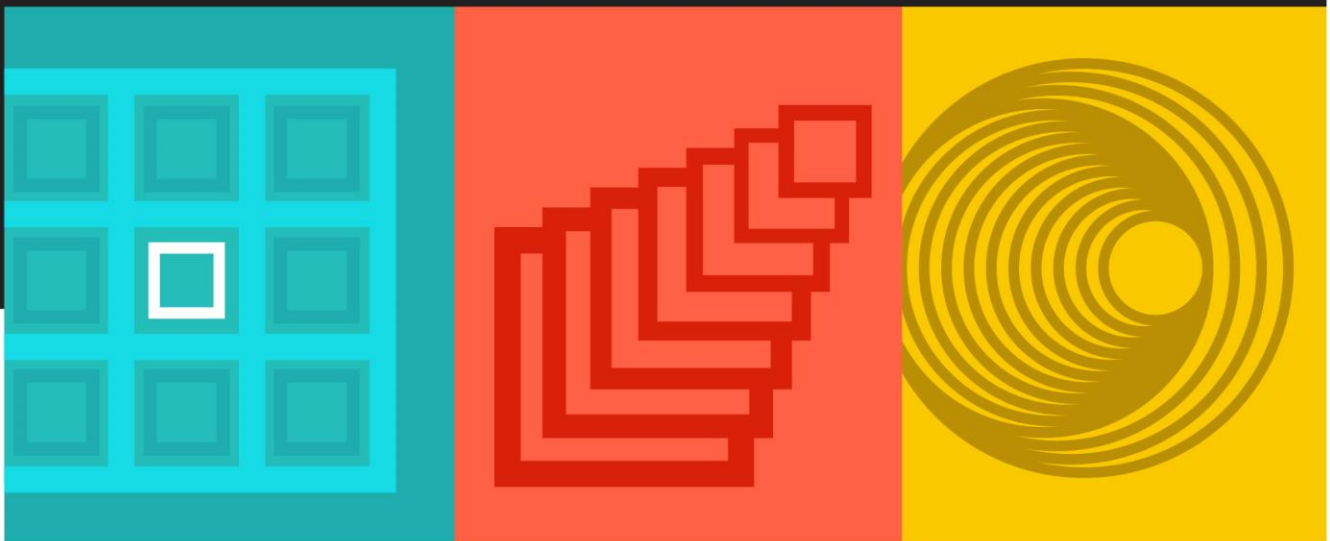


23 December 2021



# Cigweld Employees' Superannuation Plan: Actuarial Investigation as at 30 June 2021



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# 1 Executive Summary

## 1.1 Introduction

I have carried out an actuarial investigation of the Cigweld Employees' Superannuation Plan (the Plan), a defined benefit plan within the Retirement Portfolio Service (RPS), as at 30 June 2021 (the valuation date).

This report has been prepared for the Plan's Trustee, OnePath Custodians Pty Limited.

The main purposes of the investigation are to:

- Examine the financial condition of the Plan at the valuation date.
- Recommend the employer contributions required by Cigweld to meet its continuing benefit obligations, and to maintain the Plan in a sound financial condition.
- Consider the appropriateness of the Plan's investment and insurance arrangements.
- Satisfy the actuarial investigation requirements of the Superannuation Industry (Supervision) Act 1993 (SIS).

I carried out the previous actuarial investigation of the Plan, as at 1 July 2018. My report was dated 21 December 2018.

This report complies with the Actuaries Institute's *Professional Standard 400 Investigations of the financial condition of defined benefit superannuation funds*.

## 1.2 Financial position

My actuarial investigation of the Plan focuses on the financial condition of the closed defined benefit section of the Plan.

At the valuation date, there were [REDACTED] defined benefit members. Total vested benefits (i.e. the benefits immediately available to members on resignation or retirement) were \$ [REDACTED], backed by Plan assets of \$ [REDACTED].

The Plan was in a satisfactory financial position (as defined under SIS) at the valuation date, with the Plan's defined benefit section assets providing 120% coverage of members' vested benefits.

### 1.3 Valuation of Plan liabilities

The results of the valuation as at 30 June 2021 can be summarised as follows:

<b>Valuation balance sheet 30 June 2021</b>	
<b>Plan assets</b>	\$ [REDACTED]
<b>Employer liabilities:</b>	
Past service liabilities	\$ [REDACTED]
Future service liabilities	\$ [REDACTED]
Future expenses at 1% of salaries	\$ [REDACTED]
less: Future member contributions	(\$ [REDACTED])
<b>Total employer liabilities</b>	\$ [REDACTED]
<b>Surplus/(Deficit)</b>	\$ [REDACTED]

The valuation results show that on the assumptions adopted, there is expected to be a relatively small actuarial surplus of \$ [REDACTED] (i.e. approximately 2.5% of current Plan assets) even if employer contributions to the Plan are suspended over the future lifetime of the defined benefit membership.

### 1.4 Valuation assumptions

The key financial assumptions adopted for the 30 June 2011 valuation are as follows:

<b>Assumption</b>	<b>Return (% p.a.)</b>
Discount rate / return on assets (net of investment expenses and tax)	5.0%
Crediting rate	6.0%
Salary increases	[REDACTED]%

I have increased the investment return assumption from 4.0% p.a. at the previous actuarial valuation to 5.0% p.a., based on the transfer of the Plan's defensive asset holding in the OnePath Diversified Fixed Interest Fund to the Optimix Moderate fund. The impact of the change in discount rate assumption is to reduce the Plan's total liabilities for past and future service by approximately \$ [REDACTED].

The salary growth assumption has been revised downwards based on discussions with Cigweld. The impact of the reduced salary growth rate assumption is to reduce the Plan's total liabilities for past and future service by approximately \$ [REDACTED].

The crediting rate assumption is identical to that used in the 30 June 2018 valuation.

### 1.5 Developments since the valuation date

Cigweld have advised ██████████ that will apply for ██████████ of members effective 1 January 2022.

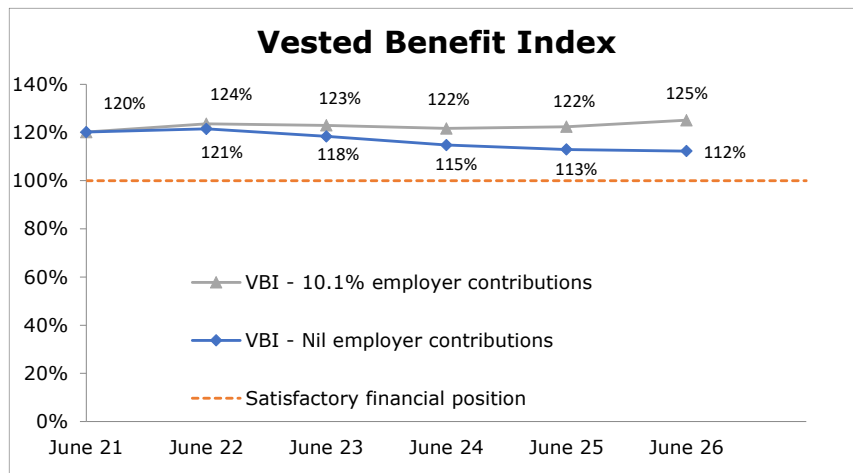
The Plan's investment return since 30 June 2021 has been slightly lower than expected, I estimate approximately 1.1% to 31 October 2021.

### 1.6 Vested benefit projections

The graph below summarises the Plan's projected asset coverage of member vested benefits over the five-year period from the valuation date, allowing for:

- ██████% p.a. salary increases, plus the 1 January 2022 salary increases advised by Cigweld.
- The estimated 1.1% Plan investment return between 30 June 2021 and 31 October 2021, and an assumed 5% p.a. thereafter.
- Insurance and administration expenses at the rate of 1% of defined benefit member salaries.

I have shown results on two bases, assuming employer contributions towards the defined benefit section continue at current rates, or reduce to nil effective 1 February 2022.



### 1.7 Contribution recommendations

With a continuation of the current employer contribution rates, the Plan's asset coverage of vested benefits is expected to remain relatively constant over the next five years.

The defined benefit section potentially has many years still to run, with an average member age of ██████, and ██████ members still in their ██████s. Hence in my view, it is appropriate to maintain an asset buffer of this magnitude. If the Plan's future experience is



favourable, there will be several years available to run down the employer contribution rate and the Plan's surplus assets.

Therefore I recommend that Cigweld maintain its contributions to the Plan at the following rates:

- 10.1% of salaries to fund defined benefit section benefits, plus
- 5.9% of salaries where 5% member contributions are paid by the employer, or being paid pre-tax by the member, plus
- 3% of salaries towards relevant members' 3% Award accounts in the accumulation section of the Plan, plus
- Top-up contributions as recommended by the actuary, i.e. consistent with previous practice, for the payment of retrenchment benefits.

I recommend that the Plan's consulting expenses, including the cost of this actuarial investigation, be met from Plan assets rather than by Cigweld.

## 1.8 Next actuarial review

The next actuarial review of the Plan will be due as at 30 June 2024.

I understand that the Trustee monitors the Plan's defined benefit asset coverage of vested benefits on a monthly basis, and will notify me if this measure falls below 110%.



John Newman  
Fellow of the Institute of Actuaries  
of Australia

23 December 2021



Peer reviewed by Stephen Crump  
Fellow of the Institute of Actuaries  
of Australia



## 2 The Plan

### 2.1 Description

The Plan is a defined benefit sub-plan within the RPS. OnePath Custodians Pty Limited is the RPS Trustee. OnePath provides administration services.

The Plan is regulated by the Australian Prudential Regulation Authority (APRA) in accordance with SIS. As a regulated and complying plan, employer contributions are tax deductible to Cigweld, but subject to tax in the hands of the Trustee, and the Plan's investment income is subject to concessional rates of tax.

The Plan contains a closed defined benefit section, and an accumulation section open to new members. Defined benefit members are also members of the accumulation section as they receive part of their employer-financed benefits (their 3% Award accounts), plus any voluntary member contributions and rollovers, in accumulation form. Although the Plan is administered as two separate sections, the Trustee has confirmed that the RPS's structure allows cross subsidies between these sections so that employer costs, and shortfalls or surpluses, can be taken together across the Plan as a whole.

Cigweld uses the Plan to meet its Superannuation Guarantee (SG) obligations under the Superannuation Guarantee Administration Act 1992.

### 2.2 Trust Deed

The Plan is governed by the provisions of the RPS Trust Deed, and the Plan's Employer Application Form and Benefit Specification Schedule, and any subsequent deeds of amendment.

For ease of reference, the Plan's governing provisions are referred to collectively in this report as the Trust Deed.

The benefit provisions relating to the Plan's defined benefit members are summarised in Appendix 1 to this report.

### 3 Data

#### 3.1 Membership and assets at 30 June 2021

My actuarial investigation of the Plan focuses on the financial condition of the closed defined benefit section, and is based on 30 June 2021 membership, investment and accounts data provided by the Plan's administrators, OnePath.

I have checked the data for reasonableness and consistency with the Trust Deed. However, I have not independently verified the data, hence my report necessarily relies on the accuracy and completeness of the data provided.

#### 3.2 Defined benefit section

At the valuation date, the closed defined benefit section of the Plan contained 28 active members distributed by age as follows.

Age	No of members
40-44	1
45-49	1
50-54	1
55-59	1
60-64	1
65+	1

The valuation of the defined benefit section includes allowance for the accumulation accounts maintained within the defined benefit section, i.e. member contribution accounts, deemed (pre-tax) member contribution accounts, surcharge accounts, and the notional employer accounts forming part of the Plan's Minimum Requisite Benefits (i.e. Superannuation Guarantee minimum benefits).

The valuation makes no allowance in either the assets or the liabilities for the members' 3% Award accounts, or for any rollover or voluntary account balances that members may have in the accumulation section of the Plan.

#### 3.3 Vested benefits

At the valuation date, total vested benefits for the Plan's defined benefit members were \$ [REDACTED].



### 3.4 Asset value

I have taken the defined benefit section asset value as \$ [REDACTED] at the valuation date, based on the Plan's Statement of Account for the 2020/21 financial year.

This was the value of the Plan's holding in the Optimix Moderate investment option at the valuation date. Based on the information provide by the Plan's administrators, I am not aware of any amounts payable to or from the Plan that would require adjustment to this asset value.

At the valuation date, the Plan's defined benefit section assets provided 120% coverage of members' vested benefits, i.e. a margin of \$ [REDACTED].

### 3.5 Accumulation section

At 30 June 2021, the accumulation section of the Plan contained [REDACTED] members, and had assets of approximately \$ [REDACTED] million.

## 4 Plan's experience since previous valuation

### 4.1 Benefit changes

Since the previous actuarial valuation of the Plan, there have been no changes to the Trust Deed relating to the calculation of members' benefit entitlements.

### 4.2 Membership changes

At the 30 June 2018 valuation date, the Plan had ■ active defined benefit members. ■ of these members have since terminated employment, and have been paid their benefits from the Plan.

At 30 June 2021, there were ■ active defined benefit members in the Plan.

### 4.3 Employer contributions

The previous valuation report recommended that Cigweld should contribute to the Plan at the rates of:

- 10.1% of salaries to fund defined benefit section benefits, plus
- 5.9% of salaries where 5% member contributions were being paid by the employer, or being paid pre-tax by the member,
- 3% of salaries towards relevant members' 3% Award accounts in the accumulation section of the Plan, plus
- The Plan's insurance premiums and expenses, plus
- Top-up contributions as recommended by the actuary for the payment of retrenchment benefits.

I also recommended that Cigweld review the Plan's investment objectives and crediting rate policy, and might wish to maintain its contribution rate at the previously applying level of 12.8% of salaries pending the results of that review.

Following the investment review, Cigweld reduced its contribution rate to 10.1% of salaries, in accordance with my recommendation letter dated 15 April 2019.

I understand that Cigweld contributions have been paid to the Plan in accordance with the above recommendations.

#### 4.4 Investment returns

The assets of the defined benefit section are invested in the Optimix Moderate fund. Prior to March 2019, the Plan also held investments in the OnePath Diversified Fixed Interest fund.

Based on movements in unit prices, I estimate the defined benefit section investment return as approximately 5.0% p.a. for the three-year period to 30 June 2021.

Year	Return
2018/19	5.9%
2019/20	-2.4%
2020/21	<u>11.9%</u>
<b>Average (% p.a.)</b>	<b>5.0%</b>

For the purposes of the previous actuarial investigation, it was assumed that the Plan's investment returns would be 4.0% p.a. Therefore the Plan's investment performance has been more favourable than expected.

#### 4.5 Member salary growth

For the purposes of the previous actuarial investigation, it was assumed that members' salaries would increase at the rate of [REDACTED] % p.a.

Based on the data available, I estimate that member's salaries have increased by an average [REDACTED] % over the three year period to 30 June 2021.

#### 4.6 Real rate of investment return

The key measure impacting the Plan's financial position is the real rate of investment return, i.e. the investment return over and above the rate of member salary growth. The Plan's real rate of return over the three year period has been 2.1% p.a. (i.e. [REDACTED] % investment return less [REDACTED] % p.a. salary growth), better than the 0.75% p.a. assumed (i.e. 4.0% p.a. investment return less [REDACTED] % p.a. salary growth) at the previous valuation. This will have had a favourable impact on the Plan's financial position.

#### 4.7 Crediting rates

The Plan's crediting rates have averaged 5.6% p.a. over the three years to 30 June 2021:

Year	Return
2018/19	6.5%
2019/20	-1.8%
2020/21	<u>12.7%</u>
<b>Average (% p.a.)</b>	<b>5.6%</b>

It was previously assumed that Plan crediting rates would be 6% p.a. The lower than expected crediting rates will have had a small favourable impact on the Plan's financial position.

#### 4.8 Expenses

Over the past three years, the Plan's administration and insurance expenses have averaged \$26,000 p.a., or around 0.9% of total 30 June 2021 defined benefit member salaries.

Year	Expenses
2018-19	\$27,000
2019-20	\$26,000
2020-21	<u>\$25,000</u>
<b>Average</b>	<b>\$26,000</b>

## 5 Investments

### 5.1 Plan investments

The Plan's defined benefit assets are currently invested wholly in the Optimix Moderate fund.

### 5.2 Optimix Moderate fund

The Optimix Moderate fund's investment objective is to achieve returns (before fees, charges and taxes) that on average exceed inflation by at least 4.0% p.a., over periods of ten years or more.

The Fund's benchmark exposure to equities and property is 44%, and alternative assets (benchmark 12%) will provide some further exposure to growth. Based on the latest investment guide, the fund's maximum allocation to growth assets is 69%.

### 5.3 Investment objectives

For an ongoing plan paying benefits linked to members' salary growth, it is appropriate to maintain some exposure to growth assets, as the plan's investment returns will then be expected to outperform measures such as AWOTE or CPI over reasonably long periods such as five years.

However, the inclusion of defensive assets should reduce the potential volatility of investment returns. This should better secure the Plan's asset coverage of members' accrued benefit entitlements, and reduce the possibility of materially negative investment returns requiring substantial employer contributions to rectify.

I am satisfied that the Plan's investment objectives are appropriate.

### 5.4 Crediting Rate policy

I have been advised that the Trustee sets final and interim crediting rates based on the investment returns (gross of investment management and expense recovery fees) of the Plan's Optimix Moderate investment.

I consider that this crediting rate policy is appropriate for the Plan.

## 5.5 Shortfall limit

For the purpose of APRA's Superannuation Prudential Standard 160, the Trustee is required to set a shortfall limit. This is the extent to which the Trustee considers that a plan 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 fund assets, the Plan can be restored to a satisfactory financial position within one year.

I have been advised that the Trustee has set a shortfall limit of 100% for the Plan i.e. for the Plan to not be in breach of this limit, Plan assets need to provide at least 100% coverage of defined benefit members' defined benefit interests. In my opinion, currently there is no need to review this shortfall limit.



## 6 Insurance

### 6.1 Death and TPD benefits

For members of the defined benefit section, death and TPD benefits are fully insured under a group life arrangement. The insured portion of each member's death and TPD benefit is the excess above the member's vested benefit.

In my view, this fully insured approach is appropriate, given the small size of the defined benefit section and the potential variability of claims experience.

## 7 Valuation Methodology and Assumptions

### 7.1 Methodology

For the purpose of this valuation, I have used the aggregate funding method, which I consider appropriate for a small defined benefit plan closed to new entrants.

This method calculates the employer contribution rate required to fund members' future benefit payments, in respect of both past and future service, taking into account the Plan assets held at the valuation date. If the Plan's future experience is in line with the assumptions adopted, this contribution rate is expected to remain unchanged until the last defined benefit section member leaves the Plan.

The liabilities for projected future benefit payments are split into a component in respect of service prior to the valuation date (the past service liability) and a component in respect of service after the valuation date (the future service liability). The past service liability for each member at the valuation date has been assessed subject to a minimum of that member's vested benefit, i.e. the benefit that member would have been entitled to had he or she left the Plan at that date.

### 7.2 Financial assumptions

The financial assumptions used in the valuation are:

Assumption	Return (% p.a.)
Discount rate / return on assets (net of investment expenses and tax)	5.0%
Crediting rate	6.0%
Salary increases	█%

I have increased the investment return assumption from 4.0% p.a. at the previous actuarial valuation to 5.0% p.a., based on the transfer of the Plan's defensive asset holding in the OnePath Diversified Fixed Interest Fund to the Optimix Moderate fund. The impact of the change in discount rate assumption is to reduce the Plan's total liabilities for past and future service by approximately \$█ million.

The salary growth assumption has been revised downwards based on discussions with Cigweld. The impact of the reduced salary growth rate assumption is to reduce the Plan's total liabilities for past and future service by approximately \$█.

The crediting rate assumption is identical to that used in the 30 June 2018 valuation.

### 7.3 Demographic assumptions

I have assumed the rates of resignation and retirement set out in Appendix 2. These decrement rates are identical to those used in the 30 June 2018 valuation.

### 7.4 Expenses and insurance costs

Based on the Plan's recent experience, I have assumed that the Plan's administration expenses and insurance premiums will amount to 1% of defined benefit members' salaries.

### 7.5 Superannuation Guarantee

The Superannuation Guarantee (SG) rate currently is 10.0% of Ordinary Time Earnings (OTE). The rate is expected to increase to 12% of OTE according to the schedule below:

<b>Financial year</b>	<b>Rate (% of OTE)</b>
2021/22	10.0%
2022/23	10.5%
2023/24	11.0%
2024/25	11.5%
2025/26 and subsequent	12.0%

For the purpose of the actuarial valuation, it has been assumed that the SG rate will increase as shown.

## 8 Funding Status

### 8.1 Introduction

This section examines the Plan's ability to meet defined benefit members' benefits at the valuation date. I have measured the Plan's asset coverage of the following benefits:

- a) Superannuation Guarantee minimum benefits
- b) Vested benefits
- c) Actuarial value of accrued benefits
- d) Retrenchment benefits, and
- e) Benefits on termination of the Plan.

### 8.2 Asset coverage of member benefits

At the valuation date, defined benefit section assets amounted to \$14,416,000, and provided the following coverage of member benefit entitlements:

Benefits	Amount	Asset coverage
SG minimum benefits	\$ [REDACTED]	139%
Vested benefits	\$ [REDACTED]	120%
Actuarial value of accrued benefits	\$ [REDACTED]	116%
Retrenchment benefits	\$ [REDACTED]	104%
Termination benefits	\$ [REDACTED]	120%

### 8.3 Retrenchment benefits

Cigweld's practice has been to make a top-up contribution to the Plan, as recommended by the actuary, where a member's retrenchment benefit is in excess of their vested benefit.

### 8.4 Termination of the Plan

In the event that Cigweld terminates its participation in the Plan, the Trust Deed requires any arrears of contributions to be paid into the Plan but does not impose any additional funding requirements. Therefore the Plan's termination benefits have been taken as equivalent to vested benefits.

## 9 Valuation Results

### 9.1 Valuation balance sheet

The results of the valuation as at 30 June 2021 can be summarised as follows:

<b>Valuation balance sheet 30 June 2021</b>	
<b>Plan assets</b>	\$ [REDACTED]
<b>Employer liabilities:</b>	
Past service liabilities	\$ [REDACTED]
Future service liabilities	\$ [REDACTED]
Future expenses at 1% of salaries	\$ [REDACTED]
less: Future member contributions	(\$ [REDACTED])
<b>Total employer liabilities</b>	\$ [REDACTED]
<b>Surplus/(Deficit)</b>	\$ [REDACTED]

The valuation results show that on the assumptions adopted, there is expected to be a relatively small actuarial surplus of \$ [REDACTED] (i.e. approximately 2.5% of current Plan assets) even if employer contributions to the Plan are suspended over the future lifetime of the defined benefit membership.

### 9.2 Progression since 30 June 2018

On the assumptions adopted for the 30 June 2018 actuarial investigation, Plan assets were expected to provide 113% coverage of defined benefit member vested benefits at 30 June 2021.

The Plan's experience has been favourable, and at the valuation date, Plan assets provided 120% coverage of vested benefits. This improvement is attributable mainly to favourable real rates of investment return over the period (i.e. 2.1% p.a. compared to 0.75% p.a. assumed).

However, the marked improvement in the valuation balance sheet is attributable to the change in discount rate assumption from 4.0% p.a. to 5.0% p.a., following the Plan's investment review and the transfer of its OnePath Diversified Fixed Interest holding to Optimix Moderate.

### 9.3 Impact of variation in assumptions

A key valuation assumption is the difference between the assumed Plan investment return of 5.0% p.a. net of tax and investment expenses, and the salary growth rate of █% p.a., i.e. a real rate of return of █% p.a.

Other things being equal, if the Plan's investment return exceeds defined benefit members' salary growth by more than █% p.a., the Plan's actuarial surplus will be greater than expected. Conversely, the actuarial surplus will be lower than expected, and may become a deficit requiring additional employer funding, if the Plan's real rate of investment return is lower than expected.

The tables below illustrates the sensitivity of the valuation results to these key financial assumptions:

Investment return	Surplus/(Deficit)	Employer contribution rate required
4% p.a.	█	3.6%
<b>5% p.a.</b>	█	-
6% p.a.	█	-

The table above assumes that Plan crediting rates also move in line with variations in the Plan's investment returns.

Salary growth	Surplus/(Deficit)	Employer contribution rate required
2% p.a.	\$ █	-
<b>3% p.a.</b>	\$ █	-
4% p.a.	(\$ █)	2.3%

These tables do not indicate the bounds of all possible outcomes. In practice, the Plan's experience may lie outside the ranges illustrated.

### 9.4 Developments since the valuation date

Cigweld have advised that for █ material salary increases will apply effective 1 January 2022.

The valuation results above do not allow explicitly for these increases. However, I estimate that over the next three years (i.e. the averaging period for members' final average salaries) these members' vested benefits will increase by approximately \$ █, or around 3% of 30 June 2021 Plan assets, due to the 1 January 2022 salary increases.

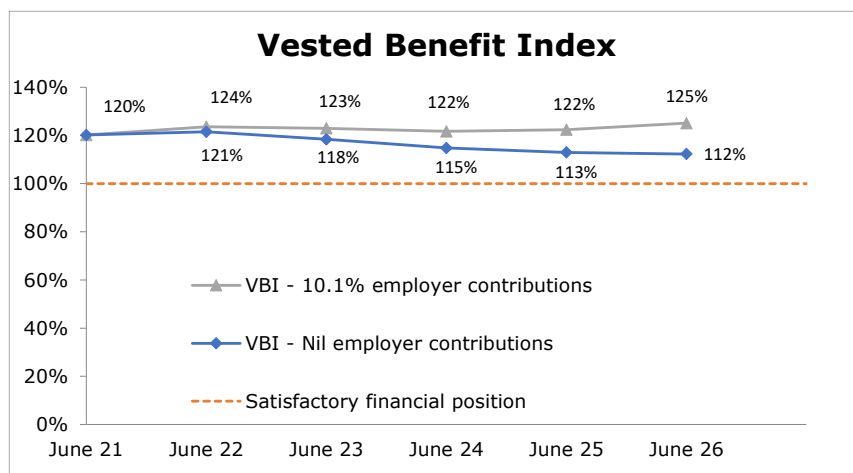
The Plan's investment return since 30 June 2021 has been slightly lower than expected, I estimate approximately 1.1% to 31 October 2021.

### 9.5 Vested benefit projections

The graph below summarises the Plan's projected asset coverage of member vested benefits over the five-year period from the valuation date, allowing for:

- 2% p.a. salary increases, plus the 1 January 2022 salary increases advised by Cigweld.
- The estimated 1.1% Plan investment return between 30 June 2021 and 31 October 2021, and an assumed 5% p.a. thereafter.
- Insurance and administration expenses at the rate of 1% of defined benefit member salaries.

I have shown results on two bases, assuming employer contributions towards the defined benefit section continue at current rates, or reduce to nil effective 1 February 2022.



## 10 Material risks

### 10.1 Introduction

Professional Standard PS 400 issued by the Institute of Actuaries of Australia requires the actuary to consider and document any material risks to the Plan associated with the actuarial assumptions, or related to the ongoing actuarial management.

### 10.2 Investment return

The key assumptions made in this report are the investment return assumption of 5.0% p.a., and the salary growth assumption of 3.0% p.a., i.e. an assumption that the Plan's real investment return will be 2.0% p.a.

If the Plan's investment returns are lower than expected, or salary growth higher than expected, Cigweld may need to increase its contributions to the Plan to fund members' future benefits.



## 11 Recommendations

### 11.1 Employer contribution rates

With a continuation of the current employer contribution rates, the Plan's asset coverage of vested benefits is expected to remain relatively constant over the next five years.

The defined benefit section potentially has many years still to run, with an average member age of ■■■ and ■■■ members still in their 40s. Hence in my view, it is appropriate to maintain an asset buffer of this magnitude. If the Plan's future experience is favourable, there will be several years available to run down the employer contribution rate and the Plan's surplus assets.

Therefore I recommend that Cigweld maintain its contributions to the Plan at the following rates:

- 10.1% of salaries to fund defined benefit section benefits, plus
- 5.9% of salaries where 5% member contributions are paid by the employer, or being paid pre-tax by the member, plus
- 3% of salaries towards relevant members' 3% Award accounts in the accumulation section of the Plan, plus
- Top-up contributions as recommended by the actuary, i.e. consistent with previous practice, for the payment of retrenchment benefits.

These contribution rates include allowance for the Plan's administration expenses and insurance premiums.

I recommend that the Plan's consulting expenses, including the cost of this actuarial investigation, be met from Plan assets rather than by Cigweld.

### 11.2 Next actuarial review

The next actuarial review of the Plan will be due as at 30 June 2024.

I understand that the Trustee monitors the Plan's defined benefit asset coverage of vested benefits on a monthly basis, and will notify me if this measure falls below 110%.

## Appendix 1. Benefit Summary

<b>Benefit Summary</b>	
Normal Retirement Date (NRD)	65th birthday
Final Average Salary (FAS)	Average of salaries at three previous 30 June review dates.
Member contribution rate	5% of salary (may be paid by the employer or pre-tax).
Normal Retirement Benefit	A lump sum benefit of 18% of FAS for each year of service.
Early Retirement Benefit (from age 55)	Normal Retirement Benefit based on actual service.
Death Benefit	The greater of: a) 5 times salary, plus specified additional multiples in the event the member has dependent children, and b) The Early Retirement Benefit.
Total and Permanent Disablement (TPD) benefit	The greater of: a) The prospective Normal Retirement Benefit, subject to a maximum of 5.4 times FAS, and b) The Early Retirement Benefit.
Ill health benefit	Early Retirement Benefit.
Resignation	Twice the member's contribution account balance.
Retrenchment with 15 years' service	Early Retirement Benefit.
3% Award (maintained in accumulation section)	Eligible members receive the balance of their 3% Award account (based on accumulated employer contributions of 3% of salary, less allowance for tax) on leaving the Plan for any reason.
Voluntary Accounts (maintained in accumulation section)	Member voluntary contribution and rollover accounts (if any) are payable on exit from the Plan for any reason.
Surcharge Account	Negative accumulation account within the defined benefit section of the Plan.

## Appendix 2. Demographic assumptions

### Resignation and retirement rates (per 10,000 members)

Age	Resignation / Retirement
40	610
45	400
50	190
55	2,000
56-59	1,000
60	4,000
61-64	2,000
65	10,000

### Death and TPD rates

Nil.

### Appendix 3. AASB1056 disclosures

This statement is provided to assist the Trustee in preparing its AASB1056 disclosures.

The statement has been prepared in accordance with Institute of Actuaries Professional Standard 402, and Practice Guideline PG499.06.

For the purposes of AASB1056, the following amounts have been determined as at 30 June 2021 in respect of members of the defined benefit section of the Plan:

[REDACTED]	
Fair value of assets	\$ [REDACTED]
Member liabilities	\$ [REDACTED]
Value of vested benefits	\$ [REDACTED]

The key assumptions used are investment returns of 5.0% p.a., and member salary growth of 3.0% p.a. These are best estimate assumptions, and the investment return assumptions are based on the investment objectives of the Plan.

Member liabilities have been calculated as members' accrued benefits, i.e. the total of the present values of expected future benefit payments attributable to service that accrued prior to the valuation date.

The table below illustrates the sensitivity of the member liabilities to variations in the key assumptions:

Investment return	Member Liabilities
4% p.a.	\$ [REDACTED]
<b>5% p.a.</b>	\$ [REDACTED]
6% p.a.	\$ [REDACTED]

Salary growth	Member Liabilities
2% p.a.	\$ [REDACTED]
<b>3% p.a.</b>	\$ [REDACTED]
4% p.a.	\$ [REDACTED]



## Appendix 4. Short report for members

The following statement has been prepared for compliance with Regulation 9.31 of the Superannuation Industry (Supervision) Act 1993.

I have carried out an actuarial valuation of the Cigweld Employees' Superannuation Plan, a sub-plan of the Retirement Portfolio Service, at 30 June 2021 and hereby certify the following:

- a) At the valuation date, the value of Plan assets available to meet the liabilities of the defined benefit section of the Plan was \$ [REDACTED].
- b) The value of the Plan assets was sufficient to meet the value of the liabilities in respect of accrued benefits at the valuation date. I expect the Plan's assets to remain sufficient to cover the liabilities in respect of accrued benefits over the three-year period following the valuation date.
- c) I recommend that Cigweld should contribute to the Plan at the following rates:
  - 10.1% of salaries towards the defined benefit section of the Plan, plus
  - 5.9% of salaries where 5% member contributions are paid by the employer, or being paid pre-tax by the member, plus
  - 3% of salaries towards the relevant members' 3% Award accounts in the accumulation section of the Plan, plus
  - Top-up contributions as recommended by the actuary, for the payment of retrenchment benefits.

I also recommend that the Plan's insurance premiums, administration expenses and consulting expenses can be met from Plan assets.

- d) All required Funding and Solvency Certificates have been issued for the Plan. I believe it is likely that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate that may be required during the three-year period following the valuation date.

- e) At the valuation date the Plan was in a satisfactory financial position (as defined in SIS Regulation 9.04). I expect the Plan to remain in a satisfactory financial position during the three-year period following the valuation date.

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