



# Product Disclosure Statement for The Education Fund and Supplementary Education Program

Date: 24 October 2016



### Important information

This Product Disclosure Statement (**PDS**) is a summary of the features, benefits, risks and costs of ASG's The Education Fund (referred to as '**TEF**') and ASG's Supplementary Education Program (referred to as '**SEP**'), collectively referred to as '**the Funds**' in this PDS. The Funds are issued and managed by the Australian Scholarships Group Friendly Society Limited ABN 21 087 648 879 AFSL No. 236665 (**ASG**).

The information in this PDS is general information only and does not take into account your investment objectives, financial situation or particular needs. Before making any decision based upon information contained in this PDS, you should read it carefully in its entirety, and consider consulting with a financial adviser or tax adviser.

This PDS has been prepared to comply with the requirements of the laws of Australia. No membership is being offered to any person whose registered address is outside of Australia unless ASG is satisfied that it would be lawful to make such an offer. The distribution of this PDS in jurisdictions outside of Australia may be restricted by law and persons who come into possession of this PDS should seek their own advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

This document can only be used by individuals receiving it in Australia. No applications will be accepted on the basis of this document once it has been replaced with an updated PDS. This PDS is available in electronic format on our website. A printed copy is also available free of charge.

### Current information

Information in this PDS (and any Supplementary Product Disclosure Statement) that is not material may change from time to time and may be updated. You can request a paper copy of the updated information free of charge or you may download a copy from our website at [www.asg.com.au/pds](http://www.asg.com.au/pds). We will inform you of any material changes or significant events that could affect the information in this document.

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# Australian Scholarships Group (ASG)

ASG offers a range of products and services to support you in planning for your child's education. Education positively shapes children's lives. It builds skills for the future, develops resilience for times of hardship and sets students up for future success. At ASG, we believe that every child should have access to a good education and the opportunity to explore and nurture their interests and talents.

## About ASG

ASG was established in 1974 by a group of parents passionate about giving their children the best start in life through education.

ASG is a member owned education services provider operating in Australia and New Zealand that helps families plan and save for their children's education.

ASG's members enjoy support through a range of tools and information designed to further their child's academic, social and emotional development. From parenting information to career planning tools, our expanding resources provide expert advice for all ages from early childhood to post-secondary and beyond.

Our education funds allow parents to make regular contributions to a tax effective education fund that helps to offset education fees and other related expenses.

ASG is incorporated as an unlisted public company under the *Corporations Act 2001* and registered as a friendly society under the *Life Insurance Act 1995*.

## Why ASG?

Our education funds offer a range of options to plan for the costs of education.

ASG's conservative balanced approach for long term sustainable growth and use of experienced fund managers provides you with peace of mind.

With more than \$1.56 billion in funds under management, ASG is the largest provider of education scholarship plans and the second largest friendly society in Australia. Since our inception, ASG has supported the education journey of more than 530,000 children and more than \$2.5 billion has been returned to members and their children in the form of education benefits and scholarship payments.

All of our funds are designed to qualify as scholarship plans under Australian taxation law. This is a unique advantage and means that your funds can achieve favourable tax treatment provided your child is eligible for Scholarship Benefits (see 'What tax advantages do ASG's TEF and SEP provide?' on pages 14 and 15).

The cost of education has been rising at more than twice the rate of inflation over the past decade.\* However, with some forward planning and budgeting you can give your child a good education and a strong future.

Planning for your child's education is a big responsibility. We are here to make that important task a little easier.

\*Australian Bureau of Statistics (Source: Sep 15 -6401.0 Consumer Price Index, Australia)

# ASG's The Education Fund (TEF) and Supplementary Education Program (SEP)

ASG offers a range of unique products to help you plan and prepare for your child's education. A full overview of ASG's products can be found online at [www.asg.com.au/education-funds](http://www.asg.com.au/education-funds).

This PDS relates to two of ASG's core offerings.

## TEF

ASG's TEF has been created to help you pay for your child's secondary schooling costs, including items such as computers, uniforms, sports equipment, excursions, and music lessons—the extras that are easy to underestimate today but will be an inevitable cost tomorrow. One of the key benefits of TEF is a post-secondary Scholarship Benefit that is paid to your child during each year that they successfully complete an approved post-secondary course (up to a maximum of three years). This allows them to concentrate on their studies rather than worrying about how they will support themselves financially when they go on to further education.

## SEP

The SEP has been created to help you put aside funds towards your child's secondary and post-secondary education. The two SEP options target particular stages of your child's education, which means you can choose when your benefits are returned to you.

### Secondary option

To help fund education costs for your child's secondary school education.

### Post-secondary option

To help fund education costs for your child's post-secondary education.

## Benefit protection

ASG's TEF and SEP also include access to safeguards to preserve the benefit options you have in place for your children in the event of unforeseen circumstances:

### Family Protection Fund

This fund protects your child's Scholarship Benefit and Maturity Benefit, in the event of the death of either the Prime Member, or in the case of joint members the first or second named member. The Family Protection Fund applies to TEF and SEP (see page 15 'Family Protection Fund').

### Contingency Fund

This fund provides assistance for up to 12 months to eligible members in the case of financial hardship by paying your outstanding contributions if you qualify. The Contingency Fund applies to TEF only (see page 15 'Contingency Fund').

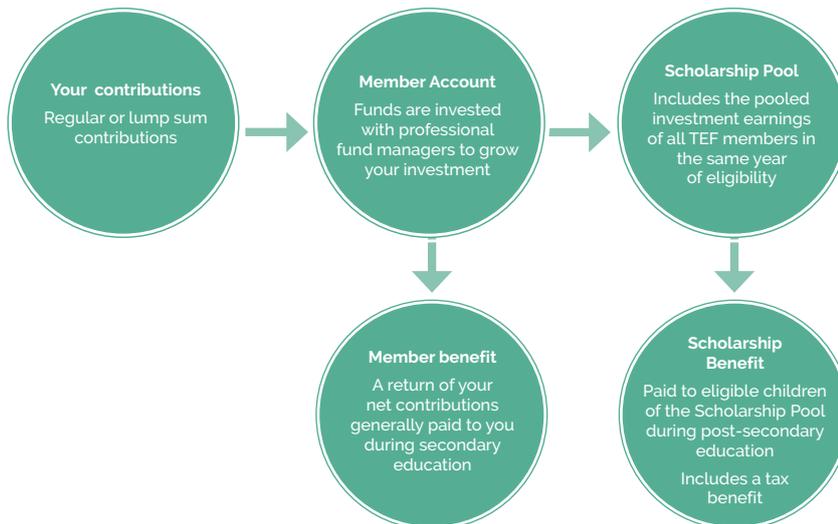


# The Education Fund (TEF)

## Key features

- Promotes a disciplined approach to planning for the future cost of education through regular contributions, with contributions indexed annually to help you keep pace with the rising costs of education.
- Share in the investment earnings of the Scholarship Pool if your child is eligible for Scholarship Benefits.
- Provides a strong focus on motivating your child to complete post-secondary studies, through the payment of an annual Scholarship Benefit.
- TEF is designed to qualify as a scholarship plan under Australian tax law, which allows ASG to claim a deduction on the Scholarship Benefits it pays. ASG then passes this deduction value to your nominated child when they receive their Scholarship Benefit.
- Regular contributions start from as low as \$10.64 per week\*.
- Protection against tragedy and hardship: your regular contributions include payments into the Family Protection Fund (used to provide protection in the case of death of the Prime Member or Joint Member) and the Contingency Fund (which provides assistance in the case of financial hardship).

## Summary of how TEF works



## Who is TEF suitable for?

Anyone can become a member of ASG's TEF—as long as their nominated child is under 10 years of age when they join. Contributions can be made monthly, quarterly, half yearly, yearly or as a single lump sum (where payment to cover the entire period of contributions is made at the time of enrolment).

## There are two TEF options:

Receive your Member Benefit across all years of secondary school;

OR

Receive your Member Benefit in the final two years of secondary school, traditionally the most expensive of the secondary school years.

The amount and duration of the contributions vary between each option, please refer to 'How much do I contribute to the TEF' on page 6 for more information.

Both options also provide a separate Scholarship Benefit for each year of successful completion of an approved post-secondary course, for up to three years. Please refer to 'Approved Course' within the Definitions table on page 28 for more details.

\*See Table A on page 2 of the application form

## How do I make contributions?

### Contributing to the TEF

Upon joining the TEF we will establish a Member Account on your behalf. Any contributions you make will be allocated to this account, as will any applicable investment earnings that are generated.

You can either contribute to the TEF as a single lump sum or on a regular basis.

The contributions to TEF are fixed, depending on the age of your child at enrolment and which option you have chosen – either to receive your Member Benefit over all years of secondary or in the final two.

You can make contributions by direct debit or cheque. Credit card payments are only accepted for initial contributions. You can choose to make monthly, quarterly, half yearly or yearly contributions when paying by direct debit.

### Indexation

To allow a lower level of contributions in the early years, contributions increase at eight per cent per annum and compound on each anniversary of the commencement date. This indexation applies only to the contributions and not to ongoing fees (administration fee, Family Protection and the Contingency Fund). This indexation also helps offset the rising costs of education over the period of your contributions.

## How much do I contribute to the TEF?

The initial contribution rate depends on your child's age next birthday at enrolment and which contribution option you choose. Contributions are generally lower for those electing the option to receive their Member Benefit in the final two years of secondary school.

The minimum initial contribution amount for a regular contribution is \$10.64 per week, or \$6.91 per week for a child aged one next birthday depending on which option you choose at enrolment.

For the full contribution rates applicable for each option, please refer to 'Contributing to the TEF' on page 2 of the application form of this PDS.

## How long do I contribute to the TEF?

If you elect to receive your Member Benefit across all years of secondary school you will make contributions until after your child's:

- 12th birthday (age 0 - 7 at enrolment)
- 13th birthday (age 8 at enrolment)
- 14th birthday (age 9 at enrolment)

If you elect to receive your Member Benefit in the final two years of secondary school your contributions are made until the anniversary date\* after your child's 16th birthday.

\* The anniversary date marks the date of your first contribution. So, say you start contributing on 1 July 2016 when the child is four years old, your last contribution will be payable on 1 July 2028 in the year of their 16th birthday.



## What benefits will I receive?

There are two kinds of benefits you may receive with the TEF, as summarised in the table below.

Benefit type	Explanation
Member Benefit	The Member Benefit is the lesser of your net contributions (contributions less fees and charges) or the balance in your Member Account. The Member Benefit is paid to you across all years or the final two years of secondary depending on which option you choose (see page 28 'Member Benefit' and refer to 'Are my investment returns guaranteed?' within the Frequently Asked Questions on page 18 for further information).
Scholarship Benefit	<p>The Scholarship Benefit gives your child a tangible motivation to pursue a post-secondary qualification.</p> <p>Investment earnings earned on the investment of your contributions go into a pool of funds, referred to as the Scholarship Pool.</p> <p>This money is distributed evenly among all eligible children in the Scholarship Pool who progress to full-time post-secondary studies. If your child is not eligible for Scholarship Benefits you will not receive this benefit with the remaining earnings being shared amongst the remaining eligible children of the Scholarship Pool, please refer to 'Eligibility' on the page below.</p> <p>Once the Eligibility Criteria has been met the first Scholarship Benefit will be made at the beginning of the first year of post-secondary study.</p> <p>Payment of the Scholarship Benefit during subsequent years will only be made if your child satisfactorily completes the preceding year and advances to the next year of study.</p> <p>For further details of the Scholarship Benefit, please refer to the Definitions table on page 29 of this PDS.</p>

## When will I receive my benefits?

The timing of the payment of TEF benefits depends on which option you elect.

If you elect to receive your Member Benefit across all years\* of secondary school you will receive your Member Benefit as a lump sum at the beginning of each year of secondary school.

If you elect to receive your Member Benefit in the final two years of secondary school you will receive your Member Benefit as a lump sum at the beginning of the final two years of secondary school.

Both options also provide a separate Scholarship Benefit^ paid as a lump sum at the beginning of post-secondary study, up to a maximum of three years.

\*Payable for five or six years depending on the duration of secondary study and your child's age at enrolment. If your child is aged 10 next birthday at enrolment you will receive your Member Benefit over four years of secondary school.

^ Ongoing payment of the Scholarship Benefit is dependent upon successful completion of each year of the post-secondary course and progression to the next year.

## Eligibility

For your child to be eligible for Scholarship Benefits you need to meet certain conditions referred to as the Eligibility Criteria. Generally these are that your child must undertake a full time, government recognised post-secondary course.

Please note that if your child doesn't meet the Eligibility Criteria you will forgo any entitlements to the investment earnings (distributed via bonus rates) of the Fund, which will be shared across other eligible children within the same Scholarship Pool year.

Please refer to the Eligibility Criteria within the Definitions table on page 28 for further details.

## Cancelling the TEF

You may cancel your membership at any time prior to the formation of the Scholarship Pool and request a surrender value payment from ASG, which is equal to your contributions less fees or the balance in your Member Account, whichever is the lesser.

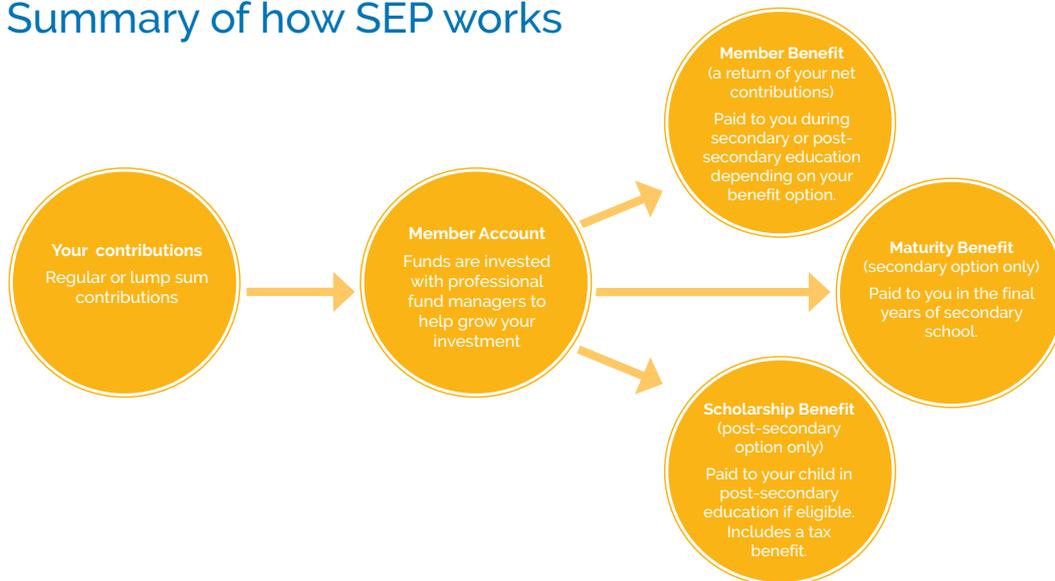
Please note that if you cancel or surrender you will forgo any entitlements to the investment earnings (distributed via bonus rates) in your Member Account. This will be shared across other eligible children within the same Scholarship Pool year. Please refer to the Definitions table on page 28 for further details on the Scholarship Pool.

# Supplementary Education Program (SEP)

## Key features

- Regular contributions start from as low as \$15.62 per week and can be tailored to meet your financial goals—whether it's planning for a private school education or helping fund post-secondary study.
- Choose from a range of payment frequencies convenient to you, including lump sum payments.
- Choose when you want your contributions (Member Benefit) and your investment earnings (Maturity Benefit for SEP secondary option or Scholarship Benefit for SEP post-secondary option) returned to you to assist with education costs during secondary and/or post-secondary education.
- A strong focus on post-secondary education to motivate your child and provide them with financial independence and the freedom to focus on their studies.
- SEP is designed to qualify as a scholarship plan under Australian tax law, which means ASG can claim a deduction on the education benefits it pays. ASG then passes this deduction value onto your nominated child when they receive their Scholarship Benefit.
- Protection from uncertainty: your regular contributions include payments into the Family Protection Fund, used to provide protection in the case of death of the Prime or Joint Member.

## Summary of how SEP works



## Who is the SEP suitable for?

Anyone can become a member of ASG's SEP, as long as their nominated child is at the time of application:

- under eight years old for the secondary option
- under fourteen years old for the post-secondary option,

## How do I make contributions?

### Contributing to the SEP

Upon joining the SEP we will establish a Member Account on your behalf. Any contributions you make will be allocated to this account, as will any applicable investment earnings that are generated.

Contributions to SEP are flexible and you can increase or decrease your contributions to suit your budget during the contribution period.

You can make contributions by direct debit or cheque. Credit card payments are only accepted for initial contributions. You can choose to make monthly, quarterly, half yearly or yearly contributions when paying by direct debit.

### Indexation

To allow a lower level of contributions in the early years, contributions increase at eight per cent per annum and compound on each anniversary of the commencement date. This indexation applies only to the contributions and not to ongoing fees (administration fee, Family Protection and the Contingency Fund). This indexation also helps offset the rising costs of education over the period of your contributions.

## How much do I contribute to the SEP?

The minimum contribution amount for a regular contribution is \$15.62 per week. You may elect a contribution rate to suit your needs. Contribution amounts can be increased or decreased.

If you are paying via lump sum, an initial lump sum payment of \$1026 is required. Additional payments of \$100 or more can be paid at any time.

When making contributions to the SEP, you are able to increase your contribution amount. A total minimum contribution of \$5130 must be paid during the contribution period, prior to being eligible to receive any Benefit Payments.

## How long do I contribute to the SEP?

The period for which you make contributions to the SEP will depend on the option you have selected. These options are either the secondary option or the post-secondary option.

### SEP benefit options - contribution periods

Benefit option	How long will I make contributions for?
Secondary option	Until the anniversary of joining after your child's 12th birthday
Post-secondary option	Until the anniversary of joining after 15th birthday

## What benefits will I receive?

The SEP offers either a secondary option or a post-secondary option. The type of benefits you receive depends on which benefit option you choose.

A summary of the type of Benefit Payments that are made under each option is shown below.

### SEP benefit options - contribution periods

Benefit option	Member Benefit	Maturity Benefit	Scholarship Benefit
Secondary option	✓	✓	✗
Post-secondary option	✓	✗	✓



The following table summarises the types of benefits.

Benefit type	Explanation
Member Benefit	The Member Benefit is the lesser of your net contributions or the balance in your Member Account. The Member Benefit is paid to you either through secondary or post-secondary education depending on whether you choose the secondary or post-secondary option (see page 28 'Member Benefit' and refer to 'Are my investment returns guaranteed?' within the Frequently Asked Questions on page 18 for further information).
Maturity Benefit (applies to SEP secondary)	The Maturity Benefit represents the net investment earnings from your contributions over time. You can opt to take this benefit as equal instalments over the last two years of secondary education or as a lump sum in the final year of secondary education.
Scholarship Benefit (applies to SEP post-secondary)	The Scholarship Benefit gives your child a tangible motivation to pursue a post-secondary qualification. Investment earnings earned on the investment of your contributions go into a pool of funds, referred to as the Scholarship Pool. This money is distributed evenly among all eligible children in the Scholarship Pool who progress to full-time post-secondary studies. If your child is not eligible for Scholarship Benefits you will not receive this benefit with the remaining earnings being shared amongst the remaining eligible children of the Scholarship Pool, please refer to 'Eligibility' on the page below. Once the Eligibility Criteria has been met the first Scholarship Benefit will be made at the beginning of the first year of post-secondary study. Payment of the Scholarship Benefit during subsequent years will only be made if your child satisfactorily completes the preceding year and advances to the next year of study. For further details of the Scholarship Benefit, please refer to the Definitions table on page 29 of this PDS.

ASG will pay your benefits to you when your child reaches the relevant age, which depends on whether you elect the secondary or post-secondary benefit options.

## When will I receive my benefits?

### Secondary option

Benefit type	When will I receive my benefit payments?
Member Benefit	Across all years of secondary school or as one lump sum in the final year
Maturity Benefit	Final two years of secondary school in equal instalments, or as one lump sum in the final year

You will receive your Member Benefit starting in:

- The year of your child's 13th birthday (for a child undertaking six years of secondary school),
- The year of your child's 14th birthday (for a child undertaking five years of secondary school), or
- Alternatively you can elect to receive your Member Benefit as a lump sum at the end of secondary school

Please contact us prior to the year of your child's 12th birthday if your child's secondary schooling plans change (e.g. your child's secondary school commencement date changes or your child will be commencing six years instead of five years of secondary school), or you wish to elect to receive your Member Benefit as a lump sum at the end of secondary school.

### Post-secondary option

Benefit type	When will I receive my benefit payments?
Member Benefit	Up to a maximum of six years of post-secondary study
Scholarship Benefit	Annual allowance throughout post-secondary study, up to a maximum of six years

It's possible to choose to receive your Member Benefit in conjunction with a post-secondary Scholarship Benefit for up to six years of post-secondary education. This option must be elected by contacting ASG when you make your first Scholarship Benefit claim. If your child stops post-secondary study before they've completed their qualification, you will still receive your Member Benefit, however you will not receive your investment earnings unless you surrender (cancel) your fund in between the period of your child turning 17 and Maturity of the Fund.

Your child can change course, defer or repeat a year. Each of these options may only be used once without affecting your eligibility for the Scholarship Benefit.

The ongoing payment of yearly post-secondary Scholarship Benefits requires your child to successfully complete the previous year's study and progress to the next year. Please see the section 'Eligibility' on page 11 for further information.

## Eligibility

### Secondary option:

There is no Eligibility Criteria that applies to receiving benefits for the secondary option. You will receive your benefits provided that your membership has not lapsed. For more information regarding lapsed membership please refer to 'What happens if I stop making contributions' on page 18.

### Post-secondary option:

For your child to be eligible for Scholarship Benefits, you need to meet certain conditions referred to as the Eligibility Criteria. Generally these are that your child must undertake a full time, government recognised post-secondary course.

If your child doesn't meet the Eligibility Criteria you will forgo any entitlements to the investment earnings

(distributed via bonus rates) of the fund, which will be shared across other eligible children within the same Scholarship Pool year.

If you believe that your child will not meet the Eligibility Criteria under the post-secondary option, you may cancel your membership by requesting a surrender value, please see 'Cancelling the SEP' below for more detail.

Please refer to the Eligibility Criteria within the Definitions table on page 28 for further details.

## Cancelling the SEP

You may cancel your membership at any time prior to maturity, and request a surrender value payment from ASG. It is important that you note that different surrender values apply depending on the timing of the cancellation request. Please refer to the table below to see how cancellation applies at different stages of your membership.

### Cancelling the SEP

	Age of nominated child		
	Prior to your child's 17th birthday	Between your child's 17th birthday and the formation of the Scholarship Pool**	After your child's 17th birthday and after the formulation of the Scholarship Pool
Surrender value is based on*:	Your contributions less fees, or the balance of your Member Account (whichever is the lesser). Please note this does not include your accrued investment earnings.	The value of your Member Account (including accumulated investment earnings)	Contributions less fees, or the balance of your Member Account (whichever is the lesser). Please note this does not include your accrued investment earnings.

\*Any payments into your member account from the Family Protection Fund will not be included in the surrender value.

\*\* The Scholarship Pool is generally formed in January of the year of your nominated child's 18th birthday (also known as the year of eligibility).



# Common information to TEF and SEP

The following sections contain common information that is applicable to both Funds.

## How are my contributions invested?

The investment strategy for the Funds is to provide market related returns using a range of investment funds managed by professional fund managers to achieve a conservative balanced risk profile. All investments made are within the asset allocation ranges outlined below as required under the rules of the Funds.

The investment funds used by ASG provide diversification by investing in defensive assets such as fixed interest securities and cash, as well as growth assets such as equities and property. The asset allocation benchmarks and minimum or maximum asset allocation requirements under the rules of the Funds are as follows:

Investment type	Minimum percentage of funds	Maximum percentage of funds	Benchmark percentage of funds
Australian Shares	10	40	22
International Shares	5	35	18
Property*	0	20	0
Total Growth Assets	15	95	40
Australian Fixed Interest**	5	70	25
International Fixed Interest	0	30	20
Cash and Deposits at Call	0	50	15
Total Defensive Assets	5	85	60

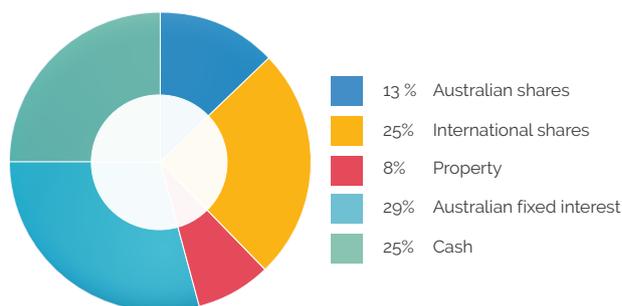
\*Includes facilities for Educational Purposes such as freehold properties, fixtures and equipment acquired for the sole purpose of leasing to State, Territory or Federal Governments for educational purposes at all levels.

\*\*Australian Fixed Interest includes mortgage securities.

Please note the benchmark percentage of funds can change.

## Asset allocation for The Education Fund (TEF)

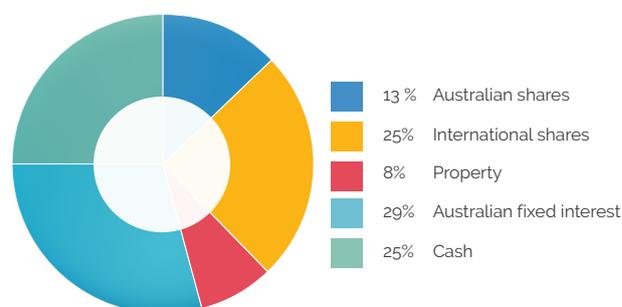
The investment mix as of 30 June 2016:



The total asset/investments for TEF as at 30 June 2016 were \$322m.

## Asset allocation for the Supplementary Education Program (SEP)

The investment mix as of 30 June 2016:



The total asset/investments for SEP as at 30 June 2016 were \$284m.

ASG reserves the right to change the asset allocation at any time within the ranges specified in the table in the Rules of each of the Funds, however we will notify you if the investment strategy materially changes from what is described here. ASG reserves the right to change investment managers or the underlying investment funds at any time.

## Ethical investment considerations

ASG appoints external investment managers and provides them with broad investment guidelines. ASG is not in a position to influence these investment managers in the choice of their investments. ASG has a duty to behave responsibly, and will therefore not knowingly invest with investment managers who do not consider labour standards, environmental, social and ethical characteristics in their investments.

ASG acknowledges that ethical considerations are somewhat subjective, but requires all external fund managers to provide an annual attestation that they have taken such matters into consideration in selecting, retaining or realising investments, to the extent that they are considered consistent with investment objectives.

## Bonus rates

A bonus rate for each Fund is determined annually (or more frequently) by ASG on the advice of our actuary. It is calculated by taking into account the gross investment returns of the relevant fund, expenses of the fund, tax and any applicable prudential requirement.

The bonus rate is allocated to your Member Account and the Scholarship Pool. You will be advised of the rate through an annual member statement. The rate will also be published in ASG's *Scholastic* (our member newsletter) and the Annual Report.

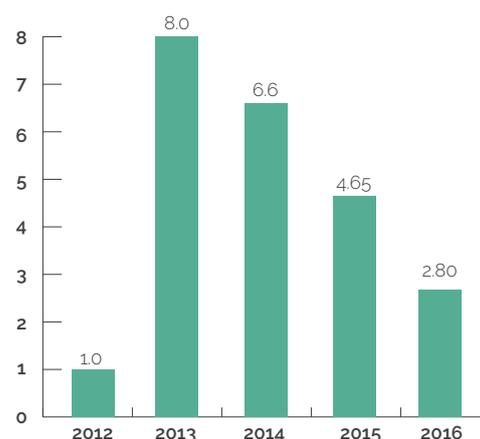
As investment returns vary year to year, ASG cannot guarantee positive investment returns and may allocate a negative rate of earnings in any particular year. Any negative investment returns will be applied against the Member Account and may affect the amount of the Member Benefit paid and the balance in your Member Account generally.

The TEF and SEP does not and cannot under the rules of both Funds, maintain a surplus. This means all investment returns (positive or negative) are applied to the relevant Fund each year.

**Past performance is not a reliable indicator of future performance.** Annual bonus rates are determined after any applicable fees and taxes. Bonus rates do not reflect the tax benefit that ASG passes on through the payment of Scholarship Benefits—in other words, the tax benefit is additional to your bonus. Bonus rates for the past five years are displayed opposite.

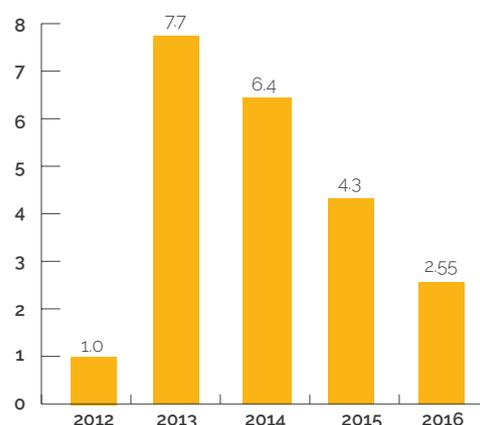
## The Education Fund (TEF)

Annual bonus rates (%)



## Supplementary Education Program (SEP)

Annual bonus rates (%)



## What tax advantages do ASG's TEF and SEP provide?

Our TEF and SEP Funds have been established with the sole purpose of providing benefits for the education of nominated children. They are designed to qualify as scholarship plans under the *Income Tax Assessment Act 1997 (Cwth)*.

This means that the Funds pay tax on the investment earnings of your contributions, at the current company tax rate of 30 per cent.

The main tax benefits are as follows:

- You are not required to report and pay tax at an individual level on the Funds' annual investment earnings, and this tax feature may attract flow-on benefits by not increasing your own taxable income.
- Maturity Benefit payments (SEP secondary only) will also not require tax to be reported and paid by you, as the benefits you receive are tax paid - if paid to you after 10 years from commencement of your SEP (please refer to 'What are the Insurance Bond Rules?' on page 14 for more information).
- Any Scholarship Benefit paid will add a tax benefit. ASG can claim a tax deduction for Scholarship Benefits paid, which allows a tax benefit to be passed on to your child through the Scholarship Benefit payment.
- Your nominated child may not have to pay any personal tax on the Scholarship Benefit amount received, provided their reportable taxable income is less than the effective tax free threshold.\*

\*See the Australian Taxation Office (ATO) website for more information on individual income tax rates: [www.ato.gov.au](http://www.ato.gov.au). Currently, the standard effective tax-free threshold on the taxable income of a resident Australian is \$20,542. In the case of a resident Australian who is not aged 18 years or over by the end of a tax reporting year – and who is not excepted, or whose income is not excepted, under special tax rules for minors, a lower tax-free threshold of \$416 may apply.

## How are my benefit payments affected by tax?

Benefit payments are taxed depending on the type of benefit payment received, who is treated as having received it for tax purposes, the recipient's tax rate, and any other relevant tax rules. The following provides a summary:

### Member Benefit

The repayment of your Member Benefit is always treated as a tax-free return of your capital.

### Scholarship Benefit

Scholarship Benefits will be treated as assessable income of your child in the year of payment. Therefore, any personal tax liability will depend on your child's then taxable income, marginal tax rate, the applicable tax-free threshold and any entitlement to tax offsets or rebates.

### Maturity Benefit (applies to SEP secondary only)

Maturity Benefits are subject to the Insurance Bond Rules (see 'What are the Insurance bond rules below). Generally, your Maturity Benefit will be paid after the '10 year tax period'. If so, the amount will be received tax free in your hands. So, the only tax paid will be on Fund investment earnings (currently at 30 per cent) – already reported and paid by ASG.

The '10 year tax period' is taken to commence from the date of your first contribution, and is unaffected by any further contributions you make, so long as the total amount of contributions made in a subsequent program year does not exceed 125 per cent of the total amount of contributions made in the immediate prior program year (For more information please refer to the Definitions table on pages 28 and 29).

### What are the Insurance Bond Rules?



Insurance Bond Rules are special tax rules that apply to insurance bonds (including certain education savings plans such as the SEP), when investment earnings are paid. They are therefore generally applicable only to Maturity Benefit payments.

## Who will pay tax on benefit payments received?

Benefit payment type	Who is treated as receiving the amount for tax purposes?	Tax status of amount received
Member Benefit	Member	Tax free
Maturity Benefit	Member	Generally tax free.  Only assessable to the member at marginal tax rates, if received within the '10 year tax period,' in which case a special tax offset also applies. Please refer to the Insurance Bond Rules*.
Scholarship Benefit	Nominated child	Taxed at individual marginal rates, if above tax free threshold^

\* See the definition table on page 28 for more information on Insurance Bond Rules

^See footnote on tax-free thresholds on page 14.

This is general information only and does not take into account your personal financial circumstances or needs and we suggest you consider speaking to a financial adviser or tax adviser.

## Family Protection and Contingency Funds

### Family Protection Fund (TEF and SEP)

Our Family Protection Fund is designed to protect your nominated child's benefits in the event of the death of the prime member or in the case of a joint account, either of the first two named members.

When members make regular contributions, part of their contributions are paid into the Family Protection Fund in order to protect your nominated child's benefits as described below.

### Family Protection under TEF

The Family Protection Fund contributes to the Member Account to enable the payment of the Scholarship Benefit to be paid at the same rate as if all contributions had been made by the member. The return of your Member Benefit will equate only to the level of contributions paid by you up to the date Family Protection is applied and will not include the amount contributed by the Family Protection Fund.

### Family Protection under SEP

The Family Protection Fund contributes to the Member Account to cover the payment of both the Member Benefit and either the Scholarship Benefit or Maturity Benefit (depending if you elected secondary or post secondary benefit options). Family Protection benefits to the SEP are fixed according to the annual contribution level selected at enrolment, up to a maximum of \$50 a week.

Family Protection ceases when contributions to the relevant Fund cease or when the member turns 70, whichever is sooner. To access Family Protection benefits, please contact ASG. Each membership is entitled to one payment only from the Family Protection Fund.

### Contingency Fund (TEF only)

Part of the regular contributions from TEF members is paid into the Contingency Fund. In the event of financial hardship, a member of TEF may be eligible for temporary assistance from our Contingency Fund.

This fund has been created to assist you if you are unable to make contributions because of unemployment, redundancy, natural disaster, personal or family health issues not of your own making.

You may apply to the Contingency Fund if you have been a member for at least 12 months and have made a minimum of 12 months worth of contributions. If approved, the Contingency Fund will pay your outstanding contributions for a period of up to 12 months in total. If the Contingency Fund is activated, this will not form part of your Member Benefit, but will ensure a Scholarship Benefit is available for your child. The Contingency Fund can be accessed more than once during the life of your membership however it is limited to payments of not more than 12 months of contributions in total (over the life of your membership).

## Fees and other costs

This section shows fees and other costs that you will be charged. These fees and costs will be deducted from your Member Account, from the returns on your investment or from the assets of the relevant Fund as a whole. You should read all the information about fees and costs because it is important to understand their impact on your Member Account.

Type of fee or cost	TEF	SEP	How and when paid
<b>Fees when your money moves in or out of the Funds</b>			
<b>Joining fee</b> The fee to join ASG as a member	\$89 for non-ASG members Nil for existing ASG members	\$89 for non-ASG members Nil for existing ASG members	A separate one off fee per membership payable upon joining
<b>Contribution fee</b> The fee on each amount contributed to your Member Account	Nil	Nil	N/A
<b>Termination fee</b> The fee to close your Member Account	Nil	Nil	N/A
<b>Management costs</b>			
<b>Initial management cost (to cover the initial set up costs)</b>	Nil	\$240	Deducted from the Member Account at \$10 per month over the first 24 months. The entire amount is refunded at Maturity if the post-secondary option is chosen.
<b>Administration fee</b> The fee for administering your membership of the fund	\$38 per annum	\$26 per annum	Payable annually in advance throughout the membership until the Scholarship Pool is formed. It is deducted from the Member Account annually in advance.
<b>Management costs</b> This is the cost of managing the fund including investing the assets and general operation	1.25% per annum	1.50% per annum	Calculated on the average balance of the net assets of the fund in each quarter. Deducted from the investment earnings of the fund prior to determining the bonus rate.
<b>Other costs included in your contribution schedule</b>			
<b>Family Protection Fund contribution</b> (the contribution to the Family Protection Fund)	<ul style="list-style-type: none"> <li>• \$6 per annum for regular contributions<sup>^</sup></li> <li>OR</li> <li>• \$4 per annum for regular contributions<sup>*</sup></li> </ul>	\$8 per \$1000 of insured contributions, subject to a maximum of \$2600 of insured contributions.	For regular contributions, this additional contribution is payable annually in advance, for each child you enrol, throughout the period when contributions to the SEP are payable. This is fixed at the rate applicable to the annual contribution level selected at entry to the fund and is deducted from the member's contributions to ASG.
<b>Contingency Fund contribution</b> (the contribution to the Contingency Fund)	<ul style="list-style-type: none"> <li>• \$4 per annum for regular contributions<sup>^</sup></li> <li>• \$4 for every year until age 19 next birthday (as a lump sum) for the single contribution option<sup>^</sup></li> <li>OR</li> <li>• \$2 per annum for regular contributions<sup>*</sup></li> <li>• \$2 for every year until age 19 next birthday (as a lump sum) for the single contribution option<sup>*</sup></li> </ul>	N/A	For regular contributions, this additional contribution is payable annually, for each child you enrol, throughout the period when contributions to the TEF are payable. For the single contribution option, this fee is payable in full in advance on enrolment.

<sup>^</sup> For those members receiving their Member Benefit across all years of secondary school

<sup>\*</sup> For those members receiving their Member Benefit across the final two years of secondary school

## Additional explanation of fees and costs

### Changes to fees and costs

The fees and costs that you will be charged are as disclosed in the fees table on page 16. If we choose to increase any of these fees and costs or introduce new fees at our discretion and in accordance with the rules of the Fund, we will advise you with no less than two months' notice in writing of the changes.

### Maximum fees which may be charged

The Fund rules provide the ability for maximums that may be charged by ASG for the following fees and costs in the table presented below. ASG reserves the right from time to time to reduce or waive all or part of any fee on terms and at times determined by ASG in its sole discretion.

Fee	Maximum TEF	Maximum SEP
Enrolment fee. This is called the 'Joining Fee' in the fees and costs table on page 16.	\$149 or \$89*	\$149
Administration fee. This is called the 'Administration fee' in the fees and costs table on page 16.	\$36 p.a.	\$26 p.a.
Membership- fee. This is included within the 'Administration fee' in the table on page 16.	\$2 p.a. or \$36^	NIL
An ongoing management fee. This is called the Management cost in the fees and costs table on page 16.	1.60% p.a. on the average balance per quarter	2.50% p.a. on the average balance per quarter

\* Depending on which option you choose

^ Depending on whether you contribute on a regular basis or as a single lump sum



# Frequently Asked Questions

## What happens if I stop making contributions?

Each fund has various options to help you manage your membership if you are unable to make contributions:

### TEF

- a) You may be eligible for temporary assistance from our Contingency Fund. Please refer to page 15 of this PDS for more information.
- b) Provided that you have made at least 12 months of contributions, you can request ASG to pay you partial benefits. This means your child's Scholarship Benefit will be calculated proportionately depending on the contributions you have actually made.
- c) You can request a cancellation under which you will receive the surrender value (see page 7 for how this calculated).
- d) You can request ASG to make an equity adjustment, which is an amount transferred from your Member Benefit to your child's Scholarship Benefit to enable full payment of that Scholarship Benefit. The amount transferred is the difference between the investment earnings on your contributions and those of a member who did pay all contributions required for the same eligibility year. The maximum equity adjustment will be equal to the amount of your Member Benefit

If ASG has not approved an earlier suspension, your membership will lapse if contributions fall six months in arrears or more.

If your membership lapses, you are entitled to the Member Benefit only. You will forfeit your eligibility and rights in relation to the investment earnings component as part of as the Scholarship Benefit. If you do not believe that you can continue with your contributions, we recommend you contact us so that we can discuss the options available to you.

### SEP

- a) If you have paid the minimum of \$5130 in contributions, you may request the benefit to be classified as a partial benefit. A partial benefit means that your child's Scholarship Benefit will be calculated proportionately based on the contributions you have actually made. As a partial benefit, no further contributions need to be paid. However, you may resume making contributions at a later date.

- b) If you can't keep contributing because of serious financial hardship, please contact us. Under certain circumstances and at our discretion, we may let you suspend your payments until your situation improves. Assistance from our Contingency Fund does not apply to the SEP.

If the minimum level of contributions has not been reached, and you do not resume your contributions, ASG will take steps to close your Member Account and return the funds to you if no contributions are received by you after a six month period. If we do not hear from you your benefit will lapse.

If your membership lapses, you are entitled to the Member Benefit only. You will forfeit your eligibility and rights in relation to the investment earnings component either as part of as the Maturity Benefit or Scholarship Benefit. If you do not believe that you can continue with your contributions, we recommend you contact us so that we can discuss the options available to you. If you would like more information on these options or you would like to effect any of options in regards to your membership please call us on 131 ASG (131 274).

## Can I request that my contributions are suspended for a period?

### TEF

Contributions can be suspended while a payment from the Contingency Fund (if you are eligible) is made for a total of 12 months over the life of the membership.

### SEP

Contributions can be suspended for a total of 12 months over the life of the membership.

ASG assesses these options on a case by case basis, for more information please contact us to discuss your situation.

## Which post-secondary courses are approved by ASG for payment of the Scholarship Benefit?

Students completing full-time post-secondary courses recognised by state or federal education departments will qualify for the Scholarship Benefit. Courses must be a minimum of one year's duration. Scholarship Benefits are payable for up to three years for TEF and up to six years for the SEP. Please note apprenticeships, traineeships or part-time studies are not approved post-secondary courses of study and are not eligible for a Scholarship Benefit. Please see the Definitions table on page 28 or contact ASG for more information.

## What if my child decides not to commence post-secondary study?

You can cancel your membership and request a surrender value if your child will no longer be enrolling in post-secondary studies. Please refer to the 'Cancelling the TEF or SEP' sections of this PDS for more information. The following provides a summary:

### TEF

The surrender value of the TEF will consist of your contributions (i.e. Member Benefit). This means that you will forgo any entitlements to the investment earnings (distributed via bonus rates) in your Member Account, which will be shared across other eligible children within the same Scholarship Pool year.

### SEP

For SEP members with a post-secondary option, if you surrender after your child's 17th birthday (normally Year 11 or 12) and prior to the formation of the SEP scholarship pool, the surrender value will be the balance in your Member Account (including accumulated earnings).

If you surrender after the formation of the SEP scholarship pool, you will forfeit any entitlements to the investment earnings (distributed via bonus rates) in your Member Account, which will be shared across other eligible children within the same Scholarship Pool year.

## What if my child decides to defer their post-secondary studies?

If your child decides to defer their post-secondary studies, they will have two years following secondary school to commence post-secondary study. You must advise us if your child is deferring their post-secondary studies by visiting [www.asg.com.au](http://www.asg.com.au) and logging into your My ASG member account and completing the online claim form or contacting ASG on 131 274.

## Can I increase my contributions?

### TEF

No. The contribution schedule is set at enrolment and you are required to make contributions in accordance with that schedule.

### SEP

Yes. However, where you increase your total contributions by more than 125 per cent of the total contribution amount you paid in the previous year, there may be tax implications (see the Definitions table of page 29 for more information on the '125 per cent rule' and the tax information on pages 14 and 15).

## What about the impacts of inflation?

Education costs may increase more rapidly than the investment earnings of TEF and SEP. To allow for this, regular contributions increase at eight per cent per annum and compound on each anniversary of the commencement date.

## What if my child dies?

In the unfortunate death of your child, you have two options:

- At your request, your net contributions will be returned to you.
- You can opt to transfer the enrolment to another child of a similar age.

## Can I switch between the benefit options within TEF or SEP (secondary and post-secondary options)?

### TEF

No. To select a different benefit option you would need to enrol in a new product.

### SEP

Yes, you can switch between secondary or post-secondary options provided the following criteria are met:

- Secondary option: the child was under eight years old at enrolment; the child has not begun an eligible secondary course;
- Post-secondary option: the child was under 14 years old at enrolment; the child has not begun an eligible post-secondary course; and secondary benefits have not been paid to the member.

## Are my investment returns guaranteed?

No. When considering enrolling in the Funds, it is important to understand that:

- Returns and net contributions are not guaranteed, will vary, and you may get back less than what you paid in. In this case your Member Benefit will be the balance of your Member Account, please refer to Member Benefit in the Definitions table on page 28.
- Investment returns can go up and down
- Future returns may differ from past returns

## Do I need to provide my tax file number?

No, neither you nor your child is required to provide a tax file number, under current tax and privacy laws.

## What happens if the tax rules applicable to ASG change?

Tax benefits for a scholarship plan may be affected by any future change to tax law. If this occurs, we will notify you in writing.

## Can I use my Member Account as security to borrow or raise money?

You are not permitted to use your Member Account as security to borrow or raise money as this is one of the conditions for the tax concessional status of the Funds and is also detailed in the rules of the Funds.

## What happens if I die while my child is undertaking an approved course?

Your fund membership will continue while your child is undertaking an approved course, with your legal personal representative being responsible for administering your Member Account for the benefit of your child.

## How does ASG manage investment risks?

ASG actively manages investment risks, however, all investments have some level of risk. In particular, the risks which may affect your investment in this Fund include the following types of investment risks shown in the following table.

Risk	Explanation
<b>Market risk</b>	<p>Certain events may have a negative effect on the value of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment.</p> <p>Market risk is managed and monitored by undertaking all activities in accordance with established mandates and investment strategies.</p>
<b>Credit risk</b>	<p>The issuer or party to a transaction may not repay the principal, make interest payments or fulfil other financial obligations in full and/or on time. The market value of an investment can also fall significantly when the perceived risk of this investment increases or its credit rating declines.</p> <p>We deal with creditworthy entities and obtain sufficient collateral where appropriate. Our risk exposure and the credit ratings of entities we deal with are monitored.</p>
<b>Liquidity risk</b>	<p>From time to time, some investments of the Fund may not be easily converted to cash due to market conditions.</p> <p>In managing this risk, we monitor the liabilities of the Fund and our subsidiaries. We ensure that an appropriate level of liquid assets is maintained together with a buffer for unforeseen demands.</p>
<b>Currency risk</b>	<p>For investments in international assets there is the potential that adverse movements in exchange rates will reduce their Australian dollar value.</p> <p>Exchange rate exposures are managed within approved policy parameters either directly by applicable fund managers or by using an averaging approach to the conversion of foreign currency into Australian dollars.</p>
<b>Manager risk</b>	<p>The funds we invest in may not achieve their investment objectives in the short or long term. This could be caused by a number of reasons, for example, the loss of key personnel or economic conditions which do not favour a particular style of investing.</p> <p>We deal with top-tier fund managers which are subject to an approval process and ongoing performance monitoring.</p>
<b>Legal and regulatory (including tax) risk</b>	<p>Changes in legislation and other rules in domestic and foreign markets—including those dealing with taxation, accounting and investments—may adversely impact your investment.</p> <p>We manage this risk by monitoring government policy and lobbying for member needs when required and adapting our investment approach in line with any changes.</p>

# What else do I need to know?

## Protecting your interests

ASG is a mutual organisation and member owned friendly society. This offers some important advantages to help protect members' interests. The assets of the Fund are separate from the operational funds and other benefit funds of ASG, and are regulated by the Australian Prudential Regulation Authority (APRA).

## ASG employee representatives

Our employee representatives are salaried employees of ASG. They will provide you with a copy of the Financial Services Guide and this PDS. Note that employee representatives:

- Are not financial advisers
- Can only provide general financial advice (sales or product information)
- Cannot give you personal financial advice. If you require personal advice, you should contact a licensed financial adviser

## Providing access to your account information

ASG respects and protects the privacy of your account details. You can nominate other parties, such as your accountant or financial adviser, to have access to your account information. Requests for access to your account information will only be actioned upon your written consent.

## Membership

The ASG Constitution and the Fund rules allow for membership of one, two or more people on an application.

In relation to joint membership, the first mentioned name on the application form is deemed to be the Prime Member and only this person is entitled to vote at the Annual General Meeting, unless otherwise specified on the membership.

Memberships with two or more people as members will be treated as a single membership of multiple and equal joint partners.

Any joint membership is to be operated as follows:

- ASG's normal business practice is that both/all members must sign for and authorise all transactions (e.g. written or telephone effected transactions)
- However both/all members may authorise any/ either of the joint members to sign for and authorise transactions via *My ASG*. Responsibility for the consequences of this operating instruction will remain with both/all the joint members
- A member may withdraw their authorisation (in whole or in part) that a joint account be transacted by one member via *My ASG*. This is to be done by written notice signed by any member

ASG reserves the right, upon notice being provided to the member(s), to override any member instructions for *My ASG* access and conduct a joint Account in accordance with its Rules and/or normal business practices (e.g. when it is notified of a dispute between the members) including withholding member payments pending written instructions from all/ both members. ASG also retains the ability to ask for identification proofs or details from all members. If your personal circumstances change in relation to your membership please contact ASG to discuss your options.

## Your rights

The ASG Constitution, which includes the Fund rules, details your rights and obligations as a member of ASG. A copy of this document will be provided on your request free of charge. All members have the right to receive audited copies of ASG's financial statements prior to the Annual General Meeting. A copy of the most recent audited ASG financial statements is available on request from our registered office, any ASG Information Centre, or our website at: [www.asg.com.au/annual-report](http://www.asg.com.au/annual-report)

As a member of ASG, your liability is limited to no more than \$2 should ASG be wound up. All ASG funds would be paid out in accordance with the terms of the Constitution, the *Corporations Act 2001* and the requirements of the *Life Insurance Act 1995*.

## Cooling off period

If you change your mind within 14 days of receiving your confirmation of enrolment letter, please notify ASG in writing and we will fully refund all monies you have paid including any fees we have deducted from monies received from you.

## Annual member statement

ASG will provide you with an annual member statement each year after the end of the financial year. The statement will also include information on your contributions, the portfolio structure, investment performance, declared bonus rate and value at the close of the financial year.

## Tax statements

ASG will provide you or your child with a tax statement, for the year in which assessable benefits are paid from the Funds.

## Communication

ASG will provide you with a copy of *ASG's Scholastic*, the member quarterly newsletter, and other relevant communication to keep you informed of news and information that is pertinent to your membership.

## Regulation

The activities of ASG are regulated by two federal bodies. The Australian Securities and Investments Commission (ASIC) regulates matters affecting incorporation, corporate governance, disclosure and consumer protection and ASG's Australian Financial Services Licence. The Australian Prudential Regulation Authority (APRA) regulates prudential standards and practices applying to banks, friendly societies and insurers to protect your financial wellbeing.

## Interested parties

Apart from professional fees paid to experts associated with the preparation of the Financial Services Guide and PDS, no director of ASG or expert has any interest in the assets of the Funds or benefits referred to in this document, other than entitlements available through membership on the same terms and conditions applicable to you and other members of the Fund.

## Experts' consent

An expert's consent has been received from the independent tax consultant regarding the tax information disclosed in this PDS, being included in the PDS in the form and context in which it is included. This consent has not been withdrawn prior to the date of this document, neither has this expert issued or caused the issue of this PDS.

## Audit requirements

ASG and the Funds are required to be audited annually. The qualification and appointment of the auditor is determined by the ASG Constitution and the *Corporations Act 2001*.

## Actuarial requirements

The appointed actuary is required to provide advice to the ASG Board and APRA regarding the Funds' activities. The appointed actuary also advises on financial projections and the annual valuation of the Funds. The qualification and appointment of the appointed actuary is determined by the ASG Constitution and the *Life Insurance Act 1995*.

## Member enquiries

You can contact ASG's registered office with any enquiries regarding your membership or the Fund, or to request any information on your Member Account:

Post: 23–35 Hanover Street Oakleigh VIC 3166

Phone: 131 ASG (131 274)

Fax: 03 9563 2780

Email: [memberservices@asg.com.au](mailto:memberservices@asg.com.au)

Web: [www.asg.com.au](http://www.asg.com.au)

Business hours: 9 am – 5 pm (AEST) Monday to Friday  
(National and Victorian public holidays excepted)

## Privacy statement

This statement is a summary of ASG's privacy policy which can be accessed in full at: [www.asg.com.au/privacy-policy](http://www.asg.com.au/privacy-policy).

More information and detail on ASG's privacy processes can be found in the privacy policy.

## Reasons for collecting personal information

ASG collects, receives, holds and uses personal information in order to perform

- Its business purposes, functions or activities;
- Related or consequential functions and activities and
- Functions and activities which are known to, consented to or reasonably expected by individuals.

## Information collected at enrolment

The information collected from or about you, including on the application form and the direct debit request form contained in this PDS, is information necessary to commence, manage and administer your Member Account and effect the payment of benefits and will be used for these purposes.

Related, consequential, known and reasonably expected functions and uses include marketing and promotion of our products and services, product research and development, member communications and member or customer surveys. This list is not exhaustive: reference should be made to the privacy policy for further or additional examples.

We will request information to enable us to properly confirm your identity (and in future the identity of your child or authorised representative) as required by law and thereby enable us to commence your membership.

We will collect information from and about your child(ren), or authorised representative (should you appoint one) for the same purposes, functions and activities.

If you, your child, or authorised representative do not provide complete information, we may not be able to process your application or commence, manage or administer your membership account. In this situation, we will contact you or them for the missing information.

## Information collected after enrolment

After the commencement of your membership account we may collect, use or disclose further or additional information about you, your child or authorised representative (should you exercise your right to have one).

The purpose of this is to administer and manage your Member Account in accordance with the Fund rules, receive and process account contributions, effect member payments, respond to and effect information or service requests, better understand you and your service needs and deliver better service.

We will also use this information to:

- market, promote and inform you, your child or authorised representative about other ASG products, services or offerings
- create statistical information for internal use
- send you annual member statements, quarterly newsletters and other membership or fund material
- communicate with you, your child, or authorised representative.

These lists are not exhaustive: reference should be made to the privacy policy for further or additional examples.

## Disclosure of personal information

We may disclose the information we collect to:

- ASG agents, advisers or third party service providers assisting in the management and administration of your membership or fund
- other organisations with whom ASG has, or may, form a joint venture
- any government body or agency when required by law.

This list is not exhaustive: reference should be made to the privacy policy for more details.

## Accessing and correcting your personal information

Subject to some exceptions allowed by law, you can ask ASG to:

- confirm whether we hold any of your personal information
- provide you with access to that personal information
- update or correct your personal information.

If possible, we will give you access to your personal information. If we refuse, we will give you an explanation for the refusal. We will take reasonable steps to correct your information free of charge.

## Storage and security of your information

We store personal information with a strong emphasis on its security and the protection of privacy.

We may change or update our privacy policy from time to time. If we make any changes, they will be published on our website. A full copy of our privacy policy is published on our website: [www.asg.com.au/privacy-policy](http://www.asg.com.au/privacy-policy)

If you would like further information about our privacy policy or this privacy statement or have a privacy complaint, please contact us at:

Australian Scholarships Group  
Post: 23–35 Hanover Street, Oakleigh VIC 3166  
Phone: 131 ASG (131 274)  
Email: [privacy@asg.com.au](mailto:privacy@asg.com.au)

## Anti-Money Laundering and Counter Terrorism Financing Laws

We are required to comply with Anti-Money Laundering and Counter Terrorism Financing Laws (AML/CTF Laws), including the need to establish your identity and, if relevant, the identity of other persons associated with your investment, including your nominated child.

Instructions for completing the identification process are detailed in the application form and our website. We may from time to time require additional information to assist with this process.

We may not be able to transact with you or other persons should we be unable to establish your or their identity. This may result in delaying, blocking, freezing or refusing to process a transaction or ceasing to provide you with a product or service. This may impact on your investment and could result in a loss of contributions and investment earnings. ASG is not responsible for any of these events or their consequences.

To comply with AML/CTF Laws, we may also require you to disclose whether you are or have an association with a Politically Exposed Person (as defined and determined by the AML/CTF Laws) and to identify the source of your investable assets/wealth.



## Complaints handling

ASG is committed to excellence with regard to the products and services we provide, and we make every effort to ensure we respond to the concerns of members as speedily and efficiently as possible.

If you have a complaint, please read your documentation thoroughly as the answer to your question may be there. Alternatively, you can contact ASG and we will endeavour to respond to your complaint as quickly as possible.

We are required to provide you with a response within 45 days of receipt of your complaint, however, we will endeavor to provide you with our response within 21 business days of receipt.

If you are not satisfied with ASG's final response, you also have the right to take your complaint to the external complaints resolution body, the Financial Ombudsman Service (FOS). For complaints concerning privacy matters, refer to the Office of the Australian Information Commissioner.

Contact details for FOS and the Office of the Australian Information Commissioner are as follows:

Financial Ombudsman Service GPO Box 3, Melbourne, Victoria, 3001  
Telephone: 1800 367 287 (free call within Australia)  
Facsimile: 03 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)  
Website: [www.fos.org.au](http://www.fos.org.au)

The Office of the Australian Information Commissioner  
Complaints Handling Section GPO Box 5218, Sydney NSW 2001  
Telephone: 1300 363 992  
Website: [www.fos.org.au](http://www.fos.org.au)

## Directory

### Registered name and incorporation:

Australian Scholarships Group Friendly Society Limited ABN 21 087 648 879, is incorporated as an unlisted public company under the *Corporations Act 2001* and registered as a friendly society under the *Life Insurance Act 1995*. AFSL 236665

### Registered office:

23–35 Hanover Street, Oakleigh VIC 3166  
Telephone: 131 ASG (131 274)  
Facsimile: 03 9563 2780  
Website: [www.asg.com.au](http://www.asg.com.au)

### Auditor:

Deloitte Touche Tohmatsu  
550 Bourke Street, Melbourne VIC 3000

### Appointed Actuary:

Mercer Consulting (Australia) Pty Ltd  
727 Collins Street, Melbourne VIC 3000

### Independent tax consultant:

Tony C Jacob (Chartered Accountant)  
14 Kilrush Street, Brighton VIC 3186

# Member direct debit service agreement

## Our commitment to you

This document outlines our service commitment to you, in respect of the direct debit request (DDR) arrangements made between Australian Scholarships Group Friendly Society Limited Debit User ID 002857 and you. It sets out your rights, our commitment to you, and your responsibilities to us together with where you should go for assistance.

## Initial terms of the arrangement

In terms of the DDR arrangements made between us and signed by you, we undertake to periodically debit your nominated account with the agreed amount for payment of contributions as specified in the direct debit form within this document.

## Drawing arrangements

- The first and subsequent drawings under this direct debit arrangement will occur on the first working day of the month.
- If any drawing falls due on a non-business day, it will be debited to your account on the next business day following the scheduled drawing date. If you are unsure when a drawing date will take place, you may contact ASG on 131 ASG (131 274).
- We will give you at least 14 days' notice (in writing) when other changes to the initial terms of the arrangement are made. The notice will state what the changes to the initial terms are.
- In accordance with the information contained in the Product Disclosure Statement, your contributions will automatically increase by eight per cent on the anniversary of your commencement date.
- If you wish to discuss any changes to the initial terms, please contact ASG on 131 ASG (131 274).

## Your rights

### Changes to the arrangement

If you want to make the following changes to the drawing arrangements, contact us five days prior to the scheduled drawing date:

- deferring the drawing; or
- stopping an individual debit; or
- suspending the DDR; or
- cancelling the DDR completely.
- altering the DDR.

You can request changes to contribution and indexation amounts by logging into *My ASG* or contacting ASG.

## Enquiries

Direct all enquiries to ASG in the first instance, rather than to your financial institution, and these should be made at least five business days prior to the next scheduled drawing date. All communication addressed to us should include your membership number. All personal member information held by us will be kept confidential except for information provided to our financial institution to initiate the drawing from your nominated account, or in connection with a claim made on it relating to an alleged incorrect or wrongful debit. (See the Privacy statement on page 23.)

If you wish to notify us in writing about anything to this agreement, you should write to us at:

Australian Scholarships Group  
Post: 23–35 Hanover Street, Oakleigh VIC 3166  
Email: [memberservices@asg.com.au](mailto:memberservices@asg.com.au)

We may send notices either electronically to your email address or by ordinary post to the address you have given us. Any notice will be deemed to have been received on the third banking day after emailing or posting.

## Disputes

- If you believe that a drawing has been initiated incorrectly, we encourage you to take the matter up with us directly by contacting ASG on 131 ASG (131 274).
- If our investigations show that your account has been incorrectly debited, we will arrange for the financial institution to adjust your account accordingly. We will also notify you in writing of the amount by which your account has been adjusted. If, following our investigations we believe on reasonable grounds that your account has been correctly debited, we will respond to your query by providing you with reasons and copies of any evidence for this finding.
- If we cannot resolve the matter, you can still refer it to your financial institution, which will obtain details from you of the disputed payment and may lodge a claim on your behalf.

Your financial institution should respond to you with an answer to your claim:

- Within seven business days (for claims lodged within 12 months of the disputed drawing); or
- Within 30 business days (for claims lodged more than 12 months after the disputed drawing).
- You will receive a refund of the drawing amount if we cannot substantiate the reason for the drawing. Note: Your financial institution will ask you to contact us to resolve your disputed drawing prior to involving them.

## Your commitment to us

It is your responsibility to ensure that:

- your nominated account can accept direct debits as debiting through the Bulk Electronic Clearing System (BECS) is not available on all accounts (your financial institution can confirm this); and
- on the drawing date there is sufficient cleared funds in the nominated account; and
- you have checked your account details provided in the Direct Debit Request against a recent statement issued by your financial institution; and
- you advise us if the nominated account is transferred or closed.

If your drawing is returned or dishonoured by your financial institution, ASG will send you a letter advising that the drawing has been unsuccessful. This will also result in your following month's contribution to collect any arrears for the dishonoured contribution. If the second attempt to direct debit your account also dishonours, your direct debit arrangement will be cancelled and from this point on, you will be sent quarterly accounts in the mail to be paid by cheque.

If any provision of this direct debit request service agreement (DDRSA) is found to be illegal, void or unenforceable for unfairness or any other reason (for example, if a court or other tribunal or authority declares it so), the remaining provisions of this DDRSA will continue to apply to the extent possible as if the void or unenforceable provision had never existed.



# Definitions

<b>Approved Course</b>	To be eligible for payment of a Scholarship Benefit your child must undertake the chosen post-secondary course on a full-time basis. The course must be recognised by State and Federal Education Departments, however the study may be undertaken in Australia or overseas. Please note that an apprenticeship does not qualify as an approved course of study. If you need further information on what is considered an Approved Course by ASG, please contact us (see Member Enquires on page 22).
<b>Benefit Payment</b>	A payment to you or your child from your Member Account.
<b>Bonus Rate</b>	The rate of your investment earnings that is declared for any given year, calculated after taking into account Fund expenses, tax and any prudential requirements.
<b>Contributions</b>	Money received by ASG, either in a lump sum or by regular direct debit and paid into your Member Account
<b>Eligibility Criteria (for payment of Scholarship Benefits)</b>	<p>To receive a Scholarship Benefit, certain eligibility criteria must be met.</p> <p>Specifically:</p> <ul style="list-style-type: none"> <li>• your child has reached the year of eligibility, being the calendar year in which your child will turn 18, or commences an approved full-time post-secondary course (whichever is later)</li> <li>• your child makes a written request to ASG for the Scholarship Benefit (within 12 months of receiving notification of eligibility) by completing our online form and providing us with supporting documentation and confirmation of enrolment</li> <li>• the Approved Course is commenced before the eligibility year or within two years from that date</li> <li>• your contributions are not more than six months in arrears</li> <li>• your Member Account has not been terminated earlier.</li> </ul> <p>Additionally for the SEP you must satisfy the following criteria:</p> <ul style="list-style-type: none"> <li>• a minimum of \$5130 being paid during the contribution period</li> </ul>
<b>Insurance Bond Rules (applicable to SEP only)</b>	<p>Insurance Bond Rules only apply to Maturity Benefit payments made from the SEP. They are special rules that determine how much tax you will pay upon receipt of a Maturity Benefit. If your SEP is held for at least 10 years from the date of initial contribution, without affecting the '10 year tax period' (see the '125 per cent rule' definition included within this table), you will not have to pay any further tax on your Maturity Benefit payment.</p> <p>If the Maturity Benefit is received prior to the '10 year tax period', the amount received will be assessable for tax purposes, with a reduced one third being assessable if the Maturity Benefit is made during the 10th year, a reduced two thirds being assessable during the 9th year, and being fully assessable if paid within 8 years.</p> <p>Please note a 30 per cent tax offset will be automatically credited by the <i>Australian Taxation Office</i>, if you report an assessable Maturity Benefit amount in your tax return. This tax offset is provided, to compensate for tax already paid by the Fund.</p>
<b>Maturity</b>	The process by which each Scholarship Pool is formed. This occurs after contributions have ceased, and prior to Scholarship Benefit payments being made. This generally occurs at the beginning of the year of eligibility, being the calendar year of your nominated child's 18th birthday.
<b>Maturity Benefit</b>	Maturity Benefits are benefit payments made to members of the SEP who have elected the secondary option. Maturity Benefits are generally paid tax free to the member, please refer to Insurance Bond Rules for more information on page 14 of this PDS or within this definition table.
<b>Member Account</b>	A separate account created upon you joining a Fund, where all contributions are credited, bonus rates are credited/debited, all fees and costs are debited, and benefit payments are paid from.
<b>Member Benefit</b>	Member Benefit represents a return of your net contributions (your contributions after fees and costs).
<b>Politically Exposed Person</b>	<p>Under the AML/CTF Act 2006, a PEP is an individual who holds a prominent public position or function in a government body or an international organisation in Australia or overseas. The definition of PEP also extends to include immediate family members, such as a spouse, de facto partner, child, child's spouse or a parent.</p> <p>Additionally, persons who are close associates of a PEP, such as an individual who has joint beneficial ownership of a legal arrangement or entity are also considered to be a PEP.</p>

<p><b>Scholarship Benefit</b></p>	<p>The proportion of the investment earnings allocated to your nominated child within a Scholarship Pool and paid to you, subject to your child meeting the Eligibility Criteria, as referred to within this definitions table.</p> <p>If your child is unable to continue or fails to complete a year of study as a result of a serious accident, serious illness, hardship or other causes beyond their control, a discretionary payment may be made for one further year of study on receipt of an application by your child.</p> <p>Payment of the Scholarship Benefit may be deferred for one year by notifying ASG in writing. Written requests for a second year of deferment will be considered.</p>
<p><b>Scholarship Pool</b></p>	<p>A specific pool of assets made up of the investment earnings allocated to the accounts of those members participating in that pool, set aside for those members whose children are eligible for Scholarship Benefit payments during post-secondary education. Each Scholarship Pool is set up for the benefit of those eligible children who turn 18 in the year of eligibility. Please refer to the Eligibility Criteria within this definition table for more information.</p>
<p><b>The 125% rule (applicable to SEP only)</b></p>	<p>To receive a Maturity Benefit without having to pay any further tax, you need to have held the SEP for at least 10 years from the date of your initial contribution, and ensuring the total amount of your subsequent year contributions do not exceed the prior year's total contributions by more than 125 per cent. If you exceed this limit, the start date of the '10 year tax period' will be reset. It is important to note it is your responsibility to monitor your contributions in respect of the 125 per cent rule. ASG will provide you information to help you manage your contributions via your annual member statement and on our website. If you have any questions about the 125 per cent rule and your contributions, please contact ASG.</p>



# Application form

Australian Scholarships Group  
 Friendly Society Limited  
 ABN 21 087 648 879 AFSL No. 236665  
 Registered Office:  
 23-35 Hanover Street Oakleigh Vic 3166  
 Ph: 131 ASG (131 274) Fax: 03 9563 2780



Presentation date:

/ /
-----

Please indicate which fund(s) you are applying for:

<input type="checkbox"/>	The Education Fund (Rule 60) and Family Protection (Rule 32) and Contingency (Rule 39) - TEF
<input type="checkbox"/>	Supplementary Education Program (Rule 61) and Family Protection Fund (Rule 32) - SEP

New member (tick)    Existing member (tick)   Member number \_\_\_\_\_

	Title	Surname	Given names	D.O.B.	Gender
1					
2					

(First named member is the Prime member . Refer to 'Membership' on page 21 for more information.)

Residential address (required)					
Suburb			Postcode	Phone: (H)	
	Email address	Phone: (W)		Mobile	
1					
2					

Postal address (if different from residential address)				
Suburb			State	Postcode

	Occupation	Relationship to child/children
1		
2		

Are you a Politically Exposed Person?¹ If YES please identify the source of your investment assets or wealth:

Member 1:  Yes  No       Gainful employment    Inheritance/gift    Financial investments    Superannuation    Other \_\_\_\_\_

Member 2:  Yes  No       Gainful employment    Inheritance/gift    Financial investments    Superannuation    Other \_\_\_\_\_

¹See page 28 for definition of a 'Politically Exposed Person'.

## AML/CTF ACT 2006 identification requirements

- ID checked in person
- Confirmed name details to application form

### Member 1

**Photo ID requirement:**

- Current Driver Licence    Passport

No. \_\_\_\_\_

Place of issue \_\_\_\_\_

**Verification requirement:**

(Tick information verified)

- Full name and choose one:

- Date of birth
- Residential address

### Member 2

**Photo ID requirement:**

- Current Driver Licence    Passport

No. \_\_\_\_\_

Place of issue \_\_\_\_\_

**Verification requirement:**

(Tick information verified)

- Full name and choose one:

- Date of birth
- Residential address

**Child nomination:**

	Surname	Given names	D.O.B.	Gender
Member Account 1				
	Phone:		Email:	
Member Account 2				
	Phone:		Email:	
Member Account 3				
	Phone:		Email:	

A new Member Account is created in each fund for each child with the member details contained in this form and the terms and conditions outlined in this PDS apply to each of those Member Accounts (A/c). If you would like a different member to be recorded for a specific child, you will need to complete a separate application form attached to the PDS.

## Contributing to The Education Fund (TEF)

### How are your contributions determined?

Your initial contribution level is determined by the age of your child at the date of enrolment to TEF, and how you elect to receive benefits. Contribution rates are determined by the actuary, so that the same amount of investment earnings is expected to be generated into the Scholarship Pool by all members whose children go to post-secondary education in the same year.

You may elect to make contributions using one of the options listed in the tables below.

**Table A**

Age next birthday	Monthly contributions*	Single contribution*
1	\$46.11	\$4,845.12
2	\$52.84	\$5,096.62
3	\$61.32	\$5,386.17
4	\$72.21	\$5,723.45
5	\$86.55	\$6,121.68
6	\$106.02	\$6,599.56
7	\$133.49	\$7,184.19
8	\$174.25	\$7,916.55
9	\$191.11	\$8,421.41
10	\$210.95	\$8,977.17

**Table B**

Age next birthday	Monthly contributions*	Single contribution*
1	\$29.93	\$3,611.58
2	\$33.38	\$3,761.91
3	\$37.55	\$3,931.36
4	\$42.65	\$4,124.02
5	\$48.97	\$4,345.29
6	\$56.94	\$4,602.38
7	\$67.20	\$4,905.13
8	\$80.72	\$5,267.34
9	\$99.06	\$5,708.96
10	\$124.85	\$6,259.98

Contributions are payable in advance either on a monthly, quarterly, half yearly or yearly basis or a single contribution.

\* The contribution amounts in the above tables show the initial contribution, plus fees and premiums (membership fee, administration fee, Family Protection and Contingency Fund fees, and exclude the joining fee). For members who contribute under Table B, the \$4 payment to the Family Protection Fund is not required. An annual increase of 8% per annum is applied to monthly contributions.

## Initial contribution

Date of initial payment

 /  / 

The Education Fund and Supplementary Education Program (TEF and SEP)

	TEF <sup>^</sup>	SEP - secondary	SEP - post-secondary	Sub total
A/c 1	\$	\$	\$	\$
A/c 2	\$	\$	\$	\$
A/c 3	\$	\$	\$	\$
			Joining fee	\$
			TOTAL (Exc credit card fees)	\$

Please note this can be either payment of regular contributions or single lump sum contributions.

<sup>^</sup> Please refer to Table A and Table B on page 2 of this application form for contribution rates.

### Payment options:

- Use existing direct debit details on file  
 Credit card\*  
 Cheque  
 Once only direct debit (use direct debit request form)

### Credit card number:

(Please circle) MasterCard Visa

<input type="text"/>							
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Name of cardholder \_\_\_\_\_ Expiry date: \_\_\_\_/\_\_\_\_

Signature of cardholder \_\_\_\_\_

## Regular contributions

### Payment options:

- New direct debit  
 Existing direct debit (Account holder/s' initials)  
 Contribution schedule

Note: regular direct debits will commence on the 1st of the month following the initial contribution unless specified below.

 Alternate date to be debited:  01 /  / 

	Contribution amount (complete one amount per account)			
	TEF <sup>^</sup>	SEP - secondary	SEP - post-secondary	Frequency*
A/c 1	\$	\$	\$	
A/c 2	\$	\$	\$	
A/c 3	\$	\$	\$	

<sup>^</sup> Please refer to Table A and Table B on page 2 of this application form for contribution rates.

\* Can be either monthly, quarterly, bi-annually or annually.

## Indexation

To allow for a lower level of contributions in the early years, contributions increase at eight per cent per annum and compound on each anniversary of the commencement date. This indexation also helps offset the rising costs of education over the period of your contributions.

I/We declare that all information supplied in this application form is true and correct. I/We agree that this application and the terms and conditions set out in this PDS and the Benefit Fund Rule for The Education Fund and the Supplementary Education Program (TEF and SEP) shall be the basis of the contract for my/our membership in the relevant Fund, which shall at all times be subject to the ASG Constitution. I/We have received and read the PDS and any Supplementary PDS for the TEF and/or SEP either directly from an ASG counsellor or via electronic means.

I/We acknowledge I/we are applying for the fund(s) as indicated on the first page of this application form.

I/We note that the information I/we have provided will be used in accordance with the Privacy Statement on pages 23 and 24 of this PDS and the privacy policy of ASG.

I/We note and agree that this includes the use of my/our information for direct marketing, promotional and research purposes.

I/We choose to opt-out of future direct marketing content by marking the following box.

We confirm that any joint Member Account arising from this Application is to be operated on the following basis:

- Both/all members must sign for and authorise all transactions which are conducted by means other than My ASG (e.g. transactions received by telephone or in writing).
- Both/all members authorise any/either of the joint members to sign for and authorise any transactions via My ASG (with the exception of changing the Account name or its joint membership status). We confirm that responsibility for the consequences of this operating instruction will remain with both/all the joint members.
- Both/all members may withdraw their authorisation (in whole or in part) that a joint account be able to be transacted via My ASG. This is to be done by written notice signed by both/all members.

We acknowledge that in the absence of all members effecting a transaction via My ASG, ASG is to conduct the Account in accordance with its Rules and/or normal business practices (i.e. both or all members must sign for and authorise transactions in a joint membership). ASG reserves the right, upon notice being provided to the member(s), to override any member instructions and conduct a joint Account in accordance with its Rules and/or normal business practices (e.g. when it is notified of a dispute between the members) including withholding member payments pending written instructions from all/both members.

Applicant 1 signature \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Applicant 2 signature \_\_\_\_\_ Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

**Important:** This application is tendered in accordance with, and is subject to, the terms and conditions set out in this PDS, which should be considered by applicants prior to signing this application form. Application for benefits may only proceed on the application form attached to the PDS for the TEF and SEP dated 24/10/2016. If I/we have obtained and/or completed a copy of the application form via electronic means it has been accompanied by the PDS.

 Quote for certificate (circle one)  1  2  3  4  5  6  N/A

How did you hear about ASG? (new member only)

1  2  3  4  5  6  7  8  10  9 \_\_\_\_\_  
 Friend Family Web Work Magazine Newspaper Radio ASG staff Event Other

### Counsellor's details:

Name: \_\_\_\_\_

Number: \_\_\_\_\_

Opp ID: \_\_\_\_\_

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# Receipt for initial contribution for The Education Fund and Supplementary Education Program

Official acceptance of application to funds and membership documentation will be forwarded by ASG and will serve as the official receipt of payment and membership registration.

### Initial contribution

The Education Fund and Supplementary Education Program (TEF and SEP)

	TEF	SEP - secondary	SEP - post-secondary	Sub total
A/c 1	\$	\$	\$	\$
A/c 2	\$	\$	\$	\$
A/c 3	\$	\$	\$	\$
Joining fee				\$
TOTAL (Exc credit card fees)				\$

Please note the amounts include any contribution in respect to future month's contributions.

### Payment options:

Use existing direct debit details on file     Credit card     Cheque     Once only direct debit

Date of initial payment:

### Regular contributions:

Regular direct debits occurring monthly will be debited on the 1<sup>st</sup> of each month, commencing from the month following the initial contribution unless specified below.

Alternate date to be debited:

Counsellor's name	Signature	Date
		/ /

### Notes:

- Cooling off period: If you change your mind within 14 days of receiving your confirmation of enrolment letter, please notify ASG in writing and we will fully refund all monies you have paid including any fees we have deducted from monies received from you.
- This receipt is for an application for The Education Fund and Supplementary Education Program on an application form attached to the PDS for The Education Fund and Supplementary Education Program dated 24/10/16. If you have obtained and/or completed a copy of the application form via electronic means, you confirm that it has been accompanied by the PDS and that you have received the PDS.

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**Australian Scholarships Group  
Friendly Society Limited**

ABN 21 087 648 879  
AFSL 236665

**Postal address:**

23-35 Hanover Street Oakleigh VIC 3166

Phone: **131 ASG (131 274)**

Fax: **03 9563 2780**

Email: **memberservices@asg.com.au**

Website: **www.asg.com.au**

