

# Target Market Determination Challenger CarePlus

This Target Market Determination (**TMD**) is required under section **994B** of the *Corporations Act 2001* (Cth) (**the Act**). This TMD describes the class of customers that comprises the target market for the financial product and matters relevant to the product's distribution and review (specifically, distribution conditions, review triggers and periods, and reporting requirements). Distributors must take reasonable steps that will, or are reasonably likely to, result in distribution of the product being consistent with the most recent TMD (unless the distribution is excluded conduct).

This document is **not** a Product Disclosure Statement (**PDS**) and is **not** a complete summary of the product features or terms of the product. This document does not take into account any person's individual objectives, financial situation or needs. Persons interested in acquiring this product should carefully read the PDS for the product before making a decision whether to buy this product.

Important terms used in this TMD are defined in the Definitions at the end of this document. Capitalised terms have the meaning given to them in the product's PDS, unless otherwise defined. The PDS can be obtained at [challenger.com.au/care](http://challenger.com.au/care) or by calling 13 35 66.

## Target Market Summary

This product is designed for someone who is currently receiving, or planning to receive, Government-subsidised aged care services, and is in a financial position to invest a lump sum amount in return for guaranteed regular income for life. Income is paid monthly for the investor's lifetime regardless of how long they live or how investment markets perform.

This product can provide more control and certainty with estate planning as 100%\* of the amount invested is payable to the investor's estate or nominated beneficiaries upon death.

This product is not suitable for someone who is looking for capital growth or who needs to access the lump sum invested outside of regular payments.




## Fund and issuer identifiers

<b>Product</b>	Challenger CarePlus (CarePlus Annuity and CarePlus Insurance bundled product)
<b>Issuer</b>	Challenger Life Company Limited
<b>Issuer ABN</b>	44 072 486 938
<b>TMD issue date</b>	28 June 2024
<b>TMD Version</b>	3.0
<b>Distribution status of fund</b>	ACTIVE

## Description of Target Market

### TMD indicator key

The customer attributes for which the product is likely to be appropriate have been assessed using a green/amber/red rating methodology with appropriate colour coding:

	<b>IN TARGET MARKET</b>
	<b>LESS LIKELY IN TARGET MARKET</b>
	<b>NOT IN TARGET MARKET</b>

### Instructions

In the tables below, customer attributes indicate a description of the likely objectives, financial situation and needs of the class of customers that are considering this product. The TMD indicator, indicates whether a customer meeting the customer attribute is likely to be in the target market for this product.











Generally, a customer is unlikely to be in the target market for the product if **one or more** of their customer attributes has a red rating. Where a customer attribute has an amber rating, they may be in the target market depending on their personal circumstances.

Please also refer to the Definitions at the end of this document.

\* Residents of South Australia will receive 100% of the amount invested less the amount of stamp duty initially paid by Challenger.

The following customer attributes are relevant for customers who invest into the bundled CarePlus product which includes CarePlus Annuity and CarePlus Insurance. By investing in CarePlus, you are investing in both the CarePlus Annuity and CarePlus Insurance.

## CarePlus

Customer attribute	TMD Indicator	Product description including key attributes
<b>Customer's life stage</b>		
Aged 18+ <b>Receiving or planning to receive</b> Government-subsidised aged care services		<ul style="list-style-type: none"> <li>You can invest in CarePlus if you are aged 18 years and older and receiving, or planning to receive, Government-subsidised aged care services.</li> <li>You can only invest using non-super money.</li> <li>CarePlus cannot be held as a direct investment of a Self-Managed Superannuation Fund (<b>SMSF</b>), company or trust.</li> </ul>
Aged 18+ <b>Not receiving or not planning to receive</b> Government-subsidised aged care services		<ul style="list-style-type: none"> <li>When you invest in CarePlus, you must invest in both CarePlus Annuity and CarePlus Insurance.</li> </ul>
<b>Customer's investment objective</b>		
Use investment to generate guaranteed regular income		<ul style="list-style-type: none"> <li>CarePlus is a secure investment that pays a fixed monthly income for life and returns 100% of the amount invested upon death to nominated beneficiaries or the estate.<sup>1</sup></li> </ul>
Use investment to generate capital growth		<ul style="list-style-type: none"> <li>CarePlus is not designed to provide capital growth on the lump sum invested. The regular income we agree to pay for life and the return of the full amount invested<sup>1</sup> upon death is guaranteed regardless of how investment markets perform.</li> </ul>
<b>How product fits in to customer's total portfolio</b>		
Partial allocation		<ul style="list-style-type: none"> <li>CarePlus can be used as part of your aged care investment portfolio, providing monthly income for life in return for a lump sum investment.</li> </ul>
Only investment		<ul style="list-style-type: none"> <li>CarePlus can work alongside other income sources such as the Age Pension, your savings and super but is not intended to be held as your only investment.</li> </ul>
<b>Customer's income objective</b>		
Income payable for life to help pay for aged care costs		<ul style="list-style-type: none"> <li>CarePlus Annuity pays fixed monthly payments for the rest of your life and can be used to help pay for ongoing aged care fees.</li> </ul>
Secure income that is fixed and guaranteed regardless of investment markets performance		<ul style="list-style-type: none"> <li>The regular income we agree to pay is guaranteed by Challenger, regardless of how investment markets perform.</li> <li>Part of the regular payment may be subject to PAYG tax.</li> </ul>
<b>Type of access to lump sum invested required by customer</b>		
100% <sup>1</sup> of the lump sum invested payable upon death		<ul style="list-style-type: none"> <li>CarePlus is designed to be <b>held for life</b> and provide you with regular income in return for a lump sum investment.</li> <li>CarePlus will pay 100% of the amount invested to your nominated beneficiary(ies) or estate upon death.<sup>1</sup></li> <li>On death the amount paid will not be assessed as income for tax purposes.</li> <li>Whilst you can choose to cancel CarePlus and be repaid a lump sum amount, it is likely you will receive back less money than you invested. <ul style="list-style-type: none"> <li>The withdrawal value of CarePlus Insurance may be less than the premium paid for the insurance.</li> <li>The withdrawal value of CarePlus Annuity will vary over time because it depends on changing factors, including how long you have held your Annuity and prevailing market rates at that time.</li> </ul> </li> <li>Partial withdrawals are not allowable.</li> </ul>
Ready access to the lump sum invested that can be withdrawn at any time		

<sup>1</sup> Residents of South Australia will receive 100% of the amount invested less the amount of stamp duty initially paid by Challenger.

## Appropriateness

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of customers in the target market as described above. The features of this product described in the table above are likely to be suitable for customers with the attributes identified with a green TMD indicator.

## Distribution conditions/restrictions

### Distribution channels

### Distribution conditions

Direct (non-advised) retail	Direct non-advised customers must complete TMD suitability questions as part of their application form. Direct applications outside the target market are subject to a review process. Call scripts exist to support the review process.
Licensed financial adviser	Customers are provided with personal advice in relation to this product and the adviser must confirm appropriateness of the product as part of the application process.
Select platform with agreement in place	Distribution of this product via a platform is only permitted with an appropriate formal administration agreement in place.

## Review triggers

- Unexpected and material uplift in the number of investors withdrawing early (greater than 5% of total investors in a year).
- Material change in tax treatment of product.
- Significant dealing, as decided by the Issuer, that is not consistent with the TMD.
- Unexpected or material increase in the number of investor complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product (greater than 5% of total investors in a year).
- The use of Product Intervention Powers, regulator orders or directions that affect the product.
- Australian Prudential Regulation Authority (**APRA**) intervenes as a result of Challenger Life Company not being able to meet its statutory capital requirements.

## Mandatory review periods

### Review period

### Maximum period for review

Initial review	NA - initial review has already occurred
Subsequent reviews	2 years

## Distributor reporting requirements

All distributors must report to Challenger as required under the distributor reporting requirements and within the required timeframe.

### Reporting requirement

### Reporting period

All complaints received (as defined in section 994A(1) of the Act) relating to the product, including but not limited to product design, availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.

Email us at  
[ddocomplaint@challenger.com.au](mailto:docomplaint@challenger.com.au)

As soon as practicable but no later than 10 business days following the end of the March and September half year periods (note this can be done quarterly if required).

Significant dealing outside of target market, under section 994F(6) of the Act. See Definitions for further details.

Email us at  
[ddesignificantmatter@challenger.com.au](mailto:ddesignificantmatter@challenger.com.au)

As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.

## Definitions

Term	Definition
<b>Customer's life stage</b>	
Aged 18+ <b>Receiving or planning to receive</b> Government-subsidised aged care services	Aged 18 or above and either: <ul style="list-style-type: none"> <li>planning to receive Government-subsidised aged care services at home or in a residential aged care facility, or</li> <li>currently receiving Government-subsidised aged care services at home or in a residential facility.</li> </ul>
Aged 18+ <b>Not receiving or not planning to receive</b> Government-subsidised aged care services	Anyone (any age) not currently receiving Government-subsidised aged care services and not in the planning stages of receiving Government-subsidised aged care services.
<b>Customer's investment objective</b>	
Use investment to generate guaranteed regular income	The product is designed to generate regular investment income for customers.
Use investment to generate capital growth	The product is designed to generate capital return from the growth in the value of the underlying assets over time. The product provides material exposure to growth assets or otherwise seeks an investment return well above the current inflation rate.
<b>How product fits in to customer's total portfolio</b>	
Partial allocation	The customer intends to hold the investment as part of their total investable assets (see definition below).
Only investment	The customer intends to hold the investment as the total amount of their total investable assets (see definition below).
Investable assets	Those assets that the customer has available for investment, excluding the residential home.
<b>Customer's income objective</b>	
Income payable for life to help pay for aged care costs	The customer is seeking income payable for their lifetime to assist in paying for their ongoing aged care costs.
Secure income that is fixed and guaranteed regardless of investment market performance	The customer values security and has a low tolerance for payment variability. The customer is seeking guaranteed payments that are not impacted by investment market performance.
<b>Type of access to lump sum invested required by customer</b>	
100% of lump sum invested payable upon death	The customer requires 100% of the amount invested paid to their nominated beneficiaries on death. <sup>2</sup>
Ready access to lump sum invested that can be withdrawn at any time	The customer needs ready access to the lump sum invested like a savings account or similar.
<b>Distributor reporting</b>	
Significant dealings	<p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor the Australian Securities and Investments Commission (<b>ASIC</b>) defines when a dealing is 'significant' and distributors have discretion to apply its ordinary meaning.</p> <p>Challenger will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC. Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the customer (or class of customer).</li> </ul> <p>In each case, the distributor should have regard to the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the customer).</p>

<sup>2</sup> Residents of South Australia will receive 100% of the amount invested less the amount of stamp duty initially paid by Challenger.