

rt health & HCF Stronger Together

rt health and HCF sign merger agreement

- No changes to your health cover or the way you interact with rt health
- Great new benefits for all rt members, including (subject to how long you remain a HCF policyholder after the merger) up to **2 months' free cover**

We wanted to share with you an update on our merger with not-for-profit health fund, HCF, and how, together, we'll be building a better future for your fund.

At rt health, we've been committed to delivering the best health protection to our members for over 130 years, and this remains integral to our future strategy. At the same time, numerous challenges that are significantly impacting the private health industry, make it increasingly more difficult for us to continue to offer competitive products, services and facilities to our members. So to secure our future we've chosen to merge with HCF, Australia's leading not-for-profit mutual health fund. Just like us, HCF has an unflinching commitment to putting members at the heart of everything it does. HCF has great respect for our fund's 130-year heritage and the important role we play in serving the rail, transport and energy industries. And just like us, HCF recognises the significant value that not-for-profit mutuals provide for members. Who better for us to merge with.

Generations of rt members have paid us for more than a century to provide health services, and we believe that value should be preserved within a mutual fund. For this reason, we are going to be joining with HCF through a merger of mutuals, not a demutualisation. By doing this, we protect the value of the fund and preserve it to be used for the purpose it was always intended; providing the best value health cover and health protection for our members.

The opportunity to merge with HCF is an exciting one. You will continue to receive the same dedicated and personalised support, service and products you have come to know and love. And there won't be any need to change your details, account access or policies. HCF intends to continue to make the rt health brand and products available to you, while giving you more choice over your cover and ultimately, better long-term value.

With your ongoing support, together with HCF we will continue delivering the very best outcomes for transport and energy workers, hopefully for the next 130 years! This merger will ensure that we are well positioned for the future and enable us to emerge stronger, together.

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Railway & Transport Health Fund Limited (ACN 087 648 744) ("rt health"). 0219/3347

rt health



What will the merger mean for our members?

Mostly, it will be business as usual for you. Your policy remains the same. Your contributions remain the same. The rt health brand remains the same. The dedicated rt health staff serving you remain the same.

The merger will see rt health and its policies sit under the HCF umbrella, while remaining an independent brand dedicated to the rail, transport and energy industries, and will enable us to provide you with many valuable new benefits, including:



2 months' free health cover

Following the merger, and subject to how long you remain a HCF policyholder, you'll receive two months' free cover (one month free 12 months after the merger and the second month free 24 months after the merger). This amounts to a saving of hundreds of dollars for most members.



More competitive pricing

With HCF's scale, your premiums are likely to be lower over the next three years compared with what we would expect to be able to offer you as a small, stand-alone fund.



Greater access to dental and optical networks and services

You'll gain access over time to HCF's extensive dental and optical clinical network across Australia, as well as additional member health and wellbeing programs.



Preservation of value

Although we strongly believe in mutuality, we also recognise that there is inherent value in your rt 'corporate' membership. This will be foregone as part of the merger but could still be realised if HCF were to choose to demutualise in the future. We have agreed with HCF that this value will be preserved for our members for a reasonable period after the merger completes. In broad terms, this means that if HCF itself demutualises or announces a demutualisation within five years of the merger occurring, and you were an rt health member who remains an HCF policyholder at the relevant cut-off times, you'll receive a share of demutualisation proceeds. This will be the higher of: the amount received by equivalent HCF policyholders, and an amount based on rt health's net assets as at 31 December 2020. After the five year period expires, rt health members who remain HCF policyholders will be treated in the same way as all other HCF policyholders in the event of demutualisation. Even though we have put this arrangement in place to protect rt health members in the future, there is no current intention or plan by HCF to demutualise.



Voting rights

rt health members will have the same voting rights as HCF policyholders if they meet the same eligibility requirements for voting which apply to HCF policyholders under HCF's Constitution.

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So, what happens next?

The merger will involve the rt health and HCF health benefits funds coming together as one. Our two companies have entered into a Merger Implementation Deed and submitted an application to the Australian Prudential Regulation Authority (APRA) to approve the merger. APRA is the government prudential body responsible for all private health insurers. Completion of the merger is dependent on APRA approval and the satisfaction of various other conditions.

There is no demutualisation of the fund, instead we are merging our health benefits fund with that of another like-minded, not-for-profit industry leader. Accordingly, neither rt health nor any of its members will receive any monetary payment as a result of the merger.

To facilitate the completion of the arrangement with HCF, we'll need to make a handful of changes to our fund rules. As is required under applicable law, the Department of Health will be notified of these changes. In summary, the changes will do two things. They will allow us to appoint an administrative member to complete certain legal steps after the rt health and HCF funds are merged, and they will make clear that upon the merger taking effect, you cease to be a member of the health benefits fund of rt health. The fund rule changes will take effect in 30 days on 15 October 2021.

If you'd like to see the changes to the fund rules in detail, you can access a table that explains the amendments and a version of the amended fund rules at rthealthfund.com.au/our-future

Want to know more?

Our merger with HCF will secure a strong, long-term, sustainable future for rt health. HCF, as one of Australia's leading not-for-profit health funds, shares our mission of putting you first, and respects and values our 130-year history. With notable benefits for policyholders, it is clear that we'll be stronger together.

You may have questions about the merger that aren't covered here, that's to be expected. We encourage you to visit our website for more detail as it will be updated regularly, including with a range of frequently asked questions and more detailed explanations of various aspects of the merger. And, we'll be providing more details directly to you around the roll-out of benefits as we get closer to a merger finalisation date.

For now, there's nothing you need to do, but if you would like to know more, you can visit us at rthealthfund.com.au/our-future or call our member service team on **1300 886 123**.

rt health and HCF... Stronger Together!

Simone Tregeagle
Chief Executive Officer

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