



# *KeyInvest Funeral Bond*

Disclosure Statement 15 February 2010

This investment product is issued and this Disclosure Statement ("DS") is prepared by:

**KeyInvest Ltd**  
**ABN 74 087 649 474**  
**Registered Office:**  
**Level 5, 49 Gawler Place**  
**Adelaide SA 5000**

**Customer Enquiries:**  
**Client Services: 1300 658 904**  
**Facsimile: (08) 8231 4079**  
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**Website: [www.keyinvest.com.au](http://www.keyinvest.com.au)**

### **Important Information**

'The Funeral Bond' means the KeyInvest Funeral Bond issued by KeyInvest Ltd (KeyInvest) ABN 74 087 649 474.

The Funeral Bond is a capital guaranteed product issued by KeyInvest. The level of future bonuses, which will fluctuate from year to year, are not guaranteed.

The information in this DS is presented as a guide only. It contains general information about the Funeral Bond and has been prepared without taking into account the objectives, financial situation and needs of any particular investor. You should consider the appropriateness of the information in this DS in relation to your financial objectives, situation and needs before making any decision about whether to invest in the Funeral Bond.

Should you decide to make an application to invest, you should retain this DS in a safe place for future reference. Your Funeral Bond Policy Document once issued is a valuable document and should be kept in a safe place, preferably with your Will.

This DS is available in electronic form. If this DS is received electronically, you should ensure that both the Application Form and DS have been received. If you are unsure whether the electronic document you have received is complete, please contact KeyInvest. A printed copy is available free of charge.

This product is not classified as a financial product under the *Corporations Act 2001* and therefore is exempt from KeyInvest's Australian Financial Services Licence.



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## About KeyInvest

KeyInvest is a Financial Services and Retirement Living organisation founded on a long and proud history of caring for the welfare of our customers and members.

Our origins date back to 1878 as the Independent Order of Odd Fellows (IOOF) and for many decades we have provided a range of financial and investment services to help our customers achieve their goals.

Now as KeyInvest we continue this tradition with a focus on life events, providing retirement living, property loans, long term investments and savings plans to tens of thousands of Australians.

KeyInvest is a licensed Friendly Society regulated by the Australian Prudential Regulation Authority (APRA).

## Key Features and Benefits

### What is a Funeral Bond?

The Funeral Bond is a capital guaranteed tax paid investment, designed to help meet your funeral expenses. Following is a summary of the key features and benefits:

Capital Guarantee	Funeral Bonds have the security of a capital guarantee provided by KeyInvest for the life of the investment. This capital guarantee covers your net contributions as well as any annual bonuses, once allocated.
No Health/Age Restrictions	Investment is not restricted by health or age.
Minimum Initial Contribution	\$500.
Maximum Initial Contribution	Not restricted, but should not exceed your anticipated funeral expenses.
Additional Contributions	May be made at any time by completing a current Application Form or by way of a Regular Savings Plan.
Minimum Additional Contribution	\$500 (or \$100 when part of a Regular Savings Plan).



Bonus Frequency	Annual, allocated as at 30 June. Once declared, the bonus forms part of the Funeral Bond's capital.
Bonus Statement	Annual.
Applications	Individual or joint ownership is permitted.
Cooling-Off Period	<p>If we receive your written request to cancel your policy within 30 days from the commencement of your Funeral Bond, we will provide a full refund of your contributions.</p> <p>Cancellation is subject to legislation that may result in a cancellation fee being charged. If applicable, this fee will be deducted from your contribution, in accordance with the legislation.</p>
Investment Manager	KeyInvest has appointed Perennial Investment Partners Limited (ABN 59 087 901 620 AFSL 238763) ("Perennial") as its Investment Manager:
Pension Information	Investments of up to \$10,750 (indexed annually) into a Funeral Bond will generally be treated as an asset exempt from Centrelink's Income and Assets Tests.
Taxation Information	<p>Funeral Bonds are a tax paid investment. Prior to declaring your annual bonus, KeyInvest will pay tax on your investment at the corporate tax rate, currently 30%.</p> <p>As a result, you do not need to declare bonuses credited in your personal tax return until the Funeral Bond is paid out.</p>
Payment of Benefits	Upon death of the Funeral Bond holder.
Interim Bonus Rate	An interim bonus rate will be used to calculate the value of a Funeral Bond upon the death of the Funeral Bond holder. The interim bonus rate will apply for the period between the last bonus declaration date and the date of repayment.
Regular Savings Plan	<p>Regular contributions of \$100 or more can be made to your Funeral Bond via a monthly direct debit from your nominated financial institution account.</p> <p>Direct debits will occur on the 15th of each month or next business day where the 15th is not a business day.</p>



## Investment Information

### Fund Size

As at 31 December 2009, the market value of the assets invested in the Funeral Bond Fund was \$50.49 million.

### Asset Allocation

The Funeral Bond Fund asset allocation as at 31 December 2009, was:

Nature of Investment	Permitted Allocation	Actual Allocation
Australian Registered 1 <sup>st</sup> Mortgages	0-25%	0%
Australian Listed Mortgage Trusts	0-25%	0%
Australian Listed Shares	0-40%	5.3%
Australian Fixed Interest	0-80%	58.4%
Cash	20-100%	36.3%

### Investment Objective

The investment objective is to deliver competitive returns to Funeral Bond holders in the medium to longer term with guaranteed security of capital and bonuses once allocated.

### Fund Performance

The Funeral Bond Fund commenced on 2 January 1996. The declared bonus rates for the past 5 years for the Funeral Bond Fund are:

(The rate of future bonuses is not expressed or implied).

Year to 30 June	Declared Bonus (after Tax)
2009	2.10% pa
2008	2.00% pa
2007	4.00% pa
2006	3.75% pa
2005	3.75% pa



## Investment Manager

From time to time KeyInvest may appoint, at its discretion, an Investment Manager to manage the investments of the Funeral Bond Fund. KeyInvest has the right to remove or appoint an Investment Manager at any time without notice.

As at the date of this document, KeyInvest had appointed Perennial, 2009 Golden Bill Fund Manager, Australian Fund Manager Awards, as Investment Manager of the Funeral Bond Fund.

Perennial is also Morningstar Fund Manager of the Year 2009.

## Payment of Benefits

**Benefits can only be paid upon death of the Funeral Bond Holder.**

**Repayment prior to death cannot be made.**

Applications for payment of benefits must be in writing on a KeyInvest Claim form. We will require a certified copy of your Death Certificate, a certified copy of your Will and evidence that your funeral has been performed. Additional information may be required if evidence is not provided or is deemed not to be satisfactory. KeyInvest is obliged to pay benefits in accordance with the Funeral Bond Rule and any applicable laws.

The executor of your estate can provide us with instructions to pay part of or the full benefit to the funeral director who provides your funeral. Any remaining balance will be paid to your estate.

### Joint Ownership

Where a Funeral Bond is jointly held and one of the joint Funeral Bond holders dies, the surviving Funeral Bond holder has 14 days to elect whether the benefit is to be used to pay for the funeral of the deceased Funeral Bond holder. If an election is not made, ownership of the Funeral Bond will revert to the surviving Funeral Bond holder and the benefit will be payable on the death of that Funeral Bond holder.



## Taxation Information and Benefits

The following is a general summary of the taxation treatment of Funeral Bonds. **You should seek professional advice as to how taxation laws may apply to your individual circumstances and be mindful that these laws can change from time to time.**

Prior to repayment, investment income is not assessable to the Funeral Bond holder. Investment income will be taxed within the Funeral Bond fund, at the corporate tax rate of currently 30%.

In the year a claim is made, KeyInvest may be entitled to a deduction on the investment income paid to Funeral Bond holders. As a result of this deduction KeyInvest expects to recover the tax it has paid on the investment income. This "tax benefit" is passed onto the Funeral Bond holder, provided that the assessable income of KeyInvest is sufficient to allow that deduction to be claimed. This means that the benefits paid by KeyInvest may be effectively at their gross "or untaxed" value.

Your deceased estate will be assessed on the total bonuses in the year in which they are actually paid, including any "tax benefit" paid by KeyInvest. Whether any tax is payable by the estate will depend on the estate's taxable income in the year that benefits are paid and the estate's marginal tax rate.

## Goods and Services Tax (GST)

GST does not apply to the issue of the Funeral Bond referred to in this document nor to the payment of benefits.

## Pension Information and Benefits

The following is a general summary of the Social Security legislation applicable to Funeral Bonds. **You should seek professional advice as to how laws may apply to your individual circumstances and be mindful that these laws can change from time to time.**

Investments of up to \$10,750 (indexed annually) into a Funeral Bond will generally be treated as an asset exempt from Centrelink's Assets Test. If you are a couple investing in a joint Funeral Bond, your contributions must not exceed \$10,750 for your Funeral Bond to qualify as an exempt asset. Alternatively you may each contribute up to \$10,750 into your own single Funeral Bonds (ie \$21,500 split in two investments) and both investments may be treated as an exempt asset.

Investment income of an exempt asset will be exempt from Centrelink's Income Test.

An investment into a Funeral Bond may result in a higher pension entitlement than you otherwise may be entitled to.

**If the amount you contribute into your Funeral Bond exceeds \$10,750, or if you hold more than two Bonds, your Funeral Bond may not be treated as an exempt asset.**



## Fees and Charges

### Contribution Fee

The current contribution fee is 1.95%. This fee is deducted from your initial contribution and any additional contributions you make. You may be able to negotiate the amount of this fee with your financial adviser. Where you do not use a financial adviser, a 1.95% contribution fee applies.

### Annual Fee

The current annual fee is 1.95% pa. This fee is charged against the income of the Funeral Bond Fund. This fee is charged to cover management, investment and administration costs.

Under the Funeral Bond Fund Rule an annual fee may be charged of up to 2.5% pa of the average balance of the Funeral Bond Fund during the year.

### New Fees or Changes to Existing Fees

You will be notified in advance of any changes in the amount of fees or of any new fees charged to your investment.

### Stamp Duty and other Government Charges

Depending on your State or Territory of residence, stamp duty may be payable on the issue of your Funeral Bond. If applicable, the amount will be deducted from your Funeral Bond.

Other Bank and Government charges will be deducted from the income of the Funeral Bond Fund before calculating the annual bonus rate.

## Commission

Commission may be paid by KeyInvest to the financial adviser or agent who sells you this product. Any commission is paid out of the fees we receive and is not an additional charge to you.

The maximum commission payable (including GST) on the sale of the Funeral Bond is:

- 2.75% (\$275 per \$10,000 invested) of each investment contribution; and
- 0.33% pa of the average daily balance of the Funeral Bond, paid quarterly in arrears.



# Investor Information

## Privacy

The *Privacy Act 1988* addresses how organisations such as ours, are expected to obtain, use, store and distribute what is termed "personal information".

Your personal information is used by KeyInvest to operate and administer your policy, develop products and services, communicate via our periodical newsletters and to inform you of offers on our other products and services. You may advise us at any time in writing that you no longer wish to receive our periodical newsletters and offers on our other products.

We may also provide your personal information to agents, contractors, your financial adviser, or other service providers who supply administrative, financial or other services to us or to you in relation to your investment.

We request that you inform us in writing of any changes to your personal details. We will correct any information that you advise is inaccurate, incomplete or out of date.

You may request reasonable access to the personal information we hold about you, enquire generally about privacy matters, or request a copy of our Privacy Policy Statement by writing to our Client Services Department, whose address is shown in the section titled Customer Concerns.

## Customer Concerns

At KeyInvest we are committed to looking after your interests and we have established a process to deal with and resolve any customer concerns.

If you have a concern about any of our financial products or financial services provided to you, you should:

- talk to our Client Services staff at Level 2, 49 Gawler Place, Adelaide; or
- call KeyInvest Client Services on 1300 658 904; or
- send a letter to our Client Services department via post, email or fax.

If your concern cannot be resolved within three working days by our Client Services staff, you may request that the matter be escalated to the General Manager Business Services.

For any escalated complaints we will send you a letter to acknowledge receipt of your complaint and to let you know how long we expect it will take to resolve.

We aim to resolve all customer concerns within 10 working days. However, the whole process could take up to 45 working days, depending on the issue & research necessary.



If you are not satisfied with the steps taken by KeyInvest to resolve your complaint, or with the result of our investigation after working 45 days, you may wish to contact:

Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001  
Phone 1300 780 808  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Web: [www.fos.org.au](http://www.fos.org.au)

### **Limitation on the Funeral Bond Holders' Liability**

Under the *Corporations Act 2001*, the Funeral Bond holder(s) as members of KeyInvest are required to guarantee that, in the event the company is wound up and unable to meet its liabilities, they will contribute the sum of \$1 (and no more than \$1) towards the meeting of these liabilities.

### **Constitution**

The Funeral Bond Holders are bound by the provisions of KeyInvest's registered Constitution including the Funeral Bond Rule 125.

## **How to Invest**

1. Applications for the Funeral Bond can only be made by completing and signing the Application Form attached to this DS. All correspondence will be sent to the address of Applicant 1.
2. If you wish to use our Regular Savings Plan, please complete the appropriate section of the Application Form and the Direct Debit Request Form.
3. Forward the Application Form, together with your completed direct debit form or personal or bank cheque (please note we do not accept cash deposits), payable to KeyInvest Ltd (and a certified copy of a Power of Attorney, if applicable) to:

KeyInvest Ltd  
Reply Paid 3340 (no postage stamp required)  
Rundle Mall SA 5000



# Notes



# Notes



# Notes











# KeyInvest Funeral Bond

## Direct Debit Request Form



Request and Authority to debit the account named below to pay KeyInvest Ltd.

**Please PRINT clearly using blue or black pen, leaving one box between words and mark boxes using crosses "x" where appropriate. Please return the completed form to KeyInvest or phone KeyInvest on 1300 658 904 with any enquiries.**

### 1. NAME(S) AND CONTACT DETAILS (if signing for a company, sign and print full name and capacity for signing eg Director)

#### Account Holder 1

Title	Mr	Mrs	Ms	Miss	Dr	Other															
Surname/Company/ Trust Name																					
Given Name(s) ('you')																					

#### Account Holder 2

Title	Mr	Mrs	Ms	Miss	Dr	Other															
Surname/Company/ Trust Name																					
Given Name(s) ('you')																					
If Company, ABN																					
Street Name																					
Suburb																					
State																					
Postcode																					
Country																					

### 2. NOMINATED FINANCIAL INSTITUTION ACCOUNT

Name of Financial Institution																					
Branch																					
Account Name																					
BSB Number																					
Account Number																					

### 3. FREQUENCY OF DEBITS AND AMOUNT

The regular debit amount of \$    ,    .  will be deducted at monthly/quarterly/half yearly/annual intervals as stated in the PDS/DS.

Lump Sum Contribution - this authority is for one payment only of \$    ,    .

### 4. DECLARATIONS

I/we request and authorise KeyInvest Ltd - Identification Number 113657 to arrange for any amount KeyInvest Ltd may debit or charge to be debited through the Bulk Electronic Clearing System from an account held at the financial institution identified above subject to the terms and conditions of the Direct Debit Request Service Agreement and any further instructions provided.

By signing this Direct Debit Request I/we acknowledge having read and understood the terms and conditions governing the debit arrangements as set out in this Request and in the Direct Debit Request Service Agreement.

<b>Signature of Account Holder 1</b>	<input type="text"/>	Date	<input type="text"/>
<b>Signature of Account Holder 2</b>	<input type="text"/>	Date	<input type="text"/>

*(All bank signatories must sign)*

# KeyInvest Funeral Bond

## Direct Debit Request Service Agreement



### Definitions

**account** means the account held at your financial institution from which we are authorised to arrange for funds to be debited.

**agreement** means this Direct Debit Request Service Agreement between you and us.

**business day** means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

**debit day** means the day that payment by you to us is due.

**debit payment** means a particular transaction where a debit is made.

**direct debit request** means the Direct Debit Request between us and you (and includes any Form PD-C approved for use in the transitional period).

**us or we** means KeyInvest Ltd you have authorised by signing a direct debit request.

**you** means the customer who signed the direct debit request.

**your financial institution** is the financial institution where you hold the account that you have authorised us to arrange to debit.

### 1. Debiting your account

1.1 By signing a direct debit request, you have authorised us to arrange for funds to be debited from your account. You should refer to the direct debit request and this agreement for the terms of the arrangement between us and you.

1.2 We will only arrange for funds to be debited from your account as authorised in the direct debit request.

1.3 If the debit day falls on a day that is not a business day, we may direct your financial institution to debit your account on the following business day. If you are unsure about which day your account has or will be debited you should ask your financial institution.

### 2. Changes by us

2.1 We may vary any details of this agreement or a direct debit request at any time by giving you at least fourteen (14) days' written notice.

### 3. Changes by you

3.1 Subject to 3.2 and 3.3, you may change the arrangements under a direct debit request by contacting us on 1300 658 904.

3.2 If you wish to stop or defer a debit payment you must notify us in writing at least seven (7) days before the next debit day. This notice should be given to us in the first instance.

3.3 You may also cancel your authority for us to debit your account at any time by giving us seven (7) days notice in writing before the next debit day. This notice should be given to us in the first instance.

### 4. Your obligations

4.1 It is your responsibility to ensure that there are sufficient clear funds available in your account to allow a debit payment to be made in accordance with the direct debit request.

4.2 If there are insufficient clear funds in your account to meet a debit payment:

- you may be charged a fee and/or interest by your financial institution;
- you may also incur fees or charges imposed or incurred by us; and
- you must arrange for the debit payment to be made by another method or arrange for sufficient clear funds to be in your account by an agreed time so that we can process the debit payment.

4.3 You should check your account statement to verify that the amounts debited from your account are correct

4.4 If Commonwealth Bank of Australia A.B.N. 48 123 123 124 ("CBA") is liable to pay goods and services tax ("GST") on a supply made by the CBA in connection with this agreement, then you agree to pay the CBA on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

### 5. Dispute

5.1 If you believe that there has been an error in debiting your account, you should notify us directly on 1300 658 904 and confirm that notice in writing with us as soon as possible so that we can resolve your query more quickly.

5.2 If we conclude as a result of our investigations that your account has been incorrectly debited we will respond to your query by arranging for your financial institution to adjust your account (including interest and charges) accordingly. We will also notify you in writing of the amount by which your account has been adjusted.

5.3 If we conclude as a result of our investigations that your account has not been incorrectly debited we will respond to your query by providing you with reasons and any evidence for this finding.

5.4 Any queries you may have about an error made in debiting your account should be directed to us in the first instance so that we can attempt to resolve the matter between us and you. If we cannot resolve the matter you can still refer it to your financial institution which will obtain details from you of the disputed transaction and may lodge a claim on your behalf.

### 6. Accounts

6.1 You should check:

- with your financial institution whether direct debiting is available from your account as direct debiting is not available on all accounts offered by financial institutions.
- your account details which you have provided to us are correct by checking them against a recent account statement; and
- with your financial institution before completing the direct debit request if you have any queries about how to complete the direct debit request.

### 7. Confidentiality

7.1 We will keep any information (including your account details) in your direct debit request confidential. We will make reasonable efforts to keep any such information that we have about you secure and to ensure that any of our employees or agents who have access to information about you do not make any unauthorised use, modification, reproduction or disclosure of that information.

7.2 We will only disclose information that we have about you:

- to the extent specifically required by law; or
- for the purposes of this agreement (including disclosing information in connection with any query or claim).

### 8. Notice

8.1 If you wish to notify us in writing about anything relating to this agreement, you should write to  
PO Box 3340 Rundle Mall Adelaide SA 5000

8.2 We will notify you by sending a notice in the ordinary post to the address you have given us in the direct debit request.

8.3 Any notice will be deemed to have been received two business days after it is posted.



Telephone: 1 300 658 904  
Email: [info@keyinvest.com.au](mailto:info@keyinvest.com.au)  
Website: [www.keyinvest.com.au](http://www.keyinvest.com.au)