

• FUNERAL BONDS



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A funeral bond is an investment that is used solely to pay for your future funeral expenses. It can provide you with peace of mind knowing your family members won't have the financial burden of paying for your funeral.

HOW IT WORKS

A funeral bond is a managed investment that earns interest in an independently managed funeral fund, but the interest must be added to the capital and the capital and interest can only be accessed upon your death. The proceeds are received tax-free.

BENEFITS

Funeral bonds provide the opportunity to save for your future funeral expenses and exclude these savings from Centrelink/DVA income and asset testing, which may be beneficial for your Age/Service Pension.

EXEMPT FUNERAL BONDS

To access the Centrelink/DVA income and assets test exemptions for up to two funeral bonds, a number of conditions must be met:

- You have not already pre-paid your funeral expenses (including purchase of a cemetery plot), and you do not invest more than the Allowable Limit.

The allowable limit applies per person, but if you are a couple and have one bond that is payable upon the death of the last person no more than the limit can be invested in this bond.

A joint funeral bond will be considered a single bond.

If you have an interest in a number of funeral bonds, you can choose to make exempt whichever combination of bonds would be most financially advantageous for you.

Funeral bonds that are not exempt from Centrelink/DVA Assessment will be included within the assets and income tests as financial investments that are deemed.

WHAT YOU NEED TO CONSIDER

- When investing in a funeral bond, the capital can not be accessed until your death. You should carefully consider whether you have sufficient savings for your living expenses or emergencies prior to investing in a funeral bond.
- Funds held in a funeral bond do not form part of your estate, so can not form part of a Will bequest.
- Investing in a funeral bond may improve your assessment for the Age/Service Pension but may increase your Aged Care Costs

REFERENCES



You may wish to refer to the following websites for further information about funeral bonds:

- www.ato.gov.au
- www.moneysmart.gov.au
- www.serviceaustralia.gov.au

The information in this document is of a general nature and does not take into account your own financial objectives, circumstances or needs. You should consider your own personal situation and requirements before making a decision.

Affinia Financial Advisers Limited ABN 13 085 335 397 AFSL No. 237857
Level 16, 363 George Street Sydney NSW 2000
† 1300 AFFINIA [1300 233 4642]
e hello@affinia.com.au
w www.affinia.com.au