

# Report to the Trustee on the Actuarial Investigation as at 30 June 2026

Health Super DB Fund  
(a sub-fund of Aware Super)

17 August 2026

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## Section 1

# Key Results and Recommendations

I have prepared this report for Aware Super Pty Ltd, as Trustee of the Health Super DB Fund (the Fund), a sub-fund of Aware Super. The Fund is closed to new members.

This report sets out the results of the actuarial investigation of the Fund as at 30 June 2026. It covers members in the Fund's two divisions – the Health Super Defined Benefit Scheme (the Defined Benefit Scheme) and the Health Super Lifetime Pension Scheme (the Lifetime Pension Scheme) – and does not consider other sections of Aware Super.

Any reference to “Institutions” includes all institutions whose members participate in the Fund.

## Annuity Buy-ins

The Trustee has purchased annuity policies from Challenger Life in respect of existing Lifetime Pension Scheme member liabilities at the purchase dates. Unless otherwise stated, all figures shown in this report are exclusive of those Lifetime Pension Scheme members whose liabilities are fully matched by the Challenger Life annuity policies but inclusive of Lifetime Pension Scheme members not covered by the Challenger Life annuity policies as at the membership data date of 31 March 2026.

The Fund's assets and liabilities reported to the regulator should be based on the figures shown in this report plus the value of the Challenger Life annuity policies as reported by Challenger Life where relevant. This value was \$601.9 million as at 30 June 2026.

## Change in Financial Position

I set out below a summary of the Fund's financial position as at 30 June 2026 and at the date of the previous actuarial investigation:

| Health Super DB Fund                                   | As at 30 June 2026 |                | As at 30 June 2025 |                |
|--------------------------------------------------------|--------------------|----------------|--------------------|----------------|
|                                                        | \$m                | Asset Coverage | \$m                | Asset Coverage |
| Assets                                                 | 313.8*             |                | 366.3*             |                |
| Vested Benefits                                        | 210.4              | 149.1%         | 271.1              | 135.1%         |
| Excess Assets over Vested Benefits                     | <b>103.4</b>       |                | <b>95.2</b>        |                |
| Actuarial Value of Accrued Benefits                    | 210.4              | 149.2%         | 271.4              | 135.0%         |
| Excess Assets over Actuarial Value of Accrued Benefits | <b>103.4</b>       |                | <b>94.9</b>        |                |

\* See Section 5 for calculation of the net value of assets for actuarial investigation purposes.

Fund assets exceed the Fund's Vested Benefits by \$103.4 million as at 30 June 2026, \$8.2 million more than the excess of assets over the Fund's Vested Benefits as at 30 June 2025. This confirms the Fund remains in a “satisfactory financial position” as defined in the SIS legislation as at 30 June 2026 as the value of Fund assets continues to exceed total Vested Benefits.

Given the Fund's funding position, and the desire of the Institutions not to have to recommence contributing to the Fund, for this actuarial investigation I have again adopted a financing objective which targets greater than 100% asset coverage of total past and future Fund liabilities; i.e. taking account of expected future defined benefit accruals, the expenses of operating the Fund, and future contributions to the Fund), on the basis that the Institutions do not make any future contributions to the Fund. The funding position on this basis is as follows:

| <b>Actuarial Balance Sheet as at 30 June 2026</b>                                                                                                   | <b>Value on Actuarial Assumptions<br/>\$m</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Value of Fund assets available to support Defined Benefit Scheme (i.e. active and deferred members) liabilities at investigation date               | 313.8*                                        |
| Present Value of future Institution contributions at recommended rates (i.e. ongoing contribution holiday)                                          | 0.0                                           |
| Present Value of future member contributions (at rates specified in the Trust Deed)                                                                 | 4.8                                           |
| <b>Total available assets (in absence of other contributions)</b>                                                                                   | <b>318.6</b>                                  |
| Present value of future defined benefit payments accrued at investigation date in respect of Defined Benefit Scheme active members                  | 156.9                                         |
| Present value of future defined benefit payments in respect of Defined Benefit Scheme deferred members                                              | 44.5                                          |
| Present value of future pension payments in respect of Lifetime Pension Scheme members not covered by Challenger Life annuity policies              | 9.0                                           |
| Present Value of future defined benefit payments accruing after investigation date in respect of Health Super Defined Benefit Scheme active members | 7.4                                           |
| Present Value of future Fund operating costs and tax on contributions                                                                               | 30.9                                          |
| <b>Total present value of future payments out of Fund</b>                                                                                           | <b>248.7</b>                                  |
| <b>Net Financial Position (i.e. excess of assets to value of total benefits)</b>                                                                    | <b>69.9</b>                                   |

This shows that the Fund's financial position is greater than 100% of total past and future Fund liabilities in the absence of any future Institution contributions and so is in excess of the target funding objective I have adopted for this investigation.

## Experience

Fund assets exceed the Fund's Vested Benefits by \$103.4 million as at 30 June 2026, \$8.2 million more than the excess of assets over the Fund's Vested Benefits as at 30 June 2025. This reflects Fund experience relative to the previous investigation assumptions as follows:

| Item                                       | Assumed at previous investigation | Fund experience | Comment on effect                                                                                                                               |
|--------------------------------------------|-----------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment returns                         | 3.4% pa*                          | 3.4%            | <b>Neutral</b> – investments grew at rate assumed                                                                                               |
| Average Final Fund Salary (AFFS) increases | 4.0% pa                           | 2.8%^           | <b>Positive</b> – benefit liabilities grew less rapidly than expected for active Defined Benefit Scheme members                                 |
| Pension indexation rate                    | 2.5% for 2025/26                  | 3.6%            | <b>Small negative</b> – pensions not covered by Challenger Life annuity policies and deferred benefits increased at a rate higher than expected |

\* Net of investment tax and fees return on assets supporting the Defined Benefit Scheme.

^ Based on AFFS increase for each member weighted by each member's Vested Benefit.

## Assumptions

I have not made any changes to the financial or demographic assumptions adopted to value Fund liabilities from those used in the previous investigation.

## Recommended Contribution Rates and Projections

In my last annual actuarial investigation of the Fund as at 30 June 2025, I recommended that the Institutions could maintain a contribution holiday to the Fund given the Fund's financial position.

At 30 June 2026, the Fund remained in a satisfactory financial position. Asset coverage has increased, and the 149.1% coverage of Vested Benefits was significantly above the financing objective of 100% coverage adopted at the last actuarial investigation. The Fund's financial position is also greater than 100% of total past and future Fund liabilities and so is in excess of the target funding objective I have adopted for this investigation. I therefore recommend that the Institutions maintain a contribution holiday to the Fund.

I have also prepared a projection of the assets and benefit liabilities of the Fund (refer to Section 7) based on:

- No further Institution contribution rates;
- The Fund's current investment strategy;
- The actuarial assumptions adopted for this investigation; and
- Allowing for future Defined Benefit Scheme member movements into the deferred and lifetime pension sections at the rates assumed for this investigation (see Section 4 for details of membership movement assumptions).

I project that the coverage of the Fund's Vested Benefits will remain above 100%, noting the projected coverage is sensitive to the assumptions used and there are several risks which may affect the Fund's

actual financial position (refer to Sections 8 and 9). Together with the Fund's financial position valuing total past and future benefits, this projection confirms that the Institutions are expected not to be required to contribute to the Fund again unless experience is much worse than anticipated.

## Risks

My projection reflects 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 these 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 the reasonable range and results based on those alternative assumptions would be different. However, as Fund Actuary, I review the coverage ratios at least once every year, and the Trustee reviews them quarterly on an approximate basis. The Trustee's monitoring of the experience specified in the Notifiable Events section of the Funding and Solvency Certificate will provide a further means of identifying adverse experience that warrants an immediate review of the Fund's financial position.

Sections 7 to 9 provide illustrations of the impact of investment volatility on the projected coverage of Vested Benefits, together with other risks associated with the liabilities, including salary growth, legislative, benefit selection, insurance, inflation, longevity and counterparty risks.

## Other Findings and Recommendations

### Investment policy and liquidity

I confirm that the Fund's investment policy is appropriate (refer to Section 5). The expected average term of the Fund's liabilities is approximately 5 years in respect of the Defined Benefit Scheme (active and deferred sections) and approximately 12 years in respect of existing members in the Lifetime Pension Scheme not covered by the Challenger Life annuity policy.

While a proportion of Defined Benefit Scheme members are eligible to receive pension benefits, a large proportion will receive lump sum payments. Accordingly, there will be a significant level of benefit outflow, exceeding net contributions. The Trustee's investment policy ensures that the Fund's investments have a suitable level of liquidity to meet projected benefit payments.

### Crediting policy

Fund benefits are not generally linked to the Fund earning rate. Based on a review of the main features (refer to Section 5), I consider that the crediting rate approach adopted is broadly suitable taking into consideration the principles of equity between different generations of members and any material risks which may have a significant impact on the Fund (i.e. a market shock or sudden downturn in investment markets).

### Insurance

The Trustee insures the death and disability benefits of Defined Benefit Scheme active members. At 30 June 2026 there was an insurance "surplus" of \$80.7 million on their total disability benefits were all active Fund members to become disabled at the same time. This indicates over-insurance but not at a level where I consider a change is necessary to the current insurance formula. I therefore confirm that the current group life insurance formula is appropriate and provides adequate protection for the Fund. Section 9 of the report provides further details.

## Shortfall Limit

I consider that the Fund's Shortfall Limit of 100% (for the purposes of SPS 160) remains suitable. Refer to Section 10 for further details.

## Actions Required by the Trustee

The Trustee should consider this report and confirm its agreement (or otherwise) to the continued contribution holiday and other recommendations.

The Trustee should share this report with the Institutions who contribute to the Fund and obtain their formal agreement that they will contribute to the Fund in accordance with the contribution recommendations in this report. However, only the Fund's Trustee may rely on this report, and Mercer is not responsible for the consequences of any other use. The Institutions may consider obtaining separate actuarial advice on the recommendations contained in the report.

## Section 2

# Introduction

## Fund Background

The Fund is a sub-fund of Aware Super and is closed to new members. Aware Super is a resident regulated fund and a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993 (the SIS Act). The Fund's Trustee, Aware Super Pty Ltd, holds a Registrable Superannuation Entity Licence under the SIS legislation and operates the Fund as required under the Trust Deed.

The SIS Act requires that the Fund, as a regulated defined benefit superannuation fund with pensioners, has annual actuarial investigations.

I have prepared this report 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.

I conducted the previous actuarial investigation as at 30 June 2025 on behalf of Mercer, and the results are contained in my report dated 19 September 2025.

My advice and recommendations contained in this report are in the context of Australian law and practice. I have made no allowance for taxation, accountancy or other requirements in any other country.

## Purpose

I have prepared this report exclusively for the Trustee for the following purposes:

- To present the results of an actuarial investigation of the Fund as at 30 June 2026;
- To review Fund experience for the period since the previous actuarial investigation as at 30 June 2025;
- To recommend contributions (if any) to be made by the Institutions 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 APRA Superannuation Prudential Standard SPS 160 and the Trustee's Defined Benefit Matters Policy; and
- To meet legislative requirements under relevant Commonwealth superannuation legislation.

## Significant events since the investigation date

I am unaware of any significant events that have occurred since 30 June 2026 that would have a material impact on the recommendations in this report.

## Section 3

# Experience since the Last Review

## Membership

Fund membership as at 30 June 2026 is as follows:

| Member Class                         | 30 June 2026<br>Member Count | Total AFFS (Full Time<br>Equivalent) /<br>Total Annual Pension |
|--------------------------------------|------------------------------|----------------------------------------------------------------|
| Defined Benefit Scheme Active        | 518                          | \$64,765,000                                                   |
| Defined Benefit Scheme Deferred      | 1,143                        | N/A                                                            |
| Lifetime Pension Scheme <sup>^</sup> | 24                           | \$475,000                                                      |

<sup>^</sup> There are 2,732 Lifetime Pension Scheme members as at the membership data date of 31 March 2026, but only 24 of these members are not covered by Challenger Life annuity policies at that date.

Total Fund membership (inclusive of Lifetime Pension Scheme members covered by Challenger Life annuity policies) has decreased by 7% since 30 June 2025, when membership by Fund category was as follows:

| Member Class                         | 30 June 2025<br>Member Count | Total AFFS (Full Time<br>Equivalent) /<br>Total Annual Pension |
|--------------------------------------|------------------------------|----------------------------------------------------------------|
| Defined Benefit Scheme Active        | 626                          | \$77,075,000                                                   |
| Defined Benefit Scheme Deferred      | 1,283                        | N/A                                                            |
| Lifetime Pension Scheme <sup>*</sup> | 72                           | \$1,841,000                                                    |

<sup>\*</sup> There were 2,815 Lifetime Pension Scheme members as at the membership data date of 31 March 2025, but only 72 of these members were not covered by Challenger Life annuity policies at that date.

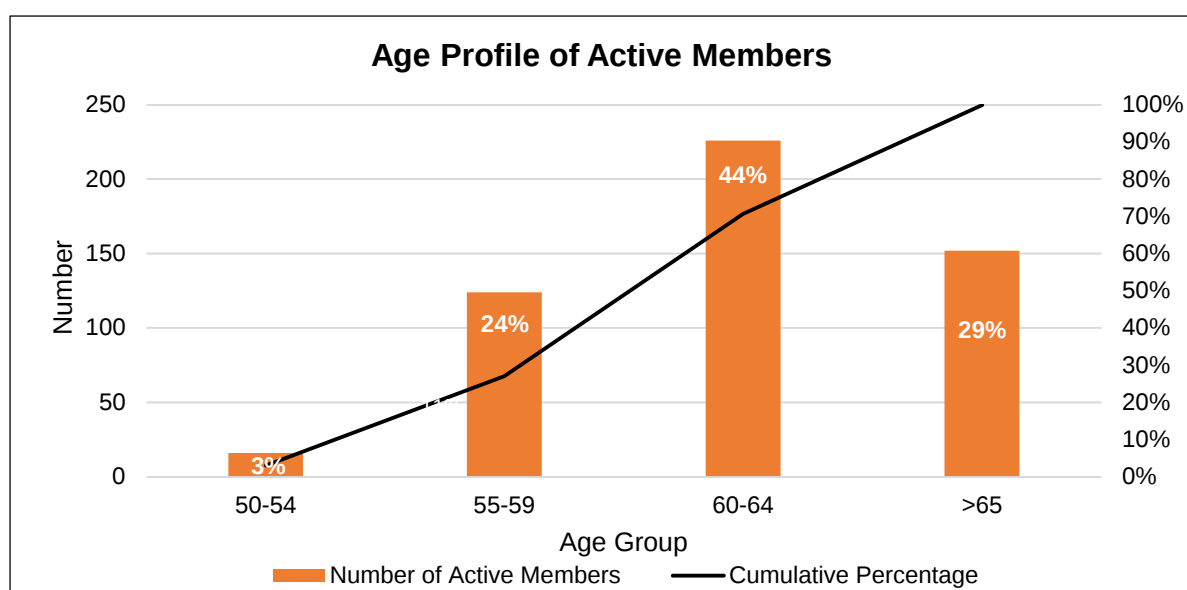
## Defined Benefit Scheme – active membership

A summary of the Defined Benefit Scheme active membership by member contribution rate as at 30 June 2026 is as follows:

| Age Group     | 0% Contributors |                         | 3% and 3.5% Contributors |                         | 4% Contributors |                         | 6% Contributors |                         |
|---------------|-----------------|-------------------------|--------------------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
|               | Number          | Total Salaries* (\$000) | Number                   | Total Salaries* (\$000) | Number          | Total Salaries* (\$000) | Number          | Total Salaries* (\$000) |
| 50-54         | 5               | 551.5                   | 1                        | 89.0                    | 1               | 65.9                    | 9               | 1,029.1                 |
| 55-59         | 25              | 3,522.1                 | 25                       | 3,138.1                 | 18              | 2,333.8                 | 56              | 6,536.8                 |
| 60-64         | 29              | 9,017.7                 | 36                       | 4,620.0                 | 34              | 4,302.2                 | 127             | 15,540.6                |
| >65           | 138             | 17,926.8                | 1                        | 64.1                    | 2               | 219.5                   | 11              | 1,078.9                 |
| <b>Totals</b> | <b>197</b>      | <b>31,018.1</b>         | <b>63</b>                | <b>7,911.3</b>          | <b>55</b>       | <b>6,921.3</b>          | <b>203</b>      | <b>24,185.4</b>         |

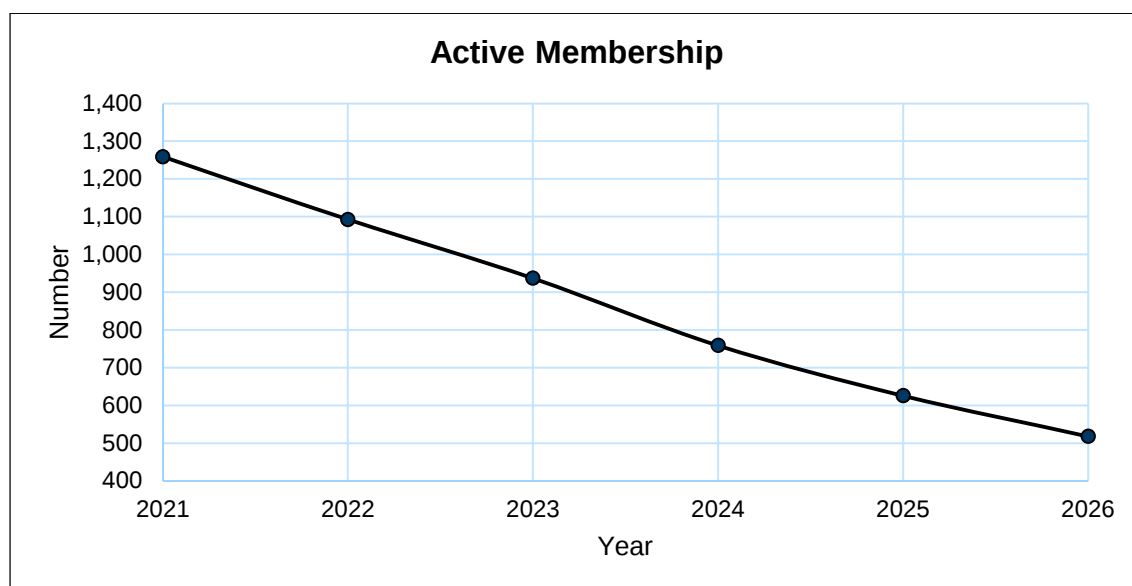
\* Salaries in the above table are equivalent full-time salaries at 30 June 2026, and not Total AFFS (Full Time Equivalent).

The Defined Benefit Scheme active membership as at 30 June 2026 by age group is as follows:



As shown in the graph, 97% of the Defined Benefit Scheme active membership is aged 55 or over and is therefore eligible for retirement benefits as at 30 June 2026. This compares to 95% of the membership as at 30 June 2025. All active members will be over age 55 in two years' time (the youngest member is aged 53, last birthday) and so eligible for retirement benefits.

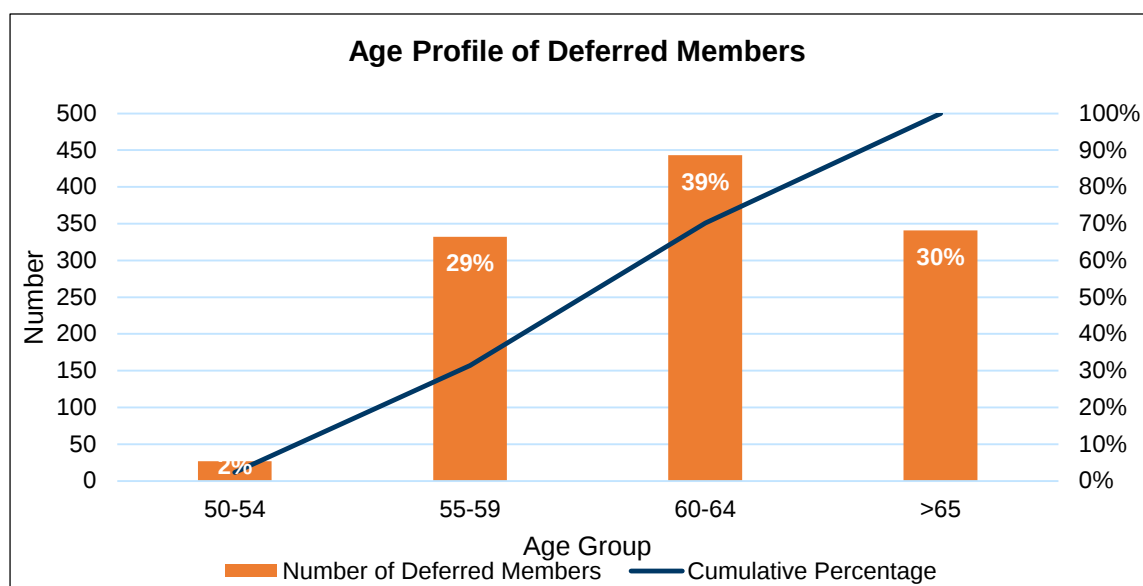
The reduction in the Defined Benefit Scheme active membership over the last five years is shown below:



As shown in the graph, the Defined Benefit Scheme active membership has been declining rapidly, at around 16% per annum.

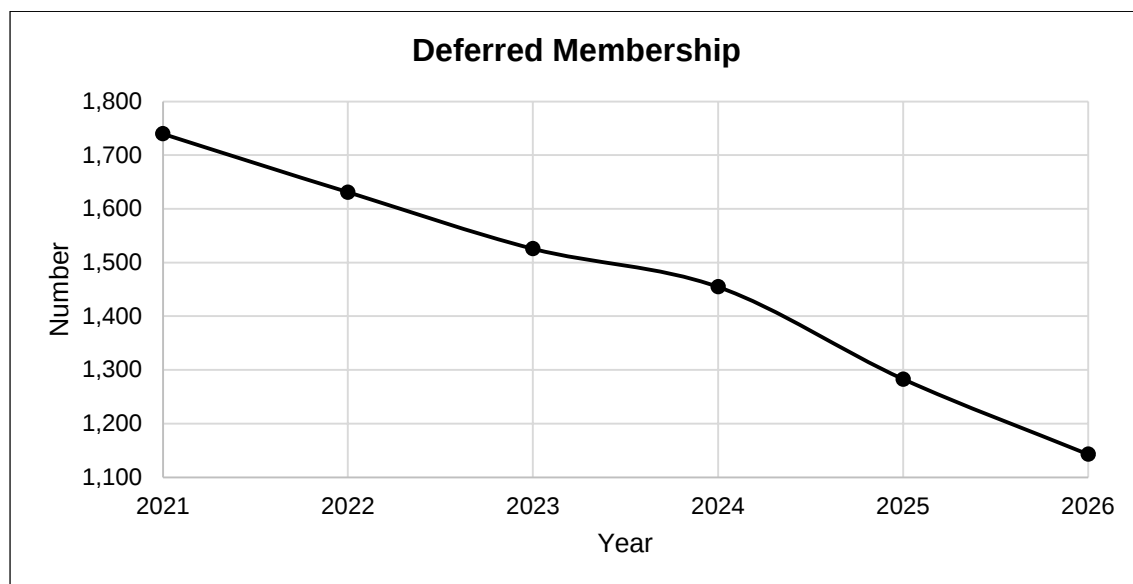
### Defined Benefit Scheme – deferred membership

The Defined Benefit Scheme deferred membership as at 30 June 2026 by age group is as follows:



As shown in the graph, 98% of the Defined Benefit Scheme deferred membership is aged 55 or over and is therefore eligible for retirement benefits as at 30 June 2026. This compares to 95% of the membership as at 30 June 2025. All deferred section members will be aged 55 or over in four years' time and so eligible for retirement benefits.

The reduction in the Defined Benefit Scheme deferred membership over the last five years is shown below:



As shown in the graph, the Defined Benefit Scheme deferred membership has been declining rapidly, at around 8% per annum.

## Lifetime Pension Scheme

Details as at 30 June 2026 of the pensioners who are not covered by Challenger Life annuity policies as at the membership data date of 31 March 2026 are set out below.

| Pension Type | Number of Pensioners | Average Age | Annual Pension \$000 |
|--------------|----------------------|-------------|----------------------|
| Retirement   | 18                   | 70.3        | 432                  |
| Spouse       | 5                    | 77.7        | 24                   |
| Disablement  | 1                    | 60.6        | 19                   |
| Child        | 0                    | N/A         | N/A                  |
| <b>Total</b> | <b>24</b>            | <b>71.4</b> | <b>475</b>           |

## Investment Returns

For the 30 June 2025 investigation, I assumed that investment returns would average 3.4% per annum (net of tax and investment fees) on non-pension assets. The Fund's investment return (net of tax and investment fees) on non-pension assets was 3.4% over the year to 30 June 2026. Given this was the same as the assumed rate, investment returns have had no impact on the Fund's financial position.

## Salary Increases

For the 2025 investigation, I assumed that salary increases would be 4.0% per annum with no adjustment for promotional increases.

As in prior years, the salary and AFFS data provided by the Fund Administrator indicates significant variability year-on-year for some active members. This is to be expected and relates to the movement in salary and service fraction data advised by the Institutions each fortnight/month. As a result, I used an AFFS based on active members' 2025 salary increased at 3.2% for 15% of active members (refer to Appendix B for further details). Based on the revised data, over the 12 months to 30 June 2026:

- Average salary increases were 2.2% and average AFFS increases 2.8%;
- Weighting the salary increases by members' liabilities, the average salary and AFFS increases were 2.2% and 2.8% respectively.

As the liability-weighted average AFFS increases were 2.8% and therefore lower than the 4.0% expected, this had a small positive impact on the Fund's financial position.

## Pension and deferred benefit indexation

Lifetime pensions and deferred defined benefits are indexed based on changes in the Consumer Price Index (CPI).

For the 30 June 2025 actuarial investigation, I assumed that the indexation rate would be 2.5% for the 2025/26 year. As the actual indexation rate of 3.6% was higher than assumed, this had a small negative impact on the Fund's financial position (reflecting most of the lifetime pensions are covered by the Challenger Life annuity policies).

## Contributions

Since the previous investigation, participating Institutions have not contributed to the Fund in accordance with the actuarial recommendations.

## Impact of the experience on the financial position

Ultimately, the cost to Institutions of maintaining the Fund depends on actual experience, not actuarial assumptions. The main experience items affecting the Fund's financial position during the period from 30 June 2025 to 30 June 2026 and their impact on the coverage of total past and future Fund liabilities were as follows:

- Actual Challenger Life premiums for new policies being lower than assumed liabilities prior to annuity buy-in (positive impact of **\$3.6m**);
- The Fund's actual investment return being same as assumed (estimated impact of **\$0m**);
- The average benefit weighted AFFS increase being slightly lower than assumed (estimated positive impact of **\$2.3m**);
- The actual pension indexation for non-insured pensions being higher than assumed (estimated negative impact of **\$0.1m**)
- Higher assumed ongoing Fund operating expenses with an impact of **\$6.2m**.

## Section 4

# Actuarial Assumptions

The ultimate cost to the Institutions 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 cost to each Institution will not depend on the actuarial investigation assumptions or methods used to determine the recommended Institution contribution rates, but on the actual experience of the Fund. The financing method and actuarial assumptions adopted will however affect the timing of the cost to the Institutions.

The actuarial process includes projections of possible future Fund experience based on relevant actuarial assumptions. These projections allow for investment returns, salary/wage increases, pension indexation rates, crediting rates, rates at which members cease service for different reasons, and various other factors affecting the experience 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.

## Economic assumptions

The major assumptions influencing the cost of defined benefits are:

- The assumed investment earnings;
- The indexation rate assumed to apply to pensions and deferred benefits; and
- The salary increase assumption used in the projections of future benefit payments, though this assumption is becoming less significant with the decline in the active section of the Fund.

The difference, or "gap", between the assumed investment return and the level of pension indexation (or, to a lesser extent, the salary increase assumption) is the key factor.

The economic assumptions adopted for this investigation (which are unchanged from those I adopted for the 30 June 2025 actuarial investigation) are:

| <b>Assumption</b>                                                                   |          |
|-------------------------------------------------------------------------------------|----------|
| Discount Rate                                                                       |          |
| Lump sum benefits (after tax and fees)                                              | 3.4% pa  |
| Pension benefits (after fees and 0% tax but including refund of imputation credits) | 4.25% pa |
| General salary increases                                                            | 4.0% pa  |
| Lifetime Pension and deferred benefit increases                                     | 2.5% pa  |

I considered the following when setting these assumptions:

- The discount rate for assets supporting active and deferred lump sum benefits is based on the expected long-term investment returns for the Fund's current benchmark investment mix, considering Mercer's assumptions of the means and standard deviations of net returns (after tax and investment expenses) from the various underlying asset classes and the correlations of returns between those asset classes.
- The discount rate for assets supporting active and deferred lump sum benefits is net of investment tax and investment fees. It assumes that these assets have an average 5-year investment horizon.
- The discount rate adopted for assets backing pension liabilities is based on the expected investment return for the Mercer Australian Inflation Plus Fund investment option, as we reasonably believe this investment option's objective of CPI+1% is similar to Challenger Life's investment objective. The discount rate is net of investment fees but assumes that any income earned on these assets is exempt from tax and allows for the refund of imputation credits. It assumes these assets have an average 10-year investment horizon.

## Other assumptions

The assumptions set out below are the same as adopted in the 30 June 2025 actuarial investigation, with the exception of the expected level of expenses of running the Fund.

### New members

The Fund is closed to new members. Therefore, I have assumed that no new members join the Defined Benefit Scheme in the future.

### Expenses

I have assumed administration expenses at a fixed dollar amount of \$1.8 million per annum with no indexation to reflect current actual administration fees arrangements as advised by Aware Super. The corresponding figure as at 30 June 2025 was \$1.5 million per annum.

### Tax

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

## Proportions married

I have assumed that 70% of pensioners, and 90% of Defined Benefit Scheme active members are married or have dependants.

## Spouse ages

I have assumed that husbands are three years older than wives where reversionary benefits apply.

## Medical classifications (death and disablement benefits)

I have assumed that all members are entitled to standard death and disablement benefits.

## Defined Benefit Scheme - active members

I have made the following additional assumptions in respect of Defined Benefit Scheme active members:

### Transfer (rollover) of deferred benefits by active members

I have assumed that 20% of active members leaving prior to age 55 immediately transfer their deferred benefit out of the Fund.

### Division D – Old Scheme Benefits

Division D members are entitled to elect to receive Old Scheme Benefits (lump sum plus pension benefits). I have assumed the following for this investigation:

| Benefit Type | Proportion of Eligible Members electing Old Scheme Benefits |
|--------------|-------------------------------------------------------------|
| Retirement   | 80%                                                         |
| Death        | 50%                                                         |
| Disablement  | 70%                                                         |
| Resignation  | 80%                                                         |

### Promotional salary increases

Nil. I consider that a separate allowance for promotional increases is not necessary given the current age and service of the active membership profile.

### Mortality and disablement

The number of members (per 100,000) assumed to leave the Fund due to death and disablement are:

| Age Last Birthday | Death |        | Disablement     |
|-------------------|-------|--------|-----------------|
|                   | Male  | Female | Male and Female |
| 40                | 73    | 40     | 38              |
| 45                | 102   | 62     | 58              |
| 50                | 152   | 94     | 127             |
| 55                | 227   | 136    | 272             |
| 60                | 361   | 218    | 307             |

### Resignations

The number of members (per 100,000) assumed to leave the Fund on account of resignation are:

| Age Last Birthday | Resignation |        |
|-------------------|-------------|--------|
|                   | Male        | Female |
| 40                | 5,525       | 4,180  |
| 45                | 3,500       | 2,560  |
| 50                | 3,500       | 2,560  |

### Early retirement

The assumed early retirement rates are:

| Age Last Birthday | Assumed Rates of Early Retirement |
|-------------------|-----------------------------------|
| 55                | 3%                                |
| 56                | 3%                                |
| 57                | 3%                                |
| 58                | 4%                                |
| 59                | 4%                                |
| 60                | 8%                                |
| 61                | 8%                                |
| 62                | 11%                               |
| 63                | 11%                               |
| 64                | 15%                               |
| 65                | 100%                              |

### Retrenchment

Due to the nature of retrenchments, it is difficult to predict the number of retrenchments that may occur. Therefore, I have assumed no retrenchments by the Institutions.

## Defined Benefit Scheme - deferred members

I have made the following additional assumptions in respect of Defined Benefit Scheme deferred members:

### Transfer of deferred benefits

I assumed that 1% of deferred members transfer their benefit out of the Fund each year.

### Death

I have adopted the same mortality assumptions for the Defined Benefit Scheme deferred members as for the active members. The number of members (per 100,000) assumed to leave the Fund due to death are:

| Age Last Birthday | Death |        |
|-------------------|-------|--------|
|                   | Male  | Female |
| 40                | 73    | 40     |
| 45                | 102   | 62     |
| 50                | 152   | 94     |
| 55                | 227   | 136    |
| 60                | 361   | 218    |

### Disablement

I have assumed that no deferred member will leave the Fund due to disablement.

### Early retirement

The assumed early retirement rates are:

| Age Last Birthday | Assumed Rates of Early Retirement |
|-------------------|-----------------------------------|
| 55                | 15%                               |
| 56                | 7%                                |
| 57                | 5%                                |
| 58                | 5%                                |
| 59                | 5%                                |
| 60                | 10%                               |
| 61                | 9%                                |
| 62                | 8%                                |
| 63                | 8%                                |
| 64                | 8%                                |
| 65                | 100%                              |

### Benefit option selection for Option 3 members

I have assumed that 75% of Option 3 members take a lump sum plus pension (Old Scheme Benefit) and 25% take a lump sum only.

## Lifetime Pension Scheme

### Death

The following pensioner mortality assumptions, based on the current standard Mercer pensioner mortality rates, have been made in respect of pensioners in the Lifetime Pension Section not covered by the Challenger Life annuity policies:

|                        |                                                                                                                                                                                                            |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Primary Pensioners     | Mercer Standard Retiree Pensioner Mortality Rates 2017-2022, which is based on a study on pensioners in Australia's major public sector plans                                                              |
| Spouse Pensioners      | 90% of Australian Life Tables 2015-17 (ALT 2015-17)                                                                                                                                                        |
| Disablement Pensioners | ALT 2015-17                                                                                                                                                                                                |
| Mortality improvements | Mortality rates are adjusted on a member-by-member basis to allow for mortality improvements based on average of the 25-year improvement factors and 125-year from ALT 2015-17 applied from 1 January 2020 |

The mortality rates (before adjustments for mortality improvements) assumed at this actuarial investigation are set out below:

| Age Last | Primary Pensioners |          | Disablement Pensioners |          | Spouse Pensioners |          |
|----------|--------------------|----------|------------------------|----------|-------------------|----------|
|          | Male               | Female   | Male                   | Female   | Male              | Female   |
| 55       | 0.204%             | 0.144%   | 0.429%                 | 0.259%   | 0.386%            | 0.233%   |
| 60       | 0.279%             | 0.215%   | 0.652%                 | 0.374%   | 0.587%            | 0.337%   |
| 65       | 0.431%             | 0.316%   | 0.967%                 | 0.566%   | 0.870%            | 0.510%   |
| 70       | 0.699%             | 0.528%   | 1.547%                 | 0.956%   | 1.392%            | 0.860%   |
| 75       | 1.337%             | 1.007%   | 2.631%                 | 1.676%   | 2.368%            | 1.508%   |
| 80       | 2.832%             | 2.144%   | 4.694%                 | 3.160%   | 4.224%            | 2.844%   |
| 85       | 6.151%             | 5.016%   | 8.677%                 | 6.279%   | 7.809%            | 5.651%   |
| 90       | 12.266%            | 10.957%  | 15.193%                | 12.208%  | 13.674%           | 10.987%  |
| 95       | 22.549%            | 19.657%  | 22.422%                | 20.422%  | 20.180%           | 18.380%  |
| 100      | 38.038%            | 31.594%  | 30.273%                | 30.832%  | 27.246%           | 27.748%  |
| 105      | 51.389%            | 43.545%  | 38.222%                | 42.406%  | 34.400%           | 38.166%  |
| 110      | 100.000%           | 100.000% | 100.000%               | 100.000% | 100.000%          | 100.000% |

Note: the primary pensioner mortality rates at much older ages (95 plus) reflect the very small data sets at these ages. They have not been smoothed into the Australian Life Table 2015-17 rates as the impact on the valuation of liabilities is not significant.

The mortality improvements assumed at this actuarial investigation are set out below:

| <b>Mortality Improvements</b> |             |               |                 |             |               |
|-------------------------------|-------------|---------------|-----------------|-------------|---------------|
| <b>Age Last</b>               | <b>Male</b> | <b>Female</b> | <b>Age Last</b> | <b>Male</b> | <b>Female</b> |
| 55                            | 1.73%       | 1.64%         | 85              | 1.14%       | 1.14%         |
| 60                            | 1.96%       | 1.82%         | 90              | 0.67%       | 0.67%         |
| 65                            | 2.16%       | 1.94%         | 95              | 0.41%       | 0.33%         |
| 70                            | 2.14%       | 1.88%         | 100             | 0.13%       | 0.08%         |
| 75                            | 1.96%       | 1.79%         | 105             | 0.02%       | 0.00%         |
| 80                            | 1.65%       | 1.56%         | 110             | 0.00%       | 0.00%         |

### Commutation Factors

The Trustee uses commutation factors to convert pension entitlements into lump sums upon request by current pensioners. This will not affect the Fund's Vested Benefits and Actuarial Value of Accrued Benefits in this investigation, as I have calculated both without reference to the commutation factors.

## Section 5

# Assets

## Market Value

Aware Super provided me with information on 1 May 2026 that the market value of Health Super Defined Benefits assets (exclusive of the value of the Challenger Life annuity policies) as at 31 March 2026 was \$311.2 million. This figure excludes the Operational Risk Reserve, Administration Reserve and Insurance Reserve.

I have rolled forward the value of assets from 31 March 2026 to 30 June 2026 by allowing for known benefit payables, actual contributions, pension payments, expenses, contribution tax and investment earnings (at 1.4% based on changes in unit prices provided by Aware Super). I have also decreased the assets by an estimated pension tax exemption adjustment for 2025/26 of \$0.3 million.

Based on this roll forward and allowing for the pension tax exemption adjustment, the total assets as at 30 June 2026 supporting Health Super DB Fund members for the purposes of the 30 June 2026 actuarial investigation is \$313.8 million as set out below:

| <b>Assets as at 30 June 2026</b>                                            | <b>\$m</b>   |
|-----------------------------------------------------------------------------|--------------|
| Net Assets as at 31 March 2026                                              | 311.2        |
| Due and unpaid benefits at 31 March 2026                                    | (1.4)        |
| Cash flow assumed for June 2026 quarter                                     | (0.1)        |
| Investment earnings assumed for June 2026 quarter                           | 4.4          |
| Pension tax exemption for 2025/26 (estimate based on actual 2024/25 amount) | (0.3)        |
| <b>Net Assets as at 30 June 2026*</b>                                       | <b>313.8</b> |

\* The value of Net Assets as at 30 June 2026 contained within this report will differ to the actual assets as at 30 June 2026 reported in the financial statements. This is because of the roll-forward methodology adopted above, which is done to ensure consistency between the assets and liabilities.

Additionally, Aware Super provided me with information on 13 July 2026 that the Challenger Life annuity policies are valued at **\$601.9 million** as at 30 June 2026.

## Investment Policy

I have reviewed the Fund's investment policy, the funding method adopted and the nature of the Fund's liabilities. The investment objectives for the Fund are:

1. The primary objective is to maintain a ratio of assets to total past and future liabilities in excess of the target level of 100% over the long term.
2. The secondary objectives are to:
  - Achieve sufficient asset coverage above Vested Benefits at all times;
  - Limit the likelihood that the Institutions will need to recommence contributions; and
  - Generate sufficient liquidity to provide for the cash flow requirements of the Fund.

The Fund's investment strategy for assets supporting defined benefit liabilities was amended in 2023 following the annuity buy-in to a benchmark exposure of 100% of assets in 'defensive' investments such as cash and bonds. The benchmark asset allocations in respect of the Fund assets remain unchanged since, as set out below:

| Asset Type     | Percentage  |
|----------------|-------------|
| Cash           | 55%         |
| Fixed Interest | 45%         |
| <b>Total</b>   | <b>100%</b> |

The expected average term of the Fund's liabilities in respect of the Defined Benefit Scheme active and deferred membership is around 5 years (and around 12 years in respect of existing members in the Lifetime Pension Scheme not covered by the Challenger Life annuity policies). Over the long term, while 'defensive' assets are not expected to earn higher returns than 'growth' assets, these returns are expected to show less variation from year to year. As such, the Fund is expected to benefit by investing in 'defensive' assets for assets supporting the Defined Benefit Scheme active and deferred membership (which are not matched by the Challenger Life annuity policies) which is expected to result in a lower degree of volatility from year to year and therefore have a lower impact on the financial position of the Fund and the required level of Institution contributions.

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

I confirm that the Fund's investment policy is appropriate.

## Crediting Rate Policy

Old Scheme Contributor's Member Accounts used in the calculation of active members' benefits are allocated earnings at the Crediting Rate. The interim Crediting Rate is updated daily based on the change in unit price on the defined benefit investment option. The unit prices allow for tax and investment fees. The interim rate is determined as an annualised financial year to date rate. A final declared Crediting Rate is set using the same methodology as at 30 June each year. Updating the interim rate on a daily basis is appropriate and helps prevent selection against the Fund by members. A detailed review of the approach for crediting earnings is outside the scope of this investigation. Based on a review of the main features, I consider that the approach adopted is generally suitable taking into consideration the principles of equity between different generations of members and any material risks that may have a significant impact on the Fund (i.e. a market shock or sudden downturn in investment markets).

## Section 6

# The Actuarial Approach

## Financing Objective

As for the previous actuarial investigation of the Fund, for this actuarial investigation I have again adopted a financing objective which targets greater than 100% asset coverage of total past and future Fund liabilities (excluding those liabilities covered by the Challenger Life annuity policies); i.e. taking account of expected future defined benefit accruals, the expenses of operating the Fund, and future contributions to the Fund, on the basis that the Institutions do not make any future contributions to the Fund.

Achieving the financing objective of 100% of total past and future Fund liabilities will also result in at least 100% coverage of Vested Benefits, the Actuarial Value of Accrued Benefits and SG Minimum Benefits. Hence, it is not necessary to adopt specific financing objectives in relation to these benefit liability measures.

## Professional Requirements

This report satisfies the requirements of Professional Standard 400 of the Actuaries Institute relating to the investigation of the financial position of defined benefit superannuation funds. It also meets the requirements of SIS Regulation 9.29A for an annual actuarial investigation.

Under Professional Standard 400 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 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. In the case of the Fund, the expectation is that no additional contributions will be required by the Institutions, and the financing objective of targeting Fund assets to exceed the total past and future benefits has been established on this basis.

## Provisions of the Trust Deed

The rules of the Fund's Trust Deed include requirements that:

- The Trustee must "take any action in order to comply with superannuation law" (Rule 1.21.4 (a)) which includes ensuring an actuarial investigation of the Fund is conducted when required by legislation. Accordingly, given the requirements of APRA Superannuation Prudential Standard SPS 160, actuarial investigations are carried out annually; and
- Participating Institutions "contribute to the Fund at any particular time the amount or rate of contributions determined by the Trustee after obtaining the advice of the actuary" (Rule 3.B.7.1).

## Financing Method

There are various financing methods that could be followed in setting the Institution contribution level. This investigation uses a "Target Funding" method which takes into account future benefit accruals and expenses. I consider this suitable in the Fund's current circumstances.

The Target Funding method sees the Institutions' contribution rate set to provide a target level of coverage of a particular benefit liability measure. Given the Fund is well funded, I have considered the financial position of the Fund taking account of expected future defined benefit accruals, the expenses of operating the Fund, and future contributions to the Fund, on the basis that the Institutions do not make any future contributions to the Fund.

As shown in the results in Sections 1 and 7, I consider it very probable that the financing objective of Fund assets exceeding 100% coverage of the Fund's total past and future liabilities will continue to be met assuming the Institutions do not contribute to the Fund again.

## Changes in Financing Method

The 100% coverage of total past and future Fund liabilities was used at the previous investigation.

## Section 7

# Financial Position of the Fund

## Funding status

I have used the following measures of benefit liabilities in this investigation:

### Vested Benefits

Vested Benefits are the benefits payable as of right if all members resigned or, if eligible, retired at the investigation date. Coverage of less than 100% of these benefits would mean that the Fund is in an “Unsatisfactory Financial Position” as defined under the SIS legislation.

Section 7 of this report provides a projection of coverage of Vested Benefits over the next few years.

I estimate the total Vested Benefits of the Fund as at 30 June 2026 to be \$210.4 million. The Vested Benefits attributed to the various sections of the Fund are as follows:

|                                           | 30 June 2026 (\$m) |
|-------------------------------------------|--------------------|
| Lifetime Pension Scheme                   | 9.0                |
| Defined Benefit Scheme – active members   | 156.9              |
| Defined Benefit Scheme – deferred members | 44.5               |
| <b>Total</b>                              | <b>210.4</b>       |

### Actuarial Value of Accrued Benefits

The Actuarial Value of Accrued Benefits is an actuarial value of all future expected benefit payments, attributable to membership to date, discounted to the investigation date. I have calculated these benefits using the actuarial methods and assumptions set out in Section 4 of this report. This value is consistent with Accrued Benefits for the purposes of AASB 1056.

As all active members will be eligible for retirement in the next five years, and the benefit applicable on early retirement for Fund members will often exceed the Actuarial Value of Accrued Benefits, the coverage of Vested Benefits is a more important indicator of the financial strength of the Fund.

I calculate the Actuarial Value of Accrued Benefits of the Fund as at 30 June 2026 to be \$210.4 million. The Actuarial Value of Accrued Benefits attributed to the various sections of the Fund are as follows:

|                                           | 30 June 2026 (\$m) |
|-------------------------------------------|--------------------|
| Lifetime Pension Scheme                   | 9.0                |
| Defined Benefit Scheme – active members   | 156.9              |
| Defined Benefit Scheme – deferred members | 44.5               |
| <b>Total</b>                              | <b>210.4</b>       |

## SG Minimum Benefits

SG Minimum Benefits are the benefits determined in accordance with the Fund's Benefit Certificate, being the minimum amounts required from this Fund to satisfy the Institution's obligations under Superannuation Guarantee legislation. If assets do not provide at least 100% coverage of SG Minimum Benefits (known as MRBs), the Fund is classified as being 'technically insolvent' under relevant Commonwealth superannuation legislation.

For active members in the Defined Benefit Scheme, Institutions meet their Superannuation Guarantee contributions through accumulation accounts external to the Fund. The MRB within the Defined Benefit Scheme for the active members consists of the member contribution component and some pre-1992 benefit components, as defined in the Fund's Superannuation Guarantee Benefit Certificate. The value of Minimum Requisite Benefits in respect of the Defined Benefit Scheme active members as at 30 June 2026 is \$94.5 million.

## Coverage of benefit liabilities

### Coverage of benefit liabilities at 30 June 2026

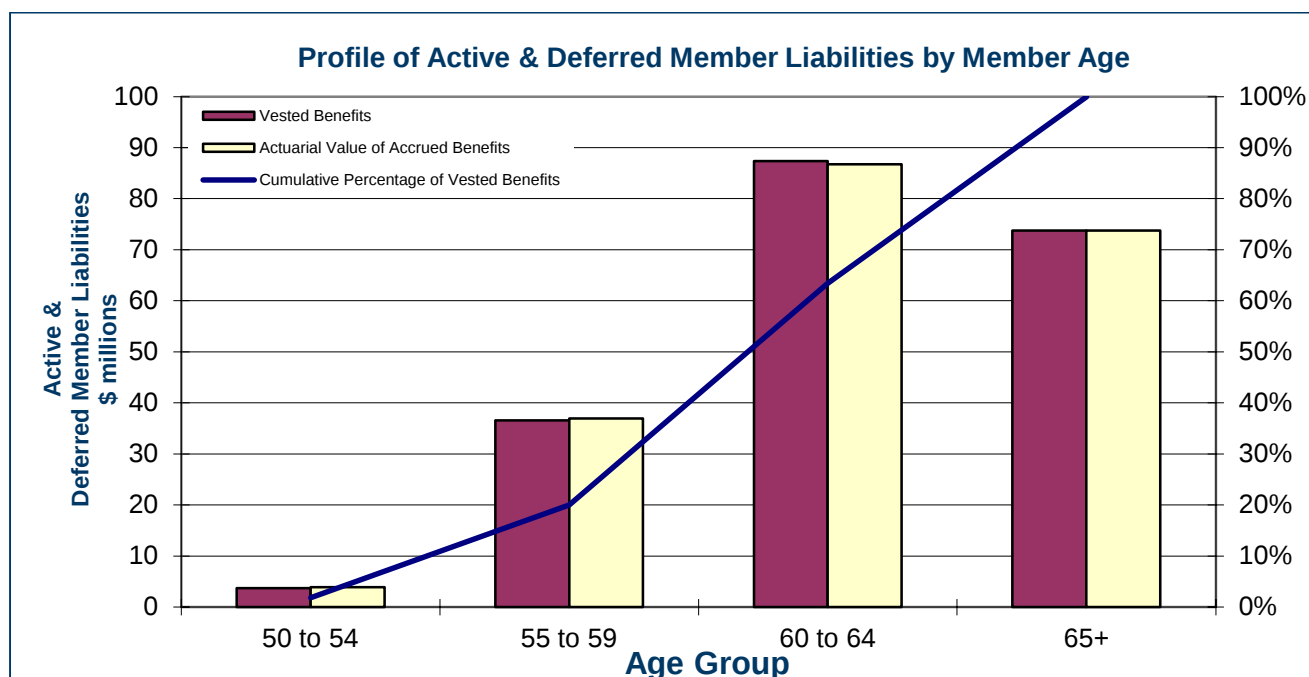
As at 30 June 2026, the Fund's assets covered both Vested Benefits and the Actuarial Value of Accrued Benefits. The following table sets out the coverage of the benefits as at 30 June 2026, with the corresponding values at prior years for comparison.

| As at 30 June                       | Coverage of Benefits by Assets |        |        |        |        |
|-------------------------------------|--------------------------------|--------|--------|--------|--------|
|                                     | 2026                           | 2025   | 2024   | 2023   | 2022   |
| Vested Benefits                     | 149.1%                         | 135.1% | 128.7% | 106.6% | 109.9% |
| Actuarial Value of Accrued Benefits | 149.2%                         | 135.0% | 129.0% | 106.7% | 110.6% |

According to the SIS legislation, the Fund is in a "satisfactory financial position" as at 30 June 2026 as the Vested Benefits are less than the value of the assets.

## Cover for Defined Benefit Scheme liabilities

The following graph shows the Vested Benefits and Actuarial Value of Accrued Benefits of the Defined Benefit Scheme active and deferred members as at 30 June 2026, split by age.



The graph shows that approximately 98% of the Defined Benefit Scheme Vested Benefits relates to members who are over age 55 and therefore eligible for retirement benefits.

## Cover for Minimum Requisite Benefits of Defined Benefit Scheme active members

On the assumption that lifetime pension benefits and Defined Benefit Scheme deferred member benefits are fully funded, then the value of assets available to meet the minimum benefits in respect of the Defined Benefit Scheme active members is \$260.3 million.

The following table sets out the coverage by these assets of the Minimum Requisite Benefits for the Defined Benefit Scheme active members as at 30 June 2026, with the corresponding values at prior years for comparison.

| Coverage of Defined Benefit Scheme Active section Members' Minimum Requisite Benefits |        |        |        |        |        |
|---------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| As at 30 June                                                                         | 2026   | 2025   | 2024   | 2023   | 2022   |
| Minimum Requisite Benefits                                                            | 275.3% | 256.0% | 239.0% | 223.6% | 235.5% |

According to the SIS legislation, the Fund is “technically solvent” as at 30 June 2026 as the Minimum Requisite Benefits are less than the value of the assets.

## Coverage of benefits on Fund termination

If the Fund were terminated, the liability under the governing rules is limited to whatever assets are then held in the Fund. Accordingly, it is important for the Trustee to maintain assets in excess of 100% of the Vested Benefits of the Fund.

## Valuation Results in Summary

The actuarial projection of possible future experience produced the following results, where projected future payments are converted to a present value using the assumed discount rates.

| <b>Actuarial Balance Sheet as at 30 June 2026</b>                                                                                                   | <b>Value on Actuarial Assumptions<br/>\$m</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Value of Fund assets available to support Defined Benefit Scheme (i.e. active and deferred members) liabilities at investigation date               | 313.8                                         |
| Present Value of future Institution contributions at recommended rates (i.e. ongoing contribution holiday)                                          | 0.0                                           |
| Present Value of future member contributions (at rates specified in the Trust Deed)                                                                 | 4.8                                           |
| <b>Total available assets (in absence of other contributions)</b>                                                                                   | <b>318.6</b>                                  |
| Present value of future defined benefit payments accrued at investigation date in respect of Defined Benefit Scheme active members                  | 156.9                                         |
| Present value of future defined benefit payments in respect of Defined Benefit Scheme deferred members                                              | 44.5                                          |
| Present value of future pension payments in respect of Lifetime Pension Scheme members not covered by Challenger Life annuity policies              | 9.0                                           |
| Present Value of future defined benefit payments accruing after investigation date in respect of Health Super Defined Benefit Scheme active members | 7.4                                           |
| Present Value of future Fund operating costs and tax on contributions                                                                               | 30.9                                          |
| <b>Total present value of future payments out of Fund</b>                                                                                           | <b>248.7</b>                                  |
| <b>Net Financial Position (i.e. excess of assets to value of benefits)</b>                                                                          | <b>69.9</b>                                   |

The excess of assets over the value of benefits (in respect of both past and future membership of current active members) of \$69.9 million means that it is not expected to be necessary for the Institutions to make any further contributions to the Fund. Note, however, this expectation is based on assumptions about future experience, and that future experience will differ from these assumptions. Nevertheless, I consider it very unlikely that Institution contributions will be required again in the future.

## Current Contributions

The Institutions that participate in the Fund have been on a contribution holiday since 1 July 2024.

## Recommended Contributions

At 30 June 2026, the Fund remained in a satisfactory financial position. Asset coverage of Vested Benefits was 149.1%, and Fund assets also exceeded 100% of total past and future Fund liabilities and so is in excess of the target funding objective I have adopted for this investigation. I therefore recommend that the Institutions continue with their contribution holiday.

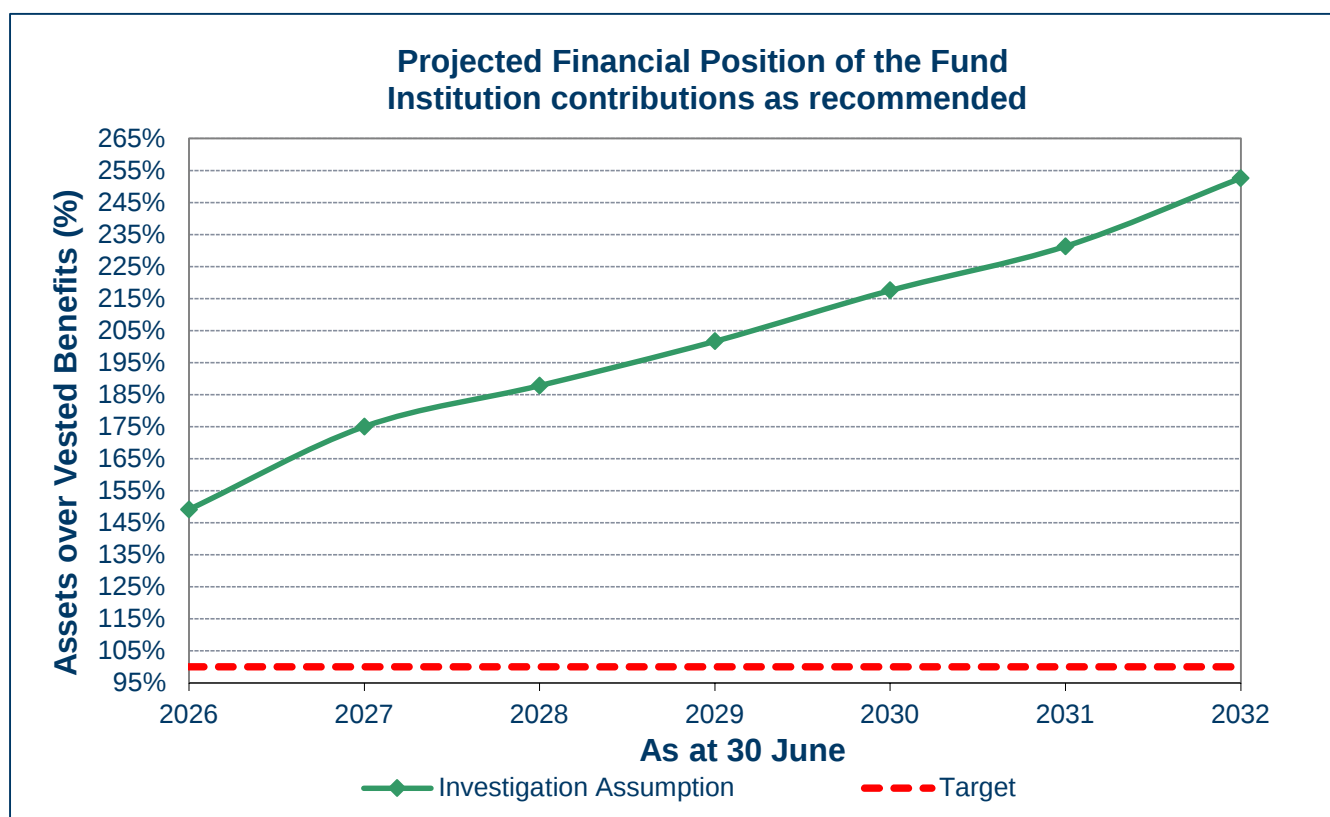
## Projected Financial Position

I have also prepared a projection of the assets and benefit liabilities of the Defined Benefit Scheme (i.e. current active and deferred members only) and Lifetime Pension Scheme members not covered by the Challenger Life annuity policies based on:

- The Institutions continue with their contribution holiday;
- The Fund's current investment strategy;
- The actuarial assumptions adopted for this investigation; and
- Allowing for future member movements into the deferred and lifetime pension sections at rates assumed for this investigation (see Section 4 for details of membership movement assumptions). While I understand that new pensioners (who are currently active or deferred members) are expected to be added to the Challenger Life annuity policies every 2 to 3 years in the future with the next tranche to be negotiated once the pensioner liabilities reach \$50m, I have included Lifetime Pension Scheme liabilities in respect of pensioners currently not covered by the Challenger Life annuity policies and future Lifetime Pension Scheme liabilities in respect of current active and deferred members in the projection results.

The Trustee should note that this projection is based on the assumptions adopted, which represent a single scenario from the 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 the reasonable range and results based on those alternative assumptions would be different, as discussed below.

The following chart shows that the projected coverage of the Fund's Vested Benefits is expected to continue to remain above 100% based on the adopted assumptions.



In dollar terms, the surplus of assets is also expected to increase slightly. As such, the Trustee should consider its options for these surplus assets as the Fund continues to 'wind down', especially given the rapid declines in the Defined Benefit active and deferred membership.

## Sensitivity Analysis

I have tested the effect of changes to the key assumptions on the value of liabilities and the net financial position of the Fund.

I have calculated the liabilities shown in this report using best estimate assumptions for investment returns (based on the current investment strategy), rates of salary increases and pension indexation. As future investment returns, rates of salary increases and pension indexation are unknown, it is almost certain that actual experience will differ from these assumptions.

Whilst experience can be better or worse than expected, I have focused my sensitivity analysis on the downside risks, given the Trustee's role to manage the security of members' benefits.

To quantify the sensitivity of the net financial position to the assumptions, I have calculated the change in liability based on the following scenarios focusing on downside risks:

- Decrease the long-term investment return assumption by 1% pa;
- Increase the rate of salary increase assumption by 1% pa; and
- Increase the pension indexation rate assumption by 1% pa.

I have assumed that all other assumptions remain the same. The effects of these changes are shown below:

| <b>Scenario</b>                      | <b>Actuarial Value of<br/>Accrued Liabilities<br/>as at 30 June 2026<br/>(\$m)</b> | <b>Change in<br/>Accrued<br/>Liabilities<br/>(\$m)</b> | <b>Asset Coverage</b> |
|--------------------------------------|------------------------------------------------------------------------------------|--------------------------------------------------------|-----------------------|
| Base assumptions as shown previously | 210.4                                                                              |                                                        | 149.2%                |
| Decrease investment return by 1% pa  | 220.8                                                                              | +10.4                                                  | 142.1%                |
| Increase salary increases by 1% pa   | 212.4                                                                              | +2.0                                                   | 147.8%                |
| Increase price indexation by 1% pa   | 217.8                                                                              | +7.4                                                   | 144.1%                |

These scenarios illustrate that the Fund is presently in a satisfactory financial position, and the Fund's financial position could weaken if experience is unfavourable or if there is a change in the assumptions used to value the liabilities. However, the high likelihood is that the Fund will remain in a satisfactory financial position. Nevertheless, they highlight the prudence of maintaining a margin of assets above the Actuarial Value of Accrued Liabilities.

## Section 8

# Key Risks

### Investment volatility

I have considered the impact of investment volatility on the financial position for the current Defined Benefit Scheme members (i.e. current active and deferred members only) and Lifetime Pension Scheme members not covered by the Challenger Life annuity policies using a “high return” and a “low return” scenario based on the current investment strategy.

I have prepared the “low return” and “high return” scenarios and derived the returns under both scenarios from assumptions about the likely risk attached to the Fund’s defined benefit investment strategy.

Using the investment return model and assumptions adopted, there is approximately a 10% chance of the Fund’s cumulative investment return being less than the “low return” scenario. Similarly, there is approximately only a 10% chance of the Fund’s cumulative investment return being greater than the “high return” scenario. The “low return” scenario and the “high return” scenario are illustrations only and show what may occur under assumed future experiences that differ from the baseline assumptions. These scenarios do not constitute upper or lower bounds and the actual future coverage of Vested Benefits may differ significantly from the range shown above, depending on actual future experience.

The investment return on Defined Benefit Scheme assets under the “low return” and “high return” scenarios are 2.2% and 4.5% per annum respectively (0.9% and 7.5% per annum respectively on assets supporting pension liabilities not covered by the Challenger Life annuity policies). The extent of variation allowed for in these projections reflects the Fund’s asset mix and Mercer’s views on potential variability in investment results in various investment sectors.

Based on fluctuations in investment returns only, and assuming other experience is in line with the assumptions adopted for this investigation, there is approximately an 80% chance that the coverage of assets over Vested Benefits at 30 June 2031 for the Fund will fall in the range from 210% to 252%. This is significantly above the level required to cover Vested Benefits.

Nevertheless, it will be necessary for the Trustee to monitor coverage levels regularly during the period to the next investigation so that it can implement any corrective action needed as early as possible. The Fund’s Funding and Solvency Certificate specifies “Notifiable Events” which the Trustee needs to monitor on a regular basis. These are designed to detect any adverse changes in the Fund’s financial position.

## Investment liquidity

The expected average term of the Fund's liabilities in respect of the Defined Benefit Scheme active and deferred section members is around 5 years. While a proportion of members are eligible to receive pension benefits (which are expected to be covered by future annuity buy-ins), a large proportion will receive lump sum payments. Accordingly, there will be a significant level of benefit outflow, exceeding net contributions. The Trustee's investment policy ensures that the Fund's investments provide a suitable level of liquidity to meet projected benefit payments.

## Indexation risk

This is the risk that the indexation applied to lifetime pensions and deferred defined benefits will be greater than expected, creating a shortfall in assets that will require additional contributions from the Institutions. As the Fund's liabilities in respect of most of the Lifetime Pension Scheme members are covered by the Challenger Life annuity policies, the majority of this risk has now been passed onto Challenger Life. The Fund has also largely hedged the risk attached to the deferred defined benefits by investing a proportion of the Fund's assets into Index Linked Bonds.

As discussed in Section 7, if the assumed future pension increase (or indexation) rate was increased by 1% per annum with no change in other assumptions, then the Fund's Actuarial Value of Accrued Benefits in respect of the current Defined Benefit Scheme members (i.e. current active and deferred members only) would increase by \$7.4 million (or 3.5%). Vested Benefits as at 30 June 2026 have a similar change.

## Longevity risk

This is the risk that the pensioners (including potential pensioners) will live longer than expected requiring more pension payments thereby increasing the pension liabilities of the Fund. As most of the Fund's lifetime pension liabilities are covered by the Challenger Life annuity policies, the majority of this risk has now been passed onto Challenger Life. It is also expected that additional liabilities will be transferred to Challenger in the future, further mitigating this risk.

## Salary growth risk

The risk here is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than anticipated, increasing benefit amounts and thereby requiring additional Institution contributions. This risk is borne by the Institutions.

For example, if the general salary increase rate were increased by 1% per annum with no change in other assumptions, then the Defined Benefit Scheme's Actuarial Value of Accrued Benefits would increase by around \$2.0 million (or 0.95%) as at 30 June 2026. However, Vested Benefits as at 30 June 2026 are not affected by a change in the future salary assumption.

## Legislative risk

This risk is that the Commonwealth Government could make legislative changes that increase the cost of providing the defined benefits – for example, an increase in the rate of tax on superannuation funds. This risk is borne by the Institutions.

Reflecting the terms of the annuity buy-in policies, there is a risk that legislation changes increase the cost of providing the pensions, e.g. imposition of tax on investment income, the risk of which has not been assumed by Challenger Life. Challenger Life has the ability to reduce the payments to the Trustee should the cost of providing the annuity be increased due to changes in taxation, stamp duty or other government charges.

## Counterparty risk

Most of the risks to the Fund's financial position related to the lifetime pensioners (investment risk, inflation risk and longevity risk) have been transferred to Challenger Life by investing in Challenger Life annuity buy-in policies. The main risk that remains with respect to the annuity buy-in is counterparty risk – the risk that Challenger Life becomes insolvent and another insurance company does not take on the liabilities of the annuity contract. The Trustee analysed counterparty risk in detail as part of the annuity buy-in project and concluded that this risk was relatively small.

## Benefit selection risk

66 of the 518 Defined Benefit Scheme active members and 64 of the 1,143 Defined Benefit Scheme deferred members at 30 June 2026 have the option to select a pension benefit. This compares to 80 Defined Benefit Scheme active members and 77 Defined Benefit Scheme deferred members at 30 June 2025. The benefit selection risk is the risk that those members who have the option to choose a pension benefit will do so in greater numbers than assumed in the actuarial investigation. This will increase the Fund's liabilities. This risk is borne by the Institutions.

## Section 9

# Insurance Risks

The insurance arrangements are underwritten by TAL Life Limited (“the insurer”) and outlined in a policy dated 1 July 2012.

The purpose of the Fund’s insurance policy is to protect against unexpectedly large payments on the death or disablement of Defined Benefit Scheme active section members.

The current group life insurance formula is designed so that the amount insured is approximately equal to the excess of their death benefit over their accrued retirement benefit. That is:

Sum insured = Death Benefit – Lump Sum Accrued Retirement Benefit

Based on the formula in use at the investigation date, the ‘amount at risk’ as at 30 June 2026 for Defined Benefit Scheme active members was as follows.

| As at 30 June 2026 |                           | Death (\$m)    | Disability (\$m) |
|--------------------|---------------------------|----------------|------------------|
|                    | Total Benefits            | 150.3          | 191.4            |
| less               | Sum Insured               | 11.8           | 11.8             |
| less               | Assets*                   | 260.3          | 260.3            |
|                    | <b>Net amount at Risk</b> | <b>(121.8)</b> | <b>(80.7)</b>    |

\* Assets supporting Defined Benefit Scheme active members assuming deferred and lifetime pensioner liabilities are fully covered.

On disability Defined Benefit Scheme active section members under the age of 60 receive a lifetime pension with a spouse reversion. On death, only selected active section Defined Benefit Scheme members under the age of 60 are eligible for a spouse pension. The total value of disability benefits is higher than the value of death benefits, because of the higher value placed on pension benefits.

As at 30 June 2026, there was an insurance “surplus” of \$80.7 million on Defined Benefit Scheme active members’ total disability benefits. This result is based on a scenario where all active members become disabled at the same time.

This indicates that the Fund would not need to insure based on its financial position. However, superannuation regulations do not permit a fund to self-insure benefits unless (a) the fund is a defined benefit fund and (b) self-insurance were in place before 1 July 2013. Given the insurance levels are quite small, and the regulatory constraints, I consider no change is necessary to the current insurance formula, and that the current group life insurance formula is appropriate and provides adequate protection for the Fund.

## Section 10

# Prudential Standards

The prudential 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 comment below on several requirements arising from SPS 160.

## 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”.

I understand that the Fund’s Shortfall Limit determined by the Trustee is 100%.

The Shortfall Limit is expressed as the coverage level of the defined benefits vested benefits by the defined benefit assets. It is appropriate to consider the following factors when determining if the Shortfall Limit remains appropriate:

- The guidance provided by the Actuaries Institute, PG499.08;
- The investment strategy for defined benefit assets, particularly the benchmark exposure of 100% to “defensive” assets; and
- The results of this investigation regarding the extent to which the current and projected 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, I recommend maintaining the current Shortfall Limit of 100%.

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 – or if the Trustee otherwise considers it appropriate to do so.

## 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 the 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 and this must be submitted to APRA.

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.

## Requirements due to Unsatisfactory Financial Position

### 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 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 contribution program (including its period) must be made within the framework of that Restoration Plan.

As indicated by the financial position and the projections, I consider that:

- The Fund is not in an unsatisfactory financial position; and
- The Fund is not likely to fall into an unsatisfactory financial position.

Hence the special requirements of SPS 160 for funds in an unsatisfactory financial position do not apply at this investigation.

## Actuary's Reporting Requirements

Section 130 of the SIS Act requires that if an actuary forms the opinion that a plan'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 prudential regulator (APRA) in writing immediately. Note: 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).

## Statements Required by SPS 160

This section provides statements required to be made under APRA Prudential Standard SPS 160. Values cited relate are inclusive of Lifetime Pension Scheme members whose liabilities are fully matched by the Challenger Life annuity policies (the policies are valued at \$601.9 million as at 30 June 2026).

- (a) The value of the assets of the Health Super DB Fund ("the Fund"), a sub-fund of Aware Super, as at 30 June 2026 adopted for the purposes of the actuarial investigation was \$915.7 million. This value excludes assets held to meet the Operational Risk Financial Requirement. This is also the value of assets used in determining the recommended Institution contribution rates.
- (b) In my opinion, the value of the liabilities of the Fund in respect of Accrued Benefits of the Fund as at 30 June 2026 was \$812.3 million. Hence, I consider that the value of the assets at 30 June 2026 is adequate to meet the value of the Accrued Benefits of the Fund as at 30 June 2026. Considering 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 Fund operates, I consider that the assumptions and valuation 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 valuation methodology are set out in Section 4 of this report. Assuming the Institutions no longer contribute to the Fund (in accordance with my recommendation) and based on the assumptions adopted for this actuarial investigation, I expect that Fund assets will remain sufficient to cover the value of liabilities in respect of Accrued Benefits during the period up to 30 June 2028.
- (c) In my opinion, the value of the liabilities of the Fund in respect of Vested Benefits of the Fund as at 30 June 2026 was \$812.3 million. Hence, I consider that the value of the assets at 30 June 2026 is adequate to meet the value of the Vested Benefit liabilities of the Fund as at 30 June 2026. Assuming the Institutions no longer contribute to the Fund (in accordance with my recommendation) and based on the assumptions made for this actuarial investigation, I expect that assets will remain sufficient to cover the value of Vested Benefit liabilities over the period to 30 June 2028. Hence, I consider that the financial position of the Fund should not be treated as unsatisfactory as defined in SPS 160.
- (d) In my opinion, the value of the liabilities of the Fund in respect of the minimum benefits of active Fund members as at 30 June 2026 was \$94.5 million. The value of the assets available to support these liabilities was \$260.3 million. Hence, the Fund was not technically insolvent at 30 June 2026.
- (e) A projection of the likely future financial position of the Fund over the 3-year period following 30 June 2026, based on what I consider to be reasonable expectations for the Fund for the purpose of this projection, is set out in Section 7 of this report.

- (f) Based on the results of this investigation, I consider that the Shortfall Limit does not require review. Comments are set out in Section 10 of this report.
- (g) In my opinion, there is a “high degree of probability” as at 30 June 2026 that the Fund will be able to meet the pension payments as required under the Fund’s governing rules.
- (h) In respect of the three-year period following 30 June 2026, I recommend that the Institutions maintain their contribution holiday.
- (i) The Fund is used for Superannuation Guarantee purposes:
  - 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 last investigation to 30 June 2026; and
  - I expect to be able to certify the solvency of the Fund in any Funding and Solvency Certificate that may be required in the three-year period from 30 June 2026.

## Section 11

# Actuarial Certification

## 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 investigation 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 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, the actual rate of pension indexation and any discretions exercised by the Trustee or the Institutions. 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 Institution contributions depend on several factors, including the amount of benefits the Fund pays, the cause and timing of member withdrawals, Fund expense, the level of taxation and the amount earned on any assets invested to pay the benefits. These amounts and others are uncertain and unknowable at the valuation 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 the range of possibilities. The results of that simple 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 the reasonable range and results based on those assumptions would be different. For this reason, this report shows the impact on the Fund's financial position if alternative assumptions were to be adopted.

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 and benefit related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely based on a set of valuation results.

## Additional information

As the Fund has pensioners, the SIS legislation requires annual actuarial investigations of the Fund. The next **actuarial investigation** is required at a date no later than **30 June 2027**.

The next **Funding and Solvency Certificate** is required at least 12 months before the expiry of the current Funding and Solvency Certificate (which expires on **30 June 2029**).

The next **Benefit Certificate** is required following the expiry of the current Benefit Certificate (which expires **30 June 2027** unless replaced earlier). It is required primarily by the Institutions to demonstrate compliance with historical Superannuation Guarantee obligations to employees who are Fund members.

## Further information

Please contact me to provide any supplementary information or explanations about this actuarial investigation as may be required.

Prepared by



**Timothy Simon Jenkins**  
**Fellow of the Institute of Actuaries of Australia**

**17 August 2026**

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



**Herman Lee**  
**Fellow of the Institute of Actuaries of Australia**

# Appendix A

## Fund Design

### Summary of benefits

A simplified summary of the main benefit provisions in respect of defined benefit members is set out below. The formal governing documents should be referenced for definitive statements.

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                          |      |         |    |    |              |    |    |      |     |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------|---------|----|----|--------------|----|----|------|-----|
| Eligibility                          | Closed to new members since 1 January 1994.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                          |      |         |    |    |              |    |    |      |     |
| Members' Contributions (% of salary) | Members can elect to contribute at 0%, 3% or 4% of salary.<br><br>Members who were contributing 3.5% and 6% of salary at 31 December 1993 may continue to do so.                                                                                                                                                                                                                                                                                                                                                                                                                       |                          |      |         |    |    |              |    |    |      |     |
| Accrual Rate (from 1 July 2004)      | Defined benefit accrual rates from 1 July 2004 vary as follows: <table><tr><td>Member Contribution Rate</td><td>0%</td><td>3%/3.5%</td><td>4%</td><td>6%</td></tr><tr><td>Accrual Rate</td><td>0%</td><td>3%</td><td>4.5%</td><td>10%</td></tr></table>                                                                                                                                                                                                                                                                                                                                | Member Contribution Rate | 0%   | 3%/3.5% | 4% | 6% | Accrual Rate | 0% | 3% | 4.5% | 10% |
| Member Contribution Rate             | 0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3%/3.5%                  | 4%   | 6%      |    |    |              |    |    |      |     |
| Accrual Rate                         | 0%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 3%                       | 4.5% | 10%     |    |    |              |    |    |      |     |
| Average Final Fund Salary (AFFS)     | This is the average of a member's aggregate salary earned over the preceding two years of service.<br><br>A minimum dollar value (equal to the member's salary at 1 January 1994) also applies.                                                                                                                                                                                                                                                                                                                                                                                        |                          |      |         |    |    |              |    |    |      |     |
| Normal/Early Retirement Age          | 65/55                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                          |      |         |    |    |              |    |    |      |     |
| (Accrued) Retirement Benefit         | The benefit is a lump sum equal to the member's accrued retirement benefit. This is calculated as a multiple of AFFS. Maximum multiples of 7.2 and 8.0 apply for members of Divisions C and D respectively.                                                                                                                                                                                                                                                                                                                                                                            |                          |      |         |    |    |              |    |    |      |     |
| Death Benefit                        | For a member aged below 60, the death benefit is calculated as the projected accrued retirement benefit at age 60, assuming that: <ul style="list-style-type: none"><li>AFFS remains unchanged</li><li>The member's contribution rate for the period between the date of death and age 60 is 4% of salary (or 6% for members currently contributing at that rate).</li></ul> For a member aged over 60, the death benefit is equal to the member's accrued retirement benefit.<br><br>A minimum dollar death benefit (equal to the member's benefit at 31 December 1993) also applies. |                          |      |         |    |    |              |    |    |      |     |
| Disability Benefit                   | For a member aged below 60, the disability benefit is an annual pension equal to 1/12 of the death benefit. Pensions are indexed annually based on changes in CPI. On turning 65, these disability pensioners can elect to cease receiving the disability pension and instead receive a lump sum benefit.<br><br>For a member aged over 60, the disability benefit is a lump sum equal to the accrued retirement benefit.                                                                                                                                                              |                          |      |         |    |    |              |    |    |      |     |

|                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Resignation Benefit</b>                                  | <p>The resignation benefit consists of two components:</p> <ul style="list-style-type: none"> <li>• <b>Immediate Cash Benefit</b><br/>This is a lump sum equal to the sum of the annual contribution rates paid by a member during their period of membership, multiplied by AFFS. Referred to as “adjusted member contributions”.</li> <li>• <b>Deferred Benefit</b><br/>Given all members have more than 5 years' service, a deferred benefit is also payable. This is calculated as the excess of the member's accrued retirement benefit over the member's adjusted member contributions, multiplied by a vesting factor.<br/><br/>The vesting factor was 5% for each year of service in excess of 5 years with a maximum of 100%. All members now have 25 years' or more service and so have a 100% vesting factor.<br/><br/>The deferred benefit may be retained in the Fund and if so becomes payable on retirement after age 55, or upon death or disablement. Deferred benefits are indexed to CPI. However, members may instead choose to transfer their deferred benefit to another section of Aware Super or to another superannuation fund. On transfer, the deferred benefit is discounted by 4% p.a. for each year remaining to age 55.</li> </ul> |
| <b>Division D (members who joined prior to 1 July 1988)</b> | <p>Division D members are members of the Old Scheme (i.e. members who joined the Fund prior to 1 July 1988) and are entitled to certain guaranteed benefit options.</p> <p>Further details are set out in the Fund's Trust Deed.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Pension Scheme Contributors</b>                          | <p>Pension Scheme Contributors as defined by the Fund's Trust Deed can elect to receive pension benefits in lieu of lump sum benefits or in combination with lump sum benefits.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## The Superannuation Guarantee (Administration) Act 1992

The Superannuation Guarantee (Administration) Act 1992 requires Institutions to provide fully vested minimum superannuation benefits to their employees within a complying superannuation fund. All benefits are subject to a minimum Superannuation Guarantee (SG) benefit, known as the Minimum Requisite Benefit. The Fund's SG Benefit Certificate sets out the Minimum Requisite Benefit.

The Defined Benefit Scheme active members receive Institutions' SG contributions (under current legislation the SG rate is 12.0% from 1 July 2025) to accumulation accounts external to the Fund. As a result, the Minimum Requisite Benefit within the Defined Benefit Scheme for the active members consists of the Adjusted Member Contributions and some historical SG benefit components, as defined in the Fund's Benefit Certificate.

## Appendix B

# Data

I have relied on financial and participant data provided by Aware Super on behalf of the Trustee when preparing this report. I have reviewed the financial and participant data for internal consistency and general reasonableness and, following some amendments, believe it is suitable for the purpose of this report. I have not verified or audited any of the data or information provided.

I have also relied upon the documents, including amendments, governing the Fund as provided by the Trustee. The Trustee is ultimately responsible for the validity, accuracy and comprehensiveness of this information. If the data or Fund provisions are inaccurate or incomplete, the valuation results may differ significantly from the results obtained with accurate and complete information; this may require a revision of this report.

For the purposes of this investigation, the Trustee provided the following:

1. Data for all persons who were active or deferred members of the Defined Benefit Scheme or pensioners in the Lifetime Pensions section of the Fund at any time during the period from 31 March 2025 to 31 March 2026;
2. Details of rates of indexation applied to Lifetime Pensions and deferred defined benefit balances;
3. Month-end unit prices of the Fund assets for the year to 30 June 2026; and
4. The net value of Fund assets as at 31 March 2026.

Members' account balances, defined benefit multiples and pension amounts were appropriately adjusted for the period from 31 March 2026 to 30 June 2026.

As per prior years', the salary and AFFS data provided by the Fund Administrator as at 31 March 2026 indicates significant variability year-on-year for many active members. This is to be expected and relates to the movement in salary and service fraction data advised by the Institutions each fortnight/month.

I was provided with salaries as at 30 June 2025 and a complete salary and service fraction history over the 2 years to 31 March 2026 for each active member. I used the history to estimate a projected salary as at 30 June 2026. My analysis indicates:

- Actual salaries as at 30 June 2025 were around 1.0% lower on average than the salaries I adopted for the 30 June 2025 actuarial investigation.
- 85% of active members had a "reasonable" movement when comparing the 30 June 2025 salary provided with the calculated 30 June 2026 salary. I have defined "reasonable" to be a movement between -2% and +25%.
- 14% of active members had a salary movement since 2025 that was less than -2%.
- The average salary change for members with "reasonable" salary movements was 3.2%.

I have calculated a 30 June 2026 salary for those active members with unreasonable movements based on the 30 June 2025 salary provided in this year's data increased by 3.2%.

## Appendix C

# Calculation of the Actuarial Value of Accrued Benefits

## Methodology of Calculating the Actuarial Value of Accrued Benefits

I have calculated the Actuarial Value of Accrued Benefits 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.

The past membership components of all defined benefits payable in the future from the Fund in respect of current membership are projected forward allowing for assumed future salary increases and credited interest rates and are then discounted back to the investigation date at the investment return rate assumed for the investigation.

The past membership component for each type of benefit is:

|                               |                                                                                                                                                                                                                  |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Retirement:</b>            | based on the member's accrued benefit multiple at the investigation date                                                                                                                                         |
| <b>Death and Disablement:</b> | calculated by adjusting the total expected benefit in proportion to the accrued benefit multiple at the investigation date divided by the accrued benefit multiple at the projected date of death or disablement |
| <b>Resignation:</b>           | based on the member's accrued benefit multiple or relevant account balances at the investigation date, allowing, where applicable, for future vesting to the projected date of resignation                       |
| <b>Deferred:</b>              | based on actual accruals to the date of investigation, with progressive vesting for active members                                                                                                               |

The expected average term of the Fund's liabilities is approximately 5 years in respect of the Defined Benefit Scheme (active and deferred sections) and is approximately 12 years in respect of existing members in the Lifetime Pension Scheme not covered by the Challenger Life annuity policies.

## No Change to Methodology Adopted

The method used for the determination of Accrued Benefits as described above is unchanged from that used at the previous investigation.

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