

## Target Market Determination – Funeral Bond

### Legal disclaimer

A Target Market Determination (**TMD**) is required under section 994B of the *Corporations Act 2001* (Cth) (the **Act**). It sets out the target market for the product, triggers to review the target market and certain other information. It forms part of Lifeplan Australia Friendly Society Limited's (**Issuer**) design and distribution framework for the product.

This document is **not** a product disclosure statement and is **not** a summary of the product features or terms of the product. This document does not consider any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the Product Disclosure Document for the FuneralPlan Bond (**Product**) before deciding whether to buy this product.

Important terms used in this TMD are defined in the TMD Definitions which supplement this document. Capitalised terms have the meaning given to them in the Product's PDS, unless otherwise defined. The PDS can be obtained by contacting Investor Services on 1800 804 731 (within Australia) or on our website at <https://www.fpmanagement.com.au/your-options/funeral-bond>.

### Target Market Determination

Name of product	FuneralPlan Bond
APIR	LIF0095AU
TMD date	5th October 2021
TMD Version	1
Product description	This Product is a funeral bond that is a type of life policy for individuals seeking a tax-effective investment to accumulate savings for the costs of their funeral. This Product also includes a Travel Protection Plan option that provides a low-cost benefit that helps protect against the costs of transportation from the place of death to the funeral home.
Key product attributes	<p>A funeral bond is an investment offered by a friendly society or life insurance company to allow you to set aside money and accumulate benefits to cover your funeral costs. A funeral bond provides benefits <b>only</b> upon the death of the nominated person and cannot be accessed earlier.</p> <p>This Product has the following key attributes:</p> <ul style="list-style-type: none"> <li>• it is a 'tax paid' investment meaning that tax on a consumer's investment in the FuneralPlan Bond (<b>FuneralPlan Bond</b>) is paid by the Issuer at a tax rate of 30% (being the capped life insurance tax rate), rather than at the consumer's personal marginal tax rate;</li> <li>• it has 3 investment options for a consumer to choose from;</li> </ul>

	<ul style="list-style-type: none"> <li>• it offers consumers the ability to transfer their entitlement to their funeral bond to a funeral director or to have the entitlement paid to their estate;</li> <li>• no contribution caps apply where a consumer elects to transfer their entitlement to a funeral director, although the total contributions must be reasonably commensurate with the consumers expected funeral expenses in order to receive the benefit of the tax concession condition. If no election to transfer the entitlement to a funeral direction is made, contributions must not exceed a prescribed exempt funeral investment threshold;</li> <li>• it offers valuable tax advantages for the consumer, with investment returns not needing to be reported in the consumer's personal income tax return;</li> <li>• it offers social security advantages for the consumer as capital and investment returns are not included in the means test for age pension, service pension or any other means tested Government pensions;</li> <li>• it enables consumers to achieve investment returns without increasing their assessable income or impacting their entitlement to social security benefits;</li> <li>• may provide an additional tax benefit at the time a funeral benefit is claimed, in the form of a tax rebate of tax paid on the investment over the period of the funeral bond.</li> </ul>
Issuer name	Lifepan Australia Friendly Society Limited
Issuer AFSL	237989
Issuer ABN	78 087 649 492

## Target Market

**The Target Market is the class of persons who are the type of consumer set out below, who have the needs and objectives set out below and are in the financial situation set out below.**

### Needs and Objectives of Consumer

Note: this section relates to the requirements of s994B(5)(b) of the Act

### Approach to target market

#### TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

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

### Instructions

In the tables below, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

### **Type of Consumer**

The consumer can be an individual or joint individuals.

### **Consumer objectives**

Individual /s, with any one or more of the following objectives to invest in a tax-effective short to medium term investment capped at the life insurance tax rate of 30%) to pay for funeral expenses that:

- offers the consumer investment options to choose from;
- offers valuable tax advantages for the consumer, with investment returns not needing to be reported in the consumer's personal income tax return;
- offers social security advantages for the consumer, as capital and investment returns are not included in the means test for age pension, service pension or any other means tested Government pensions;
- enables the consumer to achieve investment returns without increasing their assessable income;
- provides an additional tax benefit at the time the funeral benefit is claimed, in the form of a tax deduction for tax paid on the investment over the period of the funeral bond.

This Product is not suitable for consumers seeking:

- a tax-effective investment product to use for the purpose of accumulating savings for a key life event (other than funeral expenses);
- to access their funds prior to the death of the nominated person(s).

## Level of decision making

Consumer's desired level of decision making	Product consistency with target market	Product description including key attributes
Investments chosen by consumer from extensive investment menu, with administration provided by the fund		<p>The FuneralPlan Bond offers three investment options for consumers to choose from. These options provide a range of risk levels including capital guaranteed, low and moderate risk which enables consumers to choose an investment portfolio to match their risk tolerance.</p> <p>For consumers who are not able to make a decision and select an investment option, the FuneralPlan Bond offers consumers a default investment option, being the Capital Guaranteed option.</p> <p>Therefore, the FuneralPlan Bond is likely to be appropriate for consumers seeking investments from a limited investment menu or a default investment strategy.</p>
Investments chosen by consumer from limited investment menu, with administration provided by the fund		
Default investment strategy applied where no investments selection is made. Administration is provided by the fund.		

## Product investment menu

Consumer's desired type of products on investment menu	Product consistency with target market
Sector specific options	
Sub-sector specific options	
Alternative investment options	
Active investment options - No manager choice	
Active investment options - Some manager choice	

Consumer's desired type of products on investment menu	Product consistency with target market
Active investment options - Wide manager choice	Red
Passive investment options, such as passive Exchange traded fund	Red
Ready-made diversified portfolio options	Green
Capital guaranteed options	Green
ESG investment options	Red

### Desired number of investment holdings

Consumer's desired holding of multiple investment options/ strategies	Product consistency
Low – consumer wishes to hold no more than 5 investment options	Green
Medium – consumer wishes to hold between 5 and 15 investment options	Red
High – consumer wishes to hold more than 15 investment options	Red

### Insurance Options available

Consumer's desired insurance options available	Product Consistency	Product description including key attributes
Travel Protection Insurance (funeral bonds only)	Green	The FuneralPlan Bond offers consumers the Travel Protection Plan as an optional feature. This option provides a low-cost benefit that helps protect against the costs of transportation from the place of death to the funeral home and is typically taken out by consumers who like to travel later in life, particularly post retirement, and want to safeguard against any
Insurance not required	Green	

Consumer's desired insurance options available	Product Consistency	Product description including key attributes
		<p>costs to repatriate their body from anywhere within Australia.</p> <p>As the Travel Protection Plan is an optional feature of the FuneralPlan Bond, the FuneralPlan Bond is likely to be appropriate for consumers seeking travel protection insurance as well as those that are not seeking any such insurance.</p>

## Financial situation of consumer

### Life stage of consumer

Life stage of consumer	Product consistency with target market	Product description including key attributes
Child (1-10)		
Adolescence (10-15)		
Early Adulthood (16-40)		
Middle Adulthood (41-70)		
Early Retirement (71-80)		
Late Retirement (81+)		<p>However, due to the sole purpose use of this Product for funeral expenses, it is not likely to be of appeal to a consumer until their Middle Adulthood or later. For consumers in these stages of their life, there are also added benefits in relation to their Social Security entitlements, as capital and investment returns are not included in the means test for age pension, service pension or any other means tested Government pensions. This means that relevant consumers can</p>

Life stage of consumer	Product consistency with target market	Product description including key attributes
		<p>build wealth to save for their funeral expenses without impacting their social security entitlements.</p> <p>Therefore, the FuneralPlan Bond is likely to be appropriate for consumers in Middle Adulthood, Early Retirement and Late Retirement.</p>

**Number of Funeral Bonds held:**

Number of Funeral Bonds Held	Product consistency with target market	Product description including key attributes
Single Policy		
Two Policies		
More than two policies*		<p>Whilst it is possible for a consumer to hold more than two funeral bonds the Social security/Department of Veterans Affairs limits the availability of the taxation benefits to those consumers that have no more than 2 bonds.</p> <p>Therefore, the FuneralPlan Bond is likely to be appropriate for consumers holding a single or two policies only. The FuneralPlan Bond is likely to not be appropriate for a consumers who hold greater than two bonds if their sole purpose is to achieve a taxation benefit.</p>

**Intended size of investment**

Consumer's intended investment amount	Product consistency with target market	Product description including key attributes
\$0 to \$13,500		
Over \$13,500		<p>The minimum initial contribution for the FuneralPlan Bond is \$500 (as a one-off lump sum) or \$100 (with an instalment plan).</p> <p>No contribution caps apply in relation to the initial or any additional contributions where a consumer elects to transfer their entitlement to a funeral director, although the total contributions must be reasonably commensurate with the consumers expected funeral expenses in order to receive the benefit of the tax concession. If no election to transfer the entitlement to a funeral direction is made, contributions must not exceed a prescribed exempt funeral investment threshold (which is currently \$13,500).</p> <p>Therefore, the FuneralPlan Bond is likely to be appropriate for consumers seeking to save no more than \$13,500 for their expected funeral expenses.</p>

### Access to Capital

The FuneralPlan Bond provides benefits only upon the death of the nominated person. A consumer cannot withdraw any money from their FuneralPlan Bond prior to their death.

Therefore, the FuneralPlan Bond is likely to be appropriate for consumers who are only seeking to access the entitlements under the funeral bond upon their death.

### **Consumer selected investment options**

This section of the TMD is relevant to customers who chose one or more investment options when entering the product (that is, customers that do not rely on the default investment option).

This product is consistent with a target market of consumers that wish to choose their own tolerance for risk.

The risk levels of each investment option are disclosed in the PDS and on the investment bond platform. They are also available as an Appendix to this TMD. These risk levels correspond to the Standard Risk Measure (SRM) jointly developed by the Financial Services Council (FSC) and the Association of Superannuation Funds of Australia (ASFA).

### **Investment diversification**

Consumers can select from an investment menu of 3 investments enabling a diversified portfolio of assets that they would not be able to access in their own right. Where the consumer has selected a diversified investment option(s) further diversification might not be required.

## **Other elements of TMD**

### **Appropriateness requirements**

Note: this section relates to the requirements of s994B(8)(b) of the Act and RG 274.64–66.

Explanation of consistency of key attributes with TMD
---

The Issuer has assessed the Product and formed the view that the Product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market because:

- the FuneralPlan Bond is a product for individuals seeking a tax-effective, long-term investment to accumulate savings for the costs of their funeral;
- the FuneralPlan Bond offers valuable tax advantages for the consumer, with investment returns not needing to be reported in the consumer's personal income tax return;
- the FuneralPlan Bond offers social security advantages for the consumer as capital and investment returns are not included in the means test for age pension, service pension or any other means tested Government pensions;
- the FuneralPlan Bond enables consumers to achieve investment returns without increasing their assessable income or impacting their entitlement to social security benefits; and
- the FuneralPlan Bond may provide an additional tax benefit at the time the funeral benefit is claimed, in the form of a tax rebate of tax paid on the investment over the period of the funeral bond.

## Distribution Conditions/Restrictions

Note: this section relates to the requirements of s994B(5)(c) of the Act.

Distribution Chanel	Distribution Condition
Direct Distribution	The application form for the Product includes TMD related questions that a consumer will need to provide information in relation to.
Financial advised consumers	Financial advisers must be authorised by the Issuer and are required to have reviewed and considered this TMD as part of their processes for providing advice to their clients.
Funeral directors	Funeral directors must be authorised by the Issuer and are required to have reviewed and considered this TMD as part of their processes for recommending the product 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, financial advisers and funeral directors 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;
- 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; and
- funeral directors involved in the distribution of this Product must be authorised by the Issuer and are required to have reviewed and considered the TMD;

## Review Triggers

Note: this section relates to the requirements of s994B(5)(d) of the Act.

Where the Issuer of the TMD has determined that any of the following has occurred:

- a) ASIC reportable significant dealing outside of the TMD.
- b) Significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) regarding the Product where the product Issuer considers this reasonably suggests that this TMD is no longer appropriate.
- c) 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.
- d) 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.
- e) A significant breach event relating to the design or distribution of this product where the product Issuer considers this would reasonably suggest that (i) this Product is unsuitable for a particular cohort of consumers and (ii) the TMD may no longer be appropriate.

### Maximum period for reviews

Note: this section relates to the requirements of s994B(5)(e) and (f) of the Act.

Review periods	Maximum period for review
Initial review	1 year and 3 months
Subsequent review	3 years and 3 months

The review period allows for the collection of data for 1 year/3 years, plus three months for the completion of the review.

### Distributor Information Reporting Requirements

Note: this section relates to the requirements of s994B(5)(g) and (h) of the Act.

Regulated person(s)	Requirement	Reporting deadline
All distributors	To the extent a distributor is aware of dealings outside the target market these should be reported to the issuer, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Quarterly *
All distributors	Complaints (as defined in section 994A(1) of the Act) where the nature of the complaints relate to the Product. The distributor should provide all the content of the complaint, having regard to privacy.	Quarterly *
All distributors	Significant dealing outside of TMD under s994F(6) of the Act.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.

\* Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters.

Distributors must report to Lifeplan Australia Friendly Society Limited using the method specified on the website: <https://www.australianunity.com.au/wealth/distributor-complaints>.

## **Copyright & Disclaimer for template – not to be included in issued TMDs**

This target market determination (TMD) is made by Lifeplan Australia Friendly Society Limited ABN 78 087 649 492, AFS Licence No. 237989 (Issuer) pursuant to section 994B of the Corporations Act 2001 (Cth). The Issuer is the issuer of the Product.

This document is not a summary of the Product, or the Product Disclosure Statement for the Product (PDS). It does not (and is not intended to) set out a summary of the terms or features of the Product.

This document is intended to provide a record of the Issuer's assessment of the Product, which forms the basis of this TMD. It also details the Product's distribution channel(s) and distribution strategy which must align to this TMD. This document is also used as a basis for the periodic review of the Product's suitability for distribution to the identified target market.

This document does not (and is not intended to) provide or constitute financial product advice. The target market described in this TMD is general in nature only and does not make any statement or representation that a particular person is or is not in the target market described in this TMD. This TMD does not take into account the objectives, financial situation and needs of any particular person and the Issuer makes no representation as to whether or not the Product is suitable for any particular person.

Prior to making any decision in relation to the Product, investors should obtain and consider the PDS, and obtain financial product advice if necessary. This TMD should not be taken by a person to be a substitute for obtaining and considering the PDS or obtaining financial product advice that takes into account the person's objectives, financial situation and needs.

An investment in the Product is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and performance of the Product may differ materially from the forecasts, estimates and opinions set out in this TMD. No guarantee as to the repayment of capital, the performance of the Product or any rate of return described in this TMD is made by the Issuer or any other person.

This material is not intended for distribution to, or use by, any person in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

The Issuer, and its officers, employees, agents and advisers, believe that the information in this TMD and the sources on which the information is based (which may be sourced from third parties) are correct as at the date of this TMD. While every care has been taken in the preparation of this TMD, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by Issuer, or its officers, employees, agents or advisers. To the fullest extent permitted under law, the Issuer excludes all liability for information provided in this TMD.

## Definitions

Term	Definition
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (<b>SRM</b>) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <b><i>Standard Risk Measure Guidance Paper For Trustees</i></b>. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	<p>The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
High	<p>The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.</p> <p>Consumer 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.</p>
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Distributor Reporting</b>	
Significant dealings	<p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p>

Term	Definition
	<p>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.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product’s risk rating or withdrawal timeframes),</li> <li>• the actual or potential harm to a consumer (which may be indicated by the value of the consumer’s investment, their intended product use or their ability to bear loss), and</li> <li>• 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).</li> </ul> <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> <li>• it constitutes more than a third of the distributor’s total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer has 3 or more criteria that are Not In Target Market (Red)</li> </ul>