FUTURE SAFE
CASE STUDY

Allianz Retire+
POWERED BY PIMCO

Reduce the risk of losses through a tax efficient investment

Meet Christine

Christine is 50 years old and looking to retire within the next 20 years. She has built a successful business and pays personal tax at the highest marginal rate. She has a super fund and owns a portfolio of shares and term deposits outside of super.

50 y/o working full-time and planning to retire in the next 20 years.

$1.3m in superannuation

$1.0m invested in Australian shares

$200k invested in term deposits

THE CHALLENGE

Christine has concerns about her significant exposure to volatile equities. Large losses could derail her retirement plans, and limit her ability to support her family. She is also concerned about the tax treatment of investment returns outside of super given her high marginal tax rate.

THE STRATEGY

Invest a portion of her non-super assets to access sharemarket returns with a lower level of volatility.

Christine's adviser suggests investing $300,000 into Future Safe to protect a portion of her sharemarket portfolio. She can keep investing in shares as a core part of her investment strategy in the lead up to retirement, and still have peace of mind that losses will be limited. As she is still working and has access to liquid assets, she is comfortable that Future Safe is designed to be held for at least 7 years.

Christine works with her adviser through 6 key steps to:

STEPS 1 & 2. **Understand her retirement goals and appropriate Investment Interval**

Christine's goal is to invest a portion of her non-super assets to access sharemarket returns with a lower level of volatility. She selects the 10 year Investment Interval.

STEP 3. **Decide her worst-case scenario and choose her protection option**

Christine chooses the -10% Floor option as she is able to sustain some annual losses and prefers the ability to have a higher cap.

STEP 4. **Choose an investment option and amount**

Christine and her adviser discuss the investment options and choose to invest in the S&P/ASX 200 Total Return Index. In year two Christine shifts to the S&P/ASX 200 Price Return Index[1].

STEP 5. **Access or reinvest her money**

At the end of each year, the investment return will be credited or debited to Christine's policy. She is able to withdraw the investment return but chooses to leave it in the policy to maximise tax benefits and avoid adverse tax consequences.

STEP 6. **Check in each year to review her strategy**

Christine reviews the protection and investment choices every year with her adviser to ensure these continue to meet her needs and fits her investment objectives.

PROTECTION OPTIONS

Each protection option is made up of a 'Floor' and a 'Cap'. The Floor is the most you can lose and the Cap is the maximum amount you can gain from your investments in each year of the Investment Interval.

	YOUR MAXIMUM LOSS (FLOOR)	YOUR MAXIMUM GAIN (CAP)*	INVESTMENT OPTIONS
Protection option with a -10% Floor	**-10%** EXAMPLE If the sharemarket went down 15% you would only **lose 10%**	**+17%** EXAMPLE If the sharemarket went up 23%, you would get a **17% return**	S&P/ASX 200 Total Return Index (year 1) S&P/ASX 200 Price Return Index[1] (year 2 - 10)
	Less annual product fee of 0.80% (inclusive of GST, if any) and any applicable taxes		

** These Caps are for illustrative purposes only. The initial Cap for each market-linked investment option is set at the policy commencement date and will remain at that level until the anniversary date of your policy. Each year, the Caps may be higher or lower than the Caps in the previous year. On each anniversary date we will reset the Caps for the next year and ask you to elect your investment and protection options for that year. For information about the current Caps for each market-linked investment option, visit www.allianzretireplus.com.au/future-safe/features.html.*

Simple tax management for investment returns

As Christine's policy is held outside of super, earnings net of fees will be taxed at 30% throughout the duration of her policy. Tax is paid by Allianz Retire+ rather than by Christine at her personal marginal tax rate. Christine does not need to declare ongoing investment earnings as assessable income provided she doesn't make any withdrawals within the first 10 years. If she holds her investment for 10 years from the original investment date, there is no personal tax payable on any withdrawals after this time (based on current tax rules).

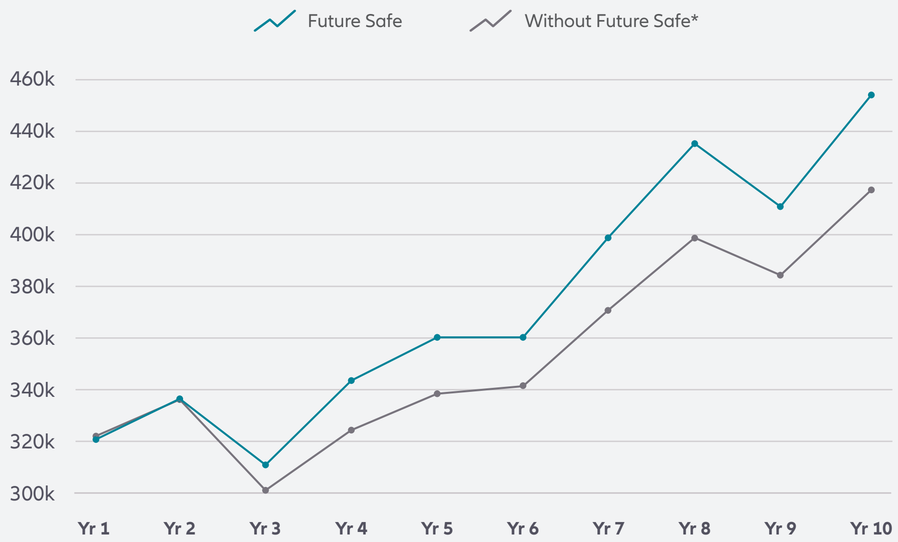
THE OUTCOMES

By using Future Safe and protecting her sharemarket investment, Christine has saved approximately

$38,098

Money she can now put towards her retirement. The chart at the side provides a comparison of returns between investing with Future Safe and investing without protection.

** Without Future Safe assumes the index returns set out in the table below and that returns are taxed 45% and nil fees.*



Year	Floor	Cap	Index return	Interest credited	Age	Tax rate	Interest	Annual product fee	Tax withheld	Closing balance
1	-10%	11%	14%	11%	50	30%	$33,000	$2,400	$9,180	$321,420
2[1]	-10%	18%	8%	8%	51	30%	$25,714	$2,571	$6,943	$337,620
3	-10%	18%	-20%	-10%	52	30%	-$33,762	$2,701	-$10,939	$312,096
4	-10%	20%	15%	15%	53	30%	$46,814	$2,497	$13,295	$343,118
5	-10%	18%	8%	8%	54	30%	$27,449	$2,745	$7,411	$360,411
6	-10%	16%	1%	1%	55	30%	$3,604	$2,883	$216	$360,916
7	-10%	16%	16%	16%	56	30%	$57,746	$2,887	$16,458	$399,317
8	-10%	18%	14%	14%	57	30%	$55,904	$3,195	$15,813	$436,214
9	-10%	17%	-7%	-7%	58	30%	-$30,535	$3,490	-$10,207	$412,397
10	-10%	19%	16%	16%	59	30%	$65,983	$3,299	$18,805	$456,276

1. In year two Christine selects the S&P/ASX 200 Price Return Index. This index does not include dividends. The absence of dividends in this index may lead to more frequent years in which the annual return is negative when compared to the S&P/ASX 200 Total Return Index. The Cap on this index is expected to be higher when compared to the S&P/ASX 200 Total Return Index. Refer to the Website for information on current Caps.

All Caps and index returns are for illustrative purposes only. The annual product fee is 0.80% (inclusive of GST, if any). Tax is calculated based on interest net of the annual product fee multiplied by the applicable tax rate. Tax is paid by Allianz Retire+ and charged to the investor's account. **Assumptions:** Policy commenced 1 July, and no withdrawals are made.

Contact us

For more information, visit our Website **allianzretireplus.com.au** or speak to your financial adviser.

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