

Report to the Trustee on the Actuarial Investigation of the Defined Benefit Schemes as at 30 June 2025

**Active Super Defined Benefit Division
(Vision Super)**

24 DECEMBER 2025

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1. Key Results and Recommendations

On 1 March 2025, Local Government Super (Active Super) merged with Vision Super. As a result, all defined benefit members in Active Super were transferred to Vision Super and all Active Super products were closed. Active Super defined benefit members were transferred to the Active Super Defined Benefit Division of Vision Super (the “Fund”) under a ‘successor fund transfer’ (SFT) arrangement, which ensured that the defined benefit members’ benefits were carried over to Vision Super on an equivalency basis.

This report on the actuarial investigation of the Active Super Defined Benefit Division of Vision Super as at 30 June 2025 has been prepared to meet the requirements of the Fund’s governing rules and the SIS legislation. Further details are provided in Section 10 Actuarial Certification.

Under Active Super, actuarial investigations were conducted in a three-yearly cycle having obtained an exemption from APRA in relation to the regulatory requirement to carry out annual investigations for a fund with pensioners. The most recent actuarial investigation before the SFT was carried out as at 30 June 2024.

Typically, in the case of an SFT involving a defined benefit fund, the first actuarial investigation is required to be conducted with an effective date of the SFT date, i.e. in this case the first investigation under Vision Super would have been conducted as at 1 March 2025. However, Vision Super have agreed with APRA to conduct the first investigation as at 30 June 2025 instead. At the same time, as Vision Super currently carry out annual investigations for their existing defined benefit arrangements it was also agreed that annual actuarial investigations will be carried out for the Active Super Defined Benefit Division after the first investigation.

This report should not be relied upon for any other purpose or by any party other than the Trustee of Vision Super. Mercer is not responsible for the consequences of any other use. This report should be considered in its entirety and not distributed in parts.

The Trustee should share this report with the Employers who contribute to the Fund. The Employers may consider obtaining separate actuarial advice on the recommendations contained in the report.

1.1. Change in Financial Position

Employer Financed Past Service Liabilities * ^	Position at 30 June 2025		Position from 30 June 2024	
	\$M	Asset Coverage	\$M	Asset Coverage
Assets	1,723.4		1,739.2	
Actuarial Value of Accrued Benefits	1,609.1	107%	1,671.8	104%
Vested Benefits ¹	1,644.4	105%	1,694.2	103%
Cash Resignation Benefits ¹	1,573.6	110%	1,608.2	108%
Deferred Benefits ¹	1,674.7	103%	1,731.0	100%
SG Minimum Benefits	1,258.9	137%	1,272.9	137%

*The above totals exclude Division B member-financed defined benefit liabilities (\$491.5m at 30 June 2025 and \$524.4m at 30 June 2024) and accumulation style benefits such as deferred member benefit liabilities in Divisions B and C, and member's Other Accounts (total of \$985.6m at 30 June 2025 and \$1,012.6 at 30 June 2024). Total assets of the Fund at 30 June 2025 were therefore \$3,200.5m.

^Inclusive of Division D member contributions

¹ No allowance for administration expense is included in these benefit measures.

The above table shows the change in the Fund's financial position as it relates to Employer Financed Defined Benefits. The asset coverage of the above benefit measures has increased from 30 June 2024 levels mainly due to the following items of positive experience:

- Investment earnings (net of administration fees) of 8.2% p.a. on assets which was greater than the long-term net investment return assumption of 5.7% p.a. (6.0% p.a. less 0.3% p.a. for administration fees);
- Additional past service Employer contributions of \$10 million to 31 December 2024;
- Annual pension indexation of 1.9% which was lower than the 2.5% p.a. assumed; and,
- Investment earnings on the opening surplus.

The above positive experience has been partially offset by the following negative experience:

- Average annual salary growth of 4.5% which was higher than the 3.5% p.a. assumed;
- Members leaving and receiving benefit payments that are greater than the actuarial value of accrued benefits due to the timing of their exit; and,
- The additional buy-in of six Murrumbidgee Irrigation pensioners which were established with Challenger on 2 October 2024 reducing the surplus in that notional section.

A detailed analysis of the movement in financial position is provided in section 3.5.

1.2. Employer Financed Actuarial Value of Accrued Benefits

The Employer financed actuarial value of accrued benefits (or past service liabilities) at 30 June 2025 is categorised by division and member type as follows:

Division	Member Type	Employer Financed Past Service Liabilities
B	Contributors	641.4
	Pensioners	680.3
C	Contributors	149.0
D	Contributors [^]	4.8
	Deferred	2.5
	Pensioners	131.1
Total		1,609.1

[^] Inclusive of Division D member contributions

1.3. Recommended Employer Defined Benefit Contributions

The financing objective I have adopted in this investigation is to maintain the funding target ratio for the Fund in the range between 100% and 110% of the higher of Vested Benefit liabilities and the Actuarial Value of Accrued Benefit liabilities.

At 30 June 2025, the Fund was in a satisfactory financial position, and the coverage of both the Vested Benefits and Actuarial Value of Accrued Benefits was above the minimum funding target ratio.

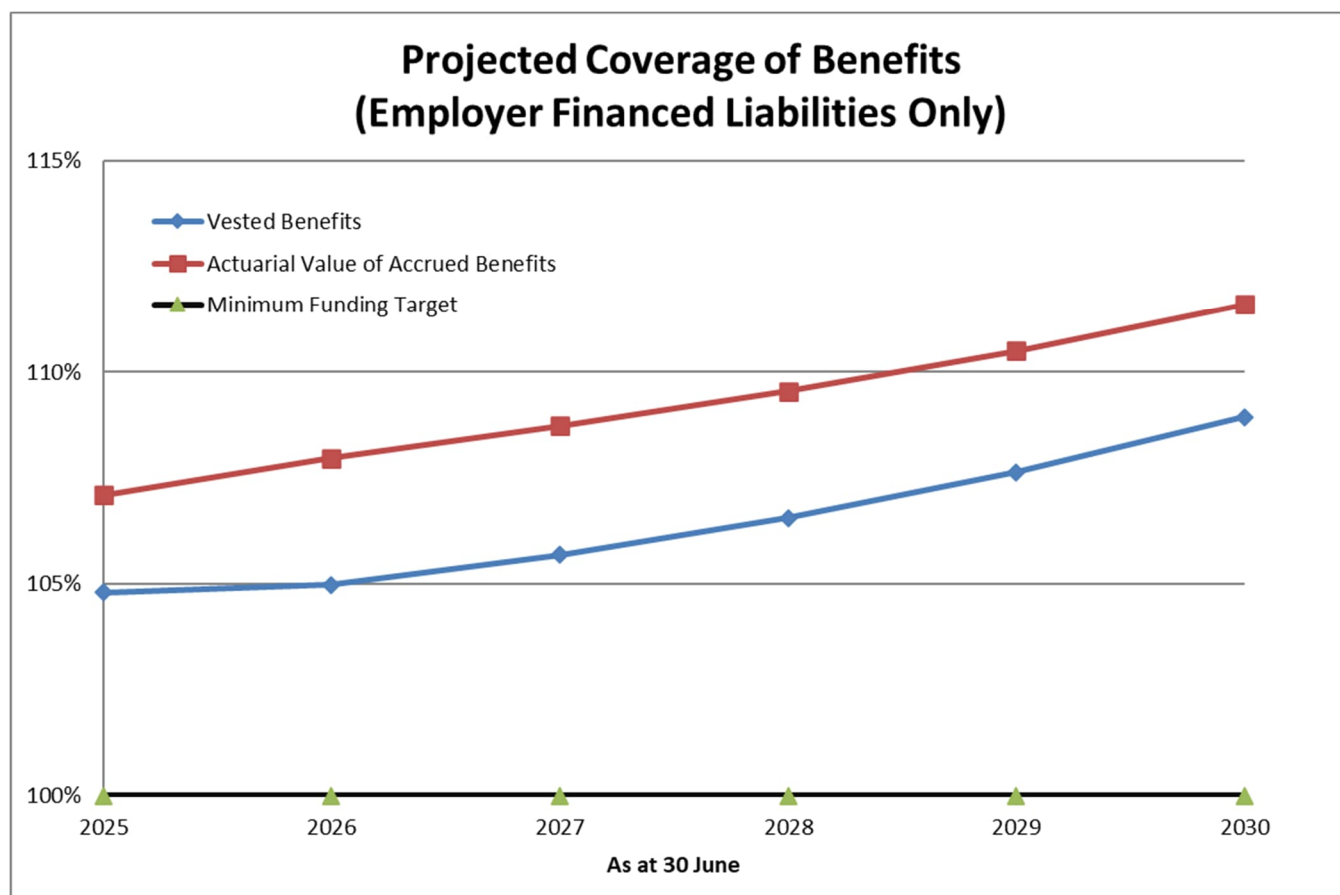
Recommended contributions have been historically divided into two categories, standard employer contributions and past service contributions. The contributions recommended are as follows:

- Continue contributing the standard employer contributions.
- Past service contributions ceased effective 31 December 2024 as planned. Given the current funding position, no further past service contributions are recommended at this time. I will continue to review whether any past service contributions are required annually as part of the Fund's actuarial investigation.

The recommended Employer contributions are detailed in Appendix D. They are subject to change and will be reviewed annually.

1.4. Projections

Based on the assumptions adopted for this investigation and the recommended Employer contributions in Appendix D, I have prepared the following projection of Fund defined benefit assets and liabilities. The projection does not allow for subsequent investment return experience since 30 June 2025 (commentary on subsequent experience is provided in the next section).



The graph above shows that, without any allowance for any post 30 June 2025 actual experience, the recommended contributions are anticipated to maintain the Fund at a satisfactory financial position above the minimum 100% funding target.

1.5. Experience since 30 June 2025

The Fund's investment return from 1 July 2025 to 30 September 2025 was 2.9%. Whilst the returns are higher than expected year to date, I believe this is part of the natural financial market cycle and volatility. The investment return assumption is set based on long term expectations and anticipates periods of higher returns over shorter timeframes.

The funding position will continue to be monitored and if conditions worsen materially due to the heightened levels of volatility I will raise for further consideration as part of the quarterly reviews carried out for APRA reporting purposes.

1.6. Other Findings and Recommendations for the Trustee

- The investment and unit pricing policy for the defined benefit assets of the Fund is suitable.
- The Shortfall Limit has increased from 97% to 98% consistent with Vision Supers other defined benefit arrangements and Actuaries Institute guidance notes.

1.7. Action Required

The Trustee should:

- Consider this report and confirm its agreement (or otherwise) to the contribution and other recommendations.
- Continue to monitor the contribution requirements under the Fund's Funding and Solvency Certificate and seek contributions from the Employers as appropriate.

2. Liability Measures as at 30 June 2025

2.1. Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits (also called past service liabilities) is the expected value (as at the investigation date) of all future expected benefit payments, based on membership to date, discounted to the investigation date, taking into account the probability and timing of payments.

This value is calculated using actuarial methods and assumptions. In determining the value, I have not applied a minimum of the vested benefits. The detailed actuarial assumptions used are as disclosed in Appendix C.

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

More details on the method can be found in Appendix F.

As at 30 June 2025	Employer Financed Past Service Liabilities [^]	
	\$M	Asset Coverage
Assets	1,723.4	
Actuarial Value of Accrued Benefits	1,609.1	107%
Surplus/(Deficit)	114.2	

[^] Inclusive of Division D member contributions

2.2. Vested Benefits, Cash Benefits and Resignation Benefits

Vested Benefits are the amounts payable as of right now should all active members voluntarily resign or, if eligible, retire at the investigation date, plus the estimated actuarial value of expected future payments in respect of pensioners and Division D deferred members.

For contributors over the early retirement age, the Vested Benefits are the same as their retirement benefits (including allowance for taking up pension if eligible).

For contributors under the early retirement age, members can choose **Deferred Benefits** that are retained in the Fund or receive **Cash Resignation Benefits** transferred out of the Fund. For the calculation of the Vested Benefits, I have assumed 70% of benefits are deferred on resignation and 30% are taken as cash resignation benefits.

The value for Vested Benefits for pensioners and deferred Division D members is assumed to be the actuarial value of future pension payments.

As at 30 June 2025	Employer Financed Past Service Liabilities^	
	\$M	Asset Coverage
Assets	1,723.4	
Vested Benefits	1,644.4	105%
Surplus/(Deficit) to Vested Benefits	79.0	
Cash Resignation Benefits	1,573.6	110%
Surplus/(Deficit) to Cash Resignation Benefits	149.8	
Deferred Benefits	1,674.7	103%
Surplus/(Deficit) to Deferred Benefits	48.7	

^ Inclusive of Division D member contributions

2.3. Superannuation Guarantee (SG) Minimum Benefits

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

Fund assets at 30 June 2025 were greater than SG Minimum Benefits and hence the Fund was considered to be “solvent” under SIS legislation.

As at 30 June 2025	Employer Financed Past Service Liabilities^	
	\$M	Asset Coverage
Assets	1,723.4	
SG Minimum Benefits	1,258.9	137%
Surplus/(Deficit)	464.5	

^ Inclusive of Division D member contributions

2.4. Prior Report Presentation

The prior actuarial investigation for the Fund to the Active Super trustee as at 30 June 2024 showed the Employer Financed component excluding the Division D member contributions from both assets and liabilities. We have agreed with the Vision Super Trustee that to be consistent with their presentation of the defined benefit liabilities for AASB 1056 trustee reporting purposes to include these Division D member contributions within both the Employer Financed assets and the Employer Financed Liabilities. As these contributions are held within the employer reserve to be used to meet the overall defined benefit liability this is a reasonable approach to take. There is no impact on the net surplus/(deficit) as the \$2m Division D member contributions are added to both the assets and liabilities.

For comparative purposes with the prior report, I have included the table below excluding the \$2m Division D member contributions from the Employer Financed component.

Employer Financed Past Service Liabilities	Position at 30 June 2025		Position from 30 June 2024 Report	
	\$M	Asset Coverage	\$M	Asset Coverage
Assets	1,721.4		1,737.3	
Actuarial Value of Accrued Benefits	1,607.1	107%	1,669.9	104%
Vested Benefits	1,642.4	105%	1,692.2	103%
Cash Resignation Benefits	1,571.6	110%	1,606.2	108%
Deferred Benefits	1,672.7	103%	1,729.1	100%
SG Minimum Benefits	1,256.9	137%	1,270.9	137%

The prior actuarial investigation for the Fund to the Active Super trustee as at 30 June 2024 also published figures to show Total Defined Benefits including the Division B and D member-financed defined benefit liabilities.

For comparative purposes with the prior report, I have included the below table using a consistent approach.

Defined Benefits Only*	Position at 30 June 2025		Position from 30 June 2024 Report	
	\$M	Asset Coverage	\$M	Asset Coverage
Assets**	2,214.9		2,263.6	
Actuarial Value of Accrued Benefits	2,100.7	105%	2,196.2	103%
Vested Benefits	2,135.9	104%	2,218.5	102%
Cash Resignation Benefits	2,065.1	107%	2,132.5	106%
Deferred Benefits	2,166.2	102%	2,255.4	100%
SG Minimum Benefits	1,750.4	127%	1,797.3	126%

*The above totals include both Employer and member-financed defined benefit liabilities but exclude accumulation style benefits such as deferred member benefit liabilities in Divisions B and C, and member's Other Accounts.

** The assets are the Defined Benefit Schemes assets available to support the defined benefit liabilities. These include both Employer and member defined benefit assets but exclude assets supporting accumulation style benefits and Division B Additional Benefits.

3. Key Actuarial Assumptions and Fund Experience

3.1. Actuarial Assumptions

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

- the amount of benefits paid out; plus
 - the expenses of running the Fund, including tax;
- less
- members' contributions; and
 - the return on investments

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

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

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

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

3.2. Key Assumptions for 2025 and 2024 Investigations

The following table sets out the key assumptions for the 2025 investigation compared to those used in the previous investigation and reasons for any changes:

Assumption	30 June 2025 Investigation	30 June 2024 Investigation	Reason for change
Investment return (net of tax and after investment fees)	6.0% pa	6.0% pa	No change
General salary increases	3.5% pa	3.5% pa	No change
Rate of CPI increase	2.5% pa	2.5% pa	No change
Asset-based administration and Trustee expense	0.3% pa	0.3% pa	No change
Division B pension take-up	70%	70%	No change
Pensioner mortality	Based on Mercer standard pensioner mortality tables, including improvement rates based on Australian Life Tables 2015-17	Based on Mercer standard pensioner mortality tables, including improvement rates based on Australian Life Tables 2015-17	No change

3.3. Economic Assumptions

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

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

The key economic assumptions adopted for this investigation are:

Assumption	Rates
Investment returns (after tax and investment fees)	6.0% p.a.
General salary increases	3.5% p.a.
Pension increase rate*	2.5% p.a.

*actual CPI increase of 1.9% which applies for the October 2025 pension increase after the measurement date has been included.

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

No explicit allowance has been made for the potential tax credits that can be obtained in relation to the tax exemption for investment earnings on assets backing current pension liabilities. However, I have made an implicit allowance for this when setting the overall discount rate.

This will increase over time as the Fund matures but I expect the Trustee will also reduce its investment risk at the same time. This position will continue to be kept under review as part of the long-term investment strategy.

The general salary increase assumption is based on long-term economic forecasts consistent with the expected investment return assumptions. Past experience and the expectations for short term future salary increases are also taken into account in setting the general salary increase assumption.

The expected rate of CPI increase (for pension indexation) is based on the target range of the Reserve Bank of Australia.

3.3.1. Economic Experience since Previous Investigation

Year to 30 June	2025	Assumed (% pa)
Investment Returns*	8.2%*	5.7%^
Salary Increase	4.5%	3.5%
Pension Increase**	1.9%	2.5%

* Actual returns for the Defined Benefit Scheme have been provided by Active Super to the transfer date (28 Feb 2025) and Vision Super thereafter, net of taxes and all fees.

^ 2024 actuarial investigation assumed investment return of 6.0% pa net of taxes and investment management fees, but before administration and trustee expenses (which were estimated to be around 0.3% p.a.). Therefore, 5.7% shown for comparison purposes for consistency with reported investment returns.

** rate based on CPI for financial year to 30 June. Actual increase is applied in October 2025.

3.4. Demographic Assumptions and Experience

3.4.1. Division B Pension Take-Up Rate

Some Division B contributors are eligible for lifetime pensions due to their membership of previous schemes. A pension take-up rate of 70% was assumed in the 2024 investigation for these contributors and this rate remained unchanged.

3.4.2. Pensioner Related Assumptions

The pensioner mortality assumptions are based on Mercer standard pensioner mortality tables, including a set of improvement factors based on Australian Life Tables 2015-17. These are the same assumptions as used in last year's investigation. The percentage of pensioners that are married, have a spouse at the date of their death and the spouse rate of commutations are also unchanged from the 2024 investigation.

3.4.3. Other Demographic Assumption Changes

The rates of resignation, retirement, pre-retirement mortality and disability from the 2024 investigation have been maintained for the 2025 investigation.

The detailed actuarial assumptions are disclosed in Appendix C.

As the assumptions have remained the same as those adopted in the 2024 Actuarial Investigation, there is no impact on the Actuarial Value of Accrued Benefits at 30 June 2025 due to assumption changes.

3.5. Analysis of Movement in Actuarial Value of Accrued Benefits Funding Position since 30 June 2024

Item	\$M	Comments
PSL surplus/(deficit) at 30 June 2024	67.4	
Interest on opening surplus	3.8	Expected earnings on opening surplus.
Investment return	41.3	Returns higher than expected.
Additional contributions	8.5	Past service contributions of \$10m net of tax.
Salary changes	(8.6)	Salary increases higher than expected.
Pension indexation changes at 1 October 2025	4.2	Pension increases lower than expected.
Membership changes	(4.0)	Exited member benefits higher than member past service liability.
Impact of additional buy-in	(1.0)	Challenger buy-in of additional pensioners for Murrumbidgee
Other items	2.6	Other miscellaneous factors.
PSL surplus/(deficit) at 30 June 2025	114.2	

3.6. Recommended Employer Contributions in Previous Investigation

The recommended standard Employer contribution rates in respect of active members were as follows:

Division	Standard Employer Contribution
B	1.9 times member contributions
C	2.5% of salary
D	1.64 times member contributions

In addition to the future service contributions, past service contributions were recommended for each employer. These contributions were agreed with the Trustee and the individual employers. The past service contributions were reviewed annually and revised as necessary in line with Fund experience and the latest financial position

Past service contributions of \$20m p.a. were recommended for the three years from 1 January 2022 to 31 December 2024. Given the funding position at the previous Actuarial Investigation, I was comfortable for these past service contributions to cease as planned at 31 December 2024.

Over the period 1 July 2024 to 30 June 2025, the Employers have generally contributed in line with the contributions agreed with the Trustee. There are some payments (both under and over expected) of less than \$1m that the Trustee is reconciling at the time of this report. These amounts are not material to the financing of the Fund and so do not impact any of the recommendations in this report.

4. Contribution Requirements

4.1. Financing Objective

The financing objective I have adopted for the contribution recommendations is to maintain the funding target ratio for the Fund in the range between 100% and 110% of the higher of Vested Benefit liabilities and the Actuarial Value of Accrued Benefit liabilities.

Accumulation style benefits (including deferred member benefit liabilities in Divisions B and C, and members' Other Accounts) are matched by specific assets and do not require any additional funding margins.

There are no sub-funds in the Fund, but the administrator will maintain a notional employer defined benefit asset account for each employer group and thereby enable tracking of funding status and contribution requirements of each employer group.

4.2. Professional Requirements

Under Professional Standard 400 (PS400) issued by the Actuaries Institute, the funding method selected by the actuary *"must aim to provide that:*

- (a) members' benefit entitlements (including any pension increases provided by the Trust Deed or in accordance with either precedent or the intentions of the Trustee and/or Fund Sponsor) are fully funded before the members retire; and*
- (b) the Net Assets of the Fund from time to time, after making full provision for the entitlements of any beneficiaries or members who have ceased to be employed, exceed the aggregate of benefits which employed members would reasonably expect to be payable to them on termination of membership, including the expenses of paying those benefits, and having regard to the provisions of the Trust Deed and the likely exercise of any Options or Discretions." (Paragraph 5.5.4 of PS400)*

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

4.3. Provisions of the Trust Deed

The Fund's Trust Deed includes general provisions on employer contribution requirements.

The schedules to the Trust Deed include the following specific provisions on Employer defined benefit contributions:

Schedule C Part 1: Rules for Sub-Division B (SASS)

5.1.1 If a Contributor is employed by an Employer, the Employer must pay under this Sub-Division Contributions at a rate determined by the Trustee on the advice of the Actuary, at such times as the Trustee may require.

5.1.2 In determining the Contributions payable by an Employer, the Trustee is to have regard to the amount required to meet the full costs of the liabilities under these Sub-Division B Rules of all Employers.

5.1.3 The Trustee may require any such Employer to pay under this Sub-Division additional Contributions for a specified period if it appears to the Trustee that there is insufficient money in the reserve for Employers to meet the Employers' liabilities under these Sub-Division B Rules.

Schedule C Part 2: Rules for Sub-Division Division C (SANCS)

3.1.1 If an Employee is employed by an Employer, the Employer must pay at such times as the Trustee may require, Contributions at a rate determined by the Trustee.

3.1.2 The rate is to be determined by the Trustee after obtaining actuarial advice.

3.1.3 In determining the contributions payable by an Employer, the Trustee is to have regard to the amount required to meet the full costs of the liabilities under these Sub-Division C Rules of all Employers.

3.1.4 The Trustee may require any such Employer to pay into the fund additional Contributions for a specified period if it appears to the Trustee that there is insufficient money in the reserve for Employers to meet the Employers' liabilities under these Sub-Division C Rules.

Schedule C Part 3: Rules for Sub-Division Division D (SSS)

10.1.1 An Employer must pay under this Sub-Division in respect of each Contributor that the Employer employs an amount equal to a specified multiple or percentage of the contributions payable to this Sub-Division by that Contributor.

10.1.2 The specified multiple or percentage referred to in subrule 10.1.1 is a multiple or percentage that the Trustee periodically fixes in respect of the Employer concerned.

10.1.3 In determining the contributions payable by an Employer, the Trustee is to have regard to the amount required to meet the full costs of the liabilities under these Sub-Division D Rules.

10.1.4 The Trustee may require an Employer to pay under this Sub-Division additional contributions for a specified period if it appears to the Trustee that there is insufficient money in the relevant Employers' reserves for Employers to meet the Employers' liabilities under these Sub-Division D Rules.

4.4. Financing Method

There are various financing methods that could be used to set the Employer contributions.

For the actual Employer defined benefit contribution recommendations, I have maintained the current employer standard contribution rates and then used a “Target Funding Method” to determine the Employer contributions required to meet the financing objectives outlined in section 4.1.

The level of the Employer contribution may vary from time to time to ensure that the Fund remains on course towards the financing objective. The same method was used in the previous investigation to determine the Employer contribution recommendations.

The contribution recommendations on this basis are set out in Appendix D.

4.5. Theoretical Employer Future Service Contribution Rates

We have provided the theoretical Employer future service contribution rates to assist the understanding of the estimated cost of future benefit accruals to the Employers, the impact of investigation assumption changes and to comply with actuarial professional standards. They are not used in setting the employer contribution rates.

The “Attained Age Normal” method is used to calculate the theoretical Employer future service contribution rates in this investigation for all Divisions. This method determines the contribution rates required to fund future service benefit accruals over the future working life of the remaining contributors in the Fund. Any surplus or deficit in relation to past service liabilities are ignored in calculating these theoretical future service contribution rates. For simplicity and uniformity between the Divisions, the theoretical Employer future service contribution rates for all Divisions are expressed as a percentage of salaries.

The theoretical Employer future service contribution rates calculated under the “Attained Age Normal” method for each Division at 30 June 2025 and at 30 June 2024 are:

Employer Future Service Contribution Rate	Division B (% of salaries)	Division C (% of salaries)	Division D (% of salaries)
2025 investigation	2.6%	2.8%	6.2%
2024 investigation	2.8%	2.8%	5.7%

Division B’s future service costs has reduced since the previous investigation due to the continued maturing of the Divisions’ membership and the fact that increasingly more members are closer to reaching or have reached their maximum benefit accrual.

Division C’s future service cost generally remains stable over time as Division C benefits accrue at a level rate over all service.

Division D’s future service cost has increased since the previous investigation due to the exit of a contributor. Division D’s contributor membership base is small, thus movements in the membership can have a large impact on the theoretical future service rate.

4.6. Recommended Employer Defined Benefit Contributions

The recommended Employer defined benefit contributions are detailed in Appendix D.

They are subject to change and will be reviewed annually.

4.7. Investigation Balance Sheet

The following table shows the Fund's investigation balance sheet which treats future contributions as an asset and future benefits (based on both past and future service) as a liability.

Item	Actuarial Value \$M
Present Value of future defined benefits payments in respect of membership accrued at the investigation date	1,609.1
Present Value of future defined benefits payments in respect of membership after the investigation date	36.0
Total Present Value of future defined benefit payments out of Fund	1,645.1
Value of defined benefit Fund assets at 30 June 2025	1,723.4
Present Value of future Employer contributions (at recommended contribution rates and after contribution tax)	97.7
Present Value of future Member contributions (at assumed rates as outlined in the actuarial basis in Appendix C)	0.1
Total available Assets (in the absence of other contributions)	1,821.2
Excess/(Deficit) of Assets to value of benefits	176.1

The investigation results indicate that current recommended contribution rates are more than sufficient to fund future benefit payments, if future experience matches the assumptions.

The surplus over total service liabilities has arisen due to the current Employer contribution plan agreed with the sponsors being designed to exceed liabilities on the current set of assumptions. The intention is for this to provide a small surplus to protect the funding against adverse experience and where possible to permit a more conservative investment strategy in future to lower the investment risk within the Fund.

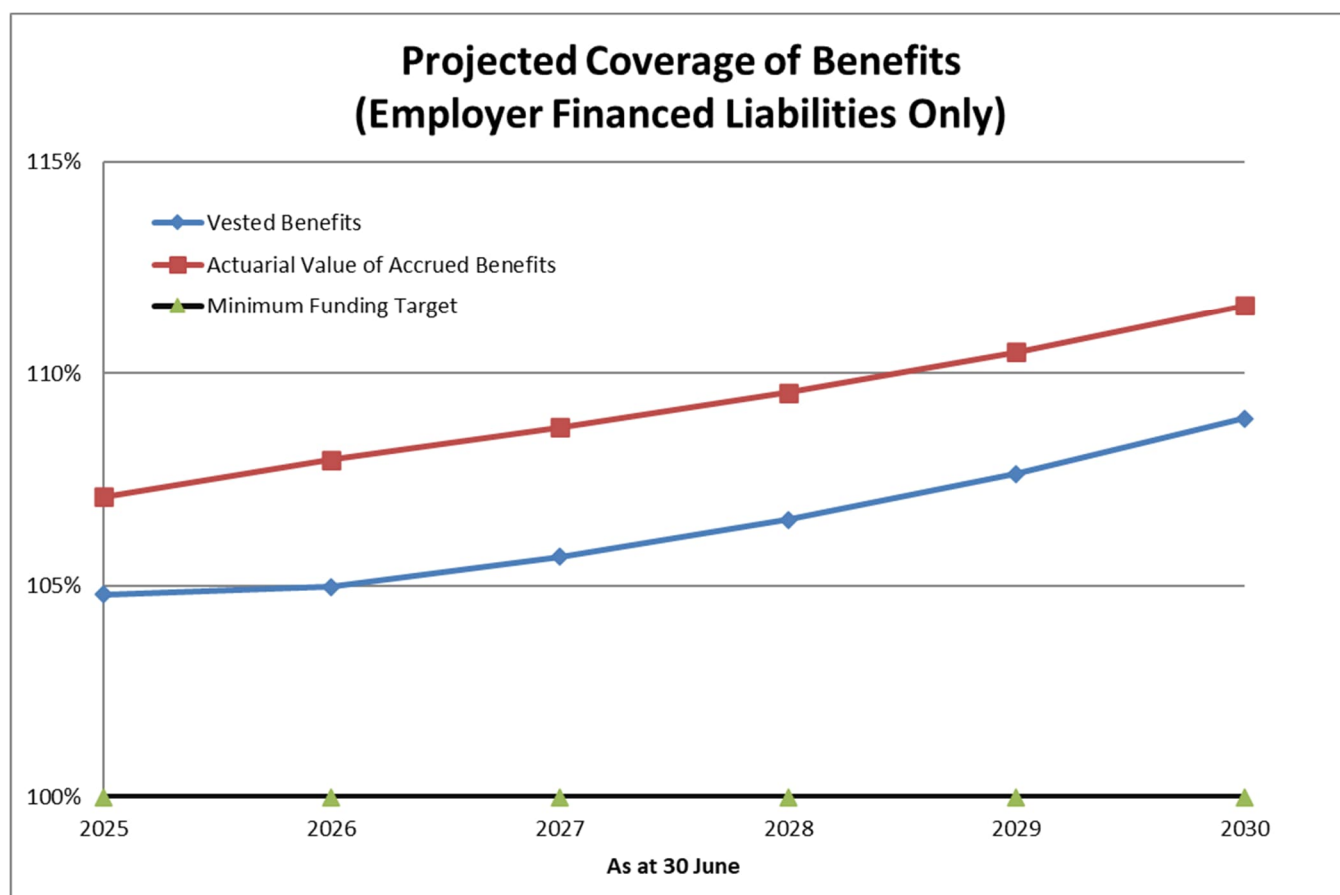
The Fund's financial position and the Employer contributions are monitored annually.

5. Projections

We have prepared the following projection of Fund assets and benefit liabilities based on:

- the actuarial assumptions adopted for this investigation;
- assuming that the Employers contribute on the basis as recommended in Appendix D

The projection does not allow for subsequent actual experience since 30 June 2025. Please see relevant commentary in section 1.5.



The graph above shows that, without any allowance for subsequent investment experience, the recommended contributions are anticipated to maintain the Fund at a satisfactory financial position above the minimum 100% funding target with the potential to build additional reserves for further de-risking if experience is in line with expectations.

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

6. Key Risks and Sensitivity Results

6.1. Key Risks

Set out below are the key risks which are all borne by the Employers, that is if experience is adverse such that the asset coverage reduces then additional contributions may be required by the Employers.

6.1.1. Investment

Investment risk is the risk that investment returns will be lower than assumed. Adverse investment performance will result in lower assets to support the defined benefit liabilities.

6.1.2. Salary

The risk is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing benefit amounts and therefore the value of the liabilities.

6.1.3. Pension Take Up

The risk is that for the contributors who are eligible for lifetime pensions, more of them choose to take up pension than assumed for this investigation. As the lifetime pension is generally more valuable than lump sum benefits, higher pension take up increases the benefit amounts and therefore the value of the liabilities.

6.1.4. Pension Indexation

The risk is that pensions (both current and future) may increase more rapidly than assumed, thereby increasing the cost of providing lifetime pensions and therefore the value of the liabilities.

6.1.5. Pensioner Longevity

This risk is that pensioners live longer than assumed, thereby increasing the cost of providing lifetime pensions and therefore the value of the liabilities.

6.2. Sensitivity Results

Sensitivity scenarios below illustrate the financial impact (increase to employer financed past service liabilities) of the key risks above. Please note that the actual experience in relation to each key risk may vary (positively or negatively) from the assumptions for this investigation by much more than the sensitivity scenarios below.

Liability for Employer Financed Actuarial Value of Accrued Benefits as at 30/06/2025 (\$M)						
Basis	Division B Contributors	Division C Contributors	Division D Contributors	Pensioners and Division D Deferred Members	Total Employer Past Service Liabilities	Change in Past Service Liabilities
Standard	641.4	149.0	4.8	813.9	1,609.1	
<u>Sensitivity to investment return/discount rate</u>						
Investment return +1%	604.4	143.1	4.4	741.6	1,493.5	-115.6
% variation from standard	-5.8%	-3.9%	-8.3%	-8.9%	-7.2%	
Investment return -1%	683.7	155.3	5.4	899.1	1,743.6	134.5
% variation from standard	6.6%	4.3%	13.0%	10.5%	8.4%	
<u>Sensitivity to pension/CPI rate</u>						
CPI increase +1%	655.9	149.0	5.4	894.9	1,705.2	96.1
% variation from standard	2.3%	0.0%	11.4%	9.9%	6.0%	
CPI increase -1%	629.1	149.0	4.5	744.0	1,526.6	-82.6
% variation from standard	-1.9%	0.0%	-7.2%	-8.6%	-5.1%	
<u>Sensitivity to salary increase rate</u>						
Salary increase +1%	667.3	155.2	4.9	813.9	1,641.3	32.1
% variation from standard	4.0%	4.2%	1.4%	0.0%	2.0%	
Salary increase -1%	617.0	143.1	4.7	813.9	1,578.9	-30.3
% variation from standard	-3.8%	-3.9%	-1.4%	0.0%	-1.9%	
<u>Sensitivity to pensioner mortality rates</u>						
Lower pensioner mortality*	649.3	149.0	5.0	883.2	1,686.5	77.4
% variation from standard	1.2%	0.0%	4.7%	8.5%	4.8%	
Higher pensioner mortality**	632.9	149.0	4.6	741.3	1,527.9	-81.3
% variation from standard	-1.3%	0.0%	-4.2%	-8.9%	-5.1%	
<u>Sensitivity to Division B Pensioner take-up rate</u>						
100% Pension Take up	659.6	149.0	4.8	813.9	1,627.4	18.2
% variation from standard	2.8%	0.0%	0.0%	0.0%	1.1%	

* Assumes mortality rates, including future improvements, as if the pensioner were 3 years younger than actual.

** Assumes mortality rates, including future improvements, as if the pensioner were 3 years older than actual.

Section 2.4 explains that the presentation of results for Division D is different to that in the prior investigation which is why the sensitivity analysis is not comparable with that reported in the 2024 report.

6.3. Pension Liabilities on Market Value Basis

The basis used to value defined benefit pension entitlements for the purposes of this investigation is considered suitable taking into account the Fund's current circumstances, including the current investment policy and with ongoing support of the Employer sponsors.

Of course, conditions may change in future, and it is important to understand some of the implications should the Employers/Trustee consider a wind-up of the Fund in the future.

If instead the pension liabilities were to be valued on a "market value" basis – that is, the amount which would be required to be paid to a third party (for example, a life office) to take on the liability – a higher pension liability value would be obtained. It is not possible to be precise about what the "market value" of the pension liabilities would be, as the market in Australia is currently very shallow.

However, it is likely that a third party would base its pricing on a discount rate around the level of long-term Government bond rates. To provide an illustration of the order of magnitude of the potential impact, I have valued the pensioner liabilities at 30 June 2025 using a discount rate of 4.36% pa (based on the 30 June 2025 10-year Commonwealth Government bond rate), but with other assumptions unchanged.

Pensioner Liabilities as at 30/06/2025 (\$M)	
Standard - discount rate at 6.0% pa	811.4
Discount rate at 4.36% p.a.	928.5
% variation from standard basis	114%
Dollar variation from standard basis (\$M)	117.1

Valuing current pensioner liabilities on a Government bond rate basis increased the liabilities at 30 June 2025 by \$117.1 million. This would reduce the Employer Financed Asset Coverage of Vested Benefits from 105% to 98%. Division D contributors and some Division B contributors are eligible for lifetime pension in the future when they retire. If these contributors' future pension liabilities are valued on a Government bond rate basis, the Fund's liabilities will increase further.

I do not suggest that a wind up is likely to occur, given the information available to me. Rather, comment on this situation in the interests of the Trustee and the Employers having information on the potential impact in this scenario.

With the strong financial backing available to the Fund due to the nature of the Employer sponsors, this scenario is less likely than for general private sector arrangements. However, in the event of a wind up without additional financial support from the Employers then, based on the information shown above, there would be insufficient funds available to meet all benefit payments to all members.

The priority order of assets as set out in the Trust Deed and its interaction with prevailing Superannuation legislation would then become important. This priority order would determine the allocation of the assets available to secure the benefits of the members of the Fund, i.e. which members would have the highest priority and be expected to receive their benefits in full and which would rank lower and potentially expect to receive only a portion of the benefits.

Due to the strength of the Employers supporting the Fund, I have not evaluated the impact of a wind up without financial support other than to illustrate the expected shortfall at this time. This situation is not unusual and is typically expected for any fund paying pension benefits to members.

I would recommend the Trustee obtains legal advice on the priority order of the assets under this scenario if they are interested in understanding the position in greater detail. Further calculations can then be carried out to illustrate the current impact on each group of members once the priority order is confirmed.

7. Trustee Policies and Self-Insurance

7.1. Investment

Some of the Fund's assets are subject to member investment choice and others are invested in the Employer Defined Benefit Asset Reserve. Currently the investment arrangements are:

Division	Member Other Accounts	Member Defined Benefit Contributions	Deferred Member Benefits	Employer Assets
Division B and associated Division C benefits	Subject to member investment choice			Invested in the Employer DB Asset Reserve
Division D and associated Division C benefits	Invested with the Employer DB Asset Reserve			

The Fund's Operational Risk Financial Requirement Reserve is invested separately. The Division B Additional Benefits Reserve is invested in the Employer DB Asset Reserve.

The Trustee determines the investment strategy for the Employer DB Asset Reserve.

The Trustee regularly reviews its investment strategy taking into account changes to the membership and how this may vary in the longer term as the Fund matures.

The Trustee will continue to keep this policy and funding levels under review as part of the regular monitoring.

The strategic asset allocation of the Fund as at 30 June 2025 are shown below:

Asset Class	Benchmark Asset Allocation for Employer Defined Benefit Asset Reserve 30 June 2025
Australian Equities	21%
International Equities	22%
International Listed Property	2%
Australian Direct Property	7%
Private Equity	5%
Private Credit	2%
Growth Alternatives	1%
Short Term Fixed Income	13%
Bonds	15%
Infrastructure	2%
Cash	10%
Growth Assets	60%
Defensive Assets	40%
Total	100%

The Growth/Defensive allocation of 60%/40% was implemented in 2022.

Given that it is not known when members will take their benefit with certainty, the exact term of the Fund's liabilities is unknown. However, despite the defined benefits being closed to new members, the projections carried out as part of this investigation indicate that it is expected to be a considerable number of years before the defined benefit assets reduce to below \$1 billion.

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

We have reviewed the Fund's investment policy for Employer defined benefit assets taking into account the Fund's financial position and the nature and term of the Fund's defined benefit liabilities and confirm I consider that the investment policy adopted is suitable subject to the Employers understanding the risk associated with this strategy.

7.2. Unit Pricing

The Fund uses daily unit pricing to credit investment returns for each investment option (including the Employer defined benefit asset reserve). I consider the unit pricing policy is generally suitable.

A full review of the Fund's unit pricing policy is outside the scope of this investigation.

7.3. Self-Insurance

The Fund self-insures death and disability benefits. The table below sets out the self-insurance arrangements that exist in the Fund and the relevant actuarial monitoring process.

Arrangements	Description	Latest Actuarial Investigation	Next Actuarial Investigation
Division B Additional Benefit Reserve*	Reserve to meet Additional Benefit payments to Division B members.	Reviewed as at 30 June 2023, report by Richard Boyfield dated 20 December 2024.	30 June 2026
Defined Benefit Reserve (DB employer reserve)	Meets the cost of standard death and disability benefits of Division B, C and D members.	Employer funding reviewed as at 30 June 2025 as part of this investigation.	30 June 2026

* The Division B Additional Benefit Reserve value was \$5.985m as at 30 June 2024, which has since decreased to \$0.985m as at 30 June 2025 due to the transfer of \$5m to the Employer Reserve as recommended in the letter 'Active Super – Additional Benefit Reserve (Defined Benefit Members)' (letter dated 12 May 2023). More information is given in the next section. I believe this remaining amount is sufficient for these purposes.

We consider that the Fund's current self-insurance arrangements and the actuarial monitoring processes are suitable.

8. Assets

8.1. Assets

The Employer defined benefit assets at 30 June 2025 are calculated as:

	\$M
Cash asset value for the Employer Reserve at 30 June 2025	1,741.2[^]
Less: Employer Reserve benefit payables at 30 June 2025	(17.1)
Less: Division D Other Accounts and Division C benefits of Division D deferred members	(0.7)
Employer Defined Benefit assets at 30 June 2025	1,723.4

[^] Including the value of Murrumbidgee Irrigation pensioners buy-in policies at 30 June 2025, which was \$20.7m as provided by Challenger.

The total cash asset value for the Employer Reserve was used for the audited financial statements at 30 June 2025. As the audited financial statements are prepared on a cash basis with no allowance for benefit payables at 30 June 2025, I have estimated the Employer Reserve benefit payables.

We have checked the asset information received for reasonableness and confirm its suitability for use in the report.

8.2. Operational Risk Reserve

The assets to meet the Trustee's Operational Risk Financial Requirement (ORFR) are held separately and are excluded from the defined benefit assets at the investigation date. A review of the adequacy of assets held to meet the ORFR or the ORFR strategy is outside the scope of this investigation.

8.3. Division B Additional Benefit Reserve

The Division B Additional Benefit Reserve value was \$5.985m as at 30 June 2024, which has since decreased to \$0.985m as at 30 June 2025 due to the transfer of \$5m to the Employer Reserve as recommended in the letter 'Active Super – Additional Benefit Reserve (Defined Benefit Members)' (letter dated 12 May 2023).

The transfer of \$5m to the Employer Reserve was as a result of a valuation of the Additional Benefit Reserve performed as at 30 June 2023. The results showed that actual claims continued to be below expected claims and it was considered that the Additional Benefit Reserve included a high level of surplus when compared to past claims experience. The Reserve surplus at 30 June 2023 of \$5.965m is about 73.6 times the claims payments of \$0.081m paid in the three years to 30 June 2023. Therefore, I recommended:

- the member and employer paid levies for currently qualified and newly qualified members continue to be suspended;
- the next actuarial investigation of the Additional Benefit Reserve should be carried out no later than 30 June 2026;

- annual review of the financial position of the Reserve be carried out to assist the Trustee in providing the annual attestations on self-insurance as required under APRA Prudential Standard SPS 160; and,
- the recommendations set out in the letter “Active Super – Additional Benefit Reserve (Defined Benefit Members)” (letter dated 12 May 2023) to transfer \$5m to the Employer Reserve be considered by the Trustee.

The Additional Benefit Reserve is held separately and excluded from the defined benefit assets at the investigation date.

9. The Regulator and Prudential Standards

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

9.1. Shortfall Limit

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

We understand that the Fund’s Shortfall Limit, determined by the Trustee on the basis of previous actuarial advice, was 97% as at the prior actuarial investigation.

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

- The guidance provided in the Actuaries Institute Information Note: Shortfall Limit in Prudential Standard 160 dated March 2023;
- The investment strategy for defined benefit assets, particularly the overall benchmark exposure of 60% to “growth” assets;
- The results of this investigation regarding the extent to which the current and projected defined benefit Vested Benefits are not linked to the investment return on defined benefit assets (i.e. salary-based benefits and defined benefit pensions) and the current and projected relativity between Vested Benefits and Minimum Requisite Benefits.

Based on the above and adopting a consistent approach to the similar arrangements for the Vision Super Trustee, I recommend that the Trustee increases the shortfall limit from 97% to 98%.

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

9.2. Monitoring Process

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

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

The Trustee has a policy of reviewing the Fund’s funding level on an annual basis. The purpose of the regular reviews is to assess the financial position and the need for any modifications to the funding program due to emerging experience.

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

9.3. Requirements due to Unsatisfactory Financial Position

9.3.1. Restoration Plan

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

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

The Restoration Plan must be designed to return the plan to a “satisfactory financial position”, so that Vested Benefits are fully covered, within a reasonable period that must not exceed 3 years (unless APRA permits a longer period to be applied based on specific circumstances of the fund) from the investigation date.

An SPS 160 Restoration Plan is not required if the plan is technically insolvent (in which case the insolvency rules must be followed). If an SPS 160 Restoration Plan is already in place, then any changes to the Restoration Plan should be agreed with APRA.

As indicated by the Fund’s current financial position and our financial projections, the Fund is in a satisfactory financial position and is not likely to fall into an unsatisfactory financial position, and hence these requirements do not apply at this investigation.

9.3.2. Actuary’s Reporting Requirements

Section 130 of the SIS Act requires that if an actuary forms the opinion that a Fund’s financial position may be unsatisfactory, or may be about to become unsatisfactory, and that opinion was formed in performing an actuarial function, the actuary must advise both the Trustee and the regulator (APRA) in

writing immediately (an unsatisfactory financial position applies where assets are less than Vested Benefits).

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

The Fund's assets are sufficient to fully cover the SG Minimum Benefits at 30 June 2025. Therefore, the Fund is not considered to be technically insolvent.

9.4. Statements Required by SPS 160

The attached Appendix E provides statements required to be made under APRA Prudential Standard SPS 160.

10. Actuarial Certification

10.1. Purpose

I have prepared this report exclusively for the Trustee of the Active Super Defined Benefit Division of Vision Super for the following purposes:

- To present the results of an actuarial investigation of the Fund as of 30 June 2025;
- To review Fund experience over the period since the previous actuarial investigation (effective at 30 June 2024);
- To recommend contributions to be made by the Employers intended to allow the Fund to meet its benefit obligations in an orderly manner, and to reach and maintain an appropriate level of security for members' accrued benefit entitlements;
- To satisfy the requirements of the Fund's Trust Deed for actuarial investigations of the Fund's financial position; and
- To meet legislative requirements under relevant Commonwealth superannuation legislation.

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

This is the first actuarial investigation of the Active Super Defined Benefit Division of Vision Super since the Successor Fund Transfer from the Local Government Super (Active Super) Defined Benefit Schemes. The previous actuarial investigation of these defined benefit arrangements was conducted as at 30 June 2024 by me, on behalf of Mercer, and the results are contained in a report dated 20 December 2024 addressed to the Trustee of Active Super.

10.2. Background information of the Fund

On 1 March 2025, all assets and liabilities of the Local Government Super (Active Super) Defined Benefit Schemes were transferred to Vision Super under a Successor Fund Transfer ("SFT") agreement, following which the Active Super Defined Benefit Division of Vision Super (the "Fund") was created.

The Trustee of the Fund holds a Registrable Superannuation Entity License under the SIS legislation and operates the Fund as required under the Trust Deed.

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

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

10.3. Governing Documents

The Trust Deed and Schedules to the Trust Deed from the Fund's website has been relied on in the preparation of this investigation report.

10.4. Additional information

Significant events since the investigation date – The investment return from 1 July 2025 to 30 September 2025 was 2.9%. Whilst the returns are higher than expected year to date I believe this is part of the natural financial market cycle and volatility. The investment return assumption is set based on long term expectations and anticipates periods of higher returns over shorter timeframes. The funding position will continue to be monitored and if conditions worsen materially due to the heightened levels of volatility I will raise for further consideration as part of the quarterly reviews for APRA reporting purposes.

I am not aware of any other significant events since the investigation date that would affect the recommendations of this report.

Next annual Actuarial Investigation – The next investigation will be conducted as at 30 June 2026.

Funding and Solvency Certificate – The current Funding and Solvency Certificate remains valid under the contributions recommended in this investigation. It will however need to be replaced before 28 February 2029.

Next Benefit Certificate – Will be required at or before the expiry of the current Benefit Certificate (which expires on 31 March 2030). This certificate is required primarily by the Employers to demonstrate compliance with their Superannuation Guarantee obligations to employees who are members of the Fund. However, the Trustee must ensure the benefits paid from the Fund are not lower than the minimum benefits specified in the Benefit Certificate.

10.5. Actuary's certifications

Professional standards and scope

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

Use of report

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

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

Actuarial Uncertainty and Assumptions

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

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

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

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

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

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

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

Data and Fund Provisions

To prepare this report, I have relied on financial and participant data provided by the current Trustee and administrator and the Trustee and administrator of Active Super. The data used is summarised in this report. I have reviewed the financial and participant data for internal consistency and general reasonableness and believe it is suitable for the purpose of this report. I have not verified or audited any of the data or information provided.

However, in the preparation of this report, I have made some estimations to membership data where required due to the absence of relevant data. The estimations are limited in nature, and I do not believe they will have a material impact on the financial position or inferences drawn in this report. Separately, I have also not been provided cashflow data which has historically been used to check membership data and movements and ascertain the reasonableness of assets.

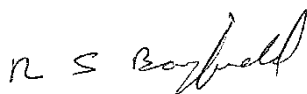
We have also relied upon the Fund's governing rules available from the Trustee's website. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Fund provisions are not accurate and complete, the investigation results may differ significantly from

the results that would be obtained with accurate and complete information; this may require a revision of this report.

Further Information

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

Prepared by

**Richard Boyfield**

Fellow of the Institute of Actuaries of Australia

24 December 2025

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

**Angela Hartl**

Fellow of the Institute of Actuaries of Australia

APPENDIX A

Membership Information

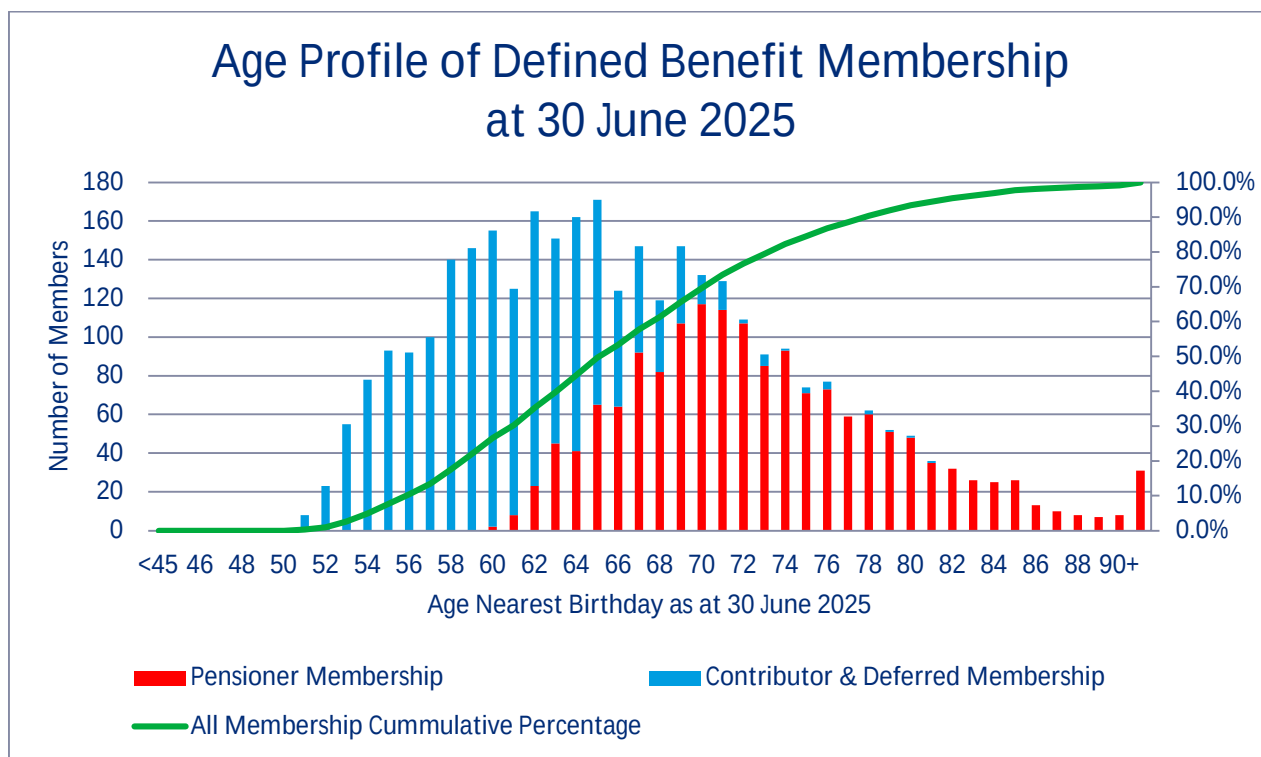
The membership of the defined benefit section has changed since 30 June 2024 as follows:

	Division B		Division D		
	Contributors	Pensioners	Contributors	Deferred	Pensioners
Active members at 30 June 2024	2,003	1,431	6	8	145
Exits	294	22	1	-	4
New Entrants	1	72	-	-	2
Active members at 30 June 2025	1,710	1,481	5	8	143
Membership data at 30 June 2025					
Total salaries	184,834,805	-	517,586	-	-
Average salaries*	108,091	-	103,517	-	-
Total Annual Pension amount*	-	45,707,930	-	-	8,973,370
Average Annual Pension amount	-	30,863	-	-	62,751
Average age	61	73	62	67	72

In addition, there were 2,413 deferred members at 30 June 2025 with accumulation style benefits. The Fund is closed to new members with the exception of transfers from eligible schemes.

A.1. Active defined benefit member age profile

The 30 June 2025 defined benefit membership split by age is shown in the following graph:



APPENDIX B

Fund Design

B.1. Division B

B.1.1 Definitions

"Accrued benefit points" at a contributor's exit date means the number of benefit points contributed to that date, or the contributor's maximum benefit points at that date if less.

"Accumulation of contributions" means, in respect of a contributor, the amount of contributions made to the Fund by that contributor plus interest less death and disability charges (if covered for additional benefits) less administration costs.

"Additional benefit" means the additional amount of 4% times final salary (or final average salary if higher) times prospective benefit points. The additional benefit is payable on death or total and permanent disability for those contributors who are covered. Contributors who are covered pay a levy (deducted from their accumulation of contributions) for one quarter of these additional benefits.

"Benefit points" - a contributor accrues 1/12th of a benefit point for each one per cent of salary contributed for a whole month. The maximum number of benefit points a contributor may accrue is the lesser of 180 or half the number of months the contributor is (or is deemed to be) a contributor to the Fund.

"Continuous contributory service", in relation to a contributor, means the period beginning with the contributor's entry date and ending with the contributor's exit date.

"Early retirement age" means the age of 58 years or, if some lower age (but not lower than the age of 55) is prescribed, that lower age.

"Final average salary" in respect of a contributor means the average of full-time salaries on the contributor's exit date and on 31 December in each of the 2 years immediately preceding that in which he ceased to be an employee.

"Final salary" means the annual rate of full-time salary payable to a contributor immediately before exit.

"Prospective benefit points" means the future benefit points accruing to a contributor if he were to continue to contribute until early retirement age 58 (or earlier prescribed age) at the average rate at which he has contributed since becoming a contributor to a points based scheme, limited to the points required to reach the contributor's maximum benefit points at early retirement age.

"Salary" means for contributions payable in a superannuation year commencing on 1 April the annual rate of salary paid to a contributor at the previous 31 December (or entry if later).

"Taxable date" means 1 July 1988.

180 Point Member means a Division B Member who has 180 benefit points.

B.1.2 Contributions by Contributors

- contributors may elect to contribute at 1, 2, 3, 4, 5, 6, 7, 8 or 9 per cent of salary;
- the Trustee may approve a contribution rate of 0% in some circumstances, eg financial hardship.
- the elected rate of contribution may be altered each superannuation year (commencing 1 April).
- contributions are payable until the end of the month prior to exit or until age 70.

B.1.3 Benefits

B.1.3.1. Retirement on or after early retirement age

The benefit payable to a contributor on exit on or after early retirement age is:

- a lump sum equal to the accumulation of the former contributor's contributions; plus
- a lump sum equal to $F \times A \times 0.025 \times (1 - 0.15 \times B/C)$;

Where F is the contributor's final average salary;
 A is the contributor's accrued benefit points;
 B represents the period in days of continuous contributory service that began on the taxable date;
 C represents the period in days of continuous contributory service for the contributor;
 0.15 represents the tax rate of the Fund on employers' contributions.

B.1.3.2. Death

The benefit payable on death of the contributor after early retirement age is the benefit which would have become payable had he or she retired on the date of his death, but is not subject to reduction for tax, i.e. the factor B/C is zero.

The benefit payable on death of the contributor before attaining early retirement age is:

- a lump sum equal to the accumulation of the former contributor's contributions; plus
- a lump sum equal to $S \times A \times 0.025$;

Where S is the former contributor's final salary, or final average salary if this is higher;

A is the former contributor's accrued benefit points;

Plus

- where the contributor was covered for additional benefits, the amount of the additional benefit (i.e. 4% times S times prospective benefit points).

B.1.3.3. Total and permanent invalidity before early retirement age

The benefit payable to a former contributor who retires before attaining early retirement age due to total and permanent invalidity is:

- a lump sum equal to the accumulation of the contributor's contributions; plus
- a lump sum equal to $S \times A \times 0.025 \times (1 - 0.15 \times B/C)$;

Where S is the contributor's final salary or final average salary if this is higher;

A is the contributor's accrued benefit points;

B represents the period in days of continuous contributory service that began on the taxable date;

C represents the period in days of continuous contributory service for the contributor;

plus

- where a contributor is covered for additional benefits, the amount of the additional benefit (i.e. 4% times S times prospective benefit points).

B.1.3.4. Partial and permanent invalidity

The benefit payable to a contributor who retires before attaining the early retirement age due to partial and permanent invalidity is:

- a lump sum equal to the accumulation of the contributor's contributions; plus
- a lump sum equal to $S \times A \times 0.025 \times (1 - 0.15 \times B/C)$;

Where S is the contributor's final salary or final average salary if this is higher;

A is the contributor's accrued benefit points;

B represents the period in days of continuous contributory service that began on the taxable date;

C represents the period in days of continuous contributory service for the contributor.

B.1.3.5. Retrenchment

The benefit payable to a contributor who is retrenched before attaining the early retirement age is the same as for partial and permanent invalidity.

B.1.3.6. Resignation, dismissal or discharge after 10 years' membership

The benefit payable to a contributor who resigns or is dismissed or discharged before attaining the early retirement age and who has been a member for 10 years or more is:

- a lump sum equal to the accumulation of the contributor's contributions; plus
- a lump sum equal to $(V - 0.15 \times T) \times R \times A/Y \times 0.025$;

Where V	is the number of years of continuous contributory service (including fractional parts of a year);
T	is the number of years of continuous contributory service that commenced on the taxable date or entry date (whichever occurred later) including fractional parts of a year;
R	is the contributor's accumulated contributions;
A	is the contributor's accrued benefit points;
Y	is the total benefit points the member would have accrued at exit had no maximum applied.

That part of the benefit accrued since 30 June 1999 must be taken in preserved form.

B.1.3.7. After attainment of age 65

After attainment of age 65, and on the Trustee being satisfied that the member has retired from the workforce the contributor must be paid the retirement benefit, but may elect to defer the benefit. After attainment of age 70 no further benefits may accrue and no further contributions are payable.

B.1.3.8. Deferred benefits

A contributor who becomes entitled to a benefit on retrenchment, resignation, dismissal or discharge, on early retirement or after attainment of age 65 may elect instead a deferred benefit unless the benefit is less than \$200 or the contributor elects to take a cash benefit. A member may elect to receive part of the benefit as cash and defer the remainder.

The deferred benefit is payable on:

- application on attainment of early retirement age;
- death;
- total and permanent invalidity before early retirement age;
- retirement from the workforce (or effective retirement after 65 or 75 defined as working less than 10 or 30 hours a week respectively);
- on application if the benefit was deferred after early retirement age.

The deferred benefit is:

- a lump sum equal to the accumulated contributor's contributions, plus interest from the date of exit to the date of payment; plus
- a lump sum equal to $F \times A \times 0.025 \times D \times (1 - 0.15 \times B/C)$ plus interest from the date of exit to the date of payment.

Where F is the contributor's final average salary;

A is the contributor's accrued benefit points;

D equals an actuarial discount factor (currently 0.99 for ages at exit under early retirement age, otherwise 1.0) raised to the power of (early retirement age less age at exit including fractions of a year);

B represents the period in days of continuous contributory service that began on the taxable date;

C represents the period in days of continuous contributory service for the contributor.

A retrenched member may elect to defer, instead of the above, the amount of the immediate retrenchment benefit.

A member may elect instead to receive part of benefit in cash up to the cash amount to which he would have been entitled at exit plus interest to the date of payment at an earlier date than the deferred benefit.

B.1.3.9. Provisions for part-time contributors

- Benefits are calculated on the equivalent full-time salary.
- Accrued benefit points for each month are reduced by salary ratio (actual salary divided by salary if full-time).
- The maximum number of points attainable is scaled down by salary ratio for each month.
- Prospective benefit points are scaled down by salary ratio at commencement of month in which exit occurs.
- Contributions are reduced by applying the salary ratio.

B.1.3.10. Superannuation Guarantee

The employer-financed benefit on exit for any reason, together with the employer-financed benefit payable under Division C is subject to the minimum benefit as specified in the current Benefit Certificate so that benefits paid can be used to meet employers' obligations under the Superannuation Guarantee (Administration) Act. The minimum benefit is specified under the Division C summary of benefits below.

B.1.3.11. Special provisions for certain members

Transferred PASS Contributors (Public Authorities Superannuation Scheme)

- The additional benefit and associated levy will automatically apply to a contributor who was qualified for the additional benefit under the PASS;

- (ii) Initial accrued benefit points will be the number of accrued benefit points under PASS as at 31 March 1988 multiplied by 0.72;
- (iii) The contributor's entry date will be deemed to be the date service commenced or was deemed to have commenced under PASS;
- (iv) Prospective benefit points will be subject to a minimum of 0.7 times the number of prospective benefit points that would have been calculated if early retirement age were 60;
- (v) Benefits are reduced where broken service has been recognised in the case of a contributor who had employment involuntarily terminated under Clause 5 of the New South Wales Retirement Benefits Regulation 1983;

Transferred LGPF Contributors (Local Government Pension Fund)

- (i) Transitional arrangements for ex-LGPF members are as for transferred PASS members with some additional special provisions.
- (ii) An additional lump sum is payable to qualified contributors on death or total and permanent disablement before age 60 equal to

$$\frac{S}{100} \times (P-R)$$

Where S is final salary;

P is prospective benefit points to age 65;

R is prospective benefit points under SASS.

- (iii) Minimum lump sum benefits on death or total and permanent disablement apply to certain contributors.
- (iv) Employer-financed benefits on retirement after age 60 may be taken completely or in part pension form as for LGPF except that benefit points provide 0.2223% pension, discounted for retirement before age 65 (special additional pension points are provided to ensure pensions always exceed LGPF pensions).

$$\text{ie Pension} = S \times C \times 0.002223 \times (1 - .025T)$$

Where S is final average salary;

C is the number of benefit points converted to pension;

T is the number of whole years that the member's exit date precedes his 65th birthday.

These benefits are subject to a reduction to account for contribution tax liability to the Fund as follows:

$$\text{Reduction} = A \times B/C \times Q \times 0.15 \times \text{Pension Benefit}$$

Where A represents the contributor's accrued benefit points;

- B represents the period in days of continuous contributory service that began on the taxable date;
- C represents the period in days of continuous contributory service for the contributor;
- Q represents the proportion of accrued benefit points to be converted to a pension.

There are also pension options on death and disability.

- (v) Pensions in respect of children are payable as for LGPF. The rate as at 30 June 2025 was \$158.3 per fortnight where a parent survives or \$376.1 per fortnight where no parent survives. The total pension to dependants is not to exceed that which would have been payable on total and permanent disablement.

NSW Retirement Fund (NRF)

- (i) Transitional arrangements for ex-NRF members are as for ex-PASS members with some additional special provisions.
- (ii) Contributions may be made at rates specified by regulation such that a certain benefit point accrual is attained (except that contributions shall not exceed 9% of salary).
- (iii) Points accrual for each 1% of salary contributed after 1 April 1988 and before attainment of age 59 11/12 by contributors born in May 1926 or later may be obtained from Schedule 2 to the Regulation "State Authorities Superannuation (Transitional Provisions) Regulation 1988" (subject to a maximum annual accrual of 9 points), or is calculated as $(L \times 1.8 + 0.7)/2.5$ if greater

Where L is 1/9 of the maximum points the contributor could have acquired in the year commencing 1 April 1987

To accrue each benefit point the percentage of salary to be contributed by contributors born in April 1926 or earlier is the smaller of (percentage contribution rate at 31 March 1988)/(adjusted points limit), subject to a maximum annual accrual of 9 points or the adjusted points limit if greater, and 1%. The adjusted points limit is

$$\frac{(N \times 1.8 + 0.7)}{2.5}$$

Where N is the number of points accrued in the year commencing 1 April 1987.

(If a contributor is contributing 0% on 31 March 1988 they shall be deemed to be contributing 1%).

- (iv) Employer-financed benefits and additional benefits may be taken in pension form as for NRF. (ie as for LGPF with additional option to take non-reversionary pension of higher value)
- (v) Minimum benefits are provided on death or invalidity before early retirement age.

State Public Service Superannuation Scheme (SPSSS) (transferred at 1 April 1989)

- (i) The additional benefit and associated levy will automatically apply to a contributor who was qualified for the supplementary benefit under the SPSSS.
- (ii) The contributor's account will be credited at 1 April 1989 with the corresponding account balance under the SPSSS as at 31 March 1989.
- (iii) Initial accrued benefit points will be the number of accrued benefit points under SPSSS as at 31 March 1989.
- (iv) The contributor's entry date will be deemed to be the date service commenced or was deemed to have commenced under SPSSS.

The initial contributed points figure will be the corresponding figure under SPSSS.

The contributor's early retirement age is prescribed as age 55.

- (vii) The maximum benefit points applying to a transferred contributor are:

age 55 or less	162
age 55 to 58	162 plus 6 per year after age 55
age 58 or more	180

- (viii) The employer financed benefits are to be calculated using a multiple of 0.03 except for benefits on resignation, dismissal or discharge before early retirement where a multiple of 0.025 is used.

Closed Local Government Schemes

Local Government Provident Fund and Superannuation Benefits Funds and Local Government Superannuation Board insurance policyholders (effective 1 May 1990).

- (i) The additional benefit and associated levy will automatically apply to a contributor who was qualified for the additional benefit in the Benefits Fund or was an insurance policyholder.
- (ii) Accumulated credits and the proceeds on cancellation or surrender of insurance policies for each transferred contributor are allocated in certain ratios between contributor account and employer reserve.
- (iii) A "notional accumulation" is developed from the amount allocated to the employer reserve plus estimated notional future employer contributions plus interest.
- (iv) Initial accrued benefit points are calculated based on various formulae as stated in the "State Authorities Superannuation (Closed Local Government Schemes Transfer) Regulation 1990":

Insurance policyholders and fixed rate Provident Fund contributors	- points calculated according to Schedule 1 to the Regulation, based on sum assured and date of contribution/premium payment
--	--

Variable rate Provident Fund contributors	- 0.02 points per 1% of salary contributed per month to 30 June 1985 and 0.03 points per 1% per month from 1 July 1985 to 30 April 1990
Benefits Fund	- 0.21 points per month of contributory membership

- (v) Minimum employer financed benefits of the "notional accumulation" are provided.
- (vi) A minimum death and invalidity benefit based on a multiple of salary plus the notional accumulation applies to former Benefits Fund members covered for additional benefits.
- (vii) Early retirement age is 55 for ex Sydney County Council employees with twenty or more years of service and for ex-Benefits Fund females.
- (viii) Transferred contributors may elect to contribute at normal Division B rates.

Transferred contributors who do not make an election are deemed to have elected the following:

Benefits Fund and variable rate Provident Fund contributors	- 3.5%
Insurance policyholders and fixed rate Provident Fund contributors	- 1%

B.2. Division C

B.2.1 Definitions

"Eligible service" in respect of a member means service with an Employer. The eligible service accrued in respect of any day is a proportion of one day equal to the salary ratio of the member on that day.

"Final average salary", "Final salary", "Salary ratio" and "Taxable date" have the same meanings as under Division B.

B.2.2 Benefits

B.2.2.1. Death

The benefit payable on death of a member is calculated as:

a lump sum equal to $0.03 \times F \times Y$

Where	F	is in the case of a member who is aged 55 or over the member's final average salary; or in any other case the member's final salary;
	Y	is the years of eligible service commencing on 1 April 1988 or entry date (whichever is the later) including fractional parts of a year on a daily basis

B.2.2.2. Retirement, Resignation, Retrenchment and Total and Permanent Invalidity

The benefit payable on the retirement, or attainment of 65 years (or an age between 65 and 70 as elected if aged 60 or more on 1 July 1990), resignation, retrenchment, total and permanent invalidity or any other prescribed circumstances is as follows:

a lump sum equal to $0.03 \times F \times (Y - 0.15 \times Z)$

Where	F	is in the case of the retrenchment or retirement before age 55 due to physical or mental incapacity of a member, the member's final salary; or in any other case the member's final average salary;
	Y	is the years of eligible service commencing on 1 April 1988 or entry date (whichever is the later) including fractional parts of a year;
	Z	is the years of eligible service commencing on the taxable date or entry date (whichever is the later) including fractional parts of a year on a daily basis;
	0.15	represents the tax rate of the Fund for employer's contributions.

B.2.2.3. Preservation of Benefits

All benefits are to be preserved until the person has attained age 55 and left the workforce or earlier death or total and permanent invalidity, unless circumstances exist where a SIS-regulated fund may pay an immediate benefit.

B.2.2.4. Provisions for Part-Time Employees

In the case of part-time employees the determination of eligible service accrued by the employee includes a reduction in proportion to the salary ratio.

B.2.2.5. Superannuation Guarantee

Members are entitled to minimum benefits assuming no superannuation guarantee shortfall under Divisions B and D. The difference between the unsupplemented total benefit and the minimum benefit is payable from the reserve under Division C.

The Minimum Requisite Benefit specified in the current Benefit Certificate (MRB) is described below. This is the minimum applying to the total benefits payable under Division C and either Division B or D in respect of an employee on exit.

MRB	=	The accumulation of the former contributor's contributions; plus a pre 1 July 1992 component; plus $\text{FASEX} \times 1.0524 \times \text{DF} \times \text{SGLM1}$; plus $\text{FASOTE} \times 1.0824 \times \text{DF} \times \text{SGLM2}$
Where FASEX		is the contributor's final average salary at exit
FASOTE		is the annual average of the Employee's Ordinary Time Earnings as defined in sub-section 6(1) of the Superannuation Guarantee (Administration) Act 1992, earned over the 2 years ending on the 30 June prior to the date of determination.
DF		is .7 when age at exit ≤ 45 $1 - 0.015 \times (65 - \text{age at exit})$ when $45 < \text{age at exit} < 65$ 1 when age at exit ≥ 65
SSGLM1		is the accrued Superannuation Guarantee Levy multiple at 30 June 2008 where the multiple accrues as follows:

Multiple accruing per year of service	Period over which given multiple applies
.04	01/07/1992 to 31/12/1992
.05	01/01/1993 to 30/06/1995
.06	01/07/1995 to 30/06/1998
.07	01/07/1998 to 30/06/2000
.08	01/07/2000 to 30/06/2002
.09	01/07/2002 to 30/06/2013
.0925	01/07/2013 to 30/06/2014
.095	01/07/2014 to 30/06/2021
.10	01/07/2021 to 30/06/2022
.105	01/07/2022 to 30/06/2023
.11	01/07/2023 to 30/06/2024
.115	01/07/2024 to 30/06/2025
.12	after 01/07/2025

SSGLM2 is the Superannuation Guarantee Levy multiple accrued post 1 July 2008 (as per the rates above). The pre 1 July 1992 component is the total of the employer-financed cash benefits (from Division C and either Division B or Division D) which would have been paid had the contributor resigned or retired on 1 July 1992 (except that for final average salary or final salary the amount used is the fund salary at 1 July 1992 for Division B members. For Division D members, salaries and commutation factors are as set out in the Benefit Certificate), updated to exit date by the ratio of FASEX for Division B members, final salary at exit for Division D members to fund salary at 1 July 1992.

In the case of Division D members, the minimum benefit as derived above is limited to an alternative MRB equal to the Division D benefit plus the Division C benefit plus a post 1 July 1992 amount calculated using Superannuation Guarantee Levy Multiples 3% lower than in the table above; with the further proviso that the minimum Division D benefit for purposes of the alternative MRB calculation is the member's accumulated contributions.

The MRB is reduced by the member's surcharge liability (if any), any adjustment for Family Law payments (if any), and adjusted for net MRB transfer payments (if any).

B.3. Division D

B.3.1 Definitions

"Annual adjustment date" means for contributors whose birthday falls in the first half of the calendar year, 28 July, for the rest 9 February.

"Annual review date" means for contributors whose birthday falls in the first half of the calendar year, 21 October, for the rest 5 May.

"Abandoned Units" are units for which no contribution is being made. The amount of these is the difference between Unit Entitlement and Contributory Units. They are also referred to as Reduced Value Units.

"Accumulation of contributions" means, in respect of a contributor, the amount of contributions made to the Fund by that contributor plus interest. Interest was at the rate of 3.5% pa until 30 June 1972, thereafter a rate determined by the Trustee based on the earnings of the Fund. This is called the "33B Accumulation" and is the amount maintained in respect of each contributor in the Contributors' Reserve.

"Contributory Units" are units for which the member is paying (or has paid) contributions.

"Retirement Age" is 60 years, except in the case of a woman who elects to contribute at rates to retire at age 55 (denoted R55 members), for whom it is 55 years.

"Unit Entitlement" - A member's unit entitlement is governed by the amount of salary notified as being received, in accordance with the following formula-

$$\text{Salary} / \$260 + 9 \times \text{factor}$$

where 'factor' is an allowance for the increase shown in the last published Consumer Price Index (All Groups) Sydney since 30 June 1982. The two components of the entitlement are separately calculated and their total rounded up to the next whole number.

"Salary" means the annual rate of salary paid to a contributor at the relevant date (exit, annual review date).

"Taxable date" means 1 July 1988.

B.3.2 Contributions by Contributors

- Employees pay a 4-weekly contribution towards each contributory unit. The total contribution payable over each year depends on the number of units held and the cost per unit, and is adjusted each annual review date with effect from the annual adjustment date.
- An employee must contribute for the full unit entitlement as at the annual review date unless the resulting contributions would exceed 6% of salary, when units may be 'abandoned'. Abandoned units confer a smaller benefit entitlement, but may be 'taken up' on exit or next annual review day.
- The contribution per unit depends on:
 - the employee's sex and age when contributions for the unit commence,
 - for a female, whether election has been made to contribute for retirement on full pension at age 55, and
 - the date of commencement of service.
- Contributions for units commenced before (Retirement Age - 5) cease at Retirement Age. Contributions for units taken up after attaining age 55 (or 50 for R55 females) are payable over five years in 65 instalments (with any instalments outstanding at retirement due then).
- Contributions cannot be accepted from a contributor over 70 years of age.
- During periods of leave without pay in excess of three months, a contributor has the option of accepting a permanent reduction in unit entitlement, otherwise the contributor may be required to pay the employer liability during the period of leave without pay.

B.3.3 Benefits

B.3.3.1. Retirement on or after attaining retirement age

Subject to completion of at least ten years of service, a fortnightly pension commencing at

$$(\$5.50 \times \text{CU} + \$3.30 \times \text{ABU}) \times (1 - 0.15 \times \text{B/C} \times \text{ppn e'er})$$

where:

CU = Contributory units

ABU = Abandoned or reduced value units

0.15 = the tax rate of the Fund on the employers' contributions

B = the period in days of contributory service that began on the taxable date

C = the period in days of the contributory service for the contributor

ppn e'er = the proportion of the benefit deemed to be employer-financed

calculated as:

$$\frac{(\text{Unreduced pension} \times \text{capitalisation factor} - 33\text{B accumulation at exit})}{(\text{Unreduced pension} \times \text{capitalisation factor})}$$

where the unreduced pension is $(\$5.50 \times \text{CU} + \$3.30 \times \text{ABU})$,

and the capitalisation factors are valuation factors for pensions at emergence depending on age and sex supplied for this purpose from time to time

B.3.3.2. Early Retirement

Subject to continuous contribution to the Fund for at least ten years, a reduced pension is payable on retirement after having attained the age of 55 years if contributing at rates prescribed for retirement at age 60. The amount of the fortnightly pension at commencement is:

$$(\$2.20 \times \text{EPU} \times (1 - .07 \times \text{TM}) + \$3.30 \times \text{UE} \times \text{S} / (\text{S} + \text{TM}) \times (1 - .04 \times \text{TM})) \times (1 - 0.15 \times \text{B/C} \times \text{ppn e'er})$$

where:

EPU	= Contributory units adjusted to reflect non-payment of contribution due to early retirement
TM	= number of years (with fractions included on daily basis) from exit date to Retirement Age
UE	= Unit Entitlement in respect of salary at exit
S	= Number of years of contributory service (with fractions included on a daily basis)
0.15	= the tax rate of the Fund on the employers' contributions
B	= the period in days of contributory service that began on the taxable date
C	= the period in days of the contributory service for the contributor
ppn e'er	= the proportion of the benefit deemed to be employer-financed

calculated as:

$$\frac{(\text{Unreduced pension} \times \text{capitalisation factor} - 33\text{B accumulation at exit})}{(\text{Unreduced pension} \times \text{capitalisation factor})}$$

where the unreduced pension is $(\$2.20 \times \text{EPU} \times (1 - .07 \times \text{TM}) + \$3.30 \times \text{UE} \times \text{S} / (\text{S} + \text{TM}) \times (1 - .04 \times \text{TM}))$, and the capitalisation factors are valuation factors for pensions at emergence depending on age and sex supplied for this purpose from time to time

B.3.3.3. Retirement owing to physical or mental incapacity

A proportion of the full retirement pension; the proportion being 80 per cent immediately on joining the Fund, increasing uniformly each year thereafter to reach 100 per cent either after ten years of contributory service, or at normal retirement age, whichever occurs first.

The pension at commencement is:

$$P(DIS) \times (\$5.50 \times CU + \$3.30 \times ABU) \times (1 - 0.15 \times B/C \times \text{ppn e'er})$$

where:

P(DIS) = proportion between .8 and 1.0 depending upon years of service.

CU = Contributory units

ABU = Abandoned or reduced value units
= the tax rate of the Fund on the employers' contributions

B = the period in days of contributory service that began on the taxable date

C = the period in days of the contributory service the contributor would have attained had he remained in service until his retirement age.

ppn e'er = the proportion of the benefit deemed to be employer-financed

calculated as:

$$\frac{(\text{Unreduced pension} \times \text{capitalisation factor} - 33B \text{ accumulation at exit})}{(\text{Unreduced pension} \times \text{capitalisation factor})}$$

where the unreduced pension is $P(DIS) \times (\$5.50 \times CU + \$3.30 \times ABU)$,

and the capitalisation factors are valuation factors for invalidity pensions at emergence depending on age and sex supplied for this purpose from time to time

B.3.3.4. Resignation, dismissal or discharge

- a lump sum equal to the employee's accumulation of contributions, plus
- if contributory service exceeds ten years, an additional lump sum of

$$.025 \times A \times TS \times (1 - 0.15 \times B/C)$$

where

A = the employee's accumulation of contributions

TS = Number of complete years of contributory service

0.15 = the tax rate of the Fund on the employers' contributions

B = the period in days of contributory service that began on the taxable date

C = the period in days of the contributory service for the contributor

Alternatively, at the option of the employee, a benefit may be deferred in the Fund until retirement or earlier death or disability.

The total lump sum resignation benefit is capped at the lump sum payable to a contributor on commutation of the retirement pension he/she would have been entitled to had they been age 55 (or current age if higher). The retirement pension for contributors under age 55 is the deferred pension adjusted for commencement at age 55.

B.3.3.5. Death

On the death of a married contributor a pension is payable to the spouse at two-thirds of the rate of the pension which would have been payable to the contributor had he or she retired on the grounds of ill-health (but with the tax reduction calculated using the capitalised value of the spouse pension to derive the proportion employer financed). In addition, a pension is paid for each eligible child. If the spouse then dies, the excess of contributions over spouse benefits already paid is refunded to the deceased contributor's personal representative, and any child's pension is increased.

On the death before retirement of an unmarried contributor, at the Trustee's discretion a cash withdrawal benefit but without reduction for contributions tax, is payable to the deceased personal representative, or an orphan's pension is payable to each eligible child.

On the death of a married pensioner, a pension is payable to the spouse (but only if married prior to the pensioner's retirement or married to an invalidity pensioner for the 3 years immediately prior to the retirement age), equal to two-thirds of the pension that the deceased pensioner would have been receiving if none of it had been commuted, and children's pensions as above.

B.3.3.6. Retrenchment

After three years contributory service, an immediate lump sum is payable equal to

$$(\$2.20 \times \text{EPU} \times (0.96^{M-A}) \times F + \$3.30 \times \text{UE} \times S / (S + \text{TM}) \times (0.98^{M-A}) \times F) \times (1 - 0.15 \times B/C \times \text{ppn e'er})$$

where:

EPU = Contributory units adjusted to reflect non-payment of contributions due to shorter service.

M = Retirement Age

A = age in years (including fractional parts of a year) on the exit date

F = 285 if M = 60; 320 if M = 55

UE = Unit Entitlement in respect of salary at exit

S = Number of years of contributory service (with fractions included on a daily basis)

0.15 = the tax rate of the Fund on the employers' contributions

B = the period in days of contributory service that began on the taxable date

C = the period in days of the contributory service for the contributor

ppn e'er = the proportion of the benefit deemed to be employer-financed calculated as:

(Unreduced benefit - 33B accumulation at exit)

(Unreduced benefit)

where the unreduced benefit is

$(\$2.20 \times \text{EPU} \times (1 - .07 \times \text{TM}) + \$3.30 \times \text{UE} \times \text{S} / (\text{S} + \text{TM}) \times (1 - .04 \times \text{TM}))$,

Alternatively the benefit may be taken as an equivalent pension or a deferred pension.

B.3.3.7. Pensions

Pensions in payment are adjusted each October in line with the Consumer Price Index (All Groups) Sydney provided the change is at least 1%.

A pension other than a child's pension, may be exchanged for a lump sum, at age 55 years or later emergence. Commutation factors per dollar of fortnightly pension are specified in the Act. On commutation by an ex-contributor of all or part of a pension, the reversionary pension to a spouse is unaffected.

B.3.3.8. Deferred Benefits

A contributor who becomes entitled to a benefit on retrenchment, resignation, dismissal or discharge, on early retirement or attainment of age 65 (or 65 to 75 if relevant) is provided with a deferred benefit. A member may elect to receive part of the benefit as cash and defer the remainder. The deferred benefit commences payment on:

- application on attainment of early retirement age. The pension components are then reduced by the early retirement discount factors (P1 by 7%, P2 by 4%);
- death;
- total and permanent invalidity before early retirement age;
- retirement from the workforce (or effective retirement after 65 or 70 defined as working less than 10 or 30 hours a week respectively). Early retirement discount factors apply if age is less than normal retirement age.
- on application if the benefit was preserved after early retirement age. Early retirement discount factors apply if age at commencement is less than normal retirement age.

The deferred benefit is a deferred pension calculated in two components. The amount of the fortnightly pension components at deferral date is set out below. Between deferral date and commencement the "employer-financed component" (P2) is indexed to CPI.

$\text{Total Pension} = (\text{P1} + \text{P2U}) \times (1 - 0.15 \times \text{B/C} \times \text{ppn e'er})$

$\text{P2} = \text{Total Pension} - \text{P1}$

where:

$\text{P1} = \$2.20 \times \text{EPU}$

$\text{P2U} = \$3.30 \times \text{UE} \times \text{S} / (\text{S} + \text{TM})$

$\text{EPU} = \text{Contributory units adjusted to reflect non-payment of contributions due to early exit.}$

TM = number of years (with fractions included on daily basis) from exit date to Retirement Age
 UE = Unit Entitlement in respect of salary at exit
 S = Number of years of contributory service (with fractions included on a daily basis)
 0.15 = the tax rate of the Fund on the employers' contributions
 B = the period in days of contributory service that began on the taxable date
 C = the period in days of the contributory service for the contributor
 ppn e'er = the proportion of the benefit deemed to be employer-financed calculated as:

$$\frac{(\text{Capitalised unreduced pension} - 33B \text{ accumulation at exit})}{(\text{Capitalised unreduced pension})}$$

where the capitalised unreduced pension is

(P1 x employee component capitalisation factor + P2U x employer component capitalisation factor),

and the capitalisation factors are valuation factors for deferred pensions at preservation depending on age and sex supplied for this purpose from time to time.

B.3.3.9. Provisions for part time contributors

A contributor may move to permanent part time employment. Contributions paid prior to the change will purchase paid-up units, and a permanent reduction in unit entitlement is made, to reflect the service that will not be given. Appropriate provisions are made for subsequent changes in hours worked.

APPENDIX C

Detailed Actuarial Assumptions

Set out below are the assumptions proposed for the triennial actuarial investigation as at 30 June 2025.

Economic Assumptions

Assumption	Rate(s)
Rate of investment return / discount rate (net of tax and investment fees)	6.0% pa
Salary increase	3.5% pa
Rate of CPI increase*	2.5% pa

* actual CPI increase of 1.9% which applies for the October 2025 pension increase has been included.

Expenses

An asset-based administration fee of 0.3% pa is assumed.

Tax

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

No explicit allowance has been made for the potential tax credits that can be obtained in relation to the tax exemption for investment earnings on assets backing current pension liabilities. However, I have made an implicit allowance for this when setting the overall discount rate.

This will increase over time as the Fund matures but I expect the Trustee will also reduce its investment risk at the same time. This position will continue to be kept under review as part of the long-term investment strategy.

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

No allowance has been made for:

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

B.4. Demographic Assumptions: Division B Contributors

B.4.1 Member Contribution Rate

It is assumed that contributors maintain their current contribution rate through to retirement, unless they reach maximum benefit points when 20% of members are assumed to reduce their contribution rate to the minimum contribution rate of 1% of salary and the remaining 80% assumed to maintain their current contribution rate to retirement.

B.4.2 Retirement

For Division B contributors, no member is assumed to retire under age 58.

Division B Contributor Age Retirement (per 10,000 at age shown)		
Age Nearest Birthday	Male	Female
58	500	500
59	500	1,000
60	1,500	1,000
61	1,500	1,000
62	1,500	1,000
63	1,500	1,500
64	1,500	2,000
65	4,000	3,000
66	4,000	3,000
67	4,000	3,000
68	4,000	3,000
69	4,000	3,000
70	10,000	10,000

B.4.3 Resignation

Division B Contributor Resignation (per 10,000 at age shown)					
Age Nearest Birthday	Male	Female	Age Nearest Birthday	Male	Female
38	420	470	48	255	290
39	380	460	49	250	280
40	350	450	50	250	290
41	330	430	51	250	300
42	320	410	52	250	310
43	310	390	53	248	320
44	300	380	54	245	340
45	280	360	55	235	350

Division B Contributor Resignation (per 10,000 at age shown)					
Age Nearest Birthday	Male	Female	Age Nearest Birthday	Male	Female
46	270	320	56	225	360
47	260	300	57	210	370

B.4.4 Retrenchment

Nil retrenchments have been assumed.

B.4.5 Disability

Division B Contributor - Total and Permanent Disability (per 10,000 at age shown)					
Age Nearest Birthday	Male	Female	Age Nearest Birthday	Male	Female
38	8	2	48	13	8
39	8	2	49	15	9
40	9	2	50	18	10
41	9	2	51	24	11
42	10	2	52	32	11
43	10	3	53	38	12
44	12	3	54	44	14
45	11	4	55	45	16
46	11	6	56	45	17
47	11	7	57	35	19

Division B Contributor - Partial and Permanent Disability (As a percentage of Total Permanent Disability Assumptions)		
Age Group	Males	Females
<=45	100%	300%
46-50	75%	300%
51-57	50%	150%
58+	0%	0%

B.4.6 Mortality

Division B Contributor Mortality (per 10,000 at age shown)		
Age Nearest Birthday	Male	Female
36	4	2
37	4	2
38	4	2
39	4	2
40	5	3
41	5	3
42	5	3
43	6	3
44	6	4
45	6	4
46	7	4
47	7	5
48	8	5
49	9	5
50	9	6
51	10	6
52	11	7
53	12	7
54	12	8
55	14	8
56	15	9
57	16	10
58	17	11
59	19	12
60	21	13
61	24	15
62	26	16
63	29	18
64	32	19

B.4.7 Preservation of Benefits

On resignation, 70% of Division B contributors are assumed to elect the deferred benefit instead of the cash benefit.

B.4.8 Rate of Pension Take-up

Former Local Government Pension Fund, NSW Retirement Fund and Government Railways Superannuation Scheme (RSA) Division B contributors may elect to receive pension benefits instead of a lump sum on retirement, disability and death.

It is assumed that 70% of these members would elect pensions, with the remainder choosing a lump sum.

B.5. Division D Contributors

B.5.1 Proportion of Optional Units Take-up

All available optional units are assumed to be taken up immediately by Division D contributors.

B.5.2 Retirement, Resignation, Retrenchment and Total and Permanent Disability and Mortality

Division B contributor assumptions are used for Division D contributors with the exception that all Division D contributors are assumed to retire at age 65.

B.6. Pensioners

B.6.1 Division D Commutation of Pension Benefits

Division D Commutation of Pension Benefits	
Retirement Pensioners	5%
Spouse Pensioners	40%

B.6.2 Child Pensioners

Given the maturity of contributor membership, no allowance is made for new child pensioners.

B.6.3 Pensioner Mortality

B.6.3.1. Retiree and Spouse Pensioners

Retiree and Spouse Pensioners Mortality Assumptions (per 10,000 at age shown)					
Age Nearest Birthday	Male	Female	Age Nearest Birthday	Male	Female
50	11	10	81	331	252
51	18	12	82	386	298
52	19	12	83	452	354
53	19	13	84	529	421
54	20	14	85	615	502
55	20	14	86	713	596
56	21	16	87	822	702
57	22	17	88	944	821
58	24	18	89	1079	952
59	26	20	90	1227	1096
60	28	22	91	1388	1251
61	30	23	92	1564	1417
62	33	25	93	1765	1593
63	36	27	94	1994	1776
64	39	29	95	2255	1966
65	43	32	96	2549	2160
66	47	35	97	2878	2364
67	52	38	98	3244	2615
68	57	42	99	3521	2842
69	63	47	100	3804	3159
70	70	53	101	4051	3504
71	79	60	102	4316	3750
72	89	67	103	4600	3971
73	101	77	104	4883	4165
74	116	88	105	5139	4355
75	134	101	106	5394	4539
76	155	116	107	5650	4718
77	180	135	108	5905	4892
78	209	157	109	6044	5061
79	243	183	110	10000	10000
80	283	214			

The pensioner mortality rates above have a base date of 1 July 2024. Mortality rates for subsequent years are reduced according to assumed rates of future improvement (see table B.6.3.3 “improvement factors’ below).

B.6.3.2. Invalidity Pensioners

All Divisions – Invalidity Pensioner Mortality Assumptions (per 10,000 at age shown)					
Age Nearest Birthday	Male	Female	Age Nearest Birthday	Male	Female
50	20	19	81	492	469
51	19	19	82	569	549
52	20	21	83	656	631
53	21	21	84	740	720
54	22	21	85	832	814
55	23	23	86	916	874
56	24	24	87	1010	931
57	26	26	88	1114	979
58	29	28	89	1335	1028
59	32	30	90	1574	1133
60	37	32	91	1771	1277
61	39	35	92	1960	1473
62	43	39	93	2157	1681
63	47	46	94	2397	1870
64	52	51	95	2717	2065
65	58	57	96	3019	2272
66	67	63	97	3362	2506
67	78	69	98	3729	2685
68	94	74	99	4098	2860
69	111	81	100	4489	3002
70	124	87	101	4880	3144
71	136	97	102	5100	3284
72	148	109	103	5320	3424
73	161	128	104	5559	3562
74	177	156	105	5764	3699
75	202	198	106	5953	3835
76	244	231	107	6143	3969
77	288	262	108	6333	4102
78	333	304	109	6524	4233
79	383	354	110	10000	10,000
80	438	400			

For invalidity pensioners, a select mortality rate is assumed for the first year of invalidity, a rate of 5% is assumed for ages up to 39 and 2.5% assumed for ages thereafter, for both male and female.

The pensioner mortality rates above are assumed to apply for the year from 1 July 2025. Assumed mortality rates for subsequent years are reduced according to assumed rates of future improvement.

B.6.3.3. Improvement Factors

Pensioner Mortality Improvement Rates					
Age	Male	Female	Age	Male	Female
50	0.0150	0.0148	81	0.0156	0.0149
51	0.0155	0.0150	82	0.0146	0.0141
52	0.0160	0.0154	83	0.0136	0.0132
53	0.0164	0.0157	84	0.0125	0.0123
54	0.0168	0.0161	85	0.0114	0.0114
55	0.0173	0.0164	86	0.0104	0.0104
56	0.0177	0.0167	87	0.0093	0.0095
57	0.0181	0.0171	88	0.0084	0.0086
58	0.0186	0.0174	89	0.0075	0.0076
59	0.0191	0.0178	90	0.0067	0.0067
60	0.0196	0.0182	91	0.0061	0.0059
61	0.0200	0.0185	92	0.0055	0.0052
62	0.0205	0.0188	93	0.0050	0.0045
63	0.0209	0.0191	94	0.0046	0.0039
64	0.0213	0.0193	95	0.0041	0.0033
65	0.0216	0.0194	96	0.0036	0.0027
66	0.0218	0.0194	97	0.0031	0.0021
67	0.0219	0.0194	98	0.0025	0.0014
68	0.0218	0.0192	99	0.0019	0.0010
69	0.0216	0.0190	100	0.0013	0.0008
70	0.0214	0.0188	101	0.0007	0.0007
71	0.0211	0.0186	102	0.0006	0.0005
72	0.0208	0.0184	103	0.0005	0.0003
73	0.0204	0.0182	104	0.0003	0.0002
74	0.0200	0.0181	105	0.0002	-
75	0.0196	0.0179	106	-	-
76	0.0192	0.0177	107	-	-
77	0.0187	0.0173	108	-	-
78	0.0180	0.0169	109	-	-
79	0.0173	0.0163	110	-	-
80	0.0165	0.0156			

B.7. All Members

B.7.1 Percentage with Spouse at Death

All Members – Percentage with Spouse at Death					
Age Nearest Birthday	Male	Female	Age Nearest Birthday	Male	Female
40	80%	55%	76	74%	35%
41	80%	55%	77	73%	33%
42	80%	55%	78	72%	31%
43	80%	55%	79	71%	28%
44	80%	55%	80	70%	26%
45	80%	55%	81	67%	24%
46	80%	55%	82	64%	22%
47	80%	55%	83	62%	20%
48	80%	55%	84	60%	18%
49	80%	55%	85	58%	16%
50	80%	55%	86	56%	14%
51	80%	55%	87	54%	12%
52	80%	55%	88	52%	10%
53	80%	55%	89	50%	9%
54	80%	55%	90	48%	8%
55	80%	55%	91	46%	7%
56	80%	55%	92	43%	6%
57	80%	55%	93	40%	5%
58	80%	55%	94	37%	4%
59	80%	55%	95	34%	3%
60	80%	55%	96	31%	2%
61	79%	55%	97	28%	1%
62	78%	55%	98	25%	-
63	77%	55%	99	22%	-
64	76%	55%	100	19%	-
65	75%	55%	101	16%	-
66	75%	55%	102	13%	-
67	75%	55%	103	10%	-
68	75%	55%	104	7%	-
69	75%	55%	105	4%	-
70	75%	55%	106	1%	-
71	75%	51%	107	-	-
72	75%	47%	108	-	-
73	75%	43%	109	-	-
74	75%	39%	110	-	-
75	75%	37%			

B.7.2 Spouse Age Difference

When the spouse's date of birth is not provided in the data, the following assumptions are made:

All Members - Spouse Age Difference	
Male Division B pensioner	5 years older than wife
Female Division B pensioner	Same age as husband
Male Division D pensioner	3 years older than wife
Female Division D pensioner	2 years younger than husband

APPENDIX D

Recommended Employer Contributions

The recommended employer contributions are subject to change and will be reviewed annually.

Recommended Future Service Defined Benefit Contributions

The current future service Employer Defined Benefit Contributions are recommended to continue:

Division	Standard Employer Contribution
B	1.9 times member contributions for non-180 Point Member; Nil for 180 Point Members*
C	2.5% of salary
D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contribution, which are paid in addition to members' defined benefits.

Red Cross and Murrumbidgee Irrigation have much smaller notional sections in the Fund and their contribution requirements will be notified separately by letter.

Recommended Past Service Contributions

Given the surplus funding position(s), no further past service contributions are required at this time.

We will continue to review whether any past service contributions are required annually as part of the Fund's annual actuarial investigation.

APPENDIX E

Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate to the employer financed defined benefits and assets of the Fund only. Accumulation-style benefits and member-financed defined benefit liabilities are excluded from the values below.

- (i) As at 30 June 2025, the net assets available to pay defined benefits of the Fund amounted to \$1,723,369,727. This value does not include the value of assets held to meet the Fund's Operational Risk Financial Requirement or the Fund's Additional Benefits Reserve. This is the value of assets used in determining the recommended contribution rates. Further information is set out in Section 8 of this report.
- (ii) The Fund's liabilities include current defined benefit pension liabilities of \$811,430,112.
- (iii) In my opinion, the actuarial value of accrued benefits as at 30 June 2025 was \$1,609,133,546. Hence, I consider that the value of the assets at 30 June 2025 is adequate to meet the value of the accrued benefit liabilities of the Fund as at 30 June 2025. In determining the value, I have not applied a minimum of the Vested Benefits.

Taking into account the circumstances of the Fund, the details of the membership and the assets, the benefit structure of the Fund and the industry within which the Employers operate, I consider that the assumptions and investigation methodology used are appropriate in relation to the determination of the accrued benefit liabilities for the purposes of this report. Further comments on the assumptions and investigation methodology are set out in Section 3 of this report.

Assuming that the Employers contribute in accordance with my recommendations, then, based on the assumptions made for this actuarial investigation which I consider to be reasonable expectations for the Fund, I expect that assets will remain sufficient to cover the value of accrued benefit liabilities over the period to 30 June 2026

- (iv) In my opinion, the total as at 30 June 2025 of members' Vested Benefits amounted to \$1,644,366,164. Hence, I consider that the value of the assets at 30 June 2025 is adequate to meet the value of the Vested Benefit liabilities of the Fund as at 30 June 2025.

Assuming that the Employers contribute in accordance with my recommendations, then, based on the assumptions made for this actuarial investigation, I expect that assets will be sufficient to cover the value of Vested Benefit liabilities over the period to 30 June 2026. Hence, I consider that the financial position of the Fund should not be treated as unsatisfactory as defined in SPS 160.

- (v) In my opinion, the value of the liabilities of the Fund in respect of the minimum benefits of the members of the Fund as at 30 June 2025 was \$1,258,892,069. Hence the Fund was not technically insolvent as at 30 June 2025.
- (vi) A projection of the likely future financial position of the Fund over the three year period following 30 June 2025, based on what I consider to be reasonable expectations for the purposes of this investigation, is set out in Section 5 of this report.
- (vii) I recommend that the Employers contribute to the Fund at the following future service contribution rates:

Division	Employer Standard Defined Benefit Contributions for Contributors
B	1.9 times member contributions for non-180 Point Member; Nil for 180 Point Members*
C	2.5% of salary
D	1.64 times member contributions

* For 180 Point Members, Employers are required to contribute 9.5% from 1 July 2025 of salaries to these members' accumulation accounts in line with current level of SG contribution, which are paid in addition to members' defined benefits.

Red Cross and Murrumbidgee Irrigation have much smaller notional sections in the Fund and their contribution requirements will be notified separately by letter.

Recommended Past Service Contributions

Past service contributions have been made for the period from 1 June 2024 to 31 December 2024. Past service contributions ceased at 31 December 2024. Given the current funding position, I am comfortable that no further past service contributions are required at this time.

- (viii) Based on the results of this investigation, I have recommended that the Shortfall Limit increase from 97% to 98%. Further information is set out in Section 9 of this report.
- (ix) The Fund is used for Superannuation Guarantee purposes. Therefore:
- All Funding and Solvency Certificates required under Division 9.3 of the SIS Regulations have been issued for the period from the date of the previous Local Government Super (Active Super) investigation to 30 June 2025; and
 - I expect to be able to certify the solvency of the Fund in any Funding and Solvency Certificate(s) that may be required in the three year period from 30 June 2025.
- (x) In my opinion, there is a "high degree of probability", as at 30 June 2025 that the Fund will be able to meet the pension payments as required under the Fund's governing rules.

APPENDIX F

Summary of Method of Attributing Benefits to Past Membership

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

Accumulation Benefits

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

Defined Benefits

The past membership components of all defined benefits payable in the future in respect of current active membership are projected forward allowing for assumed future salary increases, CPI increases and probability of each mode of exit and are then discounted back to the investigation date at the investment return rate assumed for this investigation.

The method is the same as that used at the previous investigation.

No adjustment has been made either on an individual level or Fund level where Vested Benefits exceed the unadjusted Actuarial Value of Accrued Benefits.

Division B

Where liabilities for expected future benefit payments under Division B in this investigation have been apportioned between past service liabilities (benefits in respect of membership prior to the investigation date) and future service liabilities (membership after the investigation date), the method of apportioning to past service is as set out below. Future service liabilities are the difference between the total liabilities and the past service liabilities.

For benefits payable at time t years after the investigation date:

on retirement, partial disability, withdrawal with deferred benefit (before discount) and on total disability:

Past service component

$$= \text{SAL}_t \times \text{ABP}_0 \times 0.025 \times \left(1 - \frac{(\text{TaxPS}+t)}{\text{PS}+t} \times 0.15 \right)$$

on death:

Past service component

$$= \text{SAL}_t \times \text{ABP}_0 \times 0.025$$

on resignation with 10 or more years of membership:

Past service component

$$= (PS+t) \times MCI_t \times \frac{ABP_0}{Y_t} \times 0.025 \times \left(1 - \frac{(TaxPS+t)}{PS+t} \times 0.15 \right)$$

where:

ABP ₀	=	accrued benefit points at time 0 (i.e. at 30 June 2025), subject to maximum points limit.
Y _t	=	as ABP _t except not subject to maximum points limit
PS	=	membership period to 30 June 2025, including previous fund membership
TaxPS	=	membership period to 30 June 2025, excluding any period before 1 July 1988
SAL _t	=	salary at time t (Final Salary or Final Average Salary as appropriate to the particular benefit)
MCI _t	=	member contributions plus interest at time t, less expenses and additional benefit levy where appropriate. Member is assumed to continue to contribute at his/her 30 June 2025 rate until achieving maximum points limit, then member contribution rate reduces as per investigation assumption

Division C

Where liabilities for expected future benefit payments under Division C in this investigation have been apportioned between past service liabilities (benefits in respect of membership prior to the investigation date) and future service liabilities (membership after the investigation date), the method of apportioning to past service is as set out below. Future service liabilities are the difference between the total liabilities and the past service liabilities.

For benefits payable at time t years after the investigation date:

Past service component

$$= \frac{PS}{PS+t} \times (\text{benefit payable in respect of Division C membership})$$

$$+ \frac{SGPS}{SGPS+t} \times (\text{SG top-up, if any})$$

where:

PS = membership period to 30 June 2025

SGPS = membership period to 30 June 2025, excluding any period before 30 June 1992

Division D

Where liabilities for expected future employer-financed benefit payments under Division D in this investigation have been apportioned between past service liabilities (benefits in respect of membership prior to the investigation date) and future service liabilities (membership after the investigation date), the method of apportioning to past service is as set out below. Future service liabilities are the difference between the total liabilities and the past service liabilities.

This method is a 'non-standard' approach and has been adopted due to the specific Division D benefit design, where members are required to continue contributions for each contributory unit (where the contribution varies by age each unit commenced) until retirement age for full accrual. Accrual of the units-based benefit before normal retirement age depends partly on service and partly on how much contribution remains unpaid.

Our alternative approach has therefore been used in line with clause 6.5 of PS 402 because the Division D benefit is not strictly defined in terms of the 'standard' approaches in the relevant clauses in PS 402.

This approach was agreed over 25 years ago as the difference between this and a proportional method ignoring the non-standard accrual of the member-financed component was material at that time. Further, our approach has been used consistently over all this time in respect of all relevant valuation work for Local Government Super. I have also adopted this method for work carried out on other schemes to which I regularly provide actuarial services having similar benefit features.

We note that the difference between the methods has become immaterial due to minimum future Division D benefit accruals. For consistency however, I have continued to use the historical approach.

For benefits payable at time t years after the investigation date:

on retirement, withdrawal and preservation:

Past service component

$$= \frac{PS}{PS+t} \times \text{Value of employer-financed benefit commencing payment at time } t$$

on death or disability:

Past service component

$$= \frac{PS}{TS} \times \text{Value of employer-financed benefit commencing payment at time } t$$

where:

PS = membership period to 30 June 2025, or normal retirement age if earlier

TS = membership period to normal retirement age.

PS+t = membership period to time t, or normal retirement age if earlier.

Value of employer-financed benefit = Value total benefit less amount of accumulated member contributions at time t.

This method is used due to the specific benefit design for Division D where members are required to continue contributions for their units accrued until retirement age (otherwise benefits will be reduced).

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