

# Education bond

Their future. Planned.

Product Disclosure Statement  
1 July 2026



# Education bond

## Product Disclosure Statement (PDS)



## Their future.

Planned.

### About this Product Disclosure Statement (PDS)

This Product Disclosure Statement (PDS) contains details about the Foresters Financial Education Plan (an 'education bond') and is issued by Foresters Financial Limited (Foresters Financial) under the Foresters Financial Constitution and the Fund Rules.

Investors in our education bond will become members of Foresters Financial under the Rules of the Funds (the 'Fund'). The rules of the Fund cover the Sustainable Fund ('sustainable'), the Balanced Fund ('balanced'), the Growth Fund ('growth') and the High Growth Fund ('high growth'), each a separate approved benefit fund (and also referred to in the PDS as investment options) and collectively referred to as the Fund.

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

This 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 2026.

## Welcome to Foresters

Life. Planned.

Foresters Financial is an Australian, member-owned organisation with a heritage dating back to 1849. Our story began with the Ancient Order of Foresters, where members supported one another through hardship, illness and loss, long before formal social safety nets existed. That spirit of mutual care continues to shape who we are today.

Foresters helps Australians plan and prepare for life's important moments through practical, long-term bond options, including investment bonds, education bonds and funeral bonds. We see ourselves as a trusted partner in planning for all of life's events.

Because we are owned by our members and accountable to them, our focus remains firmly on people, purpose and long-term security. All investment options are managed through our funds manager, JBWere Limited (ABN 68 137 978 360 AFS Licence No. 341162). JBWere does not distribute any Foresters Financial Limited financial products.

## Updated information

The information contained in this PDS is the latest available at the date of issue. We may update information by issuing a replacement PDS or a supplementary PDS, or by such other means allowable under the Corporations Act 2001 (Cth). Updated information regarding this PDS can be obtained from the Foresters Financial website or by calling our Client Services Team on **1800 645 326** (free call). Upon request we will send you a copy of the updated information.

An electronic copy of this PDS, including the Application Form, can be downloaded from **forestersfinancial.com.au**. If you have received this PDS electronically, please ensure that you have received the entire document.

If you would like a printed copy of this PDS, you can obtain one by calling the Client Services Team on **1800 645 326** (free call).

## 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 investors' needs and aspirations differ, you should consider whether investing in our education bond 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 information contained in this PDS is current at the issue 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 an education bond?

### Support their schooling with a Foresters' Education Plan.

A Foresters' Education Plan (an 'education bond') is a long-term savings and investment plan designed to help you prepare for future education opportunities with confidence. It provides a structured and tax-effective way to build funds over time to support a child or other nominated beneficiary with education expenses.

Under Australian tax law, an education bond is structured as a 'scholarship plan'. Investment earnings are taxed within the bond. When withdrawals of earnings are made to pay for eligible education expenses, Foresters may claim a tax deduction, with the benefit passed on to the investor. This can reduce the overall tax paid on investment earnings, depending on individual circumstances.

An education bond may be used by parents, grandparents, guardians and other supporters who wish to assist with education costs. There is no age restriction on the nominated beneficiary, and the education bond can be applied to approved education expenses across all levels of study, from pre-school through to tertiary or vocational education.

Australian tax law requires that an education bond be issued by a life insurance company, as the bond is a type of life policy. In certain circumstances, life policies may receive protection from creditors in the event of bankruptcy.

#### Key features

Education bonds have a number of key features that investors need to be aware of when considering this type of investment:

- ability to nominate an alternate student beneficiary if education plans change
- multiple owners of the education bond
- minimum initial contribution of only \$500
- access the investment whenever necessary
- suitable investment option selection

The education bond is divisible between the investor and the beneficiary, allowing the investor to retain the capital while the beneficiary receives investment income.

Below is a summary of each feature and how they may impact your investment.

Please note the below summary is a guide only and does not take into account your personal financial situation.

We recommend that you obtain independent professional advice from a licensed financial adviser and/or tax adviser before investing.

#### Tax advantages

The Fund is a unique type of investment product which operates as a 'scholarship plan' in accordance with the Income Tax Assessment Act 1997. Based on the current applicable tax rate this entitles Foresters to obtain a tax deduction, which Foresters passes onto you and is worth up to \$30 for every \$70 of earnings used to pay education expenses (the Tax Rule).

Other tax advantages include:

- tax-free access to contributions for applicable purposes;
- tax deductions on withdrawals of investment earnings to pay education expenses;
- you don't need to declare income on your tax return during the life of the policy;
- tax is paid by the Fund at 30%, this may be lower than your marginal rate; and
- a withdrawal of earnings is taxable to the beneficiary not the owner. The beneficiary may pay little or no tax depending on their circumstances.

As tax laws and rates may change, the tax advantages of the education bond are not guaranteed.

#### Become a member

When you take out an education bond, you automatically become a member of Foresters Financial. Membership entitles you to attend the Foresters' Annual General Meeting.

## 2. How it works

### Who can invest?

Our education bond policy may be obtained by individual or joint investors, or a company or trust. Minimum age limits apply. More detail is provided below.

### Policy Owner

The legal owner(s) of the bond are the:

- investor;
- joint investors – the ownership of the bond transfers to the surviving Investor on the death of the first Joint Investor; or
- company, Trust or Deceased Estate; or
- child aged between 10 and under 16 years old.

### Investor or joint investors

An individual aged 16 years or over as an investor, or two individuals as joint investors can take out an education bond.

An investor or joint investors must select a beneficiary for the education bond.

### Companies or trusts

The company or trust invests under its legal name and must name a Life Insured on the policy. Benefits are only payable upon the maturity or surrender of the policy. All earnings are credited to an investor's policy, and are not distributed to the investor, meaning income tax and capital gains tax are not typically payable on earnings.

Life Insured – is the person named on the policy whose life is insured. When that person dies, the bond matures and investment proceeds are paid to either the:

- nominated beneficiary(s), or if none then:
- the Policy Owner, or if they have passed then:
- the Policy Owner's estate.

Nominated Beneficiary(s) – is the person(s) whom the investment proceeds will be distributed to when the policy matures:

- can be a person, trust or charity
- can have more than one

Joint individual Policy Owners may only effect a nomination where they are both named as Life Insureds.

### Child

Although suitable for customers 16 years and older, ownership can be assigned to a child (aged 10–16 years) with parental or guardian consent. A child who is a policy owner is not allowed to make investment decisions, even with parental or guardian consent, which includes switching, nominations or transfer of ownership.

### Other defined roles

#### Life Insured

An investor will be specified as the Life Insured or they can nominate a person other than themselves to be the Life Insured. Joint investors are both specified as the Life Insured(s).

Upon the death of the Life Insured, the bond will mature and the investment proceeds will be distributed to either the nominated beneficiary(s), or if no beneficiary(s) has been nominated, then to the Policy Owner or their estate (if they are also the Life Insured). Investment proceeds are not considered assessable income upon the death of the Life Insured regardless of how long the bond has been held.

The Life Insured person(s) does not have to be a relative or dependant.

#### Nominated death beneficiary

A nominated beneficiary on the bond will automatically receive the tax-free proceeds of the bond at maturity and a beneficiary can be nominated or changed at any time.

A child who is under 16 years of age cannot nominate a beneficiary.

#### Transfer of ownership

You may transfer your bond to any individual (this includes a child aged between 10 and under 16 years old, with the signed consent of their parent or guardian). By transferring ownership, you will be passing on all ownership rights to the transferee, including the benefit of the Tax Rule. Transferring ownership does not result in a tax event as long as there was no payment made for the transfer.

Once your transfer is registered by Foresters Financial, you no longer have any control over the bond or entitlement to its proceeds.

## How the education bond works

An education bond comprises two major components:

### Investor contributions

This account holds the capital contributions made by the owner of the education bond. Funds held in this account can be withdrawn tax-free by the contributor at any time.

### Scholarship benefits

The investment earnings (received on amounts in the investor contributions account) and the education tax benefit received by the scholarship plan is held in the scholarship benefits account.

The Tax Rule will be applied to any withdrawals made from this account that are made to cover education expenses of the beneficiary.

For information regarding withdrawal options refer to section 'Withdrawal options' on this page.

## Education expenses

### Types of courses

Income from the education bond can be applied at any point throughout the entire timeline of a beneficiary's education journey, from pre-school to tertiary studies.

Tertiary studies cover any post-secondary education that results in a qualification that is approved under the Australian Qualifications Framework. These include education and training courses provided by universities, postgraduate education providers, TAFE, certain programs offered by professional, trade or registered training organisations, other domestic or international courses and vocational training.

### Types of expenses

The education bond can be applied towards expenses incurred while undertaking eligible courses. Such expenses must be reasonably incurred by the beneficiary in obtaining their approved qualification.

These may include:

- schooling fees such as tuition fees (which may include external private tuition related to the course), student body fees, uniforms, books, study materials and stationery;
- extra-curricular fees related to the course such as music

instruments and lessons, sports equipment and training costs;

- school/education-related excursions as well as travel expenses to and from the providers;
- Higher Education Loan Program (HELP) debts;
- residential boarding costs, rent and other accommodation expenses incurred by the beneficiary required to live away from home for the purpose of attaining the qualification (subject to the annual living allowance limits). expenses incurred in completing course electives (and entire semesters) in a foreign education institution.

## Withdrawal options

An education benefit may be paid:

- where the beneficiary is less than age 16 years, to the policy owner or the guardian of the beneficiary or to an approved education facility; or
- where the beneficiary is equal to or greater than age 16 years, to the policy owner or guardian of the beneficiary or to an approved education facility or if authorised by the Policy Owner, directly to the beneficiary.

Payments can be made by completing an education benefit declaration in the withdrawal form. We will rely on the declaration that the claim relates to an eligible course. At a later date, we may request evidence supporting the claim such as receipts or invoices.

Withdrawals may be made for non-education expenses anytime from the capital component of the bond, subject to tax implications.

Withdrawals can be made as one-off amounts or as regular withdrawals. The minimum withdrawal amount is the equivalent of \$100 per month.

You can request a withdrawal form by sending a completed withdrawal form, available on our website, to Foresters Financial.

*Note: This product is not suitable for investors seeking regular income distributions via withdrawals.*

## Policy guardian

Individual applicants may nominate a policy guardian on the application form. The policy guardian must be at least aged 18 years and shall act in the capacity of owner of the policy in the

event of the death or mental incapacity of the policyholder (or last surviving policyholder as the case may be) to continue the policy. Non-individual policyholders are unable to nominate policy guardians.

## If education plans change

We understand that education plans can change over time. The nominated student may complete their studies earlier than expected, withdraw from study, decide not to commence a course, become seriously ill or disabled, or pass away.

In these circumstances, you may be able to nominate another student as the education beneficiary, subject to the Fund Rules, relevant law and Foresters Financial's approval process. This means the bond may continue to be used for education purposes, rather than automatically ending because the original student no longer needs, or is no longer able to use, the education benefit.

Where an alternate education beneficiary is approved, the original student becomes the former student and the new student becomes the education beneficiary for the policy.

This feature may be useful for parents, grandparents, guardians and others who want flexibility to support more than one family member's education needs over time.

## If the Policy Owner dies or becomes incapacitated

If the policy owner dies or becomes mentally incapacitated, a nominated policy guardian may help continue the policy in the interests of the education beneficiary, subject to the Fund Rules and Foresters Financial's approval process.

If there is no policy guardian, another legally appointed person may be able to act in relation to the policy. In some circumstances, the policy may mature and the benefit may be paid to the policy owner's legal personal representative or nominated person.

This can help provide continuity for the Education Plan if the person who established the bond is no longer able to manage it.

## Making payments

Foresters Financial accepts contributions, either as one-off (initial) or ongoing (instalments), using a variety of payment methods such as: BPAY (bank account or credit card); deposit/electronic funds transfer (EFT); or direct debit from a bank account (using the Direct Debit Request Form in the Application Form). We do not accept cash, cheques, money orders or bank drafts.

The minimum contribution amounts are outlined below:

Contribution type	Minimum amount
Initial contribution	\$500
Regular contributions	\$60 per contribution
Any future changes will occur in accordance with the rules.	

## BPAY

BPAY accepts bank account or credit card account for payments. Once your application is approved, Foresters will advise your unique BPAY Reference Number by email. You will need to quote this unique number as well as the biller code when making a payment.

## Deposit/electronic funds transfer (EFT)

If you choose to make direct payments into Foresters' bank account, please include Applicant 1's full name in the reference field so we can identify you.

## 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
- annually

A direct debit agreement forms part of your application which outlines the terms and conditions. Please refer to our Direct Debit Request Form in the Application Form.

Foresters bank account details	
Bank	Westpac
Name of Account	Foresters Financial Combined
BSB	033-059
Account Number	456732
Reference	Insert Applicant 1's full name from the Application Form and /or Application ID Number (AUXXXX) Please ensure the name listed on the payment matches the name listed on the application.

### 3. Investment options

When you take out an education bond, you can choose from one of four distinct investment strategies, each tailored to suit different levels of risk tolerance and designed to help grow your bond investment to meet your future education expenses. All investment options are managed by our investment manager, JBWere Limited.

The four investment options are:

- balanced;
- sustainable;
- growth;
- high growth.

You can select one or more investment options when applying for your policy. Once your policy is issued, you can switch all or part of your investment into a different investment option, subject to the minimum switching requirements and the Benefit Fund Rules. You can read more about how switching between investment options works in the 'Your Investment' section of this PDS.

#### Understanding market-linked options

All four options (sustainable, balanced, growth and high growth) are classified as market-linked investments. These options invest in a mix of asset classes such as fixed interest, equities and other market-sensitive assets, meaning their value is influenced by movements in financial markets, which can rise or fall over time.

By choosing a market-linked investment option, you accept the possibility of negative returns. The level of risk varies depending on the option selected, with higher-growth strategies typically carrying higher potential volatility.

As with all investments, there are inherent risks you should understand before making a selection. These are detailed in the General Investment Risks section of this document.

#### Investment objective

All amounts invested in the bond are held within the Fund, which aims to deliver competitive returns by investing in authorised investments, as outlined in the Fund's rules and aligned with the investment strategy of each investment option. The approved investment ranges are actively monitored by our Investment Manager(s) in accordance with the Benefit Fund Rules and the applicable investment policy.

#### Asset allocation ranges

The investment options offer a range of choices with varying levels of investment risk, allowing you to select an option that aligns with your individual risk tolerance. Investments across the different asset categories within each investment option may be made directly or through approved unit trusts and managed investment schemes.

#### Default option

The four investment options provide a range of investments and related investment risks which allow you to select an option to match your risk tolerance. The default investment option is the balanced option which will be automatically selected should you not indicate an investment option preference when applying. It is important to remember that each option has a minimum investment amount of \$500. Once your policy is issued, you can switch all or part of your investment into a different investment option, subject to minimum switching requirements and the Benefit Fund Rules. You can read more about how switching between investment options works in the 'Your Investment' section of this PDS.

#### Current investment information

You can obtain up-to-date investment information for the four options by visiting [forestersfinancial.com.au](http://forestersfinancial.com.au) or by calling us on **1800 645 326** (free call).

*NOTE: Past performance cannot be taken as a guide to future returns.*

## Defensive assets include

- **Cash:** secure, short-term deposits such as bank bills or savings accounts
- **Fixed interest:** government or corporate bonds that pay a set rate of return

## Growth assets include

- **Equities:** shares in Australian or global companies
- **Property:** commercial or listed property investments
- **Alternatives:** other diversified assets that help balance risk and return

Explore more about investment options, including accessing the latest returns at our website:

[forestersfinancial.com.au/investment-options](https://forestersfinancial.com.au/investment-options)

## Responsible investing

Foresters does not take labour standards into account for the purpose of selecting, retaining, or realising investments in our sustainable, balanced, growth, or high growth investment options.

Foresters does take environmental, social and ethical considerations into account for the purpose of selecting, retaining, or realising investments in our sustainable investment option.

Foresters' Responsible Investment Policy sets out our framework for the selection of sustainable investments with reference to ethical screening and ESG factors. A copy of the Responsible Investment Policy is available on our website and will be provided free of charge upon request.

The MSCI (Morgan Stanley Capital International) Index of ESG performance has been selected as the appropriate benchmark for Foresters. MSCI provides ESG ratings that assess the economic significance of ESG issues in a peer-to-peer context as opposed to across industries.

The ratings are designed to assist investors understand material industry risk and opportunities when integrating ESG into portfolios. The ratings assess companies against 35 criteria under the banner of 10 ESG sub-headings as follows:

<b>Environmental</b>	<ul style="list-style-type: none"><li>• climate change</li><li>• natural capital</li><li>• pollution and waste</li><li>• environmental opportunities</li></ul>
<b>Social</b>	<ul style="list-style-type: none"><li>• human capital</li><li>• product liability</li><li>• stakeholder opposition</li><li>• social opportunities</li></ul>
<b>Governance</b>	<ul style="list-style-type: none"><li>• corporate governance</li><li>• corporate behaviour</li></ul>

Ongoing compliance oversight of our external investment managers is periodically provided to Foresters to allow us to measure the sustainable performance of our Sustainable Investment option. Our investment manager may use responsible investment principles such as proxy voting to attempt to positively influence company behaviour, or negative screening to minimise or exclude direct investments in certain sectors or companies based on ethical standards.

A portion of the management fees derived from all our products may be donated to the Foresters Financial Community Grants Account, which is specifically used to grant money to organisations that are focused on creating lasting positive social change.

Investment options	Balanced	Sustainable	Growth	High growth
Risk profile	Medium	Medium	High	Very high
Investment horizon	3-5 years	3-5 years	6-10 years	10+ years
Investment strategy	Combines defensive and growth assets to balance steadiness with potential for moderate returns. Suitable for those seeking reliable progress with minimal risk.	Invests across both defensive and growth assets while focusing on environmental, social, and governance (ESG) considerations. Ideal for investors seeking to support responsible business practices.	Focuses on equities and property for higher potential returns over time. Best suited to investors seeking stronger capital growth and who are comfortable with ups and downs.	Concentrated primarily in growth assets such as shares and property. Aims for the highest returns over the long term and suits investors who are comfortable with greater volatility.
Investment objective	Return 2% above CPI over the long term.	Return 2% above CPI over the long term.	Return 3% above CPI over the long term.	Return 4% above CPI over the long term.
Likelihood of negative annual returns over 20 years	3 to 4	3 to 4	4 to 5	5 to 6

### Defensive assets

Investment options	Balanced		Sustainable		Growth		High growth	
	Strategic asset allocation	Target range	Strategic asset allocation	Target range	Strategic asset allocation	Target range	Strategic asset allocation	Target range
Cash	3%	0-60%	3%	0-60%	3%	0-40%	3%	0-20%
Fixed interest	51%	20-60%	51%	20-60%	33%	10-40%	12%	0-20%
<b>Total defensive assets</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

	Strategic asset allocation	Target range	Strategic asset allocation	Target range	Strategic asset allocation	Target range	Strategic asset allocation	Target range
	Equities	34%	20-50%	34%	20-50%	46%	30-70%	66%
Property	9%	0-20%	9%	0-20%	7%	0-30%	9%	0-30%
Alternatives	3%	0-10%	3%	0-10%	11%	0-15%	10%	0-20%
<b>Total growth assets</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>	

## 4. Investment risks

It is important to understand that each education bond investment option carries a certain level of risk. Before choosing an investment option, you must consider their suitability against your personal risk tolerances and investment needs. You should consider the level of risk that you are willing to take in exchange for the investment return you would like to achieve; the greater the risk, generally the greater the investment return.

As the education bond includes an investment component, it is subject to general investment risks. These risks may affect the value and performance of your investment over time.

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

### Specific risks

Specific risks relating to your investment will depend on the underlying assets and volatility of those assets in each of the Fund's investment options. Investment performance is not guaranteed.

Specific risks that relate to investing include, but are not limited to:

- **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, force majeure events 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 investment returns with cash flows not being 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 which may result in the fund not reaching its investment objective.
- **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 low risk 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.
- **Mortgage and advances** have default risks in 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 adverse economic conditions, poor management, poor 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 in authorised investments and in accordance with an approved investment policy.

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

### Non-investment risks

- **Taxation risk** is the risk that new tax laws may affect the treatment of your investment or Fund taxation obligations.
- **Social Security risk** is the risk that changes to the Social Security laws may affect the treatment of your investment.
- **Regulatory risk** is the risk that changes to legislation or regulations may materially impact Foresters or the Fund.

## 5. Your investment

### Processing your application

Upon receipt of a valid application for an initial investment, your money will be held in trust until it is invested using the unit price at the close of business of the valuation date. 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.

As part of your application process you will need to supply identification documents.

In accordance with our Unit Pricing & Discretions Policy, Foresters 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.

Unit prices are calculated daily at the close of business on each Australian Securities Exchange (ASX) trading day as nominated within the ASX trade calendar from time to time. Transaction requests received on a day that is not an ASX trading day will be processed utilising the next available price. A withdrawal request received after the cut off time will be processed utilising the next available unit price.

### Low initial investment

We want our education bond to be accessible to all, which is why we have a low minimum investment amount of \$500 along with any subsequent contributions of only \$60. There is also no maximum limit to the initial investment amount.

By keeping the entry amount low, we are making it easier for people to access the benefits of the education bond. Instructions on how to apply can be found in the application form. After your initial investment, you can make additional contributions, with contributions in your second bond year and beyond subject to the 125% Contribution Rule.

### Purpose

An investment in the bond cannot be used as security for borrowing or raising money.

## Savings plans

### Regular savings

Additional contributions can be made at any time to your investment. A regular savings plan is a convenient way to top-up your investment.

A regular savings plan allows you to make regular contributions via direct debit on a fortnightly, monthly, quarterly, half-yearly or annual basis to continue to grow your investment year on year within your means.

The minimum regular savings plan contribution is the equivalent of \$60 a month. Funds will be automatically debited from your nominated account at the frequency you choose.

Unlike superannuation contribution caps, our education bond has no limit on how much you can invest in the first year, or in subsequent years provided you follow the 125% Contribution Rule.

### Switching

You can transfer your investment between any of the Fund's four (4) investment options at any time by completing a switching form. A minimum switch of \$500 per investment option applies and you may incur investing transaction costs each time you switch options. When switching between investment options, you must continue to maintain a minimum balance of \$500 in the existing investment option if you wish to retain an investment in that option.

The unit price that applies at the time your switching application is processed is discussed further on page 13.

If you wish to switch between your investment options, please complete a switching form available at [forestersfinancial.com.au](http://forestersfinancial.com.au) and send it to:

### Foresters Financial

PO Box 7702  
Melbourne VIC 3004  
or via email: [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au)

### Contribution methods

You can make contributions to your bond using either a lump sum, regular payments or a combination of the two. Lump sum payments can be made via BPAY, EFT or Direct Debit with a minimum of \$500. Regular payments can be setup under our regular savings plan.

## Withdrawals

### One-off withdrawals

You can withdraw part or all of your investment whenever you choose by sending a completed withdrawal form, available on our website, to Foresters Financial.

For a partial or full withdrawal, the benefit is calculated by multiplying the number of units held by the current unit price.

Unit prices are calculated daily at the close of business on each Australian Securities Exchange (ASX) trading day as nominated within the ASX trade calendar from time to time. Transaction requests received on a day that is not an ASX trading day will be processed utilising the next available price. Your withdrawal request will be processed using the unit price as at the close of business on the day your request is received. A withdrawal request received after the cut off time will be processed utilising the next available unit price. Withdrawals 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 investments 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 withdrawal request.

### Education withdrawals

The education bond offers flexibility to allow you to access your money when you need it. If it's within 10 years, the income portion becomes assessable income to the beneficiary. If accumulated invested returns (on your capital contributions) is used for approved education purposes, a tax credit is received.

When withdrawing to pay for an education expense, you can choose how much is withdrawn from capital and how much from earnings.

You can withdraw your bond balance in full or partially withdraw (subject to maintaining a minimum balance of \$500) at any time.

*Note: Withdrawals made for non-education or training purposes may be subject to tax if withdrawn in the first ten years.*

If you wish to withdraw your money at any time, please complete a withdrawal form available at [forestersfinancial.com.au](http://forestersfinancial.com.au) and send it to:

### Foresters Financial

PO Box 7702  
Melbourne VIC 3004  
or via email: [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au)

### Cooling off period

You are entitled to request in writing the cancellation of the education bond within thirty (30) days of receipt of confirmation of your bond.

If you change your mind for any reason, simply provide written notice of your intention to cancel your education bond investment within thirty (30) days from the date of issue or such other period permitted by relevant legislation. Foresters Financial will refund all money contributed (subject to any applicable local State or Territory laws) less any fees, taxes and applicable stamp duty, after adjustment for any market movements of your investment options. The cooling off period does not apply to contributions, switching, savings plans, or after exercising rights for wholesale, sophisticated or professional investors.

### Term

When applying to invest in the Fund, you may nominate the investment term for your bond. The minimum term is ten (10) years to a maximum of forty (40) years. Your default investment term is forty (40) years unless specified. Upon reaching the nominated term, your bond will mature and become payable. We will write to you before you reach your investment term and seek your instruction to either pay out your investment proceeds or extend the investment term for a further 12 months. If no instruction is received, your investment term will automatically be extended for a further 12 months.

*Note: While the bond includes tax rules that reference a 10-year period, investors may access their investment at any time. Suitability of investment duration depends on the selected investment option and individual circumstances.*

## Unit pricing

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

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 calculated daily at the close of business on each Australian Securities Exchange (ASX) Trading Day as nominated within the ASX Trade Calendar from time to time. Transaction requests received on a day that is not an ASX Trading Day will be processed utilising the next available price.

Any applicable transaction costs, known as buy/sell spreads, will be added to buy prices and deducted from withdrawal prices.

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.

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

## 6. Fees and costs

### 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 investor 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) 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>		
<b>Establishment fee</b> The fee to set up your initial investment <sup>1</sup>	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable
<b>Commission</b>	Nil	Not applicable
<b>Exit fee</b> The fee when the total investment is payable	Nil	Not applicable
<b>Switching fee</b> The processing fee for changing investment options	Nil	Not applicable
<b>Buy/sell fee</b> The transaction costs for buying or selling underlying units in an investment option	Nil	Not applicable
<b>Management costs</b>		
<b>Foresters management fee</b> 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.	0.70%	Accrued daily in the unit price and paid monthly.
<b>Investment management fee</b> To cover the cost of external investment advice.	0.055% to 0.275%	Accrued daily in the unit price and paid quarterly: <ul style="list-style-type: none"> <li>• Cash 0.055%</li> <li>• Fixed interest 0.165%</li> <li>• Equities 0.275%</li> <li>• Property 0.275%</li> <li>• Alternatives 0.275%</li> </ul>
<b>Total management cost (unit priced only)</b>	<b>0.755% to 0.975%</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 \$5,000. 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.

### Stamp duty

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

Additional contributions do not attract stamp duty.

### Dishonour fee

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

### Financial adviser service fees

Foresters 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 and we recommend you speak to your financial adviser. Foresters does not pay any fees or commissions to financial advisers in its own right.

Foresters may provide product training, invitations to engagement and business development events to financial advisers in the course of its ordinary business operations. These activities are not directly linked to the offer or sale of Foresters policies generally or in relation to particular investors or classes of investor.

### 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.

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	0.70%	$(\$10,000 \times 0.70\%) = \$70$	For every \$10,000 you have in the Growth investment option you will be charged \$70
		$(\$5,000 \times 0.70\% \times 6 \text{ months}/12 \text{ months}) = \$17.50$	The contribution of \$5,000 made after 6 months will be charged \$17.50
<b>Investment management fee</b> The fee for external investment advice inclusive of GST	0.275%	$(\$10,000 \times 0.275\%)$ $(\$5,000 \times 0.275\% \times 6 \text{ months}/12 \text{ months}) = \$34.38$	The fee will be accrued in the unit price on the balance in the fund
<b>Total fees for that year</b>		<b>\$121.88</b>	

## 7. Tax considerations

### 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 as an expense of the Fund and forms part of the unit prices for market-linked investment options.

It is not necessary, under current taxation laws, for the member to include the amount of investment returns in their personal tax return, while invested in the the Fund.

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

### Education tax benefits

The bond 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. Benefits paid by Foresters are treated as assessable income of the beneficiary.

The education bond is divisible between the investor and the beneficiary, allowing the investor to retain the capital while the beneficiary receives investment income.

The earnings that are paid to the investor will become assessable income of the beneficiary. Depending on the age and circumstances of the beneficiary their tax implications will vary. For example, a student under 18, if the taxable income from any investments does not exceed \$416 in a financial year there will usually not be a tax implication however if a student over 18 has a taxable income from part-time employment which is higher than the effective tax-free threshold then there will likely be tax implications.

The Fund is a unique type of investment product which operates as a 'scholarship plan' in accordance with the Income Tax Assessment Act 1997. This entitles Foresters to obtain a tax deduction, which Foresters passes onto you and is worth up to \$30 for every \$70 of earnings used to pay education expenses (the Tax).

Earnings of the Fund are taxed at the company tax rate, which is currently 30%. Foresters pays this from the investment income of the investment options.

### The 10 Year-Rule

Withdrawals made for purposes other than educational purposes will not qualify for favourable tax treatment and the proceeds are assessed as investment income in your hands in accordance with the following rules:

- if your bond is held for more than 10 years in compliance with the rules, withdrawal proceeds are not taxable on receipt
- withdrawals made within the first eight years of your bond's commencement period are fully assessable (the assessable amount is reduced to two-thirds for a withdrawal in the ninth year, and to one-third in the 10th year)
- a tax offset of 30% currently applies on the assessable amount, this may assist in reducing personal tax liability

### The 125% Rule

The 10-year tax period begins from your policy's original start date. If your total contributions exceed 125% of the amount contributed in the previous investment year, then the 10-year period calculation is reset. After year 10, earnings on each additional contribution receive immediate tax-free withdrawal status.

To assist you in adhering to the 125% rule, we will provide comprehensive reporting material.

### How is an investment in the education fund taxed?

The Fund is a 'scholarship plan' for the purposes of the Income Tax Assessment Act 1997 (Cth). This means that the Fund is subject to tax itself on investment earnings.

However, Foresters Financial is entitled to a deduction/credit for investment income paid (or credited) to beneficiaries under the plan when those earnings are paid for the purpose of funding eligible education expenses.

The value of the tax able to be credited by Foresters Financial (referred to as the Education Tax Benefit) is added to the amount withdrawn from the Investor's account and the total amount is paid as the education benefit.

## How much tax does the Fund pay?

Income generated by the Fund's investments is taxed at the life insurance tax rate, which is currently 30%. This tax is paid by Foresters Financial from the investment earnings. The actual level of tax payable may vary between the investment options and can be lower due to the impact of dividend franking credits and other tax offsets received within each investment option.

## Will you be liable for tax when withdrawing your capital contributions?

No. All withdrawals of contributions (i.e. the capital component) made by the investor are treated as a tax-free return of capital to the investor.

## What are the tax implications for the investor if you withdraw from the earnings component?

There are no tax implications for the Investor when withdrawals are made from the Earnings component to exclusively pay for education expenses. Examples of expenses are included on page 5.

Withdrawals made for other unspecified purposes (such as where the student does not proceed to a specified level of education) do not qualify for the concessional tax treatment and the proceeds are assessed to the investor as ordinary life insurance investment policy bonuses.

## Will the nominated beneficiary i.e. the student be liable for tax?

Education benefits, when paid from the Earnings component to a student beneficiary, become assessable to the student and are treated as investment income for tax purposes.

The tax implications for the student will vary depending on their age and personal circumstances, as outlined below.

### Students under 18 years of age

Where the student's taxable income from any investments (including amounts paid under the Plan) does not exceed \$416 in a financial year, no tax will be payable by the student.

Where the student has, for example, part-time employment income, this is not included in this threshold.

There are limited circumstances when the higher adult

tax-free threshold applies to minors, such as where they are employed full time or handicapped.

### Students aged 18 or older

For students who are 18 years of age at the end of a tax year, the ordinary marginal rates of tax will apply to them. This means that where the student's taxable income from any part-time employment and/or investments (including amounts received under the Plan) does not exceed the current tax-free threshold of \$18,200, no income tax is payable. The tax-free threshold is subject to change.

### Does withholding tax apply to non-residents?

If you are a non-resident investor or student, including an investor or student who has left Australia for an extended period, your Plan's accrued investment returns and any withdrawals from your Plan are not subject to non-resident withholding tax.

### Disclaimer

The tax information provided in this PDS is current at the date of issue and is general in nature. The information is only intended to provide summary guidance on Australian tax matters associated with the operation of the Fund. Tax laws may change in the future and may affect your tax position and the tax information described in this PDS.

### Goods & Services Tax (GST)

The GST will not apply to investments made in, or benefits paid by, the Fund or to any investment fees charged to the Policy Owner by Foresters Financial. GST paid to external investment managers may be passed on through unit prices.

### Capital Gains Tax (CGT)

Education bonds are not subject to CGT. Meaning, no CGT is incurred for switching investment options or making withdrawals within the first 10 years of ownership or after 10 years.

### Tax File Number (TFN)

Your investment is not subject to TFN quotation rules. You may be required to supply an Australian Business Number (ABN) if required under the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF Act).

## **Social Security**

Your investment in the Education Bond is treated as a financial asset for the purposes of the Services Australia asset test calculations and deeming under the income test.

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

## 8. Things you need to know

As a Fund member, upon your application being accepted, Foresters Financial will issue a confirmation letter and Certificate of Membership of the Fund directly to you in acknowledgement of your membership of Foresters Financial and your initial investment, outlining its terms and conditions.

Foresters Financial will keep you up to date with any relevant changes that may materially or adversely affect your investment via our website [forestersfinancial.com.au](http://forestersfinancial.com.au).

### Annual statements

We will send you an annual statement, detailing your investment balance and transactions as at 30 June. If any withdrawals are made during the first ten (10) years then we will detail any amounts that may need to be declared as income to the Australian Taxation Office.

### Anti-money laundering and counter terrorism financing

Foresters Financial is bound by the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (AML/CTF) Act (Cth) and therefore may require you to produce proof of identification in certain circumstances. The type of identification will depend on the type of investor you are.

If we have not verified your identity previously, as an investor, you will need to provide the identification documentation specified on the application form.

If we are unable to verify your identity, we reserve the right to delay your application until we are satisfied that we have verified your identity or reject your application if we cannot satisfactorily verify your identity.

### 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 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 several related purposes for which your personal information will be collected, including processing of your application, the administration and managing of your investment in the investment bond 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.

Your information may also be used in connection with the purpose for which it is collected. Foresters Financial may also use your information to forward to you, from time to time, details of other opportunities offered by Foresters Financial 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)

**Post:** PO Box 7702, Melbourne, VIC 3004.

**Phone:** 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

**Post:** GPO Box 5218, Sydney, NSW 2001.

**Phone:** 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:

- 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 at [forestersfinancial.com.au/privacy-policy](https://forestersfinancial.com.au/privacy-policy) or can be obtained by contacting our Privacy Officer.

## Dispute resolution

Foresters 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)

**Post:** PO Box 7702, Melbourne, VIC 3004.

**Phone:** 1800 645 326 (free call)

**Website:** [forestersfinancial.com.au](https://forestersfinancial.com.au)

If we are unable to resolve your concern, please ask to speak to our Management who will register your complaint and conduct an initial review of the matter and provide a response to you. If your issue cannot be resolved directly between you and Foresters, 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

**Email:** [info@afca.org.au](mailto:info@afca.org.au)

**Post:** GPO Box 3, Melbourne VIC 3001

**Phone:** 1800 931 678 (free call)

**Website:** [afca.org.au](https://afca.org.au)

### Foresters Financial

Foresters Financial issues the education bond and is responsible for all administration, promotion and management of the Fund.

Foresters Financial is incorporated under the Corporations Act 2001 (Cth) as a public company limited by shares and guarantee and is regulated by ASIC 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 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. Other than in relation to the guarantee, no member is under any personal liability to the company's creditors as a member of the company.

Members have an interest in the assets of the relevant Investment Option in which they have invested.

A member's interest is limited 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.

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

## The Constitution and the Fund Rules

In accordance with Foresters Financial's Constitution and the Fund Rules, the assets of each fund maintained by Foresters Financial are kept separate and distinct from other funds and assets. Once your application has been accepted and processed, you will become a member of the 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 Fund Rules set out your benefits and the operational aspects of your membership of the Fund. The Fund Rules operate as a contract between you and Foresters Financial.

Foresters Financial may amend the Fund Rules by a special resolution of members. In limited circumstances, the company's Board can amend the Fund Rules with the consent of the prudential regulator, APRA. Additionally, Foresters Financial can close the Fund to new investments or in certain circumstances, make application to APRA to terminate the Fund. The statements in this PDS give only a summary of the provisions of Foresters Financials' Constitution and the Fund Rules.

Members may inspect a copy of the Constitution and the Fund Rules at the registered office of Foresters Financial any time between 9am and 5pm Monday to Friday (except Victorian public holidays).

## 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 engaged by Foresters Financial from time-to-time, has any interest in respect of the assets of the Fund. No Director or expert has any access or entitlement to Benefits from the Fund to which this PDS relates on terms that differ from those applicable to other Policyholders under the Benefit Fund Rules.

RSM Australia Partners, Deloitte Consulting Pty Ltd and JBWere Limited receive professional fees in respect of audit, actuarial and investment services and advice provided in relation to the Fund respectively.

## Consultants to Foresters Financial

### Auditor

RSM Australia Partners

ABN 36 965 185 036

### Actuary

Deloitte Consulting Pty Ltd

ABN 86 611 750 648

### 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.



**Foresters Financial**

**W:** [forestersfinancial.com.au](http://forestersfinancial.com.au)

**E:** [service@forestersfinancial.com.au](mailto:service@forestersfinancial.com.au)

**P:** 1800 645 326

Level 4, 417 St Kilda Road, Melbourne VIC 3004

PO Box 7702, Melbourne VIC 3004