Education bond



Target Market Determination (TMD)

FORESTERS FINANCIAL

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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 the education bond is suitable for and not suitable for;
- how it is distributed; and
- when this document will be reviewed.

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 situation or needs.

Foresters Financial issues this product. 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 deciding whether to buy or continue holding 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

The Foresters Financial Education Plan (an education bond) is a long-term, investment-linked savings product designed to help individuals, families, companies and trusts set aside funds for future education expenses. It provides a tax-effective way to save for eligible learning costs across all education stages, including preschool, school, tertiary and vocational education.

The Education Plan is structured under Australian tax law as a scholarship plan. Investment earnings are taxed within the bond at a maximum rate of 30%. When withdrawals are made for eligible education expenses, Foresters may claim a tax deduction, with the benefit passed on to the investor through the Education Tax Benefit. This structure can reduce the overall tax paid on investment earnings compared to investing in an individual's personal name, depending on circumstances.

Policyholders retain ownership and control of the investment, including the ability to make contributions and withdrawals over time. Funds may be applied to the education costs of a nominated beneficiary, such as a child, grandchild or other dependent, providing flexibility to respond to changing education needs and timelines.

Key product attributes

The product offers four investment options: sustainable, balanced, growth and high growth. Capital guaranteed is not available under this product. The product provides:

- mid to long-term investment with a choice of different investment minimum recommended timeframes – from 3 to 10+ years
- lump sum or regular contribution options available
- unlimited initial investment, with annual contributions permitted up to 125% of the previous year's contribution (the 125% Rule)
- additional contributions in excess of 125% of the previous year's contribution can be made; however, the 10-year tax-free period will reset
- no obligation to contribute to the fund after the initial contribution of $500
- the option of either a lump sum investment or regular instalments (starting from $60 a month)
- earnings are taxed within the bond at a flat 30%, not at your marginal tax rate. After 10 years, withdrawals are generally tax-free
- tax-effective withdrawals for approved education expenses under the 'scholarship plan' tax structure
- option to assign ownership to alternate student beneficiaries, including a child (aged 10–16 years) with guardian consent
- ability to nominate a policy guardian and death beneficiary
- it is divisible between the investor and the beneficiary, allowing the investor to retain the capital while the beneficiary receives investment income

- withdrawals are available at any time, with education withdrawals eligible for tax benefits
- lump sum or partial withdrawals after 10 years with no additional tax
- payment upon the death of the life insured to a nominated beneficiary is tax-free
- option to assign the bond to another person or child under 16 years of age without any tax consequences for the child, allowing the investor to establish a mid to long-term investment for the child or grandchild

3. Target market

Who is this product suitable for?

Customer objectives:

This product is suitable for customers who wish to establish a long-term education savings and investment plan vehicle that may include:

- a tax-effective way to fund future education expenses – from early learning to university or vocational training – through a scholarship plan structure
- flexibility to make withdrawals for approved education purposes at any time.
- the ability to contribute regularly under the 125% Rule, or make lump-sum investments
- to save for the education of dependents, children, or grandchildren across preschool, secondary and tertiary education
- estate planning benefits through direct beneficiary nomination and intergenerational wealth transfer
- the ability to open a plan for yourself, your children, or your grandchildren
- parents, grandparents, or other family members can contribute either a lump sum or regular savings at any time

Customer needs and financial situation

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.

Customer needs and financial situation				
Age	Suitable for customers 16 years and over Suitable for adults wanting to assign a policy to a child under 10-16 years			
Customer's risk and return profile (ability to bear loss)	**Balanced option**	**Sustainable option**	**Growth option**	**High growth option**
	Medium	Medium	High	High
Investment horizon	3–5 years	3–5 years	6–10 years	10+ years
Consumer's minimum need for access to capital	The education bond provides the flexibility to access funds at any time for education or non-education purposes. If it's within 10 years, the income portion becomes assessable income to the beneficiary. If accumulated capital is used for approved education purposes, a tax credit is received. However, tax may be payable on non-school-related withdrawals, whether partial, regular or full, if the withdrawal is made within the first 10 years of the investment.			
Financial situation	This product is suitable for most individuals who meet the remaining criteria outlined in this TMD. There is a $500 minimum contribution.			

Who is this product not suitable for?

The education bond may not be suitable for customers who:

- seek short-term access to funds for non-education purposes
- seek capital guarantees or low-risk fixed return products
- wish to make unrestricted annual contributions exceeding 125% of the previous year's amount
- want direct control over specific underlying assets
- investors seeking regular income distributions
- are seeking to transfer their education bond to another product issuer (education bonds are not portable)
- are seeking investments located outside Australia
- so not have an identifiable educational purpose or beneficiary
- are under 16 years of age

4. Distribution

How is this product distributed?

The investment bond is distributed through:

- licensed financial advisers who can recommend the product after assessing client suitability
- operators of investor-directed portfolio services (IDPS) and IDPS-like schemes
- Foresters Financial website: forestersfinancial.com.au
- Foresters Investor Services Team: 1800 645 326 or service@forestersfinancial.com.au

This is designed to enable potential investors to research the product online and purchase it directly through Foresters. Alternatively, they can elect to purchase the product through a licensed financial adviser.

Foresters requires distributors to review the TMD as part of their advice process and ensures that all distributors hold the appropriate AFSL authorisations.

Distributor reporting requirements

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

As soon as practicable	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 and December quarters)	1. Complaints received related to the product's design, features and distribution, or 2. Dealings outside the TMD and whether the acquisition occurred under personal advice.

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 commence 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.

For more information, contact Foresters:

W: forestersfinancial.com.au
E: service@forestersfinancial.com.au
P: 1800 645 326

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Product offering: Education bond

TMD effective date: 16 February 2026

Issued hy: Foresters Financial Limited (ABN 27 087 648 842, AFSL 241421)

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Disclaimer:

This information is of a general nature and issued by Foresters Financial ABN 27 087 648 842 AFSL 241421. Please consider the Product Disclosure Statement and this Target Market Determination before considering to acquire a Foresters Funeral Benefit Fund or Bond. Foresters Financial is not a financial adviser. You should consider seeking independent legal, financial, taxation or other advice when choosing investment options.
