



## Xtras Health Plan Savings Scheme

ARSN 627 076 411

DEDICATED HEALTH SAVINGS ACCOUNT

# Product Disclosure Statement

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RESPONSIBLE ENTITY

XTRAS HEALTH PLAN LTD

SUITE 2, 36 MACAREE STREET, BERSERKER, ROCKHAMPTON QUEENSLAND, 4701

T: 07 3088 6969 E: [info@xhp.com.au](mailto:info@xhp.com.au)

ACN: 618 020 885, AFSL: 500574

# XTRAS HEALTH PLAN SAVINGS SCHEME

## **IMPORTANT INFORMATION**

This Product Disclosure Statement ('PDS') is issued by Xtras Health Plan Ltd ('XHP', 'Responsible Entity', 'we', 'us', 'our') and is a summary of significant information about the Xtras Health Plan Savings Scheme ('the Scheme'). This PDS is a summary of significant information about the Scheme.

However, the information in this PDS is general information only and does not take into account your personal financial situation or needs. Before investing, you should obtain financial advice tailored to your personal circumstances.

An investment in the Scheme is an investment in a registered managed investment scheme. An investment in the Scheme is not a bank deposit, bank security or other bank liability. There is no guarantee of the repayment of capital from the Scheme or the investment performance of the Scheme.

The Offer under this PDS is available to persons receiving the PDS within Australia only. The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. This PDS does not constitute an offer to any person to whom, or in any place in which, it would be illegal to make that offer.

## **UPDATED INFORMATION**

Information in this PDS is subject to change from time to time.

Information that is not materially adverse can be updated by us. Updated information can be obtained by going to our website at [www.xhp.com.au](http://www.xhp.com.au) or through the membership portal. Alternatively, a paper copy can be obtained, free of charge, upon request by contacting us.

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## 01 ABOUT XTRAS HEALTH PLAN LTD

Xtras Health Plan Ltd ('XHP', 'Responsible Entity', 'we', 'us', 'our') is the Responsible Entity for the Extras Health Plan Savings Scheme ('the Scheme').

As Responsible Entity, we are responsible for overseeing the operations of the Scheme as well as selecting and managing the assets (i.e. basic deposit products) within the Scheme.

## 02 HOW XTRAS HEALTH PLAN SAVINGS SCHEME WORKS

**You should read the important additional information about How Xtras Health Plan Savings Scheme works contained in the Reference Guide before making a decision. [Click here for the reference guide](#) This information may change between the time when you read this PDS and the day when you complete the application form to become a member**

### WHAT DOES THE SCHEME INVEST IN?

The Scheme is a registered managed investment Scheme which intends to provide an alternative to Extras only health insurance. It does this by enabling Scheme members to regularly contribute funds into their account which will be pooled with other member's funds and invested in basic deposit products which are held by the Scheme's Custodian.

The balance of the contributions made by a member is referred to as Total Available. This amount is split and held as Available Now (80%) and the balance as Available Hold (20%), whereas the Available Hold amount is intended to prevent the automatic cancellation of the member's account. The Available Now amount can be used by a member in conjunction with extras only or combined health insurance to cover gaps that arise in extras health cover, general practitioner visits, hospital treatment gaps and other (out of pocket expenses not covered by Medicare.)

### HOW ARE HEALTH INVOICE PAID?

Members can submit complying invoices from preferred health providers to be paid by the Scheme on their behalf from their account. A preferred health provider is a provider who is registered with AHPRA or has otherwise been verified by us and has signed the preferred provider agreement. A member is entitled to receive a cash back from the trustee on settlement of the preferred partner health invoice of 20% of trustee fee charged to preferred health provider. Please visit <https://www.ahpra.gov.au/registration/registers-of-practitioners.aspx> for more information on registered health providers. A complying invoice must have the details of the approved general treatment including the details of the provider as well as any HICAPS item numbers for the treatment. Payment of complying invoices will only be paid into Australian bank accounts.

A member can also use non-preferred health providers. However, when submitting a complying invoice, we must verify the provider. For non-preferred health providers, members should allow an additional three business days for payment to be made. Members will be notified by us in the event that additional time is required to verify the provider. Alternatively, the member may also pay the invoice directly and be reimbursed by us, in which case we will not be required to verify the provider. Non-preferred health provider invoices incur a processing fee debited to the members scheme account. The processing fee is 10% capped at \$200 per invoice. Once an invoice has been paid, the Total Available amount is rebalanced using the same 80:20 split.

### APPLYING FOR MEMBERSHIP

Member is required to pay a joining fee, that recurs annually of \$207, subject to any promotions or discounts and associated terms and conditions. Membership grants the member access to the platform to provide instructions to transact the members funds in the scheme. Member is not able to transact if membership is not current

### ACQUIRING AN INTEREST IN THE SCHEME

Members acquire an interest in the Scheme when they pay contribution, as set out below. A member will have a beneficial interest in the Scheme which is proportionate to their contribution to the Scheme. However, it does not give the member an interest in any particular asset of the Scheme. The value of a member's interest is proportionate to contribution and interest distribution less expenses.

You can become a member by following the process set out in section 8 of this PDS. The minimum contribution amount for the Scheme is a subscription of \$2.50 per day (approximately \$912.50 annually) for retail clients and \$1,645 per day (approximately \$600,000 annually) for wholesale clients, payable either weekly, fortnightly, monthly, quarterly, half yearly or annually, at the member's discretion. Please see the 'Additional information' section contained in the Reference Guide for more information about what it means to be a wholesale investor.

#### CHANGING YOUR CONTRIBUTIONS

You can change how much you contribute at any time through the membership portal provided that it is above the minimum contribution amount.

As Responsible Entity, we are responsible for overseeing the operations of the Scheme as well as selecting and managing the assets (i.e. basic deposit products) within the Scheme.

#### SUSPENDING YOUR CONTRIBUTIONS

After you have been a member for at least six months, you may suspend your contributions for up to three years. However, a suspension fee applies. Please see section 6 for more information. To be able to use the platform during the suspended period your membership of the platform must be current and paid-up.

#### INTEREST DISTRIBUTIONS

Distributions are calculated on the last working day of each calendar month. The amount distributed is the accumulated interest earned by the scheme. The amount to be distributed is then divided in proportion to each member's interest in the Scheme and credited to members' accounts within 7 business days from the end of each calendar month.

#### ACCOUNT SECURITY DEPOSIT

After the first anniversary of the membership a lien of \$100 is placed against the account and is not available for spend on health, this amount is part of the total account balance in the event of a cancellation and earns interest whilst the account is current.

#### MINIMUM ACCOUNT BALANCE

A minimum account balance is triggered when the total available is equal to \$50, after their first year of the membership, each member is required to maintain a total account balance of \$50. If the total account balance amount falls below this amount, the member must either:

- make an additional contribution to increase the total available balance amount by more than \$50; or
- suspend their membership until they can make an additional contribution to increase the total available balance amount by more than \$50.
- The balance amount must be rectified within 14 calendar days.

#### WITHDRAWALS

You can withdraw up to 25% of your investment per annum of your investment through the membership portal, although a withdrawal fee will apply. Please see section 6 of this PDS for more information about fees. You will not be able to make any withdrawals during the first 12 months of your membership, and after that withdrawals will be capped at 25% of your investment amount per annum (which is reset each financial year).

Where we receive and process a withdrawal request by 2pm (AEST) on a business day, the proceeds of that request will generally be paid within 5 business days but may take longer in some circumstances (up to 21 days). We will not process a withdrawal request until we have been provided with all of the information requested by us through the membership portal.

#### CANCELLATION OF MEMBERSHIP

Your membership may be terminated

- by you directly through the member portal;
- by us, if your contribution amount is less than the minimum contribution amount and is not rectified within 21 days;
- by either party if required to comply with orders of a Federal, State or Territory court, a regulatory body or such other relevant authority; or
- by either party for wilful breach of the membership policy or a security breach.

We will then prepare your final statement of account, deduct the relevant termination fee and pay the remaining amount to your nominated bank account. Please see section 6 for further details regarding fees and costs.

### **ACCESS TO FUNDS**

We may suspend new memberships or withdrawals by members in certain circumstances set out in the Constitution, including where we consider that it is desirable for the protection of the Scheme, or in the best interests of members during certain emergency situations where it is not reasonably practicable for us to do so. In some circumstances (including, but not limited to, a suspension of withdrawals) you may not be able to make additional contributions into the Scheme or make withdrawals within the usual period.

### **03 BENEFITS OF INVESTING IN XTRAS HEALTH PLAN SAVINGS SCHEME**

Our vision is that of a healthy and happy member, family and community as the benefits are shared by all over time. Being healthy is a choice but health needs increase over time and so does cost of health care. The Scheme offers access to the following features and benefits:

- Rollover unused funds annually and earn interest on your account balance monthly;
- One contribution fee anywhere in Australia;
- Capped fees with preferred health providers anywhere in Australia;
- Cash Back with Preferred health providers on health services,
- Pay non-preferred health providers as well, processing fee applies,
- Vary your contribution amounts to suit your lifestyle needs (subject to minimum contribution amount) Disciplined and structured way to plan for your health needs over time, use funds to cover hospital gaps,
- Be in control of your health decisions, choose the health service you need,
- Be in control of how much you spend on a service, no caps, tiers or levels. Suspend your contributions if you need to for up to three years,
- Cancel your membership anytime and get a refund of 80% of your account balance,
- Send a gift of health to someone you care about – see ‘How Xtras Health Plan Savings Scheme works’ section contained in the Reference Guide for more information,
- 24/7 access to membership portal.

### **04 RISKS OF MANAGED INVESTMENT SCHEMES**

#### **ALL INVESTMENTS CARRY RISK**

Different strategies may carry different levels of risk, depending on the assets that make up the strategy. In general, assets with the highest long-term returns may also carry a higher-level of short-term risk. Before making an investment decision, it is important to understand the risks that may affect the value of your investment. While it is not possible to identify every risk relevant to investing in the Scheme, we have detailed significant risks that may affect your investment.

The level of risk for each person will vary depending on a range of factors including age, investment timeframe, other investments and risk tolerance. Your financial adviser may assist you in determining whether the Scheme is suited to your objectives, financial situation and needs including the level of diversification you need.

NATURE OF RISK	VALUE OF RISK	DESCRIPTION OF RISK
Bank Risk	Low to Very Low	The Scheme assets are held in an Australian authorised deposit-taking institution that is regulated by APRA.
Asset Risk	Low to Very Low	Cash has a lower rate of return in the long term compared to stocks.
Interest Rate Risk	Low to Medium	Interest rate offered by banks can affect the rate of return on funds.
Regulatory Risk	Low to Medium	Regulatory changes can affect scheme operations and viability.
Operational Risk	Low to Medium	Is dependent on internet for delivery of services. Disruptions to internet can affect scheme operations.
Borrowing by Xtras Health Plan Ltd	Nil	Borrowing by Xtras Health Plan Ltd against Scheme Assets is not allowed

General Risk	Low to Medium	Other key risks of investing in managed investment schemes in general include that: <ul style="list-style-type: none"> <li>the value of investments will vary over time;</li> <li>the levels of returns will vary, and future returns may vary from past returns;</li> <li>returns are not guaranteed, and investors may lose some of their money; and laws affecting registered managed investment schemes may change in the future.</li> </ul>
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## 05 HOW WE INVEST YOUR MONEY

### BEFORE DECIDING TO BECOME A MEMBER OF THE SCHEME, YOU SHOULD CONSIDER

- the likely investment return of the Scheme;
- the risks involve investing in the Scheme; and
- your investment time frame.

WE RECOMMEND YOU CONSULT A FINANCIAL ADVISER FOR ASSISTANCE IN DETERMINING WHETHER THE SCHEME IS APPROPRIATE FOR YOU.

Investment Objective	Low risk, High liquidity, Minimising capital loss
Asset Allocation	100% Cash
Risk Level	Low
Minimum timeframe	Long term
Scheme performance	Linked to interest rate offered by the Bank with whom the funds are held

### ENVIRONMENTAL, SOCIAL AND ETHICAL FACTORS AND LABOUR STANDARDS

We do not have a designated methodology, for taking labour standards or environmental, social and ethical considerations into account in the selection, realisation and retention of the Scheme's assets.

## 06 FEES AND COSTS

### WHAT ARE THE FEES AND COSTS OF THE SCHEME?

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Scheme as a whole.

#### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Scheme or your financial adviser.

#### TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission ('ASIC') website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

TYPE OF FEE OR COST	AMOUNT
<b>FEE WHEN YOUR MONEY MOVES IN OR OUT OF YOUR SCHEME FUNDS</b>	
Establishment fee	Nil
Annual Membership Fee (incidental Fee)	\$207 per annum
Contribution fee	1%
Withdrawal fee	The lesser of 20% <sup>1</sup> of the amount withdrawn from the Scheme or 5% of the member's total available amount, up to a maximum of \$200
Cancellation fee	20% <sup>2</sup> of cancellation amount balance (less any outstanding amounts owed by the member) held in the scheme
Management fee	0.7% <sup>4</sup> of gross asset value of the members account balance
Suspension fee	\$30 <sup>3</sup> per quarter, applied if Annual membership fee is outstanding
Non-Preferred health partner invoice	10% of the invoice amount capped at \$200 per invoice
Payment Handling Fee (Custodian bank)	0.08c per transaction inward or outward.

Taxes and insurance costs are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

- 1) See additional fees and costs section in the Reference Guide for further details about when you may be charged a withdrawal fee
- 2) See additional fees and costs section in the Reference Guide for further details regarding cancellation fees.
- 3) You may also be charged other fees and costs such as a suspension fee. See additional fees and costs section in the Reference Guide for further details.
- 4) Although we are entitled to charge a management fee of up to 5% p.a., we currently charge a management fee of 0.7%.

#### EXAMPLE OF ANNUAL FEES AND COSTS

THE FOLLOWING TABLE GIVES AN EXAMPLE OF HOW THE FEES AND COSTS APPLICABLE TO INTERESTS IN THE SCHEME CAN AFFECT YOUR INVESTMENT OVER A ONE (1) YEAR PERIOD. YOU SHOULD USE THIS TABLE TO COMPARE THIS PRODUCT WITH OTHER SIMPLE MANAGED INVESTMENT SCHEME PRODUCTS.

<b>Starting Balance of \$3650 with a contribution of \$1825 a year (paid weekly) and no outward transactions</b>		
Annual Membership fee (incidental Fee)	\$207	Annual fee charged to the member for the membership of the platform not paid from member balance.
Contribution Fee	1%	For every additional \$35 you contribute weekly, you will be charged \$0.35.
Plus, Management Costs*	0.7%	Gross account balance (\$3650+\$1825) multiplied by management cost. Amount deducted = \$38.33 per annum
Plus, Payment handling Cost	0.08c	For each weekly contribution you will be charged 0.08c by Custodian Bank
Equal Cost of Scheme		"If you had an investment of \$3,650 at the beginning of the year and you put in an additional \$1,825 during that year (paid weekly), you would be charged fees of \$56.58 <sup>^</sup> plus total payment handling fee \$4.16. along with annual membership fee of \$207, a total of \$267.74. What it costs you will depend on the investment option you choose and the fees you negotiate with the Scheme or financial adviser."

<sup>^</sup> Additional fees may apply. Please see the important additional information about 'Fees and costs' contained in the Reference Guide for more details.

\*The example includes a management fee of 0.7% of gross amount **contributed** in the year.

#### **FEE CHANGES**

The Constitution sets out the fees and expenses payable by the Scheme. We reserve the right to change fees and other costs without your consent, but subject to any limitations under the Constitution and any applicable laws. We will give you 30 days' notice prior to any increase in fees. Fees may be individually negotiated with wholesale clients.

You should read the important additional information about "Fees and Costs" contained in the Reference Guide. [Click here for the reference guide](#). This information may change between the time when you read this PDS and the day you complete your application form to become a member

## 07 HOW ARE MANAGED INVESTMENT SCHEMES TAXED?

Investing in a managed fund is likely to have tax consequences. Australian tax laws are complex and subject to constant change. The tax comments below are only relevant for Australian resident investors that hold their interests in the Scheme on capital account. We advise you to seek professional tax advice before making a decision to invest.

For members who are Australian residents, you are generally assessed on your proportionate share of net income (including net capital gains) of the Scheme. This is the case even though no cash distributions are made by the Scheme to members. For members who are not Australian residents, we may also be required to withhold tax on any distribution of Scheme payments or interest made to you. We will send you an annual tax distribution statement each year to assist in the preparation of your income tax return.

## 08 HOW TO APPLY

### APPLICATION PROCESS

To become a member of the Scheme, please read this PDS together with the Reference Guide available at [www.xhp.com.au](http://www.xhp.com.au). You will then need to complete the online application form on our website at [www.xhp.com.au/member/register](http://www.xhp.com.au/member/register). Once you have been approved as a member and your account has been created, you will have 14 days to pay your initial contribution amount to activate your account. This amount can be paid by electronic funds transfer:

**Account Name: AET Xtras BSB: 082 067**

**Account Number: 26 843 9217**

Alternatively, you can set up an ongoing contribution via credit or debit card or direct debit through the membership portal, but transaction fees apply and your bank may decide to charge you additional fees.

### COOLING OFF PERIOD

A 30-day cooling-off period applies if you are investing directly in the Scheme as a retail client during which you may change your mind about your application and request the return of your money in writing. Generally, the cooling-off period runs for 30 days from the earlier of the time your application is confirmed, or the end of the fifth business day after your first contribution to the Scheme.

The amount refunded to you may be less than your investment amount as it may be adjusted for expenses, applicable taxes and transaction costs incurred between the date of the application and the date of withdrawal. No cooling off applies to the offer under this PDS if you are investing directly in the Scheme as a wholesale client

### COMPLAINTS

If you have a complaint about your membership in the Scheme, please contact our Complaints Manager at:

T: 07 3088 6969 E: [info@xhp.com.au](mailto:info@xhp.com.au)

Information required in your correspondence must include your name including contact details, address, telephone number and email. What aspect of XHP service the complaint relates to, Nature of your Concern, Relevant Dates and Parties involved, Remedy Sought or any other information. We will acknowledge any complaint in writing as soon as practicable and at least within 5 business days and will make every effort to resolve your issue within 45 days of us being notified.

We are a member of and participate in the Australian Financial Complaints Authority or AFCA, an independent complaints resolution organisation. If you are a retail client and you feel that we have not addressed your issue to your satisfaction, you are entitled to make a complaint to AFCA at the following address:

**AUSTRALIAN FINANCIAL COMPLAINTS AUTHORITY**

**GPO BOX 3, MELBOURNE VIC 3001**

**PHONE 1800 931 678**

**WEB: [www.afca.org.au](http://www.afca.org.au)**