

## How your Bond works

The Bendigo Funeral Bond is simple and flexible. It allows you to save for the cost of future funeral expenses, either progressively or with a single lump sum contribution. You have the option of individual or joint ownership, and you can also assign ownership of the Bond to a funeral director to pre-pay your funeral.

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

### Making a contribution

You can contribute to the Bendigo Funeral Bond in two ways:

- A – initial contribution of at least \$500 plus a 2.00% contribution fee; or
- B – via the regular savings plan with minimum contributions of at least \$42 per month plus a 2.00% contribution fee.

#### A – \$500 minimum initial contribution

You can start with an initial contribution of at least \$500 plus a 2.00% contribution fee and make further contributions of at least \$500 plus a 2.00% contribution fee, whenever you wish, until you reach your chosen maximum amount to help fund your future funeral expenses.

#### 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 plus a 2.00% contribution fee per month. Your payments can be via direct debit from your financial institution, until you have reached the nominated maximum amount which should also be stated on the direct debit request.

### Contribution limits

Where the Bendigo Funeral Bond is a qualifying funeral policy for tax purposes, the social security exemption limit referred to below does not apply.

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 income and asset test exemption.

The current exemption rules require that:

- your total contributions to the Bond not exceed \$5,000;
- you have no other funding arrangement for your funeral; and
- the Bond proceeds be applied to meet the cost of your funeral, and not be withdrawn prior to death.

If you assign ownership of the Bond to a funeral director, in consideration for purchasing a pre-paid funeral, the pension requirement that the benefit not exceed \$5,000 will not apply. Notwithstanding the assignment of your Bond, you remain a Fund and Society member.

New rules are proposed to apply from 1 January 2008, allowing increased contribution limits (including top-ups to existing amounts) and flexibility to hold up to two exempt funeral bonds.

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, Bond Owner Number, current address and amount to be contributed. For your convenience additional contribution forms are contained in the Disclosure Document or may be obtained from any Bendigo Bank branch or by calling the Society on 1800 803 173.

### 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 joint 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 last surviving joint 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. Joint applicants wishing to invest above the contribution limit should consider opening individual Bonds.

### **Assigning your Bond to a funeral director**

Ownership of your Bond may be assigned to a funeral director of your choice as part of a pre-paid funeral arrangement. The 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.

### **Claiming a benefit payment**

If your Bond is not assigned to a funeral director, the legal representative of your estate may lodge a claim for payment of Bond benefits. 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.

### **Contacts**

For any questions regarding the Bendigo Funeral Bond please contact any Bendigo Bank branch or contact Client Services on 1800 803 173 (Mon-Fri 8.30am-5.00pm Victorian time).

### **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 Bendigo 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 contribution has been accepted; or
- 5 business days after your application monies are received by the Society.

The cooling-off period will end if you have exercised a right in relation to the Bond, for example, an assignment or a claim.

### **Access to funds**

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