



Regular and secure income for life

Challenger lifetime annuities

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A Challenger lifetime annuity is a simple, secure and powerful way for you and your financial planner to create a retirement income that will last a lifetime. You choose the amount you invest and how often you're paid. Income payments are determined when you apply to invest and you are given the security of knowing that you will continue to receive an income, regardless of how long you live or how investment markets perform.

Outliving your retirement savings is no longer a concern

Most retirement products fluctuate with investment markets and only continue to pay you an income while there is an 'account balance'. This means that when your account balance runs out, your income payments stop. With every generation living longer there's greater potential for you to outlive your savings. In fact, our research shows that for a 65 year old couple there is a 50% chance that at least one of them will live past 92 years of age.

'For a 65 year old couple there is a 50% chance that one of them will live past 92 years of age.'

There's no doubt that a carefully planned retirement portfolio will remove the worry of outliving your savings and will go a long way in ensuring your financial freedom in your retirement years. With a Challenger lifetime annuity you can enjoy a guaranteed regular income for your lifetime and, if selected, the lifetime of a second person regardless of how long you live or how investment markets perform.

Keeping up with the costs of living

The ASFA Retirement Standard estimates that a retired couple who own their home require a budget of \$31,519 per annum¹ to enjoy a modest lifestyle.

In ten years time it is expected that the required income for a modest lifestyle will increase to \$42,358 (assuming inflation of 3%).

'Afford tomorrow, what you can today.'

With a Challenger lifetime annuity you can take comfort knowing that each year, your regular income payments change in line with the consumer price index, so your payments keep pace with increases in the costs of living (unless you remove this option in return for higher initial fixed income payments).

Access your capital if you need it

We understand that your needs and circumstances can change over time.

Challenger lifetime annuities provide you with access to your capital at anytime² within the first 15 years of your investment (called the Withdrawal Benefit Period). We even provide you a Withdrawal Guarantee – we tell you at the start of your investment what the withdrawal value will be at the end of the 15 year Withdrawal Benefit Period.

‘Access to your capital at anytime within the first 15 years.’

Example

If a 65 year old female chooses to cancel her investment at the end of the Withdrawal Benefit Period, she will receive back 100% of the amount invested. A 65 year old male will receive back 85% of the amount invested.

If you don't cancel your investment within the Withdrawal Benefit Period, your investment continues and Challenger continues to pay you an income for the rest of your life and, if selected the lifetime of a second person. The amount that we guarantee to pay to you at the end of the 15 year period is determined by your age when you purchase the plan.

Age at commencement	Withdrawal Guarantee* (as a percentage of amount invested)			
	Single Lifetime		Joint Lifetime	Single Lifetime with a Reversionary Annuitant
	Male	Female		
Less than 66	85%	100%	100%	100%
66-70	70%	90%	100%	100%
71-75	40%	50%	80%	80%
76-80	20%	30%	50%	50%
81 and above	10%	15%	20%	20%

* at end of Withdrawal Benefit Period. For a joint lifetime or single lifetime with a reversionary annuitant, the percentage is based on the older life.

If you choose to access your capital prior to the end of the 15 year period, the value of your withdrawal will vary. Please refer to the Product Disclosure Statement (PDS) for further details on how this is calculated.

Invest tax-effectively

You can invest in a Challenger lifetime annuity using either superannuation money or private money. Different tax rules apply to each.

‘Provides a tax-free income when purchased with superannuation monies.’

To invest with superannuation money you must be at least 60 years of age. Your annuity is designed to take advantage of superannuation laws so that you receive all regular income payments tax free. If you invest with private money, a part of each regular income payment may be returned to you tax free.

How Challenger lifetime annuities work

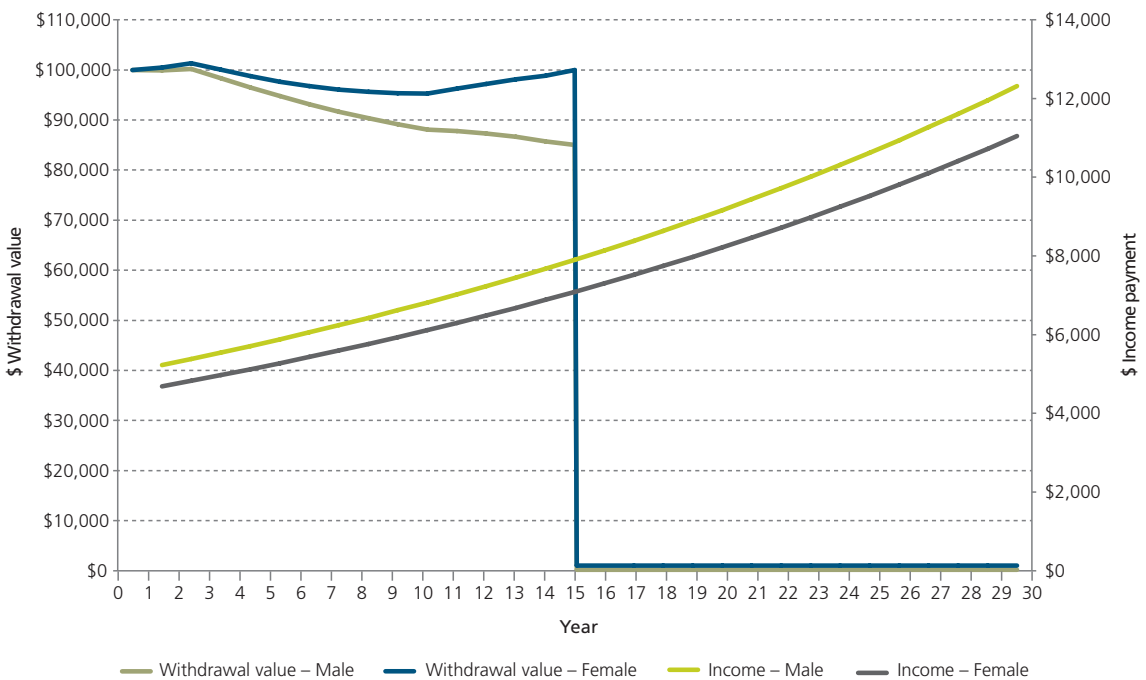
Challenger lifetime annuities are purchased with a lump sum investment. The minimum investment is \$10,000.

You choose how often you wish to receive income payments – either monthly, quarterly, half-yearly or yearly. The amount of your regular payments for the first year will be determined at the time of investment. Every twelve months these payments will then be indexed in-line with the consumer price index to keep up with inflation (unless you remove this option in return for higher initial fixed income payments). Your financial planner can provide you with the current initial income payments on offer based on your particular circumstances.

Within the first 15 years, called the Withdrawal Benefit Period, you have access to your capital² should you need it. In addition, should all of the lives covered by the annuity die during the Withdrawal Benefit Period, a bequest is payable to the last surviving life's estate.

'The last surviving owner's estate will receive a lump sum if they die in the first 15 years.'

The chart below provides an illustration of how Challenger lifetime annuities work. The withdrawal value and income payments you receive will depend on your individual circumstances including your age, sex and options selected at the time you invest.



Note: Illustration is indicative only, based on \$100,000 invested on 1 August 2011 for a single life. Male aged 65. Female aged 65. Assumes 3% inflation. Illustration of withdrawal value assumes no movement in interest rates from time of investment.

For further details on how your income payments and withdrawal value is calculated, please refer to the PDS.

A gold medal winner

Challenger is the largest annuity provider in Australia, managing over \$8 billion of assets for the benefit of approximately 60,000 annuity investors³. For years we have provided retirement incomes to people who want certainty of returns and a guaranteed retirement income.

'Australia's largest annuity provider, managing over \$8 billion of assets.'

Challenger was again named winner of the AFA/Plan for Life 'Annuity Provider of the Year' for 2010, further reinforcing our strength in the annuity market. In 2011 Challenger's lifetime annuity won 'Best new product of the year' in the Rainmaker excellence awards.



Questions to ask your financial planner before choosing a retirement investment:

	Challenger lifetime annuities
Does it provide the security of having your income payments guaranteed for life?	✓
Are regular income payments indexed to keep up with the costs of living?	✓ ⁴
Does it provide you with tax free income? (superannuation investments only)	✓
Can you access your capital if your circumstances change and you need it?	✓ ²
Does it allow you the comfort of knowing your money won't run out?	✓
Does it allow you to not worry about volatility in investment markets?	✓

To find out more about Challenger annuities, talk to your financial planner, visit our website www.challenger.com.au or call the Challenger Investor Services team on **13 35 66**.

What are the risks of investing in Challenger Lifetime annuities?

As with all investments, annuities carry some risks. These risks include the risk of locking up your money for an extended period of time, potentially receiving less back than the amount originally invested if you terminate the annuity early, possibly affecting your social security benefits, and the risk that the provider is not able to meet the payments under the annuity when they are due.

The significant risks and how they are managed are described in the product disclosure statement (PDS) for the relevant annuity. Therefore, before deciding to invest in an annuity you should read the PDS (including the information about significant risks) and consider the suitability of the annuity to your circumstances.



Planner contact details

¹ ASFA Retirement Standard – June 2011 quarter.

² Challenger lifetime annuities allow you to commute (withdraw) your investment in full within the first 15 years of the investment only. Partial withdrawals are not available. Selecting the 'No Commutation Option' when investing removes the ability to withdraw the investment in circumstances other than death.

³ As at 30 June 2011.

⁴ Providing you do not choose to remove inflation protection in return for higher initial fixed income payments.

The information contained in this publication is current as at 1 August 2011 unless otherwise specified and is provided by Challenger Life Company Limited ABN 44 072 486 938 AFSL 234 670 (Challenger Life), the issuer of the Challenger Guaranteed Income Plan and Challenger Guaranteed Annuity. It should be regarded as general information only rather than advice. It has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on any such information, consider its appropriateness, having regard to their objectives, financial situation and needs. Each person should obtain a Product Disclosure Statement (PDS) relating to the product and consider that PDS before making any decision about the product. A copy of the PDS can be obtained from your financial planner, our Investor Services team on 13 35 66, or on our website: www.challenger.com.au. Scenarios, examples and comparisons shown in this booklet are for illustrative purposes only. They should not be relied upon by individuals when they make investment decisions.

If you acquire or hold one of our products, we will receive fees and other benefits, which are disclosed in the PDS for the product. We and our employees do not receive any specific remuneration for any advice provided to you. However, financial planners (including some Challenger group companies) may receive fees or commissions if they provide advice to you or arrange for you to invest with us. Some or all of Challenger group companies and their directors may benefit from fees, commissions and other benefits received by another group company. Any taxation information is based on current law at the time of writing, which may change at a future date. Challenger Life Company Limited is not licensed or authorised to provide tax advice. We strongly recommend that you seek professional taxation advice (and social security advice, if applicable) for your individual circumstances. Your rate is determined when you apply to invest.

About the guarantee The references to guaranteed payments in this publication are references to the contractual obligations of Challenger Life under the terms of the applicable annuity to make these payments. The payment obligations of Challenger Life are subject to the terms and conditions of the relevant annuity and the Life Insurance Act, including any changes to the relevant laws (for example, taxation laws) that apply to life insurance companies and annuities. Challenger Life's ability to meet these obligations is dependent on the assets it holds from time to time to support these obligations and on capital support held in accordance with APRA's capital adequacy standards.

Neither the Challenger Group nor any company within the Challenger Group guarantees the performance of Challenger Life's obligations or assumes any obligations in respect of annuities issued by Challenger Life.

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