

FOR FINANCIAL ADVISERS ONLY

EDUCATION BONDS OVERVIEW

FUTURITY
EDUCATION BONDS

POWERFUL INVESTMENT STRATEGY

for every life event with
education at its heart.



Scan the QR code to
use our customisable
*Cost of Education
Calculator* to estimate
education costs.

[FUTURITYINVEST.COM](https://www.futuraityinvest.com)

FUTURITY
INVESTMENT GROUP

HAVING A CRYSTAL BALL TO FORESEE HOW THINGS WILL PAN OUT WOULD BE PRICELESS. ARMING YOURSELF WITH KNOWLEDGE CAN BE A POWERFUL SUBSTITUTE.

FUTURITY EDUCATION BONDS

Our Education Bonds are unique tax-advantaged investment products designed to help meet the cost of education and life's important milestones. They are classified as a Scholarship Plan and satisfy the sole purpose test of providing benefits for the education of Education Beneficiaries under Australian Tax Law. They have unique features that purposefully enable use for many life events. Think of a Futurity Education Bond operating like an education-purposed 'Family Trust' that can be used to accumulate and distribute wealth with unique tax advantages when distributed to Education Beneficiaries.

The Bond Owner(s) has full control of whether it is used for education purposes or flexibly used for other personal use to assist fund life events, transfer wealth to future generations or with estate planning and alongside superannuation.

A wide range of education expenses are covered to assist fund courses and classroom prerequisites, ranging from pre-school right through to adult education whether in Australia or overseas.

PLANNING FOR THE FUTURE

Adapting to life's joys and challenges starts with having a plan and structure in place that provides control and flexibility.

Flexibility is important around life events including strategies for wealth transfer, money outside of superannuation, intergenerational wealth transfer and leaving a legacy. The Futurity Education Bond caters for many specific situations often requiring professional Financial Advice.

A WIDE RANGE OF EDUCATION EXPENSES COVERED

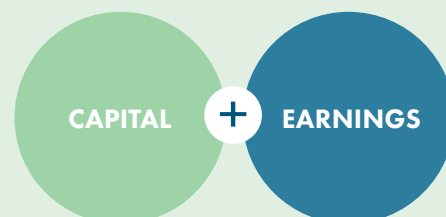
Fund courses ranging from pre-school right through to adult education with a Futurity Education Bond. Courses can be Australian or international courses, including full-time, part-time, and a whole range of other ways of studying. You can also claim education expenses such as travel, cost of living away from home, uniforms, textbooks, electronic devices, and much more.

HOW EDUCATION BONDS WORK

As Education Bonds are Tax-Paid investments, Futurity (rather than the Bond Owner) pays the tax on the earnings.

Education Bonds explicitly track their Capital Component and Earnings Component.

FUTURITY EDUCATION BOND



GROWING THE EDUCATION BOND

The market value of the Education Bond will increase when additional contributions are made to the Capital Component and when there are earnings in the Earnings Component.



FLEXIBLE ACCESS OPTIONS

- 1) Education Benefit Claims
- 2) Other Withdrawals – Capital Component
- 3) Other Withdrawals – Investment Bond Treatment

A flexible and unique solution

TO MEET LIFE'S IMPORTANT MILESTONES

Futurity leads the way offering a powerful investment strategy for every life event with education at its heart. Our flexible investing offer, with unique tax benefits, helps investors reach their lifelong financial goals.

As a long-term investment, Futurity Education Bonds offer flexibility and control to save and tax-effectively invest – they can be tailored for individuals or across multiple generations to suit the requirements of life events, including for those planning estate and wealth transfers, wanting to invest alongside superannuation, those on high marginal tax rates, and those wishing to leave a legacy.



UNIQUE EDUCATION TAX BENEFIT

- When a withdrawal is made from earnings for the purpose of funding education costs, the Education Tax Benefit amounts to an additional \$30 for every \$70 withdrawn from investment earnings.



AVENUES FOR TAX-FREE ACCESS

- Withdrawals from capital for any purpose are tax-free at any time.
- Withdrawals made for education purposes from the earnings component of the Bond are tax-free if planned correctly. When withdrawing to pay for an education expense, the Bond Owner can choose how much is withdrawn from capital and how much from earnings.
- Withdrawals from earnings for education purposes are assessable in the hands of the Education Beneficiary(s).



NO PERSONAL TAXABLE INCOME OR CGT

- As a non-distributing investment and while accumulating year on year, the investment growth doesn't add to the Bond Owner's personal taxable income. Education Bonds don't involve any CGT implications for the Bond Owner or the Education Beneficiaries.
- Education Bonds can be transferred to anyone or entity with immediate effect or as a Future Activated Transfer without personal tax or CGT.



SECURE AND CONFIDENTIAL WEALTH TRANSFER ARRANGEMENTS

- The Bond's 'Will-like' estate planning features enable tax-effective distribution to Bond Estate Nominees without the cost and complication (and potential legal challenges) of Wills and estates.
- Set up education provisioning and wealth transfers to anyone without paying tax, including an auto transfer feature pre or post death.
- Our Bond Guardian feature ensures a Bond Owner's wishes are carried out in the event of death and physical or mental incapacity.

WHO'S INVOLVED WITH AN EDUCATION BOND



BOND OWNER(S)

The investor(s) who owns and controls the Bond.

OPTIONAL ROLES

Available at Application or after establishment.



BOND REPRESENTATIVE(S) (OPTIONAL)

Someone who can act for the Bond Owner(s) while alive.



BOND GUARDIAN(S) (OPTIONAL)

Someone who acts for the Bond Owner should they die or become incapacitated.



BOND ESTATE NOMINEES (OPTIONAL)

You can set how the Bond's proceeds will be distributed upon a Bond Death Maturity.

FUTURITY EDUCATION BONDS

We manage and administer the Bond, including establishment, savings & additional contributions, investment switching, Education Benefit Claims & Other Withdrawals (Any Purpose).

MASTER FUND-LIKE INVESTMENT MENU

Invest into the underlying managed funds of wholesale managed funds of leading Australian and international investment managers.

Tailor and flexibly manage an investment strategy using actively managed and/or indexed investment options including a number of Responsible Investment options.

Switch across Investment Options without personal tax or Capital Gains Tax (CGT) consequences.



LIFE/LIVES INSURED

The person or multiple persons upon whose death will trigger a Bond Death Maturity. This can be the Bond Owner(s), the Education Beneficiary(s) or someone else.



MULTIPLE EDUCATION BENEFICIARIES

Add or remove up to 10 Appointed Education Beneficiaries under one Family Bond.

In practice

CASE STUDIES



FAMILY SAVING FOR THE FUTURE COST OF EDUCATION AND LIFE EVENTS

Darren and Jenny have a six year-old daughter Mei who they want to enroll at an independent school for secondary school and four years of university. They have \$100,000 to invest as a lump sum and can afford \$1,250 per month as a savings plan.

Estimated cost for secondary school for 6 years is \$240,000 and \$80,000 for university. Total Education costs = \$320,000. Darren and Jenny are on a 39% marginal tax rate (MTR).

HOW CAN AN EDUCATION BOND HELP:

Education Tax Benefit: Utilise the valuable Education Tax Benefit whenever they make Education Benefit claims, which amounts to an additional \$30 for every \$70 withdrawn from the earnings component.

Access: Access for education expenses and non-education cashflow needs.

Save and invest tax effectively: Set up a regular savings plan and apply an escalation rate to keep up with inflation. Access 32 investment options. Offers valuable tax rate 'arbitrage' benefits.

Wealth transfer: Transfer without CGT at another time or pre-determined via a future activated transfer, to assist plan for other life events.

Creditor protection: Provides asset protection as Jenny is self-employed which provides peace of mind.

Control: Easy to operate with full control, including adding beneficiaries over time.

SOLE GRANDPARENT, LOOKING TO FINANCIALLY SUPPORT HER FAMILY

Elizabeth is in her golden years and wants to leave a legacy, including a \$1,400,000 inheritance to help fund her three grandchildren's education (and any further grandchildren) as well as helping them towards a deposit on their first homes.

Elizabeth's Financial Adviser has calculated that for each of the current three grandchildren to attend independent school would cost ~\$280,000 each.

Elizabeth does not need income, but may like to access some of the investment for personal use without triggering a tax event. She wants the education funding to remain in place to meet the needs of her grandchildren when she passes away.

HOW CAN AN EDUCATION BOND HELP:

Flexibility: Access for education expenses. Utilise the Education Tax Benefit whenever an Education Benefit claim is made, which amounts to an additional \$30 for every \$70 withdrawn from the earnings component. Access Capital Component tax free at any time.

Estate Benefits: Elizabeth may appoint her daughter as Bond Guardian to administer the Bond in the event of her death or incapacity. Testamentary status can assist grandchildren with favourable tax treatment when making Education Benefit claims if under 18 years of age.

Wealth transfer: Ownership of the Bond can be set to transfer to Elizabeth's grandchildren at a nominated date, without any personal tax or CGT liabilities.

Non estate asset: An Education Bond has various avenues for Bond proceeds to be treated outside of a Bond Owner's Will or legal estate, as a non-estate asset meaning the Bond proceeds will be used as intended.

Limit family conflict: Provides confidentiality (outside the Will) resolving potential conflicts and inequities across the wider family.

Control: Easy to operate with full control, including adding beneficiaries over time.





**FUTURITY INVESTMENT GROUP
IS AN INDEPENDENT, MUTUALLY
STRUCTURED FOR PURPOSE
FINANCIAL INSTITUTION. WE ARE
AUSTRALIA'S LEADING ISSUER
OF TAX-EFFECTIVE, LIFE-EVENT
EDUCATION BONDS.**

Our primary purpose is to enable our members to attain financial self-sufficiency to meet lifelong education objectives for themselves and their families.

To learn more about Futurity and our products, contact our Adviser Care team on 1300 345 456 or visit adviser.futurityinvest.com.

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