Actuarial Investigation as at 30 June 2024

Camberwell Grammar School Superannuation Plan in the MLC Super Fund

In the MLC Super Fund

with NULIS Nominees (Australia) Limited as (Trustee)

PREPARED BY: The Heron Partnership Pty Limited

16 December 2024

The Heron Partnership Pty Limited
ABN 79 100 196 272 AFSL 252538
Level 9
412 St Kilda Road
Melbourne Vic 3004
T: +61 3 9254 4900
www.heronpartners.com.au

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Executive Summary

Outlined below is a summary of the results of the actuarial valuation of the Camberwell Grammar School Superannuation Plan within the MLC Super Fund as at 30 June 2024.

Background

This report is provided to the Trustee of the MLC Super Fund, NULIS Nominees (Australia) Limited, by the actuary for the Camberwell Grammar School Superannuation Plan, Nerida Seccombe on behalf of The Heron Partnership Pty Limited. A copy of this report should be provided to the Company.

The purpose of this valuation is to:

- Examine the financial position of the Camberwell Grammar School Superannuation Plan;
- Recommend a School contribution level;
- Enable a new Funding and Solvency Certificate to be signed;
- Satisfy the requirements of the Trust Deed; and
- Meet the relevant legislative requirements.

The previous report as at 30 June 2021 was prepared by the Plan's previous Actuary, David O'Keefe, on behalf of ALEA Actuarial Consulting Pty Limited and was dated 13 September 2021.

Camberwell Grammar School Superannuation Plan Financial Position

There is currently only 1 member entitled to receive a defined benefit in the Plan. There is a second member in the Plan's defined benefit section who has passed their Normal Retirement Date and therefore receives an accumulation style benefit. All other members receive accumulation style benefits.

We have summarised in the table below the Camberwell Grammar School Superannuation Plan's financial position within the MLC Super Fund as at 30 June 2024 and compared it with the results of the previous actuarial investigation at 30 June 2021:

	30 June 2024		30 June 2021	
	($'000s)	Asset Coverage	($'000s)	Asset Coverage
Assets	2,607		2,728	
Minimum Requisite Benefits	960	272%	741	368%
Vested Benefits	1,247	209%	1,034	264%
Present Value of Accrued Benefits	1,255	208%	900	303%

The Plan is in a strong financial position as at 30 June 2024. Coverage of benefits has reduced since the 2021 actuarial investigation primarily due to the contribution holiday in respect of accumulation members taken by the School since September 2023.

Recommended Level of Contributions

We recommend that the School continue to contribute to the Plan as follows:

- Nil in respect of the defined benefit members, though if required to be physically paid under an award or agreement, the 3% award contributions should continue;
- Nil in respect of the 7.1% complusory member contributions for the defined benefit member who has not reached their Normal Retirement Date and these contributions can be allocated from surplus to the member's account over the period to 31 December 2024;
- Nil in respect of regular SG contributions for accumulation members; and
- Nil in respect of employer paid premiums and management costs.

The School should continue to pay voluntary member contributions (either pre or post tax) to the Plan.

It will be important to monitor the Plan's financial position annually to check whether the contribution holiday in respect of accumulation members can continue.

Investment Policy

As at 30 June 2024 52% of the Plan assets were invested in a cash option and 48% of the Plan assets were invested in the MLC Balanced option.

During the 30 June 2023 quarter, a portion of the assets were transferred to the cash option to reduce the risk of the Plan's financial position being impacted by investment market falls, particularly given all defined benefit members would be crystallised by 31 December 2024. At the time, a portion of the assets were retained in the MLC Balanced option to back the accumulation style liabilities of the two remaining members in the Plan's defined benefit section.

The benefit payments (or transfers) for these two remaining members should be made from the MLC Balanced Option. This is expected to leave all remaining surplus assets in the Plan in the cash option.

Insurance Coverage

We confirm that the Plan's current insurance arrangements are appropriate.

Shortfall limit

Given the School is currently enjoying a contribution holiday, we recommend that the Shortfall Limit be maintained at 100%.

[redacted]

Next Actuarial Valuation

The next actuarial investigation of the Plan, if required, is scheduled to be conducted with an effective date no later than 30 June 2027 (to be completed by 31 December 2027).

1. Introduction

1.1 General

This report contains the results of the actuarial investigation of the Camberwell Grammar School Superannuation Plan (the Plan), a sub-plan in the MLC Super Fund as at 30 June 2024.

This report was commissioned by the Trustee of the Plan, NULIS Nominees (Australia) Limited and provided by the actuary of the Plan, Nerida Seccombe on behalf of the Heron Partnership.

The previous report as at 30 June 2021 was prepared by the Plan's previous Actuary, David O'Keefe, on behalf of ALEA Actuarial Consulting Pty Limited and was dated 13 September 2021.

1.2 Requirement

An actuarial review of the Plan is required on entry and thereafter not less than every three years to meet the provisions of the Trust Deed and Superannuation legislation.

This report has been prepared in accordance with the Institute of Actuaries of Australia Professional Standard 400 and contains the information required by Prudential Standard SPS160.

1.3 Purpose

The main purpose of the actuarial review is to:

- Examine the financial position of the Plan;
- Recommend a School contribution level;
- Enable a new Funding and Solvency Certificate to be signed;
- Satisfy the requirements of the Trust Deed; and
- Meet the relevant legislative requirements.

1.4 Source of Information

This review has been based on the latest School Participation Agreement and Trust Deed incorporating this Plan.

Accumulation only members and additional accumulation balances of active defined benefit members are excluded from this investigation as their balances are matched by the assets supporting them.

Membership and investment balance information is based on the details held by Plum, the Plan's administrator, as at 30 June 2024. Allowance has been made for relevant events after the effective date of the investigation. We have not verified or audited any of the data provided. However, we have reviewed the data for consistency and have no reason to doubt that it is suitable for the purpose of this report.

The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of the documents and data provided. If the data or Plan provisions are not accurate and complete, the valuation results may differ from results obtained with accurate and complete information, and may require a revision of this report.

We believe the information provided is suitable for the purposes of this investigation.

1.5 Fund Structure

The Plan is a sub-plan within the MLC Super Fund and is governed by the Trust Deed for the MLC Super Fund and School Application.

The Plan is closed to new defined benefit members with all new employees joining the Plan provided with accumulation benefits only.

The Plan is a "regulated fund" under SIS and is treated as a "complying superannuation fund" for taxation purposes.

Further details on benefit design are set out in Appendix A.

1.6 Superannuation Guarantee Certificates

A Benefit Certificate was prepared effective 31 August 2022 in accordance with the Superannuation Guarantee and Superannuation Industry (Supervision) legislation.

A Funding and Solvency Certificate effective from 1 July 2023 has been prepared in accordance with the Superannuation Guarantee and Superannuation Industry (Supervision) legislation.

2. Plan Experience

2.1 Plan Assets

As at 30 June 2024 52% of assets supporting the defined benefit liabilities of the Plan are invested in the cash option and 48% of the Plan assets are invested in the MLC Balanced option.

At 30 June 2024 the Plan's assets were $2,607,000. The strategic asset allocation at 30 June 2024 is:

% Asset Allocation at 30 June 2024	MLC Balanced	JANA Cash	Weighted Average
Australian Shares	25%		12.0%
International Shares	29%		13.9%
Private Equity	5%		2.4%
Property	6%		2.9%
Infrastructure	6%		2.9%
Alternative Assets and Other	1%		0.5%
Fixed Income - Diversified	8%		3.8%
Fixed Income - Credit	11%		5.3%
Cash	9%	100%	56.3%
Total	**100%**	**100%**	**100.0%**

2.2 Investment Return and Crediting Rates

The investment performance since the previous investigation (based on unit price movements which are net of tax and fees) and the declared crediting rates (which are based on the 3 year average money-weighted returns of the MLC Balanced Option) are shown in the table below:

Period	Earning Return	Declared Crediting Rate
1/7/21 to 30/6/22	-1.97%	7.97%
1/7/22 to 30/6/23	7.65%	6.52%
1/7/23 to 30/6/24	6.39%	6.51%
Average increase (p.a.)	**3.9%**	**7.0%**

The average annual investment return from 30 June 2021 to 30 June 2024 was lower than the long term assumed return (net of investment taxes and investment expenses) of 6.0% per annum as used in the 2021 investigation. These returns have had an unfavourable impact on the Plan's financial position since the last valuation.

The fact that the smoothed crediting rate was higher than the actual return over the 3 years also had a negative impact on the Plan's financial position.

2.3 Salary Increases

Salary increases over the 3 year period to 30 June 2024 averaged 2.7% per annum. This is lower than the assumed long term salary increase rate of 4.0% per annum used in the 2021 investigation.

2.4 Differential between Investment Return and Salary Increases

The key determinant of the cost of providing defined superannuation benefits relating to salary is the margin between investment returns and salary increases. This margin is effectively the "real net earning rate" of the Plan.

Over the 3-year period the real net earning rate was around 1.2% per annum, which was lower than the assumption of 2.0% per annum for that period. This has had a negative effect on the Plan's financial position.

For this investigation, given that around half of the Plan's assets are invested in JANA Cash and the short term of the Plan's defined benefit liabilities we have reduced the assumed future long term investment earning rate to 4.0% per annum in conjunction with an assumed long term future salary increase rate of 3.0% per annum. This gives a 1.0% real return assumption which is lower than previous investigation.

2.5 School Contributions

Since September 2023 the School has been contributing as follows:

- Nil in respect of employer contributions for defined benefit members, though we understand the School has continued to contribute the 3% award contributions;
- Nil in respect of the 7.1% defined benefit member contributions (the contributions being allocated to the defined benefit member's account from surplus);
- Nil in respect of employer SG contributions for accumulation members; and
- Nil in respect of employer paid premiums and managements costs.

Voluntary member contributions have continued to be paid to the Plan.

The above contributions are in line with the recommendations made in our funding update letter dated 31 January 2023.

2.6 Membership

Since 30 June 2021, the membership of the Plan's defined benefit section has been maintained at 2 members.

[redacted]

The weighted average term of the defined benefit section liabilities as at 30 June 2024 was 0.5 years.

2.7 Assumptions and Financing Approach

The financing approach adopted is to target coverage of Vested Benefits, which is the same as that used for the previous investigation.

Investment Returns and Salary Increases

Analysis covering long periods (20-30 years) has confirmed that the real rate of return from typical balanced funds exceeds community salary increases by 1%-3% per annum. Over shorter periods the experience is more volatile.

To reflect the more conservative investment strategy, the long term real return assumption has been reduced from 2.0% per annum adopted in the previous investigation to 1.0% per annum.

Using an expected salary escalation rate of 3.0% per annum implies an assumed future long term investment return of 4.0% per annum. Note that given that the 1 remaining member eligible for a defined benefit is expected to receive an accumulation style benefit from the Plan and the short time remaining until that member reaches their Normal Retirement Date, the assumptions adopted have little impact on the valuation results. We have allowed for the expected crediting rates under the Plan's smoothed crediting rate policy in projecting members' benefits forward to 31 December 2024.

Leaving Service Rates

We have assumed that the youngest member will retire at 31 December 2024 (their Normal Retirement Date) and that the other member will retire at the same date.

Expenses and Insurance Costs

In the 2021 investigation, an allowance of $48,000 per annum was made for the cost of general management expenses, employer paid member fees and employer paid insurance premiums.

In the 2024 investigation, to determine the projected Plan assets, an allowance of $30,000 was made for the cost of general management expenses, employer paid member fees and employer paid insurance premiums over the year ending 30 June 2025 and $5,000 per annum thereafter.

Accumulation Accounts

Accumulation accounts arise under the Plan. Where they form a minimum benefit, this has been taken into account in the future projections. If these are payable in addition to the defined benefit, then this has been consistently deducted from both the assets and liabilities.

Impact of Assumption Changes

2024 Actuarial Investigation Assumptions	2021 Actuarial Investigation Assumptions	Impact on Valuation Results
Financial Assumptions • Investment Return 4.0% • Salary Increases 3.0%	**Financial Assumptions** • Investment Return 6.0% • Salary Increases 4.0%	Around $11,000 increase to the present value of accrued benefits (ignoring vested benefit minimum). Immaterial impact on the future cost of accruing benefits.
Expenses Allowance for employer paid expenses and insurance costs of $30,000 in year 1 and $5,000 per annum thereafter.	**Expenses** Allowance for employer paid expenses and insurance costs of $48,000 per annum.	Decrease to future costs of around $18,000 in year 1 and $43,000 per annum thereafter.

3. Financial Position

3.1 Coverage of Benefit Liabilities

In recommending the School contribution rate to apply in future, consideration must be given to the current and projected financial strength of the Plan.

Net Assets

The value of net assets supporting defined benefits at 30 June 2024 was $2.607m. This asset value excludes the value of all additional accumulation balances for defined benefit members and any amount held to meet the Fund's Operational Risk Financial Requirement. These asset valuations have not been audited. The valuations are based on unit holdings and prices at 30 June 2024 provided by MLC.

Minimum Requisite Benefits

Minimum Requisite Benefits (MRB's) which are the minimum Superannuation Guarantee (SG) benefits set out in the Plan Benefit Certificate, are used to determine the solvency of the Plan under SIS. For this purpose "solvency" is defined in a limited sense by considering only whether minimum SG benefits are covered by the Plan assets. Where School contributions are made above SG levels or where defined benefits exceed these SG accumulations, these extra benefits are not counted in the determination of this measure.

Ratio of Assets to Minimum Requisite Benefits at 30 June 2024 = $2.607m/$0.960m = 272%

The Minimum Benefit Index is calculated as the Plan assets divided by Minimum Requisite Benefits. The Minimum Benefit Index for the Plan at the current investigation was above 100% confirming the Plan is technically solvent.

Vested Benefits

"Vested Benefits" are the benefits which would have been payable had all members voluntarily resigned on the review date. I have calculated Vested Benefits as the total of all standard resignation benefits, or, for eligible members, early or late retirement benefits.

The Vested Benefits Index is calculated as the total assets divided by Vested Benefits and represents the extent to which the Plan asset value covers Vested Benefits.

Ratio of Assets to Vested Benefits at 30 June 2024 = $2.607m/$1.247m = 209%

As at 30 June 2024, Plan assets exceeded Vested Benefits by $1.360m.

Total Vested Benefits are normally regarded as the minimum which should be covered by assets in the Plan. A Plan is considered to be in an unsatisfactory financial position if its Vested Benefits Index falls below 100% (i.e. net assets are less than Vested Benefits).

The Plan was in a satisfactory financial position at 30 June 2024.

Accrued Benefits Reserve

The Accrued Benefits Reserve represents the value in today's dollars of members' accrued benefits allowing for future salary increases, investment earnings and expected incidence and type of payment (subject to an overall minimum of the total Vested Benefits). No allowance is made for future administration expenses.

For the Plan, the Accrued Benefits Reserve equals the total Vested Benefits.

The Accrued Benefits Reserve Index is calculated as the total assets divided by the Accrued Benefits Reserve and represents the extent to which Plan assets cover the Accrued Benefits Reserve.

Ratio of Assets to Accrued Benefits Reserve at 30 June 2024 = $2.607m/$1.255m = 208%

A fully secured position is represented by an Accrued Benefits Reserve Index of 100%. At this level, if no further benefits were allowed to accrue to current members, assets would be sufficient to meet all future benefit payments if the actuarial assumptions are borne out in practice. The Assets exceeded the Accrued Benefits Reserve by $1.352m at 30 June 2024.

Assets/Termination Benefits = 100%

If the Plan is terminated, each member is entitled to his/her actuarial share of the Plan assets. Hence, the termination benefits are automatically covered by the Plan assets.

Comments

At 30 June 2024, the Plan had a surplus of assets relative to vested and accrued liabilities, and so was in a sound financial position.

3.2 Long Term Adequacy of School Contributions

Projection of Indices

It should be emphasised that the funding indices shown in Section 3.1 relate to the current position at 30 June 2024 only. A projection of the Plan is required to assess the adequacy of School contribution rates in the future.

School Contribution Rates

By 31 December 2024 both members in the defined benefit section will have reached their Normal Retirement Date which means their benefit become fully accumulation style (i.e. will only move with investment earnings and contributions). The key issue then, in terms of the Plan's future financial position is how long the surplus will support a contribution holiday for the Plan's accumulation members.

The table below shows the Plan's projected surplus over the next 3 years assuming:

- the Plan's two defined benefit members exit effective 31 December 2024 (or are transferred to the Plan's accumulation section shortly thereafter with no additional amount credited to their accounts from the Plan's notional investment smoothing reserve);
- the Plan's surplus is 100% invested in JANA Cash from 31 December 2024;
- the employer contributions allocated to accumulation member acounts from surplus are around $42,000 per month over the year ending 30 June 2025, increasing to $44,000 per month over the year ending 30 June 2026 and $45,000 per month over the year ending 30 June 2027; and
- a return for the year ended 30 June 2025 of 5.5% net of asset based fees and tax, which allows for the Plan's estimated actual return of 2.8% over the four months ended 31 October 2024.

Projection Date	Assets ($'000s)	Defined Benefit Member Vested Benefits	Surplus ($'000s)
30 June 2024	$2,607	$1,247	$1,360
30 June 2025	$955	0	$955
30 June 2026	$531	0	$531
30 June 2027	$80	0	$80

As shown in the projection above, if the current contribution holiday arrangements are maintained and assuming the actuarial assumptions are borne out in practice, the Plan's surplus is expected to last until around 30 June 2027.

Clearly the financial position is subject to the impact of the key assumptions used such as future investment returns and the level of employer contributions for accumulation members. Variations in these outcomes will impact how long the Plan surplus supports the contribution holiday for accumulation members.

Conclusion

As shown in the above projection, the current contribution holiday arrangements are expected to be able to continue for 3 years. It will be important to monitor the Plan's financial position annually to check whether the contribution holiday can continue.

Alternative contribution programs are possible and I would be happy to discuss these with the Trustee and the School.

3.3 Insurance Coverage

The defined benefit member who has not yet reached their Normal Retirement Date currently has Death, Total and Permanent Disablement (TPD) and Total but Temporary Disablement (TTD) insurance but these arrangements will cease at 31 December 2024 when the member reaches their Normal Retirement Date.

We confirm that the Plan's insurance arrangements are suitable.

3.4 Crediting Rate Policy

The Plan has historically adopted a smoothed crediting rate for members in the defined benefit section whereby the rate credited each quarter is determined as the compound average of the Plan's investment returns (ignoring any cash holding) over the previous 12 quarters. A minimum of 0% is applied to the rate but where a negative crediting rate would otherwise have applied this is allowed for in the calculation of future crediting rates.

Over the long term, the crediting rates under this approach should approximate the Plan's actual returns. However, over the short term there will be differences between crediting rates and actual returns which are effectively transferred to/from a notional reserve.

Given there are only two members remaining in the Plan's defined benefit section, who will shortly both be in late retirement phase, it is reasonable for this crediting rate approach to be maintained.

3.5 Investment Policy

As at 30 June 2024 52% of the Plan assets were invested in a cash option and 48% of the Plan assets were invested in the MLC Balanced option.

During the 30 June 2023 quarter, a portion of the assets were transferred to the cash option to reduce the risk of the Plan's financial position being impacted by investment market falls, particularly given all defined benefit members would be crystallised by 31 December 2024. At the time, a portion of the assets were retained in the MLC Balanced option to back the accumulation style liabilities of the two remaining members in the Plan's defined benefit section.

The benefit payments (or transfers) for these two remaining members should be made from the MLC Balanced Option. This is expected to leave all remaining surplus assets in the Plan in the cash option.

3.6 Shortfall Limit

Given the School is currently enjoying a contribution holiday, we recommend that the Shortfall Limit be maintained at 100%.

4. Material Risks

4.1 Investment Returns and Salary Inflation

As a mature fund that is closed to new entrants, the funding of benefits relies more on the investment returns on fund assets than on future contributions. Worse than expected investment returns over an extended period will increase future contributions required to fund the benefits. The current crediting rate methodology involves an average earning rate over a 3 year period subject to a minimum rate of 0%. While there are members remaining in the Plan's defined benefit section there is the risk that the smoothed crediting rate may lead to more interest credited to members' accounts than was earned by the Plan assets.

Prior to reaching the Normal Retirement Age, some components of the defined benefits are calculated based on salary. Salary increases in excess of investment returns will increase the value of these components relative to the assets supporting them and so the future contributions required to fund the benefits may increase.

As the Plan reduces in size, the experience of individuals can have a greater effect on the overall financial position of the Plan.

5. Recommendations

5.1 Recommended Contribution Rates

We recommend that the School continue to contribute to the Plan as follows:

- Nil in respect of the defined benefit members, though if required to be physically paid under an award or agreement, the 3% award contributions should continue;
- Nil in respect of the 7.1% complusory member contributions for the defined benefit member who has not reached their Normal Retirement Date and these contributions can be allocated from surplus to the member's account over the period to 31 December 2024;
- Nil in respect of regular SG contributions for accumulation members; and
- Nil in respect of employer paid premiums and management costs.

The School should continue to pay voluntary member contributions (either pre or post tax) to the Plan.

We expect there is scope for the current contribution holiday arrangements to continue until 30 June 2027.

It will be important to monitor the Plan's financial position annually to check whether the contribution holiday in respect of accumulation members can continue.

5.2 Investment Policy

As at 30 June 2024 52% of the Plan assets were invested in a cash option and 48% of the Plan assets were invested in the MLC Balanced option.

During the 30 June 2023 quarter, a portion of the assets were transferred to the cash option to reduce the risk of the Plan's financial position being impacted by investment market falls, particularly given all defined benefit members would be crystallised by 31 December 2024. At the time, a portion of the assets were retained in the MLC Balanced option to back the accumulation style liabilities of the two remaining members in the Plan's defined benefit section.

The benefit payments (or transfers) for these two remaining members should be made from the MLC Balanced Option. This is expected to leave all remaining surplus assets in the Plan in the cash option.

5.3 Insurance Coverage

We confirm that the Plan's current insurance arrangements are appropriate.

5.4 Shortfall limit

Given the School is currently enjoying a contribution holiday, we recommend that the Shortfall Limit be maintained at 100%.

[redacted]

5.6 Next Actuarial Investigation

The next actuarial investigation of the Plan, if required, is scheduled to be conducted with an effective date no later than 30 June 2027 (to be completed by 31 December 2027).

Nerida Seccombe
Fellow of the Institute of Actuaries of Australia

16 December 2024

Appendix A – Summary of Benefits

The following summary does not include benefits for accumulation members.

Membership Categories	Category A
Normal Retirement Date	31 December in the year where the member reaches age 62.
Member Contributions	6% (net of contributions tax) of salary for members of Category A. The School may agree to meet the cost of these member contributions.
Final Average Salary (FAS)	Means the member's average salary over the 3 years (36 months) prior to retirement.

Benefit Multiple	The Benefit Multiple accrues at the following rates –
	• For Former Plan Transferring Members
	    o As a member of Previous Plan: 15% per year of service.
	    o As a member of Category A: 20% per year during the first 20 years of service.
	    o As a member of Category A: 14% per year of service in excess of 20 years.
	• For Other Members
	    o As a member of Category A: 20% per year during the first 20 years of service.
	    o As a member of Category A: 14% per year of service in excess of 20 years.

Normal Retirement Benefit	Equal to the lump sum calculated as the lessor of: • Benefit Multiple times Final Average Salary for each year of service; and • 7 x FAS.

Early Retirement Benefit	Same as the member's accrued Normal Retirement Benefit (having regard to the advice of the Actuary) and subject to following conditions:
	• The member retires after 31 December in the year they reach age 55; or
	• With the Trustee's consent
	    o Between age 50 and 55; or
	    o On account of ill-health, but not in circumstances of TPD.

Withdrawal Benefit	Calculated as the greater of: • Member Account x (1+ 5% of Years of Service as a Category A member) • The member's accrued Normal Retirement Benefit x f Where Years of Service are limited to a maximum of 20 years and "f" refers to the Vesting Scale applicable to a Category A member as defined in the Participation Schedule.
Late Retirement Benefit	Equal to the Normal Retirement Benefit had the member left service at the Normal Retirement Date together with Net Earnings for the period since the Normal Retirement Date.
Retrenchment Benefit	Subject to the circumstances listed in the Participation Schedule, equal to the amount determined by the Trstuee, having regard to the advice of the Actuary, as being the member's equitable share of the Sub-plan if the member had remained in service.
Death/ Total & Permanent Disablement Benefit	On death or TPD on or before the Normal Retirement Date, equal to the member's prospective Normal Retirement Benefit based on their current salary and account balances. On death or TPD after the Normal Retirement Date, equal to Late Retirement Benefit
Total and Temporary Disablement Benefit	Payable in monthly instalments whilst in service prior to the Normal Retirement Date as: • 75% of member's monthly salary at the date of disablement up to a maximum benefit of $30,000, then • 50% of member's monthly salary at the date of disablement up to a maximum benefit of $50,000. The benefit is payable for a maximum of two (2) years after completion of a ninety (90) day waiting period.

Award Contributions	Employer Contributions paid or allocated into an accumulation account in accordance with an Award or agreement.
Additional Accumulation Accounts and Surcharge	Members may be entitled to receive a further benefit equal to the sum of their Award Contributions and voluntary/rollover accounts, less any surcharge account.
Minimum Benefits	All benefits payable to members are subject to a minimum of the member's Minimum Requisite Benefit as defined in the Plan's current SG benefit certificate.

Appendix B – Financing Methods and Assumptions

Financing Method

The financing approach adopted is to target coverage of Vested Benefits.

Actuarial Assumptions

I have adopted the following actuarial assumptions in projecting the Plan's financial position and evaluating the School contribution program.

Investment Returns and Salary Increases

The most critical factor affecting the cost of benefits is the "gap" between investment earnings and salary increases i.e. the real rate of return.

At this investigation, I have assumed that the future level of investment returns (net of tax on investment income and investment charges) would average 4.0% per annum. Salary increases are assumed to average 3.0% per annum long term. In the long term the combined effect of these assumptions equates to a "real investment return" of 1.0% per annum.

Taxation

A tax of 15% on School contributions (net of administration and insurance expenses) has been assumed.

New Members

No new members are assumed to join the defined benefit section of the Plan.

Leaving Service Rates

We have assumed that the 1 remaining member who has not reached their Normal Retirement Date will remain in the Plan until their Normal Retirement Date at 31 December 2024, at which point they will retire. The other member in the Plan's defined benefit section is assumed to retire at the same date.

No other assumptions were made regarding future exits from the Plan.

Expenses and Insurance Cost

To determine the projected Plan assets an allowance was made for employer paid administration expenses, insurance premiums and management costs of $30,000 per annum for the year ending 30 June 2025 and $5,000 per annum thereafter.

Appendix C – Prudential Requirements

ACTUARIAL STATEMENT REQUIRED BY

SUPERANNUATION PRUDENTIAL STANDARD SPS 160

As the Actuary to the Fund, I hereby certify that:

(i) At 30 June 2024, the value of the assets of the Plan in respect of defined benefit liabilities was $2.607m.

(ii) In my opinion, the value of the assets of the Plan at 30 June 2024 was adequate to meet the liabilities of the Plan in respect of accrued benefits in the Plan (measured as the greater of Vested Benefits and the present value of members' accrued entitlements using the valuation assumptions).

(iii) This report contains a projection of the likely future position of the Plan during the three years following the valuation date, based on assumptions as to future experience, which I consider reasonable.

(iv) Based on School contributions as recommended in the report and the assumptions as to future experience, which I consider as reasonable, I consider that the value of assets of the Plan together with the contributions recommended will be adequate to meet the accrued liabilities of the Plan throughout the period to 30 June 2027.

(v) In my opinion, the Plan's financial position was not unsatisfactory nor about to become unsatisfactory under SIS Regulation 9.04 at 30 June 2024, nor does the current Shortfall Limit of 100% need to be reviewed.

(vi) In my opinion, the value of the assets of the Plan at 30 June 2024 was adequate to meet the liabilities of the Plan in respect of the minimum requisite benefits in the Plan, estimated as $0.960m.

(vii) A Funding and Solvency Certificate effective from 1 July 2023 has been prepared in accordance with the Superannuation Guarantee and Superannuation Industry (Supervision) legislation. In my opinion, the solvency of the Plan will be able to be certified in the Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the three year period to 30 June 2027.

(viii) I have recommended that the School continues nil to the Plan, including in respect of:

- employer contributions for defined benefit members, though if required to be physically paid under an award or agreement, the 3% award contributions should continue;
- the 7.1% complusory member contributions for the defined benefit member who has not reached their Normal Retirement Date (these contributions can be allocated to the member's account from surplus over the period to 31 December 2024);
- regular employer SG contributions for accumulation members; and
- employer paid premiums and management costs.

The School should continue to pay voluntary member contributions (either pre or post tax) to the Plan.

Nerida Seccombe
Fellow of the Institute of Actuaries of Australia

16 December 2024

Appendix D – Additional Information for AASB 1056

This information has been prepared at the request of the Trustee of the Plan and sets out the value of Accrued Benefits and other actuarial information required under AASB 1056 in respect of the defined benefit liabilities.

Defined Benefit Liabilities at 30 June 2024

For disclosure purposes under AASB 1056, the Accrued Benefits and Vested Benefits for the defined benefit members are summarised in the table below:

	($'000)
Accrued Benefits[1]	1,255
Vested Benefits	1,247

[1] *not subject to minimum of total Vested Benefits.*

The weighted average term of the defined benefit liabilities as at 30 June 2024 was 0.5 years.

The method of determining Accrued Benefits has been applied in a manner consistent with Professional Standard 402 issued by The Institute of Actuaries of Australia.

Assumptions

The assumptions used to calculate Accrued Benefits are as follows:

Discount Rate	4.0% p.a.
Future Salary Increases:	3.0% p.a.

All other assumptions are the same as those adopted in the 30 June 2024 Actuarial Investigation.

The discount rates are considered to be a reasonable expectation of actual future Plan returns over the average expected term of the benefit liabilities, in the light of the Plan's present investment strategy and taxation position.

Sensitivities

The table below shows the sensitivity of the Accrued Benefits to changes in key assumptions on a univariate basis:

Impact on Accrued Benefits	1% increase	1% decrease
Discount rate (Base 4.0%p.a.)	-0.5%	+0.5%
Salary increase (Base 3.0%p.a.)	0.0%	0.0%

This statement has been prepared in accordance with Practice Guideline 499.06 issued by the Institute of Actuaries of Australia.

Nerida Seccombe
Fellow of the Institute of Actuaries of Australia

16 December 2024