

Challenger Lifetime Annuities (Market-linked payments)

Delivering goodness when it counts

Market-linked lifetime annuities combine the benefits of income for life with exposure to investment markets.



Enjoy your retirement today, knowing you'll always have income in the future

Challenger's Lifetime Annuity (Market-linked payments) provides you (and your spouse if you choose) monthly income for life that has the potential to increase over time, because payments move up or down each year based on the performance of your chosen market-linked index.

Income for living. Income for life.

Only Challenger's Lifetime Annuity (Market-linked payments) provides you with all these market leading features:



Regular income that never runs out - while payments move up and down based on the performance of your chosen market-linked index they are guaranteed to be paid for life.



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



A guaranteed death benefit is payable for the duration of your life expectancy with the death benefit equal to 100% of the amount invested for the first half of life expectancy. We also don't reduce the death benefit for any income that has already been paid to you.



Provides an immediate Age Pension boost if you are an asset tested part pensioner, because only 60% of the amount invested counts towards the relevant Centrelink/DVA test.



You can choose to have payments linked to one of five fee-free market-linked indexes: Cash, Conservative, Conservative balanced, Balanced or Growth. You can also switch your selection each year at no cost.



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



You have estate planning control because a valid beneficiary nomination is binding on us. You can direct that any death benefit is not part of your Estate so it will not be delayed by probate.



Regular income is tax-free if you use your super to invest. If you invest with other retirement savings, only part of your income is taxable.

With Challenger's market-linked annuities you are spoiled for choice

You can choose to have payments linked to any one of these fee-free market-linked indexes. You also have the flexibility to switch your selection each year at no cost.



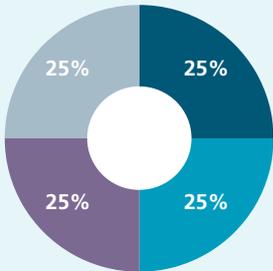
	Cash index	Conservative index
Underlying index allocation	<p>100%</p> <p>■ AusBond Bank Bill (BAUBIL)</p>	<p>15% 35% 35% 15%</p> <p>■ AusBond Bank Bill (BAUBIL) ■ AusBond Government (BAGV0) ■ MSCI World Net Ex AU (EANREXAN) ■ S&P/ASX200 net return index (ASN51)</p>
Asset allocation	Cash: 100%	Cash: 35% Australian Fixed Interest: 35% Australian Equities: 15% International Equities: 15%
Defensive / Growth split	<p>■ 100% Defensive</p>	<p>■ 70% Defensive ■ 30% Growth</p>
Estimated number of negative index returns over any 20-year period	<p>Nil</p> <p>+ -</p>	<p>Around 2 in every 20 years</p> <p>+ -</p>
Index investment management fee	Nil	Nil
5-year historical index performance to 30 June	<p>2022: 0.10% 2021: 0.06%</p> <p>2020: 0.85% 2019: 1.97%</p> <p>2018: 1.78%</p>	<p>2022: -5.68% 2021: 7.26%</p> <p>2020: 1.83% 2019: 7.85%</p> <p>2018: 5.82%</p>
\$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 index options commenced on 4 October 2021. Historical performance has been calculated using the historical performance of the underlying market indexes. If you choose the Accelerated payment option, your annuity will index by the relevant index performance reduced by your chosen indexation reduction percentage. Regular payments will have a higher chance of being reduced each year due to negative indexation, because your annuity payment will index by the performance of the chosen market linked index less your chosen indexation reduction percentage.

You have the flexibility to switch annually to any market-linked index option without cost

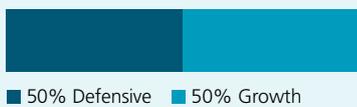


Conservative balanced index

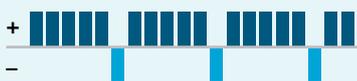


- AusBond Bank Bill (BAUBIL)
- AusBond Government (BAGV0)
- MSCI World Net Ex AU (EANREXAN)
- S&P/ASX200 net return index (ASN51)

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



Around 3 in every 20 years

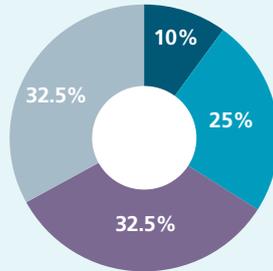


Nil

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

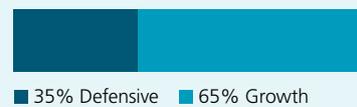
\$1,266
 (+26.62%)

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%



Around 4 in every 20 years

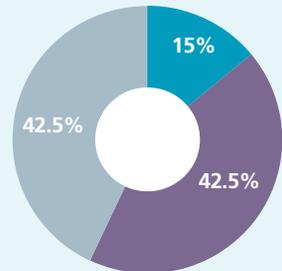


Nil

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

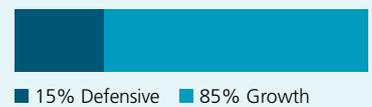
\$1,335
 (+33.52%)

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%



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%)

Accelerated payment option – more now less later

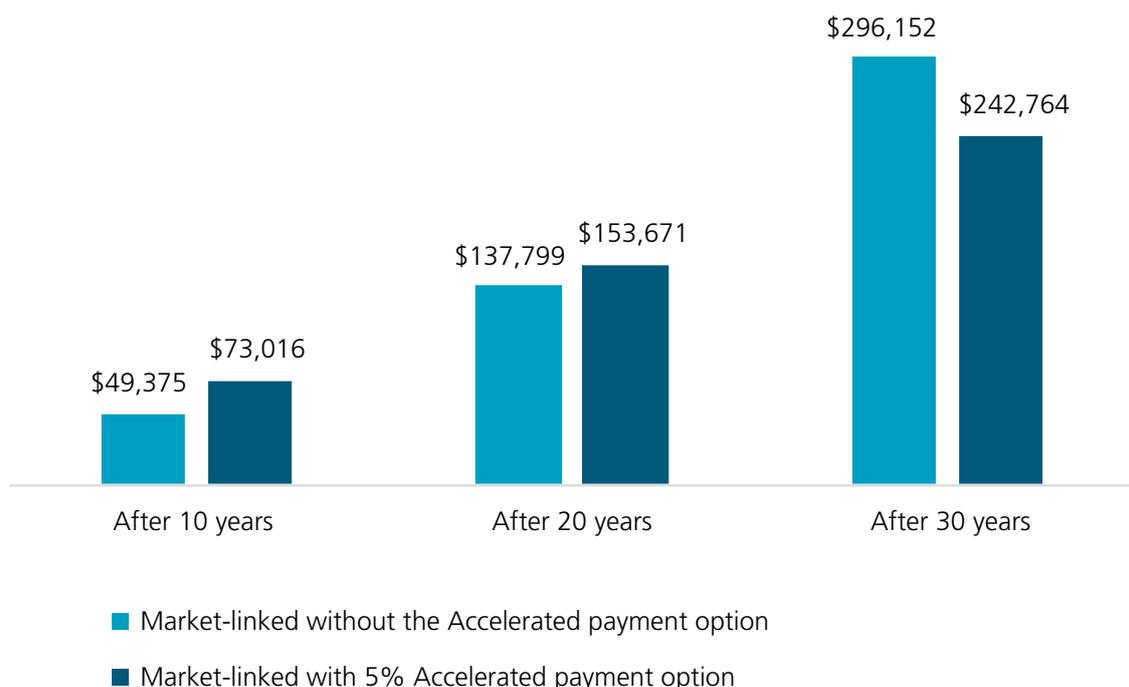
Some retirees would prefer to maximise income at the start of their retirement in return for less income later in life. This can be achieved by selecting the Accelerated payment option. The Accelerated payment option provides you with a higher starting payment in exchange for lower future payment indexation. You can choose to reduce future indexation by between 1% p.a. and 5% p.a. 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 starting payment increase ¹						
Indexation reduction	1%	2%	2.5%	3%	4%	5%
Male 67	+13%	+26%	+34%	+41%	+56%	+72%
Female 67	+14%	+29%	+36%	+44%	+61%	+78%
Couple 67	+15%	+32%	+40%	+49%	+68%	+88%

For example, you can choose to have a significantly higher starting payment by selecting the 5% Accelerated payment option. When determining the amount of annual indexation that applies to your payments, the performance of your chosen market-linked index will be reduced by 5%. This means if the annual return of your market-linked index is 10%, your payments will only increase by 5%. Similarly, if the annual return is -10%, your payments will decrease by 15%.

As payments start higher with the Accelerated payment option you will receive more income sooner, but over time the total cumulative income paid to you is likely to be less than if you hadn't chosen this option. The Accelerated payment option can only be chosen at the start of your investment and you cannot remove the option or change the indexation reduction percentage once your annuity has started.

Example of the cumulative income paid to a 67-year-old couple who invests \$100,000²

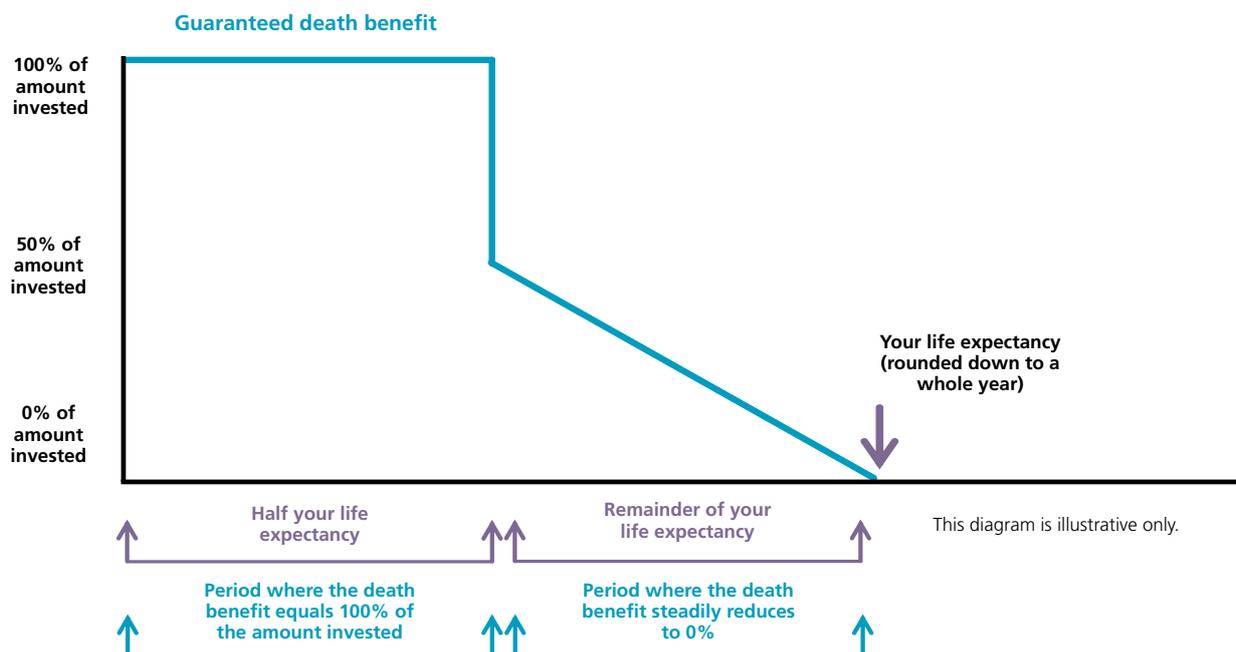


¹ Increase compared to the starting payments without the Accelerated payment option as at 29 September 2022.

² Starting payments as of 20 September 2022. Assumes the chosen market-linked index performance is a fixed 6% p.a. This is for illustrative purposes only. In reality returns will be different. Payments could continue after 30 years for as long as one member of the couple survives.

A market-leading death benefit

A guaranteed death benefit is payable for the duration of your life expectancy, up to a maximum of 27 years. The death benefit equals 100% of the amount invested for the first half of the death benefit period (rounded down to a whole year) and we don't reduce the death benefit for any income that has already been paid to you.



How the Age Pension boost works

Lifetime income streams like the Challenger Lifetime Annuity, have a concessional social security assessment under the Centrelink/DVA assets test. Under the assets test only 60% of the amount invested will initially be assessable.

Assets test

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

This means that where your Age Pension is being reduced because of the assets test, an investment in a Challenger Lifetime Annuity could immediately improve your Age Pension eligibility by an amount up 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 you become income tested

It is important to note that any pension boost generally tapers off over time. Under the Centrelink/DVA income test only 60% of income is counted.

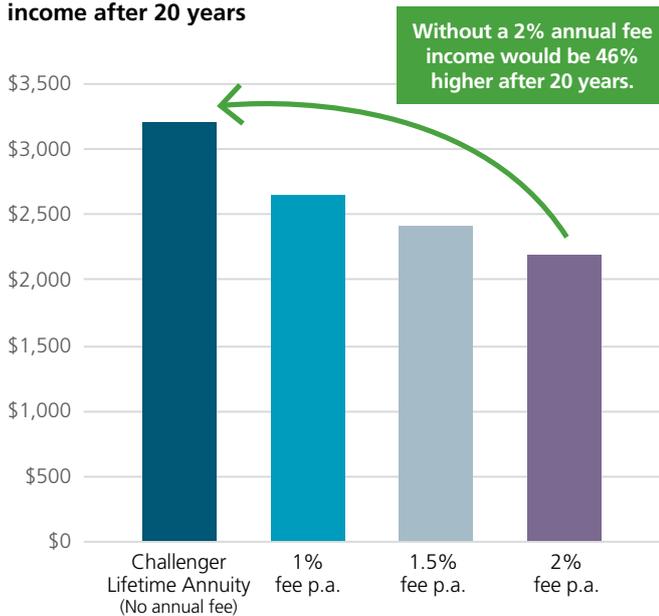
As with all investments, Challenger lifetime annuities carry some risks. The key risks and how they are managed are described in the Product Disclosure Statement (PDS). You should read the PDS (including the information about risks) and the Target Market Determination (TMD) to consider the suitability of the product for your circumstances before a decision to invest. A copy of the PDS and TMD is available at challenger.com.au or by contacting our Investor Services Team on **13 35 66**.

No product fees can mean more income

Fees are an important consideration when comparing lifetime income streams. Despite having similar starting payments to the Challenger Lifetime Annuity, many lifetime products have administration fees, investment fees and pass on costs when longevity assumptions change. These fees and charges may erode income over time. Not with the Challenger Lifetime Annuity.

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 as agreed with your adviser).

Example of the value of \$1,000 of Market-linked* indexed income after 20 years



* Assumes index performance is 6% p.a.

We're here to support you

For more information about lifetime annuities, read the PDS and TMD, or talk to your financial adviser about whether they are right for you.

📍 Visit challenger.com.au 🗣️ Speak to your financial adviser 📞 Call **1800 621 009**

* Age Pension outcomes depend on an individual (or couple's) personal circumstances and may change over time. While lifetime income streams may immediately benefit some Age Pension eligible retirees who are assessed under the assets test, in later years, if assessed under the income test, any ongoing Age Pension benefits may be reduced. For Liquid Lifetime (Market-linked payments) option, only the first year's monthly income amount is guaranteed. After the first year, monthly payments will move up or down annually adjusting to the changes in your chosen market-linked indexation payment options. In periods of strong market performance, any Age Pension benefits may reduce to reflect the higher income received. The information in this document is current as at 29 September 2022 unless otherwise specified and is provided by Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 (Challenger, our, we, us), the issuer of Challenger Guaranteed Annuity (Liquid Lifetime) also known as Challenger Lifetime Annuity (Liquid Lifetime). The information in this document is general information only about our financial products. It is not intended to constitute financial product advice. Investors should consider the Target Market Determination (TMD) and Product Disclosure Statement (PDS) and the Statement of Advice prepared by their financial adviser before making an investment decision. This information has been prepared without taking into account any person's objectives, financial situation or needs. Each person should, therefore, consider its appropriateness having regard to these matters and the information in the TMD and PDS for the product before deciding whether to acquire or continue to hold the product. A copy of the TMD and PDS is available at challenger.com.au or by contacting our Adviser Services Team on 1800 621 009. Challenger Life is not an authorised deposit-taking institution for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an authorised deposit-taking institution in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Challenger Life. Accordingly, unless specified otherwise, the performance, the repayment of capital and any particular rate of return on your client's investments are not guaranteed by any Challenger ADI. Any examples (including, but not limited to, images, diagrams and pictures) shown in this document are for illustrative purposes only and are not a prediction or guarantee of any particular outcome. This document may include statements of opinion, forward looking statements, forecasts or predictions based on current expectations about future events and results. Actual results may be materially different from those shown. This is because outcomes reflect the assumptions made and may be affected by known or unknown risks and uncertainties that are not able to be presently identified. Where information about our products is past performance information, past performance is not a reliable indicator of future performance. Any illustrations involving taxation, Centrelink rules or benefits and/or Department of Veterans' Affairs rules or benefits are based on current laws at the date of currency specified in this document and these laws may change at a future date. Challenger gives no representation or warranty (express or implied) as to its accuracy, completeness or reliability. The information presented in this document is not intended to be a complete statement or summary of the matters to which reference is made in this document. To the maximum extent permissible under law, neither Challenger nor its related entities, nor any of their directors, employees or agents, accept any liability for any loss or damage in connection with the use of or reliance on all or part of, or any omission inadequacy or inaccuracy in, the information in this document. 51459 CHCG48597/1022

How we cover our promises made to you

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

When you buy a Flexible Income lifetime annuity, your investment goes into a fund along with the investments received from other annuity investors. This fund is known as a 'statutory fund', and all regular payments to our annuity investors are paid from this fund. We are also required by APRA to invest our own money into the fund.

APRA monitors the statutory fund's investments, the aim of which is to ensure that we can meet the promises that we have made to you. 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 investors, we must cover the shortfall from the money we have invested in the fund.

We invest alongside you

We hold significantly more capital in the statutory fund than APRA requires. As at 30 June 2022, we had over \$3 billion of our own money invested in the funds that we manage. That's more than enough to ensure that we could continue to cover all promises made to our annuity investors even if a one in 200-year investment market shock event occurred.

To further protect your investment, APRA can require us at any time to invest more of our own money into the fund or tell us to change the statutory fund's investments. The aim of this supervision is to ensure that we can meet our payment promises to you now and into the future.

Our promise to pay you income for life is not impacted by any movements in Challenger Limited's share price.