Insignia Financial Super Plan

Actuarial Investigation as at 30 June 2023

Report date: 13 December 2023

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13 December 2023

NULIS Nominees (Australia) Ltd
Level 8, 347 Kent Street
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Attention: Janette Doyle

Insignia Financial Super Plan
Actuarial Investigation as at 30 June 2023

We are pleased to present the actuarial investigation of the Insignia Financial Super Plan ("the Plan"), a sub-plan in the Plum Division of the MLC Super Fund ("the Fund"). This report presents the results of the actuarial investigation of the Plan as at 30 June 2023.

Please call Diane Somerville on (02) 9322 7636 if you would like to discuss.

Yours sincerely,

Diane Somerville
Fellow of the Institute of Actuaries of Australia

Andrew Boal
Fellow of the Institute of Actuaries of Australia

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1 Executive summary

1.1 Introduction

NULIS Nominees (Australia) Ltd ("the Trustee") has requested that Deloitte Actuaries & Consultants Limited ("Deloitte") conduct an actuarial investigation of the Insignia Financial Super Plan ("the Plan"), whose name changed from the National Wealth Management Superannuation Plan The name of the Plan changed from the National Wealth Management Superannuation Plan on and from 17 March 2023. The Plan is a sub-plan in the Plum Division of the MLC Super Fund ("the Fund"). This report presents the results of the actuarial investigation of the Plan as at 30 June 2023.

The purposes of this report are to:

- Examine the sufficiency of the assets in relation to members' accrued benefit entitlements at the valuation date;
- Determine the employer contribution rate required after the valuation date;
- Satisfy the requirements of the Superannuation Industry (Supervision) Act and Superannuation Prudential Standard 160 (SPS 160);
- Comment on any other matter considered relevant or as required under relevant Professional Standards of the Actuaries Institute; and
- Comment and advise on any other matter considered relevant.

This report has been prepared by Diane Somerville and Andrew Boal, of Deloitte Actuaries & Consultants Limited, in accordance with the Professional Standards and Practice Guidelines (in particular Professional Standard 400) issued by the Actuaries Institute.

1.2 Financial position

Superannuation Prudential Standard (SPS) 160 requires statements to be made in respect of two measures of the financial position of the Plan, these measures being related to the current and projected "vested benefits" and the present value of "accrued benefits" of members.

This investigation is concerned primarily with the valuation of the Plan's assets and liabilities in respect of members' defined benefits only. The value of accumulation member liabilities is directly related to the value of the underlying assets and is not exposed to the same funding risks as defined benefit liabilities. Therefore, the value of accumulation members' assets and liabilities, and the accumulation benefits of defined benefit members where the members have an option to select how such monies are invested, are excluded from this investigation.

Funding levels for defined benefits

In respect of the defined benefit liabilities, the funding ratios at 30 June 2023 are shown in the table below:

Funding Measure	Defined Benefit Assets ($m)	Defined Benefit Liabilities ($m)	Funding Ratio
Vested Benefits	48.807	28.369	172%
Value of Accrued Benefits[1]	48.807	28.427	172%

[1] Minimum of vested benefits at an individual member level have been applied.

The assets backing defined benefits were sufficient to meet the total vested benefits and the total of the present value of accrued benefits for defined benefit members in the Plan overall at the valuation date.

Following the sale by NAB of MLC Wealth to IOOF (now Insignia Financial) on 31 May 2021, the Plan assets are notionally split between the amounts supporting the benefits of defined benefit and hybrid members who are MLC Wealth employees and those who are NAB employees. Accordingly, we have also estimated the funding ratios in respect of MLC Wealth and NAB defined benefit members at 30 June 2023 as follows:

Funding Measure	Defined Benefit Assets ($m)	Defined Benefit Liabilities ($m)	Funding Ratio
MLC Wealth / Insignia Financial members:			
Vested Benefits	41.003	24.072	170%
Value of Accrued Benefits[1]	41.003	24.129	170%
NAB members:			
Vested Benefits	7.803	4.298	182%
Value of Accrued Benefits[1]	7.803	4.298	182%

[1] Minimum of vested benefits at an individual member level have been applied.

The assets backing defined benefits for each section of the Plan (i.e. relating to MLC Wealth/Insignia Financial members and relating to NAB members) were sufficient to meet the total vested benefits and the total of the present value of accrued benefits for defined benefit members in each section at the valuation date.

Superannuation guarantee and technical insolvency

The Employer's Superannuation Guarantee obligation is met in full for all members by the minimum benefits provided under the Plan. The current Benefit Certificate for the period from 1 July 2023 to 30 June 2028 was issued on 18 September 2023.

The current Funding and Solvency Certificate (issued on 18 September 2023) is effective from 1 July 2023 to 30 June 2028. The purpose of the Funding and Solvency Certificate is to specify the required Employer contributions needed to fund the Minimum Requisite Benefits used to offset the Superannuation Guarantee Charge. Pursuant to the Superannuation Industry (Supervision) Act ("the SIS Act"), a superannuation plan is "technically solvent" if the net value of its assets exceeds the minimum Superannuation Guarantee benefits.

At 30 June 2023, the Plan was solvent on this basis and, based on the assumptions in relation to vested benefits, we expect that an actuary will be able to certify the solvency of the Plan at all times during the three years to 30 June 2026.

Investments

The Trustee has developed formal objectives and a policy for the investment of the Plan's assets. These objectives and policy are summarised in the Product Disclosure Statement and other information available to employers and members.

Further, the Trustee has agreed the investment policy in respect of those assets which are designated to support the defined benefit liabilities.

We have reviewed the Plan's investment policy in light of the funding method adopted and the nature of the Plan's liabilities. In our opinion the Plan's current investment policy (allowing for the transfer to the MLC Balanced portfolio from 24 November 2023 based on the Trustee's simplification of the investment menu of the MLC Super Fund) remains appropriate, provided that the Employer recognises and accepts the potential variability in returns and the resulting impact on contribution requirements.

Regulatory requirements

Paragraph 23 of SPS 160 requires certain information to be included in actuarial reports. A summary of this information is included in Appendix C to this report. The Trustee may choose to provide this summary to any members who request details of the actuarial valuation, although members are entitled to request a copy of the full report.

The Trustee has set the shortfall limit at a level of 100% for the Plan and we confirm that the VBI of the Plan was above the Trustee's shortfall limit as at 30 June 2023 and in the period since. We consider that this shortfall limit remains appropriate given the current and target asset allocation for the Plan and the nature of the liabilities.

The Plan is not self-insured and there are no specific SPS 160 requirements on the Trustee for annual attestation of the validity (or otherwise) of continuing self-insurance.

Insurance

The valuation shows that the current insurance arrangements in respect of death and total and permanent disablement benefits are adequate for the defined benefits section of the Plan.

Events since 30 June 2023

We note that the Trustee transferred the remaining members in the Plan who are NAB employees from the Plan into the National Australia Bank Group Superannuation Fund effective from 1 December 2023. After this date, the Plan effectively only includes members who are current and former MLC Wealth employees.

There have been no other significant events in the period since 30 June 2023 to the date of this report that would have changed the recommendations of this report.

1.3 Recommendations

Superannuation Prudential Standard (SPS) 160 requires statements to be made in respect of two measures of the financial position of the Plan, these measures being related to the current and projected "vested benefits" and the present value of "accrued benefits" of members.

Previous investigation

The previous investigation of the Plan as at 30 June 2020 was prepared by Diane Somerville and Alan Merten of Deloitte in a report dated 22 December 2020.

Based on the approach and assumptions set out in that report, it was recommended Employer contributions in respect of defined benefit members of the Plan be at least nil until completion of the next triennial actuarial investigation (effective no later than 30 June 2023).

In addition, the report recommended:

- Continuation of current quarterly vested benefit reviews; and
- The recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

We understand that the Employer has contributed amounts consistent with these recommendations to 30 June 2023.

Due to the robustness of the Plan's financial position, it was further recommended that the Trustee consider discussing with the Employer options for managing the surplus assets in the Plan. However, we understand that no action has occurred in this regard over the inter-valuation period.

Current investigation

Based on the approach and assumptions set out in this report, we recommend that the Employer contributions in respect of defined benefit members of the Plan be at least nil until completion of the next triennial investigation (effective no later than 30 June 2026).

In addition, we recommend:

- Continuation of current quarterly vested benefit reviews; and
- These recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

Due to the continued robustness of the Plan's financial position, we further recommend that the Trustee consider discussing with the Employer options for managing the surplus assets in the Plan, such as allowing part of the surplus to be used for the purposes of temporarily reducing the employer contributions payable in respect of the accumulation section of the Plan (as permitted under rule 4.4.2(b) of the Participation Agreement for the Plan).

Next valuation

- The next valuation is required to be held no later than as at 30 June 2026.

Reliances and Limitations

This report has been prepared under the terms and conditions set out in the engagement letter dated 27 February 2017 (as most recently amended on 19 December 2022). We have carried out our work on the following assumptions and conditions. These are in addition to any assumptions or conditions which may be included in this letter:

- Our work has been based on the representations, information, documents and facts ("information") provided to us;
- We have assumed that the information provided is true, correct and complete and not misleading. Although we have reviewed it for general reasonableness and consistency, we have not independently verified or audited the data. If the information is untrue, incorrect, incomplete or misleading then our work may need to be revised.
- This report has been prepared for the sole use of the Trustee and Employer for the purposes stated earlier. No other use of, or reference to, this report should be made without prior written consent from Deloitte, nor should the whole or part of this report be disclosed to any other person. The report should be considered as a whole. Members of Deloitte staff are available to answer any queries, and the reader should seek that advice before drawing conclusions on any issue in doubt.

Diane Somerville
Fellow of the Institute of Actuaries of Australia

Andrew Boal
Fellow of the Institute of Actuaries of Australia

13 December 2023

2 Background

2.1 History

The Plan commenced as a sub-plan of the Plum Superannuation Fund, a predecessor fund of the MLC Super Fund, on 1 July 2002 following the termination of the National Staff Superannuation Fund (the "Former Fund"). We understand that all defined benefit members' benefit entitlements under the Former Fund were transferred to the Plan. The name of the Plan changed from the National Wealth Management Superannuation Plan to the Insignia Financial Super Plan on and from 17 March 2023.

The Employer has advised the defined benefit section of the Plan is closed to new employees and all new employees joining the Plan are provided with accumulation benefits.

As a sub-plan in the Plum Division of the MLC Super Fund, the Plan is a resident regulated fund and a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993 (the SIS Act). The Plan therefore qualifies for concessional tax treatment.

2.2 Governing Documents

The MLC Super Fund was established under a Trust Deed dated 9 May 2016 (as amended from time to time). The members and assets of the Plum Superannuation Fund were transferred into the MLC Super Fund on a successor fund basis from 1 July 2016. The operation of the Plan is governed by the Trust Deed as subsequently amended and by the Participation Agreement dated 25 May 2023 (as amended) between the Employer and NULIS Nominees (Australia) Limited.

A summary of the main benefit provisions is included as Appendix A to this report.

2.3 Purpose of the Investigation

Current legislation requires that an actuarial investigation be undertaken at least every three years.[1]

The purposes of this investigation are to:

- Examine the sufficiency of the assets in relation to members' accrued benefit entitlements at the valuation date;
- Determine the recommended employer contributions required after the valuation date;
- Satisfy the requirements of the Superannuation Industry (Supervision) Act and SPS 160;
- Comment on any other matter considered relevant or as required under relevant Professional Standards of the Actuaries Institute; and
- Comment and advise on any other matter considered relevant.

Current legislation also requires that the investigation consider the solvency and financial position of the Plan, both as at the investigation date and during the ensuing three years.

This report is provided to the Trustee of the Plan.

[1] Where a defined benefit fund is paying defined benefit pensions (which does not apply to the Plan), legislation requires an actuarial investigation to be undertaken annually, unless APRA determines that less frequent investigations (at intervals determined by APRA, between 1 year and 3 years) are permitted for that fund.

2.4 Key Risks

There are a number of risks relating to the operation of the Plan. The more significant financial risks for the Plan are:

- ***Investment risk***

  Investment risk is borne by the Employer. The risk is that investment returns will be less than assumed and the Employer will need to increase contributions to offset this shortfall.

  The Plan was invested in the MLC Moderate option at 30 June 2023, but the defined benefit assets have been transferred to the MLC Balanced investment option effective from 24 November 2023 (which has a similar strategic asset allocation and the same investment objective), as a result of the Trustee's simplification of the investment menu of the MLC Super Fund.

  The Plan's defined benefit assets are exposed to investment volatility due mainly to the allocation to growth assets. For example, the sensitivity analysis shown in section 7 of this report estimated that if the assumed future investment return was reduced by 1% p.a. with no change to other assumptions, then the Plan's coverage of vested benefits would decrease by about \$1.4m for all members and by about \$1.2m for MLC Wealth members over the period to 30 June 2026.

  - i.e. for all members, the Vested Benefits Index for the defined benefit members as at 30 June 2026 would be at 190% if future investment returns were 1% p.a. lower, which is 6% lower than the projected Vested Benefits Index of 196% at that date based on the valuation assumptions; and
  - for MLC Wealth members, the Vested Benefits Index for the defined benefit members as at 30 June 2026 would be at 191% if future investment returns were 1% p.a. lower, which is 6% lower than the projected Vested Benefits Index of 197% at that date based on the valuation assumptions.

  We note that the actual investment return achieved by the Plan in the future may vary (positively or negatively) from the rate assumed in this investigation by much more than the negative 1% p.a. in the above sensitivity scenario.

- ***Salary growth risk***

  Salary growth risk is borne by the Employer. This risk is that wages or salaries (on which future benefit amounts will be based) will increase more rapidly than anticipated, increasing benefit amounts and thereby requiring additional contributions from the Employer.

  For example, the impact of a 1% p.a. increase in the assumed rate of salary increase would be expected to reduce the coverage of accrued benefits (before application of vested benefit minimums) by about \$0.9m for MLC Wealth members and \$0.2m for NAB members (as shown in section 7 of this report). However, if a minimum of vested benefits was applied on an individual member basis, the coverage of accrued benefits (subject to vested benefit minimums) would only reduce by \$26,000 for MLC Wealth members and \$15,000 for NAB members as at 30 June 2023.

  Furthermore, we have estimated that if the assumed future salary increases were increased by 1% p.a. with no change to other assumptions, then the Plan's coverage of vested benefits would decrease by about \$0.6m for all members and \$0.5m for MLC Wealth members over the period to 30 June 2026.

  - i.e. for all members, the Vested Benefits Index for the defined benefit members as at 30 June 2026 would be at 192% if future salary increases were increased by 1% p.a., which is 4% lower than the projected Vested Benefits Index of 196% at that date based on the valuation assumptions; and
  - for MLC Wealth members, the Vested Benefits Index for the defined benefit members as at 30 June 2026 would be at 192% if future salary increases were increased by 1% p.a., which is 5% lower than the projected Vested Benefits Index of 197% at that date based on the valuation assumptions.

- ***Liquidity risk***

  Liquidity risk is borne by the Employer. As the Plan is closed to new members and the membership is ageing, it is likely that net cash flow of the defined benefit section of the Plan will be negative in some (perhaps most) years. That is, benefit payments to members leaving the Plan will exceed contributions made in respect of the current members. This means that there is a need for the Trustee to ensure that the Plan's defined benefit investments provide a suitable level of liquidity to meet projected benefit payments.

  We note that the Plan's assets are invested in an investment option together with the assets of many other funds and members, both accumulation and defined benefit based. Therefore, we expect that the current investment policy will provide an adequate level of liquidity for the Plan.

- ***Sequencing risk***

  As the size of the defined benefit membership reduces due to the Plan being closed to new defined benefit members, individual benefit payments are gradually becoming a significant portion of the overall Plan assets. This risk will become more relevant in coming years.

- ***Legislative risk***

  Legislative risk is borne by the Employer. 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 taxation on superannuation funds or an increase in the Superannuation Guarantee (SG) rate.

  Current legislation sets out increases in the SG rate from 11% to 12% progressively over the period from July 2023 to June 2025, with the next increase occurring with effect from July 2024. The benefits provided to active defined benefit members are subject to a minimum of the Minimum Requisite Benefits defined in the Plan's Benefit Certificate. This may increase the benefits payable to some defined benefit members, and therefore increase the cost of providing the defined benefits.

The Risk Management Strategy and Risk Management Policy of the MLC Super Fund should identify the full range of risks faced by the Trustee in respect of the Fund as a whole and also in respect of its sub-plans including the Plan.

2.5 Previous Investigation

The previous actuarial investigation was conducted as at 30 June 2020 by Diane Somerville and Alan Merten of Deloitte and the results and recommendations were detailed in a report dated 22 December 2020.

Based on the approach and assumptions set out in the previous report, it was recommended Employer contributions in respect of defined benefit members of the Plan be at least nil until completion of the next triennial investigation (effective no later than 30 June 2023).

In addition, the report recommended:

- Continuation of current quarterly vested benefit reviews; and
- The recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

We understand that the Employer has contributed amounts consistent with these recommendations to 30 June 2023.

Due to the robustness of the Plan's financial position, it was further recommended that the Trustee consider discussing with the Employer options for managing the surplus assets in the Plan. However, we understand that no action has occurred in this regard over the inter-valuation period.

2.6 Subsequent changes

On 31 May 2021, NAB completed the sale of its wealth management business, MLC Wealth, to IOOF (now Insignia Financial). At that time, the defined benefit members in the Plan were allocated to either MLC Wealth or NAB based on their ongoing employment relationship.

We then notionally split the Plan assets in proportion to the estimated accrued benefits of members who were MLC Wealth employees and members who were NAB employees as at 31 May 2021. For this purpose, we calculated the accrued benefits on an actuarial basis using the same basis as that used in the actuarial valuation of the Plan as at 30 June 2020.

The table below sets out the notional allocation of the Plan assets as at 31 May 2021:

Section	Number of members	Estimated Accrued Benefits ($m)	Notional Split of Assets (%)	Notional Split of Assets ($m)
MLC Wealth	51	27.479	82.9%	44.7
NAB	11	5.666	17.1%	9.2
Total Plan	**62**	**33.145**	**100.0%**	**53.9**

In addition, we have reported on the notional split of Plan defined benefit assets between the two groups as part of the regular financial position updates to the Trustee at each quarter-end since 30 June 2021. The actuarial calculation of the notional split of the Plan assets in the financial position updates is based on rolling forward the initial assets split at 31 May 2021 (as shown above) with cashflows (primarily contributions, benefit payments and expenses) and investment earnings on a quarterly basis starting from 1 June 2021.

Also, during the inter-valuation period, the Trustee completed an intra-fund transfer within the MLC Super Fund on 31 May 2023, and moved just under 1,000 MLC Wealth accumulation members from National Australia Bank Group Superannuation Fund A (NABGSF) into the Plan. This included one member (classified as a Category A1N member) who has minimum DB guaranteed benefits as a result of their prior membership of the NAB Group Super Fund N.

We note that the Trustee transferred the remaining members in the Plan who are NAB employees from the Plan into the National Australia Bank Group Superannuation Fund effective from 1 December 2023. After this date, the Plan effectively only includes members who are current and former MLC Wealth employees.

2.7 APRA Prudential Standards

Superannuation Prudential Standard 160 (Defined Benefit Matters) (“SPS 160”) deals with a range of matters affecting defined benefit funds.

SPS 160 requires a Registered Superannuation Entity (“RSE”) licensee (that is, a trustee) of a defined benefit fund to set a shortfall limit, and to determine and implement a monitoring process to detect when the fund has, or may have, breached the shortfall and/or moved into an unsatisfactory financial position. If the shortfall limit is, or may be, breached, SPS 160 outlines a range of actions that will need to be performed, which may include conducting an actuarial investigation.

As at 30 June 2023, the Plan was in a satisfactory financial position. It is expected that the Plan will maintain a satisfactory financial position over the period to 30 June 2026. Further details regarding future projections of the Plan’s financial position are shown in Section 7 of this report.

Given this investigation recommends a continuation of the employer contribution holiday, we recommend that the Trustee maintain the shortfall limit for the Plan at 100%.

3 Data

3.1 Current data

We have obtained details of the membership of the Plan at 30 June 2023 from the administrator of the Plan, MLC Wealth Limited (“the Administrator”). The details are summarised below. At the valuation date there were 47 active defined benefit members with total annual salaries of $7.4m, and 1 accumulation member with a defined benefit guarantee underpinning their benefits.

All Participants					
Category	**Number of active members**	**Average Age (years)**	**Average Service (years)**	**Total Annual Salaries ($)**	**Average Annual Salary ($)**
2	3	57.4	36.9	366,647	122,216
3	39	53.9	28.3	6,372,178	163,389
4	4	55.9	32.4	423,885	105,971
3H	1	53.0	31.4	*	*
Defined benefit members	**47**	**54.3**	**29.3**	**7,399,073**	**157,427**
A1N	1	52.6	n/a	*	*
Accumulation members with DB underpin	**1**	**52.6**	**n/a**	*****	*****
Total	**48**	**54.3**	**29.3**	*****	*****

*values not shown for privacy reasons

We have also obtained details of the membership of the MLC Wealth and NAB defined benefit members at 30 June 2023 as follows:

Category	Number of active members	Average Age (years)	Average Service (years)	Total Annual Salaries ($)	Average Annual Salary ($)
MLC Wealth members:					
2	3	57.4	36.9	366,647	122,216
3	33	54.6	28.6	5,248,087	159,033
4	3	55.4	31.7	299,713	99,904
3H	1	53.0	31.4	*	*
Defined benefit members	**40**	**54.8**	**29.5**	**6,150,811**	**153,770**
A1N	1	52.6	n/a	*	*
Accumulation members with DB underpin	**1**	**52.6**	**n/a**	*****	*****
Total	**41**	**54.8**	**29.5**	*****	*****

Category	Number of active members	Average Age (years)	Average Service (years)	Total Annual Salaries ($)	Average Annual Salary ($)
NAB members:					
3	6	50.1	26.8	1,124,091	187,348
4	1	57.5	34.6	*	*
Total	**7**	**51.2**	**28.0**	**1,248,262**	**178,323**

*values not shown for privacy reasons

We have reconciled the movements in the defined benefit membership, and accumulation members with defined benefits underpin, between 30 June 2020 and 30 June 2023 as follows:

Category	Number of members at 30 June 2020	Transfer-in from NABGSFA	Exits during period	Number of members at 30 June 2023
2	4	-	(1)	3
3	53	-	(14)	39
4	6	-	(2)	4
2H	1	-	(1)	-
3H	1	-	-	1
A1N	-	1	-	1
Total	**65**	**1**	**(18)**	**48**

Approximately 28% of members have exited the Plan since 30 June 2020. Further, as noted above, we have been advised that the 7 defined benefit members who are NAB employees have been transferred out of the Plan with effect from 1 December 2023.

The defined benefit section of the Plan is closed to new members. As noted in section 2.6, one member with a defined benefit guaranteed benefit (Category A1N) was transferred into the Plan from the NABGSF on 31 May 2023.

While we performed high level checks of the data for internal consistency, we have not completed an audit of the data and are relying on the Administrator for the quality and accuracy of the data. We believe that the data is suitable for the purposes of this report.

4 Assets

4.1 Asset information

Assets and cash flow information was provided to us by the administrator, MLC Wealth Limited, for the purposes of this investigation.

We were provided with the value of assets held as at 30 June 2023 and a reconciliation of cash flows from the previous investigation date (30 June 2020) up to 30 June 2023.

As the Plan is a sub-plan within the Plum Division of the MLC Super Fund, a separate set of financial statements is not prepared for the Plan. The asset information for the Plan is therefore not separately audited.

We are satisfied that the information provided appears to be correct based on our knowledge of the Plan.

4.2 Net asset value

The assets backing defined benefit members were invested in the MLC Moderate Portfolio at 30 June 2023. The value of the Plan's net assets was advised to be $48.807 million as at 30 June 2023, which is the net asset value used in this valuation.

The table below shows the notional allocation of Plan assets as at 30 June 2023 between those attributable to the different sections of the Plan:

Section	Amount ($m)
Assets attributable to MLC Wealth members	41.003
Assets attributable to NAB members	7.803
Net assets at 30 June 2023	**48.807***

*The total amount may not match the sum of individual sections due to rounding.

The Trustee has advised that the Plan's defined benefit assets have been transferred to the MLC Balanced investment option effective from 24 November 2023, due to the Trustee's simplification of the investment menu of the MLC Super Fund.

We have reviewed the asset and transaction details provided by the Administrator and are satisfied they are appropriate for use in this investigation.

We note that the Trustee transferred the remaining members in the Plan who are NAB employees from the Plan into the National Australia Bank Group Superannuation Fund effective from 1 December 2023. To this end, the Trustee obtained separate actuarial advice from us regarding the assets attributable to NAB members at that date, and those assets are being transferred from the Plan to the National Australia Bank Group Superannuation Fund. From 1 December 2023, the Plan effectively only includes members who are current and former MLC Wealth employees, and therefore a notional split of Plan assets will no longer be required going forward.

4.3 Investment strategy

The general aim of the investment strategy of the Plan is to achieve capital and income growth, while minimising the risk that members' benefits will not be adequately covered, through asset diversification and the use of professional fund managers.

The benchmark asset allocation of the MLC Moderate option includes 74% 'growth' assets (equities and property) and 26% 'defensive' assets (fixed interest and cash). The benchmark asset allocation of the MLC Balanced investment option, which replaced the MLC Moderate portfolio for the Plan effective from 24 November 2023, includes 73% 'growth' assets and 27% 'defensive' assets. Both investment options have the same investment return objective of at least 3% p.a. above inflation (after fees and tax) over 10 years.

The benchmark asset allocations of both investment options are shown in the table below.

Asset Class	Benchmark Allocation (%) MLC Moderate (to 23 November 2023)	Benchmark Allocation (%) MLC Balanced (from 24 November 2023)
Equities	53%	53%
Property	6%	6%
Private Equity	5%	5%
Alternatives	4%	3%
Infrastructure	6%	6%
Fixed Interest	19%	18%
Cash	7%	9%
Total	**100%**	**100%**

Based on information received from the administrator we understand that the Plan's actual allocation as at 30 June 2023 was also close to the benchmark allocation.

This proportion of assets invested in "growth" assets is similar to other defined benefit superannuation funds of a similar size and membership profile. Nonetheless, the Trustee and Employer should be aware adoption of such a "growth" strategy is accompanied by an increased level of risk compared to other less "aggressive" approaches. Continuation of the strategy in respect of the Plan's defined benefit members requires regular monitoring of future investment returns.

We confirm the Plan's current investment strategy (allowing for the transfer to the MLC Balanced portfolio from 24 November 2023) is appropriate for the Plan at this time.

4.4 Investment performance

During the period to 30 June 2023 the rate of return earned on the Plan's assets net of tax and investment management fees were estimated to be:

Year	Earning rate (% p.a.)
2022/23	8.1%
2021/22	-2.2%
2020/21	19.3%
Average annual rate	**8.0%**

Over the 3 years to 30 June 2023, the Plan's actual earnings rate was 8.0% p.a.

4.5 Crediting rate policy

The Plan's approach to crediting interest rates to members' accounts is in accordance with the 'standard' approach of the Trustee's policy. That is, subject to the Trustee's policy on exceptional crediting rate events, credited rates are based on the actual money weighted return of the defined benefit asset pool.

The interim rate is based on the government 10-year bond yield at the start of the relevant quarter.

We confirm the Plan's current approach to crediting interest to defined benefit members' account balances is appropriate for the Plan at this time.

4.6 Nature of liabilities

The defined benefit liabilities of the Plan primarily reflect a combination of salary growth, member service and movements, the aging of the defined benefit members, and the declared crediting rates. Also important is the level of the minimum Superannuation Guarantee accounts of members. The supporting assets however depend on:

- The amount of employer and member contributions; and
- The level of investment returns over time.

Most critical is the fact that the defined benefit liabilities are not directly linked to the investment returns. In this case it is the employer who bears the net effect of investment risk. The level of employer contributions depends in part on the level of investment returns achieved.

Note that in the case of member accumulation accounts, there is a direct link between the investment return and the value of the member account, and hence the employer does not carry investment risk in respect of those accounts.

An investment strategy that is framed to take a long-term view will often adopt relatively high levels of growth assets (property and equity investments) in order to:

- Secure attractive long term investment returns; and
- Provide an opportunity for capital appreciation and dividend growth, which gives some protection against inflation (as benefits are linked to salary growth which is also influenced by inflation).

Historically, growth assets have provided higher investment returns over medium to longer time periods than defensive assets (bonds and cash). However, these returns have also been more volatile exposing the Plan to a greater risk of a fall in the value of assets, as was experienced during the Global Financial Crisis.

Some funds hold a reserve as a buffer against the likely fluctuation in asset values. The size of the required reserve will depend on the degree to which the employer is willing and able to accept short term variations in contributions as part of underwriting the defined benefits of the fund.

The concern about the volatility in asset values has led some companies to adopt more conservative investment policies. While this may reduce short term fluctuations in asset values, it is also likely to reduce long term returns and hence result in increased employer contributions in the long term.

In summary, a balance needs to be achieved between these short-term and long-term considerations in funding the defined benefit liabilities.

We confirm that, in our opinion, the current investment strategy (allowing for the transfer to the MLC Balanced portfolio from 24 November 2023 based on the Trustee's simplification of the investment menu of the MLC Super Fund) is appropriate for the long term, provided that the Employer recognises the potential variability in returns and the resulting impact on contribution requirements.

5 Valuation method and assumptions

5.1 The valuation process

To carry out an actuarial valuation, it is necessary to decide on:

- The funding method to be adopted;
- The value of the assets for the purposes of long-term assessment; and
- The assumptions as to the factors which will affect the cost of the benefits to be provided by the Plan in the future.

It should be noted that although these assumptions are required to complete an investigation, the long-term cost of benefits does not depend directly on the assumptions, but on the Plan's actual experience.

5.1.1 Funding method

A funding method is a systematic basis for meeting the cost of benefits over the years of operation of the Plan. It recognises that:

- a member's benefit entitlements should be funded as uniformly as possible over his or her working lifetime; and
- the assets of the Plan should cover the total benefits which members would reasonably expect if they left the Plan.

The choice of method does not directly affect the cost of benefits provided by the Plan, which depends upon the Plan's actual experience in future years. All funding methods are expected to produce the same total cost of benefits with the choice of method determining the "pace" at which such costs are met by the Employer. The important point is that there is a direct and transparent link between employer contributions and the security afforded to member benefits by the accumulated assets held in the fund on their behalf.

This valuation has been carried out using the Target Funding method, which is the same method used for the previous investigation.

Under the Target Funding method, the employer contribution rate is set with the objective of reaching and/or maintaining a position where the Plan's assets equal the Plan's liabilities (or possibly the liabilities plus a margin). For this valuation we have adopted a target of 100% of the members' vested benefits.

Given the size of the current (closed) membership, we believe it makes sense to retain the Target Funding method for this investigation.

5.1.2 Value of assets

For the purposes of this valuation, we have used an asset value of $48.807m as at 30 June 2023. We are satisfied that this value is appropriate.

The asset value as at 30 June 2023 is notionally split between those relating to MLC Wealth members and those relating to NAB members as follows:

Section	Amount ($m)
Assets attributable to MLC Wealth members	41.003
Assets attributable to NAB members	7.803
Net assets at 30 June 2023	**48.807***

*The total amount may not match the sum of individual sections due to rounding.

5.2 Plan experience

It is important when setting the valuation assumptions to examine the past experience of the Plan to see whether the previous assumptions have been borne out in practice. A summary of the major items of experience over the period to the investigation date is given in the following paragraphs.

5.2.1 Financial assumptions

5.2.1.1 Investment return

Over the period since the previous investigation, the Plan earned in the order of 8.0% p.a. compared to the assumption in the previous valuation of 6.0% p.a. This has had a positive effect on the financial position of the Plan.

For this valuation we have retained an assumption for the long-term future investment return of 6.0% p.a. (net of tax and investment management fees). This assumption takes into account the investment strategy of the Trustee with respect to assets supporting the defined benefit liabilities. In particular, this rate reflects our current long-term earnings expectations of the major asset classes in which the defined benefit assets of the Plan are invested.

5.2.1.2 Salary increases

Over the period covered by this report, overall salary increases have been approximately 2.7% p.a. for defined benefit members who were in the Plan at both 30 June 2020 and 30 June 2023. This is lower than the 3.0% p.a. assumed in the 30 June 2020 valuation. This has had a slight positive effect on the financial position of the Plan.

We note that the actual salary increases over the prior three-year period ended 30 June 2020 was 2.8% p.a. on average. Therefore, actual salary increases over the past 6 years have been in the order of 3% per annum.

Taking these factors into account, and given the latest inflation forecasts for the economy, we have maintained the assumption for future salary growth of 3.0% p.a. for this investigation.

5.2.1.3 Net real return

The difference between the level of investment returns and salary increases is important as it links the growth in assets to the growth in salary-related liabilities.

Over the investigation period, the difference between the actual investment return and the rate of salary growth has been in the order of 5.3% per annum. The “gap” assumed in the 30 June 2020 valuation was 3.0% per annum. Since this is lower than the actual “gap”, the combined effect of the Plan’s investment and salary experience has had a positive effect on the financial position of the Plan.

The “gap” between the assumed rate of future investment earnings and the assumed rate of future salary increases in the long-term, i.e. the real rate of return on invested assets, in this investigation is 3.0% p.a., which is the same as that used in the previous investigation.

5.2.2 Non-financial assumptions

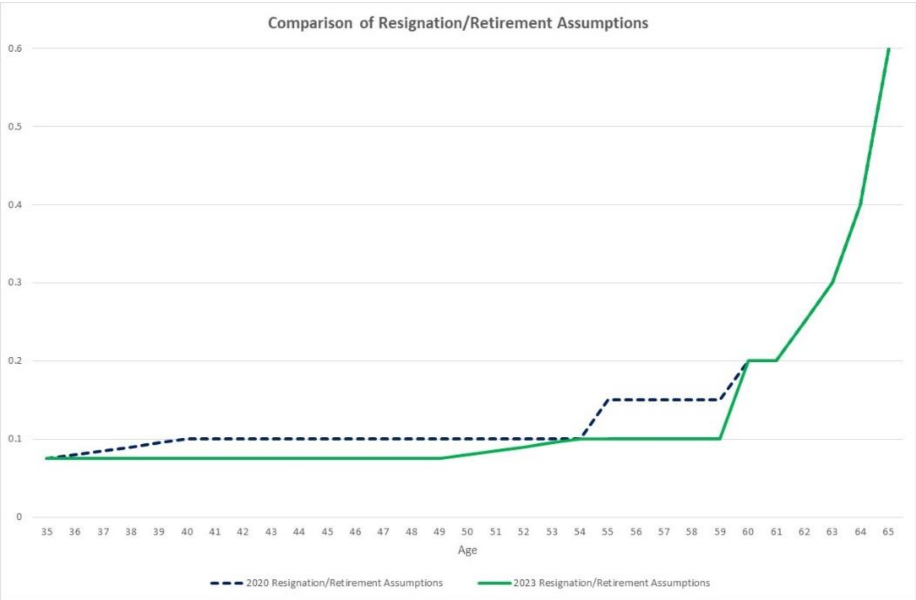
The size of the Plan membership is not large enough to conduct an analysis of the rates of death, disablement, resignation and retirement to derive plan specific assumptions.

However, we have performed a high-level analysis of the number of exits from the Plan over the 3 years to 30 June 2023 compared to the numbers expected under the actuarial basis adopted for the 30 June 2020 valuation, for each decrement type.

The following table shows a comparison of actual exits versus those expected under the previous valuation basis over the three years ended 30 June 2023:

Decrement type	Actual	Expected	Difference (A-E)
Withdrawal	8.0	10.5	(2.5)
Retirement	10.0	13.9	(3.9)
Death/TPD	0.0	1.0	(1.0)
Total	**18.0**	**25.4**	**(7.4)**

The actual experience above is lower than that expected based on the assumptions used in the previous investigation. The largest difference is related to withdrawals and retirements. Therefore, we have decided to adjust the assumed withdrawal and retirement rates for this valuation, to reflect lower rates of members leaving service as observed. This is illustrated in the following chart:



The following table shows a comparison of actual exits versus those expected under the revised valuation basis over the three years ended 30 June 2023:

Decrement type	Actual	Expected	Difference (A-E)
Withdrawal	8.0	9.1	(1.1)
Retirement	10.0	11.9	(1.9)
Death/TPD	0.0	1.0	(1.0)
Total	**18.0**	**22.0**	**(4.0)**

Details of the non-financial assumptions used are set out in Appendix B.

5.2.3 Expenses

The previous valuation assumed administration expenses and insurance premiums of 2.5% p.a. of defined benefit members' salaries.

Over the 3 years to 30 June 2023, administration expenses have averaged approximately 1.6% p.a. of defined benefit members' salaries, and insurance premiums approximately 0.8% p.a. of defined benefit members' salaries, which equates to 2.4% p.a. for total insurance and administration expenses.

In addition, with the continuing reduction in Plan membership, the current ongoing cost of insurance and administration expenses when expressed as a percentage of defined benefit salaries has increased above 2.5% p.a.. This will also be exacerbated by the transfer of the NAB defined benefit employees out of the Plan into the National Australia Bank Group Superannuation Fund effective from 1 December 2023.

In setting the assumptions for expenses and insurance premiums for the purposes of this investigation, we have taken into account the experience of the Plan over the last 3 years, the continuing reduction in the numbers of active defined benefit members and the transfer out of the NAB members from the Plan effective 1 December 2023. Accordingly, we have revised the assumed expenses to $25,000 per annum plus 0.4% p.a. of defined benefit and hybrid members' salaries for administration and other costs, and an allowance of 0.8% p.a. of defined benefit and hybrid members' salaries has been assumed for insurance premiums.

The investment earnings rate is assumed to be net of investment expenses.

5.2.4 Insurance

Details of the Plan's group insurance arrangements in respect of death and disablement benefits are included in Section 8.

5.2.5 Taxation

The Plan is a "regulated superannuation fund" and is governed by the regulations of the Superannuation Industry (Supervision) Act 1993.

We have assumed that the current tax regime will continue and that the tax rate presently applying to the Fund will be maintained in future i.e. that the Fund will remain a regulated and complying fund under SIS and the Tax Act respectively and that a concessional tax rate of 15% will apply to net deductible contributions and investment earnings.

In addition, we have assumed that any additional taxation attributable to contributions in respect of high-income earners (Division 293 taxation) and/or excess concessional contributions will be deducted from the total benefits of the affected members by means of an offset account, if not paid separately by the individual member. Similarly, we have assumed that any Division 296 tax applying to members with large superannuation balances (i.e. over $3 million), if this is paid by the Plan at the individual member's request, will be deducted from the total benefits of the affected members by means of an offset account.

6 Solvency and funding measures

SPS 160 requires statements to be made in respect of two measures of the financial position of the Plan, these measures being related to the current and projected (i.e. in three years' time) "vested benefits" and the present value of "accrued benefits" of members.

This investigation is concerned primarily with the valuation of the Plan's assets and liabilities in respect of members' defined benefits only. The value of accumulation member liabilities is directly related to the value of the underlying assets and is not exposed to the same funding risks as defined benefit liabilities. Therefore, the value of accumulation members' assets and liabilities, and the accumulation benefits of defined benefit members where the members have an option to select how such monies are invested, are excluded from this investigation.

6.1 Vested Benefits

"Vested benefits" are benefits that would be paid if all members voluntarily left service. The following table shows the vested benefits position of the defined benefit section of the Plan as at 30 June 2023 compared to that at the previous valuation date (30 June 2020):

	30 June 2020	30 June 2023
Value of defined benefit assets ($'000)	47,353	48,807
Defined Benefit Vested benefits ($'000)	32,602	28,369
Vested Benefits Index (VBI)	**145%**	**172%**

The assets and vested benefits at 30 June 2023 above exclude $1.833m of voluntary accumulation account balances for active defined benefit and hybrid members.

The Vested Benefits Index (VBI) is the ratio of the market value of the Plan's assets to the vested benefits. As shown above, at 30 June 2020 the VBI was 145%. In comparison, the VBI at 30 June 2023 was 172%, representing a significant increase in the vested benefit coverage.

The following table shows the vested benefits position in respect of MLC Wealth and NAB defined benefit members as at 30 June 2023:

30 June 2023	MLC Wealth members	NAB members
Value of defined benefit assets ($'000)	41,003	7,803
Defined Benefit Vested benefits ($'000)	24,072	4,298
Vested Benefits Index (VBI)	**170%**	**182%**

The assets and vested benefits at 30 June 2023 above exclude voluntary accumulation account balances for active defined benefit and hybrid members of $1.756m for MLC Wealth members and $0.077m for NAB members.

6.2 Accrued Benefits Index

An indication of the funding status of the Plan is also given by the ratio of the value of the Plan's assets to the present value of all benefits accrued at the investigation date (subject to a minimum of the member's leaving service benefit, otherwise known as vested benefits). The term "Accrued Benefits" is used in Australian Accounting Standard AASB 1056 and is alternatively referred to as the past service liability or the actuarial value of benefits.

The value placed on the Accrued Benefits is calculated using the actuarial assumptions set out in Appendix B. It represents the value in today's dollars of future benefits based on membership completed to the investigation date, allowing for future salary increases, investment earnings and expected incidence of benefit payments. For this valuation, each member's accrued benefit has been made subject to a minimum of the member's vested benefit.

A fully secured position is represented by a ratio of 100%. At this level, if the Plan were closed to new entrants and no further benefits were allowed to accrue to current members then assets would be expected to be sufficient to meet all future benefit payments as and when they fall due if the actuarial assumptions were borne out in practice.

The following table shows the Accrued Benefits position of the Plan as at 30 June 2023 compared to that at 30 June 2020:

	30 June 2020	30 June 2023
Value of defined benefit assets ($'000)	47,353	48,807
Defined benefit accrued benefits[1] ($'000)	32,619	28,427
Accrued Benefits Index (ABI)	**145%**	**172%**

[1] Minimum of vested benefits at an individual member level have been applied.

The assets and accrued benefits at 30 June 2023 above exclude $1.833m of voluntary accumulation account balances for active defined benefit and hybrid members.

The Accrued Benefits Index (ABI) is the ratio of the market value of the Plan's assets to the accrued benefits. As shown above, at 30 June 2020 the ABI was 145%. In comparison, the ABI at 30 June 2023 was 172%, representing a significant increase in the accrued benefit coverage.

We note that the value of accrued benefits before application of the vested benefits minimum was $25.152 million as at 30 June 2023, which would have resulted in an Accrued Benefits Index (before vested benefits minimum) of 194%. This compares to an Accrued Benefits Index (before vested benefits minimum) as at 30 June 2020 of 164%. This means that the financial position of the Plan has significantly improved over the inter-valuation period on a like-for-like comparison basis.

The following table shows the Accrued Benefits position of the Plan in respect of MLC Wealth and NAB defined benefit members as at 30 June 2023:

30 June 2023	MLC Wealth members	NAB members
Value of defined benefit assets ($'000)	41,003	7,803
Defined Benefit accrued benefits[1] ($'000)	24,129	4,298
Accrued Benefits Index (ABI)	**170%**	**182%**

[1] Minimum of vested benefits at an individual member level have been applied.

The assets and vested benefits at 30 June 2023 above exclude voluntary accumulation account balances for active defined benefit and hybrid members of $1.756m for MLC Wealth members and $0.077m for NAB members.

We note that the value of accrued benefits before application of the vested benefits minimum was $21.268 million in respect of MLC Wealth members and $3.884 million in respect of NAB members as at 30 June 2023, which would have resulted in an Accrued Benefits Index (before vested benefits minimum) of 193% and 201% respectively.

6.3 Minimum Requisite Benefits

Another test of the adequacy of the Plan's assets relates to the benefits which the Plan must provide in order to satisfy the Superannuation Guarantee requirements. These benefits are termed Minimum Requisite Benefits and are defined in the Plan's Benefit Certificate. As the Minimum Requisite Benefits for each member is less than or equal to the member's vested benefit, it is clear that the assets comfortably cover the total Minimum Requisite Benefits.

The following table shows the Minimum Requisite Benefits Index of the defined benefit section of the Plan as at 30 June 2023 compared to that at the previous valuation date (30 June 2020):

	30 June 2020	30 June 2023
Value of defined benefit assets ($'000)	47,353	48,807
Defined Benefit Minimum Requisite Benefits ($'000)	14,799	17,076
Minimum Requisite Benefits Index (MRBI)	**320%**	**286%**

The assets and Minimum Requisite Benefits at 30 June 2023 above exclude $1.833m of voluntary accumulation account balances for active defined benefit and hybrid members.

At 30 June 2023, the ratio of defined benefit assets to defined benefit Minimum Requisite Benefits was 286%, compared to 320% at 30 June 2020.

The following table shows the Minimum Requisite Benefits Index in respect of MLC Wealth and NAB defined benefit members as at 30 June 2023:

30 June 2023	MLC Wealth members	NAB members
Value of defined benefit assets ($'000)	41,003	7,803
Defined Benefit Minimum Requisite Benefits ($'000)	14,386	2,690
Minimum Requisite Benefits Index (MRBI)	**285%**	**290%**

The assets and vested benefits at 30 June 2023 above exclude voluntary accumulation account balances for active defined benefit and hybrid members of $1.756m for MLC Wealth members and $0.077m for NAB members.

6.4 Plan termination

The next stage in our valuation is to calculate if there would have been any additional liabilities arising had the Plan terminated on the valuation date. It is obviously critical to be able to meet all of the Plan's obligations in that circumstance.

Clause 7.5 of Schedule 2 (Plum Division) of the MLC Super Fund Trust Deed provides that on termination of the Plan the Trustee must apply the Plan assets in the following order of priority:

1. Meet all costs, expenses and liabilities which have been incurred or are likely to be incurred (other than benefits),
2. Meet Plan benefits (including pensions) which have commenced payment or become payable before the termination date,
3. Pay to each accumulation member the Member's Account Balances and to each defined benefit member the amount which the Actuary determines has accrued in respect of the member. If the assets are insufficient to meet these amounts, then all benefits are reduced proportionately.
4. Subject to any relevant Participation Agreement, pay any remaining balance to the participating employers in the proportions determined by the Trustee unless otherwise requested by the employer.

Thus, there is no prescribed benefit on Plan termination and there is no liability on the employer for additional amounts other than in respect of contributions unpaid or owing to the date of termination.

6.5 Events since 30 June 2023

We note that the Trustee transferred the remaining members in the Plan who are NAB employees from the Plan into the National Australia Bank Group Superannuation Fund effective from 1 December 2023. After this date, the Plan effectively only includes members who are current and former MLC Wealth employees.

There have been no other significant events in the period since 30 June 2023 to the date of this report that would have changed the recommendations of this report.

Based on information provided by the Plan's administrator, the Vested Benefits Index of the Plan was slightly higher at 173% as at 30 September 2023. The split between MLC Wealth and NAB defined benefit members is shown in the following table.

30 September 2023	MLC Wealth members	NAB members	Total
Value of defined benefit assets ($'000)	39,667	7,818	47,485
Defined Benefit Vested benefits ($'000)	23,005	4,386	27,391
Vested Benefits Index (VBI)	**172%**	**178%**	**173%**

6.6 Summary of total liabilities

The following table provides a summary of the total liabilities in the Plan, for both defined benefit members and accumulation members, as at 30 June 2023. These figures have been determined in accordance with our interpretation of the requirements of Australian Accounting Standard AASB 1056.

	Defined benefit members $'000	Accumulation members $'000	Total $'000
***Accrued benefits*[1]**			
Defined benefit interests	25,152	-	25,152
Defined contribution interests	1,833	198,218	200,051
Total interests	**26,985**	**198,218**	**225,203**
Vested benefits			
Defined benefit interests	28,369	-	28,369
Defined contribution interests	1,833	198,218	200,051
Total interests	**30,202**	**198,218**	**228,420**
Minimum benefits			
Defined benefit interests	17,076	-	17,076
Defined contribution interests	1,833	198,218	200,051
Total interests	**18,909**	**198,218**	**217,127**

1. For consistency with AASB 1056, the accrued benefits in this table have not been subject to a minimum of vested benefits. This approach is in accordance with Practice Guideline 499.06 issued by the Actuaries Institute.

For completeness, we have shown in the table below a summary of the total defined benefit member liabilities in the Plan, split between MLC Wealth members and NAB members, as at 30 June 2023:

	MLC Wealth members $'000	NAB members $'000	Total Defined benefit members $'000
***Accrued benefits*[1]**			
Defined benefit interests	21,268	3,884	25,152
Defined contribution interests	1,756	77	1,833
Total interests	**23,024**	**3,961**	**26,985**
Vested benefits			
Defined benefit interests	24,072	4,298	28,369
Defined contribution interests	1,756	77	1,833
Total interests	**25,828**	**4,374**	**30,202**
Minimum benefits			
Defined benefit interests	14,386	2,690	17,076
Defined contribution interests	1,756	77	1,833
Total interests	**16,142**	**2,767**	**18,909**

1. For consistency with AASB 1056, the accrued benefits in this table have not been subject to a minimum of vested benefits. This approach is in accordance with Practice Guideline 499.06 issued by the Actuaries Institute.

Note: The totals in the above table may not match due to rounding.

7 Valuation results

7.1 Introduction

When setting contribution rates as part of an actuarial investigation, we make reference to the long-term cost of funding future benefits as well as some shorter-term projections of the VBI.

The key objective of our contribution recommendations is to maintain the VBI at above 100%, hence the chosen level of 100% as the 'target' in our funding approach. This aligns with the intention of SPS 160 in terms of maintaining the VBI above 100%.

However, we also show the longer-term funding measures in the next section.

7.2 Long term funding rates

As well as the projections of the VBI position shown in the next section, we also show the calculation of the longer-term funding rates in the table below.

The results of the valuation of the Plan on a "going concern" basis are set out below. For this purpose, the value of all future benefit payments is determined using the assumptions described in Appendix B of this report.

Specifically, we show:

- The Total Service Contribution Rate which takes into account the current assets and therefore allows for any current surplus/deficit over the value of accrued benefits.
- The Future Service Contribution Rate which represents the cost of future accruing benefits and does not factor in any current surplus/deficit position.

	MLC Wealth members ($'000)	NAB members ($'000)	All members ($'000)
Past Service Liabilities (before vested benefits minimum)	21,268	3,884	25,152
Future Service Benefits			
- Defined Benefit Liabilities	3,880	972	4,852
- Future expenses (non-investment)	700	100	800
Total Service Liabilities	25,848	4,956	30,804
Assets	41,003	7,803	48,807
Total Service Liabilities – Assets	(15,155)	(2,847)	(18,002)
Future Member Contributions	Nil	Nil	Nil
Present value of 1% of future salaries	333	84	417
Total Service contribution rate (after 15% contributions tax and allowance for expenses)	**Nil**	**Nil**	**Nil**
Future service contribution rate (after 15% contributions tax and allowance for expenses)	**16.2%**	**15.1%**	**16.0%**

These results show that an employer contribution rate of nil is required as at 30 June 2023 to fund the total service liabilities over the future projected working lives of the members. This rate takes into account the current surplus in respect of past service benefits.

The future service contribution rate for defined benefit and hybrid members (which does not allow for any surplus in respect of past service benefits) is 16.0% p.a. after tax and expenses. Allowing the transfer of the NAB defined benefit members out of the Plan from 1 December 2023, the future service contribution rate for MLC Wealth defined benefit and hybrid members is 16.2% p.a. after tax and expenses.

7.3 Recommended employer contribution rates

Based on the approach and assumptions set out in this report, we recommend that Employer contributions in respect of defined benefit members of the Plan can remain at least nil until completion of the next triennial investigation (effective no later than 30 June 2026).

In addition, we recommend:

- Continuation of current quarterly vested benefit reviews; and
- These recommendations be reviewed should the Plan undergo significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

Due to the robustness of the Plan's financial position, we further recommend that the Trustee consider discussing with the Employer options for managing the surplus assets in the Plan, such as allowing part of the surplus to be used for the purposes of temporarily reducing the employer contributions payable in respect of the accumulation section of the Plan (as permitted under rule 4.4.2(b) of the Participation Agreement for the Plan).

In the next section we have projected the VBI of the Plan over the next 5 years.

7.4 Funding projections

The results in section 6 above show an increase in the financial position of the Plan over the period since the last investigation.

The reducing membership base over the last 3 years has resulted in the surplus increasing as a percentage of the Plan's liabilities, despite the continuing employer contribution holiday. Although it is important to ensure security of member benefits, it is also important not to unnecessarily build up excessive amounts of surplus as the membership decreases.

The tables below show the projected coverage of vested benefits, for the Plan as a whole and separately for MLC Wealth members, assuming continuation of the employer contribution holiday and all other assumptions are as set out in this report, most notably assuming an investment return of 6.0% p.a.

All members -
Base projections: No Contributions

Projected Date	Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)		48,807	28,369	172%
30 June 2024	0%	47,512	26,426	180%
30 June 2025	0%	46,876	25,129	187%
30 June 2026	0%	46,034	23,476	196%
30 June 2027	0%	45,230	21,735	208%
30 June 2028	0%	44,211	19,609	225%

MLC Wealth members -
Base projections: No Contributions

Projected Date	Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)		41,003	24,072	170%
30 June 2024	0%	39,698	22,184	179%
30 June 2025	0%	39,063	20,972	186%
30 June 2026	0%	38,219	19,418	197%
30 June 2027	0%	37,463	17,849	210%
30 June 2028	0%	36,476	15,894	230%

The above tables show that for a contribution rate of 0% of salaries, the VBI is projected to continue to increase over the next 5 years, as the remaining dollar value of surplus is spread over a reducing number of defined benefit (including hybrid) members, assuming experience is in line with assumptions.

7.4.1 Sensitivity of projection results

To give an indication of the sensitivity of the results, the tables below project the VBI of the Plan as a whole and separately for MLC Wealth members, with the same contribution levels as the above scenario (maintaining contributions at the 0% level) but assuming the investment return on the Plan assets is 1% p.a. lower, that is 5.0% p.a.

All members -
Sensitivity basis 1: As per base projections, but with investment return 1% p.a. lower

Projected Date	Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)		48,807	28,369	172%
30 June 2024	0%	47,044	26,426	178%
30 June 2025	0%	45,927	25,129	183%
30 June 2026	0%	44,585	23,476	190%
30 June 2027	0%	43,266	21,735	199%
30 June 2028	0%	41,715	19,609	213%

MLC Wealth members -
Sensitivity basis 1: As per base projections, but with investment return 1% p.a. lower

Projected Date	Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)		41,003	24,072	170%
30 June 2024	0%	39,306	22,184	177%
30 June 2025	0%	38,269	20,972	182%
30 June 2026	0%	37,009	19,418	191%
30 June 2027	0%	35,826	17,849	201%
30 June 2028	0%	34,397	15,894	216%

We see that with a contribution rate of 0% and an assumed investment return of 5.0% p.a., the VBI is projected to comfortably remain in excess of 100% over the next 5 years.

To further test the sensitivity of results, we have also modelled an additional scenario where assumed investment returns are 1% p.a. lower than the base scenario and assumed salary increases are 1% p.a. higher than the base projections, and maintaining contributions at 0% level, for the Plan as a whole and separately for MLC Wealth members.

All members –
Sensitivity basis 2: As per base projections, but with investment return 1% p.a. lower and salary increases 1% p.a. higher

Projected Date	Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)		48,807	28,369	172%
30 June 2024	0%	47,038	26,619	177%
30 June 2025	0%	45,895	25,479	180%
30 June 2026	0%	44,494	23,971	186%
30 June 2027	0%	43,079	22,350	193%
30 June 2028	0%	41,387	20,318	204%

MLC Wealth members -
Sensitivity basis 2: As per base projections, but with investment return 1% p.a. lower and salary increases 1% p.a. higher

Projected Date	Contribution rate	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)		41,003	24,072	170%
30 June 2024	0%	39,301	22,348	176%
30 June 2025	0%	38,241	21,265	180%
30 June 2026	0%	36,929	19,829	186%
30 June 2027	0%	35,664	18,354	194%
30 June 2028	0%	34,112	16,470	207%

We see that with a contribution rate of 0%, an assumed investment return of 5.0% p.a. and assumed salary increases of 4.0% p.a., the VBI is projected to comfortably remain in excess of 100% over the next 5 years.

Also, to illustrate the impact if a partial contribution holiday in relation to accumulation members from the Plan's surplus assets was implemented, we have considered the progression of the VBI based on $750,000 p.a. (net of tax) worth of contributions in relation to accumulation members for the next 5 years being met from the Plan's surplus assets, for the Plan as a whole and separately for MLC Wealth members.

All members -
Sensitivity basis 3: As per base projections (using 6.0% p.a. investment returns and 3.0% p.a. salary increases), and assuming partial accumulation contribution holiday of $750k p.a. for five years

Projected Date	Contribution rate	Accum cont'n holiday $000s	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)			48,807	28,369	172%
30 June 2024	0%	750	46,740	26,426	177%
30 June 2025	0%	750	45,285	25,129	180%
30 June 2026	0%	750	43,574	23,476	186%
30 June 2027	0%	750	41,851	21,735	193%
30 June 2028	0%	750	39,857	19,609	203%

MLC Wealth members -
Sensitivity basis 3: As per base projections (using 6.0% p.a. investment returns and 3.0% p.a. salary increases), and assuming partial accumulation contribution holiday of $750k p.a. for five years

Projected Date	Contribution rate	Accum cont'n holiday $000s	Projected DB Assets $000s	Projected DB Vested Benefits $000s	Projected DB VBI
30 June 2023 (actual)			41,003	24,072	170%
30 June 2024	0%	750	38,926	22,184	175%
30 June 2025	0%	750	37,472	20,972	179%
30 June 2026	0%	750	35,759	19,418	184%
30 June 2027	0%	750	34,084	17,849	191%
30 June 2028	0%	750	32,122	15,894	202%

The tables above show that even with additional amounts of $750,000 p.a. being met from surplus assets in the Plan for the next 5 years, the VBI for defined benefits would be expected to remain comfortably above 100% over that period.

7.5 Sensitivities

AASB 1056 requires the Trustee to show sensitivities for accrued benefits (defined benefit member liabilities) in the financial statement notes.

Accordingly, we have shown the value of accrued benefits (before vested benefit minimums) based on changes in the key assumptions in the following tables for the Plan as a whole and separately for MLC members and NAB members.

All members:

Sensitivities	30 June 2023 ($000s)	Increase /(Decrease) in Accrued Benefits Liability ($000s)
Base Case	25,152	
Discount Rate + 1%	24,124	(1,028)
Discount Rate - 1%	26,400	1,248
Salary Increase Rate + 1%	26,227	1,075
Salary Increase Rate - 1%	24,242	(910)

MLC Wealth members:

Sensitivities	30 June 2023 ($000s)	Increase /(Decrease) in Accrued Benefits Liability ($000s)
Base Case	21,268	
Discount Rate + 1%	20,421	(847)
Discount Rate - 1%	22,281	1,013
Salary Increase Rate + 1%	22,136	868
Salary Increase Rate - 1%	20,523	(745)

NAB members:

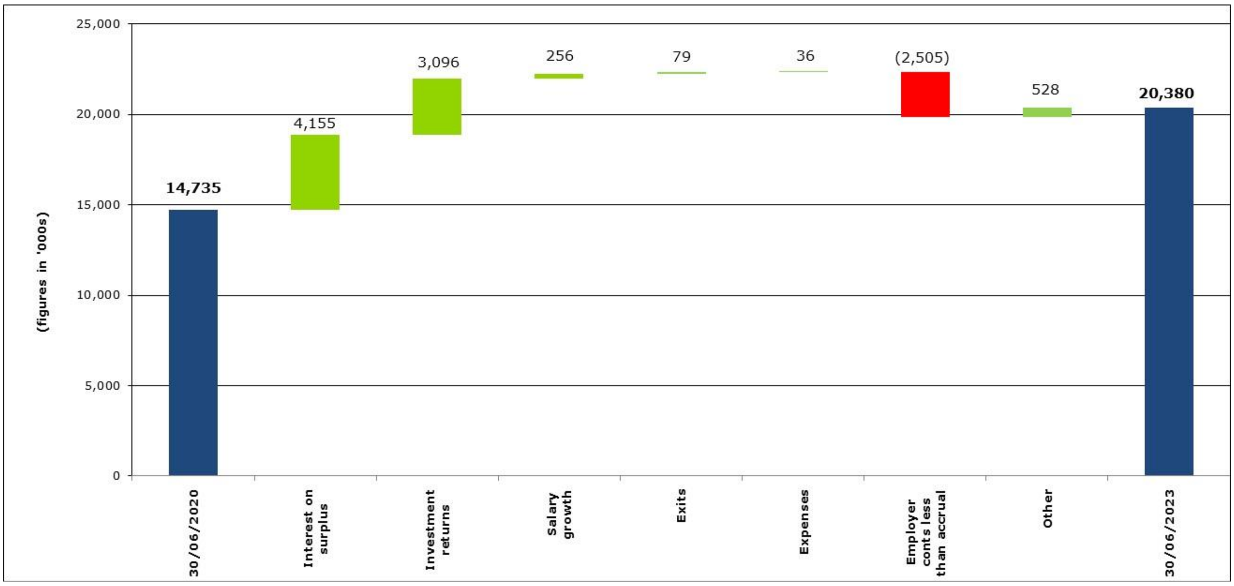
Sensitivities	30 June 2023 ($000s)	Increase /(Decrease) in Accrued Benefits Liability ($000s)
Base Case	3,884	
Discount Rate + 1%	3,703	(181)
Discount Rate - 1%	4,119	235
Salary Increase Rate + 1%	4,091	207
Salary Increase Rate - 1%	3,719	(165)

The variations selected in the above sensitivity analyses do not indicate upper or lower bounds of all possible outcomes.

7.6 Analysis of change in financial position

The financial position of the Plan has slightly improved from that revealed in the previous investigation. The following chart summarises our analysis of the change in excess of assets over accrued benefits (subject to vested benefit minimums) between 30 June 2020 to 30 June 2023. Brief commentary is included below the chart.

Analysis of Change in Financial Position



Positive Factors:

- Earnings on the previous surplus position at 30 June 2020
- Higher than expected investment returns over the inter-valuation period
- Slightly lower than expected salary increases for defined benefit members over the period
- Gains on exits due to interim rates being lower than credited rates on average over the period
- Slightly lower than expected expenses

Negative Factors:

- Employer contributions less than the cost of accruing benefits

Changes in demographic assumptions had an immaterial impact on the change in financial position over the period, given that vested benefit minimums apply in practice to the values of accrued benefits for most defined benefit and hybrid members.

8 Insurance arrangements

8.1 Death and TPD

Insurance cover in respect of the unfunded portion of death and total and permanent disablement (TPD) benefits is provided by MLC Limited.

The purpose of insurance is to protect the Plan against adverse death and TPD experience. The "Amount at Risk" is the difference between the members' death or disablement benefit and the sum of insured amounts for all defined benefit members.

The sum insured for each member is calculated as:

- 6 x Salary less Employer funded benefit

The table below shows the overall death and TPD benefits and insurance levels as at 30 June 2023 for defined benefit members. For simplicity, the amounts in the table exclude additional accounts subject to member investment choice.

Defined Benefit Members ($'000)	Death	TPD
Total death/TPD benefits	47,884	46,484
Less		
Additional accounts	1,833	1,833
Less		
Sum of insured amount	17,682	16,282
Equals		
Amount at risk	**28,369**	**28,369**
Plan Assets	48,807	48,807
Excess/(Shortfall)	**20,437**	**20,437**

On this basis the Amount at Risk is less than the value of the Plan's assets by $20.44m at 30 June 2023.

In our opinion the Plan's insurance arrangements are suitable to protect the Plan against adverse Death and TPD experience.

The insurance coverage for MLC Wealth members and NAB members is also shown separately as follows.

	MLC Wealth members:		NAB members:	
Defined Benefit Members ($'000)	Death	TPD	Death	TPD
Total death/TPD benefits	40,521	39,121	7,363	7,363
Less				
Additional accounts	1,756	1,756	77	77
Less				
Sum of insured amount	14,694	13,294	2,988	2,988
Equals				
Amount at risk	**24,071**	**24,071**	**4,298**	**4,298**
Plan Assets	41,003	41,003	7,803	7,803
Excess/(Shortfall)	**16,932**	**16,932**	**3,505**	**3,505**

Appendix A: Summary of benefits

A brief summary of benefits is set out below:

Defined Benefit Category (including Hybrid members)

DEFINITIONS

AAP/1:	Annual average rate of Base Pay of the Member for the immediately preceding one year of Service (only applies to former Australian Eagle (AE) members)
AAP/3:	Highest annual rate of Base Pay of any 3 years of Continuous Service in the last 10 years
Company Benefit (CB):	15% x AAP/3 x Member's Continuous Service (varying start dates apply depending upon category)
Former Fund Benefit:	This benefit relates to prior service before 1 January 1989 or 1 January 1993 depending upon category
Member's Base Pay:	Annual remuneration (not including overtime)
AE Membership:	Most recent continuous period of membership as an AE Contributing Member up to 31 December 1992
AEM:	16.5% x AE Membership x AAP/1

Withdrawal Benefit

On withdrawal from the Plan a member receives the following benefit according to their category:

Category 1,2 and 4	CB + Former Fund Benefit
Category 3	CB

Retirement Benefits

Retirement is generally permitted from age 55. The benefit payable on retirement is:

Category 1, 2 & 3	See the withdrawal benefit formula
Category 4	CB +AEM

Death Benefit

Category 1, 2, 3 & 4	The greater of six (6) times the member's Base Pay or their Withdrawal Benefit

Total & Permanent Disablement ("TPD") Benefit

Category 1, 2, 3 & 4	The greater of six (6) times the member's Base Pay or their Withdrawal Benefit (subject to a maximum payment as per the Participation Agreement)

Former Fund Benefits and Accumulation Benefits

Defined benefit and hybrid members are provided with additional benefits in respect of their membership of former funds. Details of these benefits were advised by the Plan Administrator and are set out in the Participation Agreement.

In addition to the above benefits, a member may be entitled to receive a further amount in respect of their voluntary/rollover account less an amount in respect of their surcharge and other offset accounts.

Minimum Benefits

All benefits payable to members are subject to a minimum of the amount of their Minimum Requisite Benefit as defined in the Plan's current Superannuation Guarantee Benefit Certificate.

Contribution Rates

Members are not required to contribute to the Plan.

Former NABGSF Member with Defined Benefit Guarantee (Category A1N)

DEFINITIONS

Normal Retirement Date:	Age 60
Accrued Pension:	Accrued Multiple x AFS
Average Fund Salary (AFS):	Average annual rate of Fund Salary over the three years prior to the calculation date
Accrued Multiple:	Multiple at transfer into the Plan at 31 May 2023, plus 1% for each year of service in the Plan (counting complete months proportionally)
Fund Salary:	Actual annual salary of the Member, excluding allowances to employees for special purposes
Transfer Value:	The amount of the resignation benefit which the Member would have received under the rules of Fund N if he had retired on 1 January 1995 and advised to the Former N Member together with credited interest from 1 January 1995 to the date of becoming eligible to receive the benefit.
Total Accumulation Benefit:	The sum of the member's Member Account, Company Account and Transfer Account plus any voluntary/rollover accumulation accounts of the member.

Withdrawal Benefit

On withdrawal from the Plan a member receives the following benefit:

- Total Accumulation Benefit
  plus
- Transfer Value.

Retirement Benefits

Retirement is generally permitted from age 55. The benefit payable on retirement is the greater of:

- Total Accumulation Benefit; and

- Retirement Benefit under Fund N Rules (Rule 14 of Appendix B of the Plan's Participation Agreement) which is calculated as:

  Accrued Pension reduced by 0.25% for each month between Exit Date and Normal Retirement Date, multiplied by a commutation factor (based on age at Date of Payment *plus* Transfer Account and voluntary/rollover accumulation accounts

Retrenchment Benefits

The benefit payable on retrenchment is the greater of:

- Total Accumulation Benefit; and

- Retirement Benefit under Fund N Rules (Rule 14 of Appendix B of the Plan's Participation Agreement) which is calculated as:

  Accrued Pension reduced by 0.25% for each month between Exit Date and Normal Retirement Date, multiplied by a commutation factor (of 10.5 for retrenchment) *plus* Transfer Account and voluntary/rollover accumulation accounts

Death Benefit

The benefit payable on death (prior to Normal Retirement Date) is the sum of:

- Total Accumulation Benefit; plus
- Amount of insurance cover; plus
- Transfer Value.

On or after Normal Retirement Date, the death benefit is equal to the member's Retirement Benefit.

Total & Permanent Disablement ("TPD") Benefit

The benefit payable on TPD is the sum of:

- Total Accumulation Benefit; plus
- Amount of insurance cover; plus
- Transfer Value.

Appendix B: Summary of assumptions

Interest Rate Earned on Assets 6.0% p.a. net of tax and investment expenses

Salary Increase Rate 3.0% p.a.

Rates of Leaving the Plan

Assumed rates at which members exit from the Plan per year per 10,000 members at a sample of ages are as follows:

Age	Retirement	Leaving Service	Death	Disablement
35	-	750	5	2
40	-	750	7	4
45	-	750	11	8
50	-	800	19	17
55	1,000	-	33	38
60	2,000	-	68	78
65	6,000	-	-	-
70	10,000	-	-	-

Future Expenses

The investment earnings rate is assumed to be net of investment expenses. An allowance of 0.4% p.a. of defined benefit and hybrid members' salaries plus $25,000 per annum was made for administration expenses and other costs.

An allowance of 0.8% p.a. of defined benefit and hybrid members' salaries was made for insurance premiums.

Surcharge/Division 293/Division 296

All liability for surcharge is assumed to be met by an appropriate reduction in the benefits of affected members. Likewise, where Division 293 taxes and/or Division 296 taxes are not paid separately by individuals, the liability for Division 293 and Division 296 taxation is assumed to be met by reducing the benefits of affected members.

Appendix C: Statement required by SPS 160

Insignia Financial Super Plan, a sub-plan in the Plum Division of the MLC Super Fund

Summary of Information included in 30 June 2023 Actuarial Report pursuant to Paragraph 23 of SPS 160

We have carried out a valuation of the Insignia Financial Super Plan (the Plan) effective 30 June 2023. Paragraph 23 of SPS 160 prescribes the following matters to be contained in actuarial reports for private sector defined benefit superannuation plans:

1. For the purposes of comparison with vested benefits and accrued benefits and in the calculation of the long-term Employer contribution rate, the net assets of the defined benefit section of the Plan have been valued at $48.807m at 30 June 2023.

2. Pursuant to SPS 160, the *"liabilities in respect of the accrued benefits of the members of the fund"* is the present value of the expected future benefits payable from the Plan to current members and their dependents in respect of membership completed to date. In our opinion, the assets valued at 30 June 2023 were sufficient to meet the liabilities of the Plan in respect of defined benefit accrued benefits of $28.427m. We consider that the assumptions and valuation methods set out in this report are appropriate for determining the accrued benefit liabilities.

3. The Plan's assets are sufficient to meet the liabilities of the Plan in respect of defined benefit Vested Benefits of $28.369m as at 30 June 2023. A plan is in an *"unsatisfactory"* financial position if the value of its assets is less than the value of the benefits payable if every member voluntarily left the Plan. In our opinion, the Plan was in a satisfactory financial position at 30 June 2023. Given that this investigation recommends an employer contribution holiday, in accordance with the Trustee's policy for setting shortfall limits, we recommend that the Trustee maintains the shortfall limit of 100% for the Plan. Furthermore, assuming that:

    - There are no significant improvements to the benefits described;
    - Employer contributions are paid in accordance with the recommendations set out in the report on the actuarial valuation of the Plan at 30 June 2023; and
    - The future experience of the Plan is in accordance with the actuarial assumptions made at 30 June 2023;

    then we certify that the Plan will maintain a satisfactory financial position in the period to 30 June 2026.

4. Based on the results of this investigation, the recommended Employer contribution rates for defined benefit members of the Plan remain at least nil until completion of the next triennial investigation (effective no later than 30 June 2026).

    In addition, we recommend:

    - Continuation of current quarterly vested benefit reviews; and
    - These recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

Due to the robustness of the Plan's financial position, we further recommend that the Trustee consider discussing with the Employer options for managing the surplus assets in the Plan, such as allowing part of the surplus to be used for the purposes of temporarily reducing the employer contributions payable in respect of the accumulation section of the Plan.

5. Payment of Employer contributions as above, together with the assets of the Plan and the expected earnings of the Plan over the period from 1 July 2023 to 30 June 2026 are expected to provide adequately for the expected liability during the period to 30 June 2026. They are also expected to fully provide for the liability at the end of that period in respect of both vested benefits and accrued benefits.

6. The projected likely future financial position of the Plan during the three years following the valuation date, based on our best estimate assumptions used in the actuarial investigation of the Plan as at 30 June 2023 and the recommended Employer contributions above, is set out below.

Projected Date	Projected DB Assets ($'000)	Projected DB Vested Benefits ($'000)	Projected DB Vested Benefits Index
30 June 2023 (actual)	48,807	28,369	172%
30 June 2024^	39,698	22,184	179%
30 June 2025	39,063	20,972	186%
30 June 2026	38,219	19,418	197%

^ This allows for the planned transfer of NAB defined benefit members out of the Plan effective 1 December 2023.

7. The Plan has not been granted a Pre-1 July 1988 funding credit, nor has it obtained such a credit by way of transfer.

8. A plan is "*solvent*" if the value of its assets exceeds the total of the Superannuation Guarantee component of each member's benefit. The Plan's assets are sufficient to meet the minimum benefits of the defined benefit members of the Plan of $17.076m as at 30 June 2023. Funding and Solvency Certificates for the Plan covering the period from 1 July 2020 to 30 June 2023 required by the Superannuation Industry (Supervision) Act have been provided. In our opinion, the solvency of the Plan will be able to be certified in any Funding and Solvency Certificate required under the Superannuation Industry (Supervision) Regulations during the three-year period to 30 June 2026, based on the assumptions used in the actuarial investigation of the Plan as at 30 June 2023.

Diane Somerville, FIAA

Andrew Boal, FIAA

13 December 2023

Appendix D: AASB 1056 Statement

Insignia Financial Super Plan, a sub-plan in the Plum Division of the MLC Super Fund

Actuarial Statement pursuant to Australian Accounting Standard AASB 1056

The purpose of this statement is to provide the summary of the information contained in the Actuarial Report on the investigation of the Plan as at 30 June 2023, for the purposes of AASB 1056. This statement has been prepared at the request of the Trustee of the Plan and is in accordance with the Professional Standards and Practice Guidelines (in particular PS402 and PG499.06) issued by the Actuaries Institute.

Assets

The net asset value used for this valuation at 30 June 2023 was $48.807m. This represents assets for defined benefit (including hybrid) members only and excludes $1.833m of voluntary accumulation account balances for these members.

These figures are not audited.

Vested Benefits

Vested benefits are the benefits to which members would be entitled if they voluntarily left service.

At the date of the actuarial investigation, the vested benefits were $28.369m. This includes only defined benefit (including hybrid) members and excludes $1.833m of voluntary accumulation account balances for these members.

The ratio of the value of the Plan's net assets to total vested benefits for defined benefit members was 172% at 30 June 2023, which indicates a satisfactory coverage of vested benefits as at the date of the actuarial investigation.

Accrued Benefits

The value of the accrued benefits is the present value of the expected future benefits payable from the Plan to current members, but only in respect of Plan membership completed up to the date of the actuarial investigation. Calculation of future retirement benefits use the normal retirement benefit formula, taking into account membership to the date of the actuarial investigation and using salary projected to the date of expected payment. We have not applied a minimum of vested benefits (at individual or total level) in the calculation of accrued benefits for the purposes of AASB 1056.

The value of the accrued death and total and permanent disablement benefits is determined to be the same proportion of the death (or disablement) benefit as the accrued retirement benefit bears to the retirement benefit at normal retirement date.

To determine the actuarial value of accrued benefits, assumptions are required concerning the potential experience of the Plan over the long term. The main assumptions used to determine the actuarial value of the accrued benefits at 30 June 2023 were:

- The rate of future investment return (net of investment taxes and net of investment management fees) earned on the Plan's assets would be 6.0% p.a.

- The rate of future long-term salary increases would be 3.0% p.a.

The future rate of investment return used to determine the accrued benefits is the anticipated rate of return on the Plan's assets over the average expected term of the benefit liabilities, calculated to be approximately 5.5 years.

All other assumptions used, including demographic assumptions, are considered to be best estimate assumptions, with no allowance for conservatism.

The total value of accrued benefits (for AASB 1056 purposes) at 30 June 2023 was $25.152m. This includes only defined benefit (including hybrid) members and excludes $1.833m of voluntary accumulation account balances for these members.

The ratio of the assets to the value of the total defined benefit (including hybrid) accrued benefits was 194% at 30 June 2023. The assets were therefore sufficient to meet the value of the liabilities of the Plan in respect of accrued benefits.

The Plan's funding policy is intended to fully cover benefits by the time that they become payable. The method of funding benefits adopted is the Target Funding method. This funding method aims to fund sufficient assets to maintain coverage of members' entitlements (defined as vested benefits for the purposes of this investigation) or to return to that position over a reasonable period if assets fall below members' benefit entitlements.

Sensitivities

AASB 1056 requires the Trustee to show sensitivities for accrued benefits (defined benefit member liabilities) in the financial statement notes.

Accordingly, we have shown the value of accrued benefits (before vested benefit minimums) based on changes in the key assumptions in the following table.

Sensitivities	30 June 2023 ($000s)	Increase /(Decrease) in Accrued Benefits Liability ($000s)
Base Case	25,152	
Discount Rate + 1%	24,124	(1,028)
Discount Rate - 1%	26,400	1,248
Salary Increase Rate + 1%	26,227	1,075
Salary Increase Rate - 1%	24,242	(910)

Recommended Employer Contributions

Based on the approach and assumptions set out in this report, we recommend that Employer contributions in respect of defined benefit members of the Plan remain at least nil until completion of the next triennial investigation (effective no later than 30 June 2026).

In addition, we recommend:

- Continuation of current quarterly vested benefit reviews; and
- These recommendations be reviewed where the Plan undergoes significant changes to its membership or benefit basis, or there is a substantial reduction in the value of the Plan's investment portfolio.

Due to the robustness of the Plan's financial position, we further recommend that the Trustee consider discussing with the Employer options for managing the surplus assets in the Plan, such as allowing part of the surplus to be used for the purposes of temporarily reducing the employer contributions payable in respect of the accumulation section of the Plan.

Financial Condition

In our opinion, the Plan was in a satisfactory financial condition at the date of the actuarial investigation.

In addition to the position reported above, the actuary projected the Plan's ongoing ability to meet both Vested Benefits and Accrued Benefits over the three years following the date of the investigation. This was undertaken on the basis that:

- the actuarial assumptions as to investment, salary inflation and membership turnover would apply over the next three years; and
- the Employer will contribute to the Plan at the recommended rates over the next three years.

In the light of the projections, it is anticipated that the Plan's Vested Benefits and Accrued Benefits will be covered by Plan assets during the three years following the date of the investigation.

Diane Somerville, FIAA

Andrew Boal, FIAA

13 December 2023