

Pre-Arranged Funeral Fund

Dated: 1 March 2009

Important information

Information about the Newcastle Friendly Society Limited Pre-Arranged Funeral Fund is contained in this document. Newcastle Friendly Society Limited can be contacted through any branch of Newcastle Permanent Building Society Limited. This document is dated 1 March 2009. It replaces the previous disclosure documents dated 1 June 2003 and 1 December 2006, issued in respect of Pre-Arranged Funeral Fund benefits of which Newcastle Friendly Society Limited is Trustee. Information detailed in this present document is current at 1 March 2009.

This document is neither a contract, nor an offer to enter into a contract and simply provides information about the Newcastle Friendly Society Limited Pre-Arranged Funeral Fund. While Newcastle Friendly Society Limited has prepared this document in good faith and with reasonable care, no warranty or representation is made as to the accuracy of same. This document does not constitute legal or financial advice and for which you should rely on your own lawyer and financial adviser before making any decision to become a member of or deposit funds with Newcastle Friendly Society Limited or enter into a contract for a pre-paid funeral. The contract documentation including the Terms of Agreement are available from participating Funeral Directors.

Newcastle Friendly Society Limited ABN 12 087 648 780.
Place of incorporation: New South Wales. Fund administrator:
Newcastle Permanent Building Society Limited
ABN 96 087 651 992.

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Key features

General description

A person becomes a member of Newcastle Friendly Society Limited by entering into a Pre-Arranged Funeral Contract ("Funeral Contract") with the Funeral Director and Newcastle Friendly Society Limited. The Funeral Contract consists of the Pre-Arranged Funeral Fund Certificate ("Certificate"), Funeral Service – Services Schedule ("Services Schedule") and the Terms of Agreement. The Pre-Arranged Funeral Fund ("Fund") allows members to consult with their own Funeral Director in advance, to assist with the choice of funeral arrangements. The member pays in advance to secure the service chosen. The funeral service chosen is documented in the Services Schedule that is issued to the member ("Funeral Service"). When the Funeral Service is required, the family need only contact the Funeral Director to arrange the funeral as agreed, with no additional amounts to pay (unless additional funeral services to those contracted are later required and ordered – such as the member dying outside of the local area, the Funeral Service being required outside of normal hours or the executor requesting additional services).

Trustee

All monies paid to your nominated Funeral Director by law are to be deposited with Newcastle Friendly Society Limited, which is a trustee registered under the *Funeral Funds Act 1979* for Pre-Paid Funeral Funds. Newcastle Friendly Society Limited holds these monies in trust until it is satisfied the Funeral Service has been performed upon which time it pays the Funeral Director the amount held in the Fund on behalf of the member ("Fund Entitlement"), unless the Fund Entitlement has otherwise been refunded in accordance with the Terms of Agreement). The Fund has been established to comply with the stringent requirements of the *Funeral Funds Act 1979*.

Investment policy

Newcastle Friendly Society Limited invests your deposit with Newcastle Permanent Building Society Limited with a view to obtaining a competitive rate of return in a low risk environment and with flexibility.

The rules of Newcastle Friendly Society Limited allow funds to be invested with Newcastle Permanent Building Society Limited provided the terms and conditions of such investment are comparable with other available like investments.

Assets of Newcastle Permanent Building Society Limited include a wide range of fixed interest securities, including government and semi-government securities, bank bills, cash investments and mortgages, and which satisfy Newcastle Friendly Society Limited's policy of maintaining a high level of security.

Security

The objective of the Fund is to provide funeral benefits for members. Newcastle Friendly Society Limited, in investing the funds, seeks to achieve a competitive rate of return consistent with security considerations. The monies comprising the Fund are deposited in Newcastle Permanent Building Society Limited. The risk profile of this investment is considered low and Newcastle Friendly Society Limited would rank equally with other depositors upon any winding up of Newcastle Permanent Building Society Limited.

The contributions and accumulated earnings of Newcastle Friendly Society Limited's members cannot be reduced by negative investment returns. Newcastle Friendly Society Limited does not charge an entry fee, however members may pay an ongoing annual management fee of up to 2% of the balance of their Fund.

Contributions

The minimum initial contribution is currently \$500. A maximum total contribution of \$10,250 currently applies. The maximum amount is determined by the Government department from time to time administering social security entitlements and otherwise by Newcastle Friendly Society Limited's Board, and is reviewed periodically in line with increasing funeral costs.

Normally, full payment is made when the Certificate is signed, however, it is sometimes possible to pay by instalments. If you wish to pay by instalments you will need to speak with, and obtain the approval of, your chosen Funeral Director first.

Where contributions are payable by instalments, the Funeral Director is not ordinarily bound to provide any services until the whole of the instalments payable have been paid. If any instalments payable by the member are in arrears by more than one (1) month then Newcastle Friendly Society Limited or the Funeral Director, by notice in writing to the member, may become entitled to cancel the Funeral Contract. If a Funeral Contract is cancelled, the member is ordinarily entitled to receive payment of the money held in trust at the time of cancellation.

Your Funeral Service is ordinarily tailored to your specific needs and recorded on the Services Schedule you receive when you purchase a pre-arranged funeral. Applications for membership and initial contributions to the Fund may only proceed by signing the Certificate which is available from a participating Funeral Director. The Newcastle Friendly Society Limited accepts your application for membership when it also signs the Certificate.

The Funeral Service and your contributions can be varied subject to approval, by way of variation to the Service Schedule signed by both the Funeral Director and yourself.

Fees and charges

Newcastle Friendly Society Limited does not currently charge an entry fee for membership. An annual management fee of up to 2% of the balance of your Fund currently applies by way of commission under the *Funeral Funds Act 1979*.

The importance of planning

The passing of a loved one is usually a time of tremendous grief. To help relieve the anxiety and possible financial burden on family and friends, many Australians are planning to provide for their own funeral costs, as a sensible and loving gesture to free loved ones of unnecessary stress at such a difficult time. By arranging a pre-paid funeral with an authorised Funeral Director of your choice, you are also able to choose in advance the type of funeral you would wish, thereby relieving family and friends of the need to make such choices in the future.

Sensible and practical

There are practical aspects that make planning for your own funeral costs worth considering. There may also be important social security advantages involved for those who make provision for funeral costs. Many financial advisers recommend the provision of funeral costs as an integral part of their portfolio recommendations.

Other features

A member's Fund Entitlement is generally payable on death upon Newcastle Friendly Society Limited being satisfied that the Funeral Service has occurred.

Your contribution becomes part of the Fund offered by Newcastle Friendly Society Limited, the purpose of which is to make provision for funeral expenses for members in accordance with the *Funeral Funds Act 1979*.

Newcastle Permanent Building Society Limited has been appointed as Fund and Administration Manager.

A member's Pre-Arranged Funeral entitlement may only be in their single name to cover the cost of their funeral.

The right to payment from the Fund is subject to the *Funeral Funds Act 1979*, the Funeral Contract and Newcastle Friendly Society Limited's constitution (including the Fund Rules). Upon death, the benefits are ordinarily paid directly to the nominated Funeral Director, having supplied the Funeral Service detailed on the Services Schedule. No additional monies are payable unless the family asks for additional services that were not included in the original Services Schedule, or there is a need to reimburse unexpected fees arising from the member having died out of the local area or the service being required out of normal hours.

Interest

Interest on a member's Fund is calculated daily and credited on the 30 June and 31 December each year in accordance with the *Funeral Funds Act 1979*. The return on the fund is not guaranteed and may be subject to fluctuations.

Because the Funeral Service is contracted at today's prices, any interest earned is added to the Fund Entitlement of the member and paid to the Funeral Director when the Funeral Service is provided to cover the rising costs the Funeral Director experiences between the day you invest and the day the service is actually required.

Taxation

Income earned by the Fund is ordinarily taxed at the company rate. Payment of the tax is an obligation of Newcastle Friendly Society Limited as trustee of the Fund, and not a tax liability of the member personally. However, the effect of the tax will be to reduce the net income of the Fund and therefore a member's Fund Entitlement.

Valuable pension exemptions

If you receive a means-tested pension or benefit from Centrelink or the Department of Veterans' Affairs, the Fund is designed to help you qualify for both income and asset test exemptions.

For information regarding your own personal circumstances, we recommend that you contact the Financial Information Service of Centrelink or the Department of Veterans' Affairs.

Member's details

Details of the current status of a member's Fund Entitlement can be obtained by contacting their nominated Funeral Director.

Apart from the Funeral Contract, there is no additional statement ordinarily issued in relation to a member's contributions to, membership of or entitlement in the Fund.

Key rules of the Fund

A summary of some of the Fund (and of some typical pre-paid Funeral Contract terms) follow. A copy of the rules themselves can be obtained free of charge by a member on request, by phoning 13 19 87, from any Newcastle Permanent Building Society branch between 9.00am and 5.00pm Monday to Friday (except Public Holidays), or by writing to Newcastle Friendly Society Limited at 307 King Street, Newcastle West, NSW 2302.

1. The minimum opening balance is currently \$500. Additional contributions must be at least \$100.
2. The maximum you may contribute is currently \$10,250. (This limit increased to \$10,000 on 1 January 2008 and by a further CPI indexation amount of \$250 on 1 July 2008).
3. The entitlement in the Fund is ordinarily payable on death to the nominated Funeral Director upon the Funeral Service having been performed.
4. The Funeral Service is to be provided on death with no additional amount ordinarily payable, irrespective of any price movements in the interim.

However, if a member dies outside of the local area or services are required outside of normal working hours, or the Funeral Director is engaged to perform additional services beyond those contracted, these services would ordinarily be at an additional cost.

5. Interest is paid at the 30 June and 31 December each year for the preceding 6 months and added to the value of a member's Fund. Interest is calculated on the daily balance of the Fund.
6. Contributions can only be made through the Funeral Director with whom you contract the Funeral Service, and cannot be made by electronic or automatic transfer direct to your Fund.
7. An annual management charge of up to 2% of a member's Fund balance at the 30 June may be deducted.
8. After you have entered into your Funeral Contract you have a thirty (30) day 'cooling off' period within which you may change your mind and cancel your contract, in which case, subject to the *Funeral Funds Act 1979*, Newcastle Friendly Society Limited will refund your contribution in full.

Changes to the Agreement

Subject to the *Funeral Funds Act 1979*, the Funeral Contract and Newcastle Friendly Society's constitution, Newcastle Friendly Society Limited can change the charges and fees that apply to your Fund from time to time, by giving you notice of the changes. Such changes will be notified to you by an

advertisement in a major daily newspaper, or by a notice sent by mail to members. Members will be deemed to have received the notice on the first day of publication of the advertisement, or on the day after the mailing of the notice, whichever is the earlier.

The details of the Funeral Service as set out in the Services Schedule can be varied at any time in writing and signed by the member and Funeral Director. However, any other change to the Terms of Agreement may only be made by written agreement signed by the member, Funeral Director and the Newcastle Friendly Society Limited.

If a member changes their name or address, they need to notify Newcastle Friendly Society Limited and their nominated Funeral Director as soon as possible. For a change of name, notification in writing and appropriate evidence of the name change are required. A member must also advise their nominated Funeral Director of any change in next of kin.

Constitution of the Newcastle Friendly Society Limited

Newcastle Friendly Society Limited will provide a copy of its constitution free of charge to a person who asks for it in connection with an application for membership of the Fund. A summary of parts of the constitution of the Newcastle Friendly Society Limited follow.

1. Newcastle Friendly Society Limited must hold an annual general meeting each year in accordance with the *Corporations Act 2001*, at which meeting it is, amongst other things, to receive from its board of directors, auditors and actuary any reports on the transactions of Newcastle Friendly Society Limited, elect directors and determine the remuneration of directors.
2. The board of directors of Newcastle Friendly Society Limited may convene other general meetings of Newcastle Friendly Society Limited in accordance with the *Corporations Act 2001*. Ordinarily, at least twenty one (21) days notice of general meetings must be given to all members in the manner prescribed by the constitution.
3. Members may submit resolutions to general meetings by written notice to Newcastle Friendly Society Limited in accordance with the constitution.
4. Each member present in person at any meeting (or who has arranged a proxy or Power of Attorney to attend the meeting) has one equal vote at a general meeting.
5. Newcastle Friendly Society Limited must appoint an auditor who can only be removed and remunerated in accordance with the constitution.

Important Privacy Notice

Newcastle Friendly Society Limited collects your personal information to enable it to provide you with the product or service requested by you. Without this information, it may not be able to process your application for same, or provide you with an appropriate level of service.

You may request access at any time to personal information held by Newcastle Friendly Society Limited about you and ask it to correct that information if you believe it is incorrect or out of date.

Newcastle Friendly Society Limited uses your personal information to:

- ✦ process your application;
- ✦ administer and manage your Fund;
- ✦ facilitate its internal business operations;
- ✦ comply with regulatory requirements; and
- ✦ assist protecting you and it from error or fraud.

Newcastle Friendly Society Limited may disclose your personal information if it is necessary to do so to the following entities in the following circumstances:

- ✦ its external service providers engaged to carry out or assist in its activities;
- ✦ its related companies including Newcastle Permanent Building Society Limited (unless you tell it otherwise) to assist them informing you of products and services which they think may be of interest to you;
- ✦ whoever you request or authorise it or consent; and
- ✦ whoever the law requires or permits it.

Until you tell it otherwise, Newcastle Friendly Society Limited may also use your personal information to inform you of products and services provided by it or its alliance partners, which it thinks may interest you. You can tell it not to, at any branch of Newcastle Permanent Building Society Limited or by phoning 13 19 87 during normal business hours.

By entering into the Funeral Contract with, or applying to become a member of Newcastle Friendly Society Limited, you agree to allow it to use and disclose personal information held by it about you as stated above.

Directory

Fund name

Newcastle Friendly Society Limited
Pre-Arranged Funeral Fund

Registered office

307 King Street
Newcastle NSW 2300

Contact details

PO Box 5001
Hunter Region Mail Centre NSW 2310

Phone: 13 19 87
Fax: 02 4929 4637

Directors of Newcastle Friendly Society Limited

Mr M.D. Slater (Chairman)
Mr W.B. Lewis
Mr W.J. Elliott
Mr D.E. Shanley
Mr J.M. Thornton

Fund Administrator

Newcastle Permanent Building
Society Limited
ACN 087 651 992

307 King Street
Newcastle NSW 2300

PO Box 5001
Hunter Region Mail Centre NSW 2310

Phone: 13 19 87
Fax: 02 4929 4637

Auditor

Ernst & Young
Level 1, 1 Eagle Street
Brisbane QLD 4000