

A guide to annuities

Look forward with confidence in your retirement



What is an annuity?

An annuity is a financial product that can be used to provide you regular income in retirement.

Annuities provide a guaranteed regular income for life, or for a chosen investment term, helping to give peace of mind in retirement.

An annuity complements other retirement investments and sources of income, such as a pension from your super and the Age Pension. They can be used as the foundation of your retirement portfolio.

Types of annuities

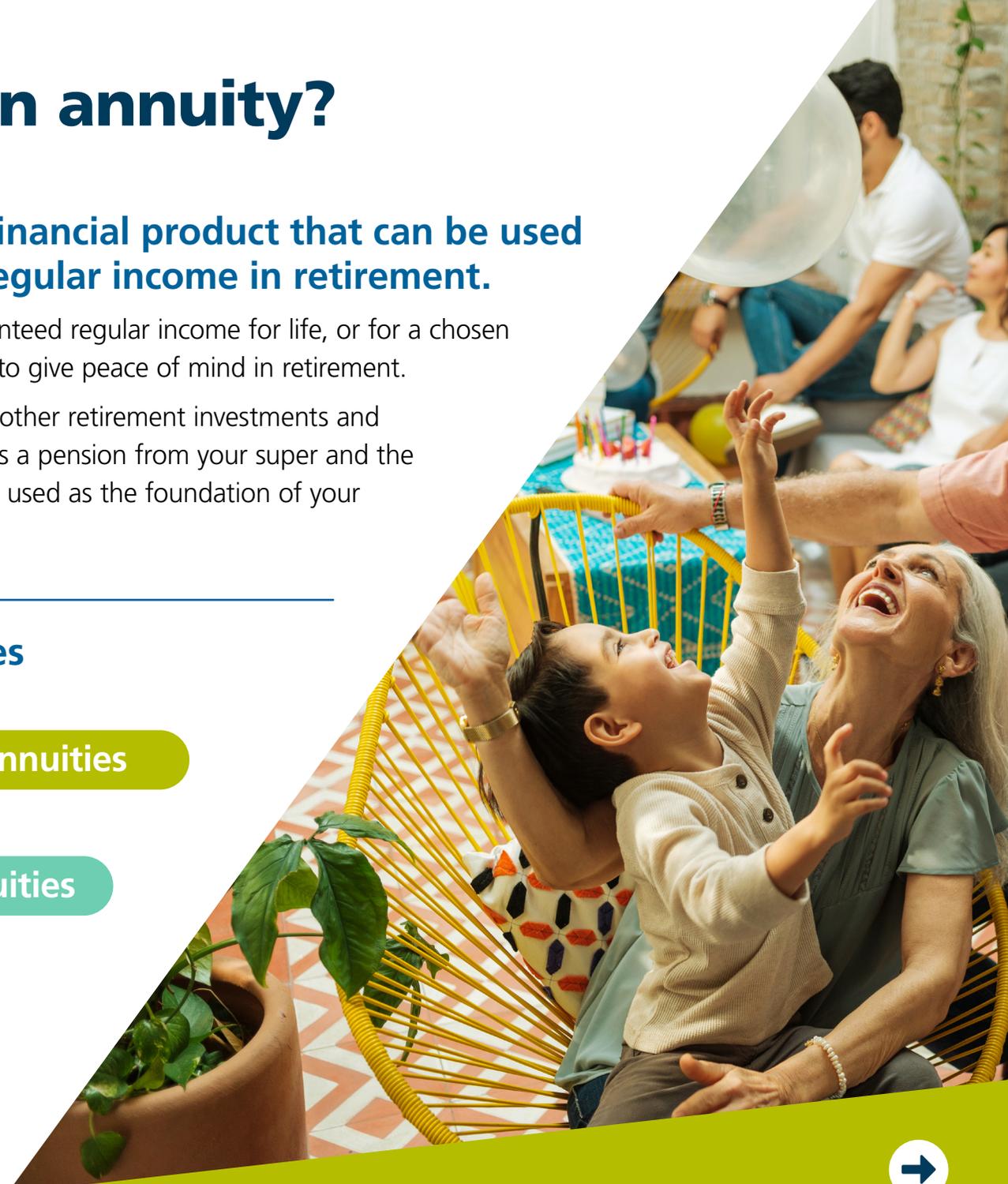


Lifetime annuities



Term annuities

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important



Types of annuities

Here's a quick guide to the different types of annuities available:



Lifetime annuities

Will pay you a guaranteed regular income for life, regardless of how long you live, helping to give peace of mind in retirement.

Features at a glance

- Guaranteed regular payments for life (and your spouse's life if you choose)
- Payments that start immediately or, for some payment options, on a future date you choose (if using super savings to invest)
- Payments that can keep pace with inflation
- Can pay a lump sum death benefit to your family or estate within a known withdrawal period
- Can offer the flexibility to withdraw and be paid a lump sum within a known withdrawal period if your circumstances change
- You can use your super or personal savings to invest
- Payments are tax free if you use your super to invest and you are aged 60 or over

- ▶ What is an annuity?
- ▶ **Types of annuities**
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important



Types of annuities

Here's a quick guide to the different types of annuities available:



Term annuities

Provides a guaranteed, regular income for a fixed term you choose with flexible capital return options at maturity.

Features at a glance

- Regular payments for a fixed term of your choice
- You can choose the frequency of your payments
- You can choose to have your investment repaid at the end of the fixed term or have some or all of it repaid throughout the fixed term as part of your regular payments
- Payments that are guaranteed regardless of how share markets perform
- You can use your super or personal savings to invest
- Payments that are tax free if you use your super to invest and you are aged 60 or over

- ▶ What is an annuity?
- ▶ **Types of annuities**
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important



Why choose an annuity?

Retirement is a life-changing event. As you adjust to your new lifestyle, you'll need to think differently about your finances.

Moving from earning an income to drawing on your retirement savings and investments can be a big shift mentally. And it can bring up financial concerns you haven't thought too much about before, such as:

- the risk of outliving your retirement savings and becoming completely reliant on the Age Pension
- the impact of market conditions on the value of your investments during your retirement
- the risk that over time inflation will increase the cost of living. This means the income received from your investments may also need to increase in line with inflation to maintain your standard of living.

Annuities can help to address these concerns so you can relax and enjoy your retirement.

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ **Why choose an annuity?**
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important

Benefits of annuities



Guaranteed regular income

They provide a guaranteed regular income, either for your lifetime or for a fixed term of your choice.



Protection from key retirement risks

They give you an additional layer of protection for life, or for a chosen investment term. They can act as a safety net.



Helping you to spend confidently in retirement

Annuities can be used to help cover your living costs and maintain your standard of living while in retirement.



Why choose an annuity?

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ **Why choose an annuity?**
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important

Is an annuity right for me?

When determining whether an annuity is right for you, it may help to focus on what your retirement goals are in more concrete terms. For example, working out how much your basic expenses are, how much you will need for a more comfortable lifestyle, if the Age Pension will be enough or whether you need an additional source of income to meet these goals.

If you value the security of a guaranteed regular income for a fixed term or for the rest of your life, then an annuity may be a suitable investment option for you. In all cases, we recommend you speak to a financial adviser.



Modern annuities for today's retiree

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ **Modern annuities for today's retiree**
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important

We understand that your retirement goals and lifestyle needs are unique. That's why we offer a choice of annuities to suit you. You can use part of your super or personal savings to invest with a minimum investment amount of \$10,000.



Lifetime annuities

Challenger Lifetime Annuity (Liquid Lifetime)

We all want different things from retirement but share a common need: income. Challenger lifetime income products deliver guaranteed regular income payable for life, regardless of how long you live.

With a Challenger lifetime annuity as part of your retirement plan you can build a more resilient investment portfolio because the payments from your annuity are guaranteed to be payable for your lifetime. Liquid Lifetime options can provide:

- guaranteed regular payments for life (and your spouse's life if you choose)
- payments that start immediately or, for some payment options, on a future date you choose (if using super savings to invest)
- payments that are fixed, that keep pace with inflation, or are linked to changes in the RBA cashrate or investment markets
- a long period where you can access a lump sum if your circumstances change¹
- a long death benefit period where a lump sum is payable to your estate or nominated beneficiaries¹
- regular income is tax-free if you use your super to invest. If you invest with other non-superannuation personal savings, only part of your income is taxable

¹ You can ask us to change these features in return for different starting payments. But the choice is totally yours.



Modern annuities for today's retiree

We understand that your retirement goals and lifestyle needs are unique. That's why we offer a choice of annuities to suit you. You can use part of your super or personal savings to invest with a minimum investment amount of \$10,000.



Term annuities

Challenger Guaranteed Annuity (Fixed Term)

A secure investment that provides a guaranteed, regular income for a fixed term you choose:

- the choice of a fixed term between one year and 50 years
- the choice of monthly, quarterly, half-yearly or yearly payments
- your investment repaid at the end of the fixed term unless you choose to have some or all of it repaid throughout the fixed term as part of your regular payments
- if you are using some of your super to invest in a Challenger term annuity, your regular payments are tax-free. If you invest with non-super money the tax treatment will be different



- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ **Modern annuities for today's retiree**
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important



About Challenger

Challenger is focused on providing customers with financial security for a better retirement.

We do this by offering investment strategies that exhibit consistently superior performance, and by helping customers in retirement with safe and reliable income streams.

As Australia's largest annuity provider, we provide regular income payments to thousands of Australian retirees. Our lifetime annuities help to protect retirees from the risk of running out of money late in life.

The retirement incomes we pay are backed by a high-quality investment portfolio, including fixed income and commercial property investments. These investments generate regular and predictable investment income, which we use to fund retirement incomes paid to our customers.

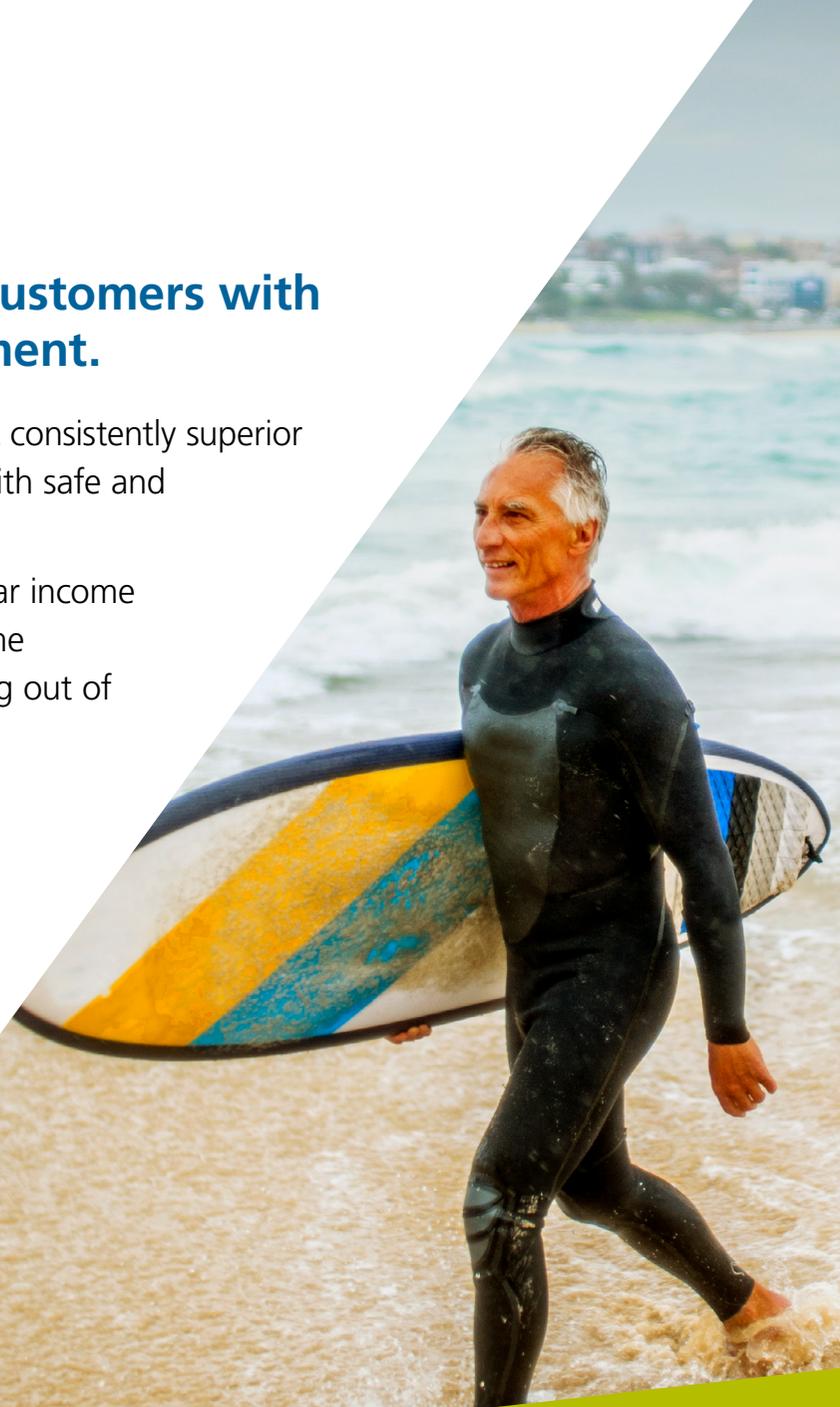


#1 LARGEST ANNUITY PROVIDER IN AUSTRALIA



14X WINNER OF AFA STRATEGIC INSIGHT 'ANNUITY PROVIDER OF THE YEAR'

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ **About Challenger**
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important



How we cover our promises made to you

Challenger annuities are provided by Challenger Life, a Life Company regulated by the Australian Prudential Regulation Authority (APRA). APRA is the authority that regulates the banking, insurance and superannuation industries.

When you invest in a Challenger annuity your capital investment goes into a fund along with the capital received from other annuity customers. This fund is known as the statutory fund, and all regular payments to our annuity customers are paid from this fund. We are also required by APRA to invest our own money into the fund. This statutory fund is required to hold enough capital to withstand a significant share market shock event.

Challenger Life is subject to detailed legislative and regulatory requirements designed to ensure that your investment is kept safe. APRA actively monitor our investments with the aim of ensuring that we can meet the promises that we have made to you both now and into the future.

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 customers, we must cover the shortfall from the money we have invested in the fund.

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ **How we cover our promises made to you**
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important



Frequently asked questions

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ **Frequently asked questions**
- ▶ Where to start
- ▶ Why financial advice is important

Challenger Lifetime Annuity (Liquid Lifetime)

Challenger Guaranteed Annuity (Fixed Term)

What if I need access to my investment?

There's flexibility to cancel the investment at any time during your life expectancy, up to a maximum of 27 years (rounded down to a whole year), so you have access to a lump sum if you ever need it. The maximum withdrawal value starts at 100% of the amount invested and steadily reduces to nil.²

While you should only invest in a fixed term annuity if you plan to remain invested for the full fixed term, you can ask to be repaid a lump sum amount if your circumstances change.

What if I die early after investing in an annuity?

A guaranteed death benefit is payable for the duration of your life expectancy with the death benefit equal to 100% of the amount invested for the first half of life expectancy. The maximum amount that could be received by your estate or beneficiaries depends on the time which has passed since you invested in the annuity up to the date of your death. We don't reduce the death benefit for any income that has already been paid to you. You have the flexibility to remove this feature in return for higher regular payments.

With fixed term annuities, the remaining benefits are paid to the beneficiaries you have nominated or to the surviving owner if you have invested jointly with another person.

If you die before the end of the investment term, and your regular payments continue to be made to your reversionary, nominated beneficiary or estate, a withdrawal value can be calculated to enable the regular payments to be converted to a lump sum payment.

² 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. That is why it is only possible to determine the withdrawal value at the time of withdrawal.



Frequently asked questions

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ **Frequently asked questions**
- ▶ Where to start
- ▶ Why financial advice is important

Challenger Lifetime Annuity (Liquid Lifetime)

Challenger Guaranteed Annuity (Fixed Term)

Do I have to put all my savings into the annuity?

No. Challenger annuities are designed to help provide a foundation of guaranteed regular income for your retirement portfolio. Investing some of your retirement savings or super in a Challenger lifetime annuity will give you a monthly income for life. You can invest as little as \$10,000.

You don't have to invest all of your money into a Challenger fixed term annuity. You can invest only a part of your retirement savings and receive a secure regular income for a fixed term you choose and a range of capital return options on maturity.

What if the cost of living goes up?

Payments from Challenger annuities can be linked to yearly inflation changes or linked to changes in the RBA cash rate, helping you to continue to afford tomorrow what you can afford today.

You can choose inflation linked income to help protect your lifestyle.³ Inflation measures the change in the cost of living over time. With level income, your retirement lifestyle could become unaffordable.

Are there any fees?

There are no ongoing product fees (now or in the future); all product costs are incorporated when we set your starting payment.

³ Only available where you have asked for the full investment amount to be returned to you throughout the fixed term.



Frequently asked questions

About Challenger

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ **Frequently asked questions**
- ▶ Where to start
- ▶ Why financial advice is important

How does Challenger make its money?

We 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 customers, we keep the excess amount. This is how we make a profit. If we do not achieve investment returns that are sufficient to cover all promises made to our annuity customers, we cover the shortfall from our own money.

How safe is Challenger?

Challenger annuities are provided by Challenger Life, a Life Company regulated by the Australian Prudential Regulation Authority (APRA). APRA is the authority that regulates the banking, insurance and superannuation industries.

How does Challenger cover the promises made to their customers?

When you invest in a Challenger annuity your capital investment goes into a fund along with the capital received from other annuity customers. This fund is known as the statutory fund, and all regular payments to our annuity customers are paid from this fund. We are also required by APRA to invest our own money into the fund. This statutory fund is required to hold enough capital to withstand a significant share market shock event.

Challenger Life is subject to detailed legislative and regulatory requirements designed to ensure that your investment is kept safe. APRA actively monitor our investments with the aim of ensuring that we can meet the promises that we have made to you both now and into the future.

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 customers, we must cover the shortfall from the money we have invested in the fund.



Where to start

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ **Where to start**
- ▶ Why financial advice is important

Conducting your own research into annuities before making any decisions can help you to work out what's right for you. Your financial adviser can help with this.

You can find out more about Challenger annuities by visiting our website challenger.com.au, reading the Target Market Determination and Product Disclosure Statement for each product (available on our website), or by calling us.

Step one Get a quote

Your financial adviser can arrange a quote for you, or you can do this yourself by calling us. The quote is obligation free and will be valid for 14 days.

Step two Send us your application

If you decide to invest in an annuity, you can apply by providing us with:

- a completed and signed (or 'e-signed') application form
- your quote (if your quote has expired, then your regular payments will be calculated on the day we process your application)
- your identity verification documents (these are outlined in the application form)
- your initial capital investment (by direct debit or cheque) if you're using non-super money to invest in the annuity
- rollover information if you're using super money to invest in the annuity.

What happens next?

If your application is successful, we'll send you a Policy Document and Investor Certificate that sets out the terms and conditions of your annuity.

We'll also send you a Centrelink schedule for social security purposes. You should read these documents carefully and speak to us or your financial adviser if you have any questions.



Why financial advice is important

Your finances are an essential part of feeling comfortable and confident about your future. So it's worth getting an expert involved in exploring options and making a plan for a secure income that will have you covered, throughout retirement.

Making informed decisions

Seeking advice is often about finding out what you don't know. By discovering the options available for investing and managing your income in retirement, you can start to understand which choices will suit you best, and why. A financial adviser with expertise in retirement planning is the ideal partner for opening up this world of opportunity and then narrowing it down according to your needs. They can guide you towards the right mix of investment and income options for your retirement.

Getting access to benefits

Your own savings may not be your only source of income in retirement. As well as creating a financial plan for your savings and assets, a financial adviser can also ensure you receive any Government benefits you may qualify for, such as the Age Pension.

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ **Why financial advice is important**



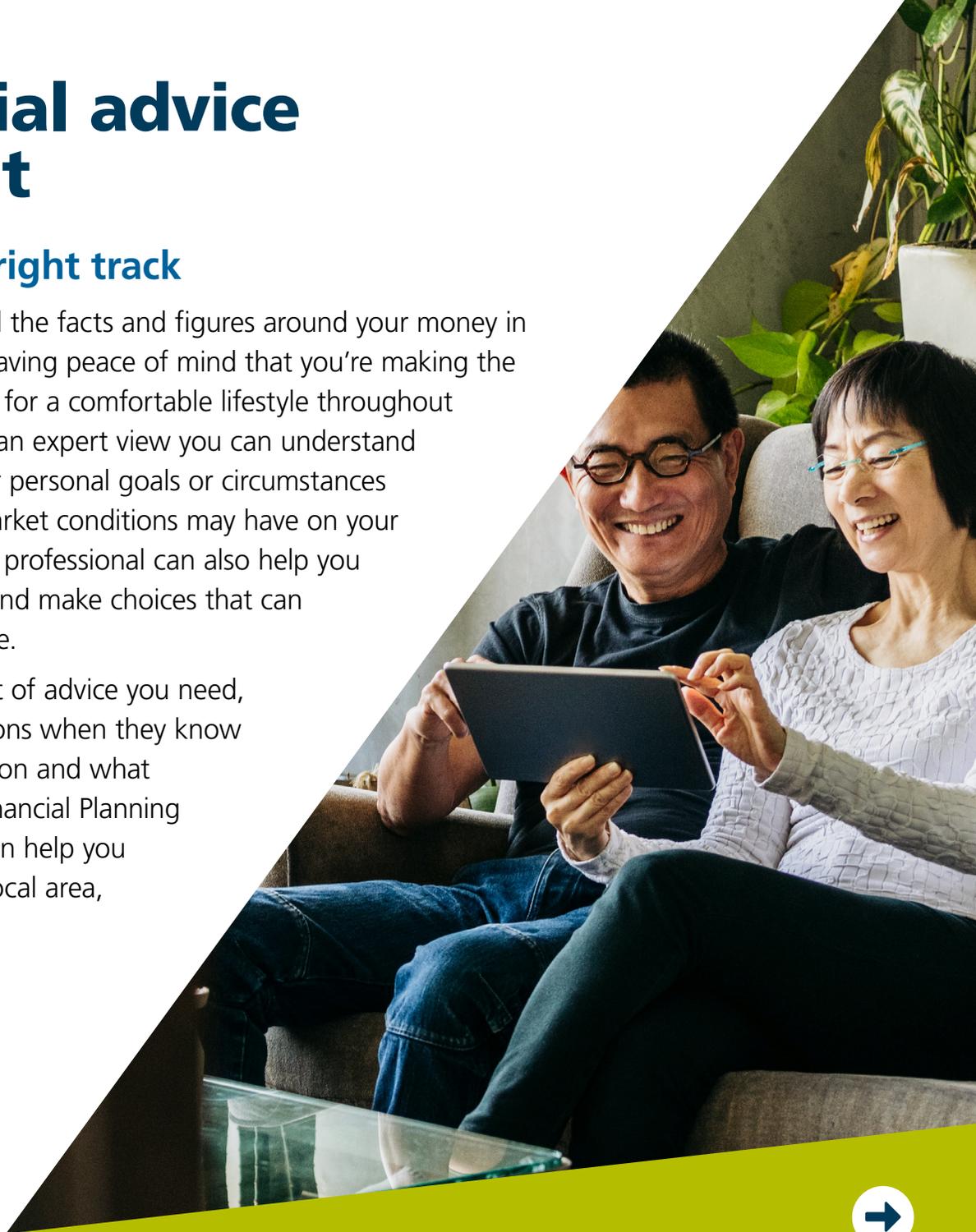
Why financial advice is important

Keeping you on the right track

Advice can help you understand the facts and figures around your money in retirement. But it's also about having peace of mind that you're making the most of your savings to prepare for a comfortable lifestyle throughout retirement. With the benefit of an expert view you can understand the impact that changes to your personal goals or circumstances and external factors, such as market conditions may have on your retirement. Having input from a professional can also help you avoid taking unnecessary risks and make choices that can secure your finances and lifestyle.

If you're unsure about what sort of advice you need, your adviser can make suggestions when they know more about your financial position and what your goals are for the future. Financial Planning Association of Australia (FPA) can help you find a financial adviser in your local area, visit [fpa.com.au](https://www.fpa.com.au).

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ **Why financial advice is important**



Need more information?

To find out more about annuities or to arrange a quote:

 [Visit challenger.com.au](https://challenger.com.au)

 [Speak to your financial adviser](#)

 [Call 13 35 66](tel:133566)

The information in this document is current as at 1 February 2023 unless otherwise specified and is provided by Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 (Challenger, our, we, us), the issuer of the Challenger annuities. The information in this document is general information only about our financial products. It is not intended to constitute financial product advice. Investors should consider the relevant product Target Market Determination and Product Disclosure Statement and the Statement of Advice prepared by their financial adviser before making an investment decision. This information has been prepared without taking into account any person's objectives, financial situation or needs. Each person should, therefore, consider its appropriateness having regard to these matters and the information in the Target Market Determination (TMD) and Product Disclosure Statement (PDS) for the applicable product before deciding whether to acquire or continue to hold the product. A copy of the TMD and PDS is available at challenger.com.au or by contacting our Adviser Services Team on 1800 621 009.

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.**

Any examples shown in this document are for illustrative purposes only and are not a prediction or guarantee of any particular outcome. This document may include statements of opinion, forward looking statements, forecasts or predictions based on current expectations about future events and results. Actual results may be materially different from those shown. This is because outcomes reflect the assumptions made and may be affected by known or unknown risks and uncertainties that are not able to be presently identified. Where information about our products is past performance information, past performance is not a reliable indicator of future performance. Neither Challenger nor its related bodies corporate nor any of their directors or employees, or associates of any of these, receive any specific remuneration or other benefits for any advice provided in this document in respect of the applicable product. Some or all of Challenger group companies and their directors or employees may benefit from fees and other benefits received by another group company. Financial advisers may receive fees if they provide advice to you or arrange for you to invest with us. Any illustrations involving taxation, Centrelink rules or benefits and/or Department of Veterans' Affairs rules or benefits are based on current laws at the date of currency specified in this document and these laws may change at a future date. Neither Challenger, nor any of its officers or employees, are a registered tax agent or a registered tax (financial) adviser under the Tax Agent Service Act 2009 (Cth) and none of them is licensed or authorised to provide tax or social security advice. Before acting, we strongly recommend that prospective investors obtain financial product advice, as well as taxation and applicable social security advice, from qualified professional advisers who are able to take into account the investor's individual circumstances. In preparing this information about taxation, Centrelink rules or benefits and/or Department of Veterans' Affairs rules or benefits, Challenger relied on publicly available information and sources believed to be reliable, however, the information has not been independently verified by Challenger. While due care and attention has been exercised in the preparation of this information, Challenger gives no representation or warranty (express or implied) as to its accuracy, completeness or reliability. The information presented in this document is not intended to be a complete statement or summary of the matters to which reference is made in this document. To the maximum extent permissible under law, neither Challenger nor its related entities, nor any of their directors, employees or agents, accept any liability for any loss or damage.

52854/0323

- ▶ What is an annuity?
- ▶ Types of annuities
- ▶ Why choose an annuity?
- ▶ Modern annuities for today's retiree
- ▶ About Challenger
- ▶ How we cover our promises made to you
- ▶ Frequently asked questions
- ▶ Where to start
- ▶ Why financial advice is important

