose to have higher starting payments by choosing the Accelerated payment option. The Accelerated payment option allows you to have an increased starting payment in exchange for lower future indexation. You can choose to reduce future indexation by between 1% p.a. and 5% p.a. The greater the reduction in future indexation, the greater the increase in starting payment.</p> <p>If you choose the Accelerated payment option, each year we will deduct your chosen indexation reduction percentage from the performance of your chosen market-linked index when determining your annual indexation rate. This is to reflect the fact that you have chosen to receive a higher starting payment.</p> <p>The Accelerated payment option can only be chosen at the start of your Liquid Lifetime and you cannot remove the option or change your chosen indexation reduction percentage once your Liquid Lifetime has started. Additional information on the Accelerated payment option is provided in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p>

The summary**The detail**

Will my regular payment amount change over time? (continued)

Example of the Accelerated payment option

The below examples show the indexation that would apply if you chose to reduce the future indexation by 5% p.a.:

Actual market-linked return	-10%	-5%	0%	5%	10%
Agreed indexation reduction (p.a.)	-5%	-5%	-5%	-5%	-5%
Indexation applied to payments	-15%	-10%	-5%	0%	5%

You can switch your market-linked index

Before each anniversary of the start of your Liquid Lifetime, you can choose to switch your market-linked index. If you choose to switch, the change will be effective from the next anniversary day. A request to switch must be received by us at least 14 days prior to the next anniversary day.

If you choose to switch your market-linked index, the first payment to be indexed by the new index will be the 13th monthly payment after the change. Where you have chosen the Accelerated payment option, your chosen indexation reduction percentage will continue to apply to the new market-linked index.

Further information on each market-linked index can be found on pages 18–19 and in section 7 of the enclosed Policy Document.

How long will I receive payments for?

We guarantee payments will be paid for your lifetime, and if you choose, the lifetime of your spouse.

If you would like payments to also be made for your spouse's lifetime, you must make this choice at the start of your Liquid Lifetime. Your spouse will be referred to as the 'reversionary life insured'.

The amount of regular payments we promise to pay you will be lower if you include your spouse as part of the investment because we are likely to have to make payments for a longer period of time.

It is important to understand that once your Liquid Lifetime starts, you cannot add your spouse, or change your nominated spouse. This is because your spouse's life expectancy is also used to determine the regular payments we promise to pay you. You can choose to remove your spouse from your Liquid Lifetime at any time; however, if you do so, your regular payments do not change as a result.

If you are using your super to invest, '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 life insured, and upon your death your Liquid Lifetime will end.

Payments will stop if you withdraw your Liquid Lifetime.

	The summary	The detail
Can I withdraw if my circumstances change?	<p>Yes. While you should only invest in Liquid Lifetime if you plan to keep it for life, it has a long withdrawal period based on your life expectancy where you can ask to be repaid a lump sum amount if your circumstances change.</p>	<p>For example, a 65-year-old female who invests can withdraw at any time during the first 22 years of investment (called the 'withdrawal period'). The withdrawal period that will apply to you is shown on your payment quote available from your adviser or by calling us (see back cover). A table of withdrawal periods by age and sex is also available in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>The maximum withdrawal value starts at 100% of the amount you invest and progressively reduces until it reaches zero at the end of the withdrawal period. The actual withdrawal value we pay you is impacted by movements in interest rates, your chosen index, and an allowance for the cost to us of breaking the investment, and cannot exceed the maximum. Because the maximum withdrawal value is capped, you will not benefit from index growth; however, if there is a reduction in your selected index, the withdrawal value could be significantly less than the maximum. That is why you should only invest in Liquid Lifetime if you plan to keep it for life. It is only possible to determine the withdrawal value at the time of withdrawal. If you withdraw, your regular payments stop.</p> <p>We have examples of withdrawal values and how they are impacted by interest rate movements and changes in your chosen index in the Liquid Lifetime Additional Information Guide, available online (see back cover).</p> <p>You cannot make partial withdrawals.</p> <p>After the withdrawal period has ended, your Liquid Lifetime will no longer have a withdrawal value; however, you will continue to receive monthly income for the rest of your life (and the rest of your spouse's life if you have included them as part of your Liquid Lifetime).</p> <p>Before starting a Liquid Lifetime, you can ask us to remove the withdrawal period and the death benefit in return for higher starting payments – called the Enhanced Income (Market-linked payments) option. If you choose this option, your Liquid Lifetime will never have a withdrawal value. The withdrawal period cannot be added back to your Liquid Lifetime once it has started.</p>
Will my family receive anything back when I die?	<p>If you (and your spouse if you have included them as part of your Liquid Lifetime) die within the withdrawal period, we will make a lump sum payment to the beneficiaries you nominate or your estate.</p>	<p>The amount payable upon death is guaranteed at the start of your Liquid Lifetime. Changes (up or down) in your chosen market-linked index have no impact on the death benefit.</p> <p>For half of your withdrawal period (rounded down to a whole year), there is a money back guarantee. During this period, we will pay a death benefit equal to 100% of the amount invested. This amount is not reduced by any payments made up until the time of death, although it may be subject to tax as detailed below.</p> <p>For the remainder of the withdrawal period, we will pay a death benefit equal to the maximum withdrawal amount. We do not pay anything if you die outside the withdrawal period. The applicable death benefit is only payable after the death of all persons included as part of the investment.</p> <p>A death benefit illustration is shown on the payment quote available from your adviser or by calling us (see back cover).</p>

The summary

The detail

Will my family receive anything back when I die? (continued)

If you are using non-super money to invest, the death benefit we pay may be comprised of a repayment of capital as well as income, for tax purposes. Depending on how long you have been receiving regular payments, the income component could potentially form a significant part of the lump sum payable. The recipient of the payment is subject to tax on the income component.

If you are using super money to invest, the withdrawal value we pay will be tax free if the death benefit is paid to a tax dependant. As with all super investments, if the death benefit is paid to a non-tax dependant, it may be subject to tax.

Before starting a Liquid Lifetime, you can ask us to remove the death benefit and the withdrawal period in return for higher starting payments – called the **Enhanced Income (Market-linked payments) option**. If you choose this option, your Liquid Lifetime will not have a death benefit. This means that when you (and your spouse if you have included them as part of your Liquid Lifetime) die, the regular payments stop and nothing is payable to your estate or nominated beneficiaries. The death benefit cannot be added back to your Liquid Lifetime once it has started.

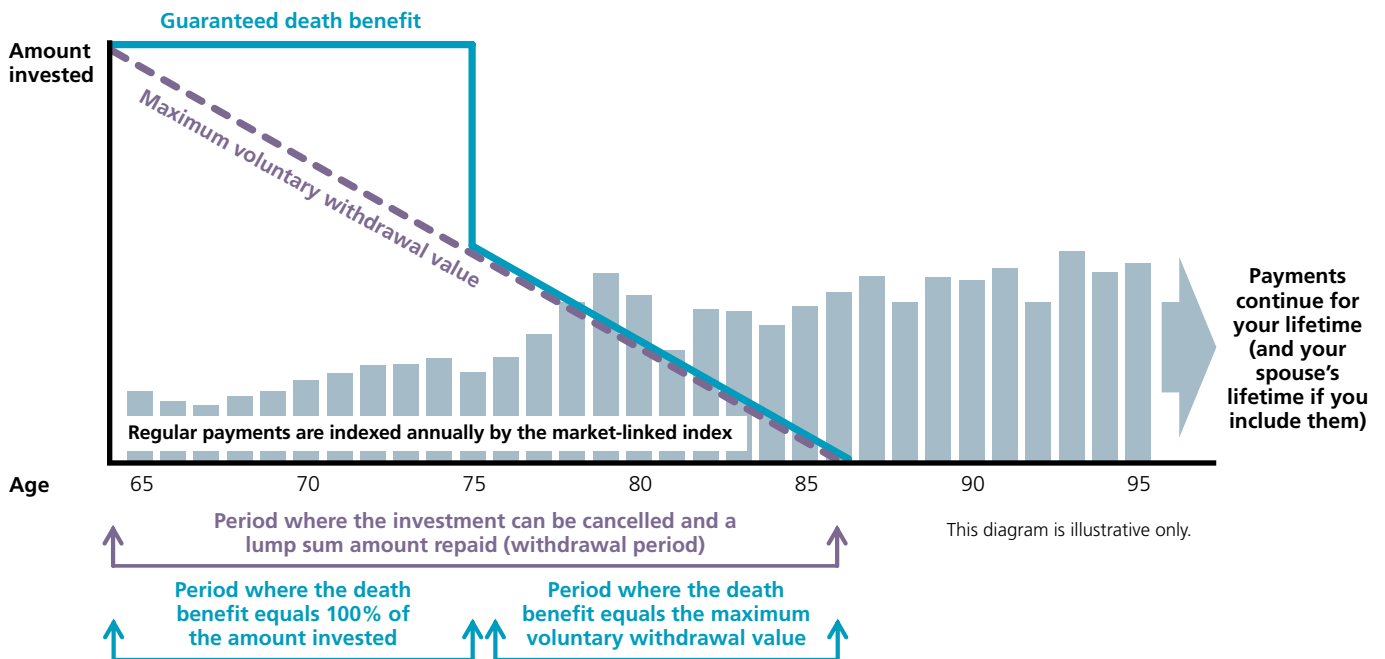
Can I add more money to my investment?

No

You cannot add more money to your Annuity after it has started; however, you can commence a new, additional Liquid Lifetime at any time.





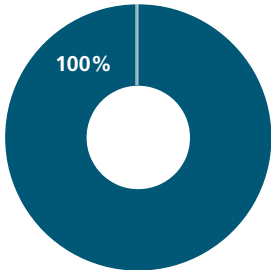
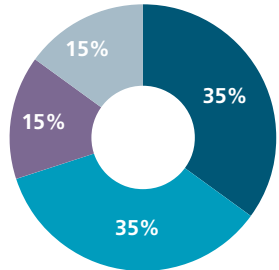
Flexible Income (Market-linked payments) illustration

This example is based on a 65-year-old female with Balanced index market-linked payments. For a personalised illustration, you can request a payment quote from your adviser or by calling us (see back cover).



Flexible Income (Market-linked payments)

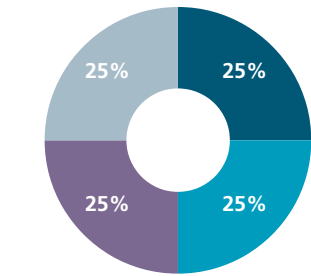
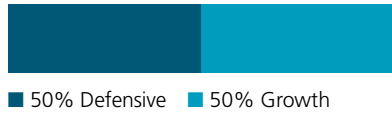
Market-linked index options

	Cash index	Conservative index
Estimated number of negative index returns over any 20-year period	Nil + - 	Around 2 in every 20 years + - 
Asset allocation	 ■ 100% Defensive	 ■ 70% Defensive ■ 30% Growth
Underlying index allocation¹	 ■ AusBond Bank Bill (BAUBIL)	 ■ AusBond Bank Bill (BAUBIL) ■ AusBond Government (BAGV0) ■ MSCI World Net Ex AU (EANREXAN) ■ S&P/ASX 200 net return index (ASN51)
How index performance is calculated²	The index performance will equal the difference between the Cash index on the anniversary of the policy and the Cash index 12 months prior.	The index performance will equal the difference between the Conservative index on the anniversary of the policy and the Conservative index 12 months prior.
Historical index performance (as at 30 June)³	2022: 0.10% 2021: 0.06% 2020: 0.85% 2019: 1.97% 2018: 1.78%	2022: -5.68% 2021: 7.26% 2020: 1.83% 2019: 7.85% 2018: 5.82%

- 1 The market-linked indexes are constructed using one or more industry-recognised indexes. Challenger calculates the annual indexation rate for each market-linked payment option based on the performance of each underlying market index. The market-linked indexes are rebalanced monthly.
- 2 Further information on how the performance of each index is calculated can be found in the Liquid Lifetime Additional Information Guide, available online (see back cover).
- 3 Past performance is not a reliable indicator of future performance. All index options commenced on 4 October 2021. Historical performance has been calculated using the historical performance of the underlying market indexes. If you choose the Accelerated payment option, your annuity will index by the relevant index performance reduced by your chosen indexation reduction percentage.

Conservative balanced index

Around 3 in every 20 years



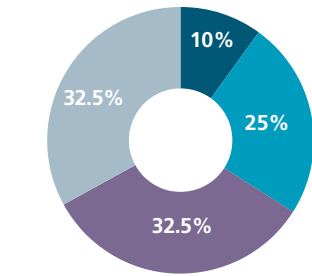
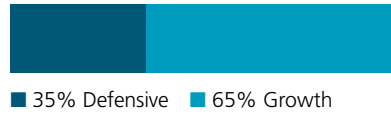
- AusBond Bank Bill (BAUBIL)
- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX 200 net return index (ASN51)

The index performance will equal the difference between the Conservative balanced index on the anniversary of the policy and the Conservative balanced index 12 months prior.

2022: -5.83%
 2021: 12.79%
 2020: 1.13%
 2019: 9.00%
 2018: 8.15%

Balanced index

Around 4 in every 20 years



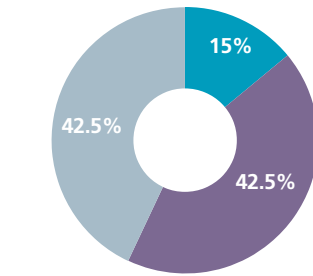
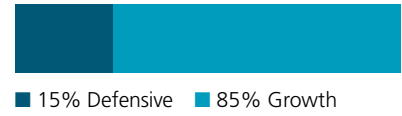
- AusBond Bank Bill (BAUBIL)
- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX 200 net return index (ASN51)

The index performance will equal the difference between the Balanced index on the anniversary of the policy and the Balanced index 12 months prior.

2022: -6.79%
 2021: 16.96%
 2020: 0.77%
 2019: 10.48%
 2018: 10.01%

Growth index

Around 5 in every 20 years



- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX 200 net return index (ASN51)

The index performance will equal the difference between the Growth index on the anniversary of the policy and the Growth index 12 months prior.

2022: -7.00%
 2021: 22.88%
 2020: -0.19%
 2019: 11.56%
 2018: 12.39%

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 Liquid Lifetime is right for you.

Withdrawal risk

This is the risk that if you voluntarily withdraw during the withdrawal period or die, you may receive back less money than you invested. If you choose the Flexible Income (Market-linked payments) option, your withdrawal value will not benefit from index growth. The withdrawal values illustrated in this PDS are the maximum withdrawal values that can be paid. The withdrawal value of your Liquid Lifetime will vary over time because it depends on changing factors, including how long you have held your Liquid Lifetime and prevailing market rates at that time, and can be less than the maximum withdrawal values illustrated. If you choose the Enhanced Income option, or your Liquid Lifetime has reached the end of its withdrawal period, you cannot withdraw (and no lump sum is payable on death).

Deferral risk

If you choose the Flexible Income (Deferred payments) option and you die after the withdrawal period, but before payments commence, you will not receive any payments from the Annuity and no lump sum is payable.

If you choose the Enhanced Income (Deferred payments) option and you die before payments commence, you will not receive any payments from the Annuity and no lump sum is payable.

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 Liquid Lifetime if changes to tax or other law 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. 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 at least 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 that supports the annuity business.

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

Market-linked return risk

If you choose the Flexible Income (Market-linked payments) or Enhanced Income (Market-linked payments) option, your regular payments are linked to annual changes in investment markets. If the change in your chosen market-linked payment option is positive, your regular payments will increase, and if the change in your chosen market-linked payment option is negative, your payments will reduce. In periods of poor performance, payments can index down below the starting payment. The performance of each index, and therefore the annual indexation of regular payments, is subject to various risks, including general market risk and the performance of the individual securities that make up the relevant index.

If you choose the Accelerated payment option, your Market-linked payments will start higher but will have lower indexation applied each year when compared to not having the option. Regular payments will also have a higher chance of being reduced each year due to negative indexation, because your annuity payment

will index by the performance of the chosen market-linked index less your chosen indexation reduction percentage. This also means that there is a higher likelihood of payments indexing down below the starting payment, especially when the Cash index option is chosen. Once your Liquid Lifetime has started the Accelerated payment option cannot be removed and you cannot change your chosen indexation reduction percentage.

Inflation risk

If you choose the Flexible Income (Immediate payments), Flexible Income (Deferred payments), Enhanced Income (Immediate payments) or Enhanced Income (Deferred payments) option, you can choose to have payments that are adjusted each year in line with movements in the CPI. If the change in CPI is positive, your regular payments will increase, and if the change in CPI is negative, your payments will be reduced. If you choose not to have CPI protection, or choose the Flexible Income (Market-linked payments) or Enhanced Income (Market-linked payments) option, the real value (that is, the purchasing power) of your regular payments may reduce over time as a result of inflation.

RBA cash rate risk

If you choose the RBA cash linked payment option, your regular monthly payment comprises a fixed-dollar amount plus a variable RBA cash linked amount. If the RBA cash rate reduces, the variable RBA cash linked amount reduces and so your regular payment will reduce (similarly if it increases, your regular payment will increase). If the RBA cash rate is negative (or changes to negative), for example -1%, then the variable RBA cash linked amount will be negative, and the regular payment will be less than the fixed-dollar amount. If after taking into account the negative RBA cash rate your regular payment would be less than \$10, we will pay you \$10.

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 Liquid Lifetime (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 your longevity and 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 Liquid Lifetime on behalf of Challenger. Where you authorise that, we will pay those fees to the Australian Financial Services Licensee (AFSL) 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. When you consent to paying a regular adviser service fee, you will be asked to reconfirm the consent on a regular basis.

Upfront adviser service fee

You can ask us to pay your financial adviser a one-off fixed-dollar fee.

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 is \$1,100 (including GST) per \$50,000 invested.

If you withdraw your Liquid Lifetime, or your Liquid Lifetime 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 a minimum period.

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

Regular adviser service fee

You can ask us to pay your financial adviser a regular fixed-dollar fee.

For example, if you agree to pay a regular adviser service fee of \$300 per annum (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 regular adviser service fee can be cancelled or varied by you at any time by telling us or your financial adviser. The regular adviser service fee will only be paid where monthly payments are sufficient to cover the fee.

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, equities 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 payments can be made to all investors.

The name of Challenger's statutory fund that your money will go to when you buy Liquid Lifetime 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 for 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.

Further details of Challenger Limited's approach to responsible investment are set out in the Responsible Investment Policy available at challenger.com.au.

Social security

Centrelink and Department of Veterans' Affairs entitlements are determined by two means tests – an assets test and an income test. For information on the

means test treatment of Liquid Lifetime, refer to the Liquid Lifetime Additional Information Guide, available online (see back cover) or go to the Department of Human Services website at humanservices.gov.au.

Your Liquid Lifetime and family law

If you buy your Liquid Lifetime with money rolled over within the superannuation system, family law provisions may affect your Liquid Lifetime if you separate from your spouse. Your investment in Liquid Lifetime 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 Liquid Lifetime. 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.

Information for non-Australian residents

If you do not live in Australia, you can invest into Liquid Lifetime 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 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. For additional general tax information, refer to the Liquid Lifetime Additional Information Guide, available online (see back cover).

Providing your Tax File Number to us

By completing a Tax File Number (TFN) Declaration, the Pay As You Go (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 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 buy Liquid Lifetime 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.

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 transfer balance cap is \$1.7 million as at the date of this PDS. The capital investment amount of your Liquid Lifetime 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 from Liquid Lifetime 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.

Tax payable on:	If you are investing super money	If you are investing non-super money
Regular payments	Tax free	Part of your regular payments may be included in your assessable income and subject to PAYG tax.
Voluntary withdrawal	Tax free	The withdrawal value or death benefit we pay may be comprised of a repayment of capital as well as income, for tax purposes. Depending on how long you have been receiving regular payments, the income component could potentially form a significant part of the lump sum payable. The recipient of the payment is subject to PAYG tax on the income component.
Death benefit	If the death benefit is paid to a tax dependant, it is tax free. As with all super investments, if the death benefit is paid to a non-tax dependant, it may be subject to tax.	

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 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.

We will also collect personal information, which may include sensitive information, to comply with our legal obligations to assess your suitability for our products and to ensure that our products are distributed correctly.

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 or other information we have requested from you (for example, in relation to your source of wealth): 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 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 challenger.com.au or by contacting us.

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

Communications

You agree that the Issuer 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;

- by making the notice, document or information available on our 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 your Policy Document 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 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 Liquid Lifetime, 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 be sent a PAYG Payment Summary and tax information to assist you in completing your annual tax return.
- For all payment options (except the no-indexation option) we will send you notification of an increase or decrease in your monthly payments due to payment indexation.

Prior to the end of the withdrawal period and every six months thereafter, we will send you (and any reversionary) a form to complete as evidence of survival. Where you have chosen the Enhanced income option, you will be sent the form to complete every six months after the commencement of the Annuity. The form must be returned to us within 30 days of being sent. If evidence of survival is not provided to us, we reserve the right to discontinue any regular payments and/or cancel the Annuity.

Keeping us informed

It is important that we have the correct details for you and any reversionary 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 services to our clients, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint within 24 hours or as soon as practical after receiving it and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 30 calendar days for standard complaints. Different timeframes apply for trustee, superannuation and death benefit distribution complaints. If you have a particular complaint regarding your financial product or investment, please do not hesitate to contact us by calling our Investor Services team on 13 35 66 or by writing to:

Complaints & Dispute Resolution Officer
Challenger
GPO Box 3698
Sydney NSW 2001

If you are not happy with our response or how the complaint has been handled (or if we have not responded within 30 days), you may contact the following external dispute resolution scheme:

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

AFCA provides fair and independent financial services complaint resolution that is free to consumers. There are some time limits for lodging certain complaints including those related to a death benefit. Please consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

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 and adjustments for interest rate and/or investment market movements).

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.

Policy Document

Guaranteed Annuity (Liquid Lifetime)

Your policy consists of two parts: this Policy Document and the Investor Certificate you receive when you invest. 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.

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. 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.

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

For the purpose of this Policy Document, the policy owner is the life insured.

If the policy owner elects for payments to continue to a nominated person when the life insured dies, the nominated person is referred to as a 'reversionary life insured'. Where the life insured has died and the reversionary life insured is receiving regular payments in accordance with the terms of the policy, the reversionary life insured will be the life insured.

For a policy purchased with money rolled over within the superannuation system, to be an eligible reversionary life insured, the person must meet the legal definition of 'spouse' for superannuation and tax purposes.

For a policy purchased with money rolled over within the superannuation system and the Flexible Income (Deferred payments) or Enhanced Income (Deferred payments) option is selected, to be an eligible reversionary life insured, the person must be aged 65 or older and meet the legal definition of 'spouse' for superannuation and tax purposes.

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 a month after:

- the end of the deferral period if you have selected the Flexible Income (Deferred payments) option or Enhanced Income (Deferred payments) option; or
- the commencement date if you have selected the Flexible Income (Immediate payments) option, Enhanced Income (Immediate payments) option, Flexible Income (Market-linked payments) option or Enhanced Income (Market-linked payments) option.

2. Term

A policy purchased by an individual without a reversionary life insured provides regular payments for the duration of the life insured's life, no matter how long they live. Regular payments will stop when the life insured dies.

A policy purchased by an individual who elects a reversionary life insured provides regular payments for the duration of the life insured's life and then the lifetime of the reversionary life insured so that regular payments will continue to be made as long as one or both remain alive. Regular payments will stop if the life insured and the reversionary life insured both die.

3. Regular payments

The purchase price paid by the policy owner purchases the monthly payments described in your Investor Certificate.

The payments will be paid by electronic transfer to the policy owner's bank, building society or credit union account.

Monthly payments will continue to be made as long as at least one life insured is alive.

4. Flexible Income (Immediate payments), Flexible Income (Deferred payments) and Flexible Income (Market-linked payments) options

If the option shown on your Investor Certificate is Flexible Income, the following terms apply to your policy.

4.1 Voluntary withdrawal

The policy has a withdrawal period stated on your Investor Certificate. Within this withdrawal period, the policy has a withdrawal value. The policy has no withdrawal value after the withdrawal period.

The calculation of the withdrawal value is determined by us and is dependent on movements in interest rates and (for Flexible Income (Market-linked payments) option only) your chosen market index and may be less than the maximum withdrawal value. For Flexible Income (Market-linked payments) the index value used to determine the withdrawal value will be the index value for your chosen Market-linked payment option on the first business day after your withdrawal request is accepted and processed by us. The withdrawal value cannot exceed the maximum withdrawal value, except when exercising a cooling-off right.

The maximum withdrawal value changes over the policy term. At commencement the maximum withdrawal value equals 100% of your investment amount and reduces daily in a linear manner over the withdrawal period until it reaches zero at the end of the withdrawal period. If we are required to make a partial withdrawal, regular payments and the maximum withdrawal value will be reduced.

4.2 Payment on death

Where there is no reversionary life insured, or where the reversionary life insured has predeceased you or ceased to be eligible, upon death within the withdrawal period, we will pay a death benefit to your nominated beneficiary (or beneficiaries). Where a valid nomination has not been made, we will pay a death benefit to your estate.

The policy has a 100% death benefit period. The 100% death benefit period equals half your withdrawal period rounded down to a whole year.

The end date of the 100% death benefit period is shown on your Investor Certificate. During the 100% death benefit period, the death benefit will be equal to the amount used to buy the Annuity. At the end of the 100% death benefit period, the lump sum payable on death will be equal to the maximum withdrawal value described in section 4.1 of this Policy Document.

5. Enhanced Income (Immediate payments), Enhanced Income (Deferred payments) and Enhanced Income (Market-linked payments) options

If the option shown on your Investor Certificate is Enhanced Income, the policy does not have a withdrawal value, except when exercising a cooling-off right. You cannot withdraw voluntarily, and a lump sum is not payable on death.

6. Withdrawal requests

Requests to withdraw must be made in writing and must be received by Challenger Life before 5.00pm on the last day of the withdrawal period. 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).

Subject to any partial withdrawal made by Challenger Life for payment of any superannuation contributions surcharge (see section 10 of this Policy Document), to roll over an amount that exceeds the transfer balance cap or where otherwise required by law, partial withdrawals are not allowed under the policy.

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.

7. Payment options

The option you have chosen for your regular payments is shown in the Investor Certificate and will be one of the following options:

- Full indexation ('CPI') provides regular payments over the policy term that are indexed each year on the anniversary of the commencement date by the change in the Consumer Price Index (CPI). This change, if any, will be equal to the difference between the CPI for the second-last complete quarter before the anniversary of the policy and the CPI for the same quarter of the immediately preceding year, expressed as a percentage.

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 appropriate successor index selected by Challenger Life).

- Partial indexation ('partial CPI') provides regular payments over the policy term that are indexed each year on the anniversary of the commencement date by any increase in the CPI that is greater than 2%. If the percentage change in the CPI is negative, the percentage change in CPI will apply. These changes, if any, will be equal to the difference between the CPI for the second-last complete quarter before the anniversary of the policy and the CPI for the same quarter of the immediately preceding year, expressed as a percentage.
- RBA cash rate linked payments ('RBA cash linked') provides regular payments over the policy term that reflect changes in the Reserve Bank of Australia (RBA) cash rate. Regular monthly payments are composed of a fixed dollar amount plus an amount calculated as:

$$\frac{\text{(RBA cash rate at the end of the 15th calendar day of the previous month x purchase price paid)}}{12}$$

12

If the RBA cash rate is negative, the amount of your regular payments will be less than the fixed dollar amount. The minimum total RBA cash linked regular payment is \$10.

If you have selected the Flexible Income (Immediate payments) option or the Enhanced Income (Immediate payments) option, the first monthly payment amount is guaranteed at the commencement of the policy.

- No indexation ('No indexation') provides regular payments over the policy term that are not indexed.
- Market linked – Cash index linked payments ('Market linked – Cash') provides regular payments over the policy term that are indexed each year on the anniversary of the commencement date by the change in the AusBond Bank Bill (BAUBIL) index.
- Market linked – Conservative index linked payments ('Market linked – Conservative') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Conservative index over the immediately preceding year, expressed as a percentage to two decimal places. The Conservative index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month – AusBond Bank Bill (BAUBIL) index: 35%, AusBond Government (BAGV0) index: 35%, MSCI World Net Ex AU (EANREXAN) index: 15%, the S&P/ASX 200 net return index (ASN51) index: 15%.
- Market linked – Conservative balanced index linked payments ('Market linked – Conservative balanced') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Conservative balanced index over the immediately preceding year, expressed as a percentage to two decimal places. The Conservative balanced index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month – AusBond Bank Bill (BAUBIL) index: 25%, AusBond Government (BAGV0) index: 25%, MSCI World Net Ex AU (EANREXAN) index: 25%, the S&P/ASX 200 net return index (ASN51) index: 25%.
- Market linked – Balanced index linked payments ('Market linked – Balanced') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Balanced index over the immediately preceding year, expressed as a percentage to two decimal places. The Balanced index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month – AusBond Bank Bill (BAUBIL) index: 10%, AusBond Government (BAGV0) index: 25%, MSCI World Net Ex AU (EANREXAN) index: 32.5%, the S&P/ASX 200 net return index (ASN51) index: 32.5%.
- Market linked – Growth index linked payments ('Market linked – Growth') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Growth index over the immediately preceding year, expressed as a percentage to two decimal places. The Growth index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month – AusBond Government (BAGV0) index: 15%, MSCI World Net Ex AU (EANREXAN) index: 42.5%, the S&P/ASX 200 net return index (ASN51) index: 42.5%.
- Market linked (Accelerated payment option) – Cash index linked payments ('Market linked (Accelerated payment option) – Cash') provides regular payments over the policy term that are indexed each year on the anniversary of the commencement date by the change in the AusBond Bank Bill (BAUBIL) index less a fixed percentage shown on the investor certificate.
- Market linked (Accelerated payment option) – Conservative index linked payments ('Market linked (Accelerated payment option) – Conservative') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Conservative index over the immediately preceding year, expressed

as a percentage to two decimal places less a fixed percentage shown on the investor certificate. The Conservative index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month – AusBond Bank Bill (BAUBIL) index: 35%, AusBond Government (BAGV0) index: 35%, MSCI World Net Ex AU (EANREXAN) index: 15%, the S&P/ASX 200 net return index (ASN51) index: 15%.

- Market linked (Accelerated payment option) – Conservative balanced index linked payments ('Market linked (Accelerated payment option) – Conservative balanced') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Conservative balanced index over the immediately preceding year, expressed as a percentage to two decimal places less a fixed percentage shown on the investor certificate. The Conservative balanced index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month – AusBond Bank Bill (BAUBIL) index: 25%, AusBond Government (BAGV0) index: 25%, MSCI World Net Ex AU (EANREXAN) index: 25%, the S&P/ASX 200 net return index (ASN51) index: 25%.
- Market linked (Accelerated payment option) – Balanced index linked payments ('Market linked (Accelerated payment option) – Balanced') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Balanced index over the immediately preceding year, expressed as a percentage to two decimal places less a fixed percentage shown on the investor certificate. The Balanced index is calculated based on the daily values of the following indices which are re-weighted on the last day of each calendar month AusBond Bank Bill (BAUBIL) index: 10%, AusBond Government (BAGV0) index: 25%, MSCI World Net Ex AU (EANREXAN) index: 32.5%, the S&P/ASX 200 net return index (ASN51) index: 32.5%.
- Market linked (Accelerated payment option) – Growth index linked payments ('Market linked (Accelerated payment option) – Growth') provides regular payments that are indexed each year on the anniversary of the commencement date based on changes in the Growth index over the immediately preceding year, expressed as a percentage to two decimal places less a fixed percentage shown on the investor certificate. The Growth index is calculated based on the daily values of the following indices which are re-weighted on the last day of each

calendar month AusBond Government (BAGV0) index: 15%, MSCI World Net Ex AU (EANREXAN) index: 42.5%, the S&P/ASX 200 net return index (ASN51) index: 42.5%.

If the payment option shown on your Investor Certificate is Market linked – Cash, Market linked – Conservative, Market linked – Conservative balanced, Market linked – Balanced or Market linked – Growth, you can switch your payment option each year on the anniversary of the commencement date of your policy to any of the following: Market linked – Cash, Market linked – Conservative, Market linked – Conservative balanced, Market linked – Balanced or Market linked – Growth.

If the payment option shown on your Investor Certificate is Market linked (Accelerated payment option) – Cash, Market linked (Accelerated payment option) – Conservative, Market linked (Accelerated payment option) – Conservative balanced, Market linked (Accelerated payment option) – Balanced or Market linked (Accelerated payment option) – Growth, you can switch your payment option each year on the anniversary of the commencement date of your policy to any of the following: Market linked (Accelerated payment option) – Cash, Market linked (Accelerated payment option) – Conservative, Market linked (Accelerated payment option) – Conservative balanced, Market linked (Accelerated payment option) – Balanced or Market linked (Accelerated payment option) – Growth.

To switch your payment option we must be notified no later than 14 days prior to the policy anniversary. Acceptance of switches outside of the 14-day notice period will be at our discretion. All other payment options cannot be changed after the commencement date of your policy.

If the payment option shown on your Investor Certificate is Market linked or Market linked (Accelerated payment option), the starting index value for your chosen Market-linked payment option will be the index value on the first business day after the commencement day.

8. Minimum withdrawal value

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

9. 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.

10. Other government taxes, charges or imposts

Challenger Life has the right to recover from you, by deduction 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 contributions 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 regular payments may be adjusted accordingly.

11. Changes to terms

Challenger Life reserves the right to:

- adjust regular payments and tax instalments as a result of any change in the tax or other relevant legislation;
- 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;
- in relation to CPI indexation, adjust the CPI applicable if there is a change which materially alters the CPI calculation or its use;
- in relation to RBA cash linked, replace the RBA cash rate with an alternative benchmark if there is a change which materially alters the RBA cash rate calculation or its use; and

- in relation to Market linked and Market linked (Accelerated payment option), replace any of the underlying market indexes with an alternative market index if an index provider does not publish the index or provide enough data to enable the performance of the index to be calculated, provides incorrect data, increases the cost of using the index, makes other changes to, or terminates the licence in respect of the index or there is a change which materially alters the index calculation or its use. We will use reasonable endeavours to ensure any replacement index is as similar as possible to the original index.

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.

12. 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 or otherwise any other means determined by us. Your Policy Number must be quoted in all correspondence.

13. Beneficiaries

Upon death of a life insured, we will continue the regular payments under the policy to the nominated eligible reversionary life insured.

Where there is no reversionary life insured (either because they have predeceased you or because they have ceased to be eligible), we will pay any amount that is payable on death (see section 4.2 if you have chosen the Flexible Income option or section 5 if you have chosen the Enhanced Income option) as a lump sum to your nominated beneficiary (or beneficiaries). Where a valid nomination has not been made, we will pay a lump sum to your estate.

If regular payments are being made to or in respect of a reversionary life insured and that person dies within the withdrawal period, any amount that is payable on death will be paid to their nominated beneficiary (or beneficiaries). Where a valid nomination has not been made, we will pay a lump sum to the reversionary life insured's estate.

Challenger Life requires satisfactory proof of death before a death payment will be processed.

You cannot change your reversionary life insured, but you can revoke the nomination at any time in writing to Challenger Life.

13.1 Nomination of beneficiaries

You can nominate a single beneficiary, or multiple beneficiaries, if:

- you do not elect a reversionary life insured;
- your reversionary life insured dies;
- your reversionary life insured ceases to be a spouse; or
- you cancel your reversionary life insured election.

13.2 For a policy purchased with money not rolled over within the superannuation system

You can nominate a single beneficiary or multiple beneficiaries.

If you nominate a single beneficiary, upon satisfactory proof of your death, we will pay that beneficiary a lump sum. If the single beneficiary predeceases you, we will make the lump sum payment to your estate.

If you nominate multiple beneficiaries, upon satisfactory proof of your death, 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.

13.3 For a policy purchased with money rolled over within the superannuation system

You can nominate a single beneficiary, or multiple beneficiaries, provided they are your dependant. References to 'your dependant' 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).

If you nominate a single beneficiary, upon satisfactory proof of your death, we will pay that beneficiary a lump sum provided they are a dependant at the time of your death. If a single beneficiary predeceases you or is not a dependant at the time of your death, we will make the lump sum payment to your estate.

If you nominate multiple beneficiaries, upon satisfactory proof of your death, 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.

14. Continuity Certificate

Challenger Life reserves the right to request evidence to satisfy itself of your continued eligibility to receive regular payments. Every six (6) months, we may request that the life insured complete a Continuity Certificate, which must be returned to us within a reasonable period of the request being made (as determined by Challenger Life).

Challenger Life reserves the right to discontinue any regular payments where such evidence is not provided within a reasonable period. We will recover from the recipient, or the recipient's estate, any regular payment made by Challenger Life after the date it determines that the regular payments should have ceased.

Challenger Life will also recover payments made (and may do so by adjusting future payments under the policy) in reliance on any incorrect information that is provided to Challenger Life where payments are made in excess of those that would otherwise have been made.

15. Policy cessation

The policy ceases:

- upon death of the last life insured. There is no pro rating of regular payments between the last regular payment date and the date of death of the last life insured. Where regular payments are made after the death of the last life insured outside the terms of this policy, Challenger Life may deduct the overpayments from any withdrawal value payable, and/or recover the overpayments from the estate;
- if cleared funds are not received, the policy will be void from commencement and Challenger Life reserves the right to recover from you any loss or damage (including investment or interest rate losses) that arise;
- if the policy owner enacts their cooling-off rights under relevant law; or
- if the policy owner requests to commute the policy.

16. 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.

17. 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.

18. 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:

- as an annuity for the purposes of superannuation law, general law or law relating to life insurance; or
- for concessional tax treatment that applies to an exempt life insurance policy in relation to payments, receipts or other amounts recognised for income tax purposes by Challenger Life or Challenger Limited,

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

If your policy was purchased with money rolled over within the superannuation system, it will be an innovative superannuation income stream. Once your Annuity commences, the treatment of the Annuity will not change.

19. 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).

20. 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 start a Liquid Lifetime

You should read this PDS, TMD 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 Liquid Lifetime 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:

1. A completed and signed application form	<p>Ensure that all relevant sections of the application form are fully completed and that you sign the application form.</p> <p>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.</p> <p>Your Liquid Lifetime will not start until 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 Liquid Lifetime payment rates applicable at that time if your payment quote has expired.</p> <p>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 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 by cheque or via credit to the bank account funds were debited from.</p>
2. A valid payment quote	<p>Contact your financial adviser or call us (see back cover) for an obligation-free payment quote.</p> <p>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.</p>
3. Identity verification documents/information	<p>In accordance with anti-money laundering and counter-terrorism financing legislation, we need verification of your identity before your Liquid Lifetime can start.</p>
4. Provide payment (direct debit, cheque or superannuation rollover)	<p>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.</p> <p>Cheque: You can pay by cheque by making the cheque payable to 'Challenger Life Company Limited <insert the name of the investor>'. </p> <p>Superannuation rollover: If you are using your super to invest, provide adequate rollover information to facilitate the transfer (generally provided by your current super fund).</p>

If your valid application and money are 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.

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

challenger.com.au/lifetime