Market release

Challenger Limited

22 March 2023

SHAW AND PARTNERS LIFE INSURANCE CONFERENCE 2023 PRESENTATION AND SPEAKING NOTES

Challenger Limited (ASX:CGF) attaches a copy of the presentation and speaking notes for the presentation Managing Director and Chief Executive Officer, Nick Hamilton, and General Manager, Customer Strategy and Experience, Catherine van der Veen, will deliver at 3.30pm (Sydney time) today at the Shaw and Partners Life Insurance Conference in Sydney.

ENDS

This release has been authorised by Challenger's Continuous Disclosure Committee.

About Challenger

Challenger Limited (Challenger) is an investment management firm focused on providing customers with financial security for a better retirement.

Challenger operates a fiduciary Funds Management division, an APRA-regulated Life division and an APRA regulated authorised deposit-taking institution. Challenger Life Company Limited is Australia's largest provider of annuities.

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22 MARCH 2023

Shaw and Partners Life Insurance Conference

Challenger Limited

Nick Hamilton
Managing Director and CEO

Catherine van der Veen
General Manager, Customer Strategy and Experience

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Challenger overview

Providing customers with financial security for a better retirement

Challenger Limited (ASX:CGF)[1]

Life

#1 Australian retirement income business[2]

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- Guaranteed[3] retirement income products
- APRA[4] regulated
- Japanese reinsurance partner
- Longevity risk transfer business

Funds Management

One of Australia's largest active fund managers[5]

fidante

Affiliate investment manager platform

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Originates and manages assets for Life and third-party clients

Customer division focused on meeting the needs of more customers

Centralised functions

Strategic partnerships

1. Australian Securities Exchange (ASX) and trades under code CGF.
2. Plan for Life – September 2022 – based on annuities under administration.
3. The word 'guaranteed' means payments are guaranteed by Challenger Life Company Limited (CLC) from assets of its relevant statutory fund.
4. Australian Prudential Regulation Authority (APRA).
5. Calculated from Rainmaker Roundup, September 2022 data.

Challenger purpose and strategy

Building a more diversified business to meet more customer needs

Our **purpose** is to provide customers with financial security for a better retirement.

Broaden customer access across multiple channels

Leverage the combined capabilities of the group

Expand range of financial products and services for a better retirement

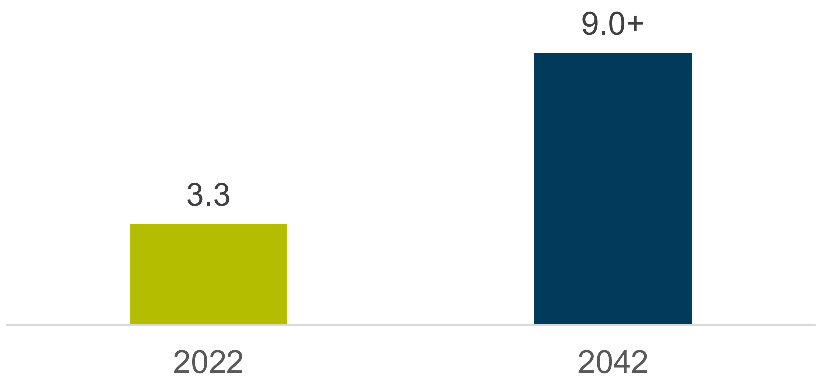
Strengthen resilience and sustainability of Challenger

Strong secular tailwinds

World class accumulation system with significant retirement savings
Increasing longevity driving need for retirement income planning

World class superannuation system

Projected Australian superannuation assets[1,2] ($tn)



Increasing longevity

24 years

Average time in retirement in Australia[3]

3rd

Australian life expectancy now third highest in the world[4]

50%

People outlive their life expectancy[5]

1. APRA Quarterly Superannuation Performance as at September 2022.
2. Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041.
3. Source: Challenger Retirement Income Research 2022, based on ABS data age at death.
4. Source: Australian Bureau of statistics https://www.abs.gov.au/media-centre/media-releases/australian-life-expectancy-increases-during-covid-19-pandemic.
5. Source: Australian Life Tables 2015-17 with 25-year mortality improvement factors.

Retirement is different

Need for solutions that provide retirees confidence to spend in retirement
Regulation introducing greater focus on income security and peace of mind

Need to enhance retirement income

- ~10% erosion of purchasing power from higher inflation over the last 2 years[1]
- 2x — Retirees will spend twice as much each year in retirement if part of their income is guaranteed[2]
- Compelling income - Highest annuity rates in last 10 years[3]

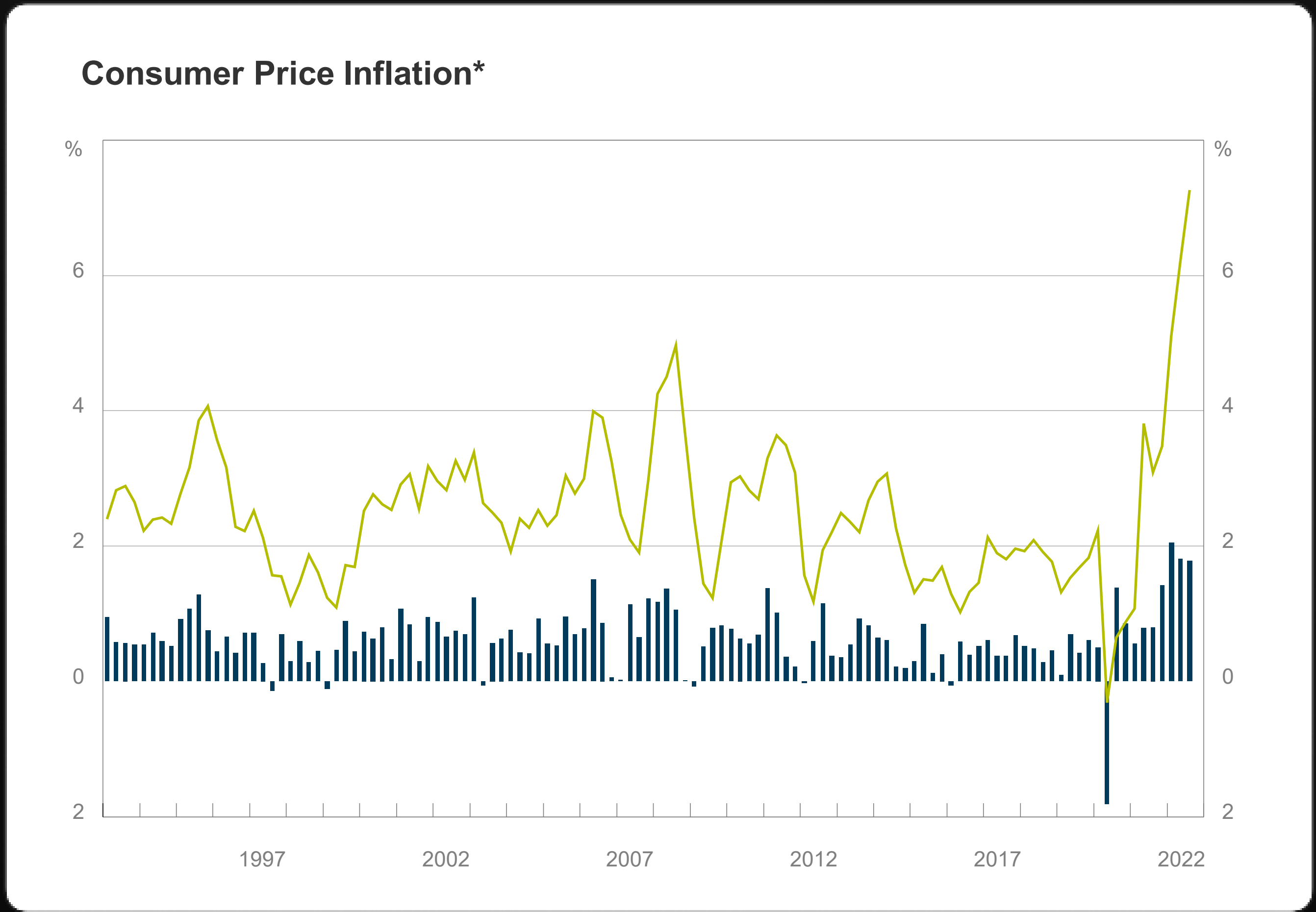
Regulatory support

- Retirement Income Covenant
- Quality of Advice review
- Defining purpose of superannuation

1. Source: ABS Cat No 6401.0, RBA https://www.rba.gov.au/inflation/measures-cpi.html.
2. Source: Guaranteed Income: A license to spend by David Blanchett and Michael Finke (June, 2021).
3. 3-year annuity rate reached 5.05% in March 2023, the highest level in the last ten years.

Risks in retirement

Inflation



Year-ended

Quarterly (seasonal adjusted)

Source: RBA - Measures of Consumer Price Inflation | RBA
*Excludes interest charges prior to the September quarter 1998; adjusted for the tax changes of 1999-2000.

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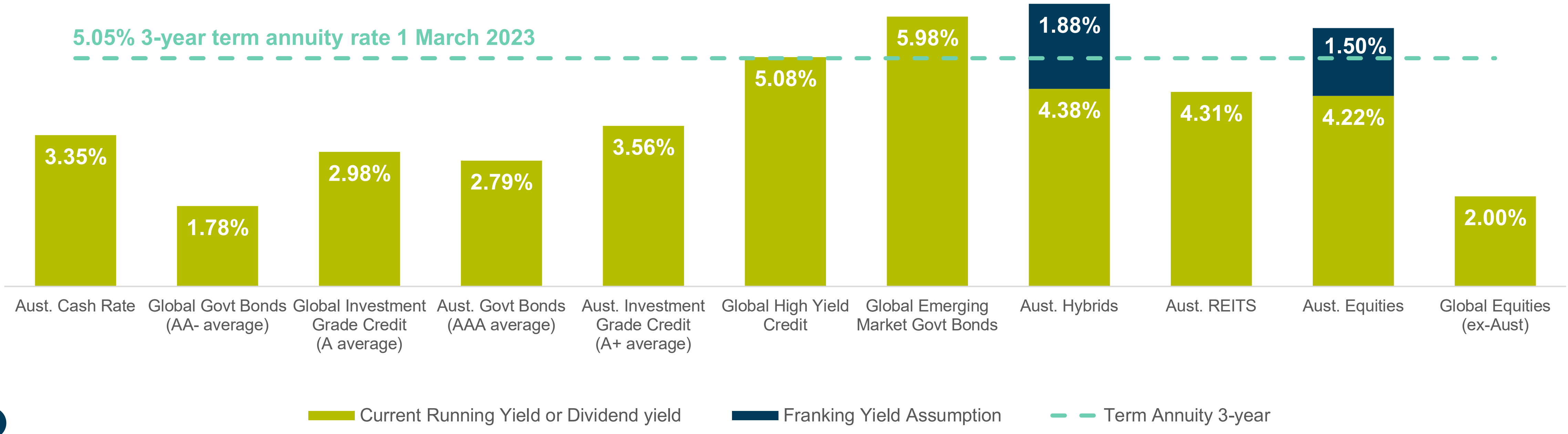
Current yields on different asset classes



Source: Representative ETF issuer holdings data (Vanguard, Blackrock, Betashares). This graphic is for illustrative purposes only and reflects current running yields of underlying assets within representative ETFs as at 1 March 2023. At different points in the market cycles this income and growth relationship will not be relevant or will change. This does not show the volatility of each underlying asset class to generate those returns.

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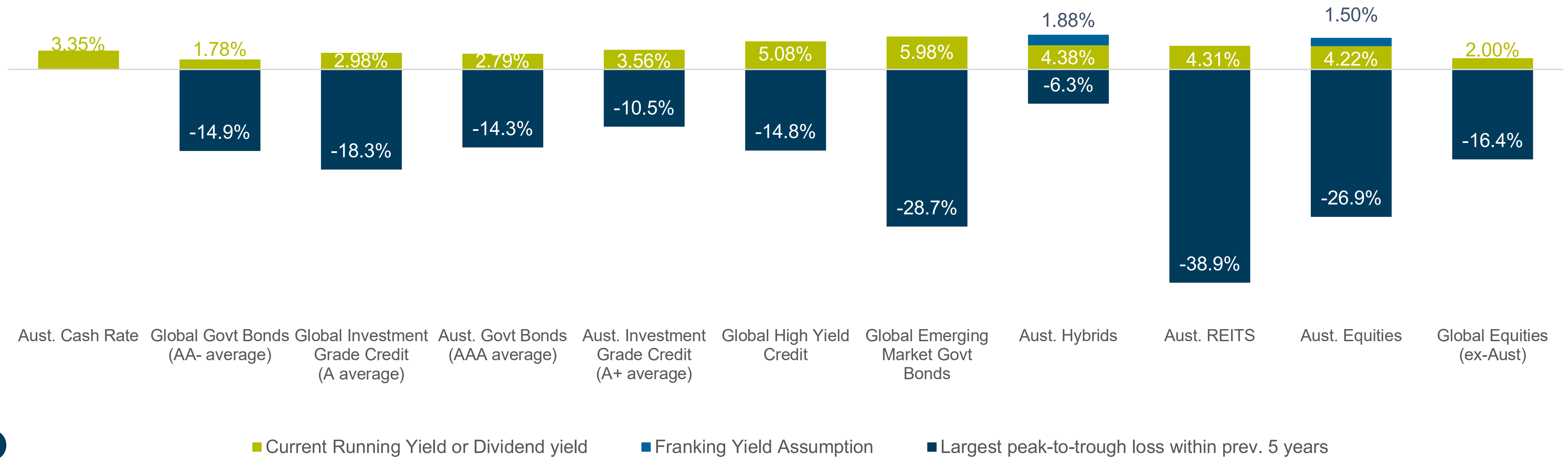
Looking at it another way

Current yields against largest peak-to-trough drawdown in the last 5 years



Source: Representative ETF issuer holdings data (Vanguard, Blackrock, Betashares) and Lonsec iRate for drawdown analysis. This graphic is for illustrative purposes only and reflects current running yields of underlying assets within representative ETFs as at 1 March by the ET2022. At different points in the market cycles this income and growth relationship will not be relevant. Drawdown shows the largest cumulative peak-to-trough loss that the asset class, as represented F or index, has suffered in the last 5 years.

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Risks in retirement

How annuities protect retirees…

Sequencing risk
A simple run of bad luck early in retirement can turn your clients financial life upside down

Market risk
Market performance can fluctuate, making it hard to predict whether income will last

Inflation risk
With inflation eroding purchasing power, a retirement portfolio needs to keep up with spending requirements for retirees

Longevity risk
We are approaching the point where 30 years is a conservative planning horizon

Emotional risk
Behavioural biases getting in the way of good decision making

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Comparing traditional fixed income to annuities

What drives income and total returns from each?

FIXED INCOME

- Interest rates
- Duration risk
- Credit risk
- Liquidity

LIFETIME ANNUITIES

- Interest rates
- Gender & age
- Pooling
- Liquidity

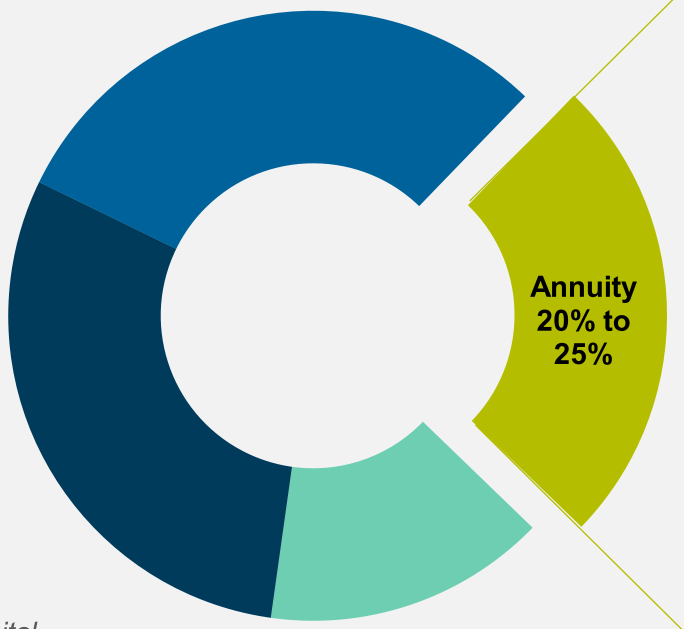
Annuities

Provide regular income in retirement
Complement other retirement investments and sources of income

Illustrative example retirement portfolio

75%
Retirement growth assets
+ 25%
Annuity[1]

Combined portfolio meets expectations for income/capital longevity



Term annuities

- Guaranteed regular income for a fixed term of retiree's choice
- Flexible capital return options
- Attractive market leading rates

Lifetime annuities

- Regular income for life
- Payments that can keep pace with inflation
- Options to accelerate payments with lifestyle

Annuities can help you spend with confidence

- Income certainty
- Inflation protection
- Payments to beneficiary
- Access to funds
- Maximise social security entitlements

1. All information presented is general in nature, it is not considered personal advice.

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Appendix

Case study

The case for lifetime income

Couple, both aged 67, homeowners

$750,000
each in super

50/50
growth/defensive investors

$20,000
non-financial assets

Need at least
$50,000 p.a. for essentials

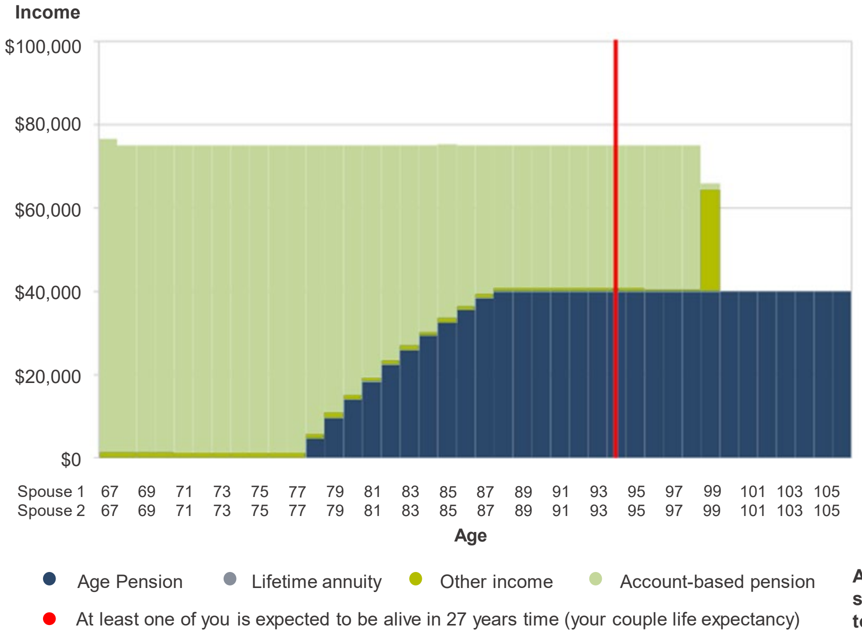
Want to spend
$75,000 p.a.

Self-funded retirees

$50,000
cash/term deposits

Emily and Eric

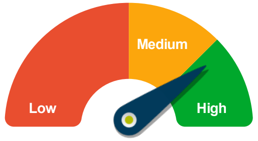
Account-based pension only



All values are shown in today's dollars

Chance of $50,000 'needs' income being met

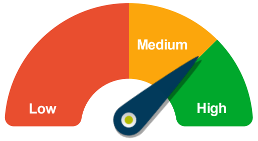
Account-based pension only



78%

Chance of $75,000 'needs' and 'wants' income being met

Account-based pension only



75%

Source: Challenger Retirement Illustrator (04/10/2022) using Social Security rates and thresholds effective 20 September 2022. 67 year old male/female client couple. $750,000 each in account-based pension. Assumes returns of 3.0% p.a. for defensive assets and 6.0% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Non-financial assets of $20,000. $75,000 p.a. desired income including $50,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Reference number: RIC221004000264.

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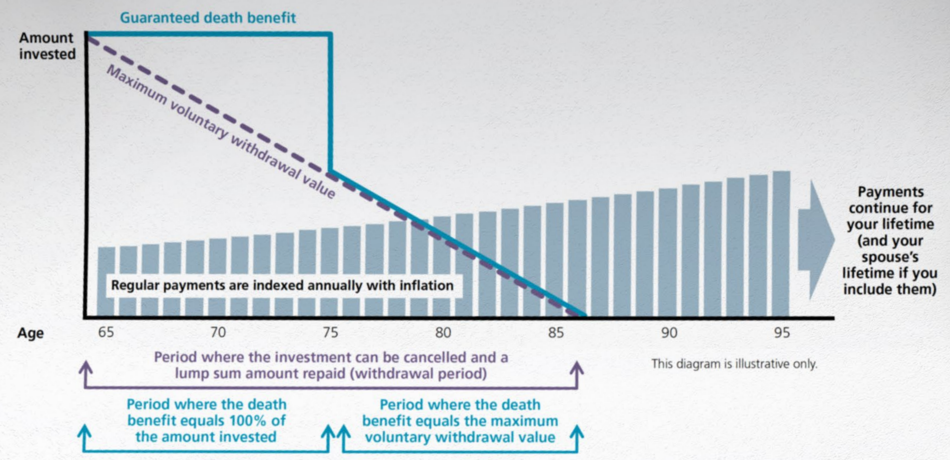

CPI-linked Lifetime income

Guaranteed payments for life: Irrespective of market performance or how long a client lives

Flexible Income

(immediate payments)

An annuity that starts paying you lifelong income immediately. It has a withdrawal value and a guaranteed death benefit for a period based on your life expectancy.

65-year-old female. Challenger Liquid Lifetime annuity, monthly payments, CPI indexation.

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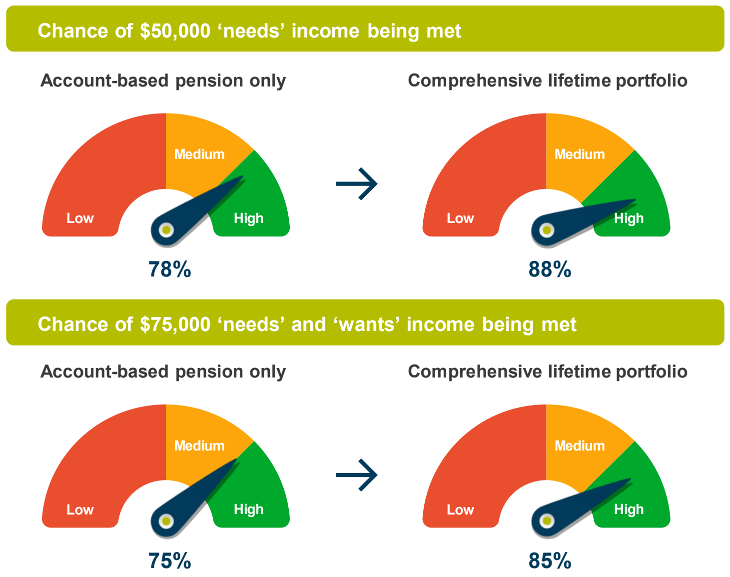
Emily and Eric

10% allocation to CPI-linked lifetime income



Source: Challenger Retirement Illustrator (04/10/2022) using Social Security rates and thresholds effective 20 September 2022. 67 year old male/female client couple. $750,000 each in account-based pension. Assumes returns of 3.0% p.a. for defensive assets and 6.0% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Non-financial assets of $20,000. $75,000 p.a. desired income including $50,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Reference number: RIC221004000264.

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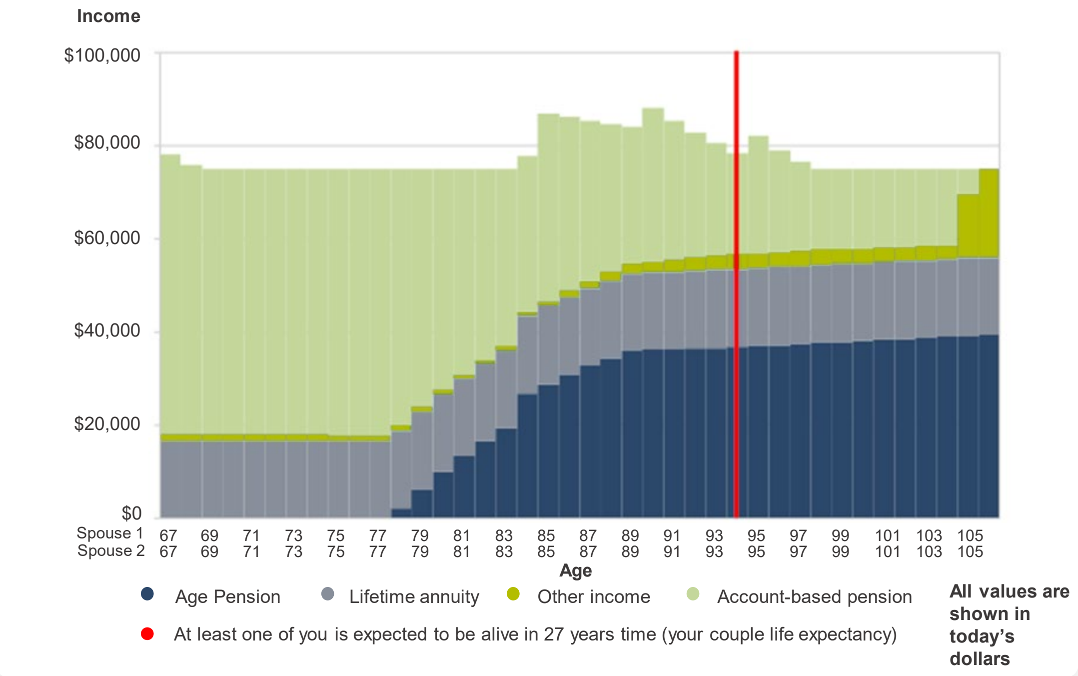
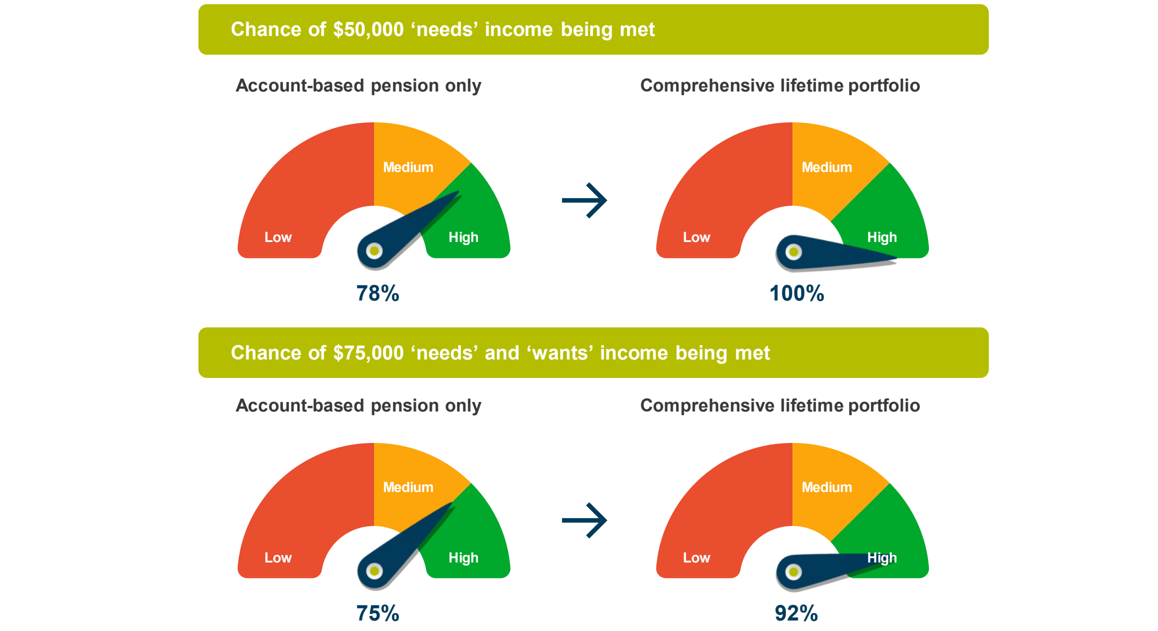
Emily and Eric

20% allocation to CPI-linked lifetime income

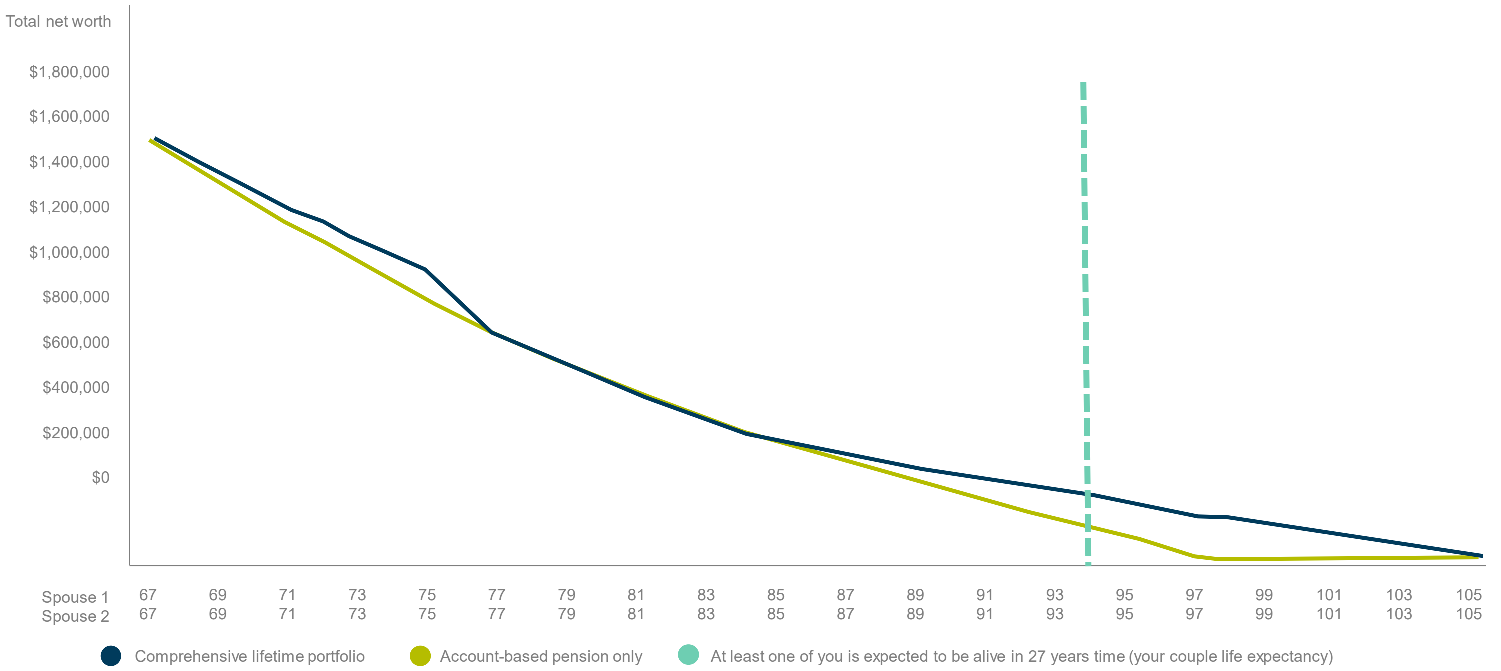




Source: Challenger Retirement Illustrator (04/10/2022) using Social Security rates and thresholds effective 20 September 2022. 67 year old male/female client couple. $750,000 each in account-based pension. Assumes returns of 3.0% p.a. for defensive assets and 6.0% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Non-financial assets of $20,000. $75,000 p.a. desired income including $50,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Reference number: RIC221004000264.

Emily and Eric

20% allocation to CPI-linked lifetime income



Estate (bequest) value comparison

The chart compares the median estate (bequest) value based on the 2000 market scenarios.

Source: Challenger Retirement Illustrator (04/10/2022) using Social Security rates and thresholds effective 20 September 2022. 67 year old male/female client couple. $750,000 each in account-based pension. Assumes returns of 3.0% p.a. for defensive assets and 6.0% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Non-financial assets of $20,000. $75,000 p.a. desired income including $50,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Reference number: RIC221004000264.

Emily and Eric

The case for lifetime income

20% allocation to CPI-linked lifetime income

Lifetime income for as long you live in addition to any Age Pension you may receive. The lifetime income amount in the **first year is $16,585.**

A 100% chance of meeting income 'needs' (an **increase of 22%** over the non-lifetime portfolio).

A 92% chance of meeting desired 'needs and wants' (an **increase of 17%** over the non-lifetime portfolio).

Total retirement income paid over 27 years **increased by $93,079** (in today's dollars).

The Estate value at the end of 27 years **increased by $109,845** (in today's dollars).

Source: Challenger Retirement Illustrator (04/10/2022) using Social Security rates and thresholds effective 20 September 2022. 67 year old male/female client couple. $750,000 each in account-based pension. Assumes returns of 3.0% p.a. for defensive assets and 6.0% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Non-financial assets of $20,000. $75,000 p.a. desired income including $50,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Reference number: RIC221004000264.

Emily and Eric

The case for lifetime income

- Attractive level of cash flow
- No investment, administration or platform fees
- Income for life
- Age Pension boost (if applicable)
- Estate planning certainty
- Flexible adviser remuneration alternatives

Source: Challenger Retirement Illustrator (04/10/2022) using Social Security rates and thresholds effective 20 September 2022. 67 year old male/female client couple. $750,000 each in account-based pension. Assumes returns of 3.0% p.a. for defensive assets and 6.0% p.a. for growth assets before fees. $50,000 cash/TDs earning 3% p.a. interest. Non-financial assets of $20,000. $75,000 p.a. desired income including $50,000 p.a. essential income. Amounts shown are in today's dollars. CPI of 2.5% p.a. See Challenger Retirement Illustrator for all assumptions. Reference number: RIC221004000264.

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Important note

This presentation was prepared for the purpose of a briefing to equity analysts and certain wholesale investors on 22 March 2023.

The material in this presentation is general background information about Challenger Limited's activities and is current at the date of this presentation. It is information given in summary form and does not purport to be complete. It is not intended to be relied upon as advice to investors, potential investors or any other person and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered with professional advice when deciding if an investment is appropriate.

Past performance is not an indication of future performance.

Any forward looking statements included in this document are by nature subject to significant uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, Challenger, so that actual results or events may vary from those forward looking statements, and the assumptions on which they are based.

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Shaw and Partners Life Insurance Conference 2023

Chief Executive Officer address

Introduction

Thank you and good afternoon.

It's a pleasure to be joining you today, it's great to see some familiar faces among the group. Thanks Phillip and Shaw and Partners for putting on such a great event.

For those who don't know me, I'm Nick Hamilton, the Managing Director and CEO of Challenger.

I am joined by Catherine van der Veen, Challenger's General Manager, Customer Strategy and Experience.

We will deliver our presentation in two parts.

I will firstly provide you an overview of Challenger, our strategy and our purpose. I will also discuss the long-term secular tailwinds and how Challenger is providing solutions to enhance retirees' income.

Catherine will provide an overview of how Challenger can meet the very unique risks Australians face in retirement – and the role an annuity plays when constructing a retirement portfolio.

Challenger overview

Firstly, a little bit about Challenger and the businesses we operate.

I'm proud of the fact that Challenger's purpose is to provide financial security for a better retirement.

Challenger operates two core businesses that turn this purpose into meaningful outcomes for our customers:

- An APRA-regulated Life business – which is Australia's largest annuity provider[1] and the country's leading retirement income brand[2].
- Funds Management – comprising our multi-affiliate investment management business, Fidante; and Challenger Investment Management which includes our Fixed Income and our commercial real estate platform.

Together they combine to form a unique and diverse business and a true leader in retirement income.

Through Challenger Life we make over 60,000 individual annuity payments each month to retirees and reach millions more through our institutional business. The retirement income we pay to our customers is backed by a high-quality investment portfolio which is predominantly invested in high-grade fixed income.

We are Australia's largest fixed income manager.

Our Funds Management business is also one of Australia's largest active fund managers[3]. It's likely some of you have exposure via your portfolios to our stable of leading managers that invest in fixed income, Australian and global equities, and alternative investments.

Through a partnership with MS&AD Group – a world leading global insurer – we also provide annuities to Japanese retirees.

More recently, we have established joint venture businesses with investment administration services leader SimCorp and global investment management leader Apollo.

Through our partnership with Apollo, we have been collaborating on a range of opportunities, including plans to bring Apollo's flagship Aligned Alternatives offering to Australian customers in the next month.

Both partnerships will further diversify our revenue streams and leverage our core strengths.

Purpose and strategy

Our four strategic priorities define how we deliver value at Challenger and achieve our purpose of providing financial security for a better retirement. We do this by leveraging the combined capabilities of the Group, whether that's our people, our balance sheet, our investment capabilities or our partnerships.

Our capabilities are our competitive advantage. Our asset origination platform, combined with our distribution strength, has allowed us to meet the opportunities provided by rising interest rates and volatile asset markets.

Underpinning all this is our highly capable and talented team who bring an incredible passion and commitment to their work that supports us to deliver better outcomes for our customers and our shareholders.

Strong secular tailwinds

One of the most significant opportunities today lies in meeting the unique needs of retirees.

Australians are entering retirement in higher numbers, with more savings, and the reality is their retirement could last 30 years or longer.

Thanks to our world class superannuation system, the value of retirement assets in this country continues to grow – with a projected increase from $3.3 trillion today[4] to over $9 trillion[5] in the next 20 years.

Australians are also spending longer in retirement.

Challenger research shows retirees today will spend on average, around 24 years in retirement compared to 13 years in the 1970s[6] – simply because they are living longer.

Challenger has been a keen participant in the debate around the purpose of super and the need to ensure we develop a retirement system that delivers greater income security and confidence to Australian retirees.

Retirement is different

Generating income in retirement is fundamentally different to building wealth and saving during our working lives.

Not only do retirees need to sustain income over a longer period, they also need to navigate the unique risks that come with living longer in retirement. Macroeconomic changes can quickly alter a retiree's situation.

The current environment presents a mixed bag for retirees. On the one hand, higher interest rates are welcome news for retiree savings after a decade of declines.

Indeed, at Challenger the current rate environment means we have been able to offer our customers our highest annuity rates in 10 years[7].

On the other hand, inflation poses a serious risk to retirees as it hits generational highs around the world. As noted, customers are worried about the impact of inflation on their standard of living, and advisers now rate inflation risk as the single biggest threat to retiree incomes[8].

They have good reason to be concerned.

Inflation has eroded the value of retirees' nominal incomes and asset returns, with cumulative inflation over the last 2 years being roughly 12% compared to an expected 2.5% for this period[9]. This is a huge difference, with approximately 10% of purchasing power eroded over this time[9].

Retirees need different ways to manage inflation risk.

It will come as no surprise we are seeing high demand from customers for our CPI-linked lifetime annuity, which pays retirees a guaranteed[10] income stream for the rest of their life that adjusts in line with inflation.

Simply by guaranteeing part of a portfolio, retirees have significantly more confidence to spend – which is great for not only retirees but also for the economy and our society, given the estimated $76 billion[11] of super assets that transfer from accumulation to retirement each year and growing.

The introduction of the Retirement Income Covenant in 2022 is a positive first step, requiring super funds to develop a retirement income strategy for their members.

Access to affordable, quality advice is also crucial for retirees. The Quality of Advice Review has brought to the fore the challenges in accessing information or advice tailored to their needs. The system is expensive, bureaucratic and unaffordable for many – in fact, the Review found most older Australians say they need financial advice but can't afford it.

The debate around the Purpose of super is another anchor point for developing the retirement income system. As retirees live longer and macroeconomic changes like inflation become more difficult to manage, the importance of focusing superannuation on retirement income cannot be overstated.

Each of these policies are positive steps forward. Done right the reforms can deliver consequential benefits to the lives of retirees and the broader society – economic and social.

Whilst individually each policy is a positive step forward, the whole is much more consequential than the sum of the parts – an important point that we cannot afford to lose as we consider these current reforms.

The Purpose and the Covenant, for example, will ideally work in harmony to support better retirement outcomes for older Australians and minimise risks. Strong alignment between the two is critical.

Building a retirement system that delivers improved retirement outcomes for older Australians and ensures a vibrant economy for future generations requires broad, big picture thinking.

Clearly Challenger's customers would benefit from a whole of system approach to superannuation reform. We strongly believe guaranteed income products, like term and lifetime annuities, help to manage the retirement risks the Covenant is seeking to address.

Ultimately, that's great for Challenger's business and we are excited at the opportunities that lie ahead.

I'll now hand over to Catherine to talk through the opportunity for retirees and the role Challenger and our products play in retirement and providing retirees peace of mind.

General Manager, Customer Strategy and Experience address

Risks in retirement

Thank you, Nick. I'd like to spend some time looking at the risks facing retirees today and how we might construct robust income streams using annuities alongside traditional fixed income.

Nick has touched on inflation. Retirees continue to be concerned about it. Today's retirees have lived through high inflation periods already, they want to manage that risk in retirement, and not always by spending less.

Is there protection against this?

Age pension is CPI linked.

Rents from investment property are typically correlated with inflation and rates.

And Challenger as the only provider to offer a CPI protected income annuity, it's been our flagship offer for over a decade.

We also know interest rates have moved materially over the last 18 months, and happily that means the payment rates on lifetime and term annuities have also increased over that time. Annuities are back.

Current yields on different asset classes

This graph shows the current income yields from a range of traditional asset classes, effective 1 March. We had a rate rise on the 8 March, adding another 25 basis points to the cash rate. The chart doesn't show historical capital gains, nor does it show the "yield to maturity" on the fixed income indices above. As such, we have a like for like comparison of basic income levels across different mainstream asset classes.

We have also included the 3-year term annuity rate as at 1 March as a reference to show how it currently compares against the different asset classes.

Moving up from low risk into higher risk assets means higher expected total returns over the long term, but also means a higher proportion of this total return comes from capital gains. I'm not telling you anything you don't already know, but the effect of the changing interest rate environment on different types of investments means clients are now facing quite a volatile return environment.

Many returns have been at times dramatically different to client expectations – this is particularly true when we focus in on defensive returns. People are questioning how 'fixed' their fixed income actually is.

Example here is if we look at largest peak to trough draw down.

Looking at it another way

Here we show the current income levels across the same asset classes as the previous slide, but now introduce the largest draw-down, or 'peak-to-trough' capital loss, experienced at any stage during the last 5 years to November 2022.

These losses dwarf the income yields these asset classes offer, and whilst the prospect for future returns from traditional fixed income is greater than before on account of higher yields looking forward, we are not finished with volatility just yet.

For retirees needing to draw down capital to fund living expenses, this can mean crystallising losses like the ones experienced here, permanently reducing the capital base from which they can draw future income from. This concept, known to you all as sequencing risk, is one of the largest risk to retirees, and can have a material impact on how long an investment portfolio can generate sustainable income.

My question then is – how do we allow retirees to draw down without crystallising loss?

Risks in retirement

We've covered inflation risk, and sequencing risk, but there are also other risks to consider such as market risk, longevity risk and emotional risk:

- Market risk – pretty obvious, particularly right now.
- Longevity – the two big questions that face retirees are how long will my health last and how long will my money last…A long life is wonderful, but it also costs more. How long will a retirement plan need to generate income? We know half of the population will outlive their statistical life expectancy, and some will live much longer.
- Emotional – that's why your clients need you, to guide them when these risks show up.

Comparing traditional fixed income to annuities

Annuities have long been favoured by many retirees, particularly the 2/3rds[12] of Australian retirees who access a full or part aged pension given the favourable asset and income treatment with Centrelink. We see many advisers using annuities to underwrite the defensive sleeve of their client's portfolio, I'll touch on some of those 4 big risk and return factors now.

The 1st is "interest rates" or "yield", which is simply the return from holding fixed income and assuming nothing changes in terms of market sentiment.

In a similar fashion, the "yield" on a lifetime annuity (or term annuity for that matter) is very much driven by the term structure of interest rates and product features. But given life insurers who offer annuities will invest in a broad range of asset classes such as equities, property, credit, as well as alternative and inflation linked assets to back their annuity payments to beneficiaries, the payments will reflect the returns on offer from a range of asset classes in addition to the term structure of interest rates. This enables annuity issuers to offer higher “spreads” than what is offered by investing in government bonds whilst “shielding” annuitants from the risks of those asset classes because we are offering a guaranteed payment backed by our APRA regulated balance-sheet.

The second major driver of risk and return for traditional fixed income is duration risk. The largest risk here is that portfolios with more duration risk are exposed to more upside and downside risk from changes in future interest rate expectations, and we’ve seen that play out over the last 12 months.

For annuities, duration is relevant in that the longer you live, the higher your expected rate of return from the annuity. But unlike traditional fixed income, the drivers of the starting payment amount, being gender and age, are completely unrelated to the traditional duration risk.

The third major driver of risk and return is credit risk. Larger or wider credit spreads imply higher market perception of credit risk, and thus lower associated bond prices, all else being equal. The aim of investing in credit risk is to earn a higher yield, or spread, than very safe government bonds and cash.

Likewise, annuities, being an insurance product, benefit from a core property of all insurance which is risk pooling. In our case, mortality credits, in effect, are a form of “spread” that benefits customers who live a long time. The risk for the customer is that they don’t live long, and therefore leave money behind for those that do.

Finally, liquidity is a key driver of returns in fixed income and this holds true for annuities as well. Less liquid fixed income products need to offer higher yields to investors to compensate them for the lower flexibility. Likewise, with annuities, product features chosen that increase liquidity (such as ability to access capital or pay a death benefit to beneficiaries) will reduce starting payments from annuity contracts.

Annuities are also used as a cash flow management tool that allows the drawdown of capital over time, as opposed to traditional fixed income which doesn’t pay back capital until maturity. Research has shown that this can overcome the behavioural bias to only live off investment earnings, giving psychological licence to spend.

Annuities

Here we have a portfolio that includes 20-25% allocation to a combination of Term and Lifetime annuities.

Term Annuities act like Term Deposits and provide:

- Guaranteed regular income for a fixed term of retiree's choice.
- Flexible capital return options.
- Attractive market leading rates.

Lifetime annuities provide:

- Regular income for life.
- Payments that can keep pace with inflation.
- Options to accelerate payments with lifestyle.

While rising interest rates have made lifetime annuities attractive once again, it's so much more than the just the rate of return. It's the portfolio construction benefits that make annuities a powerful strategy, which provides certainty of cashflow, income that is paid for life, the option for withdrawals, payments that can revert to a spouse, no fees to be paid, favourable estate planning benefits, potential to increase age pension entitlements and, most importantly, certainty and confidence to spend as inflation, interest rates and markets remain choppy for the foreseeable future.

We've left you with a case study to show you this in more detail with actual numbers but I'll stop there and open for questions.

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[1] Plan for Life – September 2022 – based on annuities under administration.
[2] Marketing Pulse Adviser Study December 2022 (2011 to December 2022).
[3] Calculated from Rainmaker Roundup, September 2022 data.
[4] APRA Quarterly Superannuation Performance as at September 2022.
[5] Deloitte Dynamics of the Australian Superannuation System: The Next 20 Years to 2041.
[6] Challenger Retirement Income Research 2022, based on ABS data age at death.
[7] Challenger 3-year term annuity rate reached 5.05% in March 2023, the highest level in the last ten years.
[8] https://www.riaintel.com/article/2azhe95tkcan888hmrrwg/practice-management/inflation-poses-the-biggest-risk-to-retirement-goals-for-now.
[9] ABS Cat No 6401.0, RBA https://www.rba.gov.au/inflation/measures-cpi.html.
[10] The word 'guaranteed' means payments are guaranteed by Challenger Life Company Limited (CLC) from assets of its relevant statutory fund.
[11] Based on Taxation Statistics 2019-20 from Australian Taxation Office.
[12] https://www.aihw.gov.au/reports/australias-welfare/age-pension.