

# LGS Lifetime Guaranteed Income

REGULAR AND SECURE  
INCOME FOR LIFE



**The LGS Lifetime Guaranteed Income is a secure investment that protects your savings and can provide an income for life.**

**It can be used with other retirement investments, like the LGS Account-Based Pension Plan, to set you up with a dependable income that can last throughout your retirement.**



Mona Vale

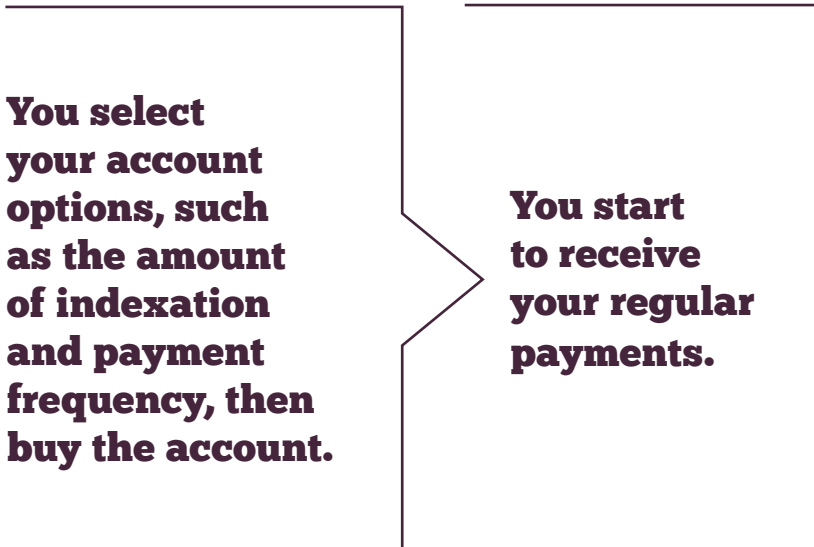
Cover image: Coogee

Just like many other investments, you buy an LGS Lifetime Guaranteed Income with an initial capital amount.

You choose the frequency of the regular payments to you (e.g. monthly, quarterly, half-yearly or yearly) and whether or not your payments are indexed.

Your regular payments are determined based on the options you choose and you start to receive them at your chosen payment frequency (see Figure 1).

**Figure 1: An LGS Lifetime Guaranteed Income can be tailored to give you a dependable income for life.**



# Features

## **An income that can last for life**

An LGS Lifetime Guaranteed Income provides a regular income that can last for your lifetime (unless you withdraw early). Payments are guaranteed, even if you live longer than expected.

The initial dollar value of your regular payments is determined at the time you buy the account and depends on a number of factors, including your initial capital investment, prevailing market rates, the options you choose (for example, which indexation option you select) and your life expectancy at the time of purchase.

If you choose a reversionary spouse option and your spouse survives you, regular payments will continue to be made to your spouse after your death.

## **Income to supplement your Age Pension**

If you are eligible for the Age Pension, an LGS Lifetime Guaranteed Income can be used to supplement your Age Pension.

Under the current Centrelink Income Test, part of the income only 60% of your regular payment from the LGS Lifetime Guaranteed Income is treated as the return of capital (i.e. 'deduction amount'), so it isn't assessed.

Under the current Assets Test, the LGS Lifetime Guaranteed Income has a reducing asset value, 60% of the purchase price will be assessed until you reach the life expectancy of a 65 year old male (currently 84 years old). After this time only 30% of the purchase price is assessed.

## **Access to your capital**

You can choose a withdrawal period up to your life expectancy. During the withdrawal period:

- you can choose to cancel your account in return for a lump sum payment
- if you die and you do not have a reversionary spouse, a lump sum is payable to your dependant(s) or legal personal representative.

After the end of the withdrawal period, your account does not have a withdrawal value. You cannot withdraw voluntarily and a lump sum is not payable on death.

If you choose to nominate a withdrawal period when you apply for an LGS Lifetime Guaranteed Income account, this period cannot be changed once the account has commenced. The minimum withdrawal period is one year and the maximum withdrawal period is your life expectancy. If you have nominated reversionary spouse payments, the longer life expectancy determines the maximum withdrawal period you can choose.

You can choose not to have a withdrawal period in return for higher regular payments. However, if you choose this option, your account cannot be voluntarily withdrawn and no amount is payable on death.

### **Protection against share market volatility**

An LGS Lifetime Guaranteed Income creates a regular cash flow for life (unless you withdraw early), regardless of how long you live or how investment markets perform, giving you peace of mind during your retirement.

### **Inflation protection**

If you choose a full or partial indexation option, your LGS Lifetime Guaranteed Income can also help protect you from inflation eroding the purchasing power of your regular payments.

### **Competitive fees**

We do not deduct a management fee from the investment return, your regular payments or your capital. Administration fees are taken into account when setting the amount of your regular payments.

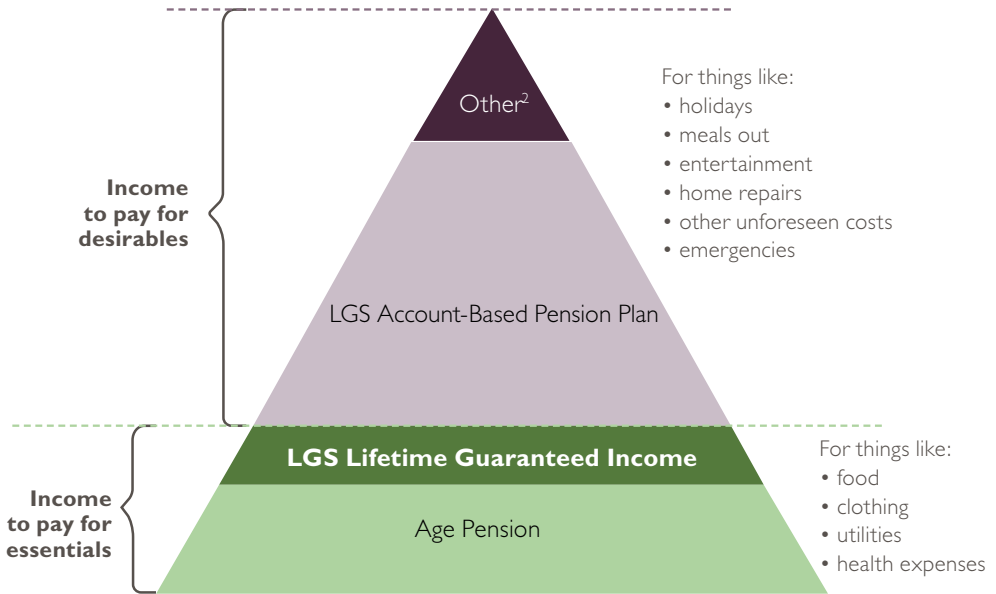
Please refer to the LGS Lifetime Guaranteed Income Product Disclosure Statement (PDS) for more information on fees and costs.

# **An LGS Lifetime Guaranteed Income can be used as part of your retirement investment strategy**

If you are eligible for the Age Pension, an LGS Lifetime Guaranteed Income can be used to supplement it, helping to secure an income for life. Because you'll generally know how much income you'll receive year-to-year from the Age Pension and your LGS Lifetime Guaranteed Income, you may wish to consider using this income to pay for the expenses that you can expect—your essential costs of living, like food and utilities.

Income from your remaining investments, such as account-based pensions, cash, term deposits or fixed term annuities, can then be used to pay for the things you desire, but don't necessarily need (Figure 2).

**Figure 2: Income from different sources can be matched to different expenses<sup>1</sup>**



## Other considerations

### Your LGS financial planner can help you think about:

- your budget in retirement, including how to identify essential costs and desirable costs
- how to structure your investments so that you'll have a secure income to pay for the essentials
- whether or not you can increase your social security entitlements by using different investments.

For more information, visit [lgsuper.com.au](https://www.lgsuper.com.au) or call **1300 LGSUPER** (1300 547 873) to get in touch with your LGS financial planner.

<sup>1</sup> Diagram is illustrative only and is not to scale.

<sup>2</sup> Can include other income sources like term deposits and cash.

# About LGS

LGS manages approximately \$12 billion in superannuation assets for around 90,000 members. LGS is a certified responsible investor, with investments across Australian and international shares, property, infrastructure, private equity and absolute return asset classes.

LGSS Pty Limited (ABN 68 078 003 497) is the Trustee of Local Government Super (ABN 28 901 371 321). Whilst the size of LGS is not a guarantee of security or performance, it gives the Trustee cost effective access to professional advice and monitoring services. The Trustee is a profit-to-members company (meaning profits go to members, not shareholders), solely engaged in the management and control of LGS and its assets for the benefit of members.

The Trustee is responsible for managing LGS, including the safe keeping of assets and ensuring LGS operates in accordance with the Trust Deed and superannuation law.

The Trustee is an APRA Registrable Superannuation Entity Licensee and is also the holder of an Australian Financial Services Licence (licence no. 383558).

The Trustee engages external experts such as investment advisers, investment managers, administrators, custodians, accountants, solicitors and auditors to assist with its obligations.





## Risks of investing in an LGS Lifetime Guaranteed Income

As with all investments, LGS Lifetime Guaranteed Income accounts carry some risks. These include the risk of locking up your money for an extended period of time, potentially receiving significantly less back than the amount originally invested if you terminate the account early, and the risk that the provider is not able to make the payments from the account when they are due.

If you make the decision to terminate the account early, you may affect your social security benefits or experience adverse impacts on your overall financial circumstances. Therefore you should always speak to your LGS financial planner before making any such decisions.

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

If you'd like to know more about LGS and our Lifetime Guaranteed Income, simply visit **[lgsuper.com.au](https://lgsuper.com.au)** or call **1300 LGSUPER (1300 547 873)** between 8.30am and 5.00pm, Monday to Friday to make an appointment with your LGS financial planner.



# **An LGS Lifetime Guaranteed Income can help provide:**

- a regular income that can last for life
- income that can supplement your Age Pension
- protection from share market volatility
- inflation protection options.



**If you have any questions or you would like to apply for the LGS Lifetime Guaranteed Income, please contact your LGS financial planner.**

\* When you invest in an LGS Guaranteed Income account, your money is invested in a life policy issued to LGS by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (Challenger Life), a life insurance company regulated under the Life Insurance Act 1995 (Cth). LGS does not provide any guarantee in respect of LGS Guaranteed Income accounts. The guarantee is provided by Challenger Life. In order to pay you your entitlements in respect to an LGS Guaranteed Income account, LGS relies wholly on Challenger Life to fund your agreed income amounts and any withdrawal value you request. If, for any reason, Challenger Life is unable to pay these amounts to LGS, then LGS will be unable to pay you your regular income payments, withdrawal value or residual capital value. Under no circumstances will LGS pay your entitlements if Challenger Life is unable to fund these entitlements.

This has been issued by LGSS Pty Limited (ABN 68 078 003 497) (AFSL 383558), as Trustee for Local Government Super (ABN 28 901 371 321). This document contains general advice only and is not a substitute for personal advice as it does not take into account any individual's investment objectives, financial situation or particular needs. Accordingly, an individual should seek professional personal advice and refer to the relevant Product Disclosure Statement at [lgsuper.com.au](http://lgsuper.com.au) before making a financial decision.

# Contact details

## Member Services

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NSW 1220

## Web

**[lgsuper.com.au](http://lgsuper.com.au)**

 **[@socialLGS](https://twitter.com/socialLGS)**

 **Local Government Super**

## Offices

### **Sydney**

Level 12, 28 Margaret St

### **Newcastle**

Ground Floor, 12 Perkins St

### **Wollongong**

Shop 2/60 Burelli St

Offices in Ballina, Orange, Parramatta, Tamworth and Wagga Wagga are available by appointment only.

Bookings are essential. Phone 1300 LGSUPER (1300 547 873) to make an appointment.

## Office hours

Between 8.30am and 5.00pm, Monday to Friday