

# Avant *Retirement Reward Plan*

Frequently asked questions



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# Frequently asked questions

## General overview

### 1. What is the Avant Retirement Reward Plan?

The Avant Retirement Reward Plan was launched in August 2014 as an Avant member benefit.

As Australia’s leading medical defence organisation (MDO) and member-owned, Avant intends to share its financial success with its owners, the doctors who are Voting Members.

**The Retirement Reward Plan has been designed to enable Avant to reward members for their commitment to Avant, their contribution to Avant’s financial success and their years of practice – by providing Avant with the ability to return funds to our members by way of a dividend when they permanently retire from medical practice.**

All Voting Members of Avant are automatically eligible to participate in the Retirement Reward Plan. When you retire permanently from medical practice, you may be eligible to receive a Retirement Reward Dividend.

However, there are no entitlements under the Retirement Reward Plan. The declaration of Retirement Reward Dividends is at the sole discretion of the Avant Board and subject to the ongoing financial performance and strength of Avant Mutual.

### Key features of the Retirement Reward Plan

Retirement Reward Plan	A new member benefit designed to enable Avant to pay a Retirement Dividend to eligible Voting Members upon their permanent retirement from medical practice.
Retirement Reward Dividend	A dividend that may be paid at the discretion of the Avant Board to Voting Members upon permanent retirement from medical practice.
Initial Notional Contribution to the Retirement Reward Plan	Avant notionally contributed \$300million to support the establishment of the Retirement Reward Plan.
Annual Notional Contribution to the Retirement Reward Plan	As part of the end-of-year reporting process Avant will consider making Annual Notional Contributions to the Retirement Reward Plan after reviewing the financial strength and outlook of Avant.
Notional member balance	A measure to provide voting members with an indication of what they might have received had they retired in the previous financial year and had been eligible to receive a Retirement Reward Dividend. Avant intends to update notional member balances as part of the end-of-year reporting process to reflect any Annual Notional Contribution to the Retirement Reward Plan.

### 2. How does the Retirement Reward Plan work?

The Avant Retirement Reward Plan was established with an Initial Notional Contribution of \$300 million. It is intended that the Avant Board will consider additional Annual Notional Contributions to the Retirement Reward Plan, depending on the financial strength and outlook of Avant at that time.

The Avant Board will consider declaring a Retirement Reward Dividend to be paid to retiring Voting Members who are deemed eligible in the financial year following their permanent retirement, as part of each end-of-year financial reporting process. The Board will make this decision after reviewing the financial strength and outlook of Avant at that time – always with careful regard to prudent financial management.

However if there were years with unexpected events or difficult market conditions, then Avant may not make an Annual Notional Contribution, or in severe circumstances may need to reduce Retirement Reward Dividends or withdraw the Retirement Reward Plan.

Although it is Avant’s intention to pay Retirement Reward Dividends following the permanent retirement of a member, it is important to note that until a Retirement Reward Dividend has been declared in a particular year, with respect to a retiring member who has been deemed eligible, there is no entitlement for any member to a payment of a Retirement Reward Dividend.

### 3. Why are the contributions to the Retirement Reward Plan considered notional?

The contributions are considered notional and not guaranteed because they are subject to the ongoing financial performance, financial strength and outlook of Avant. The Board sees the ongoing financial security and sustainability of the organisation as its highest priority and will carefully consider any future Annual Notional Contributions to the Retirement Reward Plan.

### 4. How do I participate in the Retirement Reward Plan?

All Voting Members of Avant are automatically eligible to participate in the Retirement Reward Plan. You must maintain Voting Membership of Avant Mutual to maintain participation in the Retirement Reward Plan.

A Voting Member is any medical practitioner who is practising or entitled to practise medicine in Australia and has paid an annual membership subscription to Avant Mutual.

**5. What is the Retirement Reward Dividend?**

The Retirement Reward Dividend is a dividend that may be paid at the discretion of the Avant Board to Voting Members upon permanent retirement from medical practice.

The Avant Board will consider declaring Retirement Reward Dividends as part of each end-of-year financial reporting process after reviewing the financial strength and outlook of Avant at that time.

However, if Avant experiences adverse financial conditions which impact on the financial security of the Group, or for other reasons, the Board, at its sole discretion, may elect to reduce, suspend or cease making declarations of Retirement Reward Dividends.

Once the Avant Board has declared a Retirement Reward Dividend, which is expected to be fully franked, then, and only then, is there an obligation for Avant to pay the dividend.

**6. What Retirement Reward Dividend will I be paid?**

The *Corporations Act* restricts organisations from making projections or giving guidance as to what dividend might be payable in the future.

As a result, we have created a measure known as the notional member balance to provide members with an indication of what they might have received had they retired in the previous financial year and been eligible to receive a Retirement Reward Dividend.

**Avant will maintain the notional member balance on each member’s profile page of our website [avant.org.au](http://avant.org.au). The notional member balance will be updated in October each year, should Avant resolve to make any Annual Notional Contributions to the Retirement Reward Plan.**

Unless the Board chooses to reduce or withdraw the Retirement Reward Plan, it is Avant’s intention that Retirement Reward Dividends will be equivalent to the most recent notional member balance, which may be updated by any further Annual Notional Contribution made by the Board. Retirement Reward Dividends, if any, are declared in September. Your Retirement Reward Dividend, if any, will only be determined and paid in the financial year following your retirement.

While the Retirement Reward Plan is designed with the intention for it to be an ongoing benefit, any Retirement Reward Dividend is not a guaranteed entitlement. The Board may, at its sole discretion, reduce or not declare Retirement Reward Dividends if it feels it is in Avant’s best interests to do so.

The Retirement Reward Dividend is designed to reflect a member’s relative contribution to Avant’s financial strength as measured by their premiums and mutual services fee over the period of their most recent continuous membership, to ensure that the Plan is fair for all members.

**7. How does Avant determine how much I might receive as a Retirement Reward Dividend?**

Firstly Avant considers the amount that has been notionally contributed to the Retirement Reward Plan in total.

It then maintains a calculation that generates the notional member balance, which reflects a member’s relative financial contribution to the amount notionally contributed to the Retirement Reward Plan, if any, in respect of each financial year.

The notional member balance is designed to reflect your relative contribution to Avant’s financial strength through your premiums. The initial notional member balance was calculated based on premiums over your most recent continuous membership of Avant Mutual or its predecessors, since 1 July 2003. For those who are contributing members of a private health insurance product issued by the Doctors’ Health Fund, premiums since 1 June 2012 are also taken into account. Since 1 January 2019, mutual services fees were also taken into account.

Future notional member balances, if any, are expected to be based on your practitioner indemnity premium, mutual services fee and Doctors’ Health Fund premium for that year.

The Avant Board then considers declaring a Retirement Reward Dividend based on the notional member balance at the end of the financial year, in which those members retired from medical practice and are eligible for a Retirement Reward Dividend.

However, the Avant Board can, at its sole discretion, declare a Retirement Reward Dividend less than the notional member balance or not declare a Retirement Reward Dividend.

Avant maintains a calculation to determine any Retirement Reward Dividend that might be paid to you. It includes:	
Initially	Your notional member balance based on: <ul style="list-style-type: none"> <li>• your practitioner indemnity premium since 1 July 2003</li> <li>• your Doctors’ Health Fund premium since 1 June 2012</li> <li>• your mutual services fee since 1 January 2019.</li> </ul>
Each year	Any annual notional member balances which are expected to be based on: <ul style="list-style-type: none"> <li>• your practitioner indemnity premium that year</li> <li>• your Doctors’ Health Fund premium that year</li> <li>• your mutual services fee for that year.</li> </ul>

## 8. What would I receive if I retired now?

Following the end of each financial year, commencing 30 June 2015, Avant will consider all the notifications it has received from permanently retired members who has no outstanding debt with Avant Insurance for either insurance premium and/or claims deductible charges, and determine what Retirement Reward Dividends, if any, it wishes to declare, always taking into careful consideration the financial strength of Avant Mutual at the time.

It is intended that the amount of the Retirement Reward Dividend will be equivalent to the notional member balance for that member.

However, if Avant experiences adverse financial conditions which impact the financial security of Avant Mutual, or, for any other reasons, the Board, at its sole discretion, may elect to reduce or not declare Retirement Reward Dividends.

**There is no obligation on Avant to pay any notional member balance to members unless, and until, a Retirement Reward Dividend is declared. Consequently, Avant advises members not to make financial decisions based on what they might have received in any year.**

## 9. Do all members receive the same level of Retirement Reward Dividend?

No. Avant recognises the relative contribution of our members to Avant's financial strength and success based on their premiums and mutual services fee. For this reason, and/or any others that the Avant Board deems in future to be in the best interests of members, the level of the Retirement Reward Dividend, if any, will differ by member. The payment of Retirement Reward Dividends is entirely at the discretion of the Avant Board and subject to the ongoing financial performance and strength of Avant Mutual.

## Financial rationale

### 10. Why did Avant establish the Retirement Reward Plan?

Over the past ten years, good financial management, strong insurance disciplines, lower claims and growth have contributed to strong financial results. This has been reflected in good profits and rising levels of net assets on our balance sheet – and this is recorded in our annual financial statements. Avant knows that a strong net asset position is important for our members.

However, Avant does not need to retain capital significantly beyond that required to maintain financial security and manage and support its business now and into the future.

The Retirement Reward Plan has been designed to achieve a balance between enabling members to fairly share in Avant's financial success, while ensuring Avant maintains significant assets on the balance sheet in order for members to be confident that Avant can withstand unexpected events and difficult market conditions.

### 11. Why not lower premiums instead of creating the Avant Retirement Reward Plan?

Avant believes that introducing the Retirement Reward Plan produces a fairer outcome for all members because there is equity between members in the distribution of dividends while maintaining a high level of financial security for all members.

Avant takes a disciplined risk-based approach to setting premiums, ensuring they adequately reflect the risk profile of members and projected claims experience. This ensures Avant receives sufficient premiums to cover future anticipated claims, protects the security of all members and provides services that are valued. This disciplined approach has contributed to the financial strength Avant has today.

Avant charges premium rates that are sustainable into the future and self-sufficient for the expected cost of the risk.

Avant has a Loyalty Reward Plan that offers members savings on premiums, depending on the financial performance of Avant in any year and length of continuous membership.

The Retirement Reward Plan supports these philosophies. It is an excellent way to reward members, whilst maintaining a disciplined risk-based approach to setting premiums and ensuring there are always adequate funds to protect and defend members and cover unexpected events and market conditions.

### 12. Can Avant afford to offer retirement rewards and still maintain financial security?

Avant, like all regulated insurance companies, holds prudent levels of net assets on its balance sheet above its expected future liabilities. We refer to this additional asset buffer as our capital base and hold it in the event claims made against our members exceed our expectations or the reserves we have set aside. Our current level of assets is much greater than liabilities, which reflects a prudent level of net assets and this ensures the ongoing security of Avant's financial commitments. A strong capital base is important for Avant's ongoing strength and stability.

Avant has the highest level of net assets of any Australian MDO. The total of \$300 million that we have notionally contributed represents only a relatively modest portion of our capital base, ensuring Avant still maintains a very significant level of capital.

### 13. How does the Retirement Reward Plan balance financial security with returning funds?

This is achieved because it provides a mechanism for Avant to return funds that are not required to meet our needs while, at all times, ensuring we retain the ability to withstand even the most difficult financial circumstances and maintain financial security for all our members.

Whenever a member retires from medical practice, the level of insurance risk that Avant supports diminishes ever so slightly and so, too, does Avant's need to hold capital. Therefore, conceptually, the Retirement Reward Plan provides a mechanism for Avant to return funds it no longer needs.

#### 14. Where is the Retirement Reward Plan placed amongst all of Avant's financial commitments?

The Retirement Reward Plan is an additional benefit for members; it is secondary to Avant's commitments under its insurance policies. The intention is that Retirement Reward Dividends would only ever be declared after all of Avant's other financial commitments, on behalf of our members, have been met or could reasonably be expected to be met.

#### 15. Why does the Avant Board need to approve the Retirement Reward Dividend payment?

Like all Australian corporations, Avant Mutual must satisfy the requirements of the *Corporations Act* before making a dividend payment. The Board of Avant Mutual must ensure that following any dividend payment, it retains the financial strength to maintain a high level of financial security for all our members, support our ongoing operations and meet regulatory capital requirements.

#### 16. How long will the Retirement Reward Plan be offered?

While no organisation can guarantee that a program will run indefinitely, the Retirement Reward Plan has been modelled to be financially sustainable and therefore is expected to be an ongoing benefit for members.

Avant did not introduce this Plan with the intention to withdraw or reduce it in the future, however, Avant retains the right to do so if the Avant Board believes at any time it is in the best interest of members.

#### 17. Will the plan rules always remain the same?

The Avant Directors reserve the right to amend any aspects of the plan at their sole discretion.

#### 18. What steps did Avant take to ensure this is the best option for managing capital and sharing a reward with its membership?

Avant reviewed the performance of similar reward programs operating in the US, consulted with appropriate actuarial and tax experts, including the ATO and regulators, and ensured all legislative requirements were met before establishing the Retirement Reward Plan.

#### 19. In establishing the Retirement Reward Plan, how did Avant decide how much to notionally contribute to it?

Avant's Directors made this determination after looking at Avant's current financial position and ongoing capital requirements in layers of financial security. First, Avant identified the capital required to fund the operational needs of the business, then it retained a further amount to meet its regulatory requirements, and lastly, it prudently maintained additional resources to support future changes in our business or withstand unexpected events.

#### 20. Will there be any further Annual Notional Contributions to the Retirement Reward Plan?

Avant expects to make further Annual Notional Contributions to the Retirement Plan and will consider doing so after the close of each financial year. If future Annual Notional Contributions occur, members could expect their notional member balance to rise based on their premiums and mutual services fee. However if there were years with unexpected events or difficult market conditions, then Avant may not make an Annual Notional Contribution or in severe circumstances may need to reduce Retirement Reward Dividends or withdraw the Retirement Reward Plan.

#### 21. Under what circumstances might Avant suspend, withdraw or cease making any further Annual Notional Contributions to the Retirement Reward Plan?

It is prudent to anticipate times of unexpected events or difficult market conditions. This may include periods when there are significantly higher levels of claims than occurred in the past, or falls in the value of net assets held within Avant's balance sheet.

#### 22. Will the Retirement Reward Plan impact my premium rate?

No. We are not expecting any increase or reduction to medical indemnity premium rates as a result of the introduction of the Retirement Reward Plan. The Retirement Reward Plan was established to allow members to share in Avant's financial strength and success and therefore does not need to be factored into premiums.

Avant's premium philosophy is to take a disciplined risk-based approach to setting premiums, assessing them against the risk profile of members and projected claims experience. Premiums are sufficient to cover future anticipated claims, protect the security of all members and provide services that are valued.

When, financial results continue to be strong, the Retirement Reward Plan provides an additional mechanism to share the benefits of these with our members.

#### 23. Will the Retirement Reward Plan impact the Loyalty Reward Plan?

No. Avant is not proposing any change to the Loyalty Reward Plan as a result of the Retirement Reward Plan. Many of our members tell us that they value it. We intend to continue to maintain the Loyalty Reward Plan as another mechanism to share our financial success in any one year with members as a deduction from their premium, based on categories of continuous membership.

However, we remind members that while Avant's financial performance has been very strong in recent years, there is no guarantee a Loyalty Reward Plan reward will be made each year. It continues to be determined by an annual assessment of the quality of Avant's financial performance.

## The Retirement Reward Plan: participation and procedures

### 24. How do I know I am eligible to participate in the Retirement Reward Plan and receive a notional member balance?

To be eligible for a notional member balance you must be:

- a Voting Member at the record date (30 June) of a given year set by the Avant Mutual Board paying a professional indemnity insurance premium
- has no outstanding debt with Avant Insurance for either insurance premium and/or claims deductible charges

The notional member balance to Voting Members are determined by the Board in September each year.

Eligibility requirements are set out in detail in the Eligibility Criteria, which can be found on the Avant website [avant.org.au/member/RRP](http://avant.org.au/member/RRP).

### 25. If I retired and terminated my membership, can I be reinstated as a member?

If you re-commence medical practice and have insurance with Avant, you can commence a new membership with Avant, although any premiums and mutual services fees paid prior to commencing your new membership will not be taken into account when determining your notional member balance, if any.

### 26. If I did not renew my membership on 30 June, can I renew it now?

Yes. You have 90 days to renew after 30 June, provided that you do not maintain insurance with another insurance provider.

### 27. Can I retain membership of Avant if I am no longer insured by Avant?

You can retain membership of Avant if you are no longer insured with Avant in limited circumstances. These include being on parental leave, taking sabbatical or practising outside of Australia. You cannot retain membership with Avant if you are practising in Australia and have medical indemnity insurance with another insurer.

### 28. What happens if I cease being a member of Avant but am not permanently retiring from medical practice?

Non-members are not entitled to participate in the Retirement Reward Plan. The calculation that determines a member's Retirement Reward Dividend and notional member balance considers the period of continuous membership. Hence any discontinuance in membership for over three months will result in your membership lapsing and will see the notional member balance reset at zero.

However, members who temporarily cease practising medicine in Australia or go on extended leave may continue their Avant membership and hence, maintain their notional member balance.

### 29. Will I still receive a notional member balance if I go overseas, go on maternity leave or join a public hospital?

Yes. You will maintain any notional member balance if you remain a Voting Member of Avant. Like all Voting Members, your notional member balance may also increase if you maintain a practitioner indemnity policy with Avant and Avant makes any additional Annual Notional Contributions to the Retirement Reward Plan.

### 30. Am I eligible to participate if I am a part-time doctor?

Yes. As long as you remain a Voting Member of Avant and have no outstanding debt with Avant Insurance for either insurance and/or claims deductible charges, you can participate in the Retirement Reward Plan.

### 31. If I suspend my practitioner medical indemnity policy and my membership lapses, will my participation in Avant's Retirement Reward Plan be affected?

Yes. To participate in the Retirement Reward Plan and maintain any notional member balance, you must remain a Voting Member of Avant.

### 32. What if I leave Avant but return again in the future?

Any notional member balance for the Retirement Reward Plan will be reset to zero if your Voting Membership with Avant is terminated or not renewed for any reason, or, if you no longer meet the eligibility criteria for participating in the Retirement Reward Plan.

It is important to remain a current Voting Member. If you cease to meet the Eligibility Criteria for a period and later return to membership of Avant, you will be treated as a new Retirement Reward Plan participant, and you will not be entitled to any prior notional member balances for the Retirement Reward Plan associated with any prior years of continuous membership with Avant.

### 33. Under what circumstances would my eligibility be terminated?

If your Voting Membership with Avant is terminated, cancelled, not renewed for any reason, such as non-payment of the annual Membership Renewal Notice, or you no longer meet the Eligibility Criteria for participating in the Retirement Reward Plan, any notional member balance for the Retirement Reward Plan will be reset to zero.

### 34. If my medical indemnity insurance is paid by my employer, am I still eligible to participate in the Avant Retirement Reward Plan?

If your premium and membership of Avant Mutual is paid by a third party (for example, your employer), you remain eligible to participate in the Retirement Reward Plan, provided that you maintain Voting Membership of Avant Mutual in your own name.

Arrangements may vary depending on the agreement with your employer. You may need to check with them on how this affects you.



If this arrangement ceases, as long as you ensure your Voting Membership with Avant remains current and uninterrupted, you will retain your notional member balance for the Retirement Reward Plan.

**35. If I hold a practitioner insurance policy but am not a member of Avant Mutual, can I still participate in the Avant Retirement Reward Plan?**

No. In order to participate you must be a Voting Member of Avant Mutual.

**The notional member balance: eligibility and procedures**

**36. How will you determine future notional member balances?**

Any future notional member balances to Voting Members will be determined based on any Annual Notional Contributions the Avant Board may make to the Retirement Reward Plan and then based on the amount of the member's Practitioner Medical Indemnity Premium, mutual services fee and Private Health Insurance premiums for that financial year. At the sole discretion of the Board, this calculation may also take into account premiums for future products Avant Mutual may make available to members. This methodology may change in the future, should the Directors determine it no longer fairly represents each member's contribution to the financial strength of Avant.

Importantly, if Avant Voting Membership lapses or is terminated for any reason, the former member can no longer participate in the Retirement Reward Plan and any notional member balance for the Retirement Reward Plan will be reset to zero.

**37. Can I retain my membership of Avant and receive a notional member balance if I am insured by another provider?**

No.

**38. Why are the premiums I pay for the practice insurance policy not included in the calculation of premium contribution?**

The Avant Retirement Reward Plan is a benefit of membership. Practice policies are designed to insure a corporate entity. A corporate entity is ineligible to be a Voting Member of Avant. The Practice Insurance Policy is different from your personal Indemnity Policy.

**39. My Doctors' Health Fund (DHF) private health insurance policy is in joint names. How does this affect the calculation of premium contributions?**

Where a Voting Member also holds a DHF private health insurance policy, the DHF premium will be taken into account when determining their notional member balance. In the event a DHF policy covers two Voting Members, the DHF premium will only be attributed to one of the Voting Members' notional member balances, being the DHF deemed Contributing Member.

**40. Will my claims experience affect my notional member balance?**

To be eligible to participate in the Retirement Reward Plan and be eligible for a notional member balance, a doctor must remain a Voting Member.

A member with a very poor claims experience could be subject to non-renewal of policy and membership, based on Avant's normal underwriting criteria. Non-renewal would cause the member's notional member balance for the Retirement Reward Plan to be reset to zero.

**41. Will my notional member balance for the Retirement Reward Plan accumulate interest?**

No. While the notional balance will not accumulate any form of interest or investment return, the Board of Avant Mutual intends to consider making further Annual Notional Contributions to the Retirement Reward Plan – subject to careful consideration of the ongoing financial performance and strength of Avant.

However, if there were years with unexpected events or difficult market conditions, then Avant may not make an Annual Notional Contribution, or in severe circumstances may need to reduce Retirement Reward Dividends or withdraw the Retirement Reward Plan.

**42. What happens to my notional member balance if I cancel my DHF insurance?**

Eligibility to participate in the Retirement Reward Plan is based on being a Voting Member of Avant and not on whether you have a DHF policy. However, the premiums paid for DHF products are taken into consideration when determining notional member balances.

**43. Can I use my notional member balance as security for a loan?**

No. Notional member balances are notional only and members do not have any entitlements with respect to those notional balances. Amounts will only become payable if, and when a Retirement Reward Dividend is declared by the Avant Board following an eligible member's permanent retirement.

**44. Is my notional member balance for the Retirement Reward Plan guaranteed?**

No. There are no entitlements to the payment of the notional member balance, unless and until, a Retirement Reward Dividend is declared by the Avant Board.

Importantly, if your Avant Membership lapses or is terminated and you cease to be considered eligible to participate in the Retirement Reward Plan, any notional member balance for the Retirement Reward Plan will be reset to zero.

**45. I have seen my notional member balance but am not planning to retire from medical practice for a few years. Do you expect my Retirement Reward Dividend to change?**

In the future, the Avant Board expects to make further Annual Notional Contributions to the Retirement Reward Plan after the close of a financial year. As these Annual Notional Contributions occur, members should expect their notional member balances to rise based on their own financial contribution for that financial year.

However, if there were years with an unexpected poor financial performance, then Avant may not make an Annual Notional Contribution, or in severe circumstances may need to reduce Retirement Reward Dividends or withdraw the Retirement Reward Plan.

Although it is Avant's intention at this stage that any Retirement Reward Dividends will be equivalent to the notional member balance on the permanent retirement of a Voting Member, it is important to note that unless and until a Retirement Reward Dividend has been declared, members have no entitlement to notional member balances or a Retirement Reward Dividend.

**46. What can I do to increase my notional member balance?**

Collectively, when members practise good medicine it is reflected in our financial performance. When we manage our business well and when the environment is positive in contributing to strong operating results, this will enable the Avant Board to notationally contribute more to the Retirement Reward Plan.

**The Retirement Reward Dividend: eligibility and procedures**

**47. How do I know if I am eligible for a Retirement Reward Dividend?**

You will be considered eligible to receive a Retirement Reward Dividend in a given year, if you:

- a) are a Voting Member
- b) permanently retire from paid medical practice during the 24 months prior to 30 June of the given year\*; and
- c) have no outstanding debt with Avant Insurance for either insurance premium, mutual services fee and/or claims with deductible charges.
- d) complete a Notification Form prior to 31 July immediately following the given year with statutory declaration of permanent retirement.

An equivalent payment of the Retirement Reward Dividend may also be paid to the estate of those eligible Voting Members who die during the 24 months ending on 30 June of the given year.

\*With respect to the initial year of operation of the Retirement Reward Plan, you must have held a Practitioner Policy in your name with Avant in the 12 months prior to 30 June 2015 and only ceased to hold this policy due to permanently retiring<sup>1</sup> from practice during that 12-month period, or due to death or permanent disability<sup>2</sup> of the Member during that 12-month period.

<sup>1</sup>Permanently retired means that you are no longer paid to practise in any capacity as a medical practitioner and have no intention to be paid to practise in the future.

<sup>2</sup>Permanent disability means that you are no longer able to practise medicine in any capacity in the foreseeable future.

**48. Can I be considered permanently retired for the purposes of the Retirement Reward Plan if I still undertake voluntary medical services?**

Yes.

**49. How do I receive my Retirement Reward Dividend?**

To be eligible to receive a Retirement Reward Dividend in any financial year, you must permanently retire from paid medical practice during the 24 months prior to 30 June of the given year. You must complete a Notification Form with a statutory declaration of permanent retirement to be considered eligible for the Retirement Reward Dividend, which must be received by Avant Mutual no later than 31 July, in the financial year immediately following your permanent retirement from medical practice.

**50. When does Avant become obliged to pay out a Retirement Reward Dividend?**

Once the Avant Board has declared a Retirement Reward Dividend in a particular year, in respect of a Voting Member who has been deemed eligible for the Retirement Reward Dividend, then and only then, is it a financial obligation of Avant to pay that dividend.

**51. When will I receive a Retirement Reward Dividend?**

Following 30 June of each financial year, Avant will consider declaring a Retirement Reward Dividend to those Voting Members who were deemed eligible and whose notifications were received prior to 31 July, always taking into careful consideration the financial performance and strength of Avant at the time.

Retirement Reward Dividends will be considered when finalising the year-end financial statements for Avant Mutual. Currently, we would expect dividend payments, if declared, to be made in October each year, commencing in 2015.

If a Retirement Reward Dividend is declared, Voting Members who were deemed eligible will receive a single lump sum payment as their Retirement Reward Dividend. An equivalent payment to a Retirement Reward Dividend may also be distributed to the estate of deceased Voting Members who were deemed eligible, with payment taking effect in the subsequent financial year.

**52. When does the Corporations Act permit a dividend to be paid?**

Currently, the *Corporations Act* only permits Avant to pay dividends out of profits. As a consequence, the ability of Avant to pay an Avant Reward Dividend is dependent on sufficient profit being available at the time of declaration. In addition, the law may change in the future and Avant would need to consider its ability to continue to pay an Avant Reward Dividend at that time.

There are no entitlements under the Retirement Reward Plan. The declaration of Retirement Reward Dividends is at the sole discretion of the Avant Board and subject to the ongoing financial performance and strength of Avant Mutual.

**53. Can I receive my notional member balance as a Retirement Reward Dividend before I retire?**

No. Only Voting Members who have permanently retired in the previous financial year are eligible for a Retirement Reward Dividend in any given year.

In the event of death, an equivalent payment to the Retirement Reward Dividend may be paid to the estate of the deceased.

**54. Can I choose to receive a Retirement Reward Dividend at a later date?**

No. Voting Members who are deemed eligible will only be eligible to receive a Retirement Reward Dividend in the financial year following their permanent retirement from medical practice. The payment of a Retirement Reward Dividend is not guaranteed unless declared by the Avant Board.

**55. Can I choose to receive a Retirement Reward Dividend over a period of time?**

No. Any Retirement Reward Dividends will only be paid in a single lump sum.

**56. Am I eligible to be considered for a Retirement Reward Dividend if I become terminally ill?**

Yes. If serious illness causes you to permanently retire from all paid medical practice, you are eligible to apply for a Retirement Reward Dividend.

**57. What should my family or estate do in the event of my death?**

In the event of your death, your family or estate can apply for a payment equivalent to the Retirement Reward Dividend, and should submit a Deceased Member Notification form and Nomination of Financial Institution form. Both are available on the Avant website at [avant.org.au/member/RRP](http://avant.org.au/member/RRP).

**58. What are the tax consequences of receiving my Retirement Reward Dividend payment?**

The Australian Taxation Office has advised that if Avant pays Retirement Reward Dividends as fully franked dividends, then the ATO will treat the dividends as fully franked and will not seek to apply the income tax anti-avoidance rules to deny franking benefits to members. Avant anticipates that the Retirement Reward Dividends will be fully franked. This means that members may receive a credit for the corporate tax that Avant has paid on the amount of the dividend. You should consult a personal tax advisor to determine the appropriate treatment on tax returns.

**Other questions****59. Is there any right to appeal Board decisions regarding eligibility and/or size of payment?**

If you are not satisfied with decision made in relation to your eligibility, a payment or allocation, you can ask Avant to review that decision. You can contact us Monday to Friday 8am to 7pm EST on **1800 128 268** for information about the review process.

**60. What effect will the Retirement Reward Plan have on Avant's mutual status?**

The Australian Taxation Office has determined that the Retirement Reward Plan should not impact the Avant Group's mutual status in relation to the mutual activities.

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