

Challenger Guaranteed Annuity (Liquid Lifetime)

Product Disclosure Statement (PDS)

Dated 4 April 2016
(SPIN CHG0005AU)

Issuer

Challenger Life Company Limited
(ABN 44 072 486 938)
(AFSL 234670)



Table of contents

About this Product Disclosure Statement (PDS)	2	Fees and other costs	20
Important notices	2	No Challenger fees	20
About Challenger Guaranteed Annuity (Liquid Lifetime)	3	Adviser service fees	20
Buying the Annuity with superannuation money	3	How we invest	21
Features at a glance	4	Starting and managing your Annuity	22
Annuity features	6	Starting your Annuity	22
Liquidity	6	How to buy the Annuity	22
Payment frequency	6	Managing your Annuity	23
Reversionary life insured	6	How the Annuity is taxed	24
Benefit reduction	6	Tax in general	24
Indexation	7	Senior Australians and Pensioners Tax Offset	25
Liquidity options	9	Tax File Number (TFN)	25
Regular income (15-year withdrawal guarantee)	9	Other information	26
Withdrawing your Annuity (regular income)	10	Your Annuity and family law	26
Your Annuity on death (regular income)	13	Social security	26
Flexible income (reducing liquidity)	14	Privacy and personal information	26
Withdrawing your Annuity (flexible income)	14	Cooling-off rights	27
Your Annuity on death (flexible income)	16	Complaints	27
Enhanced income (no liquidity)	17	Changes to terms and conditions	27
Benefits of the Annuity	18	Incomplete or rejected application forms	28
Regular payments	18	Customer identification program	28
Longevity, market and inflation protection	18	Non-resident account holder reporting requirements	28
Liquidity	18	Maximum withdrawal periods	29
Competitive rates	18	Application forms	31
You pay no fees to Challenger	18		
Risks of the Annuity	19		
Withdrawal risk	19		
Counterparty risk	19		
Inflation risk	19		

Challenger Guaranteed Annuity (Liquid Lifetime)

The Challenger Guaranteed Annuity (Liquid Lifetime) creates a regular cash flow for life, regardless of how long you live or how investment markets perform. The Annuity offers three liquidity options, so you can tailor it to meet your needs.



2003, 2005, 2006



About this Product Disclosure Statement (PDS)

This PDS relating to the Challenger Guaranteed Annuity (Liquid Lifetime) (**Annuity**) is dated 4 April 2016.

This document provides information to help investors and their advisers assess the benefits of buying the Annuity and to compare it with other investment opportunities on offer. We strongly encourage you to read this document in full before making an investment decision.

In preparing this PDS we did not take into account your particular investment objectives, financial situation or needs. As every person's needs and aspirations are different, you should consider whether investing in the Annuity is appropriate for you in light of your particular circumstances. You may also wish to get independent advice, particularly about taxation, retirement planning and investment risk tolerance.

The information in this PDS is current as at the date of the document. However, some information can change from time to time. If a change is considered materially adverse, we will issue a supplementary or replacement PDS. If a change is not materially adverse, we will update the information in the PDS as described below. We may also provide updates to you electronically with your agreement. For updated information about the Annuity, please consult your financial adviser, call our Investor Services team on 13 35 66 or visit www.challenger.com.au. We will send you a copy of any updated information free of charge on request.

Important notices

The Annuity is issued by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) (**Challenger**, also referred to as we, us, or our), which is also the issuer of this PDS. Challenger's ultimate parent is Challenger Limited (ABN 85 106 842 371). Neither Challenger Limited nor any other company within the Challenger group of companies guarantees the performance of Challenger Life Company Limited's obligations to customers, or assumes any liability to customers in connection with the Annuity. Challenger is regulated under the *Life Insurance Act 1995* (Cth) (**Life Act**), which governs the provision of annuities in Australia. Challenger is authorised by the Australian Prudential Regulation Authority (**APRA**) to operate a life insurance business in Australia. All references to guarantees refer to payments we promise to pay under the Challenger Guaranteed Annuity (Liquid Lifetime) Policy Document (**Policy Document**).

The Annuity will be issued only when an application in the form approved by Challenger is received and the money used to buy the Annuity has cleared. The invitation to buy the Annuity under this PDS is only available to persons receiving this PDS in Australia and is subject to the terms and conditions described in this PDS and the Policy Document, which are available by calling our Investor Services team on 13 35 66 or visiting www.challenger.com.au. You should read these documents before applying for the Annuity. We reserve the right to withdraw the invitation to buy the Annuity and withdraw this PDS. In the event of any inconsistency between the terms of the Policy Document and the terms of this PDS, the terms of the Policy Document prevail.

About the Challenger Guaranteed Annuity (Liquid Lifetime)

1

About Challenger Guaranteed Annuity (Liquid Lifetime)

The Challenger Guaranteed Annuity (Liquid Lifetime) provides regular payments for your lifetime in exchange for a capital investment (the money you use to buy the Annuity).

You also have the option of providing regular payments for the lifetime of a second person. This could be by:

- nominating a person who will receive your payments if you die (this is known as your 'reversionary', as the Annuity reverts to them for the remainder of their life); or
- joint ownership, which means that you and a second person receive payments throughout both your lifetimes (and when the first joint owner dies, the surviving joint owner receives all the payments).

The amount of your regular payments is established at the time you buy the Annuity, and will depend on the options

you choose and prevailing market rates. Challenger will make those regular payments for your lifetime (or the lifetime of you and another person).

Buying the Annuity with superannuation money

You can buy the Annuity with money rolled over within the superannuation system¹ (although you cannot buy a joint Annuity using superannuation money). If you buy the Annuity with money rolled over within the superannuation system, some product features and options may not be available (as explained in this PDS) in order to comply with superannuation and tax requirements.

When the Annuity is bought with money rolled over within the superannuation system and you are aged 60 or over, the regular payments will be tax free.

If you buy the Annuity with money rolled over within the superannuation system, your reversionary can only be your spouse (as defined in law, see page 6).

¹ References to the superannuation system in this PDS are references to the Australian superannuation system for tax purposes.

Challenger Guaranteed Annuity (Liquid Lifetime)

Features at a glance

The Annuity offers a number of options, so you can tailor it to meet your needs. The options you choose will affect the dollar amount of the regular payments you receive. A summary is below; for more information, see 'Annuity features' on page 6.

Who can buy the Annuity?	<p>The Annuity can be bought by any person over 18 years of age.</p> <p>If you are aged 60 or over, you can buy the Annuity with money rolled over within the superannuation system (provided it is classified as 'unrestricted non-preserved' superannuation money).</p> <p>You can buy the Annuity jointly with another person (only if you buy the Annuity with non-superannuation money).</p> <p>A company or trust can buy the Annuity. The company or trust must nominate a person to whom the product options will relate. The person to whom the Annuity relates is also known as the 'life insured'. This nomination cannot be changed.</p> <p>However, you cannot buy the Annuity if you:</p> <ul style="list-style-type: none">• have an Aged Care Assessment Team (ACAT)² approval that specifies you as being eligible to receive an aged care service; or• receive care from an approved provider of aged care. <p>For more information, see 'Starting your Annuity' on page 22.</p>
Investment term	Your lifetime or the lifetime of you and another person.
Minimum investment amount	\$10,000
Liquidity options	<p>You can choose from three liquidity options depending on your needs:</p> <ul style="list-style-type: none">• Regular income (15-year withdrawal guarantee) – offers a fixed withdrawal period of 15 years and a withdrawal guarantee of up to 100% of your capital investment at the end of the withdrawal period. You can withdraw fully from the Annuity within the withdrawal period; however, you cannot make a partial withdrawal (see page 9);• Flexible income (reducing liquidity) – allows you to choose a withdrawal period between one year and your life expectancy³. You can withdraw fully from the Annuity within the withdrawal period; however, you cannot make a partial withdrawal. The withdrawal value of your Annuity will progressively reduce, subject to interest rate movements, from 100% of your capital investment to zero at the end of the withdrawal period (see page 14); or• Enhanced income (no liquidity) – allows you to maximise cash flow by having no liquidity features. If you choose this option, you will generally receive higher regular payments and your Annuity will not have a lump sum value (see page 17).
Payment indexation options	<p>You can choose to have your regular payments adjusted:</p> <ul style="list-style-type: none">• fully in line with changes in the Consumer Price Index (CPI);• partially in line with changes in the CPI; or• not at all. <p>For more information, see 'Indexation' on page 7.</p>

² In Victoria, the equivalent body is the Aged Care Assessment Service (ACAS). References in this PDS to ACAT include references to ACAS or any other relevant successor organisation.

³ Calculated in accordance with Australian Government Actuary life expectancy tables, capped to a maximum of 27 years and rounded down to whole years. This may be different from what we estimate your life expectancy to be. If you nominate a reversionary or the Annuity has been bought jointly with another person, the shorter life expectancy determines the maximum withdrawal period you can choose.

Challenger Guaranteed Annuity (Liquid Lifetime)

Regular payment frequency	You can choose to receive payments monthly, quarterly, half-yearly or yearly.
Additional investment	You cannot add to your Annuity once it starts; however, you can buy a new Annuity.
Nominating a reversionary	<p>You can choose for your regular payments to be made for the life of a second person after you die. That person is called your 'reversionary'.</p> <p>If you buy your Annuity with money rolled over within the superannuation system, your reversionary must be your spouse (as defined in law, see page 6).</p>
On death	<p>Regular income and flexible income</p> <p>If you die within the withdrawal period and you do not have a reversionary or surviving joint owner, we will make a lump sum payment to your estate.</p> <p>If you die during the withdrawal period and your reversionary or surviving joint owner then also dies during the withdrawal period, we will make a lump sum payment to their estate.</p> <p>If you die after the withdrawal period, no lump sum or further regular payment is payable unless you have a reversionary or surviving joint owner; in which case, your regular payments will continue to be made to them for the rest of their life.</p> <p>Enhanced income</p> <p>If you have chosen the enhanced income option, your Annuity does not have a lump sum value payable upon death.</p> <p>For more information, see 'Liquidity options' on page 9.</p>

Challenger Guaranteed Annuity (Liquid Lifetime)

2

Annuity features

The Annuity offers a number of features and options, so you can tailor it to meet your needs. The dollar amount of the regular payments you receive will depend on the features and options you choose, which are explained below. These cannot be changed once the Annuity has started, although you can cancel your reversionary life insured.

Liquidity

The Annuity offers three liquidity options, so you can tailor it to meet your needs. For more information, see 'Liquidity options' on page 9.

Payment frequency

You can choose to have your regular payments paid monthly, quarterly, half-yearly or yearly. Your regular payments are made to your nominated bank account at the end of each payment period. If you do not make a selection, the default payment frequency is monthly.

Reversionary life insured

You can elect that, on your death, payments continue to be made to a nominated person. This is your 'reversionary'. You must make this election when you buy your Annuity, and you cannot change that nominated person, although you can cancel the election.

If your reversionary dies before you, the reversionary election is cancelled, and you cannot elect another person.

Where you have bought the Annuity with money rolled over within the superannuation system, your reversionary can only be your spouse. In the superannuation context, 'spouse' has a special meaning and is currently defined in law as a person (whether of the same or the opposite sex) with whom you are in a relationship that is:

- legally registered as a marriage or under State or Territory law as a civil union; or
- a de facto relationship (meaning that although you are not legally married, you live together on a genuine domestic basis as a couple).

If you nominate your spouse as your reversionary and they are not your spouse at the time of your death, the Annuity will be treated as if there is no reversionary.

Benefit reduction

This option is only available if you have elected a reversionary or if you are a joint owner.

With this option, when you buy the Annuity you can choose that any payments due after your death (or the earlier death of a joint owner) are paid at a reduced level. You can choose to have those payments reduced by 25% or 50%. If you choose the regular income option (see 'Liquidity options' on page 9), your withdrawal guarantee will also reduce by that percentage and any voluntary withdrawals or death benefit will also reduce by that percentage.

If you choose the flexible income option (see 'Liquidity options' on page 9), any voluntary withdrawals or death benefit will also reduce by that percentage.

Your payments do not reduce if your reversionary dies while you are still alive; however, in the case of joint owners, the reduction will apply following the first joint owner's death.

If you choose the benefit reduction option, you will generally receive higher regular payments than if you do not choose this option (although the payments will reduce when the reduction applies).

Benefit reduction example (regular income):

You choose a 25% reduction and you are receiving regular monthly payments of \$1,000 (or you and a joint owner are together receiving that amount) prior to your death (or the first death of a joint owner). Following the first death, monthly payments to your reversionary or the surviving joint owner will reduce to \$750. If your withdrawal guarantee was equal to 100%, then the withdrawal guarantee available to your reversionary or the surviving joint owner will reduce to 75%.

Benefit reduction option example (flexible income):

You choose a 25% reduction and you are receiving regular monthly payments of \$1,000 (or you and a joint owner are together receiving that amount) prior to your death (or the first death of a joint owner). Following the first death, monthly payments to your reversionary or the surviving joint owner will reduce to \$750. Any voluntary withdrawal value or death benefit available to your reversionary or the surviving owner will reduce to 75% of the value had the death not occurred.

Benefit reduction option example (enhanced income):

You choose a 25% reduction and you are receiving regular monthly payments of \$1,000 (or you and a joint owner are together receiving that amount) prior to your death (or the first death of a joint owner). Following the first death, monthly payments to your reversionary or the surviving joint owner will reduce to \$750. Your Annuity will not have a lump sum withdrawal value.

Challenger Guaranteed Annuity (Liquid Lifetime)

Indexation

You can choose to have your regular payments adjusted annually in line with movements in the CPI⁴. The adjustment occurs after each anniversary of the start of the Annuity. You can choose full indexation or partial indexation and can also choose to have no indexation. If you do not make a choice, the default is partial indexation.

Full indexation

This option enables you to have your regular payments indexed annually in line with the CPI. The change will be applied to the first payment after each anniversary of the start of your Annuity, and the regular payments for the year that follows will be made at the indexed level. If the CPI increases, your regular payments will also increase by that proportion. If the CPI decreases in any particular year, your regular payments will also decrease. See page 8 for an example.

Partial indexation

This option enables you to have your regular payments increased annually in line with any increase in the CPI that is greater than 2% and decreased annually in line with any decreases in the CPI. If the CPI increases but the increase is less than 2%, your regular payments will not change, and if the CPI decreases, the full amount of the decrease will apply. If the CPI increases by more than 2%, your regular payments will increase by the increase in the CPI, less 2%. See page 8 for an example.

Any change will be applied to the first payment after each anniversary of the start of your Annuity, and the regular payments for the year that follows will be made at the indexed level.

Although your regular payments will not increase during periods where inflation does not exceed 2%, and will decrease during periods of deflation, this option will provide some protection in periods where inflation exceeds 2%. Choosing this option will generally mean that you will receive higher initial regular payments, when compared to an Annuity bought with full indexation, and lower initial regular payments than an Annuity bought with no indexation. It is not possible to predict how your future payments might compare, as it is not possible to predict changes in the CPI.

No indexation

This option fixes the dollar amount of your regular payments. If you choose this option, the regular payments will not change from year to year.

Choosing this option will generally mean that you will receive higher initial regular payments when compared to an Annuity bought with full or partial indexation. However, because the regular payments will not be adjusted, it means that, in periods of inflation, the purchasing power of your regular

payments will reduce, and your future regular payments could be less than if you had chosen full or partial indexation.

Indexation example

The following example illustrates the potential impact of full, partial or no indexation. It is based on an Annuity where Challenger has guaranteed to make monthly payments of \$1,000, to demonstrate the changes in those monthly payments where there are changes in the CPI⁵, depending on the indexation option chosen. The example demonstrates what occurs on the first anniversary of the start of the Annuity. This process occurs annually throughout the life of the Annuity, and the indexation is applied to the dollar amount of the regular payments as at the anniversary date.

⁴ The CPI is the weighted average of the Eight Capital Cities Index as published by the Australian Statistician, to provide a general measure of price inflation for all Australian households. We reserve the right to adjust the index if there is a change in law which results in a material change to the CPI or its use. We do not cap CPI changes. If the CPI decreases, your regular payments will reduce. The index used to calculate the CPI can be changed at any time. The CPI is only a proxy for inflation and does not exactly match actual price or wage inflation in the economy.

⁵ The change, if any, will be equal to the change in the CPI between the second-last complete quarter before the day on which the indexation is to apply and the CPI for the same quarter of the immediately preceding year, expressed as a percentage.

Challenger Guaranteed Annuity (Liquid Lifetime)

	CPI increases by 1%	CPI decreases by 1%	CPI increases by 3%	CPI decreases by 3%
Full indexation	On the first anniversary of your Annuity, the monthly payments would increase to \$1,010 (an increase of 1%) effective from the 13th monthly payment Challenger makes. Challenger will then make monthly payments of \$1,010 throughout the second year of your Annuity.	On the first anniversary of your Annuity, the monthly payments would decrease to \$990 (a decrease of 1%) effective from the 13th monthly payment Challenger makes. Challenger will then make monthly payments of \$990 throughout the second year of your Annuity.	On the first anniversary of your Annuity, the monthly payments would increase to \$1,030 (an increase of 3%) effective from the 13th monthly payment Challenger makes. Challenger will then make monthly payments of \$1,030 throughout the second year of your Annuity.	On the first anniversary of your Annuity, the monthly payments would decrease to \$970 (a decrease of 3%) effective from the 13th monthly payment Challenger makes. Challenger will then make monthly payments of \$970 throughout the second year of your Annuity.
Partial indexation	As below.	As above.	On the first anniversary of your Annuity, the monthly payments would increase to \$1,010 (an increase of 1%, which is the increase in CPI above 2%) effective from the 13th monthly payment Challenger makes. Challenger will then make monthly payments of \$1,010 throughout the second year of your Annuity.	As above.
No indexation	The monthly payments continue to be \$1,000 and would not be adjusted.			

Challenger Guaranteed Annuity (Liquid Lifetime)

3

Liquidity options

The Annuity offers three liquidity options depending on your needs.

Regular income (15-year withdrawal guarantee)

The regular income option offers a fixed withdrawal period of 15 years and a withdrawal guarantee of up to 100% of your capital investment at the end of the withdrawal period. The section below outlines the features and options of the regular income option.

Regular income option withdrawal period

The regular income option has a withdrawal period of 15 years, so within this period the Annuity has a withdrawal value.

This means that at any time within 15 years of the start of the Annuity, Challenger guarantees that:

- you can choose to withdraw the Annuity in return for a lump sum payment (see page 10);
- if you die and do not have a reversionary or surviving joint owner, a lump sum is payable to your estate (see page 13).

The withdrawal guarantee

If you withdraw the Annuity at the end of the withdrawal period, the withdrawal value will be a guaranteed percentage of your capital investment. For example, if you are aged less than 75 when you buy the Annuity, the maximum withdrawal guarantee is 100%. If you choose to elect a reversionary or you buy the annuity with a second person, the higher age will be used to determine the maximum withdrawal guarantee percentage.

You can choose to reduce the withdrawal guarantee, which will generally result in increased regular payments (see 'withdrawal guarantee reduction' on this page).

After the end of the 15-year withdrawal period, your Annuity will cease to have a withdrawal value, and no lump sum is payable on death or voluntary withdrawal.

Withdrawal guarantee reduction

The regular income option has a withdrawal guarantee which is the guaranteed percentage of your capital investment you can receive on the 15th anniversary of your Annuity if you want to withdraw. The maximum guaranteed percentage is determined when you buy the Annuity and will depend on your age and the age of any reversionary or joint owner (see page 12); however, when you buy the Annuity, you can choose to reduce the withdrawal guarantee (in 1% increments) subject to a minimum withdrawal guarantee of 10%, which will generally result in increased regular payments. If you choose this option, the amount you will receive if you decide to withdraw or you die during the withdrawal period will be less when compared with an Annuity bought without the withdrawal guarantee reduction option. If you buy the Annuity with superannuation money, you may be required to reduce the withdrawal guarantee in order to meet government minimum payments.

Regular income death benefit

If you choose the regular income option and die during the first 15 years after the start of your Annuity and you have not elected an eligible reversionary and do not have a surviving joint owner, we will pay at least an amount equal to your withdrawal guarantee to your estate. After the 15th anniversary of the Annuity, your regular payments will continue to be made; however, no lump sum is payable in the event of your death.

Regular income option illustration (100% withdrawal guarantee)



The diagram above is illustrative only and not to scale.

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Guaranteed Annuity (Liquid Lifetime)

Withdrawing your Annuity (regular income)

The withdrawal period

The regular income option has a withdrawal period of 15 years. This means that the Annuity has a withdrawal value during its first 15 years. A lump sum is payable if during this period you:

- choose to end your Annuity early;
- die without a reversionary or surviving joint owner; or
- die and your reversionary or surviving joint owner also dies.

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

When the Annuity has a withdrawal value, this is the value of future projected payments remaining for the remainder of the withdrawal period, considering indexation, and discounted to reflect that the payments will be made prior to the scheduled payment dates (the 'present value'). The discount rate will vary depending on movements in interest rates between the time you buy the Annuity and the time the withdrawal is requested.

Where withdrawal is due to death within the withdrawal period, your withdrawal value will be at least an amount equal to your withdrawal guarantee (see 'Your Annuity on death (regular income)' on page 13).

If you bought the Annuity with superannuation money and request a full withdrawal or rollover, a minimum payment amount may be required to be paid to you. The minimum payment is based on the scheduled annual payment portioned for the number of days the Annuity was payable for that period.

Calculating the voluntary withdrawal value

To calculate the voluntary withdrawal value, we will work out the present value of all the payments you would have received from the date of calculation to the end of the withdrawal period. This can involve a significant discount in some circumstances, and may result in the voluntary withdrawal value being less than the amount you invested. The calculation is as follows:

1. We calculate your withdrawal guarantee amount by applying your withdrawal guarantee percentage to your capital investment amount (the money you used to buy the Annuity).
2. We calculate the present value of the withdrawal guarantee amount to reflect the fact that the payment will be made earlier than the 15th anniversary of the Annuity. (Where withdrawal is on the 15th anniversary, the present value will be the same as the withdrawal guarantee amount.)
3. We calculate the present value of each of the future regular payments you would have received during the remainder of the withdrawal period (to reflect their early payment).

4. Then we add together the present value of your withdrawal guarantee amount and all future payments (as calculated in steps 2 and 3).

Where you withdraw voluntarily, the combined total in step 4 is your withdrawal value subject to a maximum of your death benefit at the time of your withdrawal.

This calculation is subject to a minimum level of any withdrawal value, prescribed under the Life Act and prudential standards enforced by APRA. We will always provide a withdrawal value equal to or greater than this minimum level, even when it is greater than the death benefit.

In some situations, the withdrawal value may be less than what you invested, even after taking into account payments you have already received. The calculation method of the present value is impacted by changing market rates, which means it is only possible to determine the withdrawal value at the time of withdrawal. Below is an example, which is only for illustrative purposes. We provide more estimates of the withdrawal value for different circumstances at www.challenger.com.au.

Withdrawal example

You invest \$100,000 in the Annuity and you are a male aged 65⁶. You choose partial indexation. You receive yearly payments of \$4,003 during the first year (assuming no tax is required to be deducted)⁷. If you want to withdraw your Annuity at the end of the seventh year of it starting, an estimate of your Annuity's withdrawal value is set out in the following table.

Change in applicable rates (between the time you bought the Annuity and the time of withdrawal)	Estimated withdrawal value
No change	\$95,045
Decreased by 1.5%	\$100,000
Increased by 1.5%	\$86,298

This is an estimate only and assumes that each year the change in the CPI is 3% (such that your regular payments are increased each year by 1%). Actual outcomes will depend on factors such as inflation and prevailing rates. For more withdrawal value illustrations, see pages 11 and 12.

Withdrawal value illustrations

The following illustrations are based on a capital investment of \$100,000, assume no adviser service fees have been deducted and a yearly payment frequency has been chosen.

The tables on pages 11 and 12 provide some examples of withdrawal values and how they are impacted by rate movements. For additional examples, visit Challenger's website www.challenger.com.au.

⁶ Note that the maximum withdrawal guarantee that applies for an investor aged 65 is 100%; however, this is not the same for all investors.

⁷ These yearly payments are based on Annuity rates at 15 February 2016 and assume no adviser service fees have been deducted.

Challenger Guaranteed Annuity (Liquid Lifetime)

Voluntary withdrawal value illustrations (regular income)

Withdrawal guarantee	65 year old female Partial indexation 100% withdrawal guarantee				65 year old male Partial indexation 100% withdrawal guarantee			
	Voluntary withdrawal			Death benefit	Voluntary withdrawal			Death benefit
Withdrawal type	Voluntary withdrawal			Death benefit	Voluntary withdrawal			Death benefit
Interest rate movement	-1.50%	0%	1.50%	N/A	-1.50%	0%	1.50%	N/A
End of year 1	\$99,604	\$99,061	\$85,015	\$100,000	\$99,603	\$99,061	\$85,046	\$100,000
2	\$99,738	\$98,459	\$85,223	\$100,000	\$99,738	\$98,461	\$85,252	\$100,000
3	\$99,859	\$97,028	\$84,755	\$100,000	\$99,860	\$97,070	\$84,814	\$100,000
4	\$99,966	\$95,901	\$84,554	\$100,000	\$99,967	\$95,975	\$84,638	\$100,000
5	\$100,000	\$95,271	\$84,800	\$100,000	\$100,000	\$95,371	\$84,905	\$100,000
6	\$100,000	\$95,203	\$85,561	\$100,000	\$100,000	\$95,323	\$85,682	\$100,000
7	\$100,000	\$94,911	\$86,166	\$100,000	\$100,000	\$95,045	\$86,298	\$100,000
8	\$100,000	\$94,982	\$87,136	\$100,000	\$100,000	\$95,125	\$87,274	\$100,000
9	\$100,000	\$95,066	\$88,171	\$100,000	\$100,000	\$95,210	\$88,311	\$100,000
10	\$100,000	\$95,339	\$89,432	\$100,000	\$100,000	\$95,478	\$89,566	\$100,000
11	\$100,000	\$96,222	\$91,324	\$100,000	\$100,000	\$96,337	\$91,436	\$100,000
12	\$100,000	\$97,129	\$93,319	\$100,000	\$100,000	\$97,217	\$93,406	\$100,000
13	\$100,000	\$98,078	\$95,448	\$100,000	\$100,000	\$98,139	\$95,507	\$100,000
14	\$100,000	\$99,033	\$97,671	\$100,000	\$100,000	\$99,064	\$97,702	\$100,000
15	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000

Important information about the withdrawal value illustrations: After the 15-year withdrawal period, the withdrawal value is nil. Tables are indicative only, and the values shown are for an investment made on 15 February 2016, calculated as at that date. We have assumed annual increases in the Consumer Price Index (CPI) of 3%. Your actual withdrawal value will depend on actual changes in the CPI, your age at the time of investment (or the age of the oldest life insured for joint investors or an individual investor with a reversionary life insured), your capital investment amount and the actual movement in interest rates between the time of your capital investment and the time of withdrawal. Interest rate movement refers to the relevant Government bond rates between the time you bought the Annuity and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value. Regardless of interest rate movements, the withdrawal value at the end of the withdrawal period will be an amount equal to your withdrawal guarantee percentage multiplied by your capital investment amount.

Challenger Guaranteed Annuity (Liquid Lifetime)

Voluntary withdrawal value illustrations (regular income)

Withdrawal guarantee	75 year old female Partial indexation 70% withdrawal guarantee				75 year old male Partial indexation 70% withdrawal guarantee			
	Voluntary withdrawal				Death benefit			
Withdrawal type	Voluntary withdrawal				Death benefit			
Interest rate movement	-1.50%	0%	1.50%	N/A	-1.50%	0%	1.50%	N/A
End of year 1	\$97,900	\$97,418	\$84,888	\$98,000	\$97,903	\$97,423	\$84,917	\$98,000
2	\$96,000	\$95,364	\$83,718	\$96,000	\$96,000	\$95,374	\$83,750	\$96,000
3	\$94,000	\$92,217	\$81,617	\$94,000	\$94,000	\$92,265	\$81,678	\$94,000
4	\$92,000	\$89,363	\$79,742	\$92,000	\$92,000	\$89,442	\$79,827	\$92,000
5	\$90,000	\$86,946	\$78,231	\$90,000	\$90,000	\$87,048	\$78,335	\$90,000
6	\$88,000	\$84,989	\$77,112	\$88,000	\$88,000	\$85,108	\$77,230	\$88,000
7	\$86,000	\$82,837	\$75,822	\$86,000	\$86,000	\$82,966	\$75,948	\$86,000
8	\$84,000	\$80,956	\$74,775	\$84,000	\$84,000	\$81,091	\$74,905	\$84,000
9	\$82,000	\$79,059	\$73,724	\$82,000	\$82,000	\$79,192	\$73,853	\$82,000
10	\$80,000	\$77,274	\$72,783	\$80,000	\$80,000	\$77,401	\$72,906	\$80,000
11	\$78,000	\$76,014	\$72,348	\$78,000	\$78,000	\$76,119	\$72,449	\$78,000
12	\$76,000	\$74,662	\$71,856	\$76,000	\$76,000	\$74,742	\$71,934	\$76,000
13	\$74,000	\$73,226	\$71,319	\$74,000	\$74,000	\$73,281	\$71,374	\$74,000
14	\$72,000	\$71,672	\$70,701	\$72,000	\$72,000	\$71,701	\$70,729	\$72,000
15	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000

Important information about the withdrawal value illustrations: After the 15-year withdrawal period, the withdrawal value is nil. Tables are indicative only, and the values shown are for an investment made on 15 February 2016, calculated as at that date. We have assumed annual increases in the Consumer Price Index (CPI) of 3%. Your actual withdrawal value will depend on actual changes in the CPI, your age at the time of investment (or the age of the oldest life insured for joint investors or an individual investor with a reversionary life insured), your capital investment amount and the actual movement in interest rates between the time of your capital investment and the time of withdrawal. Interest rate movement refers to the relevant Government bond rates between the time you bought the Annuity and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value. Regardless of interest rate movements, the withdrawal value at the end of the withdrawal period will be an amount equal to your withdrawal guarantee percentage multiplied by your capital investment amount.

Withdrawal guarantee

The withdrawal guarantee is the guaranteed percentage of your capital investment you (or a reversionary or joint owner who is receiving payments) can receive on the 15th anniversary of your Annuity if you want to withdraw.

The guaranteed percentage is determined when you buy the Annuity and will depend on your age when you buy the Annuity and whether the Annuity provides regular payments just for you or for you and another person. The table to the right shows the maximum withdrawal guarantees. If the Annuity will provide regular payments for you and another person, it is the higher age that is used. You can choose to reduce the withdrawal guarantee, which will generally result in increased regular payments (see 'Withdrawal guarantee reduction' on page 9).

Age at the start of the Annuity	Maximum withdrawal guarantee ⁸
Less than 75	100%
75-79	70%
80 and above	20%

Withdrawal guarantee examples:

1. You invest \$100,000 when you are age 65 and choose a withdrawal guarantee of 100%. You decide to withdraw your Annuity on the 15th anniversary of it starting. We will pay you a withdrawal value of \$100,000 (a withdrawal guarantee of 100% of your capital investment, which applies for an Annuity started at age 65 in accordance with the table above).

⁸ For joint owners and individual investors or life insured with a reversionary, the higher age will be used to determine the maximum withdrawal guarantee.

Challenger

Guaranteed Annuity (Liquid Lifetime)

2. You invest \$100,000 when you are age 65, include your spouse, who is aged 76, as your reversionary and choose a withdrawal guarantee of 70%. You decide to withdraw your Annuity on the 15th anniversary of it starting. We will pay you a withdrawal value of \$70,000 (a withdrawal guarantee of 70% of your capital investment, which applies for an Annuity with a reversionary started where the older person is age 76, in accordance with the table on page 12).

Note that if you choose a benefit reduction option (see page 6), the withdrawal guarantee for the reversionary or the surviving joint owner will reduce by the chosen percentage.

Requesting withdrawal

If you want to withdraw, contact your financial adviser or our Investor Services team on 13 35 66 for your withdrawal value. If requested, we will send you a letter with your withdrawal value as at the date of that request, along with a withdrawal form for you to complete and return to us. When you return that form, you will also need to send us your original Policy Document and Investor Certificate. We must receive this documentation by 5.00pm on the last day of the withdrawal period. If we have not received the necessary documentation before the end of the 15-year withdrawal period, your Annuity ceases to have a withdrawal value, and you will not be able to withdraw your money.

If you bought the Annuity with superannuation money and request a full withdrawal, a minimum payment amount may be required to be paid to you. The minimum payment is based on the scheduled annual payment portioned for the number of days the Annuity was payable for that period.

The withdrawal value of the Annuity on the day we make the payment may vary from the withdrawal value stated in the letter we send you. To minimise any variation, we will generally pay the withdrawal value within five business days of receiving all required documentation.

We will only pay withdrawals to your nominated bank account or by cheque payable to your estate or your reversionary's or surviving joint owner's estate (if applicable). We will not make payments to any other third party.

Your Annuity on death (regular income)

Without a reversionary or joint owner

If you die within the withdrawal period and you have not elected an eligible reversionary and do not have a surviving joint owner, a withdrawal value applies, and the lump sum payment will be made to your estate. We will pay at least an amount equal to your withdrawal guarantee to your estate⁹.

If you die after the withdrawal period has ended, no further payments will be made from the date of your death.

With a reversionary or joint owner

If you die and you have elected a reversionary, the regular payments will continue to be made for the lifetime of the reversionary. If you are joint owners, and one joint owner dies, their regular payments go to the surviving owner for their life, together with the payments the surviving owner is receiving at that time. If you have chosen a benefit reduction option, the regular payments the surviving joint owner or reversionary receives (as the case may be) will be reduced by that percentage.

If you die and your reversionary, or a surviving joint owner, receives the regular payments and they die within the withdrawal period, a withdrawal value applies and is payable to their estate. We will pay at least an amount equal to your withdrawal guarantee to their estate. If they die after the withdrawal period has ended, no further payments will be made from the date of their death.

For a company or trust

If investing as a company or a trust and the life insured dies within the withdrawal period, a withdrawal value is payable to the company or trust unless a reversionary life insured was nominated, in which case regular payments will be made for the life of that reversionary. If that reversionary also dies within the withdrawal period, a withdrawal value is payable to the company or trust. In both cases, we will pay at least an amount equal to the withdrawal guarantee to the company or trust.

Payment information

Where withdrawal is due to death within the withdrawal period, your withdrawal value will be at least an amount equal to your withdrawal guarantee.

We will not make any part-payment in respect of the period that has elapsed between the last regular payment we guaranteed to make and the date of death. We will seek to recover any payments made after the date of death that we had not guaranteed to make under the terms of the Annuity. It is therefore important that we are notified promptly of a death. There may be a period of time between death and payment of the withdrawal value. Where this occurs, the Annuity will be earning interest at the Reserve Bank of Australia official cash rate until the withdrawal value is paid.

Death benefit payments will be paid to a bank account held in the name of the estate or paid by cheque payable to your estate or your reversionary's or surviving joint owner's estate (if applicable).

⁹ There are some limited circumstances where Challenger may allow the lump sum payment to be used to purchase a new superannuation income stream, subject to superannuation law.

Challenger Guaranteed Annuity (Liquid Lifetime)

Flexible income (reducing liquidity)

The flexible income option allows you to choose your withdrawal period and provides a death benefit equal to your capital investment for the duration of the death benefit period. The section below outlines the features and options of the flexible income option.

Flexible income option withdrawal period

If you choose the flexible income option, you nominate a withdrawal period.

During the withdrawal period:

- you can choose to withdraw the Annuity in return for a lump sum payment (see below); and
- if you die and do not have a reversionary or a surviving joint owner, a lump sum is payable to your estate (see page 16).

The withdrawal period must be chosen when you buy the Annuity and cannot be changed. The minimum withdrawal period is one year and the maximum withdrawal period is your life expectancy¹⁰ (capped to a maximum of 27 years) (see page 29). If you have nominated a reversionary or the Annuity has been bought jointly with another person, the shorter life expectancy determines the maximum withdrawal period you can choose.

Flexible income death benefit period

If you choose the flexible income option, you will have a death benefit period equal to the lesser of:

- your chosen withdrawal period; or
- half your life expectancy¹⁰ (rounded down).

If you die during the death benefit period and you have not elected an eligible reversionary and do not have a surviving

joint owner, we will pay a death benefit equal to the amount used to buy the Annuity to your estate. Between the end of the death benefit period and the end of the withdrawal period, any lump sum payable on death will be equal to the maximum voluntary withdrawal value. After the end of the withdrawal period, your regular payments will continue to be made; however, no lump sum is payable in the event of your death.

Death benefit period examples:

The table below illustrates the withdrawal periods and death benefit periods for a 69 year old female with a life expectancy of 18.64 years.

Life expectancy ¹⁰	Withdrawal period chosen (years)	Death benefit period (years)
18	18	9
18	10	9
18	9	9
18	8	8

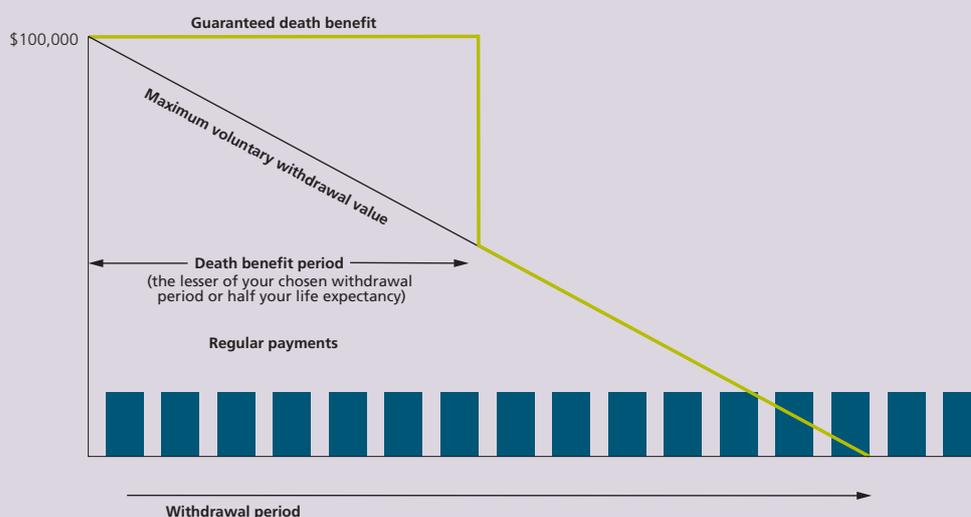
Withdrawing your Annuity (flexible income)

A lump sum is payable during this withdrawal period if you:

- choose to end your Annuity early;
- die without a reversionary or surviving joint owner; or
- die and your reversionary or surviving joint owner also dies.

The Annuity has a withdrawal value for the duration of the withdrawal period. After the end of the withdrawal period, the Annuity will not have a withdrawal value.

Flexible income option illustration



The diagram to the left is illustrative only and not to scale.

¹⁰ Calculated in accordance with Australian Government Actuary life expectancy tables and rounded down to whole years. This may be different from what we estimate your life expectancy to be. If you nominate a reversionary or the Annuity has been bought jointly with another person, the shorter life expectancy determines the maximum period you can choose.

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Guaranteed Annuity (Liquid Lifetime)

Voluntary withdrawal value

The maximum voluntary withdrawal value of your Annuity will progressively reduce in a linear manner from 100% of your capital investment amount until it reaches zero at the end of the withdrawal period. The calculation of your withdrawal value, however, is dependent on movements in interest rates between the time you buy the Annuity and the time the withdrawal is processed, and may be less than the maximum withdrawal value of your Annuity. As the withdrawal value is impacted by changing rates, it is only possible to determine the withdrawal value at the time of withdrawal.

This calculation is subject to a minimum level of any withdrawal value, prescribed under the Life Act and prudential standards enforced by APRA. We will always provide a withdrawal value equal to or greater than this minimum level.

Withdrawal value illustrations

The following illustrations are based on a capital investment of \$100,000 and show the withdrawal value at the start of each

year of the illustrated withdrawal period. We provide more illustrations of the withdrawal value for different withdrawal periods at www.challenger.com.au.

Requesting withdrawal

If you want to withdraw, contact your financial adviser or our Investor Services team for your withdrawal value. If requested, we will send you a letter with your withdrawal value as at the date of that request, along with a withdrawal form for you to complete and return to us. When you return that form, you will also need to send us your original Policy Document and Investor Certificate. If you bought the Annuity with superannuation money and request a full withdrawal, a minimum payment amount may be required to be paid to you. The minimum payment is based on the scheduled annual payment portioned for the number of days the Annuity was payable for that period. The withdrawal value of the Annuity on the day we make the payment may be less than the withdrawal value stated in the letter we send you. To minimise any variation, we will generally

Withdrawal value illustration (flexible income)

Withdrawal type	65 year old female 22-year withdrawal period				65 year old male 19-year withdrawal period			
	Voluntary withdrawal			Death benefit	Voluntary withdrawal			Death benefit
Interest rate movement	-1.50%	0%	1.50%	N/A	-1.50%	0%	1.50%	N/A
Start of year 1	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
2	\$95,455	\$95,455	\$82,196	\$100,000	\$94,737	\$94,737	\$82,681	\$100,000
3	\$90,909	\$90,909	\$78,549	\$100,000	\$89,474	\$89,474	\$78,490	\$100,000
4	\$86,364	\$86,364	\$74,895	\$100,000	\$84,211	\$84,211	\$74,268	\$100,000
5	\$81,818	\$81,818	\$71,232	\$100,000	\$78,947	\$78,947	\$70,014	\$100,000
6	\$77,273	\$77,273	\$67,558	\$100,000	\$73,684	\$73,684	\$65,724	\$100,000
7	\$72,727	\$72,727	\$63,870	\$100,000	\$68,421	\$68,421	\$61,396	\$100,000
8	\$68,182	\$68,182	\$60,166	\$100,000	\$63,158	\$63,158	\$57,026	\$100,000
9	\$63,636	\$63,636	\$56,442	\$100,000	\$57,895	\$57,895	\$52,611	\$100,000
10	\$59,091	\$59,091	\$52,695	\$100,000	\$52,632	\$52,632	\$48,147	\$52,632
11	\$54,545	\$54,545	\$48,921	\$100,000	\$47,368	\$47,368	\$43,632	\$47,368
12	\$50,000	\$50,000	\$45,118	\$50,000	\$42,105	\$42,105	\$39,061	\$42,105
13	\$45,455	\$45,455	\$42,496	\$45,455	\$36,842	\$36,842	\$34,430	\$36,842
14	\$40,909	\$40,909	\$39,884	\$40,909	\$31,579	\$31,579	\$29,741	\$31,579
15	\$36,364	\$36,364	\$36,364	\$36,364	\$26,316	\$26,316	\$25,882	\$26,316
16	\$31,818	\$31,818	\$31,818	\$31,818	\$21,053	\$21,053	\$21,053	\$21,053
17	\$27,273	\$27,273	\$27,273	\$27,273	\$15,789	\$15,789	\$15,789	\$15,789
18	\$22,727	\$22,727	\$22,727	\$22,727	\$10,526	\$10,526	\$10,526	\$10,526
19	\$18,182	\$18,182	\$18,182	\$18,182	\$5,263	\$5,263	\$5,263	\$5,263
20	\$13,636	\$13,636	\$13,636	\$13,636	\$0	\$0	\$0	\$0
21	\$9,091	\$9,091	\$9,091	\$9,091	\$0	\$0	\$0	\$0
22	\$4,545	\$4,545	\$4,545	\$4,545	\$0	\$0	\$0	\$0
23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Important information about the withdrawal value illustrations: This table is indicative only and the values shown are for an investment made on 21 March 2016, calculated as at that date. We have assumed annual increases in the CPI of 3%. Your actual voluntary withdrawal value will depend on actual changes in the CPI, the length of your chosen withdrawal period, your initial investment and the actual movement in interest rates between the time of your investment and the time of withdrawal. The interest rate movement refers to the relevant Government bond rates between the time you buy the Annuity and the time of withdrawal. The interest rate movements used in this example are for illustrative purposes only and are not a prediction of actual interest rate movements. Actual rates can move by more or less than 1.5%, and the actual movement will affect the withdrawal value. A lump sum payable on death is not affected by movements in interest rates. The withdrawal values illustrated are subject to the minimum requirement prescribed under the Life Act and prudential standards enforced by APRA. We will always provide a withdrawal value equal to or greater than the minimum level. After the withdrawal period ends, the withdrawal value is zero.

Challenger

Guaranteed Annuity (Liquid Lifetime)

pay the withdrawal value within five business days of receiving all required documentation.

We will only pay withdrawals to your nominated bank account. We will not make payments to any other third party.

Your Annuity on death (flexible income)

During the death benefit period, the Annuity has a death benefit equal to your capital investment for the duration of the death benefit period. Between the end of the death benefit period and the end of the withdrawal period, any lump sum payable on death will be equal to the maximum voluntary withdrawal value.

Without a reversionary or joint owner

If you die within the death benefit period and you have not elected an eligible reversionary and do not have a surviving joint owner, an amount equal to your capital investment will be made to your estate¹¹. Between the end of the death benefit period and the end of the withdrawal period, any lump sum payable on death will be equal to the maximum voluntary withdrawal value.

If you die after the withdrawal period has ended, no further payments will be made from the date of your death and there is no lump sum amount payable to your estate.

With a reversionary or joint owner

If you die and you have elected a reversionary, the regular payments will continue to be made for the lifetime of the reversionary. If you are joint owners, and one joint owner dies, their regular payments go to the surviving owner for their life, together with the payments the surviving owner is receiving at that time.

If you die and your reversionary, or a surviving joint owner, receives the regular payments and they die within the death benefit period, a withdrawal value equal to your capital investment is payable to their estate¹¹. Between the end of the death benefit period and the end of the withdrawal period, any lump sum payable on death will be equal to the maximum voluntary withdrawal value. If they die after the withdrawal period has ended, no further payments will be made from the date of their death and there is no lump sum amount payable to their estate.

For a company or trust

If investing as a company or a trust and the life insured dies within the death benefit period, a withdrawal value equal to your capital investment is payable to the company or trust unless a reversionary life insured was nominated, in which case regular payments will be made for the life of that reversionary. If that reversionary also dies within the death benefit period, a withdrawal value equal to your capital investment is payable to the company or trust. Between the end of the death benefit period and the end of the withdrawal period, any lump sum payable on death will be equal to the maximum voluntary withdrawal value.

Payment information

We will not make any part-payment in respect of the period that has elapsed between the last regular payment that was payable and the date of death. We will seek to recover any payments made after the date of death that were not payable under the terms of the Annuity. It is therefore important that we are notified promptly of a death. There may be a period of time between death and payment of the withdrawal value. Where this occurs, the Annuity will be earning interest at the Reserve Bank of Australia official cash rate until the withdrawal value is paid.

Death benefit payments will be paid to a bank account held in the name of the estate or paid by cheque payable to your estate or your reversionary's or surviving joint owner's estate (if applicable).

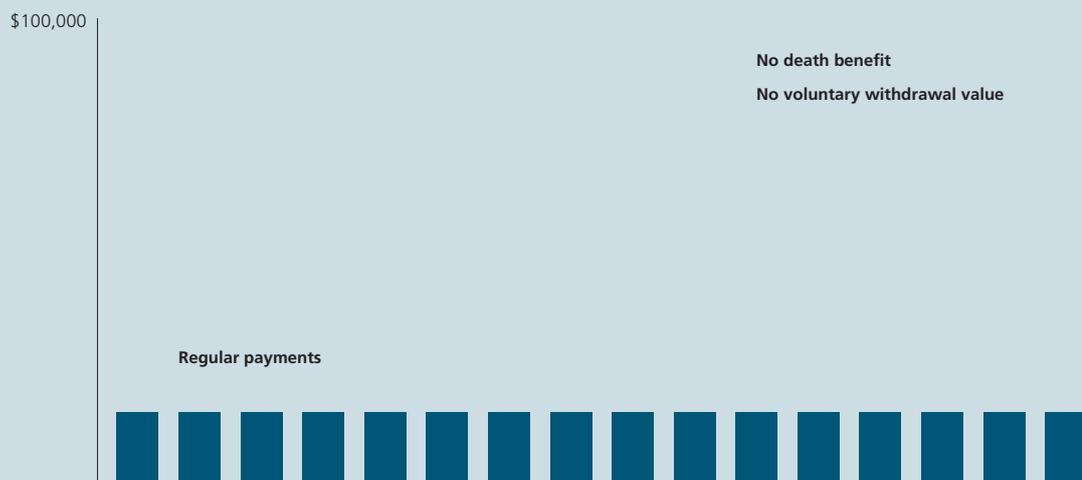
¹¹ There are some limited circumstances where Challenger may allow the lump sum payment to be used to purchase a new superannuation income stream, subject to superannuation law.

Challenger Guaranteed Annuity (Liquid Lifetime)

Enhanced income (no liquidity)

If you choose the enhanced income option, you will not have a withdrawal period. Your Annuity does not have a withdrawal value, you cannot withdraw voluntarily, and a lump sum is not payable on death. If you choose the enhanced income option, you will generally receive higher regular payments.

Enhanced income option illustration



The diagram above is illustrative only and not to scale.

Payment information

We will not make any part-payment in respect of the period that has elapsed between the last regular payment that was payable and the date of death. We will seek to recover any payments made after the date of death that were not payable under the terms of the Annuity. It is therefore important that we are notified promptly of a death.

4

Benefits of the Annuity

The benefits of the Annuity are set out below. The benefits must be considered along with the risks, which are on the next page.

Regular payments

The Annuity provides regular payments that last for your lifetime and, if chosen, the lifetime of another person (unless it is withdrawn during the withdrawal period). If you have chosen a reversionary or you bought the Annuity jointly with a second person, and that person survives you, regular payments will continue to be made to that person after your death (unless you have bought your Annuity with superannuation money and that person is no longer your spouse when you die).

The initial dollar value of these regular payments is determined at the time you buy the Annuity and will depend on the capital investment, prevailing market rates, the options you choose, and your life expectancy (and the life expectancy of any reversionary or joint owner) at the time you buy the Annuity. The dollar value of your regular payments can change over time if you choose a full or partial indexation option, or a benefit reduction option.

Longevity, market and inflation protection

The Annuity can provide you with the comfort of knowing that you will receive regular payments for your lifetime, regardless of how long you live or how investment markets perform. You will not bear any market risk in relation to how your capital is invested. Challenger bears the market risk, as it guarantees to make regular payments for life.

If you choose a full or partial indexation option, your Annuity can also help protect you from the effects of inflation reducing the purchasing power of your regular payments.

Liquidity

If you choose the regular income or flexible income option and if your circumstances change or if you simply change your mind within the withdrawal period, the Annuity has a withdrawal value, which Challenger will pay as a lump sum. If you die during the withdrawal period without a reversionary or surviving joint owner, the lump sum will be paid to your estate. If you choose to withdraw voluntarily, we will pay the lump sum to you.

If your reversionary or joint owner survives you and continues to receive your payments and then they die within the withdrawal period, a lump sum payment will be made to their estate. If they choose to withdraw during the withdrawal period, we will pay the lump sum to them.

If you choose the enhanced income option, you will not have a withdrawal period, in return for higher regular payments (see page 17). If you choose this option, your Annuity cannot be withdrawn voluntarily or on death.

After the end of the withdrawal period, your Annuity ceases to have a withdrawal value and cannot be withdrawn voluntarily or on death.

Competitive rates

The Annuity uses competitive rates to determine the dollar amount of your regular payments. The dollar amount will depend on the capital investment, prevailing market conditions (such as interest rates at the time you buy the Annuity), your life expectancy (and the life expectancy of any reversionary or joint owner) and will also be influenced by the product options you choose. Some options can give you higher or lower regular payments, depending on the options you choose (for more information, see 'Annuity features' on page 6).

You pay no fees to Challenger

Our costs are taken into account when we determine the regular payments you will receive over the life of the Annuity, and various assumptions are made regarding your longevity, potential investment return, and our own income. This means that you do not pay Challenger any fees or charges. For more information about how Challenger derives income from providing the Annuity, see 'How we invest' on page 21.

You can agree to the payment of fees for financial advice and other services. For more information, see 'Fees and other costs' on page 20.

Challenger Guaranteed Annuity (Liquid Lifetime)

5

Risks of the Annuity

All investments carry some risk. The appropriate level of risk for you will depend on factors such as your age, financial goals, investment timeframe, where other parts of your wealth are invested, and your risk tolerance. Listed below are the key risks that you should take into account when deciding whether to buy the Annuity.

Withdrawal risk

This is the risk that if you voluntarily withdraw during the withdrawal period, you might receive back less money than you invested. The withdrawal value of your Annuity will vary over time because it depends on changing factors, including how long you've held the Annuity and prevailing market rates at that time.

If you choose the flexible income option, this risk does not apply to withdrawals as a result of death during the death benefit period, as the Annuity has a death benefit equal to the amount used to purchase the Annuity on death. See 'Your Annuity on death (flexible income)' on page 16.

If you choose the enhanced income option or if you choose the regular income or flexible income option, after the end of the withdrawal period, you cannot withdraw from your Annuity (and no lump sum is payable on death).

For more information, see 'Liquidity options' on page 9.

Counterparty risk

This is the risk that we become unable to meet our commitments to you. However, we are subject to detailed legislative and regulatory requirements designed to ensure that this does not occur.

Challenger is regulated under the Life Act (which governs the provision of annuities in Australia) and the prudential standards made under it, which prescribe minimum capital and solvency requirements, for Challenger as well as for the annuity business it writes. APRA actively supervises Challenger's compliance with these requirements, which are designed to ensure that we are able to meet our obligations to investors. For example, Challenger is required to hold enough capital to withstand a 1 in 200-year shock event.

Even so, unforeseen and extreme circumstances that might impact our ability to make payments to you can never be completely ruled out.

For more information, see 'How we invest' on page 21.

Inflation risk

This is the risk that the real value of your regular payments may reduce over time as a result of inflation.

To help manage this risk, we offer the option of indexing your regular payments each year fully or partially in line with changes in the CPI. Choosing a full or partial indexation option will generally reduce the amount of your initial regular payments, but they will increase during times of high inflation. Choosing a full or partial indexation option means that your regular payments will go down if the change in the CPI is negative.

For more information, see 'Indexation' on page 7.

6

Fees and other costs

There are no fees or charges payable to us, although you can agree to the payment of fees for financial advice and other services, see below.

We may provide benefits to financial services intermediaries where the law permits us to do so. If we do, we will do so using our own money. We maintain a register of these benefits in accordance with relevant regulatory requirements. If you would like to review this register, please contact us.

No Challenger fees

Challenger takes the costs of providing the Annuity into

account when setting the amount of your regular payments, and we also make various assumptions about your longevity, potential investment return and our own income. For information about how Challenger derives income from providing Annuities, see 'How we invest' on page 21.

Adviser service fees

You can authorise us to pay fees for services provided to you by your financial adviser and, in the case of the upfront adviser service fee, for facilitating the issue of the Annuity on behalf of Challenger. Where you authorise that, we will pay those fees to the Australian Financial Services Licensee responsible for supervising your financial adviser (or your financial adviser directly if they are the licensee). You do not have to authorise or consent to the payment of these fees if you choose not to. You can instruct us to pay fees (if any) as outlined in the table below.

Upfront adviser service fee	<p>You can agree to the payment of an upfront adviser service fee of up to 0.55% (including GST) of your capital investment multiplied by your life expectancy¹² (or for joint owners and individual investors with a reversionary, the longest life expectancy), up to a maximum of 2.2% (including GST). The upfront adviser service fee can only be paid by us with your authorisation.</p> <p>For example, if you invest \$10,000 at a time when your life expectancy is 10 years, you can agree to the payment of an upfront adviser service fee of up to \$220, calculated as follows:</p> $0.55\% \times 10 = 5.5\%$ <p>This is subject to a cap of 2.2%, so:</p> $2.2\% \times \$10,000 = \220 <p>The dollar value of any upfront adviser service fee that is paid will be shown on your Annuity quote and reduces the amount of your regular payments. If you have not received a quote, contact your adviser and request one. The amount of any upfront adviser service fee that we pay will also be shown on the Investor Certificate you receive when you buy the Annuity.</p> <p>If you withdraw your Annuity, or your Annuity is withdrawn due to death, we may require that all or part of the upfront adviser service fee be repaid to us (by your financial adviser). This is because the upfront adviser service fee is calculated on the basis that the Annuity is held for its lifetime.</p>
Ongoing adviser service fee	<p>You can agree to the payment of an ongoing adviser service fee up to the amount of your Annuity payment and authorise us to pay it on your behalf. If you agree, the ongoing adviser service fee can be deducted from your regular payments before they are made to you.</p> <p>For example, if you agree to pay an annual ongoing adviser service fee of \$300 (including GST), and you receive after-tax monthly regular payments of \$1,000, we will deduct \$25 (\$300/12 monthly payments). We will pay an adviser service fee of \$25 each month and pay you \$975. If you agree to pay an annual ongoing adviser service fee of \$300, and you receive yearly after-tax payments of \$12,000, we will deduct \$300. We will pay an adviser service fee of \$300 and pay you \$11,700.</p> <p>The ongoing adviser service fee can be cancelled or varied by you at any time by telling your financial adviser and, if you inform us, we will stop paying those fees (see 'Keeping us informed' on page 23).</p> <p>The annual amount of any ongoing adviser service fee that we pay will be shown on the Investor Certificate you receive when you buy your Annuity. We will also confirm the amount paid each year when we send you your annual statement.</p>

¹² Calculated in accordance with Australian Government Actuary life expectancy tables and may therefore be different from what we estimate your life expectancy to be.

Challenger Guaranteed Annuity (Liquid Lifetime)

7

How we invest

When you buy the Annuity, your capital investment goes into a fund along with capital received from other Annuity investors. Challenger also adds to this fund from its own money. This is known as a statutory fund and is regulated under the Life Act.

All regular payments are made from the statutory fund, even if the fund suffers poor investment return. If the fund falls below the minimum level needed to make all current and future payments, Challenger can be required to top up the fund with its own money. APRA actively supervises this requirement and has extensive powers to intervene to ensure that payments can be met despite volatile or adverse movements in the broader financial markets.

If the statutory fund receives additional investment return above the amount necessary to make all guaranteed payments, then Challenger can take some surplus income from it; however, we are only legally permitted to do so after we have made sure that there are sufficient funds to meet the current and future regular payments for all investors. You do not share in any surplus generated by the statutory fund.

With this retirement solution, Annuity investors can take comfort in knowing that their investment is in a statutory fund and:

- unlike many other investments where investors incur the risk and impact of any market falls, the Annuity makes regular payments for life, even if market returns are lower;
- Challenger invests its own money to provide a buffer for investors;
- the statutory fund is prudently invested, with the aim of ensuring that investment returns are sufficient to cover all payments due to investors;
- there are strict rules in place that are designed to ensure that investors receive the full benefit of their Annuity, even during periods of market volatility.

Challenger will invest the assets of the statutory fund, subject to investment restrictions in the Life Act. Generally, the fund will be invested in cash, shares, corporate bonds, convertible notes, debt instruments, geared and ungeared property investments, infrastructure investments and other assets. The investment objectives for the fund include to achieve consistent returns on investment and to match the cash flow in from investment return with cash flow out to investors so that all present and future guaranteed payments can be made to all investors.

The name of Challenger's statutory fund that your money will go to when you buy the Annuity is Challenger's Statutory Fund No. 2. All references to guarantees refer to payments Challenger promises to pay under the Policy Documents.

Challenger is a signatory to the United Nations Principles of Responsible Investment (**UNPRI**) and aims to be a responsible investor by considering environmental, social and governance (**ESG**) factors when investing the assets of the statutory fund. In signing up to UNPRI, Challenger has committed to extending ESG integration activities across our investments, as we recognise that such factors are important factors impacting investment performance over the longer term.

Whilst Challenger takes into account ESG considerations when investing the assets of the statutory fund, we do not adhere to any particular set of standards and have no predetermined view as to what constitutes such considerations, or the extent to which they will be taken into account in our investment management practices.

8

Starting and managing your Annuity

You can buy the Annuity by talking to your financial adviser or by calling our Investor Services team on 13 35 66. When you buy the Annuity, you will receive an Investor Certificate setting out the regular payments Challenger will make to your nominated bank account. The Annuity will start immediately, and the first payment will be made at the end of the payment frequency you have chosen. For example, if you choose to be paid monthly, the first payment will be made one month after the Annuity is issued. If you choose to be paid annually, the first payment will be made on the first anniversary of the start of the Annuity. You, the reversionary, or a surviving joint owner must be alive for regular payments to be made.

It is important to keep us informed of any changes. If you choose the regular income or flexible income option, you can withdraw from the Annuity at any time during the withdrawal period (see pages 10 and 14).

You cannot use your Annuity as security for borrowing.

Starting your Annuity

Any person over 18 years of age can buy the Annuity, as can superannuation funds, trusts, and companies.

However, you cannot buy the Annuity if you:

- have an ACAT approval that specifies you as being eligible to receive an aged care service; or
- receive care from an approved provider of aged care.

Joint owners

The Annuity can also be bought jointly (if you use non-superannuation money). You and another person can split the regular payments (with a maximum of 95% to one owner and a minimum of 5% to the other). If one joint owner dies, their payments will be made to the surviving owner for their life (subject to any reduction if the benefit reduction option is chosen, see page 6).

Buying the Annuity with superannuation money

For people aged 60 or over, the Annuity can be bought with money rolled over within the superannuation system (provided it is classified as 'unrestricted non-preserved' superannuation money), and the regular payments you receive will be tax free¹³. You cannot buy the Annuity jointly with superannuation money and you cannot combine superannuation and non-superannuation money.

If the Annuity is bought with money rolled over within the superannuation system, the regular payments you receive must meet the Government's minimum payment standards in the first year of payment. These standards will vary depending on your age. The quotes Challenger provides meet these minimum payment standards.

If your quote has expired, we may adjust your withdrawal guarantee percentage or your withdrawal period to meet these minimum payment standards.

You can only elect your spouse (see definition on page 6) as your reversionary if you buy the Annuity in this way.

A company or trust buying the Annuity

If a company or trust buys the Annuity, it must nominate the person to whom the Annuity will relate. This person is also known as the 'life insured'. This is because, although the regular payments go to the company or trust, it is the nominated person's life by reference to which the Annuity relates. The company or trust can also elect a second person to be the 'life insured' when the original 'life insured' dies. This person is also known as the 'reversionary life insured'.

References in this PDS to 'you' and 'your' include the person nominated as the life insured as well as the company or trust (as the context indicates).

Non-residents

If you do not live in Australia, you can buy the Annuity provided you receive information about the Annuity and sign the application form in Australia.

How to buy the Annuity

You should read this PDS and the Policy Document (available at www.challenger.com.au) before deciding to buy the Annuity. You should also get a quote. Contact your financial adviser or our Investor Services team for an obligation-free quote. The regular payments we offer are reviewed and updated regularly to reflect market conditions. Your quote will be valid for 14 days from the date on which we provide it.

Your Annuity will be issued once we accept your valid application and the money you used to buy the Annuity clears.

A valid application must include:

1. a completed and signed application form;
2. your quote (if your quote has expired, then your regular payments will be calculated on the day we process your application);
3. the identity verification documents (outlined in the application form);
4. your capital investment (see 'Ways to pay' on page 23); and

¹³ There are some limited circumstances where Challenger may allow a person under age 60 to buy the Annuity with superannuation money.

Challenger

Guaranteed Annuity (Liquid Lifetime)

5. adequate rollover information, generally provided by the rollover institution, if rolling over money within the superannuation system.

If your valid application is received in our Sydney office before 3.00pm Sydney time on a NSW business day (the cut-off time), your application will generally be processed on that day.

If your application and money are received after the cut-off time, or on a non-business day, your application will generally be processed on the next NSW business day.

Ways to pay

You can pay for your Annuity by providing your capital investment amount by direct debit or by cheque.

Direct debit: You can arrange for the money to be debited from your bank account by completing the direct debit facility section of the application form. All direct debits are subject to the Direct Debit Request Agreement attached to the application form.

Cheque: You can pay by cheque by making the cheque payable to 'Challenger Life Company Limited <insert the name of the investor>' and attaching it to the application form.

Managing your Annuity

Information you will receive about your Annuity

When you buy your Annuity, you will be sent a Policy Document and an Investor Certificate, which set out the relevant terms and conditions. We will also send you a Centrelink schedule for social security purposes. You should read these documents carefully and contact your financial adviser or our Investor Services team on 13 35 66 if you have any questions.

Please keep your Policy Document and Investor Certificate in a secure place, as they are important documents. A charge may apply if you misplace these documents, as we are required under the Life Act to advertise for missing policies, and the Life Act allows us to recover some of these expenses from the investor.

Whilst we take all care in producing your Investor Certificate and other investment documentation, we reserve the right to correct the documentation if we make an administrative error.

Each year, you will receive an annual statement with details of your Annuity, including payments made over the period and other relevant information. If you are an individual and did not roll over money within the superannuation system to buy the Annuity, you will also be sent a PAYG payment summary and tax information to assist you in completing your annual tax return.

Prior to the end of the withdrawal period and every six months thereafter, we will send you (and any joint owner or reversionary) a form to complete as evidence of survival¹⁴.

Where you have chosen the benefit reduction option or the enhanced income option, you will be sent the form to complete every six months after the commencement of the Annuity.

The form must be returned to us within 30 days of being sent. If evidence of survival is not provided to us, we reserve the right to discontinue any regular payments and/or cancel the Annuity.

When you invest, we will also send you details on how to access InvestorOnline, a secure online service that provides access to up-to-date information about your Annuity, including recent payments and annual statements. InvestorOnline is available 24 hours a day, seven days a week.

If you choose the regular income option, we will communicate to you that the withdrawal period is ending.

Making changes to your Annuity

You can cancel a reversionary nomination but you cannot make any other changes to your Annuity once it has started. You cannot make additional deposits to your Annuity, but you can buy a new Annuity on separate terms. It is not possible to switch between options after you buy the Annuity.

Keeping us informed

It is important that we have correct contact details for you, any reversionary and any joint owner so that we can communicate with you and provide you with important information.

You can telephone our Investor Services team on 13 35 66 to update contact details or to make enquiries.

All other instructions should be made in writing and sent to us at:

Challenger Life Company Limited
GPO Box 3698
Sydney NSW 2001

When writing to us, please:

- quote your client or policy number;
- state the full name in which your investment is held;
- clearly set out your request;
- provide us with a contact name and daytime telephone number; and
- ensure that the request is signed and dated.

Some changes also require additional supporting documentation (such as a change of name request, where a certified copy of the marriage certificate or deed poll is required). We will only change your nominated bank account if we receive an original, signed and dated, written request.

¹⁴ In the case of a company or trust, the form will be sent to the life insured and the reversionary life insured (if applicable).

9

How the Annuity is taxed

Tax in general

The tax information contained in this PDS sets out our understanding of current tax legislation as at the date of this document. The legislation and its interpretation could change in the future. We recommend that you seek the advice of a tax adviser before investing.

The tax information contained in this PDS only applies to individual Australian tax resident investors who are either an Australian citizen or a permanent visa holder. If you are investing as a company or trust or you are a non-resident investor or a temporary visa holder, you should seek tax advice.

When you buy the Annuity

There is no tax payable (at the time of purchase) when you buy the Annuity with non-superannuation money.

There is generally no tax payable on superannuation benefits that are rolled over within the superannuation system to buy the Annuity. However, if you roll over a superannuation benefit which contains an untaxed element of the taxable component (which can occur with benefits paid from unfunded schemes, such as public sector super funds), tax is deducted at a maximum rate of 15%¹⁵ by Challenger and remitted to the Australian Taxation Office (ATO). The capital investment in an Annuity bought with a rollover of a superannuation benefit which contains an untaxed element is net of the tax on the rollover.

How regular payments are taxed

When bought with money rolled over within the superannuation system by a person aged 60 or over, the regular payments are tax free.

If your Annuity was not bought with money rolled over within the superannuation system, part of your regular payments may be included in your assessable income and subject to pay-as-you-go (PAYG) tax. Like an employer, we are required to withhold an amount from certain payments we make to you and remit it to the ATO. Note that PAYG tax is not a final tax, and a greater or lesser amount of tax may apply on assessment of your annual income tax return. By completing a Tax File Number (TFN) Declaration, the PAYG tax deducted from your regular payments may be reduced. The TFN Declaration also allows you to apply for a tax-free threshold. You should consult your financial adviser or tax adviser to ascertain whether you are eligible to claim the tax-free threshold.

If you did not buy your Annuity with money rolled over within the superannuation system, then at the end of each financial year, we will send you a PAYG payment summary and tax

information with details to assist you with preparing your income tax return. For these Annuities, the assessable income is reduced by an amount called the 'deductible amount'. The deductible amount will be the amount of each regular payment which is considered for tax purposes to represent the return of your capital. You can use the following formula to calculate your annual deductible amount:

$$\text{Deductible amount} = \frac{\text{Capital investment}}{\text{Relevant number}^*}$$

*The relevant number is your life expectancy or the life expectancy¹⁶ of the joint owner or reversionary (if longer) at the date you bought the Annuity.

You may need to include details of your Annuity in your tax return each year.

How a voluntary withdrawal is taxed

The withdrawal value will depend on the present value of the future payments you could otherwise have received had you held the Annuity until the end of the withdrawal period. For an Annuity bought with money rolled over within the superannuation system, a voluntary withdrawal is tax free at age 60 or over.

However, a voluntary withdrawal from an Annuity that was not bought with money rolled over within the superannuation system may be comprised of a repayment of capital as well as income, for tax purposes. The income component of the lump sum payment may therefore be taxed in the hands of the recipient.

Depending on how long you have been receiving regular payments, the income component could potentially form a significant part of the lump sum and it is that element that will be assessed for tax purposes and will have PAYG tax deducted.

How death benefits are taxed

Death benefits and their tax consequences can be complex. We recommend that you seek financial and tax advice in respect of your own circumstances.

If you choose the regular income or flexible income option and you die and have a reversionary or surviving joint owner, then your regular payments will continue to be made to them. If you die within the withdrawal period and you do not have a reversionary or joint owner (or you die and then they also die within the withdrawal period), then a lump sum withdrawal value is payable to your estate (or the reversionary or surviving owner's estate). For information on how the withdrawal value is calculated, see pages 10 and 14.

¹⁵ To the extent that a rollover exceeds the untaxed plan cap, the maximum tax on the excess (highest marginal rate plus applicable Government levies) will be withheld by the transferring superannuation entity.

¹⁶ Calculated in accordance with Australian Government Actuary life expectancy tables and may therefore be different from what we estimate your life expectancy to be.

Challenger Guaranteed Annuity (Liquid Lifetime)

The tax position in respect of these benefits is set out in the table below.

Benefit	Source of benefit	
	Superannuation money ¹⁷	Non-superannuation money
Regular payments continue to a reversionary or surviving owner	Tax free if you died aged 60 or over, or the reversionary is aged 60 or over ¹⁸ .	Income portion of the regular payments will be taxed at the recipient's marginal tax rate plus the applicable Government levies.
Lump sum withdrawal value paid to the relevant estate	Generally tax free if estate pays to a tax dependant. If the estate pays to a non-tax dependant, the taxable component of the lump sum will be subject to a maximum of 15% tax.	The capital portion of the lump sum paid to the estate is tax free, and the income portion (if any) of the lump sum will be taxable.

A tax dependant includes:

- your spouse (see page 6) or ex-spouse;
- your child (under 18 years of age or otherwise financially dependent on you and includes an adopted child or stepchild);
- someone who is financially dependent on you (i.e. you contribute necessary financial support to maintain that person);
- someone in an interdependency relationship with you.

An interdependency relationship is a close personal relationship between two people who live together where one or both provides for the financial, domestic and personal support of the other (or who would meet these conditions except they are temporarily living apart due to a physical, intellectual, psychiatric or other disability).

Senior Australians and Pensioners Tax Offset

If your Annuity is bought with non-superannuation money, you might be eligible to claim the Senior Australians and Pensioners Tax Offset. The amount of the Senior Australians and Pensioners Tax Offset you will get will depend on your personal circumstances. If you are eligible and wish to claim the offset, please complete the TFN Declaration and the Withholding Declaration in the back of this PDS. You can only claim the Senior Australians and Pensioners Tax Offset if you have answered 'Yes' to Question 9 of the TFN Declaration.

Tax File Number (TFN)

Before you provide your TFN (individuals only) to us, we are required to tell you the following:

- The collection of TFNs is authorised by the taxation and privacy laws. Your TFN will be used for legal purposes only, including providing information to the ATO so that your tax can be properly assessed. These purposes may change in the future.
- It is not an offence not to quote your TFN, but if you choose not to quote it, tax may need to be deducted at the highest marginal rate (plus applicable Government levies). These consequences may change in the future.

If you are aged 60 or over and buy the Annuity with money rolled over within the superannuation system, you only need to provide your TFN if you are rolling over benefits from an untaxed source.

¹⁷ References to benefits sourced from superannuation money are references to benefits paid from Annuities purchased with money rolled over within the superannuation system.

¹⁸ Where you have bought the Annuity with money rolled over within the superannuation system, your reversionary can only be your spouse (see page 6).

10

Other information

Your Annuity and family law

If you buy your Annuity with money rolled over within the superannuation system, family law provisions may affect your Annuity if you separate from your spouse. Your investment in the Annuity may be split between you and your ex-spouse.

Under relevant family laws, your spouse can request that we provide them with information about your Annuity. We are prohibited by law from telling you that your spouse has made such a request. We will not provide your spouse with your address or contact details. There may be a fee in respect of requests for information from your spouse; however, this is payable by your spouse and is not payable by you.

You and your ex-spouse can agree (or a court can order us) to instruct us to split your regular payments (and any lump sum payment) made within the investment term. The split does not have to be in equal shares.

Social security

Centrelink and Department of Veterans' Affairs entitlements are determined by two means tests – an assets test and an income test. The Annuity is assessed as follows:

Assets test	Income test
The capital investment less 50% of the deduction amount, calculated every six months in arrears (or 100% of the deduction amount every 12 months in arrears where yearly payments are made).	Regular payments received, less the deduction amount. Where the deduction amount is greater than your regular payment, the amount assessed is zero.

Where you are over Age Pension age, the social security treatment of your Annuity under the assets test and income test will be outlined in your quote.

This is general information only, and we recommend you get advice regarding your individual circumstances. Your local Centrelink or Department of Veterans' Affairs office can help answer any question you may have. Your financial adviser can also help.

Privacy and personal information

We collect and use personal information to:

- process your application;
- provide and administer your Annuity and send you information;
- improve and personalise our products and services;
- inform you about other products and services that may be useful to you;
- conduct product and market research; and
- comply with our obligations under the law, including, in respect of anti-money laundering, financial services and taxation, life insurance and, for an Annuity purchased with superannuation money, superannuation laws.

We collect personal information from you and, if relevant, from your financial adviser. We may take steps to verify the information collected. Where you provide us with personal information about someone else (for example, your reversionary or power of attorney) you must have their consent to provide their personal information to us and have shown them this 'Privacy and personal information' section of the PDS.

If you choose not to provide some of your personal information to us, the following may apply (depending on the type of information):

- TFN or ABN: We may have to deduct tax at the highest marginal rate (plus applicable Government levies) from regular payments made to you.
- Account details: We may not be able to pay withdrawal proceeds or regular payments to you.
- Incomplete application: We may not be able to process your application.
- Insufficient identity verification documents: We may not be able to process your application or future withdrawal requests.

Disclosing your information

We disclose your information to your financial adviser. In addition, we may disclose information we hold about you:

- if you consent to the disclosure;
- if the disclosure is required or authorised by law;
- to organisations acting on our behalf (for example, sending your statements);
- to professional service firms that provide services to us such as legal and audit services, or data or information services;
- to reinsurers;
- to related companies;

Challenger

Guaranteed Annuity (Liquid Lifetime)

- to organisations with which we have an association and you are a member (such as National Seniors Australia); or
- otherwise in accordance with our privacy policy.

We do not disclose personal information to recipients in foreign jurisdictions.

Direct marketing and opting out

From time to time, we or our related companies may contact you to tell you about other products and services that might be useful to you, including financial, superannuation, investment, insurance and funds management products and services. Please tell us if you do not want to receive any of this kind of marketing material; see 'Keeping us informed' on page 23.

Updating, correcting or accessing your information

For how you can correct or update the personal information we hold about you, or your reversionary, or if you would like to request access to it, see 'Keeping us informed' on page 23. If you believe your personal information has been misused and would like to make a complaint, please see the 'Complaints' section on this page for instructions how to do so. Our privacy policy also contains this information as well as further details about our handling of personal information.

You can obtain a copy of our privacy policy at www.challenger.com.au or by contacting our Investor Services team on 13 35 66.

Cooling-off rights

By law, investors have a cooling-off right. This means you can change your mind about buying the Annuity and ask for your capital to be repaid. The cooling-off right must be exercised within 14 days from the earlier of:

- when you receive confirmation your Annuity has started; or
- the end of the fifth business day after the day you bought your Annuity.

If you wish to exercise your cooling-off right, we must receive your written instructions within 14 days. You must return your original Policy Document and Investor Certificate. These should be sent to:

Challenger Life Company Limited
GPO Box 3698
Sydney NSW 2001

If you bought the Annuity with money rolled over within the superannuation system, the capital will be returned to the rollover institution from which the money was received.

If we have to pay any tax on the amount you paid for the Annuity, we will deduct it from your refund.

If you have any questions about cooling-off rights, please contact your financial adviser or our Investor Services team on 13 35 66.

Complaints

As part of our commitment to providing quality service to our clients, we endeavour to resolve all complaints quickly and fairly. Our policy is to acknowledge any complaint within five business days of receiving it and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you within 45 days (or 30 days in relation to privacy complaints). If you have a particular complaint regarding your Annuity, please do not hesitate to contact us by calling our Investor Services team on 13 35 66 or by writing to:

Complaints Resolution Officer
Challenger Life Company Limited
GPO Box 3698
Sydney NSW 2001

If you are not satisfied with our response or how the complaint has been handled (or if we have not responded within 45 days, or 30 days in relation to privacy complaints), you may contact the following external dispute resolution scheme:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Tel: 1800 367 287
www.fos.org.au

Some complaints regarding annuities can also be made to:

The Superannuation Complaints Tribunal
Locked Bag 3060
Melbourne VIC 3001
Tel: 1300 884 114
www.sct.gov.au

Changes to terms and conditions

We may change the terms and conditions of your Annuity if changes to tax or other law impact your investment, or if necessary to comply with any law, ruling or determination of any relevant government authority.

We will notify you of any change before, or as soon as practicable after, the change, but no later than 12 months after the change has occurred (or three months if the change is materially adverse).

Challenger Guaranteed Annuity (Liquid Lifetime)

Incomplete or rejected application forms

To ensure that your application is processed efficiently, it is important that you:

- complete all sections of the application form;
- provide all required identity verification documents outlined in the application form; and
- attach a valid quote to the application form.

We have provided a checklist with the application form to help you meet these requirements.

If your application form is not complete, we may not be able to proceed until the required information is received. In these situations we may:

- attempt to contact you and/or your financial adviser (if applicable); or
- hold your application money in a non-interest bearing account until we receive the required information.

Money may be held for a maximum period of 30 days (in a non-interest bearing account) from the day we receive the funds. After this period, your money will be returned to you via cheque. If you bought the Annuity with money rolled over within the superannuation system, the capital will be returned to the rollover institution from which the money was received. Your Annuity will start on the day that all outstanding information is received by us (or the next NSW business day if received after 3.00pm or on a non-business day in NSW), and you will receive the Challenger rates applicable at that time. We can accept or reject any application and are not required to give any reason for a refusal.

Customer identification program

In accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation, we need verification of your identity before the Annuity can start.

If you are investing via a financial adviser, they will be required to get identity verification documents from you, prior to lodging your application.

To do this, your financial adviser will need to see original or certified copies of your identity verification documents and take a copy of them. Your financial adviser will then send us copies of your identity verification documents together with your application form. If the application form is signed under power of attorney, we will also need a certified copy of the power of attorney and a specimen signature of the attorney.

If you have not provided identity verification documents to a financial adviser, you will be required to provide certified copies of your identity verification documents directly to us.

The application form explains who can certify documents.

We may be required to ask you for additional identity verification documentation and/or information about you or anyone acting on your behalf, either when we are processing your application or at some stage after we issue the Annuity. We may pass any information we collect and hold about you or your Annuity to the relevant government authority in accordance with Anti-Money Laundering and Counter-Terrorism Financing legislation.

Non-resident account holder reporting requirements

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (**FATCA**) and the OECD's Common Reporting Standard (**CRS**). The United States FATCA regime is already operational, with the CRS due to commence in Australia from 1 July 2017. To comply with our obligations under various reporting legislation we will provide to the ATO such data as required in respect of your investment with us.

Challenger

Guaranteed Annuity (Liquid Lifetime)

Maximum withdrawal periods

The table below shows the maximum withdrawal period you can choose for the flexible income option, based on your sex and age. These terms are based on life expectancies (rounded down to whole years¹⁹).

If you have nominated a reversionary life insured (see page 6) or are buying the Annuity under joint ownership, the shorter life expectancy determines the maximum withdrawal period you can choose.

The withdrawal period must be chosen at commencement and cannot be changed once your Annuity starts.

Age	Male	Female
60	23	26
61	22	25
62	21	24
63	20	23
64	20	22
65	19	22
66	18	21
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89	4	5
90	4	4

91	3	4
92	3	4
93	3	3
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98	2	2
99	2	2
100	2	2

¹⁹ Calculated in accordance with Australian Government Actuary life expectancy tables 2010-2012 and rounded down to whole years. This may be different from what we estimate your life expectancy to be.

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Challenger Guaranteed Annuity (Liquid Lifetime) Application Form – Individuals (Issue date: 4 April 2016)

Office use only

When you complete the form: • use a black pen • print within the boxes in clear BLOCK LETTERS

1. Investor details

1A. Investor 1

Do you already have an investment with Challenger? Yes No Policy No. (if known) _____

Surname _____

Given name(s) _____

Title (Mr/Mrs/Miss/Ms) _____ Date of birth ____/____/____ Age Male Female

TFN exemption: If you have a TFN exemption, please provide exemption details _____

Are you an Australian resident for tax purposes? Yes No If No, in which country do you reside for tax purposes? _____

Telephone (home) _____ Telephone (work) _____

Mobile _____

Email address _____

Residential address (street address) _____

Suburb/town _____ State _____ Postcode _____

Country _____

If your country of residence is not Australia or New Zealand, please ensure that you also complete section 6.

1B. Investor 2

Joint investor (non-superannuation money only)

Reversionary life insured (for superannuation money, can only be your spouse)

Do you already have an investment with Challenger? Yes No Policy No. (if known) _____

Surname _____

Given name(s) _____

Title (Mr/Mrs/Miss/Ms) _____ Date of birth ____/____/____ Age Male Female

TFN exemption: If you have a TFN exemption, please provide exemption details _____

Are you an Australian resident for tax purposes? Yes No If No, in which country do you reside for tax purposes? _____

Telephone (home) _____ Telephone (work) _____

Mobile _____

Email address _____

Residential address (street address) _____

Suburb/town _____ State _____ Postcode _____

Country _____

If your country of residence is not Australia or New Zealand, please ensure that you also complete section 6.

The Challenger Guaranteed Annuity (Liquid Lifetime) PDS dated 4 April 2016 (PDS) gives information about investing in the Annuity. Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) is the issuer of the Annuity. Any person who gives another person access to this application form must also give the person access to the PDS and any supplementary PDS. You should read the PDS before completing this application form.

Challenger Life Company Limited or a financial adviser who has provided an electronic copy of the PDS will send you a paper copy of the PDS and any supplementary document and application form free of charge if you so request.



2. Investment details

Amount to be invested \$ (minimum \$10,000).

Please select which type of money you are investing in your Guaranteed Annuity.

Non-superannuation money. If you are investing \$1 million or more in non-superannuation money, you must also complete section 6.

Superannuation money (money rolled over within the superannuation system)

If you would like to invest using both sources of money, you will need to complete two separate application forms.

Please select your payment method:

Direct debit (please complete the direct debit authority form)

Cheque (please make cheque payable to 'Challenger Life Company Limited <insert the name of the investor>')

If your superannuation benefit statement is not attached to this application form, please complete the following:

Name of fund or rollover institution

Approximate amount \$

(Note: You must organise and follow up the rollover directly with your existing superannuation or rollover institution.)

What is the source of funds, including the origin of the funds being invested?

3. Annuity options – please ensure that your quote is attached to the application form

Please set up my Annuity as per quote ID - - -

Note: The quote ID can be found at the top of the quotation.

4. Financial institution account details – we will make your regular payments to this account

Investor 1

We will not make payments to a third party. **Cheque payments are not available.**

Bank

Branch

Account name

BSB number - Account number

Investor 2 (joint owners only)

% of regular payment to be received % (must be between 5% and 95%)

We will make your regular payments to this account. Write 'as above' if the same account as investor 1.

Bank

Branch

Account name

BSB number - Account number



5. Customer identity verification

If you do not have an existing investment with Challenger, you must complete this section. If you are lodging this application through a financial adviser, they are required to provide us with copies of the identity verification documents. If you are not lodging this application through a financial adviser, you are required to provide us with certified copies of the identity verification documents. Please see below for a list of who can certify the documents.

Please provide EITHER A or B

Note: At least one document must show your date of birth.

A. a valid copy of ONE of the following documents:

- Australian driver's licence containing your photograph; or
- Passport containing your photograph and signature; or
- A card issued under a State or Territory law containing your photograph and proof of age.

B. OR if one of the above cannot be provided, please provide one document from group 1 and one document from group 2 below:

<p>Group 1 A copy of one of the following documents:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Birth certificate or Australian birth extract; or <input type="checkbox"/> Australian citizenship certificate; or <input type="checkbox"/> Pension or Health care card issued by Centrelink or the Department of Veterans' Affairs 	<p>Group 2 (The document must contain your full name and current residential address as shown in section 1 of the application form) A copy of one of the following documents issued to you:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A notice or bill issued within the preceding three months from a local government body or utilities provider that records the provision of services to you, e.g.: <ul style="list-style-type: none"> – Council rates notice – Electricity bill – Gas bill – Water rates notice – Telephone bill – Internet services bill <input type="checkbox"/> A letter or notice issued within the preceding 12 months from a Commonwealth or State/Territory government department that records the provision of financial benefits to you, e.g.: <ul style="list-style-type: none"> – Pension Statement – Rent Assistance Statement – Mobility Allowance Statement – Utilities Allowance Statement <input type="checkbox"/> A letter or notice issued to you within the preceding 12 months from the ATO that records a debt or refund payable by or to you, e.g.: <ul style="list-style-type: none"> – Notice of Assessment – Payment reminder <input type="checkbox"/> If residing in a care facility, a notice or invoice issued by that facility within the preceding three months that records the provision of care services to you
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Please note:

- documents are required to be original or certified copies of the original;
- documents such as passports, driver's licences and other cards that have an expiry date must not have expired (however, Australian passports that have expired within the preceding two years may be accepted);
- if any document is in a language other than English, then it must be accompanied by an English translation prepared by an accredited translator;
- if any document is in a previous name, then it must be accompanied by evidence of the change of name (e.g. a marriage certificate).

Who can certify

Identity verification documents may be certified as a true and correct copy of an original document by one of the following persons in Australia. Please ensure that each page of the relevant document(s) is certified. The person certifying must state their capacity (from the list below) and state on each page that the document is a 'true and correct copy of the original'.

<ul style="list-style-type: none"> • Justice of the Peace • Police officer • Officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993) • Finance company officer with two or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993) • Officer with, or authorised representative of, a holder of an Australian financial services licence or Australian credit licence, having two or more continuous years of service with one or more licensees • Member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership, i.e. an accountant • Judge of a court • Magistrate 	<ul style="list-style-type: none"> • Person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), i.e. an Australian lawyer • Agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public • Permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public • Chief executive officer of a Commonwealth court • Registrar or deputy registrar of a court • Australian consular officer or an Australian diplomatic officer (within the meaning of the <i>Consular Fees Act 1955</i>) • Notary public (for the purposes of the Statutory Declaration Regulations 1993) <p>For details of other acceptable certifiers, please contact us.</p>
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6. Additional customer identity verification

Only complete this section if:
 • your residential address is not in Australia or New Zealand; and/or
 • you are investing \$1 million or more of non-superannuation money.

Investor 1

What is your country of citizenship?

What other names are you known by?

If you are known by any name(s) other than your full name provided in section 1, please provide your other name(s) in full.

What is your occupation?

Investor 2

What is your country of citizenship?

What other names are you known by?

If you are known by any name(s) other than your full name provided in section 1, please provide your other name(s) in full.

What is your occupation?

7. FATCA information (US Foreign Account Tax Compliance Act) – this section must be completed

Are you a US citizen or resident of the United States for tax purposes?

Investor 1 Yes Please provide your US Taxpayer Identification Number (TIN):

No

Investor 2 Yes Please provide your US Taxpayer Identification Number (TIN):

No

8. Adviser service fees (as per attached quotation)

Upfront adviser service fee* . %

Ongoing adviser service fee (p.a.) \$, .

* The dollar amount of this service fee is shown on the quotation provided to you by your adviser. We will also confirm the amount on your Investor Certificate.

I/We authorise the payment of the above adviser service fee(s) and acknowledge that the ongoing adviser service fee is an ongoing arrangement that will continue until I/we direct our financial adviser or inform Challenger otherwise. I/We understand that fees cannot be refunded by Challenger once paid to my/our adviser.

Where I/we have consented to the payment of an adviser service fee(s), I/we direct Challenger to pay the fee(s) to the Australian Financial Services Licensee responsible for my/our financial adviser (or my/our financial adviser directly if they are the Licensee) and I/we acknowledge that the amount of my/our regular payments will be less than if I/we chose not to pay a fee(s).

9. Declaration

- I/We declare that:
- all details in this application (including all related documents provided) are true and correct and I/we indemnify Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) against any liabilities whatsoever arising out of it acting on any incorrect or misleading information provided by me/us in connection with this application or in the future;
 - I/we have received a copy of the current PDS and Policy Document to which this application applies and have read them, I/we agree to be bound by the provisions of the policy (including the Policy Document and the Investor Certificate) and this PDS and application, in the event of any inconsistency between the PDS and the Policy Document, I/we acknowledge that the Policy Document prevails;
 - I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
 - I/we have received and accepted this offer in Australia;
 - the details of my/our investment can be provided to the dealer group or adviser by the means and in the format that they direct;
 - I/we understand that the application form, together with any superannuation benefit statement (if applicable) and Challenger quotation will be relied upon by Challenger Life Company Limited in its decision to issue a Guaranteed Annuity policy, where the information on the quotation differs to that on the application form, the policy will be based on the information provided on the application form;
 - if investing with money rolled over within the superannuation system, then either I/we have reached preservation age and am/are permanently retired or the superannuation benefits are unrestricted non-preserved monies for another reason;
 - if this application is signed under power of attorney, the attorney declares that he/she has not received notice of revocation of that power (a certified copy of the power of attorney should be submitted with this application unless we have already sighted it);
 - I/we agree to provide proof of survival when requested by Challenger Life Company Limited;
 - I/we confirm that I am/we are not holding the Annuity on behalf of anybody else;
 - I/we confirm that I/we do not have an Aged Care Assessment Team approval or approval from any other relevant successor organisation, that specifies me/us as being eligible to receive an aged care service or receive care from an approved provider of aged care;
 - I/we acknowledge and provide my/our express consent and authorisation to Challenger to pay the adviser service fees mentioned in section 8 of this application form to my/our financial adviser.



9. Declaration (continued)

In relation to your personal information:

- I/We acknowledge that I/we have read the pages of the PDS containing the information under the heading 'Privacy and personal information'. I am/We are aware that until I/we inform Challenger Life Company Limited otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to the provision of, and authorised (if applicable) my/our financial adviser to provide, such personal information to Challenger and its related entities as is required or reasonably deemed necessary by Challenger and its related entities under applicable law. I/We declare that any third party information in this application has been provided with the third party's consent and I/we have shown that third party the pages of the PDS containing the information under the heading 'Privacy and personal information'.
- I/We understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible uses or disclosures of my/our information as detailed in the PDS (except in relation to direct marketing material), my/our application may not be accepted by Challenger Life Company Limited and I/we agree to release and indemnify Challenger Life Company Limited in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided.

Investor 1

Signature (please sign) Date / /

Print name

Investor 2

Signature (please sign) Date / /

Print name

Important notes

Challenger may in its absolute discretion refuse any application for a policy. Persons external to the Challenger Group or other entities who market Challenger Group products are not agents of any entity in the Challenger Group but are independent investment advisers. Challenger will not be bound by representations or statements which are not contained in information disseminated by Challenger. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act. This Annuity is offered by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670).

10. Adviser details

By signing this section, I declare that:

- where the Annuity has been purchased with non-superannuation money, I have informed the investor that if the policy is withdrawn during the withdrawal period, the income component of the lump sum will be subject to tax;
- the attached documents are true copies of the documents used to satisfy the customer identity verification requirements and I have complied with my obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*;
- I have provided the required additional identity verification information and documents and understand that payments will be withheld until any additional information required is provided;
- I confirm that the adviser service fees set out in section 8 of this application form have been agreed to by the applicant.

Adviser full name

Adviser group name

Adviser group AFSL No.

Adviser telephone

Signature (please sign)

Date / /

InvestmentLink information
IL GN (Group) / /



Before sending us your application form, please ensure that you have provided us with:

- your investor details in section 1
 - your investment details in section 2 including the investment amount, payment method, source of funds and whether the funds are from inside or outside the superannuation system
 - a valid quote and the quote ID in section 3
 - your financial institution account details in section 4
 - the required customer identity verification documents and information as outlined in sections 5, 6 and 7. Identity verification documents and information are also required for both joint owners and any reversionary
 - details of any upfront or ongoing adviser fees in section 8
 - your adviser declaration in section 10
 - a TFN declaration. It is not an offence not to quote your TFN, but if you choose not to quote it, tax may need to be deducted at the highest marginal rate (plus applicable Government levies)
 - all rollover information (generally provided by the rollover institution) if rolling over from within the superannuation system
- and that you have:
- read the declaration and signed section 9

Adviser comment/special instructions





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Direct Debit Request Agreement

1. **Debit arrangements**

We will debit, through the Bulk Electronic Clearing System (BECS), payments in consideration for providing interests in annuities to you. The Direct Debit Request details the terms of your debit arrangements including, among other things, the amount, the frequency, the expiry (if any) and the recipient of the funds. You should carefully read the Direct Debit Request to familiarise yourself with the details of your debit arrangements.
2. **We advise you:**
 - (a) that direct debiting through BECS is not available on all accounts (e.g. passbook savings and credit card accounts are generally not acceptable);
 - (b) to confirm the account details by checking a recent statement from your Financial Institution; and
 - (c) that your Direct Debit Request must be signed in the same way as the account signing instruction held by your Financial Institution.If you are uncertain about any of these items, please check with your Financial Institution before completing your Direct Debit Request.
3. **You are responsible for:**
 - (a) checking with your Financial Institution prior to completing the Direct Debit Request, that direct debiting is available on that account; ensuring that the account you nominate has sufficient cleared funds available to pay each debit on the due day;
 - (b) ensuring that the authorisation on the Direct Debit Request is identical to the account signing instruction held by the Financial Institution of the nominated account;
 - (c) telling us if you close or change the account you nominated; and
 - (d) arranging a suitable alternate payment method if the direct debit arrangements are stopped, either by you or your Financial Institution.
4. **Direct debit of funds**
 - (a) Debits may be effected any time on the due day and you must ensure that there are sufficient funds in your account to meet the direct debit.
 - (b) Where the due date falls on a non-business day, we will deduct the amount on the next business day. If you are uncertain when the direct debit will be processed to your account, you should contact your Financial Institution directly.
5. **Dispute resolution**

We have a customer claims process in place with all Financial Institutions if you believe that a debit has not been correctly processed. You should contact us first on 13 35 66 if you have a complaint regarding the amount or timing of any of our drawings. We will respond to your request within seven business days.
6. **Fees**
 - (a) It is your responsibility to ensure that you have a sufficient available balance in the nominated account to meet the direct debit on the due date.
 - (b) Should sufficient cleared funds not be available to meet the total debit due, then we are authorised to direct debit an amount up to the available balance in the nominated bank account at that time. However, we are under no obligation to effect a reduced direct debit.
 - (c) If a direct debit is not effected due to insufficient funds or where we choose to effect a reduced direct debit, then your account will be adjusted and any charges incurred by us may be debited from your account.
7. **Privacy**
 - (a) We will keep all information relating to your account private and confidential except to the extent that you consent to those details being disclosed or the law requires otherwise. You consent to us using or releasing your account information to investigate any possible incorrect debits with both your and our Financial Institutions.
 - (b) We will take reasonable steps to protect personal information held by us from misuse, interference and loss, as well as unauthorised access, modification or disclosure of that information.
8. **Indemnity**
 - (a) You indemnify us against all losses, costs, damages and due liability ('loss') that we suffer as a result of you breaching this agreement or you providing us with an invalid, ineffective or non-binding Direct Debit Request addressed to us or if for any other reason the instructions contained in a Direct Debit Request provided by you are not or cannot be performed. This indemnity includes, without limitation, legal costs and expenses on a full indemnity basis. This indemnity is a continuing obligation, separate and independent from your other obligations and survives termination of this agreement. It is not necessary for us to incur expense or make payment before enforcing a right of indemnity conferred by this agreement. This indemnity does not apply to loss as a result of our (or any of our delegates' or agents') fraud, negligence or breach of trust.
 - (b) You will pay us any sum due under this clause fully without deduction or set-off (and irrespective of any counterclaim) whatsoever.
9. **Governing law**
 - (a) This agreement and the transactions contemplated by this agreement are governed by the law in force in New South Wales.
 - (b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the courts of appeal from them for determining any dispute concerning this agreement or the transactions contemplated by this agreement.
10. **Interpretation and definitions**
 - (a) The following terms have the meanings set out below:
 - **Direct Debit Request** means an authority and request to debit amounts from your specified account, given in writing by you to us.
 - **Financial Institution** means the financial institution that is the holder of your account.
 - **us or we** means Challenger Life Company Limited, (the Debit User) you have authorised by requesting a Direct Debit Request.
 - **you** means the person or persons (other than us) named in the Direct Debit Request and signatories to this agreement. If there is more than one, you means each of them jointly and individually. You includes your successors and assigns.
 - **due day** means the day your application is processed.
 - (b) A reference to:
 - this agreement, the BECS regulations and procedures or another instrument includes any variation or replacement of any of them;
 - the singular includes the plural and vice versa;
 - person includes a firm, body corporate, an unincorporated association or an authority and their executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns; and
 - anything includes the whole and each part of it and a reference to a group of persons includes all of them collectively, any two or more of them collectively and each of them individually.
 - (c) Headings are inserted for convenience and do not affect the interpretation of this agreement.



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Tax File Number declaration instructions

Additional instructions are available at www.ato.gov.au

QUESTION 1:

What is your tax file number (TFN)?

It is not an offence not to quote your TFN. However, if you do not provide your payer with your TFN or claim an exemption from quoting it, your payer must withhold an amount at the top marginal rate of tax plus Medicare levy from any payments to you.

QUESTION 7:

Are you an Australian resident for tax purposes?

Generally, the Tax Office considers you to be an Australian resident for tax purposes if you:

- have always lived in Australia or you have come to Australia and now live here permanently
- are an overseas student doing a course that takes more than six months to complete
- have been in Australia continuously for six months or more and for most of that time you worked in the one job and lived in the same place, or
- will be or have been in Australia for more than half of the financial year (unless your usual home is overseas and you do not intend to live in Australia).

If you go overseas temporarily and do not set up a permanent home in another country, you may continue to be treated as an Australian resident for tax purposes. The criteria the Tax Office uses to determine your residency status are not the same as those used by the Department of Immigration and Citizenship or the Department of Human Services.

Non-resident rates are different

It is against the law to claim the tax-free threshold and tax offsets (with the exception of zone or overseas forces tax offsets) if you are a non-resident of Australia for tax purposes. If you are not an Australian resident for tax purposes, you must answer 'NO' at questions 8 and 10 (unless you are entitled to a zone or overseas forces tax offset).

QUESTION 8:

Do you want to claim the tax-free threshold from this payer?

The tax-free threshold is the amount of income you can earn each financial year that is not taxed. It is available only to people who are Australian residents for tax purposes (that is, people who answered 'YES' at question 7). Answer 'YES' at question 8 if you want to claim the tax-free threshold, you are an Australian resident for tax purposes and one of the following applies:

- you are not currently claiming the tax-free threshold from another payer, or
- you are currently claiming the tax-free threshold from another payer and your total income from all sources will be less than \$15,200.

If you want to change the payer you are currently claiming the tax-free threshold from, you must also give them a *Withholding declaration* to advise them that you no longer want to claim the tax-free threshold from them.

QUESTION 9:

Do you want to claim the seniors and pensioners tax offset by reducing the amount withheld from payments made to you?

Seniors and pensioners tax offset

Eligibility for the seniors and pensioners tax offset is based on the following:

Condition 1: Age

Condition 2: Eligibility for an Australian Government age pension or similar type of payment

Condition 3: Taxable income threshold

Condition 4: Not in jail

Further information on each of these conditions is available at www.ato.gov.au.

How your income affects the amount of your tax offset

If you meet conditions 1, 2, 3 and 4 above, you are eligible for the seniors and pensioners tax offset. Being eligible means that you are entitled to the seniors and pensioners tax offset but it does not mean you will automatically get an amount of seniors and pensioners tax offset. Your own taxable income will be used to work out the amount of your tax offset. The combined income amounts set out in condition 3 are used for eligibility purposes – not for working out the amount of your entitlement.

Answer 'NO' if you are not eligible for the seniors and pensioners tax offset or you want to claim your entitlement to the tax offset as a lump sum in your end-of-year assessment. Answer 'YES' if you choose to receive the seniors and pensioners tax offset by reducing the amount withheld from payments made to you during the year. You also need to complete a *Withholding declaration*.

QUESTION 10:

Do you want to claim a zone, overseas forces, dependent spouse or special tax offset by reducing the amount withheld from payments made to you?

You may be entitled to:

- a zone tax offset if you live or work in certain remote or isolated areas of Australia
- an overseas forces tax offset if you serve overseas as a member of Australia's Defence Force or a United Nations armed force
- a dependent spouse (married or de facto) tax offset if your spouse's separate net income is expected to be less than the threshold, or
- a special tax offset for a dependent invalid relative, dependent parent, housekeeper caring for an invalid spouse or a dependent child-housekeeper.

Answer 'NO' at this question if you choose to receive any of these tax offsets as an end-of-year lump sum through the tax system. Answer 'YES' at this question if you choose to receive any of these tax offsets by reducing the amount withheld from payments made to you. You also have to complete a *Withholding declaration*.

QUESTION 11(a):

Do you have an accumulated Higher Education Loan Programme (HELP) debt?

Answer 'YES' if you have an accumulated HELP debt. Answer 'NO' if you do not have an accumulated HELP debt, or you have repaid all your HELP debt.

QUESTION 11(b):

Do you have an accumulated Financial Supplement debt?

Answer 'YES' if you have an accumulated Financial Supplement debt. Answer 'NO' if you do not have an accumulated Financial Supplement debt, or you have repaid all your Financial Supplement debt.

Complete this declaration to authorise your payer to adjust the amount of tax withheld from payments made to you.

You must provide, or have previously provided, your payer with a completed *Tax file number declaration* (NAT 3092) (or *Employment declaration* or *Annuity and superannuation pension declaration* completed before 1 July 2000), quoting your tax file number or claiming an exemption from quoting it, before you can make a *Withholding declaration*.

Section A: Payee's declaration

 To be completed by payee.

1 What is your name?

2 What is your date of birth?

3 What is your tax file number (TFN)?

If you have not provided your TFN, indicate if any of the following reasons apply:

I have lodged a TFN application

I am claiming an exemption because I am a pensioner

4 This question has been removed.

5 Are you an Australian resident for tax purposes?

Yes

No You must answer 'No' at question 6.

6 Are you claiming or do you want to claim the tax-free threshold from this payer?

Yes

No

7 Do you want to claim the seniors and pensioners tax offset by reducing the amount withheld from payments made to you?

Yes

No

Are you:

Single

A member of an illness-separated couple

A member of a couple

DECLARATION BY PAYEE

I declare that the information I have given on this form is true and correct.

Signature of payee

Date / /

Section B: Payer's declaration

 To be completed by payer.

1 What is your Australian business number (ABN)?

4 4 0 7 2 4 8 6 9 3 8

2 What is your registered business name?

CHALLENGER LIFE COMPANY LIMITED

DECLARATION BY PAYER

I declare that the information I have given on this form is true and correct.

Signature of payer

Date / /

WRITTEN NOTICE

This declaration will constitute written notice under section 15-15 of Schedule 1 to the *Taxation Administration Act 1953* of the Commissioner's approval to vary the amount required to be withheld where:

- the payee has notified the payer of the varied rate of withholding in writing on this approved form at Section A
- the varied rate or increased amount of withholding results in a higher amount of withholding than would otherwise apply under the PAYG withholding tax tables or by regulation for the relevant withholding event
- the payee has given a completed *Tax file number declaration* (or *Employment declaration* or *Annuity and superannuation pension declaration*) to the payer, or they have entered into a voluntary agreement with the payer.

STORING AND DISPOSING OF WITHHOLDING DECLARATIONS

The information in the completed *Withholding declaration* form must be treated as sensitive. Once you have completed, signed and dated the declaration, you should file it. **Do not send it to the ATO.**

Under the TFN guidelines in the *Privacy Act 1988*, you must use secure methods when storing and disposing of TFN information. Under tax laws, if a payee submits a new *Withholding declaration* or leaves your employment, you must still keep this declaration for the current and next financial year.

 Do not send this declaration form to the ATO.

How to complete this form

Questions 1 & 2

Fill in your personal information.

Question 3

What is your tax file number (TFN)?

It is not an offence not to quote your TFN. However, your payer is required to withhold the top rate of tax plus the Medicare levy from all payments made to you if you do not either:

- provide your payer with your TFN
- claim an exemption from quoting your TFN.

Question 4

This question has been removed. From 1 July 2007 your payer must pass your TFN to the superannuation fund to which the payer is making contributions. Giving your TFN to your super fund will:

- make it easier to trace different super accounts in your name so that you receive all your super when you retire
- allow your super fund to accept all types of contributions to your accounts
- ensure that the tax on contributions to your super accounts will not increase.

Question 5

Are you an Australian resident for tax purposes?

Generally, we consider you to be an Australian resident for tax purposes if you either:

- have always lived in Australia or you have come to Australia and now live here permanently
- are an overseas student doing a course that takes more than six months to complete
- have been in Australia continuously for six months or more and for most of that time you worked in the one job and lived in the same place
- will be or have been in Australia for more than half of the financial year (unless your usual home is overseas and you do not intend to live in Australia).

If you go overseas temporarily and do not set up a permanent home in another country, you may continue to be treated as an Australian resident for tax purposes.

The criteria we use to determine your residency status are not the same as those used by the Department of Immigration and Citizenship or the Department of Human Services.

NON-RESIDENT TAX RATES ARE DIFFERENT

A higher rate of tax applies to a non-resident's taxable income and non-residents are not entitled to a tax-free threshold. You are not entitled to claim the tax-free threshold and tax offsets if you are not an Australian resident for tax purposes. However, there is an exception with zone or overseas forces tax offsets.

Answer 'NO' to this question if you are not an Australian resident for tax purposes. You must also answer 'NO' to question 6.

Question 6

Are you claiming or do you want to claim the tax-free threshold from this payer?

The tax-free threshold is the amount of income you can earn each financial year that is not taxed. It is only available to people who are Australian residents for tax purposes. Answer 'YES' if you want to claim the tax-free threshold, you are an Australian resident for tax purposes and one of the following applies:

- you are not currently claiming the tax-free threshold from another payer, or
- you are currently claiming the tax-free threshold from another payer and your total income from all sources will be less than \$18,200.

Answer 'NO' if you either:

- answered 'NO' to question 5
- have claimed the tax-free threshold from another payer and your total income from all sources will be more than \$18,200
- do not wish to claim the tax-free threshold.

Question 7

Do you want to claim the seniors and pensioners tax offset by reducing the amount withheld from payments made to you?

Answer 'NO' if you are either:

- not eligible for the seniors and pensioners tax offset
- eligible and want to claim your entitlement to the tax offset as a lump sum in your end-of-year income tax assessment.

Answer 'YES' if you are eligible and you choose to receive the seniors and pensioners tax offset by reducing the amount withheld from payments made to you during the year.

If you are unsure of whether you are eligible for the seniors and pensioners tax offset go to www.ato.gov.au or call 13 28 65 for more information.



5. Tax information

Please provide tax information for the company, trust or superannuation fund investing.

ABN

TFN

Tax exemption

6. Life insured

Please ensure that you provide the required identity verification documents for the life insured and/or the reversionary life insured (refer to section 10C for the verification requirements). You must have their consent to provide this information.

6A. Life insured

Do you already have an investment in the Challenger Guaranteed Annuity? Yes No

Policy No. (if known)

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms) Age Male Female Date of birth / /

Residential address (street address)

Suburb State

Postcode Country

6B. Reversionary life insured (optional)

Do you already have an investment in the Challenger Guaranteed Annuity? Yes No

Policy No. (if known)

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms) Age Male Female Date of birth / /

Residential address (street address)

Suburb State

Postcode Country

7. Investment details

Amount to be invested \$ (minimum \$10,000).

Please select your payment method

Direct debit (please complete the direct debit authority form on page 37)

Cheque (please make cheque payable to 'Challenger Life Company Limited <insert the name of the investor>')

What is the source of the funds, including the origin of the funds being invested?

8. Annuity options – please ensure that your quote is attached to the application form

Please set up my Annuity as per quote ID: - - -

Note: The quote ID can be found at the top of the quotation.





9. Financial institution account details – we will make your regular payments to this account

We will not make payments to a third party. **Cheque payments are not available.**

Bank	
Branch	
Account name	
BSB number	-
Account number	

10. Identity information – other specified individuals

10A. Company or company acting as trustee – director details

Please provide details for the individual(s) authorising this investment. For company trustees of a regulated trust, you only need to provide the names of directors.

1. Sole or primary director

Surname	
Full given name(s)	
Title (Mr/Mrs/Miss/Ms)	Date of birth
Residential address (Street address)	/ /
Unit	Street number
Street name	
Suburb	State
Postcode	Country

2. Second director or secretary

Surname	
Full given name(s)	
Title (Mr/Mrs/Miss/Ms)	Date of birth
Residential address (Street address)	/ /
Unit	Street number
Street name	
Suburb	State
Postcode	Country

3. Additional directors (proprietary companies only)

Surname	
Full given name(s)	
Surname	
Full given name(s)	

If there are more than four (4) directors, please provide their full names on a separate piece of paper and attach it to this application form.





10. Identity information – other specified individuals (continued)

10B. Company or company acting as trustee – substantial shareholder details

Provide details of all individuals who ultimately own 25% or more of the issued share capital of the company (directly or indirectly, through one or more shareholdings), i.e. 'substantial shareholders'.

This section does not need to be completed for a company acting as a trustee of a regulated super fund.

Substantial shareholder 1

Surname											Full given name(s)											
Unit						Street number						Date of birth		/		/						
Street name																						
Suburb																						
State						Postcode						Country										

Substantial shareholder 2

Surname											Full given name(s)											
Unit						Street number						Date of birth		/		/						
Street name																						
Suburb																						
State						Postcode						Country										

Substantial shareholder 3

Surname											Full given name(s)											
Unit						Street number						Date of birth		/		/						
Street name																						
Suburb																						
State						Postcode						Country										

Substantial shareholder 4

Surname											Full given name(s)											
Unit						Street number						Date of birth		/		/						
Street name																						
Suburb																						
State						Postcode						Country										

10C. Trust beneficiary details (this section is only required for unregulated trusts)

Provide details of all individuals who are substantial trust beneficiaries (i.e. those specified on the trust deed as being ultimately entitled to 25% or more of income or assets, directly or indirectly).

Substantial trust beneficiary 1

Surname											Full given name(s)											
Unit						Street number						Date of birth		/		/						
Street name																						
Suburb																						
State						Postcode						Country										





10. Identity information – other specified individuals (continued)

10C. Trust beneficiary details (this section is only required for unregulated trusts) (continued)

Substantial trust beneficiary 2

Surname											Full given name(s)										
Unit	Street number		Date of birth		/		/														
Street name																					
Suburb																					
State	Postcode					Country															

Substantial trust beneficiary 3

Surname											Full given name(s)										
Unit	Street number		Date of birth		/		/														
Street name																					
Suburb																					
State	Postcode					Country															

Substantial trust beneficiary 4

Surname											Full given name(s)										
Unit	Street number		Date of birth		/		/														
Street name																					
Suburb																					
State	Postcode					Country															

If there are any other beneficiaries, please provide their full names on a separate piece of paper and attach it to this application form.

If the trust deed refers to beneficiaries in relation to membership of a class, please list each class below:

Class 1

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Class 2

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

If there are more than two (2) classes, please provide them on a separate piece of paper and attach it to this application form.





11. Identity verification

11A. Identity verification requirements – specified individuals

If you are lodging this application through a financial adviser, they are required to provide us with copies of the identity verification documents/records. If you are not lodging this application through a financial adviser, you are required to provide us with certified copies of the identity verification documents. Please see page 52 for a list of who can certify the documents.

This section must be completed by the following individuals:

- Primary trustee (individual) of an unregulated trust from section 3C
- Second trustee (individual) of an unregulated trust from section 3C (if signing the application form)
- Life insured in section 6A and reversionary life insured (optional) in 6B
- Primary/Sole director and second director/secretary in section 10A (except where company is acting as trustee of a regulated trust)
- Each substantial shareholder listed in section 10B
- Each substantial trust beneficiary listed in section 10C

Please provide either (i) or (ii).

Note: At least one document must show your date of birth.

(i) A valid copy of one of the following documents:

- Australian driver's licence containing your photograph; or
- Passport containing your photograph and signature; or
- A card issued under a State or Territory law containing your photograph and proof of age.

(ii) Or if one of the above cannot be provided, please provide one document from Group 1 and one document from Group 2 below:

Group 1	Group 2
<p>A copy of one of the following documents:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Birth certificate or Australian birth extract; or <input type="checkbox"/> Australian citizenship certificate; or <input type="checkbox"/> Pension or Health care card issued by Centrelink or the Department of Veterans' Affairs 	<p>(The document must contain your full name and current residential address as provided in this application form)</p> <p>A copy of one of the following documents issued to you:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A notice or bill issued within the preceding three months from a local government body or utilities provider that records the provision of services to you, e.g.: <ul style="list-style-type: none"> – Council rates notice – Electricity bill – Gas bill – Water rates notice – Telephone bill – Internet services bill <input type="checkbox"/> A letter or notice issued within the preceding 12 months from a Commonwealth or State/Territory government department that records the provision of financial benefits to you, e.g.: <ul style="list-style-type: none"> – Pension Statement – Rent Assistance Statement – Mobility Allowance Statement – Utilities Allowance Statement <input type="checkbox"/> A letter or notice issued to you within the preceding 12 months from the ATO that records a debt or refund payable by or to you, e.g.: <ul style="list-style-type: none"> – Notice of Assessment – Payment reminder <input type="checkbox"/> If residing in a care facility, a notice or invoice issued by that facility within the preceding three months that records the provision of care services to you

11B. Identity verification requirements – companies and trustee companies

Confirm the company's full name, ACN, and its proprietary or public status from:

- Up-to-date extract from ASIC's company database (e.g. <http://asic.gov.au>)



11. Identity verification (continued)

11C. Identity verification requirements – regulated super funds/trusts and other trusts

Please complete either (i) or (ii) as applicable.

(i) Regulated super fund/trust

Confirm the name of the trust and that it is registered and subject to regulatory oversight of a Commonwealth statutory regulator in relation to its activities as a trust (e.g. ATO or APRA) from:

Up-to-date extract from relevant regulator database ATO Superfund lookup (www.superfundlookup.gov.au)

(ii) Other trusts

Confirm full name of the trust (and name of trust settlor) from the trust deed or extract of trust deed

Trust deed or extract of trust deed

Please provide documentation confirming the existence of the trust deed and the name of the settlor (e.g. trust deed or extract of the trust deed).

Please note:

- documents are required to be original or certified copies of the original;
- documents such as passports, driver's licences and other cards that have an expiry date must not have expired (however, Australian passports that have expired within the preceding two years may be accepted);
- if any document is in a language other than English, then it must be accompanied by an English translation prepared by an accredited translator;
- if any document is in a previous name, then it must be accompanied by evidence of the change of name (e.g. a marriage certificate).

Who can certify

Identity verification documents may be certified as a true and correct copy of an original document by one of the following persons in Australia. Please ensure that each page of the relevant document(s) is certified. The person certifying must state their capacity (from the list below) and state on each page that the document is a 'true and correct copy of the original'.

<ul style="list-style-type: none">• Justice of the Peace• Police officer• Officer with two or more continuous years of service with one or more financial institutions (for the purposes of the Statutory Declaration Regulations 1993)• Finance company officer with two or more continuous years of service with one or more finance companies (for the purposes of the Statutory Declaration Regulations 1993)• Officer with, or authorised representative of, a holder of an Australian financial services licence or Australian credit licence, having two or more continuous years of service with one or more licensees• Member of the Institute of Chartered Accountants in Australia, CPA Australia or the National Institute of Accountants with two or more years of continuous membership, i.e. an accountant• Judge of a court• Magistrate	<ul style="list-style-type: none">• Person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described), i.e. an Australian lawyer• Agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public• Permanent employee of the Australian Postal Corporation with two or more years of continuous service who is employed in an office supplying postal services to the public• Chief executive officer of a Commonwealth court• Registrar or deputy registrar of a court• Australian consular officer or an Australian diplomatic officer (within the meaning of the <i>Consular Fees Act 1955</i>)• Notary public (for the purposes of the Statutory Declaration Regulations 1993) <p>For details of other acceptable certifiers, please contact us.</p>
--	--

15. Declaration

I/We declare that:

- all details in this application (including all related documents provided) are true and correct and I/we indemnify Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670) against any liabilities whatsoever arising out of it acting on any incorrect or misleading information provided by me/us in connection with this application or in the future;
- I/we have received a copy of the current PDS and Policy Document to which this application applies and have read them, I/we agree to be bound by the provisions of the policy (including the Policy Document and the Investor Certificate) and this PDS and application, in the event of any inconsistency between the PDS and the Policy Document, I/we acknowledge that the Policy Document prevails;
- I/we have legal power to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer in Australia;
- the details of my/our investment can be provided to the dealer group or adviser by the means and in the format that they direct;
- I/we understand that the application form, together with any superannuation benefit statement (if applicable) and Challenger quotation will be relied upon by Challenger Life Company Limited in its decision to issue a Guaranteed Annuity policy, where the information on the quotation differs to that on the application form, the policy will be based on the information provided on the application form;
- if this application is signed under power of attorney, the attorney declares that he/she has not received notice of revocation of that power (a certified copy of the power of attorney should be submitted with this application unless we have already sighted it);
- I/we agree to provide proof of survival when requested by Challenger Life Company Limited;
- I/we confirm that I am/we are not holding the Annuity on behalf of anybody else;
- I/we confirm that the life insured and/or the reversionary life insured does not have an Aged Care Assessment Team approval or approval from any other relevant successor organisation, that specifies them as being eligible to receive an aged care service or receive care from an approved provider of aged care;
- I/we acknowledge and provide my/our express consent and authorisation to Challenger to pay the adviser service fees mentioned in section 14 to my/our financial adviser.

In relation to your personal information:

- I/We acknowledge that I/we have read the pages of the PDS containing the information under the heading 'Privacy and personal information'. I am/We are aware that until I/we inform Challenger Life Company Limited otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to the provision of, and authorised (if applicable) my/our financial adviser to provide, such personal information to Challenger and its related entities as is required or reasonably deemed necessary by Challenger and its related entities under applicable law. I/We declare that any third party information in this application has been provided with the third party's consent and I/we have shown that third party the pages of the PDS containing the information under the heading 'Privacy and personal information'.
- If there is any change to information provided in the application about individuals associated with the entity investing (e.g. directors, substantial shareholders, trustees and beneficiaries), I/we will inform Challenger Life Company Limited when the change occurs, with the consent of the relevant individual(s).
- I/We understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible uses or disclosures of my/our information as detailed in the PDS (except in relation to direct marketing material), my/our application may not be accepted by Challenger Life Company Limited and I/we agree to release and indemnify Challenger Life Company Limited in respect of any loss or liability arising from its inability to accept an application due to inadequate or incorrect details having been provided.

Policy owner

Signatory 1 (Sole or primary director (of company or company trustee) or primary trustee)

Signature	<input style="width: 100%;" type="text"/>	Date	<input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/>
Surname	<input style="width: 100%;" type="text"/>		
Given name(s)	<input style="width: 100%;" type="text"/>		
Capacity	<input type="checkbox"/> Sole director <input type="checkbox"/> Director <input type="checkbox"/> Secretary (company investments only)		

Signatory 2 (Second director or secretary (of company or company trustee) or second trustee)

Signature	<input style="width: 100%;" type="text"/>	Date	<input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/> / <input style="width: 20px;" type="text"/>
Surname	<input style="width: 100%;" type="text"/>		
Given name(s)	<input style="width: 100%;" type="text"/>		
Capacity	<input type="checkbox"/> Director <input type="checkbox"/> Secretary (company investments only)		





Important notes

Challenger may in its absolute discretion refuse any application for a policy. Persons external to the Challenger Group or other entities who market Challenger Group products are not agents of any entity in the Challenger Group but are independent investment advisers. Challenger will not be bound by representations or statements which are not contained in information disseminated by Challenger. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act. This Annuity is offered by Challenger Life Company Limited (ABN 44 072 486 938) (AFSL 234670).

16. Adviser details

By signing this section, I declare that:

- where the Annuity has been purchased with non-superannuation money, I have informed the investor that if the policy is withdrawn during the withdrawal period, the income component of the lump sum will be subject to tax;
- the attached documents are true copies of the documents used to satisfy the customer identity verification requirements and I have complied with my obligations under the *Anti-Money Laundering and Counter Terrorism Financing Act 2006*;
- I have provided the required additional identity verification information and documents and understand that payments will be withheld until any additional information required is provided;
- I have provided the required proof of age documentation for the life insured and, if applicable, the reversionary life insured;
- I confirm that the adviser service fees set out in section 14 of this application form have been agreed to by the applicants.

Adviser full name

Adviser group name

Adviser group AFSL No.

Adviser telephone

Signature
(please sign)

Date

InvestmentLink information

IL GN (Group)

Adviser comment/special instructions





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Contact details

By phone

Investor Services team 13 35 66 (during Sydney business hours)

By email

info@challenger.com.au

By fax

02 9994 7777

By mail

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Sydney NSW 2001

Website

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13 35 66

Adviser Services
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