

## Education Bond Target Market Determination (TMD)

Name of product	<i>Education Bond</i>
TMD date	<i>27 July 2023</i>
TMD version	<i>Version 1</i>
TMD end date	

### 1. Purpose

A Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth).

The purpose of this TMD is to describe:

- the types of customers that an Education Bond is suitable for and not suitable for;
- how it is distributed;
- when this document will be reviewed; and

This TMD is not a Product Disclosure Statement (PDS) and is not a summary of the product terms and conditions. Any advice provided in this document is general advice only. It has been prepared without considering any individual customer's particular objectives, financial situations or needs. This product is issued by Foresters Financial. More information about this product can be found in the PDS, which contains full details of coverage, conditions, limitations, and exclusions. Consider whether the product is appropriate for you before making any decisions about whether to buy or continue to hold a policy. If you have already purchased this product, you should review the information we have provided you whenever your circumstances change.

### 2. Product Description

An education bond is a long-term savings plan that allows for tax-effective saving and investing for meeting education expenses of another person. Investing in an Education Bond can be a tax-effective way to save for a child or grandchild's education. It works as a 'scholarship plan' under Australian Tax Law that allows the bond administrator to obtain a tax deduction which will be passed on to the investor when you withdraw earnings to pay for the education costs.

### Key product attributes

Foresters Financial Education Bond is a 'scholarship plan' for individuals, companies and trusts seeking a tax-effective way to save for the future education expenses for a child, grandchild, guardian or mentee of the investor.

The product provides:

- Investors can nominate alternate student beneficiaries
- Access to accumulated capital for education purposes and investment earnings with potential tax effective features when funds are withdrawn for approved education expenditure
- Maximum contribution caps apply
- An investor's contributions can be withdrawn at any time
- Lump sum or partial withdrawals after 10 years with no additional tax
- Payment upon death of the life insured to a nominated beneficiary tax free

- Unlimited investment amount in the first year and contributions up to 125% of the previous year ongoing
- Choice of four investment options to suit different risk and reward profiles.

### 3. Target Market

#### Who is this product suitable for?

##### Customer objectives

The consumer can be an individual or joint policy holders (over the age of 16 years), a company or a trust. This product is suitable such consumers with any one or more of the following objectives to invest in a tax paid (capped at the life insurance rate of 30%) investment that:

- Offers the consumer the ability to establish a long term savings plan to fund future education expenses with the flexibility to make withdrawals
- Allows withdrawals for eligible education expenses at any time. Where the withdrawal is from investment earnings there are tax benefits.
- has no additional tax after 10 years (with investors benefiting from a 30% rebate where earnings are withdrawn within 10 years)
- no contribution caps in the initial year of investment
- allows for additional contributions (subject to the 125% rule)
- allows beneficiaries to be nominated outside an investor's estate to provide certainty for estate planning
- allows investors to establish a long-term regular savings plan, helping them reach a long-term savings goal for a key event.

Customer Needs and Financial Situation					
Education Bond					
Age	Suitable for customers 16 years and over				
Customer's Risk (ability to bear loss) and return profile	<b>Sustainable option</b> Medium	<b>Balanced option</b> Medium	<b>Growth Option</b> High	<b>High growth Option</b> High	As determined by the investment option selection
Consumer's minimum need for access to capital	Suitable for customers wanting access to access their investment at any time for education expenses				
Investment horizon	Suitable for customers with a long-term investment horizon of between 10 – 40 years				
Financial situation	As there are no minimum contribution requirements, this product is suitable for most individuals that meet the remaining criteria outlined in this TMD				

Foresters 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 as described above, as the features of this product are likely to be suitable for consumers with the attributes identified in this TMD.

## Who is this product not suitable for?

This product may not be suitable for investors:

- without dependents for whose education expenses the investor is responsible
- seeking a short-term, tax-free savings solution for personal purposes
- seeking tax-free or tax-reduced capital growth investments for personal purposes
- seeking to make unrestricted annual contributions above 125% of the previous year's contributions
- seeking to transfer their Education Bond to another product issuer (Education Bonds are not portable)
- making contributions to the bond from outside of Australia
- seeking to independently select underlying investments
- under 16 years of age.

## 4. Distribution

### How is this product distributed?

The product is designed to be distributed by:

- Financial advisers who can offer the Education Bond product to their own customers following an assessment of the customer's circumstances and determining that they meet the Target Market defined above
- Operators of investor directed portfolio services (IDPS), platforms and trustees of IDPS-like registered schemes which can acquire the Education Bond to be held on behalf of their clients or direct prospective investors to Foresters
- Foresters website by visiting [www.forestersfinancial.com.au](http://www.forestersfinancial.com.au)
- Foresters Member Services Team either by emailing [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au) or by calling 1800 645 326 (free call)

These distributors understand the market this product has been designed for, and will take reasonable steps to ensure that the product is distributed consistently with the TMD. Foresters ensures this by requiring distributors to review and consider the TMD as part of their processes for engaging with clients. Foresters also ensures that financial advisers, operators of IDPSs and trustees of IDPS-like schemes have sufficient AFSL authorisations to distribute the product, increasing the likelihood they will have the necessary skills and experience.

### Distributor reporting requirements

All distributors are required to report relevant details and outcomes to Foresters:

As soon as practicable	Where there are instances of significant dealings in the product that are not consistent with the TMD
Quarterly  (Due 10 business days after the end of the March, June, September, December quarters)	Where there are any: <ul style="list-style-type: none"> <li>- complaints received related to the products design, features and distribution, or</li> <li>- dealings outside the TMD and whether acquisition occurred under personal advice.</li> </ul>

## Reviewing this document

We will collect information and prepare reports regarding sales activity, performance, complaints and any occasions where this product has been sold contrary to the TMD on an at least quarterly basis to help improve our products and service.

We will review this TMD if:

- there are amendments to our PDS that change the benefits provided;
- we introduce other ways in which this product can be distributed;
- we receive a significant number of complaints regarding the design or distribution of this product in any 12 month period;
- the business performance and value provided by this product indicate the TMD is no longer appropriate; or
- we identify that there has been a significant dealing in the product that is not consistent with the TMD.

Our review will occur within 10 business days of any of the above events occurring.

In any event, a review of this TMD will be completed no later than two years from the publication date of this TMD and subsequently at two-yearly intervals.

## Questions?

If you have any questions about our products or this TMD, please contact us on 1800 645 326.

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