

FUNDING AND SOLVENCY CERTIFICATE

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

for the

CIGWELD EMPLOYEES SUPERANNUATION PLAN (“the Plan”)

(a plan in the OnePath MasterFund)

Issue Date:	16 May 2016
Effective Date:	1 July 2015
Expiry Date:	30 June 2020
Latest Replacement Date:	30 June 2019

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 1 July 2015 and expires on 30 June 2020. It must be replaced by 30 June 2019 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 26 June 2013 which must be replaced by 30 June 2016.

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, 727 Collins St Melbourne Vic 3008, being a Fellow of the Institute of Actuaries of Australia, do hereby certify that, as at 1 July 2015 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).

Category	Recommended Minimum Contributions
Defined Benefit	12.8% of Defined Benefit member's salaries; plus 5.9% of salaries for deemed "member contribution"
OTE Top-up	The legislated Superannuation Guarantee rate multiplied by any excess of OTE above defined benefit plan salary (e.g. bonuses)
Other	Any voluntary member pre-tax (salary sacrifice) contributions; plus 3% award contributions in respect of relevant members' plus Amounts required to meet the Plan's operating costs (net of any deductions for those costs from the account balances of accumulation members) and the costs of insurance for defined benefit members.

To reduce the need for additional funding calculations purely for the purpose of this Certificate, the above specified minimum contribution rates are the current recommended rates for funding of the standard Plan benefits and therefore greater than the best estimate minimum contributions reasonably expected to be required to secure the solvency of the Plan on the expiry date of this Certificate.

4. Manner 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 30 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 2016 in the example above for monthly minimum contributions).

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 7 November 2013. The expiry date of this Benefit Certificate is 30 June 2018.

For the purpose of this Certificate I have assumed that the Minimum Requisite Benefit applying after 30 June 2018 will be determined in the same manner as specified in the Benefit Certificate dated 7 November 2013.

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 investigation reports and financial updates.



Richard R Codron FIAA
Representative of Mercer Consulting (Australia) Pty Ltd
AFS Licence #411770

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 - 15%.
- 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.
- K. Benefit payments for a quarter exceed \$1 million.
- L. Where benefit payments exceed vested benefits and the Trustee has not received certification from the Actuary that:
 - a) in the opinion of the Actuary, the payment of the leaving service benefit will not cause or be likely to cause the Plan not to meet the benefits payable to Members; or maintain adequate coverage of Members' vested benefits; or
 - b) the Actuary has notified the Principal Employer that an increased rate of contribution must be paid by the Principal Employer.

- 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.
- O. The transfer out of a group of DB members to another fund.
- P. The failure to obtain a new Benefit Certificate within the period allowed by the Superannuation Guarantee (Administration) Act.

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)	4.5% p.a.
Crediting Rate (after tax)	6.0% p.a.
Salary Increases	3.25% p.a.

Other Assumptions

Assumptions regarding rates at which members will leave the Plan on account of retirement, death, disablement and resignation have been based on the experience of this and other similar plans as adopted for the actuarial investigation as at 1 July 2015. Further details can be found in the report dated 31 March 2016.