MERCER

MAKE TOMORROW, TODAY

ALSCO PTY LTD SUPERANNUATION FUND

(SUB-PLAN OF IOOF EMPLOYER SUPER)

REPORT TO THE TRUSTEE ON THE ACTUARIAL INVESTIGATION AS AT 30 JUNE 2019

24 DECEMBER 2019

MARSH & McLENNAN COMPANIES

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Key Results and Recommendations

This report on the actuarial investigation of the Alsco Pty Ltd Superannuation Fund (the Fund) as at 30 June 2019 has been prepared to meet the requirements of the Fund's governing rules and the SIS legislation. This report should not be relied upon for any other purpose or by any party other than the Trustee of the Fund. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts. The Trustee should share this report with the Employer who contributes to the Fund. The Employer may consider obtaining separate actuarial advice on the recommendations contained in the report.

1.1. Change in Financial Position

	Position at 30 June 2019		Position from 30 June 2016 Investigation Report	
Defined Benefits Only*	**$000**	**Asset Coverage**	**Projected Coverage at 30 June 2019**	**Coverage at 30 June 2016**
Assets	[redacted]			
Liability for Vested Benefits**	[redacted]	125.4%	127%	116%
Liability for Actuarial Value of Accrued Benefits	[redacted]	132.4%	n/a	121%
Liability for SG Minimum Benefits	[redacted]	191.3%	n/a	235%

*The above totals exclude accumulation liabilities of $339,000 and additional accumulation balances for defined benefit members of $249,000 as at 30 June 2019.

** Assumes employer consent is given for early retirement benefits

The Vested Benefits and Actuarial Value of Accrued Benefits coverage levels at 30 June 2019 were higher than the levels at the previous actuarial investigation, due to the following items of positive experience:

- Estimated investment earnings of 6.5% p.a., which were higher than the long term rate 5.3% p.a.
- Salary growth of 2.5% p.a. which was lower than expected 4.0% p.a.; and
- The exit of two members during the period which spread the excess assets over a smaller group of members.

The positive experience was offset somewhat by the Employer contribution holiday in respect of defined benefit members over the period, and the crediting rates applied to defined benefit members' accounts of 7.6% pa being higher than the assumed rate of 5.3% pa.

The coverage of SG Minimum Benefits reduced over the period as the benefits paid to the exiting members exceeded their Minimum Benefits.

1.2. Recommended Contribution Rates and Projections

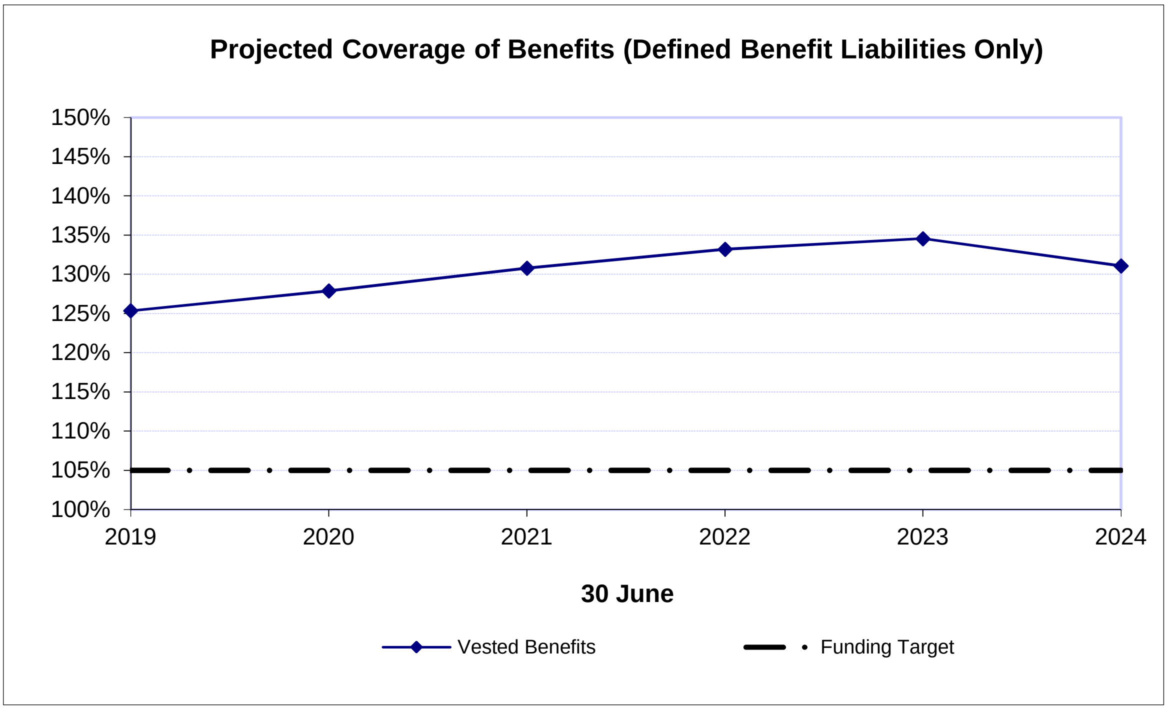
At 30 June 2019, the Fund was in a satisfactory financial position. The 125% coverage of Defined Benefit Vested Benefits was significantly above the financing objective of 105% coverage adopted for this investigation.

Based on the financial position at 30 June 2019, I recommend that the Employer continues to contribute to the Fund as follows:

Benefit Category	Contribution Rate (% of salaries)
A*	Nil
B	Nil
C	Nil
Accumulation Members	At the Superannuation Guarantee rate or required rate

*Inclusive of deemed member contributions

Based on the assumptions adopted for this investigation and allowing for any material experience after the investigation date as detailed in this report, we have prepared the following projection of Fund assets and benefit liabilities:



The graph above shows that the recommended contributions are anticipated to result in assets of at least 105% of Defined Benefit Vested Benefits (the financing objective adopted in this investigation) until 30 June 2022.

1.3. Other Findings and Recommendations for the Trustee

Suitability of Policies

- The investment policy for the defined benefit section of the Fund is suitable.
- The crediting policy for the defined benefit section of the Fund is suitable.

- The insurance arrangements for the defined benefit section of the Fund are suitable.
- The Shortfall Limit (for the purposes of SPS 160) should be increased to 98.4%.
- The Trustee's process for monitoring the Fund's financial position is suitable.

Recommendations

- While the current investment policy is a suitable policy, we recommend it be reviewed to ensure the Trustee and Employer remain satisfied it meets their needs and is in line with the risk tolerance of the Employer.
- The Shortfall limit should be increased.

1.4. Action Required

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

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

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2. Liability Measures as at 30 June 2019

2.1. Vested Benefits

Vested Benefits are the amounts payable as of right should all active members voluntarily resign or, if eligible, retire at the investigation date. We have assumed that employer consent is given to early retirement.

At 30 June 2019, Plan assets were greater than Vested Benefits. Accordingly the Plan was considered to be in a “satisfactory financial position” under SIS legislation. The 125% coverage of Defined Benefit Vested Benefits was significantly above the financing objective of 105% coverage adopted for this investigation.

2.2. SG Minimum Benefits

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

Plan assets at 30 June 2019 were also greater than SG Minimum Benefits and hence the Plan was considered to be “solvent” under SIS legislation.

2.3. Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits is the expected value (as at the investigation date) of all future expected benefit payments, based on membership to date, discounted to the investigation date, taking into account the probability of payment. This value is calculated using actuarial methods and assumptions. In determining the value, a minimum of Vested Benefits was not applied to the Actuarial Value of Accrued Benefits.

The coverage of the Actuarial Value of Accrued Defined Benefits at 30 June 2019 was also significantly above 100% the financing objective coverage adopted for this investigation.

2.3.1. Summary of Method of Attributing Benefits to Past Membership

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

2.3.2. Accumulation Benefits

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

2.3.3. Defined Benefits

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

The past membership component for each type of benefit is:

Retirement:	based on the member’s accrued benefit multiple or relevant account balances at the investigation date
Death and Disablement:	not valued
Resignation:	based on the member’s accrued benefit multiple or relevant account balances at the investigation date, allowing, where applicable, for future vesting to the projected date of resignation

The weighted average term of the accrued benefit liabilities is 5.1 years.

2.3.4. Changes in Methodology of Calculating the Actuarial Value of Accrued Benefits

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

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3. Experience

3.1. Change in Financial Position since Previous Investigation

The table below shows the coverage of assets over Vested Benefits, the Actuarial Value of Accrued Benefits and the SG Minimum Benefits as at 30 June 2019, and the corresponding values at the previous investigation date.

	Position at 30 June 2019		Position from 30 June 2016 Investigation Report	
Defined Benefits Only*	**$000**	**Asset Coverage**	**Projected Coverage at 30 June 2019**	**Coverage at 30 June 2016**
Assets	[redacted]			
Liability for Vested Benefits**	[redacted]	125.4%	127%	116%
Liability for Actuarial Value of Accrued Benefits	[redacted]	132.4%	n/a	121%
Liability for SG Minimum Benefits	[redacted]	191.3%	n/a	235%

*The above totals exclude accumulation liabilities of $340,000 and additional accumulation balances for defined benefit members of $[redacted] as at 30 June 2019.

** Assume employer consent is given for early retirement benefits

The Vested Benefits and Actuarial Value of Accrued Benefits coverage levels at 30 June 2019 were higher than the levels at the previous actuarial investigation due to the overall positive experience.

The reasons for the changes in the financial position due to experience since the previous investigation are detailed below.

3.1.1. Investment Returns and Crediting Rates

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

Year Ending	Investment Return (pa)	Crediting Return (pa)
30 June 2017	6.6%	7.9%
30 June 2018	6.8%	8.8%
30 June 2019	6.1%	6.1%
Compound Average	**6.5%**	**7.6%**

The estimated average investment return for the three year period to 30 June 2019 was 6.5% p.a. compared to our longer term assumption at the last actuarial investigation of 5.3% p.a. The higher than assumed return had a positive impact on the Plan's financial position. However, this was partly offset by the impact of the average crediting rate over the period being higher than assumed.

3.1.2. Salary Increases

Salaries for the current defined benefit members increased by an average of 2.5% pa over the period compared to our longer term assumption at the last actuarial investigation of 4.0% pa. The lower than assumed salary increases had a positive impact on the Plan's financial position.

3.1.3. Changes in Membership/Decrements

During the period under review the number of defined benefit members within the Fund decreased from seven to five. This spread the excess assets over a smaller group of members and as a result improved the coverage levels.

The coverage of SG Minimum Benefits reduced over the period as the benefits paid to the exiting members exceeded their Minimum Benefits.

3.1.4. Contributions

The Employer contribution rates since the date of the prior actuarial investigation were as follows:

Benefit Category	Contribution Rate (% of salaries)
A*	Nil
B	Nil
C	Nil
Accumulation Members	At the Superannuation Guarantee rate or required rate

*Inclusive of deemed member contributions

The Employer contribution rates were in accordance with the prior actuarial investigation and subsequent contribution recommendations.

The contribution holiday had a negative impact on the Plan's financial position.

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4. Contribution Requirements

4.1. Financing Objective

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

- 100% of accumulation account balances plus
- 105% of Defined Benefit Vested Benefits over the period to the next investigation.

Accumulation account balances are matched by specific assets and do not require any additional margins. However approximately half of the defined benefit liabilities are not linked to the returns on the underlying assets. A margin in excess of 100% coverage of vested defined benefits is therefore desirable to provide some security against adverse experience such as poor investment returns. I consider that the target margin of 105% is suitable.

Based on the assumptions adopted for this investigation, achieving the financing objective of 105% of Vested Benefits for defined benefit members would also result in at least 100% coverage of the Actuarial Value of Accrued Benefits and a satisfactory margin of coverage over 100% of SG Minimum Benefits. Hence it is not considered necessary to adopt specific financing objectives in relation to these benefit liability measures.

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

4.1.1. Professional Requirements

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

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

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

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

The financing objective has been set on the basis that members' reasonable expectations on termination would be to receive their vested benefit entitlement.

4.1.2. Provisions of the Trust Deed

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

4.2. Financing Method

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

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

Under this method of financing, the level of the Employer contribution may vary from time to time to ensure that the Fund remains on course towards its financing objective (minimum 105% coverage of Vested Benefits).

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

4.2.1. Changes in Financing Method

The Target Funding method was also adopted at the last investigation.

4.3. Employer Future Service Cost

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

Defined Benefit Membership Group	Employer long-term cost (of future benefit accrual) (% of Salary/Wage)
Category A	20.5%
Category B	11.1%
Category C	11.5%
Average	17.8%

The Employer's long-term defined benefit funding cost above includes the expected expenses (of 0.75% of DB salaries) and includes allowance for contributions tax.

The average rate for current members is 17.8% of salaries, compared to the average rate of 19.3% determined at the previous investigation. The assessed long-term costs have decreased by 1.5% of salaries since the last investigation mainly due to a decrease in the expense assumption from 2.2% to 0.75% of salaries p.a.

4.4. Recommended Contributions

Based on the financing objective described and the results of this investigation, I recommend that the Employer continues to contribute to the Fund as follows:

Benefit Category	Contribution Rate (% of salaries)
A*	Nil
B	Nil
C	Nil
Accumulation Members	At the Superannuation Guarantee rate or required rate

*Inclusive of deemed member contributions

4.5. Projected Financial Position

The next section of the report shows the projected financial position on the recommended contributions compared with the Financing Objective adopted.

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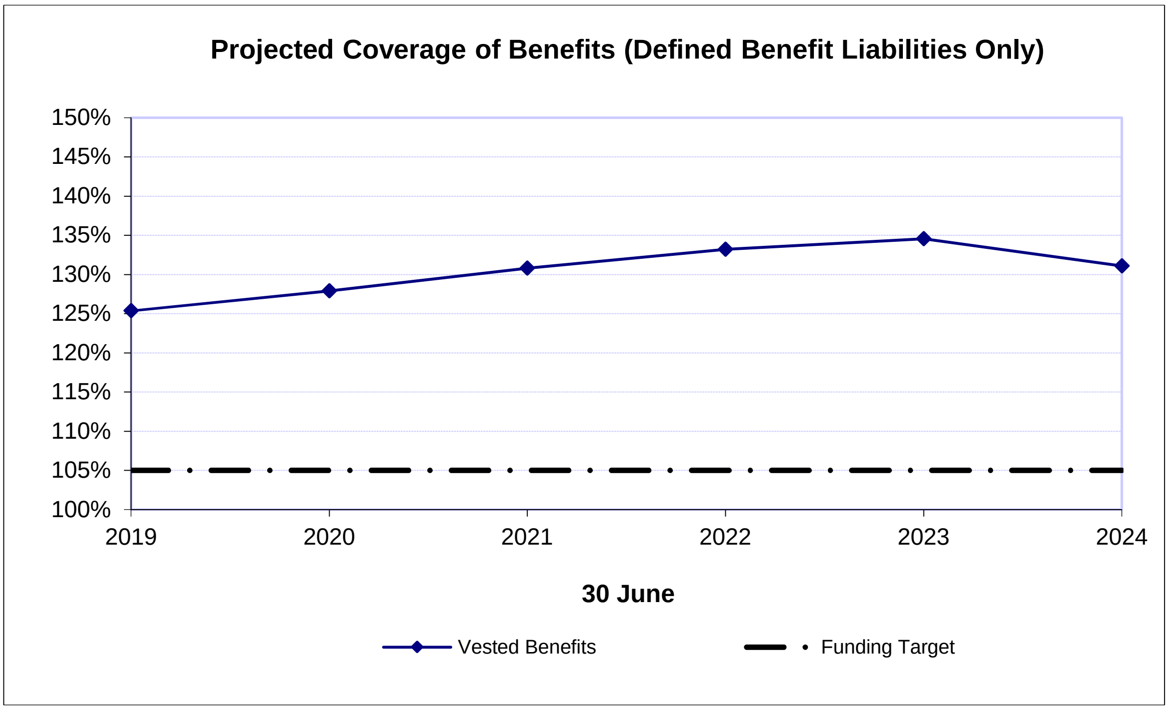
5. Projections

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

- the actuarial assumptions adopted for this investigation;
- but allowing for estimated actual investment returns for the period from 1 July 2019 to 11 November 2019 of 3.9%; and
- assuming that the Employer contributes on the basis as recommended.

The results of the projection are as follows:



This chart shows that, under the projection prepared (based on the assumptions adopted and the contributions as recommended), projected Fund assets will remain well above projected Vested Benefits over the five years to 30 June 2024.

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

5.1. Meeting the Financing Objective

The projection above shows that the recommended contributions are anticipated to result in assets of at least 105% of Defined Benefit Vested Benefits (the financing objective adopted in this investigation) until 30 June 2022.

We have not prepared a graph to show the coverage of assets compared with the Actuarial Value of Accrued Benefits. However, given the margin of Vested Benefits over the Actuarial Value of Accrued Benefits at the investigation date and the projected level of asset coverage at 30 June 2022, I am of the opinion that the recommended contributions are projected to result in asset coverage of at least 100% of the Actuarial Value of Accrued Benefits over the period to 30 June 2022.

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6. Investment Policy and Related Risks

6.1. Investment Policy

Assets backing accumulation benefit liabilities

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

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

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

Assets backing defined benefit liabilities

The Fund's investment strategy for assets supporting defined benefit liabilities, the IOOF MultiMix Balanced Growth Trust, currently involves a benchmark 75% exposure to 'growth' assets such as shares and property and a benchmark 25% exposure to 'defensive' assets such as cash and fixed interest (refer to tables below for actual and benchmark investment allocation of these assets as at the investigation date). 'Growth' assets are expected to earn higher returns over the long term compared to 'defensive' assets, but at the same time to exhibit more variation in returns from year to year.

30 June 2019	Benchmark Allocation	Actual Allocation
Australian Shares	25.0%	24.6%
Overseas Shares	29.0%	27.8%
Property	10.0%	8.9%
Fixed Interest	19.0%	15.6%
Alternatives	11.0%	14.0%
Cash	6.0%	9.1%
Total	**100.0%**	**100.0%**

In October 2016, $5,000,000 of assets were invested in the IOOF Cash Management Trust for the payment of two imminent retirement benefits and to protect that portion of the Fund assets from market volatility. Only one payment was made from the Cash Management Trust, and as a result, the Fund assets at 30 June 2019 included approximately $1.3m in the Cash Management Trust. This amount was transferred to the Balanced Growth Trust after 30 June 2019. All of the Fund's assets are now invested in the Balanced Growth Trust.

Approximately half of the defined benefit liabilities (other than the resignation benefit for Category B and Category C members and the SG minimum benefit) are not affected by the investment return on the Fund's assets. The volatility of the Fund's investment returns will therefore affect the financial position of the Fund from year to year and is likely to impact on the required level of Employer contributions.

Given that it is not known when members will take their benefit with certainty, the exact term of the Fund's liabilities is unknown. However, it is expected that there will be a steady reduction in Fund assets over the next 10 years until the last remaining member reaches normal retirement age.

The Fund's investments are expected to provide a high level of liquidity in normal circumstances. Hence we do not envisage any problem in being able to redeem assets to meet benefit payments as they arise. However, the shorter-term liability profile reduces the ability of the Fund to 'ride out' the ups and downs in returns that are expected from investment strategies which substantial exposure to 'growth' assets.

I have reviewed the Fund's defined benefit investment policy taking into account the financial position and the nature and term of the defined benefit liabilities and I consider that the policy adopted is not unreasonable in the circumstances. However, we recommend that a review of the current policy be undertaken, taking into account the Employer's risk tolerance and the potential for contribution rate volatility. Consideration should be given to moving part or all of the defined benefit assets to a lower risk strategy, allowing for those members who will reach normal retirement age in the short-term (as well as any expected early retirements).

6.2. Crediting Policy

6.2.1. Accumulation Benefits

The main features of the unit pricing and crediting policy in relation to accumulation member accounts and to the additional accumulation accounts of defined benefit members are summarised briefly below:

- Earnings credited are based on the actual net earning rates (i.e. earnings net of investment costs, asset-based administration fees and provisions for tax) of the members' selected investment options. Net earnings are allocated via changes in unit prices. Unit prices are determined on a daily basis. Rules relating to the prices at which units are bought and sold are designed to prevent selection against the Fund by members.

- No investment reserves are held. Net investment earnings are fully passed on to member accounts via unit prices.

6.2.2. Defined Benefits

The resignation benefits for Category B and C members and the SG minimum benefit are affected by the crediting rate policy.

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

- The annual and interim crediting rates are calculated based on the change in unit price of the IOOF Multimix Balanced Growth Trust.

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

- The Trustee has accepted and approved the above methodology, which is different to the Default IOOF Crediting Rate Methodology.

6.2.3. Documentation

The main features of the Fund's unit pricing in relation to accumulation member accounts and to the additional accumulation accounts of defined benefit members are set out in the document Unit Pricing Policies and Guidelines (current version March 2018).

The Fund's crediting rate policies are set out in the document Defined Benefit Crediting Rate Policy (May 2019).

6.2.4. Conclusion

A detailed review of the unit pricing and crediting rate policies and related procedures is outside the scope of this investigation.

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

The general principles of the crediting rate policy are reasonable.

6.3. Investment Risk – Impact on Cost to the Employer

There is a risk that investment returns will be lower than assumed and the Employer will need to increase contributions to offset this shortfall. This risk is normally borne by the Employer.

For example, if the assumed future investment return was reduced by 1% p.a. with no change in other assumptions, then:

(i) the Actuarial Value of Accrued Benefits would increase by $123,000 (Employer funding cost impact $123,000 /0.85 = $145,000), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 132% to 129%; and

(ii) the estimated employer cost of future service benefits would increase from 17.8% to 18.5% of salaries under this scenario.

The actual investment return achieved by the Plan in future may vary (positively or negatively) from the rate assumed at this investigation by much more than the (negative) 1% p.a. illustrated in the example above.

6.4. Investment Volatility

Around half of the current vested benefits for defined benefit members are not linked to investment returns (ie are salary based benefits) and therefore the Fund's vested benefits coverage is sensitive to changes in the investment returns.

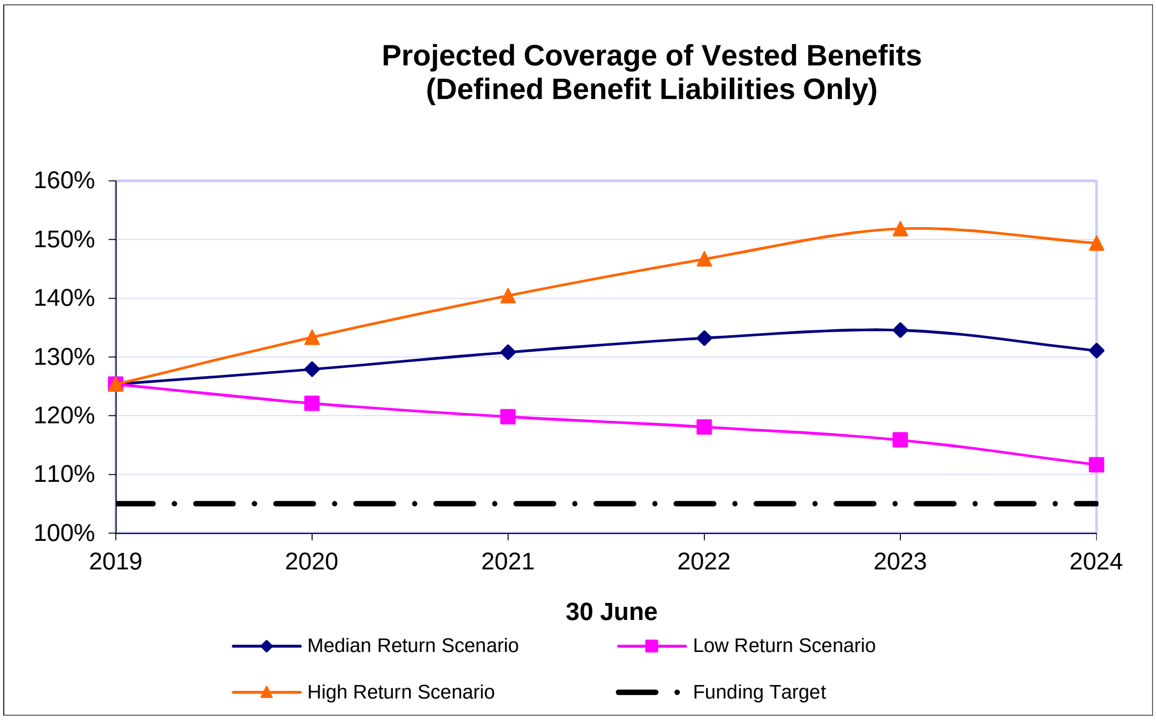
I have considered the impact of investment volatility on the Fund's financial position over the next few years using a “high return” and a “low return” scenario. The returns under both scenarios have been derived from assumptions about the likely risk attached to the Fund's defined benefit investment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

Using the investment return model and assumptions adopted, there is approximately a 10% chance of the Fund's cumulative investment return being less than the “low return” scenario. Similarly, there is approximately only a 10% chance of the Fund's cumulative investment return being greater than the “high return” scenario. Allowance has been included for the estimated actual return on assets of 3.9% during the period from 1 July 2019 to 11 November 2019.

1 July 2019 to 30 June	Assumed Cumulative Investment Return (%)		
	"Low Return"	**Valuation**	**"High Return"**
2020	-1.5%	7.0%	15.6%
2021	-1.8%	11.9%	26.5%
2022	0.5%	17.1%	35.1%
2023	3.4%	22.5%	43.4%
2024	6.6%	28.1%	52.2%

The cumulative investment return is the total return from 1 July 2019 up to 30 June in the year shown. The assumed returns allow for short term variation in annual investment results which gradually revert to the average long term annual rate adopted for the investigation. The extent of variation allowed for in these projections reflects the Fund's asset mix and Mercer's views on potential variability in investment results in various investment sectors.

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



Based on fluctuations in investment returns only, and assuming other experience is in line with the assumptions adopted for this investigation, there is approximately an 80% chance that the coverage of assets over Vested Benefits at 30 June 2022 will fall in the range from 118% to 147%.

Please note that the Low Return Scenario and the High Return Scenario shown above are illustrations only, and show what may occur under assumed future experiences which differ from our baseline assumptions. These scenarios do not constitute upper or lower bounds and the actual future coverage of Vested Benefits may differ significantly from the range shown above, depending on actual future experience.

In my view, the Trustee should be satisfied with the expected level of security over the next few years.

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7. Insurance Policy and Related Risks

The Fund is not permitted to self-insure.

For accumulation members, death and lump sum total and permanent disablement benefits (TPD) in excess of total account balances are fully insured.

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

Sum insured = Death Benefit – Vested Benefit

The total amount insured should cover the excess of the death/TPD benefits over the Fund's assets, unless there is a funding shortfall. Based on the formula in use at the investigation date, the coverage of death/TPD risk as at 30 June 2019 for the Fund was as follows.

	Defined Benefit members*	$000
	Death/Disablement Benefits	[redacted]
less	Sum Insured	[redacted]
less	Assets	[redacted]
	Uncovered Death/Disablement Benefits	[redacted]

*excludes accumulation member accounts and accumulation balances for defined benefit members.

There is an amount of over-insurance as assets currently exceed the total of death/TPD benefits. Whilst there is scope to reduce the level of insurance or remove it entirely, I believe it is reasonable to maintain the existing insurance.

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

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

7.1. Documentation

The insurance arrangements are underwritten by TAL Life Limited ("the insurer") and outlined in a Group Life Master Policy effective from 1 January 2014 (as amended by subsequent endorsements) between the Trustee and the insurer. The purpose of the insurance policy is to protect the Plan against unexpectedly large payouts on the death or disablement of members.

7.2. Conclusion

I consider that the Fund's current insurance arrangements are suitable.

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8. Other Risks

There are a number of other risks relating to the operation of the Fund. The more significant financial risks, other than investment and insurance risk, relating to the defined benefits are:

8.1. Salary growth risk

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

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

(i) the Actuarial Value of Accrued Benefits would increase by $96,000 (Employer funding cost impact $96,000/0.85 = $113,000), with a resulting reduction in the coverage of the Actuarial Value of Accrued Benefits from 132% to 129%; and

(ii) the estimated employer cost of future service benefits would increase from 17.8% to 18.3% of salaries under this scenario.

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

8.2. Legislative risk

The risk is that legislative changes could be made which increase the cost of providing the defined benefits – for example an increase in the rate of tax on superannuation funds. This risk is borne by the Employer.

8.3. Small plan risk

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

(i) Funding may have previously been based on the Defined Benefit Fund continuing in the longer-term, which may no longer hold. Greater focus may be required on the funding of benefits immediately payable to members (eg Defined Benefit Vested Benefits),

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

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

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

(v) Fees in respect of the Plan, particularly relative to the number of defined benefit members and salary roll, can become significant. As defined benefit funds reduce in membership, the actuarial fees may in fact increase as a result of additional monitoring being required and that most actuarial tasks are essentially the same whether there are 1 or 100 defined benefit members. Industry changes such as the SG rate increase can also result in additional fees, and

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

8.4. Timing of member benefit payments

As the Fund has only a small number of members, the Fund is very sensitive to when members decide to leave. The results in this report have been calculated based on the assumption that the members leave the Fund as detailed in Section 10.

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9. Assets

9.1. Assets

The net market value of the Fund's assets as at 30 June 2019 amounted to [redacted] (based on the data provided by the Fund's administrator for the Fund at 30 June 2019).

Calculation of Defined Benefit Assets at 30 June 2019	**$**
Net market value of the Fund's assets as at 30 June 2019	[redacted],[redacted],[redacted]
Less accounts for accumulation members	[redacted]
Less accumulation accounts for defined benefit members	[redacted]
Assets to support the defined benefit liabilities of the Fund	[redacted]

9.2. Operational risk reserves

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

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

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10. Actuarial Assumptions

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

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

less

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

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

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

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

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

10.1. Economic assumptions

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

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

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

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

	Assumption
Investment returns (after tax, investment and asset based administration fees)[#]	4.6% p.a.
Crediting rate (after tax and investment fees)	4.6% p.a.
General salary increases	3.0% p.a.

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

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

10.2. Other assumptions

New members

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

Expenses

Based on recent experience, administration and management expenses plus the net cost of group life insurance for defined benefit members are assumed to average 0.75% of defined benefit members' salaries plus $15,000 p.a. indexed at 3% p.a.

Tax

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

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

No allowance has been made for:

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

Death, Disablement, Resignation and Retirement

Owing to the small number of defined benefit members, it is inappropriate in our view to apply probabilities that allow for members retiring early, dying, becoming disabled etc. We have therefore assumed that all current defined benefit members will remain in service until they reach 65 years, Normal Retirement Age, with an appropriate allowance being made to cover the cost of insuring the death and disablement benefits.

Retrenchment

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

10.3. Changes in Assumptions since the Previous Investigation

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

Assumption	30 June 2019 investigation	30 June 2016 investigation	Reason for change
Operational expenses	0.75% of salaries p.a. plus $15,000 p.a. indexed at 3% p.a	2.2% of salaries p.a.	Based on recent experience.
Investment Returns (after tax, asset-based administration fees and investment fees.)	4.6% p.a.	5.3% p.a.	Lower return expectations in medium to long term.
Salary Increase	3.0% p.a.	4.0% p.a.	After discussions with the Employer

The overall impact of the changes in assumptions was to:

- decrease the Actuarial Value of Accrued Benefits by $10,000; and
- decrease the assessed long-term employer cost of future service benefits from 19.3% to 17.8% of salaries.

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11. The Regulator and Prudential Standards

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

11.1. Shortfall Limit

The Trustee must determine a “Shortfall Limit” for each fund, being “the extent to which the fund can be in an unsatisfactory financial position with the Trustee still being able to reasonably expect that, because of corrections to temporary negative market fluctuations in the value of the fund assets, the fund can be restored to a satisfactory financial position within a year”.

We understand that the Fund’s Shortfall Limit, determined by the Trustee on the basis of previous actuarial advice, is 97.4%.

The Shortfall Limit is expressed as a percentage coverage level of defined benefit vested benefits by defined benefit assets and it is appropriate to consider the following when determining if the Shortfall Limit remains appropriate:

- The guidance provided in the Actuaries Institute Information Note: Shortfall Limit in Prudential Standard 160 dated June 2013;
- The investment strategy for defined benefit assets, particularly the benchmark exposure of 75% to “growth” assets;
- The results of this investigation regarding the extent to which the current and projected defined benefit Vested Benefits are not linked to the investment return on defined benefit assets (i.e. salary-based benefits) and the current and projected relativity between Vested Benefits and Minimum Requisite Benefits.

Based on the above, we recommend updating the current Shortfall Limit to 98.4%.

The projections also indicate that the level of Minimum Requisite Benefits is not expected to be a constraint in determining the Shortfall Limit. We will reassess the suitability of the adopted Shortfall Limit as part of the next regular actuarial investigation. The Shortfall Limit should be reviewed earlier if there is a significant change to the investment strategy for defined benefit assets – in particular a change to a more defensive strategy which has a benchmark allocation to “growth” assets of less than 65% - or if the Trustee otherwise considers it appropriate to do so.

11.2. Monitoring Process

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

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

I recommend that the Trustee continues its regular monitoring process to review the progress of the Fund's coverage of Vested Benefits to ascertain if an adjustment to the Employer contribution levels is required prior to the next complete investigation.

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

11.3. Requirements due to Unsatisfactory Financial Position

11.3.1. Restoration Plan

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

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

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

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

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

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

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

11.3.2. Actuary's Reporting Requirements

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

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

11.4. Statements Required by SPS 160

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

(a) The value of the Fund's assets as at 30 June 2019 was $6,018,000. This value excludes assets held to meet the Operational Risk Financial Requirement.

(b) In my opinion, the value of the liabilities of the Fund in respect of accrued benefits as at 30 June 2019 was $4,688,000. Hence I consider that the value of the assets at 30 June 2019 is adequate to meet the value of the accrued benefit liabilities of the Fund as at 30 June 2019. Taking into account the circumstances of the Fund, the details of the membership and the assets, the benefit structure of the Fund and the industry within which the Employer operates, I consider that the assumptions and valuation methodology used are appropriate in relation to the determination of the accrued benefit liabilities for the purposes of this report. Further comments on the assumptions and valuation methodology are set out in Section 10 of this report. Assuming that the Employer contributes in accordance with my recommendations, then, based on the assumptions made for this actuarial investigation which I consider to be reasonable expectations for the Plan, I expect that assets will remain sufficient to cover the value of accrued benefit liabilities over the period to 30 June 2022.

(c) In my opinion, the value of the liabilities of the Fund in respect of vested benefits of the Fund as at 30 June 2019 was $4,919,000. Hence I consider that the value of the assets at 30 June 2019 is adequate to meet the value of the vested benefit liabilities as at 1 July 2019. Assuming that the Employer contributes in accordance with my recommendations, then, based on the assumptions made for this actuarial investigation, I expect that assets will remain sufficient to cover the value of vested benefit liabilities over the period to 30 June 2022. Hence I consider that the financial position of the Fund should not be treated as unsatisfactory as defined in SPS 160.

(d) In my opinion, the value of the liabilities of the Fund in respect of the minimum benefits of the members of the Fund as at 30 June 2019 was $3,426,000. Hence the Fund was not technically insolvent at 30 June 2019.

(e) A projection of the likely future financial position of the Fund over the 3-year period following 30 June 2019, based on what I consider to be reasonable expectations for the Fund for the purpose of this projection, is set out in Section 5 of this report,

(f) Based on the results of this investigation, I consider that the Shortfall Limit requires review. Comments are set out in Section 11.1 of this report.

(g) In respect of the 3-year period following 30 June 2019, I recommend that the Employer continues to contribute to the Fund as follows:

Benefit Category	Contribution Rate (% of salaries)
A*	Nil
B	Nil
C	Nil
Accumulation Members	At the Superannuation Guarantee rate or required rate

*Inclusive of deemed member contributions

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

- all Funding and Solvency Certificates required under Division 9.3 of the SIS Regulations have been issued for the period from the date of the last investigation to 30 June 2019;
- I expect to be able to certify the solvency of the Plan in any Funding and Solvency Certificates that may be required in the three year period from 30 June 2019.

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12. Actuarial Certification

12.1. Purpose

I have prepared this report exclusively for the Trustee of the Alsco Pty Ltd Superannuation Fund for the following purposes:

- To present the results of an actuarial investigation of the Fund as of 30 June 2019;
- To review Fund experience for the period since the previous actuarial investigation (effective at 30 June 2016);
- To recommend contributions to be made by the Employer intended to allow the Fund to meet its benefit obligations in an orderly manner, and to reach and maintain an appropriate level of security for members' accrued benefit entitlements;
- To satisfy the requirements of the Fund's Trust Deed for actuarial investigations of the Fund's financial position; and
- To meet legislative requirements under relevant Commonwealth superannuation legislation.

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

The previous actuarial investigation was conducted as at 30 June 2016 by Wen Liu, on behalf of Mercer, and the results are contained in a report dated 20 March 2017.

12.2. Background information of the Fund

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

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

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

12.3. Governing Documents

The governing rules of the Fund are set out in the Participation Agreement dated 26 July 2004.

12.4. Additional information

Significant events since the investigation date – The recommendations take into account the estimated investment return of 3.9% from 1 July 2019 to 11 November 2019. I am not aware of any other significant events that have occurred since 30 June 2019 which would have a material impact on the recommendations in this report.

Next actuarial investigation - Required at a date no later than 30 June 2022. At that time, the adequacy of the Employer contribution levels will be reassessed.

Next Funding and Solvency Certificate – required at or before the expiry of the current Funding and Solvency Certificate (which expires on 30 June 2023).

Next Benefit Certificate – required at or before the expiry of the current Benefit Certificate (which expires 30 June 2023). The current Benefit Certificate is designed to accommodate changes to the legislated Superannuation Guarantee schedule.

12.5. Actuary's certifications

Professional standards and scope

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

Use of report

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

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

Actuarial Uncertainty and Assumptions

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

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

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

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

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

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

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

Data and Fund Provisions

To prepare this report, we have relied on financial and participant data provided by the Fund's administrator. The data used is summarised in this report. We have reviewed the financial and participant data for internal consistency and general reasonableness and believe it is suitable for the purpose of this report. We have not verified or audited any of the data or information provided. We have also relied upon the documents, including amendments, governing the Fund as provided by the Trustee. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Fund provisions are not accurate and complete, the investigation results may differ significantly from the results that would be obtained with accurate and complete information; this may require a revision of this report.

Further Information

If requested, the actuary is available to provide any supplementary information and explanation about the actuarial investigation.

Prepared by

....

Nelson Mark
Fellow of the Institute of Actuaries of Australia

24 December 2019

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

....

Mark Samuels
Fellow of the Institute of Actuaries of Australia

APPENDIX A

Membership Information

The membership of the defined benefit section has changed since 30 June 2016 as follows:

Active members at 30 June 2016	9
Exits	2
Active members at 30 June 2019	7

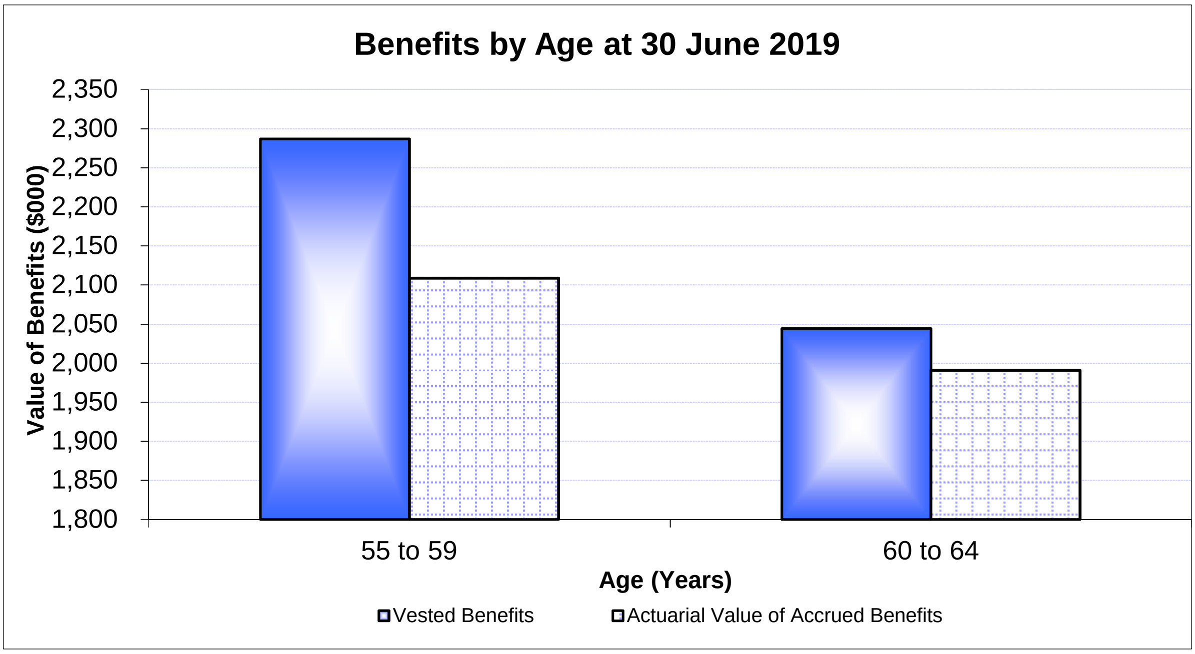
Total salaries at 30 June 2019	$906,000
Average salaries at 30 June 2019	$129,000
Average age at 30 June 2019	60.6 years

In addition, there was 1 member at 30 June 2019 whose benefits are determined wholly on a defined contributions (or 'accumulation') basis.

The membership data used for this investigation was taken from the database used to administer the Fund. I have carried out some broad "reasonableness" checks on the data and I am satisfied with the quality of the data and its suitability for this purpose.

A.1. Liabilities age profile

The following graph shows the Vested Benefits assuming employer consent is given for early retirement benefit for Category B and C members and Actuarial Value of Accrued Benefits of defined benefit members (excluding additional accounts) at 30 June 2019, split by age.



APPENDIX B

Fund Design

A.2. Summary of benefits

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

Members' Contributions	Category A 5% of salary (deemed) Category B and C 5% of salary. The Employer contributes member contributions of 5% of salary for certain members.
Accrued Multiple	An amount subject to maximum multiple of 7, determined as follows (a) 18.5% for each year of service as a category A member plus (b) 12.5% for each year of service as a category B member plus (c) 15.0% for each year of service as a category C member after 1 July 1981
Salary (SAL)	Annual salary prior to exit
Final Average Salary (FAS)	Average of the three highest annual salaries on each 1 July in the last 10 years' service.
Normal Retirement Age	65th birthday, except for female members at 1 July 1987 who may elect to retire on their 60th birthday.
Early Retirement Age	Available with Employer consent within 10 years before the Normal Retirement Date or at any time on account of ill health.
Voluntary Contribution Account	Means the sum of: (i) additional contributions (if any) made to the Fund by the member, (ii) amounts transferred into the Fund from other superannuation funds, (iii) interest at the former Fund Earning Rate to 1 July 2004, and (iv) investment income based on unit price movement after 1 July 2004.
Normal Retirement Benefit	Accrued Multiple x FAS; plus the Voluntary Contribution Account This benefit is subject to a minimum of the Member's Resignation Benefit.

Early Retirement Benefit (ERB)	As for Normal Retirement
Late Retirement	Normal Retirement Benefit accumulated with interest from the Normal Retirement Age.
Death/Total and Permanent Disability Benefit	A lump sum equal to the greater of: a) (i) 5 times Salary for Category A Members, plus the Voluntary Contribution Account, (ii) 3 times Salary for Category B, and C Members, plus the Voluntary Contribution Account and b) the Member's Normal Retirement Benefit for Category A, B and C Members The excess of (a) over (b) must reduce linearly from 5 years before the Normal Retirement Date to nil at the Normal Retirement Date.
Resignation Benefit	(a) Category A The Normal Retirement Benefit (excluding the Voluntary Contribution Account) multiplied by 100% - ((55-A) x 1.5%) plus the Voluntary Contribution Account where A is the Member's age. This percentage is subject to minimum of 70% at age 35 or below and a maximum of 100% at age 55 or above. (b) Category B and C The sum of: – the July 1996 Account – Superannuation Guarantee Account – Member Contribution Account – Voluntary Contribution Account, and – The Resignation Benefit in respect to the Member's Category A service for Members who transferred from Category A at the date of transfer. For Categories A, B and C, the Resignation Benefit is subject to a minimum of the Member's withdrawal benefit under a previous benefit design, which is calculated as: a) twice the member's contributions after 1 July 1992 with interest, b) the member's contributions before 1 July 1992 with interest, increased by 10% for each year of membership in excess of 5, subject to a maximum increase of 100% after 15 years, plus c) the Voluntary Contribution Account.
Retrenchment	For Category A, B and C Members, the Member's equitable share of the Fund.

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

Trustee and Employer Discretions	
Description and Deed Reference	**Historical Prevalence**
Early retirement with consent of Employer from age 55	Consent has been given in past cases
Member Options	
Description and Deed Reference	**Historical Prevalence**
None	None

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

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

A.3. The Superannuation Guarantee (Administration) Act 1992

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

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

Legislation was passed in September 2014 to freeze the SG rate at 9.5% until 1 July 2021. The SG rate will then increase by 0.5% pa until it reaches 12% from 1 July 2025.

MERCER
MAKE TOMORROW, TODAY

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