

# Regular Triennial Actuarial Investigation Report to the Trustee of the

**Australian Retirement Trust - DXC Technology Superannuation  
Plan**

**Valuation Date: 1 July 2023**

**Date of Report: 24 December 2023**

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## Executive Summary

Superannuation regulations and the Trust Deed of the Australian Retirement Trust – DXC Technology Superannuation Plan (the Plan) require that the Plan undergo a regular triennial actuarial investigation. This report has been prepared in order to comply with these provisions.

The sponsor of the Plan is DXC Technology Australia Pty Limited (the Employer), and the Trustee is Australian Retirement Trust Pty Ltd (the Trustee).

## Financial Condition

A snapshot of the financial condition of the Plan as at 1 July 2023 is set out below.

	Defined Benefits only	Total Plan	Comments
Vested Benefits Index	151.3%	103.0%	<p>The Plan remains in a satisfactory financial position.</p> <p>The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 97.0%.</p>
Actuarial Value of Accrued Benefits Index	153.8%	103.1%	<p>The Plan remains in an adequate financial position.</p> <p>The Plan had a surplus on this basis of \$16,276,579.</p>
Minimum Requisite Benefits Index*	188.6%	103.6%	The Plan was solvent in relation to its Minimum Requisite Benefits.

\*The Minimum Requisite Benefits Index excludes any pensioner liability. The assets have been reduced by the value of the pensioner liability to determine the index.

There is also a high degree of probability that the 16 pensioners currently in payment will be able to be paid their benefits as required under the Plan's governing rules as well as the [REDACTED]. This statement has been made considering the Plan's earnings from the date of the regular triennial actuarial investigation to 11 December 2023. This statement is made in accordance with Superannuation Prudential Standard (SPS) 160, SIS Regulation 9.31(1) and Professional Standard 410 issued by the Institute of Actuaries of Australia.

See Sections 4 and 5 for more information on the financial condition of the Plan.



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## Significant Changes Since the Prior Actuarial Investigation

### Significant Events

#### Merging of Sunsuper and QSuper as Australian Retirement Trust

Effective 28 February 2022, Sunsuper and QSuper agreed to merge to become the Australian Retirement Trust. The merger of funds occurred through a successor fund transfer (SFT). Sunsuper Superannuation Fund members' account balances and benefits were transferred to QSuper, which was renamed as the Australian Retirement Trust. To complete the merger, Sunsuper Pty Ltd was renamed Australian Retirement Trust Pty Ltd and became the Trustee of the Australian Retirement Trust. Due to this merger, the name of the Sunsuper Superannuation Fund – DXC Technology Superannuation Plan from 28 February 2022 is the Australian Retirement Trust – DXC Technology Superannuation Plan. We were advised by the Trustee that there are no other changes to the Plan due to the merger.

#### Investment Return Higher Than Expected

The return on Defined Benefit (DB) Plan Assets was higher than expected for the period due to strong performance of investment markets. This has had a positive impact on the value of Plan Assets and therefore, in isolation, on the funding position. Please refer to Section 2 for more details.

#### Employer Contribution Holiday

I recommended in the Initial Actuarial Investigation that the Employer take a contribution holiday from 24 November 2020. However, since the initial actuarial investigation report was not signed until 20 May 2021, the Employer continued to make contributions up to April 2021. The contribution holiday from May 2021 had the expected impact on the funding position of the Plan.

#### Members Electing Pension

One Category A3 member left employment with the Employer and elected to take 100 percent of his benefit as a pension. The pension payment form for Category A3 pensioners is a life pension with 5 year guaranteed period. The value of pension benefit is higher than the expected liability value (which was calculated assuming a pension take-up rate of 35 percent) and this has increased the Plan's liabilities in respect of the member.

One Category B1 member left employment with the Employer post the valuation date and elected to take his benefit as a 100 percent pension. The pension payment form for Category B1 pensioner is a 50 percent reversionary pension. The value of the pension benefit is higher than the expected liability value (which was calculated assuming a pension take-up rate of 35 percent) and this has increased the Plan's liabilities in respect of this member post valuation date. This was taken into account in the recommended contributions.

### Changes to the Plan Benefits

For this valuation we have changed the commutation factors for Category A3 and B1 members effective 1 July 2023 due to the assumption changes made for this triennial actuarial investigation. The schedule of factors was provided in our letter to the Trustee dated 4 July 2023.

The impact of this change to the funding position of the Plan in changing this assumption is not material. Please refer to Section 3.

The updated Category A3 and B1 commutation factors are listed in Section 3.



## Employer Contribution Recommendations

I recommend that the Employer pays contributions to the Plan at the rates set out in the table below:

Category	Contributions
Category A3 and B1 members*	<ul style="list-style-type: none"> <li>Nil regular Defined Benefit company contributions from 1 July 2023**; plus</li> <li>Any pre-tax compulsory contributions (salary sacrifice/deemed)</li> </ul>
Frozen Defined Benefit members, Late retirees and Accumulation members	<p>Contributions as agreed and no less than the Superannuation Guarantee (SG) contributions on Ordinary Times Earnings (OTE) from 1 July 2023, apart from the following:</p> <ul style="list-style-type: none"> <li>SG contribution reduction or holiday between 1 January 2024 to 30 June 2026 up to \$5m or 2 months of contributions.</li> </ul>

\*Any post-tax compulsory contributions are paid by the members.

\*\*Note that the Employer will need to provide the administrator with the relevant amounts of SG on OTE to load to DB Category A3 and B1 members' SG Accounts (where the amount applying to OTE elements classed as inclusive of SG may be applied to additional accumulation accounts of members and will therefore be paid on all benefit types) as well as Frozen DB members, Late retirees and Accumulation members' SG on OTE contributions whilst the reduction to contributions up to a maximum of \$5m is used from the Plan's reserve assets.

**Category A3 and B1 members:** These rates are the same as those currently being paid from May 2021. Prior to this date the Employer made contributions to the Plan for Category A3 and B1 members.

**Frozen Defined Benefit members, Late Retirees, Accumulation members:** The current recommended rates are the same as those currently being paid except for the period (anytime from 1 January 2024 to 30 June 2026) where the Employer elects to take the contribution reduction/holiday up to \$5m or 2 months of contributions.

The Employer Superannuation Guarantee contributions for Category A3 and B1 members must be loaded to members' accounts by the 28<sup>th</sup> day of the month following the month to which they relate. The Employer contributions in respect of frozen DB members, Late retirees and Accumulation members must be paid or loaded to members' account if applicable by the 28th day of the month following the quarter end.

For illustration, the long-term Employer Defined Benefit contribution rates without considering the Plan's current financial position (i.e. deficit/surplus) or amounts allocated to additional accumulation accounts are:

Category	DB Long-Term Employer Rate (% p.a. of salaries) <sup>1,2,3</sup>
A3	14.1%
B1	13.4%
ED1, ED4, ED7, ED8 or HP1 (frozen DB members)	3.0%
<b>Weighted Average Total</b>	<b>9.3%</b>

<sup>1</sup>The Superannuation Guarantee contribution rate is based on Ordinary Time Earnings and the balance of the contribution rate is paid on the Superannuation Salary. Note that any OTE items 'inclusive of SG' have the SG rate paid and contributed to an accumulation account.

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<sup>2</sup> Defined Benefit compulsory contributions (both pre-tax and post-tax) are paid in addition.

<sup>3</sup> Frozen DB members do not have future accruals and therefore the long-term employer DB contribution rates related to these members are those pertaining to expenses only.

Please refer to Section 4 for details.

## Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 97.0 percent and confirm that, in my view, it remains appropriate.

Please refer to Section 5 for details.

## Insurance Recommendations

I have reviewed these formulae and confirm that, in my view, they remain appropriate and the current insurance arrangements should be maintained.

Please refer to Section 6 for details.

## Investment Recommendations

In my opinion, the retention of the current investment strategy is appropriate to meet the long-term liabilities of the Plan including the projected lump sum benefits of Defined Benefit members on termination of employment or on reaching their Normal Retirement Date and converting to the Plan's Accumulation category. Additionally, it is able to pay the ongoing income streams of its pension members.

Given the strong financial position of the Plan, the Employer may prefer to have the Defined Benefit assets to be invested in a less growth-orientated investment option in order to reduce the fluctuations of assets in volatile investment markets. This would assist in preserving the surplus and reduce potential fluctuations in the contribution rate, however, it would increase the long-term rate.

We can assist the Trustee and Employer to consider the financial impact of a change in investment strategy.

The levels of liquidity available to the Plan are adequate to meet any of its short-term liquidity requirements, particularly in relation to the payment of benefits/pensions via contributions from the Employer and/or sale of the Plan's Assets.

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities are maintained at a similar level. As the pension liabilities are less than the assets held in the non-taxed earnings investment I recommend that \$300,000 of the assets be moved from the pension non-taxed investment to the standard DB active investment.

Should a Category A3 and B1 member take up the pension option then active Defined Benefit assets will need to be transferred to the pension non-taxed investment, with the amount to transfer dependent on the proportion of benefit taken as a pension as well as the present value of expected future cashflows of the pension payments.

For more information refer to Appendix C.

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## Crediting Rate Recommendations

I have reviewed the crediting rate policy for the Plan and confirm that, in my view, it remains appropriate and should be maintained. For more information refer to Appendix C.

## Monitoring Recommendations

We were advised that the Trustee secured an exemption from carrying out the annual actuarial investigation (usually required for funds paying pensions) between triennial actuarial investigations from the Australian Prudential Regulation Authority (APRA). I confirm that in my view, carrying out the regular actuarial investigation on a triennial basis is appropriate based on the current and expected financial position of the Plan over the next five years. The next regular triennial actuarial investigation is scheduled to be carried out no later than 1 July 2026.

## Actuarial Assumptions

There have been changes to the actuarial assumptions since the initial actuarial investigation. For more information refer to Section 3.

## Material Risks

I have reviewed the material risks of the Plan and confirm that, in my view, there are no unusual significant risks that the Trustee needs to be aware of.

Please refer to Section 8 for details.

## Next Actuarial Investigation

The next regular triennial actuarial investigation of the Plan should be carried out with an effective date of 1 July 2026. The Trustee has secured an exemption from APRA from needing to perform annual investigations in between triennial actuarial investigations.

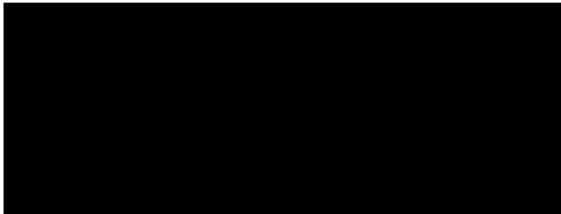
An annual funding valuation/interim actuarial investigation may need to be carried out at an earlier date if one or more of the notifiable events within the Funding and Solvency Certificate occur prior to that date as advised by the Trustee/Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the actuary advises the Trustee in writing that such an event does not constitute a notifiable event).



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## Disclaimer

The calculations provided in this report are based on a number of assumptions. The assumptions used are best estimates only and may not be borne out in practice. It is therefore important to review the calculations in the light of actual experience and obtain regular updates.



24 December 2023

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## Section 1 – Introduction

### Purpose of the Regular Triennial Actuarial Investigation

The reasons for this regular triennial actuarial investigation are:

- to satisfy the requirements of Superannuation Prudential Standard (SPS) 160 which requires a regular actuarial investigation to be carried out once every three years as well as annually, noting an APRA exemption from performing annual investigations due to the Plan having lifetime pensioners;
- to review the Plan's financial position as at 1 July 2023 (the Effective Date);
- to examine the Plan's immediate solvency and funding indices;
- to recommend appropriate Employer contribution rates so that the Plan remains in a satisfactory financial position;
- to review the basis for insuring death and disability benefits; and
- to comment on any aspect of the Plan that may assist with improving its objectives.

The main provisions of the Plan that relate to benefits and contributions are set out in Appendix A.

### Name of Actuary

This regular triennial actuarial investigation was carried out as at 1 July 2023 by [REDACTED], of Aon Risk Services Australia Limited, [REDACTED]. The initial actuarial investigation as at 24 November 2020 and the previous regular annual actuarial investigation as at 30 September 2021 were also completed by [REDACTED]. The results are shown in reports dated 20 May 2021 and 25 March 2022 respectively.

### Compliance with the Standards of the Institute of Actuaries of Australia

This report satisfies the requirements of the Professional Standards (including Professional Standards 400, 402, 404 and 410) and Practice Guidelines 1, 499.08 and 499.09 published by the Institute of Actuaries of Australia and Superannuation Prudential Standard (SPS) 160.

### Reliance and Limitations in the Report

There have been no restrictions or limitations placed on me in providing the recommendations in this report.

This report is intended for the sole use of the Trustee and Employer for the purposes set out in this report. It may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other reasons than the intended purpose, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the Trustee, should base any representations or warranties in any business agreement on any statements or

conclusions contained in this report without the written consent of Aon Risk Services Australia Limited ABN 17 000 434 720 AFSL No 241141 (Aon).

## Previous Investigation Results

The results of the previous investigations were as follows:

	Initial Actuarial Investigation as at 24 November 2020	Regular Annual Actuarial Investigation as at 30 September 2021
A surplus of Assets over the Actuarial Value of Accrued Benefits	\$13,357,919	\$16,458,912
An excess of Assets over the Vested Benefits	\$12,806,460	\$15,734,097
Summary of the recommended Employer contribution for Category A3 and B1 defined benefit members	<ul style="list-style-type: none"> <li>• Nil regular Defined Benefit company contributions for Category A3 and B1 members from 24 November 2020; plus</li> <li>• Any pre-tax compulsory member contributions (salary sacrifice/deemed)</li> </ul>	

The average long-term Employer contribution rate was 7.9 percent p.a. of Defined Benefit members' superannuation salaries as at 24 November 2020.

The Employer made contributions until April 2021 for Category A3 and B1 members and then began the contribution holiday in accordance with the above recommendations until the date of this report.



## Section 2 – The Plan's Experience

This section considers the assumptions used in the initial actuarial investigation as at 24 November 2020 and the experience of the Plan relative to these assumptions.

The main factors affecting the Plan's financial position during the period since the initial actuarial investigation as at 24 November 2020 were as follows:

	Assumptions at the Initial Actuarial investigation	Plan Experience	Impact on the Financial Position of the Plan (when considered in isolation)
Investment Returns <sup>1</sup>	5.8% p.a. (active members)	7.7% p.a. (active members)	Favourable effect: The Defined Benefit assets increased at a higher rate than assumed.
	6.3% p.a. (pensioners)	8.4% p.a. (pensioners)	Favourable effect: The assets relating to pension benefits increased at a higher rate than assumed.
		Above the equivalent average return of funds with a similar investment strategy which was 6.7% p.a. <sup>2</sup>	The Plan earned higher returns than other funds with a similar investment mix.
Salary Increases	3.0% p.a.	2.0% p.a. <sup>3</sup>	Favourable effect: The Defined Benefit liabilities increased at a lower rate than assumed.
Average Employer Contribution rate <sup>4</sup>	Long-term rate of 7.9% p.a.	Recommended rate of 0.0% p.a. Note that the Employer continued to make DB contributions at the SG rate until April 2021	Unfavourable effect: The Defined Benefit assets increased at a lower amount than the long-term cost of providing the defined benefits. As recommended, the Defined Benefit contribution rates were at a lower rate than the long-term cost of providing the defined benefits.
Pension Increases ( )	2.3% p.a.	4.4% p.a.	Unfavourable effect: The Defined Benefit pension liabilities increased at a higher rate than assumed.
Defined Benefit member option (pension take-up) <sup>5</sup>	35.0%	20.0%	Favourable effect: The Defined Benefit pension take-up rate overall was lower than assumed.

	Assumptions at the Initial Actuarial investigation	Plan Experience	Impact on the Financial Position of the Plan (when considered in isolation)
Expenses and Insurance Premiums <sup>6</sup>	1.8% p.a. for Expenses	2.6% p.a. for Expenses	Unfavourable effect: The Defined Benefit assets, on average, have paid more expenses than assumed.
	0.8% p.a. for insurance premiums	0.7% p.a. for insurance premiums	Favourable effect: The Defined Benefit assets, on average, paid less for insurance premiums than assumed.

<sup>1</sup>net of investment expenses and tax for active members and net of investment expenses but gross of tax for pensioners.

<sup>2</sup>based on the 3-year median return (net of investment expenses and tax) of the Top 50 Workplace Super – Balanced Investment option from Rainmaker's Workplace Super Performance Table report as at June 2023.

<sup>3</sup>for existing Defined Benefit members over the investigation period

<sup>4</sup>Percent of Defined Benefit members' salaries

<sup>5</sup>Percent of eligible members who could take their benefit as a pension

<sup>6</sup>As the assumption was based on total Defined Benefit salaries, the impact of the ten exited members since the initial actuarial investigation means that the expenses as a percentage of total Defined Benefit salaries were higher than assumed. The dollar impact was relatively small.

The other factors affecting the Plan's financial position during the period since the initial actuarial investigation include:

- Membership movements:
  - Exits: 10 active Defined Benefit members left the active defined benefit section of the Plan due to early retirement, resignation, and normal retirement during the investigation period, which is lower overall than assumed in the initial actuarial investigation. Seven of these DB members left the employer and received a lump sum benefit, [REDACTED]. Overall, the benefits paid were more than the amounts reserved for and therefore, in isolation, this has led to an unfavourable effect on the financial position of the Plan.

Pensioners: There were no deaths since the initial actuarial investigation. Since the mortality assumptions assume a proportion of the membership will leave the Plan due to death, the fact that all pension members and their spouses have survived has had an unfavourable financial impact on the Plan. Also, [REDACTED], this has led to an unfavourable effect on the financial position of the Plan.

- Ordinary Time Earnings Salary Factor: We have projected SG benefits using the member's Superannuation Salary increased by an Ordinary Time Earnings (OTE) Salary Factor as follows:
  - 0.90 for Category A3 members where superannuation salary is 95% of TEC (Total Employment Compensation)
  - 1.16 for Category B1 members

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We had allowed for the following factors at the initial actuarial investigation:

- 1.10 for Category A3 members where superannuation salary is 80% of TEC\*
- 0.92 for Category A3 members where superannuation salary is 95% of TEC
- 1.16 for Category B1 members

The current OTE Factor for the remaining Category A3 members at the valuation date was lower than the OTE Factor used in the initial actuarial investigation. Therefore, in isolation, this has led to a favourable effect on the financial position of the Plan.

\*The one member who belonged to this category as at the initial actuarial investigation has since left the Plan.

The overall experience of the Plan during the actuarial investigation period has had a positive effect on its financial position.



## Section 3 – Assumptions

As part of this regular triennial actuarial investigation, I have analysed the method and assumptions used in the initial actuarial investigation as at 24 November 2020. Where appropriate I have maintained these methods and assumptions, however some have changed in light of the experience discussed in Section 2 of this report and after consideration of changes in market expectations. The actuarial method used is described in Appendix D.

### Interest/Salary Differential

#### Active Defined Benefit Members

The most significant financial assumptions used in a regular triennial actuarial investigation are the rate of future investment returns and the rate of future salary increases. These rates must be considered together because of their economic interdependence in the medium to long-term.

While the absolute level of assumed investment returns is relevant in any regular triennial actuarial investigation, the critical factor is the relationship that this rate has with the assumed rate of salary increase. The difference between the two figures is the Interest/Salary Differential. For this investigation I have used an Interest/Salary Differential assumption of 3.0 percent p.a. as shown in the table below. Therefore, the Interest/Salary Differential has increased compared to the one used in the initial actuarial investigation. The overall impact of these changes in assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits decreased and the long-term contribution rate has decreased.

	Net investment return (p.a.)	Salary increase rate (p.a.)	Differential (p.a.)
Assumption as at 24 November 2020	5.80%	3.00%	2.80%
Assumption as at 1 July 2023	6.00%	3.00%	3.00%

#### Pension Members

The most significant financial assumptions used for Pension members are the rate of future investment returns and the rate of future pension increases. These rates must also be considered together because of their economic interdependence in the medium to long-term.

For this investigation I have used a Pension Interest/Increase Differential assumption as shown in the table below which is less conservative and the overall impact of these assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits has decreased.

	Net investment Return (p.a.)	Pension Increase Rate (p.a.)	Differential (p.a.)
Assumption as at 24 November 2020	6.30%	<ul style="list-style-type: none"> <li>A3 and B1 pensioners: 0.00%</li> <li>████████████████████</li> </ul>	<ul style="list-style-type: none"> <li>A3 and B1 pensioners: 6.30%</li> <li>████████████████████</li> </ul>
Assumption as at 1 July 2023	6.50%	<ul style="list-style-type: none"> <li>A3 and B1 pensioners: 0.00%</li> <li>████████████████████</li> </ul>	<ul style="list-style-type: none"> <li>A3 and B1 pensioners: 6.50%</li> <li>████████████████████</li> </ul>

These assumptions have taken into account the long-term outlook of economic conditions, in particular:

- The investment return assumption was derived using long-term assumptions for each asset class net of tax as determined by Aon's global investment team, multiplied by the strategic asset allocation of the Defined Benefit related assets (based on ART Super Savings' Balanced Option) and allowing for correlations of investment returns between asset classes and investment fees. We have allowed for investment earnings tax for active defined benefit members but not for pensioners as earnings on pension related assets are tax free;
- We expect that inflation will return to the RBA target of 2 percent p.a. to 3 percent p.a. We have assumed the long-term CPI will be 2.4 percent p.a.;
- The long-term outlook for investment returns being slightly lower than those earned in the last three years; and
- The salary increase rate assumption was determined after discussion with the Employer, which is determined based on the Employer's expectations and past experience; and
- The pension increase rate assumption was determined based on the Plan provisions.

### Ordinary Time Earnings Salary Factor

We have projected SG benefits using the member's Superannuation Salary increased by an Ordinary Earnings (OTE) Salary Factor as listed below as OTE salaries are known to be significantly different due to the salary packaging, and the inclusion of several bonuses and allowances.

- 0.90 for Category A3 members where superannuation salary is 95 percent of TEC; and
- 1.16 for Category B1 members.

The OTE Factors are based on the salary information provided by the Employer's payroll for the period February 2021 to 30 June 2023.

### Demographic Assumptions

The Death and TPD assumptions have been updated from the initial actuarial investigation based on the overall experience of Master Trusts in the Australian market. The impact of this change in isolation is to create a small increase in the liabilities.

All other demographic assumptions remain unchanged.

Specimen rates of leaving service through various causes which have been used in this regular triennial actuarial investigation and the initial actuarial investigation are shown in the table below:

Number of exits per 10,000 members						
Age Last	1 July 2023			24 November 2020		
	Resignation	Death and Disablement	Retirement	Resignation	Death and Disablement	Retirement
35	1,333	8	0	1,333	7	0
40	1,000	12	0	1,000	10	0
45	800	21	0	800	17	0
50	667	40	0	667	35	0
55	0	82	1,000	0	72	1,000
60	0	155	2,400	0	136	2,400
65	0	0	10,000	0	0	10,000

\* exact age

No allowance has been made for retrenchment which is consistent with the initial actuarial investigation.

The impact of these changes in assumptions in isolation has slightly increased the Actuarial Value of Accrued Benefits and slightly increased the long-term contribution rate.

## Defined Benefit Member Options

This Plan gives Category A3 and B1 Defined Benefit members the option to take their benefits as a pension, the assumed pension take-up rate for this investigation and the initial investigation are shown in the table below.

	24 November 2020	1 July 2023
Pension take-up rate*	35.0%	35.0%

\*The remaining frozen DB members do not have the option to take their benefit as a pension. One of the categories in the former Plan of the frozen DB members did provide a pension option, however there are no longer any members in that category.

No changes were made to the pension take-up rate assumption since the initial actuarial investigation, and hence there is no impact on the Actuarial Value of Accrued Benefits or the long-term contribution rate from the assumption adopted.

## Expenses and Insurance Premiums

The operating expenses and insurance premiums of the Plan are met from the Assets of the Plan, and as such, the regular triennial actuarial investigation requires a specific allowance to be made to meet these costs. The assumed expenses and insurance premiums for this investigation and the previous investigation are shown in the table below.



	24 November 2020	1 July 2023
Operating expenses* (% p.a. of Defined Benefit members' salaries)	1.8% p.a.	3.0% p.a.
Death and TPD insurance premiums (% p.a. of Defined Benefit members' salaries)	<ul style="list-style-type: none"> <li>• A3 and B1: 0.4% p.a.</li> <li>• Frozen DB members<sup>^</sup>: 0.0% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>• A3 and B1: 0.4% p.a.</li> <li>• Frozen DB members<sup>^</sup>: 0.0% p.a.</li> </ul>
Salary Continuance Insurance premium (% p.a. of Defined Benefit members' salaries)	<ul style="list-style-type: none"> <li>• A3 and B1: 0.4% p.a.</li> <li>• Frozen DB members<sup>^</sup>: 0.0% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>• A3 and B1: 0.3% p.a.</li> <li>• Frozen DB members<sup>^</sup>: 0.0% p.a.</li> </ul>
<b>Total expense and insurance premium assumption</b>	<ul style="list-style-type: none"> <li>• <b>A3 and B1: 2.6% p.a.</b></li> <li>• <b>Frozen DB members<sup>^</sup>: 1.8% p.a.</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>A3 and B1: 3.7% p.a.</b></li> <li>• <b>Frozen DB members<sup>^</sup>: 3.0% p.a.</b></li> </ul>

<sup>^</sup> As the assumption is based on total expected Defined Benefit salaries averaged over the next three years, the impact of having fewer Defined Benefit members means that the expenses as a percentage of total Defined Benefit salaries increases.

<sup>^</sup>Category ED1, ED4, ED5, ED7, ED8 and HP1. These members' insurance premiums are paid separately by the Employer.

The expense assumption has increased while the insurance premiums assumptions overall have slightly decreased from the initial actuarial investigation to reflect the expected expenses over the next three years.

Premiums for any voluntary insurance cover are deducted from Defined Benefit members' additional accounts and are not funded by the Plan Assets therefore no assumption is required for this cover.

Accumulation members' expenses and insurance premiums for Death or TPD and SCI insurance (including the frozen Defined Benefit members) are deducted from members' accounts, or paid by the Employer and therefore the assumptions above do not incorporate the cost associated with Accumulation members' expenses and insurance premiums.

The impact of this change in total expense and insurance premiums assumption in isolation has increased the long-term contribution rate.

## Commutation and Pension Factors

We have valued the Plan liabilities using the following commutation factors for Category A3 members and commutation factors for Category B1 members over age 65.

The commutation factors for Category A3 and B1 members are different from the factors used in the last annual actuarial investigation as at 30 September 2021 and in the initial actuarial investigation as at 24 November 2020.

Note the commutation factors for Category B1 members have been extended to age 75 due to one Category B1 member reaching age 70 in February 2023.

The change is due to the change in the assumptions adopted in this triennial actuarial investigation.

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**Category A3 Commutation Factors based on ALT 2015-2017 with 25-year mortality improvement and 6.5 percent p.a. discount rate:**

Age	Male	Female
55	13.37276	13.73820
56	13.22813	13.60936
57	13.07612	13.47323
58	12.91640	13.32929
59	12.74859	13.17716
60	12.57228	13.01643
61	12.38704	12.84664
62	12.19247	12.66746
63	11.98817	12.47867
64	11.77394	12.28002
65	11.54969	12.07152

**Category B1 Commutation Factors based on ALT 2015-2017 with 25-year mortality improvement and 6.5 percent p.a. discount rate:**

Age	Male	Female
65	10.80	10.80
66	10.63	10.63
67	10.46	10.46
68	10.27	10.27
69	10.08	10.07
70	9.88	9.87
71	9.67	9.66
72	9.45	9.43
73	9.22	9.20
74	8.98	8.96
75	8.74	8.71

Members' commutation factors at the termination date can be calculated by interpolating between the factors in these tables, based on the member's age in years and complete months at termination date.

Category B1 pension amount can be determined using these factors.

Category A3 pension amount can be determined using these factors adjusted by an early retirement factor in accordance with the rules of the Plan (i.e. 3 percent p.a. prior to age 65 or age 60 for females who joined the Plan prior to 1 September 1986).

These factors should be used to determine the annual pension equivalent of Defined Benefit Minimum Requisite Benefit (DB MRB). The annual pension equivalent of the DB MRB should be compared to the annual pension under the rules of the Plan to ensure that the members will receive at least the MRB at termination where a member elects to receive part or full pension.

## Additional Assumptions Relating to Pensions

There are a number of additional assumptions that relate to pension liabilities and assets. Most are the same assumptions used in the initial actuarial investigation apart for some updated assumptions noted below. These assumptions include:

- Pension-related expenses: No explicit allowance assumed.
- Mortality of pensioners, spouse pensioners of Category B1 and [REDACTED] and Category A3 and B1 active members (and their assumed spouses) electing pension: Australian Life Tables (ALT) 2015-2017 allowing for future mortality improvements based on the 25-year improvement factors from ALT 2015-2017 to allow for general trends in increasing longevity and that those members who elect a pension are likely to have longer life expectancy than the average population.
- Spouse age: Actual spouse age will be used at reversion. It is assumed that the male in the relationship is 3 years older than the female in the relationship. The same assumption was used for Category B1 active members who elect to receive pension benefits in this valuation.
- Payment Form: Actual payment form elected will be used for pensioners. The Category A3 and Category B1 pensioners receive a life pension with 5 years guaranteed payment period and a life pension with 50 percent spouse reversion respectively. Spouse pensioner (of a deceased Category B1 pensioner) receives a lifetime reduced pension. There is [REDACTED]  
[REDACTED].  
[REDACTED].

The normal form of payment for active Category A3 members and Category B1 members electing a pension are a life pension with 5 years guaranteed payment period and a life pension with 50 percent spouse reversion respectively. There are no longer active members in the Former ES Plan that belong to the categories that allow a pension option.

There was an enhancement in the reversionary pension payment form set-up in our valuation system to be consistent with the provisions of the Plan since the initial actuarial investigation. The overall impact of this change in isolation to all others, is that the Actuarial Value of Accrued Benefits has increased.

- Remarriage, separation or divorce: We have not allowed for remarriage, separation or divorce for Category B1 pensioners/members or the [REDACTED].

## Tax

There have been no changes to our assumptions regarding tax since the initial actuarial investigation. These assumptions are set out below.

Contribution rates for future service benefits include an allowance for the current 15 percent tax on Employer contributions, net of deductible expenses.

For the purpose of meeting funding requirements, we have made the following assumptions:

- 
- No allowance has been made in the projections for the impact of the surcharge (up to 30 June 2005 but not assessed before 1 July 2023), or withholding tax due to members not providing their Tax File Number to the Trustee, or excessive contributions tax levied on the member where the member has elected the Plan to pay it on their behalf, if not assessed before 1 July 2023;
  - No allowance has been made for the additional 15 percent tax on contributions for high-paid individuals or any excessive contributions tax levied. It is assumed that benefits will be adjusted (via additional accumulation accounts) for affected members to meet these tax amounts assessed;
  - No adjustment has been made to the non-concessional contributions, if any, of members where their total superannuation benefit exceeds \$1.9 million;
  - The Trustee has made a decision in relation to the tax deductibility rules for after-tax contributions from 1 July 2017 in a way that would not lead to a funding implication for Defined Benefit members; and
  - That the SG Rate is paid with limitation (i.e. limited to the SG maximum salary base) for Defined Benefit members. The SG maximum salary base increase is assumed to be 3 percent p.a..

## Overall Effect of Changes in Assumptions

Overall, the changes have slightly decreased the expected cost of providing Defined Benefits to the members of the Plan.



## Section 4 – Actuarial Value of Accrued Benefits

I have adopted the actuarial method and assumptions described in Section 3 and in Appendix D of this report to determine the present value of past and future liabilities and Employer contributions in relation to Defined Benefit members. The results of the regular triennial actuarial investigation are detailed in the following table and both the assets and liabilities include the late retirees account balances, the accumulation member account balances and additional accounts for the Defined Benefit members.

<b>Actuarial Value of Accrued Benefits (past service)</b>	<b>Total \$</b>
Retirement	20,685,819
Death and Disablement	1,100,918
Resignation	539,165
<b>Total of active Defined Benefit related liabilities</b>	<b>22,325,902</b>
Pensioner liabilities	7,937,975
<b>Total of Defined Benefit related liabilities</b>	<b>30,263,877</b>
Additional accounts for Defined Benefit members	4,396,181
Accounts for Accumulation members*	482,807,595
<b>Actuarial Value of Accrued Benefits</b>	<b>517,467,653</b>
<b>Assets**</b>	<b>533,744,232</b>
<b>Surplus/(Deficit)</b>	<b>16,276,579</b>

\* Includes four Late retirees' liabilities.

\*\*Assets for Late retirees and Accumulation members have been set equal to the Late retirees and Accumulation members' benefits.

## Analysis of Changes in Financial Position Since the Initial Actuarial Investigation

The following table quantifies the various impacts on the financial position of the Plan since the initial actuarial investigation as at 24 November 2020. These figures give an indication of the impact of the factors that affect the final regular triennial actuarial investigation result.

	Total (\$'000)
<b>Previous surplus/(deficit)</b>	<b>13,358</b>
Interest on surplus/(deficit) <sup>1</sup>	2,932
Investment gains/(losses) <sup>2</sup>	700
Employer contributions paid at a higher/(lower) rate than long-term rate <sup>3</sup>	(897)
Expense gains/(losses) <sup>4</sup>	(71)
Salary gains/(losses) <sup>5</sup>	139
Change in basis gains/(losses) <sup>6</sup>	85
Withdrawal gains/(losses) <sup>7</sup>	(111)
MRB top-up payments <sup>8</sup>	(308)
Pension indexation gains/(losses) <sup>9</sup>	(39)
Pension take-up gains/(losses) <sup>10</sup>	547
Pensioner mortality gains/(strain) <sup>11</sup>	(138)
Miscellaneous	80
<b>Surplus/(deficit) as at the valuation date</b>	<b>16,277</b>

<sup>1</sup> Interest on surplus over the period

<sup>2</sup> An investment gain occurs when investment earnings are higher than assumed.

<sup>3</sup> A contribution loss occurs when employer contributions are paid at a lower rate than the long-term rate.

<sup>4</sup> An expense loss occurs when expenses are more than assumed.

<sup>5</sup> A salary gain arises when salaries increase at a lower rate than was assumed.

<sup>6</sup> A gain from a change of basis occurs when the overall set of assumptions becomes less conservative.

<sup>7</sup> A withdrawal loss occurs when the actual benefit paid is higher than reserved for in the Plan.

<sup>8</sup> These are additional benefit payments to some terminated Category A3 members due to corrections to the OTE salary for SG contributions since 1 July 2008. Please refer to our letter to the Trustee dated 18 March 2021 for details.

<sup>9</sup> A pension indexation loss occurs when pension indexation is at a higher rate than assumed.

<sup>10</sup> A pension take-up gain occurs when fewer eligible members who have exited take up the pension option than assumed.

<sup>11</sup> A pensioner mortality strain occurs when pensioners live longer than assumed.

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## Use of Excess Reserves

The excess of assets over Actuarial Value of Accrued Benefits equates to the surplus of Assets held by the Plan. It is useful to hold a small surplus to protect the Plan from minor fluctuations in asset values and to ensure Vested Benefits are covered.

Total assets exceeded the Actuarial Value of Accrued Benefits as at 1 July 2023 by \$16,276,579. This is equivalent to 53.8 percent of Defined Benefit liabilities (i.e. excluding Late retirees' benefits, Accumulation members' benefits and Defined Benefit members' additional accounts) and 407.6 percent of total Defined Benefit salaries. Any excess can be used to continue the suspension of all Employer contributions (from 1 July 2023) for all Category A3 and B1 Defined Benefit members and to reduce or suspend Employer SG contributions in relation to frozen DB members, Late retirees and Accumulation members up to \$5m or 2 months of contributions, anytime from 1 January 2024 to 30 June 2026.

There are other alternatives the Trustee/Employer could consider to utilise the surplus including:

- de-risking the investment strategy by investing more in defensive assets. This will reduce the likelihood of a large market fall wiping out a large portion of the surplus and protect the surplus, however, consideration would need to be given to the account balances in Members' names that underpin the defined benefit, as they would also be impacted as the majority of Category A3 members currently have their Vested Benefit equal to the accumulation underpin benefit;
- paying compulsory member contributions for the Defined Benefit members from the Defined Benefit surplus; and
- consider buying out the current pensioners, to remove the longevity risk.

We can assist the Trustee/Employer consider these options as required.

## Long-term Contribution Rate

The Defined Benefits long-term Employer contribution rate has increased since the initial actuarial investigation due to the change in actuarial assumptions and membership which results in higher future contribution rates.

<b>Present Value of Future Service Liability</b>	<b>Total (\$)</b>
Retirement	815,993
Death and Disablement	62,219
Resignation	19,970
<b>Total of active Defined Benefit related liabilities</b>	<b>898,182</b>
Less member contributions	227,207
<b>Net Future Service Liability</b>	<b>670,975</b>
Equivalent net future contribution rate	5.0%
Tax	0.9%
Expense allowance	3.0%
Death and TPD premiums*	0.2%
Salary Continuance premiums*	0.2%
<b>Employer contribution rate required for Future Service Benefits (p.a. salary)**</b>	<b>9.3%</b>

\*This is the weighted average for the active Plan members, that is, 0.4 percent for Death and TPD premiums and 0.3 percent for Salary Continuance premiums for Category A3 and B1 members and nil for frozen DB members. Note that the insurance expenses for frozen DB members are paid by the Employer.

\*\*This is the weighted average for all active Plan members (Category A3, B1 and frozen DB members).



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## Section 5 – Immediate Solvency and Funding Indices

### Immediate Tests on the Adequacy of the Assets

An important objective of this regular triennial actuarial investigation is the measurement of the funding of expected member benefits in respect of their service up to the valuation date.

**Assets:** I have taken the fair value of the net assets provided by the Plan administrator, based on the Plan's Statement of Change in Asset Value (financial accounts) as the value of assets for active Defined Benefit members, pensioners and late retirees; and the value of Accumulation members' benefits and additional accounts for Defined Benefit members and late retirees as the value of assets for Accumulation members and additional accounts for Defined Benefit members and late retirees respectively, for the purpose of this regular triennial actuarial investigation. The financial statements of the Australian Retirement Trust which includes the assets of the Plan were audited and signed on 21 September 2023. The assets are net of any amount held to meet the Operational Risk Financial Requirement (ORFR). The assets are discussed further in Appendix C.

**Liabilities:** Appendix D contains a summary of the method used in the regular triennial actuarial investigation to determine the liabilities of the Plan.

The indices described here have been used to assess whether the Assets of the Plan are sufficient to ensure its ongoing solvency and to measure the changes in these indices since the initial actuarial investigation.

The table on the next page shows the relevant indices calculated by dividing the level of assets by the total of the relevant benefit based on the results of this regular triennial actuarial investigation and the initial actuarial investigation.

As mentioned, I have recommended a new set of commutation factors for Category A3 and Category B1 members over age 65 (see Section 3), which were used in this investigation. The impact of this change is not material.

	24 November 2020			1 July 2023			
	Amount (\$)	Index <sup>1</sup>	DB Index <sup>2</sup>	Amount (\$)	Index <sup>1</sup>	DB Index <sup>2</sup>	
<b>Minimum Requisite Benefits</b>	452,836,360	103.5 %	161.8 %	507,668,217	103.6 %	188.6 %	A
<b>Vested Benefits<sup>3</sup></b>	463,441,866	102.8 %	135.1 %	517,956,961	103.0 %	151.3 %	A
<b>Actuarial Value of Accrued Benefits</b>	462,890,406	102.9 %	137.2 %	517,467,653	103.1 %	153.8 %	A
<b>Retrenchment Benefits</b>	463,296,879	102.8 %	135.7 %	517,760,194	103.1 %	152.3 %	A
<b>Accumulation Benefits<sup>4</sup></b>	426,968,750			487,203,776			B
<b>Assets<sup>5</sup></b>	476,248,326			533,744,232			C
<b>Assets excluding Pensioners' liability</b>	468,813,283			525,806,257			D

<sup>1</sup>Index is C/A , For the Minimum Requisite Benefits Index, it is D/A.

<sup>2</sup>DB Index is  $(C - B)/(A - B)$ , i.e. the index excluding accumulation benefits. For Minimum Requisite Benefit Index, it is  $(D-B)/(A-B)$ .

<sup>3</sup>The active Category A3 and B1 members' benefits are valued using the commutation factors we recommended in this report (refer to Section 3). The commutation factors for Category B1 from age 66 and the commutation factors for Category A3 are different from the factors used at the initial actuarial investigation date. We have also assumed that Category A3 and B1 active members will elect to receive 35 percent of their benefits as a pension instead of lump sum payment on retirement. There are no active frozen DB members who are eligible to elect a pension, therefore their Vested Benefits are 100 percent lump sum.

<sup>4</sup>The accumulation benefits are inclusive of additional accounts for Defined Benefit members (including surcharge accounts), late retirees benefits and Accumulation members' benefits.

<sup>5</sup>Assets for Late retirees and Accumulation members have been set equal to the Accumulation members' benefits.

## Financial Indices for Pension Members

The following table summarises the Vested Benefits, Actuarial Value of Accrued Benefits and assets of the pensioners in isolation. Note that the assets and liabilities below were also included in the results shown on the previous page and the remainder of the report.

	24 November 2020		1 July 2023	
	Amount (\$)	Index	Amount (\$)	Index
Vested Benefit	7,435,043	100%	7,937,975	100%
Actuarial Value of Accrued Benefits	7,435,043	100%	7,937,975	100%
Assets (assuming the pension was fully funded)*	7,435,043		7,937,975	
Assets invested in Balanced Investment option for retirement income*	6,703,161		8,274,376	

\* In practice, the assets are not segregated from the rest of the Assets of the Plan, however they are provided an investment return which has no investment earnings tax payable.

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities are maintained at a similar level, which will be reviewed each year (as pension liabilities will be calculated on a yearly basis for AASB1056 purposes even if there is an APRA exemption to perform regular annual actuarial investigations between triennial investigations) considering experience versus assumptions (particularly investment returns, pension increase rate and longevity or mortality of pensioners and their spouses, if applicable). As the pension liabilities are less than the assets held in the non-taxed earnings investment and considering that the pension assets have earned 2.83 percent from the date of this investigation to 11 December 2023 and considering the take-up of the pension by one exiting member post the valuation date, I recommend that \$300,000 of the assets be moved from the pensioner investment to the standard DB active investment.

Should a Category A3 or B1 member take up the pension option then active Defined Benefit assets will need to be transferred to the pension investment, with the amount to transfer dependent on the proportion of benefit taken as a pension as well as the present value of expected future cashflows of the pension payments.

## Vested Benefits Index

Vested Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan or where the members have already terminated employment and are receiving Defined Benefit pensions, the value of those pensions (i.e. the present value of projected pension benefits) are also included. It is either the resignation benefit or early retirement benefit, if eligible. Category A3 and B1 members may take their benefit as a pension. A pension take-up rate of 35 percent has been assumed to be consistent with the funding assumptions.

The Vested Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date.

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To ensure that the Plan is in a satisfactory financial position, it is essential that the Vested Benefits Index is kept above 100 percent. The Vested Benefits Index was at a satisfactory level at the valuation date.

## Shortfall Limit

In accordance with SPS 160, the Trustee has set a Shortfall Limit of 97.0 percent. This is the extent to which the Trustee considers the Plan can be underfunded (on the basis that assets are insufficient to meet all members' Vested Benefits) but retain a reasonable expectation of returning to a funded position within a year, solely due to a correction to temporary negative market fluctuations in the value of the Plan assets.

This Shortfall Limit is to be compared to the Defined Benefit Vested Benefits Index i.e. the ratio of Defined Benefit assets and Defined Benefit Vested Benefit liabilities. Accumulation members' benefits and additional accounts for Defined Benefit members are excluded from the assets and liabilities.

The Defined Benefit Vested Benefit Index at 1 July 2023 was 151.3 percent. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date.

I have reviewed the Shortfall Limit of 97.0 percent and confirm that, in my view, it remains appropriate.

As the Shortfall Limit is determined with reference to the proportion of growth-oriented assets (as well as salary related benefits) the Shortfall Limit will need to be recalculated if the Trustee changes the investment strategy of Defined Benefit related assets.

## Minimum Requisite Benefits Index

Minimum Requisite Benefits (MRBs) are the minimum benefits that members are entitled to under the Superannuation Guarantee legislation. Where the members have already terminated employment and are receiving Defined Benefit pensions, the value of those pensions are not included as the MRB test on the benefit had been checked at termination. The Plan is 'solvent' if the net realisable value of the Assets of the Plan exceeds the MRB of all members of the Plan.

The Minimum Requisite Benefits Index provides a measure of the Plan's ability to meet its minimum Superannuation Guarantee obligations to all active members if they had withdrawn from the Plan on the valuation date.

The Minimum Requisite Benefits Index was kept above 100 percent and therefore the Plan was solvent at the valuation date.

## Actuarial Value of Accrued Benefits Index

The valuation results shown in Section 4 of this report disclose the Actuarial Value of Accrued Benefits, also known as the Past Service Liability. This amount constitutes the "value of the liabilities in respect of accrued benefits" as defined in Division 9.5 of the Superannuation Industry (Supervision) (SIS) Regulations and has been calculated in accordance with Professional Standard 402 issued by the Institute of Actuaries of Australia.

This is not the same as the figures used for the AASB1056 purposes as at 30 June 2023 as it was based on different data and OTE Factors due to reporting timing constraints.



The Actuarial Value of Accrued Benefits Index provides a measure of the Plan's ability to meet its benefit obligations to all members of the Plan based on membership to the valuation date. Where the members have already terminated employment and are receiving Defined Benefit pensions, the value of those pensions (i.e. the present value of projected pension benefits) is also included.

The minimum desirable range for this index is 100 to 105 percent which allows for possible variations in asset values. The index was at an adequate level at the valuation date.

## Retrenchment Benefits Index

The Retrenchment Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan due to being retrenched on the valuation date and receive a lump sum benefit.

Retrenchment Benefits payable to Category A3 members are effectively the greater of:

- 100 percent lump sum Vested Benefits; and
- lump sum benefit equal to  $16 \frac{2}{3}$  percent x Years of Membership x FAS discounted by 3 percent p.a. to age 55.

Retrenchment benefits for Category B1, ED1, ED4, ED5, ED7, ED8 and HP1 members whose benefit accrual date is after 1 October 1996 are calculated as a 100 percent lump sum Vested Benefits.

Retrenchment Benefits for HP1 members whose benefit accrual date is prior to 1 April 1990 or other pre 1 October 1996 member who the Employer deems appropriate are calculated as the greater of:

- Vested Benefit; and
- The greater of:
  - $\text{Accrued Multiple} \times \text{FAS} \times 0.943^{\text{Future Service to age 65}} + \text{Productivity Account}$ ; and
  - $\text{Member Contribution Account up to 31 October 2010} \times [2 + (\text{Age at joining HPA in complete years} - 20) \times 2.5 \text{ percent}]$

A Retrenchment Benefit Index below 100 percent indicates that a major retrenchment program would strain the resources of the Plan and therefore may result in higher contributions from the Employer. The Index for Defined Benefit Members was 152.3 percent at the valuation date.

## Termination of the Plan

If the Plan terminates, the liability under the governing rules is limited to whatever assets are then held in the Plan. The Plan Assets on termination of the Plan will be distributed in accordance with Clause 7 of the Plan's Participation Deed.

## Transferring Pensioner Liability to a Third Party

We have not provided the value of pension benefits in the above tables on an equivalent market value basis (that is, the amount determined as being required to be paid to a third party to take on the liability) due to the difficulty of getting annuity quotations and there being no immediate requirement by the Employer or Trustee to consider this as an option.

If a member does take up the pension option and then if the Trustee decides to transfer the pension liability to a third party it is likely that the cost will be higher than the value placed on the liabilities in

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this report due to risk, expense and profit margins of the third party. If there is a funding shortfall an additional contribution equal to the grossed-up value of the funding shortfall, as determined by the Actuary, would need to be paid by the Employer in order to maintain the security of other members' benefits.

The Employer needs to be aware that buying out pension liabilities in the event of winding up the Plan would be more expensive in the open market due to the limited provider options that are currently available. As an indication, a lifetime pension with no guaranteed period for a male age 72.5 could cost around 5.1 percent more than the actuarial liability value and a life time pension with 50 percent spouse reversion (with female spouse 3 years younger) for a male age 67.5 could cost around 8.4 percent more than the actuarial liability value. The annuity factor rates are based on annuity rates available on Challenger's website and a general summary document they have provided which shows the impact of annuity variations on price.

If the Trustee decides to transfer the pension liability to a third party, it is likely that the assets will be sufficient as the Plan has a very sizeable surplus, even if the cost includes risk, expense and profit margins of the third party. However, note that there are limited annuity options available in the Australian market and exact matching of the pension liabilities may not be possible. If the Trustee or Employer would like to explore this option further, we could attempt to obtain quotations from annuity providers.

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## Section 6 – Adequacy of Insurance Arrangements

The Plan Trustee has taken out insurance to protect the assets against certain contingencies which may have a material adverse effect on the solvency of the Plan.

### Death or Total and Permanent Disablement Insurance (Lump Sum)

The Trustee has effected Group insurance (with MetLife Insurance) to cover part of the lump sum benefits payable from the Plan in the event of the death or Total and Permanent Disablement (TPD) of members. The Sum Insured is designed to supplement the proportion of the benefit which has already been accrued in respect of the members within the Plan and to provide the balance of the relevant benefit from the insurance arrangement. Insurance replaces the otherwise volatile impact on the Plan of payments required in respect of the 'unfunded' portion of each death or disablement benefit with an annual premium, which can be taken into account in the financial planning of the Plan.

The Trustee confirmed that effective 24 November 2023, the insurance provider was replaced by Zurich and that there are no changes to the current Plan's insurance design. The overall insurance premiums in relation to death, TPD and income protection for male cover will slightly increase while the premiums for female income protection cover are expected to decrease under the new insurance provider, where the premium rates are guaranteed for three years. This change has been incorporated in the recommended insurance premiums for this investigation.

The Trustee has confirmed that there are no unusual terms and conditions in the insurance contract. At the present time, the formulae used to determine the amount to be insured are as follows:

### Defined Benefit Members

#### Category A3 and B1 Members

Insured Amount = Death/TPD benefit – Vested Benefit

#### Category ED1, ED4, ED5, ED7 and ED8 members\*

Insured amount = 11 percent x Future Service to age 65 x Salary + Top-up sum insured determined at 1 November 2009

#### Category HP1 Members\*

Insured amount = Salary + (X percent x Future Service to age 65 x Salary)

Where X can be 5, 10, 15, 20 or 25 which is chosen by the member.

\*There was a typographical error in the insurance formulae for frozen DB members in the initial actuarial investigation report. The correct insurance formulae were used hence no impact on the total insurance reported or in the advice recommended for insurance arrangements.

## Accumulation Members

The following applies to accumulation members.

### Permanent Employees

Level 1: 5 percent x Salary x Years of Future Membership to age 65

Level 2: 10 percent x Salary x Years of Future Membership to age 65

Level 3: 15 percent x Salary x Years of Future Membership to age 65

Level 4: 20 percent x Salary x Years of Future Membership to age 65 [Default (automatic) level of cover]

Level 5: 25 percent x Salary x Years of Future Membership to age 65

### Non-Permanent Employees

1 Unit of age-based cover as indicated in the Australian Retirement Trust Super Savings Corporate Insurance Guide for the Plan issued on 1 July 2023.

As at 1 July 2023, the administrator confirmed that there are no changes in the insurance arrangements since the initial actuarial investigation that will have a material impact on the results of this investigation.

## Late Retirees

Late retirees do not have death and TPD insurance cover.

## Death or Total and Permanent Disablement (TPD) Funding and Insurance

The following table shows the funded and insured portions of the benefit. It identifies the shortfall or excess amount of insurance in the event that all members were to die or become totally and permanently disabled.

	1 July 2023	
	Death (\$)	TPD (\$)
Total sums insured (A)*	991,250,512	976,248,627
Plan Assets (excluding pension assets) (B)	525,469,856	525,469,856
Amount of Surplus, if any, set aside for funding purposes (C)**	4,879,190	4,879,190
Plan Assets available to meet Death or TPD benefits (B)-(C)=(D)	520,590,666	520,590,666
Available on Death or TPD (A)+(D)=(E)	1,511,841,178	1,496,839,293
Total Death or TPD benefits (F)	1,501,076,873	1,486,074,988
<b>Excess/(shortfall) (E) - (F)</b>	<b>10,764,305</b>	<b>10,764,305</b>



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\*sum insured for the period 1 July 2023 to 30 June 2024.

\*\*a portion of the surplus is set aside for funding purposes to make allowance for the recommended contribution rate being lower than the long-term Employer contribution rate and therefore this cannot be considered for Death or TPD purposes.

## Recommendation

I have reviewed these formulae and confirm that, in my view, they remain appropriate and the current insurance arrangements should be maintained.

## Disability Income Insurance

The Trustee also has effected Group Insurance (with MetLife Insurance, which was replaced by Zurich from 24 November 2023) to cover disability income benefits payable from the Plan in certain circumstances of disablement. This is a fully insured benefit, however the Plan remains liable for the payment of retirement, death, total and permanent disablement and resignation benefits if a member who receives a disability income benefit terminates service.

## Indemnity Insurance

The Trust Deed provides an indemnity to the Trustee against claims which may be made against it. This is secured against the Assets of the Australian Retirement Trust including this Plan.

The Trustee has taken out trustee indemnity insurance to help protect the Trustee, its Directors and the Trust against certain liabilities, that is consistent with the size and nature of its business and industry standards. As with any insurance, the indemnity is subject to the terms and conditions of the relevant insurance policy.

## Material Issues Arising From Insurance

There are no material issues arising from insurance, although the Trustee should periodically review that all insurance cover remains sufficient.

## Section 7 – Sensitivity Analysis and Projections

### Assumption Variation

The values of the benefit liabilities shown in this report depend on the assumptions used to calculate them. The main assumptions relate to salary increases, the long-term investment return (net of assumed tax and investment expenses for actives and net of investment expenses for pensioners). The main demographic assumption relates to proportion of benefits taken as a pension. Examples below provide an indication of the effect on the Actuarial Value of Accrued Benefits and on the Employer contribution rate of changing these assumptions only. The actual investment earning rate and salary increase rate may not be constantly above or below the rates assumed in carrying out the projection of benefits and the actual results may not fall within the ranges shown in the table below:

Assumptions (Salary Increase Rate/Long-term Investment Return) <sup>^</sup>	Actuarial Value of Accrued Benefits as at 1 July 2023	Overall Long-Term Employer contribution rate as at 1 July 2023
	(\$)	(p.a.)
This valuation (3.0% p.a./6.0% p.a.)	517,467,652	9.31%
Last valuation (3.0% p.a./5.8% p.a.)	517,596,318	9.40%
Last valuation with this valuation decrements (3.0% p.a./5.8% p.a.)*	517,737,610	9.35%
Salary inflation rate plus 1% p.a. (4.0% p.a./6.0% p.a.)	517,592,119	9.28%
Salary inflation rate minus 1% p.a. (2.0% p.a./6.0% p.a.)	517,362,369	9.44%
Investment return plus 1% p.a. (3.0% p.a./7.0% p.a. active members) <sup>^</sup>	516,219,453	9.17%
Investment return minus 1% p.a. (3.0% p.a./5.0% p.a. active members) <sup>^</sup>	518,964,167	9.61%
20% of benefits are taken as a pension (3.0% p.a./6.0% p.a.)	517,280,615	9.22%
50% of benefits are taken as a pension (3.0% p.a./6.0% p.a.)	517,654,690	9.40%

\* This is based on last valuation's financial assumptions only, i.e. the decrement assumptions are the same as those used for this valuation.

<sup>^</sup> The investment return related to current pensioners and DB active members electing pension were also adjusted accordingly.

Based on the above results, it is clear that the financial position of the Plan and the required Employer contribution will vary depending on the actual experience of the Plan and particularly in relation to long-term investment returns and a percentage of benefits taken as a pension for this investigation. If long-term investment returns are 1 percent p.a. higher than assumed, the long-term Employer contribution rate decreases by 0.14 percent p.a.. If the percentage of benefits taken as pension increased from 35 percent to 50 percent, the long-term Employer contribution increases by 0.09 percent p.a..

The Employer contribution is also sensitive to the salary increase assumption. However, the present value of future salaries which is the basis for determining the long-term rate also reflects the increase in future salaries and therefore on balance the long-term rates for salary increase sensitivities are not as evident if expressed as a percentage of DB Salaries.

## Pensioner Sensitivities

Assumptions	Pensioner Liabilities as at 1 July 2023
	(\$)
This Valuation	7,937,975
Mortality rate* age rated up by 2 years	7,519,763
Mortality rate* age rated down by 2 years	8,217,326
Pensioner Investment return plus 1% p.a. (7.5% p.a.)	7,299,693
Pensioner Investment return minus 1% p.a. (5.5% p.a.)	8,682,972

\*On the basis of the base mortality tables used for the pensioners in this investigation, which is the ALT 2015-2017 with 25 years mortality improvement factors.

The age rating sensitivities provide a rough guide to the impact of different mortality experience. In practice, given the small number of pensioners, their mortality experience could be significantly different to assumed and the Employer is exposed to the risk of pensioners living longer than assumed in this valuation.

## Post Valuation Events

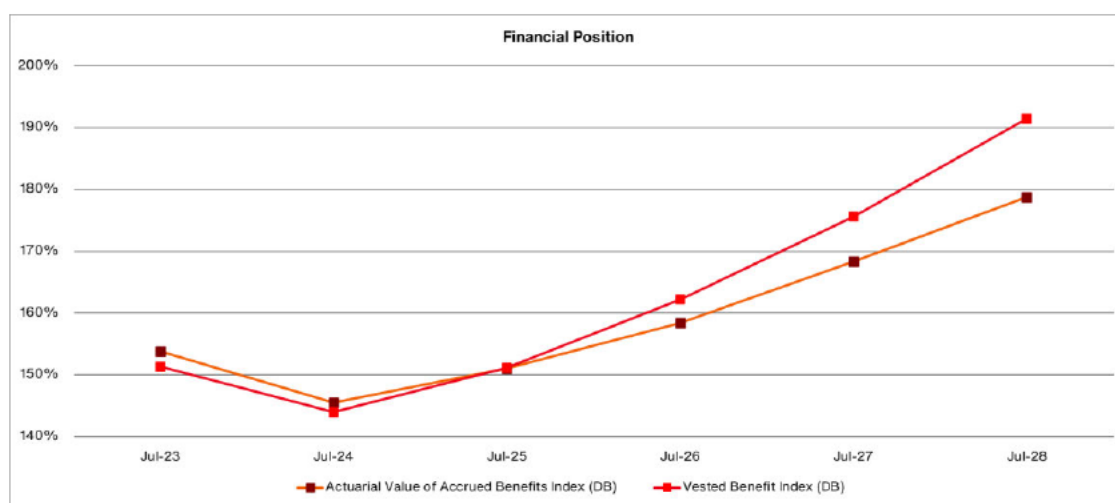
[REDACTED]  
[REDACTED]  
[REDACTED] These benefits were processed in August 2023 and were taken into account in the recommended contributions and in the projection of the financial position of the Plan.

The Plan has earned an average investment return of 2.6 percent from the date of the valuation to 11 December 2023. This is slightly lower than the rate assumed for the valuation and has resulted in a slight deterioration in the financial position of the Plan. I estimate that coverage of Vested Benefits (excluding Accumulation members' (including late retirees) benefits and Defined Benefit members' additional accounts) has decreased from 151.3 percent at the valuation date to approximately 151.2 percent as at 11 December 2023. This has been taken into account in the recommended Employer contributions.

As Minimum Requisite Benefits (MRBs) are accumulation in nature, they will have moved in line with this investment return. Therefore, the funding position, in regards to MRBs, is largely unchanged since the valuation date.

## Projection of Future Liabilities

The graph below shows the projected value of Defined Benefit Vested Benefits and Actuarial Value of Accrued Benefits for Defined Benefit members funding indices over the next five years. These projections have been based on defined benefit liabilities (including pensioners) and assume that the Employer will pay contributions in accordance with the contribution recommendation (refer to Section 9 of this report) and are based on the assumptions used to calculate past service liabilities at each of the future dates. These projections also allow for the post valuation events described above.



\*In the above graph, it is assumed that the Employer contribution reduction/holiday in relation to the SG contributions for frozen DB members, Late retirees and Accumulation members will be applied during the period 1 January 2024 to 30 June 2024.

Assuming the Employer contributions are not less than the rates which I have recommended, I expect that on the assumptions, methods and asset values adopted in the valuation, that the Assets will remain sufficient to cover the value of these liabilities during the period up to 1 July 2028.

There is also a high degree of probability that the sixteen pensions currently in payment and [REDACTED] will be able to be paid as required under the Plan's governing rules during the period up to 1 July 2028. This statement has been made considering the Plan's earnings from the date of the regular triennial actuarial investigation to 11 December 2023. This statement is made in accordance with Superannuation Prudential Standard (SPS) 160, SIS Regulation 9.31(1) and Professional Standard 410 issued by the Institute of Actuaries of Australia.



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## Section 8 – Material Risks

### Financial Risk

As noted in the results of the Sensitivity Analysis (Section 7), the items that have the greatest impact on the financial position of the Plan are the differences between the assumed and the actual salary increase rate and the assumed and actual long-term investment return, as well as the assumed and actual pension take-up rate.

- Should salaries increase at a higher rate than assumed, the liabilities will be higher than expected and the assets may then be insufficient to cover members' benefits. This may then require the Employer to make larger contributions to the Plan.
- Similarly, if there are lower than assumed investment returns, the assets of the Plan would be reduced compared to the assets expected and may then be insufficient to cover members' benefits. This may then require larger contributions to be made by the Employer.
- Should the pension take-up rate be higher than assumed, the liabilities will be higher than expected and the assets may then be insufficient to cover members' benefits. This may then require the Employer to make larger contributions to the Plan.

If the Employer is willing and able to make these larger contributions and accept the volatility involved, a deterioration in the financial position can be managed. Other strategies to mitigate these risks are:

- to ensure that the Employer is aware of the effect on the financial position of salary increases being granted above assumed rates; and
- to change the asset allocation on the Defined Benefit related assets to a less risky strategy (note: that this would generally increase the long-term cost to the Employer but provide lower contribution volatility).
- to ensure that the Employer is aware of the effect on the financial position of the pension take-up rate being above the assumed rate and to hold a buffer in the assets to protect the Plan from any variance.

We note that as at the valuation date, the Plan has a very sizeable surplus that will allow the Employer to take a contribution holiday indefinitely in relation to the defined benefit members including pensioners and extend the holiday to SG contributions for frozen DB members, Late retirees and Accumulation members up to a certain amount and for a short period of time. However, the Trustee should be still aware of the factors that will impact the financial position of the Plan and should monitor these relevant risk factors regularly.

### Employer Financial Viability

The future of the Plan relies on the Employer remaining a viable entity and being willing and able to pay contributions as and when needed. The Trustee should discuss the valuation report with the Employer and ensure the Employer understands the recommendations before agreeing to the contribution rates.

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## Plan Specific Risks

### Pensioners

This Plan allows Category A3 and B1 Defined Benefit members to choose a pension option upon early or normal retirement. Currently there are 23 members in these categories and their average age as at 1 July 2023 is 59.3 years. There is likely to be additional cost to the Employer if more of these members than assumed choose a pension rather than a lump sum upon leaving service.

If a pensioner outlives the assumed life expectancy, this may cause the assets of the Plan to be insufficient to cover pensioners' benefits. This would then require additional contributions to be made by the Employer. The current level of surplus and adherence to the Trustee's funding target mitigates this risk to an extent.

Please note that the valuation results are based on best estimate assumptions and therefore represent a "business as usual" approach. The sensitivity to the assumptions used in the calculations has been highlighted in the previous section.

The Employer also needs to be aware that buying out these pension liabilities in the event of winding up the Plan would be more expensive in the open market due to the limited provider options that are currently available and the risk, expense and profit margins a provider will require. As an indication, a lifetime pension annuity with no guaranteed period for a male age 72.5 could cost around 5.1 percent more than the actuarial liability value and a life-time pension with 50 percent spouse reversion (with female spouse 3 years younger) for a male age 67.5 could cost around 8.4 percent more than the actuarial liability value. The annuity factor rates are based on annuity rates available on Challenger's website and a general summary document they have provided which shows the impact of annuity variations on price.

## Investment Policy

As mentioned above, market/financial risk is a key driver in the financial position of the Plan. However, there are other investment risks to consider. These include:

- **Liquidity Risk** – the risk that illiquid assets or large cashflows from the Plan cause the payment of benefits to be delayed or assets to be sold at reduced values to meet liability obligations.

The Trustee mitigates this risk by:

- Investing in unit trusts offering daily liquidity, avoiding significant amounts in direct, illiquid investments;
  - Ensuring that the majority of invested assets are realisable at short notice (typically one week or less), under normal market conditions; and
  - Maintaining a small cash float in each investment option.
- **Concentration Risk** – the risk that investments are concentrated in one particular asset class, country or manager, the poor performance of which could cause a material effect on the investment return.

The Trustee mitigates this risk by using external fund managers to provide access to a number of different asset classes, styles of investing and geographical areas.

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The Trustee should periodically monitor the risks summarised in this section and seek advice or take action as may be deemed necessary.

## Section 9 – Recommendations and Actuary's Summary Statement for the Purposes of SPS 160

### Recommendations

#### Future Contribution Recommendations

I recommend that the Employer pays contributions to the Plan at the rates set out in the table below:

Category	Contributions
Category A3 and B1 Defined Benefit members*	<ul style="list-style-type: none"> <li>Nil regular Defined Benefit company contributions from 1 July 2023**; plus</li> <li>Any pre-tax compulsory contributions (salary sacrifice/deemed)</li> </ul>
Frozen DB members, Late retirees and Accumulation members	<p>Contributions as agreed and no less than the Superannuation Guarantee (SG) contributions on Ordinary Times Earnings (OTE) from 1 July 2023, apart from the following:</p> <ul style="list-style-type: none"> <li>SG contribution reduction or holiday between 1 January 2024 to 30 June 2026 up to \$5m or 2 months of contributions.</li> </ul>

\*Any post-tax compulsory contributions are paid by the members.

\*\*Note that the Employer will need to provide the administrator with the relevant amounts of SG on OTE to load to DB Category A3 and B1 members' SG Accounts (where the amount applying to OTE elements classed as inclusive of SG may be applied to additional accumulation accounts of members and will therefore be paid on all benefit types) as well as Frozen DB members, Late retirees and Accumulation members' SG on OTE contributions whilst the reduction to contributions up to a maximum of \$5m is used from the Plan's reserve assets.

**Category A3 and B1 members:** These rates are the same as those currently being paid from May 2021. Prior to this date the Employer made contributions to the Plan for Category A3 and B1 members.

**Frozen Defined Benefit members, Late Retirees, Accumulation members:** The current recommended rates are the same as those currently being paid except for the period (anytime from 1 January 2024 to 30 June 2026) where the Employer elects to take the recommended contribution reduction or holiday of up to \$5m or 2 months contributions.

The Employer Superannuation Guarantee contributions for Category A3 and B1 members must be loaded to members' accounts by the 28th day of the month following the month to which they relate. The Employer contributions in respect of frozen DB members, Late retirees and Accumulation members must be paid or loaded to the members' accounts where applicable by the 28th day of the month following the quarter end.

The recommended contributions will need to be reviewed prior to the next regular triennial actuarial investigation due with an effective date of 1 July 2026 if one or more of the notifiable events within the Funding and Solvency Certificate occur prior to that date as advised by the Trustee/Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the Actuary advises the Trustee in writing that such an event does not constitute a notifiable event).



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## Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 97.0 percent (see Section 5) and confirm that, in my view, it remains appropriate.

## Insurance Recommendations

I have reviewed these formulae (see Section 6) and confirm that, in my view, they remain appropriate.

## Investment Recommendations

In my opinion the investment strategy is appropriate to meet:

- the long-term liabilities of the Plan;
- the expected lump sum benefits of Defined Benefit members on termination of employment; and
- a conversion to the Plan's Accumulation category on reaching their Normal Retirement Date.

Additionally, it is able to pay the ongoing income streams of the Plan's pension members [REDACTED]

The Employer may prefer to have the Defined Benefit assets to be invested in a less growth orientated investment in order to minimise the fluctuations of assets in volatile investment markets. This may increase the long-term costs of running the Plan but will reduce fluctuations in the contribution rates in the short-term. If required, we can consider the financial impact of such a change.

The levels of liquidity available to the Plan are adequate to meet any of its short-term liquidity requirements, particularly in relation to the payment of benefits/pensions via contributions from the Employer and/or sale of the Plan's Assets.

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities are maintained at a similar level. As the pension liabilities are less than the assets held in the non-taxed earnings investment I recommend that \$300,000 of the assets be moved from the pensioner investment to the standard DB active investment.

Should a Category A3 and B1 member take up the pension option then active Defined Benefit assets will need to be transferred to the pension investment, with the amount to transfer dependent on the proportion of benefit taken as a pension as well as the present value of expected future cashflows of the pension payments.

## Crediting Rate Recommendations

I have reviewed the crediting rate policy for the Plan and confirm that, in my view, it remains appropriate and should be maintained. For more information refer to Appendix C.

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## Monitoring Recommendations

We were advised that the Trustee secured an exemption from carrying out an annual actuarial investigation between triennial actuarial investigations from the Australian Prudential Regulation Authority (APRA). I confirm that in my view carrying out the regular actuarial investigation on a triennial basis is appropriate based on the current and expected financial position of the Plan over the next five years. The next regular triennial actuarial investigation is scheduled to be carried out no later than 1 July 2026.

## Disclaimer

The calculations provided in this report are based on a number of assumptions. The assumptions used are best estimates only and may not be borne out in practice. It is therefore important to review the calculations in the light of actual experience and obtain regular updates.

## Actuary's Statement for the Purposes of SPS 160

I have conducted a regular triennial actuarial investigation of the Australian Retirement Trust - DXC Technology Superannuation Plan (the Plan) as at 1 July 2023 covering the period from 24 November 2020 to the valuation date.

In my opinion:

1. As at 1 July 2023, the fair value of the net Assets of the Plan for Defined Benefit members, based on the financial accounts for the Plan plus the Accumulation members' (including late retirees) benefits and DB members' additional accounts for Accumulation member assets, was \$533,744,232 and this is the value of assets used to determine the Employer contribution rate with an allowance for investment returns for the period from 1 July 2023 to 11 December 2023.
2. The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Actuarial Value of Accrued Benefits of \$517,467,653 as at 1 July 2023. The Actuarial Value of Accrued Benefits of Defined Benefit members as at 1 July 2023 for the purposes of Australian Accounting Standard AASB1056 was different due to different data and OTE assumptions factors used due to reporting timing requirements.
3. The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Minimum Requisite Benefits as at 1 July 2023.
4. The investigation disclosed the Plan was in a satisfactory financial position as at 1 July 2023. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date.
5. The Plan has a liability in respect of current pensioners. The present value of their future payments has been included in all benefit calculations. The assets including future contributions are sufficient to provide for the risk of longevity. Should the Plan be in an unsatisfactory financial position, the benefits of pension members will continue to be paid and the Employer will be required to increase contributions in order that the security of members' benefits will not be jeopardised. Any other member who has postponed retirement remains a member under the Rules and any relevant liability is included.

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Note that the assets supporting the pension liabilities are not segregated from the rest of the Plan Assets, however holdings are in a separate investment option for tax purposes, and as pensioners are either past employees or their dependants, their benefits have a priority (after Minimum Requisite Benefits) in the event of termination of the Plan.

There is also a high degree of probability that the 17 pensions currently in payment [REDACTED] [REDACTED] will be able to be paid as required under the Plan's governing rules. This statement is made in accordance with Superannuation Prudential Standard (SPS) 160, SIS Regulation 9.31(1) and Professional Standard 410 issued by the Institute of Actuaries of Australia.

6. I have recommended contributions to ensure that the assets will continue to be adequate to meet the liabilities of the Plan and I expect the Plan to remain in a satisfactory financial position as defined in the SIS Regulations.
7. All Funding and Solvency Certificates required to be obtained during the period of investigation were provided. I expect that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate required during the three-year period following the valuation date.

[REDACTED]

[REDACTED]

[REDACTED]

Aon Risk Services Australia Limited

24 December 2023

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## Appendix A – Summary of Plan Rules

As set out in the Plan's Benefit Deed, the Trustee may review and amend contributions and/or benefits under the Trust Deed as long as the amendment does not reduce the benefits accrued to any member with respect to the period before the date of the amendment, unless the member or regulator has approved the amendment in writing.

The following is a summary of the Plan rules used for the valuation. This summary should not be used to calculate benefits or be relied upon in place of the formal Plan rules.

The governing rules of the Plan are set out in the Plan's Benefit Deed and Participation Deed dated 23 November 2020. 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.

### Plan Structure

The Australian Retirement Trust - DXC Technology Superannuation Plan (the Plan) is a superannuation plan with Defined Benefit and Defined Contribution (Accumulation) sections and is constituted by a Benefit Deed. The Plan transferred into the Australian Retirement Trust (from the former Sunsuper Superannuation Fund) effective 28 February 2022 on a successor fund transfer basis. The prior plans that transferred to the former Sunsuper Superannuation Fund are:

- The Mercer Super Trust – DXC Technology Australia Superannuation Plan (the Former DXC Plan, which includes Category A3 and B1 members) transferred on 1 December 2020;
- The MLC Superannuation Fund – HP Super Employer Plan (the Former ES Plan, which includes Category ED1, ED4, ED5, ED7, ED8 and HP1 members) transferred on 24 November 2020;
- [REDACTED]
- A number of other accumulation superannuation funds (due to previous mergers and acquisitions) transferred to the Plan in the former Sunsuper Superannuation Fund from 24 November 2020.

The existing provisions of these plans remain unchanged at the former SFT dates of 24 November 2020 and 1 December 2020 and are consolidated in the Plan's Benefit Deed and Participation Deed. Note that there have been no changes to benefits with the SFT

to the Australian Retirement Trust effective 28 February 2022.

The Defined Benefit sections of the Plan are closed to new entrants. All new entrants to the Plan join the Accumulation section. This and the fact that the Plan provides Minimum Requisite Benefits to satisfy Employer obligations under the Superannuation Guarantee arrangements, has ensured that an increased number of benefits are being calculated on an accumulation basis.

The Plan is a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993. This results in the Plan being taxed at the favourable rate of 15 percent on income net of allowable deductions.



## Annual Review Date

1 July

## Category A3

<b>Membership</b>	Membership is measured in years and complete months and includes any membership of relevant previous funds.
<b>Members' Contributions</b>	5% pa of salaries by salary sacrifice
<b>Normal / Early Retirement Date</b>	65th / 55th birthday
<b>Final Average Salary (FAS)</b>	Average of 3 highest consecutive salaries at a review date over the last 10 years.
<b>Commutation Factor (Category A3)</b>	Commutation Factors for Category A3 members are set out in Section 3 of this report. We recommend that these factors be reviewed and updated, if applicable, at each triennial actuarial investigation, where the next investigation is scheduled as at 1 July 2026 (with the report to be delivered before 31 December 2026) unless there is a significant change that requires commutation factors to be updated before the new rates would usually be available.
<b>Normal Retirement Benefit</b>	<p>Category A3 members of the Plan have the option of taking their benefits in the form of a lump sum or a pension.</p> <p><u>Lump Sum</u></p> <p>The sum of:</p> <ul style="list-style-type: none"> <li>• 1.67% x Membership x FAS (subject to a maximum of 0.7 times Final Average Salary) x Commutation factors recommended by the Plan Actuary</li> <li>• Member Voluntary Account</li> <li>• Rollover Account</li> <li>• Surcharge Account (which is a negative account)</li> </ul> <p>Retirement benefit is subject to a minimum of the resignation benefit.</p> <p><u>Pension</u></p> <p>The pension benefit at age 65 is calculated as:</p> <ul style="list-style-type: none"> <li>• 1.67% x FAS x Membership (subject to a maximum of 70 percent of Final Average Salary)</li> </ul> <p>The Member Voluntary Account and Rollover Account plus Surcharge Account (which is a negative account) are payable in addition as a lump sum.</p> <p>Pension Indexation: None.</p>

Spouses' pension: The pension is not reversionary.

Pension Guarantee period: 5 years

<b>Early Retirement Benefit</b>	<p>Lump sum benefit is calculated as the Normal Retirement Benefit (from age 55) based on membership completed at the early retirement date and using commutation factors at the early retirement age recommended by the Plan Actuary.</p> <p>For members who retire on or after age 55 but before age 65 and choose to take a pension, the benefit is calculated as:</p> <ul style="list-style-type: none"> <li>• <math>1.67\% \times \text{FAS} \times \text{Membership completed as at the early retirement date}</math></li> </ul> <p>The pension is then discounted by 3% p.a. from age 65 (or 3% p.a. from age 60 for females retiring before age 60 who joined the Plan prior to 1 September 1986).</p>
<b>Late Retirement Benefit</b>	<p>The normal retirement benefit with earnings based on the member's selected investment option(s) and any contributions (net of tax as appropriate) allowed/required by law.</p>
<b>Resignation Benefit</b>	<p>A lump sum equal to:</p> <ul style="list-style-type: none"> <li>• Member Account</li> <li>• Member Voluntary Account</li> <li>• Company Basic Account*</li> <li>• Company Additional Account</li> <li>• Rollover Account</li> <li>• Surcharge Account (which is a negative account)</li> </ul> <p>*Accumulation of contributions at SG rates with interest.</p> <p>There is no pension option on resignation.</p>
<b>Death and Total and Permanent Disability Benefit</b>	<p>A lump sum equal to:</p> <p>The greater of:</p> <ul style="list-style-type: none"> <li>• Death Multiple x Salary; and</li> <li>• Sum of: <ul style="list-style-type: none"> <li>○ Company Basic Account</li> <li>○ Company Additional Account</li> <li>○ Member Account</li> <li>○ <math>17.5\% \times \text{years remaining to age 65} \times \text{Salary}</math></li> <li>○ Member Voluntary Account</li> <li>○ Rollover Account</li> <li>○ Surcharge Account (which is a negative account)</li> </ul> </li> </ul> <p>Where Death Multiple is defined as:</p> <p><u>Less than age 36 at entry:</u></p> <ul style="list-style-type: none"> <li>• <math>17.5\% \times \text{Years of total potential Membership to age 65}</math></li> </ul>

Greater than age 36 to 50 at entry:

The greater of:

- $(5 - 17.5\% \times \text{Years from Age 50 to Date of Calculation})$ ; and
- $17.5\% \times \text{years of total potential Membership to age 65.}$

Greater than age 50 at entry:

- $17.5\% \times \text{years of total potential Membership to age 65.}$

**Temporary Total  
Disablement Benefit**

$75\% \times \text{Salary}$

This is payable monthly during the Member's period of Temporary Total Disablement. This benefit is payable after a 3-month waiting period up to a maximum of 2 years.

**Retrenchment Benefit**

A lump sum equal to the greater of:

- $16.67\% \times \text{Membership} \times \text{FAS (subject to a maximum of 7 times Final Average Salary)} \times (1-D)$

Where:

D is the discount factor =  $3\% \times \text{the number of years (including fractions of a year being complete months) from the date member ceased service to the date of the member's 55th birthday.}$

Plus:

- Member Voluntary Account
- Rollover Account
- Surcharge Account (which is a negative account)
- Resignation Benefit

**Commutation Factors  
Recommended by the  
Actuary\***

Age	Male	Female
55	13.37276	13.73820
56	13.22813	13.60936
57	13.07612	13.47323
58	12.91640	13.32929
59	12.74859	13.17716
60	12.57228	13.01643
61	12.38704	12.84664
62	12.19247	12.66746
63	11.98817	12.47867
64	11.77394	12.28002
65	11.54969	12.07152

\*Updated effective 1 July 2023 and to be reviewed at the next triennial actuarial investigation.

<b>Minimum Requisite Benefit</b>	All benefits on leaving service for any reason are subject to a minimum of the Superannuation Guarantee benefit described in the Plan's Benefit Certificate effective 24 November 2020 (re-issued on 28 March 2022).
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## Category B1

<b>Members' Contributions</b>	4% p.a. of salary (grossed up for contributions tax if made by salary sacrifice) with salary subject to a maximum of \$60,000 p.a.
<b>Final Average Salary (FAS)</b>	Average of Salary earned in the last 36 months to the date of leaving the Company.
<b>Final Average Salary Pre (FASpre)</b>	Final Average Salary calculated on the basis of a Member's Salary excluding the Converted Amount (Amount of the Member's Salary that is paid to the Member in lieu of bonuses and commissions and other incentives).
<b>Service Pre</b>	Service before 1 July 2001
<b>Service Post</b>	Service on and after 1 July 2001 where total service (service pre and service post) is limited to 36 years.
<b>Discount Factor (DF)</b>	If aged 55 or over, 1. If under age 55, $1 \text{ less } (55 - \text{Age}) \times 0.02$ , subject to a minimum of 0.7.
<b>Normal / Early Retirement Date</b>	65th / 55th birthday
<b>Commutation Factor for over age 65 (Category B1)</b>	Commutation Factors for Category B1 members over age 65 are set out in Section 3 of this report. These factors will be reviewed at each triennial actuarial investigation, where the next investigation is scheduled as at 1 July 2026 (with the report to be delivered before 31 December 2026) unless there is a significant change that requires commutation factors to be updated before the new rates would usually be available.
<b>Normal Retirement Benefit</b>	<p>Category B1 members of the Plan have the option of taking their benefits in the form of a lump sum or a pension (or part lump sum and part pension).</p> <p><u>Lump Sum:</u></p> <p>The sum of:</p> <ul style="list-style-type: none"> <li>• The greater of* <ul style="list-style-type: none"> <li>○ <math>(20\% \times \text{Service Pre} \times \text{FASpre} + 20\% \times \text{Service Post} \times \text{FAS}) \times \text{DF}</math>; and;</li> </ul> </li> </ul>



- $2.5 \times \text{Member Account} + (3\% \times \text{Service Pre after 1/3/1987} \times \text{FAS Pre}) + (3\% \times \text{Service Post} \times \text{FAS}) + \text{NP Buy back Account (if any)}$

- Member Voluntary Account
- Member Voluntary Salary Sacrifice Account
- Rollover Account
- Surcharge Account (which is a negative account)

\*Capped at  $7.2 \times \text{Final Average Salary (split into FASpre and FAS)} + \text{NP Buy back Account (if any)}$

#### Pension

The pension benefit at age 65 is calculated as:

- $(1/54 \times \text{FASpre} \times \text{FT Service Pre}) + (1/54 \times \text{FAS} \times \text{FT Service Post}) + (1/54 \times \text{FASpre} \times \text{PT Service Pre} \times \text{SF}) + (1/54 \times \text{FAS} \times \text{PT Service Post} \times \text{SF})$

Where: "FT" means Full-time, "PT" means Part-time and "SF" means the Service Fraction applicable to the relevant PT service.

Pension Indexation: None.

Spouse pension: 50% reversionary pension paid to spouse after member's death.

Pension Guarantee period: There is no guarantee period.

#### **Early Retirement Benefit**

Lump sum benefit is calculated as the Normal Retirement Benefit (from age 55) based on the membership completed at the early retirement date.

For members who retire on or after age 55 but before age 65 and choose to take a pension, the benefit is calculated as the lump sum retirement benefit divided by an age dependant pension factor/commutation factor.

#### **Late Retirement Benefit**

For members who retire between ages 65 and 70: Lump sum benefit is calculated as the Normal Retirement Benefit based on the membership completed at the late retirement date.

For members who retire after age 70: The Member is entitled to a benefit on retirement equal to the benefit as if they had retired at age 70 together with investment earnings and accumulated contributions net of tax and expenses, if any, from age 70 to the date of termination of employment. These members have still the option to take their benefit as pension.

For members who retire on or after age 65 but before age 70 and choose to take a pension, the benefit is calculated as the lump sum retirement benefit divided by an age dependant sex distinct pension factor/commutation factor recommended by the Plan Actuary.

<b>Resignation Benefit</b>	<p>A lump sum benefit calculated in the same manner as the lump sum Retirement Benefit.</p> <p>There is no pension option on resignation.</p>
<b>Death and Total and Permanent Disability Benefit</b>	<p>The sum of:</p> <ul style="list-style-type: none"> <li>• 20% x Service Pre x FASpre at age 65 assuming Salary remains unchanged.</li> <li>• 20% x Service Post x FASpost at age 65 assuming Salary remains unchanged</li> <li>• 20% x total potential Service Post to age 65 (i.e., Total Service to age 65 capped at 36 years – Accrued Service at date of death) x FASpost at age 65 assuming Salary remains unchanged.</li> <li>• Member Voluntary Account</li> <li>• Member Voluntary Salary Sacrifice Account</li> <li>• Rollover Account</li> <li>• NP Buy back Account (if any)</li> <li>• Surcharge Account (which is a negative account).</li> </ul>
<b>Temporary Total Disablement Benefit</b>	<p>75% x Salary, payable monthly during the Member's period of Temporary Total Disablement.</p> <p>This is payable monthly during the Member's period of Temporary Total Disablement. This benefit is payable after a 3-month waiting period up to a maximum of 2 years.</p>

Commutation Factors Recommended by Actuary*	Age	Male and Female	Age	Male and Female
	55	13.8	61	12.0
	56	13.5	62	11.7
	57	13.2	63	11.4
	58	12.9	64	11.1
	59	12.6	65	10.8
	60	12.3		

These factors differ by gender beyond age 65 as below\*:

Age	Male	Female
65	10.80	10.80
66	10.63	10.63
67	10.46	10.46
68	10.27	10.27
69	10.08	10.07
70	9.88	9.87
71	9.67	9.66
72	9.45	9.43
73	9.22	9.20
74	8.98	8.96
75	8.74	8.71

\*to be reviewed every triennial actuarial investigation

#### Minimum Requisite Benefit

All benefits on leaving service for any reason are subject to a minimum of the Superannuation Guarantee benefit described in the Plan's Benefit Certificate effective 24 November 2020, which was re-issued on 28 March 2022.

## Category ED1, ED4, ED5, ED7 and ED8 (Former EDS (Australia) Superannuation Fund Division Members)

Classes of Members	<ul style="list-style-type: none"> <li>ED1 – Former EDS Defined Benefit members</li> <li>ED4 – Former OSF Division C</li> <li>ED5 – Former OSF Division D and E (no more active members at 1 July 2023)</li> <li>ED7 – Former TSS Division 2; and</li> <li>ED8 – Former WSSP Defined Benefit members</li> </ul>
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Date Accrual Froze	31 October 2009
--------------------	-----------------

Members' Compulsory Contributions	Nil																																										
Annual Salary	Member's salary expressed as an annual amount. This is the amount advised by the Employer to the Trustee that will be used to calculate the benefits under Schedule 2 of the Benefit Deed.																																										
Final Average Salary (FAS)	<p><b>ED1, ED4, ED7 and ED8</b></p> <p>The average annual salary received during the three years immediately prior to ceasing employment.</p> <p><b>ED5</b></p> <p>The average annual salary received during the two years immediately prior to ceasing employment.</p>																																										
Accounts	<p><b>Member Contributions Account balance</b> – The member's contributions account balance immediately prior to 1 November 2009, with investment earnings from that date.</p> <p><b>Member Account</b> – The Member Account is payable in addition to all benefits and includes all accumulation benefits with respect to service from 1 November 2009.</p> <p><b>Surcharge</b> – All benefits are reduced by the value (with investment earnings) of any surcharge assessments paid by the Prior ES Plan in respect of the member.</p>																																										
Normal / Early Retirement Date	65th / 55th birthday																																										
Past Service Multiple	The lump sum multiple accrued by the member in the pre-merger EDS Fund immediately prior to 1 November 2009																																										
Age Factor	<p>A factor determined according to the member's age in years and complete months. The appropriate factor is to be interpolated between the factors for the adjacent integral ages.</p> <p><b>Age Factor for ED1</b></p> <table><tr><th>Age</th><th>Factor</th><th>Age</th><th>Factor</th><th>Age</th><th>Factor</th></tr><tr><td>45 or less</td><td>0.85</td><td>51</td><td>0.91</td><td>57</td><td>0.97</td></tr><tr><td>46</td><td>0.86</td><td>52</td><td>0.92</td><td>58</td><td>0.98</td></tr><tr><td>47</td><td>0.87</td><td>53</td><td>0.93</td><td>59</td><td>0.99</td></tr><tr><td>48</td><td>0.88</td><td>54</td><td>0.94</td><td>60+</td><td>1.00</td></tr><tr><td>49</td><td>0.89</td><td>55</td><td>0.95</td><td></td><td></td></tr><tr><td>50</td><td>0.90</td><td>56</td><td>0.96</td><td></td><td></td></tr></table>	Age	Factor	Age	Factor	Age	Factor	45 or less	0.85	51	0.91	57	0.97	46	0.86	52	0.92	58	0.98	47	0.87	53	0.93	59	0.99	48	0.88	54	0.94	60+	1.00	49	0.89	55	0.95			50	0.90	56	0.96		
Age	Factor	Age	Factor	Age	Factor																																						
45 or less	0.85	51	0.91	57	0.97																																						
46	0.86	52	0.92	58	0.98																																						
47	0.87	53	0.93	59	0.99																																						
48	0.88	54	0.94	60+	1.00																																						
49	0.89	55	0.95																																								
50	0.90	56	0.96																																								



#### Age Factor for ED5

Age	Factor	Age	Factor	Age	Factor
45 or less	0.80	49	0.88	53	0.96
46	0.82	50	0.90	54	0.98
47	0.84	51	0.92	55+	1.00
48	0.86	52	0.94		

#### Age Factor for ED8

Age	Factor	Age	Factor	Age	Factor
30	0.50	39	0.68	48	0.86
31	0.52	40	0.70	49	0.88
32	0.54	41	0.72	50	0.90
33	0.56	42	0.74	51	0.92
34	0.58	43	0.76	52	0.94
35	0.60	44	0.78	53	0.96
36	0.62	45	0.80	54	0.98
37	0.64	46	0.82	55+	1.00
38	0.66	47	0.84		

#### Early/Normal Retirement Benefit

#### ED1, ED5 and ED8

Lump sum equals to the greater of

- Resignation Benefit and
- The sum of
  - Past Service Multiple x Final Average Salary x Age Factor
  - Member Account
  - Surcharge Account (which is a negative account)

#### ED4 and ED7

Lump sum benefit equal to Resignation Benefit

Some ED7 members had the option to take their benefit as a pension. The pension has a 67 percent spouse reversion and CPI indexation. There are no longer any members who are eligible for this benefit.

#### Resignation Benefit

#### ED1

#### *Members Less than age 45*

Benefit is lump sum benefit equal to the sum of

- Member Contributions Account balance x (1 + Vesting Factor);
- Member Account; and
- Surcharge Account (which is a negative account)

	<p><b>Members age 45 or more but less than age 55</b></p> <p>Benefit is lump sum equal to the sum of</p> <ul style="list-style-type: none"> <li>• Resignation benefit calculated for members less than age 45; and</li> <li>• <math>10\% \times [\text{Age of member} - 45] \times [(\text{Past Service Multiple} \times \text{Final Average Salary} \times \text{Age Factor}) - (\text{Member Contributions Account Balance} \times (1 + \text{Vesting Factor}))]</math>, subject to a minimum of zero</li> </ul> <p><b>ED4 and ED7</b></p> <p>Lump sum benefit equal to the sum of</p> <ul style="list-style-type: none"> <li>• Past Service Multiple x Final Average Salary</li> <li>• Member Account</li> <li>• Surcharge Account (which is a negative account)</li> </ul> <p><b>ED5 and ED8</b></p> <p>Lump sum benefit equal to the sum of</p> <ul style="list-style-type: none"> <li>• Past Service Multiple x Final Average Salary x Age Factor</li> <li>• Member Account</li> <li>• Surcharge Account (which is a negative account)</li> </ul>
<p><b>Death and Total and Permanent Disability Benefit</b></p>	<p>Lump Sum benefit equal to Resignation Benefit</p>
<p><b>Total Disablement Benefit</b></p>	<p><b>ED1, ED4, ED5</b></p> <p>If a member becomes totally disabled while in service and prior to normal retirement age, member will receive a monthly benefit payable after 180 days equal to the lower of</p> <ul style="list-style-type: none"> <li>• 75% of Superannuation Salary at the date of disablement reduced by any workers' compensation, sickness or accidents benefits, and any salary or other income for work that the member receives while in receipt of the TTD benefit; and</li> <li>• 66.7% of the Superannuation Salary at the date of disablement</li> </ul> <p>This benefit will be paid for a period ending on the earliest of two years from the first monthly payment, the member's 65<sup>th</sup> birthday, the date the member returns to work, the date of the member's Total and Permanent Disablement, or the date of the member's death.</p> <p><b>ED7</b></p> <p>If a member becomes totally disabled while in service and prior to normal retirement age, member will receive a monthly benefit payable after 180 days equal to the lower of</p> <ul style="list-style-type: none"> <li>• 75% of the Superannuation Salary at the date of disablement, reduced by any workers' compensation, sickness or accidents</li> </ul>

	<p>benefits, and any salary or other income for work that the member receives while in receipt of the TTD benefit; and</p> <ul style="list-style-type: none"> <li>• 66.7% of Superannuation Salary at the date of disablement.</li> </ul> <p>This benefit will be paid for a period ending on the earliest of two years from the first monthly payment, the date the member returns to work, or the member's death</p> <p><b>ED8</b></p> <p>If a member become totally disabled while in service and prior to normal retirement age and they will receive a monthly benefit payable after 90 days equal to</p> <ul style="list-style-type: none"> <li>• 70% of the Superannuation Salary at the date of disablement, reduced by any workers' compensation, sickness or accidents benefits, and any salary or other income for work that the member receives while in receipt of the TTD benefit</li> </ul> <p>This benefit will be paid until the earliest of two years from the date of the first monthly payment, the date the member returns to work or the member's date of death.</p>
<b>Minimum Requisite Benefit</b>	<p>All benefits on leaving service for any reason are subject to a minimum of the Superannuation Guarantee benefit described in the Plan's Benefit Certificate effective 24 November 2020, which was re-issued on 28 March 2022.</p>

## Category HP1 (Former Hewlett-Packard Australia Superannuation Plan Division Members)

<b>Classes of Members</b>	<p>HP1 – Members who joined the HPA Plan prior to 1 October 1996 and who prior to 1 November 2010, had made or were deemed to have made contributions at a rate of at least 5% of Salary</p>
<b>Date Accrual Froze</b>	<p>31 October 2010</p>
<b>Members' Compulsory Contributions</b>	<p>Nil</p>
<b>Superannuation Salary</b>	<p><b>Pre 2006 Salary</b></p> <p>Notional Salary equal to a percentage of Total Remuneration</p> <p><b>Post 2006 Salary</b></p> <p>Effective 31 July 2005, certain members of the pre-merger HP Plan were offered the opportunity to increase their Notional Salary to 85% of Total Remuneration.</p>

<b>Final Average Salary (FAS)</b>	<p>Average of the member's three highest Superannuation Salaries on the five most recent review dates (1 July) prior to leaving the Plan.</p> <p>Due to the definition of salary, each member has two FAS definitions</p> <ul style="list-style-type: none"> <li>• FAS Pre 2006 – this is based on Superannuation Salary pre-2006</li> <li>• FAS Post 2006 – this is based on Superannuation Salary post 2006</li> </ul>
<b>Pensionable Service</b>	Period of service between the date of becoming a full member and retirement from the Plan
<b>Service</b>	Member's period of employment
<b>Accounts</b>	<p><b>Member Contribution Account</b> – Member contributions (less tax) up to 31 October 2010, with investment earnings</p> <p><b>SG Account</b> – Company SG contributions (less tax) up to 31 October 2010 with investment earnings, plus member's Preserved Account at 30 June 1996 with investment earnings; plus vested part of the Resignation Benefit at 30 June 1996 with investment earnings.</p> <p><b>Pre-96 Account</b> – The excess of the Maximum Resignation Benefit at 30 June 1996 under the previous rules over the vested Resignation Benefit at that date with investment earnings (for existing members at 1 October 1996 only).</p> <p><b>Company Account</b> – Company additional contributions (less tax), in excess of the SG level with investment earnings. From 1 July 2002, no further contributions were credited to this account.</p> <p><b>Productivity Account</b> – Notional Company contributions of 3 percent of Salary (less tax) from 1 January 1988 up to 31 October 2010, with investment earnings.</p> <p><b>Member Account</b> – All accumulation benefits with respect to service from 1 November 2010 with investment earnings</p> <p><b>Additional Account</b> – Voluntary contributions or rollovers made by the member with investment earnings</p> <p><b>Surcharge Account</b> – Surcharge assessments with investment earnings</p>
<b>Normal/Early Retirement Date</b>	65 <sup>th</sup> birthday/ 55 <sup>th</sup> birthday (this applies to the remaining Defined Benefit active members)
<b>Early/Normal Retirement Benefit</b>	<p>Lump sum benefit equal to the greater of</p> <ul style="list-style-type: none"> <li>• Accrued Multiple Pre 1/4/1990 x Age Factor x FAS pre 2006 + Accrued Multiple From 1/4/1990 to 1/7/2005 x FAS pre 2006 + Accrued Multiple Post 1/7/2005 x FAS post 2006 + Productivity Account + Pacific Dunlop Account</li> <li>• Pre-96 Account + Company Account + Member Contributions Account</li> </ul>



Plus the sum of

- Additional Account
- Surcharge Account (which is a negative account) and
- Member Account

Accrued multiple is the sum of accrual rates earned for each year and completed months of Pensionable service. The accrual rates are as follows:

Pensionable Service Completed	Accrual Rate
Prior to 1 April 1990	16.7%
After 31 March 1990 and prior to 1 November 2010	15.0%

Age Factor for membership prior to 1 April 1990 are summarized in the table below.

Age	Factor	Age	Factor	Age	Factor
50	1.319	56	1.208	62	1.073
51	1.301	57	1.186	63	1.049
52	1.283	58	1.165	64	1.024
53	1.265	59	1.143	65	1.000
54	1.247	60	1.122		
55	1.229	61	1.098		

## Late Retirement

On retirement after age 70 years, a lump sum benefit is payable equal to the benefit at age 70 accumulated with investment earnings to the date of retirement and any contributions (net of tax as appropriate) allowed/required by law.

## Resignation Benefit

Benefit is lump sum equal to the sum of

- Member Contribution Account;
- SG Account;
- Pre-96 Account;
- Company Account;
- Additional Account;
- Surcharge Account (which is a negative account); and
- Member Account.

## Retrenchment Benefit

Members whose Pensionable Service commenced prior to 1 April 1990 and other pre 1 October 1996 members who the Company deems appropriate are eligible to receive a defined benefit upon retrenchment from the Company at any time.

The defined benefit is the greater of

- $(16.7\% \times m + 15\% \times n) \times \text{FAS} \times 0.943^t + \text{Productivity Account};$  and
- $A \times [2 + (E - 20) \times 2.5\%]$

	<p>Plus the sum of</p> <ul style="list-style-type: none"> <li>• Additional Account</li> <li>• Surcharge Account (which is a negative account) and</li> <li>• Member Account</li> </ul> <p>where</p> <p>m = service completed prior to 1 April 1990 in years and completed months</p> <p>n = service from 1 April 1990 up to 31 October 2010 in years and completed months</p> <p>FAS = final average salary</p> <p>t = future service to age 65</p> <p>A = member's contribution to 31 October 2010 with investment earnings</p> <p>E = age at joining the HPA Plan in complete years</p>
<b>Death and Total and Permanent Disability Benefit</b>	<p>Lump sum benefit equal to the sum of</p> <ul style="list-style-type: none"> <li>• Resignation benefit;</li> <li>• Standard insurance cover equal to <math>(1 + x\%</math> of future service from date of death to NRA) x Salary; and</li> <li>• Voluntary insurance</li> </ul> <p>Where x is the percentage chosen by member and can be 5, 10, 15, 20 or 25</p>
<b>Total Disablement Benefit</b>	<p>Following a certain period of absence from work, the benefit is an annual pension paid in monthly instalments for a maximum of two years equal to the lesser of</p> <ul style="list-style-type: none"> <li>• 66.7% of Salary at the date of disablement; and</li> <li>• 75% of Salary at the date of disablement reduced by any other sickness or accident benefits</li> </ul>
<b>Minimum Requisite Benefit</b>	<p>All benefits on leaving service for any reason are subject to a minimum of the Superannuation Guarantee benefit described in the Plan's Benefit Certificate effective 24 November 2020, which was re-issued on 28 March 2022.</p>

## Late Retirees

<b>Classes of Members</b>	All Late Retirees
<b>Leaving Service Benefit</b>	Sum of Accumulation Account balances
<b>Death and TPD Benefits</b>	Sum of Accumulation Account balances



## All Accumulation Members

<b>Classes of Members</b>	All members that are not a DB member or a Late Retiree
<b>Leaving Service Benefit</b>	Sum of Accumulation Account balances
<b>Death and TPD Benefits</b>	Sum of the following <ul style="list-style-type: none"> <li>• Accumulation Account Balances;</li> <li>• Standard Insurance cover; and</li> <li>• Voluntary Insurance cover.</li> </ul>

## Partial Withdrawals

All benefits are offset by any partial payments made from the Plan accumulated with investment earnings.



## Appendix B – Membership

### Changes in Membership 24 November 2020 – 1 July 2023

	Plan
<b>Active DB Membership at 24 November 2020</b>	<b>44</b>
<b>Plus</b>	
New Entrants	0
Transfers from other funds	0
Transfers from other categories	0
<b>Less</b>	
Transfer to other funds	0
Transfers to other categories*	1
Deaths	0
Total and Permanent Disablement	0
Early retirements	4
Normal retirements**	3
Resignations	1
Retrenchments	0
Late retirements	1
<b>Active DB Membership at 1 July 2023</b>	<b>34</b>

\*became a pensioner

\*\*two became Late Retirees

During the valuation period:

This has increased the number of pensioners from 15 as at the initial actuarial investigation to 16 at the valuation date.

In addition:

- The 16 pensioners at the valuation date have total annual pensions of \$689,388 and average age of 69.7 years.
- There were 2,388 Accumulation members at the valuation date with total salaries of \$317,460,299.
-

## Membership Characteristics as at 1 July 2023

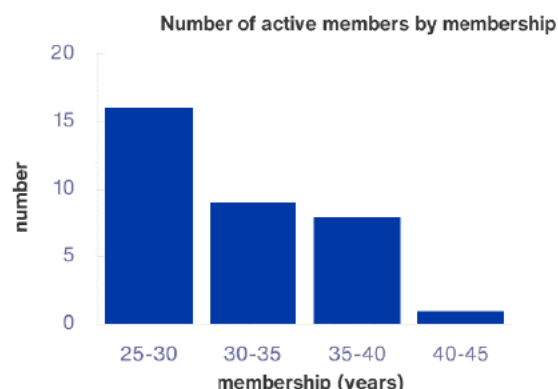
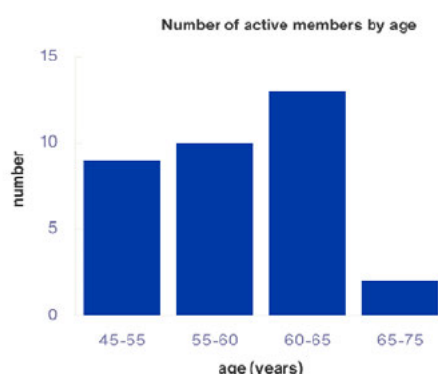
The main characteristics of the Plan's Defined Benefit membership at the valuation date are summarised in the following table. For comparison, active figures for the initial actuarial investigation (24 November 2020) are shown also:

Defined Benefit Active Members	1 July 2023	24 November 2020
Census Date	30 June 2023	24 November 2020
Number of members	34	44
Average age (years)	58.6	56.7
Average membership (years)	31.7	28.8
Total annual salary (\$)	3,993,141	5,098,102
Average annual salary (\$)	117,445	115,866
<b>Pensioners</b>		
Number of pensioners	16	15
Average age (years)	69.7	67.3
Total annual pension (\$)*	689,388	615,884

\*annual pension amount at census date

## By Age and Membership

The following graphs outline the distribution by age and membership of the 34 active Defined Benefit members:



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## Quality of Data

Member data (active DB members, pensioners and Late retirees) as at 30 June 2023 was received electronically and was in good order for the purposes of preparing this Report. Defined benefit individual membership data as well as Defined Benefit asset information was reconciled to the last annual actuarial investigation data as at 30 September 2021.

Accumulation members' cash flow information was not available from the Administrator and therefore a full reconciliation on accumulation members' assets was not carried out.

We have relied on the asset information provided by the Plan administrator as at 30 June 2023 as audited financial statements for the Plan at that date are not available, however we understand that the financial statements for the Australian Retirement Trust as at 30 June 2023 have been audited and signed on 21 September 2023.

Aon have relied on data and information provided by the Plan administrator. Aon did not audit the employee data and financial information used in this valuation. However, on the basis of our review of this data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purpose intended.

If the data and information provided is revised for any reason and materially changes the results, then this report may need to be revised.

## Administration

In this valuation we have recommended new Category A3 and B1 commutation factors listed in Section 3 effective 1 July 2023. Therefore, our calculation of lump sum vested benefits differs from the administrator's as the census date provided is as at 30 June 2023.

The administrator confirmed that the sum insureds for the period 1 July 2023 to 30 June 2024 are based on the vested benefits as at 30 June 2023. The change in the sum insured is significant if the vested benefits based on the new commutation factors are used.

No other significant variations were detected between the method of calculation of benefits on the administration system and our calculations. The data received was adequate and appropriate for the purposes of the regular triennial actuarial investigation. Data checking included:

- Membership information for DB members and pensioners;
- Accrued and normal retirement multiples for active DB members;
- Final average salary and consistency of salaries from year to year for active DB members;
- Annual pension payable for pensioners including the indexation of pension payments indexed according to the methodology stipulated in the Benefit Deed, if any; and
- All benefit calculations at the valuation date (resignation, retirement, death and total and permanent disablement benefits).

## Appendix C – Accounts and Summary of Assets

### Accounts

The following is a summary of the financial accounts provided by the Plan administrator for the actuarial investigation period 24 November 2020 to 30 June 2023. The final accounts of the Australian Retirement Trust for 30 June 2023 have received audit clearance.

	24 November 2020	30 September 2021	24 November 2020
	to	to	to
	30 September 2021	30 June 2023	30 June 2023
	(\$)	(\$)	(\$)
<b>Plan Assets at start of period (A)</b>	<b>476,248,326</b>	<b>565,612,980</b>	<b>476,248,326</b>
Accumulation accounts at start of period* (B)	426,968,750	512,386,360	426,968,750
<b>Defined Benefit related Plan Assets at start of period (C)</b>	<b>49,279,576</b>	<b>53,226,620</b>	<b>49,279,576</b>
<b>= (A) – (B)</b>			
<b>Plus</b>			
Member contributions	99,480	178,872	278,352
Employer contributions	139,441	(15,118)	124,323
Rollovers/transfers in	0	0	0
Investment income (including capital appreciation/depreciation)	7,064,947	3,158,109	10,223,056
<b>Less</b>			
Insurance premiums (net of rebates)	14,392	40,382	54,774
Benefits (net of insurance recoveries)	3,192,176	9,808,156	13,000,332
Transfers out to other funds	0	0	0
Administration and other charges	138,709	169,872	308,581
Income tax	11,547	(10,383)	1,164
<b>Defined Benefit related Plan Assets at end of period (D)</b>	<b>53,226,620</b>	<b>46,540,456</b>	<b>46,540,456</b>
Accumulation accounts at end of period* (E)	512,386,360	487,203,776	487,203,776
<b>Plan Assets at end of period (F) = (D) + (E)</b>	<b>565,612,980</b>	<b>533,744,232</b>	<b>533,744,232</b>

\*These include the DB Additional Accounts for Defined Benefit members which were equal to \$3,703,693, \$4,245,579 and \$4,396,181 as at 24 November 2020, 30 September 2021 and 30 June 2023 respectively.

Note that assets backing pension liabilities are included in the above assets, however, they are in a separate investment option and therefore receive favourable tax treatment. The amount of pension assets at 24 November 2020, 30 September 2021 and at 30 July 2023 was \$6,703,161, \$7,937,975 and \$8,274,376 respectively.



Aon have relied on data and information provided by the Plan administrator. Aon did not audit the financial information used in this valuation. However, on the basis of our review of this data, we believe that the information is sufficiently complete and reliable, and that it is appropriate for the purpose intended.

If the financial information provided is revised for any reason and materially changes the results, then this report may need to be revised.

## Summary of Assets

Accumulation members and Defined Benefit members (including Late Retirees) for non-defined benefit related assets, may invest their account balances in any option. Where an investment option is not chosen by Accumulation members, account balances are invested in the default Life Cycle Investment Strategy option.

Defined Benefit related account balances are invested in the ART Super Savings' Balanced Option. Defined Benefit assets above account balances (i.e. defined benefit reserve assets) are also invested in the ART Super Savings' Balanced Option. Pensioner assets are separately invested in the ART Super Savings' Balanced Option for retirement income, which has nil tax on investment earnings.

The benchmark asset allocation of the ART Super Savings' Balanced Option\* is as follows:

By Asset Class	24 November 2020	30 June 2023
<b>(based on benchmark asset allocation)</b>	<b>(%)</b>	<b>(%)</b>
Australian Shares	26.50	26.30
International Shares	26.25	26.80
Property	10.50	8.50
Alternatives Asset – growth	14.25	14.50
Alternatives Asset – defensive	7.75	8.00
Australian Fixed Interest	5.38	7.00
International Fixed Interest	5.37	7.00
Cash	4.00	1.90
<b>Total</b>	<b>100.00</b>	<b>100.0</b>

\*Prior to the merger with QSuper, this was known as the Sunsuper Balanced option. The administrator confirmed that only the name changed due to the merger.

The asset valuation method is in accordance with Professional Standard 404 published by the Institute of Actuaries of Australia. We have relied on the asset information provided by the Plan administrator as at 30 June 2023 as the audited financial statements specific to the Plan at that date are not available.

## Crediting Rate Policy

The ART Super Savings' Balanced Option return for the period were summarised below:

Investment Option	24 November 2020 to 30 September 2021	30 September 2021 to 30 June 2023	Period to 30 June 2023 (p.a.)
ART Super Savings' Balanced Option <sup>1</sup>	13.9%	6.4%	7.7%
ART Super Savings' Balanced Option – for retirement income <sup>2</sup>	15.0%	7.1%	8.4%

<sup>2</sup>net of investment fees and taxes

<sup>2</sup>net of investment fees but gross of taxes

The Plan credits the actual return after investment related expenses to members' accounts, DB reserve or pension reserve based on daily unit prices. This method of crediting interest is appropriate as members receive interest on their accounts in accordance with what the Plan has earned and there are no cross-subsidisations. Investment earnings can be positive or negative and are based on the changes in unit price of the relevant option.

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## Appendix D – Funding Method

### Funding Method

The funding method is the manner in which the Employer's recommended contribution rate is determined. In this regular triennial actuarial investigation, I have calculated the recommended Employer contribution rate using an actuarial funding method called the Attained Age Normal method (AAN).

In this method an initial contribution rate is determined for each category which will be sufficient to meet the benefits which will accrue to current members at the valuation date in respect of their future service only.

The contribution rate is constructed so that it is expected to remain constant until the last current member leaves the Plan (assuming the assumptions made are borne out and remain unchanged).

Secondly, the value of current members' Actuarial Value of Accrued Benefits is compared to the value of assets. The future service contribution rates are adjusted in the light of any surplus or deficiency.

For the pension liability, the value is determined as the present value of expected future cashflows.

This is the same method as was used at the initial actuarial investigation.

The reason this method is chosen is so that the Employer can be provided with the long-term future cost of providing the benefits based on the current membership which should not vary substantially as it is a smoothed rate. The usage of surplus or funding of a deficit can then be over a time horizon that is considered suitable from both the Trustee and Employer's point of view.

### Summary of Method of Attributing Benefits to Past Membership

In order to determine if the Plan is in surplus or deficit it is necessary to determine what proportion of benefits payable in the future from the Plan are due to past service. The past membership components in respect of the current members are projected forward allowing for future assumed salary increases and then discounted back to 1 July 2023 at the valuation rate of interest assumption.

The past membership component for each type of benefit is:

#### Retirement Benefits

Based on a member's actual accrued retirement benefit multiple as at the date of valuation or accumulated value of contributions made to the Plan (i.e. investment related benefits).

In the case of benefits based on the accumulated value of contributions made to the Plan (i.e. where the Minimum Requisite Benefit 'wins'), the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings, vesting and discounted from the projected date of resignation to the valuation date.

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## Death and Disablement Benefits

Based on a member's accrued retirement benefit multiple as at the date of valuation or accumulated value of contributions made to the Plan.

## Resignation Benefit

### Category A3, ED1 and HP1

In the case of benefits based on the accumulated value of contributions made to the Plan, the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings, vesting and discounted from the projected date of resignation to the valuation date.

### Category B1, ED4, ED5 and ED8

Based on member's actual accrued retirement benefit multiple as at the date of valuation or the accumulated value of contributions made to the Plan.

In the case of benefits based on the accumulated value of contributions made to the Plan (i.e. where the Minimum Requisite Benefit 'wins'), the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings and discounted from the projected date to resignation to the valuation date.

## Superannuation Guarantee Minimum Benefit

In the case of Superannuation Guarantee benefits the past component is based on the accumulated contributions with investment earnings to the valuation date, allowing for future expected investment earnings and discounted from the projected date of termination to the valuation date.

## Adjustments

Additional accumulation accounts for Defined Benefit members and Accumulation members' (including Late retirees) benefits (e.g. rollover, voluntary member contribution, etc.) have been added to the past membership liability at their face value and accounts such as the surcharge and/or family law liability account have been deducted.



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## About Aon

[Aon plc](#) (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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