



# PREPAID FUNERAL PLAN

FORESTERS  
FINANCIAL



Product Disclosure Statement 1 July 2023  
ABN 27 087 648 842 AFSL 241421



## About this Document

This Product Disclosure Statement (PDS) contains details about:

- The Foresters Financial Prepaid Funeral Plan ('**Funeral Plan**' or '**the Plan**'); and
- The Away From Home Cover (**which is optional and ancillary to the Plan**).

The Plan is a funeral expense facility of the Foresters Financial Funeral Benefit Fund. The Away From Home Cover is a separate funeral expenses facility of the Foresters Financial Funeral Transfer Fund. Both products are issued by Foresters Financial Limited (**Foresters Financial**) from their respective benefit funds established under the Foresters Financial Constitution. Persons taking out the Plan will become members of Foresters Financial and of the Funeral Benefit Fund (**the Fund**) and will remain members until their membership ceases in accordance with the Funeral Benefit Fund rules. The rules of the Fund cover the Funeral Benefit Capital Guaranteed Fund (**Capital Guaranteed**), the Funeral Benefit Sustainable Fund (**Sustainable**), the Funeral Benefit Balanced Fund (**Balanced**), the Funeral Benefit Growth Fund (**Growth**), and the Funeral Benefit High Growth Fund (**High Growth**) each a separate benefit fund (**and also referred to in the PDS as Investment Options**) and collectively referred to as the Fund. Investors in the Away From Home Cover will become members of Foresters and of the Funeral Transfer Fund (**collectively called the Funds**).

In this PDS, the terms 'we', 'us' and 'our' refer to Foresters Financial. All times and dates mentioned are business days in Melbourne.

The PDS is issued by Foresters Financial Limited; ABN 27 087 648 842, AFS Licence No. 241421. Our registered office and principal place of business is: Level 4, 417 St Kilda Rd, Melbourne VIC 3004. If you have any questions, please contact us on 1800 645 326 (free call). This PDS is dated and issued on 1 July 2023.

### About Us

Foresters Financial is an Australian member-owned investment and insurance financial services organisation with over 170 years of putting our members financial security first.

Foresters Financial is registered under the *Life Insurance Act 1995* (Cth) and is a public company limited by shares and guarantee under the *Corporations Act 2001* (Cth). Foresters Financial also holds an Australian Financial Services Licence which authorises it to deal in, and provide, financial product advice on a limited range of investment products. The Company is regulated by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

## Updated Information

The information contained in this PDS is the latest available at the date of printing. We will update information that should be updated by issuing a replacement PDS or a supplementary PDS, or by such other means allowable under the *Corporations Act 2001* (Cth). An electronic copy of this PDS, including the Application Form, can be downloaded from our website at [www.forestersfinancial.com.au](http://www.forestersfinancial.com.au). If you have received this PDS electronically, please ensure that you have received the entire document, including the Application Form.

## Seeking Financial Advice

It is important that you read this PDS carefully before making an investment decision, as this document contains general advice only and does not take into account your particular financial situation, investment objectives or needs. As investor's needs and aspirations differ, you should consider whether investing in the Plan and the Away From Home Cover is appropriate for you. To help you make an informed investment decision, we recommend you obtain independent professional advice from a licensed financial adviser and/or tax adviser before investing.

Tax and Social Security information contained in this PDS is current at the date of this PDS, is general in nature and may be subject to change.

This PDS does not constitute an offer or invitation in any place outside Australia where, or to any person to whom, it would be unlawful to make such an offer or invitation. This document may only be used by investors receiving it electronically or otherwise in Australia. Applications from outside Australia will not be accepted.

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# 1. What is a Prepaid Funeral Plan?

A prepaid funeral plan provides the payment security for a prepaid funeral contract between you and your funeral director (the person or organisation involved in administering your funeral service) and outlines the details and cost of your funeral therefore providing clear guidance for your loved ones. You pay for it at today's prices regardless of your medical history, which can help financially protect your family and loved ones from the cost of a funeral.

## Key Features

### For funeral expenses only

The investment proceeds can only be released after the death of the life insured to pay for the life insured's funeral expenses.

### Predictable and secure

Once paid, your funeral expenses are locked in at today's prices and documents how you want your funeral to be undertaken and is subject to the terms and conditions of your contract with your funeral director.

Under prepaid funeral legislation, your investment must be securely invested in an approved fund, such as our Fund. Ownership of your investment is then transferred or assigned to your funeral director by way of payment for your funeral service.

### Help to maximise your pension

Funeral costs you set aside in the Plan do not count in your assets test for payments from Services Australia (i.e. Age Pension, Carer Payment or Disability Support Pension).

### Protect loved ones from inheriting your funeral costs

A funeral service can involve many costs — which a prepaid funeral plan can cover— for things like burial or cremation fees, floral arrangements, funeral vehicles, clergy or celebrants, music fees and more. Plus, when you enter into a prepaid funeral plan, you provide clear guidance for your funeral wishes. At a challenging and emotional time for your family and your loved ones, having these decisions already decided can help to ease both financial and emotional stress.

### No limit on investment amount

There is no limit on how much you can invest in a prepaid funeral plan, provided it is a reasonable estimate of the cost of your funeral expenses.

# 2. Responsible Investing

The following is only applicable to investors who choose the Sustainable Investment option.

Foresters Financial believes investment decisions that consider responsible investment criteria, such as environmental, social and governance (ESG) factors, will lead to better outcomes by generating sustainable, long-term returns. Through our responsible investment decisions, Foresters Financial believes that we can play a role in influencing change towards a more sustainable future. By investing in companies with a strong ESG profile we are supporting sustainable organisations that are more likely to enhance the return profile of our portfolios.

ESG factors including labour standards, are considered by our investment managers as part of their investment selection process. Foresters' Responsible Investment Policy sets out our framework for the selection of sustainable investments with reference to ethical screening and ESG factors. Ongoing compliance oversight reporting is periodically provided to Foresters to allow us to measure the sustainable performance of our investment portfolios.

External fund managers have their own policies outlining the extent to which labour standards and ESG considerations are taken into account when making their investment decisions.

ESG factors considered when investing include a broad set of issues including but not limited to:



#### Environmental

- Climate Change
- Natural Capital
- Pollution & Waste
- Environmental Opportunities



#### Social

- Human Capital
- Product Liability
- Stakeholder Opposition
- Social Opportunities



## Governance

- Corporate Governance
- Corporate Behaviour

Our external fund managers use responsible investment principles such as proxy voting to positively influence company behaviour, with many using negative screening to minimise or exclude direct investments in certain sectors or companies based on ethical standards.

You should read the important information about Responsible Investing before making a decision. Go to our website to view our Responsible Investing Policy. The material relating to Responsible Investing may change between the time when you read this PDS and the day when you acquire the product.

A portion of the management fee received is donated to the Foresters Financial Community Grants Account, which is specifically used to grant money to organisations that will create lasting positive social change.

## 3. Who Can Invest in the Plan?

To invest in the Plan, you must have in place a prepaid funeral contract with a funeral director. If you have NOT entered into a prepaid funeral contract, then please consider our Funeral Bond PDS which can be downloaded from [www.forestersfinancial.com.au](http://www.forestersfinancial.com.au).

There are some items in a funeral service that funeral directors can lock-in at today's prices and there are other expenses, that because of their nature, may vary over time.

As part of the Plan, you will assign your investment to your funeral director of your choice, so that your Total Investment Payable\* can be easily directed to them to pay for your funeral.

## Applicant Types

### Single or Joint Policy

You can have the Plan in the name of one individual, as owner, or the Plan can be owned by two individuals. For a joint policy, upon the death of the first of the joint policy holders, your investment will be paid out in full to meet the funeral expenses of the first deceased. The surviving joint policy holder will then have to enter into a new Plan, in order to meet their future funeral expenses.

## Power of Attorney

A person appointed under a Power of Attorney ('POA') can take out the Plan on behalf of the donor; the donor being the person who has appointed the attorney under the POA.

## Beneficiary

### Assigned Funeral Plan

An Assigned Funeral Plan is a prepaid funeral contract entered into with a funeral director. Upon satisfactory evidence of your death and the funeral service having been conducted by your assigned funeral director, Foresters Financial will pay the Total Investment Payable to your contracted funeral director.

You will need to complete the Your Beneficiary section in the Application Form. Should there be a dispute at the time of your death regarding the assigned funeral director, then Foresters Financial will retain the Total Investment Payable in the Fund until the dispute has been resolved, subject at all times to the terms and conditions of your prepaid funeral contract and any applicable State or Federal legislation.

The assigned funeral director will be provided with details of your investment from time to time.

### Changing Your Beneficiary

If you wish to change your funeral director, as you have entered into a prepaid funeral contract and assigned the investment ownership, any change can only be acted upon with the express written consent of your contracted funeral director.

Regardless of the beneficiary, you remain a member of the Fund and of Foresters Financial. The assignment of your Plan does not give rise to a Capital Gains Tax liability or other income tax liability to you.

Please Note: *It is important that you inform your family or estate representative of your investment in the Fund and your preferred funeral arrangements.*

## Contributions

Foresters Financial accepts contributions either as one-off (initial) or ongoing (instalments) payments, using a variety of payment methods, such as BPAY (bank account or credit card); deposit or Electronic Funds Transfer (EFT); direct debit from a bank account (using the Direct Debit Request Form in the Application Form); or cheque. We do not accept cash.

Your minimum contribution will need to be sufficient to cover the GST component of your Plan, plus any

\*See page 14 for Total Investment Payable explanation

administration fee charged by the funeral director and, if applicable, your contribution for the Away From Home Cover. You may have the flexibility to choose your payment frequencies. Please speak to your funeral director about their prepaid funeral contract payment requirements.

Some funeral directors allow you to pay your prepaid funeral contract by way of regular or ad hoc contributions or instalments, the minimum contribution amounts are outlined in the table below.

	Minimum amount
Initial contribution	\$100
Regular contributions	\$25 per month
Ad-hoc contributions	\$100

## How To Contribute

### BPAY

BPAY accepts payment using a bank account or credit card. Once your application is approved, Foresters Financial will contact you by email or phone to provide you with your unique BPAY Reference Number. If taking out Away From Home Cover in addition to your Bond, you will receive two unique reference numbers. You will need to quote the biller code and your unique reference number that you will receive from us.

### Deposit/Electronic Funds Transfer (EFT)

If you choose to make direct payments into Foresters Financial's bank account, which is only available for your initial contribution, please include Applicant 1's full name from the Application Form in the reference field so we can identify you. Foresters Financial's bank account details are:

	Details
Bank	Westpac
Name of Account	Foresters Financial Combined
BSB	033-059
Account Number	456732
Reference/Description	<Insert Applicant 1's full name from the Application Form>

### Direct Debit

Direct Debit payments are accepted from your bank account. When completing the Application Form you

can select direct debit to pay either one-off or ongoing contributions. The frequency of your direct debit can be fortnightly, monthly, quarterly, half-yearly or annually. A direct debit agreement forms part of your application which outlines the terms and conditions of this arrangement. Please refer to our Direct Debit Request Form in the Application Form.

### Payments by Cheque

If you choose to make a payment by cheque, please ensure it is made payable to 'Foresters Financial Funeral Benefit Fund'.

Foresters Financial will be phasing out the acceptance of cheques as a payment method. This is part of the move towards more efficient, and more secure processes.

## 4. Investment Options

Investing in the Plan gives your assigned funeral director the flexibility to choose a range of investment options that provide different investment mixes. In the PDS, each fund is also referred to as an investment option.

When you take out the Plan, you will assign ownership of your investment to your funeral director. As the assignee, your funeral director will then be responsible for choosing one of the five (5) investment options available. As the funeral director accepts the risk of providing your contracted funeral service at today's prices, they are able to select an investment option that suits their risk appetite to grow your funeral investment to best meet your future funeral service costs. Whatever investment option is chosen, you become a member of the selected underlying fund. The investment options managed by our investment manager(s), are:

1. Capital Guaranteed;
2. Sustainable;
3. Balanced (default);
4. Growth;
5. High Growth.

Your funeral director may only select one investment option. If no option is specified your investment will default to the Balanced option.

If a market-linked investment option is selected by your funeral director, there is a risk of a negative return. As with all investments, there are risks that you need to be aware of. These are outlined in the Investment Risks section of this PDS.

## Investment Objective

All amounts invested into the Plan are held in the Fund whose objective is to provide investors with competitive returns by investing in Authorised Investments as stipulated by the Funds' Rules and in accordance with the Investment Strategy of each Investment Option. The approved investment ranges are monitored by our Investment Manager(s) in accordance with the Benefit Fund Rules and the applicable investment policy.

## Capital Guarantee

We offer a capital guarantee for the Capital Guaranteed investment option. This ensures that all your contributions (less fees and duties payable) and declared bonuses are guaranteed to be paid on maturity, no matter how the investment market is performing.

### Capital Guarantee explained

Capital Guarantee means that all money paid into the Funeral Benefit Capital Guaranteed Fund plus declared bonuses, less duties and fees (Away From Home Cover and funeral director GST and administration fees that may have been deducted) is secure. The guarantee is supported by a conservative investment policy which is monitored closely by Foresters Financial and its Actuary and by the solvency reserves that Foresters Financial maintains in accordance with the *Life Insurance Act 1995* (Cth) and the APRA Prudential Standards issued under that Act.

## Asset Allocation Ranges per Investment Option

The investment options provide a range of investments with differing investment risks, which allow your assigned funeral director to select an option to match their risk tolerance for the funding of your prepaid funeral contract under the Plan. Investment in the different investment assets available under each investment option may be in direct investments or through approved unit trusts or managed investment schemes.

## Current Investment Information

You can obtain up-to-date investment information, including the asset allocation and historical bonus rates for the Capital Guaranteed Option and unit prices for the market-linked investment options of the Fund, by visiting [www.forestersfinancial.com.au](http://www.forestersfinancial.com.au) or by calling us on 1800 645 326 (free call).

**Please note:** Past performance cannot be taken as a guide to future returns. Future bonus rates of the Capital Guaranteed option of the Fund and unit prices for the

market-linked investment options of the Fund are not guaranteed and may be subject to fluctuations.

## Changing Your Investment Option (Switching)

Your investment in the Plan can be transferred in its entirety between any of the five (5) investment options by your assigned funeral director, at any time. Only one investment option at any one time can be selected for the Plan. The Plan may incur underlying transaction costs each time a switch is made.

For the market-linked investment options, the unit price that applies at the time a switch application is processed, is discussed further on page 8. To switch between investment options, the assigned funeral director must complete a switch form which can be found at [www.forestersfinancial.com.au](http://www.forestersfinancial.com.au) and sent to: Foresters Financial, PO Box 7702, Melbourne VIC 3004 or via email: [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au)

Investment Options	Capital Guaranteed	Sustainable	Balanced	Growth	High Growth
Risk Profile	Low	Medium	Medium	High	High
Investment Strategy	To invest in a range of mainly cash and fixed interest assets to provide a stable and consistent return.	To invest in a range of defensive and growth assets, with a focus on Environmental, Social and Governance considerations.	To invest in a range of defensive and growth assets, with a moderately higher weighting to defensive assets.	To invest in a range of defensive and growth assets, with a higher weighting to growth assets.	To primarily invest in a range of growth assets.
Investment Objective	Aim to return better than the Reserve Bank of Australia (RBA) cash rate over the long-term.	Aim to return CPI +2% over the long-term.	Aim to return CPI +2% over the long-term.	Aim to return CPI +3% over the long-term.	Aim to return CPI +4% over the long-term.

Investment Options	Capital Guaranteed		Sustainable		Balanced		Growth		High Growth	
	Strategic Asset Allocation	Target Range	Strategic Asset Allocation	Target Range	Strategic Asset Allocation	Target Range	Strategic Asset Allocation	Target Range	Strategic Asset Allocation	Target Range
Defensive Assets										
Cash	57%	0-100%	3%	0-60%	3%	0-60%	3%	0-40%	3%	0-20%
Fixed Interest	39%	0-100%	51%	20-60%	51%	20-60%	33%	10-40%	12%	0-20%
<b>Total Defensive Assets</b>	<b>96%</b>	<b>0-100%</b>	<b>54%</b>	<b>40-60%</b>	<b>54%</b>	<b>40-60%</b>	<b>36%</b>	<b>20-40%</b>	<b>15%</b>	<b>0-20%</b>
Growth Assets										
Equity	4%	0-5%	34%	20-50%	34%	20-50%	46%	30-70%	66%	50-90%
Property	0%	0%	4%	0-20%	4%	0-20%	8%	0-30%	9%	0-30%
Alternatives	0%	0%	8%	0-10%	8%	0-10%	10%	0-15%	10%	0-20%
<b>Total Growth Assets</b>	<b>4%</b>	<b>0-5%</b>	<b>46%</b>	<b>40-60%</b>	<b>46%</b>	<b>40-60%</b>	<b>64%</b>	<b>60-80%</b>	<b>85%</b>	<b>80-100%</b>
<b>Total Asset Allocation</b>	<b>100%</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>		<b>100%</b>	



## 5. Taxation, Pension and Fees

### Taxation

The investment earnings of the Fund are subject to income tax at the business tax rate (currently 30%). This tax is paid by Foresters Financial as an expense of the Fund before the declaration and allocation of annual bonuses to the Capital Guaranteed investment option, and forms part of the calculation of unit prices for the the market-linked investment options.

Under current tax rules, tax paid on the Funds' income is expected to be fully recovered with the final calculation of the Total Investment Payable. This means that the Total Investment Payable will reflect its gross, pre-tax value. As you have assigned your investment under the Plan, then your total investment becomes payable to your assigned (contracted) funeral director upon your death and your estate will not be assessed. Your assigned funeral director will be assessed on the receipt of the Plan proceeds as normal business income in the year of payment. Growth in the value of your Plan is not subject to Capital Gains Tax.

It is not necessary, under current taxation laws, for the member to include the amount of annual declared bonuses or investment returns in their personal tax return.

*The taxation information contained in this PDS reflects a general understanding of existing and proposed tax rules which are relevant to your Plan. As with any individual investment decision, we recommend investors obtain independent professional financial and/or tax advice prior to investing.*

### Goods and Services Tax

Goods and Services Tax (GST) does not apply to your contributions or your Total Investment Payable. However, the provision of funeral services is subject to GST. You should discuss the impact of GST on the cost of funeral services with your funeral director. GST paid to external investment managers may be passed on through unit prices or prior to the calculation of bonuses in the Capital Guaranteed Option.

### Duty

Duty may be payable on your initial investment in the Fund depending upon your State or Territory of residence and will be deducted from your initial contribution.

### Pension entitlements

Monies invested in the Plan are designed to be exempt for the purposes of the assets tests for payments from Services Australia (i.e. Age Pension, Carer Payment or Disability Support Pension). To satisfy the requirements of this social security legislation, your investment must be kept solely to contribute towards your funeral expenses and must be a reasonable estimate of those expenses and cannot be withdrawn prior to the death of the Life Insured. Subject to these provisions, the entire amount of your investment in the Plan to meet fixed funeral expenses will be deemed an exempt asset.

For more information, please visit [www.servicessaustralia.gov.au](http://www.servicessaustralia.gov.au) or seek specialist advice.

## 6. Investment Risks

It is important to understand that all investments have some level of risk. Any investment option you choose must be considered against your risk tolerances and investment needs, taking into account the level of risk willing to be taken in exchange for the investment return sought.

It is important to note that as your Plan is assigned to your contracted funeral director, they become the owner of the Plan and ultimately the entity entitled to the Plan's investment proceeds, and as such, will bear any risk associated with your investment in the Plan.

The funeral director has an ongoing obligation under your prepaid funeral contract to provide your selected funeral arrangements irrespective of the maturity value of the Plan assigned to the funeral director.

Foresters Financial is not a party to your prepaid funeral contract and therefore cannot guarantee the performance of any market-linked investment options chosen by your funeral director should you cancel your prepaid funeral contract and/or reassign your investment to another funeral director.

***Seeking independent professional financial advice will assist you to formulate a strategy to manage the risks of your investment.***

### Specific Risks

**Specific risks** relating to your investment will depend on the underlying assets and volatility of those assets in each Fund of the investment options. Investment performance and the ability to declare a bonus on the Capital Guaranteed Option is not guaranteed. Specific risks that relate to investing include:

**Market risk** is the possibility that investment option earnings and market value may suffer due to factors that impact the overall performance of financial markets in which they are invested. This can include material changes to interest rates, recessions, natural disasters, pandemics and political turmoil.

**Credit risk** is the risk that a counterparty will fail to perform its contractual obligations resulting in an investment loss.

**Liquidity risk** is the risk that the Fund may experience difficulty in meeting its commitments associated with the payment of redemptions and fund expenses.

**Inflation risk** is the risk that inflation will undermine an investment's returns through the possibility that the cash flows from an investment will not be worth as much in the future.

**Investment Manager risk** is the risk that the Investment Manager will not meet the expectations set under an Investment Management Agreement with Foresters Financial which may result in underperformance of the Fund in meeting its investment objective.

## Specific Asset Risks

**Security specific risk** is the possibility that Fund earnings may suffer due to factors that impact the performance of an individual company, industry or sector in which they are invested. This can include poor business performance, competition or industry regulatory changes, including changes to the taxation treatment of the Fund.

**Cash assets** whilst usually stable, have a risk of low-returns relative to the Reserve Bank of Australia (RBA) cash rate.

**Fixed Interest assets** have credit risk in that the issuer of the asset may default in the repayment of principal or interest or both. Any change in interest rates may also impact the value of the asset. Mortgage backed Investments have interest rate risk where a change in interest rates may adversely affect the value of the asset.

**Mortgages and Advances** have default risks in the repayment of principal or interest or both by the borrower. These assets also have interest rate risk where a change in interest rates may adversely affect the value of the asset.

**Equities** have risks that may affect the share price, which include economic conditions, poor management, adverse economic conditions, adverse market sentiment and currency risk.

**Property** has risks that may adversely affect its value, which include adverse economic conditions, poor asset management, high vacancy rates and tenant defaults.

**Alternatives** have liquidity risks due to their nature of not being easily tradable, as well as failure of projects that may result in loss of investment.

Whilst it is not possible to eliminate all investment risks, we seek to minimise and manage investment risk through the appointment of an experienced investment manager(s) whose investment mandate is to invest and manage the portfolio on behalf of Foresters Financial in authorised investments and in accordance with an approved investment policy.

Foresters Financial's Investment Committee meets regularly to oversee the investment portfolio and its performance.

## Other Risks

**Taxation risk** is the risk that changes to tax laws may affect the tax treatment of your investment or the Fund's taxation obligations.

**Social Security risk** is the risk that changes to the social security laws may affect the treatment of your investment for Social Security purposes.

**Regulatory risk** is the risk that changes to legislation or regulations may materially impact either Foresters Financial and/or the Fund.

# 7. Your Investment

## Unit Pricing

Foresters Financial calculates unit prices in accordance with the valuation and unit pricing methodology prescribed in our Unit Pricing & Discretions Policy.

Unit pricing does not apply to the Funeral Benefit Capital Guaranteed Fund.

For the market-linked investment options a unit price is calculated by dividing each fund's net asset value by the number of units on issue in that fund.

Unit prices are usually calculated daily. Transaction requests received on a public holiday will be processed utilising the next available price.

Unit prices are calculated at the close of business.

Foresters Financial reserves the right to exercise discretions under its Unit Pricing & Discretions Policy. Discretions will be exercised equitably wherever possible. A copy of the Unit Pricing & Discretions Policy can be obtained by calling Foresters Financial.

## Processing Your Application

Your application will be processed using the unit price calculated as at the close of business on the day your application is received. An application request received after the cut off time will be processed utilising the next available unit price. Upon approval of your application and receipt of cleared funds, your application will be processed within three business days.

Cleared funds for a contribution transaction must be received by the 5pm cut-off time, otherwise your application will be processed with the next available unit price.

In accordance with our Unit Pricing & Discretions Policy, Foresters Financial may suspend unit pricing or switching between investment options in circumstances where the operation of financial markets are disrupted or due to other considerations outside of our control. This may affect or delay the processing of your application request and the applicable unit price.

## Current Unit Prices

To obtain current unit prices you can visit [www.forestersfinancial.com.au](http://www.forestersfinancial.com.au) or call us on 1800 645 326.

## Bonuses

Bonus is a term used to describe return or earnings on the Funeral Benefit Capital Guaranteed Fund only (being the Capital Guaranteed investment option). Every year, Foresters Financial may declare an annual bonus that is applied to the value of your current investment. The bonus rate is calculated based on the fund's investment earnings, less income tax calculated at our business tax rate (currently 30%), management fees, expenses of the fund and any other required transfers to statutory reserves. The bonus rate is based on actuarial advice and is subject to approval by Foresters Financial's Board of Directors. Once approved, it becomes a declared bonus. The declared bonus is then allocated to the current value of your investment in the Funeral Benefit Capital Guaranteed Fund as at 30 June and forms part of your capital guaranteed investment and contributes to increased future bonuses (accumulated bonuses). The rate of Bonus may differ from year to year depending on the fund's investment earnings, fees and expenses for that year.

## Interim Bonus

For investments in the Funeral Benefit Capital Guaranteed Fund that become payable within a financial year, an interim bonus rate may be paid. If a maturity claim is made after 30 June in the following financial year, but prior to the actual annual bonus rate declaration, then any declared

interim bonus rate is applied from 1 July up until the date of when the investment is paid out. The interim bonus is not guaranteed and can be amended at any time, it is based on actuarial advice and is a conservative estimate of the fund's expected investment return.

## Maturity Bonus

The Maturity Bonus is intended to recoup the tax paid on investment earnings during the term of the Plan. Its actual value will depend upon whether the tax rate for the Plan remains unchanged in the year of payment.

## Market-Linked Investment Options

For these options – where returns and unit prices are calculated on a regular basis – the term Maturity Bonus is also used to refer to the after-tax amount that is applied to the value of your investment.

When a Life Insured dies and your investment matures, the Maturity Bonus is calculated and paid in the same way as for the Capital Guaranteed non-unitised investment option.

Upon maturity, should the value of a unitised investment be less than or equal to the amount contributed during the term of the policy, the investment earnings applied could be zero or a negative amount. Should this occur, negative investment earnings will be deemed to have a zero value and no amount will be assessable for income tax purposes upon maturity. A maturity bonus is not payable in this circumstance.

Further, under current tax rules, negative investment earnings will not provide a tax-deductible amount to you.

# Fees and Costs

## Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

## To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website ([moneysmart.gov.au](http://moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

The table below shows fees and other costs that you may be charged. These fees and other costs may be deducted from your account balance, the returns on your investment or the Fund's assets as a whole. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
<b>Transaction Costs</b>		
<i>Establishment Fee</i> The fee to set up your initial investment	Nil	Not applicable
<i>Contribution Fee</i> The fee on each amount contributed to your investment	Nil	Not applicable
<i>Commission</i>	Nil	Not applicable
<i>Exit Fee</i> The fee when the total investment is payable	Nil	Not applicable
<i>Switching Fee</i> The processing fee for changing investment options	Nil	Not applicable
<i>Buy/Sell Fee</i> The transaction costs for buying or selling underlying units in an investment option	Nil	Not applicable
<b>Management Costs</b>		
<i>Foresters Financial Management Fee</i> To cover the cost of administering the Fund. The Management Fee may vary from time to time in accordance with the Rules of the Benefit Fund.	1.50%	Annual fee of 1.50% charged on the average balance of the Capital Guaranteed Fund assets.
	1.40%	Annual fee of 1.40% charged on the average balance of the market-linked assets. Accrued daily in the unit price and paid monthly.
<i>Investment Management Fee</i> To cover the cost of external investment advice.	0.00% to 0.385%	Accrued daily in the unit price and paid quarterly: <ul style="list-style-type: none"> <li>Cash/Term Deposits 0.000%</li> <li>Credit &amp; Government Bonds 0.165%</li> <li>Australian Shares 0.385%</li> <li>International Equities 0.385%</li> <li>Alternative Assets 0.385%</li> </ul> Capital Guaranteed option is not unit priced. Capital Guaranteed fees are charged against Fund assets. There is no additional management fee for the Capital Guaranteed option.
<b>Total Management Cost (unit priced only)</b>	<b>1.4% to 1.785%</b>	<b>Total estimated management costs per annum.</b>

## Example for illustration purposes

The following table is an example of annual fees and costs for a \$10,000 investment in the Growth investment option together with an additional contribution after six (6) months of a further \$1,000. This is for illustrative purposes only. The fees payable in the other investment options in the Fund are no higher than those shown in this example.

Fee	%	Amount	Description
<b>Contribution Fee</b> The fee on each amount contributed to your investment.	Nil	\$0	For any amounts you contribute you will be charged \$0.
<b>Foresters Financial Management Fee</b> The fee for administering the Fund.	1.40%	$(\$10,000 \times 1.40\%) =$ <b>\$140</b>	For every \$10,000 you have in the Growth investment option you will be charged \$140.
		$(\$1,000 \times 1.40\% \times$ $6 \text{ months}/12 \text{ months}) =$ <b>\$7</b>	The contribution of \$1,000 made after 6 months will be
<b>Investment Management Fee</b> The fee for external investment advice inclusive of GST.	0.385%	$(\$10,000 \times 0.385\%)$ $(\$1,000 \times 0.385\% \times$ $6 \text{ months}/12 \text{ months}) =$ <b>\$40.43</b>	The fee will be accrued in the unit price on the balance
<b>Total Fees For That Year</b>		<b>\$187.43</b>	

## Direct Fund Charges

Income taxes (includes corporate tax), bank debit taxes, underlying fund manager, brokerage, account keeping fees and any other taxes or statutory charges that are subsequently introduced will be charged against the Fund's investment earnings and accrued daily in the unit price (except for Capital Guaranteed option). Both Management Fees and Direct Fund Charges reduce the investment earnings of the Fund.

## Dishonour Fee

We currently do not charge dishonour fees when we are unable to process direct debit transactions or deposit cheques due to cancellations or insufficient funds. However, we may choose to deduct dishonour fees from your account in the future.

## Funeral Director Marketing Assistance

Marketing assistance may be provided to funeral directors from the Foresters Financial Management Fee, however no commission payments are paid.

## Financial Adviser Service Fees

Foresters Financial may offer this product to you through a financial adviser. If you wish to pay your financial adviser a service fee, you will need to do so directly. These are not fees associated with Foresters Financial and we recommend you speak to your financial adviser. Foresters

Financial does not pay any fees or commissions to financial advisers in its own right. Foresters may however provide other support and soft dollar benefits to financial advisers, such as product training, invitations to engagement and business development events.

## Fee Changes

Foresters Financial may increase its fees to the maximum allowed in the Fund Rules, provided it gives policy owners ninety (90) days' notice in writing of the change.

## 8. Away From Home Cover (Optional)

Foresters Financial's Away From Home Cover protects your loved ones from the associated transportation costs to your chosen funeral director, up to a maximum of \$3,000, should you die whilst traveling within Australia provided their premises are within 100km from your permanent residence.

## What's Covered

- The cost of transporting the deceased Life Insured's body from their place of death, being 100 kilometres or more from their permanent residence, to the funeral home of their chosen Funeral Director;
- Suitable container for transportation;

- Cost for preparing the body for transportation;
- Any professional service fee charged by the Funeral Director; and
- Costs associated with obtaining the appropriate documentation.

The Away From Home Cover is a product of the Foresters Financial Funeral Transfer Fund. Persons taking out a policy will become members of the Funeral Transfer Fund and of Foresters Financial. Membership and cover will cease if the member dies and is not entitled to make a claim or if their personal legal representative (usually the estate representative) makes a claim which is paid.

## Premium

	Amount
Applicant or member of a Funeral Bond or Prepaid Funeral Plan with Foresters Financial	\$120

## Fees and Charges

	Amount
Administration Fee	\$0
Management Fee	Up to 2% per annum

The Management Fee may vary from time to time in accordance with the Funeral Transfer Fund Rules, but may not exceed 2% of Funeral Transfer Fund's average gross assets. The fee is calculated on the Funeral Transfer Fund's average gross assets for a month and deducted in arrears against the investment earnings of the Funeral Transfer Fund and accrues daily.

The Management Fee is used to fund the ongoing administration costs of the Funeral Transfer Fund.

## Direct Fund Charges

Liabilities or expenses (including Taxes) incurred for the purpose of the business of the Funeral Transfer Fund and costs associated with making investments, including investment management fees, will be charged against the Funeral Transfer Fund's investment earnings. Both Management Fees and Direct Fund Charges reduce the investment earnings of the Funeral Transfer Fund.

## Eligibility to Apply

You are eligible to apply for Foresters Financial's Away From Home Cover if you:

- Are applying for either a single or joint Funeral Plan, or Bond where applicable, with Foresters Financial; or
- Have within the past 6 months of this application already invested in a Funeral Bond or Funeral Plan with Foresters Financial; and
- Are currently residing at your permanent residence; and
- Are aged 18 years or over and under 85 years; and
- Are an Australian permanent resident.

There are no medical restrictions to taking out Away From Home Cover.

## Eligibility to Claim

Your personal legal representative (usually the estate representative) is entitled to claim a benefit if you are a member of the Funeral Transfer Fund and:

- You die within Australia, 100 km or more from your permanent residence; and
- Your chosen Funeral Director is less than 100 km from your permanent residence; and
- You are permanently living at your permanent residence; and
- You have not spent 3 or more months temporarily away from your permanent residence in the last 12 months preceding your death; and
- A claim from a joint policyholder has not already been made; and
- The claim is made within 6 months of your death.

Unless the eligibility conditions are all met, no benefit will become payable.

## Important Information

### Cooling off period

If you change your mind for any reason, simply provide written notice of your intention to cancel your Away From Home Cover and return your Certificate of Membership for the Funeral Transfer Fund within 30 days from the date of issue or such other period permitted by relevant legislation. Foresters Financial will then refund all money contributed (subject to any applicable local State or Territory laws) less any fees, taxes and applicable duty.

### Keeping you informed

Upon your application being accepted to the Funeral Transfer Fund, Foresters Financial will send you a confirmation letter and Certificate of Membership for the Funeral Transfer Fund.

## Terms and Conditions

Eligible members will be covered up to a maximum of \$3,000.

## Claims

To claim, notice and supporting evidence of death, together with transportation costs incurred, must be sent to Foresters Financial by your legal personal representative (usually the estate representative) within 6 months of death or your entitlement to claim and membership of the Funeral Transfer Fund and Foresters Financial shall automatically cease. Payments from the Funeral Transfer Fund are not subject to tax. Policies have no surrender value.

## Joint Policyholders

Two individuals may apply to become joint Life Insured's with Foresters Financial Away From Home Cover.

The first applicant (i.e. Applicant 1 in the Application Form) becomes the member of the Funeral Transfer Fund and will receive the Confirmation of Membership of the Funeral Transfer Fund and any other communications from Foresters Financial.

Upon the death of the first joint policyholder who is eligible to make a claim, the surviving policyholder will cease to be a member of the Funeral Transfer Fund and of Foresters Financial (unless membership is held in some other capacity) and will no longer be covered.

In the case where both joint policyholders are eligible to make a claim at the same time, then the claim will be assessed by Foresters Financial on the same basis had only one of the joint policyholders made a claim.

## Investment Allocation Range

Under the Funeral Transfer Fund Rules, Foresters Financial has the ability to invest in a range of investments which may comprise of Cash, Shares, Mortgages, Fixed Interest and Government and Semi-Government Securities.

These investments are made based on recommendations from Foresters Financial's experienced and independent investment manager.

Their investment mandate is to invest and manage the portfolio on behalf of Foresters Financial only in authorised investments and in accordance with our approved Investment Policy.

Asset Class	Allowable Range
Australian Shares	0%-20%
Mortgages	0%-40%
Fixed Interest	0%-50%
Government and Semi - Government Securities	0%-90%
Cash	10%-100%

## Risks

There is a risk that the policy holder(s) may die and not be eligible to make a claim under the Away From Home Cover. Eligibility to make claim is outlined on page 12 of this PDS.

# 9. Things You Need to Know

## The Funeral Benefit Funds

### Withdrawals

#### Capital Guaranteed Fund

Maturity payment of the Capital Guaranteed option:

Your benefit is calculated by adding;

- The capital component of your investment (the initial investment less GST less management fees, and less GST and admin fees where applicable); plus
- Declared bonuses and the interim bonus applied to the investment for the period since the date of the last bonus declaration to maturity date; plus
- The amount Foresters expects to recover on the tax paid on the investment income of the Fund. The value of any tax recovered by Foresters is referred to in this document as the maturity bonus. The maturity bonus is expected to equal the tax paid on the Fund's earnings.

The maturity payment in normal circumstances will be processed within five (5) business days of receipt of a completed claim form.

#### Market-Linked Investment Options

For a maturity from the market-linked investment options, the benefit is calculated by multiplying the number of units held by the unit price. Unit prices are calculated daily.

The maturity claim will be processed using the unit price calculated as at the next valuation date if it is received by the close of business of the valuation date. Unit prices are calculated at the close of business of the last day of the current week (the valuation date). A maturity payment request received after the cut off time will be processed utilising the next available unit price. Maturity payments may take up to seven (7) business days to finalise.

In accordance with our Unit Pricing & Discretions Policy, Foresters Financial may suspend unit pricing or switching between investment options for up to 14 days in circumstances where the operation of financial markets is disrupted or due to other considerations outside of our control. This may affect or delay the processing of your assigned funeral director's maturity payment request.

## Total Investment Payable

The Total Investment Payable for the Capital Guaranteed investment option is calculated by adding the value of all contributions (net of any fees and any duty payable) and any bonuses declared and applied to the investment plus the addition of any maturity bonus (if applicable) as defined on page 9.

For the market-linked investment options, the Total Investment Payable is calculated by multiplying the number of units held by the current unit price.

## Keeping You Informed

When you enter into the Plan, Foresters Financial will send a confirmation letter and Certificate of Membership of Foresters Financial directly to you via your assigned funeral director. All future information relating to your investment will be sent directly to your assigned funeral director with whom you have a prepaid funeral contract.

Foresters Financial will keep you up-to-date with any relevant changes that may materially or adversely affect your investment. In such cases, we will either contact you directly or provide updates via our website.

## Terms and Conditions

### Cooling off period

If you wish to cancel your application simply provide written notice of your intention to cancel your application and return your Certificate of Membership of Foresters Financial within thirty (30) days from the date of issue or such other period permitted by relevant legislation. We also recommend that you consider providing similar written notice to your funeral director should you wish to cancel your prepaid funeral contract within the cooling off period.

Foresters Financial then will refund all money contributed (subject to any applicable local State or Territory laws) less any fees, taxes and applicable duty; after adjustment for any market movements of your market-linked investment options. Please note that the cooling off period does not apply to contributions or switching investment options.

### Eligibility

There are no medical restrictions to investing in the Funeral Benefit Fund but you must be at least ten (10) years of age. As provided in the *Life Insurance Act 1995 (Cth)*, a person who is at least ten (10) years of age but has not reached sixteen (16) years of age may, with written consent of a parent or guardian, invest in the Fund.

### Changes to your prepaid funeral contract (including the funeral director)

*As you have entered into a prepaid funeral contract with a specific funeral director, you are subject to the terms and conditions of that contract. Any changes to the contract, including changing your assigned funeral director, are only allowable with the consent of the contracted funeral director and require written notice to be given to Foresters Financial from both you, as the member and the funeral director.*

*As contract conditions can vary between funeral directors, we suggest you discuss any changes and how they are to be made with your contracted funeral director in the first instance.*

### Investment withdrawal

*The Plan has been specifically designed to meet future funeral expenses. Accordingly, withdrawal can only occur at time of death (subject to the cooling off period). After the cooling off period has expired, the Total Investment Payable cannot be accessed until after the death of the Life Insured.*

### Payment of funeral expenses

Upon your death and receipt of satisfactory supporting documentation\*, the Total Investment Payable will be paid to your assigned funeral director to meet your funeral expenses. However, if there is a dispute at the time of your death regarding the assigned funeral director, then Foresters Financial will be required to retain the Total Investment Payable in the Funeral Benefit Fund until the dispute has been resolved, subject at all times to the terms and conditions of your prepaid funeral contract and any applicable State or Federal legislation.

## General Information

### Your Personal Information

Foresters Financial collects personal information you provide in response to the forms in this PDS or through any subsequent correspondence or communication. The

\* Supporting documents include, but are not limited to, a completed Foresters Financial Death Claim Form and proof of death, e.g. Death Certificate or Medical Cause of Death.



information is collected for the primary purpose of Foresters Financial issuing our products to you (including assessing your application and identifying you).

There are also a number of related purposes for which your personal information will be collected, including processing of your application, the administration and managing of your investment in the Fund and the Funeral Transfer Fund to effectively provide our services and compliance with Australian taxation laws, the *Life Insurance Act 1995* (Cth) and other laws and regulations. If you do not provide Foresters Financial with your personal information, we may not be able to process your application, administer or manage your investment or tell you about other opportunities in which you may be interested.

You can let Foresters Financial know if you do not want to receive details of other investment opportunities by ticking the box found in the Declaration of the Application Form or by contacting us.

Subject to the *Privacy Act 1988* (Cth), you are entitled to request access to the information that you provide to Foresters Financial. If you have a privacy query, concern or complaint in respect of any investment made please contact:

**The Privacy Officer**

**Email:** [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au)  
**Postal Address:** PO Box 7702, Melbourne, VIC 3004.  
**Telephone:** 1800 645 326 (free call)

If we are unable to address your query, concern or complaint to your satisfaction, you may contact the Privacy Commissioner at:

**Office of the Australian Information Commissioner**  
**Postal Address:** GPO Box 5218, Sydney, NSW 2001.  
**Telephone:** 1300 363 992 (free call).

The information that an investor provides to Foresters Financial may be disclosed to certain organisations. The types of organisations or persons to whom Foresters Financial usually discloses the information provided by investors includes:

- your assigned funeral director
- the Australian Taxation Office and other government or regulatory bodies;
- your adviser or adviser dealer group, their service providers and any joint holder of your investment (if any);
- organisations involved in providing services to Foresters Financial, such as any third-party service provider engaged by Foresters Financial to provide administration, investment management, technology, auditing, mailing or printing services; and
- those where you have consented to such disclosure as required or authorised by law.

You should notify us immediately if any of your personal information held by us changes. If you would like to read our Privacy Policy, a copy is available by visiting [www.forestersfinancial.com.au/privacy](http://www.forestersfinancial.com.au/privacy) or can be obtained by contacting our Privacy Officer.

## Dispute Resolution

Foresters Financial is committed to providing a great range of products and services to our members. Please talk to us using the details set out below if at any time we have not satisfied your expectations. Most times we will be able to resolve your concerns upon initial contact.

**Foresters Financial**

**Email:** [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au)  
**Postal Address:** PO Box 7702, Melbourne, VIC 3004.  
**Telephone:** 1800 645 326 (free call)  
**Website:** [forestersfinancial.com.au](http://forestersfinancial.com.au)

If we are unable to resolve your concern, please ask to speak to our Customer Resolution Leader who will register your complaint and conduct an initial review of the matter and provide a recommendation to you. Our dispute resolution procedure is free of charge to you. If your issue cannot be resolved directly between you and Foresters Financial, then you may refer your issue to the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial service complaint resolution that is free to consumers. Their details are:

**AFCA**

**Telephone:** 1800 931 678 (free call)  
**Email:** [info@afca.org.au](mailto:info@afca.org.au)  
**Website:** [afca.org.au](http://afca.org.au)  
**Postal Address:** GPO Box 3, Melbourne VIC 3001

## Foresters Financial

Foresters Financial issues the Plan and the Away From Home Cover and is responsible for all administration, promotion and management of the Fund and Funeral Transfer Fund.

Foresters Financial is incorporated under the *Corporations Act 2001* (Cth) as a public company limited by shares and guarantee and is regulated by the Australian Securities & Investments Commission under the provisions of the *Corporations Act 2001* (Cth). It is registered under the *Life Insurance Act 1995* (Cth) as a Friendly Society Life Insurance Company and is regulated by the Australian Prudential Regulation Authority (APRA).

The Fund and Funeral Transfer Fund are also registered under the *Life Insurance Act 1995* (Cth) and regulated by APRA. Under the *Corporations Act 2001* (Cth), members of Foresters Financial are bound by the terms of its Constitution and are required to guarantee that in the event

of the company being wound up and unable to meet its liabilities, they will contribute an amount not exceeding \$1.

Members and/or their assigned funeral director have an interest in the assets of the relevant Investment Option in which they have invested.

For the four market-linked Investment Options, the assigned funeral director's interest is to the extent of their unit holding, however, a unit holding does not confer any specific interest in any part of the assets or any authorised investment of the relevant Investment Option. At any given time, all units in a market-linked Investment Option are of equal value. For the Capital Guaranteed Fund, members have an interest in the Fund to the extent of their contributions and accumulated bonuses, however, such interest does not confer any specific interest in any part of the assets or any authorised investment of the Fund.

Foresters Financial operates under strict government regulations covering friendly societies. The investment of members' money is subject to rigorous independent actuarial valuation and audit certification.

## Constitution and Fund Rules

In accordance with Foresters Financial's Constitution and the Funds' Rules and Funeral Transfer Fund Rules, the assets of each fund maintained by Foresters Financial are separate and distinct from other funds and assets. Once your application has been accepted and processed, you will become a member of the relevant Fund and Foresters Financial. Your membership is subject to the rights and obligations set out in the Constitution, including your right to attend and vote at General Meetings. The Funds' rules set out your benefits and the operational aspects of your membership of the Funds. The Funds' rules operate as a contract between you and Foresters Financial.

Foresters Financial may amend the Funds' rules by a special resolution of members. In limited circumstances, the company's Board can amend the Funds' rules with the consent of the prudential regulator, APRA. Additionally, Foresters Financial can close the Funds to new investments or in certain circumstances, make an application to APRA to terminate the Funds.

The statements in this PDS give only a summary of the provisions of Foresters Financial's Constitution, Funeral Benefit Funds' Rules and Funeral Transfer Fund Rules. Members may inspect a copy of the Constitution, Funeral Benefit Funds' Rules and Funeral Transfer Fund Rules at Foresters Financial's registered office any time between 9am and 5pm Monday to Friday (except Victorian Public Holidays).

## Funeral Contracts

Foresters Financial are not, and do not represent to be, a party to any contract or arrangement entered into between you and a particular funeral director for a prepaid funeral contract for funeral expenses. Any such arrangement or contract is between you and the relevant funeral director. Foresters Financial does not accept any responsibility or liability to ensure that the contractual obligations of the funeral director with respect to the Funeral Benefit Funds' investment are met, other than the obligation to pay upon your death your Total Investment Payable to the funeral director to whom you have assigned your investment.

## Disclosure of Interest

Foresters Financial has a conflicts of interest policy and all office holders are required to disclose any conflicts that arise. No Director of Foresters Financial, or any expert, has any interest in respect of the assets or benefits of the Fund and/or the Funeral Transfer Fund to which this PDS relates and in respect of which an entitlement, other than an entitlement on the same terms and conditions available to other members of the Fund and/or Funeral Transfer Fund, is available.

RSM Australia Partners, Finity Consulting Pty Ltd, MinterEllison and JBWere Limited receive professional fees in respect of audit, actuarial, legal and investment services and advice provided in relation to the Fund and Funeral Transfer Fund.

## Consultants to Foresters Financial

### Auditor

RSM Australia Partners  
ABN 36 965 185 036

### Actuary

Finity Consulting Pty Ltd  
ABN 89 111 470 270

### Lawyers

MinterEllison  
ABN 91 556 716 819

### Investment Manager

JBWere Limited  
ABN 68 137 978 360

*Our Consultants are not responsible for the contents of and accept no liability in respect of this PDS, nor have they authorised or caused the issue of this PDS.*





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