



Securing rt health's future

I am pleased to provide an important update on the process the Board is undertaking to ensure we can continue to offer you the most comprehensive, affordable health cover, both now and into the future.

I have written to you on two previous occasions about this subject. In case you missed (or would like to review) either of those communications, you can find them, together with a range of other questions and answers, on our website www.rthealthfund.com.au/our-future. This page is regularly updated, so please do revisit it for new information.

We need a strong partner to ensure our future

I have shared the challenges and concerns facing rt health, and other smaller health funds, and I've let you know that the Board invited a select group of health funds to provide us with proposals for what rt's future could look like. When I last wrote to you, we had received and were considering a number of non-binding proposals.

This week the Board selected a preferred party to exclusively move forward with into the next part of the process. I am excited to share with you that we are engaging and aiming to partner with HCF, one of Australia's most well-respected, not-for-profit mutuals. It is Australian-owned and managed and has been serving its members and communities extremely well since 1932.

Importantly, HCF shares with us an unflinching commitment to putting members at the heart of everything it does and is known for. It has great respect for rt health, its 130-year history, heritage, and its current and ongoing role in serving the rail, transport and energy industries.

The very strong indicative proposal we received from HCF demonstrates its commitment to preserving everything you value most about your rt membership, and just as importantly, enhancing the tangible benefits you receive as a member – most specifically through price, product and service improvements.

In making this decision, the Board considered each of the proposals received in relation to a number of important factors. These included:

1. In the circumstances, rt health's members' interests will continue to be best served if the fund remains fully committed to the ethos and spirit that underlies mutuality. Based on the overwhelming feedback we have received from members over the years, and most recently in relation to this process, we know this is important to you, too.
2. The Board has been mindful of the importance of proceeding with a proposal that helps best secure rt health's medium to long-term sustainability.

The predominant view of the directors is that the HCF proposal is the superior one and in the best interests of all members as a whole.

Some of the most attractive features of HCF's indicative proposal include:

- a history of lower annual premium increases than rt has required from its members to date
- credits for members to apply to future premiums or other payments for products and services over a prescribed period of time
- lower gap payments on hospital products and a large network of no gap ancillary providers
- improved long-term financial capacity to pay benefits and keep premiums low
- access to dental and eye-care clinics and a large branch network
- access to health and wellbeing programs, such as skin checks, risk screening, digital weight management and mental health services
- access to new, cutting-edge technology that can help you and your family more effectively manage your health and wellbeing

Although this is a significant and important milestone in the process, it is by no means final. Over the coming weeks, our two organisations will be working through the due diligence process and other transactional issues, with a view to entering into a final, binding agreement to merge.

Over the coming weeks we will be inviting you to hear more from both your Board and from HCF on the proposal and future plans for rt, through a range of online and interactive sessions. We are confident that in doing so you will share our view that the future of your fund can be best assured with a partner that not only shares our underlying not-for-profit and mutual ethos, but has the size and scale to ensure that rt health can safely continue long into the future.

If you have questions please visit our website where many of them may already have been answered for you, www.rthealthfund.com.au/our-future. We welcome any other feedback or questions you have and ask you to email us at help@rthealthfund.com.au.

Sincerely

Alan Bardwell
Chairman