



Product Disclosure Statement

This PDS is dated 26 July 2018

It is issued by:

Fair Wealth Australia trading as The Welfare Fund Limited

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Product Disclosure Statement (PDS)

Becoming a member of Fair Wealth Australia trading as the Welfare Fund limited (**The Welfare Fund**) provides access to 3 Categories of member benefits:

1. discretionary benefits issued by the Welfare Fund limited;
2. financial products such as insurances arranged exclusively for Welfare Fund members. These products are issued by third parties, not The Welfare Fund;
3. Miscellaneous other benefits. These are typically arranged by The Welfare Fund for your benefit through third parties.

The membership of The Welfare Fund has a minimum weekly payment of \$7.45 which can be made up of a combination of items from Categories 1, or 2 or 3 however the Journey Cover (Category 2), Financial Distress caused by Natural Disaster (Category 1) and the Charity Donation are compulsory benefits. It is important for you to know that only the Category 1 'discretionary benefits' are required to be included in this Product Disclosure Statement. They are the only financial products issued by the Welfare Fund. As the issuer of the Category 1 Discretionary Benefits, The Welfare Fund is responsible for meeting all relevant legal obligations for those products. However, the issuers of Category 2 and Category 3 benefits remain responsible for meeting any obligations they have in relation to benefits under those categories. The Welfare Fund has included a brief description of the benefits under Categories 2 and 3 under the heading of Benefits available however for full information you should refer to the Membership Brochure and the respective PDS for Journey Cover and Life Insurance. The Welfare Fund will provide the necessary documents to you for those benefits.

This Product Disclosure Statement (**PDS**) is an important legal document. It provides you with information about the financial products and services available to members of The Welfare Fund. It is designed to assist you in making an informed choice about whether or not to join The Welfare Fund and apply for the discretionary mutual risk protection benefits (**discretionary benefits**) available to members.

'The Miscellaneous Financial Facility – financial risk product' is a discretionary mutual risk protection offered by The Welfare Fund (**discretionary benefits**), not an insurance product. The Welfare Fund is not an insurer and neither it nor the discretionary benefits it offers are authorised by or subject to or regulated by the Australian Prudential Regulatory Authority, the Insurance Act 1973, the Life Insurance Act 1995 or the Insurance Contracts Act 1984. As such, neither The Welfare Fund nor its discretionary benefits are subject to the provisions of those Acts, which establish the system of financial supervision for life and general insurers in Australia. Membership and discretionary benefits are available on successful application to the issuer, The Welfare Fund.

If you decide to apply for membership of The Welfare Fund or have any questions on the member benefits that are available, please contact us. If your application is accepted and you apply for any of the member benefits, the cost of the relevant benefit we provide to you will be set out in your membership certificate. Payment is made by direct deduction from your salary fortnightly or by direct debit from your nominated bank account. The types of costs, fees and charges that apply to the Category 1 discretionary benefits are all explained in this PDS.

Information in the PDS may be subject to change from time to time. Where the change is not materially adverse, you will be able to find out the new information by phoning our office or by visiting The Welfare Fund website at www.welfarefund.com.au. A paper copy of any updated information will be given to you on request. If it becomes necessary, we will issue a supplementary or replacement PDS.

PLEASE NOTE THESE POTENTIAL IMPLICATIONS

THERE IS A RISK TO YOU THAT A DISCRETIONARY BENEFIT MAY NOT BE PAID WHEN REQUESTED AS A RESULT OF THE DISCRETION EXERCISED BY THE DIRECTORS OF THE WELFARE FUND.

THIS DISCRETIONARY BENEFIT PRODUCT IS NOT AN INVESTMENT PRODUCT SO THERE IS NO INTEREST OR INCOME PAYABLE TO YOU FROM THE CONTRIBUTIONS THAT YOU MAKE TO THE WELFARE FUND FOR DISCRETIONARY BENEFITS.

THE AMOUNT OF CONTRIBUTION AND THE BENEFITS AVAILABLE CAN BE VARIED BY THE WELFARE FUND. THE RESULT COULD BE AN INCREASE IN THE AMOUNT OF YOUR CONTRIBUTION OR A DECREASE IN THE AVAILABLE BENEFITS OR AMOUNT OF BENEFITS.

If you decide within 14 days of purchasing the benefits available in this PDS that you do not require those benefits you may notify the Secretary and receive a refund of any contributions made for these benefits.

BACKGROUND

The Welfare Fund commenced operation in 1945 as a welfare fund to members of the transport industry. It has changed structure and names over the years but has always aimed to provide assistance to members in times of financial and emotional need.

We had been operating as an association under State legislation but due to size and the nature of our service we needed to become a registered Mutual Company. The Welfare Fund also needed to obtain an Australian Financial Services Licence as some of the member benefits are financial products.

We are always looking to expand membership which in turn we believe will enable us to offer more comprehensive services and benefits.

WHAT IS A MUTUAL COMPANY?

The Welfare Fund is a company limited by guarantee. This means that every Member undertakes to contribute \$1 to the assets of the company if it is wound up while the person is a member or within one year afterwards.

Furthermore, The Welfare Fund is a mutual. The pooled resources of members are used to meet certain financial risks of each of the members. Each member is entitled to one vote but must be at least 18 years of age and all money due and payable by the Member to The Welfare Fund must have been paid.

The Welfare Fund operates as a discretionary mutual. A mutual provides its services for the benefit of its members. Entry to membership and the payment of member benefits are at the sole discretion of the Board or their delegated authority. The Board is appointed by the members of the mutual in accordance with the Constitution. The Board must consist of 50% of Directors who are employees or former employees of New South Wales Railway, RailCorp or any successor in title of these NSW rail transport industry entities.

CONSTITUTION

The Welfare Fund's Constitution sets out the objectives of The Welfare Fund, its rules of operation as a company limited by guarantee (including in the event of winding up), eligibility of members, election of Directors and conduct of general and extraordinary meetings of members. Under the Constitution provisions the Board is empowered to publish rules governing the day-to-day management and operation of The Welfare Fund.

A copy of the Constitution of The Welfare Fund is available on our website, Fair Wealth Australia www.fairwealthaustralia.com.au or by contacting , Fair Wealth Australia to those applying for

membership. You should read and consider the Constitution before applying for membership of The Welfare Fund.

REGULATION AND SUPERVISION

The Welfare Fund holds an Australian Financial Services Licence (AFSL) issued under the Corporations Act (Cth). It must comply with the conditions of the AFSL and the obligations under the Corporations Act. Entities providing financial services come under the supervision of the Australian Securities and Investments Commission (ASIC).

The Welfare Fund has policies and procedures in place that assist it to comply with its obligations. It must have a financial audit completed each year and submit the audited accounts to ASIC.

RULES

The Board may make rules from time to time and amend those rules as and when it deems necessary. The rules may include:

1. The form of application for membership
2. The nature and extent of assistance that The Welfare Fund will consider providing to Members at the discretion of the Directors or their delegate(s)
3. The basis upon which assistance will be considered
4. The amounts of contributions
5. Such other matters incidental to The Welfare Fund's activities as the Directors think fit (for example, this could include but is not limited to Investment of contributions, reserving of contributions (basically putting aside money to smooth returns and fluctuations in receipt of contributions, handling of disputes)).

To access these rules you can contact The Welfare Fund by telephone or email and they will make them available to you.

MEMBERSHIP

You must be a Member of The Welfare Fund to be eligible to apply for assistance from it, i.e. you must be a Member of the mutual and be financial, be paid up to date or contributing on a regular basis by salary deduction or other regular direct debit.

Acceptance of an application for Membership is at the discretion of the Board of The Welfare Fund. The Board will consider the Rules that it has prescribed when considering an application.

There is no obligation on the Board to inform an applicant of the reason for rejection of the application.

APPLYING FOR MEMBERSHIP

The process for applying for Membership is:

1. Obtain a copy of the Constitution and read it
2. Read this PDS
3. Ask questions of The Welfare Fund for anything that you need clarified
4. Complete the application for Membership of the Company that is attached to this PDS, including indicating the benefits (and levels of benefits) you are applying for.
5. Upon acknowledgement of acceptance as a Member contribute \$1 to the Company (this is in addition to any of the member benefits you select) and ensure the instalment arrangements for contributions to the benefit plan commence within 30 days.

MAINTAINING MEMBERSHIP

To maintain Membership, you must pay an annual contribution or instalments for the annual contribution on time.

You must also keep The Welfare Fund informed of your present contact details at all times so that we can issue notifications, newsletters and information about your Membership to you.

CESSATION OF MEMBERSHIP

You may notify us in writing of your resignation giving one month's notice. The notice must be addressed to the Secretary of The Welfare Fund.

The discretionary benefits will be effective until the expiry of the notification period or the date requested for cessation if later than the notice period. If an annual contribution has been paid the balance of the annual contribution will be refunded. If your contribution is paid by salary deduction or through a direct debit of your nominated bank account, then the Welfare Fund will notify your payroll department to cease the deduction or it will immediately cancel your authorisation with the bank.

If you fail to pay your contribution when due your Membership will terminate. Membership may be reinstated by The Welfare Fund on request from the Member and receipt of all arrears of contributions.

A person's Membership may be terminated by The Welfare Fund at the discretion of the Board of Directors. In these circumstances two months written notice will be provided to the Member and the Directors will consider any written representations made by the Member in response to the notice. There is no obligation on the Directors to provide a reason for termination.

BENEFITS AVAILABLE - CONTRIBUTIONS, FEES AND COSTS

As mentioned earlier, the Welfare Fund offers discretionary benefits issued by The Welfare Fund Limited in this PDS. These are Category 1 benefits.

The Member's right is to lodge a claim or request for payment of a benefit, not to receive a benefit regarding Category 1 benefits.

The Board's discretion will be exercised cautiously and only in circumstances and in a manner in which the Board believes that members would expect it exercise its discretion.

The discretionary benefits of The Welfare Fund are payable to provide financial assistance to Members suffering from financial or emotional distress. Benefits available, the circumstances considered and contributions are reviewed annually by The Welfare Fund. This means that the contribution you have been paying may increase or the benefits available may be altered (which may result in a reduction of the number or amount of benefit) from time to time. The primary concern of the Directors is to ensure the longevity of the Welfare Fund for its present and future members.

A discretionary benefit can be paid to the member of The Welfare Fund as a result of financial distress resulting from the member's circumstances or, where the family benefit option is chosen (under the sickness and accident benefit), can include financial distress resulting from the member's family circumstances. The member can choose to cover financial distress resulting from sickness or accident or hardship or death or any combination of those discretionary benefits. There are maximum annual limits placed on the benefits. These are shown in the Table 1 below with the corresponding weekly contribution required for the benefit.

Members are eligible to make a request for payment under their chosen discretionary benefit(s) at any time from the date of joining.

The maximum amount per annum refers to the maximum benefit amount payable in a claim year for each benefit chosen. Note that a "claim year" is the 12 month period immediately following payment of a claim for a benefit. Some examples, which relate to the basic sickness and accident benefit, are shown below.

1. A request for a discretionary benefit is submitted and payment is made of \$2,500 on 1 April 2017. The member has reached the limit so no further requests for benefits will be considered until 2 April of the following year.

2. A request for a discretionary benefit is approved and payment is made of \$1,000 on 1 January 2017. A further request is made for a discretionary benefit of \$1,500 on 1 July 2017. The member has reached the maximum. The member would be eligible to make another request for a discretionary benefit on 2 January 2018 of \$1,000. If the member did not make that request the full amount of \$2,500 would be available from 2 July 2018.

TABLE 1: Category 1 Benefits

Discretionary Benefit	Description	Max. benefit per annum	Weekly contribution
Sickness & accident benefit for loss of income or insufficient sick pay	We will typically take into account things such as loss of wages, out of pocket medical expenses, financial distress (e.g. rent, mortgage, utilities, groceries payments) in deciding whether to exercise discretion and provide a benefit payment.	Up to \$2,500	\$2.00
	Instead of the basic benefit above, you can choose a higher benefit amount.	Up to \$10,000 p.a.	\$8.00
	Financial distress resulting from the death or illness of a family member.	Family benefit \$5,000.	\$4.00
Financial hardship through unexpected circumstances (excludes benefits under the sickness and accident category above or financial distress category below. Excludes benefits for death)	Each request for a hardship benefit is assessed on its merits including the member's relevant circumstances, e.g. damage to property through an Act of God.*	Up to \$1,000	\$1
Financial distress resulting from death	A payment made towards the cost of a funeral	Up to \$2,500	\$1.95

It must be remembered that any request for receipt of a discretionary benefit is at the sole discretion of the Board of Directors. Requests for consideration of a benefit must be set out in writing to the Chief Executive Officer explaining the circumstances.

**In this PDS, an 'Act of God' is an accident or event resulting from natural causes, without human intervention, that could not have been prevented by reasonable foresight or care. For example: floods, lightning, earthquake, storms.*

Category 2 benefits include:

- Journey cover for injury caused in travel to or from work provided by AIG (separate PDS)
- Insurance for funeral cover with insurance provided through MLC (separate PDS) with a range of levels of cover available

and you will need to consult the relevant PDS for the products for the full details of the insurances.

Category 3 benefits include:

- Funeral savings plans (options with and without interest component)
- Financial Package (Mortgage health check, Free first financial advice consultation of up to two hours and a discounted Statement of Advice, Discounted general insurance policies by referral to a **third party provider**, Financial Solutions)
- Counselling sessions

You will need to read the Membership Brochure for full details of these benefits and the relevant costs.

TAXATION

We understand GST is not payable on contributions for the Category 1 miscellaneous discretionary risk

products. Also, we understand:

- contributions for the Category 1 miscellaneous discretionary risk product is not tax deductible; and
- any benefit paid to a member for Category 1 miscellaneous discretionary risk product is not taxable.

However, we encourage members to seek their own professional tax advice.

Where GST is payable on any Category 2 or 3 benefit, any price quoted in this PDS is inclusive of any GST amount. See the PDS for the relevant product for further information.

ESTIMATING FUTURE LIABILITIES OR FUTURE PAYMENTS TO MEMBERS AND RESERVING FUNDS

The Welfare Fund maintains and updates a set of financial projections detailing the likely income from contributions, claims costs, operational expenses and investments that may impact on our ability to provide our discretionary benefits. The Welfare Fund has developed a structured financial model which it uses to calculate:

1. income to be received by The Welfare Fund from:
 - (a) contributions;
 - (b) commission or fees earned for arranging other financial products; and
 - (c) interest on investments.
2. the outgoings to be paid by The Welfare Fund for:
 - (a) fixed management costs;
 - (b) other operational and administrative costs;
 - (c) the number of claims lodged each year;
 - (d) the types of claims lodged for specific risks;
 - (e) the delay in lodging claims; and
 - (f) the cost of an average claim.
3. the amount of loans outstanding to The Welfare Fund and bad debt provisions from those loans.

The calculations are performed every three months with projections for the following year. The accounts are audited annually by a registered auditor and are available to members for inspection.

The Welfare Fund uses its past income, expenses and claims data to inform its future expectations. This structured financial model is based on The Welfare Fund being a fully funded mutual which sets aside funds each financial year to be used to pay anticipated future claims that may be made by members. Note that even if The Welfare Fund is fully funded this does not affect the discretion the Directors have to provide a discretionary benefit to Members or not.

Over the four years to 1 January 2017 there have been 466 requests for benefits, with a total amount of \$313,505 benefits paid.

INTERNAL DISPUTES RESOLUTION (IDR)

If you have a concern or complaint about our services or the financial products we issue (i.e. discretionary benefits), you should contact us by telephoning 1300 327 747 or 02 96331724 or in writing to the postal address set out in this PDS, or by email to frank@rewf.com.au.

Your concern will be dealt with promptly and fairly. If the matter is not resolved to your satisfaction within two working days, it will be referred to our Complaints Manager who will review your complaint and respond within five working days.

If you are not satisfied with the Complaints Manager's decision, you can request that the complaint be referred to the board of directors. The board will assess the complaint and instruct the Complaints

Manager to implement any decision it makes to resolve the complaint satisfactorily. In any case, we will always strive to fully consider your complaint and provide our final response well within our regulatory requirement of 45 days. The board's assessment will be guided by the financial services laws and other legal requirements and it will do all things necessary to ensure that the services are provided efficiently, honestly and fairly.

If you are still dissatisfied with our decision, you can undertake to have the matter resolved externally.

EXTERNAL DISPUTES RESOLUTION (EDR)

You can raise complaints about our services or the financial products we issue (i.e. discretionary benefits) directly with Credit & Investments Ombudsman (CIO). The CIO is approved by ASIC as an external dispute service. The Welfare Fund is a member of CIO.

There is no cost to you to take any dispute to the CIO. The decision of the CIO is not binding on you. You may decide not to accept the decision and take your own action against The Welfare Fund.

You can contact the CIO and speak to one of its officers by telephoning 1800 138 422. Alternatively, you can download information about complaints from the CIO's website at www.cio.org.au and submit a written complaint form to the Credit & Investments Ombudsman, PO Box A252 South Sydney, NSW 1235.

Privacy

We collect your personal information from you directly wherever we can, but in some cases we may collect it from third parties such as your adviser, or employer. We do this to determine your eligibility and to administer the product. If personal information is not provided, we may not be able to provide you the product or a service, or administer it appropriately. Government regulations require some information to be collected, including: company; anti-money laundering; superannuation and tax laws.

We may from time to time be required to provide your personal information that we hold to entities external to The Welfare Fund; for example, external insurers and auditors or entities to which we refer you. We will ensure that those entities have the relevant policies in place to protect your personal information.

Your personal information may from time to time be used for marketing products or service to you. If you do not wish to receive the marketing materials, you can ask us to cease sending you the information.

More information about how we collect, use, share and handle your personal information and how to make a complaint about a privacy issue is in our Privacy Policy. You can access this at www.fairwealthaustralia.com.au or by contacting us and requesting a paper copy.