Market release

Challenger Limited

13 June 2018

Investor Day 2018

Challenger Limited (ASX:CGF) attaches a copy of the presentation that will be provided at Challenger's 2018 Investor Day. The Investor Day commences today at 10:00am and can be accessed via webcast at www.challenger.com.au

ENDS

About Challenger

Challenger Limited (Challenger) is an investment management firm managing $79* billion in assets. It is focused on providing customers with financial security for retirement.

Challenger operates two core investment businesses, a fiduciary Funds Management division and an APRA-regulated Life division. Challenger Life Company Limited (Challenger Life) is Australia's largest provider of annuities.

*31 March 2018

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Challenger Limited

Investor Day

13 June 2018

Overview

Providing our customers with financial security for retirement

10:00 – 10:10	**Vision and strategy** **Operating environment** Brian Benari – Managing Director and Chief Executive Officer
10:10 – 10:40	**Retirement income policy update** **Distribution, Product and Marketing** Richard Howes – Chief Executive, Distribution, Product and Marketing
10:40 – 11:00	**Life** Chris Plater – Chief Executive, Life
11:00 – 11:20	**Funds Management** Ian Saines – Chief Executive, Funds Management
11:20 – 12:00	**Wrap up and Q&A session** Brian Benari – Managing Director and Chief Executive Officer

Vision and strategy
Operating environment

Brian Benari
Managing Director and
Chief Executive Officer

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Vision and strategy

A clear plan for sustainable long-term growth

To provide our customers with financial security for retirement

Increase the Australian retirement savings pool allocation to secure and stable incomes

Be recognised as the leader and partner of choice in retirement income solutions with a broad product offering

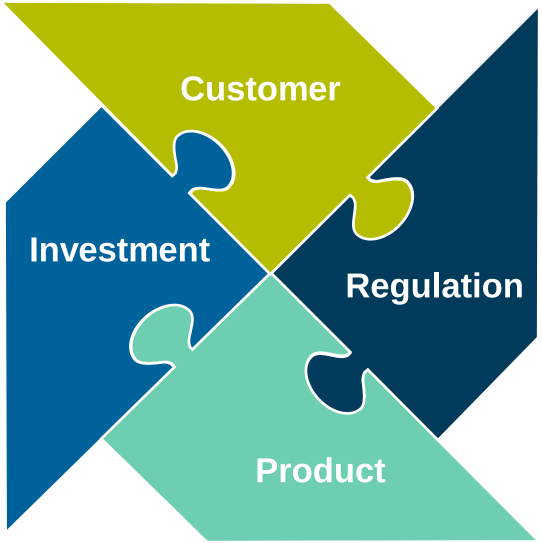
Provide customers with relevant investment strategies exhibiting consistently superior performance

Deliver superior outcomes to customers and shareholders through a highly engaged, diverse and agile workforce committed to sustainable business practices and a strong risk and compliance culture

Operating environment

Industry change providing challenges and opportunities

- Life expectancies rising
- Self sufficiency in retirement
- Disruption in financial advice



- Global broad-based regulatory reforms
- Financial Services Royal Commission
- Retirement Income Framework (means testing and CIPRs[1])

- Historically low interest rates
- Increased market volatility
- Compressed risk premiums

- Focus on income and risk diversification
- Implementation of retirement strategies
- Demand for alpha from active managers

1. Comprehensive Income Product for Retirement (CIPR).

Retirement income policy update
Distribution, Product and Marketing

Richard Howes
Chief Executive,
Distribution, Product and
Marketing

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Key points

Means testing rules & Retirement Income Covenant support lifetime products

Government enhancing retirement phase
New means testing for lifetime income products and Retirement Income Covenant

Retirement strategies
Combined products enhance income and provide longevity and inflation protection

New rules enable product innovation
Deferred lifetime annuities deliver pure longevity insurance

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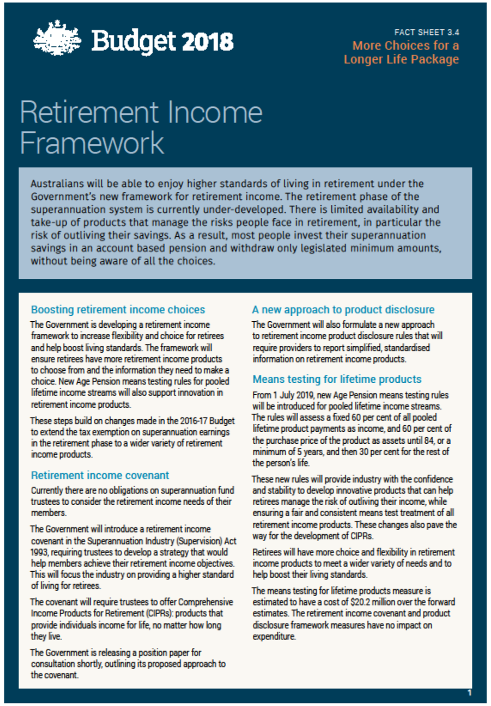
Competitive advantage through integrated model – well positioned to capture growth

Government enhancing retirement phase

Budget 2018 – Retirement Income Framework


Budget 2018

FACT SHEET 3.4
More Choices for a Longer Life Package

Retirement Income Framework

Australians will be able to enjoy higher standards of living in retirement under the Government's new framework for retirement income. The retirement phase of the superannuation system is currently under-developed. There is limited availability and take-up of products that manage the risks people face in retirement, in particular the risk of outliving their savings. As a result, most people invest their superannuation savings in an account based pension and withdraw only legislated minimum amounts, without being aware of all the choices.

Boosting retirement income choices

The Government is developing a retirement income framework to increase flexibility and choice for retirees and help boost living standards. The framework will ensure retirees have more retirement income products to choose from and the information they need to make a choice. New Age Pension means testing rules for pooled lifetime income streams will also support innovation in retirement income products.

These steps build on changes made in the 2016-17 Budget to extend the tax exemption on superannuation earnings in the retirement phase to a wider variety of retirement income products.

Retirement income covenant

Currently there are no obligations on superannuation fund trustees to consider the retirement income needs of their members.

The Government will introduce a retirement income covenant in the Superannuation Industry (Supervision) Act 1993, requiring trustees to develop a strategy that would help members achieve their retirement income objectives. This will focus the industry on providing a higher standard of living for retirees.

The covenant will require trustees to offer Comprehensive Income Products for Retirement (CIPRs): products that provide individuals income for life, no matter how long they live.

The Government is releasing a position paper for consultation shortly, outlining its proposed approach to the covenant.

A new approach to product disclosure

The Government will also formulate a new approach to retirement income product disclosure rules that will require providers to report simplified, standardised information on retirement income products.

Means testing for lifetime products

From 1 July 2019, new Age Pension means testing rules will be introduced for pooled lifetime income streams. The rules will assess a fixed 60 per cent of all pooled lifetime product payments as income, and 60 per cent of the purchase price of the product as assets until 84, or a minimum of 5 years, and then 30 per cent for the rest of the person's life.

These new rules will provide industry with the confidence and stability to develop innovative products that can help retirees manage the risk of outliving their income, while ensuring a fair and consistent means test treatment of all retirement income products. These changes also pave the way for the development of CIPRs.

Retirees will have more choice and flexibility in retirement income products to meet a wider variety of needs and to help boost their living standards.

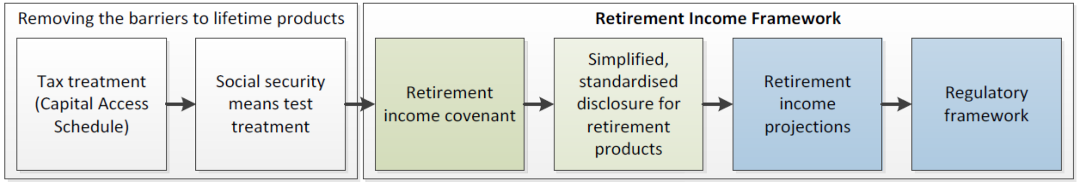
The means testing for lifetime products measure is estimated to have a cost of $20.2 million over the forward estimates. The retirement income covenant and product disclosure framework measures have no impact on expenditure.

1

> ***The retirement phase of the superannuation system is currently under-developed. There is limited availability and take-up of products that manage the risks people face in retirement, in particular the risk of outliving their savings***

Federal Budget 8 May 2018

- Boosting retirement income choices
- Means testing for lifetime products
- Retirement income covenant
- A new approach to product disclosure



Government enhancing retirement phase

Budget 2018 – New means testing for lifetime income products

- New rules take effect 1 July 2019
  - existing rules to apply until then
  - lifetime income products purchased prior to be grandfathered
- DSS[1] delivering simplicity
- No change for term annuities
- Extensive industry consultation completed
- Provides clarity for product innovation
  - enables DLAs[2] and new product opportunities
- Lifetime offering remains compelling
- New rules result in outcomes broadly consistent with old rules

> ***“These new rules will provide industry with the confidence and stability to develop innovative products that can help retirees manage the risk of outliving their income. These changes also pave the way for the development of CIPRs”***
>
> Federal Budget 8 May 2018

1. Department of Social Services (DSS).
2. Deferred Lifetime Annuities (DLAs).

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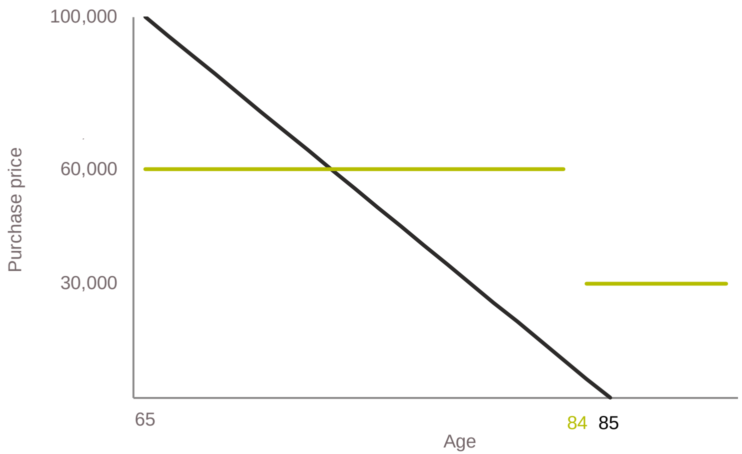
Government enhancing retirement phase

New rules encourage the use of pooled retirement products

Asset pension test

Example - $100,000 lifetime income stream purchase price at aged 65



Existing asset test

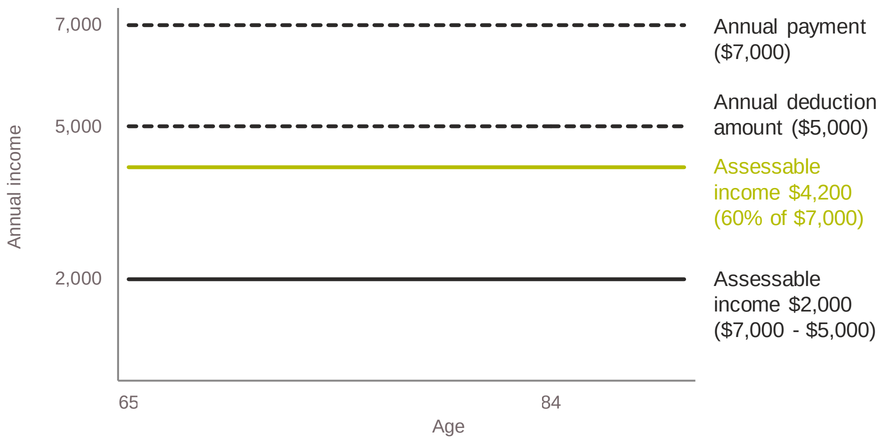
Asset amortises down evenly over life expectancy

New asset test (from 1 July 2019)

Asset value fixed at 60% until age 84 then fixed at 30% for life

Income pension test

Example - $100,000 lifetime income stream paying $7,000 per year



Existing income test

Include payment less annual deduction amount[1]

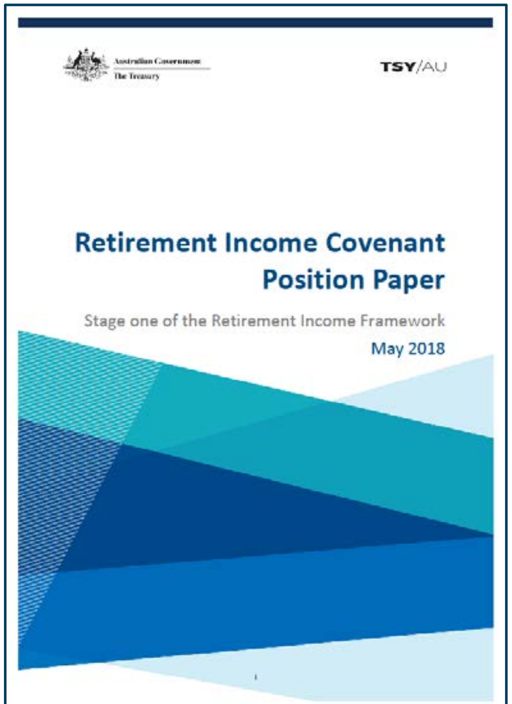
New income test (from 1 July 2019)

Include 60% of payment as income

1. Annual deduction amount equal to the purchase price ($100,000) divided by life expectancy (20 years) at time of purchasing lifetime income stream.

Government enhancing retirement phase

Retirement Income Covenant Position Paper


Australian Government
The Treasury
TSY/AU
Retirement Income Covenant
Position Paper
Stage one of the Retirement Income Framework
May 2018

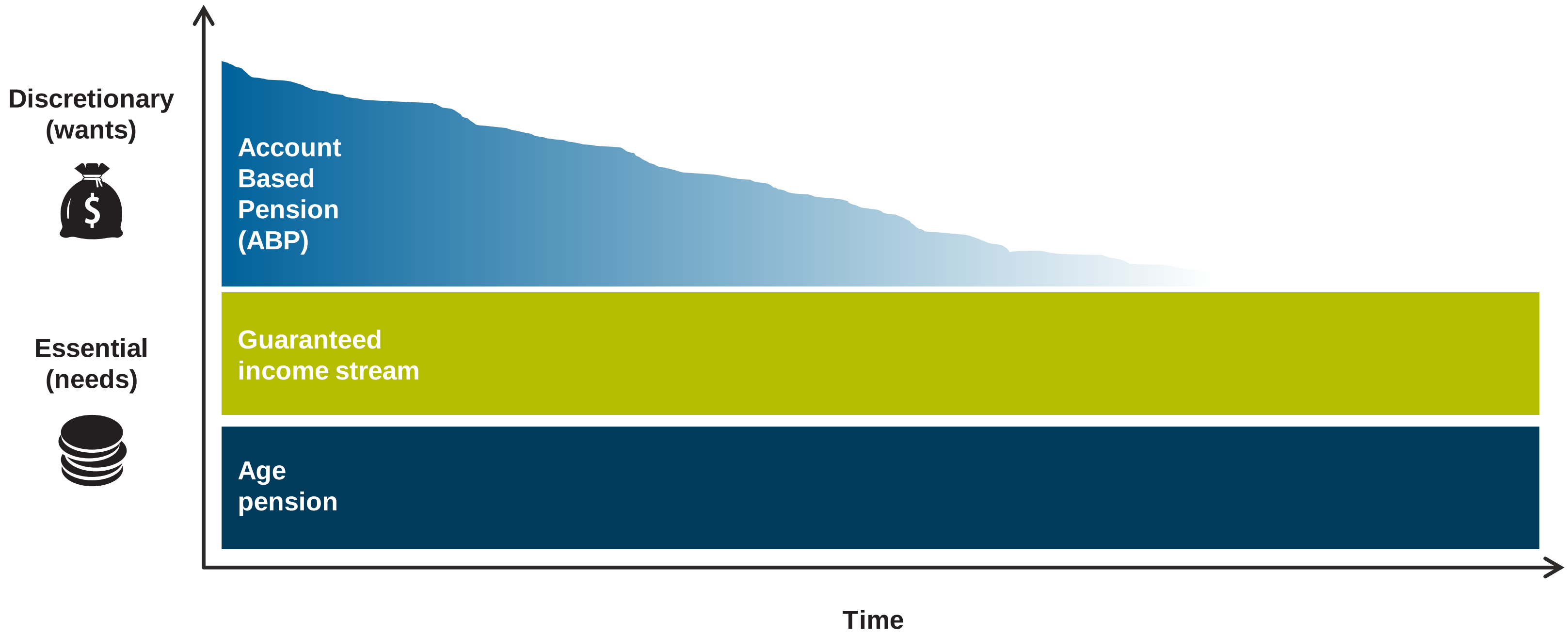
- Proposed Retirement Income Covenant for SIS Act[1]
- Trustee required to develop member retirement income strategy
  - maximise income for life
  - manage risks that affect stability of income
  - provide access to capital
- CIPRs[2] a key feature of framework
  - 100% allocation to ABP[3] will not meet CIPR requirements
  - Likely to require min. 15-20% allocation to pooled lifetime product

Retirement covenant consultation 15 June 2018	CIPR legislation 1 July 2019	CIPRs commence 1 July 2020

1. Superannuation Industry (Supervision) Act 1993.
2. Comprehensive Income Product for Retirement (CIPR).
3. Account Based Pension (ABP).

Retirement strategies

Retiree needs addressed through income layering



Retirement strategies – combined products

Enhances income and provides longevity and inflation protection

Jenny and John

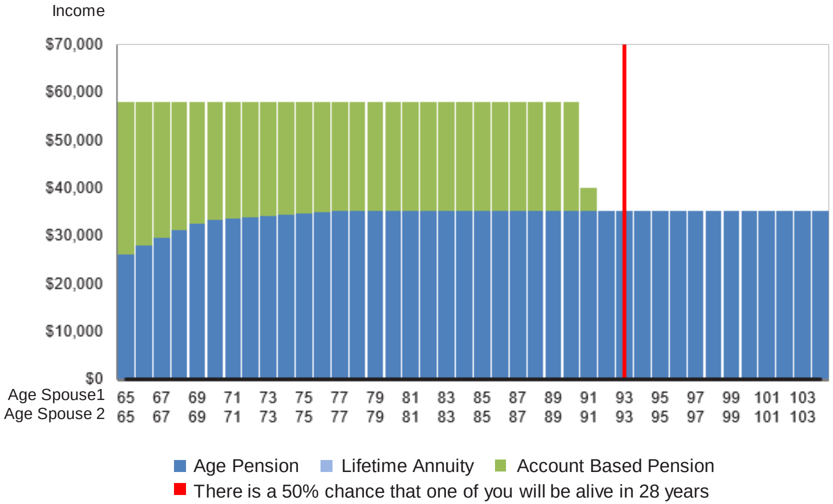
- Homeowning couple
- $500,000 of super
  (in addition to family home)
- 65 years old
- Approaching retirement
- Target income $58,000 p.a.
- Status quo 100% ABP[1]
- Combined product
  - 70% ABP[1]; and
  - 30% Lifetime Annuity[2]

1. Account Based Pension (ABP).
2. Applying new means testing rules for lifetime income products that are expected to take effect from 1 July 2019.

Retirement strategies – combined products

Enhances income and provides longevity and inflation protection

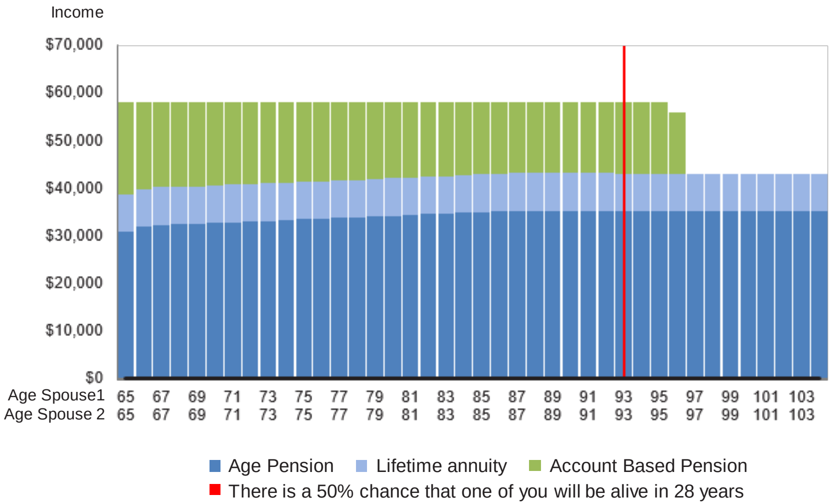
100% Account Based Pension (ABP)



All values are shown in today's dollars

- Provides $58k p.a. until age 90 then $33k p.a. thereafter
- 50% chance one is alive at age 93

Combined product (70% Account Based Pension; 30% Lifetime Annuity)



All values are shown in today's dollars

- Provides $58k p.a. until age 95 then $40k p.a. thereafter
- Income at least as good as 100% ABP – better the longer you live

Assumptions – 1. Means testing rules for lifetime income streams from 1 July 2019; 2. 65 year old couple, homeowners, $250,000 each in super ($500,000 combined) drawing $58,000 per annum; 3. Account Based Pension assumptions – Growth 6.40%, Defensive 2.60% (net of fees); 4. Lifetime Annuity – Flexible income option, CPI indexation, monthly payments. Portfolio allocation of 50% growth / 50% defensive.

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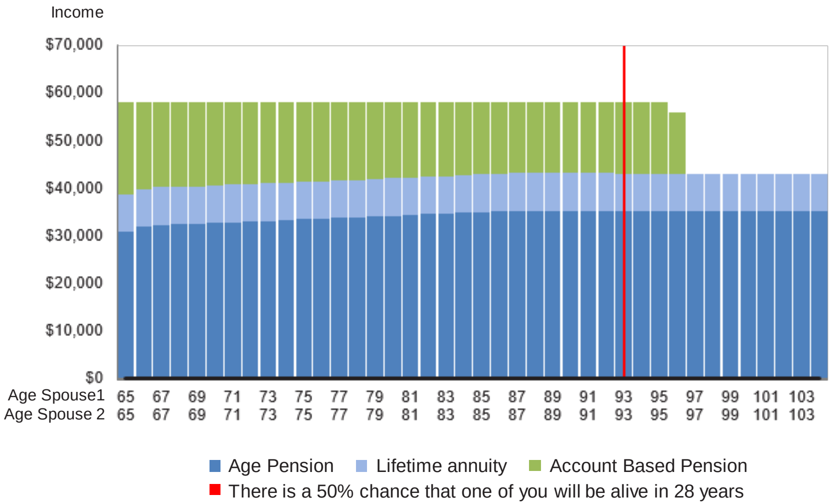
Retirement strategies – combined products

Enhances income and provides longevity and inflation protection

- Combined product income enhanced through
  1. mortality credits
  2. interaction with age pension
  3. growth assets left to grow
  4. likely annuity outperformance against defensive alternatives

Combined product (70% Account Based Pension; 30% Lifetime Annuity)



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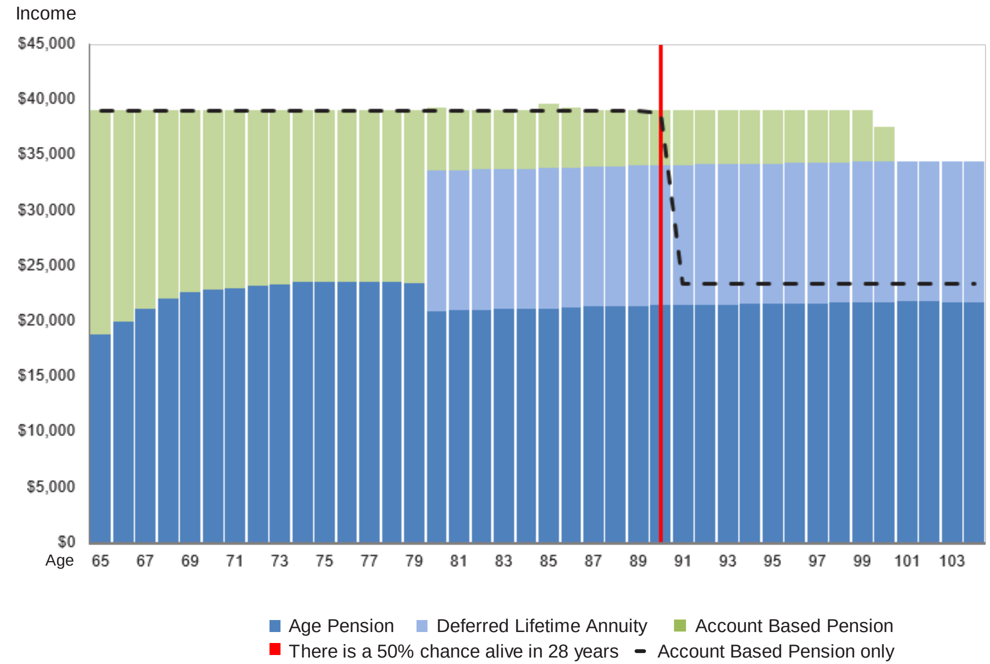
Retirement strategies – combined products

Enhances income and provides longevity and inflation protection

Elizabeth

- Single homeowner
- $350,000 of super (in addition to home)
- 65 years old
- Approaching retirement
- Target income $39,000 p.a.
- Status quo 100% ABP
- Combined product
  - 75% ABP; and
  - 25% DLA ($87,500 invested in DLA paying $12,666 p.a. commencing at age 80)



All values are shown in today's dollars

Assumptions – 1. Means testing rules for lifetime income streams from 1 July 2019; 2. 65 year old single female, homeowner, $350,000 in super drawing $39,000 per annum (ASFA comfortable is $39,353); 3. Account Based Pension assumptions – Growth 6.40%, Defensive 2.60% (after fees); 4. Deferred Lifetime Annuity – Flexible income option, CPI indexation, monthly payments. Portfolio allocation 50% growth / 50% defensive.

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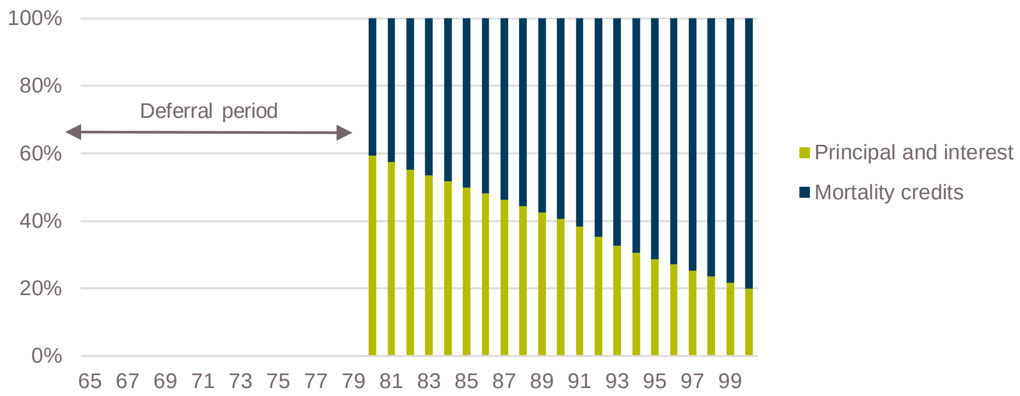
New rules enable product innovation

Deferred Lifetime Annuities deliver pure longevity insurance

Benefits of pooling
(illustrative DLA[1] example with 15 year deferral period)



- DLAs are insurance focused products
- Provide certainty with longevity and inflation protection
- Income enhanced through pooling benefits

Means testing of DLAs
(from 1 July 2019)

Asset test

- set on day one
- 60% of purchase price to age 84 then fixed at 30% for life

Income test

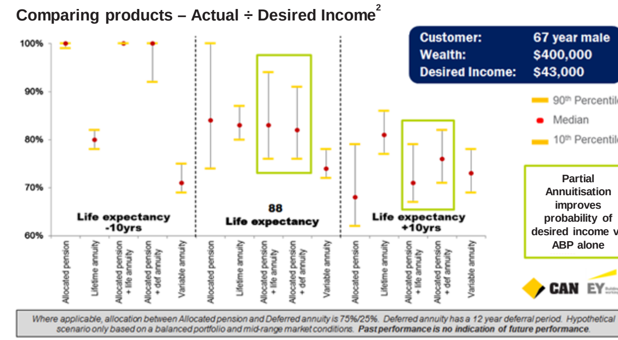
- no income during deferral period
- 60% of payment (0% during deferral period)

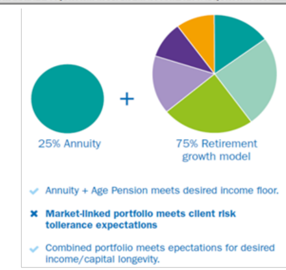
1. Deferred Lifetime Annuity (DLA).

CIPR style strategies already being implemented

Model portfolios and retirement tools already support CIPRs

- CIPRs[1] already being implemented by dealer groups and super funds
- Retirement income models emerging
  - typically recommend 25% to lifetime income product
  - supported by independent analysis
- Challenger's Retirement Illustrator and tools support income layering and CIPRs
- Retirement Income Framework – CIPR style products implemented by trustees





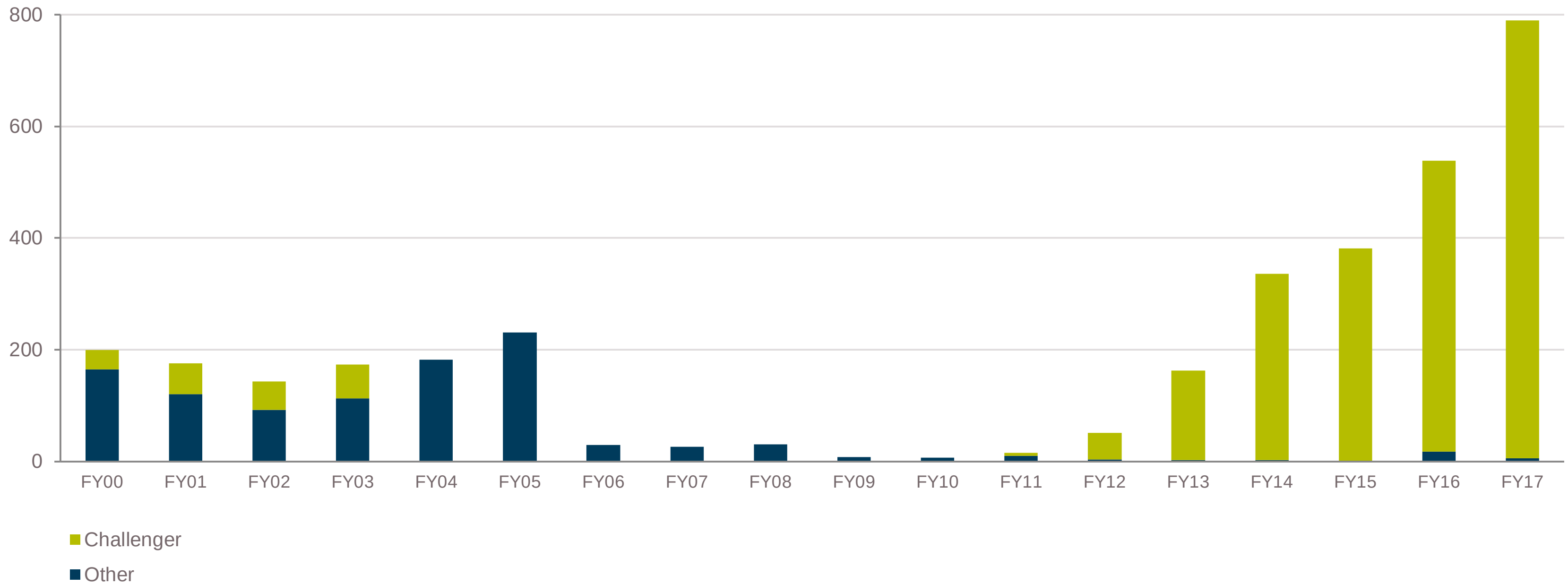
"annuities need to be one tool in the financial adviser's toolbox"
"we believe that an account based pension with a lifetime annuity or some sort of deferred lifetime annuity will be a good solution for Australian retirees"

1. Comprehensive Income Product for Retirement (CIPR).
2. 'Optimal solution to the retirement riddle', Actuaries Summit, May 2015.

Industry moving ahead

Strong growth in lifetime annuity sales

Australian lifetime annuity sales[1] ($m)



1. Strategic Insights lifetime annuity sales.

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Competitive advantage through integrated model

- Dedicated retirement income focus
- Australia's #1 retirement income brand[1]
- Significant market position

CONSUMER AND ADVISER BRAND

PRODUCT → **RESEARCH HOUSES / ASSET CONSULTANTS** → **SUPER TRUSTEES** → **ADVISER** → **SALES**

PRODUCT
- Recognised product innovator
- Award winning products
- Recommended by all major hubs

RESEARCH HOUSES / ASSET CONSULTANTS
- Thought leadership influencing industry
- Trusted education partner
- Products in multiple APLs[4] and models

SUPER TRUSTEES
- Multi-product super fund relationships
- Partnering to implement retirement solutions
- Research and technology support

ADVISER
- Deeply embedded into advice process
- Market leading tools and platform integration
- Rated #1 by advisers[1]

SALES

#1 Australian annuities provider[2]
- Annuity sales **17% CAGR** last 5 years[3]

1. Adviser – Marketing Pulse Adviser study.
2. Strategic Insights.
3. Annuity sales growth CAGR represents five years to 1H18.
4. Approved Product Lists (APL).

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Key points

Means testing rules & Retirement Income Covenant support lifetime products

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Combined products enhance income and provide longevity and inflation protection

New rules enable product innovation
Deferred lifetime annuities deliver pure longevity insurance

Challenger
Competitive advantage through integrated model – well positioned to capture growth

Life

Chris Plater
Chief Executive,
Life

Key points

Asset allocation optimising ROE

Life product mix

Sales mix drives book profile

Asset allocation framework

Consistently applied with strong risk management

Relative value

Favouring fixed income over property

Asset and liability matching

Remain cash flow matched

Capital and ROE

Capital intensity to reduce further with change in asset allocation

Optimising Life ROE and committed to 18% target[1]

1. Normalised ROE target of 18% pre-tax.

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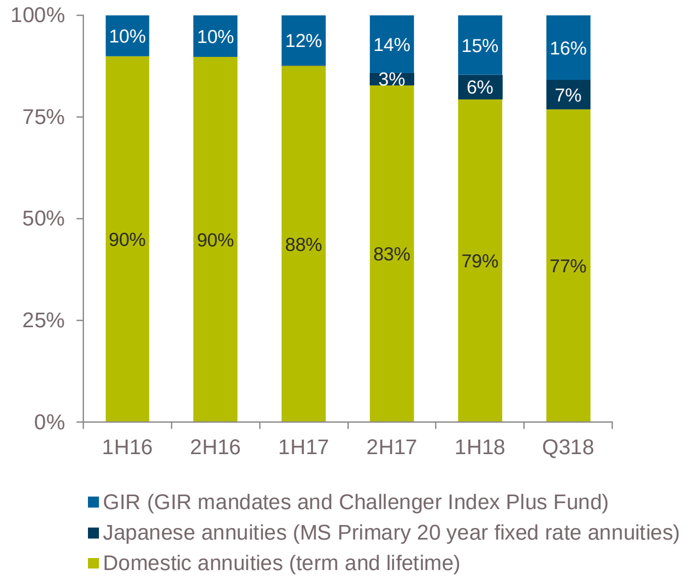
Life product mix

Sales mix drives book profile

- Continuing to diversify product range and customer base
  - Guaranteed Index Return – institutional clients, shorter dated, index linked
  - Japan – new market, long dated
  - Domestic – ongoing innovation
- FY18 YTD book growth ~13%
- COE margin varies by product due to
  - asset backing
  - funding cost incurred
  - treatment of distribution costs
- All product categories target 18% ROE[1]

Life product mix[2]



1. Normalised ROE target of 18% pre-tax.
2. Average liability mix.

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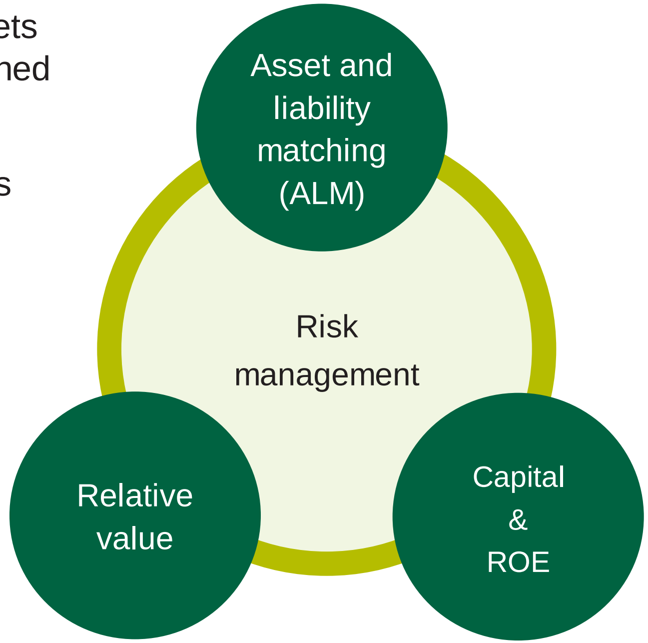
Asset allocation framework

Consistently applied with strong risk management

- Fundamental principle – assets and liabilities cash flow matched
- Managed by dedicated team
- Liability maturity profile drives asset tenor

- Investment returns considered relative to base swap rates
- Illiquidity premium contributes to relative value



Risk management

- Strong governance framework
- Risk management entrenched in corporate culture
- Minimise unwanted risks such as interest rate, currency and inflation risks

- Manage asset allocation to capital targets
- Investment decisions based on risk-adjusted returns
- 18% (pre-tax) return on equity target for all products

Relative value

Asset risk premiums provide useful allocation signals

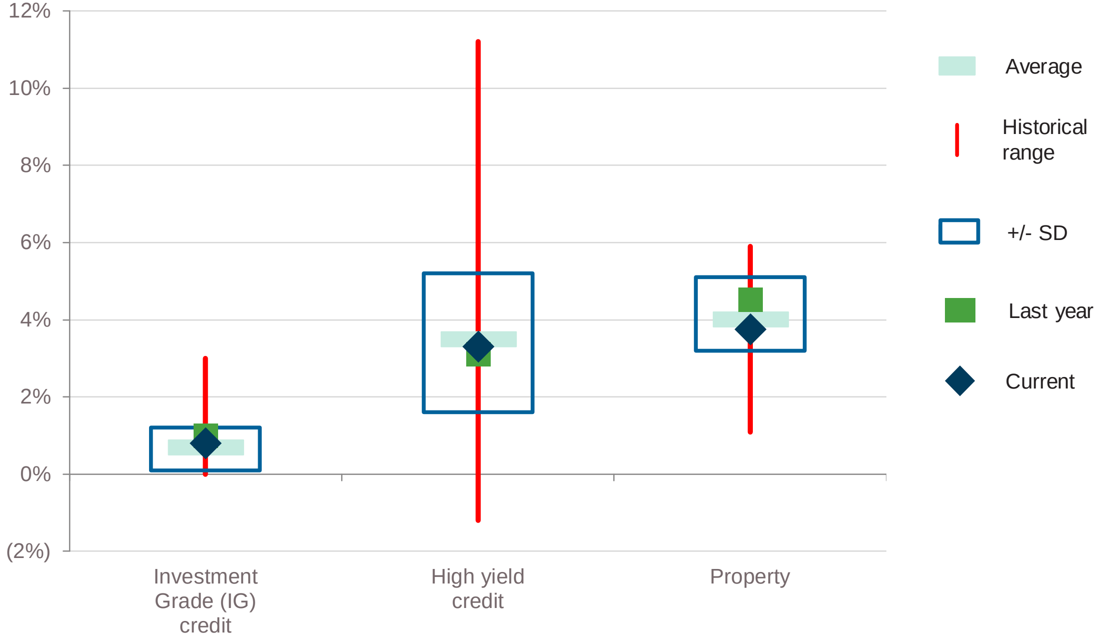
Fixed income (65% of portfolio[1])

- Liquid market asset risk premiums similar to last year
- Illiquidity premiums remain attractive

Property (21% of portfolio[1])

- Asset risk premium moved from above to below average over last year
- Certain sectors well below average

Asset risk premium – fixed income and property[2]



1. As at 31 March 2018.
2. Expected asset risk premium represents expected asset return relative to the prevailing swap rate. Challenger estimates based on external data as at March 2018.

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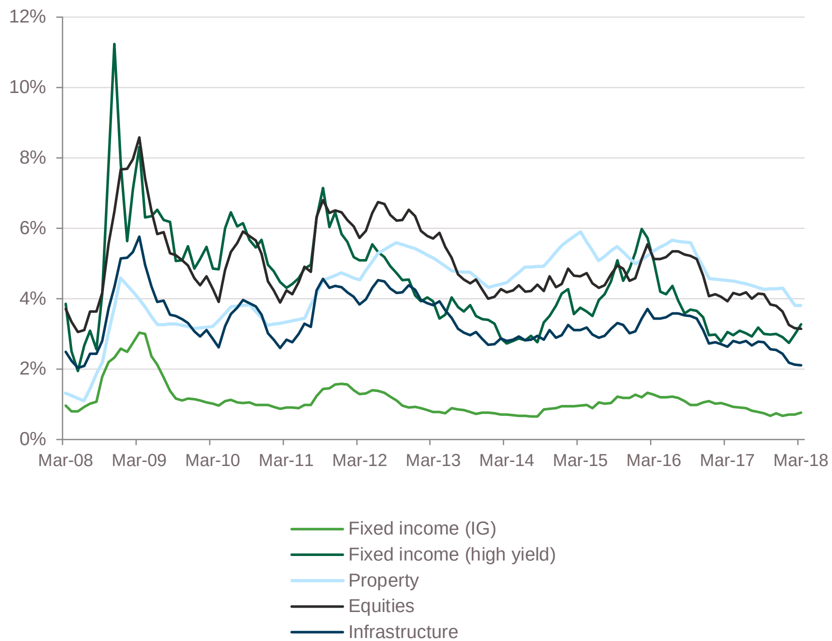
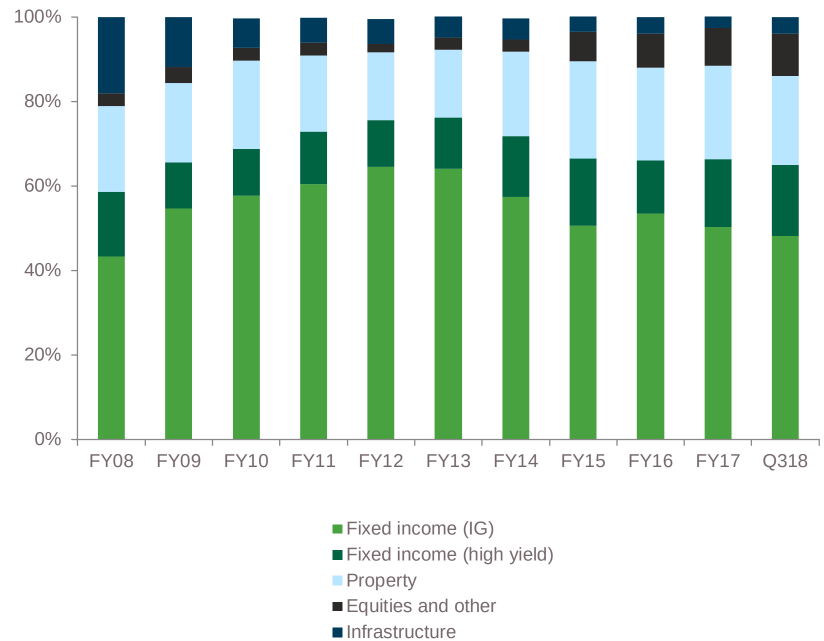
Relative value and investment portfolio

Mix varies over time and driven by asset allocation framework

Asset risk premium trends



Life investment portfolio

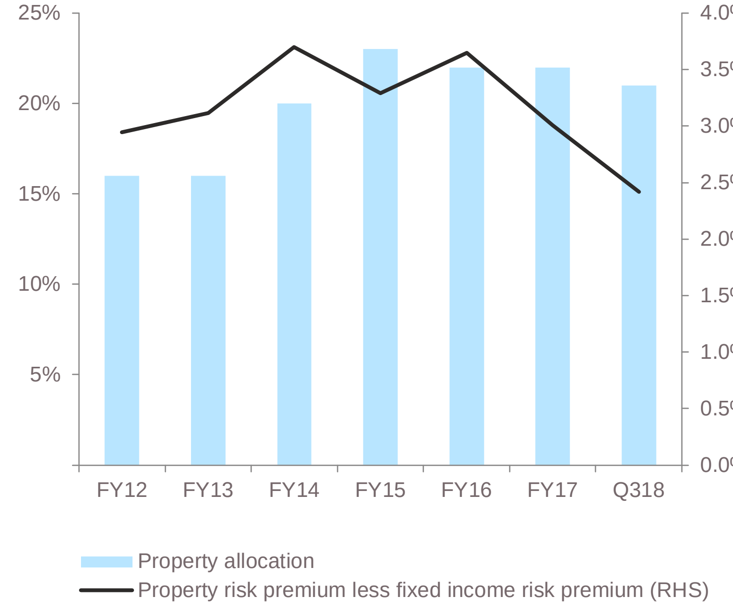


Relative value and investment portfolio

Decreasing property allocation to optimise ROE

- Strong demand from offshore capital compressing cap rates
- Relative value has shifted towards fixed income
- Over last year property has moved from 23% to 21%[1]
- More recently strong demand in certain sectors
- As a result targeting to reduce property allocation to mid teens (%) over next 12 months
- Property allocation expected to reduce via market dispositions (subject to market conditions) and new business backed by fixed income

Property allocation and asset risk premiums[2]



1. Property allocation 23% at 1H17 and has reduced to 21% at Q318.
2. Asset risk premium represents property less fixed income (weighted 75% IG and 25% high yield).

Relative value and investment portfolio

Favouring fixed income over property to optimise ROE

Fixed income increasing allocation	Property decreasing allocation	Infrastructure, equities & other no change to allocation
• Deep global markets and source of portfolio liquidity • Continue investing in offshore credit (~35% of fixed income) • Continue to target 75% IG[1] • Opportunity to increase AAA & AA • Risk premiums remain attractive • Illiquidity premiums continue to average 1-2% p.a.	• Provides diversification and long term cash flows • Strong demand from offshore capital compressing cap rates • Relative attractiveness of holding property over fixed income reduced • Disposition of lower ROE properties	• Provide asset diversification • Typically liquid investments providing capital flexibility • Equities – includes alternatives • Infrastructure – long term cash flows • Risk premiums contracted however still good opportunities
• Less capital intense • Lower margin • Targets 18% ROE[2]	• More capital intense • Higher margin • Targets 18% ROE[2]	• More capital intense • Higher margin • Targets 18% ROE[2]

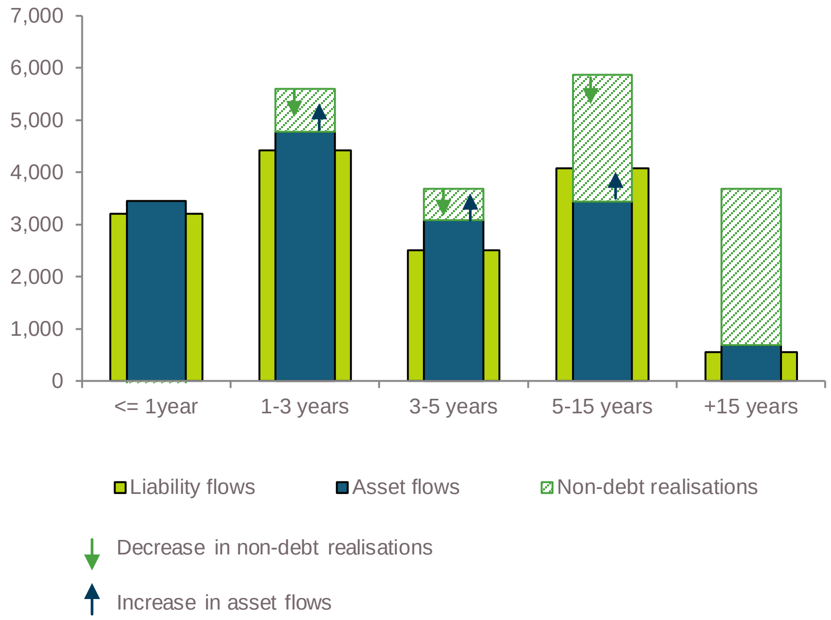
1. Investment Grade (IG) represents BBB credits and above.
2. Normalised ROE pre-tax.

Asset and liability matching

Remain cash flow matched

- Decreasing property allocation to optimise ROE
  - replacing property lease profile with fixed income of similar tenor
  - reduces non-debt realisations
- Continues to be well matched
- No change in risk management approach

Asset and liability cash flow matching ($m) – May 2018



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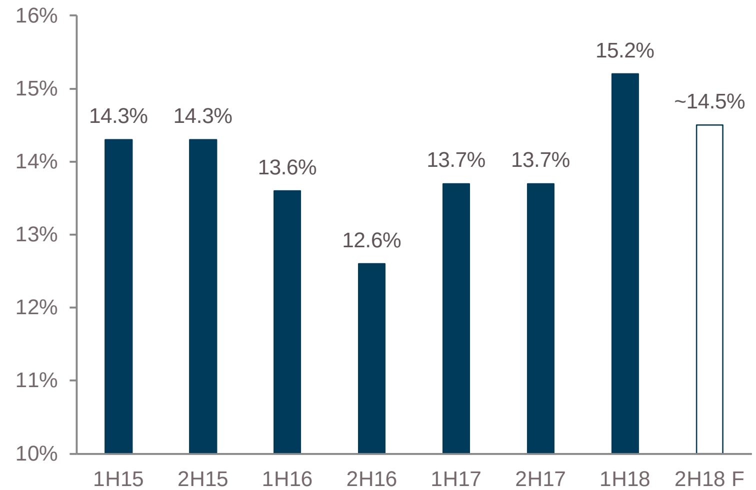
Capital

Intensity to reduce further with change in asset allocation

- 1H18 CLC[1] capital intensity increased to 15.2% (of investment assets) following MS&AD capital injection
- 2H18 capital intensity to reduce with annuity book growth backed by lower intensity investments
- Capital intensity expected to fall further (post 2H18) as a result of reduction in property
- Increases capital available to fund book growth
- Maintain PCA ratio target range of 1.3x to 1.6x

CLC PCA[2] to investment assets



1% reduction in capital intensity increases excess regulatory capital by ~$170m and supports ~$0.8bn of additional book growth[3]

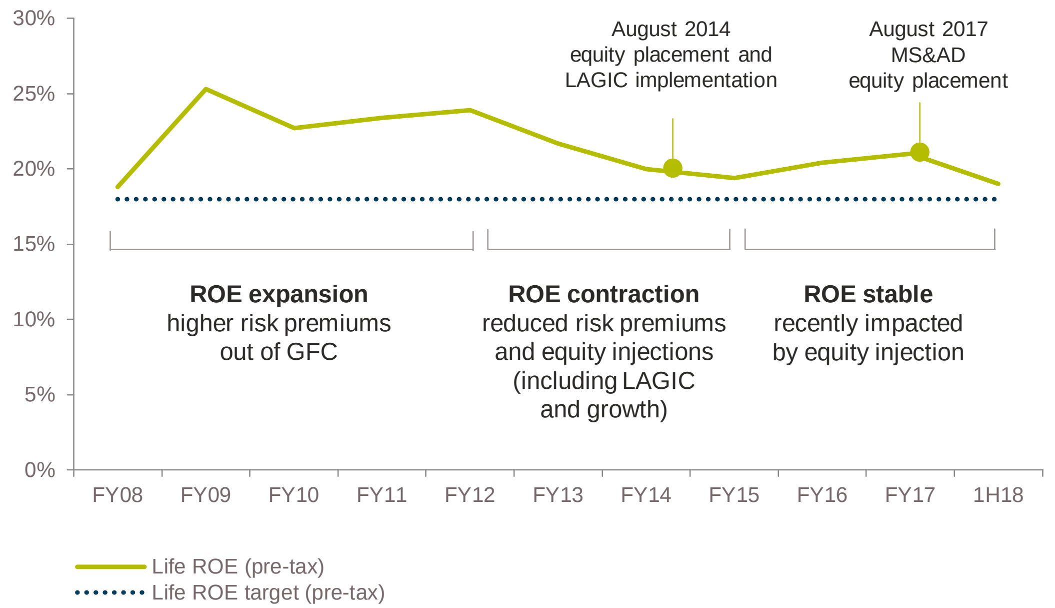
1. Challenger Life Company Limited (CLC).
2. CLC Prescribed Capital Amount (PCA) under LAGIC.
3. Based on capital intensity of ~14.5% and PCA ratio of 1.45 times.

ROE

Optimising ROE and committed to 18% target[1]

- Changes in risk premiums impact ROE
- Asset allocation optimises ROE
- Long term track record of achieving 18% target
- Remain committed to 18% ROE target[1]

Life normalised ROE (pre-tax)[1]



1. Life normalised ROE and ROE target of 18% pre-tax.

Key points

Asset allocation optimising ROE

Life product mix

Sales mix drives book profile

Asset allocation framework

Consistently applied with strong risk management

Relative value

Favouring fixed income over property

Asset and liability matching

Remain cash flow matched

Capital and ROE

Capital intensity to reduce further with change in asset allocation

Optimising Life ROE and committed to 18% target[1]

1. Normalised ROE target of 18% pre-tax.

Funds Management

Ian Saines
Chief Executive,
Funds Management

Key points

Contemporary model provides ongoing growth options

Funds Management industry trends
Active management is alive and well
Challenger competes in the high-active space

Boutique performance advantage
Driving superior returns for investors and FUM growth for high-active managers

Contemporary model with strong alignment of interests
Net flows consistently outperforming peers

Expanding our capability
Adding new managers, strategies and building geographic footprint
Extending into active ETF market

Funds Management industry trends

Active and passive strategies play different roles

Passive growing

- Most popular in the US (22% of equities), much less in Australia (11%)[1]
- ETFs dominate passive flows (~60% of passive flows)[1]
- Benefits from periods of low market volatility
- Represents about a quarter of global AUM[2]

Active continues to dominate

- Investors will pay for genuine active management
- For every $1 flowing from active to passive, $2.5 flows between active managers[1]
- Spectrum of active managers

1. Citi – Highlights from the 2017 Industry Evolution Survey, November 2017.
2. Source – Morgan Stanley Research, Oliver Wyman Bluepaper, "The World Turned Upside Down", March 2017.

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Funds Management industry trends

Challenger competes in high-active space

	Successful Passive Managers	Stuck in the Middle	Successful Active Managers
	High scale		High skill
Characteristics	Large scale Huge technology investment Globally recognised brand	"Active core" Index huggers	Consistent alpha generation High-active share Conviction investment style Boutique ownership model
Active share	0%	<50%	>50%
Examples	Blackrock State Street Vanguard	"Active Core" strategies recently closed – AMP Capital; Colonial Core	Pinnacle Magellan FIDANTE PARTNERS
Average Australian FUM CAGR[1] (2011-2017)	>11% p.a.	~6% p.a.	>20% p.a.

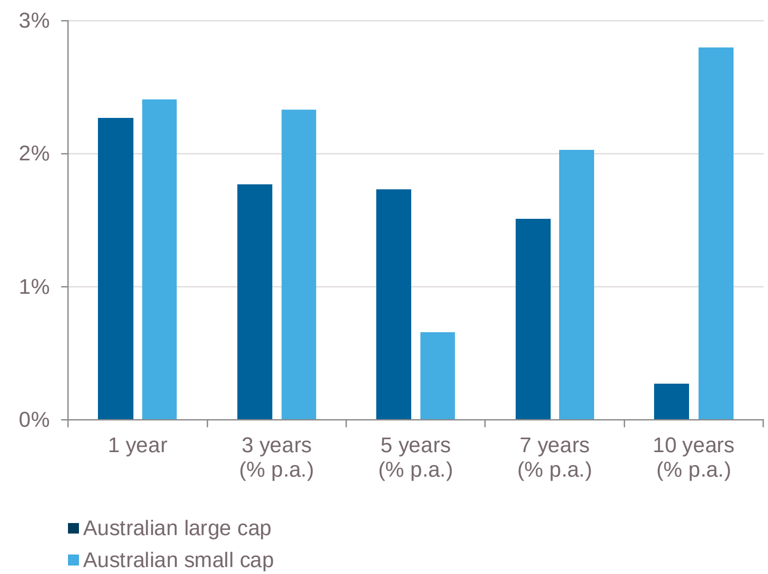
1. Source: Company filings and Rainmaker, December 2017.

Boutique performance advantage

Model supports outperformance

- Outperformance across all periods
- Our boutiques
  - enjoy investment autonomy
  - are high conviction investors
  - take more active risk
  - have generated consistent alpha
- Our business model
  - attracts talented portfolio managers
  - is favoured by investors due to alignment

Outperformance of Australian boutique managers[1]



1. Fidante Partners study of Australian boutique performance. Data as at February 2018. Includes investment managers that are at least 20% owned by the portfolio managers.

Fidante Partners

Contemporary model with strong alignment of interests

Administration services

- Investment operations
- Client operations
- Risk and compliance
- IT infrastructure
- Finance
- Human Resources
- Company Secretarial
- Facilities

Distribution services

- Asset consultant & research
- Strategic positioning
- Product development
- Brand & marketing
- Sales planning & execution
- Investor relationships
- Client services
- Responsible entity

Partnership

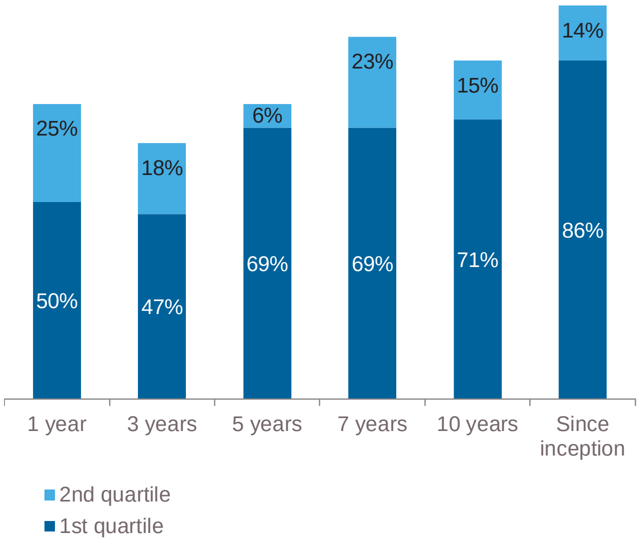
- Equity participation (Fidante non-controlling interest)
- Business planning, budgeting, strategic development, succession planning

1. As at 31 March 2018.

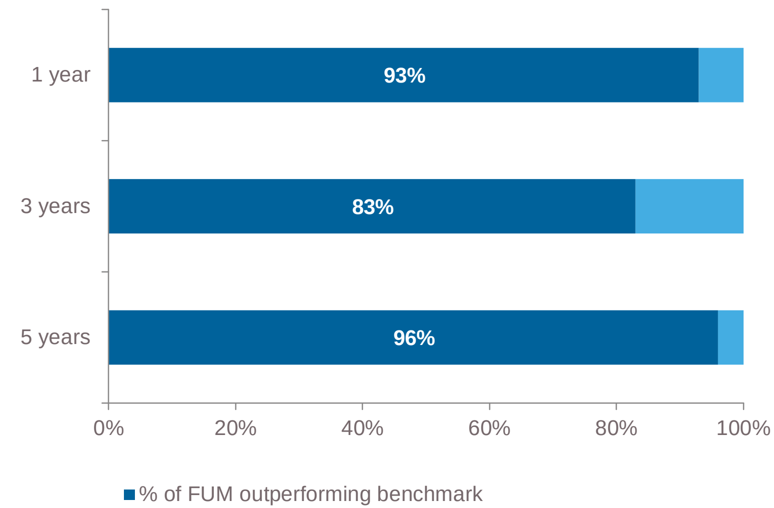
Funds Management investment performance

Strong performance underpinning superior net flows

Fidante Partners percentage of funds 1st or 2nd quartile[1]



Funds Management performance relative to benchmark[2]

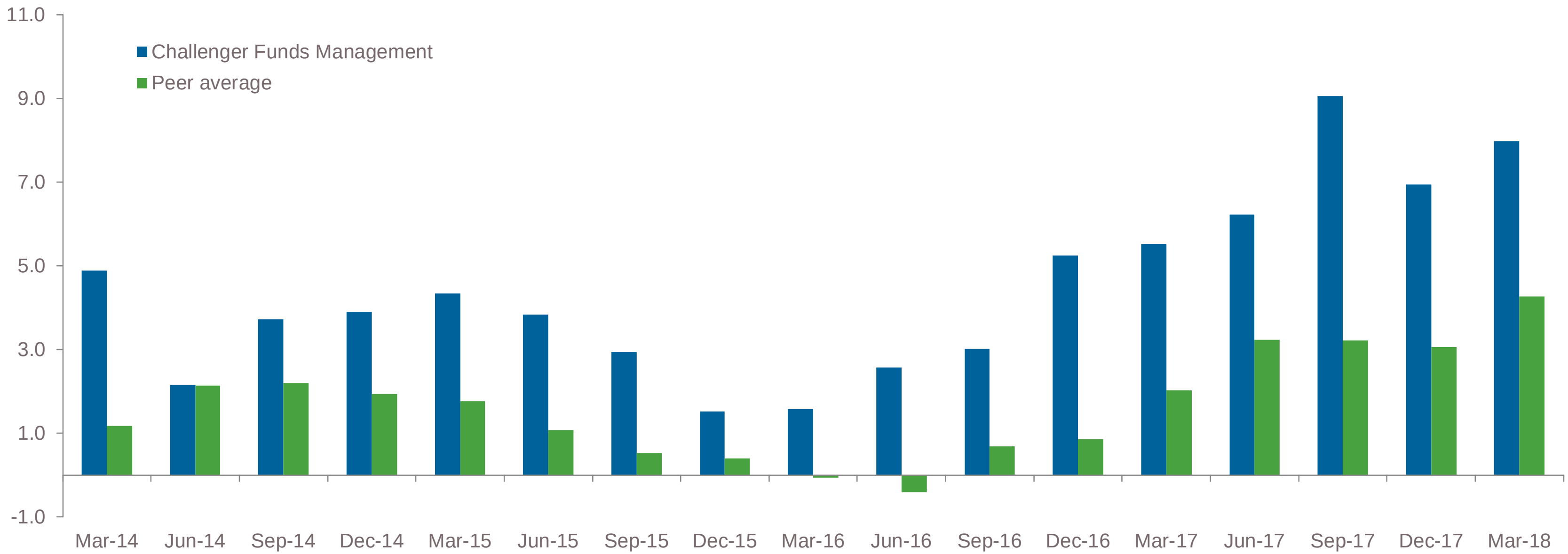


1. Source: Mercer as at March 2018.
2. As at April 2018 and includes Fidante Partners' boutiques and Challenger Investment Partners.

Contemporary model with strong alignment of interests

Net flows consistently outperforming peers

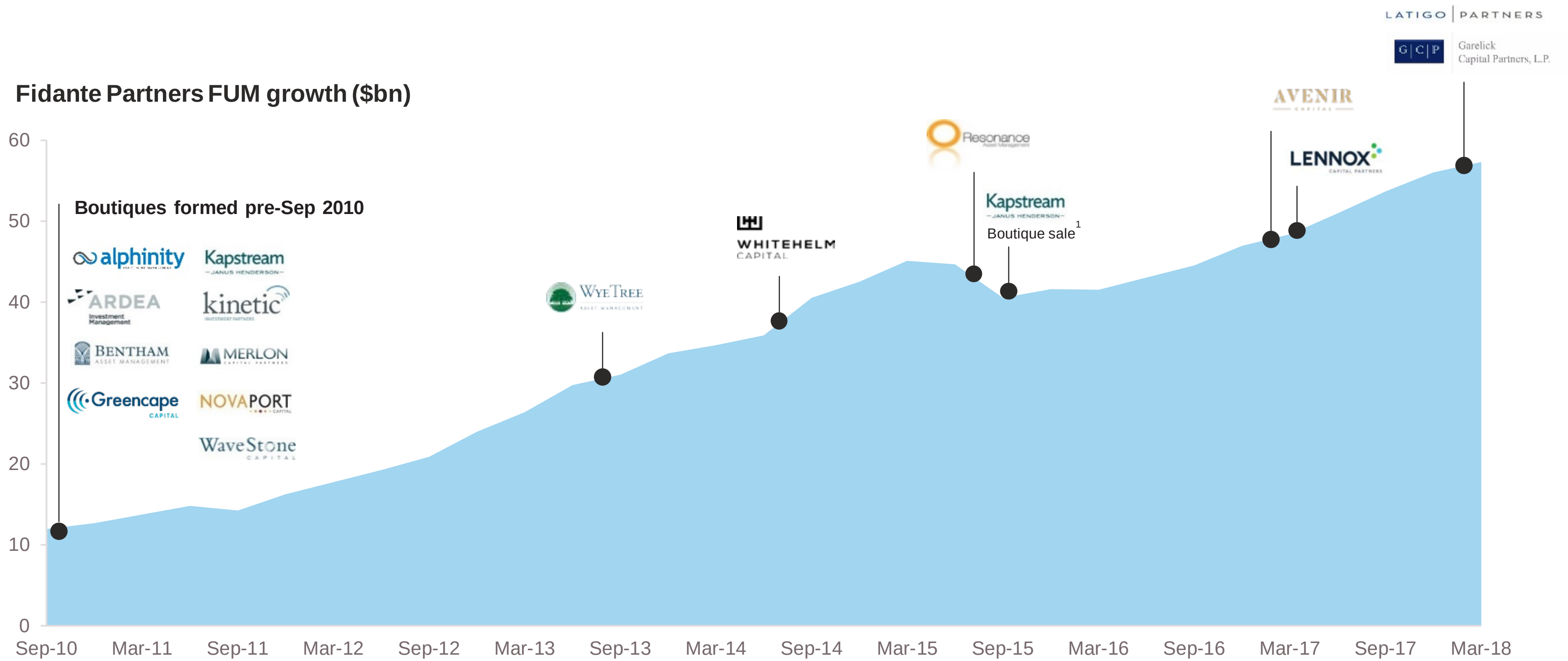
Rolling 12 month organic net flows vs peers ($bn)[1]



1. Quarterly net flows for peers, including AMP Capital Investors, Colonial Global Asset Management, Magellan, Pacific Current Group, Pendal Group, Perpetual, Pinnacle Investment Management, and Platinum. March 2018 peer net flows includes only those that have reported March 2018 data by 31 May 2018.

Expanding our capability

Adding new managers, strategies and building geographic footprint



1. In July 2015 Kapstream was sold and $5.4bn of institutional FUM was derecognised. Fidante Partners continues to distribute Kapstream products to retail clients.

Expanding our capability

Extending into active ETF market

- Strong investor demand for simple, easy to access, liquid products
- ETFs have to date been mainly passive or factor-specific
- Opportunity to expand ETF use to active products
- Plan to launch Australia's first active fixed income ETFs
- Launching 1H19

ActiveX
A FIDANTE PARTNERS ETF SERIES

- 40% of Australians have a broker account
- 31% CAGR in exchange traded products[1]
- 18% growth in ETF investor numbers over last 12 months[1]
- 33% of ETF investors are SMSF investors[1]
- 72% of investors use ETFs for diversification[1]
- 60% of advisers currently or plan to recommend ETFs[1]

1. BetaShares/Investment Trends ETF Report, 2017.

Key points

Contemporary model provides ongoing growth options

Funds Management industry trends

Active management is alive and well

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Wrap up and Q&A session

Brian Benari
Managing Director and
Chief Executive Officer

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Wrap up

Providing customers with financial security for retirement

Operating environment

- Industry change providing challenges and opportunities

Positioned for continued long-term returns

- Changing product mix and asset allocation reducing COE margin and optimising ROE
- Increased capacity to organically fund future growth with lower capital intensity

Growth opportunities enhanced

- New means testing rules and Retirement Income Covenant support lifetime products
- CIPR style products improve retiree outcomes and are already being implemented
- Building Funds Management growth options both domestic and offshore

FY18 guidance

- Normalised NPBT[1] growth 8% to 12% ($545m to $565m)[2]

1. Normalised Net Profit Before Tax (NPBT).
2. Subject to market conditions.

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Appendix

Overview of age pension system

Social safety net for those unable to support themselves

- Qualification age 65.5 (increasing to age 67)
- Age pension based on lower outcome under assets and income tests
- Many retirees move from assets to income test through retirement
- Different age pension outcomes when products held in combination (e.g. Lifetime Annuity and ABP[1])

Maximum age pension rates

	Per fortnight	Per annum
Single	$907.60	$23,597
Couple	$1,368.20	$35,573

Assets test

Limits assets before affects age pension[2]

Maximum assets for full pension		
	Homeowner	Non-homeowner
Single	$253,750	$456,750
Couple	$380,500	$583,500

Taper rate – age pension reduces by $78 (p.a.) per each $1,000 of assets above lower threshold

Maximum assets for part pension		
	Homeowner	Non-homeowner
Single	$556,500	$759,500
Couple	$837,000	$1,040,000

Income test

Limits income before it affects age pension

Maximum income for full pension (p.a.)	
Single	$4,368
Couple	$7,800

Taper rate – age pension reduces by $500 (p.a.) per each $1,000 of income above lower threshold

Maximum income for part pension (p.a.)	
Single	$51,563
Couple	$78,946

1. Account Based Pension (ABP).
2. Asset test excludes the primary residence.

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Important note

This presentation was prepared for the purpose of a briefing to equity analysts and certain wholesale investors on 13 June 2018.

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