

CHALLENGER UPDATE ON RETIREMENT INCOME FRAMEWORK ANNOUNCEMENT

Challenger would like to provide an update on the impact of the announcement yesterday by Assistant Treasurer Stuart Robert MP regarding the Government's proposed Retirement Income Framework.

The Framework contains a number of elements which Assistant Treasurer Robert addressed in a speech and a separate media release.

The key points to note are:

- The Government reaffirmed its commitment to introduce a retirement income covenant which will require superannuation trustees to have a retirement income strategy for members in place by 1 July 2020. This is consistent with the Government's original announcement in the Federal Budget on 8 May 2018.
- To enable funds sufficient time to implement suitable high quality products, the requirement for funds to offer members Comprehensive Income Products for Retirement (CIPRs) will be extended to 1 July 2022.
- Reflecting industry feedback, including from Challenger, the threshold superannuation balance requiring the offer of a CIPR will increase from \$50,000 to \$100,000.
- The announcement does not affect the legislation and regulations already in place to enable the development of a wider range of retirement income products, including deferred lifetime annuities. Means test rules to support these new products are scheduled to come into effect on 1 July 2019.

Challenger welcomes the announcement from Assistant Treasurer Robert confirming the Government's commitment to progress the Retirement Income Framework to improve the standard of living of retirees by developing the retirement phase of superannuation.

Challenger Chief Executive Officer Brian Benari said the Framework would make it easier for retirees to access secure and stable income in retirement.

"The Government is progressing reforms that would provide Australians with more choice to convert their retirement savings into reliable income that lasts throughout retirement," Mr Benari said.

"The announcement demonstrates the Government has listened to industry feedback by providing sufficient time for all super funds to develop CIPRs, and by increasing the threshold for offering a CIPR from account balances of \$50,000 to \$100,000.

"While many product providers are well prepared for the reforms and are already developing improved offerings for members in retirement, allowing additional time and increasing the threshold will ensure the whole industry has the time and scope to develop the right products to meet the needs of their members.

“This announcement builds on the Government’s earlier reforms to encourage the development of a wider range of retirement income products, supported by new means test rules that will come into effect on 1 July 2019. These reforms will help ensure pooled lifetime income products are an option for more Australian retirees.”

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About Challenger

Challenger Limited (Challenger) is an investment management firm managing \$81 billion in assets at 30 September 2018. 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.

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