Regular Triennial Actuarial Investigation Report to the Trustee of the

Holcim Super DBD Plan, a sub-plan of Harwood Superannuation within the Russell Investments Master Trust

Valuation Date: **1 July 2024**

Date of Report: **8 November 2024**

Aon Risk Services Australia Limited
ABN 17 000 434 720
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Table of Contents

Executive Summary

Superannuation regulations and the Trust Deed of the Holcim Super DBD Plan, a sub-plan of Harwood Superannuation within the Russell Investments Master Trust (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 Holcim (Australia) Pty Ltd (the Employer) and the Trustee is Total Risk Management Pty Limited (the Trustee).

Financial Condition

A snapshot of the financial condition of the Plan as at 1 July 2024 is set out below.

	Defined Benefits only	**Comments**
Vested Benefits Index	103.1%	The Plan is in a satisfactory financial position. The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 99.0%.
Actuarial Value of Accrued Benefits Index	109.6%	The Plan remains in an adequate financial position. The Plan had a surplus on this basis of $922,663. The Plan's financial condition is above the Trustee's Minimum Funding Level (MFL) of 100% of the actuarial value of accrued benefits. The Plan's financial condition is above the Trustee's Target Funding Level (TFL) requiring 116% of Active members' actuarial value of accrued benefits and 100% of Pensioners' actuarial value of accrued benefits be covered by the assets net of Operational Risk Financial Reserve (ORFR).

A restoration plan was in place and had been approved by the Employer and the Trustee as a result of the regular annual actuarial investigation as at 1 July 2022. The Plan's Defined Benefit Vested Benefit Index (DB VBI) fell below the Shortfall Limit since 30 June 2022.

At 1 July 2023, the Plan's financial position further deteriorated because of higher-than-expected pension increases, additional accrual of active defined benefit members over age 70 and poor investment returns. Hence, I recommended changes to the previous restoration plan to increase the contribution required to restore the financial position to a Vested Benefits Index of at least 100 percent by 30 June 2025 and to meet the TFL required by the Trustee by 30 June 2027. The Employer agreed to pay this increased contribution recommendation.

Since the last annual investigation as at 1 July 2023, the Plan's financial position has improved due to the increased employer contributions and good investment returns over the past year ending 30 June 2024. As at 1 July 2024, the Plan is in a satisfactory financial position on a DB VBI, MFL and

TFL bases. As such, in this report I recommend a cessation of the Restoration Plan and that the Trustee notify APRA of this cessation.

There is also a high degree of probability that the [redacted] pensioners 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 future earnings and Employer contributions are made as recommended. We note that pension benefit payments have a priority over all other member liabilities under Clause 13A.7(a) of the Trust Deed. 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

Below is an explanation of changes or events that have occurred since the last regular triennial actuarial investigation and that had a significant effect on this regular triennial actuarial investigation.

Significant Events

Asset Adjustment as at 30 June 2022

The Plan assets provided by the Plan administrator were reduced by about $33,000 to allow for the contributions tax that should have applied to contributions made by the Employer but incorrectly processed as post-tax member contributions. The Operational Risk Financial Requirement (ORFR) was also adjusted accordingly, i.e. determined as 0.25 percent of the adjusted Plan assets as at 30 June 2022.

Change in Assumptions Between the Investigation Periods

The net investment return, salary increase rate and pension increase rate assumptions were updated in the 1 July 2022 and 1 July 2023 regular annual actuarial investigations due to changes in long-term investment market forecasts that have significant impact on the Plan liabilities. The net investment return and salary increase assumption used at these investigations were 4.60 percent p.a. and 3.00 percent p.a. respectively. The pension increase rate assumption used in these valuations was 2.5 percent p.a. These changes decreased the liabilities.

The normal retirement age was extended to age 72 in the last annual actuarial investigation as at 1 July 2023 as discussed with the Employer to reflect the expected tenure of the remaining active SCG members who were over age 70 at the time. This change decreased the active DB members' past liabilities, however increased the expected future accrual of benefits.

We made some enhancement in the valuation coding on the pensioners' payment form (including pensions are being paid monthly) methodology in the last annual actuarial investigation as at 1 July 2023. This update increased the pensioners' liabilities.

Change in Restoration Plan

Due to investment market volatility and poor investment returns during the period 1 July 2021 to 30 June 2022 the Plan was found to be in an unsatisfactory financial position as at 30 June 2022. We provided the Trustee and APRA letters dated 21 September 2022 notifying them of this matter. A restoration plan was put into action to restore the Plan to a satisfactory financial position by 30 June 2025.

As at 1 July 2023, the Plan's financial position further deteriorated on a DB VBI basis due to a higher pension increases than assumed, additional accrual of members who are over 70 at the time, and impact of poor investment returns during the year. As such, I recommended a change in the existing restoration plan, a change to the recommended contribution from 1 January 2024 to ensure that the Plan is restored to a satisfactory financial position on a DB VBI basis and to return to a satisfactory financial position by 30 June 2027 on a TFL basis. The employer agreed to pay the new recommended contributions.

The Plan's financial position has improved since then due to the increased employer contributions and good investment returns over the year to 30 June 2024. As at 1 July 2024, the Plan is in a satisfactory financial position on a DB VBI, MFL and TFL bases. As such, the restoration plan is no longer necessary, and I recommend a change in the required employer contribution (set-out in the next section).

Transfer Out of the Plan of the Tax Make-up Members

Effective 31 May 2023, the Tax Make Up members liabilities were transferred out of the Plan to the members' accumulation accounts following a request by the Employer and a Trustee decision that this move was in the members' best interests. Therefore, as at date of this valuation, there are no Tax Make Up members in the Plan.

Significant Changes to the Plan Benefits

There were no significant changes to the Plan benefit structure.

Employer Contribution Recommendations

I recommend that the Employer pays the following contributions in view of the Trustee objectives and the Plan's experience:

- $32,000 per month plus 17.8 percent p.a. of active Defined Benefit Member's Salaries until 30 September 2024; and
- Nil from 1 October 2024 to 30 June 2029.

In addition, 12 percent p.a. of Salary must be paid to the Accumulation Division for each of the defined benefit members (where the SG rate portion must be paid an Ordinary Time Earnings).

Should a benefit become payable for an active defined benefit member that will cause the deterioration of the Plan's DB VBI, we recommend an Employer top-up contribution be made at that point in time, in order to ensure that the financial position of the Plan is not made worse by the payment of that benefit. The top-up contribution will be determined by me as the Actuary to the Plan, considering the estimated funding position of the Plan at that time and grossed up for tax.

The standard 12 percent Employer contributions to the Accumulation Division must be paid by the 28th day of the month following the quarter to which these contributions relate or earlier date as required by legislation and the additional contributions, if any, for this Plan must be paid in each calendar month to which they relate. In addition, whilst the premiums for members of the

Accumulation Division are paid via this Plan, I recommend that the exact dollar value of the premiums be contributed to the Plan by the Employer.

The rates from 1 October 2024 are lower than the recommended contributions in the prior regular annual actuarial investigation as at 1 July 2023.

The recommended contributions will be reviewed in the next regular annual actuarial investigation due with an effective date of 1 July 2025 or earlier if there is an adverse material change in economic conditions or as advised by the Trustee/Employer where the financial position should be reviewed.

Please refer to Section 3 for details.

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 99.0 percent and confirm that, in my view, it remains appropriate.

Please refer to Section 5 for details.

Insurance Recommendations

I have reviewed the formula and confirm that, in my view, it remains appropriate and the current insurance arrangement should be maintained.

I note that from 2 July 2024, all DB members are at least age 65 and therefore there is no longer insurance cover provided for any member of this Plan.

Please refer to Section 6 for details.

Investment Recommendations

In my opinion, the retention of the current investment strategy is appropriate to meet the long-term liabilities of the Plan including the projected lump sum benefits of Defined Benefit members on termination of employment. Additionally, it is able to pay the ongoing income streams of its pension members.

The defined benefits are impacted by, and inversely correlated to, the investment return on each Defined Benefit member's Accumulation Division benefit. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the member's chosen investments within the Accumulation Division. There is a potentially significant impact due to the members' choice of investments for the Accumulation Division assets.

Note that it is good practice that a regular pension rebalancing be performed to ensure that assets supporting pension liabilities (which have tax free earnings) are maintained at a similar level (i.e. review each year considering experience versus assumptions, particularly investment returns and longevity or mortality of pensioners and their spouses, if applicable). As at valuation date, the pension related assets are more than sufficient to cover the pension liabilities. And as the Trustee confirmed that the pension payments are paid from non-pension assets, I recommend that portion of the pension assets (approximately $197,000) be transferred from the Pension Defensive Option to the Defensive Option.

For more information refer to Appendix C.

Crediting Rate Recommendations

There is no need for a crediting rate as there are no defined benefit member accounts within this Plan.

Monitoring Recommendations

I have reviewed the current practice of carrying out the regular 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.

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 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 2027. A regular annual actuarial investigation will be carried out at each 1 July where a triennial investigation is not being undertaken as the Plan pays pension benefits.

An interim actuarial investigation may need to be carried out at an earlier date in the event of a death of a pensioner, an adverse material change in economic conditions or as advised by the Trustee/Employer where the financial position should be reviewed.

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

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
8 November 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 and an additional regulatory requirement for an annual actuarial investigation whilst there are defined benefit pension members;
- to review the Plan's financial position as at 1 July 2024 (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 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 2024 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 2021. The results are shown in the report dated 12 November 2021. Subsequent regular annual actuarial investigations have also been completed as at 1 July 2022 and 1 July 2023 by Saffron Sweeney in reports dated 19 October 2022 and 30 October 2023 respectively.

Compliance with the Standards of the Institute of Actuaries of Australia

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

Reliance and Limitations in the Report

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

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

Previous Investigation Results

The results of the previous investigations were as follows:

	Regular Triennial Actuarial Investigation as at 1 July 2021	**Regular Annual Actuarial Investigation as at 1 July 2022**	**Regular Annual Actuarial Investigation as at 1 July 2023**
A surplus of Assets over the Actuarial Value of Accrued Benefits	$638,096	$57,146	$58,296
A deficiency of Assets over the Vested Benefits	$196,261	($277,268)	($469,284)
Summary of the recommended Employer contribution for DB members	• $37,000 per month effective from 1 July 2021 to 31 December 2021; • $10,000 per month from 1 January 2022 to 30 June 2022; and • $2,500 per month from 1 July 2022 to 30 June 2026	• $2,500 per month effective from 1 July 2022 to 31 December 2022; and • $9,000 per month from 1 January 2023 to 30 June 2027	• $9,000 per month effective from 1 July 2023 to 31 December 2023; • $32,000 per month and 17.8% of DB salaries from 1 January 2024 to 30 June 2025; and • $2,500 per month and 17.8% of DB salaries from 1 July 2025

The Employer continues to pay the member-elected amounts (of at least the Superannuation Guarantee rate), towards the Accumulation Division which fulfils the Employer's Superannuation Guarantee obligation.

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

A brief financial position review was completed as at 30 June 2024 as part of the Bank Guarantee review and the Plan's financial position has improved and has returned to a satisfactory level on DB VBI, MFL and TFL bases.

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Section 2 – The Plan's Experience

This section considers the assumptions used in the previous regular triennial actuarial investigation as at 1 July 2021 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 2021 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]	3.7% p.a. (active members) 4.1% p.a. (pensioners)	2.0% p.a. (actives members) 2.6% p.a. (pensioners) Below the equivalent average return of funds with a similar investment strategy which was 3.0% p.a.[2]	Unfavourable effect: The Defined Benefit assets increased at a lower rate than assumed. The Plan earned lower returns than other funds with a similar investment mix.
Salary Increases[3]	2.0% p.a.	1.9% p.a.	Favourable effect: The Defined Benefit liabilities increased at a lower rate than assumed.
Average Employer Contribution rate	Long term rate of 18.0% p.a. of DB salaries	Employer paid the recommended various monthly dollar amounts totaling $597,000 over the period and 17.8 percent of DB members' salaries from 1 January 2024.	Favourable effect: The Defined Benefit assets increased overall at a higher amount than the long-term cost of providing the defined benefits.
Pension Increases[4]	2.35% p.a.	5.1% p.a.	Unfavourable effect: The Defined Benefit pension liabilities increased at a higher rate than assumed.
Expenses[5]	$20,000 p.a.	An average of -$148 expense payments p.a. (including back payment of rebates)	Favourable effect: The Defined Benefit assets, on average, have paid less expenses and premiums than assumed.

[1]net of investment expenses and tax for active members, net of investment expenses but gross of tax for pensioner members. These assumptions were updated for the 1 July 2022 and 1 July 2023 regular annual investigation to 4.6 percent p.a. and 5.0 percent p.a. for active members and pensioners respectively.

[2]based on Rainmaker's Top 50 Workplace Super – Capital Stable Investment Option median return over the past 3-years ending to 30 June 2024. This is net of investment and administration fees.

[3]This assumption was updated for the 1 July 2022 and 1 July 2023 regular annual investigation to 3.0 percent p.a.

[3]This assumption was updated for the 1 July 2022 and 1 July 2023 regular annual investigation to 2.5 percent p.a.

[4]Although insurance premiums are paid through the Plan for Accumulation Division members, the intention is that they will be reimbursed via an additional contribution by the Employer, therefore we reduced the assumption to insurance premiums to nil from 1 July 2019.

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

- Membership movements:
  - Exits: No Defined Benefit members left the Plan during the triennial actuarial investigation period, which is less than that assumed in the previous investigation. In isolation, the actual liability is less than expected over the period due to deferment of payment and this has led to a favourable effect on the financial position of the Plan.
  - Pensioners: There were no 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 all pension members and their spouses have survived has had an unfavourable financial impact on the Plan.
  - Tax Make-up Members: The Tax Make Up members liabilities were transferred out of the Plan to the members' accumulation accounts effective 31 May 2023. As their benefit was equal to their account balances, at transfer date, the Pan assets were reduced by these account balances which is the same as the reduction in liabilities, and in isolation had nil impact on the financial position of the Plan.

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

Section 3 – Assumptions

As part of this regular triennial actuarial investigation, I have analysed the method and assumptions used in the previous regular triennial actuarial investigation as at 1 July 2021. 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 1.75 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 decreased and the long-term contribution rate has decreased since the last regular triennial actuarial investigation.

	Net Investment Return (p.a.)	Salary Increase Rate (p.a.)	Differential (p.a.)
Assumption as at 1 July 2021*	3.70%	2.00%	1.70%
Assumption as at 1 July 2024	4.75%	3.00%	1.75%

*Note that these assumptions were updated in the 1 July 2022 and 1 July 2023 regular annual actuarial investigations due to changes in long-term investment market forecasts that have significant impact on the Plan liabilities. The net investment return and salary increase assumption used at these investigations were 4.60 percent p.a. and 3.00 percent p.a. respectively. The resulting Interest/Salary Differential was 1.60 percent p.a..

The net investment return is also the rate of future investment return applied to all SCG accounts except for SCG Part H account.

Accumulation Division Accounts Returns

Another significant financial assumption used for this regular triennial actuarial investigation is the rate of future investment returns on the Accumulation Division accounts (where a payment from this Plan is only required if the Defined Benefit exceeds the Accumulation Division benefit and the benefit payment is the excess above the Accumulation Division benefit).

Members have full investment choice in the Accumulation Division. We have analysed the investment holdings of the Members as confirmed by the Plan administrator and determined an average weighted return to project the Accumulation Division benefits. This has resulted in an increase in the assumed return in this regular triennial actuarial investigation from 3.7 percent p.a. as at 1 July 2021 to 4.55 percent p.a. as at 1 July 2024. Refer to the table below for details.

Note that the Surcharge account and the SCG Part H account earn interest based on the Reserve Bank of Australia (RBA) cash rate plus 1 percent. The RBA cash rate is currently at 4.35 percent hence a rate 5.35 percent p.a. was used as the assumed return for these two accumulation accounts in this regular triennial actuarial investigation.

	Weighted Proportion as at 1 July 2021 (%)	Expected Net Return as at 1 July 2021 (% p.a.)	Weighted Proportion as at 1 July 2024 (%)	Expected Net Return as at 1 July 2024 (% p.a.)
High Growth	29.8	6.20	33.6	6.00
Defensive	34.7	3.90	32.9	4.69
Australian Cash	35.5	1.50	33.5	2.92
Total	**100.0**	**3.70**	**100.0**	**4.55**

We have assumed that the proportions in each investment are constant.

The expected net return assumed for the regular annual actuarial investigations as at 1 July 2022 and 1 July 2023 were 4.6 percent p.a. and 4.9 percent p.a. respectively.

Note that this assumption is updated yearly to reflect the earnings in the Accumulation Division accounts.

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 2021*	4.10%	2.35%	1.75%
Assumption as at 1 July 2024	5.15%	2.40%	2.75%

*These assumptions were updated in the 1 July 2022 and 1 July 2023 regular annual actuarial investigations due to changes in long-term investment market forecasts that have significant impact on the Plan liabilities. The net investment return and pension increase assumption used in these investigations were 5.00 percent p.a. and 2.50 percent p.a. respectively. The resulting Pension Interest/Increase differential was 2.50 percent p.a., which is also less conservative compared to the 1 July 2021 assumptions.

These assumptions for both active DB members and pensioners have taken into account the long-term outlook of economic conditions, in particular:

- The investment return assumption was derived using long-term assumptions for each asset class net of tax as determined by Aon's global investment team, multiplied by the strategic asset allocation of the Defined Benefit related assets and allowing for correlations of investment returns between asset classes and investment fees. Note that the investment earnings on pension assets are tax-free;
- The investment return assumption for Accumulation Division accounts (net of investment expenses and tax, if applicable) was derived using long-term investment returns (based on the Aon global investment team's long-term assumptions) for each relevant investment option and the weighted asset allocation for the Accumulation Division account balances based on option chosen and value held;
- We expect that inflation will return to the RBA target of 2 percent p.a. to 3 percent p.a.. We have assumed that the CPI will be 2.4 percent p.a.;
- The long-term outlook for investment returns being somewhat higher 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 based on the Aon global investment team's expected Consumer Price Index increases (30-year term) in the future.

Demographic Assumptions

The normal retirement age was extended to age 72 from the annual investigation as at 1 July 2023 as discussed with the Employer to reflect the expected tenure of the [redacted] active SCG members who are over age 70 at the time. This assumption remains appropriate for this valuation.

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 and the current membership profile. The impact of this change in isolation is to create a small increase in the liabilities.

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 2021		1 July 2024	
Age Last	**Death and Disablement**	**Retirement**	**Death and Disablement**	**Retirement^**
60	118	1,950	135	1,950
62	148	1,300	168	1,300
64	182	4,200	207	4,200
65	0	800	0	800
66	0	800	0	800
68	0	800	0	800
70	0	10,000*	0	800
72	0	0	0	10,000*

* exact age

^ These are the same as the assumptions adopted in the last annual investigation as at 1 July 2023.

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 extension on the normal retirement age to age 72 slightly reduced the liability, however, increases the requirement for contributions in the future due to these members having additional defined benefit accrual.

The impact of these changes in the financial and demographic assumptions overall in isolation have decreased Actuarial Value of Accrued Benefits and decreased 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 investigation and the previous investigation are shown in the table below.

	1 July 2021	1 July 2024
Operating expenses* ($ p.a.)	$20,000	$25,000
Death and TPD insurance premiums^ ($ p.a.)	$0	$0
Total expense and insurance premium assumption	**$20,000**	**$25,000**

* The only 'expenses' paid through the Plan are actuarial fees, member fees and a rebate which is based on assets. The expense assumption is the expected expenses net of rebates.

^ Although premiums are paid through the Plan for Accumulation Division members, the intention is that the cost will be reimbursed via an additional contribution by the Employer, therefore we have set these assumptions to nil.

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.

The impact of this change in total expense and insurance premiums assumption in isolation has slightly 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.

The recommended Employer contribution amount includes an allowance for 15 percent tax.

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 2024), 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 2024;
- 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. We have made some enhancements to the valuation coding on the pension payment form and also reflect that pensions are paid monthly. The net impact of these changes slightly increased the pension liability. All other assumptions remain the same as those assumed in the last regular triennial actuarial investigation and in the last regular annual actuarial investigation as at 1 July 2023. These assumptions are:

- Pension-related expenses: The administrator charges no specific expenses to the pension assets and therefore no expenses are assumed.
- Mortality of pensioners: Australian Life Tables (ALT) 2015-2017 allowing for future mortality improvements based on the 25-year ALT 2015-2017 improvement factors from 2016 and rated down by 2 years has been used 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.

- The liabilities for the current pension members allow for 75 percent spouse reversion assuming that the female is one year younger than male (one year age set-back). Actual spouse information will be used at reversion.
- Pensions are paid monthly.
- Remarriage, separation or divorce – No allowance has been made.

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 when compared to the assumptions used in the previous regular triennial actuarial investigation.

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.

Actuarial Value of Accrued Benefits (Past Service) – Special Consideration Group (SCG) Members*	**Total ($)**
Retirement	[redacted]
Death and Disablement	[redacted]
Total of active Defined Benefit related liabilities	[redacted]
Actuarial Value of Accrued Benefits (Past Service) – Tax Make Up members**	**0**
Pensioner liabilities	[redacted]
Actuarial Value of Accrued Benefits	**9,622,851**
Assets^	**10,545,514**
Target Funding Level (116% actives, 100% pensioners)	**10,060,767**
Surplus/(Shortfall) to Minimum Funding Level (net)	**922,663**
Surplus/(Shortfall) to Target Funding Level (net)	**484,747**

* This amount is the top-up required, if any, to meet the Defined Benefit promise to these members. The top-up is the difference between the Defined Benefit and the Accumulation Division benefit.

**This amount is the additional benefits promised under Rule 23 to be paid to these members from the Plan reserve. However, effective 31 May 2023, the Tax Make Up members liabilities were transferred out of the Plan to the members' accumulation accounts following a request by the Employer and a Trustee decision that this move was in these members' best interests. Hence, as at the valuation date there are no Tax Make Up members in the Plan.

^Assets exclude ORFR.

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 2021. 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.

	$(000's)
Previous surplus/(deficit)	**638**
Interest on surplus/(deficit)[1]	(23)
Investment gains/(losses)[2]	(653)
Employer contributions paid at a higher/(lower) rate than long-term rate[3]	204
Expense gains/(losses)[4]	53
Salary gains/(losses)[5]	146
Change in basis gains/(losses)[6]	878
Withdrawal gains/(losses)[7]	386
Pension indexation gains/(losses)[8]	(571)
Pensioner mortality gains/(strain)[9]	(184)
Miscellaneous	49
Surplus/(deficit) as at the valuation date	**923**

[1]Interest on (deficit) as at 1 July 2022 was larger than the interest on the surplus at other dates during the period.

[2]An investment loss occurs when investment earnings are lower than assumed.

[3]A contribution gain occurs when employer contributions are paid at a rate higher than the long term rate.

[4]An expense gain occurs when expenses are less than assumed. This includes the impact of back payment of rebates.

[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. The gain was mainly due to the increase in the investment return assumptions.

[7]A withdrawal gain occurs when there is a delay in payment of a benefit due to the member remaining in the Plan as it provides more opportunity for earnings on the assets accrued to meet the liability.

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

[9]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 2024 by $922,663. This is equivalent to 9.6 percent of Defined Benefit liabilities and 112.7 percent of total Defined Benefit salaries. A portion of this excess can be used to suspend all Employer contributions from 1 October 2024 to 30 June 2029 for all Defined Benefit members. The rest can be maintained within the Plan as a small buffer against future adverse experience.

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 actuarial assumptions and Plan experience.

Present Value of Future Service Liability	**Total ($)**
Retirement	[redacted]
Death and Disablement	[redacted]
Resignation	[redacted]
Net Future Service Liability	**277,412**
Equivalent net future contribution rate	12.7%
Tax	2.3%
Expense allowance	3.1%*
Death and TPD premiums	0.0%
Employer contribution rate required for Future Service Benefits (p.a. as percentage of DB salary)	**18.1%**

* Equivalent to the $25,000 p.a. expense assumption adopted and allowing for the the small probability of the active members leaving so that the expenses are covered each year in the projection.

Bank Guarantee – Refer to Rule 3.3A

Rule 3.3A of the Trust Deed requires that the funding of the Plan be at 120 percent or more, after taking into account any Bank Guarantee arrangements. At the valuation date (and with the prior year's figures for comparison) the results of the calculations under Rule 3.3A were as follows.

	30 June 2021	30 June 2022	30 June 2023	30 June 2024
Actuarial Value of Accrued Benefits of:	($)	($)	($)	($)
Special Consideration Group (SCG) members*	[redacted]	[redacted]	[redacted]	[redacted]
Tax Make Up members**	154,343	137,005	0	0
Current Pensioners	[redacted]	[redacted]	[redacted]	[redacted]
Total Actuarial Value of Accrued Benefits	**9,961,130**	**9,838,868**	**9,913,090**	**9,622,851**
120% of Total Actuarial Value of Accrued Benefits	**11,953,356**	**11,806,641**	**11,895,708**	**11,547,421**
Assets (including ORFR^)	**10,625,790**	**9,920,816**	**9,996,377**	**10,571,944**
Shortfall (gross of tax at 15%)	**1,561,842**	**2,218,618**	**2,234,507**	**1,147,620**
Existing Bank Guarantee	2,912,020	1,561,842	2,218,618	2,234,507
Shortfall (net of Bank Guarantee) if any	**0**	**(656,776)**	**(15,889)**	**0**

* This amount is the top-up required, if any, to meet the Defined Benefit promise to these members, the top-up is the difference between the Defined Benefit and Accumulation Division benefit.

** This amount is the additional benefits promised under Rule 23 to be paid to these members from the Plan reserve which the Trustee advised to be included from the 2020 valuation onwards. However, effective 31 May 2023, we were advised by the Plan administrator that these amounts were transferred out of the Plan to the members' accumulation accounts following a request by the Employer and a Trustee decision that this move was in these members' best interests.

^ The Operational Risk Financial Requirement (ORFR) is determined as 0.25 percent of the assets. Note that the 30 June 2022 Plan assets have been adjusted to allow for the contributions tax that should have applied to contributions made by the Employer but incorrectly treated as post tax member contributions.

As shown in the table above, the Plan has a shortfall before allowing for the Bank Guarantee under Rule 3.3A. The existing bank Guarantee is more than sufficient to cover this shortfall and therefore we recommend that it should be reduced to $1,147,620.

We provided this advice on the Bank Guarantee in a separate letter dated 26 September 2024 and we believe the Trustee and Employer will arrange the Bank Guarantee in accordance with this advice.

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 general ledger of the Russell Investments Master Trust financial statement as financial statements for the Plan are not prepared separately to the Fund financial statements. The financial statements of the Fund at 30 June 2024 were audited and signed on 24 September 2024. 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 2021		1 July 2024		
	Amount	**Index[1]**	**Amount**	**Index[1]**	
Vested Benefit	10,402,965	101.9%	10,232,711	103.1%	A
Actuarial Value of Accrued Benefits	9,961,130	106.4%	9,622,851	109.6%	A
Assets[2]	10,599,226		10,545,514		B

[1]Index is B/A

[2]Assets are net of ORFR

Financial Indices for Pension members

The following table summarises the Vested Benefits, Actuarial Value of Accrued Benefit and assets of the pensioners. 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 2021		1 July 2024		
	Amount ($)	**Index**	**Amount ($)**	**Index**	
Vested Benefits	[redacted]	104.3%	[redacted]	102.9%	A
Actuarial Value of Accrued Benefits	[redacted]	104.3%	[redacted]	102.9%	A
Assets (assuming the pension was funded)*	[redacted]		[redacted]		B

* 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). Also, we were informed by the Trustee in 2022 that all the transactions were paid from the non-pension assets of the Plan including pension payments. As the current pension assets are more than sufficient to cover the current pension liabilities, I recommend a portion of the pension asset (approximately $197,000) is transferred from the Pension Defensive Option to the Defensive Option (non-pension assets).

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 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 99.0 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 (DB VBI) i.e. the ratio of Defined Benefit assets and Defined Benefit Vested Benefit liabilities.

The Defined Benefit Vested Benefit Index at 1 July 2024 was 103.1 percent. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date. The Plan's investments have earned approximately 3.4 percent since the valuation to 24 October 2024 and this has had a positive effect on the DB VBI. The DB VBI at 24 October 2024 is approximately 106.0 percent which remains above the Shortfall Limit.

I have reviewed the Shortfall Limit of 99.0 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.

Actuarial Value of Accrued Benefits Index

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

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 included in the value of accrued benefits.

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 16 of the Harwood Superannuation Rules and in accordance with relevant law. As pensioners are either past employees or their dependants, their benefits have a priority in the event of termination of the Plan. Each member would be credited with an amount (as resources permit) equal to the greater of the member's vested benefit and, for Defined Benefit members, his or her accrued benefit, discounted from age 55 similar to the calculation of retirement benefits between ages 50 and 55. These are known as "termination liabilities".

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 2024 the available assets exceeded the members' termination liabilities.

Trustee's Minimum Funding Level and Funding Target for the Defined Benefit Plans

The Trustee has chosen to set a Funding Target for defined benefit plans in order to provide actuaries with some guidance as to a minimum preferred funding level. The Trustee is seeking to build a safety margin into funding of DB plans to ensure that a modest market correction does not trigger a flurry of Restoration Plans being required (as described in APRA's SPS160), and the resulting need for more frequent monitoring of the Plan financial position.

If a Plan's actual Vested Benefit Index is below the Funding Target at a time when the actuary becomes aware of the position, the Trustee would expect that a recovery plan (not being a formal Restoration Plan) would be designed and discussed with the contributing employer, with recovery of the Funding Target scheduled over a maximum three-year period (subject to variation should a Restoration Plan become necessary).

The Trustee has a funding policy requiring the Plan's funding position to be calculated on two measures:

- Minimum Funding Level (MFL): The Trustee requires that Active Defined Benefit member liabilities and Pensioner liabilities be covered 100 percent by assets net of ORFR. If there is a deficit on this basis, the Trustee requires that additional contributions be made within one year of the valuation date; and
- Target Funding Level (TFL): The Trustee requires that Active Defined Benefit member liabilities be covered 116 percent and Pensioner liabilities be covered 100 percent by assets net of ORFR. Should there be a deficit on this basis, the Trustee requires that the TFL be met within a period of five years of the valuation date.

As at the date of this investigation, the Plan has a surplus on both the MFL basis and TFL basis and therefore the current restoration plan can cease.

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) as we understand that at this time both the Trustee and Employer understand the risks associated with the Plan and have put in place risk management strategies, such as a higher funding requirement and adoption of a Bank Guarantee that is renewed on an annual basis.

Section 6 – Adequacy of Insurance Arrangements

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

Death or Total and Permanent Disablement Insurance (Lump Sum)

The Trustee has effected Group insurance (with MetLife) 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.

Defined Benefit Members

[redacted]

Accumulation Division Insured Amount = 0.1 x Salary**

[redacted]

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

The insurance formula noted above is the amount that is paid in addition to the members' account balances in the Accumulation Division so is fully insured. There is no longer any insurance cover in the Defined Benefit Division.

Recommendation

I have reviewed the formula and confirm that, in my view, it remains appropriate at the valuation date and all insurance cover ceased from 2 July 2024.

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

Section 7 – Sensitivity Analysis and Projections

Assumption Variation

The values of the benefit liabilities shown in this report depend on the assumptions used to calculate them. The main assumptions relate to salary increases and the long-term investment return (net of tax, where applicable, and investment expenses). Note that the long-term investment return for pensioners are gross of tax but net of 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 (Salary Increase Rate/Long-term Investment Return)^	Actuarial Value of Accrued Benefits as at 1 July 2024	Overall Long-term Employer Contribution rate as at 1 July 2024**
	($)	(p.a.)
This valuation (3.0% p.a./4.75% p.a.)	9,622,851	18.1%
Last valuation (2.0% p.a./3.7% p.a.)	10,320,747	18.7%
Last valuation with this valuation decrements (2.0% p.a./3.7% p.a.)*	10,482,073	18.4%
Salary inflation rate plus 1% p.a. (4.0% p.a./4.75% p.a.)	9,741,569	18.5%
Salary inflation rate minus 1% p.a. (2.0% p.a./4.75% p.a.)	9,508,435	17.6%
Investment return plus 1% p.a. (3.0% p.a./5.75% p.a. active members)	8,807,496	17.3%
Investment return minus 1% p.a. (3.0% p.a./3.75% p.a. active members)	10,561,084	18.8%

* 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 expenses 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 0.4 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 0.8 percent p.a..

Pensioner Sensitivities

Assumptions	Pensioner Liabilities as at 1 July 2024
	($)
This Valuation	[redacted]
Mortality rate* age rated up by 2 years	[redacted]
Mortality rate* age rated down by 2 years	[redacted]
Pensioner Investment return plus 1% p.a. (6.15% p.a.)	[redacted]
Pensioner Investment return minus 1% p.a. (4.15% p.a.)	[redacted]
Pensioner Increase rate plus 1% p.a. (3.4% p.a.)	[redacted]
Pensioner Increase rate minus 1% p.a. (1.4% p.a.)	[redacted]

* Based on Australian Life Tables 2015-2017 allowing for future mortality improvements based on the 25-year improvement factors from 2016 and rated down by 2 years

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

The Pensioner investment return has a large impact on the pensioners' liability (1 percent p.a. lower return has approximately 10.8 percent p.a. increase in liability) and this will need to be closely monitored if the proportion of pension liabilities to total defined benefit liabilities continues to increase.

The Pension increase rate also has a large impact on the pensioners' liability (1 percent p.a. higher increase rate has approximately 10.5 percent p.a. increase in liability). This will also need to be closely monitored in future noting that this is based on CPI at each 1 April, capped at 10 percent p.a..

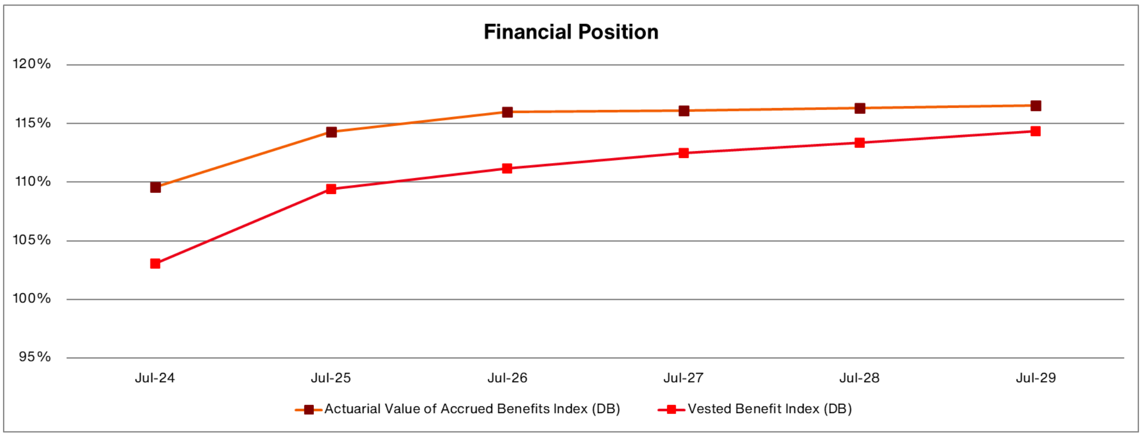
Post Valuation Events

The Plan has earned an average investment return of 3.4 percent from the date of the valuation to 24 October 2024. This is slightly higher than the rate assumed for the valuation and has further strengthened financial position of the Plan. I estimate that coverage of Vested Benefits has increased from 103.1 percent at the valuation date to approximately 106.0 percent as at 24 October 2024 This has been taken into account in the recommended Employer contributions.

Projection of Future Liabilities

The graph overleaf (Graph 1) 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.

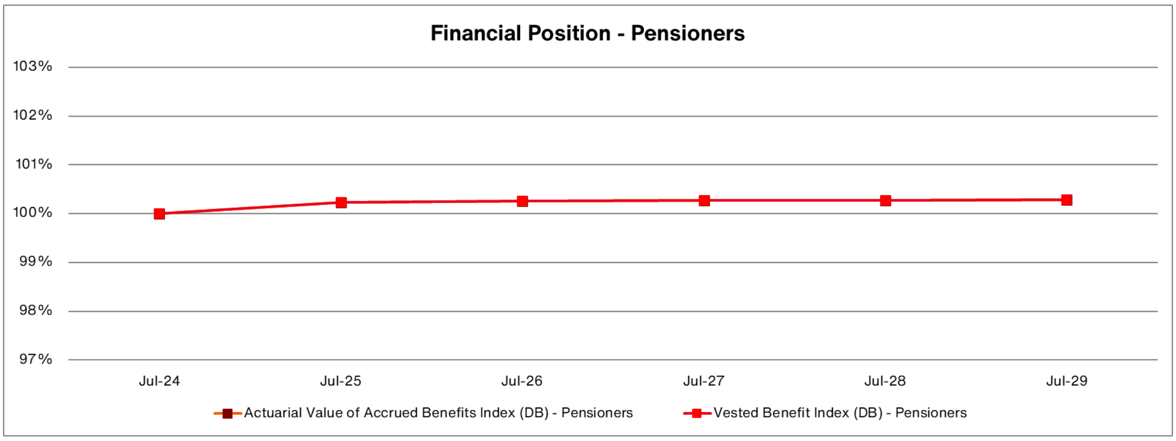
Graph 1. Five year projection of the total Plan liabilities.



Assuming the Employer contributions are not less than the rates which I have recommended and the Trustee Funding Target objective of 116 percent of the Accrued Liabilities for active members is retained, I expect that on the assumptions, methods and asset values adopted in the valuation, the Plan assets will remain sufficient to cover the value of these liabilities to at least the required Target Funding Level over the projection period.

The graph below (Graph 2) shows the projected value for the pensioners of Defined Benefit Vested Benefits, and Actuarial Value of Accrued Benefits, which are the same for Defined Benefit pensioner members' funding indices over the next five years. These projections have been based on defined benefit liabilities for the pensioners with asset-rebalancing to the target funding level of 100 percent (since they have priority in the event of termination of the Plan).

Graph 2. Five year projection of the pensioners' liabilities.



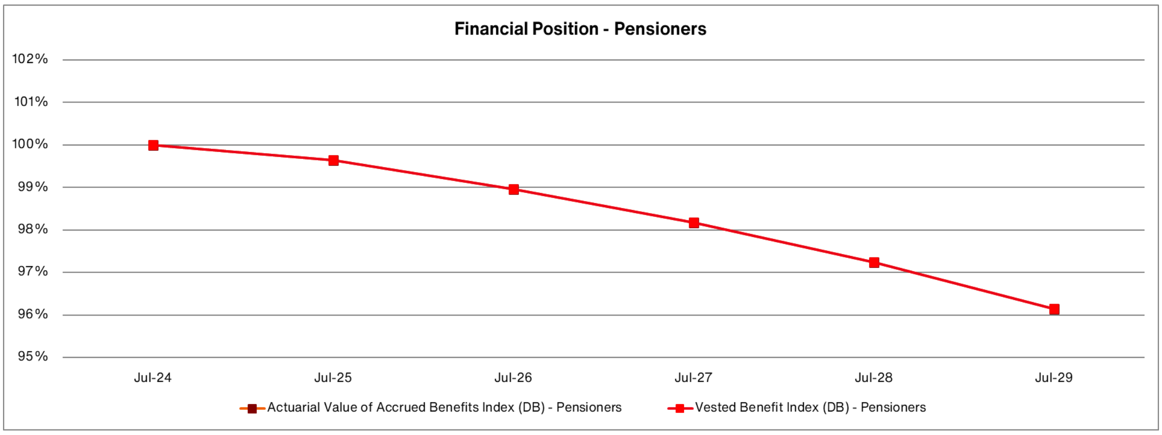
Based on the assumptions, methods and asset values adopted in the valuation, I expect that the Assets for pensioners will remain sufficient to cover the value of the pensioner liabilities to 1 July 2029.

The above projections assume a percentage of the pensioner membership survives each year. However, with only [redacted] pensioners (and their spouses) remaining, this creates a situation where the projections have part of a person surviving. As the pensions will continue until the death of the pensioners and their spouses, there can be a large range of financial position outcomes depending on pensioner mortality. If some or all of the pensioners (and their spouses) pass away earlier than expected, there would be an additional surplus equal to the assets previously set aside to meet their pensions. Alternatively, the pensioners could live longer than expected, and even beyond the maximum lifetime of the Australian Life Tables of age 109.

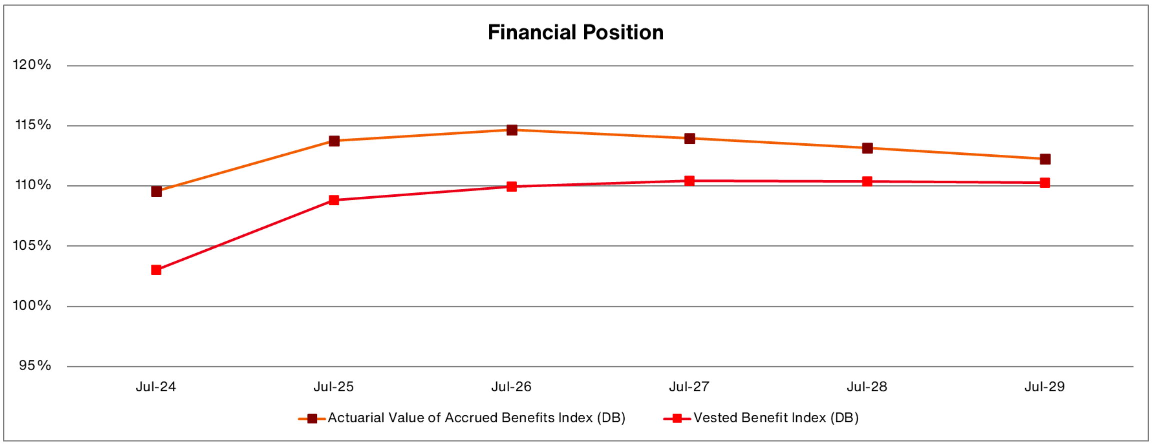
As such, I have also considered the projections assuming all the pensioners (and their spouses) survive (i.e. no mortality assumptions) at each future projection year, as shown in the next graph (Graph 3).

This graph shows that on this conservative assumption of no pensioner deaths in the 5-year projection period, assuming the Employer contributions are no less than recommended and the same asset-rebalancing occurs as in the previous graph, the pensioner portion of the Plan is expected to gradually become unsatisfactory on a Vested Benefit basis. However, combined with the active Defined Benefit member projections, the total Plan would remain in a satisfactory financial position over the 5-year period as illustrated in Graph 4. If all the pensioners and their spouses continue to survive beyond 1 July 2029, the recommended contribution arrangements will need to be revisited.

Graph 3. Five year projection of the pensioners' liabilities based on no mortality assumptions scenario (all pensioners and spouses will survive at each projection year).



Graph 4. Five year projection of the total Plan liabilities, with pensioners' liabilities based on no mortality assumptions scenario (all pensioners and spouses will survive at each projection year).



There is also a high degree of probability that the [redacted] pensioners currently in payment will be able to be paid as required under the Plan's governing rules during the period up to 1 July 2029. This statement has been made considering the Plan's future expected earnings and Employer contributions are made as recommended. We note that pension benefit payments have a priority over all other member liabilities under Clause 13A.7(a) of the Trust Deed. 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

The items that have the greatest impact on the financial position of the Plan are the pensioner mortality (discussed below) and the differences between the assumed and the actual salary increase rate or pension indexation rate and the assumed and actual long-term investment return. Should salaries or pensions 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 amounts.

Plan Specific Risk

Pensioners

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

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

Size of the Plan

The defined benefit section of the Plan has [redacted] SCG members and [redacted] pensioners with $10,545,514 of defined benefit related assets remaining. As a result, the Plan is exposed to additional risks than when it was larger. In particular, given the number of members remaining the "law of averages" may no longer hold and actual experience of the remaining few members may be significantly different to the assumptions adopted for funding calculations. This can result in a more volatile funding position, with the experience of just one member now having a proportionately larger impact. Closer monitoring of the funding position can help mitigate these risks.

Other risks that the Plan is exposed to as a result of its smaller size include:

- Member data, particularly salary data, which if not accurate and up-to-date can have a larger (negative) impact on funding once updated. Allowing for potential future salary increases for key personnel and for any known defined benefit member exits can be taken into account in future funding position projections.
- Many costs are not directly linked to the number of members or asset value of the Plan. Therefore the expenses will have a greater impact on the funding position and/or the Employer contribution rates required. Similarly, any cost associated with legislative or other changes will also impact the funding position.
- As member numbers decline, so too can the remaining lifetime of the Plan. The assumptions adopted for funding purposes and in setting the investment strategy may have considered a longer time horizon and now may need to change to reflect the shorter timeframe.

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.

  The Trustee mitigates this risk by:

  - Performing periodic review (annually) in relation to liquidity requirements set by the Trustee, in consideration with main liquidity drivers such as member demographics, projected member switching activity, member choice offerings, investments, market volatility, appropriate stress scenarios, legislative requirements, and other factors as they may arise;
  - Performing regular stress testing, regular reporting of cash flows and member switching, and liquidity reporting; and
  - Ensuring appropriate steps are taken if any liquidity level falls outside the Trustee approved ranges.
- **Concentration Risk** – the risk that investments are concentrated in one particular asset class, country or manager, the poor performance of which could cause a material effect on the investment return.

  The Trustee mitigates this risk by reviewing periodically (at least annually), the investment strategy of each option regarding:

- Current and expected capital market assumptions;
- Return objective and sources of expected return and interaction on an after tax, after fees basis;
- Risk objective, decomposition of risk by asset class, manager and factor, including methodology of selection of appropriate risk measures and computation;
- Actions for various risk analyses limitations;
- Appropriate level of diversification to ensure there is adequate diversification by risk factors, asset class and manager style within asset classes;
- Appropriate risk and capital allocation by risk factor, asset class and manager within asset classes; and
- Actions in relation to various diversification analysis limitations.

- **Member Selection Risk** – adverse market conditions and poor investment selection by the members may result in lower members' assets in the Accumulation Division which may then require the Employer to make larger contributions to pay top-up benefits if the Defined Benefit division benefit exceeds the Accumulation Division benefit.

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

The following Employer contributions are recommended in view of the Trustee objectives and the Plan's experience:

- $32,000 per month plus 17.8 percent p.a. of active Defined Benefit Member's Salaries until 30 September 2024; and
- Nil from 1 October 2024 to 30 June 2029.

In addition, 12 percent p.a. of Salary must be paid to the Accumulation Division for each of the defined benefit members (where the SG rate portion must be paid on Ordinary Time Earnings).

Should a benefit become payable for an active defined benefit member that will cause the deterioration of Plan's DB VBI, we recommend an Employer top-up contribution be made at that point in time, in order to ensure that the financial position of the Plan is not made worse by the payment of that benefit. The top-up contribution will be determined by me as the Actuary to the Plan, considering the estimated funding position of the Plan at that time and grossed up for tax.

The standard 12 percent Employer contributions to the Accumulation Division must be paid by the 28th day of the month following the quarter to which these contributions relate or at an earlier date as required by legislation and the additional contributions for this Plan must be paid in each calendar month to which they relate. In addition, whilst the premiums for members of the Accumulation Division are paid via this Plan, I recommend that the exact dollar value of the premiums be contributed to the Plan by the Employer.

The recommended contributions will need to be reviewed prior to the next regular annual actuarial investigation due with an effective date of 1 July 2025 or earlier in the event of an adverse material change in economic conditions or as advised by the Trustee/Employer where the financial position should be reviewed.

Shortfall Limit Recommendations

I have reviewed the Shortfall Limit of 99.0 percent (see Section 5) and confirm that, in my view, it remains appropriate.

Insurance Recommendations

I have reviewed this formula (see Section 6) and confirm that, in my view, it remains appropriate.

Investment Recommendations

The defined benefits are impacted by, and inversely correlated to, the investment return on each Defined Benefit member's Accumulation Division benefit. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the member's chosen investments within the Accumulation Division. There is a potentially significant impact due to the member's choice of investments for the Accumulation Division assets.

Note that regular pension rebalancing is required to ensure that assets supporting pension liabilities (which have tax-free investment earnings as confirmed by the Plan administrator) 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 valuation date, the pension related assets are more than sufficient to cover the pension liabilities. And as the Trustee confirmed that the pension payments are paid from non-pension assets, I recommend that portion of the pension assets (approximately $197,000) be transferred from the Pension Defensive Option to Defensive Option.

For more information refer to Section 5.

In my opinion the investment strategy is appropriate to meet:

- the long-term liabilities of the Plan; and
- the expected lump sum benefits of Defined Benefit members on termination of employment.

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

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 pensions.

Crediting Rate Recommendations

Note that there is no need for a crediting rate as there are no defined benefit member accounts within this Plan.

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 Holcim Super DBD Plan, a sub-plan of Harwood Superannuation within the Russell Investments Master Trust (the Plan) as at 1 July 2024 covering the three-year period to that date.

In my opinion:

1) As at 1 July 2024, the fair value of the net Assets of the Plan for Defined Benefit members, based on the general ledger for the Plan, was $10,545,514 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 2024 to 24 October 2024.

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 $9,622,851 as at 1 July 2024.

3) The investigation disclosed the Plan was in a satisfactory financial position as at 1 July 2024. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date.

4) The Plan has a liability in respect of current pensioners. The present value of their future payments has been included in all benefit calculations. The assets including future contributions are sufficient to provide for the risk of longevity. Should the Plan be in an unsatisfactory financial position, the benefits of pension members will continue to be paid and the Employer will be required to increase contributions in order that the security of member's 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 in the event of termination of the Plan.

   There is also a high degree of probability that the [redacted] pensioners 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 future earnings and Employer contributions are made as recommended. We note that pension benefit payments have a priority over all other member liabilities under Clause 13A.7(a) of the Trustee Deed. 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.

5) 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.

Saffron Sweeney

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
Aon Risk Services Australia Limited
8 November 2024

Appendix A – Summary of Plan Rules

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

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

Eligibility

Active Members – All current active members of Special Consideration Group (SCG).

Pensioners – Note that no further member can elect to take their benefit as a pension.

Other members – Tax Make Up members are a group of members with additional benefit related to a tax make up specified under the Trust Deed's Rule 23 that are paid from the Plan's reserve. Effective 31 May 2023, they have transferred out of the Plan and their balances transferred to their corresponding accumulation accounts in the Accumulation Division.

Plan Structure

The Harwood Superannuation – Holcim Super DBD Plan (the Plan) is a Defined Benefit plan and is constituted by a consolidated Trust Deed dated 19 December 2011 (as amended).

All current active members are Special Consideration Group (SCG) members. SCG members are members of the Accumulation Division of Harwood Superannuation (i.e. Division Two).

SCG members were previously full defined benefit members and were effectively provided with a guarantee that they would be no worse off on transfer to the Accumulation Division. Therefore, in addition to their accumulation benefit, they are entitled to the excess (if any) of a defined benefit over the value of their accumulation account balances.

All new entrants to the Plan join the Accumulation Division.

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)

62nd Birthday, however it may be any other date as is agreed upon in any particular case by the Employer, the Member and the Trustee.

Early Retirement Date (ERD)

After age 52.

Contributing Salary

The sum per annum whether described as salary or wages as is advised from time to time by an Employer to the Trustee in respect of each Member employed by that Employer.

Final Average Salary

Final Average Salary is the average of the Defined Benefit member's Contributing Salary for any three consecutive years preceding a Benefit becoming payable to or in respect of a Member.

Benefits

Retirement Benefit

SCG Members

A benefit is payable on retirement on or after NRD equal to the greater of their accumulation benefit in the Accumulation Division and 25 percent x Years of Membership x Final Average Salary at date of actual retirement. Membership may continue to accrue after NRD (on agreement between the Employer, Trustee and member).

Pensioners

Monthly lifetime pension paid which is indexed at each 1 April by the lessor of CPI and 10 percent.

Death Benefit

SCG Members

All current active members are SCG members of the Accumulation Division of Harwood Superannuation (Division Two).

The benefit payable is equal to the Accumulation Benefit plus the excess (if any) of a Defined Benefit over the value of their accumulation account balances.

Accumulation Benefit is equal to the Sum of Accounts plus any voluntary insurance.

Defined Benefit is equal to 25 percent x Years of membership to age 62^ x Final Average Salary.

^ or later age as agreed between the Employer, Member and Trustee

Pensioners

No Surviving Spouse: a lump sum equal to the lump sum the member would have received if he or she had chosen a lump sum benefit at retirement less any commuted benefit paid and less the amount of benefit already paid to the pensioner.

Surviving Spouse: a pension equal to 75 percent of the pension currently being paid at the date of death plus a lump sum equal to the amount payable if there was not a surviving spouse less 5 times the annual amount of the surviving spouse's pension. (A different complying pension option is available which is not of greater value than the above.)

Total and Permanent Disablement (TPD) Benefit

Benefit payable is a lump sum which is equal to the Death Benefit.

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.

Additional Contributions Tax Account

All benefits are offset by the Additional Contributions Tax Account (if any). The Account is the accumulation, with investment earnings, of all additional contributions tax amounts paid by the Plan on behalf of the 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 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 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 2021 – 1 July 2024

	Total
Active DB Membership at 1 July 2021	[redacted]
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	0
Total and Permanent Disablement	0
Early retirements	0
Normal retirements	0
Resignations	0
Retrenchments	0
Late retirements	0
Active DB Membership at 1 July 2024	[redacted]

In addition, there were [redacted] pensioners at the valuation date with total annual pension payment of [redacted] and an average age of [redacted] years all with living spouses.

Effective 31 May 2023, the Tax Make Up members liabilities were transferred out of the Plan to the members' accumulation accounts following a request by the Employer and a Trustee decision that this move was in these members' best interest. Therefore, as at the valuation date there are no Tax Make Up members in the Plan.

Membership Characteristics as at 1 July 2024

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 valuation date (1 July 2021) are shown also:

Defined Benefit Active Members	1 July 2021	1 July 2024
Number of members	[redacted]	[redacted]
Average age (years)	[redacted]	[redacted]
Average membership (years)	[redacted]	[redacted]
Total annual salary ($)	[redacted]	[redacted]
Average annual salary ($)	[redacted]	[redacted]
Pensioners		
Number of pensioners	[redacted]	[redacted]
Average age (years)	[redacted]	[redacted]
Total annual pension ($)	[redacted]	[redacted]

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.

We have relied on the asset information provided by the Plan administrator as at 1 July 2024 as audited financial statements for the Plan at that date are not available, however we understand that the financial statements for the Russell Investment Master Trust as at 30 June 2024 were audited on 24 September 2024.

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 this regular triennial actuarial investigation. Data checking included:

- Membership information relevant for benefit calculations;
- Accrued and normal retirement multiples;

- Final average salary and consistency of salaries from year to year;
- Indexation of pension payments indexed according to the agreed methodology; 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 2021 to 30 June 2024. The final accounts of the Russell Investments Master Trust for 30 June 2024 have received audit clearance.

	1 July 2021 to 30 June 2022 ($)	1 July 2022 to 30 June 2023 ($)	1 July 2023 to 30 June 2024 ($)	1 July 2021 to 30 June 2024 ($)
Plan Assets at start of period	**10,599,226**	**9,896,014**	**9,971,386**	**10,599,226**
Plus				
Member contributions	0	0	0	0
Employer contributions	450,240	69,000	598,218	1,117,457
Rollovers/transfers in	0	0	0	0
Investment income (including capital appreciation/depreciation)	(543,976)	566,679	699,969	722,672
Less				
Group Life premiums (net of rebates)	168,240	0	280,520	448,759
Benefits (net of insurance recoveries)	[redacted]	[redacted]	[redacted]	[redacted]
Transfers out to other funds	0	0	0	0
Administration and other charges	11,091	12,374	(23,908)	(443)
Income tax	40,636	7,144	45,998	93,778
Plan Assets at end of period	**9,896,014***	**9,971,386**	**10,545,514**	**10,545,514**

* The asset as at 30 June 2022 has been adjusted to allow for the contributions tax that should have applied to contributions made by the Employer which were incorrectly processed as post tax member contributions as confirmed by the Plan administrator. The corresponding ORFR is also adjusted which is 0.25 percent of the adjusted assets.

^This includes benefit payments for the Tax Make Up members.

Note: figures in the table above may not add up due to rounding.

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.

Summary of Assets

Defined Benefit related assets for active DB members are invested in the Russell Investment iQ Super Defensive option. Pensioner assets are separately invested in the Russell Investments iQ Super Defensive – Pension option.

The benchmark asset allocation of the Plan assets at 1 July 2021 and the 1 July 2024 are as follows:

By Asset Class (based on benchmark asset allocation)	**1 July 2021 ($)**	**1 July 2024 ($)**
Australian Shares	11.5	13.0
International Shares	10.5	12.6
Property	13.5	6.3
Alternatives Asset - growth	0.0	1.8
Alternatives Asset - defensive	0.0	1.8
Australian Fixed Interest	27.9	30.9
International Fixed Interest	27.9	19.1
Cash	8.6	14.5
Total	**100.0**	**100.0**

Note: figures in the table above may not add up due to rounding.

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.

Crediting Rate Policy

Note that there is no need for a crediting rate as there no defined benefit member accounts within this Plan.

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 2024 at the valuation rate of interest assumption.

The past membership component for each type of benefit for active Defined Benefit members is:

Retirement Benefits

Based on a member's actual accrued retirement benefit multiple as at the date of valuation less the accumulation amounts held in the Accumulation Division.

Death and Disablement Benefits

Based on a member's accrued retirement benefit multiple as at the date of valuation less the accumulation amounts held in the Accumulation Division.

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