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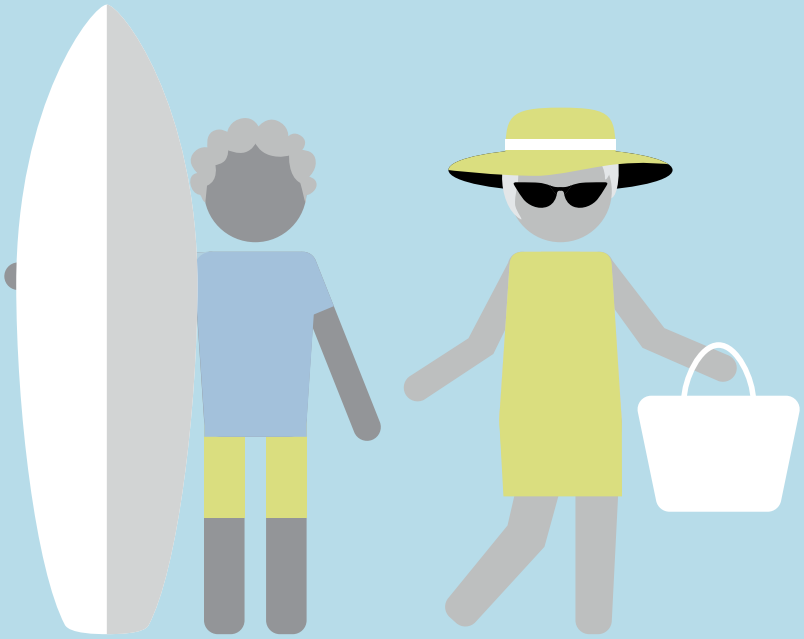
Adviser Guide

Liquid Lifetime (Market-linked payments)

Current as at
1 September 2022

challenger



Market-linked lifetime annuities combine the benefits of **monthly income for life and exposure to investment markets***

* 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 the chosen market-linked index. In periods of poor performance (and/or where you choose the Accelerated payment option), payments can index down below the starting payment.

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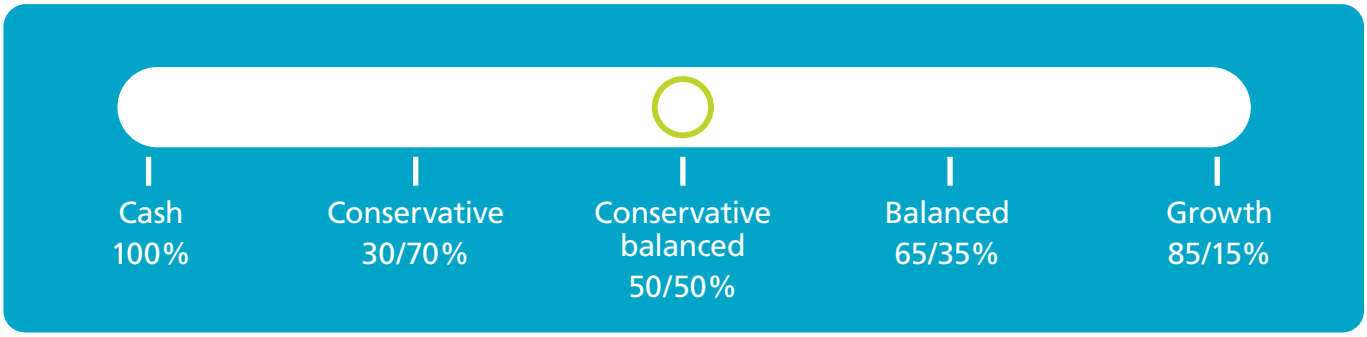
1 What is Liquid Lifetime (Market-linked payments)?

Challenger's Liquid Lifetime (Market-linked payments) (referred to as market-linked lifetime annuity in this guide) is an immediate lifetime annuity that **provides a monthly income for your client's lifetime** (and their spouse's life if they are included as part of the investment) that will change annually in line with the return of the chosen market-linked index. **It can be purchased with either super (via a rollover) or non-super money.**

Challenger Life guarantee that market-linked payments will be paid for life, and if chosen, the lifetime of a spouse.

The market-linked lifetime annuity has been designed to complement other retirement investments and sources of income, such as account-based pensions and the Age Pension. Similar to how you construct a client's investment portfolio within their account-based pension, you now have the option of including a lifetime income solution within your client's retirement portfolio that aligns to their risk profile and retirement goals.

There are five diversified market-linked index options to choose from.



Only the first year's monthly income amount is guaranteed. After the first year, **monthly payments will index up or down annually** so that they adjust with changes in the chosen market-linked index. In periods of poor performance and/or where you choose the Accelerated payment option (see below), payments can index down below the starting payment.

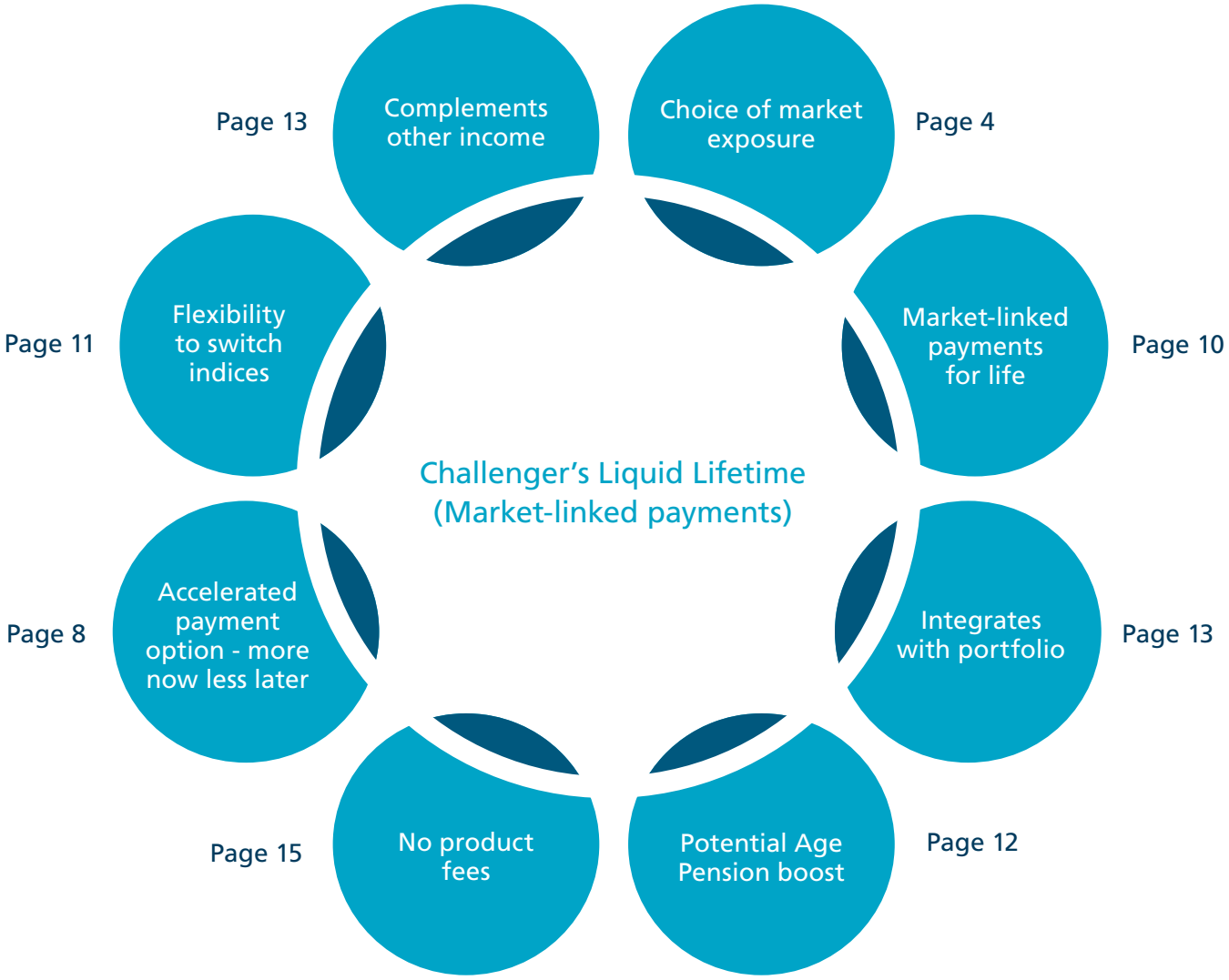
The Accelerated payment option allows your clients to have an increased starting payment in exchange for reducing future indexation by between 1% p.a. and 5% p.a. The greater the reduction, the greater the increase in starting payment.

A market-linked lifetime annuity gives your clients **the flexibility to switch** the chosen market-linked index on each policy anniversary at no cost. This flexibility helps you to build a lifetime relationship with clients. The market-linked index can be reviewed on an annual basis in line with other sources of retirement income and changes in your client's circumstances or risk appetite.

While the market-linked lifetime annuity is designed to be held for life, there is a long period based on life expectancy where the investor has the **flexibility to access a lump sum if circumstances change.** For example, a 65-year-old female who invests today can withdraw at any time during the first 22 years of investment. The withdrawal period applicable to your client's investment will be shown on their payment quote. The maximum withdrawal value starts at 100% of the amount invested and progressively reduces until it reaches zero at the end of the withdrawal period. If market performance has been poor, the withdrawal value will be less than the maximum withdrawal value.

In addition, the market-linked lifetime annuity has a **money back guarantee upon early death.** If death occurs during the first half of the withdrawal period (rounded down to a whole year), 100% of the amount invested will be repaid to the investor's estate or nominated beneficiaries. **The death benefit is not reduced by any payments made** up until the time of death although if the investment was made with non-super money, then during the 100% death benefit period part of the death benefit will be assessable income for tax purposes. For the remainder of the withdrawal period the death benefit equals the maximum withdrawal amount and there will be no assessable income for tax purposes.

2 Benefits at a glance



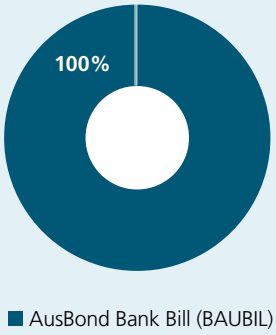
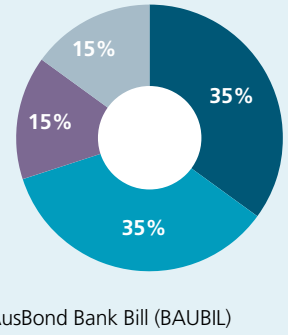
3 Choose the level of market exposure

There is a choice of five diversified market-linked index options. All options have no investment management fees.

On commencement of a market-linked lifetime annuity, the starting index value for the chosen market-linked index will be the index value on the first business day after the day of investment. This means that index performance in the first year will be calculated on a 364-day basis (365-day basis in a leap year). After the first year, index performance will be calculated policy anniversary to policy anniversary.

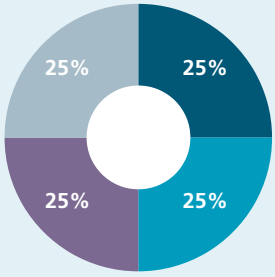
Challenger calculates the annual indexation rate for each market-linked index option based on the performance of each underlying market index.

Only one market-linked index can be chosen per investment. If you would like to choose more than one index you should split monies into multiple market-linked lifetime annuities.

	Cash index	Conservative index
Underlying index allocation	 AusBond Bank Bill (BAUBIL)	 AusBond Bank Bill (BAUBIL) AusBond Government (BAGV0) MSCI World Net Ex AU (EANREXAN) S&P/ASX200 net return index (ASN51)
Asset allocation	Cash: 100%	Cash: 35% Australian Fixed Interest: 35% Australian Equities: 15% International Equities: 15%
Defensive / Growth split	 100% Defensive	 70% Defensive 30% Growth
Estimated number of negative index returns over any 20-year period	Nil 	Around 2 in every 20 years 
Index investment management fee	Nil	Nil
5 year historical index performance to 30 June	2022: 0.10% 2020: 0.85% 2018: 1.78% 2021: 0.06% 2019: 1.97%	2022: -5.68% 2020: 1.83% 2018: 5.82% 2021: 7.26% 2019: 7.85%
$1,000 payment after 5-year historical index performance*	**$1,048 (+4.83%)**	**$1,176 (+17.57%)**

* Past performance is not a reliable indicator of future performance. All payment options commenced on 4 October 2021. Historical payment option indexation rates have been calculated using the historical performance of the underlying market indexes.

Conservative balanced index



- AusBond Bank Bill (BAUBIL)
- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX200 net return index (ASN51)

Cash: 25%
Australian Fixed Interest: 25%
Australian Equities: 25%
International Equities: 25%

50% Defensive | 50% Growth

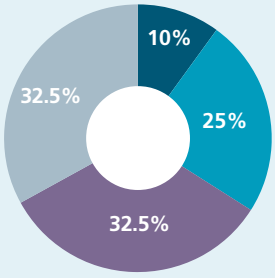
Around 3 in every 20 years

Nil

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

$1,266
(+26.62%)

Balanced index



- AusBond Bank Bill (BAUBIL)
- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX200 net return index (ASN51)

Cash: 10%
Australian Fixed Interest: 25%
Australian Equities: 32.5%
International Equities: 32.5%

35% Defensive | 65% Growth

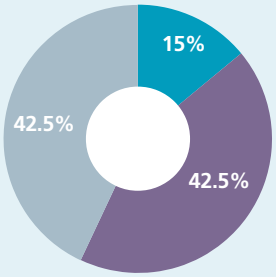
Around 4 in every 20 years

Nil

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

$1,335
(+33.52%)

Growth index



- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX200 net return index (ASN51)

Australian Fixed Interest: 15%
Australian Equities: 42.5%
International Equities: 42.5%

15% Defensive | 85% Growth

Around 5 in every 20 years

Nil

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

$1,430
(+43.01%)

The underlying index allocations are fixed and do not change year-to-year. The market-linked index options are re-weighted monthly on the last day of each calendar month.

Challenger reserves the right to 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; or
- makes other changes to or terminates the license 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 that any replacement index is as similar as possible to the original index.

About the underlying indexes

Name	Ticker	Details
Bloomberg AusBond Bank Bill Index	BAUBIL	The index is engineered to measure the Australian money market by representing a passively managed short-term money market portfolio. This index is comprised of 13 synthetic instruments defined by rates interpolated from the RBA 24-hour cash rate, 1M BBSW, and 3M BBSW
Bloomberg AusBond Government Index	BAGV0	The index is engineered to measure the market of Australian Govt bonds and is a composite of the Treasury and Semi-Govt indices. It is a rules-based, market value weighted index which includes bonds maturing in 0+ years
S&P/ASX200 net return index	ASN51	The index is designed to reflect the performance of the 200 largest index-eligible stocks listed on the ASX by float-adjusted market capitalisation. The index includes all cash dividends reinvested on the ex-dividend date after the deduction of a 30% withholding tax (not applied to fully franked dividends).
MSCI World ex Australia Net Return	EANREXAN	The index captures large and mid-cap representation across 22 of 23 Developed Markets countries including Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US (excluding Australia). The index covers approximately 85% of the free float-adjusted market capitalisation in each country.

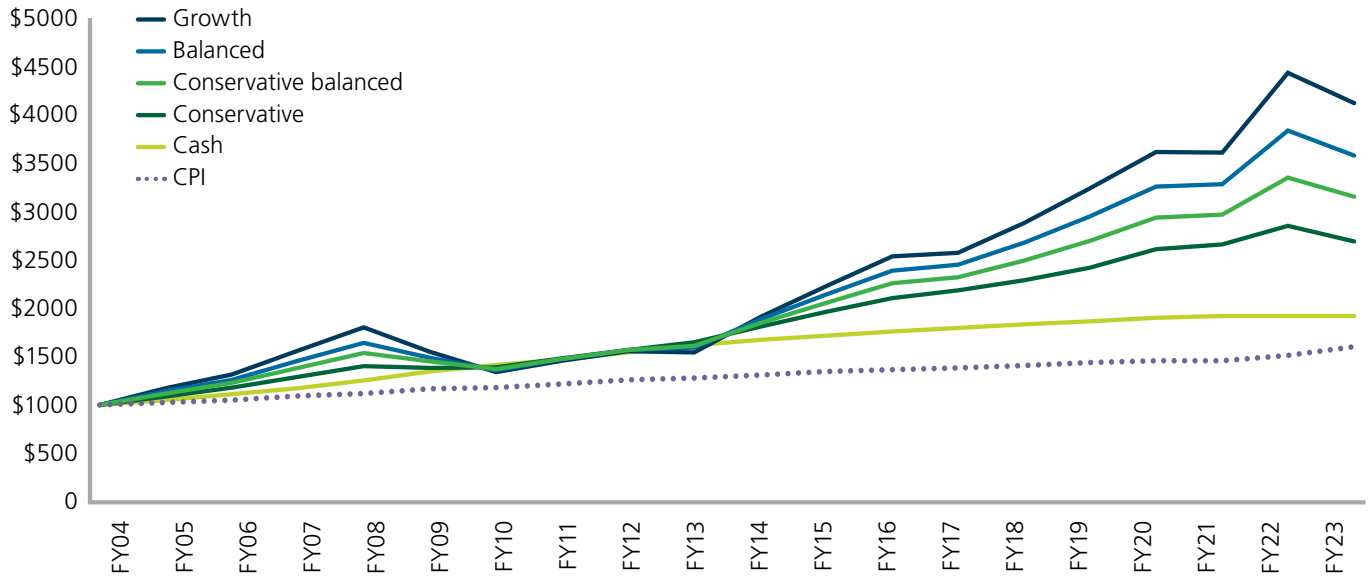
Imputation credits

Each of the market-linked index options are synthetic - no physical securities are held. As a result the S&P/ASX200 net return index does not benefit from imputation credits. The impact to annual returns for each index is estimated to be: Cash: 0%, Conservative: 0.21% Conservative Balance: 0.35%, Balanced: 0.455% & Growth: 0.595%. Note the impact to returns is often offset by the fact that each Challenger market-linked index option has no admin fees, management fees, expense recovery charges or annual mortality adjustments.

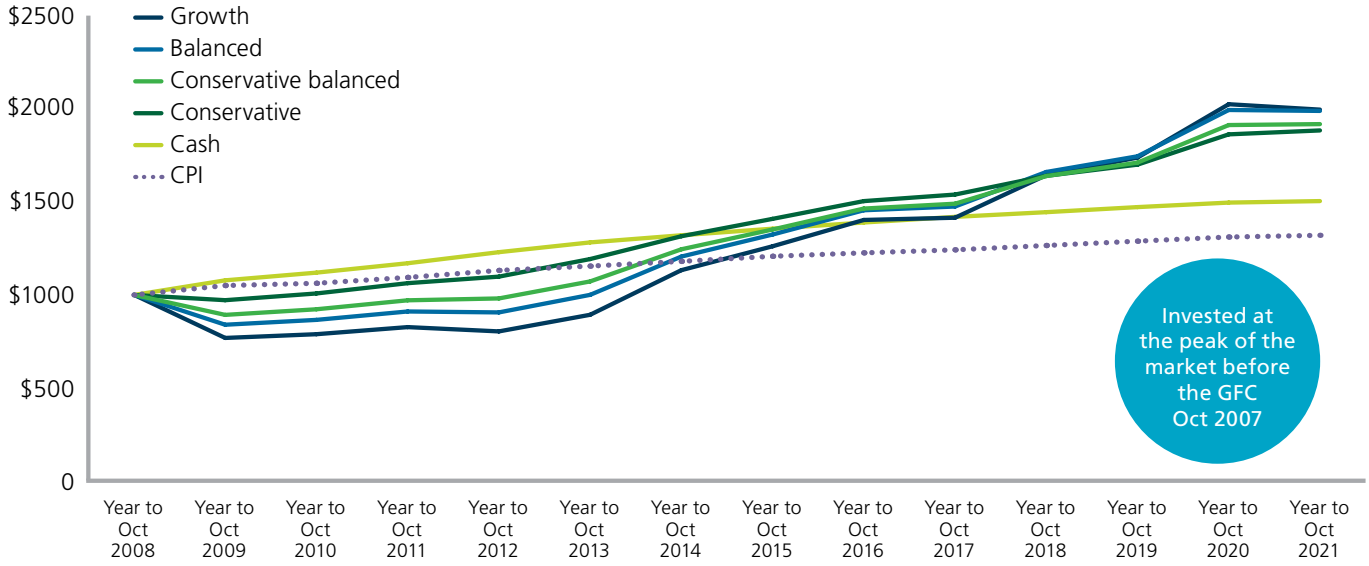
Historical performance examples

Past performance is not a reliable indicator of future performance. All payment options commenced on 4 October 2021. Historical payment option indexation rates have been calculated using the historical performance of the underlying market indexes. The below examples assume someone invested enough to receive a $1,000 starting payment.

Simulated 20-year historical income



Simulated historical income through the GFC



4 Accelerated payment option – more now less later

Some retirees would prefer to maximise income at the start of their retirement. This can be achieved by selecting the Accelerated payment option.

The Accelerated payment option provides 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. (in 0.5% increments). The greater the reduction in future indexation, the greater the increase in starting payment. The table below provides an example of the increase in starting payments for a 67-year-old single and couple:

Accelerated payment option payment increase[1]

Indexation reduction	1%	2%	2.5%	3%	4%	5%
Male 67	+13%	+26%	+33%	+41%	+56%	+72%
Female 67	+14%	+29%	+37%	+45%	+62%	+79%
Couple 67	+15%	+32%	+40%	+49%	+68%	+88%

[1] Increase compared to the starting payments without the Accelerated payment option as at 23 July 2022.

Where the Accelerated payment option is chosen, each year we will deduct the chosen indexation reduction percentage from the performance of the chosen market-linked index when determining the annual indexation rate. This is to reflect the fact that you have chosen to receive a higher starting payment. Regular payments will also have a higher chance of being reduced each year due to negative indexation, because the regular payment will index by the performance of the chosen market-linked index less the chosen indexation reduction percentage.

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%

The Accelerated payment option can only be chosen at the start of your client's Market-linked lifetime and your clients cannot remove the option or change the chosen indexation reduction percentage once the annuity has started.

Benefits of the Accelerated payment option

- Starting income is higher
- The investment is paid back in the form of cumulative income sooner

Disadvantages of the Accelerated payment option

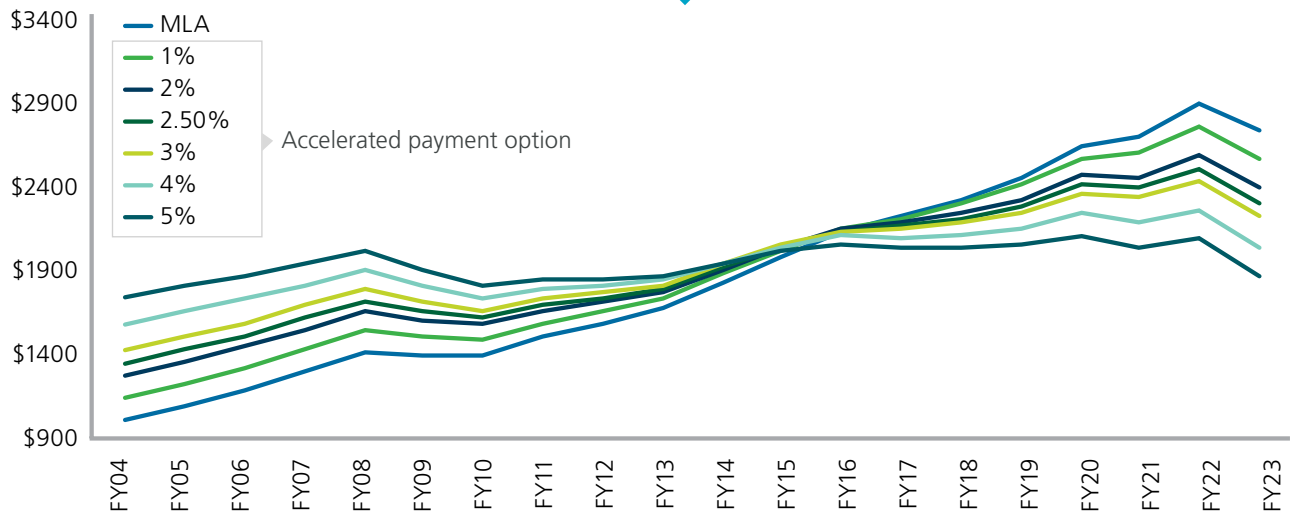
- There is a higher chance of income reducing below the starting payment
- There is a higher chance of negative indexation year-to-year
- The option cannot be removed and the % reduction cannot be changed after commencement

Accelerated Payments historical performance examples

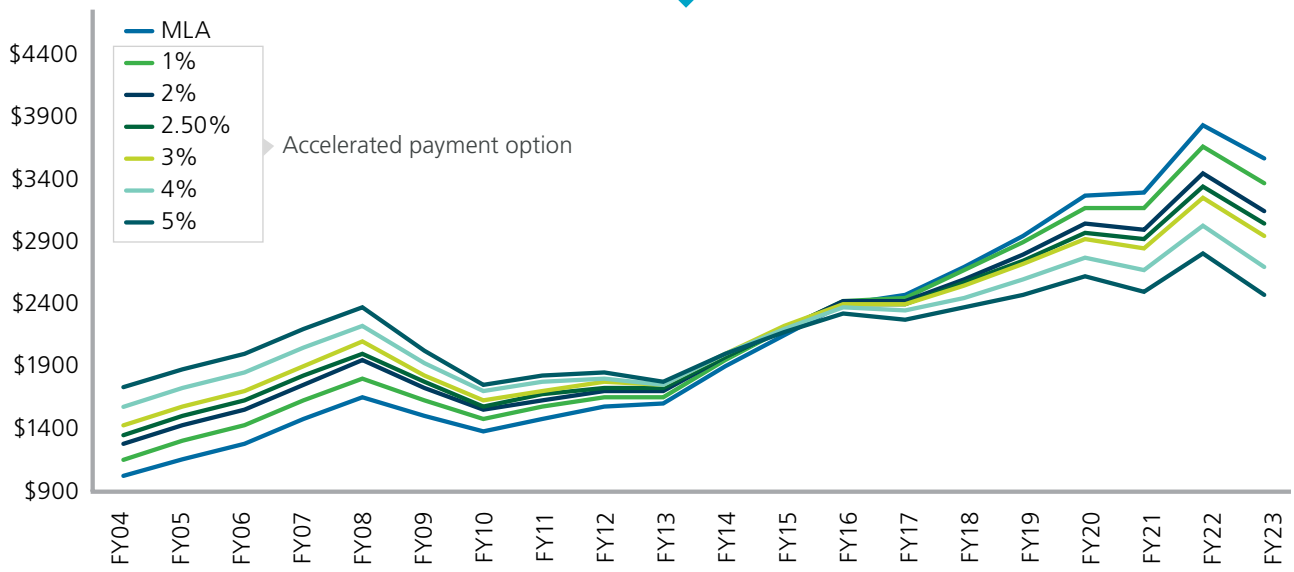
Past performance is not a reliable indicator of future performance. All payment options commenced on

4 October 2021. Historical payment option indexation rates have been calculated using the historical performance of the underlying market indexes.

Payment examples based on 20yr historical performance (Conservative index)



Payment examples based on 20yr historical performance (Balanced index)



5 How market-linked indexation works

Challenger Life guarantee that market-linked payments will be paid for life, and if chosen, the lifetime of a spouse.

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 the chosen market-linked index less any agreed Accelerated payment indexation reduction. In periods of poor performance payments can index down below the starting payment. The higher the exposure to growth assets the chosen market-linked index has, the more volatile the yearly indexation rate is likely to be (meaning there is a higher likelihood that monthly payment amount will change significantly up or down year to year).

Each year, once index performance has been calculated, we will send notification to the investor of the increase or decrease in monthly payment amount due to indexation.

An example of how market-linked indexation works

Example indexation rates

Starting monthly payment: $1,000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Balanced index return	5%	-5%	7%	10%	-10%

Market-linked monthly payment amounts		+$50 (5%)	-$52.50 (-5%)	+$69.83 (7%)	+$106.73 (10%)	-$117.41 (-10%)
Investment year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
	$1,000	$1,050	$997.50	$1,067.33	$1,174.06	$1,056.65

An example of how market-linked indexation works with the 2.5% Accelerated payment option

Example indexation rates

Starting monthly payment: $1,350

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Balanced index return	5%	-5%	7%	10%	-10%
Agreed indexation reduction (p.a.)	2.5%	2.5%	2.5%	2.5%	2.5%
Indexation applied to payments	2.5%	-7.5%	4.5%	7.5%	-12.5%

Market-linked monthly payment amounts		+$33.75 (2.5%)	-$103.78 (-7.5%)	$57.60 (4.5%)	$100.32 (7.5%)	$179.74 (-12.5%)
Investment year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
	$1,350	$1,385.75	$1,279.97	$1,337.57	$1,437.89	$1,258.15

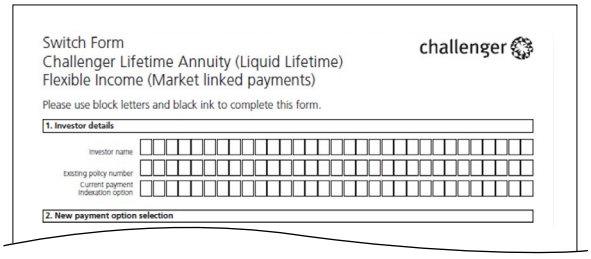
6 Changing the level of market exposure

A market-linked lifetime annuity gives you and your clients the flexibility to switch the chosen market-linked index on each policy anniversary at no cost.

This flexibility allows you to build a lifetime relationship with clients. The market-linked option can be reviewed on an annual basis in line with other sources of retirement income and changes in your client's circumstances or risk appetite.

Where a switch is made, the change in the market-linked index will be effective from the next policy anniversary day. A request to switch must be received by us at least 14 days before the next anniversary day. Switches will only be effective on a policy anniversary.

The first payment to index by the new payment option will be the 13th monthly payment after the change (after the annual return of the new chosen market-linked index has been calculated).


Switch Form
Challenger Lifetime Annuity (Liquid Lifetime)
Flexible Income (Market linked payments)
challenger
Please use block letters and black ink to complete this form.
1. Investor details
Investor name
Existing policy number
Current payment indexation option
2. New payment option selection

Switch forms can be downloaded at www.challenger.com.au

Completed forms must be received by us at least 14 days before the next anniversary day.

An example of how switching the market-linked index works

Example indexation rates

Switch timing: On the 4th policy anniversary from Balanced index to Conservative index
Starting monthly payment: $1,000

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Balanced index return	5%	-5%	7%	10%	–
Conservative index return	–	–	–	–	2%

Market-linked monthly payment amounts

		+$50 (5%)	-$52.50 (-5%)	+$69.83 (7%)	+$106.73 (10%)	-$23.48 (2%)	
Investment year	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
	$1,000	$1,050	$997.50	$1,067.33	$1,174.06	$1,197.54

Switch made to the Conservative index on the 4th policy anniversary.
The switch request was received at least 14 days before anniversary date.

The first payment to be indexed by the performance of the Conservative index is the 13th payment after the switch (based on the performance of the Conservative index between the 4th policy anniversary and the 5th policy anniversary).

7 Give eligible clients an immediate Age Pension boost

To encourage the use of lifetime incomes streams like the market-linked lifetime annuity, concessional social security assessment applies under the Centrelink/DVA assets test. Under the assets test only 60% of the amount invested will initially be assessable.

This means that where a client's Age Pension is being reduced because of the assets test, an investment in the market-linked lifetime annuity could immediately improve their Age Pension eligibility by an amount equal to 3.12%* of the amount invested:

Investment amount	$50K	$75K	$100K	$150K	$200K	$250K	$300K
Immediate year 1 boost*	$1,560	$2,340	$3,120	$4,680	$6,240	$7,800	$9,360

* The pension boost is limited to the full Age Pension or if client becomes income tested

It is important to note that the pension boost generally tapers off over time. To illustrate the potential boost for your client, use the Challenger Age Pension Illustrator. The Illustrator shows a year-by-year Age Pension projection.

Under the income test only 60% of the regular payments will be assessable. As there is the potential for payment growth over time, it is important to note that the amount of a client's Age Pension (or Age Pension eligibility) could be impacted by the future growth of market-linked lifetime annuity payments. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received. Also, where the Accelerated payment option is chosen, the amount of income received at commencement will be higher. The higher income may result in your client's Age Pension reducing because they may start to be assessed under the Income test.

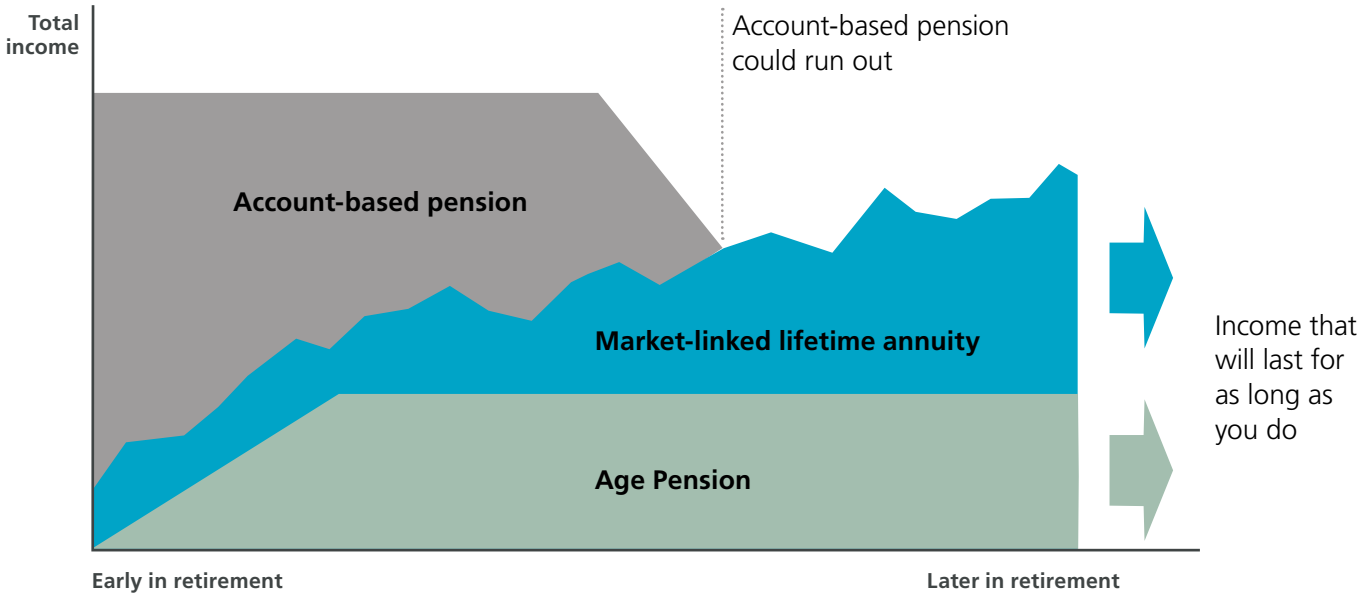
Equally, for any income tested part pensioner client, if there is a drop in monthly payments due to negative market-linked index performance, the Age Pension will increase and will partially offset the reduced payment (up until the full Age Pension amount or when client becomes asset tested).

Social Security rules for the market-linked lifetime annuity

Assets test	Income test
60% of the purchase price until age 84, subject to a minimum of 5 years; and then 30% of the purchase price thereafter	60% of income

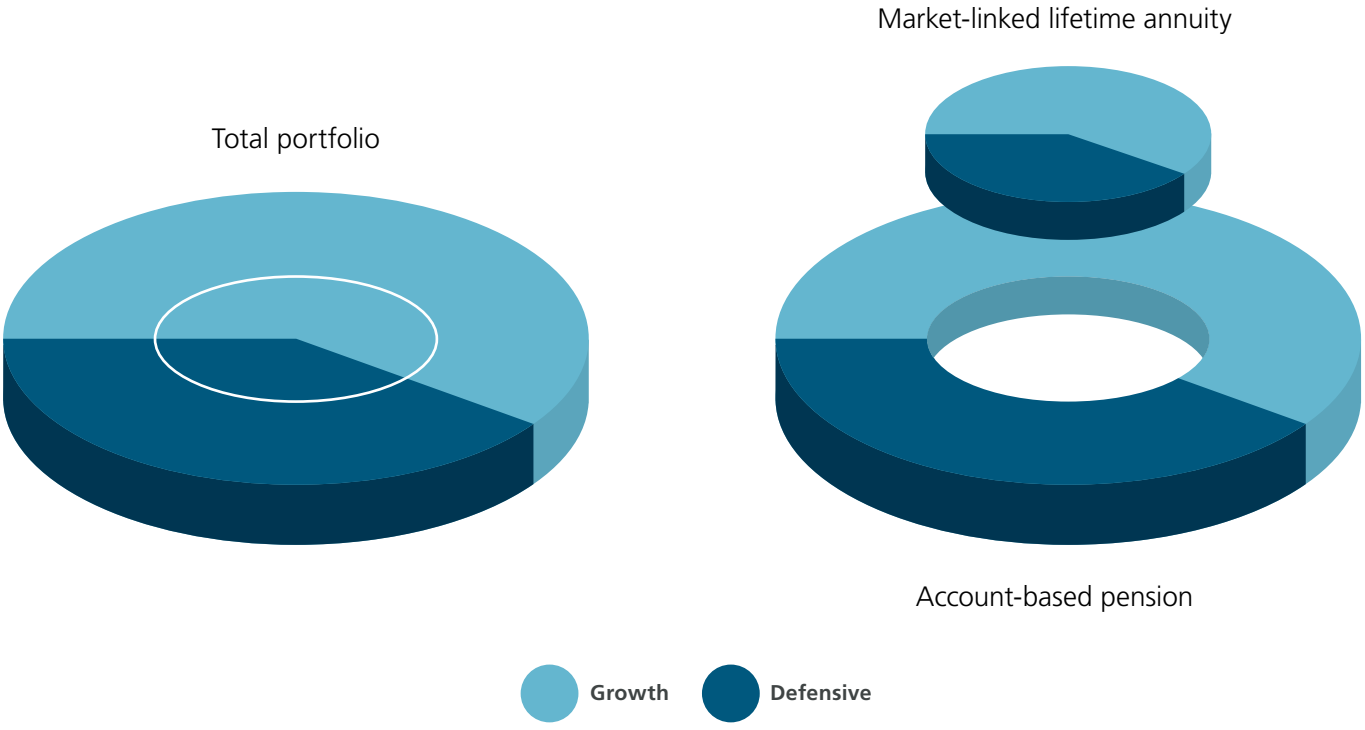
8 Market-linked lifetime annuities as part of a portfolio

The market-linked lifetime annuity has been designed to complement other retirement investments and sources of income, such as account-based pensions and the Age Pension.



Similar to how you construct a client's investment portfolio within their account-based pension, you now have the option of including a lifetime income solution within your client's retirement portfolio that aligns to their risk profile and retirement goals.

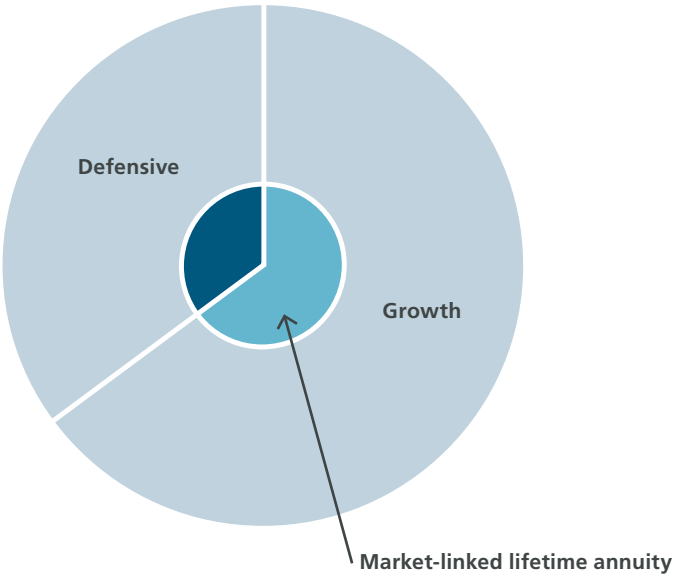
Example of portfolio integration – Balanced investor



Using a market-linked lifetime annuity as the core of a retirement plan can provide many benefits to your clients.

Balanced investor example

Market-linked lifetime annuity (~30%)



Longevity protection

Investment selection

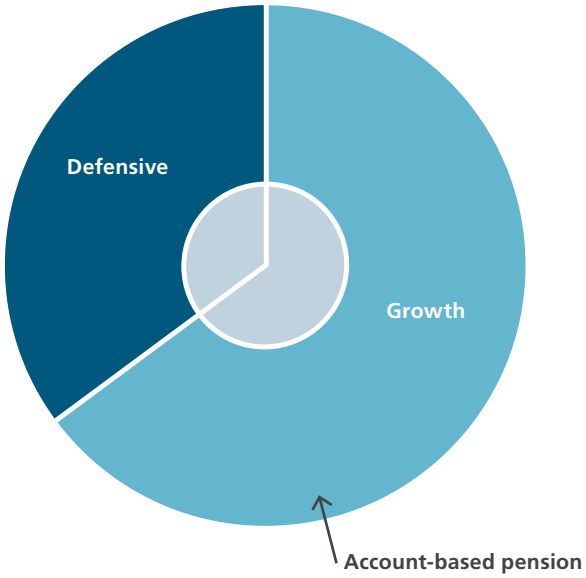
Possible Age Pension uplift

No investment management fees

Estate bequest

Super or non-super

Account-based pension (~70%)



Full and partial liquidity

Investment selection

Estate bequest

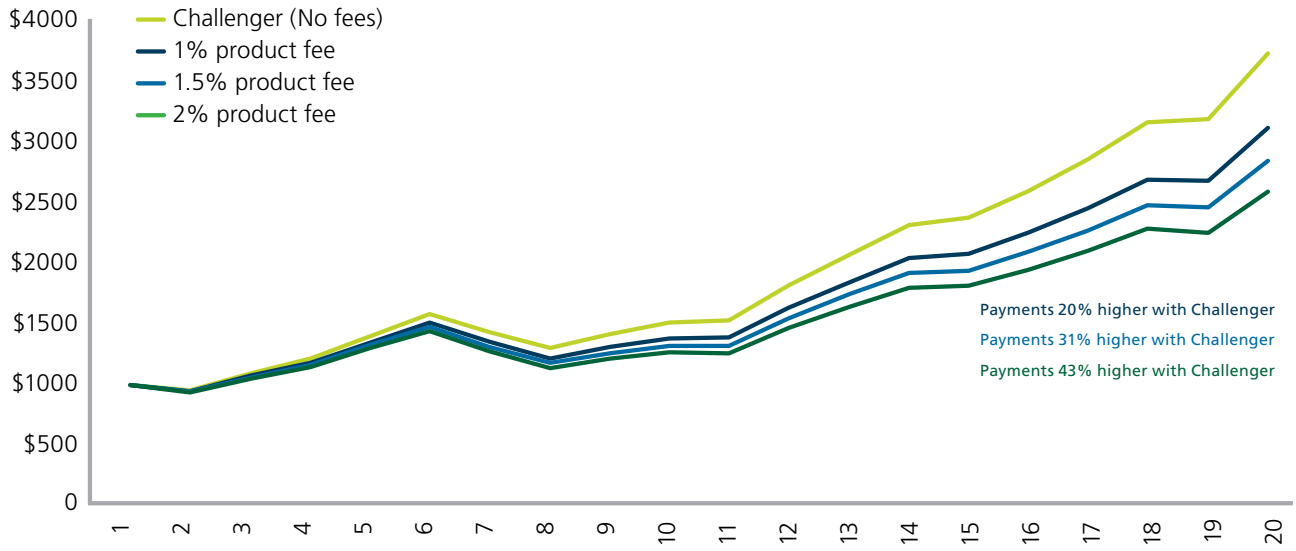
9 No product fees

Fees are an important consideration when comparing lifetime income streams. Many lifetime products have administration, investment and cost recovery fees that will erode income over time. Some even have an annual adjustment to cover the costs of when the provider gets their longevity assumptions wrong. Not Liquid Lifetime.

When setting the starting payment we incorporate all the costs of operating the annuity. Challenger annuities have no separate product fees and we can't introduce a fee in the future (although we do facilitate the payment of any adviser service fee agreed to with your client).

The chart below uses historical Market-linked Balanced index returns to illustrate how fees can significantly erode a starting income of $1,000 over a 20-year period.

Product fees have a significant impact on income over time



10 Death and voluntary withdrawal values

Death benefit and money back guarantee

The amount payable upon death is guaranteed at the start of the market-linked lifetime annuity. Changes (up or down) in the chosen market-linked index option have no impact on the death benefit.

For half of the withdrawal period (rounded down to a whole year), there is a money back guarantee. During this period Challenger 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 (see below). We do not pay anything if death occurs outside the withdrawal period. The applicable death benefit is only payable after the death of all persons included as part of the investment.

If your client is 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 your client has 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 your client is 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.

Voluntary withdrawal value

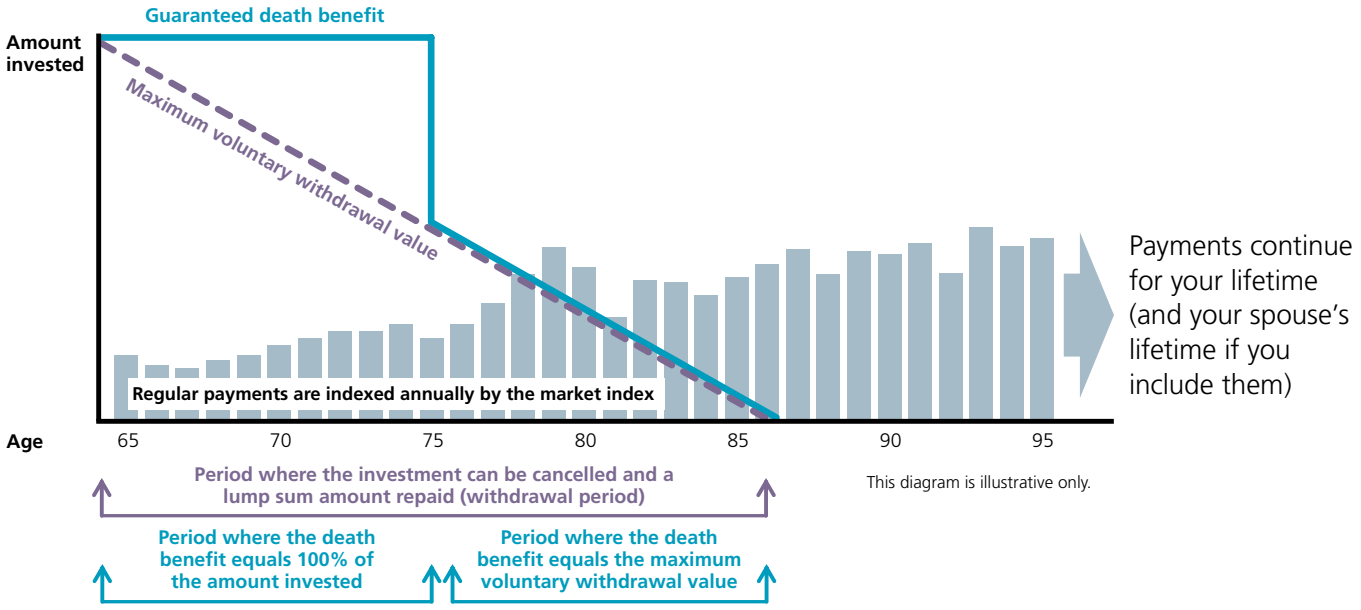
The maximum withdrawal value starts at 100% of the amount invested and progressively reduces until it reaches zero at the end of the withdrawal period. The withdrawal is impacted by movements in interest rates, the chosen market-linked index option, and an allowance for the cost to Challenger of breaking the investment.

The withdrawal value is capped at the legislated maximum allowable under the Capital Access Schedule (CAS) in order to receive concessional Social Security assessment. Because the maximum withdrawal value is capped investors will not benefit from index growth, however if there is a reduction in the selected index the withdrawal value could be significantly less than the maximum. The market-linked lifetime annuity is designed to be held for life.

It is only possible to determine the withdrawal value at the time of withdrawal. Partial withdrawals are not allowed.

Death and voluntary withdrawal value example

This example is based on a 65-year-old female. Examples tailored to your client are provided on market-linked lifetime annuity quotes.



11 Case studies

Case study 1

67 year old couple

$600,000 each in ABPs

Currently drawing income of $71,000 p.a.

Risk profile 50/50

Aim: To maximise their Age Pension and the lifestyle they can afford with confidence it will last for the rest of their life.

They want to have some financial freedom without worrying about running out of income

Spend more for a comfortable lifestyle and maximise Age Pension

Introducing Mateo and Mae

Mateo and Mae are a 67-year-old couple. They have recently fully retired after "giving retirement a try" by significantly reducing their hours of work over the past couple of years. They own their home. They have $600,000 each in account-based pensions which they started with their accumulated super savings as they transitioned to retirement. Their account-based pensions are invested in accordance with their 50/50 growth/ defensive risk profile.

When they fully retired they withdrew their remaining super accumulation benefits they had accrued over the past couple of years to finally pay of the mortgage and they are now happily debt free. They have $20,000 worth of personal assets.

Mateo and Mae are looking for a 'comfortable' lifestyle in retirement and have budgeted $71,000 p.a. for this lifestyle. Now that they have fully retired this income comes from drawings from their account-based pensions.

The past couple of years of part-time retirement has shown Mateo and Mae that an active retirement can cost more than they expected and they would be keen to spend a bit more in retirement provided it didn't risk them running out of money down the track and being dependent on the Age Pension alone for all of their expenses.

Mateo and Mae have asked their financial adviser, Morena, to help them with a plan to achieve this outcome.

Assumed homeowners for Age Pension, $600k each in deemed account-based pension invested 50% growth, 50% defensive. See Challenger Retirement Illustrator for default fee assumptions and methodology guide.

The current strategy

In the lead up to her next meet with Mateo and Mae, Morena has gone and crunched the numbers on a plan for a way forward. Morena's analysis of Mateo and Mae's current level of income from all sources ($71,000 p.a. adjusted for inflation) sees their account-based pensions projected to last for approximately 29 years, or just past their couple life expectancy (when one of both are expected to be alive). Increasing the level of projected income drawn for Mateo and Mae would deplete their account-based pensions more quickly. At the point where Mateo and Mae's account-based pensions were fully drawn-down they would be dependent on the Age Pension alone for all of their income and this is not something that Mateo and Mae are comfortable with.

A comprehensive lifetime strategy

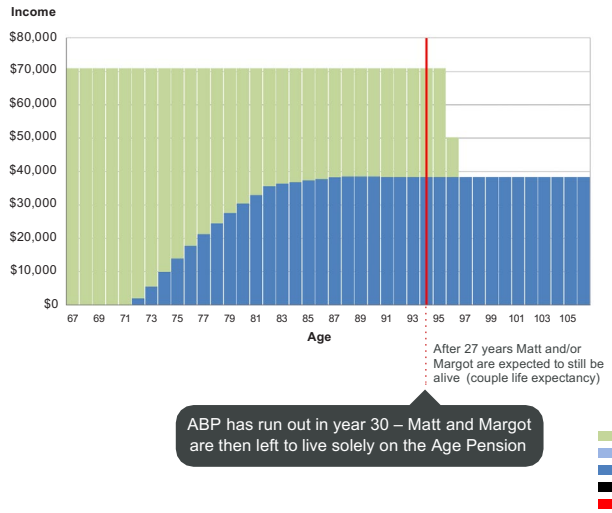
Morena has also modelled a scenario that allows Mateo and Mae to draw a higher level of income each year and provides them the assurance that they will have income for as long as they live, in addition to any Age Pension they may be eligible for. This alternative strategy involves a 30% allocation, from Mateo and Mae's account-based pensions to market-linked lifetime annuities (with an asset allocation consistent with their current risk profile) and combined income from all sources of $74,000 p.a. adjusted for inflation. This alternative strategy is projected to provide this higher level of income over 29 years and then continue to provide additional payments for as long as Mateo and/or Mae live, indexed each year with market returns, ensuring that Mateo and Mae are never dependent on the Age Pension alone.

The graphs below show each of the compared strategies modelled for Mateo and Mae.

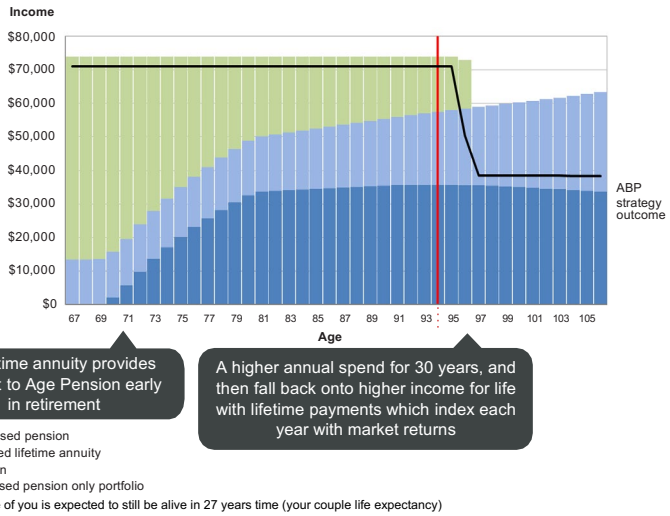
Retirement income outcomes under a median future market scenario

30% strategic allocation to market-linked lifetime annuities

Account-based pension (ABP) strategy $71,000 p.a. spend



Comprehensive lifetime strategy $74,000 p.a. spend



Source: Challenger Retirement Illustrator using Social Security rates and thresholds effective 20 March 2022. 30% allocation to market-linked lifetime annuity with Conservative balanced payment option (50% growth, 50% defensive), pricing as 12/04/2022 Median returns and inflation for each future year calculated as median annual return across 2,000 return simulations. Market return data provided by Moody's Analytics. Spend increasing annually with price inflation. Amounts shown are in today's dollars. See Challenger Retirement Illustrator for default fee assumptions and methodology guide.

After the first year, market-linked annuity monthly payments will move up or down annually adjusting to the changes in the chosen indexation payment option. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received.

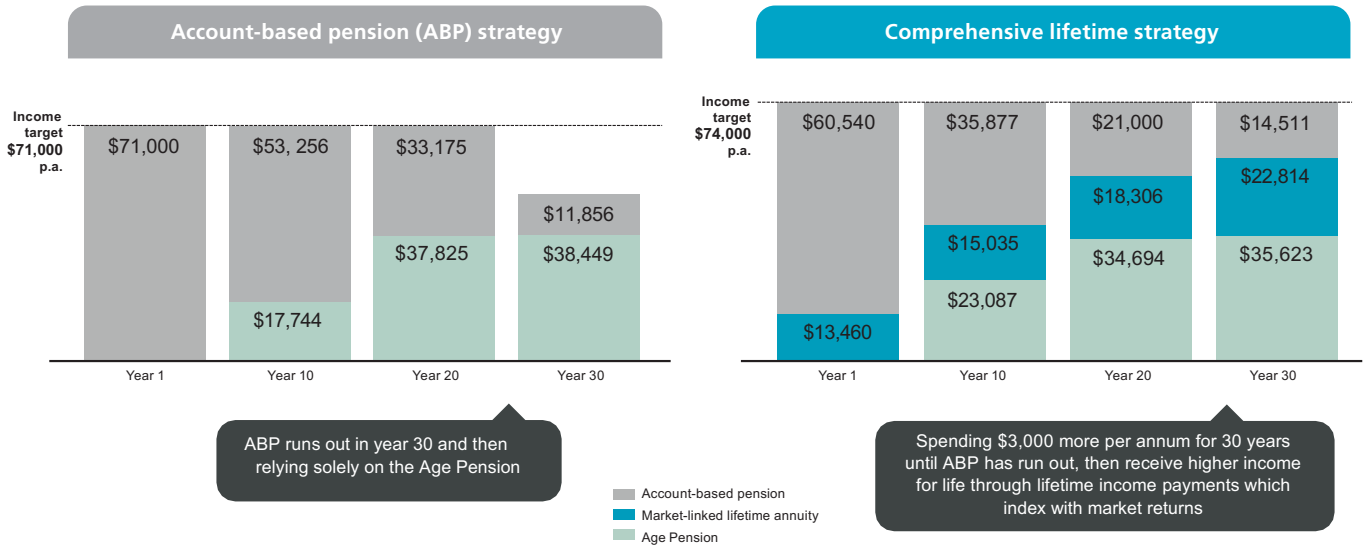
A key benefit of this allocation to market-linked lifetime annuities for Mateo and Mae is retaining exposure to growth assets, in accordance with their risk tolerance, which provides the potential for growth of income over time (though Morena has made it clear that with the potential for growth comes some volatility in income payments, including for the possibility of payments reducing).

Morena has projected that payments from Mateo and Mae's market-linked lifetime annuities start at $13,460 p.a. combined in year 1 and increases to $22,814 p.a. (in real terms) combined by year 30 based on their Conservative balanced (50/50 growth/defensive) risk tolerance.

These income payments will continue for as long and Mateo and/or Mae live. In contrast, by year 30 in the projection of the existing strategy, Mateo and Mae's account-based pensions are fully depleted and they are dependent on the Age Pension alone for all of their retirement spending.

Market-linked payments have the potential for growth over time

Keep in mind, payments are less predictable because they move up or down based on the performance of the market index



Source: Challenger Retirement Illustrator using Social Security rates and thresholds effective 20 March 2022. 30% allocation to market-linked lifetime annuity with Conservative balanced payment option (50% growth, 50% defensive), pricing as 12/04/2022. Median returns and inflation for each future year calculated as median annual return across 2,000 return simulations. Market return data provided by Moody's Analytics. Spend increasing annually with price inflation. Amounts shown are in today's dollars. See Challenger Retirement Illustrator for default fee assumptions and methodology guide.

After the first year, market-linked annuity monthly payments will move up or down annually adjusting to the changes in the chosen indexation payment option. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received.

Given Mateo and Mae's concern over the possibility of running out of income during retirement Morena runs some additional modelling to illustrate the likelihood of income continuing to and beyond life expectancy. The Challenger Retirement Illustrator allows Morena to test her alternative strategies against 2,000 return and inflation simulations provided by Moody's Analytics. In this analysis Morena demonstrates to Mateo and Mae that they have a similiar likelihood of each of the projected income levels lasting to life expectancy (47% versus 44% of simulations lasting to life expectancy). This eases Mateo and Mae's concern that they would materially increase their chance of running out of income if they draw more in retirement.

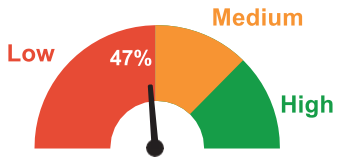
This analysis also demonstrates the higher level of income available from the strategy with the allocation to market-linked lifetime annuities after their account-based pensions run out around life expectancy.

The graphs below show the median retirement income for the account-based pension strategy only where Mateo and Mae are projected to be dependent on the Age Pension alone. On the right, it shows both the median retirement income and the bottom 10th percentile, demonstrating that for Mateo and Mae, even in poor projected market outcomes, total income from a strategy that includes partial allocation to a market-linked lifetime annuity is always higher than the Age Pension alone.

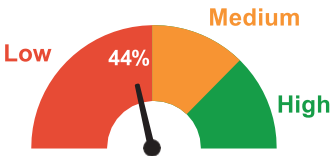
Helping to maintain financial independence

Account-based pension (ABP) strategy | **Comprehensive lifetime strategy**

Chance of lifestyle being affordable to life expectancy

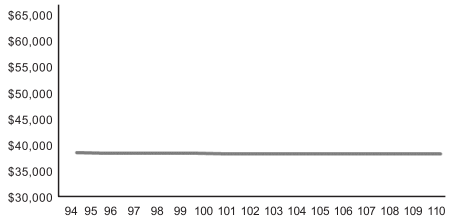


Spending **$71,000 p.a.** lifestyle

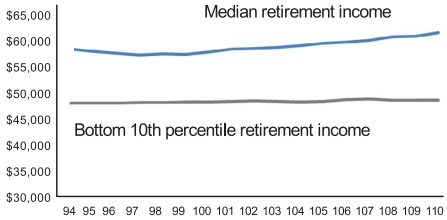


Spending **$74,000 p.a.** lifestyle

Lifestyle after ABP runs out around life expectancy



Typically relying solely on Age Pension income



Even in poor outcomes, income is higher than just Age Pension

With a market-linked lifetime annuity Mateo and Mae can have:

- **higher spending** with similar confidence the lifestyle will last as long as they do
- peace of mind that, no matter what, they have the financial independence of an **income for life that indexes with markets** never relying solely on the Age Pension.

Source: Challenger Retirement Illustrator using Social Security rates and thresholds effective 20 March 2022. 30% allocation to market-linked lifetime annuity with Conservative balanced payment option (50% growth, 50% defensive), pricing as 12/04/2022. 2,000 simulations of market and inflation return data provided by Moody's Analytics. Spend increasing annually with price inflation. Amounts shown are in today's dollars. See Challenger Retirement Illustrator for default fee assumptions and methodology guide.

After the first year, market-linked annuity monthly payments will move up or down annually adjusting to the changes in the chosen indexation payment option. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received.

Morena knows that it is important for Mateo and Mae to understand the range of potential retirement income outcomes depending on market returns over retirement.

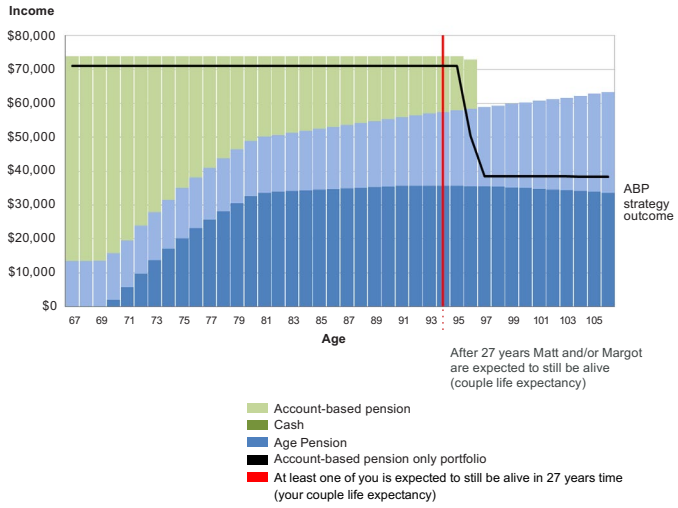
At life expectancy in the bottom 10% of simulated outcomes Mateo and Mae's total income is just $38,350, but with allocations to market-linked lifetime annuities have income of $48,250 p.a. In the median simulated outcome the existing strategy delivers income of $38,630 p.a. at life expectancy while the alternative strategy delivers $59,030 p.a.

In the top 10% of simulated outcomes their target incomes of $71,000 p.a. and $74,000 p.a. are met.

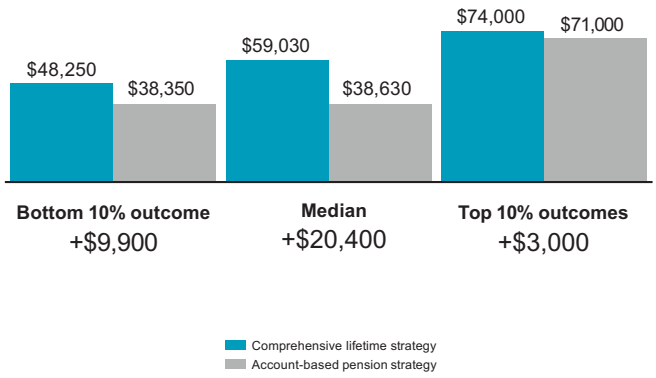
Helping to maximise retirement income

Retirement income outcomes with ABP and 30% allocation to lifetime income stream versus ABP alone

Retirement income outcomes



Difference in retirement income at life expectancy under a range of market outcomes



Source: Challenger Retirement Illustrator using Social Security rates and thresholds effective 20 March 2022. 30% allocation to market-linked lifetime annuity with Conservative balanced payment option (50% growth, 50% defensive), pricing as 12/04/2022. Median retirement income outcomes chart calculated using median annual return for each future year across 2,000 return simulations. Difference in retirement income determined by analysing range of income outcome experienced across 2,000 simulations of retirement. 2,000 return and inflation simulations provided by Moody's Analytics. Spend increasing annually with price inflation, any excess income above spending in a year is assumed to be saved in cash outside super. Amounts shown are in today's dollars. See Challenger Retirement Illustrator for default fee assumptions and methodology guide.

After the first year, market-linked annuity monthly payments will move up or down annually adjusting to the changes in the chosen indexation payment option. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received.

The final component of Morena's analysis is an analysis of the estate outcomes of the alternate strategies. The graph on the left compares the combined estate value of the account-based pension strategy (the grey line) and the alternative comprehensive lifetime strategy featuring a 30% allocation to market-linked lifetime annuities (the blue line).

Using median return outcomes, the comprehensive lifetime strategy (with its higher total annual income) is projected to have higher estate values during the period in which the market-linked lifetime annuities feature a 100% death benefit (a period equal to half of life expectancy, rounded down). From this point the account-based pension strategy is projected to have higher estate values until the point where the value of the account-based pensions is depleted (around life expectancy in this projection).

At life expectancy the estate value of the account-based pension strategy is $20,000 (with the value of the ABP fully depleted in each scenario).

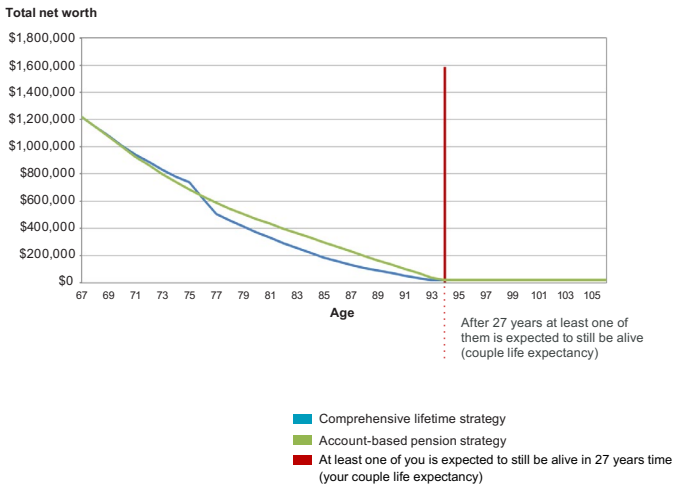
It is also important to compare estate outcomes based on different return outcomes. The graph on the right shows estate outcomes at life expectancy. In the bottom 10% of outcomes estate outcomes are identical at life expectancy with Mateo and Mae depleting their account-based pensions completely and with just their $20,000 or personal assets remaining.

However, in the top 10% of outcomes the higher annual income in conjunction with the allocation to market-linked lifetime annuities sees Mateo and Mae's account-based pensions depleted and at life expectancy Morena projects an estate benefit that is $22,700 lower with the comprehensive lifetime strategy.

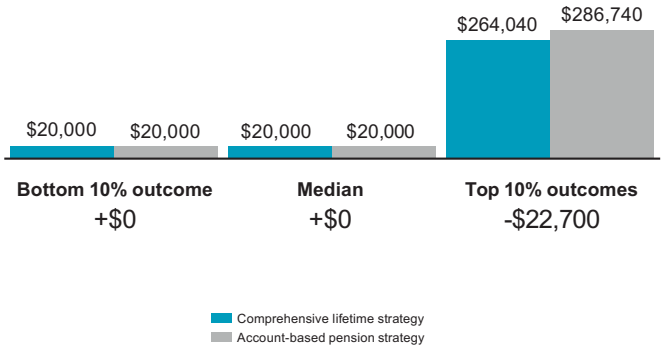
Enjoy retirement knowing you can still leave a legacy

Estate outcomes with ABP and 30% allocation to market-linked lifetime annuity versus ABP alone

Median estate outcomes



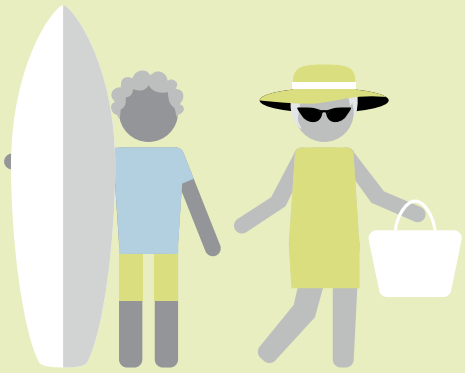
Difference in estate value at life expectancy under a range of market outcomes



Source: Challenger Retirement Illustrator using Social Security rates and thresholds effective 20 March 2022. 30% allocation to market-linked lifetime annuity with Conservative balanced payment option (50% growth, 50% defensive), pricing as 12/04/2022. Median estate outcomes determined by considering the median estate outcome in each future year across the results of 2,000 simulations of retirement. Difference in estate values determined by analysing range of income outcome experienced across 2,000 simulations of retirement.2,000 return and inflation simulations provided by Moody's Analytics. Spend increasing annually with price inflation, any excess income above spending in a year is assumed to be saved in cash outside super. Amounts shown are in today's dollars. See Challenger Retirement Illustrator for default fee assumptions and methodology guide.

After the first year, market-linked annuity monthly payments will move up or down annually adjusting to the changes in the chosen indexation payment option. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received.

Case study 2



67 year old couple

$600,000 each in ABPs

$20,000 p.a. Age Pension

Currently drawing income of $72,000 p.a.

Risk profile 50/50

Aim: To feel confident that they can continue spending $72,000 p.a. for the rest of their life

Both are healthy and want to know that their lifestyle is protected even if they live a long time

Feeling confident to continue spend

Introducing Anne and Anthony

Anne and Anthony are a 67-year-old couple. They have recently retired. They've worked hard and are now looking forward to having a whole lot more time to do the things they love. They are active, interested and involved. Anne and Anthony own their own home and are free of debt. They have $500,000 each in superannuation that they are considering transferring to account-based pensions to start funding their retirement income. Their super (and any future account-based pension) is invested in accordance with their 50/50 growth/ defensive risk profile. They have $50,000 in cash and term deposits and $20,000 worth of personal assets.

Anne and Anthony would like to live comfortably for as long as possible and estimate that $65,445 p.a. (equal to the ASFA 'Comfortable" retirement standard) would be sufficient to meet this goal.

Anne and Anthony have asked their financial adviser, Adrienne, to help them with a plan to make their dream a reality.

Alternative 1: Account-based pensions

The first strategy that Adrienne models and presents to Anne and Anthony aligns with their initial thoughts of simply rolling over their superannuation to account-based pensions and investing in accordance with their 50/50 risk profile. Adrienne's analysis of this strategy, drawing $65,445 p.a. (adjusted for inflation) from all sources sees their account-based pensions projected to last for approximately 30 years, a point beyond their couple life expectancy (when one of both are expected to be alive).

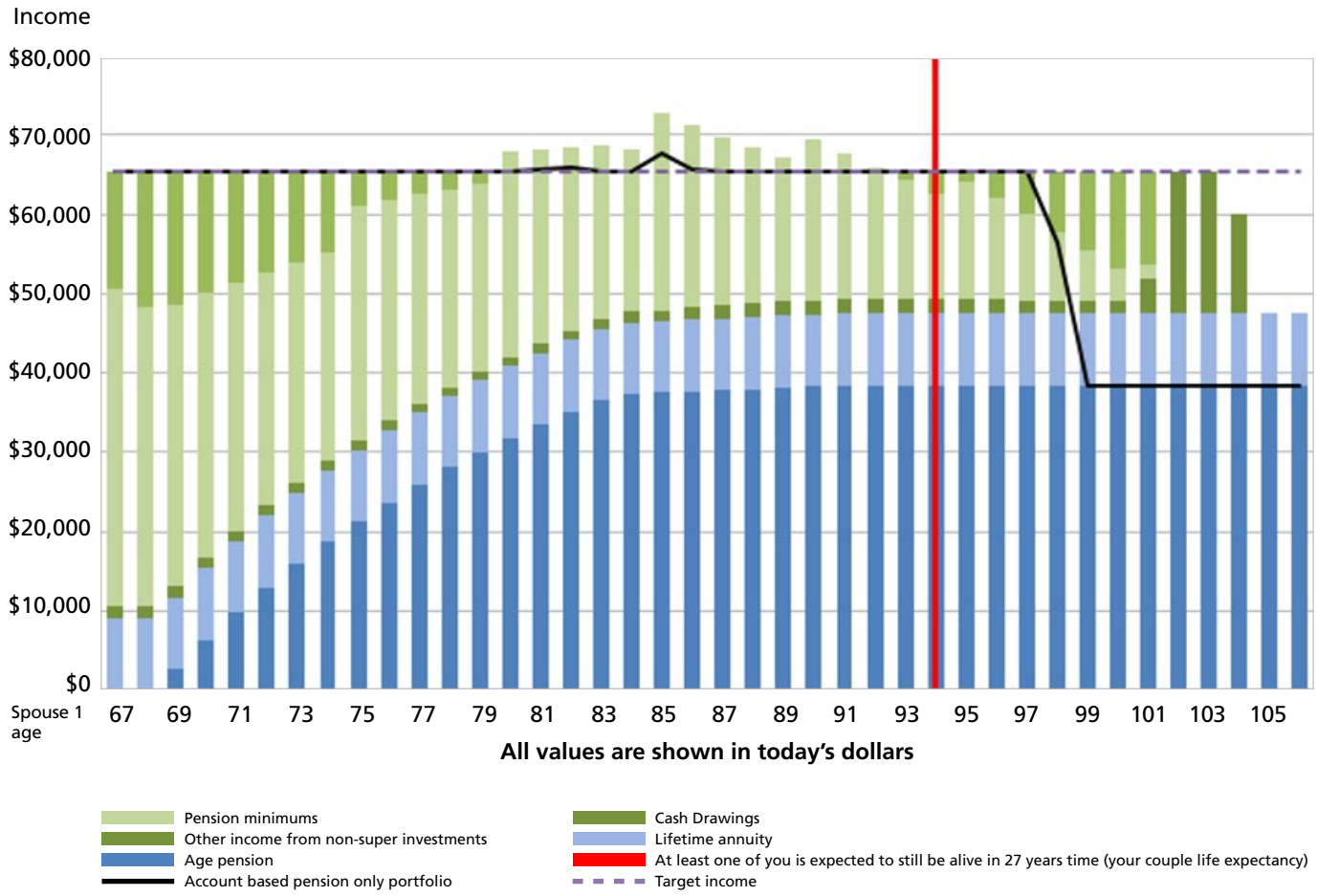
At the point where the account-based pensions are eventually depleted Anne and Anthony would be dependant on the Age Pension alone for all of their spending requirements.

Alternative 2: Improving retirement income outcomes with a CPI-linked lifetime annuity

The next strategy that Adrienne models for Anne and Anthony involves a blend of both account-based pensions and a 20% allocation to guaranteed CPI-linked lifetime annuities. Adrienne recommends a re-balancing of the asset allocation of the account-based pension to ensure that the allocation to the CPI-linked lifetime annuity does not 'de-risk' Anne and Anthony's investments.

This strategy helps extend the expected duration of Anne and Anthony's account-based pensions (by an additional six years in this case and out past age 100). This strategy also ensures that at the point where the account-based pensions are eventually depleted Anne and Anthony would not be dependent on the Age Pension alone but would have a supplementary source of guaranteed CPI-linked lifetime income to assist with their spending requirements.

This improved retirement income outcome is shown in the graph below:

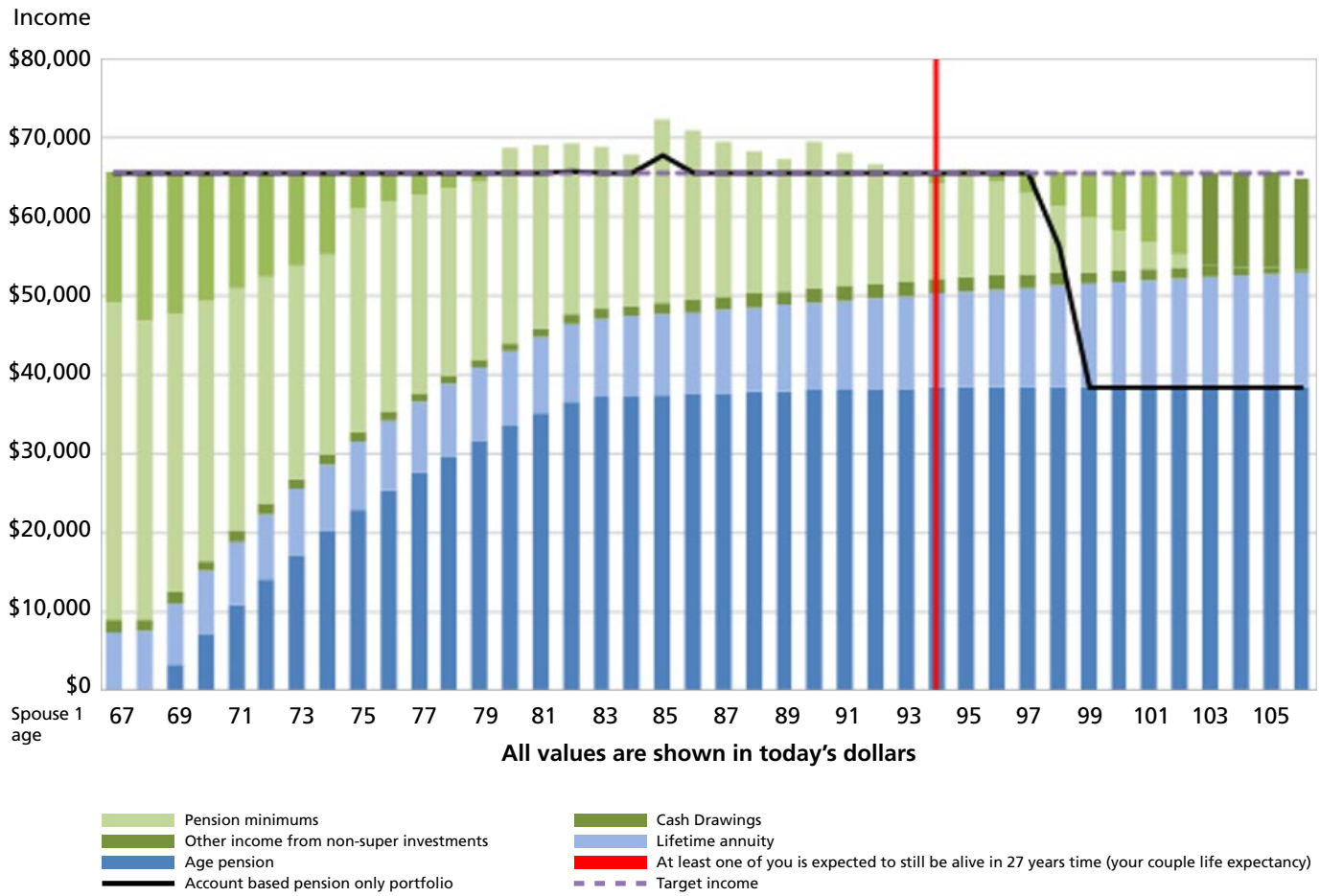


Alternative 3: Improving retirement income outcomes with a market-linked lifetime annuity

The next strategy that Adrienne models for Anne and Anthony involves a blend of both account-based pensions and a 20% allocation to market-linked lifetime annuities. Anne and Anthony's 50/50 risk profile is matched across both their account-based pensions and market-linked lifetime annuities. The allocation to market-linked lifetime annuities is intended to allow the certainty of income payments for life but with market exposure and the potential for growth in income payments over time.

This strategy helps further extend the expected duration of Anne and Anthony's account-based pensions (out beyond age 105 in this projection). This strategy also ensures that at the point where the account-based pensions are eventually depleted Anne and Anthony would not be dependent on the Age Pension alone. In this case Anne and Anthony see a growing level of market-linked lifetime income (remember that in reality market-linked income will go up and down over time in line with markets) to assist with their spending requirements.

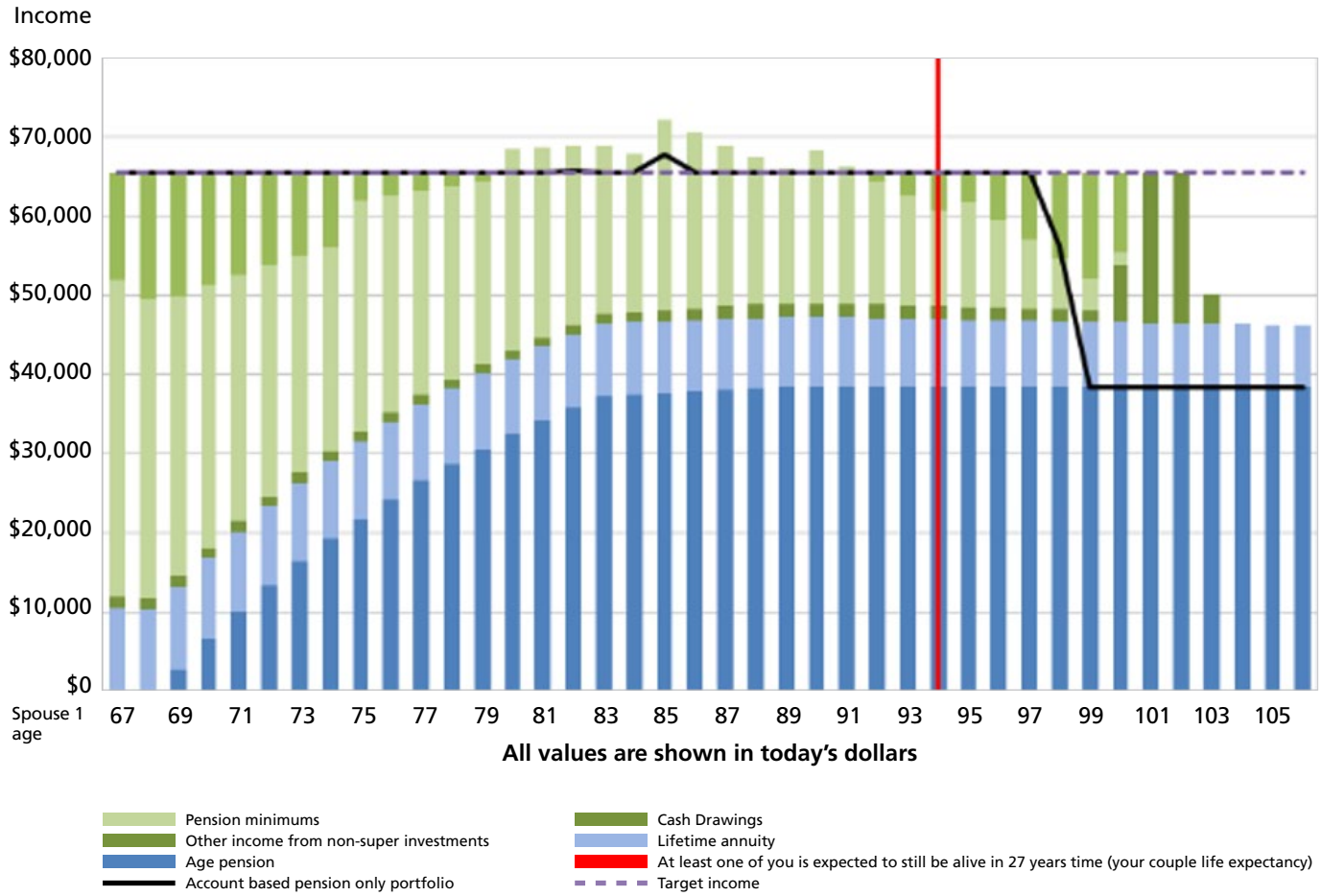
This improved retirement income outcome is shown in the graph below:



Alternative 4: Improving retirement income outcomes with a market-linked lifetime annuity with accelerated payments

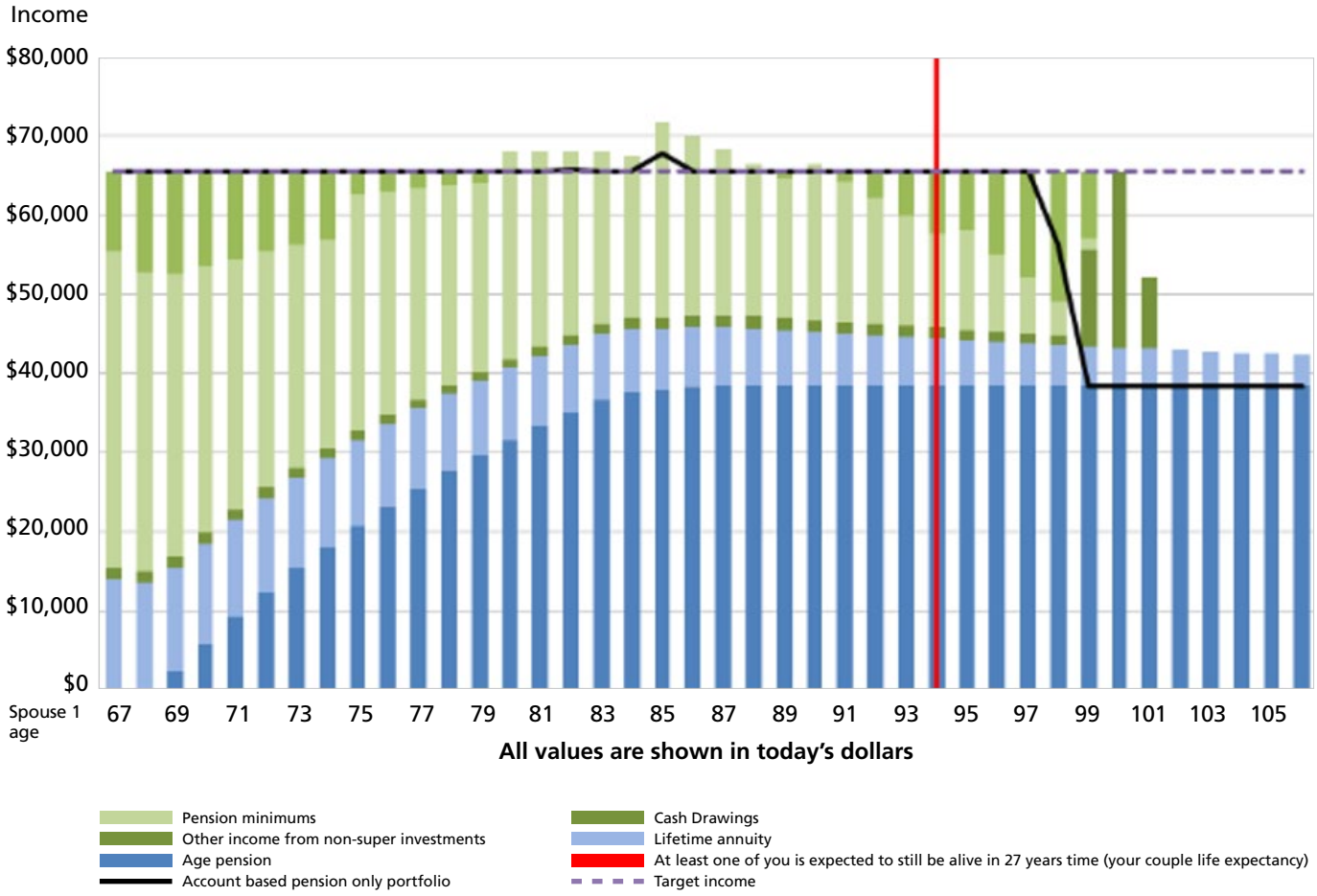
The final strategy that Adrienne models for Anne and Anthony also involves a blend of both account-based pensions and a 20% allocation to market-linked lifetime annuities. The allocation to market-linked lifetime annuities is again intended to allow the certainty of income payments for life but with market exposure and the potential for growth in income payments over time. However, in this instance Adrienne is keen to understand and demonstrate the potential benefit of increasing initial payments from the market-linked lifetime annuities by using the Accelerated payments option. This option allows Anne and Anthony to receive higher starting payments from their market-linked lifetime annuities by forgoing an agreed level of future indexation.

The graph below shows the market-linked lifetime annuities with a 2.5% Accelerated payment option. The starting payments from their market-linked lifetime annuities are approximately 40% higher[1] than non-accelerated payments. However, each year thereafter payment indexation will be reduced by 2.5% p.a.



1 Rates effective 23 July 2022 and subject to change

The graph below shows the market-linked lifetime annuities with a 5.0% Accelerated payment option. The starting payments from their market-linked lifetime annuities are approximately 88% higher[2] than non-accelerated payments. However, each year thereafter payment indexation will be reduced by 5.0% p.a.



These Accelerated payment option applications also help extend the expected duration of Anne and Anthony's account-based pensions. This strategy also ensures that at the point where the account-based pensions are eventually depleted Anne and Anthony would not be dependent on the Age Pension alone. In each of these cases Anne and Anthony will have a level of market-linked lifetime income (remember that in reality market-linked income will go up and down over time in line with markets) starting out high but decreasing relative to the non-accelerated alternative, to assist with their spending requirements. The flexibility afforded by higher upfront payments can be useful in matching higher spending needs of certain clients while still providing the protection of lifetime payments.

Conclusion

Adrienne was able to present Anne and Anthony with a range of alternative retirement income strategies to meet their particular requirements featuring flexible combinations of account-based and lifetime income streams. Adrienne could then implement a tailored combination of income streams for Anne and Anthony.

2 Rates effective 23 July 2022 and subject to change

Assumptions: All projections sourced from the Challenger Retirement Illustrator (01/08/2022) using Social Security rates and thresholds effective 1 July 2022. 67 year old male/female homeowner couple. $500,000 each available for investment via account-based pension and partial (20%) allocation to lifetime annuity. Super asset allocation 50% growth/50% defensive. Assumes returns of 3% p.a. for defensive assets and 6% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Personal assets of $10,000. $65,445 p.a. desired income including $45,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Rates subject to change.

12 Advice fees from the product

With your client's consent, the following fees for advice services can be facilitated.

All advice fees from the product will reduce the monthly payments that your client receives but will not impact the death benefit (including the money back guarantee) or maximum voluntary withdrawal value.

Any fee agreed to from the product will be shown on your client's investment confirmation and on the annual statement we send them each year.

Upfront adviser service fee	Regular adviser service fee
The maximum fee is 2.2% (including GST) of the amount invested. The fee is only payable once and cannot be cancelled after it has been paid.	A regular fixed dollar fee. The regular adviser service fee can be cancelled or varied at any time.
Example of how the fee reduces payments*	**Example of how the fee reduces payments***
Investment amount: $200,000	Investment amount: $200,000
Upfront advice fee: $4,400 (2.2%)	Regular advice fee: $600 p.a. ($50 per month)
Monthly payment without advice fee: $700	Monthly payment without advice fee: $700
Monthly payment after advice fee: $683**	Monthly payment after advice fee: $650
** The difference in monthly payment between before and after advice fees will change depending on the clients age and sex. The difference in payment is shown on the payment quote.	

*Based on a 67-year-old male investor

If the market-linked lifetime annuity is withdrawn (either voluntarily or due to the client's death), we may require that all or part of the upfront adviser service fee be repaid to us. This is because the upfront adviser service fee is calculated on the basis that the market-linked lifetime annuity is held for a minimum period. As at the date of this guide no adviser has been asked to repay the advice fee on a Challenger Liquid Lifetime annuity because of a client's early death.

13 Term sheet

Investment type	Immediate Lifetime Annuity
Residual Capital Value (RCV)	RCV0
Product issuer	Challenger Life Company Limited
Who can invest?	Individuals aged 18 years and older (aged 60 years and older if using super to invest). Anyone living in a residential aged care facility (or who have approval to move into a facility) cannot invest.
Minimum investment	$10,000
Money type	Superannuation; and Ordinary (non-superannuation)
Payment frequency	Monthly. The first payment is made a month after investment.
Investment term	The investor's lifetime or the lifetime of the investor and their spouse.
Upfront and ongoing adviser service fee	Upfront: Maximum 2.2% (incl. GST) Ongoing: Fixed dollar amount
Cooling off period	14 days from the end of the fifth business day after investment. The cooling off value will be adjusted to reflect any negative market movement. This means that the value payable during the cooling-off period may be less than the purchase price.
Withdrawal period	The withdrawal period is set as life expectancy rounded down to a whole year multiplied by 365 days. The maximum withdrawal period is 27 years.
Death benefit	The death benefit equals 100% of purchase price for half of the withdrawal period and then equals the maximum voluntary withdrawal value. The investor can choose to remove the withdrawal period and the death benefit in return for higher starting payments (Enhanced Income option).
Voluntary withdrawal	The maximum withdrawal value starts at 100% of the purchase price and progressively reduces until it reaches zero at the end of the withdrawal period. The withdrawal value is impacted by movements in interest rates, the chosen index, and an allowance for the cost to us of breaking the investment, and cannot exceed the maximum. It is only possible to determine the withdrawal value at the time of withdrawal. The investor can choose to remove the withdrawal period and the death benefit in return for higher starting payments (Enhanced Income option). Partial withdrawals are not allowed.

Payment indexation	Payments will be indexed after each policy anniversary (for example, the first payment to be indexed will be the 13th monthly payment). The Accelerated payment option provides 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.
Market-linked index options	• Cash index • Conservative index • Conservative balanced index • Balanced index • Growth index On each policy anniversary the chosen option can be switched. Notification must be provided at least 14 days before the policy anniversary.
Reversionary nomination	The investor can choose for their regular payments to be made for the life of their spouse after they die. The investor's spouse is called the 'reversionary'.
Beneficiary nomination	Where a reversionary has not been nominated, the investor can nominate one or more beneficiaries to receive their lump sum death benefit if they die within the withdrawal period. If an investment is made with superannuation money, the investor can only nominate their legal personal representative and/or dependants as a beneficiary (as defined in superannuation laws).
Taxation	Superannuation: Regular payments and withdrawals are tax-free Death benefit is tax-free if paid to a tax dependant. Death benefit may be taxable if paid to a non-tax dependant. Ordinary (non-superannuation): Regular payments are subject to PAYG tax instalments (the amount above the deductible amount is assessable). Voluntary withdrawals are tax-free. Death benefit is subject to PAYG tax instalments when in the 100% death benefit period (only the amount above the reduce purchase price is assessable). Outside of the 100% death benefit period the death benefit is tax-free (as the death benefit cannot exceed the reduced purchase price).
Social Security treatment	The lifetime annuity meets the capital access schedule (CAS). 60% of regular payments are assessable. 60% of purchase price is assessable until age 84 (or a minimum of 5 years). Thereafter 30% of purchase price is assessable.

14 FAQs

1. Is there a cap on payments?

There is no payment cap. If the chosen market-linked index increases each year, regular payments will increase each year.

2. Is there a floor on payments?

There is no payment floor. Payments can index down below the starting payment. If the chosen market-linked index reduces each year, regular payments will reduce each year.

3. Can a switch request be cancelled or changed?

Yes, providing the cancellation or change is notified to us at least 14 days before the next policy anniversary date. To change or cancel a request complete a Market-linked payments switch form.

4. How can Challenger Life guarantee payments for life?

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

When someone invests in a Challenger annuity their 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 one in 200-year investment market shock event.

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.

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 the chosen market-linked payment option index. In periods of poor performance, payments can index down below the starting payment.

5. Is there a cooling off period?

Yes. A request to cool-off must be made in writing and must be received by us within 14 days from the end of the fifth business day after investment. The amount invested will be repaid less any tax we are required to deduct and any adjustment for the costs of interest rate and/or investment market movements.

6. Can Challenger stop indexing payments if markets perform stronger than expected?

No, Challenger is contractually obliged to continuing indexing payments to the chosen index for life (and the life of a spouse if they have been included as part of the investment).

15 Setting up Liquid Lifetime (Market-linked payments)

Challenger Liquid Lifetime is available via the following platforms:

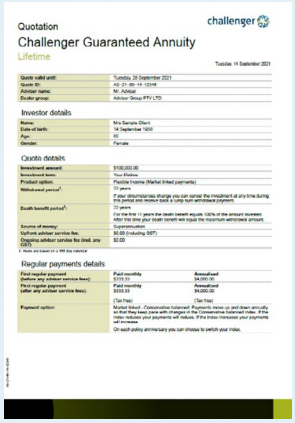
AMP, BT Panorama, CFS First Choice, CFS First Wrap, HUB24 & Netwealth.

Step one – get a quote

Log on to Adviser Online (or a select platform), call Adviser Services on 1800 621 009 or contact your Challenger BDM. The quote is obligation free and will be valid for 14 days.

The quote will provide details of the first year's payment amount, the length of the withdrawal period (including the guaranteed death benefit and maximum withdrawal values) and the Social Security assessment of the illustrated market-linked lifetime annuity.

Quotes can be refreshed or updated at any time without having to re-enter information by utilising the retrieve quote function. Simply enter the 14-character quote number (i.e. AS–21–09–14–123456)


Quotation

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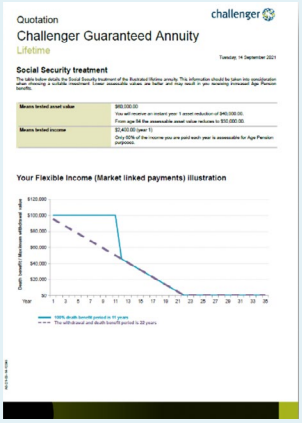
Challenger Guaranteed Annuity

Lifetime

Investor details

Quote details

Regular payments details


Quotation

challenger

Challenger Guaranteed Annuity

Lifetime

Social Security treatment

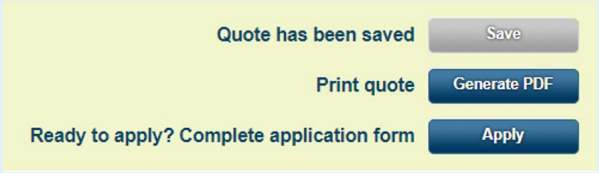
Your Flexible Income (Market linked payments) illustration

Step two – apply online

Log on to Adviser Online (or a select platform).

Use the 'Retrieve quote' function by entering the 14-character quote number (i.e. AS–21–09–14–123456).

When the quote is retrieved click the 'apply' button at the bottom of the page.



We’re always ready to support you

Challenger has a wide range of tools and resources to help you with retirement income planning; including our Retirement Illustrator, Age Pension Illustrator, webcasts, videos and case studies. To access these or find out more:

- Log in, or register for AdviserOnline at **adviseronlineportal.com.au**
- Speak to your **Challenger BDM**
- Call Adviser Services on **1800 621 009** or Challenger Tech on **1800 176 486**

As with all investments, Liquid Lifetime (Market-linked payments) 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 the Target Market Determination (TMD) to consider the suitability of the product for your client's circumstances before a decision to invest is made. A copy of the PDS and TMD is available at challenger.com.au or by contacting our Adviser Services Team on 1800 621 009.

About this guide

This Adviser guide (Guide) is provided by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (Challenger Life, Challenger also referred to as we, us, or our). This Guide is intended to provide additional information about Challenger Guaranteed Annuity Flexible Income (Market-linked payments) option (the Annuity) and is for Adviser use only. The Challenger Guaranteed Annuity is also known as the Challenger Lifetime Annuity.

This information is current as at 22 April 2022 unless otherwise specified. It is intended to be general information only and not financial product advice and 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 product disclosure statement (PDS) and Target Market Determination (TMD) for the Annuity before deciding whether to acquire or continue to hold an Annuity. A copy of the PDS and TMD is available at www.challenger.com.au or by contacting our Adviser Service Team on 1800 621 009.

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.

Neither Challenger nor its related bodies corporate nor any of their employees receive any specific remuneration for any advice provided in respect of the Annuity. However, financial advisers may receive fees if they provide advice to you or arrange for a person to invest in an Annuity. Some or all of Challenger Group companies and their Directors may benefit from fees and other benefits received by another Group company.

Where examples, hypotheticals or case studies are used, they are used for illustrative purposes only. They are not to be relied on and do not reflect any person's particular objectives, financial situation or needs. Any taxation, Centrelink and/or Department of Veterans' Affairs illustrations are based on current law at the time of writing, which may change at a future date. Challenger is not licensed or authorised to provide tax or social security advice. We strongly recommend that professional taxation and social security advice be sought in relation to a person's individual circumstances.

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