



# Target Market Determination For KeyInvest Funeral Bond

# Target Market Determination For KeyInvest Funeral Bond (FB)

A Target Market Determination (TMD) is required under section 994B of the *Corporations Act 2001* (Cth). It sets out the description, key attributes and target market for the product, distribution conditions, reporting obligations and triggers to review the target market. It forms part of KeyInvest's design and distribution framework for the product.

This document is **not** designed to provide financial advice. It is **not** a product disclosure statement and is **not** a summary of the product features or terms of the product. This document does **not** consider any person's individual objectives, financial situation or needs.

Persons interested in acquiring this product should carefully read the Product Disclosure Statement (PDS) and any applicable supplementary PDS for the KeyInvest Funeral Bond (FB), available at [keyinvest.com.au](https://keyinvest.com.au) and consider obtaining financial advice before deciding on whether to acquire this product.

Product Name:	<b>KeyInvest Funeral Bond</b>
Product Issuer:	KeyInvest Ltd
AFSL Number:	240667
ABN:	74 087 649 474
APIR Code:	IOF9830AU
Applicable PDS:	KeyInvest Funeral Bond
TMD Date:	15 November 2022
TMD Version:	2.0

## Product description

The KeyInvest Funeral Bond is a funeral expense facility consisting of a Capital Guaranteed and Multi-sector investment options designed solely to accumulate funds to contribute to the cost of funeral expenses of the member or life insured.

## Product key attributes

The key attributes of this product that make it likely to be consistent with the likely needs, objectives and financial situation of the target market described above, include:

Key Attribute	Appropriate for
Eligibility Criteria	Retail clients that are: <ul style="list-style-type: none"> <li>– Individuals (aged 10 or older) or couples; and</li> <li>– want to accumulate funds to contribute to the cost of their or someone else's funeral expenses; and</li> <li>– have a minimum \$100 to invest; and</li> <li>– do not seek to access their capital at any time prior to the payment of funeral expenses.<sup>1</sup></li> </ul>
Regular Savings Plan (RSP)	Retail clients who may want: <ul style="list-style-type: none"> <li>– to build up funds via an RSP; and</li> <li>– be able to amend or cease an RSP at any time.</li> </ul>
Social Security Benefits	Retail clients who may want their investment to qualify for income and asset test exemptions <sup>2</sup> for Centrelink and Department of Veterans' Affairs purposes.
Assignment of Ownership	Retail clients who want the flexibility to transfer ownership of the product to a nominated funeral director as part of a pre-paid funeral arrangement.
Taxation Benefits	Retail clients who may want: <ul style="list-style-type: none"> <li>– to simplify tax returns by not having to report growth earnings in their annual tax return; and</li> <li>– to have their growth earnings taxed at a maximum notional rate of 30% (paid by KeyInvest) which may be further reduced by tax credits.</li> </ul>
Flexible choice of Investment Options	Retail clients who may want the ability: <ul style="list-style-type: none"> <li>– to invest in an investment product that can be capital guaranteed; and/or</li> <li>– to invest in one, or a combination of, switchable<sup>3</sup> multi sector investment options that sit within the following categories.</li> </ul>

1 If KeyInvest receives a written request from the investor to cancel a KeyInvest Funeral Bond within 14 days (30 days in case residents of Queensland) of the date of issue of a Funeral Bond, KeyInvest will provide a refund of the contribution, less any service fees paid or payable to an adviser or service provider. Once the 14 day (30 day in case residents of Queensland) cooling off period has elapsed, funds set aside in a KeyInvest Funeral Bond, cannot be released until evidence of the investor's funeral (or of their partner's funeral within 14 days of the death, in case of a joint policy) has taken place.

2 Currently an individual investor can contribute up to \$14,000 (indexed annually by Services Australia under Section 19E of the Social Security Act 1991) in a KeyInvest Funeral Bond and this amount is exempt from the age pension-related income and assets test and deeming provisions of the income test.

3 Investors can switch into the Capital Guaranteed investment option but once invested cannot switch out.

## Investment categories

Investment Category	Investment Objective <sup>4</sup>	Standard Risk Measure <sup>5</sup>	Minimum Suggested Timeframe <sup>6</sup>
<b>Capital Guaranteed</b>	To provide returns over the short to medium term with a low volatility, predominantly investing in defensive assets such as Cash and Fixed Interest. All invested capital is preserved.	Very Low 1-2	1-3 years
<b>Conservative (multi-sector)</b>	To provide returns over the short to medium term, with low volatility, consistent with a diversified mix of predominantly defensive assets and some growth oriented assets.	Medium 3-5	3-5 years
<b>Balanced (multi-sector)</b>	To provide returns over the medium to long term, with moderate to high volatility, consistent with a diversified mix of predominantly growth oriented assets and some defensive assets.	Medium to High 5-6	5 years
<b>Growth (multi-sector)</b>	To provide capital growth over the long term consistent with a portfolio focusing on growth assets, while accepting fluctuations in capital values in the short term.	High 6	5 years

4 The risk levels and investment objectives of each investment option are disclosed in the PDS. These risk levels correspond to the Standard Risk Measure (SRM) developed by the Association of Superannuation Funds of Australia. The available investment options cover all SRM risk levels. Risk and return objectives for each investment option may vary from their associated investment category objectives.

5 The Standard Risk Measure is a 1-7 scale based on the estimated number of negative annual returns over any 20-year period.

6 The minimum suggested timeframe is an estimate of how long you should expect to hold your capital in an investment option within this category in order to achieve its expected investment return outcome.

## Appropriateness of target market

The KeyInvest Funeral Bond (including its key attributes) is likely to be consistent with the likely objectives, financial situation and needs of the class of customers in the target market. This has been determined based on an analysis of the KeyInvest Funeral Bond including its key terms, features and attributes and a conclusion that these are consistent with the identified class of consumers.

Individual customers will need to consider whether the Funeral Bond meets their specific objectives, financial situation and needs.

## Distribution channels and conditions

Distribution channel	Distribution conditions/Restrictions
Direct retail (in person, KI website or email contact) through KeyInvest's client services team via a paper application form.	Sale is permitted under general advice only.
Through financial advisers via an online portal or paper application form.	The financial adviser must be registered with KeyInvest through a financial services licensee that has agreed to and signed a KeyInvest Service Agreement.
Through funeral directors via an online portal or paper application form.	Sale is only permitted if the retail client meets the minimum eligibility criteria for the KeyInvest Funeral Bond and passes through KeyInvest's application and assessment processes.

Irrespective of the channel of distribution, this product can only be offered and/or issued in accordance with the relevant product terms and conditions outlined in the PDS (as amended from time to time).

KeyInvest consider that the distribution conditions are appropriate and will assist distribution in being directed towards the target market for whom the product has been designed. This has been determined based on detailed assessment of the distribution conditions and the target market.

## Review triggers

Where KeyInvest determines that one of the below review triggers has occurred, KeyInvest must cease all retail product distribution conduct (except for "excluded conduct") in relation to the product within 10 days and undertake a review of this TMD:

- Occurrence of a significant dealing(s) outside of the TMD that would reasonably suggest that this TMD is no longer appropriate;
- A significant or unexpectedly high number of complaints (as defined in section 994A(1) of the Corporations Act) regarding product design, product availability or any distribution conditions from distributors and customers, where KeyInvest considers this reasonably suggests that this TMD is no longer appropriate;
- Material changes to key product attributes, terms and/or conditions and product performance where KeyInvest considers this reasonably suggests that this TMD is no longer appropriate;
- The use of Product Intervention Powers, orders or directions concerning the distribution of this product from ASIC;
- Distribution conditions found to be inadequate in ensuring that the product is issued to a retail client who are likely to be in the target market;
- Significant breach event relating to the design or distribution of this product where KeyInvest considers that this would reasonably suggest that (i) the product is unsuitable for a particular cohort of customers and (ii) the TMD may no longer be appropriate; and
- Changes to legislation have come into effect, which materially impacts upon the design or distribution of the product and reasonably suggests that this TMD is no longer appropriate.

## Periodic review schedule

Review periods	Maximum period for review
Initial review** (post 5 Oct 2021)	1 year and 3 months*
Subsequent review (post initial review)	3 years and 3 months*

\* The review period allows for the collection of data for 1 year /3 years, plus three months for the completion of the review.

\*\*Changes made to the TMD post initial review is reflected in the TMD v2.0 (this Version).

## Distributor information reporting and monitoring

KeyInvest third party distributors who are regulated persons are required to collect, keep and report to KeyInvest on the following information concerning this TMD:

Information		Provider	Reporting frequency
<b>Customer Complaints</b>	Written details of Customer Complaints (as defined in section 994A (1) of the Act) where the nature of the complaints relates to product design, product availability and distribution conditions. The distributor should provide all the content as well as the substance of the complaint, having regard to privacy laws. KeyInvest may request additional information from the distributor to further understand the underlying complaint issue.	All Distributors	Quarterly *
<b>Significant dealing</b>	Written details of significant dealings relating to the product that is inconsistent with the TMD under s994F (6) of the Act including the date (or range of dates) on which significant dealing occurred, the reason why the distributor considers the dealing to be significant (including why it is inconsistent with the TMD) and how the dealing was identified.	All Distributors	As soon as practicable, but no later than 10 business days after the distributor becomes aware of the significant dealing.
<b>Dealings outside the target market</b>	To the extent a distributor is aware of dealings outside the target market, these should be reported to KeyInvest, including reason why acquisition is outside of the target market, and whether the acquisition occurred under personal advice.	All Distributors	Quarterly *

\* Quarterly reporting is due 10 business days after the end of the March, June, September and December quarters.



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