

MBF

PRODUCT DISCLOSURE STATEMENT

—
LOSS OF LICENCE PROTECTION
1 MAY 2018

—
AUSTRALIAN
AIR PILOTS
MUTUAL BENEFIT FUND

—
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INTRODUCTION

This Product Disclosure Statement (**PDS**) is issued by Austair Pilots Pty Ltd (ACN 005 111 731, AFSL 344259) (**Austair**) and is for the offer by Australian Air Pilots Mutual Benefit Fund (**MBF**) of the Loss of Licence Product (also described throughout this document as the (**Product**)). The terms and conditions of the product are contained in the MBF Rules (**Rules**), which are available from the MBF website (www.aapmbf.com.au). In the event that you are accepted as a Member (**Member**) under the Rules, Austair will have "issued" the Product to you. Austair has authorised this PDS for the Product.

GENERAL INFORMATION

This PDS is for your general information only. It is not intended to be a recommendation by Austair to acquire the Product. This PDS does not take into account the financial situation or needs of any particular person. You should not base your decision to acquire the Product solely on the information in this PDS. You should consider the suitability of the Product in view of your financial position and needs and you may want to obtain advice before making a decision to acquire the Product.

The Product is offered and issued by Austair on the terms and conditions described in this PDS and the MBF Rules. You should read this PDS and the Rules in their entirety, as you will become bound by them if you acquire the Product.

Some information in this PDS is subject to change. Austair will notify its Members of any changes that have an impact on the Product generally, or of any other significant events that affect the information in this PDS. Information about any change may be obtained from www.aapmbf.com.au or in hard copy (free of charge) by telephoning +61 3 9928 4500 or 1300 380 300.

ISSUER

Austair is the Trustee of the MBF and is the issuer of the Product. Austair can be contacted:

By mail: Level 1
132-136 Albert Road
South Melbourne, VIC 3205

By phone: +61 3 9928 4500 or
1300 380 300

By email: membership@aapmbf.com.au

Website: www.aapmbf.com.au

INFORMATION ABOUT THE ISSUER'S FINANCIAL SERVICES LICENCE

Austair holds Australian Financial Services Licence (**AFSL**) number 344259 issued by the Australian Securities and Investments Commission (**ASIC**).

Austair is not authorised under the Insurance Act 1973 (Cth) to conduct insurance business in Australia. Austair and the Product are not subject to the provisions of the Insurance Act 1973 (Cth), which establishes a system of financial supervision of general insurers in Australia, and are not regulated by the Australian Prudential Regulation Authority (**APRA**).

Austair will estimate the future liabilities of, or future payments by, Austair to persons who acquire the Product and will implement financial monitoring procedures to ensure that it has the financial resources to discharge future liabilities or make future payments to holders of the Product.

AUSTRALIAN AIR PILOTS MBF PRODUCT FEATURES

WHAT IS THE PRODUCT?

The MBF Product provides financial support to commercial pilots who are unable to exercise the privileges of their pilot's licence due to the failure to meet the standards of the Class 1 Medical Certificate (**Class 1**) by the Civil Aviation Safety Authority of Australia (**CASA**) as a result of an illness or injury occurring during (but not prior to) the period of cover, subject to the relevant Rules at the time of Date of Disability.

Persons who acquire the Product will become Members of the MBF and will be required to make annual contributions (**Contributions**) in accordance with the Contribution and Benefits Scale (**Contributions Scale**) for the MBF year 1 May to 30 April. Contributions are reviewed annually. (The current Contribution and Benefits Scale is included at the end of the application form).

Members whose Class 1 Medical Certificate is suspended or cancelled by CASA, and who meet the eligibility criteria, may be able to receive financial benefits in accordance with the MBF Rules.

Austair reserves the right to impose Exclusions or Denials of Liability for pre-existing conditions.

The rights and obligations of the Members and Austair are set out in the Rules. Members may obtain a copy of the Rules at www.aapmbf.com.au or in hard copy (free of charge) by telephoning +61 3 9928 4500 or 1300 380 300.

ELIGIBILITY FOR BENEFITS

Members may be eligible to receive benefits upon temporary or permanent suspension or cancellation of their Class 1 Medical Certificate by CASA, subject to the Rules - including, but not limited to - Rules #9 - 11, at the time of Date of Disability.

The level of payment a Member is eligible to receive depends on the type and level of benefit for which they have contributed in accordance with the Contribution Scale. We provide a description of the benefits in the following schedule.

DEFINITIONS

For the purposes of interpreting this PDS, the following definitions have been extracted from the Rules.

Calculated Annual Salary: Will be determined by the greater amount of the current Gross Annual Salary from piloting activities or the average Gross Annual Salary from piloting activities for the last three years of employment. The Calculated Annual Salary is used for determining Disability Payment amounts in accordance with Rule 7(k) and (l).

Date of Disability: The date of onset or occurrence of a condition giving rise to the inability to exercise the privileges associated with holding a Class 1 Medical Certificate and that is:

- i) stated by the Member
- ii) supported by medical practitioners and or specialists; and
- iii) accepted by the Trustee as the date the disability commenced.

Denial of Liability (Denial): A total denial of any cover for the medical condition(s) imposed at the time of first joining or applying for an increase in cover. No benefits whatsoever apply to a Denial of Liability.

Disability Benefit: The monthly amount to which a Member may become entitled in accordance with these Rules subsequent to the invalidation, suspension or cancellation of their Class 1 Medical Certificate.

Exclusion of Liability (Exclusion): Also referred to as a Medical Exclusion, means a reduced benefit amount for an identified condition and calculated as a percentage of the benefits in accordance with Rule 7.

Gross Annual Salary: The Member's base salary plus any special duties or supervisory allowances the Member would normally receive. It does not include travel, overtime, location or any allowances of an intermittent or occasional nature.



Membership Renewal: All Members must complete the annual renewal process by 31 May, which includes the health questionnaire/declaration. This includes Members whose contributions are paid directly to the MBF by their employer, and claimants and members who have notified the MBF of the failure of their Class 1. Even if your contributions have been paid, your membership will not be valid until the renewal questionnaire is completed.

Permanent(ly) Lost: All references in these Rules that deal with establishing the permanent nature of a condition giving rise to the payment of a Capital Benefit Balance must satisfy this definition. The determination of the permanent failure to meet Class 1 standards must completely satisfy all the following conditions:

1. The refusal by CASA to grant a Class 1 Medical Certificate under Part 67 of the Civil Aviation Safety Regulations 1998 (Cth) (or ammended).
2. The Trustee must have made consideration of all medical and other such evidence as required by and as described in these Rules
3. The Trustee may at its sole and absolute discretion conclude that the Member is unlikely ever to be able to regain a Class 1 Medical Certificate.

Pre-existing Medical Condition: An ailment, illness or condition which, in the opinion of a qualified medical practitioner acceptable to the Trustee, the signs or symptoms of that ailment, illness or condition existed at any time in the period prior to the day on which the person becomes a Member, or the Member begins contributing for an increased Standard Capital Benefit, or the Member begins contributing for the Premium Capital Benefit (as the case may be).

Provisional Cover: Cover that is granted at the time of processing an application for membership, and includes a Denial of Liability for any declared medical conditions. Provisional Cover means the pilot will not be entitled to membership rights, other than coverage for benefits, until the Board has accepted their membership in accordance with Rule 4(a).

STANDARD CAPITAL BENEFIT

Type of Benefit	Amount of Benefit	Frequency of payment(s)
<p>Monthly Disability Benefit (Temporary Loss of Licence)</p> <p>Monthly payment while Class 1 Medical Certificate is suspended or cancelled.</p>	<p>Income from piloting activities is less than \$100,000: 1.5% of the Standard Capital Benefit for which the Member was contributing in the MBF year during which the disability commenced.</p> <p><i>If Standard Capital Benefit is \$600,000, monthly disability payments will be \$9,000 per month.</i></p> <p>Income from piloting activities is equal to or greater than \$100,000 and less than \$150,000: 1.75% of the Standard Capital Benefit for which the Member was contributing in the MBF year during which the disability commenced.</p> <p><i>If Standard Capital Benefit is \$600,000, monthly disability payments will be \$10,500 per month.</i></p> <p>Income from piloting activities is equal to or greater than \$150,000: 2.0% of the Standard Capital Benefit for which the Member was contributing in the MBF year during which the disability commenced.</p> <p><i>If Standard Capital Benefit is \$600,000, monthly disability payments will be \$12,000 per month.</i></p> <p>Monthly disability payments will not exceed one twelfth of a Member's Calculated Annual Salary, as per Rule 7(k) and 7(l).</p>	<p>Payable for up to 24 months. Monthly payments are subject to the approval of the Austair Board.</p> <p>Monthly payments commence:</p> <ul style="list-style-type: none"> • 90 days after the Date of Disability; or • after exhaustion of all sick leave, whichever is later.
<p>Capital Benefit (Permanent Loss of Licence)</p> <p>Capital Benefit payment if Class 1 Medical Certificate has been suspended or cancelled for over 15 months and Austair, after meeting the conditions of Rule 8, has firmly established to its satisfaction, that the suspension or cancellation of the Member's Class 1 is permanent.</p>	<p>Standard Capital Benefit for which the Member contributed in the MBF year during which the disability commenced (minus any Disability Benefit already paid).</p>	<p>Lump sum payment</p>

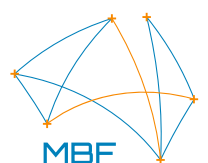
PREMIUM CAPITAL BENEFIT

Only Members who make Contributions for the maximum Standard Capital Benefit available to them as per the Contribution Scale, are eligible to make Contributions for the Premium Capital Benefit.

Type of Benefit	Amount of Benefit	Frequency of payment(s)
<p>Capital Benefit (Permanent Loss of Licence)</p> <p>Paid in addition to the Standard Capital Benefit.</p>	<p>\$200,000</p>	<p>Lump sum payment</p>

ADDITIONAL DEATH BENEFIT

Type of Benefit	Amount of Benefit	Frequency of payment(s)
<p>Payment made to nominated beneficiaries or estate upon death of Member in accordance with the Rules.</p>	<p>Standard Capital Benefit (minus any Disability Benefits already paid) plus the Premium Capital Benefit (if applicable) plus the Death Benefit.</p> <p>The Death Benefit is an additional benefit of a base amount of \$100,000. The Death Benefit increases by \$10,000 for each full year of membership to a total maximum Death Benefit of \$200,000.</p> <p>The Death Benefit must not exceed the Standard Capital Benefit.</p>	<p>Lump sum payment</p>



EXTRACT FROM RULE 6 EXCLUSIONS

The following is an extract from Rule 6 Exclusions, which outlines the circumstances in which the MBF is not liable to pay benefits.

Pre-existing Medical Condition

(a) The Trustee may impose an Exclusion or Denial of Liability on all or a part of a Member's Standard Capital Benefit and Premium Capital Benefit (if applicable) for any Pre-existing Medical Condition, subject to the following:

(i) Any Exclusion or Denial of Liability imposed by the Trustee in accordance with this Rule, must normally be imposed within 60 days of the effective date of the application, or such time as required by the Trustee to enable the Trustee to obtain all relevant information and consult with the Fund's medical advisers.

(ii) Notwithstanding Rule 6(a)(i), where a Member provides information later, having made a genuine error of disclosure, which would normally give rise to an Exclusion or Denial of Liability, the Trustee may impose such an Exclusion or Denial of Liability retrospectively.

(b) The Trustee shall forward all relevant information to the Fund's medical advisers or appropriate medical specialists of the Trustee's choosing for confirmation of the medical condition, at the earliest practical time.

(c) The Member or applicant for membership shall provide any relevant information to the Trustee and the Fund's medical advisers and, when requested, authorise the Trustee and the Fund's medical advisers to consult with any relevant physician or organisation.

(d) If, as a result of any disclosure by the applicant or Member, advice from the applicant's or Member's personal physician or specialist is required by the Fund's medical advisers, the cost associated therewith shall be borne by the Fund.

(e) Where an Exclusion is attached to a Member's Standard Capital Benefit and Premium Capital Benefit (if applicable), the Members maximum level of Standard and Premium Capital Benefits are reduced in accordance with Rules 7(s)(i) and 7(s)(ii). The Trustee may not make payments in excess of these amounts where there is a claim directly or arising from an Excluded Condition.

(f) Upon requesting an increase in the Standard Capital Benefit and/or application for the Premium Capital Benefit, a Denial of Liability or Exclusion for Pre-existing Medical Conditions may be applied on the increase in the Standard Capital Benefit and/or the Premium Capital Benefit.

Third Party Claim Liability

(g) The Fund shall not be liable to make payment of benefits to a Member where the Member's Class 1 Medical Certificate has been suspended or Permanently Lost for any disability in respect of which, in the Trustee's reasonable opinion, the Member either is currently or would be entitled to receive any periodical or other payments (including, but not limited to, workers' compensation) under state or federal legislation, unless the disability has been specifically accepted by the Trustee.

Specified Exclusions - General

(h) The Fund may not make any benefit or Death Benefit payment nor may the Trustee approve such a payment to any party that is not a Member of the Fund (or a nominated beneficiary).

(i) Notwithstanding any other provision in these Rules, the Fund shall not be liable and the Trustee shall not authorise to make payments by way of benefits to a Member where the Member's Class 1 Medical Certificate has been suspended or invalidated either temporarily or permanently, as a direct result of, or arising from, any of the following:

(i) war, whether declared or not, but not because of a Member being killed or injured during legitimate non-military operations outside of recognised war zones;



EXTRACT FROM RULE 6 - EXCLUSIONS (CONTINUED)

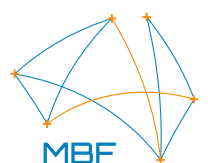
- (ii) intentional self-injury, suicide or attempted suicide, assault where provoked by the Member, or fighting (except in bona fide self-defence);
- (iii) alcohol dependence and/or conditions or injuries arising directly or indirectly from the abuse of alcohol or drugs;
- (iv) incurred as a result self-intoxication, or the effects of drug use;
- (v) pregnancy and related conditions for the full duration of that pregnancy, including a period of 90 days from the conclusion of the pregnancy. Conditions that persist beyond 90 days from the conclusion of the pregnancy will be assessed for benefits in accordance with the Rules. Such benefits are not back-dated. Cover for conditions not related to pregnancy including the Member's Death Benefit, continues without restriction;
- (vi) incurred because of deliberate exposure by the Member to exceptional danger, as determined by the Trustee (except to save human life);
- (vii) incurred because of the commission of any criminal act by the Member;
- (viii) elective cosmetic surgery where the surgery is not necessitated by an underlying medical condition or trauma event, whether pre-existing or not;
- (ix) Member's conduct, where the member's conduct has involved the following:
 - (a) committing an offence or failure to comply with directions given by CASA under Part 67 of the Civil Aviation Safety Regulations 1988 (Cth) (or amended)
 - (b) a condition that directly or indirectly is as a result of employment or performance issues documented by the Member's employer in carrying out their occupation. This may include dismissal following formal disciplinary procedures that subsequently leads to any condition that precludes the Member holding a valid Class 1 Medical Certificate or overseas equivalent.
 - (c) injuries or conditions that are reasonably related to or caused by the Member's misconduct, dishonesty or engaging in criminal activities.

Conditions Without Objective Medical Evidence (other than mental health)

- (j) The Fund shall not be liable and the Trustee is not authorised to make payments of the Capital Benefit Balance for any condition that does not present with symptoms that can be verified by objective medical testing and/or for conditions that rely substantially on 'self-reported' symptoms that cannot be independently medically verified.

Mental Health Claims

- (k) The Trustee is only authorised to pay the Capital Benefit Balance under this clause for the following conditions:
 - (i) schizophrenia disorder; or
 - (ii) bipolar disorder.
- (l) The Trustee is only authorised to make Disability Benefit payments under this clause for the following conditions:
 - (i) schizophrenia disorder;
 - (ii) bipolar disorder;
 - (iii) major depressive disorder; or
 - (iv) depression.



EXTRACT FROM RULE 6 EXCLUSIONS (CONTINUED)

(m) The Fund will not be liable for and the Trustee is not authorised to provide benefits in any form for any other mental or behavioural disorder not previously specified.

(n) The Fund will not be liable for and the Trustee is not authorised to provide benefits in any form for Mental Health claims arising from workplace issues, where the Member has demonstrated standards, performance, or inappropriate behaviour issues, where such behaviour is implicated in leading to the loss of a Class 1 Medical Certificate. Such claims for Mental Health reasons are excluded from benefits.

(o) The Fund will only recognise and the Trustee will only accept an objective diagnosis of any condition specified under Rule 6(k) and Rule 6(l) that is made by a Doctor of Psychiatry.

(p) Any Member making Notification to the Trustee and/or seeking benefits of any description under Rule 6(k) and Rule 6(l), will submit independent assessment(s) by a Doctor(s) of Psychiatry (as specified by the Trustee). This requirement is in addition to that established by Rule 6(o).

(q) The Trustee may not in any circumstances authorise benefit payments of any description under Rule 6(k) and Rule 6(l), unless the Member has submitted to an assessment or assessments by the Trustee's specified Doctor(s) of Psychiatry, and the assessment confirms an objective diagnosis of the Member's disorder conclusively and to the satisfaction of the Fund Medical Advisor/s and the Trustee.

(r) A Member in receipt of benefits for the conditions specified in Rule 6(k) or Rule 6(l), must provide to the Fund a comprehensive treatment plan provided by the Member's treating physician. The Trustee is not authorised to make any benefit payments if this condition is not met.



PRE-EXISTING MEDICAL CONDITIONS

Pre-existing Medical Conditions may be subject to an Exclusion (reduced benefit) or a Denial of Liability (no benefit) applied under the provisions of the Rules. Any Pre-existing Medical Condition is referred to the MBF medical advisors for a risk rating and advice is provided to the Trustee as to whether to apply an Exclusion or Denial of Liability. Benefits for excluded medical conditions are paid according to the length of the Member's continuous membership as follows:

Years of Membership	Benefit
Less than five years	The Member may be paid: <ul style="list-style-type: none"> • up to 12 monthly payments of the Disability Benefit, with the Member's entitlement not to exceed 24% of the Standard Capital Benefit, whether paid as Disability Benefits in accordance with Rule 7 or as the Capital Benefit Balance in accordance with Rule 8.
Greater than five years	The Member may be paid: <ul style="list-style-type: none"> • up to 18 monthly payments of the Disability Benefit, with the Member's entitlement not to exceed 36% of the Standard Capital Benefit, whether paid as Disability Benefits in accordance with Rule 7 or, as the Capital Benefit Balance in accordance with Rule 8.

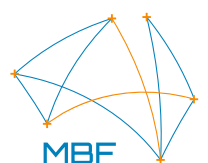
DISCRETIONARY REFUND OF CONTRIBUTIONS

In accordance with Rule 5(b)(iii), after 20 years of membership or 25 years in the case of a reinstated Member in accordance with Rule 2(d), Members may be eligible to receive a discretionary refund of some or all Contributions of the Standard Capital Benefit. Monthly benefits already paid will be deducted from the Refund of Contributions. Refunds are capped at \$65,000. Applications for a Refund of Contributions must be made within 365 days of the Member qualifying under the terms of the Rules.

ELIGIBILITY FOR BENEFITS

1. Evidence and advice of treatment being sought for the event or medical condition is to be provided to the Fund at the time of notification.
2. Full and frank disclosure of medical conditions on application and renewal.
3. Provision of notice to the MBF within 90 days of illness or injury.
4. CASA or DAME evidence of suspension/cancellation of the Member's or Applicant's Class 1 Medical Certificate.
5. As per Rule 2(b), Members may operate on an overseas medical certificate, however the basis for all benefit claims shall be on the failure of the Australian Class 1 Medical Certificate.

Members' eligibility for benefits is at all times subject to the Rules. Both the commencement and continuance of Disability Benefits payable shall be conditional upon satisfactory evidence being provided to show that the Member is taking all reasonable steps to have the disability rectified and the Class 1 Medical Certificate restored. Members must make a report on the first working day of each month, with supporting evidence as appropriate. Austair retains the discretion to determine not to pay benefits where the facts of a claim are incomplete or in doubt for any reason.





FEES AND OTHER COSTS

The cost to Members acquiring the Product is an annual Contribution, which is based on a sliding scale depending on the level of Standard Capital Benefit for which the Member applies, the Member's age at joining the MBF, and the Member's current age. The current Contribution and Benefit Scale is set out at the end of the application form. Austair reviews the Contribution Scale annually. Other provisions of the Rules may also affect the level of Contribution payable.

Contributions are treated as revenue to the MBF, and are not investments or monies held on behalf of a specific member. The surpluses of the MBF become part of the accumulated assets for use in general operations. Administration expenses (including investment advice, legal and accounting fees and other expense recoveries) are paid from the MBF's assets by Austair and do not affect the level of Benefit payable to Members.

There are no other fees and charges.

INCREASES AND DECREASES IN COVER

Where a Member contributes for the maximum Standard Capital Benefit available to them, that Member is eligible to apply, and contribute to, the Premium Capital Benefit. The Premium Capital Benefit is available at a value and at a rate as determined annually by Austair and published in the Contribution Scale. The current Contribution Scale is set out in Annexure 1. Members may only apply for the Premium Capital Benefit before the age of 50.

A Member's ability to increase and/or decrease the benefits for which they contribute is limited according to the Member's previous Contributions, the age at which they entered the MBF and their current age. The Contribution Scale is structured to support early joining of the MBF, and any increases in benefits after the age of 40 will be at the joining band representing the age at which the increase was requested.

In accordance with the Rules, Members may only request an increase in benefits once after the age of 40.

Where a Member aged 40 to 49 (inclusive) applies to increase benefits so that the Member makes Contributions for the maximum Standard Capital Benefit available for the Member's category of membership and age bracket, that Member is entitled to apply for the Premium Capital Benefit. Further information is available in the Rules.

LIMITATIONS IN COVER

The MBF provides stepped and level cover. Joining under the age of 40 allows you to take out a level amount until the age of 50. After the age of 50, the maximum amount reduces in steps until the age of 65. This stepped approach also applies to Members not on the maximum.

OVERSEAS MEMBERSHIP

As an Australian citizen, a Member can continue their cover whilst working overseas, as per Rule 2(b). Members may operate on an overseas medical certificate, however the basis for all benefit claims shall be on the failure of the Australian Class 1 Medical Certificate.

Any non-Australian citizens who have been Members for greater than two years may apply to Austair to continue their cover whilst working overseas for up to three years, and providing that they demonstrate an intent of an eventual return to Australia.



IS LOSS OF LICENCE PROTECTION RIGHT FOR YOU?

As a pilot, your financial security may rely on your ability to maintain your Class 1 Medical Certificate.

The suddenness with which a Class 1 Medical Certificate may be suspended or cancelled by CASA can cause financial stress and insecurity. The MBF Loss of Licence Product can provide financial support in this event.

ELIGIBILITY

In order to obtain the Product, applicants must meet the eligibility requirements set out in Rule 2 of the Rules. These include:

- being a Member of the Australian Federation of Air Pilots (AFAP);
- holding a commercial pilots licence or higher;
- holding an Australian Class 1 Medical Certificate;
- being aged less than 50 years;
- deriving their principal source of income from piloting activities; and
- being resident in Australia or an Australian citizen.

Membership may be maintained until the age of 65.

Refer to Rule 2(a) for further information.

Failure to comply with all eligibility requirements in Rule 2 will result in automatic termination of membership.

REINSTATEMENT

Where a former Member applies to the MBF in circumstances where they:

- had previously been a Member of the MBF for no less than five years continuously; and
- had been absent from the MBF for no more than six years preceding the date of their application.

The Trustee may reinstate the Member at the contribution rates and benefits set out in the current Contribution Scale for the joining age of their most recent membership of the MBF. The Trustee may apply this exception to a Member once only.

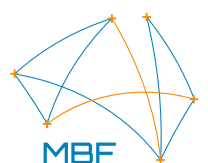
APPLICATION PROCESS

To obtain the Product please complete the online application form on the MBF website (www.aapmbf.com.au) and submit it with proof of Class 1 Medical Certificate, proof of employment, and proof of citizenship or residence (as outlined in the application form).

Commencement of cover will be effective where the applicant or Member is an employee of a company that has a bulk billing arrangement with MBF for the payment of contributions and is verified by the MBF as covering the cost of cover, or payment of the applicable contribution is received by MBF for the cover or the increase in cover.

Austair reserves the right to refuse any application without giving a reason or to impose terms and conditions upon membership. If for any reason Austair refuses or is unable to process your application for the Product, Austair may return any application contributions to you.

You may have a right to 'cool off' in relation to your application for the Product. See 'Cooling Off' on page 14 for more information.



TAXATION IMPLICATIONS

TAXATION

Tax laws change continuously and as the tax treatment is dependent upon the individual tax circumstances of the Member it is recommended that all applicants seek their own professional advice.

Members will not be taxed on the net income of the MBF. However, Members may be subject to tax on certain payments made to them from the MBF in accordance with tax law and/or rulings at the time.

DISABILITY BENEFITS

Monthly Disability Benefits paid from the MBF to Members will be included in the Member's assessable income. The MBF will withhold Pay As You Go (PAYG) Withholding Tax from any such payments unless an ATO exemption is provided.

CAPITAL AND DEATH BENEFITS

Where the loss of licence is deemed to be Permanently Lost, the MBF may pay the Member a Standard Capital Benefit and the Premium Capital Benefit (if applicable). Upon the death of the member, the member's beneficiary may be eligible to receive a Standard Capital Benefit, the Premium Capital Benefit (if applicable) and the Death Benefit. The Standard Capital Benefit, the Premium Capital Benefit and the Death Benefit do not represent income of the Member or beneficiary and is not subject to Capital Gains Tax as per Taxation Ruling IT2230.

TAX FILE NUMBER ('TFN') DECLARATION FORM

Members who become claimants for monthly Disability Benefits will be asked to complete a Tax File Number Declaration Form in order for the MBF to calculate PAYG Withholding Tax.

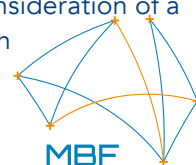
It is not compulsory for a claimant to quote their TFN. If a Member receives monthly Disability Benefits and has not quoted a TFN, the MBF will be required to deduct PAYG Withholding Tax at the top marginal tax rate plus the Medicare Levy.

RISKS

As a holder of an Australian Financial Services Licence (AFSL), Austair is obliged to comment on risks associated with the Product.

All financial decisions involve risk. Austair does not consider that there is any significant risk to Members arising from the financial position of the MBF. However, for the benefit of Members, following are seven risk areas that Austair is obliged to communicate.

- 1. MBF Risk:** This is the risk that the Contributions could significantly alter or the MBF could cease to operate. Austair considers that this is most unlikely as the MBF has a strong financial position with net assets of \$71.8m (as at 30 April 2017).
- 2. Liquidity Risk:** This is a risk that the MBF may not have enough liquid assets to pay benefits. Austair considers this risk highly unlikely because annual cash flow and budgets forecast liquidity requirements. In addition, a rolling six months cash flow is maintained with significant liquid assets invested and available at short notice.
- 3. Laws:** This is the risk that corporations, insurance or taxation laws may change and this may impact upon the operation of the MBF. Regulatory changes are not predictable, however the MBF has a history of complying with relevant laws and providing support to commercial pilots since 1961.
- 4. Claims:** This is the risk that a claim may be refused at the Trustee's discretion per Rule 1 of Permanent Loss.
- 5. Payments:** This is the risk that payments may be reduced as per Rule 8(l). This is where the benefits the MBF becomes liable for over the year exceed its net income for the same period, Members eligible for Capital Benefits will be paid proportionately in line with their individual contributions.
- 6. Reasonable Steps:** This is the risk that the Trustee may withhold benefit payments if, in the Trustee's reasonable opinion, the Member has not taken all reasonable steps to return to medical fitness (Rule 8(n)).
- 7. Suspension of Capital Benefits:** This is the risk that the Trustee may, at its discretion, suspend consideration of a Member's eligibility for Capital Benefits if the Trustee is not satisfied the Member is complying with their obligations under Rule 7 and Rule 8(q).





IT'S YOUR MBF

NATURE OF A MUTUAL BENEFIT FUND

The MBF to which Members contribute is a mutual benefit fund. Mutual benefit funds are operated on a not-for-profit basis, solely for the benefit of Members. All profits are retained in the MBF and are used to satisfy Members' claims for benefits or otherwise dealt with in accordance with the Rules.

ELECTION OF DIRECTORS

The Directors of Austair are elected by Members of the MBF in accordance with the Rules. In this way, all Members have the right to influence the direction of the MBF by voting for the individuals who control Austair, the Trustee of the MBF. The Directors are obliged to act in the best interests of Members.

Directors are elected on a three-year rotation basis and take office at the conclusion of the Annual General Meeting (AGM) of the MBF, which must be held at least once every 15 months. The Rules specify the process of election.

GOVERNANCE OF AUSTAIR

The current Directors and Officers of Austair are displayed on the MBF website (www.aapmbf.com.au).

YOUR RELATIONSHIP WITH THE MBF

RULES

The Member's relationship with the MBF is governed by the Rules. The Rules set out Members' and Austair's rights and obligations in relation to the product.

Some of the provisions of the Rules are discussed elsewhere in this PDS. Other provisions of the Rules relate to:

- eligibility to become a Member;
- application to become a Member or to apply for increased benefits;
- making Contributions;
- the circumstances in which a Member qualifies for benefits;
- medical certification requirements;
- amendment of the Rules;
- a Member's right to attend and vote at AGMs or special general meetings; and
- how Members may leave the MBF.

There are also provisions concerning Austair's powers and duties, including:

- accounting and auditing requirements;
- minimum contribution amounts and maximum benefit amounts;
- Austair's right to an indemnity out of the MBF's assets (in certain circumstances); and
- Austair's broad powers to invest, borrow and generally manage the MBF.

Copies of the Rules are available, free of charge, on the MBF's website (www.aapmbf.com.au).

COOLING OFF

As a Retail Client you may have a right to 'cool off' in relation to acquisition of the Product within 14 days of the earlier of:

- confirmation of the Product being received or available; or
- the end of the fifth business day after the Product is issued.

A Retail Client is a person or entity defined under section 761G of the Corporations Act 2001 (Cth). A Retail Client may exercise this right by notifying Austair in writing at Level 1, 132-136 Albert Road, South Melbourne, Victoria, 3205, or membership@aapmbf.com.au. A Retail Client may be entitled to a refund of their Contribution.

A Retail Client's right to cool off does not apply in certain limited situations, such as if the Member chooses to exercise his or her rights or powers as a Member during the 14-day period.

DISPUTE RESOLUTION

The Directors, Officers and employees of Austair and the MBF are committed to dealing with queries, disputes and complaints made to the MBF in a fair and reasonable manner, whilst taking into account the obligations to apply the Rules and policies of the MBF impartially and independently. Austair will do all that it can to provide service and support to Members. Should a Member have any queries or concerns, Austair staff are available to listen and assist where they can. Should a Member wish to take the matter further, please refer to the current MBF Dispute Resolution Procedure (**DRP**) available on the MBF website (www.aapmbf.com.au) or request a hard copy from the MBF office:

Telephone: +61 3 9928 4500

Toll free: 1300 380 300

Email: privacyofficer@aapmbf.com.au

The DRP provides the framework for how the MBF will conduct its administration of queries, disputes, the complaints process and how the MBF will deal with its members and their representatives.

This policy is for queries, disputes and complaints to be firstly dealt with internally by the employees, officers and Directors before Members or other complainants seek recourse to mediation or the external complaints systems or engage in legal action. Austair will seek to resolve any complaint and will acknowledge a written complaint within 14 days of receiving the letter.

After taking all steps within the DRP to resolve a complaint, you may seek assistance from the Financial Ombudsman Service (**FOS**). FOS is an independent body that may assist you if Austair cannot. Please include Austair's FOS membership number with your enquiry, which is 14886. You can contact FOS:

By mail: GPO Box 3
Melbourne, Vic 3001

By phone: 1800 367 287

Website: www.fos.org.au

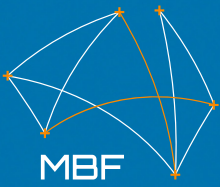
PRIVACY STATEMENT

When you complete the Application Form for the Product, Austair will be collecting personal information from you and may collect additional information in the future.

Austair needs to collect personal information for the primary purpose of providing you with the Product (including assessing your application and identifying you). There are also a number of related purposes for which your personal information will be collected and these are to process your application for the Product, administer and manage your membership, and comply with Australian taxation laws, the Corporations Act and other laws and regulations.

If you do not provide Austair with your contact details, and other information, Austair may not be able to process your application.

Your information will be used in connection with the purposes for which it is collected. You can gain access to the personal information Austair holds about you, subject to some exceptions allowed by law. Austair will give you reasons if it denies you access. If you have any queries in relation to Austair's Privacy Statement or Privacy Policy (found on the MBF website (www.aapmbf.com.au)) or wish to access the personal information that Austair holds about you please contact Austair's Privacy Officer on +61 3 9928 4500.



APPLICATION FOR MEMBERSHIP

AUSTRALIAN AIR PILOTS MUTUAL BENEFIT FUND

PROVISION OF COMPENSATION FOR
LOSS OF LICENCE ON MEDICAL GROUNDS

SECTION A: YOUR DETAILS

Full Name: Capt. F/O Other Male Female

Given Name(s) Surname

Residential Address: Suburb/Town

Country State/Territory Postcode

Postal Address: Suburb/Town

Country State/Territory Postcode

Date of Birth: / /

Please select one ONLY. Please provide proof of Citizenship or Residence (whichever you note Yes to below) when submitting application.

Are you an Australian citizen? Yes No **Are you resident in Australia?** Yes No

Contact Details:

Mobile Other (include area code) Email

AFAP Membership:

Date joined AFAP: / / AFAP Membership #

Yes I agree to allow the Australian Air Pilots MBF to exchange and verify contact information with the AFAP.

Date of Your Last Australian Class 1 Medical Certificate: / /

A copy of your last Australian Class 1 Medical Certificate is required with this application.

SECTION B: YOUR EMPLOYMENT DETAILS

Flying Details:

Licence Type Licence # Hours Flown in Last 12 Months Flying Hours Grand Total

Employment:

Full Time Part Time Employer

Type of Operation

Date Commenced: / / Gross Annual Salary \$

Employment other than as Pilot Gross Annual Salary \$ from employment other than as Pilot

SECTION C: YOUR LOSS OF LICENCE COVER DETAILS

I hereby apply for:

Standard Capital Benefit Level: \$

Additional \$200,000 Premium Capital Benefit: Yes No

Total Loss of Licence Cover \$

My payment for the amount of: \$ is enclosed.

You may only take the additional \$200,000 Premium Capital Benefit if you hold the maximum level of Standard Capital Benefit cover available to you. To determine your contribution see the current Contribution and Benefits Scale (attached at the end of this Application Form). Please call 03 9928 4500 if you have any questions about Australian Air Pilots MBF Loss of Licence Cover.

Date to Start Cover

/ /

SECTION D: BENEFICIARY DECLARATION

To the Australian Air Pilots MBF Trustee:

I, (Given name(s) and Surname)

of (address)

In accordance with the provisions of Rule 9 – Death Benefit, I hereby advise that my nominated beneficiary/beneficiaries to whom the MBF Trustee shall pay the entitlement in the event of my death is/are:

BENEFICIARY (State desired proportion for each Beneficiary if nominating more than one)

Name	Percentage (%)
<input type="text"/>	<input type="text"/>

Address

Name	Percentage (%)
<input type="text"/>	<input type="text"/>

Address

Name	Percentage (%)
<input type="text"/>	<input type="text"/>

Address

Name	Percentage (%)
<input type="text"/>	<input type="text"/>

Address

Total 100%

Signature _____ Date / /

****This Declaration Supersedes All Previous Notifications****

It is important to keep your nomination of beneficiary information up-to-date if your personal circumstances change; for example, if you marry, divorce or have a child, a new form should be lodged with the Australian Air Pilots MBF membership team. By completing this form you advise the Australian Air Pilots MBF to whom you would like your entitlement paid. Should you decline to nominate a beneficiary the entitlement will be paid to your Estate.

SECTION F: AUSTRALIAN AIR PILOTS MBF HEALTH QUESTIONNAIRE

Care must be taken in completing the declaration set out below. Non-disclosure or incomplete disclosure of any fact which is or may be material in deciding whether to accept your application may invalidate the cover and cause you to be deprived of all benefits under the Australian Air Pilots MBF.

You must answer YES to any questions in this health declaration where you have experienced symptoms or consulted a medical practitioner. If answering yes, please provide details, including dates, treatment and prognosis, on a separate sheet. Please include medical reports relating to the declared items with your application.

However, in the event that you feel a medical condition is of a sensitive nature and that you do not wish to disclose it on this health declaration, we encourage you to contact the Privacy Officer on 03 9928 4500 to discuss the matter in a confidential manner. We reiterate that non-disclosure of a medical condition may lead to termination of your membership.

Please answer ALL questions.

What is the present and general state of your health?	Yes (Y)	No (N)
Have you ever had an aviation medical refused, revoked or suspended?		
Have you ever been declined employment, which was rejected due to medical reasons?		
Have you had any medical problems, treatment of any sort, or consulted a doctor or other health provider in the past 12 months?		
Have you currently, or in the past been in receipt of compensation for any medical condition, including WorkCover, the Department of Veterans Affairs (DVA), or Department of Defence?		
Are you currently taking any medication? Please list the medical condition, medication name, dosage and date commenced, and any other information relating to this matter.		

Have you ever suffered in the past, currently suffering, been diagnosed with or had/having treatment for:	Yes (Y)	No (N)
Any disorder of the spinal column, or surrounding tissues, including but not limited to disc or vertebrae?		
Convulsions, blackouts, or seizures?		
Ulcers of any type?		
Cancer in any form, including but not limited to organ, skin, blood cancers?		
Hearing loss or difficulties?		

Have you ever suffered in the past, currently suffering, been diagnosed with or had/having treatment for:	Yes (Y)	No (N)
Gastric or endocrine issues?		
Broken bones, joint or ligament injuries, including reconstruction surgery or arthroscopies?		
Eye disease or conditions, including colour deficiency, corrective lenses or laser eye surgery?		
Headaches, migraines, visual migraines or auras?		
Mental and/or psychiatric conditions?		
Any heart or heart related condition?		
Diabetes types I or II?		
Vertigo, BPPV, dizziness or balance issues?		
Drug or alcohol dependence?		
Rheumatic fever, raised blood pressure or hypertension?		
Respiratory or ENT conditions/diseases, including but not limited to asthma, tuberculosis, pleurisy or sinus?		
Urinary, genital, and reproductive conditions, including but not limited to kidney stones, prostate problems or gynaecological problems?		
Skin conditions?		
Allergic conditions?		
Head injuries or concussion?		
Any surgical procedures, including minor procedures, including but not limited to wisdom teeth, tonsillectomy or appendectomy?		

Please answer the following Yes or No:	Yes (Y)	No (N)
Do you currently smoke, or have in the past? (Include quit date in the space provided below)		
Are there any other conditions, or have you suffered any medical or physical disability, that might influence the acceptance of this application?		
Do you currently have a Loss of Licence policy?		
If you do currently hold a Loss of Licence policy, does it carry any restrictions?		
Have you ever made a claim under any Loss of Licence policy? Please provide details.		

Please use the space below to further explain anything you answered YES to in the above Health Questionnaire or any other medical condition not mentioned above. Please include dates, treatment and prognosis, and medical reports relating to the declared items.

SECTION F: YOUR DECLARATION (Please tick each box as acknowledgement of the declaration)

- I HEREBY DECLARE AND WARRANT that the answers given in this application are in every respect true and correct and that I have not sustained any bodily injury that may result in the permanent cancellation of my pilot licence specified in Section B above and Certificate of Validity forming part thereof or any other licence in addition thereto or in lieu thereof that I may from time to time be required by law to hold in connection with my occupation, and that I am not at the present time afflicted by any sickness, disease or deafness.
- I HEREBY AUTHORISE the Director of Aviation Medicine, Civil Aviation Safety Authority, or alternatively the Medical Section of the Aviation Authority responsible for the issuing of my pilot licence, to release to the Australian Air Pilots MBF, medical information in connection with this Declaration.
- I note the Trustee reserves the right to impose restrictions on benefits for pre-existing medical conditions.
- I acknowledge having read and understood the Product Disclosure Statement.
- I have read and noted the MBF Rules.
- I am a financial Member of the AFAP.
- I derive my principal source of income from piloting activities.
- I have attached my proof of citizenship or residence, Australian Class 1 Medical Certificate and medical reports (if relevant) to this application.
- I give permission to the Australian Air Pilots MBF to access information from my healthcare professionals should I need to make a claim in the future.

I acknowledge that by completing this application form my personal information will be collected by the Australian Air Pilots MBF Trustee. I have read and noted the Privacy Statement of the PDS and understand the fully documented Privacy Policy is located on the MBF website, which sets out why my personal information is required, how my personal information may be used, how I may gain access to my personal information and the consequences if I do not provide all of the information requested.

Signature _____

Date / /

SECTION G: PAYMENT DETAILS

I authorise Australian Air Pilots MBF to deduct \$ from my credit card as detailed below.

MasterCard/Visa ONLY

Card Number / / /

Expiry Date / CCV

Card Holder Name

Card Holder Signature _____

SECTION H: PLEASE TAKE A MOMENT AND TELL US HOW YOU HEARD ABOUT US

- Word of Mouth AFAP Google Ads Information Session
- Internet Employer Printed Material (*journals, magazines, advertisements, etc.*)

2018-2019 CONTRIBUTION AND BENEFITS SCALE

1 STANDARD CAPITAL BENEFIT TO A MAXIMUM OF \$600,000

Present Age	Joining under 40			Joining between 40 – 44			Joining between 45 – 49		
	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST
<30	\$600,000	\$2.07	\$1,366.20						
30 – 34	\$600,000	\$2.37	\$1,564.20						
35 – 39	\$600,000	\$2.69	\$1,775.40						
40 – 44	\$600,000	\$3.30	\$2,178.00	\$480,000	\$5.96	\$3,146.88			
45 – 49	\$600,000	\$3.93	\$2,593.80	\$480,000	\$6.68	\$3,527.04	\$420,000	\$7.28	\$3,363.36
50 – 52	\$540,000	\$4.77	\$2,833.38	\$432,000	\$7.62	\$3,621.02	\$378,000	\$8.34	\$3,467.77
53 – 55	\$480,000	\$5.80	\$3,062.40	\$384,000	\$8.69	\$3,670.66	\$336,000	\$9.56	\$3,533.38
56 – 58	\$420,000	\$7.25	\$3,349.50	\$336,000	\$10.15	\$3,751.44	\$294,000	\$11.23	\$3,631.78
59 – 61	\$360,000	\$9.31	\$3,686.76	\$288,000	\$12.12	\$3,839.62	\$252,000	\$13.52	\$3,747.74
62 – 64	\$300,000	\$11.89	\$3,923.70	\$240,000	\$14.29	\$3,772.56	\$210,000	\$16.07	\$3,712.17

2 ADDITIONAL \$200,000 PREMIUM CAPITAL BENEFIT

For members who hold the maximum Standard Capital Benefit, only available prior to the age of 50.
For permanent Loss of Licence only.

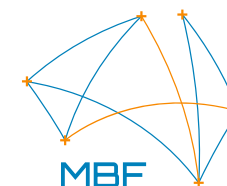
Joining under 40				Joining between 40 – 44				Joining between 45 – 49			
Present Age	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST	Present Age	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST	Present Age	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST
<30 – 64	\$200,000	\$3.41	\$750.20	40 – 64	\$200,000	\$4.54	\$998.80	45 – 64	\$200,000	\$5.68	\$1,249.60

3 ADDITIONAL DEATH BENEFIT

The lump sum starts at \$100,000 and increases \$10,000 for each year you are a member to a maximum of \$200,000.

In the event of death, benefits payable include the Standard Capital Benefit, the Premium Capital Benefit (if taken) AND the Death Benefit assigned to you.

Effective 1 May 2018. Subject to the AAPMBF Rules.



2018-2019 CONTRIBUTION AND BENEFITS SCALE

1 STANDARD CAPITAL BENEFIT TO A MAXIMUM OF \$324,000

Present Age	For current members who joined between 50 – 59		
	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST
50 – 52	\$324,000	\$9.05	\$3,225.42
53 – 55	\$288,000	\$10.42	\$3,301.06
56 – 58	\$252,000	\$12.30	\$3,409.56
59 – 61	\$216,000	\$14.89	\$3,537.86
62 – 64	\$180,000	\$17.85	\$3,534.30

2 ADDITIONAL \$200,000 PREMIUM CAPITAL BENEFIT

For members who hold the maximum Standard Capital Benefit, only available prior to the age of 50.
For permanent Loss of Licence only.

Present Age	For current members who joined between 50 – 59		
	Maximum Cover	Rate per \$1,000 excl. GST	Annual Cost incl. GST
50 – 64	\$200,000	\$6.83	\$1,502.60

3 ADDITIONAL DEATH BENEFIT

The lump sum starts at \$100,000 and increases \$10,000 for each year you are a member to a maximum of \$200,000.

In the event of death, benefits payable include the Standard Capital Benefit, the Premium Capital Benefit (if taken) AND the Death Benefit assigned to you.

Effective 1 May 2018. Subject to the AAPMBF Rules.

