

Centuria LifeGoals

Centuria LifeGoals is providing investors with the simple, flexible and tax efficient solution they need to grow their investments in the long term.

Mark & Sue, 40s, Parents

Meet Mark & Sue. They are a professional couple who live on the Gold Coast. Mark runs a successful business as a travel agent and Sue works in real estate.

They are both making their maximum pre-tax contribution to superannuation of \$25,000 per annum and are in the maximum 47%¹ tax bracket. As well as being busy raising two teenage kids, Mark and Sue work very long hours. They want to be in a position to wind down in their mid-fifties once the kids leave home and spend some time abroad while they are young enough to enjoy some adventure travelling.

Mark and Sue understand that superannuation will provide for them in retirement, but if they want to realise their dreams of exploring the globe they will need to plan ahead. With no more school fees to pay, Mark and Sue will be in a position to save more and want to do so in a more tax effective way than investing directly and paying tax at their high personal tax rates.

This is why Mark and Sue chose Centuria LifeGoals, the simple, flexible and tax efficient investment solution giving investors the control to grow wealth in the way they want.

The Centuria LifeGoals solution

But what is Centuria LifeGoals? This innovative strategy makes use of the increasingly popular investment bond structure, which is essentially a combination of a managed fund and a life insurance policy, to give you a say in how you want to invest. The most exciting features of Centuria LifeGoals include:

- The investment bond structure has a 30% tax rate, and you can access your entire Centuria LifeGoals investment with no additional tax to pay if you hold it for 10 years (and meet the 125% rule).
- There's no initial investment amount limit when establishing your Centuria LifeGoals account (you can start from as little as \$500).
- After this, you can invest up to 125% of the previous year's contributions, allowing you to put away more money each year (if you exceed this, the 10 year period simply resets).
- Unlike superannuation, you have the freedom to withdraw money whenever you want, and if you do so before the 10 year mark the only tax to pay is the difference between the 30% tax paid and your own tax rate².

Most importantly, your Centuria LifeGoals investment can be altered to reflect your financial situation as it evolves, while also delivering optimum tax efficiency. To show you how, let's go back to Mark and Sue's scenario.

1. Source: Australian Tax Office as at 31 Jan 2020.

2. In years 9 & 10 this difference is discounted by one-third and two-thirds respectively.

Your Journey. Your LifeGoals.

Case study: How Centuria LifeGoals became Mark and Sue's bespoke solution

At 45 years old Mark and Sue commenced a Centuria LifeGoals investment strategy. Having sold an investment property that was becoming time consuming and costly to manage they combined this with their savings to start their investment off with \$250,000. They began a regular contribution plan of \$1000 per month for the first year which increased by 10% per annum, investing in a growth option.

With the investment held jointly in both names, Mark and Sue nominated both children as beneficiaries of the fund. If something was to happen to them on their travels the funds would go directly to the children with no tax payable.

As Mark is a small business owner, some of his assets may not be protected from creditors, however the funds in the Centuria LifeGoals structure are protected. And unlike residential property there are no significant transaction fees involved.

After 10 years, Mark and Sue have contributed a total of \$441,249 and the value of their Centuria LifeGoals is now \$570,602 after tax and fees. As they have met the 125% rule throughout this investment period, they can now commence a regular withdrawal over the next 10 years. After tax this calculates to around \$5,525 per month but will still be accumulating during this time, amounting to a total of \$663,000.

Importantly, they still had the option to withdraw money before the 10-year point was reached if their circumstances changed. If the investor withdraws money in year eight (or earlier), all of the earnings on the withdrawal are assessable when it comes to tax. However, for withdrawals during the ninth year only 2/3 of earnings are assessable and during the tenth year only 1/3 of the earnings are assessable.

Mark and Sue will be able to fulfil their travel dreams in a tax effective manner. For a couple who have worked very hard for many years raising their children and building successful careers, the flexibility and tax efficiency Centuria LifeGoals can provide in addition to their superannuation contributions will provide them with the early retirement option they deserve.

LIFT

How could Centuria LifeGoals work for you?

Not your investor profile? You don't have to be like Mark and Sue to benefit from Centuria LifeGoals. Everyone's financial situation is different and Centuria LifeGoals is used for a wide range of financial goals.

To understand just how flexible Centuria LifeGoals can be, we've created an innovative new financial calculator (LIFT) to help you decide how to grow your investment by selecting LifeGoals investment options. By simply entering information about your current situation and your financial aspirations, the calculator instantly shows how Centuria LifeGoals could work for your own specific situation.

Visit:
centuria.com.au/lift

These scenarios have been produced purely to illustrate how Centuria LifeGoals can be used by different investor profiles and are all fictional.

Centuria's Investment Bonds offer a tax effective investment vehicle outside of superannuation. They have features that investors should consider if they wish to invest outside of superannuation. Suitability of an investment in a Centuria Investment Bond will depend on a person's circumstances, financial objectives and needs, none of which have been taken into consideration in this document. Prospective investors should obtain and read a copy of the Product Disclosure Statement (PDS) and consider the information in the PDS in light of their circumstances, objectives and needs before making a decision to invest. The information provided in this document is general in nature only and does not constitute personal financial advice. We recommend that prospective investors consult with their financial adviser. This document is not an offer to invest in any of Centuria's Investment Bonds. Investment in Centuria's Investment Bonds are subject to risk as detailed in the PDS. Centuria will receive fees in relation to an investment in its Investment Bonds. Issued by Centuria Life Limited ABN 79 087 649 054 AFSL 230867.

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