

Announcement



Friday, 3 February 2017

Tax Minimiser Funeral Bond Fund

Changes to the governing rules

From time to time it is necessary to update the benefit fund rules governing the operation of a benefit fund. These changes were necessary for the Tax Minimiser Funeral Bond Fund (the 'Fund') so that it can operate efficiently to meet member needs. These changes were approved by APRA with effect from 5 December 2016. Importantly, the changes have no material impact on your benefits.

Summary of changes:

Authorised Investments

A definition of "Authorised Investments" has been included in the governing rules to describe the range of investments that we are permitted to make on behalf of members. Generally, this includes government or statutory securities, bills of exchange, deposits with an ADI, mortgages and mortgage backed securities, and credit and interest rate derivatives.

The maximum and minimum asset class allocations within this range of investments are:

- cash and short term securities (0-100%);
- mortgages and mortgage backed securities (0-25%); and
- fixed interest (0-100%),

to ensure that at least 80% of such investments hold a rating above prescribed levels. The asset allocations are monitored to ensure that financial instruments are only used for managing risk and implementing portfolio positions, and to align with the maturity and liquidity profile of the Fund.

Fees and expenses

The annual administration fee has been removed, and maximum fee limits have been introduced to include:

- a maximum management fee of 2.5% of the average Fund balance per financial year;
- a maximum entry fee of 4% of the contribution amount; and
- a maximum exit fee of 1% of the benefit payable.

Other changes

- Excess benefits – all benefits payable from the Fund that exceed the amount required to meet allowable funeral expenses shall be paid to the estate of the deceased Life Assured
- Adviser Service Payment – a definition of Adviser Service Payment and a related amendment have been added to further clarify how the Fund may deduct Adviser Service Payments from member contributions.

A number of other drafting changes were also approved. These changes are of a technical nature and have no material impact on member benefits or in the way in which the Fund is managed. Members may obtain a copy of the updated governing rules for the Fund by contacting our Investor Services team.

More information

Please refer to australianunity.com.au/wealth for up to date information about the Fund or by contacting the Investor Services team at 1300 1300 38 or at investmentbonds@australianunity.com.au.

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