

FUNDING AND SOLVENCY CERTIFICATE

**FOR THE PURPOSES OF REGULATION 9.09 OF THE SUPERANNUATION
INDUSTRY (SUPERVISION) REGULATIONS (“SIS REGULATIONS”)**

FOR THE

CPA AUSTRALIA SUPERANNUATION PLAN (“THE PLAN”)

(a plan in the OnePath Master Fund)

Issue Date: 20 August 2015
Effective Date: 29 November 2014
Expiry Date: 28 November 2019
Latest Replacement Date: 28 November 2018

STATEMENT OF ADVICE

1. Application and Period of Effect

This Funding and Solvency Certificate (“Certificate”) has been prepared for the Trustee of the Plan. It complies with Professional Standard 407 issued by the Institute of Actuaries of Australia.

This Certificate is effective from 29 November 2014 and expires on 28 November 2019. It must be replaced by 28 November 2018 at the latest.

This Certificate may be replaced earlier and must be replaced if it ceases to have effect for reasons covered in the SIS Regulations, including if:

- amounts are repatriated from the Plan to an employer-sponsor;
- another funding and solvency certificate takes effect;
- the Actuary withdraws the Certificate;
- the Trustee receives a written direction from the regulator that the Certificate be replaced;
- any of the ‘notifiable events’ listed in Note 1 of this Certificate occurs; or
- an employer-sponsor fails to pay the required minimum contributions within the required timeframe as set out in this Certificate.

This Certificate replaces the previous certificate dated 30 September 2013 which I prepared and which lapsed on 29 November 2014 as a result of the “contribution holiday” for defined benefit members.

2. Trustee Obligations

The Trustee is required under the Regulations to:

- as soon as practicable, give a copy of this Certificate to each employer-sponsor who has defined benefit members in the Plan; and
- notify the Plan’s actuary if any of the events listed in Note 1 occurs while this Certificate is in force.

3. Certifications

I, Richard Codron, of Mercer Consulting (Australia) Pty Ltd, Collins Square, 727 Collins Street, Melbourne Vic 3008, being a Fellow of the Institute of Actuaries of Australia, do hereby certify that, as at 29 November 2014, the Plan was solvent (as defined in Part 9 of the SIS Regulations) i.e. the Plan’s minimum benefit index was not less than 1.

I also certify that, if all employer-sponsors associated with the Plan contribute at least the minimum contributions set out below then, based on the assumptions given in Note 2 of this Certificate, which I consider to be reasonable expectations for the Plan, the Plan will remain solvent (as defined in Part 9 of the SIS Regulations) during the period covered by this Certificate. These contributions are the minimum required in terms of SIS Regulation 9.10(f).

Minimum Contributions:

| Benefit Category | Contribution Rate (% salary) |
|-----------------------------------|---|
| 1 and 2 (Defined Benefit Section) | nil |
| 3, 4 and 5 (Accumulation Section) | At the rate required to meet the Company's obligations under legislation. |

4. Manner and Timing of Payment of Minimum Contributions

The minimum contributions are payable by monthly instalments due at the end of the month following the month to which they relate. It is acceptable for contributions to be paid more frequently than monthly, with the due date for instalments being determined based on the month in which the last day of the instalment period falls – for example, if contributions are paid in fortnightly instalments, then instalments for pay fortnights ending in May 2016 will be due on 28 June 2016.

Under SIS Regulation 9.08(4), this Certificate will lapse and need to be replaced if the employer(s) fail to pay an instalment of minimum contributions by 28 days after the due date specified above (28 July 2014 in the example above).

5. Events Since the Effective Date of this Certificate

I am not aware of any significant events that have occurred since the date of this Certificate, which would affect the contents of this Certificate.

6. Related Benefit Certificate

In certifying the Plan's solvency, it is necessary to compare the Plan's assets with the minimum benefits payable from the Plan for Superannuation Guarantee (SG) purposes. I have taken these to be the minimum requisite benefits specified in the Benefit Certificate dated 9 August 2013, which I prepared.

7. Limitations of Certification

This Certificate certifies that, at the effective date of the Certificate, the Plan was “solvent” (as defined in the SIS Regulations) for SG purposes, i.e. minimum SG benefits were covered by assets. It also certifies that on reasonable assumptions about the future, the Plan is *likely* to remain “solvent”, in this limited sense, during the period covered by this Certificate, provided all associated employer-sponsors contribute no less than the levels specified. However, I am unable to **guarantee** that the Plan will remain “solvent” for the period covered by this Certificate.

Other more traditional measures of solvency, such as coverage of vested benefits, have only been considered to a limited extent and the contribution levels and notifiable events certified in this Certificate are relevant only for the limited purposes of this Certificate. Contributions may well need to be paid at higher levels for other reasons. Other solvency measures and more general contribution recommendations are separately addressed in the actuarial review reports and financial updates.



Richard Codron, FIAA
Principal

Representative of Mercer Consulting (Australia) Pty Ltd ABN 55 153 168 140
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Note 1: Notifiable Events

The Trustee must obtain a new funding and solvency certificate from an actuary to replace this Certificate within 3 months after the occurrence of the following 'notifiable events':

- A. Any change to the governing rules that results in an increase of the benefits provided by the Plan.
- B. A new Benefit Certificate is issued which specifies higher Minimum Requisite Benefits than specified in Section 6 of this Certificate.
- C. Any payment of surplus to an employer-sponsor associated with the Plan.
- D. The employer fails to pay the minimum contributions specified in this Certificate within the time frames shown in Section 4.
- E. APRA directs the trustee in writing to obtain a new certificate or the Actuary gives the trustee written notice of withdrawal of this Certificate.
- F. Any additional notifiable event(s) advised by the Actuary after the date of issuing this Certificate.

Unless advised in writing by the Actuary as not being a notifiable event, the following are also "notifiable events" from the time the Trustee becomes aware of their occurrence and advises the Actuary:

- G. The coverage of defined benefit vested benefits by net assets available to support defined benefits falls below 100%, as measured at the Plan's administrative review date.
- H. The net earning rate of the defined benefit section of the Plan for the period from the effective date of the last completed administrative review (refer Notifiable Event G) to the end of the latest calendar quarter (i.e. 31 March, 30 June, 30 September, 31 December) is less than minus 10%.
- I. The average rate of defined benefit members' salary increases exceeds or is expected to exceed 10% for the period since the effective date of the last completed administrative review (refer Notifiable Event G).
- J. A change in the definition of defined benefit superannuation salary that results in an increase in accrued benefits.
- K. A benefit increase (which does not involve a change to the governing rules), including an exercise of Trustee or employer discretion resulting in the payment of a benefit higher than would otherwise have been paid, excluding cases where:

- a death benefit has been augmented on the assumption that the Plan will be able to claim a tax deduction under Section 295-485.
 - the employer has approved the payment of an early retirement benefit after age 55;
 - the employer contributes an amount equal to the benefit increase grossed up for contributions tax.
- L. A retrenchment program affecting Plan members where the benefit exceeds the resignation benefit and the employer does not contribute an amount equal to the difference grossed up for contributions tax.
- M. Sale or purchase of a company or part of a business or an employer associated with the Plan, or the introduction of a new employer-sponsor, or the withdrawal of an existing employer-sponsor.
- N. The provision of past-service benefit entitlements to new members joining the Plan where the past-service benefit is other than the amount transferred to the Plan plus investment earnings or a benefit of equivalent value.
- O. The transfer out of a group of members to another fund, where the transfer value exceeds the resignation benefit.

An event may occur which is not listed above but the Trustee believes may have a significant adverse effect on the financial position of the Plan. While such an event will not be a notifiable event requiring reporting under the SIS Regulations, it would nevertheless be prudent for the Trustee to bring the event to the Actuary's attention. The Actuary can then consider whether withdrawal of this Certificate or any other action is appropriate in the circumstances.

Note 2: Summary of Assumptions Used in Preparing This Certificate

Financial Assumptions

| | |
|---|----------------|
| Investment Returns (after tax and investment fees) [#] | 6.5% per annum |
| General salary increases | 4.0% per annum |

Other Assumptions

Given the small size of the plan and the age profile of the remaining members, no specific allowance is made for the possibility of future member exits due to death, disablement and resignation in our calculation. I have assumed that all members will continue service in the plan until retiring at the Normal Retirement Age of 65. Further details can be found in my report of the actuarial valuation at 31 December 2013.

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