COMMINSURE LIFETIME INCOME ANNUITY.

A retirement income solution now with a Death Benefit Guarantee and Withdrawal Benefit Guarantee.

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ADVISER USE ONLY

CommInsure

WELCOME TO COMMINSURE'S LIFETIME INCOME ANNUITIES.

CommInsure is one of Australia's leading insurance and annuities providers with over four million customers.

Why CommInsure?

We have a history of financial **strength**, **security** and **reliability** dating back over 140 years.

We are committed to meeting the insurance, retirement and investment needs of individual Australians. We do this by making our wide range of award winning products and services, from general and life insurance to guaranteed annuities, more affordable, more accessible and easier to understand.

In addition, a CommInsure Lifetime Income annuity now offers even more comfort and certainty with a Death Benefit Guarantee (DBG) and Withdrawal Benefit Guarantee (WBG) during the Guaranteed Period.

CommInsure Annuities

Guaranteed annuities – an income you can trust.

FOR

Customers looking for a secure guaranteed income in retirement.

EST. 1873

WHO

CommInsure's history in the Australian insurance industry dates back over 140 years.

GIVING CLIENTS

A level of confidence and peace of mind in retirement by delivering a regular, reliable and secure income.

Awards

ANNUITY & INCOME STREAM INNOVATION AWARD
afa
strategic insight
Life Company of the Year
WINNER 2016

CommInsure's Lifestream Guaranteed Income annuity has received the 2016 Association of Financial Advisers (AFA) Annuity & Income Stream Innovation Award for the recent introduction of the Death Benefit Guarantee feature.

WHAT IS THE GUARANTEED PERIOD?

For Lifetime Income annuities, the Guaranteed Period is any full year term (up to the policy owner's life expectancy) during which the annuity has a Withdrawal Value and death benefit value.

The Guaranteed Period is chosen by the investor at the commencement of the annuity and it ensures that a minimum lump sum will be paid, if they elect to make a full withdrawal during the Guaranteed Period.

On top of the ability to make a lump sum withdrawal, choosing a Guaranteed Period also ensures that the investor's loved ones will receive a benefit if the Policy Owner dies during that period.

The table below shows the maximum Guaranteed Period for men and women, based on their age at the commencement of the annuity.

Age at commencement	Maximum Guaranteed Period	
	Male	Female
60	24 years	27 years
65	20 years	23 years
70	16 years	18 years
75	12 years	14 years
80	9 years	11 years
85	7 years	8 years

WHAT IS THE DEATH BENEFIT GUARANTEE?

The Death Benefit Guarantee ensures that if an investor dies after starting their annuity but before the end of their chosen Guaranteed Period, a lump sum payment will be paid to their beneficiary or estate.

The value of the Death Benefit Guarantee will depend on the initial amount invested and the total number of regular payments that have already been made at the time of death.

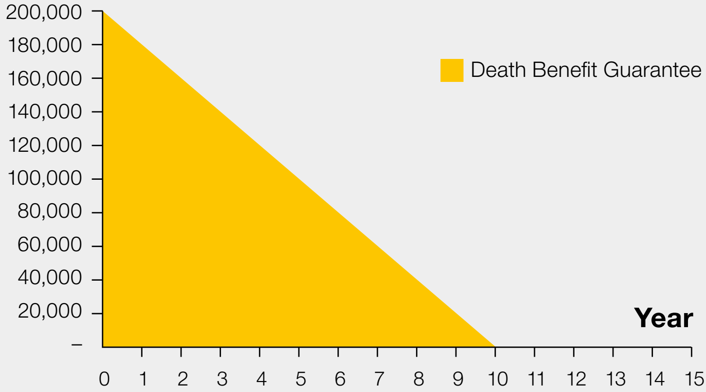
The value of the Death Benefit Guarantee decreases as the policy approaches the end of the Guaranteed Period. After this point, investors will continue to receive their regular payments but when they pass away, no additional payment will be made to their estate.

THE FORMULA FOR CALCULATING THE DEATH BENEFIT GUARANTEE IS:

$$\text{Purchase price} - \left[\left(\text{Purchase price} \,/\, \text{Total number of regular payments to be paid over the Guaranteed Period} \right) \times \text{The number of regular payments made as at the date of death} \right]$$

(See example to the right)

Death Benefit Guarantee (DBG) for female aged 65 with Guarantee Period (GP) of 10 years, $200k investment and annual payments



Death occurs after year:	Initial purchase price $200,000 for a 65 year old female with annual payments and Guaranteed Period of 10 years	
	DBG after each payment	**Calculation**
1	180,000	200,000 - (200,000/10) x 1
2	160,000	200,000 - (200,000/10) x 2
3	140,000	200,000 - (200,000/10) x 3
4	120,000	200,000 - (200,000/10) x 4
5	100,000	200,000 - (200,000/10) x 5
6	80,000	200,000 - (200,000/10) x 6
7	60,000	200,000 - (200,000/10) x 7
8	40,000	200,000 - ((200,000/10) x 8
9	20,000	200,000 - (200,000/10) x 9
10	-	200,000 - (200,000/10) x 10
11	$0 (GP Expired)	0
12	$0 (GP Expired)	0

Reduction factor
In this example, the DBG reduces in value by $20k after each regular payment.

WHAT IS THE WITHDRAWAL BENEFIT GUARANTEE?

Life is full of unexpected surprises which is why a CommInsure Lifetime Income annuity with a Guaranteed Period provides investors with the flexibility to withdraw funds from their investment early, should their circumstances change.

While an annuity is designed to provide investors with a regular guaranteed income stream and not on-call access to capital, a CommInsure Lifetime Income annuity offers a Withdrawal Benefit Guarantee during the Guaranteed Period.

The Withdrawal Benefit Guarantee ensures that an investor receives a minimum lump sum amount if they elect to make a full withdrawal during the Guaranteed Period.

For amounts up to $1.6 million, the value of the Withdrawal Benefit Guarantee depends upon two factors:

1. the value of the Death Benefit Guarantee, and
2. the age of the investor at the time of commencing the Lifetime Income annuity.

For any amount over $1.6 million, the Withdrawal Value will be calculated based upon three factors:

1. prevailing interest rates at the time of withdrawal
2. regular payments remaining to the end of the Guaranteed Period, and
3. requirements under the Life Insurance Act.

The amount received when a full withdrawal is made will be less than the original amount invested.

The following table illustrates the rules applicable to calculating the Withdrawal Benefit Guarantee:

Age of investor	WBG value
55 years and over	80% of DBG value
41 to 54 years	70% of DBG value
40 years and under	60% of DBG value

Below is an example of the value of the Death Benefit Guarantee and Withdrawal Benefit Guarantee for a 50 year old female using their life expectancy of 36 years with a purchase price of $200,000 and annual regular payments.

	Initial purchase price $200,000 50 year old female with annual payments			
Death occurs after year	DBG after each year with Guaranteed Period of 36 years	WBG after each year	Income received p.a.	Cumulative income received
1	$194,444	$136,111	$8,706	$8,706
2	$188,889	$132,222	$8,706	$17,412
3	$183,333	$128,333	$8,706	$26,118
4	$177,778	$124,444	$8,706	$34,824
5	$172,222	$120,556	$8,706	$43,530
10	$144,444	$101,111	$8,706	$87,060
15	$116,667	$81,667	$8,706	$130,590
20	$88,889	$62,222	$8,706	$174,120
25	$61,111	$42,778	$8,706	$217,650
30	$33,333	$23,333	$8,706	$261,180
35	$5,556	$3,889	$8,706	$304,710
36	$0	$0	$8,706	$313,416

Rates are illustrative only and are based on current market conditions as at May, 2017.

HOW IT WORKS

Case study:

They own their own apartment and both receive a part pension. John has set up an account-based pension, which comfortably covers their living expenses.

John is concerned about how long his account-based pension will last given the recent market volatility. He's also concerned about outliving his savings.

He wants to supplement his existing income and better manage his cash flow to spend more on lifestyle costs such as travel, new furniture and renovations. He also wants to protect Julie and himself from market risk, longevity risk and potential changes to the age pension.

John's financial adviser has recommended that he use the remainder of his superannuation to buy a lifetime annuity as part of a broader retirement savings portfolio.

He chooses to invest the remainder of his superannuation of $100,000 into a CommInsure Lifetime Income annuity with a Guaranteed Period of 20 years. Based on John's age, the annuity payments he will receive will be tax-free* for life, even if he lives beyond his selected Guaranteed Period.

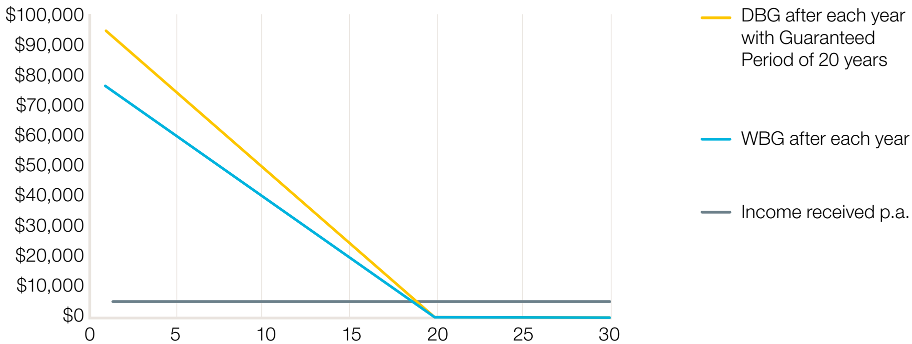
John has peace of mind knowing that he will receive a minimum lump sum amount if he makes a full withdrawal within the Guaranteed Period. Should he unexpectedly pass away in the next 20 years, the Death Benefit Guarantee also gives Julie, as the Reversionary Beneficiary, the option of receiving a lump sum payment or continuing to receive the regular payments.

The table to the right illustrates how the Death Benefit Guarantee and Withdrawal Benefit Guarantee are calculated in this scenario.

* Assumes that John has not exceeded the general transfer balance cap.

Initial purchase price $100,000, 65 year old male with annual payments

Death occurs after year	DBG after each year with Guaranteed Period of 20 years	WBG after each year	Income received p.a.	Cumulative income received
1	$95,000	$76,000	$5,187	$5,187
2	$90,000	$72,000	$5,187	$10,374
3	$85,000	$68,000	$5,187	$15,561
4	$80,000	$64,000	$5,187	$20,748
5	$75,000	$60,000	$5,187	$25,935
6	$70,000	$56,000	$5,187	$31,122
7	$65,000	$52,000	$5,187	$36,309
8	$60,000	$48,000	$5,187	$41,496
9	$55,000	$44,000	$5,187	$46,683
10	$50,000	$40,000	$5,187	$51,870
15	$25,000	$20,000	$5,187	$77,805
16	$20,000	$16,000	$5,187	$82,992
17	$15,000	$12,000	$5,187	$88,179
18	$10,000	$8,000	$5,187	$93,366
19	$5,000	$4,000	$5,187	$98,553
20	$0	$0	$5,187	$103,740



Rates are illustrative only and are based on market conditions as at May, 2017.

POTENTIAL TAX CONSEQUENCES

There are potential tax consequences for an investor if a lump sum withdrawal (including withdrawals relating to Death Benefit Guarantee or Withdrawal Benefit Guarantee) is made. This may be payable by an investor or their estate if they pass away and will depend on whether the Lifetime Income annuity has been purchased using super money or personal savings.

For a Lifetime Income annuity purchased with super money, the lump sum withdrawal benefit may be subject to tax, depending on the age of the investor and the tax component of their regular payment. Generally, lump sum withdrawals for those over the age of 60 are tax-free.

Superannuation death benefits may also be subject to tax depending on whether the beneficiary or ultimate beneficiary from a tax perspective is a dependant or not. If personal savings have been used, then tax may be payable if the lump sum withdrawal exceeds the unused, undeducted purchase price or capital component.

The example to the right illustrates the assessable income on death and voluntary withdrawal.

	65 year old male,		
Death Occurs after	DBG after each year	WBG after each year	Income Received p.a.
1	$95,000	$76,000	$5,187
2	$90,000	$72,000	$5,187
3	$85,000	$68,000	$5,187
4	$80,000	$64,000	$5,187
5	$75,000	$60,000	$5,187
6	$70,000	$56,000	$5,187
7	$65,000	$52,000	$5,187
8	$60,000	$48,000	$5,187
9	$55,000	$44,000	$5,187
10	$50,000	$40,000	$5,187
15	$25,000	$20,000	$5,187
16	$20,000	$16,000	$5,187
17	$15,000	$12,000	$5,187
18	$10,000	$8,000	$5,187
19	$5,000	$4,000	$5,187
20	$0	$0	$5,187

Rates are illustrative only and are based on market conditions as at May, 2017.

with a Purchase Price of $100,000, annual regular payments, Guaranteed Period of 20 years, personal savings and nil CPI.

Deductible amount	Assessable income[1]	Unused undeducted Purchase Price (capital component)	Assessable income on death (income component)[2]	Assessable income on voluntary withdrawal (income component)[3]
$5,203	nil	$94,797	$203	nil
$5,203		$89,594	$406	
$5,203		$84,391	$609	
$5,203		$79,188	$812	
$5,203		$73,985	$1,015	
$5,203		$68,783	$1,217	
$5,203		$63,580	$1,420	
$5,203		$58,377	$1,623	
$5,203		$53,174	$1,826	
$5,203		$47,971	$2,029	
$5,203		$21,956	nil	
$5,203		$16,753	nil	
$5,203		$11,550	nil	
$5,203		$6,348	nil	
$5,203		$1,145	nil	
$5,203		$0	nil	

1 Assessable income is nil as the income component is less than the Deductible Amount.
2 Takes into account the 'unused undeducted Purchase Price' in the calculation.
3 Assessable income is nil as the WBG is less than the 'unused undeducted Purchase Price'.

WANT TO KNOW MORE?

For more information about CommInsure's range of annuities, please speak to your local Retirement Business Development Manager.

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