



# Funeral Bond

Disclosure Document 1 October, 2009



**Tasmanian  
Perpetual  
Trustees**

## Important Information

The Tasmanian Perpetual Trustees Funeral Bond (the "Bond") is an investment product issued by Australian Friendly Society Limited ABN 29 087 648 851 AFSL No. 247028 with benefits provided by the Society's Funeral Benefit Fund (the "Fund") established under Schedule 1 Rule E of its Constitution (the "Fund Rules"). References to "Australian Friendly Society", "Society" or "AFS" throughout this Disclosure Document are references to the Australian Friendly Society Limited which is the issuer of this Disclosure Document. References to "you" or "your" throughout this Disclosure Document means an investor or potential investor in the Fund.

Tasmanian Perpetual Trustees Limited ABN 97 009 475 629 ("Tasmanian Perpetual Trustees") is the distributor and marketer of the Tasmanian Perpetual Trustees Funeral Bond. Tasmanian Perpetual Trustees does not guarantee the repayment of capital or the investment performance, including the declaration of bonuses of the Tasmanian Perpetual Trustees Funeral Bond offered in this Disclosure Document.

An application for membership can only be made by completing the application form contained in this document. You should read this Disclosure Document in full before deciding whether to invest in the Tasmanian Perpetual Trustees Funeral Bond.

We recommend that you consult your financial planner prior to investing in the Bond.

This Disclosure Document is dated 1 October 2009 and expires on 30 September 2010. A copy has been lodged with the Australian Securities & Investment Commission (ASIC) on 29 September 2009. ASIC takes no responsibility for the contents of this Disclosure Document.

The offer to invest in the Tasmanian Perpetual Trustees Funeral Bond is only available to persons receiving a copy (electronic or otherwise) of this Disclosure Document within Australia, and who are bona fide residents of Tasmania. Applications from outside Australia and from non bona fide residents of Tasmania will not be accepted. If this Disclosure Document is received electronically, you should ensure that the complete application form and Disclosure Document have been received. If you are unsure whether the electronic document you have received is complete, please contact Tasmanian Perpetual Trustees. A printed copy is available free of charge.

## About Tasmanian Perpetual Trustees

Tasmanian Perpetual Trustees, a wholly owned subsidiary of MyState Limited ACN 133 623 962, is a major Tasmanian based provider of financial products and services. Tasmanian Perpetual Trustees is a Trustee Company authorised under the *Tasmanian Trustee Companies Act 1953*. Tasmanian Perpetual Trustees holds an Australian Financial Services Licence (AFSL) No. 234630 issued by ASIC.

Tasmanian Perpetual Trustees operates throughout Tasmania from the following locations:

Burnie	17 Cattley Street	ph 6440 8440
Devonport	53 Best Street	ph 6498 7744
Glenorchy	366 Main Road	ph 6214 7800
Hobart	29 Murray Street	ph 6222 1222
Kings Meadows	Shop 27 Centro Meadow Mews	ph 6336 6955
Kingston	Shop 1 Kingston Plaza	ph 6211 8755
Launceston	23 Paterson Street	ph 6348 1111
Rosny	11 Bayfield Street	ph 6233 1533
Ulverstone	21 Reibey Street	ph 6490 8333

## About Australian Friendly Society

Australian Friendly Society has been caring for the financial needs of Australians since it was first registered on 28 April 1969. It is a friendly society for the purposes of the *Life Insurance Act 1995* and retains the historical friendly society philosophy of service and community concern, while encouraging the traditional values of thrift, self-help and fellowship.

Today, Australian Friendly Society is associated with Bendigo and Adelaide Bank Limited ("Bendigo and Adelaide Bank") ABN 11 068 049 178 AFSL No. 237879 and its related entities (collectively "Bendigo and Adelaide Bank Group"). Bendigo and Adelaide Bank is Australia's only regionally based bank, well recognised for its innovative involvement in the development of **Community Banks**<sup>®</sup> throughout Australia.

The Bendigo and Adelaide Bank Group includes the wholly owned subsidiary Sandhurst Trustees Limited ("Sandhurst Trustees") ABN 16 004 030 737 AFSL No. 237906. Through contractual arrangements, AFS outsources administration services to Sandhurst Trustees and also uses the treasury services of Bendigo and Adelaide Bank for some of its asset management. A contribution into the Bond is not a deposit or other liability of Bendigo and Adelaide Bank, Sandhurst Trustees or any other entity in the Bendigo and Adelaide Bank Group or Tasmanian Perpetual Trustees. However, the Bond is supported by a capital guarantee from AFS. Refer page 13 for details.

# Overview

## TASMANIAN PERPETUAL TRUSTEES FUNERAL BOND - A THOUGHTFUL AND PRACTICAL LEGACY

### What is a Funeral Bond?

A Funeral Bond is a way of putting aside money to pay for your funeral. In a way it's like a savings plan, where you put aside a lump sum or make regular payments until you reach a predetermined amount. Your Funeral Bond will also safeguard your funds so that they can only be used for paying the cost of a funeral. You know that your Tasmanian Perpetual Trustees Funeral Bond is safe and secure. It's an investment that provides you with peace of mind, in knowing that you have protected your family for future funeral expenses.

### How a Funeral Bond works for you.

Funeral Bonds are very flexible, you can save for them gradually or pay in a single lump sum.

For professional guidance as to the expected cost of a funeral it is useful to speak with a funeral director. This will assist you in determining how much money you will need to place in your Funeral Bond to get the funeral you want.

### The pre-arranged funeral option.

You have the option of linking your Funeral Bond to a pre-arranged funeral contract. This helps to protect you against the rising costs of funerals. Pre-arranged funerals let you make decisions and arrangements in advance. You arrange with your funeral director the funeral you want at the price you want to pay. Your funeral director will guide you through the planning process and detail the costs involved.

### The nominated funeral option.

You also have the option of nominating your Funeral Bond to a funeral director. Unlike the pre-arranged funeral option, the nomination option does not involve linking your Funeral Bond to a pre-arranged funeral contract. However, it still enables you to indicate the funeral director of your choice. Your funeral director will be able to help you decide which option is best for you.

### Key features of the Tasmanian Perpetual Trustees Funeral Bond

Capital Guaranteed	Yes, see page 13
Centrelink and Department of Veterans' Affairs advantaged	Yes, see page 12
Taxation advantaged	Yes, see page 12
Securely invested	Yes, investment details on pages 7 and 8
Able to be assigned to a funeral director as part of a pre-arranged funeral	Yes, see page 4

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# How your Bond works

## MAKING A CONTRIBUTION

You can contribute to the Tasmanian Perpetual Trustees Funeral Bond in two ways:

- A) initial contribution of at least \$500; or
- B) via the regular savings plan with minimum contributions of at least \$42 per month.

### A - \$500 minimum initial contribution

You can start with an initial contribution of at least \$500 and make further contributions of at least \$500, whenever you wish, until you reach your chosen maximum amount.

### B - Regular savings plan

You can make regular contributions under the savings plan. This plan allows you to contribute over a time frame that suits you by contributing at least \$42 per month. Your payments can be via direct debit from your financial institution, until you have reached the nominated amount which should also be stated on the Direct Debit Request (refer step 6 of the Application Form).

Under the Fund Rules, once your application is accepted you become a member of the Fund and of Australian Friendly Society.

## CONTRIBUTION LIMITS

Recipients of an age pension, a service pension or any other means-tested Government benefit should be aware of the contribution limit which applies to a Bond that enjoys an income and asset test exemption and which has not been assigned to a funeral director in conjunction with a pre-arranged funeral. Refer page 12 for details.

## ADDITIONAL CONTRIBUTIONS

Each additional contribution must be accompanied by a completed additional contribution form or a letter signed by you (or a funeral director, if assigned). The letter must state your name, Member Number, current address and amount to be contributed. For your convenience additional contribution forms are contained in this Disclosure Document or may be obtained from any branch of Tasmanian Perpetual Trustees.

## FLEXIBLE OWNERSHIP OPTION

You can choose between individual or joint ownership of your Bond.

### Individual Ownership

Couples can each own an individual Bond. The advantage of individual ownership is that each person can invest up to the nominated maximum amount with both parties separately covered for their own funeral expenses.

### Joint Ownership

Bonds may be jointly owned by any two people. However only one funeral may be funded under joint ownership. Upon the death of a joint member, the surviving member must elect in writing, within 14 days from the date of death, whether or not the Bond is to be redeemed to cover the funeral expenses of the deceased or continue for the benefit of the surviving member. If no election is made, the Bond will be redeemed to cover the funeral expenses of the deceased member (with any balance paid to their estate).

A Bond opened under joint ownership is still subject to the contribution limit for income and asset test exemption purposes, unless assigned to a funeral director (refer page 12). Joint applicants wishing to invest above the contribution limit should consider opening individual Bonds.

## ASSIGNING OR NOMINATING YOUR BOND TO A FUNERAL DIRECTOR

### Assignment

Ownership of your Bond may be assigned to a funeral director of your choice as part of a pre-arranged funeral agreement. It is important to note that assignment of your Bond transfers complete ownership of the Bond to the funeral director. The entire accumulated benefits will be paid to the funeral director following your death upon receipt of evidence from the funeral director that the funeral has been carried out.

Members under 16 years of age are unable to assign their Bond.

Refer page 9 for details on investing in a pre-arranged funeral.

### **Nomination**

You also have the option of nominating a funeral director of your choice. Nomination differs to assignment as ownership of the Bond does not transfer to the funeral director.

The nomination simply acts as a direction as to your chosen funeral director. The nomination may be revoked during your lifetime by providing written instruction to Tasmanian Perpetual Trustees.

### **CHANGING FUNERAL DIRECTORS**

You can re-assign your Bond at any time, subject to the agreement of the original funeral director. A Transfer of Assignment Form must be completed by you, the original funeral director and the new funeral director. The change of assignment will become effective once all documents have been received by Tasmanian Perpetual Trustees.

### **CLAIMING A BENEFIT PAYMENT**

Once funds have been deposited into your Tasmanian Perpetual Trustees Funeral Bond they cannot be withdrawn prior to death (with the exception of the 30 day cooling-off period).

If your Bond is not assigned to a funeral director, the Bond benefits will be paid to your estate following your death. Alternatively, your estate can direct us to pay the Bond benefits to your funeral director following your death. Any residual Bond benefits after paying the funeral director will be paid to your estate.

Benefits will be paid upon production of satisfactory evidence that your funeral has been carried out. Benefits will usually be paid within ten business days of receipt of all the necessary documentation.

### **HOW A BENEFIT PAYMENT IS CALCULATED**

Benefit payments are calculated using the member's account balance as at the date of death, which comprises contributions made by the member and all declared and accumulated bonuses, together with any final bonus. The final bonus is calculated by applying the interim bonus rate pro-rata between the last declared bonus and the date on which the benefit is paid. A special termination bonus may also be paid at this time (refer page 6).

### **MINIMUM AGE**

Applications will not be accepted from or on behalf of children under 10 years of age. Applicants aged between 10 and 16 years must obtain the written consent of a parent or legal guardian before being admitted as a member of the Fund.

### **COOLING-OFF PERIOD**

A 30 day cooling-off period applies to initial contributions made into the Tasmanian Perpetual Trustees Funeral Bond. During this 30 day period, you have the right to cancel your Bond and have it repaid in full. This 30 day period starts from the earlier of:

- the time you receive confirmation that your initial contribution has been accepted; or
- 5 business days after your initial application monies are received by Tasmanian Perpetual Trustees.

The cooling-off period will end if you have exercised a right in relation to the Bond, for example, an assignment or a claim. If you wish to cancel your Bond within the 30 day cooling-off period, you will need to write to Tasmanian Perpetual Trustees stating this intention. You will then be sent a refund for the value of your Bond.

### **CONTACTS**

For any questions regarding the Tasmanian Perpetual Trustees Funeral Bond please contact your nearest branch of Tasmanian Perpetual Trustees.

# Bonuses

## **YOUR ANNUAL BONUS**

In determining whether or not to declare a bonus, and the bonus rate to be declared, Australian Friendly Society considers the investment returns achieved during the year as well as the advice of the Society's Actuary. The actual bonus declared is calculated after the deduction of Fund fees, charges (including tax) and any solvency reserves required by law. If a bonus is declared, it is allocated to each member's account as at 30 June and becomes part of the total investment for the calculation of future bonuses. The bonus is guaranteed once declared.

A statement showing your annual bonus and current account balance will be sent to you after 30 June each year. If you have assigned your Bond, the statement will be sent to your funeral director.

For more information see "Investment Strategy and Performance" on pages 7 and 8.

## **INTERIM BONUS RATE**

An interim bonus rate is also declared each year as at 30 June. If a claim is made during the following year, the interim bonus rate is applied from 1 July to the date on which the benefit is paid.

## **TERMINATION BONUS**

The termination bonus is payable in addition to normal benefits at the date of death. It is set each year based on the level of the retained surplus in the Fund following the declaration of bonus.

Tax paid on income received by a Bond may be recovered and paid as part of any termination bonus.

## **DIFFERENCE BONUS**

If a claim is made after 30 June but before the annual bonus rate is declared, the difference between the interim bonus rate paid and the declared annual bonus rate will be paid to your estate or assigned funeral director, once calculated. Generally the difference bonus is paid in the month of September.

# Investment Strategy and Performance

## ALLOWABLE PORTFOLIO INVESTMENT RANGES

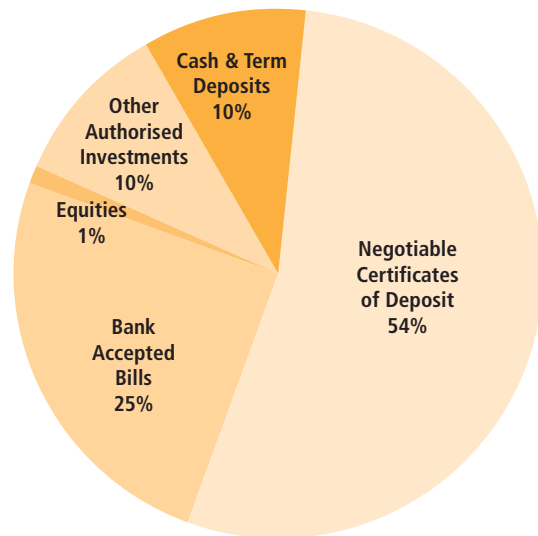
The investments of the Tasmanian Perpetual Trustees Funeral Bond will be managed within the broad asset classes and maximum and minimum investment ranges shown in the table.

### Authorised Investments Allocation Range

Cash and cash equivalents, Bank Accepted Bills, Term Deposits, Negotiable Certificates of Deposit and Government Securities	70% - 100%
Equities	0% - 10%
Other Authorised Investments	0% - 20%

## INVESTMENT STRATEGY AND ASSET ALLOCATION

The Tasmanian Perpetual Trustees Funeral Bond may invest in a range of assets as detailed in the Fund Rules. The major asset categories, together with the percentage of the Fund's assets invested in each category as at 30 June 2009 are shown in the chart below.



The Tasmanian Perpetual Trustees Funeral Bond invests the majority of the Fund's assets in low risk income producing investments with the balance invested in selected growth investments. This aims to limit the Fund's exposure to risk, whilst retaining the opportunity to have a small exposure to growth assets to combat the effects of inflation.

You should be aware that growth and income investments can be subject to market or security specific risk. Market risk is where unexpected market conditions can have a negative impact on the return of all investments in a particular market, such as a sudden decline in share values or a general rise in interest rates.

Security specific risk is a risk that can affect the value of a specific security, such as the fall in profit performance which can impact on share prices or a rise in interest rates which can affect the value of debt securities.

# Investment Strategy and Performance cont.

## FUND PERFORMANCE

The investment pool of which the Tasmanian Perpetual Trustees Funeral Bond comprises part of, declared the bonus rates shown in the table below for Bonds issued after 1 January 2003.

30 June	Bonus Rate <sup>1</sup>	Funeral Bond Tax Benefit <sup>2</sup>	Total Return <sup>3</sup>
2006	3.75%	1.61%	5.36%
2007	4.10%	1.76%	5.86%
2008	2.50%	1.07%	3.57%
2009	2.15%	0.92%	3.07%

<sup>1</sup> This Bonus Rate is net of all fees and costs.

<sup>2</sup> The Funeral Bond Tax Benefit is a non-guaranteed supplementary amount that the Tasmanian Perpetual Trustees Funeral Bond expects to pay as part of the funeral benefit. For more information, refer to 'Taxation and Pension information' on page 12.

<sup>3</sup> The Total Return is the sum of the Bonus Rate allocated to your account and the Funeral Bond Tax Benefit.

**Please note that past performance cannot be taken as a guide to future returns. The future bonus rates for the Tasmanian Perpetual Trustees Funeral Bond are not guaranteed and may be subject to fluctuations.**

# Investing in a pre-arranged funeral

Investing in a pre-arranged funeral may assist in some of the decisions your family and loved ones will have to make concerning your funeral arrangements.

## **WHAT IS A PRE-ARRANGED FUNERAL?**

A pre-arranged funeral is a formal contractual arrangement between you and a funeral director of your choice. You specify and pay in advance, by assigning the Bond to the funeral director, the type of funeral you want and the funeral director guarantees to provide the agreed services in the future. This ensures that your wishes will be carried out exactly as arranged.

## **YOU'RE IN CONTROL OF THE COSTS**

Planning and pre-arranging a funeral makes good financial sense. Funeral costs are significant and like most things, they continue to rise over time. A key advantage of a pre-arranged funeral is that it puts you in control of these costs.

If accumulated benefits exceed the amount needed to carry out the agreed services, some contracts with funeral directors may allow for the excess benefit to be paid to your estate. However, others may allow the funeral director to retain the excess benefit. We recommend that you check the conditions concerning this issue in any pre-arranged funeral contract before you sign it.

The Tasmanian Perpetual Trustees Funeral Bond does not restrict the types of services that are eligible for a benefit payment.

## **SAFEGUARDING YOUR INVESTMENT**

To fully safeguard the money you set aside as a pre-payment for your funeral, it is recommended that it be held independently of the funeral director. The Tasmanian Perpetual Trustees Funeral Bond is an ideal way to do this, as the investment is not available to the funeral director until the contracted services are completed.

All you need to do is establish the Bond in your name initially and assign ownership to your chosen funeral director. You must however discuss the details of your required funeral services with the funeral director first to ensure sufficient funds are set aside in the Bond.

Assigning the Bond is a simple procedure that only requires you and the funeral director to complete the assignment instructions on the application form in this Disclosure Document. Under current legislation, assigning a Tasmanian Perpetual Trustees Funeral Bond will not cause you to incur any capital gains tax or other tax liabilities.

Assignment of your Bond to your chosen funeral director is only possible when you have entered into a contract for the provision of your funeral service.

## **A FINAL WORD ABOUT PRE-ARRANGED FUNERALS**

When you choose a funeral director, it is important to select a reputable professional, so you can feel confident that the services on the day will be as you want them to be.

Neither Tasmanian Perpetual Trustees nor Australian Friendly Society endorse any funeral director or their services, nor accept any liability for the conduct of the funeral director. Arrangements between you and a funeral director are private.

# Fees and other costs

This table shows fees and other costs that you may be charged. These fees and costs are deducted from the returns on the Tasmanian Perpetual Trustees Funeral Bond prior to the annual bonus being declared.

All fees and other costs set out in the below table are expressed inclusive of Goods and Services Tax ("GST"), refer to page 12 for more information.

You should read all of the information about fees and costs as it is important to understand their impact on your Bond.

Under the Fund Rules, a maximum annual management fee up to 3.30% is able to be charged on the average daily balance of the Fund to meet the costs of managing the Fund.

For the life of this Disclosure Document it is not anticipated that the fees detailed in this section will change. Investors will however be given 60 days notice prior to any change.

Type of Fee or Cost	Amount	How and when paid
<b>Fees when your money moves into or out of the Bond</b>		
Establishment fee	Nil	Not applicable
Contribution fee	Nil	Not applicable
Withdrawal fee	Nil	Not applicable
Termination fee	Nil	Not applicable

## Management costs

<p>Management fee</p> <p>are the fees and costs for operating the Fund. They include administration and other fees charged by the product issuer, distribution costs and other expenses such as legal, accounting and audit fees, computer, printing, stationery, advertising and other operational expenses including investment costs.</p>	1.28%p.a.	<p>Calculated and paid monthly from the Fund</p> <p>For example: Balance of Funeral Bond \$5,000 x Management fee of 1.28% p.a. = Total Management costs of \$64 for a full year</p>
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## IMPORTANT ADDITIONAL INFORMATION

### Payments to Tasmanian Perpetual Trustees

Tasmanian Perpetual Trustees receives payments from AFS of 0.44% p.a. of amounts invested via this Disclosure Document for marketing the Tasmanian Perpetual Trustees Funeral Bond. This payment is made from the management costs collected by AFS and is not an additional cost to you.

Tasmanian Perpetual Trustees also receives a management fee of 0.85% p.a. for any portion of the Funeral Benefit Fund that is invested in Tasmanian Perpetual Trustee's products. This payment is deducted before the return to the Funeral Benefit Fund is paid.

# Financial information

The following summarised information is extracted from the audited financial statements of the Australian Friendly Society Funeral Benefit Fund for the financial year ended 30 June 2009. Copies of the audited financial statements are available on request.

## Income Statement

	\$
Total income	3,359,673
Total expenses	(1,149,795)
Operating surplus before income tax	2,209,878
Income tax expense	(513,389)
Operating surplus after income tax	1,696,489
Unallocated surplus at beginning of financial year	1,800,269
Surplus allocated to members	(1,774,882)
Unallocated surplus at end of financial year	1,721,876

## Balance Sheet

	\$m
Assets	78.0
Liabilities	(1.0)
Net assets	77.0
Member funds	75.3
Unallocated surplus	1.7
Total funds	77.0

# Taxation and Pension information

The taxation and pension information that follows is current at the date of issue of this document and is intended to be of a general nature only. You should seek professional advice concerning your personal circumstances.

## TAXATION

The following summarises the tax position of an investment in a Tasmanian Perpetual Trustees Funeral Bond.

It is important to note that annual bonuses allocated are not subject to personal taxation while the Bond continues to be held and before the year of death and payout. Instead, the investment earnings of the Fund are subject to corporate taxation at a rate of 30%. This is paid by the Society as a Fund expense prior to the allocation of annual bonuses to your Bond. While annual bonuses declared will be net of the tax paid by the Society, the tax deducted from your bonuses is expected to be recovered and paid to your estate or funeral director as applicable in the termination bonus. Total bonuses paid will therefore be effectively untaxed.

Benefits received by your estate (excluding the amount you have contributed) will be subject to tax in the hands of your estate - but only in the year those benefits are paid and then only if entitlement to Bond proceeds have not been assigned to a funeral director. Whether any actual tax is payable by your estate will depend upon your estate's taxable income in that year, and its relevant marginal tax rate.

If a funeral director is entitled to Bond proceeds as a result of an assignment, the funeral director will be taxed (instead of your estate) on the full amount of the proceeds in the year of payment.

## QUALIFYING FUNERAL POLICIES

For tax purposes, a Funeral Bond must be issued for the purpose of meeting a person's future funeral expenses and the amount contributed must be reasonably in line with the expected cost of those expenses. Subject to those requirements, the social security threshold limit (see below) is not relevant, and should only concern a person who receives a means-tested pension or benefit from Centrelink or the Department of Veterans' Affairs.

Where the entitlement to Bond proceeds has been assigned to a funeral director in consideration for purchasing a pre-arranged funeral (from a funeral director), the tax purpose test is automatically met.

## GOODS AND SERVICES TAX (GST)

GST does not apply to investments made into the Tasmanian Perpetual Trustees Funeral Bond issued under this Disclosure Document or to benefits paid upon death. However, if you enter into a pre-arranged funeral contract, it is suggested you should seek professional advice regarding the impact of GST.

## VALUABLE PENSION EXEMPTIONS

The Bond is also designed to help you qualify for both income and asset test exemptions, if you receive a means-tested pension or benefit from Centrelink or the Department of Veterans' Affairs.

If you assign ownership of the Bond to a funeral director, in consideration for purchasing a pre-arranged funeral, there is no limit to the amount that a Bond owner may invest. Notwithstanding the assignment of your Bond, you remain a Fund and Society member.

Where the Bond does not involve a pre-arranged funeral, the qualifying pension exemption rules include the following:

- a The Bond must be acquired for the purpose of meeting your future funeral expenses, and Bond proceeds cannot be withdrawn prior to the time of your death;
- b Total contributions must not exceed the exemption threshold of \$10,750 (indexed effective 1 July each year);
- c Only a maximum of two Funeral Bonds will qualify for exemption, and the combined total contributions must not exceed the same threshold as applies to a single Funeral Bond; and
- d No exemption threshold will apply if a person has separately planned to fund their funeral by entering into a pre-arranged funeral arrangement - because the exemption will then only apply to the amount paid towards the pre-arranged funeral.

**For further information regarding your own personal circumstances, we recommend that you contact the Financial Information Service of Centrelink or the Department of Veterans' Affairs.**

# Additional information

## **SUPERVISION AND CORPORATE GOVERNANCE**

Under existing legislation, all matters relating to disclosure and consumer protection, incorporation and corporate governance of Friendly Societies are regulated by ASIC. Prudential supervision is conducted by Australian Prudential and Regulatory Authority (APRA). Under the *Corporations Act 2001* (Cth), Australian Friendly Society has elected to be registered as a public company limited by guarantee.

Members of the Society (including members who hold a Tasmanian Perpetual Trustees Funeral Bond) are taken to have given a guarantee. Broadly, the guarantee provides for the maximum amount that a member can be required to contribute in the event the Society is wound up and the assets of the Society are insufficient to pay its creditors and the costs of winding up. The amount of the guarantee is set out in the Society's Constitution and does not exceed \$2.

Other than in relation to the guarantee, no member is under any personal liability to creditors as a member of the Society.

## **MEMBERS' RIGHTS AND INTERESTS UNDER THE BOND**

Your contribution legally becomes part of the Funeral Benefit Fund offered by Australian Friendly Society, the sole purpose of which is to make provision for bona fide funeral expenses for members.

The assets and liabilities of the Funeral Benefit Fund are kept separate and distinct from those of other funds of the Society and of Tasmanian Perpetual Trustees. No member has any entitlement to the assets or benefits of any benefit fund other than those to which contributions have been paid. Members have an entitlement to share in the Society's Funeral Benefit Fund, being the proportion that the Bond owner's accumulation account balance on the relevant date bears to the aggregate of the accumulation account balances of all Bond owners who have entitlements in relation to the Fund, but do not have any specific interest in any part of the Fund or any authorised investment thereof.

Upon acceptance by the Society of your application, you become a member of the Society and as such, are subject to the rights and obligations set out in the Constitution as registered from time to time, including the right to attend and vote at General Meetings. This Constitution operates as a contract between members, between each member and the Society, and between the Society and each Director and the Secretary.

This Disclosure Document does not relate to, nor are there, different classes of interest in the Fund. Bond owners will have differing entitlements to Bond benefits depending on the level of their contributions, bonus entitlements, length of membership in the Fund and whether the Bonds were issued before or after 1 January 2003.

The Society's Constitution, including the Fund Rules, the administration agreement with Sandhurst Trustees, experts' advice and consents referred to in this Disclosure Document, may be inspected during normal hours of business at the Society's office at The Bendigo Centre, Bendigo Vic 3550 or by arrangement with Tasmanian Perpetual Trustees.

## **CAPITAL GUARANTEE**

The Bond's capital guarantee is supported by special solvency reserves that Australian Friendly Society must maintain in accordance with regulatory requirements. These reserves are designed to protect investors' investment assets from adverse fluctuations in underlying values.

The nature of the underlying investments reinforces the integrity of the capital guarantee. The Fund Rules provide for the guaranteed payment of the original and additional contributions, less specified management charges, plus bonuses declared. That is, your initial and subsequent net contributions, plus declared bonuses, are guaranteed upon your death.

## **COMMUNICATION WITH MEMBERS**

When your application is accepted you will receive a welcome letter confirming your initial contribution. Included with your welcome letter will be your Certificate of Membership.

You will also receive:

- confirmation of your investment transactions each time you make additional contributions (unless under the regular savings plan);
- an annual statement detailing the bonus rate allocated to your Bond and the value of your Bond as at 30 June (generally sent during the month of September); and
- if you so elect, an annual report detailing Fund performance, including audited financial statements.

# Additional information cont.

If you have assigned your Bond to a funeral director, these documents will be sent to them, apart from the annual report which you are still entitled to receive as a member of the Society.

If your personal details change (for example, address, name or bank account details), you should inform us in writing quoting your Member Number.

## PRIVACY ACT DISCLOSURE

Australian Friendly Society collects your personal information to provide you with and administer the products you have requested. To do that, it may need to disclose your personal information to organisations such as mailing houses, funeral directors, solicitors, accountants, auditors, Tasmanian Perpetual Trustees, Sandhurst Trustees or other members of the Bendigo and Adelaide Bank Group, that provide services on its behalf, including administration, investment, customer service, secretarial, accounting and information technology support. If any part of that information is not provided, it may not be able to provide you with these products.

Where information is provided to service provider organisations, appropriate confidentiality provisions apply so that the information will only be used by such parties for the Society's purposes. The Society may be allowed or obliged to disclose information by Law, for example, under Court Orders or Statutory Notices pursuant to Taxation or Social Security Law. Members may (subject to permitted exceptions) have access to their information by contacting the Society at:

Australian Friendly Society Limited  
Client Services  
PO Box 480, Bendigo, Vic 3552  
Telephone (03) 5485 7891  
or 1800 803 173  
Fax (03) 5485 7671  
australianfriendlysociety@bendigobank.com.au  
www.australianfriendlysociety.com.au

You may be sent the Society's marketing material from the Society or Tasmanian Perpetual Trustees in addition to general corporate communications. You may elect not to receive marketing material by contacting the Society at the above address.

## CONSENTS

The Society's Actuary Mr Barry Robertson of Mercer (Australia) Pty Ltd, Tasmanian Perpetual Trustees, Sandhurst Trustees and Bendigo and Adelaide Bank have given, and have not, before the date of this Disclosure Document, withdrawn their consent to be named in this document. Each of these parties has reviewed this Disclosure Document in relation to statements contained herein concerning their opinions, advice and involvement with the Fund and has consented to the context and form in which those opinions, advice and statements appear. None of the consenting parties have authorised or caused the issue of this Disclosure Document.

## ADMINISTRATION SERVICES

Australian Friendly Society has appointed Sandhurst Trustees to provide administration services for the Society under the terms of an administration agreement. Under the agreement, Sandhurst Trustees receives a fee and is required to attend to day-to-day administration. Sandhurst Trustees is not responsible for the management or operation of the Society.

## DISCLOSURE OF INTEREST

During the year ended 30 June 2009, the Society was party to an agreement with Sandhurst Trustees for which it paid fees for services, including access to the Bendigo and Adelaide Bank Group retail branch network, treasury services and other general administrative services on normal commercial terms and conditions. Investments were also made by the Society in Bendigo and Adelaide Bank Group products on normal commercial terms and conditions.

Total administration fees paid by the Society to Sandhurst Trustees for the year ended 30 June 2009 totalled \$802,912. Commission paid to the Bendigo and Adelaide Bank Group for the year ended 30 June 2009 totalled \$36,273.

From time to time the Directors or other officers of the Society may purchase or subscribe to the various products offered by the Society. These transactions are on the same terms and conditions as those entered into by other members. Otherwise, no Director or officer has any interest in the assets of the Fund or to benefits of the kind to which this Disclosure Document relates.

The Directors of the Society are Mr I.W. Cox (Chairman), Mr G.A. Stevens, Mr I.G. Mansbridge, Mrs M.A. Baker and Mr R.S. Taylor.

# Directors' Statement

All Directors, except for Mr R.S. Taylor and Mr G.A. Stevens, are shareholders of Bendigo and Adelaide Bank. Mr I. G. Mansbridge, is a Director of Sandhurst Trustees, MyState Limited, Tasmanian Perpetual Trustees Limited and a shareholder of MyState Limited. Mrs M. A. Baker is a Director of Sandhurst Trustees and an executive of Bendigo and Adelaide Bank.

Mercer (Australia) Pty Ltd, Richmond Sinnott & Delahunty and TurksLegal Solicitors receive professional fees in respect of actuarial, audit and legal services and advice provided in relation to the Fund and this Disclosure Document.

## **DISPUTE RESOLUTION FOR THE ASSISTANCE OF MEMBERS**

Tasmanian Perpetual Trustees and Australian Friendly Society are committed to handling disputes and complaints quickly, fairly and in confidence. If you want to complain about the Tasmanian Perpetual Trustees Funeral Bond please write to:

Manager Legal and Compliance  
Tasmanian Perpetual Trustees  
23 Paterson Street  
Launceston TAS 7250

You may wish to refer your complaint to the product provider, Australian Friendly Society. This can be done by writing to:

AFS Manager  
Australian Friendly Society  
PO Box 480  
Bendigo VIC 3552

Tasmanian Perpetual Trustees and Australian Friendly Society aim to solve complaints as quickly as possible. If your complaint cannot be resolved within 14 days, we will contact you and keep you informed of our progress and how long we expect resolution will take.

If you are not satisfied with the outcome of your complaint you have the right to refer the matter to an independent external complaint resolution scheme.

Tasmanian Perpetual Trustees and Australian Friendly Society are members of the Financial Ombudsman Service (FOS) and you are able to refer your complaint to them by telephoning 1300 780 808 or writing to them at:

FOS  
GPO Box 3  
Melbourne VIC 3001  
[www.fos.org.au](http://www.fos.org.au)

We, the Directors of Australian Friendly Society state, that after due enquiry we believe that this Disclosure Document contains all the information that intending investors and their professional advisers would reasonably expect to find in order to make an informed decision to invest in the Tasmanian Perpetual Trustees Funeral Bond, an investment product of the Society's Funeral Benefit Fund, and that we are not aware of any relevant information that is not disclosed in this Disclosure Document.

Further, and after due enquiry by the Directors in relation to the interval between 30 June 2009 (being the last date to which the financial statements of the Funeral Benefit Fund were made up) and the date of this statement, there have been no circumstances which have or will materially affect the trading or profitability or the value of the assets of the Society or the Funeral Benefit Fund.

This statement was made and signed by or on behalf of the Directors on 23 September 2009. The Directors of the Society are:

Mr I.W. Cox (Chairman)  
Mr G.A. Stevens  
Mr I.G. Mansbridge  
Mrs M.A. Baker  
Mr R.S. Taylor

# Completing the Application Form

The following steps will assist you in completing the Application Form.

## **Step 1 Investor Details**

Please complete your investor or joint investor details including your preferred title e.g. 'Ms' or 'Dr'. Please ensure date of birth details are provided due to minimum age requirements.

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## **Step 2 Investment Details**

Please indicate the amount you wish to invest. The minimum is \$500. If you wish to arrange a Regular Savings Plan see Step 6.

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## **Step 3 Declaration and signatures**

Please carefully read the statements in the declaration before signing the application form. An application form without the signatures of all applicants will not be accepted.

If you are signing an application under a power of attorney, a certified copy of the power of attorney must be enclosed with your application form.

Applications for children (aged between 10 and 16 years) must be accompanied by the written consent of a parent or legal guardian.

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## **Step 4 Assigning your Bond to a Funeral Director**

If you wish to assign your Bond to a chosen funeral director, you must provide their name and contact details. Both you and the funeral director must sign to acknowledge the assignment.

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## **Step 5 Send your cheque and Application Form**

Send your completed application form in the reply paid envelope with a cheque crossed 'not negotiable' made payable to "Tasmanian Perpetual Trustees Limited".

Alternatively, applications may be lodged at any branch of Tasmanian Perpetual Trustees Limited.

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## **Step 6 Regular Savings Plan - Only complete if you wish to use the Regular Saving Plan.**

If you wish to make regular contributions to your investment via deductions from your financial institution account, please read the Direct Debit Authority Service Agreement and complete the Direct Debit Request.

The minimum monthly payment under the Regular Savings Plan is \$42 per month. Direct Debit facilities are not available for lump sum payments.

Alterations to an existing Regular Savings Plan can be made by writing to Tasmanian Perpetual Trustees.

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# Completing the Additional Contribution Form (Optional)

The following steps will assist you in completing the Additional Contribution Form.

## **Step 1A Investor Details**

Please complete your investor or joint investor details including your preferred title e.g. 'Ms' or 'Dr'.

---

## **Step 2A Additional Contribution**

Please indicate the amount you wish to invest and your Member Number (this will be on your Certificate of Membership sent to you when you first invested). The minimum additional contribution is \$500.

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## **Step 3A Signatures**

An Additional Contribution Form without the signatures of all investors will not be accepted.

If you are signing an Additional Contribution Form under a power of attorney, a certified copy of the power of attorney must be enclosed with your Application form (unless already provided).

---

## **Step 4A Send your cheque and Additional Contribution Form**

Send your completed Additional Contribution form with a cheque crossed 'not negotiable' made payable to "Tasmanian Perpetual Trustees Limited". Alternatively Additional Contribution forms may be lodged at any branch of Tasmanian Perpetual Trustees Limited.

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# Direct Debit Authority (Step 6 only)

## SERVICE AGREEMENT

1. Australian Friendly Society (the 'debit user') will debit the BSB/ Account nominated in the Schedule of this direct debit request in Step 6 of the application form.
2. The debit user will give not less than 14 days written notice, should it propose to vary the arrangements of this direct debit request.
3. The customer(s) may request the debit user to alter the payment amount specified in the Schedule of this direct debit request provided it is not less than the minimum. Requests authorising these changes may only be made by sending written notice to the office of Tasmanian Perpetual Trustees.
4. In compliance with the industry's direct debit claims process, the debit user will assist customers disputing any payment amount drawn on the BSB/ account in the Schedule of this direct debit request. The debit user will endeavour to resolve this matter within the industry agreed timeframes. Customers may visit any branch of their bank and complete a 'Direct Debit System Claim Request' form to initiate the process.
5. The debit user advises that some Financial Institution accounts do not facilitate direct debits and as such the customer(s) must check with their Financial Institution to ensure the account nominated in the Schedule of this direct debit request enables direct debiting.
6. It is the customer(s) responsibility to ensure at all times that there are sufficient funds available, at a due date of the debit drawing, to enable payment from the BSB/account as nominated in the Schedule of this direct debit request. If after three consecutive months the member fails to hold sufficient funds in their nominated account to cover the payment of the monthly deduction, the Society has the right to cancel the authority.
7. The debit user advises the debit drawing will be made on the agreed date as nominated in the Schedule of this direct debit request. When the due date is a closed business day, the debit user will initiate the debit drawing on the next open business day. Customer(s) may direct processing enquiries to their Financial Institution.  
A closed business day is defined as any calendar day on which the customer/s Financial Institution is not open for direct debit processing. That is:
  - weekends;
  - state public holidays; and
  - national public holidays.
8. Where an unpaid debit item is returned by the customer(s) Financial Institution, the debit user may, in accordance with the Bendigo's Schedule of Fees, Charges and Transaction Account Rebates apply a Direct Debit Dishonour Fee to the customer(s) recipient account.
9. A customer(s) who wishes to cancel this direct debit request must notify the debit user in writing not less than seven days before the next scheduled debit drawing. Customer(s) may also cancel this direct debit request by visiting the office of Tasmanian Perpetual Trustees, or by contacting the customer(s) financial institution.
10. The debit user requests the customer(s) to direct all enquiries, disputes, requests for payment changes or cancellation directly to Tasmanian Perpetual Trustees.
11. The debit user agrees to keep confidential all customer(s) records and account details contained in the Schedule of this direct debit request, unless authorised to release such information pursuant to a debit item dispute or similar event, where the customer(s) has provided prior consent to do so.





# Funeral Bond - Application Form 1 cont.

## Step 4 Assigning your bond to a funeral director

An assignment transfers complete ownership to the funeral director.

I/We in accordance with the *Life Insurance Act 1995*, and the Constitution of Australian Friendly Society, wish to assign this Bond to:

### ASSIGNED TO

Name of Funeral Director:

Address of Funeral Director:

Suburb:

Postcode:

## ACKNOWLEDGEMENT OF ASSIGNMENT

### Signatures

Investor 1 Signature:

Date: / /

Investor 2 Signature:

Date: / /

Funeral Director Signature:

Date: / /

If joint investors are applying then all applicants are required to sign.

If you are signing the application under a power of attorney, a certified copy of the power of attorney must be enclosed with the application form.

### Note

Should your circumstances necessitate a change in relation to the Assignee of your Bond (e.g. you move interstate), you will be required to obtain the funeral director's consent in writing before this Bond can be reassigned to another funeral director. All future notices will be forwarded to the specified funeral director. This assignment is not valid until registered by Australian Friendly Society. This assignment is subject to the Bond being issued. The assignment shall not become effective until the expiration of 14 days from the date the membership certificate is issued to the Applicant. Assignors must be at least 16 years of age.

## Step 5 Send your cheque and Application Form

Send your completed Application Form with a cheque made payable to "Tasmanian Perpetual Trustees Limited" and crossed not negotiable. Alternatively, applications may be lodged at any branch of Tasmanian Perpetual Trustees.

# Funeral Bond - Application Form 1 cont.

This page only needs to be completed for applicants wishing to use the Regular Savings Plan option.

## Step 6 Regular Savings Plan

### Direct Debit Request

Dear Manager, From the 15th of  (insert month here) please commence a monthly direct debit from my/our account detailed below on the 15th day of each month.

Please note: Direct debit is not available on the full range of accounts. If in doubt, please refer to your financial institution.

### The Schedule Details of the account to be debited

Name of Financial Institution:

Address of Branch:



Postcode:

Account Name:

Branch No. (BSB):

Account No.:

I/We

(Surname )

(Given Names)

I/We

(Surname )

(Given Names)

request Australian Friendly Society, until further notice in writing, to arrange for funds to be debited from my/our account as described in this schedule.

### Investment Details Details of the amount to be debited

Please debit the amount of \$  and invest into my/our Tasmanian Perpetual Trustees Funeral Bond until the sum of \$  has been invested or until further notice.

**(Please note a minimum of \$42 per month applies.** Also you may not wish total contributions to exceed the social security threshold limit - if entitled to receive a means-tested pension or other Government benefit. Refer to page 12).

I/We have read the Direct Debit Request Service Agreement included in the Tasmanian Perpetual Trustees Funeral Bond Disclosure Document and understand and agree to the terms by which this Direct Debit Authority operates.

I/We also understand and acknowledge that:

1. I/We request this arrangement remain in force in accordance with the Schedule above and in compliance with the 'Service Agreement.'
2. I/We acknowledge that this Direct Debit arrangement is governed by the terms and conditions of the Tasmanian Perpetual Trustees Funeral Bond as outlined in the Disclosure Document and I/we agree to the terms and conditions as outlined above.

I/We authorise Australian Friendly Society with user ID number 264776 to arrange for funds to be debited from my/our account held with the financial institution identified as described in the schedule.

Investor 1 Signature:

Date:

/ /

Investor 2 Signature:

Date:

/ /

Please notify Tasmanian Perpetual Trustees if you wish to alter or cancel/stop your Regular Savings Plan.



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# Funeral Bond - Application Form 2 cont.

## Step 4 Assigning your bond to a funeral director

An assignment transfers complete ownership to the funeral director.

I/We in accordance with the *Life Insurance Act 1995*, and the Constitution of Australian Friendly Society, wish to assign this Bond to:

### ASSIGNED TO

Name of Funeral Director:

Address of Funeral Director:

Suburb:

Postcode:

## ACKNOWLEDGEMENT OF ASSIGNMENT

### Signatures

Investor 1 Signature:

Date: / /

Investor 2 Signature:

Date: / /

Funeral Director Signature:

Date: / /

If joint investors are applying then all applicants are required to sign.

If you are signing the application under a power of attorney, a certified copy of the power of attorney must be enclosed with the application form.

### Note

Should your circumstances necessitate a change in relation to the Assignee of your Bond (e.g. you move interstate), you will be required to obtain the funeral director's consent in writing before this Bond can be reassigned to another funeral director. All future notices will be forwarded to the specified funeral director. This assignment is not valid until registered by Australian Friendly Society. This assignment is subject to the Bond being issued. The assignment shall not become effective until the expiration of 14 days from the date the membership certificate is issued to the Applicant. Assignors must be at least 16 years of age.

## Step 5 Send your cheque and Application Form

Send your completed Application Form with a cheque made payable to "Tasmanian Perpetual Trustees Limited" and crossed not negotiable. Alternatively, applications may be lodged at any branch of Tasmanian Perpetual Trustees.

This Application Form will be current until 30 September 2010.

Applications will be accepted on the basis of this Disclosure Document from 1 October 2009 by the Australian Friendly Society AFSL No. 247028.

# Funeral Bond - Application Form 2 cont.

This page only needs to be completed for applicants wishing to use the Regular Savings Plan option.

## Step 6 Regular Savings Plan

### Direct Debit Request

Dear Manager, From the 15th of  (insert month here) please commence a monthly direct debit from my/our account detailed below on the 15th day of each month.

Please note: Direct debit is not available on the full range of accounts. If in doubt, please refer to your financial institution.

### The Schedule Details of the account to be debited

Name of Financial Institution:

Address of Branch:



Postcode:

Account Name:

Branch No. (BSB):

Account No.:

I/We

(Surname )

(Given Names)

I/We

(Surname )

(Given Names)

request Australian Friendly Society, until further notice in writing, to arrange for funds to be debited from my/our account as described in this schedule.

### Investment Details Details of the amount to be debited

Please debit the amount of \$  and invest into my/our Tasmanian Perpetual Trustees Funeral Bond until the sum of \$  has been invested or until further notice.

**(Please note a minimum of \$42 per month applies.** Also you may not wish total contributions to exceed the social security threshold limit - if entitled to receive a means-tested pension or other Government benefit. Refer to page 12).

I/We have read the Direct Debit Request Service Agreement included in the Tasmanian Perpetual Trustees Funeral Bond Disclosure Document and understand and agree to the terms by which this Direct Debit Authority operates.

I/We also understand and acknowledge that:

1. I/We request this arrangement remain in force in accordance with the Schedule above and in compliance with the 'Service Agreement.'
2. I/We acknowledge that this Direct Debit arrangement is governed by the terms and conditions of the Tasmanian Perpetual Trustees Funeral Bond as outlined in the Disclosure Document and I/we agree to the terms and conditions as outlined above.

I/We authorise Australian Friendly Society with user ID number 264776 to arrange for funds to be debited from my/our account held with the financial institution identified as described in the schedule.

Investor 1 Signature:

Date:

/ /

Investor 2 Signature:

Date:

/ /

Please notify Tasmanian Perpetual Trustees if you wish to alter or cancel/stop your Regular Savings Plan.



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## Tasmanian Perpetual Trustees

### Client Services

#### Security and peace of mind for those who entrust us with:

- Wills and Estate Planning
- Estate and Trust Administration
  - Power of Attorney
  - Funeral Bonds

#### Wealth building opportunities through investments in our:

- Cash and Income Funds
- Investment Growth Funds

#### Competitive and flexible lending for:

- Rural, Commercial and Business purposes

#### Professional and confidential services including:

- Portfolio Administration
  - Financial Planning
- Administration under Guardianship and Administration Orders
  - Corporate and Custodial Trustees

<b>Burnie</b>	17 Cattley Street	P: (03) 6440 8440
<b>Devonport</b>	53 Best Street	P: (03) 6498 7744
<b>Glenorchy</b>	366 Main Road	P: (03) 6214 7800
<b>Hobart</b>	29 Murray Street	P: (03) 6222 1222
<b>Kings Meadows</b>	Shop 27 Centro Meadows Mews	P: (03) 6336 6955
<b>Kingston</b>	Shop 1 Kingston Plaza	P: (03) 6211 8755
<b>Launceston</b>	23 Paterson Street	P: (03) 6348 1111
<b>Rosny</b>	11 Bayfield Street	P: (03) 6233 1533
<b>Ulverstone</b>	21 Reibey Street	P: (03) 6490 8333

Tasmanian Perpetual Trustees Limited ABN 97 009 475 629 AFS Licence 234630  
[info@tptl.com.au](mailto:info@tptl.com.au) [www.tasmanianperpetual.com.au](http://www.tasmanianperpetual.com.au)