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Report to the Trustee on the Actuarial Investigation as at 30 June 2024

University of Adelaide Superannuation (Scheme A 1985) Plan No. 2

(a plan in the AMP Super Fund)

24 December 2024

A business of Marsh McLennan

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1

Key Results and Recommendations

I have prepared this report on the actuarial investigation of the University of Adelaide Superannuation (Scheme A 1985) Plan No. 2 (the Plan), a plan in the AMP Super Fund, as at 30 June 2024 for NM Superannuation Pty Ltd, 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 The University of Adelaide (the Employer/the University) 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 2024		Coverage at 30 June 2023
Defined Benefits Only	**$000**	**Asset Coverage**	
Assets	14,798		
Liability for Vested Benefits (50:50)*	13,596	108.8%	104.0%
Liability for Vested Benefits (Lump Sum)**	13,261	111.6%	106.6%
Liability for Actuarial Value of Accrued Benefits*	13,596	108.8%	104.0%
Liability for SG Minimum Benefits	12,853	115.1%	109.4%

* Assumes that the remaining active member takes 50% of their benefit as a pension and 50% as a lump sum on leaving service.
** Assumes that the remaining active member takes a lump sum on leaving service.

The above totals at 30 June 2024 include the actuarial value of the pension liabilities of $11,969,000.

The coverage levels at 30 June 2024 were higher than the levels at the previous actuarial investigation, due to the following positive experience factors and assumption change:

Experience

Pensions in payment were indexed at 3.6% during the year, which was less than the short term assumption of 5% adopted in the previous investigation for the 2023/24 financial year.

Investment earnings of approximately 10.0% pa for the Plan overall (including assets backing active and pension liabilities) were higher than the assumed rate of 6.5% pa.

The Employer made the recommended lump sum contribution of $172,0000 for the year ended 30 June 2024 which improved the Plan's financial position as expected.

Assumptions

I have updated the mortality assumptions used to value the Plan's pension liabilities from those used in the previous investigation to reflect the latest Mercer standard pensioner mortality table.

This change to assumptions has decreased the value of pension liabilities.

The Vested Benefit measures shown above assume the Plan continues to operate 'as is' until the last pensioner dies. In the event of a Plan wind up, or termination of pension payments, prior to the natural cessation of the pensions, different measures of benefit liabilities may apply, and further financing from the Employer may be required to meet the resulting benefit liabilities. Please refer to the discussion in Section 9 for more detail.

Recommended Contribution Rates and Projections

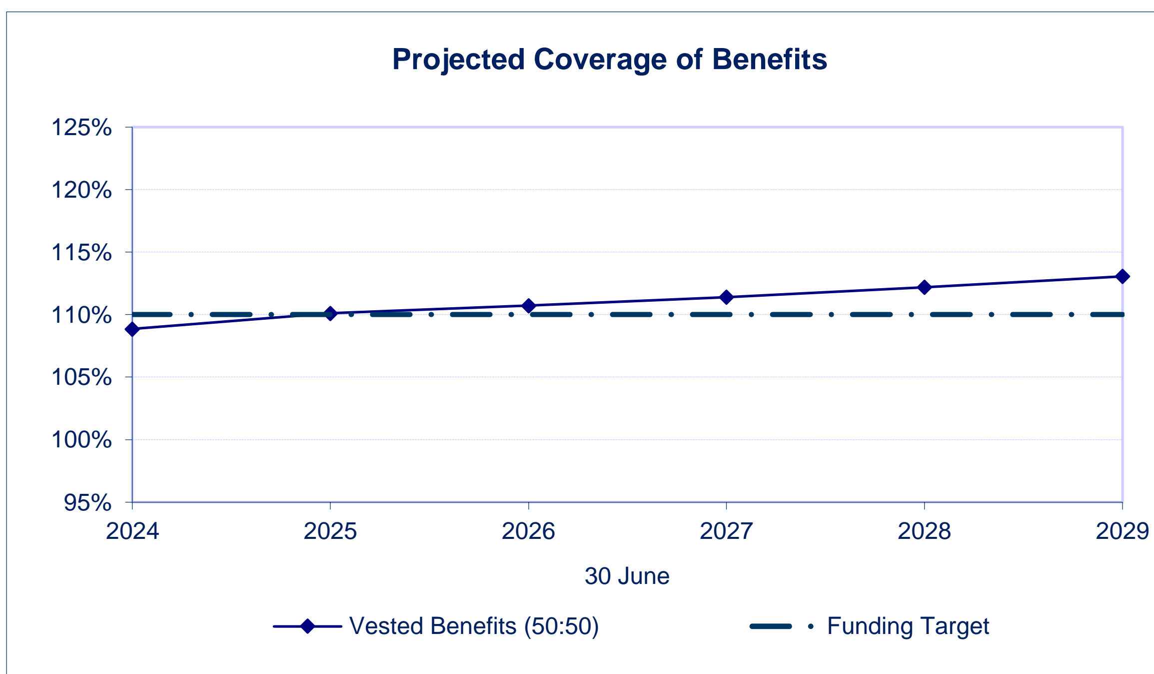
At 30 June 2024 the Plan was in "a satisfactory financial position" as defined in the superannuation legislation with assets in excess of Defined Benefit Vested Benefits (50:50).

Although, the 108.8% coverage of the Defined Benefit Vested Benefits (50:50) was slightly below the financing objective of 110% adopted for this investigation, it is projected to reach 110% by 30 June 2025.

Therefore, based on the position at 30 June 2024, I recommend that the Employer does not need to make further contributions, i.e. the lump sum contributions recommended in the previous investigation for the years ending 30 June 2025 and 2026 are no longer required.

In the event the last remaining active member elects to take a full pension on terminating employment, however, an additional one-off contribution equal to 110% of half of the difference between their lump sum Vested Benefit and the capital value of the pension at the time of termination, grossed up for tax, may be required as determined by the actuary, depending on the Plan's financial position at the time. If required, this contribution would be of the order of approximately $433,000 (based on the position at 30 June 2024).

I have prepared the following projection of Plan assets and benefit liabilities based on the assumptions adopted for this investigation and the contribution program above:



The graph above shows that the recommended contributions are anticipated to result in assets of 110% of Defined Benefit Vested Benefits (50:50) (which is the financing objective adopted in this investigation) by 30 June 2025.

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 review coverage of Vested Benefits at least once every year and quarterly on an approximate basis. 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 (50:50) and shows that a 1% pa reduction in the assumed future investment return would result in an approximate 8% increase in the assessed value of liabilities.

I further discuss risks related to the Plan's pension liabilities, including inflation risk, longevity risk and risks involved if the pension liability were to be valued by a third party (for example, by a life office).

Other Findings and Recommendations

Suitability of Policies

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

- Investment policy;
- Crediting rate policy;
- Insurance arrangements;

- Shortfall Limit (for the purposes of SPS 160); and
- Trustee's process for monitoring the Plan's financial position.

Recommendations

The Trustee should formally document the crediting rate policy.

Actions Required by the Trustee

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

The Trustee should seek formal agreement from the Employer.

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Introduction

Background of the Plan

The Plan is operated for the benefit of employees and former employees of The University of Adelaide and is a part of AMP Super Fund. Effective 15 May 2020, the trusteeship of the Plan was transferred from AMP Superannuation Limited to N M Superannuation Pty Ltd on an internal "successor fund transfer" basis. The Trustee has advised that all Plan rules remain consistent with those that applied prior to the successor fund transfer. The Trustee holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Plan as required under the Trust Deed.

The governing rules of the Plan are set out in the AMP Superannuation Savings Trust Deed dated 1 July 1998 (as amended) and the Plan's Participation Agreement between AMP Superannuation Limited and the University of Adelaide (Participant), dated October 2018.

Plan members receive a choice of lump sum defined benefits or lifetime pension benefits on retirement, death or disablement. I set out a high-level summary of the benefits provided in Appendix A.

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 University of Adelaide Superannuation (Scheme A 1985) Plan No. 2 for the following purposes:

- To present the results of an actuarial investigation of the Plan as at 30 June 2024;
- To review Plan experience for the period since the previous actuarial investigation as at 30 June 2023;
- 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 Commonwealth superannuation legislation; these include the Superannuation Industry (Supervision) Act 1993 and associated regulations (SIS legislation) and SPS 160.

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 2023 by me, on behalf of Mercer, and the results are contained in a report dated 19 December 2023.

Significant Events since the Investigation Date

Although the investment returns on the Plan's defined benefit assets since 30 June 2024 have been greater than expected, I have not allowed for this in this report as it would not materially impact the findings or recommendations.

I am unaware of any other significant events that have occurred since 30 June 2024 which would materially impact 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

There was one active member remaining at 30 June 2024, as there was at 30 June 2023.

The Plan is closed to new entrants.

The number of lifetime pensioners reduced by one over the year:

Pensioners at 30 June 2023*	19
Deaths	1
New Pensioners (from active membership)	0
Pensioners at 30 June 2024*	18

Total pensions at 30 June 2024	$1,073,215
Average pensions at 30 June 2024	$59,623
Average age at 30 June 2024	78.0 years

* Two are invalidity pensioners

During the period under review, there was 1 pensioner death. This had an immaterial impact on the Plan's financial position as the reduction in pension liabilities was in line with expectations.

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 and the crediting rate applied to the defined benefit member's accounts, over the period since the previous investigation.

Year Ending	Investment Return (pa)	Crediting Rate (pa)
30 June 2024	10.0%	8.9%

The average investment return for the period to 30 June 2024 was 10.0% pa compared to the assumption at the last actuarial investigation of 6.5% pa. The higher than assumed return had an overall positive impact on the Plan's financial position.

The Plan's crediting rate is based on the return on the assets supporting the active member's benefits. As the crediting rate matched the return on assets there was no impact on the Plan's financial position.

Salary Increases

As the remaining active member's benefits are no longer linked to salary, the member's salary experience had no impact on the Plan's financial position.

Pension Indexation

Pensions increased by 3.6% over the year since 30 June 2023. This is lower than assumed in the last actuarial investigation (5.0% for 2023/24), and therefore the pension indexation experience had a positive impact on the Plan's financial position.

Employer Contributions

I recommended in the previous actuarial investigation that the Employer make a lump sum top-up contribution of $172,000 in the year ending 30 June 2024. The University paid this contribution during the year. This payment improved the Plan's financial position as expected.

Impact of the Experience on the Financial Position

The main experience items affecting the Plan's financial position during the period from 30 June 2023 to 30 June 2024 were as follows:

Item	Assumption at previous review	Plan experience	Comment on effect
Investment returns	6.5% pa	10.0% pa	Positive effect – investments grew at a higher rate than assumed
Pension Indexation	5.0% for 2023/24	3.6%	Positive effect – liabilities grew at a slower rate than anticipated
University contributions	Lump sum of $172,000 by 30 June 2024	$172,000 paid	Positive effect – investments grew as expected

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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 on the basis of actuarial assumptions about future experience.

These assumptions include investment returns, pension 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 pension 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 investment and asset-based administration fees)	6.5% p.a.
Crediting rate (after tax and investment fees)	N/A
General salary increases	N/A
Pension increase rate	3.5% for 2024/25; then 2.5% p.a. thereafter

The assumption for investment returns is based on the expected long-term investment return for the Plan's current benchmark investment mix, calculated using Mercer's assumptions of the means and standard deviations of returns from the various underlying asset classes and the correlations of returns between those asset classes.

The pension increase assumptions are based on long term economic forecasts for future increases in average Consumer Price Index (CPI) as well as current higher inflation expectations.

The salary increase assumption is no longer relevant as the member is aged 70 and assumed to retire immediately.

Demographic and Decrement Assumptions

Active Member

I have assumed for the purpose of this investigation that the active member will retire immediately as they are over age 70 (no change from the 30 June 2023 actuarial investigation).

Pensioner mortality

The Plan is not large enough to obtain meaningful experience in relation to pensioner mortality. I have updated the mortality assumptions from the previous investigation. I have adopted a new mortality table for primary pensioners, developed by Mercer based on the experience of a range of Australian public sector funds over the period 2017-2022. The assumptions adopted, when compared to those adopted in the previous investigation, assume lighter mortality for pensioners under the age of 100 and heavier mortality for those 100 years of age and over.

The relevant pensioner mortality tables are as follows:

Mortality in Retirement (Healthy Pensioners)	Mercer Pensioner Mortality (2017-2022) with mortality improvement
Mortality in Retirement (Invalidity Pensioners)	125% of ALT2015_17 (no mortality improvement) – unchanged from previous investigation
Spouse Pensioners Male Female	 90% ALT 2015-2017 with mortality improvement 90% ALT 2015-2017 with mortality improvement
Mortality Improvements	Average of 25-year and 125-year improvement factors from ALT2015-2017

Specimen death rates for primary pensioners are:

Age Last Birthday	Percentage of members age x at the beginning of the year assumed to die during the Plan year	
X	Male (%)	Female (%)
65	0.43	0.32
70	0.70	0.53
75	1.34	1.01
80	2.83	2.14
85	6.15	5.02
90	12.27	10.96
95	22.55	19.66
100	38.04	31.59
105	51.39	43.55

The above rates are adjusted on a member by member basis to allow for future mortality improvements based on the average of the 25-year and 125-year improvement factors from Australian Life Tables 2015-17.

Other demographic assumptions adopted

Marital Status	Actual marital status used
Age difference between member and spouse	Actual age difference used
Lump Sum v Pension Take up	The employed member is assumed to receive 50% of their benefit as a pension and 50% as a lump sum on leaving service

Other Assumptions

New Members

The Plan's defined benefit section is closed to new entrants and I have made no allowance for new members.

Expenses

I have made an allowance for expenses in the projections for this investigation of $50,000 p.a. (consulting fees).

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 and member salary sacrifice 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.
- Additional tax on contributions (including defined benefit notional contributions) for those with incomes above the threshold (currently $250,000), which is also payable by the member.

Impact of the Changes in Assumptions

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

Assumption	Investigation at 30 June 2024	Investigation at 30 June 2023	Reason for change
Pensioner Mortality	Retiree: Mercer Pensioner Mortality (2017-2022) with mortality improvement Spouse: 90% ALT 2015-2017 for both male and female with mortality improvement	Retiree: Mercer Pensioner Mortality (2012-2017) with mortality improvement Spouse: 100% for male and 95% for female ALT 2015-2017 with mortality improvement	Reflecting recent experience of public sector pensioners
Mortality Improvement	Average of 25-year and 125-year mortality improvement factors from ALT 2015-17	25-year mortality improvement factors from ALT 2015-17	Reflecting slower rate of recent mortality improvements

The overall impact of the changes in assumptions was to reduce the Vested Benefits (50:50) and Actuarial Value of Accrued Benefits by $57,000.

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Assets

Market Value

The net market value of the Plan's assets as at 30 June 2024 was $14,798,000 (based on the data provided by the Plan's administrator).

Operational Risk Reserves

The assets to meet the 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 Future Directions Balanced option in the AMP Super Fund, which currently involves a benchmark exposure of 75% to 'growth' assets such as shares and property and a benchmark exposure of 25% to 'defensive' assets such as cash and fixed interest. 'Growth' assets are expected to earn higher returns over the long term compared to 'defensive' assets, but also to exhibit more variation in returns from year to year.

The actual and strategic asset allocations for the assets supporting the defined benefit liabilities at 30 June 2024 are as follows:

Asset Class	Strategic Asset Allocation	Actual Asset Allocation
Australian Equities	26%	26.1%
Overseas Equities	29%	30.6%
Property	14%	15.1%
Growth Alternatives	6%	5.4%
Total Growth	**75%**	**77.2%**
Fixed Interest	12%	16.0%
Defensive Alternatives	7%	5.6%
Cash	6%	1.2%
Total Defensive	**25%**	**22.8%**
Total	**100%**	**100%**

Whilst the liability of the active member is impacted by the investment return on the Plan's assets, the pension liabilities are not affected by returns. The volatility of the Plan's investment returns will therefore affect the financial position of the Plan from year to year and is likely to impact on the required level of Employer contributions.

Given that it is not known how long pensioners will live, the exact term of the Plan's liabilities is unknown. The projections carried out as part of this actuarial investigation indicate only a gradual reduction in the defined benefit assets over time. The expected term of the Plan's liabilities is such that the Plan is expected to benefit from the higher returns expected from 'growth' assets over the medium to long term. The Plan's investments are expected to provide a high level of liquidity in normal circumstances.

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 takes into account my understanding that the Employer understands the possible variability in future contributions associated with the current investment policy. If the Employer has a different view, then this policy should be reviewed.

Crediting Rate Policy

A crediting rate is used to accumulate member contributions and transfer values. It therefore affects the level of benefits paid to the active member.

The Trustee has developed a method to set the crediting rate equal to the actual return of the Plan's assets supporting the active member's liability for the relevant period. However, I am not aware of a formal crediting rate policy document that details the current methodology.

Conclusion

Given the nature and term of liabilities to which it applies and the associated investment strategy, I consider the general principles of the crediting rate policy is appropriate for the Plan. However, I believe that the Plan's operational and risk management framework would benefit from enhancing the existing documentation of the policy and the associated controls and procedures.

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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 Defined Benefit Vested Benefits (50:50).

Most of the defined benefit liabilities are not linked to the returns on the underlying assets. A margin in excess of 100% coverage of vested defined benefits is therefore desirable to provide some security against adverse experience such as poor investment returns and pensioners living longer than expected. I consider the target margin of 10% is suitable.

Based on the assumptions adopted for this investigation, achieving the financing objective of 110% of Vested Benefits (50:50) for defined benefit members would also result in at least 100% coverage of the Actuarial Value of Accrued Benefits and a satisfactory margin of coverage over SG Minimum Benefits. Hence, I do not consider it necessary to adopt specific financing objectives in relation to these benefit liability measures.

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 the active member's reasonable expectations on termination would be to receive their vested benefit entitlement (half as lump sum and half as lifetime pension) with current and future pensioners receiving the lump sum value of their pension (on the actuarial assumptions adopted for this investigation).

Provisions of the Trust Deed

Schedule 1 of the Plan's Participation Agreement include requirements that:

- The Trustee ensures an actuarial investigation of the Plan is conducted within three years of the Plan start date as well as when required by relevant legislation. Accordingly, as the Plan pays pensions, actuarial investigations should be carried out annually unless an exemption is sought and granted; and
- The University must contribute at the rate determined by the Trustee, after consulting the University, 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 of financing, the level of 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 (50:50)).

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 the active member retire at the investigation date, plus the estimated actuarial value of expected future payments in respect of current pensioners.

Two measures of Vested Benefits have been calculated. One measure assumes that the remaining active member takes a lump sum on leaving service. The second measure assumes that the remaining active member elects to take 50% of their benefit as a lump sum and 50% as a lifetime pension on leaving service. This recognises that in the past some members have taken a full or partial pension. For the purpose of measuring the financial position under the SIS requirements, the “50:50” measure is used.

At 30 June 2024, the Plan assets represented 108.8% of the Vested Benefits (50:50) and, hence, the Plan was considered to be in a “satisfactory financial position” under SIS legislation. However, the coverage of the Vested Benefits (50:50) was below the financing objective of 110% coverage adopted for this investigation.

SG Minimum Benefits

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

The Plan assets at 30 June 2024 were 115.1% of MRBs 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, taking into account the probability of payment. This value is calculated using the actuarial assumptions and method outlined in the previous sections. Further details concerning the calculation of the Actuarial Value of Accrued Benefits are set out in Appendix B.

The Plan Assets as 30 June 2024 represented 108.8% of the Actuarial Value of Accrued Benefits.

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

Defined Benefits Only	Position at 30 June 2024		Coverage at 30 June 2023
	$000	Asset Coverage	
Assets	14,798		
Liability for Vested Benefits (50:50)*	13,596	108.8%	104.0%
Liability for Vested Benefits (Lump Sum)**	13,261	111.6%	106.6%
Liability for Actuarial Value of Accrued Benefits*	13,596	108.8%	104.0%
Liability for SG Minimum Benefits	12,853	115.1%	109.4%

* Assumes that the remaining active member takes 50% of their benefit as a pension and 50% as a lump sum on leaving service.
** Assumes that the remaining active member takes a lump sum on leaving service.

The above totals at 30 June 2024 include the actuarial value of the pension liabilities of $11,969,000.

The coverage levels at 30 June 2024 were higher than the levels at the previous actuarial investigation due to:

- Positive experiences discussed in Section 3; and
- The change in the mortality assumptions resulting in a decrease in the actuarial value of pension benefits as discussed in Section 4 of this report.

Employer Future Service Cost

There are no defined benefit members under normal retirement age accruing additional defined benefits, and, hence, the University's long-term funding cost is limited to the expected expenses of the Plan.

Previous Recommendations

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

Recommendations	Status
Contribution program	Contributions paid, see Section 3
Formal documentation of the crediting policy	Not completed

Recommended Contributions

At 30 June 2024 the Plan was in "a satisfactory financial position" as defined in the superannuation legislation with assets in excess of Defined Benefit Vested Benefits. Although, the ratio of assets to Vested Benefits (50:50) (the "Vested Benefits Funding Ratio") of 108.8%% was slightly below than the financing objective of 110% adopted for this investigation, it is projected to reach 110% by 30 June 2025.

Therefore, based on the position at 30 June 2024, I recommend that the Employer does not need to make further contributions, i.e. the lump sum contributions recommended in the previous investigation for the years ending 30 June 2025 and 2026 are no longer required.

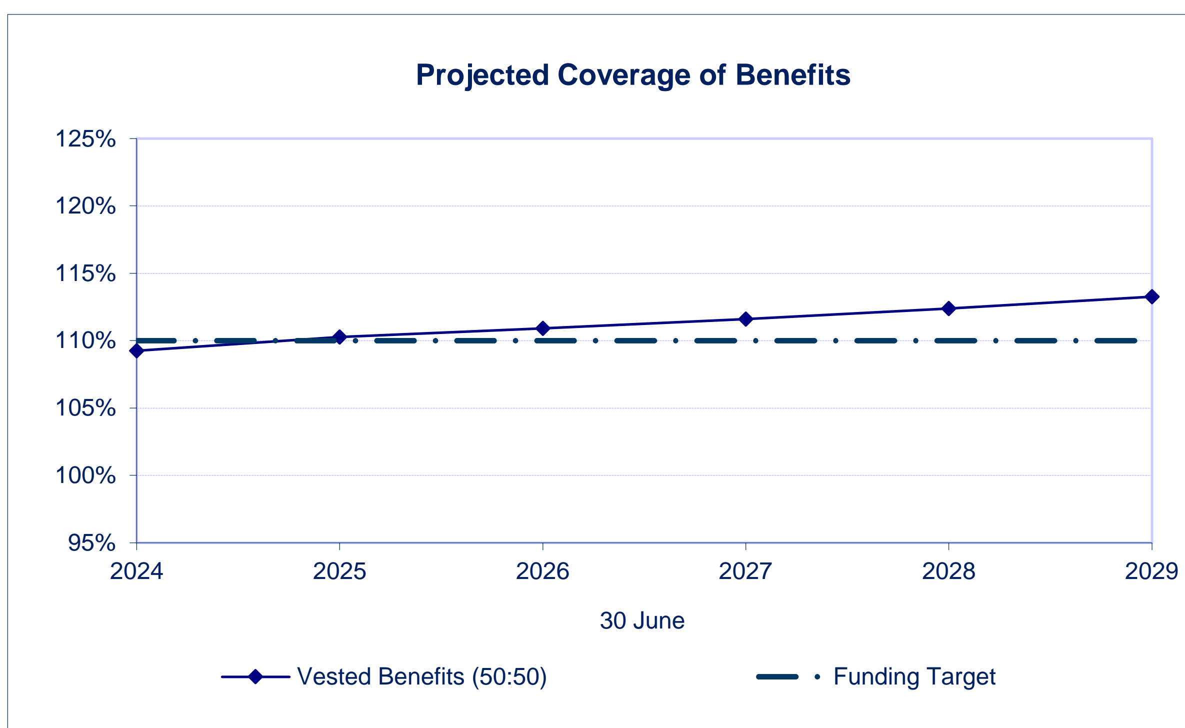
In the event the last remaining active member elects to take a full pension on terminating employment, however, an additional one-off contribution equal to 110% of half of the difference between their lump sum Vested Benefit and the capital value of the pension at the time of termination, grossed up for tax, may be required as determined by the actuary, depending on the Plan's financial position at the time. If required, this contribution would be of the order of approximately $433,000 (based on the position at 30 June 2024).

The required contributions will be further reviewed at the next actuarial investigation.

Projected Financial Position

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

- The actuarial assumptions adopted for this investigation; and
- Assuming no further lump sum Employer contributions.



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.

The graph above shows that the recommended contributions holiday is anticipated to result in assets of 110% of Defined Benefit Vested Benefits (50:50) (which is the financing objective adopted in this investigation) by 30 June 2025.

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 (6.5% pa) and pension indexation (3.5% for 2024/25, then 2.5% pa thereafter). As both future investment returns and future pension 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 pension indexation rate (commonly referred to as the 'gap') that is crucial rather than the individual assumptions, because the value of the assets moves with investment returns while most of the Plan's defined benefit liabilities grow with inflation.

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% pa;
- A shock scenario, where the value of net assets suddenly reduces by 10%;
- Decrease in the long-term investment return assumption by 1% AND the value of net assets suddenly reduces by 10% (known as the "Adverse assumptions").

All other assumptions, including the Employer contributions, are assumed to remain 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* $M	Change in net financial position $M
Base assumptions as shown previously	1.202	
Decrease investment return by 1% pa	0.089	-1.113
Shock scenario - immediate 10% reduction in net value of assets	-0.278	-1.480
Adverse assumptions	-1.391	-2.593

* Net financial position is Plan assets less Defined Benefit Vested Benefits (50:50)

The impact of higher pension indexation rates than assumed is discussed in Section 9 below.

8

Key Risks

Investment Volatility

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.

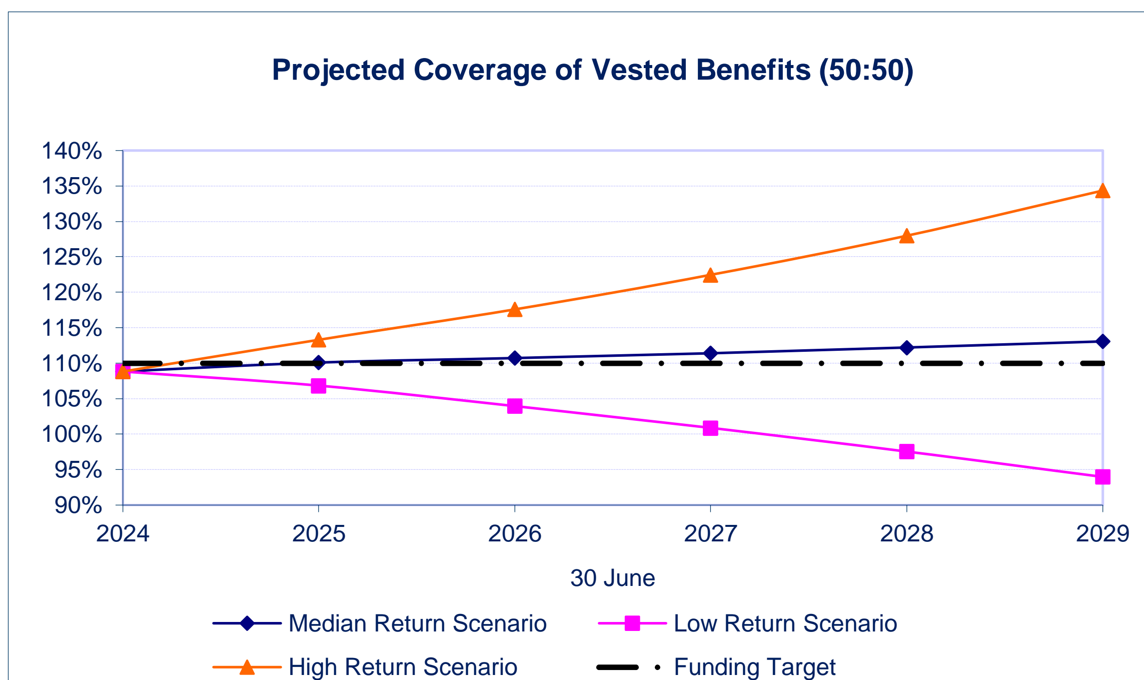
Whilst the benefits of the remaining active defined benefit member is linked to investment returns, the pension liabilities are not linked to investment returns. Therefore, the Plan's vested benefits coverage is highly sensitive to changes in the investment return assumptions.

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 2024 to 30 June	Assumed Cumulative Investment Return (%)		
	"Low Return"	Valuation	"High Return"
2025	3.5%	6.5%	9.5%
2026	7.0%	13.4%	19.9%
2027	10.7%	20.8%	31.3%
2028	14.6%	28.6%	43.7%
2029	18.5%	37.0%	57.4%

The cumulative investment return is the total return from 1 July 2024 up to 30 June in the year shown. The extent of variation allowed for in these projections reflects the Plan's asset mix and Mercer's views on potential variability in investment results in various investment sectors.

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



Based on fluctuations in investment returns only, and assuming other experience is in line with the assumptions adopted for this investigation, there is approximately an 80% chance that the coverage of assets over Vested Benefits (50:50) at 30 June 2027 will fall in the range from 101% to 122%.

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 Vested 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 12% in any year based on the current Plan asset allocation.

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

However, given the sensitivity of the Plan's financial position to future experience, regular monitoring of the Plan's experience and financial position will be undertaken to ascertain whether an adjustment to the recommended contribution program is required.

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.

9

Pension Liabilities and Related Risks

The Plan currently has 16 lifetime pensioners and 2 invalidity pensioners past the age of retirement, as outlined in Section 3. Lifetime pensioners present particular risks to the Plan as there is uncertainty relating to the level of future payments and the period for which they will be paid.

Future Pension Increases

The risk is that pension increases will rise more rapidly than assumed, increasing benefits in payment and potentially requiring additional employer contributions. This risk is borne by the Employer.

For example, if the assumed future pension increase (or indexation) rate was increased by 0.5% pa with no change in other assumptions, then the Vested Benefits (50:50) would increase by $525,000 (Employer funding cost impact $525,000/0.85 = $618,000), with a resulting reduction in the coverage of Vested Benefits from 108.8% to 104.8%. The actual rate of future pensions increases may vary (positively or negatively) from the rate assumed at this investigation by much more than the (positive) 0.5% pa illustrated in the example above.

Longevity Risk

The risk is that pensioners live longer than assumed, resulting in pension payment costs for more years. This risk is borne by the Employer.

For example, if pension mortality rates are assumed to be 10% less than currently assumed, with no change in other assumptions, then Vested Benefits would increase by $216,000 (Employer funding cost impact $216,000/0.85 = $255,000), with a resulting reduction in the coverage of Vested Benefits from 108.8% to 107.1%.

Pension take-up Risk

The risk is that the remaining active member chooses to take more than 50% of their benefit as a lifetime pension on retirement. The risk is borne by the Employer.

For example, if the assumed rate of pension take-up was increased to 100% with no change in other assumptions, then the Vested Benefits liability measure would increase by $335,000 (Employer funding cost impact $335,000/0.85 = $394,000), with a resulting reduction in the coverage of the Vested Benefits liabilities from 108.8% to 106.2% (if a lump sum contribution was not made by the Employer).

Impact of using a Buy-In Contract to Fund the Pension Liability

The basis used to value defined benefit pension entitlements for the purposes of this investigation is considered suitable taking into account the Plan's current circumstances, including the existing assets and assuming the ongoing support of the Employer. However, The Trustee could reduce these risks by purchasing a buy-in contract for the lifetime pensioners of the Plan.

In a buy-in contract, a premium is paid to an insurer and a bulk annuity contract is issued to the Plan. The annuity contract is considered an investment held by the Plan. The payment of pensions is still the responsibility of the Trustee, paid to retirees from the Plan assets and not directly by the insurer.

The insurer then pays the Plan the value of the pensions agreed in the bulk annuity contract. Therefore, the assets and liabilities associated with the contract remain on the balance sheet but are very well matched.

To illustrate the cost of purchasing a buy-in contract I have downloaded Challenger (the main annuity provider in Australia) annuity rates from their advisor portal. Based on this information (e.g. the average price offered to provide the current lifetime pensions, based on their interest rate, indexation assumptions and mortality assumptions) the pension liability would be valued at $15.9 million (i.e. $4 million higher than their valuation in this investigation).

This valuation is based on Challenger's retail pricing for a comparable benefit and the closest pensioner age profile available for price quotes. It is possible that a lower valuation is achievable through negotiation with various annuity providers and matching quotes to actual pensioner ages. There is also a risk that Challenger's retail offering does not fully cater to the Plan's pension benefits arrangement so the actual cost of purchasing a buy-in contract could be higher.

Purchasing a buy-in contract is likely to require substantial additional Employer financing to enable provisions to be made for continuation of the pension entitlements as well as the active member's accumulated benefits.

There are additional risks associated with a buy-in that would need to be considered, such as:

- Counterparty risk – the risk that the annuity provider defaults on their obligations
- Mismatch risk – the risk that the annuity provider cannot provide annuities that match the lifetime pensioners benefits exactly

In addition, there are likely to be additional costs relating to purchasing a buy-in contract which could represent approximately 0.25% of the Plan's assets.

Impact of a Possible Wind Up

As set out in Section 6, I have set the financing objective on the basis that the pensioners' reasonable expectations on termination of the Plan would be to receive a lump sum equal to the value of their pension as determined by the actuarial assumptions adopted for this investigation.

However, this approach may not be realistic or fair for pensioners if a buy-in contract could be purchased to fund the lifetime pensioners. As outlined above, the amount that would be required to be paid to an insurer to take on the pension liability is likely to be higher than the value of the lump sum.

In the event of wind up, a buy-in contract would become a buy-out and the responsibility of paying the pensions would be passed onto the annuity provider.

If these annuity purchases were to occur in a wind-up situation and there was insufficient support from the Employer to make up the difference, then the priority order of assets, as set out in the Trust Deed, becomes important.

That is, SIS Regulation 9.25 states that existing pensioners have the same priority as active defined benefit MRBs and priority over entitlements above MRBs for active defined benefit members. Hence, it is likely that the current active defined benefit member (and possibly current pensioners where MRBs are not covered) would be adversely affected in a wind-up situation, should there be insufficient support from the Employer.

I do not suggest that a wind up is likely to occur, given the information available to me. Rather, in the interests of the Trustee and the Employer having full information, I set out in the following table the

additional costs that could occur in a wind up and the resulting assets available for the current members.

	$ million
Net assets available	14.798
Less possible wind up costs	(0.037)
Net assets available for wind up	**14.761**
Market valuation for annuities for current pensioners	15.924
Vested benefits (50:50) for current active member	1.627
Total estimated liabilities of the Plan on wind up	**17.551**
Potential coverage of Plan liabilities for all pensioners and current member on wind up	84.1%

Hence, under this scenario, the coverage of vested benefits for current members has decreased from 108.8%, as shown in the funding indices set out in Section 7, to 84.1%.

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Insurance Risks

Insurance

In a typical superannuation plan, the trustee may hold an insurance policy to protect the plan against unexpectedly large payouts on the death or disablement of members.

However, in this Plan, the vested benefit of the remaining active member is greater than the actuarial value of their death benefit. The Trustee did not take out any external insurance upon establishment of the Plan. In our opinion this is appropriate since the Plan has sufficient assets (in excess of assets supporting pension liabilities) to meet the death benefit if necessary.

Conclusion

I consider that the absence of insurance is appropriate given the Plan’s circumstances.

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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 on the basis of previous actuarial advice, is 100%.

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 2024;
- The investment strategy for defined benefit assets, particularly the overall benchmark exposure to "growth" assets of 75%;
- The results of this investigation regarding the extent to which the current and projected Vested Benefits (50:50) are not linked to the investment return on defined benefit assets (i.e. salary-based benefits and defined benefit pensions) and the current and projected relativity between Vested Benefits (50:50) and Minimum Requisite 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 – in particular a change to a more defensive strategy which has a benchmark allocation to "growth" assets of less than 65% – 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.

I understand that the Trustee monitors the financial position quarterly on an approximate basis, including the coverage of Vested Benefits against the Shortfall Limit. I consider that this is appropriate.

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).

The Plan's assets are sufficient to fully cover the SG Minimum Benefits at 30 June 2024. Therefore, the Plan is not considered to be technically insolvent.

Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160.

(a) The value of the Plan's assets as at 30 June 2024 was $14,798,000. 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 2024 was $13,596,000. Hence, I consider that the value of the assets at 30 June 2024 is adequate to meet the value of the accrued benefit liabilities of the Plan as at 30 June 2024. 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 2027.

(c) In my opinion, the value of the liabilities of the Plan in respect of vested benefits as at 30 June 2024 was $13,596,000. Hence, I consider that the value of the assets at 30 June 2024 is adequate to meet the value of the vested benefit liabilities of the Plan as at 30 June 2024. 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 2027. 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 2024 was $12,853,000. Hence, the Plan was not technically insolvent at 30 June 2024.

(e) A projection of the likely future financial position of the Plan over the 3-year period following 30 June 2024, 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 2024, I recommend that the Employer make no defined benefit contribution to the Plan. However, in the event that the last employed member terminates employment and elects to take a pension, an additional contribution equal to 110% of half of the difference between their lump sum vested benefit and the capital value of the pension at the time of termination, grossed up for tax, may be required, as determined by the actuary, depending on the Plan's financial position at the time.

(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 2024;
- 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 2024.

(i) In my opinion, there is not a “high degree of probability”, as at 30 June 2024, that the Plan will be able to meet the pension payments as required under the Plan’s governing rules. This is because the Plan is does not currently hold sufficient reserves to meet the “high degree of probability” test and the Actuaries Institute Professional Standard 410 does not allow future employer contributions to be taken into account in the assessment for the “high degree of probability” statement. In practice, it is anticipated that the Employer will provide adequate funding to enable pensions to be paid in full.

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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 pension indexation 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 a number of factors, including the amount of benefits the Plan pays, the cause and timing of member withdrawals, plan expenses, 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 2025. At that time, the adequacy of the Employer contribution levels will be reassessed. The monitoring process recommended may lead to an earlier reassessment ahead of the next full actuarial investigation.

The next **Funding and Solvency Certificate** is required at least 12 months before the expiry of the current Funding and Solvency Certificate (which expires on 30 June 2026).

The next **Benefit Certificate** is required following the expiry of the current Benefit Certificate (which expires 30 June 2029). The current Benefit Certificate is designed to accommodate changes to the legislated Superannuation Guarantee schedule.

Further Information

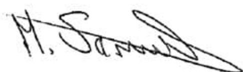
Please contact me to provide any supplementary information or explanations about this actuarial investigation as may be required.

Mark Nelson

Fellow of the Institute of Actuaries of Australia

24 December 2024

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



Mark Samuels

Fellow of the Institute of Actuaries of Australia

Appendix A

Plan Design

Summary of Benefits

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

Employed Member

The remaining active member can elect to take a pension or lump sum benefit on retirement.

The lump sum benefit is defined as the greater of:

- 2.5 times member contributions accumulated with investment returns (less tax as appropriate); and
- Accrued Pension Multiple x 10

The pension is generally subjected to a minimum of the Member's reserve (usually the lump sum benefit) divided by a Pension Factor based on age.

On total and permanent disablement, the member receives their normal retirement pension.

The benefits payable on death vary depending on the number of Special Dependants. If there are Special Dependants, the death benefit is a combination of a pension and lump sum benefit. If there are no Special Dependants, a lump sum benefit is payable.

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

Pensioners

Pensions are paid regularly, with CPI indexation occurring annually or six monthly depending on the type of pension payable. Reversionary pensions are payable to an eligible spouse on the death of a pensioner.

There are no material discretions or options available to the Trustee and Employer, but there are some available to Members, specified within the Plan's legal documents, to the extent that these affect benefits.

The table below shows the general prevalence of the past exercise of discretions and the options open to and chosen by the members. Past exercises of discretions should not be viewed as precedents that would constrain any future decisions.

Member Options	
Description and Deed Reference	**Historical Prevalence**
Employed members may choose to take a lump sum or convert all or part to an annual pension	Some members have taken lump sums and some lifetime pensions. Additional contributions may be sought from the University in the event that a pension is commenced because it is generally of higher value than the corresponding lump sum.

Neither the Trustee nor the Employer has a right within the Trust Deed to review benefits or member contribution rates.

The Superannuation Guarantee (Administration) Act 1992

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

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

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

Appendix B

Calculation of the Actuarial Value of Accrued Benefits

I have calculated 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.

Defined Benefits

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

The past membership component for each type of benefit is:

Pensions in payment:	present value of future pension payments
Retirement, Death and Disablement:	based on the member's accrued benefit multiple or relevant account balances at the investigation date.

The weighted average term of the accrued benefit liabilities is 8.2 years.

Methodology of Calculating the Actuarial Value of Accrued Benefits

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

Mercer Consulting (Australia) Pty Ltd
ABN 55 153 168 140
AFS Licence # 411770
Collins Square
727 Collins Street Melbourne VIC 3008
GPO Box 9946 Melbourne VIC 3001
+61 3 9623 5555