

25 June 2019



Cigweld Employees'
Superannuation Plan
Funding and Solvency Certificate
effective 15 April 2019



Oversight

Foster a culture of strong governance to confidently manage uncertainty.

Foresight

Understand the implications of decisions and the likely outcomes.

Insight

Navigate the regulatory and business environment, and unlock the value of data.

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1 Funding and Solvency Certificate

1.1 Background

The Cigweld Employees' Superannuation Plan (the Plan) is a sub-plan within the Retirement Portfolio Service superannuation fund (RPS), governed by the provisions of the RPS Trust Deed, the Plan's Employer Application Form and associated Benefit Specification Schedule, and any subsequent deeds of amendment.

The principal employer is Cigweld Pty Ltd.

Regulation 9.09(1) of the Superannuation Industry (Supervision) Regulations (SIS Regulations) requires that when a defined benefit plan is being used to meet an employer's obligations under the Superannuation Guarantee (Administration) Act 1992, the Trustee needs to obtain a Funding and Solvency Certificate from an actuary. This Certificate specifies the employer contribution rates required to fund the Plan's Minimum Requisite Benefits (MRBs).

SIS Regulation 9.09(2) requires the Trustee to give a copy of this Certificate as soon as practicable to each employer who is contributing or who will contribute to the Plan.

This Certificate has been prepared in accordance with SIS Regulations, and with Professional Standard 407 issued by the Institute of Actuaries of Australia.

1.2 Effective date of this Certificate

The effective date of this Certificate is 15 April 2019.

This Certificate replaces the Plan's previous Funding and Solvency Certificate, issued by Richard Codron of Mercer Consulting, dated 16 May 2016.

1.3 Minimum Requisite Benefits

This Certificate relates to the MRBs described in the Benefit Certificate issued by me on 25 June 2019, effective from 15 April 2019 to 15 April 2024.

1.4 Expiry date

The Certificate will expire on 15 April 2024. However, under SIS Regulation 9.14, the Trustee must obtain a replacement Certificate not less than 12 months before the end of the term. Therefore, a new Certificate should be issued by 15 April 2023.

The Certificate will also cease to have effect on the date of the earliest of the following events:

- (a) The occurrence of a Notifiable Event; or
- (b) The actuary giving written notice of withdrawal of the Certificate; or
- (c) Amounts from the Plan being released to an employer-sponsor of the Plan under section 117 of the SIS Act; or
- (d) Withdrawal of the related Benefit Certificate; or
- (e) The employer sponsors failing to pay the contributions certified in Section 1.7 of this Certificate; or
- (f) Another Funding and Solvency Certificate taking effect in respect of the Plan.

1.5 Notifiable events

A Notifiable Event is an event which, in my opinion as actuary, warrants replacement of this Certificate. If a Notifiable Event occurs, this Certificate will cease to have effect and a new Certificate must be obtained by the Trustee, not later than three months after the date on which the Notifiable Event occurred. The Trustee of the Plan has a responsibility to monitor the circumstances of the Plan and to advise the actuary in the event of the occurrence of any Notifiable Event.

I have identified the following Notifiable Events:

- Any changes are made to the level or method of calculation of the benefits payable to the members of the Plan, whether by amendment of the governing rules of the Plan or otherwise;
- Any change is made to the method of calculation of the Plan's MRBs;
- The Trustee becomes aware of any actual or possible misappropriation of assets of the Plan;
- The Trustee loses its RSE licence or the Plan loses its complying fund status;
- The cumulative investment return earned on the Plan's defined benefit assets since 15 April 2019 has been below negative 10%.

- Superannuation salaries, averaged over all defined benefit Plan members, increase by more than 10% p.a. over 2018-19 or any subsequent financial year;
- Asset coverage of defined benefit section vested benefits, as measured by the Trustee on a monthly basis, falls below a ratio of 95%;
- Any event advised by the actuary to the Trustee as being a Notifiable Event during the period of this Certificate.

1.6 Data and assumptions

This Certificate is based on 30 June 2018 asset and membership data provided by the administrators of the Plan, ANZ Wealth, and on the assumptions and benefits described in my report of 21 December 2018 on the Plan's financial position as at 30 June 2018.

1.7 Events since the effective date of this Certificate

In preparing this Certificate, I have also taken into account:

- The consolidation of the Plan's Diversified Fixed Interest investment into its Optimix Moderate holding during March 2019, and
- The Plan's investment performance between 30 June 2018 and 31 May 2019.

I am not aware of any other events between the effective date and the date of signing that would affect the contents of the certificate.

1.8 Certification

I certify that the Plan was solvent (as defined in Division 9.3 of the SIS Regulations, at the effective date of the Certificate.

I also certify that the Plan is expected to remain solvent during the period of this Certificate, if employer contributions are paid into the Plan at no less than the following levels:

Defined benefit section members

- 10.1% of salaries to fund defined benefit section benefits, plus
- 5.9% of salaries payable by the employer as members' salary sacrifice contributions (in lieu of 5% member contributions paid post-tax by the members), plus
- 3% of salaries towards relevant members' 3% Award accounts in the accumulation section of the Plan, plus
- Top-up contributions as recommended by the actuary for the payment of retrenchment benefits, consistent with previous practice, plus

- Plan expenses other than administration expenses and insurance premiums (e.g. actuarial and consulting fees).

Accumulation section members

At the Superannuation Guarantee rate of members' Ordinary Time Earnings.

These contributions should be paid within 30 days of the end of the month to which they relate.

The above employer contribution rates were those recommended in my report of 21 December 2018 on the Plan's financial position as at 30 June 2018, and subsequently confirmed in my letter of 15 April 2019. On the assumptions adopted, these contribution rates were expected to be sufficient for the Plan to remain in a satisfactory financial position (as defined in the SIS legislation) over the following five-year period. Therefore, the contributions are expected to be more than sufficient for the Plan's financial position to remain solvent during the period of coverage of this Certificate.



John Newman FIAA
25 June 2019

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