Target Market Determination – IOOF WealthBuilder

This Target Market Determination (**TMD**) has been prepared and issued by Australian Unity Life Bonds Limited ABN 21 087 649 625, AFSL 230522, as the issuer of IOOF WealthBuilder.

This TMD seeks to offer consumers (**clients**) and distributors an understanding of the class of clients for which IOOF WealthBuilder (**Product**) has been designed, having regard to the objectives, financial situation and needs of the target market. It applies to the IOOF WealthBuilder investment bond referred to in the Product Disclosure Statement, dated 30 November 2023 (**PDS**) available at https://www.australianunity.com.au/wealth/save-for-the-future/aulbl-wealthbuilder.

This document is **not** a PDS and is **not** to be treated as a full summary of the product's terms and conditions and is not intended to provide financial advice. This document does not take into account any person's individual objectives, financial situation or needs. Clients must refer to the PDS and any supplementary documents when making a decision about the Product.

Name of product	IOOF WealthBuilder
TMD date	30 January 2025
TMD Version	4
Product description	IOOF WealthBuilder is an investment bond that is a type of life insurance 'investment' product offering governed by the Life Insurance Act 1995 (Cth). Consumers are policyholders and must nominate at least one life insured. The Product is 'tax-paid' where tax on investment earnings is paid by the Issuer at a rate of 30% (rather than a consumer's marginal tax rate) and is designed for a wide range of investment strategies including tax management, wealth accumulation outside of superannuation, saving for future life events, retirement and estate planning. The Product provides a range of diversified or sector specific investment options providing breadth of investment choice and performance objectives to suit consumers' changing life cycle investment needs.
Issuer name	Australian Unity Life Bonds Limited (AULBL)
Issuer AFSL	230522
Issuer ABN	21 087 649 625

Target Market

The Product **is likely to be suitable** for clients who:

- ✓ are looking to save or invest for the medium to long term (at least 10 years), with the ability to access their accumulated benefits only if needed, or are looking for an inter-generational wealth transfer or estate planning investment.
- ✓ can afford to invest at least:
  - $2,000 initially, OR
  - $500 initially and at least $100 on an ongoing monthly basis under a Regular Saving Plan (RSP) (this option is not available under the Child's Advancement Policy),

  AND intend to make further yearly contributions of no more than 125% of the previous years' contributions.
- ✓ are individuals aged 10 years or more (including up to three joint clients), organisations, companies and trusts (or, for the Child's Advancement Policy, individuals aged 18 years or more looking to invest on behalf of a child less than 16 years of age).
- ✓ may be receiving personal advice
- ✓ are seeking a tax paid alternative savings option to superannuation with tax paid on investment earnings at the rate of 30%.
- ✓ are looking to manage taxable income without having to include earnings in annual tax returns while invested.
- ✓ are seeking investment choice and the ability to switch between investment options without incurring tax consequences or switching fees.
- ✓ may have longer term savings goals, with the ability to access their accumulated benefits at anytime.
- ✓ may be looking for a wealth transfer vehicle through a Child Advancement Policy.

The Product **may not be suitable** for clients who:

- are not looking to save or invest, or want to save or invest for the short term only (less than 10 years), e.g. because they are saving to buy a home in the short term, or are not looking for an inter-generational wealth transfer or estate planning investment.
- have limited savings and/or limited regular disposable income, such that they cannot afford to invest at least:
  - $2,000 initially, OR
  - $500 initially and at least $100 on an ongoing monthly basis under a RSP (this option is not available under the Child's Advancement Policy).
- are minors under 10 years of age – some conditions apply to minors aged 10 – 16 years.
- are individuals on lower marginal tax rates than 30%, unless utilising the Product for tax management strategies.
- are looking for broader/direct investment exposure, such as to listed securities or term deposits.
- want money on call, such as a bank transactional account.
- are looking for a superannuation/pension product or wrap style investment platform.

Likely objectives, financial situation and needs of consumers in the target market

IOOF WealthBuilder has been designed for clients whose likely objectives, financial situation and needs are such that they are looking for:

- a tax-paid investment structure and other tax management, estate planning and wealth transfer features
- a longer-term investment with the ability to access accumulated benefits earlier if desired
- a range of investment options to suit desired risk/return outcomes

Product attributes

IOOF WealthBuilder provides:

- an alternative tax paid savings vehicle to superannuation, where tax is paid on investment earnings at the life company tax rate of 30% rather than the client's marginal tax rate
- the potential for reducing taxable income or increasing investment returns without increasing personal tax assessable income where the client does not have to report investment income in their annual tax returns while they remain invested
- no personal income tax payable on withdrawals after 10 years. Clients also benefit from a rebate on the tax already paid on investment earnings, if withdrawn within 10 years. Tax credits from franked dividends may also reduce the amount of tax paid on investment earnings within the Product
- benefits from no personal capital gains tax upon withdrawal, or when switching between investment options
- no contribution limits in the initial year of investment and additional contributions subject to a limit of 125% of the previous anniversary year's investment amount without restarting the ten year tax period (125% rule)
- simple set and forget savings options, such as regular savings plans with optional automatic increases to maximise 125% rule, BPAY, and adhoc or regular withdrawal facilities to achieve a regular income
- a wide choice of 16 investment options, including single manager and multi-manager, diversified and sector specific options with performance attributes to suit clients' changing life cycle investment needs
- a simple fee structure with no upfront fees
- access to accumulated benefits at any time, with no need to meet a condition of release (unlike superannuation)
- the option to nominate multiple lives insured and/or beneficiaries for estate planning purposes
- protection from creditors under the Bankruptcy Act 1966 (Cth) in certain circumstances
- the option to take out a Child Advancement Policy allowing clients to save for a child and have ownership automatically transferred at a nominated age up to 25 years old, with no capital gains tax or personal income tax consequences
- accounts can be opened in the name of minors at least 10 years of age.

Investment attributes

Investment timeframe

- Whilst the taxation benefits may be maximised if the bond is held for 10 years, the investment can be accessed at any time.

Refer to the Investment Option Attributes below for the minimum recommended investment period of the categorised investment asset classes.

Access to capital

- The Product offers daily redemptions.
- Clients may redeem their investment at any time (subject to Product minimum withdrawal limits).
- Under normal market conditions withdrawals are usually processed within 7 business days.
- There may be tax implications for withdrawals made within the first 10 years.

Investment options

There are a number of investment options available across various asset classes. The suggested investment timeframe, risk and return profile and investment objective outcome for each asset class is outlined below.

Diversified investment options provide Australian and international investment exposure to multiple asset classes. They can be used as an all-in-one investment solution or in conjunction with other diversified or single sector investment options to attain the desired risk/return profile and mix of defensive and growth assets.

Single sector options allow clients to construct their own investment portfolio or complement a diversified investment option. Investing into a single asset class can expose you to additional risks.

It is recommended clients speak with their financial adviser (if applicable) to determine which investment option attributes best suit their needs.

Indicator key*:
The likely objectives, financial situation and needs of clients (Client Attributes) for which the Product is likely to be appropriate have been detailed below and assessed using a red/amber/green rating methodology with appropriate colour coding as follows.

- In target market
- Potentially in target market
- Not considered in target market

IOOF WealthBuilder investment option asset class	Minimum recommended investment time frame	Risk and return*	Investment objective*		Product use*		
			Capital preservation	Capital Growth	Solution/ Standalone (75–100%)	Core Component (25–75%)	Satellite/Small allocation (<25%)
Diversified							
Conservative	3 to 5 years	Low to Medium					
Moderate	5 years	Medium					
Balanced	5 to 7 years	Medium to High					
Growth	7 to 10 years	High					
Single sector							
Cash and Income	0 to 3 years	Low					
Property	7 years	High					
Australian Shares	5 to 7 + years	High					
Geared – Australian Shares	7+ years	High					
International Shares	5 to 10+ years	High					

* Refer to Definitions for further information.

Appropriateness of the target market

This product is likely to be consistent with the likely objectives, financial situation and needs of the class of clients in the target market who are seeking the attributes described above because IOOF WealthBuilder:

- provides for a tax-paid investment structure that offers a wide choice of investment options, which can be utilised in a range of investment strategies including tax management, wealth accumulation outside of superannuation, saving for future life events, retirement and estate planning.

- provides investors with the ability to nominate beneficiaries to receive investment proceeds in the event of death, outside of their estate;
- allows the investor to establish savings for a life event; and
- allows the investor to switch investment options without incurring capital gains tax.

The IOOF WealthBuilder TMD will be reviewed as specified below to ensure it continues to be suitable for clients in the target market.

Distribution conditions

Distribution Channel	Distribution Condition
Direct distribution to wholesale clients only	The Product can be purchased directly through the Issuer's website by investors who are a Wholesale Client as defined by the Corporations Act. Distribution to unadvised retail investors is not permitted.
Through personal financial advice	The Product can be purchased by investors whose adviser has declared they have provided personal financial advice to the applicant in relation to the financial product, and the issuance is necessary to implement that personal financial advice. Financial advisers must be authorised and are required to have reviewed and considered this TMD as part of their processes for providing advice to their clients.

Appropriateness requirements – distribution conditions

Note: this section relates to s994B(8)(a) of the Act and RG 274.100.

The Issuer has assessed the distribution conditions and formed the view that the distribution conditions will make it more likely that consumers who acquire the Product will be in the target market because:

- the Issuer's distribution channel for this Product is restricted to direct distribution by the Issuer and financial advisers who are authorised by the Issuer to distribute the Product;
- employees of the Issuer involved in the distribution of this Product will be required to follow the Issuer's internal procedures for the approval of applications for the Product; and
- financial advisers involved in the distribution of this Product must be authorised by the Issuer and are required to have reviewed and considered the TMD.

Review period and triggers

Periodic review

This TMD will be reviewed at least annually and will be updated as and when appropriate.

Review triggers

The following events and circumstances would reasonably suggest the TMD is no longer appropriate:

- Material change to key product attributes, terms and/or conditions where the product issuer considers this reasonably suggests that this TMD is no longer appropriate
- Significant dealing outside the TMD
- Material or unexpectedly high number of complaints about the product

- Significant number of clients exiting the product
- The use of 'product intervention powers', regulator orders or directions that affect the product.

Any event or circumstances that arise that would suggest the TMD is no longer appropriate. This may include (but is not limited to) the following material changes to IOOF WealthBuilder:

- ASIC reportable significant dealing outside of TMD.
- Significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Corporations Act 2001) regarding product design, product availability or any distribution condition where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.
- Material change to key Product attributes, terms and/or conditions where the Product issuer considers this reasonably suggests that this TMD is no longer appropriate.
- The use of Product Intervention Powers, regulator orders or directions in relation to the distribution of this product where the product issuer considers this reasonably suggests that this TMD is no longer appropriate.

Reporting

Significant dealings

Distributors are required to notify the issuer if they become aware of a significant dealing in the Product that is not consistent with the TMD. Neither the *Corporations Act 2001* nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.

The issuer will rely on notifications of significant dealings to monitor and review the Product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.

Dealings outside this TMD may be significant because:

- they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the Product, or
- they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the client (or class of client).

In each case, the distributor should have regard to:

- the actual or potential harm to a client (which may be indicated by the value of the client's investment, their intended Product use or their ability to bear loss),
- the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer),
- the date range of when the significant dealing occurred,
- the number of clients impacted by the significant dealing (ie the number of clients who are not in the target market (or who have been excluded from the target market) as a proportion of all clients who have acquired the product), and
- the time period in which these acquisitions outside the target market occurred.

Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:

- it constitutes more than half of the distributor's total retail Product distribution conduct in relation to the Product over the reporting period.

The reporting period is as soon as practicable but no later than 10 business days after becoming aware of the significant dealing.

Complaints

The Distributor will provide details of the number and nature of complaints relating to Product design, Product availability and distribution having regard to privacy, as soon as practicable but no later than 10 business days of the end of every calendar quarter.

Sales outside the target market

To the extent the distributor is aware, of dealings outside the target market, including the reason why acquisition is outside of target market, and whether the acquisition occurred under personal advice. The distributor is to provide details as soon as practicable and in any case within 10 business days of becoming aware.

Contact details for distributors

Contact details and reporting instructions are available at ddo.ioof.com.au

You can also email us at ddo@insigniafinancial.com.au using the FSC standard template.

Instructions and Key Definitions

Instructions

The tables in this TMD provide an indication of the client attributes that describe the likely objectives, financial situation and needs of the class of clients that are considering this product. The TMD indicator provides guidance as to whether a consumer meeting the attribute is likely to be in the target market for this product.

Key definitions

Term	Definition
Investment objective	
Capital Growth	For those seeking an investment designed to generate capital return. May prefer exposure to growth assets (such as shares or property) or otherwise seek an investment return above the current inflation rate.
Capital Preservation	For those seeking an investment designed to reduce volatility and minimise loss in a market downturn. May prefer exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.
Product use	
Solution/Standalone (75–100%)	For those intending to hold the investment as a majority component (up to 100%) of their total investable assets. In addition, typically prefer exposure to a product with High portfolio diversification (refer to the definitions below).
Core Component (25–75%)	For those intending to hold the investment as a major component (up to 75%) of their total investable assets. In addition, typically prefers exposure to a product with Medium portfolio diversification (refer to the definitions below).
Satellite (<25%)	For those intending to hold the investment as a smaller component (up to 25%) of their total investable assets. In addition, typically prefers exposure to a product with Low portfolio diversification (refer to the definitions below).
Investable assets	Those assets that the client has available for investment, excluding the residential home.
Portfolio diversification	
Low	Single asset class, single country, low or moderate holdings of securities. For example: High conviction Aust equities.
Medium	1–2 asset classes, single country, broad exposure within asset class. For example: Aust equities ‘All Ords’.
High	Highly diversified across either asset classes, countries or investment managers. For example: Australian multi-manager balanced fund or global multi-asset product (or global equities).

Risk and Return	
Low	The client is conservative or low risk in nature, seeks to minimise potential losses (eg has the ability to bear up to 1 negative return over a 20 year period) and is comfortable with a low target return profile. Client typically prefers defensive assets such as cash and fixed income.
Medium	The client is moderate or medium risk in nature, seeking to minimise potential losses (eg has the ability to bear up to 4 negative returns over a 20 year period) and is comfortable with a moderate target return profile. Client typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.
High	The client is higher risk in nature and can accept higher potential losses (eg has the ability to bear up to 6 negative returns over a 20 year period) in order to target a higher target return profile. Client typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.
Very high	The client has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (eg has the ability to bear 6 or more negative returns over a 20 year period and possibly other risk factors, such as leverage). Consumer typically prefers growth assets such as shares, property and alternative assets.