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Report to the Trustee on the Actuarial Investigation as at 30 June 2023

Mazda Australia Superannuation Plan

A plan in the Retirement Portfolio Service superannuation fund

10 November 2023

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1

Key Results and Recommendations

I have prepared this report on the actuarial investigation of the Mazda Australia Superannuation Plan (the Plan) as at 30 June 2023 for OnePath Custodians Pty Limited (the Trustee), as Trustee of the Plan. The Plan is closed to new defined benefit members.

My report should not be relied upon for any other purpose or by any party other than the Plan's Trustee. 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 Mazda Australia Pty Limited (the Employer) who contributes to the Plan. The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

Change in Financial Position

I set out below a summary of the Plan's financial position, at both this and the previous actuarial investigation.

	Position at 30 June 2023		Position at 30 June 2020	
Defined Benefits Only	$000	Asset Coverage	$000	Asset Coverage
Assets				
Liability for Vested Benefits		161.7%		155.0%
Liability for Consent Benefits		146.7%		142.1%
Liability for Actuarial Value of Accrued Benefits		144.9%		143.2%
Liability for Accrued Retirement Benefits		140.3%		129.5%
Liability for SG Minimum Benefits		175.0%		177.0%

The above totals exclude accumulation Plan liabilities of as at 30 June 2023.

Experience

The coverage levels at 30 June 2023 were generally higher than the levels at the previous actuarial investigation, with the most significant positive factors being:

- The Employer continued to contribute to the Plan despite its well-funded status;
- The rate of investment earnings on Plan assets averaged 6.6% p.a., which was higher than the assumed rate of 4.9% p.a.; and
- A reduction in the membership from 10 members to 8 members spreading the surplus across a reduced membership.

This was partially offset by the following item of negative experience:

- Salaries for defined benefit members increased by an average of 6.8% p.a. which was higher than the assumed rate of 3.5% p.a.

Assumptions

I have updated the assumptions adopted to value the Plan liabilities from those used in the previous investigation. These reflect changes to the economic environment since the previous actuarial investigation. This results in a small increase 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 1.4% p.a. to 1.5% p.a. This has decreased the Actuarial Value of Accrued Benefits.

Recommended Contribution Rates and Projections

At 30 June 2023, the Plan was in a satisfactory financial position. The 146.7% coverage of the defined benefit Consent Benefits was significantly above the financing objective of 110% coverage adopted for this investigation.

Based on the financial position at 30 June 2023, the Employer could cease making regular contributions in respect of defined benefit section members (i.e. a contribution holiday), including deemed member contributions, operating expenses and insurance premiums, and continue to meet the Plan's financing objective for at least the next five years.

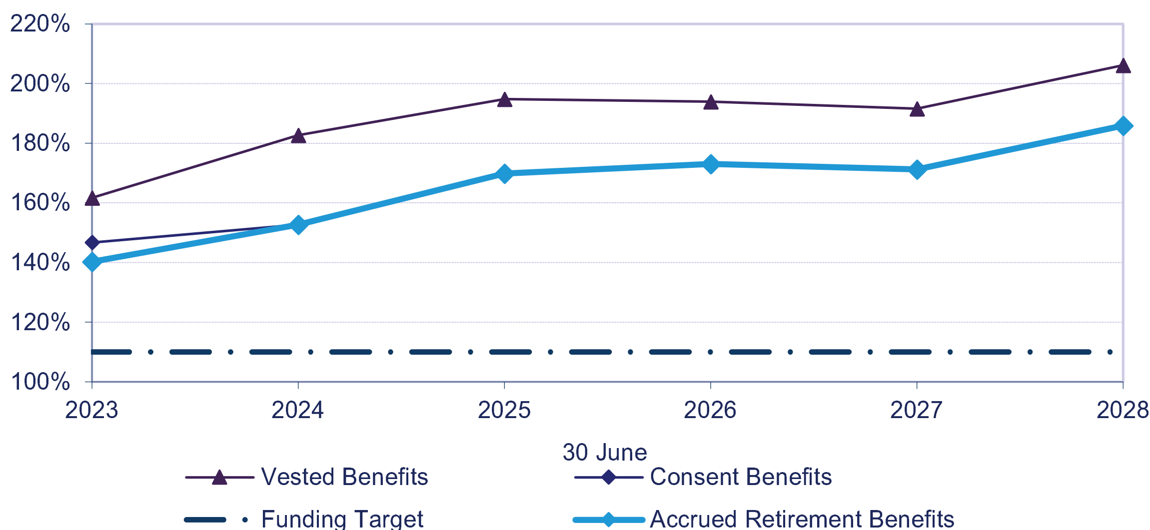
Therefore, I recommend that the Employer make contributions to the Plan of:

Category	Recommended Minimum Contributions
Defined benefit members	Nil (including deemed member contributions) in respect of the defined benefit section; *plus* Any additional contributions in respect of Ordinary Time Earnings not included in the Plan's definition of Salary, as required to satisfy the Superannuation Guarantee requirements.
Accumulation members	The amounts allocated to members' account balances as required by legislation and contractual obligations. There should be no deduction from defined benefit assets for accumulation members' insurance and administration expenses.

All members' contributions, including voluntary and salary sacrifice contributions for defined benefit and accumulation members, must continue to be paid.

However, it remains open to the Employer to continue to make contributions more than the above recommended contribution levels if it prefers.

I have prepared the following projection of Plan assets and benefit liabilities based on the assumptions adopted for this investigation and the recommended contribution rates, and allowing for any material experience after the investigation date as detailed in this report:



The graph above shows that the recommended contributions are anticipated to result in assets of at least 110% of Consent Benefits (which is the financing objective adopted in this investigation) over the period to 30 June 2028.

The payment of benefits to exiting members causes the excess of assets over liabilities to be spread over a smaller remaining membership base, increasing the coverage ratios. All members will have attained age 55 by 30 June 2024 when the Consent Benefits equal the Accrued Retirement Benefits.

In my view, the Trustee should be satisfied with the expected level of security for members' benefits if the Employer makes contributions to the Plan on the basis recommended and the Plan's financial position continues to be monitored.

Risks

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 Plan'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.

Consequently, the Trustee should monitor the Plan to identify if an adjustment to the contribution recommendations is required prior to the completion of the next formal actuarial investigation. 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 Plan's financial position.

Sections 7 and 8 provide illustrations of the impact of investment volatility on the projected coverage of Vested Benefits and shows that a 1% p.a. reduction in the assumed future investment return would result in an 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 the risks associated with the current valuation method whereby it is assumed that the Plan will continue, with the current investment policy and the ongoing support of the Employer.

Other Findings and Recommendations

Suitability of Policies

I am satisfied that the following current policies and settings for the defined benefit section of the Plan remain appropriate:

- Investment policy, subject to confirmation from the Employer that it understands and accepts the risks associated with this policy.
- Crediting rate policy.
- Insurance arrangements.
- Shortfall Limit (for the purposes of SPS 160).
- Trustee's process for monitoring the Plan's financial position.

Actions Required by the Trustee

The Trustee should.

- Consider this report and confirm its agreement (or otherwise) to the contribution and other recommendations.
- Seek confirmation from the Employer that it understands and accepts the risks associated with the current investment policy for defined benefit section assets.
- Seek formal agreement from the Employer to either adopt the contribution recommendations in this report, or to continue making contributions in excess of these rates in respect of defined benefit members.
- Continue to monitor the progress of the Plan's coverage of Vested and Consent Benefits.
- Continue to monitor the "Notifiable Events" specified in the Plan's Funding and Solvency Certificate and advise the Actuary should any actual or potential Notifiable Events occur.

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Introduction

Background of the Plan

The Mazda Australia Superannuation Plan (the Plan) is operated for the benefit of employees of Mazda Australia Pty Ltd (the Employer) and is a plan in the Retirement Portfolio Service (RPS) superannuation fund.

The Trustee holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Plan as required under the Trust Deed. Plan benefits are specified in an Employer Application Form for the Mazda Australia Superannuation Plan dated May 2002. Members receive lump sum benefits from the Plan, and no pension benefits are payable. The Plan has a defined benefit section and an accumulation section. This actuarial investigation focuses on the Plan's defined benefit section.

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

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

Purpose

I have prepared this report exclusively for the Trustee of the Mazda Australia Superannuation Plan for the following purposes:

- To present the results of an actuarial investigation of the Plan as at 30 June 2023;
- To review Plan experience since the previous actuarial investigation as at 30 June 2020;
- To recommend contributions to be made by the Employer intended to allow the Plan 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 Plan's Trust Deed for actuarial investigations of the Plan's financial position; and
- To meet legislative requirements under relevant superannuation legislation.

My report satisfies Professional Standard 400 issued by the Actuaries Institute setting out requirements for actuarial investigations of defined benefit superannuation funds.

The previous actuarial investigation was conducted as at 30 June 2020 by me, on behalf of Mercer, and the results are contained in my report dated 21 December 2020.

Significant Events since the Investigation Date

I am unaware of any significant events that have occurred since 30 June 2023 which would materially impact on the findings or recommendations in this report.

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Experience since the Last Investigation

Data Provisions

To prepare this report, I have relied on financial and participant data provided by the Plan's administrator. The data used is summarised in this report. I 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. I am satisfied that the data is sufficiently accurate for the purposes of this actuarial investigation.

I have also relied upon the documents, including amendments, governing the Plan as provided by the Trustee. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Plan 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.

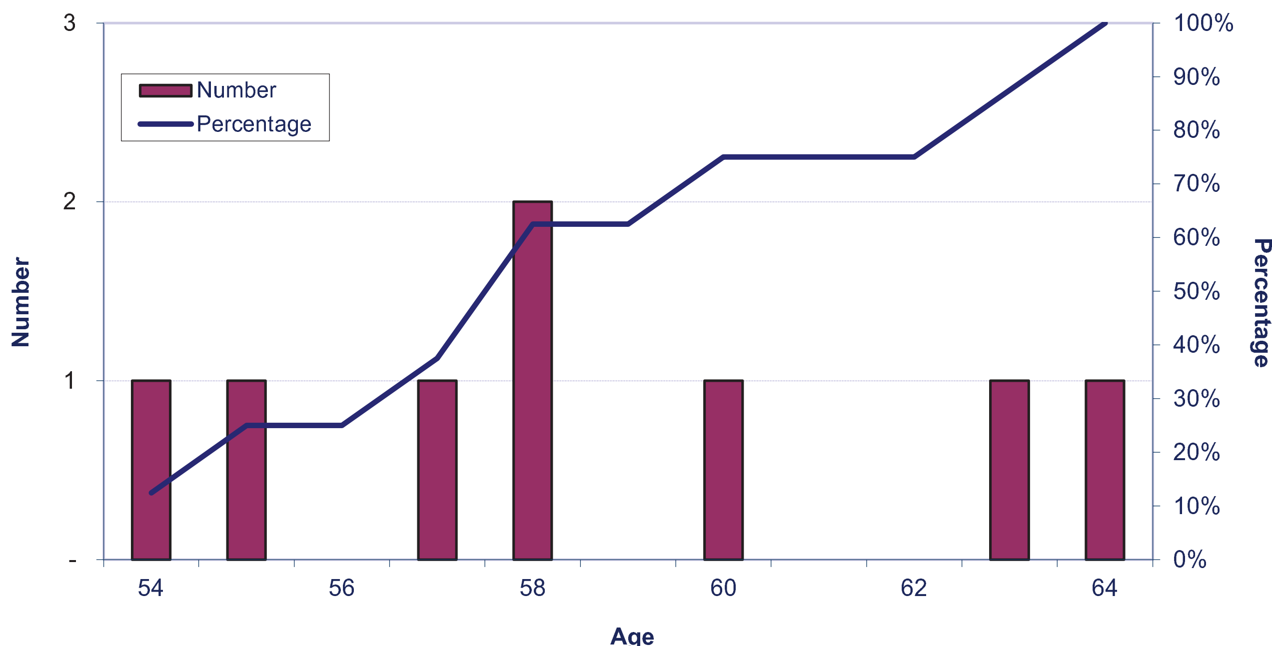
Membership

The membership of the Plan's defined benefit section has changed since 30 June 2020 as follows:

Active members at 30 June 2020	[illegible]
Exits	[illegible]
Active members at 30 June 2023	[illegible]
Annual Superannuation salaries at 30 June 2023	[illegible]
Average salaries at 30 June 2023	[illegible]
Average age at 30 June 2023	[illegible]

The reduction in the number of members had a positive impact on the ratio of assets to liabilities with excess assets spread across a reduced membership.

The defined benefit membership split by age as at the 30 June 2023 is shown in the following graph:



Members receive lump sum benefits from the Plan, and benefits convert to an accumualtion basis on members reaching age 65. This means that the maximum remaining lifespan for the Plan is 11 years should the youngest member remain in the Plan to age 65.

Investment Returns and Crediting Rates

The table below shows the rates of investment earnings (after tax, investment fees and asset-based administration fees) for the assets supporting the defined benefits of active members, and crediting rates applied to defined benefit members' accounts, over the period since the previous investigation.

Year Ending	Investment Return and Crediting Rate (pa)
30 June 2021	17.2%
30 June 2022	-3.8%
30 June 2023	7.3%
Compound Average	**6.6%**

The average investment return for the three-year period to 30 June 2023 was 6.6% p.a. compared to the long-term assumption at the last actuarial investigation of 4.9% p.a. The higher return than assumed had a positive impact on the Plan's financial position.

Salary Increases

Salaries for the current defined benefit members increased by an average of 6.8% p.a. over the period compared to the longer-term assumption at the last actuarial investigation of 3.5% p.a.

The higher salary increases than assumed had a negative impact on the Plan's financial position, as member's defined benefits increase by more than expected.

Employer Contributions

The Employer continued to pay contributions to the Plan's defined benefit section. The amount paid was more than the estimated defined benefit funding cost and more than the required minimum contributions recommended at the previous investigation. This has had a positive impact on the Plan's financial position.

Impact of the Experience on the Financial Position

The main experience items affecting the Plan's financial position during the period from 30 June 2020 to 30 June 2023 were as follows:

Item	Assumption at previous review	Plan experience	Comment on effect
Investment returns	4.9% p.a.	6.6% p.a.	Positive effect – investments grew at a higher rate than assumed
Salary increases	3.5% p.a.	6.3% p.a.	Negative effect – benefit liabilities grew at a higher rate than assumed
Employer contributions	Required minimum of nil for defined benefit members	Employer continued to contribute	Positive effect – contributions paid were more than the cost of accruing benefits

The overall impact of the experience was to generally increase the excess of the Plan's assets over the various measures of the benefit liabilities.

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Actuarial Assumptions

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

- The amount of benefits paid out; and
- The expenses of running the Plan, 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 Plan. 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 Plan assets and benefit liabilities based on actuarial assumptions about future experience.

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

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)	6.0% p.a.
Salary increases	4.5% p.a.

The assumed rate of investment returns is based on the expected earning rates for the Plan's current benchmark investment mix over the likely remaining term of the defined benefit liabilities, calculated

using Mercer Investment Consulting'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 general salary increase assumption is based on long term economic forecasts for future increases in average weekly earnings (AWOTE), the age profile of the remaining defined benefit members, and my discussions with the Employer.

Demographic and Decrement Assumptions

The decrement assumptions are the same as those used for the previous actuarial investigation.

Resignation and Retirement

The rates at which members are assumed to leave the Plan due to resignation and retirement are set out below.

Age	Rate of Exit
54	0.2%
55	20%
56 - 64	10%
65	100%

Consistent with past practice, it is assumed that Employer consent is granted for early retirement from age 55.

Death and Disablement in Service

Given the small number of remaining members, and for simplicity, no death or disability decrements are assumed. The cost of death and disability insurance is included via a separate allowance for insurance premiums.

Retrenchment and Ill Health

No specific allowance is made for the possibility of future retrenchments. The benefit on retrenchment is equal to the member's equitable share as determined by the Actuary. Any substantial retrenchment program would require further assessment.

No allowance is made for the possibility of future ill health retirements. The benefit payable on ill health is equal to the accrued retirement benefit.

Other Assumptions

New Members

The Plan's defined benefit section is closed to new entrants and I have made no allowance for new members. All new members are assumed to join an accumulation category.

Expenses

Administration and actuarial consulting expenses plus the cost of death, total and permanent disability (TPD), and total but temporary disablement insurance for defined benefit members are deducted from the defined benefit section assets.

Based on recent experience:

- Operating expenses for the defined benefit section of the Plan are assumed to average 1.5% of defined benefit members' salaries; and
- Insurance costs are assumed to average 1.5% of defined benefit members' salaries.

Tax

I have assumed that the current tax rate of 15% continues to apply to the Plan'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.

I have made no allowance for:

- Excess contributions tax, as this is payable by the member.
- Division 293 tax on contributions (including defined benefit notional contributions) for those with incomes above the threshold (currently $250,000), as this is also payable by the member.

Impact of the Changes in Assumptions

I have summarised in the table below the changes in assumptions from those used in the previous investigation and the reasons for the changes:

Assumption	Investigation at 30 June 2023	Investigation at 30 June 2020	Reason for change
Investment returns	6.0% p.a.	4.9% p.a.	Updated investment outlook in relation to asset class returns.
Salary increases	4.5% p.a.	3.5% p.a.	Updated wage outlook, as advised by the Employer.

The overall impact of the changes in assumptions was to:

- Decrease the Actuarial Value of Accrued Benefits by [redacted].
- Decrease the assessed long-term employer cost of future service benefits (including allowance for expected future operating expenses, insurance costs and tax) by 0.3% of salaries from 25.1% to 24.8%.

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Assets

Market Value

The net value of the assets available to pay defined benefits as at 30 June 2023 was [redacted] (based on the unaudited data provided by the Plan's administrator).

Operational Risk Reserves

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

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 Plan's investment strategy for assets supporting defined benefit liabilities is the Optimix Balanced investment option. This is a multi-sector, multi-manager investment option. The actual asset allocation as at 30 June 2023 for the investments supporting the defined benefit liabilities are:

Asset Class	Actual Allocation as at 30 June 2023
Australian equities	22%
Overseas equities	30%
Property	9%
Fixed interest	18%
Cash	14%
Alternatives	7%
Total	**100%**

'Growth' assets such as shares and property are expected to earn higher returns over the long term relative to 'defensive' assets such as fixed interest and cash, but at the same time to exhibit more variation in returns from year to year.

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

This conclusion reflects the Employer understanding the possible variability in future contributions associated with the current investment policy. A more conservative investment option would likely reduce the expected future earning rate on defined benefit section assets but would also reduce the potential for Plan assets to fall below the value of Plan liabilities.

If changes are made to the current investment strategy, consideration would also need to be given to the potential impact on members' leaving service benefits of any change as interest is credited to member and SG contributions based on the Plan's investment earning rate.

I recommend that the Trustee should engage with the Employer to ensure that the Employer understands and accepts the risks of the current investment strategy for the defined benefit section. If the Employer has a different view given the existing strong funding position, then the current investment strategy should be reviewed and a more conservative investment strategy adopted.

Assets Supporting Accumulation Benefit Liabilities

The Plan provides members with a range of investment options for their accumulation benefits (including the additional account balances of defined benefit members). The assets supporting the Plan'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 Plan's accumulation liabilities and related assets are fully matched.

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

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

Unit Pricing and Crediting Rate Policy

A detailed review of the unit pricing and crediting rate policy is outside the scope of this actuarial investigation. Based on a general understanding of the main features, I consider that the Trustee's unit pricing and crediting rate policy 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 Plan (i.e., a market shock or sudden downturn in investment markets).

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The Actuarial Approach

Financing Objective

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

- 110% of Consent Benefits (i.e., the benefits payable on resignation or retirement assuming that Employer consent is granted for early retirement from age 55); and
- 100% of Accrued Retirement Benefits.

The defined benefit liabilities are based on salaries and the period of membership, not the returns of the underlying assets. Poor investment returns will negatively affect the funding position. A margin in excess of 100% coverage of Consent Benefits is therefore desirable to provide some security against adverse investment experience. I consider a target margin of 10% is reasonable to meet the Trustee's objective of security of members' benefits.

Achieving the financing objective of 110% of Consent Benefits would also result in at least 110% coverage of Vested Benefits (which I understand is the Trustee's preference) and a satisfactory margin of coverage over 100% of SG Minimum Benefits. It is therefore not necessary to adopt specific financing objectives in relation to these benefit liability measures.

Based on the assumptions adopted for this investigation, a target of at least 100% coverage of Accrued Retirement Benefits will ensure that assets exceed the Actuarial Value of Accrued Benefits.

The contribution recommendations are reviewed at each actuarial investigation to ensure that the Plan remains on course towards the financing objectives.

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

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.

I have set the financing objective on the basis that members' reasonable expectations on termination would be to receive their Consent Benefits.

Provisions of the Trust Deed

The rules of the Plan include requirements that:

- The Trustee ensures an actuarial investigation of the Plan is conducted when required by legislation; and
- The Employer must contribute at the rate determined by the Trustee, after consulting the Employer, on the advice of the Actuary to the Plan

Financing Method

There are various financing methods that could be followed in setting the Employer contribution level. This investigation uses a "Target Funding" method, which was also used at the previous investigation.

Under this method, the Employer contribution rate required to provide a target level of coverage of a particular benefit liability measure is determined.

Under this method of financing, the level of the Employer contributions may vary from time to time to ensure that the Plan remains on course towards its financing objective (minimum 110% coverage of Vested Benefits).

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 Plan'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. Consent from the Employer for early retirement before age 60 is assumed to be not granted (i.e,. retirement is only a right from age 60).

At 30 June 2023, the Plan assets were greater than Vested Benefits, with asset coverage of 161.7% of the vested benefits and hence the Plan was considered to be in a “satisfactory financial position” under SIS legislation.

Consent Benefits

Consent Benefits are the amounts payable should all members voluntarily resign or, if eligible, retire at the investigation date assuming that the Employer consents to early retirement from age 55.

Additional Employer contributions may be required if the Consent Benefits are not fully covered by Plan assets and the Employer approves payment of an early retirement benefit.

The 146.7% coverage of Consent Benefits at 30 June 2023 was significantly more than the 110% financing objective used 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).

The Plan assets at 30 June 2023 were greater than the SG minimum benefits and hence the Plan was considered to be “solvent” under SIS legislation.

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, considering the probability of payment. This value is calculated using the actuarial assumptions and methods outlined in this report. In determining the actuarial value of accrued benefits, I have not applied a minimum of the vested benefits.

More than 100% coverage of assets over this measure of benefit liabilities would generally indicate a strong level of long-term funding as, if no future benefits were to accrue to existing members, assets would be expected to meet all future benefit payments (assuming the actuarial assumptions are borne out in practice).

Accrued Retirement Benefits

Accrued Retirement Benefits are the ultimate (undiscounted) retirement benefits that have accrued to the investigation date based on members' current salaries and periods of membership. The ratio of assets to the Accrued Retirement Benefits provides a simple indication of the Plan's long-term progress towards financing the ultimate retirement benefits. This is purely a notional measure and makes no allowance for the expected difference between future investment returns and salary increases, or the probability of members becoming eligible for a retirement benefit.

The accrued retirement benefit is also the amount payable on exit due to ill-health retirement.

The 140.3% coverage of Accrued Retirement Benefits at 30 June 2023 was above the 100% financing objective used for this investigation.

Financial Position as at 30 June 2023

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

	Position at 30 June 2023		Position at 30 June 2020	
Defined Benefits Only	**$000**	**Asset Coverage**	**$000**	**Asset Coverage**
Assets				
Liability for Vested Benefits		161.7%		155.0%
Liability for Consent Benefits		146.7%		142.1%
Liability for Actuarial Value of Accrued Benefits		144.9%		143.2%
Liability for Accrued Retirement Benefits		140.3%		129.5%
Liability for SG Minimum Benefits		175.0%		177.0%

The above totals exclude accumulation Plan liabilities of as at 30 June 2023.

The coverage levels at 30 June 2023 were generally higher than the levels at the previous actuarial investigation, with the most significant positive factors being:

- The Employer continued to contribute to the Plan despite its well-funded status;
- The rate of investment earnings on Plan assets averaged 6.6% p.a., which was higher than the assumed rate of 4.9% p.a; and
- A reduction in the membership from 10 members to 8 members spreading the surplus across a reduced membership.

This was partially offset by the following item of negative experience:

- Salaries for defined benefit members increase by an average of 6.8% p.a. which was higher than the assumed rate of 3.5% p.a.

Employer Future Service Cost

Based on the assumptions adopted for this investigation, I estimate that the Employer's long-term funding costs (i.e., the normal cost of funding future service defined benefit accruals for each category) are as follows:

Defined Benefit Membership Group	Employer long-term cost (of future benefit accrual) (% of Salary/Wage)
1	21.0%
2	15.3%
3	7.6%
6	23.7%

These rates ignore expected future Plan operating expenses and insurance costs but include allowance for contributions tax. The rates are slightly higher than estimated at the previous investigation.

The average rate across all remaining defined benefit members, including allowance for expected future operating expenses, insurance costs and tax is 24.8% of defined benefit members' salaries.

Recommended Contributions

In accordance to previous recommendation and based on the financial position at 30 June 2023 and the financing objectives used for the purposes of this actuarial investigation, I recommend that the Employer make contributions to the Plan of:

Category	Recommended Minimum Contributions
Defined benefit members	Nil (including deemed member contributions) in respect of the defined benefit section; plus Any additional contributions in respect of Ordinary Time Earnings not included in the Plan's definition of Salary, as required to satisfy the Superannuation Guarantee requirements.
Accumulation members	The amounts allocated to members' account balances as required by legislation and contractual obligations. There should be no deduction from defined benefit assets for accumulation members' insurance and administration expenses.

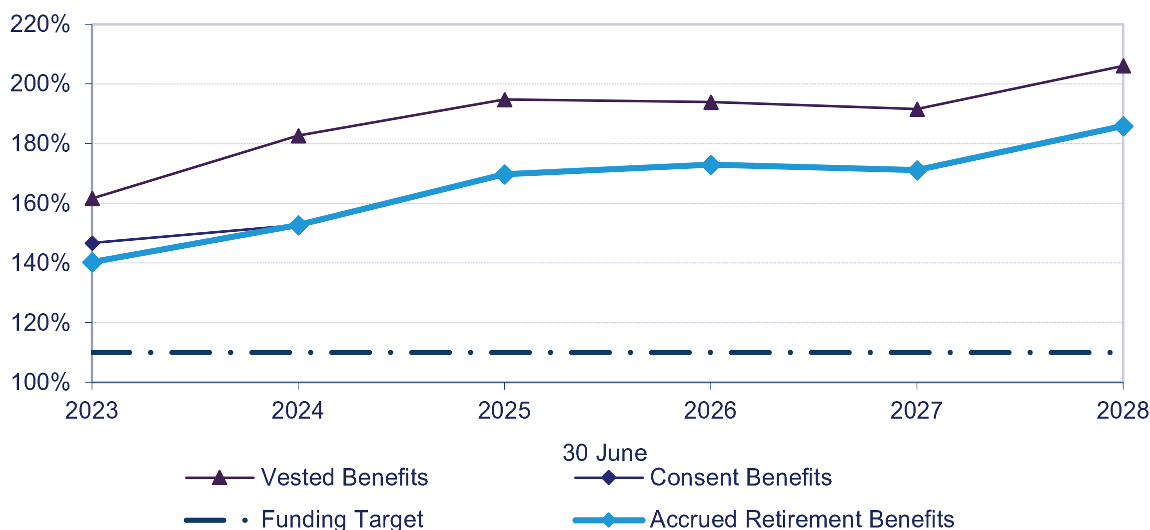
All members' contributions, including voluntary and salary sacrifice contributions for defined benefit and accumulation members, must continue to be paid.

However, it remains open to the Employer to continue to make contributions in excess of the above recommended contribution levels if it prefers.

Projected Financial Position

I have prepared the following projection of the Plan's assets and benefit liabilities based on:

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



The chart above shows that the Plan's ratio of assets to Consent Benefits is projected to remain in excess of the 110% financing objective over at least the next five years, even if no further Employer contributions are paid in respect of defined benefit members.

The payment of benefits to exiting members causes the excess of assets over liabilities to be spread over a smaller remaining membership base, increasing the coverage ratios. All members will have attained age 55 by 30 June 2024 when the Consent Benefits equal the Accrued Retirement Benefits.

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 Plan'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, as discussed below.

In my view, the Trustee should be satisfied with the expected level of security for members' benefits if the Employer makes contributions to the Plan on the basis recommended and the Plan's financial position continues to be monitored.

Sensitivity Analysis

I have tested the effect of changes to the key assumptions on the value of liabilities and the Plan's net financial position.

The liabilities shown in this report are calculated using my best estimate assumptions for investment return (6.0% p.a.) and salary growth (4.5% p.a.). As both future investment returns and future salary increases are unknown, it is almost certain that actual experience will differ from these assumptions.

It is the difference between the investment return rate and salary growth rate (commonly referred to as the ‘gap’) that is crucial rather than the individual assumptions, because the value of the assets move with investment returns while most of the Plan’s defined benefit liabilities grow with salaries.

To quantify the sensitivity of the net financial position to my assumptions, I have calculated the change in liability based on the following scenarios:

- Decrease the long-term investment return assumption by 1% p.a.;
- Increase the Salary growth assumption by 1% p.a.;

All other assumptions, including the Employer contribution rates, are assumed to remaining the same.

The effects of these changes are shown below, with the impact of the change as a percentage of assets shown in brackets:

Scenario	Net financial position as at 30 June 2023 ($’000s)	Change in net financial position ($’000s)	Ratio of asset to actuarial value of accrued benefits
Base assumptions as shown previously			144.9%
Decrease investment return by 1% p.a.			138.8%
Increase salary increase by 1% p.a.			140.1%

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Key Risks

Investment Volatility

The defined benefit liabilities, other than an offset account which is indexed to changes in unit prices, are based on member's salaries and periods of membership. These benefits are not affected by the investment return on the Plan's assets. The volatility of the Plan's investment returns will therefore affect the financial position of the Plan from year to year.

I have considered the impact of investment volatility on the Plan'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 Plan's defined benefit investment strategy.

Using the investment return model and assumptions adopted, there is approximately a 10% chance of the Plan's cumulative investment return being less than the "low return" scenario over the next 5 years. Similarly, there is approximately only a 10% chance of the Plan's cumulative investment return being greater than the "high return" scenario over the next 5 years.

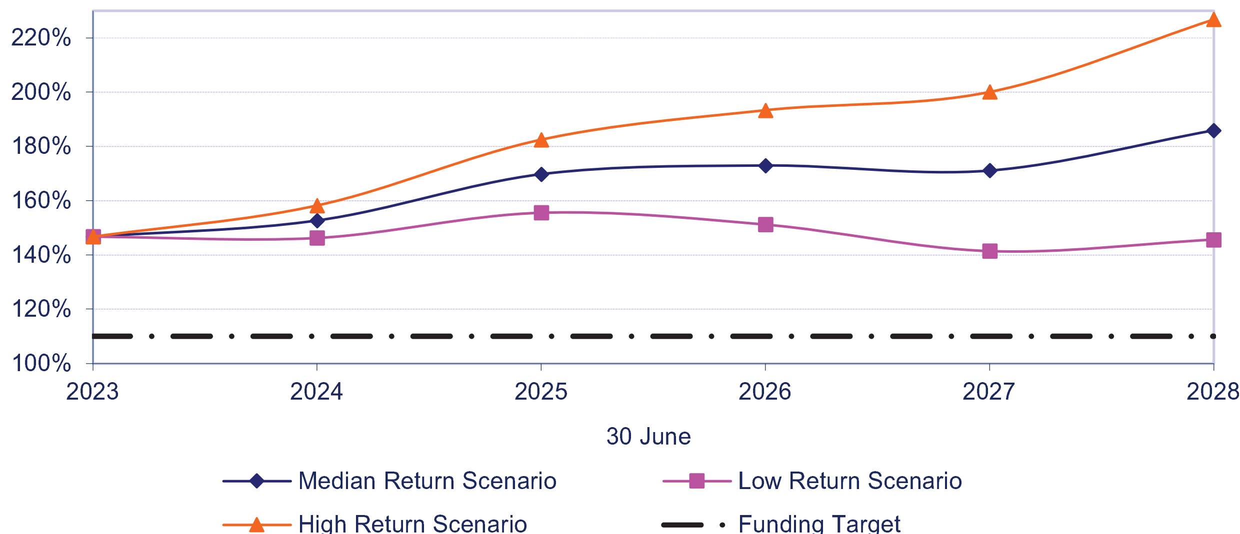
1 July 2023 to 30 June	Assumed Cumulative Investment Return (%)		
	"Low Return"	Valuation	"High Return"
2024	1.8%	6.0%	9.6%
2025	3.7%	12.4%	20.2%
2026	5.6%	19.1%	31.7%
2027	7.5%	26.2%	44.4%
2028	9.4%	33.8%	58.3%

The cumulative investment return is the total return from the investigation date up to 30 June of the year shown. The extent of variation allowed for in these projections reflects the Plan's asset mix and Mercer's views on the potential variability in investment returns across the various asset classes.

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

The chart below shows the effect on the projected ratio of assets to Consent Benefits under the "high return" and "low return" scenarios, assuming the other actuarial assumptions are borne out in practice and that the Employer makes no further contributions in respect of defined benefit members.

Projected Coverage of Consent Benefits
(Defined Benefit Liabilities Only)



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 Consent Benefits at 30 June 2026 will fall in the range from 151% to 193%.

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 my 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 10% in any year based on the current Plan asset allocation.

In my view, the Trustee should be satisfied with the expected level of security over the next few years if the Employer contributes at the recommended levels.

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% p.a. with no change in other assumptions, then the Plan’s net financial position against Actuarial Value of Accrued Benefits would worsen by as shown in the table in Section 7.

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% p.a. 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.

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) A greater focus may now be needed on the immediate funding of benefits which previously may be been financed on the basis of the defined benefit section continuing for many years;

(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) Even if the average overall experience is ultimately in line with the actuarial assumptions, there could be occasions where short-term deviations in experience have a significant negative impact on the financial position, warranting immediate additional Employer contributions;

(v) 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;

(vi) Operating expenses for 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

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

Concentration Risk

A reducing defined benefit membership with a smaller number of members within a narrow age band and one member with a significant entitlement (over 25% of the Vested Benefits) means that there is a concentration of risk. For example, the salary increases and the date at which remaining members cease service will have a significant impact on the Plan’s Vested Benefits coverage.

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Insurance Risks

Insurance

The Plan is not permitted to self-insure death and disability benefits. Death and total and permanent disablement (TPD) benefits are subject to an external insurance policy. The purpose of the insurance policy is to protect the Plan against unexpectedly large payouts on the death or disability of members.

For accumulation members, death and lump sum TPD benefits in excess of total account balances are fully insured, as are disability income benefits.

For defined benefit members, the group life sum insured formula currently in use (for both death and TPD benefits) is:

Sum Insured = Death/TPD Benefit – Accrued Retirement Benefit

The definition of TPD in the policy is also used to establish a member's eligibility for the benefit under the Plan's governing rules, thus avoiding any definition mismatch risk.

The total amount insured should cover the excess of the death/TPD benefits over the Plan's assets. Based on the formula in use at the investigation date, the coverage of death/TPD risk as at 30 June 2023 for the Plan was as follows.

	Defined Benefit members	$000
	Death/Disablement Benefits	
less	Sum Insured	
less	Assets	
	Uncovered Death/Disablement Benefits	

These calculations show that the insurance formula results in over-insurance. This is not unexpected as there is currently a significant excess of assets over both Consent Benefits and Accrued Retirement Benefits. Whilst the Trustee may wish to consider amending the formula to reflect the Plan's financial position and reduce the level of over-insurance, I note that the excess of assets over benefits is projected to decline in future as a result of the contribution recommendations. The Trustee would also need to consider the cost of implementing any insurance changes, and whether these potentially outweigh the premium savings.

For disability income 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 Plan.

I consider that the Plan's current group life insurance arrangements, including the sum insured formula for defined benefit members, are suitable and provide adequate protection for the Plan.

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Prudential Standards

The prudential regulator (APRA) has issued a number of Prudential Standards for the superannuation industry, including SPS 160 relating to the financial management and funding of defined benefit plans. I comment below on several 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”.*

I understand that the Plan’s Shortfall Limit, determined by the Trustee based on previous actuarial advice, is 100% of Vested Benefits.

The Shortfall Limit is expressed as the coverage level of the defined benefit Vested Benefits by the defined benefit assets. It is appropriate to consider the following factors when determining if the Shortfall Limit remains appropriate:

- The guidance provided in the relevant Actuaries Institute Practice Guideline 499.08: Shortfall Limit Required under APRA Prudential Standard 160 dated March 2023;
- The investment strategy for defined benefit assets;
- The results of this investigation regarding the extent to which the current and projected Vested Benefits are not linked to the investment return on defined benefit assets and the current and projected relativity between Vested Benefits and SG Minimum Benefits.

Based on the above, I recommend the Trustee maintain the current Shortfall Limit.

The projections also indicate that the level of Minimum Requisite Benefits is not expected to be a constraint in determining the Shortfall Limit. I 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 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); and

- 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.

The Trustee should continue to monitor the progress of the Plan’s financial position to ascertain if an adjustment to the contribution recommendations is required prior to the completion of the next formal actuarial investigation.

The Trustee should also continue to monitor the “Notifiable Events” specified in the Plan’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 is 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, I consider that:

- The Plan is not in an unsatisfactory financial position; and
- The Plan 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 plan’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 Plan’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 Plan as a whole (inclusive of all accumulation members and accounts).

(a) The value of the Plan's assets as at 30 June 2023 was . This value excludes assets held to meet the Operational Risk Financial Requirement.

(b) In my opinion, the value of the liabilities of the Plan in respect of accrued benefits as at 30 June 2023 was . Hence, I consider that the value of the assets at 30 June 2023 is adequate to meet the value of the accrued benefit liabilities of the Plan as at 30 June 2023. Taking into account the circumstances of the Plan, the details of the membership and the assets, the benefit structure of the Plan 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 sufficient to cover the value of accrued benefit liabilities over the period to 30 June 2026.

(c) In my opinion, the value of the liabilities of the Plan in respect of vested benefits as at 30 June 2023 was (or assuming Employer consent is granted for early retirement from age 55). Hence, I consider that the value of the assets at 30 June 2023 is adequate to meet the value of the vested benefit liabilities of the Plan as at 30 June 2023. 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 2026. Hence, I consider that the financial position of the Plan should not be treated as unsatisfactory as defined in SPS 160.

(d) In my opinion, the value of the liabilities of the Plan in respect of the minimum benefits of the members of the Plan as at 30 June 2023 was . Hence the Plan was not technically insolvent at 30 June 2023.

(e) A projection of the likely future financial position of the Plan over the 3-year period following 30 June 2023, based on what I consider to be reasonable expectations for the Plan for the purpose of this projection, is set out in Section 7 of this report,

(f) Based on the results of this investigation, I consider that the Shortfall Limit does not require review. Comments are set out earlier in this section.

(g) In respect of the 3- year period following 30 June 2023, I recommend that the Employer makes contributions to the Plan of:

Category	Recommended Minimum Contributions
Defined benefit members	Nil (including deemed member contributions) in respect of the defined benefit section; *plus* Any additional contributions in respect of Ordinary Time Earnings not included in the Plan's definition of Salary, as required to satisfy the Superannuation Guarantee requirements.

Accumulation members	The amounts allocated to members' account balances as required by legislation and contractual obligations. There should be no deduction from defined benefit assets for accumulation members' insurance and administration expenses.

All members' contributions, including voluntary and salary sacrifice contributions for defined benefit and accumulation members, must continue to be paid.

However, it remains open to the Employer to continue to make contributions in excess of the above recommended contribution levels if it prefers.

(h) The Plan is used for Superannuation Guarantee purposes:

- 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 2023;
- 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 2023.

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Actuarial Certification

Actuary's Certifications

Professional Standards and Scope

I have prepared this report 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 Plan. 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 the Employer who contributes to the Plan. The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

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

Actuarial Uncertainty and Assumptions

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

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

The Plan's future financial position and the recommended Employer contributions depend on several factors, including the amount of benefits the Plan 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 Plan'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. For

this reason, this report shows the impact on the Plan's financial position if alternative assumptions were to be adopted.

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

Because actual Plan 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 2026. At that time, the adequacy of the Employer contribution levels will be reassessed.

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 2025).

The next **Benefit Certificate** is required following the expiry of the current Benefit Certificate (which expires 30 June 2028). 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.

....

Tim Jenkins
Fellow of the Institute of Actuaries of Australia
1010 November 2023

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.

....

Andrew Keron
Accredited Member 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 section members is set out below. Reference should be made to the formal governing documents for definitive statements.

Members' Contributions — 5% or 2.5% of salary (deemed for some members).

Final Average Salary (FAS) — Average salary in the three years prior to retirement.

Normal Retirement Age — 65

Early Retirement Age — 60, or 55 with Employer consent, or any time on account of ill health.

Retirement Benefit — Accrued Retirement Multiple x FAS

The Accrued Retirement Multiple increases for each year of membership depending on Category and member contribution rate:

Retirement Accrual Rate	Members contributing 5% of Salary	Members contributing 2.5% of Salary
Class 1:	20% p.a.	10% p.a.
Class 2:	15% p.a.	7.5% p.a.
Class 3:	12.5% p.a.	6.25% p.a.
Class 6:	22.5% p.a.	11.25% p.a.

Resignation Benefit — Accrued Resignation Multiple x Salary
PLUS
Member Transfer Account (if any) accumulated with earnings

The Accrued Resignation Multiple increases for each year of membership depending on Category and member contribution rate:

Resignation Accrual Rate	Members contributing 5% of Salary	Members contributing 2.5% of Salary
Class 1:	12% p.a.	6% p.a.
Class 2:	10% p.a.	5% p.a.
Class 3:	7.5% p.a.	3.75% p.a.
Class 6:	12% p.a.	6% p.a.

Late Retirement Benefit — On retirement after the Normal Retirement Age, the amount payable is the normal retirement benefit plus investment earnings to the date of late retirement.

Death/Total and Permanent Disability Benefit	A lump sum amount equal to the normal retirement benefit that would have been granted if the member had remained in service with unaltered salary until normal retirement age. **Class 1 and 6**: The lump sum is subject to a minimum of five times salary at date of death. **Class 2 and 3**: The lump sum is subject to a minimum of two times salary at the date of death.
Temporary Total Disablement	After 6 consecutive months absence from work due to injury or illness a monthly income benefit of up to 75% of salary for a maximum period of 24 months.
Retrenchment Benefit	Equal to the member's equitable share, as calculated by the Actuary.
SG Minimum Benefit	Benefits on leaving service for any reason are subject to a minimum Superannuation Guarantee Benefit as described in the Plan's Benefit Certificate, which is a defined benefit style Minimum Requisite Benefit.

The table below indicates the material discretions available to the Trustee and Employer and the member options specified within the Plan'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 that would constrain any future decisions.

Trustee and Employer Discretions	Historical Prevalence
Employer consent to early retirement from age 55	Typically granted.
Member Options	**Historical Prevalence**
Change in member contribution rate	All remaining members currently contribute at 5%. Members with a Date of Admission prior to 30 September 1985 may choose to reduce their contributions from 5% to 2.5%. Changes to contribution rates are uncommon.

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 on leaving service for any reason to be augmented as necessary to meet the minimum Superannuation Guarantee (SG) benefit described in the Plan's actuarial Benefit Certificate.

Under current legislation the SG rate is currently 11% and will increase to 11.5% p.a. on 1 July 2024 and 12% p.a. on 1 July 2025.

Appendix B

Calculation of the Actuarial Value of Accrued Benefits

I have calculation the actuarial value of accrued benefits 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.

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

The past membership component is based on the member's accrued benefit multiple or accumulated contributions at the investigation date.

The method used for the calculation of the actuarial value of accrued benefits is the same as that used at the previous investigation.

Based on the actuarial assumptions used for this investigation, the weighted average term of the accrued benefit liabilities is 4.3 years.

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