

LIFETIME ANNUITY

Lifetime annuities pay a guaranteed income to you. You can purchase this investment with superannuation or non-superannuation monies.

The benefits of lifetime annuities are:

- Peace of mind and security. Income is guaranteed to be paid for the rest of your life, regardless of the investment performance of the assets backing the income stream. The investment risk for these types of products resides with the provider.
- You can receive your income payments monthly, quarterly, half-yearly or yearly.
- When purchased with superannuation monies, payments are tax free where you are over 60 years of age. Where less than 60 years of age you may be eligible to receive a deductible amount and tax offset.
- You may choose to have each year's income payment increase through indexation.
- In the event of death, the income payments can continue to be paid to a nominated beneficiary until the end of the guaranteed period.

The risks associated with lifetime annuities are:

- If you die early in the life of the plan, and you have a short guaranteed period, total payments may be substantially less than your initial investment.
- You lose access to your capital. Access to lump sums is only available in certain circumstances.
- Lack of flexibility. Income payments and frequency of payments are fixed at the time you invest.
- Returns are relatively low compared to that which may be achieved via investment in growth assets. The returns are offered are based on that which the provider can achieve via capital stable and cash investments, with a discount applying to cover the risk taken on by the provider (i.e. you may substantially outlive your life expectancy).
- Your investments will not be invested in accordance with your risk profile.