Meet Mark and 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 $27,500 per annum and are in the maximum 45%[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 maximum 30% tax rate less allowable deductions, 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 at your marginla rate on any earnings less a 30% tax rebate[2].

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 May 2023.
2. In years 9 & 10 this difference is discounted by one-third and two-thirds respectively.

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 bond. 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 $584,057* 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 $5,728* per month but will still be accumulating during this time, amounting to a total of $687,360*.

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.

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 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/lifegoals

*Please refer to page 14 "Returns Calculation Assumptions" for the assumptions used in calculating the investment returns figure. The investment returns are illustrative in nature and should not be taken to provide an estimate of the amount of investment earnings you will receive. The actual returns may differ to the calculated returns. Centuria does not guarantee the performance of the financial product, the repayment of capital or any income or capital return.

*Returns calculation assumptions

The investment returns are calculated using the Centuria LifeGoals Investment Forecaster Calculator ('Calculator'). The Calculator can be accessed on the Centuria website (www.centuria.com.au/investment-bonds/investment-forecaster-tool/).

Below are the assumptions used for calculating the investment returns.

Investor's marginal tax rate

A marginal tax rate of 47% of taxable income over $180k (includes 2% Medicare levy surcharge)

Investment option

OPTION	GROWTH/DEFENSIVE SPLIT
Cash enhanced	100% defensive
Fixed interest	100% defensive
Balanced	50% growth, 50% defensive
Growth	70% growth, 30% defensive
Australian shares	100% growth
International shares	100 growth
Property	100% growth

For each investment option which has a capital gain component (i.e. investment options which are not 100% defensive), it is assumed that 15% of capital gains are realised each year.

Additionally, the 'Balanced', 'Growth' and 'Australian shares' investment options are assumed to have franking credits attached to the income return . The default assumption is that 14%, 22% and 75% of income returns of the respective 'Balanced', 'Growth' and 'Australian shares' investment options would be subject to franking credits.

For a chosen portfolio which contains multiple investment options, it is assumed that the portfolio would be rebalanced every year such that the proportions between each investment option remain constant throughout the life of the investment.

Asset class returns

Total return = income return + capital return

Growth:

Total return:	5.60%
Income return:	3.16%
Growth return:	2.44%

Australian shares:

Total return:	6.90%
Income return:	3.49%
Growth return:	3.41%

International shares:

Total return:	2.30%
Income return:	2.30%
Growth return:	0.00%

Enhanced cash:

Total return:	6.60%
Income return:	2.57%
Growth return:	4.03%

Fixed interest:

Total return:	1.60%
Income return:	1.60%
Growth return:	0.00%

Property:

Total return:	6.40%
Income return:	5.83%
Growth return:	0.57%

The default assumed investment returns have been set based on simulations from Mercer's Capital Market Simulator and as a result are considered reasonable long-term estimates at the current date. The default returns are illustrative only and should not be taken to provide an estimate of the amount of investment earnings you will receive.

The rate of investment return is assumed to remain constant over the projection period.

If you have a short investment time horizon (for example less than 10 years) the assumed rates may not be appropriate.

Franking

Franking credits are a tax rebate to shareholders who receive dividends that have already occurred company tax.

Mercer Actuarial have estimated the average level of Franking in 'Balanced', 'Growth' and 'Australian shares' funds will be 14%, 22% and 75% respectively.

Please note, it is not expected that income received on Cash or Fixed income investment with not received any franked income.

Inflation (CPI)

The default rate of inflation set by ASIC is 2.5% based on the mid point of the Reserve Bank of Australia's target rate of inflation. The actual rate of inflation may differ significantly from 2.5% and financial outcome at the end of the selected period could be affected.

Fees and tax

Investment returns are calculated after fees and tax based on the investor's marginal tax rate which is assumed to be 47% of taxable income over $180k for illustrative purposes.

Tax

Unless otherwise stated the calculations are based on the Australian taxation legislation and rules at 1 July 2019. In particular, the Calculator allows for: All investment earnings in the investment bond (including realised capital gains) are taxed at 30%.

Investment income is taxed at the time it is earned, and capital gains are taxed at the time the gains are realised. The default assumption is that 15% of capital gains are realised each year -The Calculator allows for the impact of imputation credits.

Fees

The Calculator allows for total fees (including investment and administration fees) according to the default assumptions below. The Calculator deducts these amounts from the investment return shown prior to calculating earnings and tax for each year. The fees shown below are the gross fees, before allowance for any tax benefit.

The default fees have been determined by reference to the fees charged for "passive" investment options for each type of product, which is consistent with the approach used to determine the default returns. They have been reviewed by Centuria's actuary and are considered reasonable for use in the Calculator.