

# CASE STUDY DOWNSIZING YOUR HOME.

This case study is to help you understand how guaranteed annuities work and is for illustrative purposes only.

## Important

Getting the most from your retirement requires careful consideration and good financial advice. We recommend you speak to a financial adviser to determine if a guaranteed annuity is right for you and how it could fit within your investment portfolio.

Alternatively you can contact us on 1800 624 100 between 8.30 am and 6 pm (Sydney time), Monday to Friday.



## PAUL, 60 AND MARIA, 61

Living solely on the age pension, Paul and Maria won't be able to maintain their current lifestyle in retirement. They take annual trips to their birthplace in Italy and often contribute financially towards raising their three grandchildren. Paul and Maria live in a large four bedroom house in the inner city of Melbourne, valued at \$865,000. As Maria suffers from arthritis they'd like to downsize to a smaller home with less maintenance. They're interested in purchasing a unit for sale which is close to their children. Doing this leaves them with \$295,000, after selling costs.

Paul has a casual job with a local garden landscaper and has \$110,000 in super. They also have \$20,000 in a term deposit. Now that Maria is retired and Paul only works part time, earning on average \$30,000 p.a., they decide to visit a financial adviser to make the most of their retirement savings and get advice on investing the remaining money from downsizing their home.



Their financial adviser recommends investing the \$295,000 in a CommInsure Lifestream Long Term Guaranteed annuity over 20 years. This means Paul and Maria will receive \$15,788 in the first year, indexed at three per cent for the subsequent years.<sup>1</sup> This will sufficiently cover their annual overseas holidays and help with daily living costs. As Paul and Maria choose to have no Residual Capital Value, their initial lump sum investment will form part of the regular income payments. Over the 20 year period Paul and Maria will receive \$424,229 tax free (\$129,229 more than the original capital investment) as they are both over 60 years old.

<sup>1</sup> Based on nil adviser service fees, nil Residual Capital Value indexation rate of three per cent and a projected yield of 3.38 per cent. Rates are illustrative only. For current rates, please speak to your financial adviser or call us on 1800 624 100 between 8.30 am and 6 pm (Sydney time), Monday to Friday.

## Want to know more?

We recommend you speak with a financial adviser to determine if a guaranteed annuity is right for you and your investment portfolio.

Alternatively, you can contact us on **1800 624 100** between 8.30 am and 6 pm (Sydney time), Monday to Friday or visit [commbank.com.au/annuities](http://commbank.com.au/annuities)



**Things you should know:** This case study has been prepared by The Colonial Mutual Life Assurance Society Limited ABN 12 004 021 809 AFSL 235035 (CMLA), a wholly owned but non-guaranteed subsidiary of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945. The case study is for illustrative purposes only and does not constitute advice. The information in this document is general information only and does not take into account an individual's objectives, financial situation or needs. Individuals should assess whether the information is appropriate for them and consider talking to a financial adviser before making an investment decision. Individuals should obtain a copy of the Product Disclosure Statement (PDS) before making a decision to invest. Individuals wanting to apply for an annuity will need to complete the application process described in the PDS. The assumptions are based on the continuation of present taxation laws, superannuation laws, social security laws, rulings and their interpretation as at 1 July 2017. You should read the PDS Lifestream Guaranteed Income annuities for more information. It is available by ringing 1800 624 100 between 8.30 am and 6 pm (Sydney time), Monday to Friday. CommInsure is a registered business name of CMLA.

Taxation considerations are general and based on present taxation laws and may be subject to change. CMLA is not a registered tax (financial) adviser under the Tax Agent Services Act 2009 and you should seek tax advice from a registered tax agent or a registered tax (financial) adviser if you intend to rely on information in the case study to satisfy the liabilities or obligations or claim entitlements that arise, or could arise, under a taxation law.

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