

# Challenger Guaranteed Annuity (Liquid Lifetime)

## Regular Income (15-year Withdrawal Guarantee) option

The Liquid Lifetime Regular Income option provides income payments for life and a guaranteed withdrawal amount at the end of year 15 if your client no longer requires lifelong income.

The Regular Income (15-Year Withdrawal Guarantee) option starts paying your client a lifelong income immediately. Monthly payments are typically higher in the Flexible Income (Immediate payments) option but the Regular Income option allows your client to cancel the annuity at the end of year 15 and receive a guaranteed withdrawal value. It also has a guaranteed death benefit for the first 15 years. This option may be suitable for clients that want the certainty of a secure cash flow, but also the certainty of a known withdrawal amount at the end of year 15, should their circumstances change.

### Your client will receive:

- monthly payments for the rest of their life (and their spouse's life if they choose);
- payments that keep pace with inflation (indexed to CPI)<sup>1</sup>;
- payments that are guaranteed regardless of how investment markets perform;
- a guaranteed death benefit payable to their nominated beneficiaries or estate if they die within the first 15 years; and
- the ability to cancel the annuity at the end of year 15 and receive a guaranteed withdrawal value.

### What happens if my clients' circumstances change?

While the Liquid Lifetime Regular Income option is designed to be held for life, it has a guaranteed withdrawal value at the end of year 15, just in case your client's circumstances change. The guaranteed withdrawal amount can be up to 100%, dependant on the client's age at the time of investment. They can also ask to withdraw a lump sum amount<sup>2</sup> within the first 15 years.

During the 15-year withdrawal period, we will pay a guaranteed death benefit to your client's nominated beneficiaries or their estate.<sup>3</sup> The death benefit and end of year 15 withdrawal value are known amounts and are determined upfront.

After the withdrawal period ends, there is no longer a withdrawal value or death benefit payable, but your client's regular payments will continue every month for the rest of their life (or their spouse's life if they choose). If your client passes away (and does not have a nominated reversionary), or chooses to cancel the annuity, then their monthly payments will cease.

### Social security means test rules

New legislation determines the assets and income test treatment of lifetime income streams commenced on or after 1 July 2019.

Liquid Lifetime Regular income (15-year withdrawal guarantee) option is assessed as follows:

Asset test	Income test
The greater of:	60% of regular payments received
<ul style="list-style-type: none"> <li>• 60% of the investment amount until age 84 with a minimum of 5 years, 30% thereafter;</li> <li>• Any current or future surrender value; and</li> <li>• Any current or future death benefit.</li> </ul>	

Due to the 15-year withdrawal guarantee feature, it is the guaranteed death benefit or withdrawal value that will be assessed for the assets test during the withdrawal period for many clients.

This assets test treatment is similar to other products which feature access to capital, including term deposits and managed funds.

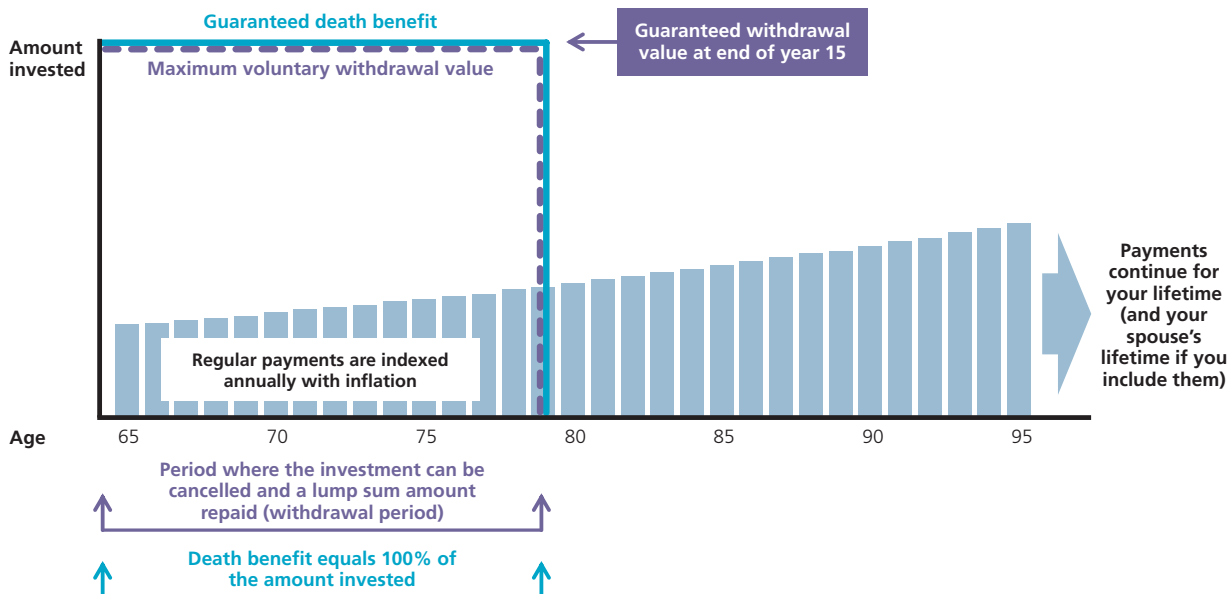
<sup>1</sup> Your client can choose to only partially index payments annually with movements in the CPI (called 'partial CPI') or not to index payments annually with movements in the CPI (called 'no indexation') in return for higher starting payments.

<sup>2</sup> If your client withdraws their investment (before the end of year 15), their withdrawal value will take into account the cost to us of breaking the investment, as well as movements in interest rates between the time your client invests and when they choose to withdraw.

<sup>3</sup> If purchased with ordinary monies, some of the withdrawal amount will be treated as income and may be subject to tax.

## Regular Income (15-year Withdrawal Guarantee) illustration

This example is based on a 65-year-old female with a 100% withdrawal guarantee at the end of year 15.



Note: This diagram is illustrative only. Some of the above features may not be available if your client invests with super monies.

## We're always ready to support you and your clients

Challenger has a range of tools to help you and your clients plan for their retirement, including calculators, videos and case studies. To access them or find out more:

- Log in, or register for AdviserOnline at [adviseronlineportal.com.au](https://adviseronlineportal.com.au)
- Speak to your Challenger BDM
- Call **1800 621 009**

As with all investments, Liquid Lifetime carries some risks. The key risks and how they are managed are described in the Product Disclosure Statement (PDS). You should read the PDS (including the information about risks) and consider the suitability of the product for your client's circumstances before a decision to invest is made. A copy of the PDS is available at [challenger.com.au](https://challenger.com.au) or by contacting our Adviser Services Team on **1800 621 009**.

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