Mercer

Report to the Trustee on the Actuarial Investigation as at 30 June 2021

Tully Sugar Superannuation Fund

(a sub-plan of IOOF Employer Super)

22 December 2021

welcome to brighter

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Key Results and Recommendations

This report on the actuarial investigation of the Tully Sugar Superannuation Fund (the Fund) as at 30 June 2021 has been prepared to meet the requirements of the Fund's governing rules and the SIS legislation.

This report should not be relied upon for any other purpose or by any party other than IOOF Investment Management Limited (the Trustee of the Fund). Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with Tully Sugar Limited (the Employer) who contributes to the Fund. The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

Change in Financial Position

The following table summarises the Fund's financial position, at both this and the previous actuarial investigation.

Defined Benefits Only*	Position at 30 June 2021 $000	Position at 30 June 2021 Asset Coverage	Coverage at 30 June 2018
Assets	[redacted]		
Liability for Vested Benefits (as of right)	[redacted]	105.8%	108.9%
Liability for Consent Benefits	[redacted]	103.9%	107.0%
Liability for Actuarial Value of Accrued Benefits	[redacted]	93.2%	97.5%
Liability for Accrued Retirement Benefits	[redacted]	101.5%	102.1%
Liability for SG Minimum Benefits	[redacted]	105.8%	110.1%

*The above totals exclude additional accumulation balances for defined benefit members of [redacted] as at 30 June 2021.

The coverage levels at 30 June 2021 were lower than the levels at the previous actuarial investigation, due to the following items of negative experience:

- Average salary growth of 3.8% p.a. which was higher than expected (2.5% p.a. up to 30 June 2021); and
- Average growth in Final Average Salary of 5.7% p.a.

These factors have been partially offset by the following items of positive experience:

- Investment earnings of 3.6% p.a., which were higher than the long term assumption (2.9% p.a.)
- The reduction in membership from eleven to six resulting in the excess of assets over liabilities being spread across a reduced membership, and an increase in the ratio of assets to liabilities.

There was also a material reduction in the gap between the assumed rate of investment earnings and the rate of salary increases used to determine the Actuarial Value of Accrued Benefits from -0.1% p.a. to -1.0% p.a. This has increased the Actuarial Value of Accrued Benefits.

Recommended Contribution Rates and Projections

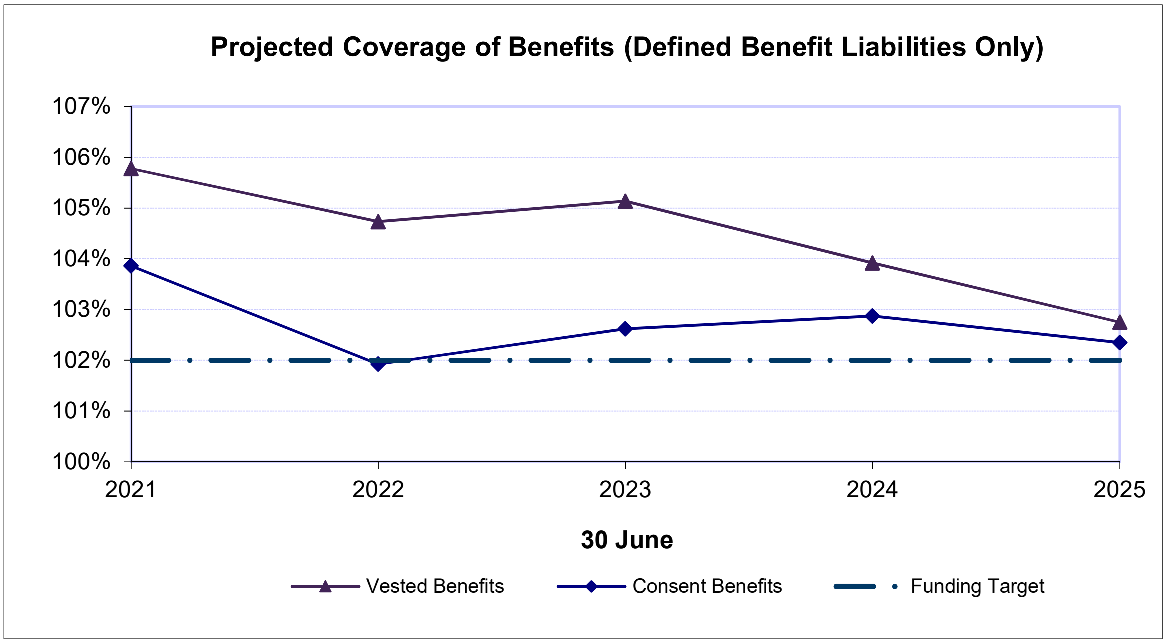
At 30 June 2021, the Fund was in a satisfactory financial position according to the SIS legislation, with assets equal to 105.8% of Vested Benefits (as of right). The 103.9% coverage of Defined Benefit Consent Benefits was above the financing objective of 102% coverage adopted for this investigation.

Based on the financial position at 30 June 2021, I recommend that the Employer contributes to the Fund in accordance with the following contribution program:

Benefit Category	1 July 2021 – 31 December 2021	1 January 2022 – 30 June 2023	1 July 2023 onwards
1 and 2	17.5% of members' salaries plus deemed or salary sacrifice member contribution of 8%	$15,000 per month plus deemed or salary sacrifice member contribution of 8%	$10,000 per month plus deemed or salary sacrifice member contribution of 8%

The recommended monthly contributions of $15,000 from 1 January 2022 represent an increase of approximately $4,500 per month compared with the current contribution rate of 17.5% of salaries.

Based on the assumptions adopted for this investigation and the recommended contribution amounts, I have prepared the following projection of Fund assets and benefit liabilities:



The graph above shows that the recommended contributions are anticipated to maintain assets of at least 102% of Defined Benefit Consent benefits (which is the financing objective adopted in this investigation) over the period to 30 June 2024.

Coverage of Defined Benefit Vested Benefits (as of right) is expected to remain above 100% over the next four years.

Risks

The Trustee should note that the above projection is based on the assumptions adopted, which represent a single scenario from a range of possibilities. The future is uncertain and the Fund's actual experience will differ from these assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within the reasonable range and results based on those alternative assumptions would be different. However the coverage ratios should be reviewed regularly by the Trustee. The Trustee's monitoring of the experience specified in the Notifiable Events section of the Funding and Solvency Certificate will provide a further means of identifying adverse experience which warrants an immediate review of the Fund's financial position.

Section 8 provides illustrations of the impact of investment volatility on the projected coverage of Vested Benefits and shows that a 1% pa reduction in the assumed future investment return would result in a 4.8% increase in the Actuarial Value of Accrued Benefits.

Sections 8 and 9 discuss other risks associated with the liabilities, including small plan and expense risk, legislative risk and insurance risk.

Other Findings and Recommendations

Suitability of Policies

I am satisfied that the following current policies for the defined benefit section of the Fund are suitable:

- The investment policy
- The crediting rate policy
- The insurance arrangements
- The Trustee's process for monitoring the Fund's financial position.

Recommendations

- The Shortfall Limit (for the purposes of SPS 160) should be increased to 100%.
- The financial position should be reviewed at 30 June 2022.

Actions Required by the Trustee

The Trustee should consider this report and confirm its agreement (or otherwise) to the contribution and other recommendations.

The Trustee should seek formal agreement from the Employer to contribute in line with the recommendations.

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Introduction

Background of the Fund

The Fund is operated for the benefit of employees of Tully Sugar Limited and is a sub-plan of IOOF Employer Super. The Trustee of IOOF Employer Super, IOOF Investment Management Limited, holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Fund as required under the Trust Deed.

The Fund is a resident regulated fund and a complying superannuation fund for the purposes of the SIS legislation. The Fund is taxed as a complying superannuation fund.

The advice contained in this report is given in the context of Australian law and practice. No allowance has been made for taxation, accountancy or other requirements in any other country.

The governing rules of the Fund are set out in the IOOF Portfolio Services Superannuation Fund trust deed dated 20 June 1994 (as amended).

Purpose

I have prepared this report exclusively for the Trustee of the Tully Sugar Superannuation Fund for the following purposes:

- To present the results of an actuarial investigation of the Fund as at 30 June 2021;
- To review Fund experience for the period since the previous actuarial investigation as at 30 June 2018;
- To recommend contributions to be made by the Employer intended to allow the Fund to meet its benefit obligations in an orderly manner, and to reach and maintain an appropriate level of security for members' accrued benefit entitlements;
- To satisfy the requirements of the Fund's Trust Deed for actuarial investigations of the Fund's financial position; and
- To meet legislative requirements under relevant Commonwealth superannuation legislation.

It has been prepared in accordance with the requirements of the Trust Deed, the Superannuation Industry (Supervision) Act 1993 and associated regulations (SIS legislation), Prudential Standard SPS 160 issued by APRA and Professional Standard 400 issued by the Actuaries Institute setting out requirements for actuarial investigations of defined benefit superannuation funds under SIS legislation.

The previous actuarial investigation was conducted as at 30 June 2018 by me, on behalf of Mercer, and the results are contained in a report dated 23 November 2018.

Significant events since the investigation date

One of the six remaining defined benefit members retired and was paid a benefit in July 2021. This has been allowed for in the projection of the Fund's financial position and the Employer contribution recommendations.

I am not aware of any other significant events that have occurred since 30 June 2021 which would have had a material impact on the findings or recommendations in this report.

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Experience since the last review

Membership

The membership of the defined benefit section has changed since 30 June 2018 as follows:

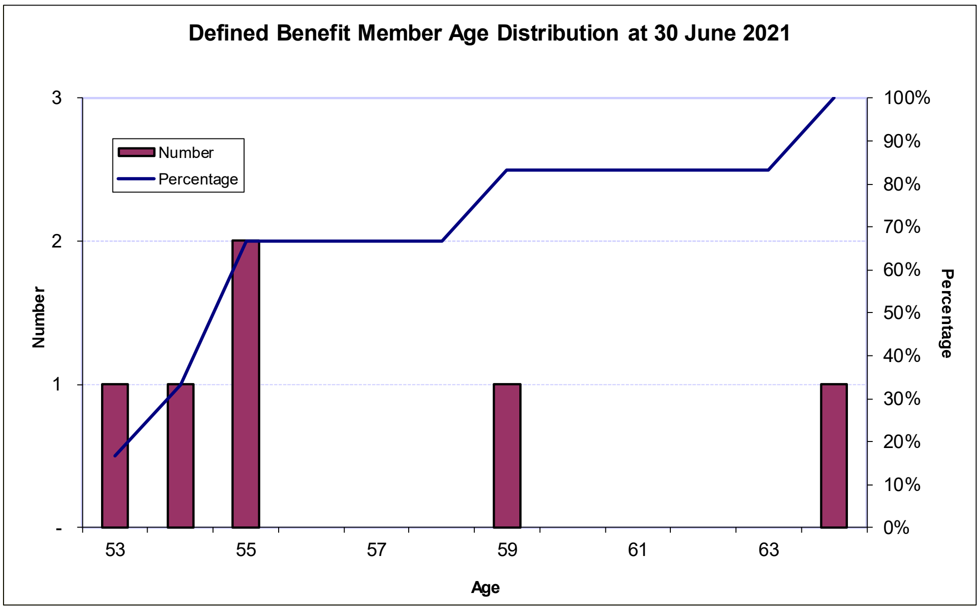
Active members at 30 June 2018	11
Exits	5
New Entrants	0
Active members at 30 June 2021	6

Total salaries at 30 June 2021	[redacted]
Average salaries at 30 June 2021	
Average age at 30 June 2021	57.2 years

There are no members remaining whose benefits are determined wholly on a defined contributions (or 'accumulation') basis.

During the period under review the number of defined benefit members within the Plan decreased from 11 to 6. This means that the surplus is spread over a smaller number of members so that the coverage of the benefit liabilities (when expressed as a percentage) has increased accordingly.

The defined benefit membership split by age as at the 30 June 2021 is shown in the following graph:



Investment Returns

The table below shows the rates of investment earnings (after tax, investment fees and asset based administration fees) for the assets supporting defined benefits over the period since the previous investigation.

Year Ending	Investment Return (pa)
30 June 2019	3.8%
30 June 2020	1.9%
30 June 2021	5.1%
Compound Average	**3.6%**

The average investment return for the three year period to 30 June 2021 was 3.6% p.a. compared to our long term assumption at the last actuarial investigation of 2.9% p.a. The higher than assumed return had a positive impact on the Plan's financial position.

Salary Increases

Salaries for the current defined benefit members increased by an average of 3.8% p.a. over the period compared to our assumption at the last actuarial investigation of 2.5% p.a. up to 30 June 2021. The average increase in Final Average Salary (FAS) was 5.7% p.a. The higher than assumed salary and FAS increases had a negative impact on the Plan's financial position, as all of the Fund's liabilities are salary related.

Contributions

The Employer contributions paid since the date of the previous actuarial investigation were as follows:

Benefit Category	1 July 2018 – 31 December 2018 (% of member salaries)	1 January 2019 onwards (% of member salaries)
1	14.5% plus deemed or salary sacrifice member contribution of 8.8%	17.5% plus deemed or salary sacrifice member contribution of 8.8%
2	14.5% plus deemed or salary sacrifice member contribution of 8.8%	17.5% plus deemed or salary sacrifice member contribution of 8.8%
4	6.9% plus deemed or salary sacrifice member contribution of 4.7%	6.9% plus deemed or salary sacrifice member contribution of 4.7%

Benefit Category	1 July 2018 – 31 December 2018 (% of member salaries)	1 January 2019 onwards (% of member salaries)
Others (Accumulation basis members)	SG% of Ordinary Time Earnings	

The Employer contributions for the defined benefit members were in accordance with the prior actuarial investigation recommendations, and were consistent with the cost of benefit accrual. Contributions had a negligible impact on the Fund's financial position.

Impact of the experience on the financial position

The main experience items affecting the Fund's financial position during the period from 30 June 2018 to 30 June 2021 were as follows:

Item	Assumption at previous review	Plan experience	Comment on effect
Investment returns	2.9% p.a.	3.6% p.a.	Positive effect – investments grew at a higher rate than assumed
Salary/FAS increases	2.5% p.a. for first 3 years from 1 July 2018 (3% p.a. thereafter)	3.8%/5.7% p.a.	Negative effect – benefit liabilities grew at a higher rate than assumed
Membership changes	-	6 exits	Positive effect – surplus assets spread across reduced membership base

The overall impact of this experience was a reduction in the excess of assets over Consent Benefits of approximately $200,000.

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Actuarial assumptions

The ultimate cost to the Employer of providing Fund benefits to members is:

- the amount of benefits paid out; plus
- the expenses of running the Fund, including tax;

less

- members' contributions; and
- the return on investments.

The ultimate cost to the Employer will not depend on the actuarial assumptions or the methods used to determine the recommended Employer contribution, but on the actual experience of the Fund. The financing method and actuarial assumptions adopted will however affect the timing of the contribution requirements from the Employer.

The actuarial process includes projections of possible future Fund assets and benefit liabilities on the basis of actuarial assumptions about future experience.

These assumptions include investment returns, salary/wage increases, the rates at which members leave the Fund for various reasons, and other factors affecting the financial position of the Fund.

It is not expected that these assumptions will be precisely borne out in practice, but rather that in combination they will produce a model of possible future experience that is considered a suitable basis for setting contribution rates.

Economic assumptions

The most significant assumption made in estimating the cost of defined benefits is the difference between:

- the assumed rate of investment earnings; and
- the rate of salary increases used in the projections of future benefit payments.

This difference is commonly referred to as the "gap".

The key economic long term assumptions adopted for this investigation are:

	Assumption
Investment returns (after tax, investment and asset based administration fees)	1.5% p.a.
General salary increases	2.0% p.a. for three years , 2.5% p.a. thereafter

The assumption for investment returns is based on the expected long-term investment return for the Fund's current benchmark investment mix of the IOOF Multimix Conservative Trust and the IOOF Multimix Enhanced Cash Trust, calculated using Mercer's assumptions of the means and standard deviations of returns from the various underlying asset classes and the correlations of returns between those asset classes. The split between the Conservative Trust and the Enhanced Cash Trust used to derive the assumption is after the payment of the benefit to the retiring member in July 2021.

The salary increase assumption is based on long term economic forecasts for future increases in average weekly earnings (AWOTE) and discussions with the Employer.

Demographic assumptions

Retirement and Resignation

The rates at which members are assumed to leave the Fund due to retirement are set out in Appendix B. It is assumed that Employer consent is granted for early retirement. I have maintained the same assumptions in relation to the rates at which members retire as adopted at the previous investigation. Given the small size of the Plan, these rates are based on the experience of similar plans administered or advised by Mercer.

Death and Disablement in Service

Due to the small number of defined benefit members, no specific allowance is made for the possibility of future decrements due to death and total and permanent disablement, with the estimated insurance premiums included in the expense assumption.

Retrenchment

No specific allowance is made for the possibility of future retrenchments.

Other assumptions

New members

The Fund's defined benefit section is closed to new entrants. No allowance has been made for new members.

Expenses

Administration costs, management expenses and actuarial consulting fees for defined benefit members are deducted from plan assets. Based on recent experience, these are assumed to average 3.0% of defined benefit members' salaries.

The net cost of group life and temporary disablement insurance premiums for defined benefit members is also deducted from Fund assets and are assumed to average 0.5% of defined benefit members' salaries.

Tax

It is assumed that the current tax rate of 15% continues to apply to the Fund's assessable income, along with current tax credits and deductions.

All future Employer contributions are assumed to be subject to 15% contribution tax, after deduction of any insurance premiums and administration and management costs. All contribution recommendations quoted in this report are gross of contributions tax.

No allowance has been made for:

- Any surcharge liability as members' benefits will be reduced by a surcharge offset account equal to the surcharge payments made, accumulated at the Fund crediting rate. Surcharge was abolished with effect from 1 July 2005.
- Excess contributions tax, as this is payable by the member.
- Additional tax on contributions (including defined benefit notional contributions) for those with incomes above the threshold (currently $250,000), which is also payable by the member.

Impact of the changes in assumptions

The following table sets out changes in assumptions from those used in the previous investigation and the reasons for the changes:

Assumption	Investigation at 30 June 2021	Investigation at 30 June 2018	Reason for change
Investment Returns	1.5% p.a.	2.9% p.a.	Switch of portion of assets from MultiMix Conservative Trust to Cash Enhanced Trust, and updated outlook for future investment returns
Salary Increase	2.0% p.a. for 3 years from 1 July 2021 and 2.5% p.a. thereafter	2.5% p.a. for 3 years from 1 July 2018 and 3% p.a. thereafter	Following discussions with the Employer
Expenses and insurance premiums	3.5% of DB member salaries	2.2% of DB member salaries	Based on recent experience

The overall impact of the changes in assumptions was to:

- Increase the Actuarial Value of Accrued Benefits by $119,000; and
- Increase the assessed long-term employer cost of future service benefits by 2.2%.

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Assets

Market value

The net market value of the Fund's assets as at 30 June 2021 amounted to $3,627,000 (based on the data provided by the Fund's administrator).

Calculation of Defined Benefits Assets at 30 June 2021	
Net market value of the Fund's assets as at 30 June 2021	[redacted]
Less accumulation accounts for defined benefit members	
Net assets to support the defined benefit liabilities of the Fund	

Operational Risk Reserves

The assets to meet the Trustee's Operational Risk Financial Requirement (ORFR) are held separately from the assets of the Fund.

The scope of this Investigation does not include a review of the adequacy of assets held to meet the Trustee's ORFR or the Trustee's ORFR strategy.

Investment Policy

Assets backing defined benefit liabilities

The Fund's current investment strategy for assets supporting defined benefit liabilities is a combination of the IOOF MultiMix Conservative Growth Trust and the IOOF MultiMix Cash Enhanced Trust. In accordance with the instructions of the Employer, all cash inflows are invested in the Cash Enhanced Trust, and all withdrawals are redeemed from the Conservative Trust. Based on the split between the two products after the payment of the benefit to the retiring member in July 2021, the strategy involves a benchmark 19% exposure to 'growth' assets such as shares and property and a benchmark 81% exposure to 'defensive' assets such as cash and fixed interest. 'Growth' assets are expected to earn higher returns over the long term compared to 'defensive' assets, but at the same time to exhibit more variation in returns from year to year.

The current actual and strategic asset allocations for the assets supporting the defined benefit liabilities are as follows:

Asset Class	Actual Allocation	Strategic Asset Allocation
Australian equities	5%	6%
Overseas equities	6%	7%
Property	8%	5%
Other growth	2%	1%
Total growth	**21%**	**19%**
Fixed interest	29%	28%
Other defensive	7%	4%
Cash	43%	49%
Total defensive	**79%**	**81%**
Total	**100%**	**100%**

As at the investigation date of 30 June 2021 (prior to the payment of the benefit), the actual weightings to growth and defensive assets were 27% and 73% respectively.

The defined benefit liabilities are not affected by the investment return on the Fund's assets. Any volatility in the Fund's investment returns will therefore affect the financial position of the Fund from year to year and is likely to impact on the required level of Employer contributions. However, given the relatively large allocation to defensive assets, investment volatility is not expected to have a significant impact on Employer contributions.

Excluding the member who retired in July 2021, the oldest member is aged 59. The other members are aged between 53 and 55 at the investigation date. The current investment strategy provides protection against investment volatility in the short-term should these members elect to retire early. The significant allocation to defensive assets does reduce expected future investment returns and increase the required Employer contributions during the remaining life of the Fund (although the variability in future contributions associated with the current investment policy is lower than if there was a larger allocation to growth assets).

The Fund's current investments are expected to provide a high level of liquidity in normal circumstances. Hence I do not envisage any problem in being able to redeem assets to meet benefit payments as they arise.

I am satisfied that the current investment strategy is appropriate in view of the Fund's longer term cash flows and the financial support provided by the Employer.

This conclusion takes into account my understanding that the Employer understands the impact on future contributions of the current policy. If the Employer changes its different view, then this policy should be reviewed.

Assets backing accumulation benefit liabilities

The Fund provides members with a range of investment options for their additional account balances. The assets supporting the Fund's accumulation benefit liabilities are invested according to members' selected investment options and the actual returns on those investments (whether positive or negative) are passed on to members via changes in the unit prices by which member account balances are determined. Thus the Fund's accumulation liabilities and related assets are fully matched.

The Fund's investments are expected to provide a high level of liquidity in normal circumstances.

I consider that the Fund's investment policy for assets relating to accumulation liabilities is suitable, having regard to the nature and term of these liabilities.

Crediting Rate Policy

Defined Benefits

Crediting rates are only used in the calculation of resignation benefits. However, the resignation benefits of all of the remaining members are less than their early retirement or Superannuation Guarantee benefits, and are expected to remain so in the future. Whilst crediting rates are calculated for the Fund, they have no impact on members' benefits.

The main features of the crediting rate policy in relation to defined benefits are summarised briefly below:

- The annual crediting rate is calculated as the internal rate of return, net of tax and fees (based on the starting and ending asset values and cash flows over the year to 30 June) and applied at the year end to the value of the member account balance at the previous 30 June and any contributions made during the year allowing for the timing of contributions. The interim crediting rate (see below) will be used until the annual crediting rate is determined.

- The interim crediting rate is calculated and updated monthly as the internal rate of return (based on the starting and ending asset values and cash flows over the period from 30 June to the end of the relevant month). The interim crediting rate is used to determine benefit quotes and to determine a benefit when a member exits the Fund up to the date the benefit is processed. The Trustee may, at its discretion, apply a different interim crediting rate from the date the member leaves the Fund until the member's benefit payment is made.

- Crediting rates may be adjusted to ensure that member accounts do not exceed Fund assets and are consistent with any policy covering reserves.

Accumulation Benefits

The main features of the unit pricing and crediting policy in relation to the additional accumulation accounts of defined benefit members are set out in the Unit Pricing Policy document summarised briefly below:

- Member accounts are invested directly in their selected managed investment options. A separate Cash Account is maintained.

- Investment income varies in accordance with the particular investment option. Income is credited to a member's Cash Account for subsequent investment in accordance with their selected investment strategy.
- Investment distributions and the impact of taxation are not reflected in the investment option unit prices. Investment tax is paid from a member's Cash Account prior to subsequent investment.
- Smoothing reserves are not used. All reserves are accounting in nature only and fully encapsulated in the unit price of the managed investment options

Documentation

The Fund's crediting and unit pricing policies and related procedures are set out in policy documents dated November 2020 and May 2019 respectively.

Conclusion

Based on a review of the main features, I consider that the unit pricing and crediting policy adopted for these benefits is generally suitable taking into consideration the principles of equity between different generations of members and any material risks which may have a significant impact on the Fund (i.e. a market shock or sudden downturn in investment markets).

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The Actuarial Approach

Financing Objective

The financing objective I have adopted for this investigation is to maintain the value of the Fund's assets at least equal to:

- 100% of accumulation account balances, plus
- 102% of Defined Benefit Consent Benefits.

Accumulation account balances are matched by specific assets and do not require any additional margins. However all of the defined benefit liabilities are linked to salaries and not to the returns on the underlying assets. A margin in excess of 100% coverage of vested defined benefits is therefore desirable to provide some security against adverse experience such as poor investment returns and higher than expected salary increases.

I have taken into consideration the provisions of the Trust Deed and any professional requirements as set out below.

Change in Financing Objective

The financing objective adopted for the previous investigation was to maintain the value of the Plan's assets at least equal to:

- 100% of accumulation account balances, plus
- the greater of 102% of Defined Benefit Consent Benefits and 100% of Accrued Retirement Benefits.

The objective relating to Accrued Retirement Benefits has been removed at this investigation, as Accrued Retirement Benefits will equal Consent Benefits for all members within two years of the investigation date. It is therefore not necessary to have a separate objective now in relation to Accrued Retirement Benefits.

Professional Requirements

Under Professional Standard 400 issued by the Actuaries Institute, the funding method selected by the actuary *"must aim to provide that:*

(a) *members' benefit entitlements (including any pension increases provided by the Trust Deed or in accordance with either precedent or the intentions of the Trustee and/or Fund Sponsor) are fully funded before the members retire; and*

(b) *the Net Assets of the Fund from time to time, after making full provision for the entitlements of any beneficiaries or members who have ceased to be employed, exceed the aggregate of benefits which employed members would reasonably expect to be payable to them on termination of membership, including the expenses of paying those benefits, and having regard to the provisions of the Trust Deed and the likely exercise of any Options or Discretions." (Paragraph 5.5.4 of PS400).*

Accordingly the actuary needs to be satisfied that any funding program is expected to provide a level of assets which meets or exceeds immediate benefit entitlements based on members' reasonable expectations. Should assets fall below that level, the funding program needs to aim to lift assets to at least the required level over a reasonable time period and to maintain assets at or above the required level thereafter.

The financing objective has been set on the basis that members' reasonable expectations on termination would be to receive their vested benefit entitlement and the Employer will consent to early retirement where required.

Provisions of the Trust Deed

IOOF Employer Super's Trust Deed includes a requirement that an actuary carry out an actuarial valuation of the financial condition of the Fund in accordance with relevant Commonwealth superannuation legislation.

Financing Method

There are various financing methods that could be followed in setting the Employer contribution level. This investigation uses the "Target Funding" method.

Under this method, the Company contribution rate required to provide a target level of coverage of a particular benefit liability measure is determined. The level of the Employer contributions may vary from time to time to ensure that the Fund remains on course towards its financing objective.

I consider that the Target Funding method is suitable in the Plan's current circumstances as it allows the recommended contribution rate to be determined specifically to meet the Fund's financing objective.

Changes in Financing Method

The Attained Age Normal method was used at the previous investigation. I consider it is appropriate to change the financing method for this investigation given the small number of members, and to better target the Fund's financing objective.

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Financial Position of the Plan

Funding status

Vested Benefits

Vested Benefits are the amounts payable as of right should all active members voluntarily resign or, if eligible, retire at the investigation date.

At 30 June 2021, the Plan assets represented 105.8% of the vested benefits and hence the Plan was considered to be in a "satisfactory financial position" under SIS legislation.

Consent Benefits

We have defined Consent Benefits as the amounts payable should all active members voluntarily resign or, if eligible, retire with the Employer's consent at the investigation date.

At 30 June 2021, Fund assets were greater than Consent Benefits. The 103.9% coverage of Defined Benefit Consent Benefits was also above the financing objective of 102% coverage adopted for this investigation.

SG Minimum Benefits

SG Minimum Benefits are the minimum benefits required under SG legislation, as defined in the Benefit Certificate (also referred to as Minimum Requisite Benefits or MRBs).

Funded assets at 30 June 2021 were also greater than SG Minimum Benefits and hence the Fund was considered to be "solvent" under SIS legislation.

Accrued Retirement Benefits

The Accrued Retirement Benefits is the amount payable assuming all members receive a retirement benefit (even if not eligible) based on membership to date. In determining the value. Coverage of Accrued Retirement Benefits is a useful long term measure of the funding towards Normal Retirement Benefits.

At 30 June 2021, Fund assets were greater than Accrued Retirement Benefits.

Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits is the expected value (as at the investigation date) of all future expected benefit payments, based on membership to date, discounted to the investigation date, taking into account the probability of payment. This value is calculated using the actuarial assumptions and method outlined in the previous sections. In determining the value, I have not applied a minimum of the vested benefits. Further details concerning the calculation of the Actuarial Value of Accrued Benefits are set out in Appendix C.

The Actuarial Value of Accrued Benefits at 30 June 2021 is higher than the Accrued Retirement Benefit measure as it allows for the impact of future salary increases .

The Fund Assets as 30 June 2021 represented 93.2% of the Actuarial Value of Accrued Defined Benefits.

The following table shows these funding measures at both the previous and current investigation dates.

	Position at 30 June 2021		Coverage at 30 June 2018
Defined Benefits Only*	$000	Asset Coverage	
Assets	[redacted]		
Liability for Vested Benefits (as of right)		105.8%	108.9%
Liability for Consent Benefits		103.9%	107.0%
Liability for Actuarial Value of Accrued Benefits		93.2%	97.5%
Liability for Accrued Retirement Benefits		101.5%	102.1%
Liability for SG Minimum Benefits		105.8%	110.1%

*The above totals exclude additional accumulation balances for defined benefit members of [redacted] as at 30 June 2021.

The coverage levels at 30 June 2021 were lower than the levels at the previous actuarial investigation due to:

- The overall negative experience discussed in Section 3; and
- The changes in the actuarial assumptions resulting in an increase in the Actuarial Value of Accrued Benefits as discussed in Section 4 of this report.

Employer Future Service Cost

Based on the assumptions adopted for this investigation, I estimate that the Employer's long-term funding cost (i.e. the normal cost of funding future service defined benefit accruals for each category) is 19.6% of salaries (for both Category 1 and 2 members).This compares to the average rate of 16.2% determined at the latest investigation.

The Employer's long-term defined benefit funding cost above includes the expected expenses and insurance premiums (of 3.5% of DB salaries), and includes allowance for contributions tax.

The assessed long-term costs for future service have increased since the last investigation due to:

- a change in the membership profile of the Plan;
- an increase in the expense assumption of 1.3% of salaries; and
- a reduction in the long-term gap between the assumed rate of investment earnings and the rate of salary increases from -0.1% p.a. to -1.0% p.a.

Previous recommendations

The previous actuarial investigation made the following recommendations and the status of these are shown in the table below:

Recommendations	Status
Contribution program	Employer contributed in accordance with recommendations
Consider moving 25% of assets to the Cash Trust to cover expected benefit payments	Assets were transferred
Review financial position at 30 June 2019	Review completed

Recommended Contributions

Based on the Trustee's financing objective described above and the results of this investigation, I recommend that the Employer contributes in accordance with the following program:

Benefit Category	1 July 2021 – 31 December 2021	1 January 2022 – 30 June 2023	1 July 2023 onwards
1 and 2	17.5% of members' salaries plus deemed or salary sacrifice member contribution of 8%	$15,000 per month plus deemed or salary sacrifice member contribution of 8%	$10,000 per month plus deemed or salary sacrifice member contribution of 8%

I have recommended that contributions be paid as monthly lump sum amounts from 1 January 2022, rather than as a percentage of members' salaries. I consider that this is a more appropriate means of targeting the Fund's financing objective, given the small number of members remaining in the Fund. It is also easier to allow for the changes in the Fund's liabilities expected over the short-term due to the impact of recent salary increases on members' Final Average Salary.

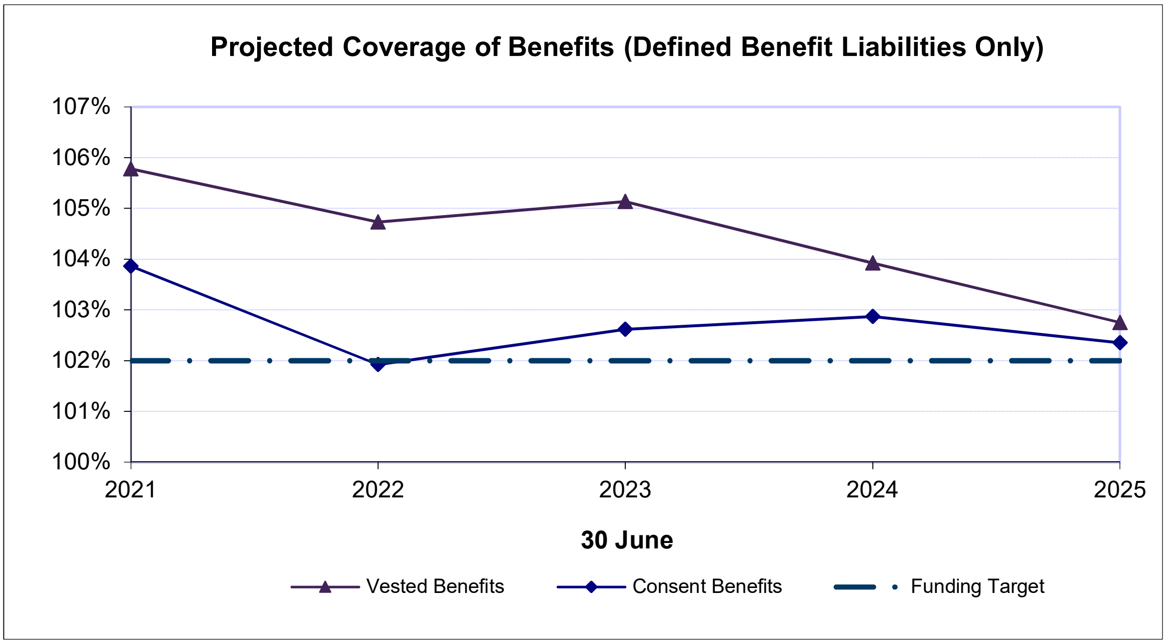
The recommended monthly contributions of $15,000 from 1 January 2022 represent an increase of approximately $4,500 per month compared with the current contribution rate of 17.5% of salaries (based on salaries at 30 June 2021, excluding the member who retired in July 2021).

Projected Financial Position

I have prepared a projection of Fund assets and benefit liabilities based on:

- the actuarial assumptions adopted for this investigation; and
- the recommended Employer contributions.

The results of the projection are as follows:



The Trustee should note that this projection is based on the assumptions adopted, which represent a single scenario from the range of possibilities. The future is uncertain and the Fund's actual experience will differ from those assumptions; these differences may be minor in their overall effect, or they may be significant and material. In addition, different sets of assumptions or scenarios may also be within the reasonable range and results based on those alternative assumptions would be different.

The projection above shows that the recommended contributions are anticipated to result in assets of at least 102% of Defined Benefit Consent Benefits (which represents the financing objective adopted in this investigation) over the period to 30 June 2024.

Coverage of Defined Benefit Vested Benefits (as of right) is expected to remain above 100%.

8

Key Risks

Investment Volatility

All of the current vested benefits for defined benefit members are salary based benefits and therefore the Fund's vested benefits coverage is highly sensitive to changes in the investment returns.

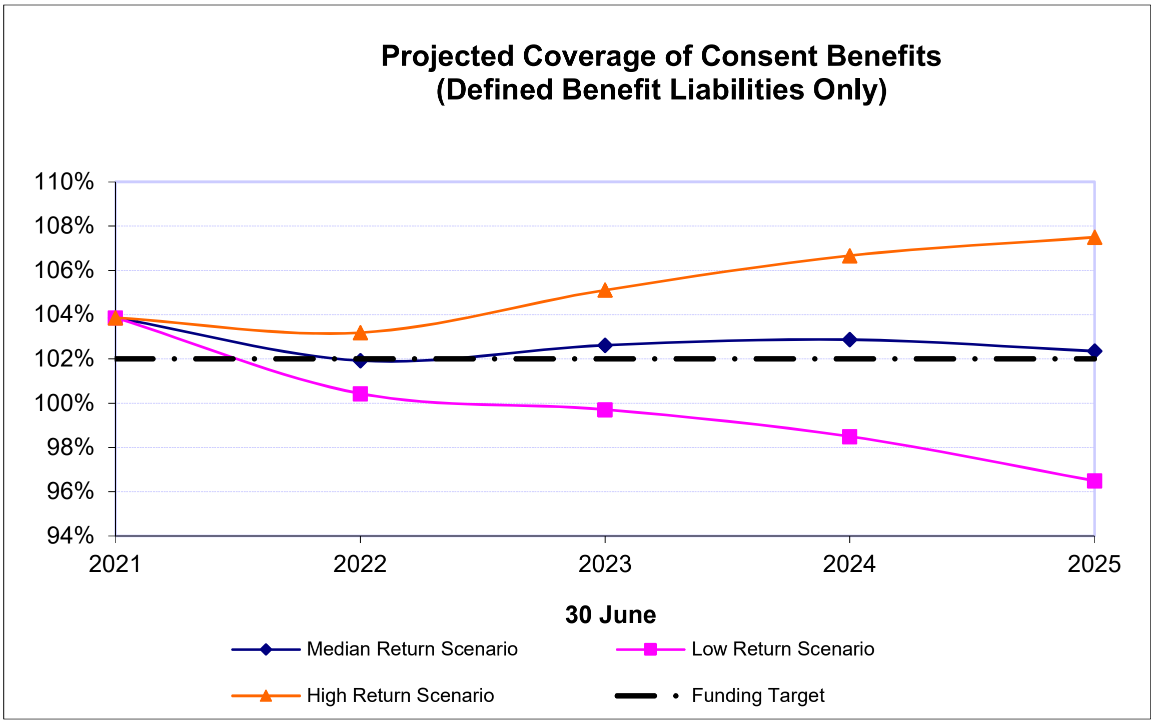
I have considered the impact of investment volatility on the Fund's financial position over the next few years using a "High return" and a "Low return" scenario. The returns under both scenarios have been derived from assumptions about the likely risk attached to the Fund's defined benefit investment strategy.

Using the investment return model and assumptions adopted, there is approximately a 10% chance of the Fund's cumulative investment return being less than the "Low return" scenario over the next four years. Similarly, there is approximately only a 10% chance of the Fund's cumulative investment return being greater than the "High return" scenario over the next four years.

1 July 2021 to 30 June	Assumed Cumulative Investment Return (%)		
	"Low Return"	Valuation	"High Return"
2022	0.2%	1.5%	2.6%
2023	0.4%	3.0%	5.3%
2024	0.6%	4.6%	8.0%
2025	0.8%	6.1%	10.8%

The cumulative investment return is the total return from 1 July 2021 up to 30 June in the year shown. The extent of variation allowed for in these projections reflects the Fund's asset mix and Mercer's views on potential variability in investment results in various investment sectors.

The graph below shows the effect on the projected ratio of assets to Defined Benefits Consent Benefits for defined benefit members under the "High return" and "Low return" scenarios, with all other investigation assumptions remaining unchanged.



Based on fluctuations in investment returns only, and assuming other experience is in line with the assumptions adopted for this investigation, there is approximately an 80% chance that the coverage of assets over Defined Benefit Consent Benefits at 30 June 2024 will fall in the range from 98.5% to 107%. It is also possible that the coverage of SG Minimum Benefits could fall below 100% under the "Low return" scenario.

Please note that the "Low return" scenario and the "High return" scenario shown above are illustrations only, and show what may occur under assumed future experiences that differ from our baseline assumptions. These scenarios do not constitute upper or lower bounds and the actual future coverage of Consent Benefits may differ significantly from the range shown above, depending on actual future experience. In fact, there is a 1 in 20 chance that the investment return could be less than minus 2.7% in any year based on the current Fund asset allocation

In my view, the Trustee should monitor the Fund's financial position closely in the future given the small excess of assets over liabilities (in particular SG Minimum Benefits) and the potential for coverage levels to fall below 100% if investment returns are unfavourable.

Investment Risk

As a further example of the investment risk borne by the Employer, if the assumed future investment return was reduced by 1% p.a. with no change in other assumptions, then:

- the Actuarial Value of Accrued Benefits would increase by $167,000 (Employer funding cost impact $167,000/0.85 = $196,000), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 93.2% to 88.9%, and

- the long term employer contribution rate (the estimated employer cost of future service benefits would increase from 19.6% to 20.5% of salaries.

As shown above, the actual investment return may vary (positively or negatively) from the rate assumed at this investigation by much more than the (negative) 1% pa illustrated in this example.

Salary growth risk

The risk is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing benefit amounts and thereby requiring additional employer contributions. This risk is borne by the Employer.

For example, if the assumed future salary increase rate was increased by 1% pa with no change in other assumptions, then

- the Actuarial Value of Accrued Benefits would increase by $137,000 (Employer funding cost impact $137,000/0.85 = $162,000), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 93.2% to 89.6%, and

- the long term employer contribution rate (the estimated employer cost of future service benefits would increase from 19.6% to 20.3% of salaries under this scenario.

The actual rate of future salary increases may vary (positively or negatively) from the rate assumed at this investigation by much more than the (positive) 1% pa illustrated in the example above.

Legislative risk

This risk is that the Commonwealth Government could make legislative changes that increase the cost of providing the defined benefits – for example, an increase in the rate of tax on superannuation funds. This risk is borne by the Employer and is a particular risk in the post COVID-19 environment.

Small plan risk

This risk relates to supporting a defined benefit plan where there are few remaining defined benefit members meaning the law of averages no longer applies and the time horizon of the defined benefit liabilities may have become short. Issues that may require consideration include:

(i) Funding may have previously been based on the Defined Benefit Fund continuing in the longer-term, which may no longer hold. Therefore greater focus is required on the funding of benefits immediately payable to members (e.g. Defined Benefit Vested Benefits);

(ii) With few remaining members, the experience of a single member or event will have a proportionately larger impact on the financial position. Therefore more frequent monitoring of the financial position will be required;

(iii) Contributions required to finance any shortfalls, specifically as a percentage of salary roll of defined benefit members, can become significant;

(iv) The investment strategy may have been set based on the Defined Benefit liabilities continuing in the longer-term, which may no longer hold. Therefore the strategy may need to be revised to reflect the shorter term of the liabilities;

(v) Fees in respect of the Plan, particularly relative to the number of defined benefit members and salary roll, can become significant. Most actuarial tasks are essentially the same whether there are one or 100 defined benefit members. As defined benefit funds reduce in membership, the actuarial fees may, in fact, increase because of additional monitoring being required. Industry changes such as the SG rate increase can also result in additional fees;, and

(vi) The expected wind-down of the remaining defined benefit members.

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Insurance and Related Risks

Insurance

The Fund is not permitted to self-insure.

The “Group Life Insurance” covers risks of Death and Total Permanent Disablement (TPD).

For defined benefit members, the group life sum insured formula currently in use is:

Sum Insured = Death Benefit – Vested Benefit

Based on the formula in use at the investigation date, the ‘amount at risk’ as at 30 June 2021 for the Fund was as follows.

	Defined Benefit members	$000
	Death/Disablement Benefits	4,396
less	Sum Insured	1,278
less	Assets	3,228
	Uncovered Death/Disablement Benefits	(110)

The formula has resulted in insurance being more than sufficient to provide full protection. However, the amount of over insurance is not at a level where we consider that a change to the current insurance formula is necessary.

The definition of Total and Permanent Disablement in the policy is also used to establish a member’s eligibility for the benefit under the Fund’s governing rules, thus avoiding any definition mis-match risk.

For Temporary Disability Benefits, the benefit provisions are entirely matched by the insurance cover. As such, there is no funding gap and any claims or adverse experience will have no immediate financial impact on the Fund.

In my opinion, the current group life insurance arrangements, including the sum insured formula for defined benefit members, are appropriate and provide adequate protection for the Fund.

Documentation

The insurance arrangements are underwritten by TAL Life Limited ("the insurer") and outlined in a Group Life Master Policy between the Trustee and the insurer amended effective from 1 July 2021.

The purpose of the insurance policy is to protect the Fund against unexpectedly large payouts on the death or disablement of members.

10

Prudential Standards

The regulator (APRA) has issued a number of Prudential Standards for the superannuation industry, including Prudential Standard (SPS 160) relating to the financial management and funding of defined benefit plans. We have commented below on a number of the requirements arising from SPS 160.

Shortfall Limit

The Trustee must determine a "Shortfall Limit" for each fund, being:

> "the extent to which the fund can be in an unsatisfactory financial position with the Trustee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of the fund assets, the fund can be restored to a satisfactory financial position within a year".

We understand that the Fund's Shortfall Limit, determined by the Trustee on the basis of previous actuarial advice, is 99.2%.

The Shortfall Limit is expressed as a percentage coverage level of Defined Benefit Vested Benefits (as of right) by defined benefit assets and it is appropriate to consider the following when determining if the Shortfall Limit remains appropriate:

- The guidance provided in the relevant Actuaries Institute Information Note;
- The investment strategy for defined benefit assets, particularly the benchmark exposure of 19% to "growth" assets;
- The results of this investigation which show the current and projected Vested Benefits are not linked to the investment return on defined benefit assets (i.e. they are salary-based benefits) and the current and projected relativity between Vested Benefits and Minimum Requisite Benefits (in particular, Vested Benefits are expected to equal Minimum Requisite Benefits within five years).

Based on the above, we recommend updating the current Shortfall Limit to 100%.

We will reassess the suitability of the adopted Shortfall Limit as part of the next regular actuarial investigation. The Shortfall Limit should be reviewed earlier if there is a significant change to the investment strategy for defined benefit assets – in particular a change to a more aggressive - or if the Trustee otherwise considers it appropriate to do so.

Monitoring Process

SPS 160 also requires the Trustee to determine and implement a process for monitoring the defined benefit Vested Benefits coverage against the Shortfall Limit for each plan. If this monitoring process indicates that the vested benefits coverage has (or may have) fallen below the Shortfall Limit, then under SPS 160:

- An "Interim Actuarial Investigation" may be required (depending on the timing of the next regular actuarial investigation).
- A Restoration Plan is required to be put in place if an Interim Actuarial Investigation finds the plan has breached its Shortfall Limit. The Restoration Plan must be designed to return the plan to a "satisfactory financial position", so that the Vested Benefits are fully covered, within a reasonable period that must not exceed 3 years and this must be submitted to APRA.

I recommend that the Trustee regularly monitors the progress of the Fund's coverage of Consent Benefits to ascertain if an adjustment to the Employer contribution levels is required prior to the next complete investigation. I also recommend that the actuary perform an interim review as at 30 June 2022.

The Trustee should also continue to monitor the "Notifiable Events" specified in the Fund's Funding and Solvency Certificate and advise the Actuary should any actual or potential Notifiable Events occur.

Requirements due to Unsatisfactory Financial Position

Restoration Plan

Under SPS 160, a Restoration Plan is also required to be put in place if the actuary finds in a regular Actuarial Investigation that a plan:

- Is in an unsatisfactory financial position (whether or not the Shortfall Limit has been breached); or
- Is likely to fall into an unsatisfactory financial position.

The Restoration Plan must be designed to return the plan to a "satisfactory financial position", so that Vested Benefits are fully covered, within a reasonable period that must not exceed 3 years from the investigation date.

An SPS 160 Restoration Plan is not required if the plan is technically insolvent (in which case the insolvency rules must be followed). If an SPS 160 Restoration Plan is already in place then any changes to the contribution program (including its period) must be made within the framework of that Restoration Plan.

As indicated by the financial position and the projections, we consider that:

- The Fund is not in an unsatisfactory financial position; and
- The Fund is not likely to fall into an unsatisfactory financial position.

Hence the special requirements of SPS 160 for funds in an unsatisfactory financial position do not apply at this investigation.

Actuary's Reporting Requirements

Section 130 of the SIS Act requires that if an actuary forms the opinion that a Fund's financial position may be unsatisfactory, or may be about to become unsatisfactory, and that opinion was formed in performing an actuarial function, the actuary must advise both the Trustee and the prudential regulator (APRA) in writing immediately (an unsatisfactory financial position applies where assets are less than Vested Benefits).

These requirements do not currently apply as I am of the opinion that the Fund's financial position is not unsatisfactory (or about to become unsatisfactory).

Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate to the Fund as a whole (inclusive of all accumulation accounts).

(a) The value of the Fund's assets as at 30 June 2021 was [redacted] This value excludes assets held to meet the Operational Risk Financial Requirement.

(b) In my opinion, the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2021 was [redacted] Hence, I consider that the value of the assets at 30 June 2021 is inadequate to meet the value of the accrued benefit liabilities of the Fund as at 30 June 2021. Taking into account the circumstances of the Fund, the details of the membership and the assets, the benefit structure of the Fund and the industry within which the Employer operates, I consider that the assumptions and valuation methodology used are appropriate in relation to the determination of the accrued benefit liabilities for the purposes of this report. Further comments on the assumptions and valuation methodology are set out in Sections 4 and 6 of this report. Assuming that the Employer contributes in accordance with my recommendations based on the assumptions used for this actuarial investigation, I expect that assets will remain insufficient to cover the value of accrued benefit liabilities over the period to 30 June 2024.

(c) In my opinion, the value of the liabilities of the Fund in respect of vested benefits as at 30 June 2021 was [redacted] Hence I consider that the value of the assets at 30 June 2021 is adequate to meet the value of the vested benefit liabilities of the Fund as at 30 June 2021. Assuming that the Employer contributes in accordance with my recommendations based on the assumptions made for this actuarial investigation, I expect that assets will remain sufficient to cover the value of vested benefit liabilities over the period to 30 June 2024. Hence I consider that the financial position of the Fund should not be treated as unsatisfactory as defined in SPS 160.

(d) In my opinion, the value of the liabilities of the Fund in respect of the minimum benefits of the members of the Fund as at 30 June 2021 was [redacted] Hence the Fund was not technically insolvent at 30 June 2021.

(e) A projection of the likely future financial position of the Fund over the 3-year period following 30 June 2021, based on what I consider to be reasonable expectations for the Fund for the purpose of this projection, is set out in Section 7 of this report,

(f) Based on the results of this investigation, I recommend that the Shortfall Limit be changed to 100%. Comments are set out earlier in this section.

(g) In respect of the 3-year period following 30 June 2021, I recommend that the Employer contribute to the Fund at least:

Benefit Category	1 July 2021 – 31 December 2021	1 January 2022 – 30 June 2023	1 July 2023 onwards
1 and 2	17.5% of members' salaries plus deemed or salary sacrifice member contribution of 8%	$15,000 per month plus deemed or salary sacrifice member contribution of 8%	$10,000 per month plus deemed or salary sacrifice member contribution of 8%

(h) The Fund is used for Superannuation Guarantee purposes and:

- all Funding and Solvency Certificates required under Division 9.3 of the SIS Regulations have been issued for the period from the date of the last investigation to 30 June 2021;
- I expect to be able to certify the solvency of the Plan in any Funding and Solvency Certificates that may be required in the three year period from 30 June 2021.

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Actuarial Certification

Actuary's certifications

Professional standards and scope

This report has been prepared in accordance with generally accepted actuarial principles, Mercer's internal standards, and the relevant Professional Standards of the Actuaries Institute, in particular PS400 which applies to *"...actuarial investigations of the financial condition of wholly or partially funded defined benefit superannuation funds."*

Use of report

This investigation report should not be relied upon for any other purpose or by any party other than the Trustee of the Fund and the Employer who contributes to the Fund. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts.

The advice contained in this report is given in the context of Australian law and practice. No allowance has been made for taxation, accountancy or other requirements in any other country.

Actuarial Uncertainty and Assumptions

An actuarial investigation report contains a snapshot of a Fund's financial condition at a particular point in time, and projections of the Fund's estimated future financial position based on certain assumptions. It does not provide certainty in relation to a Fund's future financial condition or its ability to pay benefits in the future.

Future funding and actual costs relating to the Fund are primarily driven by the Fund's benefit design, the actual investment returns, the actual rate of salary growth, and any discretions exercised by the Trustee or the Employer. The Fund's actuary does not directly control or influence any of these factors in the context of an actuarial investigation.

The Fund's future financial position and the recommended Employer contributions depend on a number of factors, including the amount of benefits the Fund pays, the cause and timing of member withdrawals, plan expense, the level of taxation and the amount earned on any assets invested to pay the benefits. These amounts and others are uncertain and unknowable at the investigation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, assumptions are used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report.

However, the future is uncertain and the Fund's actual experience will differ from those assumptions; these differences may be significant or material. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different.

Actuarial assumptions may also be changed from one investigation to the next because of mandated requirements, Fund experience, changes in expectations about the future and other factors. We did not perform, and thus do not present, an analysis of the potential range of all future possibilities and scenarios.

Because actual Fund experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts and benefit related issues should only be made after careful consideration of possible future financial conditions and scenarios, and not solely on the basis of a set of investigation results.

Additional information

The next **actuarial investigation** is required at a date no later than 30 June 2024. At that time, the adequacy of the Employer contribution levels will be reassessed. Note that the monitoring process recommended may lead to an earlier reassessment ahead of the next full actuarial investigation.

The next **Funding and Solvency Certificate** is required at least 12 months before the expiry of the current Funding and Solvency Certificate (which expires on 30 June 2023 and is due for replacement by 30 June 2022).

The next **Benefit Certificate** is required following the expiry of the current Benefit Certificate (which expires 30 June 2023). The current Benefit Certificate is designed to accommodate changes to the legislated Superannuation Guarantee schedule.

Further Information

Please contact me to provide any supplementary information or explanations about this actuarial investigation as may be required.

....

Mark Nelson
Fellow of the Institute of Actuaries of Australia

22 December 2021

I have reviewed this report under Mercer's professional Peer Review Policy. I am satisfied that it complies with the applicable professional standards and uses assumptions and methods that are suitable for the purpose.

....

Mark Samuels
Fellow of the Institute of Actuaries of Australia

Appendix A

Plan Design

Summary of benefits

A summary of the main benefit provisions in respect of defined benefit members is set out below. Reference should be made to the formal governing documents for definitive statements.

Members' Contributions (% of Salary)	Category 1 and 2: At a rate of 7.5% of after tax salaries or 8.823% at pre-tax salaries
Accrual Rate	Category 1 and 2: 17.5% for each year of membership to the date member leaves the Fund
Final Average Salary (FAS)	Average of the annual salary at the last 3 annual review dates.
Normal Retirement Age	65
Early Retirement Age	55, with Employer consent
Member Basic Account	Accumulation with investment earnings of actual or deemed (net of tax) member contributions
Member Contribution Account	Accumulation of actual or deemed (net of tax) deemed member contributions
Vesting Factor	10% for each completed year of membership in excess of 5 years (maximum 100%)
Member Voluntary Account	Accumulation with investment earnings of voluntary member contributions, less tax (where applicable)
Employer Voluntary Account	Accumulation with investment earnings of voluntary employer contributions, less tax (where applicable)
Surcharge Account	Accumulation with investment earnings of any surcharge tax assessments
Normal Retirement Benefit	Accrual Rate x Membership x FAS; *plus* Voluntary Member Account *plus* Voluntary Employer Account *less* Surcharge Account
Death/Total and Permanent Disability Benefit	A lump sum calculated as if the member had retired at age 65, but assuming salary remains unchanged; *plus* Voluntary Member Account

	plus Voluntary Employer Account *less* Surcharge Account
Temporary Disability Income Benefit	75% of Declared Earned Income up to a maximum of $25,000 per month.
Resignation Benefit	Category 1 and 2 Less than 5 years of membership: Member Basic Account *plus* Voluntary Member Account *plus* Voluntary Employer Account *less* Surcharge Account 5 or more years of membership: twice Member Contribution Account *plus* Voluntary Member Account *plus* Voluntary Employer Account *less* Surcharge Account
Retrenchment Benefit	Member's share of Fund as determined by the actuary

The table below indicates the material discretions available to the Trustee and Employer and the member options specified within the Fund's legal documents, to the extent that these affect benefits. The table also shows the general prevalence of the past exercise of discretions and the options chosen by the members. Please note that past exercises of discretions should not be viewed as precedents which would constrain any future decisions.

Trustee and Employer Discretions	
Description and Deed Reference	**Historical Prevalence**
Early retirement with consent of Employer from age 55	Consent has been given in past cases

Member Options	
Description and Deed Reference	**Historical Prevalence**
None	None

Benefits on leaving service for any reason are subject to a minimum Superannuation Guarantee benefit described in the Fund's Benefit Certificate.

The Superannuation Guarantee (Administration) Act 1992

This Act requires employers to provide minimum superannuation benefits that are fully vested in their employees within a complying superannuation fund.

The contribution rates recommended in this report and the projected financial positions allow for benefits being augmented as necessary to meet the minimum Superannuation Guarantee (SG) benefit described in the Fund's current Benefit Certificate.

Under current legislation the SG rate is currently 10% and will increase by 0.5% pa until it reaches 12% from 1 July 2025.

Appendix B

Data and Decrement assumptions

Data provisions

To prepare this report, we have relied on financial and participant data provided by the Fund's administrator. The data used is summarised in this report. We have not independently verified or audited the data provided but have performed a range of broad "reasonableness" checks and tested for consistency with previous records. We are satisfied that the data is sufficiently accurate for the purposes of this actuarial investigation.

We have also relied upon the documents, including amendments, governing the Fund as provided by the Trustee. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Fund provisions are not accurate and complete, the investigation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a revision of this report.

Decrement Assumptions

The following tables show the assumptions that have been made concerning the rates at which members will leave the Fund due to resignation or retirement.

Age Last Birthday	Percentage of members age x at beginning of year assumed to leave the Fund during the year on account of resignation or retirement
x	%
53	1
54	1
55	20
56	10
57	10
58	10
59	10
60	20
61	10
62	10
63	10
64	10
65	100

Appendix C

Calculation of the Actuarial Value of Accrued Benefits

The calculation of the Actuarial Value of Accrued Benefits has been carried out using a method of apportionment of benefits between past and future membership that satisfies the requirements of Professional Standard No. 402 of the Actuaries Institute and is acceptable for Australian Accounting Standard AASB 1056 purposes.

Defined Benefits

The past membership components of all defined benefits payable in the future from the Fund in respect of current membership are projected forward allowing for assumed future salary increases and credited interest rates and are then discounted back to the investigation date at the investment return rate assumed for the investigation.

The past membership component for each type of benefit is:

Retirement:	based on the member's accrued benefit multiple or relevant account balances at the investigation date
Resignation:	based on the member's accrued benefit multiple or accumulated contributions at the investigation date

The weighted average term of the accrued benefit liabilities is 4.7 years.

Accumulation Benefits

The value of accumulation benefits has been taken as the sum of the balances held in accumulation accounts at the date of the investigation.

Methodology of Calculating the Actuarial Value of Accrued Benefits

The method used for the determination of Accrued Benefits is the same as that used at the previous investigation.

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