

North

# Protected Retirement guarantee

**THE AXA** / I want  
a guaranteed income  
for life / **PLAN.**



redefining /  
financial services



### Let's talk about retirement

How do you feel? For many people just a few years or even months away from retirement, it's probably a mixed bag of emotions.

#### Excitement

You can't wait to spend time doing the things you love. You can finally read that book, take that trip, and spoil your grandchildren without feeling guilty!

#### Apprehension

It's a new stage of your life. How will you cope without the routine of the daily grind?

#### Anxiety

Soon, you are going to receive your last ever pay cheque. The lifestyle that you can afford now depends on how much you've saved up during your working life and the growth you can achieve on your investment.

All of a sudden, the challenge of having to make your savings last the distance is very real.

#### The retirement fear factor

In our uncertain world, it's natural to be nervous – and it might be for good reason.

According to the Australian Bureau of Statistics, if you retire today, aged 60, there is a 1 in 2 chance that either you or your spouse will still be alive past the age of 90.<sup>1</sup>

That's over 30 years of retirement: effectively, your superannuation savings will need to cover 780 fortnightly pay cheques, and make sure there's enough for a rainy day.

Studies show that if your super is invested in a balanced fund, there is a 1 in 3 chance that it will not last the 30 year distance.<sup>2</sup>

And if you had the misfortune to retire in a year where the market returned a loss of just 10%, this increases to a 2 in 3 chance that your savings will run out within 30 years.<sup>3</sup>

Are you confident that your retirement income strategy will last 30 years or more?

### The real risks

No matter how carefully you have planned your retirement, the reality is there are always some things that are out of your control.

#### Good news

##### You could live longer than you expect

Each year, Australians are living longer due to improvements in medicine and changes to lifestyle. Life expectancy for a couple aged 60 is now at 90 years old and rising. So even if you plan your retirement income strategy using today's average life expectancy, there is a good chance you'll live beyond this age.

#### Bad news

##### You might have unexpected expenses

You can never totally control your spending needs in retirement. While you might plan for your core needs (food, petrol) and a bit of lifestyle spending (sports membership or the odd latte), life is full of surprises and there is always the risk that you will need to withdraw more than you had planned. Health emergencies, helping a family member or a 'can't miss' travel opportunity could all lead to unplanned expenditure, and put a strain on the lifestyle you can afford in the years to come.

##### You might get 'unlucky' in the markets

Importantly, you can't control how the markets will perform the year that you happen to retire. On one hand you could score a 'lucky' retirement year, like 1975, where your income would have lasted over 50 years!<sup>4</sup> On the other hand, you may happen to retire in a year like 2008, when the S&P/ASX200 lost 38 per cent in value<sup>5</sup>, accelerating the speed at which your funds would run out.

Wouldn't it be nice to rest easy, knowing that no matter what, you will have an income for the rest of your life – guaranteed?

#### What are the odds?

If you or your spouse retire today, aged 60, you will live past 90?

**1 in 2**

Your super invested in a balanced fund will not last 30 years?

**1 in 3**

Running out of money within 30 years if you retired in a year where market losses were 10%?

**2 in 3**

1 Australian Bureau of Statistics Life Tables 2006-08

2 Risk and retirement: Impact of the market downturn, Milliman 2008

3 Stochastic scenario modelling conducted by Milliman 2010

4 Data: \$200,000 invested in a portfolio of 40% Australian equities, 30% international equities, 20% cash and 10% bonds. Initial draw down of 5% income adjusted for 3% inflation annually. Product fees 1.96% pa.

5 S&P/ASX200 daily market returns, 2008 calendar year.

## Introducing North's Protected Retirement guarantee

AXA North's new Protected Retirement guarantee provides you with a secure income during your retirement, every year for the rest of your life.

The Protected Retirement guarantee will continue to pay you an income if your own savings run out, and – if you choose – it will continue to pay this income to your spouse even after you die.

With the flexibility of a traditional superannuation or pension account, the Protected Retirement guarantee allows you to stay in control of your savings. Your funds will be fully invested in the assets of your choice, and you can access your capital at any time – all with the underlying safety net of a guaranteed income for life.



# Guaranteed income for life

## So how does it work?

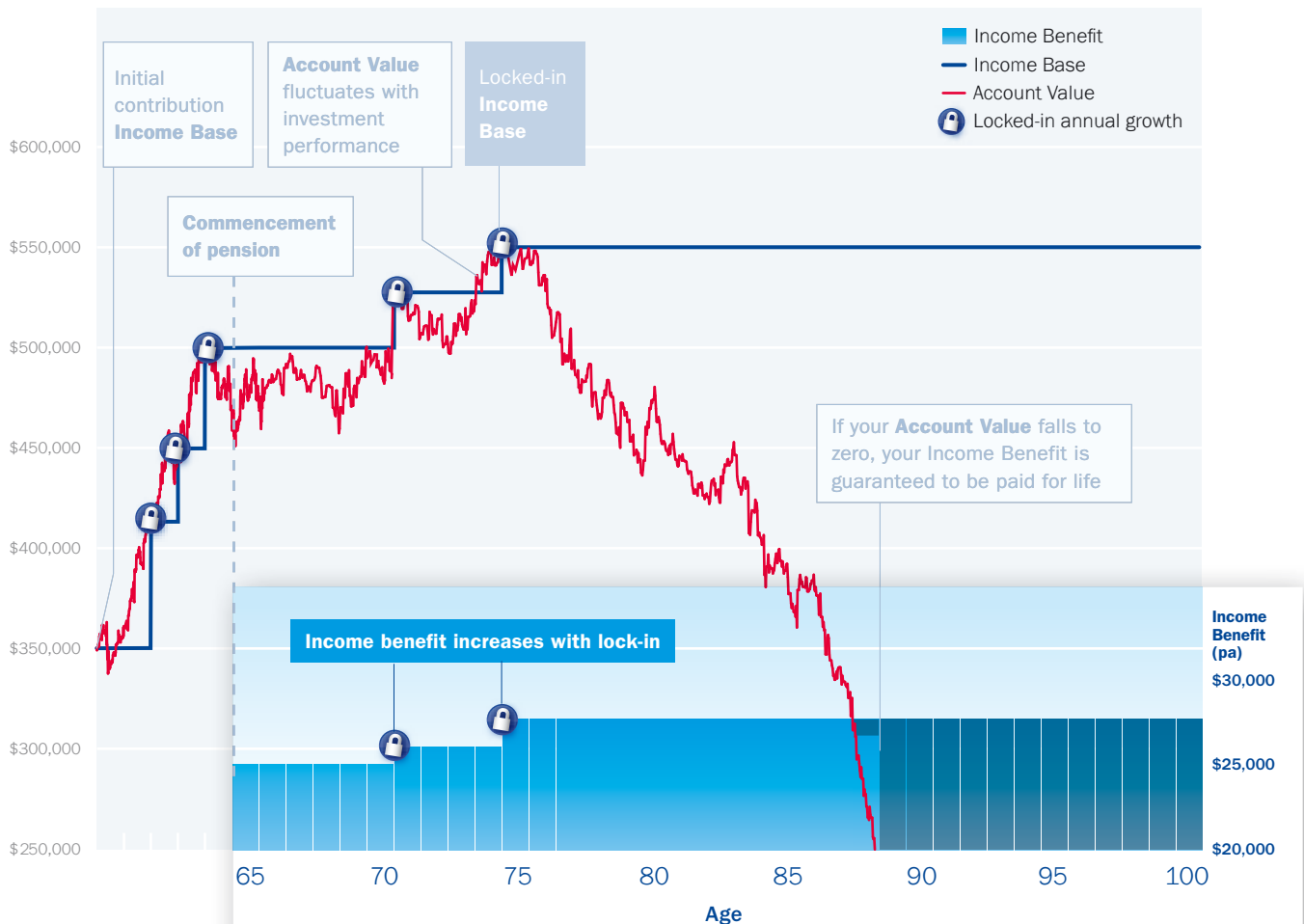
When you invest in the Protected Retirement guarantee, your investment (less any upfront fees) will establish an Income Base. The Income Base is used to determine your annual income payment and is locked in at your initial investment amount.

Meanwhile, your Account Value remains fully invested in the assets of your choice, and will fluctuate with market movements.

If your Account Value rises with the market, your Income Base will recalculate and lock-in at the higher level. This will occur each year on your guarantee anniversary date.

Upon retirement, you will begin to receive your income, which is a percentage of your Income Base, and will be determined by your age at the point of retirement or the age of your spouse if a younger Guaranteed Joint Life is selected.

## Guaranteed income in **poor** markets



If you experience poor market performance and your Account Value runs to zero, the Protected Retirement guarantee will continue to pay you an income every year for the rest of your life, ensuring your retirement lifestyle stays on track.

Graph is for illustration purposes only and not to scale

**Annual percentage of your Income Base you will receive for the rest of your life**

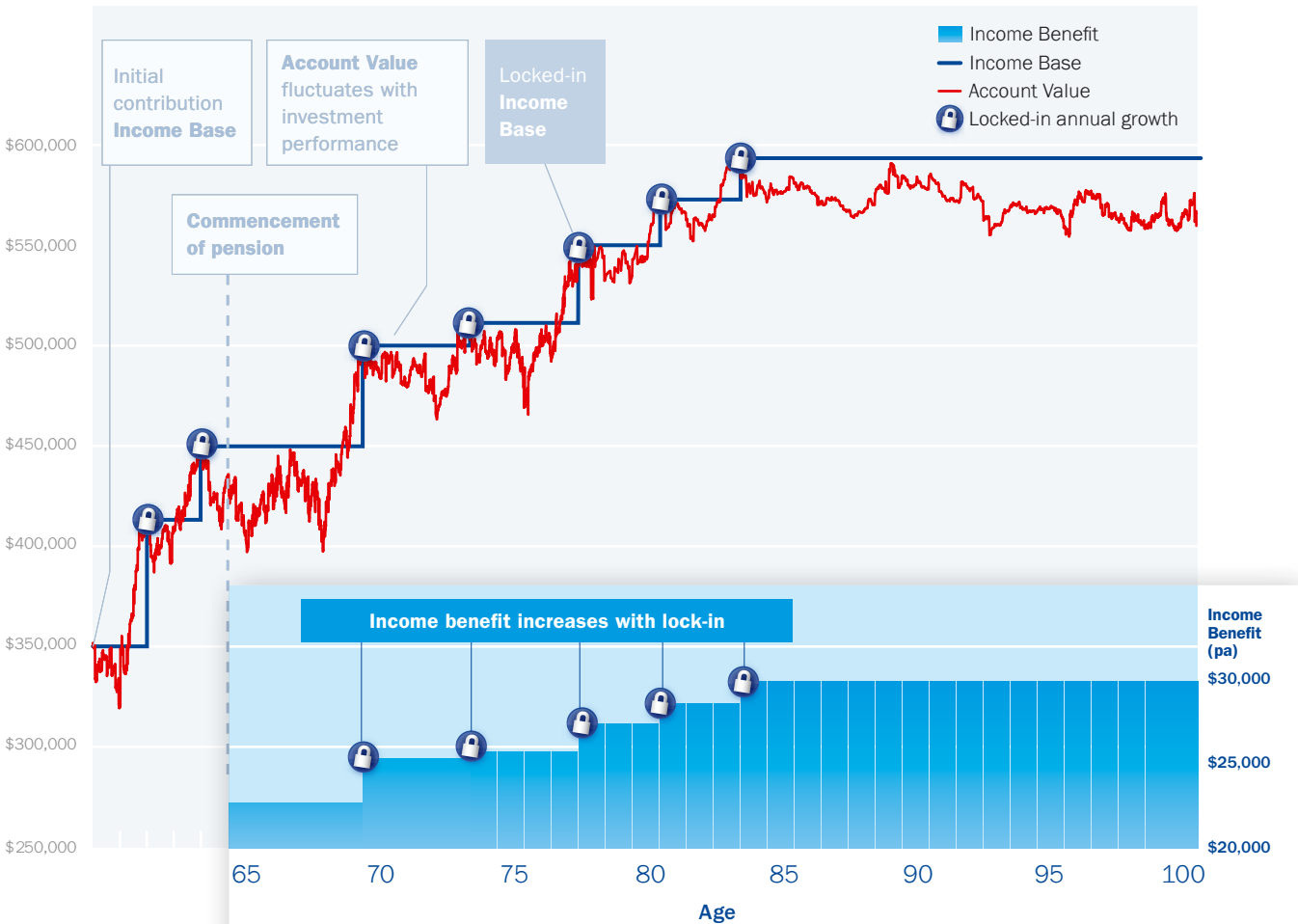
Your age at the point of retirement <sup>6</sup>	Annual percentage of Income Base
60 or younger	4.0%
61	4.2%
62	4.4%
63	4.6%
64	4.8%
65 or older	5.0%

<sup>6</sup> Minimum retirement age of 55 (for both lives in the case of a Guaranteed Joint Life).

Importantly, with the North Protected Retirement guarantee you have the ability to withdraw part or all of your Account Value at any time<sup>7</sup>, giving you control over your money and your retirement strategy.

<sup>7</sup> Subject to product rules. If you do, this will affect your future guaranteed income. Please refer to the North Guarantee Product Disclosure Statement.

Guaranteed income in **strong** markets



If the markets are strong and your Account Value continues to rise, resulting in another lock-in of your Income Base, we will increase your income payment accordingly, allowing you to reap the benefits of a strong market.

Graph is for illustration purposes only and not to scale

# Benefits and features /

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## Choice

With 11 investment options available under the North Protected Retirement guarantee, you can construct a portfolio that best suits your needs. You also maintain ownership and control over your assets, meaning that you can choose to invest in a combination of cash, fixed interest, property, Australian or international shares.<sup>8</sup>

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## Security

With the security of a guaranteed annual income from the Protected Retirement guarantee, you can be sure that you always have money to fund your retirement lifestyle.

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## Easy to access

You can invest in the Protected Retirement guarantee whether you are still working to build your super, or already in retirement phase. The minimum initial investment amount is \$20,000 (maximum initial investment is \$2,000,000).<sup>9</sup> While you are still building your super, you can continue to contribute up to 15 per cent of your initial contribution on an annual basis at no extra charge.<sup>10</sup>

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## Flexibility and control

The Protected Retirement guarantee gives you access to your Account Value at any time, keeping you in control of your money. You also have the ability to make lump-sum withdrawals at your discretion. It's important to be aware that withdrawals greater than your guaranteed income payment will impact your Income Base and future guaranteed income.

If you feel you no longer need protection, you can choose to cancel the guarantee at any time, with no exit fees. In doing so, you will receive your current Account Value.

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## Designed with your spouse and your estate in mind

In the event of your death, the balance of your Account Value will be made available to your beneficiaries or estate.

If you choose to add your spouse to your Protected Retirement guarantee (as a Guaranteed Joint Life<sup>11</sup>), then they can continue to receive the guaranteed income.

<sup>8</sup> Up to the limit of your investment strategy.

<sup>9</sup> Higher amounts can be invested subject to prior approval by AXA.

<sup>10</sup> Product fees will start to apply from the time your additional contribution is received.

<sup>11</sup> This needs to be made on initial application of a Protected Retirement guarantee.



A woman with short blonde hair is smiling broadly while swimming in a pool. She is wearing a blue swim cap with goggles perched on top. She is holding a blue kickboard with both hands. The water is a clear, bright blue. In the background, there are red and white lane lines and a grey tiled wall with large windows.

### How do I go North?

If you are approaching retirement, or are already retired, and would like the security of having a guaranteed income for life, contact your financial adviser to find out how North can fit into your personal financial strategy.

Alternatively, visit [north.axa.com.au](http://north.axa.com.au) to find out more about the North guarantees.

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You should obtain a copy of the relevant Product Disclosure Statement (PDS) before making a decision to invest in any financial product.

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