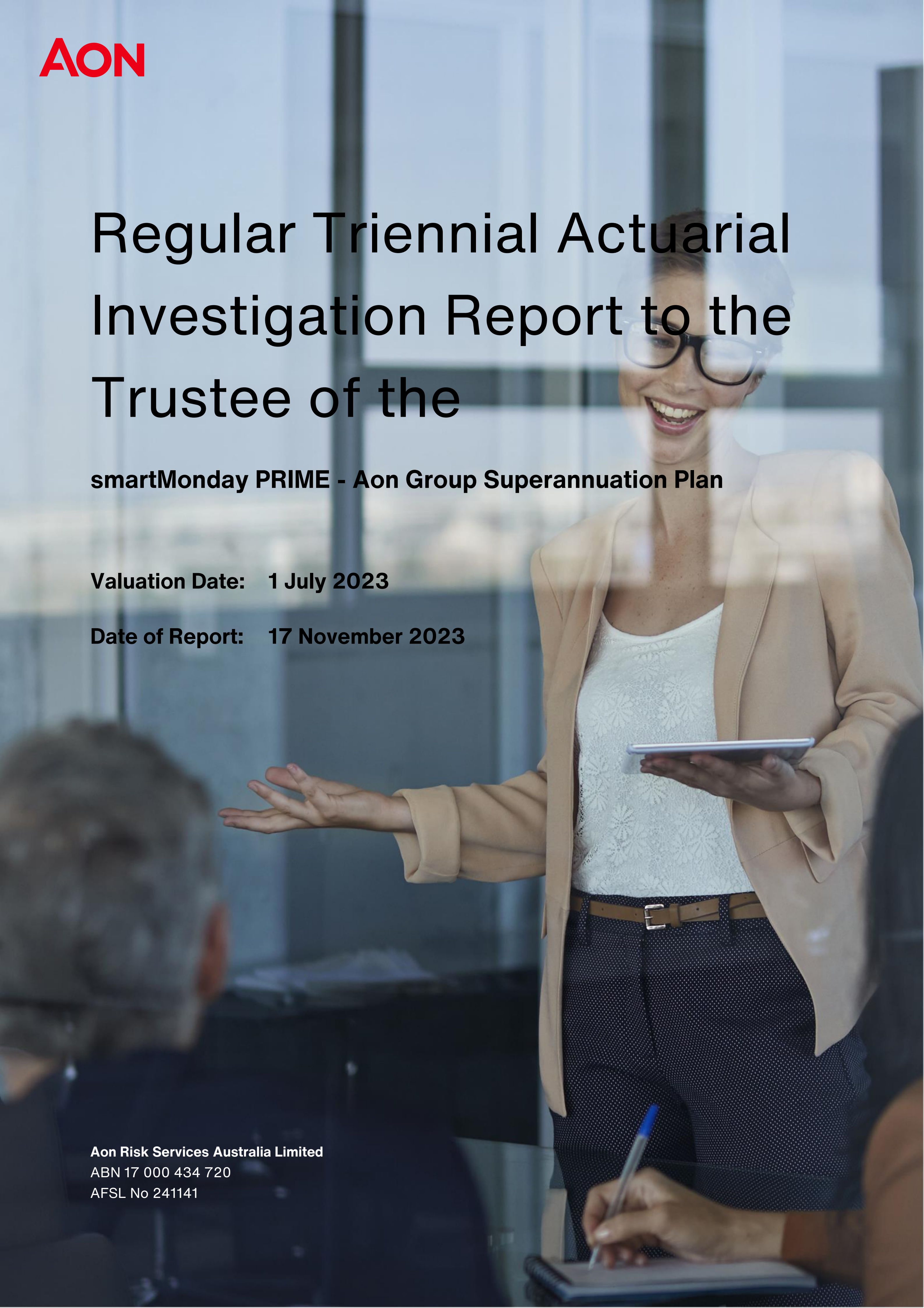


Regular Triennial Actuarial Investigation Report to the Trustee of the

smartMonday PRIME - Aon Group Superannuation Plan

Valuation Date: **1 July 2023**

Date of Report: **17 November 2023**

Aon Risk Services Australia Limited
ABN 17 000 434 720
AFSL No 241141

Table of Contents

Executive Summary

Superannuation regulations and the Trust Deed of the smartMonday PRIME - Aon Group Superannuation Plan (the Plan) require that the Plan undergo a regular triennial actuarial investigation. This report has been prepared in order to comply with these provisions.

The sponsor of the Plan is Aon Services Pty Ltd (the Employer) and the Trustee is Equity Trustees Superannuation Limited (the Trustee).

Effective from 1 February 2022, the Future Super Group acquired smartMonday from Aon. Consequently, the smartMonday name and brand remains but the registered trading name of Aon Solutions Australia Limited is now smartMonday Solutions Limited and the Aon Master Trust was changed to the Smart Future Trust.

Financial Condition

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

	Defined Benefits only	**Total Plan**	**Comments**
Vested Benefits Index	106.5%	101.2%	The Plan remains in a satisfactory financial position. The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 98.0%.
Actuarial Value of Accrued Benefits Index	111.5%	102.0%	The Plan remains in an adequate financial position. The Plan had a surplus on this basis of $3,524,857.
Minimum Requisite Benefits Index	121.6%	103.3%	The Plan was solvent in relation to its Minimum Requisite Benefits.

There is also a high degree of probability that the [redacted] currently in payment will be able to be paid as required under the Plan's governing rules. This statement has been made considering the Plan's earnings from the date of the regular triennial actuarial investigation to 13 November 2023. This statement is made in accordance with Superannuation Prudential Standard (SPS) 160, SIS Regulation 9.31(1) and Professional Standard 410 issued by the Institute of Actuaries of Australia.

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

Significant Changes Since the Prior regular triennial actuarial investigation

The return on Plan Assets was a little higher than expected. This has had a positive impact on the value of the Plan Assets and therefore, in isolation, on the funding position.

Employer Contribution Recommendations

I recommend that the Employer uses the excess of assets over Actuarial Value of Accrued Benefits to meet all Employer contributions for Defined Benefit (DB) members except Superannuation Guarantee contributions on bonus. The recommended contribution rates are set out below:

	Employer Rate for defined benefit members (% p.a. of salaries[1]) 1/7/2023 onwards
A&ACat2	0.00%
ExMinet	0.00%
ExNLA	0.00%
Staff	0.00%

[1]The Superannuation Guarantee (SG) contribution rate is to be paid based on Ordinary Time Earnings (excluding bonus) and is credited from the Plan's reserve to the DB SG accounts.

In addition, the following contributions are also payable:

- Member 5% p.a. contributions (or 5.88% p.a. if salary sacrificed) for A&ACat2 and ExMinet members and 2% p.a. (or 2.35% p.a. if salary sacrificed) for Staff members of Superannuation Salary;
- The Superannuation Guarantee contribution rate on bonus for Defined Benefit members, if applicable; and
- Employer contributions of at least the required contributions to meet Superannuation Guarantee legislation as per the Plan's Benefit Certificate in respect of Accumulation and Casual members.

These rates are the same as those currently being paid.

The Employer Superannuation Guarantee contributions must be loaded to Defined Benefit members' accounts by the 28th day of the month following the month to which they relate. The Employer contributions in respect of Accumulation and Casual members must be paid by the 28th day of the month following the quarter end.

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

Category	Employer rate
	(% p.a. of salaries[1])[2]
A&ACat2	15.1%
ExMinet	14.9%
ExNLA	20.3%
Staff	16.8%

[1]The Superannuation Guarantee contribution rate is based on Ordinary Time Earnings and the balance of the contribution rate is paid on the Superannuation Salary.

[2] Defined Benefit member 5 percent p.a. contributions (or 5.88 percent p.a. if salary sacrifice) for A&ACat2 and ExMinet members and 2% p.a. (or 2.35% p.a. if salary sacrifice) for Staff members of Superannuation Salary are paid in addition.

Please refer to Section 4 for details.

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 98.0 percent and confirm that, in my view, it remains appropriate.

Please refer to Section 5 for details.

Insurance Recommendations

I have reviewed the current formula for insuring the non-funded portion of the death and TPD benefits of the Defined Benefit members in the Plan and, given that the shortfall under the current formula is significant, I recommend a change in the insurance formula to remove the self-insurance element. This change should be carried out before the next annual review at 1 July 2024.

A new formula for Defined Benefit members has been proposed as follows:

Total Insured Amount = Death/TPD Benefit (which includes Additional (Voluntary) Insurance (if any)) less Vested Benefit

Please refer to Section 6 for details.

Investment Recommendations

Other than the SG minimum benefit and resignation benefit, the defined benefits are not impacted by the investment return. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the Plan's assets.

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

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities are maintained at a similar level, which will be reviewed each year considering experience versus assumptions (particularly investment returns, pension increase rate and longevity or mortality of pensioners and their spouses, if applicable). As at the valuation date, the pension related assets are insufficient to cover the pension liabilities and, considering the negative investment performance on pension assets from the investigation date to 13 November 2023 of -0.45 percent, I recommended that $75,000 be transferred from the active defined benefit reserve assets to pension reserve assets.

Given the strong financial position of the Plan, the Employer may prefer to have the Defined Benefit assets to be invested in a less growth-orientated investment option in order to reduce the fluctuations of assets in volatile investment markets. This would assist in preserving the surplus and reduce potential fluctuations in the contribution rate, however, it would increase the long-term rate and make it more likely that the Employer will need to resume Employer contributions for Defined Benefit members at some future time.

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

For more information refer to Appendix C.

Crediting Rate Recommendations

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

Monitoring Recommendations

I have reviewed the current practice of carrying out a funding valuation on an annual basis between triennial actuarial investigations and confirm that, in my view, it remains appropriate given the Australian Prudential Regulation Authority's (APRA's) requirements for plans that pay pensions.

Actuarial Assumptions

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

Material Risks

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

Please refer to Section 8 for details.

Next Actuarial Investigation

The next regular triennial actuarial investigation of the Plan should be carried out with an effective date of 1 July 2026. A regular annual actuarial investigation will be carried out at each 1 July as the Plan pays pension benefits.

An interim actuarial investigation may need to be carried out at an earlier date if one or more of the following notifiable events occurs prior to that date, as advised by the Trustee or Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the actuary advises the Trustee in writing that such an event does not constitute a notifiable event):

- an amendment to the benefits under the Plan;
- the replacement of the Plan's Benefit Certificate dated 24 November 2022;
- total salaries of all members increase by more than 10 percent in any one year;
- Cumulative investment returns for the period fall below the rates shown in the following table:

Period	Cumulative actual investment return below	Annualised investment return below
1 July 2023 to 30 July 2024	-4.0%	-4.0%
1 July 2023 to 30 July 2025	2.4%	1.2%
1 July 2023 to 30 July 2026	9.1%	2.9%
1 July 2023 to 30 July 2027	16.2%	3.8%
1 July 2023 to 30 July 2028	23.8%	4.4%

- the Vested Benefits at an annual review date are found, on completion of that annual review, to exceed the market value of the assets at the review date;
- the failure to insure death and total and permanent disablement benefits at least to the extent recommended in the last regular triennial actuarial investigation at 1 July 2020 or subsequent actuarial advice;
- the Employer makes contributions to the Plan at a rate less than that recommended by the Actuary; or
- the notification to the Trustee by me as the Actuary of the Plan of any circumstance occurring during the currency of the Funding and Solvency Certificate dated 24 November 2022 which is a Notifiable Event as described in sub-regulation 9.13 of the Superannuation Industry (Supervision) Regulations.

Disclaimer

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

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
6 June 2024

Section 1 – Introduction

Purpose of the Regular Triennial Actuarial Investigation

The reasons for this regular triennial actuarial investigation are:

- to satisfy the requirements of Superannuation Prudential Standard (SPS) 160 which requires a regular actuarial investigation to be carried out once every three years;
- to review the Plan's financial position as at 1 July 2023 (the Effective Date);
- to examine the Plan's immediate solvency and funding indices;
- to recommend appropriate Employer contribution rates so that the Plan remains in a satisfactory financial position and in order to satisfy Schedule 1 Rule 5.5, Schedule 3 Rule 5.5, Schedule 4 Rule 5.4 and Schedule 5 Rule 5.2 of the Trust Deed;
- to review the basis for insuring death and disability benefits; and
- to comment on any aspect of the Plan that may assist with improving its objectives.

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

Name of Actuary

This regular triennial actuarial investigation was carried out as at 1 July 2023 by Saffron Sweeney, of Aon Risk Services Australia Limited, Fellow of the Institute of Actuaries of Australia. The previous regular triennial actuarial investigation was also completed by Saffron Sweeney as at 1 July 2020. The results are shown in the report dated 4 December 2020.

Compliance with the Standards of the Institute of Actuaries of Australia

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

Reliance and Limitations in the Report

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

This report is intended for the sole use of the Trustee and Employer for the purposes set out in this report. It may not be appropriate for other business purposes. Reliance on information contained in this report by anyone for other reasons than the intended purpose, puts the relying entity at risk of being misled because of confusion or failure to understand applicable assumptions, methodologies, or limitations of the report's conclusions. Accordingly, no person or entity, including the Trustee, should base any representations or warranties in any business agreement on any statements or conclusions contained in this report without the written consent of Aon Risk Services Australia Limited ABN 17 000 434 720 AFSL No 241141 (Aon).

Previous Investigation Results

The results of the previous investigations were as follows:

	Regular Triennial Actuarial Investigation as at 1 July 2020	**Regular Annual Actuarial Investigation as at 1 July 2021**	**Regular Annual Actuarial Investigation as at 1 July 2022**
A surplus of Assets over the Actuarial Value of Accrued Benefits	$4,071,318	$6,458,167	$3,469,047
An excess of Assets over the Vested Benefits	$2,366,010	$5,091,325	$1,909,715
Summary of the recommended Employer contribution for DB members	From 1 July 2020 onwards, the Employer was recommended to use the large surplus to meet all future accrual of Defined Benefit benefits. However, the following contributions were still payable: ▪ 5% p.a. contributions (or 5.88% p.a. if salary sacrificed) of Superannuation Salary for Category A&ACat2 and ExMinet members; ▪ 2% p.a. (or 2.35% p.a. if salary sacrificed) of Superannuation Salary for Category Staff members; ▪ The Superannuation Guarantee contribution rate on any bonus payable for Defined Benefit members, if applicable; and ▪ The Superannuation Guarantee contribution rate on Ordinary Time Earnings for Accumulation and Casual members.		

The average long-term Employer contribution rate was 13.7 percent p.a. of Defined Benefit members' superannuation salaries as at 1 July 2020.

Contributions have been paid in accordance with the above recommendations since the last regular triennial actuarial investigation to the date of this report.

Section 2 – The Plan's Experience

This section considers the assumptions used in the previous regular triennial actuarial investigation as at 1 July 2020 and the experience of the Plan relative to these assumptions.

The main factors affecting the Plan's financial position during the period since the previous triennial actuarial investigation as at 1 July 2020 were as follows:

	Assumptions at the previous triennial investigation	Plan Experience	Impact on the financial position of the Plan (when considered in isolation)
Investment Returns[1]	5.4% p.a. (active members)	7.2% p.a. (active members)	Favourable effect: The Defined Benefit assets increased at a higher rate than assumed.
	5.85% p.a. (pensioners)	8.1% p.a. (pensioners)	
		Above the equivalent average return of funds with a similar investment strategy which was 6.7% p.a.[2]	The Plan earned higher returns than other funds with a similar investment mix.
Salary Increases	3.1% p.a.	2.4% p.a.[3]	Favourable effect: The Defined Benefit liabilities increased at a lower rate than assumed.
Average Employer Contribution rate[4]	Recommended rate of 0.0% p.a.	Long-term rate of 13.7% p.a.	Unfavourable effect: The Defined Benefit assets increased at a lower amount than the long-term cost of providing the defined benefits.
			As recommended, the Defined Benefit contribution rates were at a lower rate than the long-term cost of providing the defined benefits.
Pension Increases	2.5% p.a.	2.9% p.a.	Unfavourable effect: The Defined Benefit pension liabilities increased at a higher rate than assumed.
Expenses and Insurance Premiums[4]	1.0% p.a. for Expenses	1.9% p.a. for Expenses	Unfavourable effect: The Defined Benefit assets, on average, have paid more expenses and premiums than assumed.
	1.0% p.a. for Death and TPD insurance premiums	1.0% p.a. for Death and TPD insurance premiums	

[1]net of investment expenses and tax

[2]based on the 3-year median return for Rainmaker Workplace Super Performance on Balanced options for the period ending 30 June 2023

[3]for existing Defined Benefit members over the investigation period

[4]Percent of Defined Benefit members' salaries

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

- Membership movements:
  - Exits: 15 Defined Benefit members left the Plan due to early retirement/resignation/normal retirement and [redacted] during the triennial actuarial investigation period, which is higher than that assumed in the previous investigation. Overall, benefits paid were more than the amounts reserved and therefore, in isolation, this has led to an unfavourable effect on the financial position of the Plan.
  - Pensioners: There were no pensioner deaths since the previous regular triennial actuarial investigation. Since the mortality assumptions assume a proportion of the membership will leave the Plan due to death, the fact that the [redacted] have survived has had an unfavourable financial impact on the Plan.

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

Section 3 – Assumptions

As part of this regular triennial actuarial investigation, I have analysed the method and assumptions used in the previous regular triennial actuarial investigation as at 1 July 2020. Where appropriate I have maintained these methods and assumptions, however some have changed in light of the experience discussed in Section 2 of this report and after consideration of changes in market expectations. The actuarial method used is described in Appendix D.

Interest/Salary Differential

Active Defined Benefit Members

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

While the absolute level of assumed investment returns is relevant in any regular triennial actuarial investigation, the critical factor is the relationship that this rate has with the assumed rate of salary increase. The difference between the two figures is the Interest/Salary Differential. For this investigation I have used an Interest/Salary Differential assumption of 2.6 percent p.a. as shown in the table below. Therefore, the Interest/Salary Differential is less conservative than used in the previous regular triennial actuarial investigation. The overall impact of these changes in assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits and the long-term contribution rate has decreased.

	Net investment return (p.a.)	Salary increase rate (p.a.)	Differential (p.a.)
Assumption as at 1 July 2020	5.40%	3.10%	2.30%
Assumption as at 1 July 2023	6.00%	3.40%	2.60%

Pension Members

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

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

	Net investment return (p.a.)	Pension Increase rate (p.a.)	Differential (p.a.)
Assumption as at 1 July 2020	5.85%	2.50%	3.35%
Assumption as at 1 July 2023	6.60%	2.50%	4.10%

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

- The investment return assumptions were derived using long-term assumptions for each asset class net of tax (for Active member assets) as determined by Aon's global investment team, multiplied by the strategic asset allocation of the Defined Benefit related assets (in the Balanced Growth – Active option for Active members and Pensioner Balanced Growth - Active Option for pensioners) and allowing for correlations of investment returns between asset classes and investment fees;
- We expect that inflation will return to the RBA target of 2 percent p.a. to 3 percent p.a. We have assumed CPI will be 2.5 percent p.a.;
- The long- term outlook for investment returns being somewhat lower than those earned in the last three years;
- The salary increase rate assumption was determined based on the forecast increases in Average Weekly Ordinary Time Earnings (AWOTE), the Employer's expectations and past experience; and
- The pension increase rate assumption was determined after considering long term CPI increases.

Demographic Assumptions

The Death and TPD assumptions have been updated from the last regular triennial actuarial investigation based on the overall experience of Master Trusts in the Australian market. The impact of these changes in isolation are to create a small increase in the liabilities. All other demographic assumptions remain unchanged.

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

	Number of exits per 10,000 members					
	1 July 2023			1 July 2020		
Age Last	**Resignation**	**Death and Disablement**	**Retirement**	**Resignation**	**Death and Disablement**	**Retirement**
30	1,000	6	0	1,000	5	0
40	750	12	0	750	10	0
50	500	40	0	500	35	0
60	0	155	2,400	0	137	2,400
65 exact	0	0	10,000	0	0	10,000

No allowance has been made for retrenchment which is consistent with the last triennial actuarial investigation. Note that there is no specific retrenchment benefit for the Plan (i.e. members receive the same benefit as if they had resigned or retired, as applicable).

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

Expenses and Insurance Premiums

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

	1 July 2020	1 July 2023
Operating expenses (% p.a. of Defined Benefit members' salaries)	1.0% pa	2.4% pa^
Death and TPD insurance premiums (% p.a. of Defined Benefit members' salaries)	1.0% pa	1.2% pa
Total expense and insurance premium assumption	**2.0% pa**	**3.6% pa**

^ As the assumption is based on total Defined Benefit salaries, the impact of having fewer Defined Benefit members means that the expenses as a percentage of total Defined Benefit salaries increases.

The expenses and insurance premiums assumptions have increased from the previous regular triennial actuarial investigation to reflect the expected expenses over the next three years.

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

Accumulation, Casual and Spouse members' expenses and insurance premiums for Death or TPD insurance are deducted from members' accounts and therefore the assumptions above do not incorporate the cost associated with Accumulation, Casual and Spouse members' expenses and insurance premiums.

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

Tax

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

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

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

- No allowance has been made in the projections for the impact of the surcharge (up to 30 June 2005 but not assessed before 1 July 2023), or withholding tax due to members not providing their Tax File Number to the Trustee, or excessive contributions tax levied on the member where the member has elected the Plan to pay it on their behalf, if not assessed before 1 July 2023;

- No allowance has been made for the additional 15 percent tax on contributions for high-paid individuals or any excessive contributions tax levied. It is assumed that benefits will be adjusted (via additional accumulation accounts) for affected members to meet these tax amounts assessed;
- No adjustment has been made to the non-concessional contributions, if any, of members where their total superannuation benefit exceeds $1.9 million;
- The Trustee has made a decision in relation to the tax deductibility rules for after-tax contributions from 1 July 2017 in a way that would not lead to a funding implication for Defined Benefit members; and
- That the SG Rate is paid without limitation (i.e. not limited to the SG maximum salary base) for Defined Benefit members.

Additional Assumptions Relating to Pensions

There are a number of additional assumptions that relate to pension liabilities and assets. They include:

Pension-related expenses: The administrator charges specific expenses to the pension assets, however, we have determined the defined benefit expenses overall and assumed that the pension expenses are incorporated in the long-term costs of active defined benefit members for this regular triennial actuarial investigation. This expense charge of the administrator for pensioners is slightly different to the last regular triennial actuarial investigation and last regular annual actuarial investigation.

Mortality of pensioners – Australian Life Tables (ALT) 2015-2017 allowing for future mortality improvements based on the 25-year improvement factors from ALT 2015-2017 have been used for this regular annual actuarial investigation to allow for general trends in increasing longevity and that those members who elect a pension are likely to have longer life expectancy than the average population. This is the same assumption used in the last regular triennial actuarial investigation.

Remarriage, separation or divorce – [redacted]. We have assumed that there will be no separation or divorce and have valued [redacted] using the 2/3rds reversion. This is the same as the assumption used in the last regular triennial actuarial investigation.

Overall Effect of Changes in Assumptions

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

Section 4 – Actuarial Value of Accrued Benefits

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

Actuarial Value of Accrued Benefits (past service)	**$**
Retirement	25,517,890
Death and Disablement	1,700,129
Resignation	1,250,606
Total of active Defined Benefit related liabilities	**28,468,625**
Pensioner Liabilities	**2,167,233**
Total of Defined Benefit related liabilities	**30,635,858**
Additional accounts for Defined Benefit members	2,209,438
Accounts for Accumulation members	141,684,550
Actuarial Value of Accrued Benefits	**174,529,846**
Assets*	**178,054,703**
Surplus/(Deficit)	**3,524,857**

*Assets for Accumulation, Casual and Spouse members have been set equal to the active Accumulation members' benefits.

Analysis of Changes in Financial Position Since the Last regular triennial actuarial investigation

The following table quantifies the various impacts on the financial position of the Plan since the last regular triennial actuarial investigation as at 1 July 2020. These figures give an indication of the impact of the factors that affect the final regular triennial actuarial investigation result. As there are yearly funding calculations performed, these items have been determined in each year between triennial investigations and added to provide the 3 years' worth of movements.

	Total **$(000's)**
Previous surplus/(deficit)	**4,071**
Interest on surplus/(deficit)[1]	783
Investment gains/(losses)[2]	1,513
Employer contributions paid at a higher/(lower) rate than long-term rate[3]	(2,742)
Expense gains/(losses)[4]	(165)
Salary gains/(losses)[5]	327
Change in basis gains/(losses)[6]	248
Withdrawal gains/(losses)[7]	(123)
Death gains/(strain)[8]	(2)
Contribution allocation issues[9]	(137)
Pension indexation gains/(losses)[10]	(25)
Pensioner mortality gains/(strain)[11]	(77)
Miscellaneous	(146)
Surplus/(deficit) as at the valuation date	**3,525**

[1] Interest on surplus over the period

[2]An investment gain occurs when investment earnings are higher than assumed.

[3]A contribution loss occurs when employer contributions are paid at a lower rate than the long-term rate.

[4]An expense loss occurs when expenses are more than assumed.

[5]A salary gain arises when salaries increase at a lower rate than was assumed.

[6]A gain from a change of basis occurs when the overall set of assumptions becomes less conservative.

[7] A withdrawal loss occurs when the benefit is higher than reserved for in the Plan.

[8]A death or TPD strain occurs when there is a difference between the total benefit paid and the asset of the member's reserve plus insurance received. It is created if a member exits due to death or TPD.

[9]This accounts for an adjustment made to the assets which were overstated previously due to an incorrect treatment of contributions paid from the reserve to members' accounts.

[10]A pension indexation loss occurs when pension indexation is at a higher rate than assumed.

[11]A pensioner mortality strain occurs when pensioners live longer than assumed.

Use of Excess Reserves

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

Total assets exceeded the Actuarial Value of Accrued Benefits as at 1 July 2023 by $3,524,857. This is equivalent to 11.5 percent of Defined Benefit liabilities (i.e. excluding accumulation members' benefits and Defined Benefit members' additional accounts) and 56.8 percent of total Defined Benefit salaries.

Part of the surplus can be used to continue to suspend all Employer contributions from 1 July 2023 onwards for all Defined Benefit members.

Long-term Contribution Rate

The Defined Benefits long-term Employer contribution rate has increased since the last regular triennial actuarial investigation due to the change in membership and increase in expense assumption.

Present Value of Future Service Liability	**Total ($)**
Retirement	3,292,640
Death and Disablement	203,662
Resignation	106,473
Total of active Defined Benefit related liabilities	**3,602,775**
Less member contributions	1,090,086
Net Future Service Liability	**2,512,689**
Equivalent net future contribution rate	10.1%
Tax	1.8%
Expense allowance	2.4%
Death and TPD premiums	1.2%
Employer contribution rate required for Future Service Benefits (p.a. salary)	**15.5%**

Section 5 – Immediate Solvency and Funding Indices

Immediate Tests on the Adequacy of the Assets

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

- Assets: I have taken the fair value of the net assets provided by the Plan administrator, based on the smartMonday PRIME general ledger as the value of assets for Defined Benefit members and the value of Accumulation members' benefits as the value of assets for Accumulation members for the purpose of this regular triennial actuarial investigation. The financial statements, which include all smartMonday plans, at 30 June 2023 were audited and signed on 29 September 2023. The assets are net of any amount held to meet the Operational Risk Financial Requirement (ORFR). The assets are discussed further in Appendix C.
- Liabilities: Appendix D contains a summary of the method used in the regular triennial actuarial investigation to determine the liabilities of the Plan.

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

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

	1 July 2020			1 July 2023			
	Amount ($)	**Index[1]**	**DB Index[2]**	**Amount ($)**	**Index[1]**	**DB Index[2]**	
Minimum Requisite Benefits[3]	166,552,433	104.6%	125.7%	170,199,872	103.3%	121.6%	A
Vested Benefits	174,199,675	101.4%	106.3%	175,961,161	101.2%	106.5%	A
Actuarial Value of Accrued Benefits	172,494,367	102.4%	111.4%	174,529,846	102.0%	111.5%	A
Accumulation Benefits[4]	136,864,368			143,893,988			B
Assets[5]	176,565,685			178,054,703			C

[1]Index is C/A. For the Minimum Requisite Benefits Index, this is equal to (C – Pensioners' liability)/A.

[2]DB Index is (C – B)/(A – B), i.e. the index excluding accumulation benefits. For the Minimum Requisite Benefits DB Index, this is equal to (C – B – Pensioners' liability)/(A – B).

[3]The Minimum Requisite Benefits exclude pensioner liabilities. As at 1 July 2023 the pensioner liability was $2,167,233 and at 1 July 2020 it was $2,398,177.

[4]The Accumulation Benefits are inclusive of additional accounts for Defined Benefit members (including surcharge accounts) and Accumulation members' benefits.

[5]Assets for Accumulation members have been set equal to the Accumulation, Casual and Spouse members' benefits.

Financial Indices for Pension members

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

	1 July 2020		1 July 2023	
	Amount ($)	**Index**	**Amount ($)**	**Index**
Vested Benefits	2,398,177	109.5%	2,167,233	99.1%
Actuarial Value of Accrued Benefits	2,398,177	109.5%	2,167,233	99.1%
Assets*	2,626,205		2,148,702	

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

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities are maintained at a similar level, which will be reviewed each year considering experience versus assumptions (particularly investment returns, pension increase rate and longevity or mortality of pensioners and their spouses, if applicable). As the pension liabilities exceed the assets held in the non-taxed earnings investment and considering that the pension assets have earned -0.45 percent from the date of this investigation to 13 November 2023, I recommend that $75,000 of the assets be moved into the pensioner reserve from the standard DB reserve.

Vested Benefits Index

Vested Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan or where the members have already terminated employment and are receiving Defined Benefit pensions, the value of those pensions (i.e. the present value of projected pension benefits) is also included. It is either the resignation benefit or early retirement benefit, if eligible.

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

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

Shortfall Limit

In accordance with SPS 160, the Trustee has set a Shortfall Limit of 98.0 percent. This is the extent to which the Trustee considers the Plan can be underfunded (on the basis that assets are insufficient to meet all members' Vested Benefits) but retain a reasonable expectation of returning to a funded position within a year, solely due to a correction to temporary negative market fluctuations in the value of the Plan assets.

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

The Defined Benefit Vested Benefit Index at 1 July 2023 was 106.5 percent. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date.

I have reviewed the Shortfall Limit of 98.0 percent and confirm that, in my view, it remains appropriate.

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

Minimum Requisite Benefits Index

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

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

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

Actuarial Value of Accrued Benefits Index

The valuation results shown in Section 4 of this report disclose the Actuarial Value of Accrued Benefits, also known as the Past Service Liability. This is the same as the figure calculated for AASB1056 purposes which was calculated in accordance with the Institute of Actuaries of Australia Practice Guideline 499.06 (apart from the inclusion of terminated members at the valuation date, if any, who have not had their benefit paid or rolled into another complying superannuation fund). This amount constitutes the “value of the liabilities in respect of accrued benefits” as defined in Division 9.5 of the Superannuation Industry (Supervision) (SIS) Regulations and has been calculated in accordance with Professional Standard 402 issued by the Institute of Actuaries of Australia.

Also note that the Actuarial Report for AASB 1056 Purposes dated 10 August 2023 excluded Defined Benefit members’ additional accounts and Accumulation, Casual and Spouse members’ benefits, as these liabilities are equal in value to the assets held and therefore recognised as “Defined Contribution member benefits” in the AASB 1056 financial statements.

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

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

Termination of the Plan

In the event of the termination of the Plan, all assets available at that time, net of accruals and expenses, would be distributed to members to the extent of their “termination liabilities” as per Clause 12 of the Trust Deed and in accordance with relevant law.

After all expenses are paid, the remaining assets are distributed to Members to the extent that assets are sufficient as follows:

- provide benefits to former Employees and their Dependants;
- provide benefits to employees that they are entitled to as if they voluntarily left service;
- provide benefits to Employees that they are entitled to as if they retired;
- provide additions to benefits as the Principal Company decides and advises the Trustee; and
- pay any balance to Employers in the proportion that the Trustee decides with the consent of the Principal Company.

There is no guarantee of adequacy for the termination liabilities, only a priority charge on available assets up to the level of termination liabilities. At 1 July 2023 the available assets exceeded the members’ termination liabilities.

Transferring Pensioner Liability to a Third Party

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

The Employer needs to be aware that buying out pension liabilities in the event of winding up the Plan would be more expensive in the open market due to the limited provider options that are currently available. As an indication, an annuity for a male age 85 with a spouse three years' younger where applicable) could cost around 17 percent more than the actuarial liability value (based on annuity rates available on Challenger's website and a general summary document they have provided with impact of annuity variations on price).

As there are still active DB members and expenses are covered by the funding for active members, the annuity is expected to cost more than our value due to the expected expenses of paying those pensioners in future. In reality, if [redacted] pensioner remains in the fund beyond the last active DB member, then there will be expenses that have to be funded in future for expenses related to the payment of pensions and all associated actuarial costs.

If the Trustee decides to transfer the pension liability to a third party, the assets may not be sufficient to continue a Defined Benefit member contribution holiday as well as buy this annuity due to risk, expense and profit margins of the third party and therefore Defined Benefit Employer contributions may need to resume in order to maintain the security of other members' benefits. However, note that there are limited annuity options available in the Australian market and exact matching of the pension liabilities may not be possible. If the Trustee or Employer would like to explore this option further, we could attempt to obtain quotations from annuity providers.

Section 6 – Adequacy of Insurance Arrangements

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

Death or Total and Permanent Disablement Insurance (Lump Sum)

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

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

Defined Benefit Members

Insured Amount = Death/TPD benefit - maximum (Accrued Multiple x Salary + additional accounts, Vested Benefit) + Additional (Voluntary) Insurance (if any)

Accumulation Members

Insured Amount = Future service to age 65 x 15.5% x Salary (for Casual members this applies if a notional Salary is provided by the Employer) + Additional Insurance (if any)

Minimum level of death and TPD cover based on age is applied, if applicable; refer to the smartMonday PRIME product disclosure statement for more details.

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

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

	1 July 2023 (current formula)	1 July 2023 (proposed formula)
	($)	($)
Total sums insured (A)^	381,471,254	384,643,131
Plan Assets (B)	175,887,469	175,887,469
Funding excess/(shortfall) (C)*	3,524,857	3,524,857
Amount of Surplus, if any, set aside for funding purposes (D)*	2,205,515	2,205,515
Plan Assets available to meet Death or TPD benefits (B)-(D)=(E)	173,681,954	173,681,954
Available on Death or TPD (A)+(E)=(F)	555,153,208	558,325,086
Total Death or TPD benefits (G)	556,411,199	556,411,199
Excess/(shortfall) (F) - (G)	(1,257,990)	1,913,887

^ where a member has had their cover limited, the limited cover has not been applied for DB members. We have used the Death insured amount if there is a difference between Death and TPD, this only occurs on voluntary cover and therefore has no impact on the excess/(shortfall)

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

As shown in the table above, a continuation of the contribution holiday into the future may result in a shortfall of assets against Death/TPD benefits if all members of the Plan died or were disabled, as the surplus continues to be used to fund members' benefits under the current formula.

Recommendation

I have reviewed the current formula for insuring the non-funded portion of the death and TPD benefits of the Defined Benefit members in the Plan and, given that the shortfall under the current formula is significant, we recommend that the insurance formula is changed to remove the self-insurance element and that this change be implemented before the next annual review at 1 July 2024.

A new formula for Defined Benefit members has been proposed as follows:

Total Insured Amount (standard and voluntary cover) = Death Benefit (including Addition (Voluntary) Insurance, if any) less Vested Benefit

The above proposed formula results in slight over-insurance until all Defined Benefit members are eligible for early retirement.

Indemnity Insurance

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

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

Material Issues Arising From Insurance

There is an issue arising from insurance, which is summarised below:

- The insurance policy with AIA, since 2007, allows for a limitation of a maximum 30 percent increase in cover in any 12 month period without underwriting and therefore it will take over 3 years for the new cover to be fully provided without underwriting;
- This has only been applied operationally since 2017;
- However, it seems that it was not included in communication to members in the Product Disclosure Statement (PDS) where they joined prior to 2017 and no other written communication has advised members except in annual review letters advising members that they can increase their cover;
- This has unfortunately impacted part-time members who change their working hours in such a way that their cover increases by more than 30 percent;
- Impacted members receive a letter advising that their cover has been limited unless they are underwritten.

Due to this not being communicated to members who joined before 2017 there could be a risk of a member or their beneficiaries seeking compensation for the difference between the limited cover and the full cover based on the standard insurance formula. Further, as defined benefit members have a benefit that is defined, it is not restricted and the Plan's funding resources would meet the difference.

We have raised this issue with the Plan sponsor and administrator to see if any action has been taken to date or confirm the proposed course of action to minimise the number of such situations and to communicate with any members who are impacted. There are approximately 94 part-time members in the Plan who joined before 2017 and work less than 70 percent of a normal week and therefore, if their hours of work change, could be impacted. Therefore, although there is a risk, it is not seen as material.

Section 7 – Sensitivity Analysis and Projections

Assumption Variation

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

Assumptions	Actuarial Value of Accrued Benefits as at 1 July 2023	Overall long-term Employer contribution rate as at 1 July 2023**
	($)	(p.a.)
This valuation (3.4% p.a./6.0% p.a.)	174,529,847	15.50%
Last valuation (3.1% p.a./5.4% p.a.)	174,777,978	15.62%
Last valuation with this valuation decrements (3.1% p.a./5.4% p.a.)*	174,787,402	15.63%
Salary inflation rate plus 1% p.a. (4.4% p.a./6.0% p.a.)	174,967,204	15.91%
Salary inflation rate minus 1% p.a. (2.4% p.a./6.0% p.a.)	174,220,627	15.28%
Investment return plus 1% p.a. (3.4% p.a./7.0% p.a. active members)^	174,050,370	15.25%
Investment return minus 1% p.a. (3.4% p.a./5.0% p.a. active members)^	175,181,409	15.96%

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

**This is calculated based on this valuation's expense and premiums assumptions.

^ The pension investment return was also adjusted accordingly.

Based on the above results, it is clear that the financial position of the Plan and the required Employer contribution will vary depending on the actual experience of the Plan and particularly in relation to salary increases and long-term investment returns. If the increase in salaries of Defined Benefit members is 1 percent p.a. higher than the assumed rate, the long-term cost to the Employer will be 0.41 percent p.a. higher than that based on the assumptions used for this valuation. If long-term investment returns are 1 percent p.a. higher than assumed, the long-term Employer contribution rate decreases by 0.25 percent p.a.

Pensioner Sensitivities

Assumptions	Pensioner liabilities as at 1 July 2023
	($)
This valuation	2,167,233
Mortality rate* age rated up by 2 years	1,965,994
Mortality rate* age rated down by 2 years	2,373,527
Pensioner Investment return plus 1% p.a. (7.60% p.a.)	2,052,229
Pensioner Investment return minus 1% p.a. (5.60% p.a.)	2,294,097

* Australian Life Tables 2015-2017 (rated up or down 2 years) with 25 years mortality improvement factors 2015-17 (with the base year 2016)

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

Pensioner mortality has a reasonably large impact (+/- 9.5 percent with a 2 year rating change down/up) on the liability of pensioners, however the pensioner liability is only 7 percent of the total Defined Benefit liability.

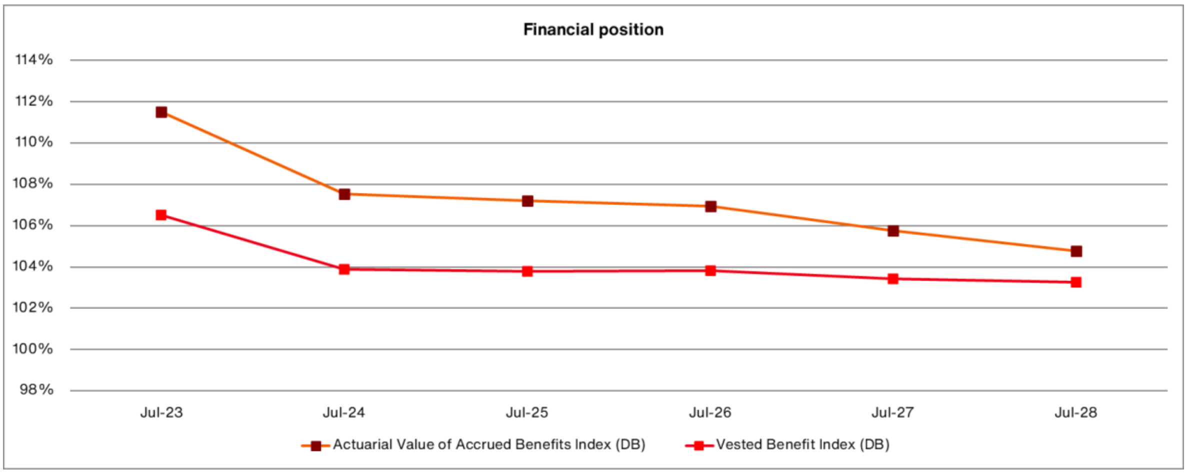
Post Valuation Events

The Plan has earned an average investment return of -0.3 percent from the date of the valuation to 13 November 2023. This is much lower than the rate assumed for the valuation and has resulted in a deterioration in the financial position of the Plan. I estimate that coverage of Vested Benefits (exclusive of Accumulation, Casual and Spouse members' benefits and Defined Benefit members' additional accounts) has decreased from 106.5 percent at the valuation date to approximately 104.7 percent as at 13 November 2023. This has been taken into account in the recommended Employer contributions.

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

Projection of Future Liabilities

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



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

There is also a high degree of probability that the [redacted] currently in payment will be able to be paid as required under the Plan's governing rules during the period up to 1 July 2028. This statement has been made considering the Plan's earnings from the date of the regular triennial actuarial investigation to 13 November 2023. This statement is made in accordance with Superannuation Prudential Standard (SPS) 160, SIS Regulation 9.31(1) and Professional Standard 410 issued by the Institute of Actuaries of Australia.

Section 8 – Material Risks

Financial Risk

As noted in the results of the Sensitivity Analysis (Section 7), the items that have the greatest impact on the financial position of the Plan are the differences between the assumed and the actual salary increase rate and the assumed and actual long-term investment return. Should salaries increase at a higher rate than assumed, the liabilities will be higher than expected and the assets may then be insufficient to cover members' benefits. This may then require the Employer to make larger contributions to the Plan. Similarly, if there are lower than assumed investment returns, the assets of the Plan would be reduced compared to the assets expected and may then be insufficient to cover members' benefits. This may then require larger contributions to be made by the Employer. If the Employer is willing and able to make these larger contributions and accept the volatility involved, a deterioration in the financial position can be managed.

Other strategies to mitigate these risks are:

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

Employer Financial Viability

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

Plan Specific Risk

Pensioners

There is a [redacted] is a guaranteed lifetime pension. There is a risk that [redacted] outlives their usual life expectancy which will increase funding costs.

As the Plan has active Defined Benefit, Accumulation, Casual and Spouse members, higher contributions can be made to ensure that the pension can continue to be paid without jeopardising the financial security of other members' benefits.

Please note that the valuation results are based on best estimate assumptions and therefore represent a "business as usual" approach. The Employer also needs to be aware that buying out these pension liabilities in the event of winding up the Plan may be more expensive in the open market due to the limited provider options that are currently available and the risk, expense and profit margins a provider will require.

As an indication, an annuity for a male age 85 with a spouse three years younger could cost 17 percent more than the actuarial liability value (based on annuity rates available on Challenger's website and a general summary document they have provided with impact of annuity variations on price) due to current high bond yields. There are other considerations such as the tax impact on the pensioner of making the change as well as the time required by the Employer and Trustee to buy an annuity.

Investment Policy

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

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

smartMonday PRIME mitigates this risk by holding limited illiquid investments and holding a small cash float to facilitate switches and withdrawals.

- **Concentration Risk** – the risk that investments are concentrated in one particular asset class, country or manager, the poor performance of which could cause a material effect on the investment return.

smartMonday PRIME mitigates this risk by investing across a number of asset classes each within lower and upper asset class limits, and within each asset class holding a diversified portfolio of securities, and where relevant, across currencies and geographies.

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

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

Recommendations

Future Contribution Recommendations

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

Category	Employer Rate for defined benefit members
	(% p.a. of salaries[1])
	1/07/2023 onwards
A&ACat2	0.00%
ExMinet	0.00%
ExNLA	0.00%
Staff	0.00%

[1]The Superannuation Guarantee (SG) contribution rate is to be provided based on Ordinary Time Earnings (excluding bonus) and is credited from the Plan's reserve.

In addition, the following contributions are also payable:

- Member 5% p.a. contributions (or 5.88% p.a. if salary sacrificed) for A&ACat2 and ExMinet members and 2% p.a. (or 2.35% p.a. if salary sacrificed) for Staff members of Superannuation Salary;
- The Superannuation Guarantee contribution rate on bonus for Defined Benefit members, if applicable; and
- The Superannuation Guarantee contribution rate on Ordinary Time Earnings for Accumulation and Casual members.

These rates are the same as those currently being paid.

The Employer Superannuation Guarantee contributions must be loaded to Defined Benefit members' accounts by the 28th day of the month following the month to which they relate. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the month following the quarter end.

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

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 98.0 percent (see Section 5) and confirm that, in my view, it remains appropriate. This will need to be reviewed if the Trustee changes the investment strategy.

Insurance Recommendations

I have reviewed the current formula for insuring the non-funded portion of the death and TPD benefits of the Defined Benefit members in the Plan and, given the shortfall under the current formula is significant, I recommend a change in the insurance formula to remove the self-insurance element. This change should be carried out before the next annual review at 1 July 2024.

A new formula for Defined Benefit members has been proposed as follows:

Total Insured Amount = Death/TPD Benefit (which includes Additional (Voluntary) Insurance (if any)) less Vested Benefit

Please refer to Section 6 for details.

Investment Recommendations

Other than the SG minimum benefit and resignation benefit, the defined benefits are not impacted by the investment return. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the Plan's assets.

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities are maintained at a similar level, which will be reviewed each year considering experience versus assumptions (particularly investment returns, pension increase rate and longevity or mortality of pensioners and their spouses, if applicable). As at the valuation date, the pension related assets are insufficient to cover the pension liabilities and, considering that the pension assets have earned -0.45 percent from the date of this actuarial investigation to 13 November 2023, I recommended that $75,000 be transferred from the active defined benefit reserve assets to the pension reserve assets.

In my opinion the investment strategy is appropriate to meet:

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

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

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

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

Crediting Rate Recommendations

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

Monitoring Recommendations

I have reviewed the current practice of carrying out the actuarial investigation on an annual basis and confirm that, in my view, it remains appropriate given the Australian Prudential Regulation Authority's (APRA's) requirements for plans that pay pensions.

Disclaimer

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

Actuary's Statement for the Purposes of SPS 160

I have conducted a regular triennial actuarial investigation of the smartMonday PRIME - Aon Group Superannuation Plan (the Plan) as at 1 July 2023 covering the three-year period to that date.

In my opinion:

1) As at 1 July 2023, the fair value of the net Assets of the Plan for Defined Benefit members, based on audited accounts plus the Accumulation, Casual and Spouse members' benefits for Accumulation member assets, was $178,054,703 and this is the value of assets used to determine the Employer contribution rate with an allowance for investment returns for the period from 1 July 2023 to 13 November 2023.

2) The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Actuarial Value of Accrued Benefits of $174,529,846 as at 1 July 2023.

   The Actuarial Value of Accrued Benefits of Defined Benefit members as at 1 July 2023 for the purposes of Australian Accounting Standard AASB1056 was $30,635,859 which was calculated in accordance with Practice Guideline 499.06 (this excludes additional accounts for Defined Benefit members and Accumulation, Casual and Spouse members' benefits). The relevant value of Defined Benefit related assets for AASB 1056 was $34,160,715.

3) The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Minimum Requisite Benefits as at 1 July 2023.

4) The investigation disclosed the Plan was in a satisfactory financial position as at 1 July 2023. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date.

5) The Plan has a liability in respect of [redacted]. The present value of their future payments has been included in all benefit calculations. The assets including future contributions are sufficient to provide for the risk of longevity. Should the Plan be in an unsatisfactory financial position, the benefits of pension members will continue to be paid and the Employer will be required to increase contributions in order that the security of members' benefits will not be jeopardised.

   Any other member who has postponed retirement or deferred receipt of a benefit remains a member under the Rules and any relevant liability is included. Note that the assets supporting the pension liabilities are not segregated from the rest of the Plan Assets, however holdings are in a separate investment option for tax purposes, and as pensioners are either past employees or their dependants, their benefits have a priority (after Minimum Requisite Benefits) in the event of termination of the Plan.

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

6) I have recommended contributions to ensure that the assets will continue to be adequate to meet the liabilities of the Plan and I expect the Plan to remain in a satisfactory financial position as defined in the SIS Regulations.

7) All Funding and Solvency Certificates required to be obtained during the period of investigation were provided. I expect that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate required during the three-year period following the valuation date.

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
Aon Risk Services Australia Limited

17 November 2023

Appendix A – Summary of Plan Rules

As set out in Section 11 of the Smart Future Trust Deed, the Trustee may review and amend contributions and/or benefits under the Trust Deed as long as the amendment does not reduce the benefits accrued to any member with respect to the period before the date of the amendment, unless the member or regulator has approved the amendment in writing.

Eligibility

Casual Members – open to casual employees of the Aon Group

Accumulation Members – open to Aon employees not in any other category

Spouse Members – open to spouses of Aon employees

Defined benefit members who transferred from the Aon Group Superannuation Fund on 1 October 2005 (all categories are closed to new members)

- Staff Category - Employees who were Staff members on 31 October 1996;
- A&ACat2 Category - Employees who were Alexander & Alexander Group Superannuation Fund members on transfer to the Plan at 1 July 1998;
- ExMinet Category - Employees who were Part 2 and Part 3 members of the Minet Australia Limited Staff Superannuation Fund on transfer to the Plan at 1 July 1998;
- ExNLA Category - Employees who were members of Part 2 and Part 3 of the NLA Superannuation Fund on transfer to the Plan at 1 January 1999; and

Pensioners who had previously been defined benefit members and chose to take their benefit as a lifetime pension – no further members can elect this option in future.

Plan Structure

The smartMonday - Aon Group Superannuation Plan (the Plan) is a Defined Benefit plan and is constituted by a Trust Deed originally dated 24 May 1974 and restructured on 6 August 2003 (effective 1 July 2003) and was further amended on 26 May 2005. Prior to transferring to the Aon Master Trust on 1 October 2005 the Plan was known as the Aon Group Superannuation Fund. The Trust Deed of the Aon Group Superannuation Fund was annexed to the Aon Master Trust Trust Deed and documents the governing rules for all Aon Group employees who enter the Plan. Since the last actuarial investigation the Deed has not been amended.

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

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

Annual Review Date

1 July

Definitions

Normal Retirement Date (NRD)

In relation to a Member, the date on which the Member attains age 65.

Certain members (ExMinet, Staff, A&ACat2 Director members and females who joined before 1 July 1986) have a normal retirement date at the date they turn age 60. Some ExA&ACat2 members who were formerly employees of Edward Lumley & Sons Pty Limited immediately before 1 July 1986 have a normal retirement date at the date they turn age 62.

Salary

Annual remuneration including director's fees but unless approved by the Principal Company excluding commissions, bonuses, overtime payments and any other additional payments.

Final Average Salary

Final Average Salary is the average of the Defined Benefit member's Salary for any three consecutive years within the ten years immediately preceding the earlier of the date of leaving service and the Normal Retirement Date. Full-time equivalent salary is used for part-time members.

Additional Insurance Cover

Members may elect to take out additional insurance cover subject to satisfactory health evidence as required by the insurer. This cover can be for death only or death and TPD.

Service

Service in relation to a Member means the period of continuous employment with any one or more Employers from the date of appointment as an Employee until that person ceases to be an Employee of an Employer and also includes any other period as the Employer with the agreement of the Principal Company may decide in any particular case.

Membership

Most recent period of Service (years and complete months) during which the Member has been a Member of the Plan or Previous Fund provided that the period of Service in respect of part-time Employees accrues at the same proportion as their part-time Employment for each relevant period or any additional period of membership as the Employer may decide.

Fraction

This is the proportion of a full-time working week worked and is varied if working hours change (for full-time employees the Fraction is 1).

Contributions

Member

A&ACat2: 5% pa (or 5.88% pa if salary sacrificed)

ExMinet: 5% pa (or 5.88% pa if salary sacrificed)

ExNLA: nil

Staff: 2% pa (or 2.35% pa if salary sacrificed)

Accumulation, Casual and Spouse - Nil

Employer

Accumulation, Casual – Superannuation Guarantee rate of Ordinary Time Earnings (or nil if they have chosen another superannuation plan to receive these contributions)

Spouse - Nil

Defined Benefit Categories - Balance of costs

Benefits

Leaving Service Benefit

For Accumulation, Casual and Spouse categories, the sum of all account balances

For Defined Benefit categories:

Greater of:

1. Member Account + SG Account
2. (Member Account + Award Account (notional)) x 2 + A&ACat2 Former Fund Transfer Account
3. Resignation benefit $ minimum (set at 1 July 2002 when the benefit design changed)

4. The amount calculated as the Accrued Multiple multiplied by the Final Average Salary discounted by 2% pa for each year and completed month that the member leaves in excess of 10 years before the standard Normal Retirement Date (ie Staff and ExMinet this is age 60 and A&A Cat2 and NLA it is 65) and can be calculated using the formula below:

$$\frac{(a - bt)\ FAS}{1.02^{t-x}}$$

Plus Additional Accounts

Where:

FAS = Final Average Salary.

a = Normal Retirement Benefit Multiple which is:

15.33% x M prior to 1/7/1986 (or such other rate as applied to a prior fund) + 16.67% x M from 1/7/1986 for A&ACat2;

17.5% x M prior to 1/6/1989+ 15.5% x M from 1/6/1989 for ExMinet Part 2;

22.5% x M prior to 1/6/1989+ 20% x M from 1/6/1989 for ExMinet Part 3;

15% x M for ExNLA;

18% x M prior to 1/1/1991+ 15.5% x M from 1/1/1991 for Staff;

or otherwise as set out in the Fund's Trust Deed or Employment Agreement

b = Members accrual rate according to his or her Category (15.5% if used for ExMinet Part 3 members or could be fixed in the Trust Deed or Employment Agreement)

t = Period in years and complete months by which the date of leaving precedes the Member's Normal Retirement Date.

a-bt = Where there is a retirement multiple set out in the Trust Deed for ExMinet members, this item is set multiple x actual membership/potential total membership

x = 10 except for A&A Cat2 members who do not have normal retirement ages of 65 where this amount is 5 if their normal retirement age is 60 or 7 if it is 62 (if t-x is negative then set t-x = 0)

M = Membership

Late Retirement Benefit (LRB)

The LRB for Accumulation, Casual and Spouse categories is the sum of all account balances.

Defined Benefit Members who remain in service past their Normal Retirement Date will have their benefit transferred to the Accumulation category of the Plan. The benefit they will receive will be equal to the Normal Retirement Benefit accumulated with earnings on their chosen option(s) and any contributions made from the Normal Retirement Date in their defined benefit category (if any) less tax, expenses and premiums (for all (default and additional) insurance, if any).

On transition to the Accumulation section, members who are under age 65 will be automatically (ie with no requirement for insurance underwriting) provided with the default level of cover in that category plus “additional cover” equal to an equivalent dollar amount based on the cover provided in the Defined Benefit category immediately before the transfer. These members may elect to opt-out or reduce this “additional cover” or change to ‘Death only cover’ at any time.

Death Benefit

For Accumulation and Casual (where a notional salary applies) members the benefit is the greater of:

- Standard insurance = 15.5% x Future Service to age 65 x salary;
- Minimum Level of Insurance Cover based on standard smartMonday PRIME table (members can opt out of this cover)

Plus the sum of all account balances

For Casual and Spouse members, it is the Minimum Level of Insurance Cover based on standard smartMonday PRIME table (members can opt out of this cover) plus the sum of all account balances.

For Defined Benefit members the benefit is a lump sum equal to the greater of:

- Leaving Service Benefit with no discount (i.e. t-x = 0)
- Death multiple* x salary
- Death benefit $ minimum set at 1 July 2002 due to a change in benefit design

Plus Additional Insurance Cover (if any)

Plus Additional Accounts

*This multiple is 6 for all Defined Benefit members except those who are not working in a full time capacity where the multiple is based on 6 times their current normal retirement multiple over their normal retirement multiple assuming they had always been in continuous full-time employment.

Total and Permanent Disablement (TPD) Benefit

The TPD Benefit is the same as for the Death Benefit.

Pensioner Benefits

Monthly pension paid which is indexed at each 1 January by the lessor of CPI and 5% pa with a 2/3rds reversion to spouse on the death of the member.

Plan Termination Benefits

In the event of the termination of the Plan, whatever assets then available are distributed as per Clause 12 of the Trust Deed. After all expenses are paid, the remaining assets are distributed to Members to the extent that assets are sufficient as follows:

a) provide benefits to former Employees and their Dependants;

b) provide benefits to Employees that they are entitled to as if they voluntarily left service;

c) provide benefits to Employees that they are entitled to as if they retired;

d) provide additions to benefits as the Principal Company decides and advises the Trustee; and

e) pay any balance to Employers in the proportion that the Trustee decides with consent of the Principal Company.

Additional Accounts

Additional Voluntary Contribution Accounts and Rollover Accounts are in addition to all of the above benefits.

Surcharge Account

All benefits are offset by the Surcharge Account (if any). The Account is the accumulation, with investment earnings, of all surcharge amounts assessed for each member.

Family Law Account

All benefits are also offset by the Family Law Account (if any). The Account is any amount paid to a former spouse (a family law split) accumulated with investment earnings from the date of the split for accumulation members; for defined benefit members the amount is accumulated at the rate determined by the Government Actuary which is calculated with reference to AWOTE + 2.5 percent p.a. from the date the split occurs to the date the non-spouse member's benefit is paid (or for Accumulation and Casual members accumulated with investment earnings for this period), and then accumulated with investment earnings thereafter.

Partial Withdrawals

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

Appendix B – Membership

Changes in membership 1 July 2020– 1 July 2023

	1 July 2023
Active DB Membership at 1 July 2020	**51**
Plus	
New Entrants	0
Transfers from other funds	0
Transfers from other categories	0
Less	
Transfer to other funds	0
Transfers to other categories	0
Deaths	1
Total and Permanent Disablement	0
Early retirements	9
Normal retirements	4
Resignations	2
Retrenchments	0
Late retirements	0
Active DB Membership at 1 July 2023	**35**

In addition:

- There [redacted] at the valuation date with total monthly benefit payments [redacted] and [redacted].
- There were 1,029 Accumulation members (including 32 Spouse and 5 Casual category members) at the valuation date with total salaries of $115,145,800.

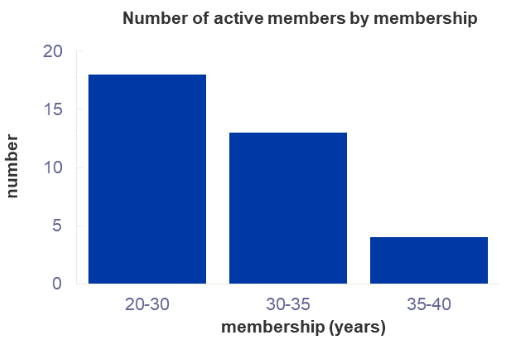
Membership Characteristics as at 1 July 2023

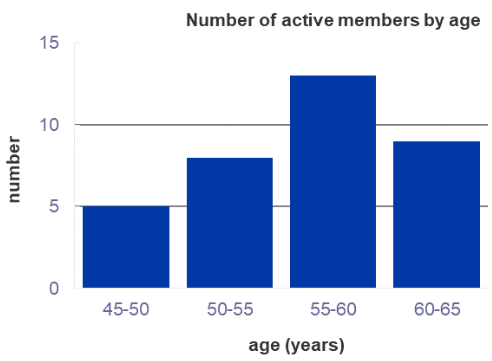
The main characteristics of the Plan's Defined Benefit membership at the valuation date are summarised in the following table. For comparison, active figures for the previous regular triennial actuarial investigation date (1 July 2020) are shown also:

Defined Benefit active members	**1 July 2020**	**1 July 2023**
Number of members	51	35
Average age (years)	55.0	56.4
Average membership (years)	27.9	30.3
Total annual salary ($)	8,105,360	6,207,420
Average annual salary ($)	158,929	177,355
Pensioners		
Number of pensioners	[redacted]	[redacted]
Average age (years)	[redacted]	[redacted]
Total annual pension ($)	[redacted]	[redacted]

By age and Membership

The following graphs outline the distribution by age and membership of the 35 active Defined Benefit members:





Quality of Data

Member data was received electronically and was in good order for the purposes of preparing this Report. Defined benefit individual membership data as well as Defined Benefit asset information was reconciled to the last regular annual actuarial investigation data.

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

We have relied on the asset information provided by the Plan administrator as at 1 July 2023 as audited financial statements for the Plan at that date are not available, however we understand that the financial statements for the Smart Future Trust as at 30 June 2023 (which includes the assets of the Plan) have been audited and signed on 29 September 2023.

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

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

Administration

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

- Accrued and normal retirement multiples;
- Indexation of pension payments indexed according to the agreed methodology;
- Final average salary and consistency of salaries from year to year; and
- All benefit calculations at the valuation date (resignation, retirement, death and total and permanent disablement benefits).

Appendix C – Accounts and Summary of Assets

Accounts

The following is a summary of the cash flows provided by the Plan administrator for the regular triennial actuarial investigation period 1 July 2020 to 30 June 2023. The final accounts of the Smart Future Trust for 30 June 2023 have received audit clearance.

	1 July 2020 to 30 June 2021 ($)	1 July 2021 to 30 June 2022 ($)	1 July 2022 to 30 June 2023 ($)	1 July 2020 to 30 June 2023 ($)
Plan Assets at start of period (A)	**176,565,685**	**207,131,102**	**182,569,529**	**176,565,685**
Accumulation accounts at start of period* (B)	134,852,612	161,881,013	142,945,396	134,852,612
DB related Plan Assets at start of period (C) = (A) – (B)	**41,713,073**	**45,250,089**	**39,624,133**	**41,713,073**
Plus				
Member contributions	516,810	778,531	388,616	1,683,957
Employer contributions	27,244	35,949	30,304	93,497
Rollovers/transfers in	0	84,643	0	84,643
Investment income (including capital appreciation/depreciation)	7,650,333	(1,829,102)	3,234,122	9,055,352
Less				
Group Life premiums (net of rebates)	100,552	89,301	90,888	280,741
Benefits (net of insurance recoveries)	4,440,039	4,481,722	6,570,983	15,492,744
Administration and other charges	80,821	149,913	162,582	393,316
Income tax	35,960	(24,959)	82,568	93,568
DB related Plan Assets at end of period (D)	**45,250,089**	**39,624,133**	**36,370,153**	**36,370,153**
Accumulation accounts at end of period (E)	161,881,013	142,945,396	141,684,550	141,684,550
Plan Assets at end of period (F) = (D) + (E)	**207,131,102**	**182,569,529**	**178,054,703**	**178,054,703**

*Assets for the Accumulation members have been set equal to the Accumulation, Casual and Spouse member's benefit.

Note that assets backing pension liabilities are included in the above assets, however, they are in a separate investment option and therefore receive favourable tax treatment. The amount of pension assets at 1 July 2020 and at 1 July 2023 were $2,626,205 and $2,148,702 respectively.

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

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

Summary of Assets

Accumulation members and Defined Benefit members for non-defined benefit related assets may invest their account balances in any option. Where an investment option is not chosen by Accumulation members, account balances are invested in the MySuper default option.

Defined Benefit related account balances are invested in the Balanced Growth - Active option. Defined Benefit assets above account balances (i.e. defined benefit reserve assets) are invested in the Balanced Growth - Active option. Pensioner assets are separately invested in the Pensioner Balanced Growth - Active Option.

The benchmark asset allocation of the Balanced Growth - Active Option is as follows:

By Asset Class	**1 July 2020**	**1 July 2023**
(based on benchmark asset allocation)	(%)	(%)
Australian Shares	28.5	27.0
International Shares	28.5	27.0
Property	5.0	6.0
Alternatives Asset - growth	7.0	10.0
Alternatives Asset - defensive	5.0	11.0
Australian Fixed Interest	10.0	7.5
International Fixed Interest	10.0	7.5
Cash	6.0	4.0
Total	100.0	100.0

The asset valuation method is in accordance with Professional Standard 404 published by the Institute of Actuaries of Australia. There were no material qualifications identified in the latest audit report that impact on the value of assets. We have relied on the asset information provided by the Plan administrator as at 1 July 2023 as audited financial statements at that date are not available, however we understand that the financial statements of the Smart Future Trust (which includes the assets of the Plan) as at 30 June 2023 were audited and signed off on 29 September 2023.

Crediting Rate Policy

The Balanced Growth - Active option return for the period was:

Option	Year to 30 June 2021 (p.a.)	Year to 30 June 2022 (p.a.)	Year to 30 June 2023 (p.a.)	3 Years to 30 June 2023 (p.a.)
Balance Growth – Active[1]	18.5%	-4.3%	8.7%	7.2%

[1]net of investment fees and taxes

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

Appendix D – Funding Method

Funding Method

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

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

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

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

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

This is the same method as was used at the last regular triennial actuarial investigation.

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

Summary of Method of Attributing Benefits to Past Membership

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

The past membership component for each type of benefit is:

Retirement Benefits

Based on a member's actual accrued retirement benefit multiple as at the date of valuation.

Death and Disablement Benefits

Based on a member's accrued retirement benefit multiple as at the date of valuation.

Resignation Benefit

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

In the case of benefits based on a multiple of Final Average Salary, the past component is based on members' actual accrued multiple as at the valuation date.

Superannuation Guarantee Minimum Benefit

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

Adjustments

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

Contact Information

Saffron Sweeney
Partner & Senior Actuary - Head of Wealth Solutions, Pacific; Chief Actuary Wealth Solutions APAC
Aon Risk Services Australia Limited
Wealth Solutions
+61 2 9253 7790
saffron.sweeney@aon.com

Aon Risk Services Australia Limited
ABN 17 000 434 720
AFSL No 241141
Level 33
201 Kent Street
Sydney NSW 2000
Australia

About Aon

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