



Macquarie Longevity Solutions

Macquarie Lifetime Income Guarantee



Planning for retirement

Retirement should be a time to enjoy what you have achieved over your lifetime, not a time to worry if your savings will last.

With people living longer, planning for retirement has become increasingly challenging.

With a 50% chance your pension will need to last until age 93[^], you may need market linked returns but you may be concerned about market falls.

Macquarie Lifetime Income Guarantee is an innovative new product that provides you with the benefit of **guaranteed income for life** as well as **equity upside, without locking your money away*** – it is a simple and flexible solution.

[^] Based on the Australian Life Table 2005-7, there is a 50% chance that at least one member of a 65 year old couple will live to the age of 93. Source: Macquarie Life Analysis.

* Subject to conditions and risks - please refer to the Product Disclosure Statement ("PDS").

How can Macquarie help?

The Macquarie Lifetime Income Guarantee Policy provides you with a flexible, low cost investment which guarantees you will receive at least a minimum level of income for life without locking away your superannuation savings.*

Reasons to invest in the Macquarie Lifetime Income Guarantee Policy include:

Guaranteed income for life

- ✓ Attractive guaranteed income rate for life
- ✓ Bonus rate ensures high level of early income
- ✓ Payments from the Policy are exempt from income tax

Maintain access to your savings

- ✓ Strong market performance locked in each Investment Anniversary
- ✓ Selection of Investment Funds tailored for retirees
- ✓ Remaining Investment Account goes to estate on death of investor
- ✓ Estate Protection Option available to help protect the amount passed to your estate on death

Simple and flexible solution

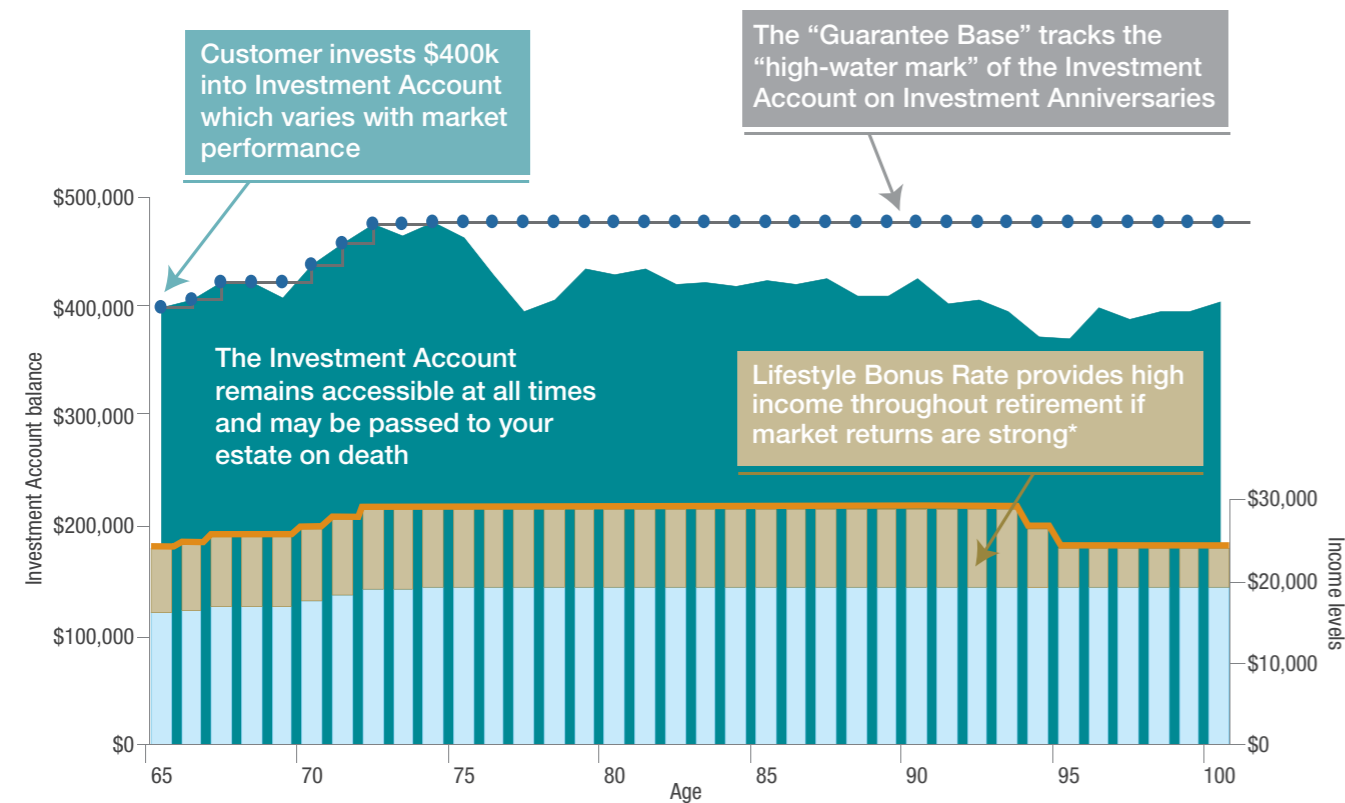
- ✓ Income is paid directly into your nominated bank account each month
- ✓ Investor chooses the level of income drawn from funds
- ✓ Ability to change your asset allocations during life of product
- ✓ Make withdrawals at any time (subject to applicable fees and conditions)
- ✓ Cost effective
- ✓ Flexibility to stop Guarantee at any time

*Subject to conditions and risks - please refer to the PDS.

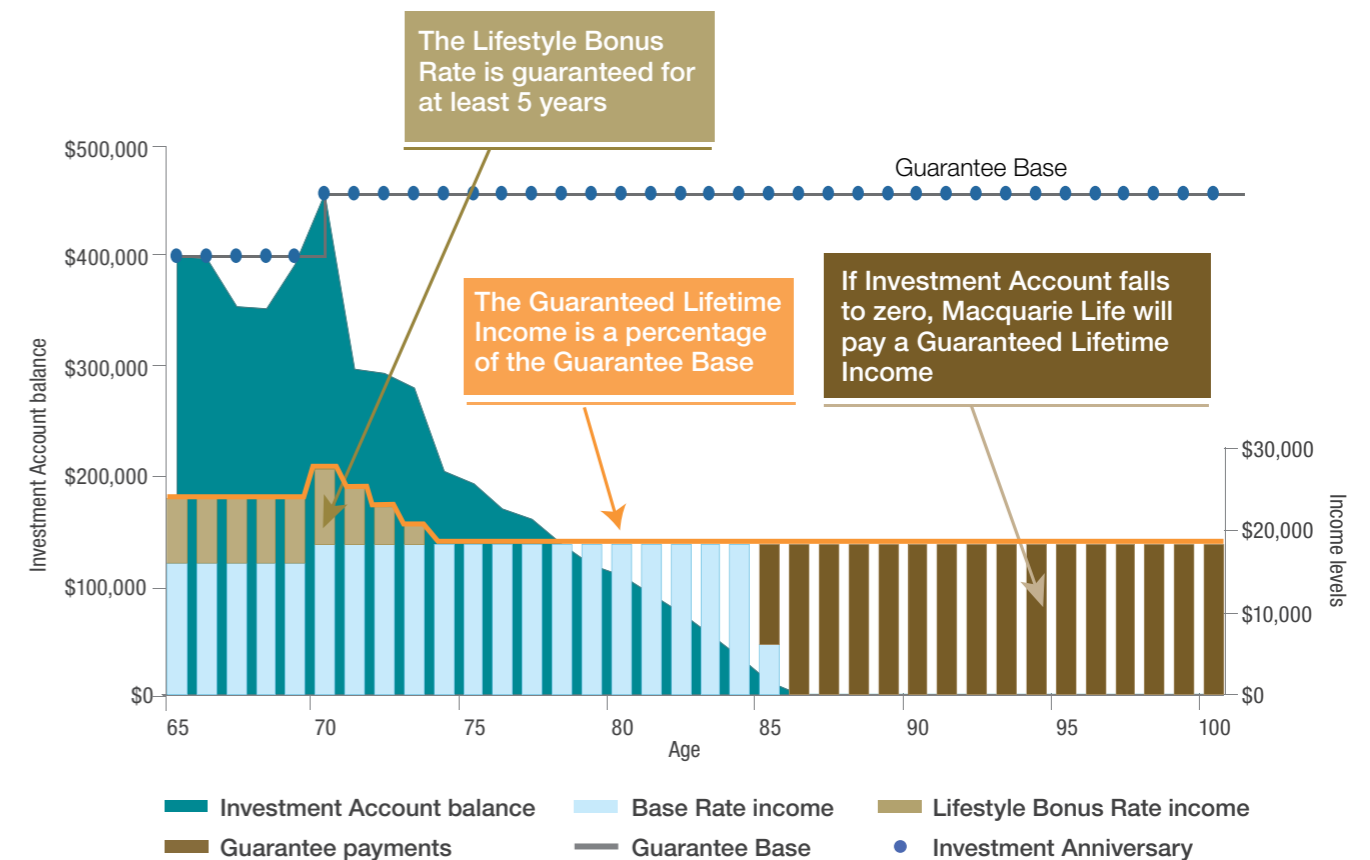
How does Macquarie Lifetime Income Guarantee work?

The diagrams illustrate some of the key features of investing \$400,000 in the Policy (net of any Upfront Withdrawal). Scenario 1 illustrates the impact of strong market performance. Scenario 2 illustrates the impact of poor market performance.

Scenario 1: STRONG MARKET PERFORMANCE



Scenario 2: POOR MARKET PERFORMANCE



1. Investment Account Balance

Your initial investment establishes your Investment Account balance. Like any account based pension the balance changes over time based on the performance of the Investment Funds selected and withdrawals made.

In Scenario 1, where your Investment Funds have performed well you would still have **funds remaining when you are 100 years old**. In Scenario 2, investment returns are poor and you would run out of savings at age 85, however you are still **guaranteed to be paid income for life**.

2. Guarantee Base

The Guarantee Base starts as the value of the Investment Account balance (net of any upfront withdrawals). Each year it **“locks-in” strong investment market performance** if the Investment Account balance is greater than the prevailing Guarantee Base. In both scenarios the Guarantee Base ratchets up while the Investment Account balance is growing, but doesn't fall when the Investment Account balance starts to decline.

3. Guaranteed Lifetime Income

$$\text{Guaranteed Lifetime Income} = \text{Income Rate} \times \text{Guarantee Base}$$

You are guaranteed to receive the Guaranteed Lifetime Income for the rest of your life. The level of Guaranteed Lifetime Income that will be payable each year will depend on your Guarantee Base and your Income Rate at that time.

Monthly income payments are initially drawn from the Investment Account until it has been exhausted at which point **the Guarantee will pay you the Guaranteed Lifetime Income**.

4. Income Rate

$$\text{Income Rate} = \text{Base Rate} + \text{Lifestyle Bonus Rate}$$

If you are 65 years old when you invest in the Policy, **your Income Rate starts at 6.0%** - this comprises a Base Rate of 4.0% p.a. which is guaranteed for life, and a 2.0% Lifestyle Bonus Rate for at least the first 5 years.

Both scenarios show the Base Rate remaining constant. Scenario 1 shows that the Lifestyle Bonus Rate allows you to draw a higher income for longer if your Investment Account performs well.

5. Access to investment balance

You retain access to your Investment Account funds at all times. You may make additional withdrawals at any time if required.

When you pass away, the **remainder of your Investment Account passes to your estate**.

6. Other important features

The Spouse Option ensures the **Guaranteed Lifetime Income remains in-force if your Spouse lives longer than you do**.

The Estate Protection Option can **help protect the amount payable to your estate from the impact of poor market performance**.

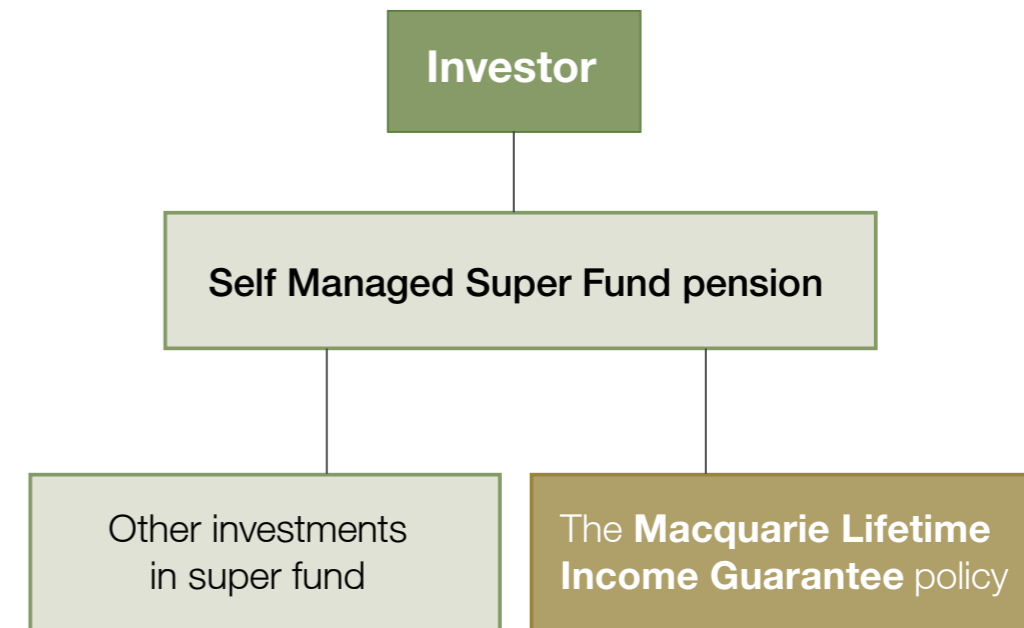
* The Lifestyle Bonus Rate is guaranteed for the first 5 years and thereafter if market returns are strong enough to maintain the Investment Account above 80% of the Guarantee Base.

The above diagrams represent hypothetical situations for illustrative purposes only and are not an indication of how an Investment Account will actually perform or the level of Guaranteed Lifetime Income you will be entitled to. The diagrams assume the Spouse Option and the Estate Protection Option are not elected, each year the monthly income withdrawn equals the current Guaranteed Lifetime Income divided by 12 and no Excess Withdrawals are made. The average Investment Account return after fees is 7.99% p.a. in Scenario 1 and 6.22% p.a. in Scenario 2.

Summary of product features and key terms

Guaranteed Lifetime Income	Guaranteed Lifetime Income = Income Rate x Guarantee Base																
Investment Account	Your money will be invested into your Investment Account and will be available to you at all times . The money will be allocated across the Investment Funds according to your directions. Initially, your Guaranteed Lifetime Income will be drawn from your Investment Account. If your Investment Account reduces to \$0 the Guarantee will fund these payments.																
Guarantee Base	Your Guarantee Base is initially set to equal the amount you invest (net of any upfront advice fee you negotiate). If your Investment Account performs well your Guarantee Base may increase. Your Guarantee Base, and therefore your Guaranteed Lifetime Income, will be reduced if you make Excess Withdrawals.																
Income Rate	Your Base Rate is based on your age when you invest and your Lifestyle Bonus Rate allows you to draw a higher rate of income early in retirement without reducing your Guarantee Base and Guaranteed Lifetime Income. <table border="1"> <thead> <tr> <th>Age</th> <th>60 – 64 years</th> <th>65- 69 years</th> <th>70+ years</th> </tr> </thead> <tbody> <tr> <td>Income Rate (% p.a.)</td> <td>5.5%</td> <td>6.0%</td> <td>6.5%</td> </tr> <tr> <td>Base Rate (% p.a.)</td> <td>3.5% plus</td> <td>4.0% plus</td> <td>4.5% plus</td> </tr> <tr> <td>Lifestyle Bonus Rate (% p.a.)</td> <td>2.0%</td> <td>2.0%</td> <td>2.0%</td> </tr> </tbody> </table>	Age	60 – 64 years	65- 69 years	70+ years	Income Rate (% p.a.)	5.5%	6.0%	6.5%	Base Rate (% p.a.)	3.5% plus	4.0% plus	4.5% plus	Lifestyle Bonus Rate (% p.a.)	2.0%	2.0%	2.0%
Age	60 – 64 years	65- 69 years	70+ years														
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Lifestyle Bonus Rate (% p.a.)	2.0%	2.0%	2.0%														
Spouse Option	If the Spouse Option is elected the Guaranteed Lifetime Income remains payable for as long as either you or your Spouse are alive . If you select the Spouse Option you will automatically be provided with the Estate Protection Option at no extra cost.																
Estate Protection Option	If elected, the Estate Protection Option can help protect the value passed to your estate from the impact of poor investment returns.																
Guarantee Premiums	<table border="1"> <thead> <tr> <th>Fee</th> <th>% p.a. of Guarantee Base</th> </tr> </thead> <tbody> <tr> <td>Guarantee Fee</td> <td>1.10% p.a.</td> </tr> <tr> <td>Spouse Option</td> <td>0.50% p.a. (includes the Estate Protection Option for no additional charge)</td> </tr> <tr> <td>Estate Protection Option</td> <td>0.35% p.a. (only payable while the potential Estate Protection Benefit is greater than \$0)</td> </tr> </tbody> </table> <p>You may elect to stop paying Premiums at any time with no penalty. This option may be valuable if your investment returns early in retirement are strong.</p> <p>You should read the PDS for a complete description of other fees and expenses that apply to your investment in the Policy. You can request that Macquarie Life pay your financial adviser an upfront and/or ongoing service fee from your Investment Account on your behalf.</p>	Fee	% p.a. of Guarantee Base	Guarantee Fee	1.10% p.a.	Spouse Option	0.50% p.a. (includes the Estate Protection Option for no additional charge)	Estate Protection Option	0.35% p.a. (only payable while the potential Estate Protection Benefit is greater than \$0)								
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Investment Funds	You will have the flexibility to allocate your Investment Account across the following funds: <ul style="list-style-type: none"> ■ Lifestage Funds ■ International Equities Fund (Volatility Managed) ■ Australian Equities Fund (Volatility Managed) ■ Fixed Interest Fund ■ Cash Fund <p>Volatility Management is a process to manage the overall level of risk in your portfolio.</p>																
Key Risks	An investment in the Policy has a number of key risks including: <ul style="list-style-type: none"> ■ Macquarie Life credit risk ■ Investment Fund performance risk ■ Inflation risk ■ Change of law risk ■ Volatility management process ■ Excess withdrawal risk <p>Please refer to the PDS for a full description of the risks. All investments involve a degree of risk. Please ensure you consider all the risks of investment in the Policy set out in the PDS carefully and seek financial, legal and taxation advice before making a any decision about investing in the Policy.</p>																

How the Policy works with an SMSF



The Policy works with your current SMSF

The Policy has been designed for direct investment **through your SMSF**.

You can continue to hold other assets in your SMSF alongside the Policy **including direct equities and property**. In this way you retain total control over your investment strategy.

If your circumstances change in the future **you always have the flexibility to stop paying premiums at any point in time without penalty**. This can be particularly attractive if your investment returns are strong.

Macquarie Life will provide reporting to assist in the management of your SMSF and will also facilitate additional payments in order to make certain minimum pension payment requirements (subject to certain rules).

Tax efficient structure

The Policy has been designed to ensure that the regular income paid from the Policy and any lump sum withdrawals fits within a **tax exempt super pension for the rest of your life**.

About Macquarie Life Limited

Macquarie Life Limited (“Macquarie Life”) was established in 1992. It is a wholly owned subsidiary of Macquarie Bank Limited. Macquarie Life is a life insurance company which is registered with and supervised by APRA and has been issuing life policies to clients since 1992. Macquarie Life’s suite of insurance products includes FutureWise, Super Protector and Macquarie Sumo.

For more information speak to your financial adviser or contact Macquarie:



1800 618 913



macquarie.com.au/lifetimeincome



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Important Information

This information has been prepared by Macquarie Life Limited ACN 003 963 773 AFSL 237497 (“Macquarie Life”) and is current as at 8 June 2010. Macquarie Life is the issuer of the Macquarie Lifetime Income Guarantee Policy (“Macquarie Lifetime Income Guarantee or Policy”).

An invitation to apply for an investment in the Policy is made in the Product Disclosure Statement dated on or around 8 March 2010 (PDS). The PDS is available by phoning 1800 618 913.

The Policy provides cover to members of superannuation funds. The Policy must be held by the trustee of the superannuation fund. In many cases, particularly where the superannuation fund is a self-managed fund, the member (you) and the trustee will be the same person. To make this information easier to read, benefits provided by the Policy to your superannuation fund trustee for your benefit are referred to as benefits provided to “you”. Expressions used in this information and capitalised terms not otherwise defined have the same meaning as in the PDS.

This information is general advice and does not take account of the trustee’s or your objectives, financial situation or needs. Before acting on this general advice, the trustee should therefore consider the appropriateness of the advice having regard to its situation. The trustee and you should consider the PDS in deciding whether to acquire, or continue to hold, an investment in the Policy. We recommend investors obtain financial, legal and taxation advice and consider all risks before making any decision about investing in the Policy. You should note that this information does not take into account the rules of (or any other factors relevant to) your superannuation fund.

Macquarie Life or its associates, officers or employees may have interests in the financial products referred to in this information by acting in various roles including as investment banker, broker, lender or adviser. Macquarie Life or its associates may receive fees, brokerage or commissions for acting in those capacities. In addition, Macquarie Life or its associates, officers or employees may buy or sell the financial products as principal or agent. You may contact Macquarie Life on 1800 618 913.

Macquarie Life does not give, nor does it purport to give, any taxation advice. The taxation discussion in this document is based on laws current at the time of writing. Those laws and the level of taxation may change. The application of taxation laws to each investor depends on that investor’s individual circumstances. Accordingly, investors should seek independent professional advice on taxation implications before making any investment decisions.

Macquarie Life is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Cth), and Macquarie Life’s obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide any assurance in respect of the obligations of Macquarie Life.

Investments in the underlying Investment Funds offered under the Policy are not deposits with or other liabilities of Macquarie Bank Limited or of any Macquarie Group Company, and are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Neither Macquarie Bank Limited, Macquarie Life nor any other member company of the Macquarie Group of companies guarantees the performance of the investments of the Investment Funds.