Target Market Determination – Investment 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 Platinum Investment 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 670 638 (within Australia) or on our website at https://www.australianunity.com.au/wealth/investment-options/investment-bonds/platinum.

Target Market Determination

Name of product	Platinum Investment Bond
APIR	LIF6008AU
TMD date	5th October 2021
TMD Version	1
Product description	This Product is an investment bond that is an investment-linked life policy for individuals, companies and trusts seeking a tax-effective long-term investment to accumulate savings future life events, including the ability to nominate a beneficiary other than the consumer.
Key product attributes	This Product is a tax-effective long-term investment that has the following key attributes: • it is a 'tax paid' investment meaning that tax on a consumer's investment in the Platinum Investment Bond (**PIB**) 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; • it has two investment choices for a consumer choose from; and • no contribution caps apply in the initial year of investment; • after the initial year of investment, this Product allows a consumer to make additional annual contributions subject to the 125% rule (ie.

	that contributions in each subsequent year do not exceed 125% of the contributions in the previous year); • additional contributions in excess of 125% of the previous year's contributions can be made, however, the 10 year period after which the tax benefit is reached will re-set; • after 10 years, a consumer may make withdrawals from their investment in PIB without paying any additional personal tax (subject to the 10 year rule (ie. no withdrawals have been made during the first 10 years) and the 125% rule; • if a consumer makes a withdrawal during the first 10 years, their investment earnings will be taxable. Although, the consumer will benefit from a 30% tax offset against their assessable earnings; • it enables consumers to achieve investment returns without increasing their assessable income or impacting their entitlement to social security benefits; • it allows a consumer to nominate beneficiaries outside of the consumer's estate to provide certainty for estate planning; • it allows consumers to establish a long-term regular savings plan, helping them reach a long-term savings goal for a key life event;
Issuer name	Lifeplan 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 (aged 16 or over), a child aged 10 to 16 (with parental or guardian consent) or a company or trust.

The Product is not suitable for superannuation funds as both superannuation funds and investment bonds are tax paid investments, with superannuation funds being taxed at a rate of 15%which is lower than the 30% tax rate for investment bonds.

Consumer objectives

Individuals/s, company or trust with any one or more of the following objectives to invest in a tax paid (capped at the life insurance tax rate of 30%) investment that:

- has no additional tax after 10 years (with consumers benefiting from a 30% tax offset where investment earnings are withdrawn within 10 years);
- offers the consumer investment options to choose from;
- no contribution caps in the initial year of investment;
- after the initial year of investment, allows for additional contributions (subject to the 125% rule);
- enables the achievement of investment returns without increasing their assessable income or impacting their entitlement to social security benefits;
- allows a consumer to nominate beneficiaries outside a consumer's estate to provide certainty for estate planning;
- allows a consumer to nominate a Life Insured other than themselves; and
- allows consumers to establish a long-term regular savings plan, helping them reach a long-term savings goal for a key life event.

This Product is not suitable for:

- Superannuation contributions;
- consumers seeking regular income distributions that are calculated and paid by the product issuer.[1]

[1] Consumer could set up their own distributions but that would require them to be comfortable with calculating and making those withdrawal requests

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 Issuer		PIB offers consumers two investment options for consumers to choose from. These options provide exposure to international equities through two managed investment schemes managed by Platinum Investment Management Limited. Therefore, PIB is likely to be appropriate for consumers seeking a limited investment menu.
Investments chosen by consumer from limited investment menu, with administration provided by the Issuer		
Default investment strategy applied where no investments selection is made. Administration is provided by the Issuer		

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	
Active investment options – Wide manager choice	
Passive investment options, such as passive Exchange traded fund	
Ready-made diversified portfolio options	
Capital guarantee options	

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	
Medium – consumer wishes to hold between 5 and 15 investment options	
High – consumer wishes to hold more than 15 investments	

Financial situation of consumer

Life stage of consumer

Life stage of consumer	Product consistency with target market	Product description including key attributes:
Child (0-9)		PIB can be invested in by: • individuals or joint consumers aged 16 or over; • a child between the age of 10 and 16 with parental or guardian consent; or • companies and trusts (including deceased estates) (in which case the directors or trustees would be considered the 'consumers'). PIB can also be invested in on behalf of a child between the ages of 1 and 16 and then transferred to the child at a selected vesting age between 10 and 25 years old. The original policy owner, who must be above the age of 16, will hold the policy in their name until it vests to the child. PIB allows consumers to establish a long-term regular savings plan, helping them reach a long-term savings goal for a key event. For consumers in the late retirement phase, PIB can also be used to improve Social Security entitlements and allow for a regular withdrawal facility as a supplementary income stream. As a result of this, PIB is likely to be appropriate for consumers in early adulthood, middle adulthood or early retirement, but may also potentially be appropriate for consumers in their early adolesces or late retirement.
Early Adolescence (10-15)		
Early Adulthood (16-40)		
Middle Adulthood (41-70)		
Early Retirement (71-80)		
Late Retirement (81+)		

Intended size of investment

Consumer's intended investment amount	Product consistency with target market	Product description including key attributes:
$0 to $999		The minimum investment amount for PIB is $1000. There are no caps to an initial contribution and any additional annual contributions are limited to the 125% rule. Therefore, PIB is likely to be appropriate for consumers who are intending to invest $1,000 or more.
$1,000 to $249,999		
$250,000 to $499,999		
Over $500,000		

Investment Timeframe

Consumer's Intended Investment Timeframe	Product consistency with target market	Product description including key attributes:
Less than 1 year		PIB allows a consumer to invest in a tax paid investment under which the Issuer pays the tax on a consumer's investment at a rate of 30% (being the capped life insurance tax rate). After 10 years, a consumer may make withdrawals from their investment in PIB without paying any additional personal tax (subject to the 10 year rule (ie. no withdrawals have been made during the first 10 years) and the 125% rule (ie. that contributions in each subsequent year do not exceed 125% of the contributions in the previous year)). If a consumer makes a withdrawal during the first 10 years, the investment earnings will be taxable. Although, the consumer will benefit from a 30% tax offset against their assessable earnings. Therefore, whilst the taxation benefits may be maximised if the investment in PIB is held for 10 years, the investment can be accessed at any time with a taxation
1 to 3 year		
4 to 7 years		
8 to 10 years		
Greater than 10 years		

Consumer's Intended Investment Timeframe	Product consistency with target market	Product description including key attributes:
		offset able to be applied to the consumers tax return. As a result, PIB is likely to be appropriate for consumers who have an investment timeframe of 3 years or more. Refer to the Consumer selected investment options below for the minimum recommended investment period of the underlying investment options.

Access to Capital

Consumers may redeem their investment at any time (subject to a minimum withdrawal of $500.)

Under normal market conditions withdrawals are processed within 7 business days.

There are tax implications for withdrawals made within the first 10 years.

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 2 investments enabling a diversified portfolio of assets that they would not be able to access in their own right.
Where consumers invest in a sector specific fund, they should consider diversifying their investment across their investable assets outside of superannuation.
For all funds that have a High or Very High Risk and Return profile, consumers also should consider diversifying across their investable assets outside of superannuation.

The investment options should be assessed against the consumer's attributes for the relevant portion of their portfolio, rather than the consumer's portfolio as a whole.

	Consumer's Risk (ability to bear loss) and Return profile			
Asset Class / Sector	**Low**	**Medium**	**High**	**Very High**
Equities	Not in target market	Not in target market	In target market	In target market

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 investors in the target market because: • PIB is a long-term 'tax paid' investment product with small low-cost passive investment options with a range of risk and return characteristics; • PIB allows a consumers to establish a long-term regular savings plan, helping them reach a long-term savings goal for a key life event; • PIB enables a consumer to achieve investment returns without increasing their assessable income or impacting your entitlement to social security benefits; • PIB allows a consumer to nominate beneficiaries outside a consumer's estate to provide certainty for estate planning.

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.

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 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 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.

f) A significant or unexpectedly high number of clients do not receive discounted tax treatment upon withdrawal (e.g. withdrawal prior to the 8^{th} year of the investment being initiated).

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	Quarterly *

	acquisition is outside of target market, and whether acquisition occurred under personal advice.	
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 the 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 https://www.australianunity.com.au/wealth/distributor-complaints.

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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, consumers 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
Consumer's Risk (ability to bear loss) and Return profile	
Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (***SRM***) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the ***Standard Risk Measure Guidance Paper For Trustees***. 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. A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.	
Low	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. Consumer typically prefers defensive assets such as cash and fixed income.
Medium	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. Consumer 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 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. 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.
Very high	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). Consumer typically prefers growth assets such as shares, property and alternative assets.

Distributor Reporting	
Significant dealings	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. 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 consumer (or class of consumer). In each case, the distributor should have regard to: • the nature and risk profile of the product (which may be indicated by the product's risk rating or withdrawal timeframes), • 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 • 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). Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if: • it constitutes more than a third of the distributor's total retail product distribution conduct in relation to the product over the reporting period, • there are 3 or more criteria that are not in target market (Red)