

Challenger Guaranteed Annuity (Liquid Lifetime)

Flexible Income (Deferred payments) option

The Liquid Lifetime Flexible Income (Deferred payments) option allows clients to use their super monies today to create guaranteed income for the future at a starting date of their choice.

The Flexible Income (Deferred payments) option starts paying your client a lifelong income after a deferral period of their choice. Monthly payments are higher in the Flexible Income (Deferred payments) option than the Flexible Income (Immediate payments) option. This option may be suitable for clients who want to secure an income stream today for their later years of retirement.

Your client will receive:

- higher starting payments than if they choose to start payments immediately;
- payments for the rest of their life (and the life of their spouse if chosen) – once the monthly payments commence;
- deferred payments that keep pace with inflation (indexed to CPI)¹;
- payments that are guaranteed regardless of how investment markets perform;
- up to 100% of their investment repaid to their nominated beneficiaries or estate if they die early²; and
- a withdrawal value for a period based on their life expectancy – just in case their circumstances change, and they no longer require lifelong income.

Your client can only use superannuation money to invest in the Flexible Income (Deferred payments) option.

Your clients may be eligible for an immediate increase in their Age Pension

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

For the Liquid Lifetime Flexible Income (Deferred payments) option, under the income test 60% of payments will be assessed once they start.

Under the assets test just 60% of any investment amount will count as an asset to age 84 (or for a minimum of five years) and just 30% will count as an asset thereafter.

For asset test sensitive clients this 40% then 70% reduction in assessable value may deliver an immediate increase in your clients Age Pension entitlements.

How the deferral period works

The deferral period must be in whole years, and payments must start no later than the investment anniversary after your client turns age 100 (or their spouse turns age 100 if they are older and have been included as a reversionary). The minimum deferral period is one year.

The longer the deferral period, the higher the value of the starting payments. Once payments commence, they will be made monthly for life.

Let's look at the table below assuming an investment amount of \$100,000.

	Immediate	Annual payments starting after...				
		3 years	5 years	10 years	15 years	20 years
65 year old male	\$4,551	\$5,278	\$5,879	\$7,950	\$11,332	\$17,642
65 year old female	\$4,296	\$4,926	\$5,440	\$7,191	\$9,971	\$14,846
65 year old couple (reversionary)	\$4,101	\$4,624	\$5,041	\$6,395	\$8,471	\$12,011

Challenger Guaranteed Annuity (Liquid Lifetime) Flexible income (Immediate and deferred payments), monthly payments, CPI indexation, maximum voluntary withdrawal period of 19 years for males and 22 years for females and death benefit equal to 100% of the initial investment for the first 9 years for males and 11 years for females after which time death benefit is equal to the maximum voluntary withdrawal value. Challenger eQuote (30/07/2019).

1 Your client can ask us to only partially index payments annually with movements in the CPI (called 'partial CPI'), to have payments linked to changes in the Reserve Bank of Australia (RBA) cash rate (called 'RBA cash linked') or to have fixed payments (called 'no indexation') in return for starting payments that are generally higher than the CPI option.
2 Please refer to Guaranteed death benefit on the next page.

What happens if my clients' circumstances change?

While the Liquid Lifetime Flexible Income option is designed to be held for life, there is a long period based on life expectancy where your client can access a lump sum if their circumstances change.

The maximum withdrawal value starts at 100% of the investment amount and progressively reduces until it reaches zero at the end of the withdrawal period.

If your client withdraws their investment, their withdrawal value will take into account the cost to us of breaking the

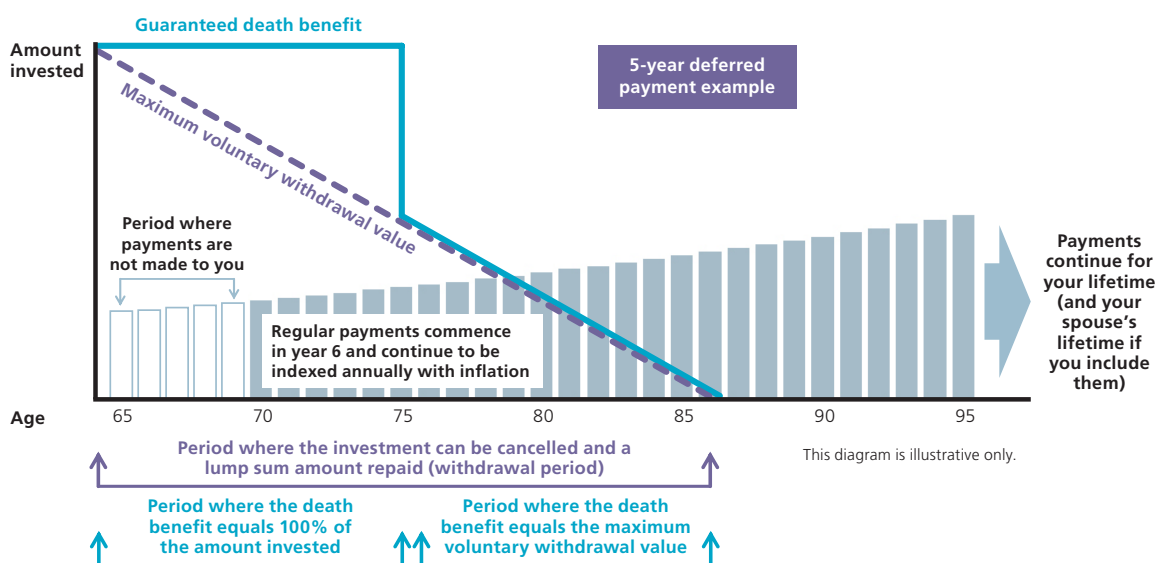
investment, and movements in interest rates between the time they invested and when they choose to withdraw. If they withdraw, then their regular payments stop.

Guaranteed death benefit

In the first half of the withdrawal period (rounded down to a whole year), we will pay a guaranteed death benefit equal to 100% of the amount invested to your client's nominated beneficiaries or their estate. For the remainder of the withdrawal period, the death benefit will be the same as the maximum withdrawal value. If your client passes away (and does not have a reversionary spouse), then their monthly payments will cease.

Flexible Income (Deferred payments) illustration

This example is based on a 65-year-old female.



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
- 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 or by contacting our Adviser Services Team on **1800 621 009**.

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