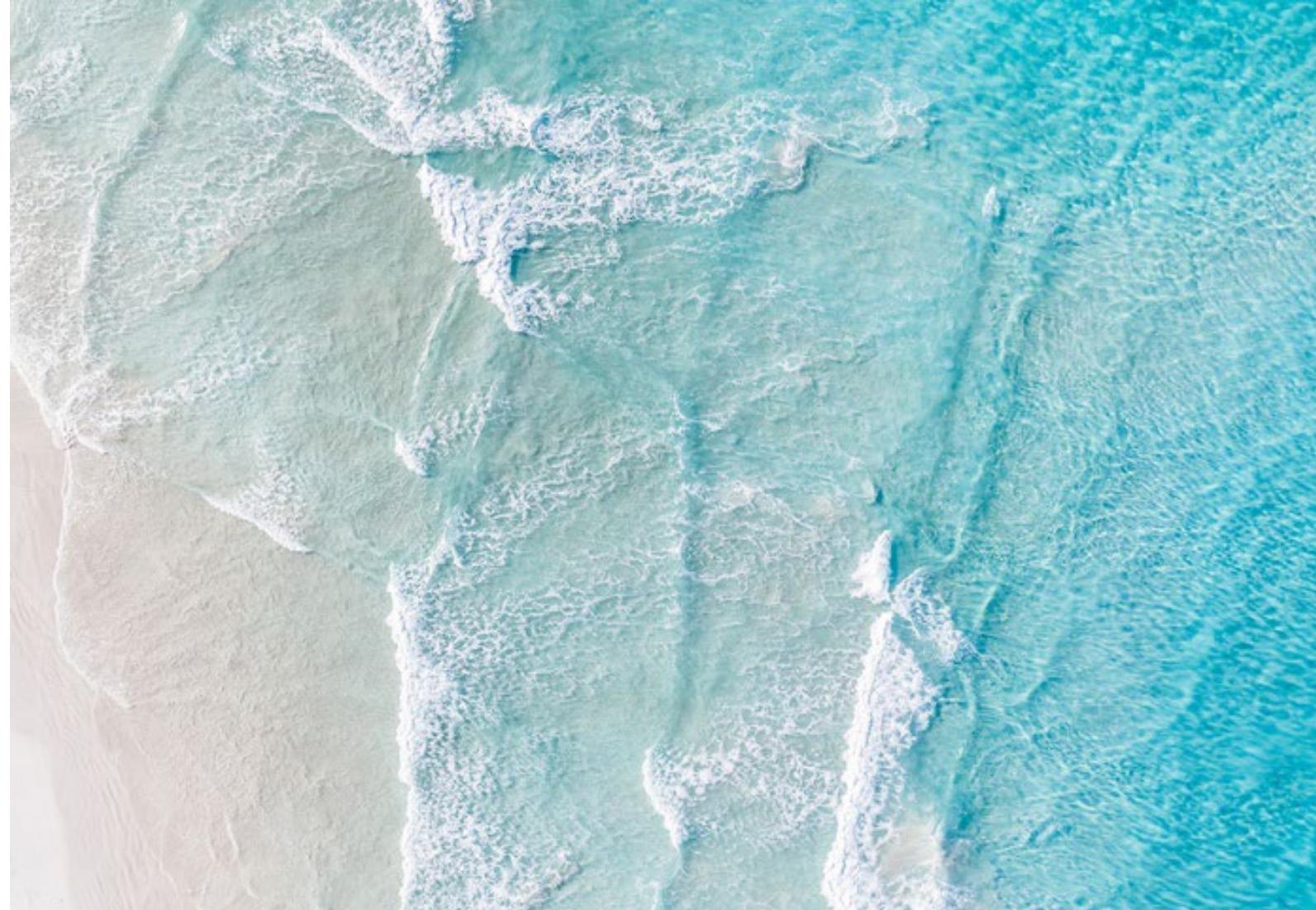


Riding the wave of super caps and balances in retirement

Justine Marquet
Head of Technical Services



This session is designed to help you:

- Explain the 2025–26 superannuation TSB and TBC changes and how they affect contribution eligibility and retirement phase transfers
- Understand the impact of market movements and death on super caps and balances
- Discover decumulation strategies that align with both financial and emotional client needs, and
- Gain insights into combining income streams to create resilient, tax-effective retirement portfolios.

Riding the wave of super caps and balances in retirement

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Agenda

- The shifting retirement landscape
- Caps and balances
- Decumulation strategies
- The value of certainty – case study
- Key takeaways

The shifting retirement landscape

Change is here



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The Australian retirement landscape is changing

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We're approaching a 'retirement tsunami'

Australia has over 4 million retirees

Over 150,000 Australians are retiring each year, and the average age at retirement is around 64¹

- Retiree population to increase from 7.4m in 2022 to 10.0m in 2041²
- Retirement assets: \$0.9t in 2022 to \$2.1t in 2041³
- Annual transition to retirement: \$55b in 2022 increasing to over \$206b in 2041⁴

Making decisions about retirement can be complex:

- When to retire / turn on ABP?
- What and how to contribute / invest?
- How much to spend?

More than half of older Australians are afraid their savings will not last through retirement⁵

83% of retirees want money that lasts a lifetime
91% want a regular income for essentials⁶

1 Australian Bureau of Statistics | Retirement and Retirement Intentions, Australia (2025)

2 Australian Bureau of Statistics | Population Projections, Australia, 2017 (base) – 2066 (Latest Release, 2018, Medium Series)

3 Deloitte Actuaries & Consultants – Superannuation Market Projections Report 2021 (today's dollars)

4 APRA Member Margaret Cole – Speech to the Investment Magazine Chair Forum (28 March 2022)

5 National Seniors Australia, 'Retirement Income Worry: Who worries and why?', January 2020

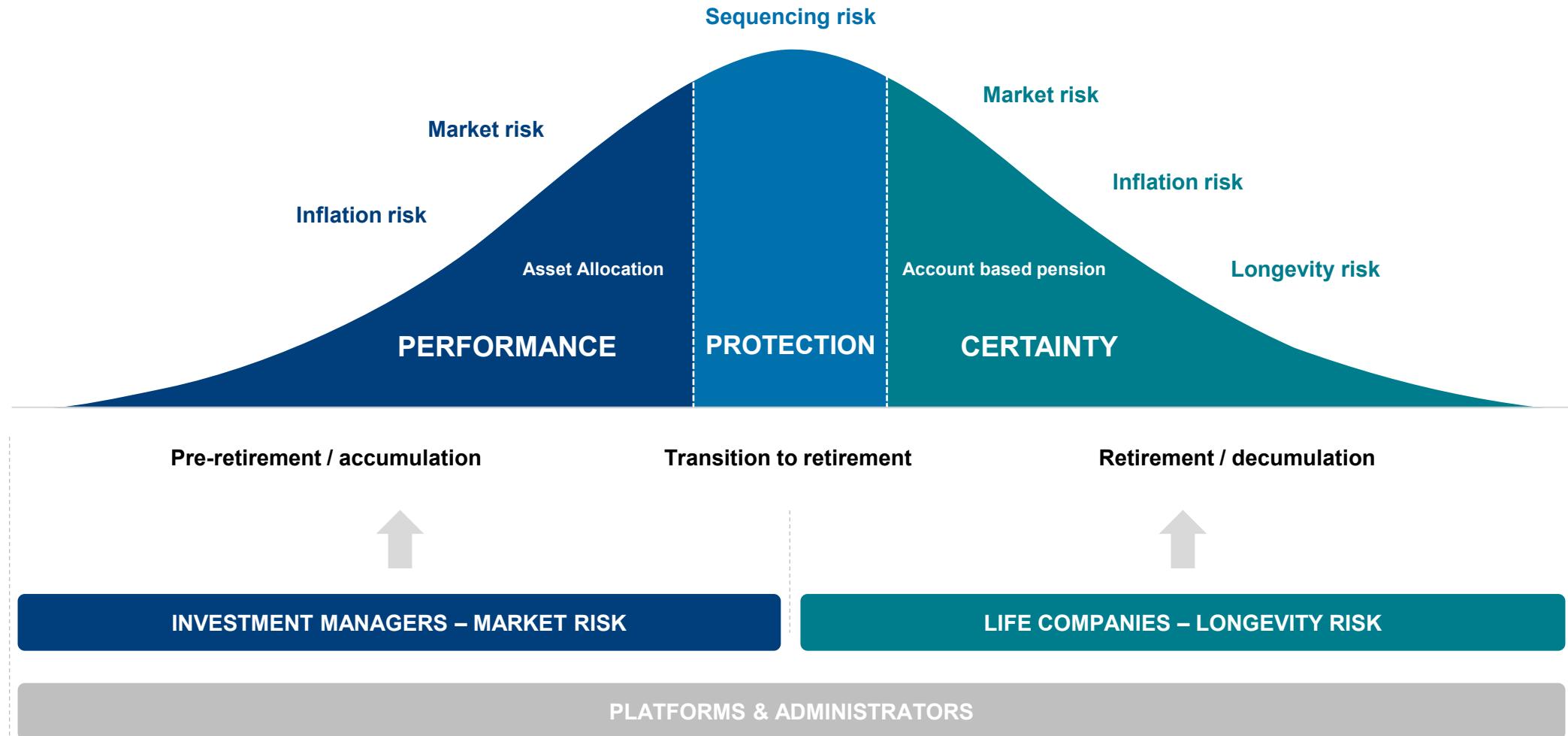
6 National Seniors Australia, 'The cost of living and older Australians' financial wellbeing', September 2023.

Whare are two unique financial risks that impact retirement, or decumulation phase, but not accumulation phase?

Retirement planning is unique

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Shifting from performance in accumulation to providing certainty in decumulation



The retirement challenge

How do we give client confidence that they'll be ok when they stop working?

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The retirement 'what ifs'

What if I **run out of money**
and can't **rely on a stable income**?

What if I need money
for unexpected expenses?

What if I'm **taking too much risk**
and lose money?

What if I'm **forced to retire**
before I'm ready?

What if I want to be protected
against market shocks?

What if **my spouse needs money**
to live on when I'm gone?

What if I want to **maximise the**
Age Pension amount I receive?

What if the
cost of living keeps going up?

What if I want to
leave money for my family?

What if I don't know what to do
and **make a mistake**?

Caps and balances

Rules, management
strategies and advice tips



Concessional contributions cap (CC cap)	\$30,000
Non-concessional contributions cap (NCC cap)	\$120,000
Defined benefit income cap	\$125,000
Total super balance (TSB) threshold	\$2,000,000
General transfer balance cap (TBC)	\$2,000,000

Quiz Q

What is the relevance of your client's TSB?

TSB: Determines eligibility¹ for

- Spouse tax offset²
- Government co-contributions²
- NCCs, including bring forward
- Unused / catch-up CC rules³

¹ TSB will also affect SMSF eligibility to claim exempt current pension income (ECPI) under the segregated assets method

² Recipient must also meet income requirements and have not exceeded NCC limits

³ To utilise unused CCs, TSB must be under \$500,000 at the end of 30 June of the previous financial year

Determining total super balance (TSB)

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Sum of all super interests: accumulation, retirement phase, and rollovers in transit @ previous 30 June

Accumulation phase value

- Generally, the withdrawal value^{1,2}
- Also includes:
 - certain deferred super income streams
 - transition-to-retirement income streams not in retirement phase, and
 - super income streams that have not complied with pension or annuity standards or a commutation authority.

Retirement phase value

- Generally, transfer balance account (TBA) at end of 30 June, with modifications for:
 - personal injury/ structured settlement payments to super, or payment splits
 - account-based pensions (ABPs)
- If ABP only, retirement phase value will reflect withdrawal value at later of commencement or prior 30 June

Hot tip: If your guaranteed lifetime product sits as an underlying asset of the ABP, it does not get the fixed TBA credit treatment of more traditional annuities and defined benefit pensions, optimising future contribution eligibility

¹ If there's a personal injury or structured settlement payment to super, or payment split, adjustments need to be made

² Different method used for a defined benefit interest not in retirement phase

Revisit contribution plans:

- For clients previously ineligible for NCCs due to TSB, reassess eligibility post-1 July 2025

For clients under 75, consider triggering bring-forward arrangements:

- If TSB < \$1.76 million, can make NCCs up to \$360,000 over 3 years
- Once the client has triggered the bring-forward arrangement, they cannot benefit from the NCC cap being indexed during the bring-forward period

NCC and bring-forward available	Total Superannuation Balance at 1 July 2024 (current thresholds)	Total Superannuation Balance at 1 July 2025 (new thresholds)
3 years (\$360,000)	Less than \$1.66 million	Less than \$1.76 million
2 years (\$240,000)	\$1.6 million to <\$1.78 million	\$1.76 million to < \$1.88 million
1 year (\$120,000)	\$1.78 million to < \$1.9 million	\$1.8 million to < \$2 million
Nil	\$1.9 million	\$2 million

Give TSB and caps proactive attention:

- Review client TSBs to maximise catch-up CCs and spouse contributions under current caps
- Review level of SG contributions to ensure within CC cap

Using downsizer contributions:

- Up to \$300,000 per person
- Not counted for NCC cap, but included in TSB
- Time them carefully – do catch-up CCs and bring-forward NCCs first

Maximise retirement savings in concessionally taxed environment

Balance accounts between couples to reduce the higher TSB

- Use spouse contributions, super contribution splitting, or withdrawal / re-contribution strategy

Increase room and opportunity for contributions

Improve future TBCs and Centrelink outcomes

Double access to tax-free retirement phase and optimise estate planning

- General TBC is \$2 million for 2025-26
- TBC limits the amount that can be transferred to retirement phase super income streams
- Everyone has a personal TBC, indexed proportionally
 - If part of cap previously utilised, personal TBC only increases by unused percentage of indexation amount



e.g. If Jay used \$1.5m of \$1.9m cap previously, unused cap is: $\$0.4m/\$1.9m = 21\%$
Now TBC has increased by \$100k, Jay's cap increases by \$21k.

- Amount above TBC must remain in accumulation phase or be withdrawn
- Excess transfer balance = amount that exceeds personal transfer balance cap PLUS notional earnings on excess amount
- Exceed the cap: must commute excess and pay excess transfer balance tax

Adjusting strategies for improved retirement outcomes

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Review ABP commencement:

- If balance is \$1.9 - \$2 million, make additional contributions or commence larger pension?

Review clients' personal TBC

- Personal TBC indexed proportionally
- Is there personal TBC space they can utilise?

Maximises amount that can be transferred to tax-free phase

Review pension refresh plans:

- Consider pension start/ refresh pre or post 1 July

Bring forward tax saving vs increased TBC

Utilise guaranteed lifetime products that are an underlying investment of the fund (over standalone annuity or IRIS)

- Amount that counts towards TSB and TBC reduces over time

Can mitigate Div 296 tax

- Injects reliable income, that never stops or drops, into cash account - despite asset values depleting

Can improve future contribution opportunities

Maintains tax-free income, providing retiree comfort and confidence

Adjusting strategies – market or account balance movements

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Monitor market volatility impact before 30 June on TSB and TBC – timing is critical

Carefully manage income requirements in excess of required ABP minimums

Market rises



May close off contribution eligibility

May limit amount able to move into tax-free phase

Market falls



May reduce TSB, opening up contribution opportunities

Larger pension payments = No TBA debit
Commutations = TBA debit



Use commutations to make TBC room and maximise future amounts able to move into tax-free phase

Adjusting strategies – mortality events

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Death benefit income streams¹:

Nomination type	Date of TBC credit	Value of TBC credit	Contribution eligibility for surviving spouse
Reversionary	12 months from date of death	Value of income stream at date of death	
Binding, non-binding or no nomination	At time new pension is paid to beneficiary	Account value at time new pension commences	

Couple - estate planning

- Nominate spouse as reversionary beneficiary

Provides flexibility, income and time to manage TBC

Couple - estate equalisation

- Use binding nominations and re-contribution strategies to manage estate outcomes and tax

Reduces tax on death benefits paid to adult children

¹ Must be cashed out or used to commence a new pension. Excess over TBC must be withdrawn.

Child pensions have special rules, including a separate child TBC

Decumulation strategies

Structuring retirement income and
advice tips





Account-based pensions (ABPs):

Flexible, tax-effective, but exposed to market risk



Guaranteed lifetime income streams:

Provide certainty for essential expenses, mitigate longevity risk, may improve age pension outcomes

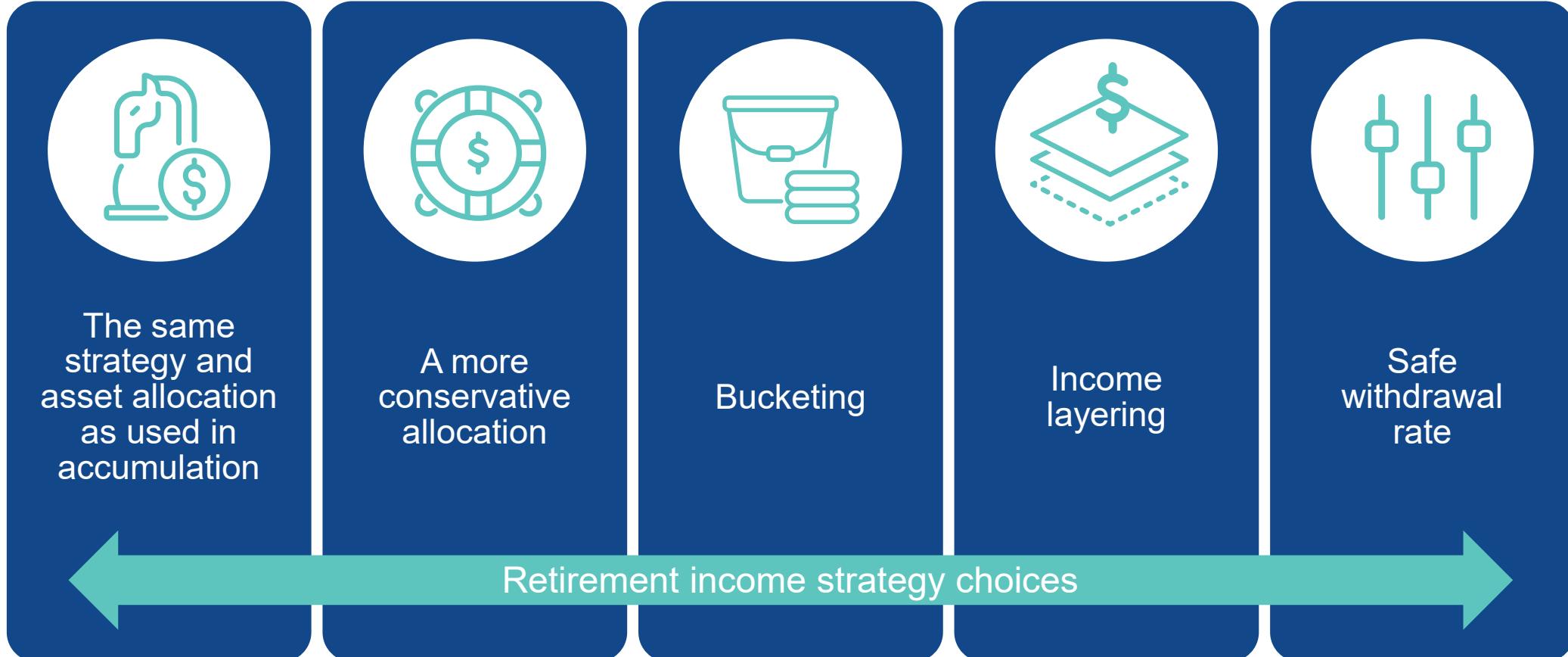


Cash reserves / buckets:

Use cash and conservative investments for short-term needs, growth assets for long-term

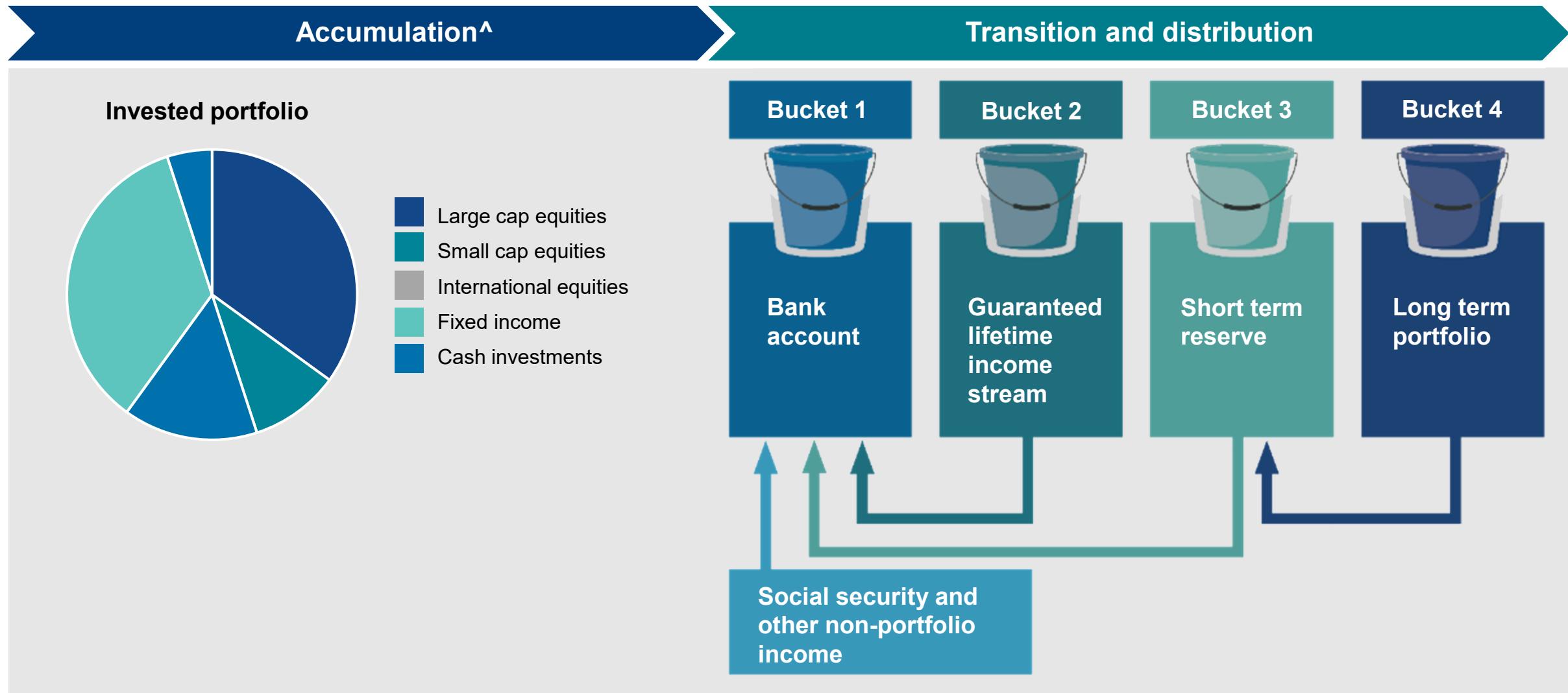
Retirement income strategy choices

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Bucketing example

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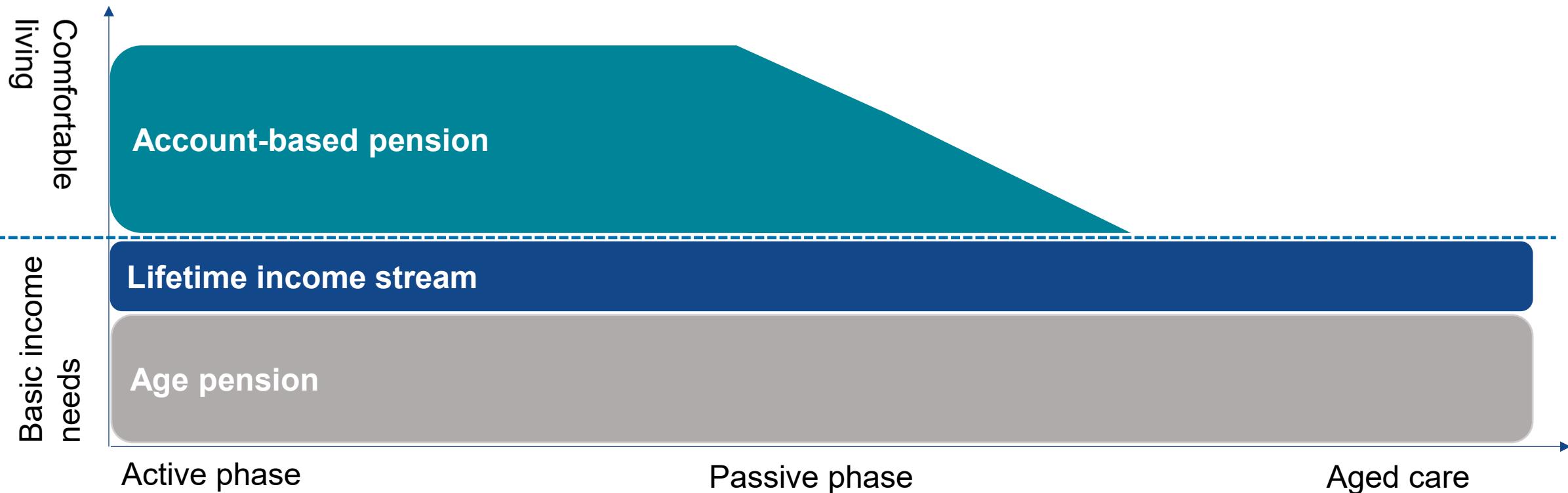
Source: Schwab Center for Financial Research. For illustrative purposes only.

[^] Accumulation allocation assumes a Moderate Portfolio Allocation of 35% large cap equity, 10% small cap equity, 15% international equity, 35% fixed income and 5% cash investments.

* Guarantees are subject to the financial strength of the issuing life company.

Income layering example

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The value of certainty



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Blair & Adam

Age Both 60

Super balance \$1.7m

Salary Blair: \$200,000 p.a.
Adam: \$140,000 p.a.

Savings \$30,000

Homeowner? Yes

Goals

- To both retire at age 67
- Around \$122,000 pa retirement income

Other relevant circumstances

- Require flexible access to capital
- Want to avoid prospect of having to return to work or adjust their lifestyle should they start to run out of their retirement savings
- A desire to look after beneficiaries if possible

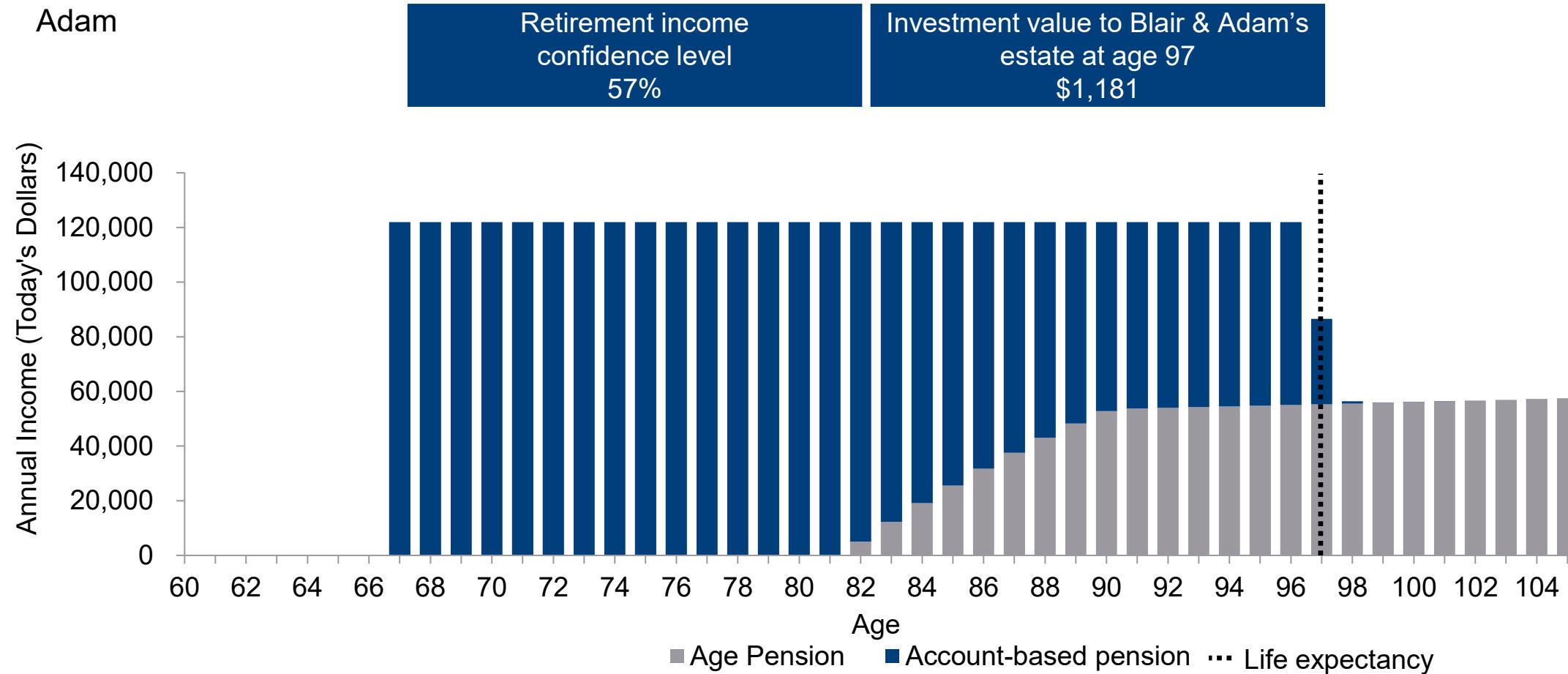


Strategy 1

Retirement income profile with ABP and age pension, spending \$122,000 pa

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Blair &
Adam



For illustrative purposes only. Today's value shown. Couple combined amounts shown unless otherwise stated. Retirement income confidence is a stochastic estimate only.

Male and female couple, both aged 60, \$200,000 pa (Blair) and \$140,000 pa (Adam) salary, \$1.7m in super (combined), \$30,000 in savings (combined), homeowner. Refer to Appendix for full case study assumptions.



Strategy 2

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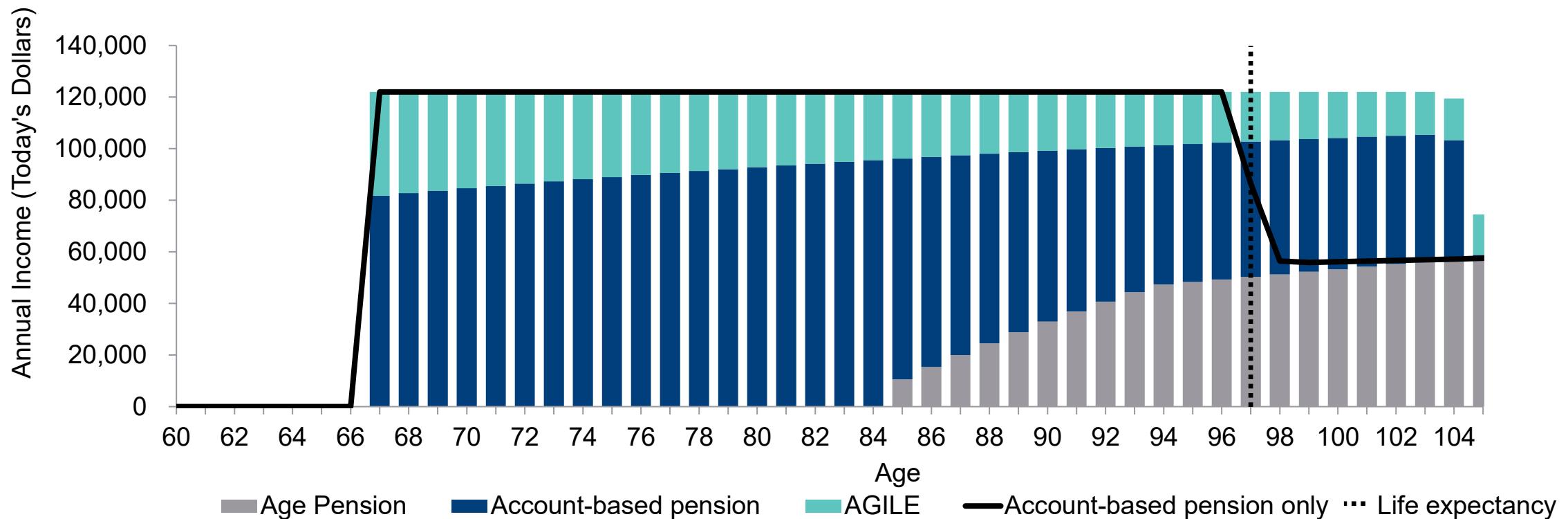
25% allocation to deferred lifetime solution (AGILE) at 60, income starting at age 67

Retirement income profile with AGILE, ABP and age pension, spending \$122,000 pa

Blair &
Adam

Retirement income confidence level 78% (+21%)

Investment value to Blair & Adam's
estate at age 97
\$303,729 (+\$302,548)



For illustrative purposes only. Today's value shown. Couple combined amounts shown unless otherwise stated. Retirement income confidence is a stochastic estimate only.

For illustrative purposes only. Today's values shown. Couple combined amounts shown unless otherwise stated. Retirement income confidence is a stochastic estimate only. Male and female couple, both aged 60, \$200,000 pa (Blair) and \$140,000 pa (Adam) salary, \$1.7m in super (combined), \$30,000 in savings (combined), homeowner. 25% AGILE allocation (lifetime income starting at age 67. Fixed option). Refer to Appendix for full case study assumptions.

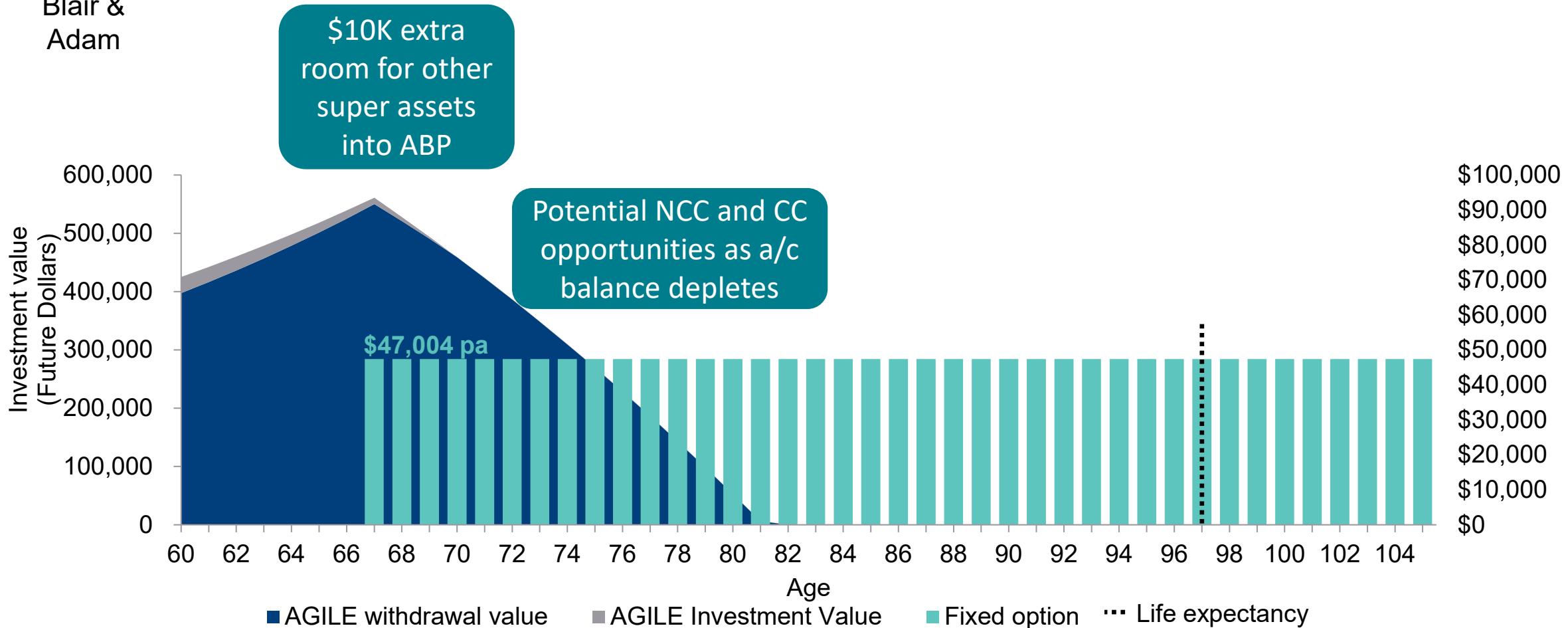


Guaranteed lifetime income solution

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AGILE investment and fixed income projection chart

Blair &
Adam



For illustrative purposes only. Future value shown. Couple combined amounts shown unless otherwise stated. Lifetime income payments can start any time after the first three years of commencing the AGILE investment. The Lifetime Income Rates on offer to new Investors are updated monthly and published on our website at www.allianzretireplus.com.au. Lifetime income rate shown is applied to each AGILE investment.

Male and Female, both aged 60, combined initial AGILE investment is \$425,000 in super, lifetime income starting age 67 when investment value is \$561,005, Fixed option. Lifetime income rate of 8.45% (6.35% + (0.30 x7)) for Blair and 8.60% (6.50% + (0.30% x 7)) for Adam. Refer to Appendix for full case study assumptions.



Blair & Adam can:

- Achieve 78% confidence of maintaining \$122,000 pa to at least age 97
- Increase the investment value to their estate by \$302,548 at age 97

Quiz Q

What other relevant circumstances have we addressed?

For illustrative purposes only. Today's value shown. Couple combined amounts shown unless otherwise stated. Retirement income confidence is a stochastic estimate only. The data, assumptions and outcomes shown are hypothetical and designed to illustrate the product concept.

Male and female couple, both aged 60, \$200,000 pa (Blair) and \$140,000 pa (Adam) salary, \$1.7m in super (combined), \$30,000 in savings (combined), homeowner. Compares ABP only strategy and 25% AGILE allocation (lifetime income starting at age 67, Fixed option) with ABP, spending \$122,000 pa. Refer to Appendix for full case study assumptions.



Blair & Adam can:

- Achieve 78% confidence of maintaining \$122,000 pa to at least age 97
- Increase the investment value to their estate by \$302,548 at age 97
- Decrease prospect of having to return to work or adjust lifestyle due to running out of income
- Maintain flexible access to their investments

For illustrative purposes only. Today's value shown. Couple combined amounts shown unless otherwise stated. Retirement income confidence is a stochastic estimate only. The data, assumptions and outcomes shown are hypothetical and designed to illustrate the product concept.

Male and female couple, both aged 60, \$200,000 pa (Blair) and \$140,000 pa (Adam) salary, \$1.7m in super (combined), \$30,000 in savings (combined), homeowner. Compares ABP only strategy and 25% AGILE allocation (lifetime income starting at age 67, Fixed option) with ABP, spending \$122,000 pa. Refer to Appendix for full case study assumptions.

Key takeaways

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New caps and thresholds present both challenges and opportunities

Ongoing management is key



There are strategy, market and portfolio risks unique to retirement



Regular reviews and behavioural coaching are essential



Proactive, layered retirement income strategies can deliver better financial and emotional outcomes

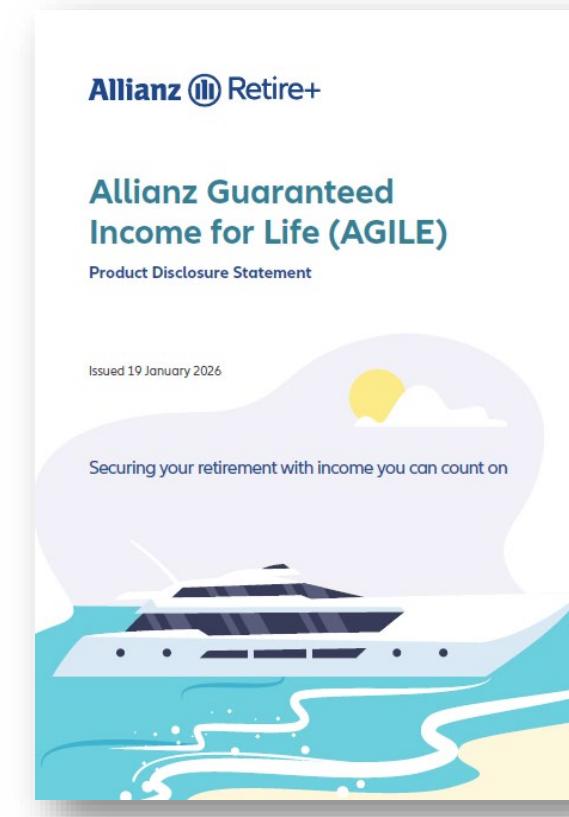
An aerial photograph of a tropical beach. The top half of the image shows a sandy beach with several people walking along the shore. A yellow and white beach umbrella is visible. The water is a clear turquoise color, transitioning to a darker green further out. A small white boat with a blue cover is anchored in the water on the left. The bottom half of the image is dominated by the clear, rippling turquoise water.

Questions?

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About Allianz Retire+

- We are **a market leader** in retirement income solutions
- We draw upon the **global strength of the Allianz Group** to deliver market-leading solutions
- Allianz Guaranteed Income for Life (AGILE) is **an award-winning, innovative** retirement income solution





Blair and Adam: case study assumptions

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Assumptions supporting the illustrative scenario

The case study in this presentation, including all numbers, is illustrative only and not exhaustive. The data, assumptions and outcomes shown are hypothetical and designed to illustrate the product concept and should not be relied on as indicative of any actual product performance, capital or income return.

Assumptions

- AGILE Age based rates as at 19 January 2026.
- AGILE Growth Phase – Protected Investment options:
 - 50% invested in Australian Equity Index - Partial Protection: Initial 10%
 - 50% invested in Global Equity Index - Partial Protection: Initial 10%
- AGILE Investment Value return in Growth Phase equal to Growth return (7.55%) pre fees and premiums.
- AGILE Investment Value return in Income Phase equal to Defensive return (4.20%) pre fees and premiums.
- AGILE Product Fee 0.30% p.a. and Lifetime Income Premium 1.15% p.a
- Age Pension+ Option is not elected.
- Spouse Insured is not elected.
- Product management fee on rest of portfolio 0.95%.
- Today's dollar values calculated using a discount rate equal to CPI growth of 2.5% p.a.
- Social security rates and thresholds as at 20 March 2025.
- Super earnings prior to retirement age taxed at 15%.
- Age Pension indexation 3.0% p.a.
- Male and female couple, aged 60, earning \$200,000 pa (Blair) and \$140,000 pa (Adam), both receiving SG contributions until retirement age at 67, \$1.7m in super (combined), \$30,000 in savings (combined), homeowner.
- Risk profile 60/40 and rebalanced annually.
- The stochastic projections utilise 2,000 stochastic simulations of investment returns and inflation.
- Investment return assumptions based on BlackRock's Capital Market Assumptions for 30-Year Expected Return and Volatility (as at 31 December 2024).

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The stochastic modelling used projects retirement outcomes across 2,000 investment market simulations, the stochastic projections aim to help users understand the likelihood of success over a range of potential real world market scenarios. These confidence levels showing likelihood of success are estimates only. The results shown will vary depending on the assumptions and inputs. The results of the case study and examples in this document are based on certain assumptions and future projections that are not predictions or guarantees. Actual outcomes may differ materially from the information provided.

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