



Regular Triennial Actuarial Investigation Report to the Trustee of the

BT Lifetime Super - Teradata Australia Pty Limited Plan (as
part of Retirement Wrap)

Valuation Date: 1 July 2019

Date of Report: 25 November 2019

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Executive Summary

Superannuation regulations and the Trust Deed of the Retirement Wrap BT Lifetime Super - Teradata Australia Pty Limited Plan (the Plan) require that the Plan undergo a regular triennial actuarial investigation. This report has been prepared in order to comply with these provisions.

The sponsor of the Plan is Teradata Australia Pty Limited (the Employer) and the Trustee is BT Funds Management Limited (the Trustee).

Financial condition

A snapshot of the financial condition of the Plan as at 1 July 2019 is set out below.

	Defined Benefits only	Total Plan	Comments
Vested Benefits Index	167.1%	103.9%	<ul style="list-style-type: none"> ▪ The Plan remains in a satisfactory financial position. ▪ The Plan's Vested Benefit Index for Defined Benefits is above the Shortfall Limit of 100.0%.
Actuarial Value of Accrued Benefits Index	139.3%	102.7%	<ul style="list-style-type: none"> ▪ The Plan remains in an adequate financial position. ▪ The Plan had a surplus on this basis of \$846,674.
Minimum Requisite Benefits Index	167.1%	103.9%	<ul style="list-style-type: none"> ▪ The Plan was solvent in relation to its Minimum Requisite Benefits.

See Sections 4 and 5 for more information on the financial condition of the Plan.

Significant changes since the prior regular triennial actuarial investigation

No changes or events have occurred since the last regular triennial investigation that would have had a significant effect on this regular triennial actuarial investigation's disclosure information.

Note however, that there is now only one remaining Defined Benefit member. Although assumptions are never borne out completely in practice, this is more likely when there is only one member as the law of averages does not really apply.

All references to "Defined Benefit members" throughout this report, refers to that one member.

Employer contribution recommendations

I recommend that the Employer continues the contribution holiday:

Category	Employer Rate for defined benefit members (% pa of salaries)¹ 1/07/2019 onwards
A	0.00%

¹ As the employer is on a contribution holiday, the Plan reserve will be used to fund SG contributions allocated to the members' Retirement Base accounts where details will be provided by the Employer and are based on the greater of SG rate less 3% on Ordinary Time Earnings or 7.06% of Superannuation Salary.

In addition, the following contributions are also payable:

- Member 3% pa contributions (or 3.53% pa if salary sacrifice) of Superannuation Salary for Category A members;
- Contributions as described in the Employer Application Form to each member's 3% pa Award Account (3% of Ordinary Time Earnings) and Employer Partially Vested Account (a rate determined based on the voluntary contributions a member makes, where applicable);
- Contributions to pay for the expenses charged to Defined Benefit members' accumulation accounts where these have been agreed with the member;
- The Superannuation Guarantee contribution rate on bonus, if applicable; and
- Employer contributions of at least the required contributions to meet Superannuation Guarantee legislation as per the Plan's Benefit Certificate in respect of Accumulation members.

The Employer Superannuation Guarantee contributions must be loaded to members' accounts by the 28th day of the second month following the quarter end. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the second month following the quarter end.

For illustration, the long-term Employer Defined Benefit contribution rate without considering the Plan's current financial position (ie deficit/surplus) or amounts allocated to additional accumulation accounts is:

Category	Employer rate (% pa of salaries)^{1,2,3}
A	21.6%

¹The Superannuation Guarantee contribution rate is based on Ordinary Time Earnings and the balance of the contribution rate is paid on the Superannuation Salary.

² Defined Benefit member 3% pa contributions (or 3.53% pa if salary sacrifice) of Ordinary Time Earnings are paid in addition.

³ Incorporates Award contributions for eligible Defined Benefit members.

Please refer to Section 4 for details.

Shortfall Limit recommendations

I have reviewed the Shortfall Limit of 100.0% and propose that the Trustee retains the Shortfall Limit of 100.0%.

Please refer to Section 5 for details.

Insurance recommendations

I have reviewed these formulae and confirm that, in my view, they remain appropriate and the current insurance arrangement should be maintained.

Please refer to Section 6 for details.

Investment recommendations

In my opinion, the retention of the current investment strategy is appropriate to meet the long-term liabilities of the Plan including the projected lump sum benefits of Defined Benefit members on termination of employment or on reaching their Normal Retirement Date and converting to the Plan's Accumulation category.

Given the strong financial position of the Plan, the Employer may prefer to have the Defined Benefit assets to be invested in a less growth-orientated investment option in order to reduce the fluctuations of assets in volatile investment markets. This would assist in preserving the surplus and reduce potential fluctuations in the contribution rate, however, it would increase the long-term rate.

We can assist the Trustee and Employer to consider the financial impact of a change in financial position.

For more information refer to Appendix C.

Monitoring recommendations

I have reviewed the current practice of carrying out the regular actuarial investigation on a triennial basis and confirm that, in my view, it remains appropriate based on the current and expected financial position over the next 5 years.

Actuarial assumptions

There have been changes to the actuarial assumptions since the previous regular triennial actuarial investigation. For more information refer to Section 3.

Material risks

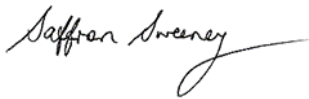
I have reviewed the material risks of the Plan and confirm that, in my view, there are no unusual significant risks that the Trustee needs to be aware of.

Please refer to Section 8 for details.

Next actuarial investigation

The next regular triennial actuarial investigation of the Plan should be carried out with an effective date of 1 July 2022.

An interim actuarial investigation may need to be carried out at an earlier date if one or more of the notifiable events in the Funding & Solvency Certificate occur prior to that date as advised by the Trustee or Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the actuary advises the Trustee in writing that such an event does not constitute a notifiable event).



Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
25 November 2019

Section 1 – Introduction

Purpose of the Regular Triennial Actuarial Investigation

The reasons for this regular triennial actuarial investigation are:

- to satisfy the requirements of Superannuation Prudential Standard (SPS) 160 which requires a regular actuarial investigation to be carried out once every three years;
- to review the Plan's financial position as at 1 July 2019 (the Effective Date);
- to examine the Plan's immediate solvency and funding indices;
- to recommend appropriate Employer contribution rates so that the Plan remains in a satisfactory financial position and in order to satisfy the Trust Deed;
- to review the basis for insuring death and disability benefits; and
- to comment on any aspect of the Plan that may assist with improving its objectives.

The main provisions of the Plan that relate to benefits and contributions are set out in Appendix A.

Name of Actuary

This regular triennial actuarial investigation was carried out as at 1 July 2019 by Saffron Sweeney, of Aon Hewitt Limited, Fellow of the Institute of Actuaries of Australia. The previous regular triennial actuarial investigation was completed by Rachael Povah, of Aon Hewitt Limited, Fellow of the Institute of Actuaries of Australia, as at 1 July 2016. The results are shown in the report dated 22 December 2016.

Compliance with the standards of the Institute of Actuaries of Australia

This report satisfies the requirements of the Professional Standards (including Professional Standards 400, 402 and 404) published by the Institute of Actuaries of Australia and Superannuation Prudential Standard (SPS) 160.

Limitations in preparing the Report

There have been no restrictions or limitations placed on me in providing the recommendations in this report.

Previous investigation results

The results of the previous regular actuarial investigation as at 1 July 2016 are as follows:

- assets at market value were greater than the actuarial value of accrued benefits by \$627,921; and
- assets at market value exceeded vested benefits by \$2,147,921.

It was recommended that the Employer contribute at a rate of 15.0% pa of Defined Benefit member Superannuation Salaries until 31 March 2017 and then pay 20.6% pa of Defined Benefit member Superannuation Salaries from 1 April 2017.

The average long-term Employer contribution rate was 19.0% pa of Defined Benefit members' superannuation salaries as at 1 July 2016.

A funding position review was carried out as at 31 March 2017 by Rachael Povah, in a letter dated 3 May 2017, and it was recommended that the Employer contribution rate could be reduced to nil with effect from 1 April 2017.

Contributions have been paid in accordance with the above recommendations since the last regular triennial actuarial investigation to the date of this report.

Section 2 – The Plan’s Experience

This section considers the assumptions used in the previous regular triennial actuarial investigation as at 1 July 2016 and the experience of the Plan relative to these assumptions.

The main factors affecting the Plan’s financial position during the period since the previous triennial actuarial investigation as at 1 July 2016 were as follows:

	Assumptions at the previous triennial investigation	Plan Experience	Impact on the financial position of the Plan (when considered in isolation)
Investment Returns ¹	<ul style="list-style-type: none"> ▪ 4.9% pa 	<ul style="list-style-type: none"> ▪ 7.7% pa (the Plan assets received a rebate of 1.3%pa up to 30 June 2019 and this will be 1.05%pa from 1 July 2019) ▪ The equivalent average net return of funds with a similar investment strategy was 8.5% pa² 	<p>Favourable effect: The Defined Benefit assets increased at a higher rate than assumed.</p> <p>The Fund earned higher returns (after inclusion of the rebate) than other funds with a similar investment mix.</p>
Salary Increases ³	<ul style="list-style-type: none"> ▪ 3.0% pa 	<ul style="list-style-type: none"> ▪ 2.4% pa 	<p>Favourable effect: The Defined Benefit liabilities increased at a lower rate than assumed.</p>
Average Employer Contribution rate ⁴	<ul style="list-style-type: none"> ▪ Recommended rate (averaged based on category and period) of 3.6% pa 	<ul style="list-style-type: none"> ▪ Long-term rate of 19.0% pa 	<p>Unfavourable effect: The Defined Benefit assets increased at a lower amount than the long-term cost of providing the defined benefits.</p> <p>As recommended, the Defined Benefit contribution rates were at a lower rate than the long-term cost of providing the defined benefits.</p>
Expenses and Insurance Premiums ^{4,5}	<ul style="list-style-type: none"> ▪ 3.9% pa for Expenses ▪ 0.4% pa for SCI insurance premiums 	<ul style="list-style-type: none"> ▪ 7.8% pa for Expenses ▪ 0.3% pa for SCI insurance premiums 	<p>Unfavourable effect: The Defined Benefit assets, on average, have paid more expenses.</p> <p>Favourable effect: The Defined Benefit assets, on average, have paid slightly less premiums.</p>

¹net of investment expenses and tax

²based on the SuperRatings Fund Crediting Rate survey issued in July 2019

³for existing Defined Benefit members over the investigation period

⁴% of Defined Benefit members’ salaries

⁵ As the assumption was based on total Defined Benefit salaries, the impact of the two exited members means that the expenses as a percentage of total Defined Benefit salaries was higher than assumed.

The other main factors affecting the Plan's financial position during the period since the previous regular triennial actuarial investigation was:

- Membership movements.
 - Exits: Two (2) Defined Benefit members left the Plan due to early retirement during the triennial actuarial investigation period, which is higher than that assumed in the previous investigation. Overall benefits paid were more than the amounts reserved and therefore, in isolation, this has led to an unfavourable effect on the financial position of the Plan.
- Mismatch of timing of contributions tax.
 - The contributions tax payable by the Plan is carried out in the next financial year, this has led to an unfavourable effect on the financial position of the Plan.

The overall experience of the Plan during the regular triennial actuarial investigation period has had a negative effect on its financial position.

Section 3 – Assumptions

As part of this regular triennial actuarial investigation, I have analysed the method and assumptions used in the previous regular triennial actuarial investigation as at 1 July 2016. Where appropriate I have maintained these methods and assumptions, however some have changed in light of the experience discussed in Section 2 of this report and after consideration of changes in market expectations. The actuarial method used is described in Appendix D.

Interest/Salary Differential

The most significant financial assumptions used in a regular triennial actuarial investigation are the rate of future investment returns and the rate of future salary increases. These rates must be considered together because of their economic interdependence in the medium to long-term.

While the absolute level of assumed investment returns is relevant in any regular triennial actuarial investigation, the critical factor is the relationship that this rate has with the assumed rate of salary increase. The difference between the two figures is the Interest/Salary Differential. For this investigation I have used an Interest/Salary Differential assumption of 2.7% pa as shown in the table below. Therefore, the Interest/Salary Differential is less conservative than used in the previous regular triennial actuarial investigation. The overall impact of these assumptions, in isolation to all others, is that the Actuarial Value of Accrued Benefits decreased and the long-term contribution rate has decreased.

	Net investment return (pa)	Salary increase rate (pa)	Differential (pa)
Assumption as at 1 July 2016	4.90%	3.00%	1.90%
Assumption as at 1 July 2019	5.70%	3.00%	2.70%

These assumptions have taken into account the long-term outlook of economic conditions, in particular:

- The investment return assumption was derived using long term assumptions for each asset class as determined by Aon's global investment team, multiplied by the strategic asset allocation of the Defined Benefit related assets (based on the BT Multi Manager Balanced option) and allowing for correlations of investment returns between asset classes;
- We expect that inflation will remain under control at around the RBA target of 2% pa to 3% pa.
- The salary increase rate assumption was determined based on the Employer's expectations and past experience as well as consideration of the forecast increases in Average Weekly Ordinary Time Earnings (AWOTE).

Change in investment platform

We have been advised that the Plan assets will be migrated to a new Panorama platform on 1 February 2020. This will result in streamlining of investment options available from 1 February 2020. The option used by the Plan (BT Multi Manager Balanced) will cease and has been mapped to the Active Balanced option. The overall risk profile of these options is very similar and would not result in any changes to the above investment return assumption adopted for this regular triennial actuarial investigation.

Demographic assumptions

The assumption for resignation has been updated (ie removed) since the last regular triennial actuarial investigation as the remaining member is over the resignation age. All other demographic assumptions remain unchanged. There is no impact on the Actuarial Value of Accrued Benefits or long-term contribution rate from this change to the demographic assumptions.

Specimen rates of leaving through various causes which have been used in this regular triennial actuarial investigation and the previous regular triennial actuarial investigation are shown in the following table:

Number of exits per 10,000 members						
1 July 2019				1 July 2016		
Age Last	Resignation	Death & Disablement	Retirement	Resignation	Death & Disablement	Retirement
25	0	4	0	1,000	4	0
35	0	6	0	1,000	6	0
45	0	15	0	500	15	0
50	0	30	0	500	30	0
55	0	63	1,000	0	63	1,000
60	0	116	1,500	0	116	1,500
65	0	0	10,000	0	0	10,000

* exact age

No allowance has been made for retrenchment which is consistent with the last triennial actuarial investigation. Note that there is no specific retrenchment benefit for the Plan (ie members receive the same benefit as if they had resigned or retired, as applicable).

Expenses and Insurance Premiums

The operating expenses and insurance premiums of the Plan are met from the Assets of the Plan, and as such, the regular triennial actuarial investigation requires a specific allowance to be made to meet these costs. The assumed expenses and insurance premiums for this investigation and the previous investigation are shown in the table below.

	1 July 2016	1 July 2019
Operating expenses (% pa of Defined Benefit members' salaries)	3.9% pa (for reference this is equivalent to \$31,170 for year 2016-17)	6.5% pa (for reference this is equivalent to \$29,180 for year 2019-20)
Death and TPD insurance premiums (% pa of Defined Benefit members' salaries)	Nil As the remaining DB members' death benefits are equal to their leaving service benefit hence no insurance was applied	Nil As the remaining DB member's death benefit is equal to his leaving service benefit hence no insurance applies
Salary Continuance Insurance premium (% pa of Defined Benefit members' salaries)	0.4% pa	0.3% pa
Total expense and insurance premium assumption	4.3% pa	6.8% pa

[^] As the assumption is based on total Defined Benefit salaries, the impact of having fewer Defined Benefit members means that the expenses increase when expressed as a percentage of total Defined Benefit salaries.

The expenses and insurance premiums assumptions have increased from the previous regular triennial actuarial investigation to reflect the expected expenses over the next three years.

Accumulation members' expenses are deducted from members' accounts and are therefore not funded by Plan Assets.

The impact of this change in total expense and insurance premiums assumption in isolation has increased the long-term contribution rate.

Tax

There have been no changes to our assumptions regarding tax since the last regular triennial actuarial investigation. These assumptions are set out below.

Contribution rates for future service benefits include an allowance for the current 15% tax on Employer contributions, net of deductible expenses. Where deductible expenses for the Defined Benefit part of the Plan are larger than contributions in relation to the Defined Benefit member the rebate is assumed to not be larger than the contributions tax paid.

For the purpose of meeting funding requirements, we have made the following assumptions:

- No allowance has been made in the projections for the impact of the surcharge (up to 30 June 2005 but not assessed before 1 July 2019), or withholding tax due to members not providing their Tax File Number to the Trustee, or excessive contributions tax levied on the member where the member has elected the Plan to pay it on their behalf, if not assessed before 1 July 2019;
- No allowance has been made for the additional 15% tax on contributions for high-paid individuals or any excessive contributions tax levied. It is assumed that benefits will be adjusted (via additional accumulation accounts) for affected members to meet these tax amounts assessed;
- No adjustment has been made to the non-concessional contributions, if any, of members where their total superannuation benefit exceeds \$1.6 million;
- The Trustee has made a decision in relation to the tax deductibility rules for after-tax contributions from 1 July 2017 in a way that would not lead to a funding implication for Defined Benefit members; and
- That the SG Rate is paid without limitation (ie not limited to the SG maximum salary base) for Defined Benefit members.

Overall effect of changes in assumptions

Overall the changes have slightly increased the expected cost of providing Defined Benefits to the members of the Plan.

Section 4 – Actuarial Value of Accrued Benefits

I have adopted the actuarial method and assumptions described in Section 3 and in Appendix D of this report to determine the present value of past and future liabilities and Employer contributions in relation to Defined Benefit members. The results of the regular triennial actuarial investigation are detailed in the following table and both the assets and liabilities include the Accumulation member account balances and additional accounts for the Defined Benefit members (which are included with the accounts for Accumulation members).

Actuarial Value of Accrued Benefits (past service)	Total (\$)
Retirement	2,004,611
Death & Disablement	151,187
Total of active Defined Benefit related liabilities	2,155,798
Accounts for Accumulation members	29,315,882
Actuarial Value of Accrued Benefits	31,471,680
Assets	32,318,354
Surplus/(Deficit)	846,674

Analysis of changes in financial position since the last regular triennial actuarial investigation

The following table quantifies the various impacts on the financial position of the Plan since the last regular triennial actuarial investigation as at 1 July 2016. These figures give an indication of the impact of the factors that affect the final regular triennial actuarial investigation result.

	\$(000's)
Previous surplus/(deficit)	628
Interest on surplus/(deficit) ¹	186
Investment gains/(losses) ²	426
Employer contributions paid at a higher/(lower) rate than long term rate ³	(227)
Expense gains/(losses) ⁴	(76)
Salary gains/(losses) ⁵	64
Change in basis gains/(losses) ⁶	77
Withdrawal gains/(losses) ⁷	(142)
Mismatch timing on contributions tax gains/(losses) ⁸	(86)
Miscellaneous	(3)
Surplus/(deficit) as at the valuation date	847

¹ Interest on surplus/(deficit) over the period.

² An investment gain occurs when investment earnings are higher than assumed.

³ A contribution loss occurs when employer contributions are paid at a lower rate than the long term rate.

⁴ An expense loss occurs when expenses are more than assumed.

⁵ A salary gain arises when salaries increase at a lower rate than was assumed.

⁶ A gain from a change of basis occurs when the overall set of assumptions becomes less conservative.

⁷ A withdrawal loss occurs when the benefit is higher than reserved for in the Plan.

⁸ There is a delay in contribution taxes paid by the Plan assets. The 2015/2016 tax of \$86,018 was paid in 2016/2017 and this has had a negative impact on the financial position of the Plan.

Use of excess reserves

The excess of assets over the Actuarial Value of Accrued Benefits equates to the surplus of Assets held by the Plan. It is useful to hold a small surplus to protect the Plan from minor fluctuations in asset values and to ensure Vested Benefits are covered.

Total assets exceeded the Actuarial Value of Accrued Benefits as at 1 July 2019 by \$846,674. This is equivalent to 39.3% of Defined Benefit liabilities (ie excluding accumulation members' benefits and Defined Benefit members' additional accounts) and 188.6% of total Defined Benefit salaries. Any excess can be used to continue to suspend all Employer contributions for Defined Benefit members. Defined Benefit member after tax contributions (or pre-tax if paid as salary sacrifice) should continue to be paid at the calculated rate.

Long-term contribution rate

The Defined Benefits long-term Employer contribution rate has increased since the last regular triennial actuarial investigation due to the increase in the expense allowance.

Present Value of Future Service Liability	Total (\$)
Retirement	292,039
Death & Disablement	10,114
	302,153
Less member contributions	58,138
Net Future Service Liability	244,015
Equivalent net future contribution rate	12.6%
Tax	2.2%
Expense allowance	6.5%
Salary Continuance premiums	0.3%
Employer contribution rate required for Future Service Benefits (pa salary)	21.6%

Section 5 – Immediate Solvency and Funding Indices

Immediate tests on the adequacy of the assets

An important objective of this regular triennial actuarial investigation is the measurement of the funding of expected member benefits in respect of their service up to the valuation date.

- **Assets:** I have taken the fair value of the net assets provided by the Plan administrator, based on the BT Lifetime Super financial statements, as the value of assets for Defined Benefit members and the value of Accumulation members' benefits for Accumulation members for the purpose of this regular triennial actuarial investigation. The financial statements at 30 June 2019 were audited. The assets are discussed further in Appendix C.
- **Liabilities:** Appendix D contains a summary of the method used in the regular triennial actuarial investigation to determine the liabilities of the Plan.

The indices described here have been used to assess whether the Assets of the Plan are sufficient to ensure its ongoing solvency and to measure the changes in these indices since the last regular triennial actuarial investigation.

The table below shows the relevant indices calculated by dividing the level of assets by the total of the relevant benefit based on the results of this regular triennial actuarial investigation and the previous regular triennial actuarial investigation.

	1 July 2016			1 July 2019			
	Amount (\$)	Index ¹	DB Index ²	Amount (\$)	Index ¹	DB Index ²	
Minimum Requisite Benefits	42,114,000	105.1%	193.2%	31,112,263	103.9%	167.1%	A
Vested Benefits	42,114,000	105.1%	193.2%	31,112,263	103.9%	167.1%	A
Leaving Service Benefits³	44,155,000	100.2%	102.5%	31,819,526	101.6%	119.9%	A
Actuarial Value of Accrued Benefits	43,634,000	101.4%	116.4%	31,471,680	102.7%	139.3%	A
Accumulation Benefits⁴	39,809,000			29,315,882			B
Assets	44,262,000			32,318,354			C

¹Index is C/A,

²DB Index is (C – B)/(A – B), ie the index excluding accumulation benefits.

³The benefit design allows the Employer to grant early retirement consent for Defined Benefit members between ages 55 and 65. Consent is generally granted.

⁴The accumulation benefits are inclusive of additional accounts for Defined Benefit members and Accumulation members' benefits.

Vested Benefits Index

Vested Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan. It is either the resignation benefit or early retirement benefit, if eligible (assuming Employer consent is not granted).

The Vested Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date.

To ensure that the Plan is in a satisfactory financial position, it is essential that the Vested Benefits Index is kept above 100%. The Vested Benefits Index was at a satisfactory level at the valuation date.

Leaving Service Benefits Index

Leaving Service Benefits are the benefits that members are entitled to receive upon voluntary withdrawal from the Plan. It is either the resignation benefit or early retirement benefit, if eligible assuming Employer consent is granted.

The Leaving Service Benefits Index provides a measure of the Plan's ability to meet its minimum obligations to all members if they had withdrawn from the Plan on the valuation date and, if eligible for early retirement, assuming Employer consent is granted.

Where the Employer regularly gives consent for early retirement, it is desirable to have the Leaving Service Benefits Index above 100%. The Employer often consents to the early retirement benefit for members. The Leaving Service Benefits Index was at an adequate level, and therefore the Defined Benefit Leaving Service Benefits Index was at an adequate level at the valuation date.

Shortfall Limit

In accordance with SPS 160, the Trustee has set a Shortfall Limit of 100%. This is the extent to which the Trustee considers the Plan can be underfunded (on the basis that assets are insufficient to meet all members' Vested Benefits) but retain a reasonable expectation of returning to a funded position within a year, solely due to a correction to temporary negative market fluctuations in the value of the Plan assets.

This Shortfall Limit is to be compared to the Defined Benefit Vested Benefits Index ie the ratio of Defined Benefit assets and Defined Benefit Vested Benefit liabilities. Accumulation members' benefits and additional accounts for Defined Benefit members are excluded from the assets and liabilities.

The Defined Benefit Vested Benefit Index at 1 July 2019 was 167.1%. Therefore, the Plan has not fallen below the Shortfall Limit at the valuation date.

Minimum Requisite Benefits Index

Minimum Requisite Benefits (MRBs) are the minimum benefits that members are entitled to under the Superannuation Guarantee legislation. The Plan is 'solvent' if the net realisable value of the Assets of the Plan exceeds the MRB of all members of the Plan.

The Minimum Requisite Benefits Index provides a measure of the Plan's ability to meet its minimum Superannuation Guarantee obligations to all members if they had withdrawn from the Plan on the valuation date. The Minimum Requisite Benefits Index was kept above 100% and therefore the Plan was solvent at the valuation date.

Actuarial Value of Accrued Benefits Index

The valuation results shown in Section 4 of this report disclose the Actuarial Value of Accrued Benefits, also known as the Past Service Liability. This is the same as the figure calculated for AASB1056 purposes. This amount constitutes the "value of the liabilities in respect of accrued benefits" as defined in Division 9.5 of the Superannuation Industry (Supervision) (SIS) Regulations and has been calculated in accordance with Professional Standard 402 issued by the Institute of Actuaries of Australia.

The Actuarial Value of Accrued Benefits Index provides a measure of the Plan's ability to meet its benefit obligations to all members of the Plan based on membership to the valuation date.

The minimum desirable range for this index is 100%-105% which allows for possible variations in asset values. The index was at an adequate level at the valuation date.

Termination of the Plan

In the event of the termination of the Plan, all assets available at that time, net of accruals and expenses, would be distributed as per Clause 12 of the Trust Deed for Retirement Wrap and in accordance with relevant law.

There is no guarantee of adequacy for the termination liabilities, only a priority charge on available assets up to the level of termination liabilities. At 1 July 2019 the available assets exceeded the members' termination liabilities.

Section 6 – Adequacy of Insurance Arrangements

The Plan Trustee has taken out insurance to protect the assets against certain contingencies which may have a material adverse effect on the solvency of the Plan.

Death & Total and Permanent Disablement insurance (lump sum)

The Trustee has effected Group insurance (with Westpac Life Insurance Services Limited) to cover part of the lump sum benefits payable from the Plan in the event of the death or Total and Permanent Disablement (TPD) of members. The Sum Insured is designed to supplement the proportion of the benefit which has already been accrued in respect of the members within the Plan and to provide the balance of the relevant benefit from the insurance arrangement. Insurance replaces the otherwise volatile impact on the Plan of payments required in respect of the 'unfunded' portion of each death or disablement benefit with an annual premium, which can be taken into account in the financial planning of the Plan.

The Trustee has confirmed that there are no unusual terms and conditions in the insurance contract. At the present time, the formulae used to determine the amount to be insured are as follows:

Defined Benefit members

Insured Amount = Minimum (Death/TPD benefit – Leaving Service Benefit, 10% x Salary x years and calendar months from calculation date to age 65). In practice this Insured Amount is zero for the one remaining Defined benefit member.

Accumulation members

Insured Amount = Death/TPD Benefit less Vested Benefit

Death & Total and Permanent Disablement (TPD) funding and insurance

The following table shows the funded and insured portions of the benefit. It identifies the shortfall or excess amount of insurance in the event that all members were to die or become totally and permanently disabled.

	1 July 2019
	(\$)
Total sums insured (A)	56,386,216
Plan Assets (B)	32,318,354
Funding excess/(shortfall) (C)	(498,828)
Plan Assets available to meet Death/TPD benefits¹ (B)-(C)=(D)	31,819,526
Available on Death/TPD (A)+(D)=(E)	88,205,742
Total Death/TPD benefits (F)	88,205,742
Excess/(shortfall) (E) - (F)	0

¹ The surplus based on the Leaving Service Benefits basis is set aside for funding purposes and therefore this cannot be considered for Death/TPD purposes.

Proposed recommendation

I have reviewed these formulae and confirm that, in my view, they remain appropriate and the current insurance arrangement should be maintained.

Salary Continuance Insurance

The Trustee also has effected Group Insurance (with Westpac Life Insurance Services Limited) to cover disability income benefits payable from the Plan in certain circumstances of disablement. This is a fully insured benefit, however the Plan remains liable for the payment of retirement, death and total and permanent disablement and resignation benefits if a member who receives a disability income benefit terminates service.

Indemnity insurance

The Trust Deed provides an indemnity to the Trustee against claims which may be made against it. This is secured against the Assets of the Plan.

The Trustee has taken out trustee indemnity insurance to help protect the Trustee, its Directors and the Fund against certain liabilities, that is consistent with the size and nature of its business and industry standards. As with any insurance, the indemnity is subject to the terms and conditions of the relevant insurance policy.

Material issues arising from insurance

There are no material issues arising from insurance, although the Trustee should periodically review that all insurance cover remains sufficient.

Section 7 – Sensitivity Analysis and Projections

Assumption variation

The values of the benefit liabilities shown in this report depend on the assumptions used to calculate them. The main assumptions relate to salary increases and the long-term investment return (net of tax and investment expenses). Examples below provide an indication of the effect on the Actuarial Value of Accrued Benefits and on the Employer contribution rate of changing these assumptions only. The actual investment earning rate and salary increase rate may not be constantly above or below the rates assumed in carrying out the projection of benefits and the actual results may not fall within the ranges shown in the table below:

Assumptions (salary/long-term investment return)	Actuarial Value of Accrued Benefits as at 1 July 2019 (\$)	Overall long-term Employer contribution rate as at 1 July 2019 (pa)
Last valuation (3.0% pa/4.9% pa)*	31,548,919	22.0%
This valuation (3.0% pa/5.7% pa)	31,471,679	21.6%
Salary inflation rate plus 1% pa (4.0% pa/5.7% pa)	31,547,018	22.0%
Salary inflation rate minus 1% pa (2.0% pa/5.7% pa)	31,399,394	21.2%
Investment return plus 1% pa (3.0% pa/6.7% pa)^	31,385,234	21.1%
Investment return minus 1% pa (3.0% pa/4.7% pa)^	31,563,899	22.1%

* This is based on last valuation's financial assumptions only, ie the decrement assumptions are the same as those used for this valuation.

Based on the above results, it is clear that the financial position of the Plan and the required Employer contribution will vary depending on the actual experience of the Plan and particularly in relation to salary increases and long-term investment returns. If the increase in salaries of Defined Benefit members is 1% pa higher than the assumed rate, the long-term cost to the Employer will be 0.4% pa higher than that based on the assumptions used for this valuation. If long-term investment returns are 1% pa higher than assumed, the long-term Employer contribution rate decreases by 0.5% pa.

Post valuation events

The Plan has earned an average investment return of 3.2% (including rebate) from the date of the valuation to 18 November 2019. This is slightly higher than the rate assumed for the valuation and in isolation has increased the financial position, however the Employer contribution holiday has reduced slightly the financial position of the Plan. I estimate that coverage of Vested Benefits (exclusive of Accumulation members' benefits) has decreased from 167.1% at the valuation date to approximately 166.5% as at 18 November 2019 This has been taken into account in the recommended Employer contributions.

As Minimum Requisite Benefits (MRBs) are accumulation in nature, they will have moved in line with this investment return. Therefore the funding position, in regards to MRBs, has slightly reduced since the valuation date.

Change in investment platform

We have been advised that the Plan assets will be migrated to a new Panorama platform on 1 February 2020. This will result in streamlining of investment options available from 1 February 2020. The option used by the Plan (BT Multi Manager Balanced) will cease and has been mapped to the Active Balanced option. The overall risk profile of these options is very similar and would not result in any changes to the investment earnings assumption adopted for this regular triennial actuarial investigation.

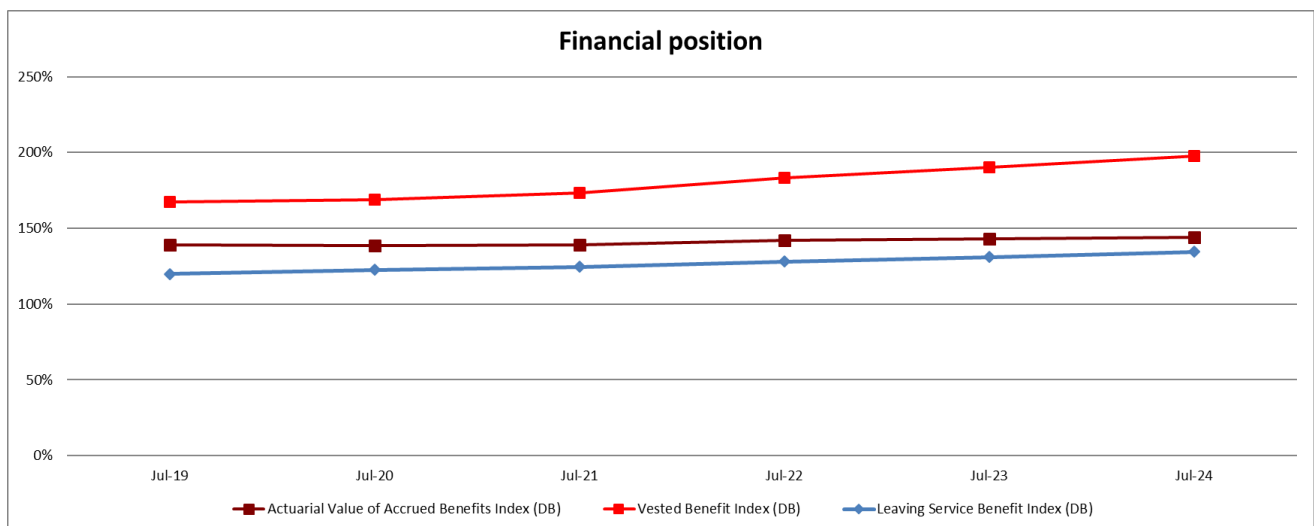
Change in underlying product

We have also been informed that there will be a change to the underlying Product (BT Lifetime Super – Employer Plan) to BT Super on 1 February 2020. We understand this will still sit under the Retirement Wrap (the Fund) and the Trustee will remain the same (BT Funds Management Limited). This change, considered in isolation, would not change the design of the Plan or the funding position. We suggest that the Trustee obtain legal advice and/or the Regulator’s approval, if required, for all Defined Benefit funds’ certificates to remain in force and that an initial actuarial investigation is not required and this regular triennial actuarial investigation can be relied upon until the next one, due, 1 July 2022 becomes available.

We assume that there will be no buy/sell spread costs associated with this change. If there will be a cost associated with the change, please provide details.

Projection of future liabilities

The graph below shows the projected value of Defined Benefit Vested Benefits, Defined Benefit Leaving Service Benefits and Actuarial Value of Accrued Benefits for Defined Benefit members funding indices over the next 5 years. These projections have been based on defined benefit liabilities and assume that the Employer will pay contributions in accordance with the contribution recommendation (refer to Section 9 of this report) and are based on the assumptions used to calculate past service liabilities at each of the future dates. These projections also allow for the post valuation events described above.



I expect that on the assumptions, methods and asset values adopted in the valuation, that the Assets will remain sufficient to cover the value of these liabilities during the period up to 1 July 2024.

Section 8 – Material Risks

Financial risk

As noted in the results of the Sensitivity Analysis (Section 7), the items that have the greatest impact on the financial position of the Plan are the differences between the assumed and the actual salary increase rate and the assumed and actual long-term investment return. Should salaries increase at a higher rate than assumed, the liabilities will be higher than expected and the assets may then be insufficient to cover members' benefits. This may then require the Employer to make larger contributions to the Plan. Similarly, if there are lower than assumed investment returns, the assets of the Plan would be reduced compared to the assets expected and may then be insufficient to cover members' benefits. This may then require larger contributions to be made by the Employer. If the Employer is willing and able to make these larger contributions and accept the volatility involved, a deterioration in the financial position can be managed.

Other strategies to mitigate these risks are:

- to ensure that the Employer is aware of the effect on the financial position of salary increases being granted above assumed rates; and
- to change the asset allocation on the Defined Benefit related assets to a less risky strategy (note: that this would generally increase the long-term cost to the Employer but provide lower contribution volatility).

Employer financial viability

The future of the Plan relies on the Employer remaining a viable entity and being willing and able to pay contributions as and when needed. The Trustee should discuss the valuation report with the Employer and ensure the Employer understands the recommendations before agreeing to the contribution rates.

There is also the risk that the Plan will have a surplus after the last remaining Defined Benefit member leaves. As the Plan also has Accumulation members and they are all covered by the Plan's Benefit Certificate we would suggest, in this event, that the Plan become a Deemed Defined Benefit fund so that the surplus can be used to meet Accumulation members' contributions until the surplus is exhausted.

Plan specific risk

Early Retirement benefits for Defined Benefit members

The design of the Plan is such that the retirement benefit is significantly higher than the resignation benefit. The current Defined Benefit member are eligible for the early retirement benefit, the funding position is therefore impacted more strongly by poor investment returns and high salary increases than it had been in the past.

Size of the Plan

The defined benefit section of the Plan has 1 member and \$3,002,472 of defined benefit related assets remaining. As a result, the Plan is exposed to additional risks than when it was larger. In particular, given the number of members remaining the "law of averages" may no longer hold and actual experience of the remaining member may be significantly different to the assumptions adopted for funding calculations. This can result in a more volatile funding position. Closer and more regular monitoring of the funding position can help mitigate these risks.

Other risks that the Plan is exposed to as a result of its smaller size include:

- Member data, particularly salary data, which if not accurate and up-to-date can have a larger (negative) impact on funding once updated. Allowing for potential future salary increases for key personnel and for any known defined benefit member exits can be taken into account in future funding position projections.
- Many costs are not directly linked to the number of members or asset value of the Plan. Therefore, the expenses will have a greater impact on the funding position and/or the Employer contribution rates required. Similarly, any cost associated with legislative or other changes will also impact the funding position.

The remaining lifetime of the DB component of the Plan is related to the retirement date of the final Defined Benefit member, which could be anytime between now and his 65th birthday. The assumptions adopted for funding purposes and in setting the investment strategy have considered this maximum time horizon.

We understand that the Employer has committed to paying the Early Retirement benefit should this become payable.

Investment policy

As mentioned above, market risk is a key driver in the financial position of the Plan. However, there are other investment risks to consider. These include:

- Liquidity Risk - the risk that illiquid assets or large cashflows from the Plan cause the payment of benefits to be delayed or assets to be sold at reduced values to meet liability obligations.

The Trustee should have in place controls to ensure that the cash flow needs are in line with the Plan's requirements. The key elements of the controls include:

- Reconciliations
- Cash flow reporting
- Monitoring and oversight
- Liquidity Risk Framework – large redemption policy
- Concentration Risk – the risk that investments are concentrated in one particular asset class, country or manager, the poor performance of which could cause a material effect on the investment return.

The Trustee should periodically monitor the risks summarised in this section and seek advice or take action as may be deemed necessary.

Change in investment platform

We have been advised that the Plan assets will be migrated to a new Panorama platform on 1 February 2020. This will result in streamlining of investment options available from 1 February 2020. The option used by the Plan (BT Multi Manager Balanced) will cease and has been mapped to the Active Balanced option. The overall risk profile of these options is very similar and we would not expect any material differences in the investment risk items noted above.

Section 9 – Recommendations and Actuary’s Summary Statement for the Purposes of SPS 160

Recommendations

Future contribution recommendations

I recommend that the Employer continues the contribution holiday:

Category	Employer Rate for defined benefit members (% pa of salaries ¹) 1/07/2019 onwards
A	0.0%

¹ As the employer is on a contribution holiday, the Plan reserve will be used to fund SG contributions allocated to the members’ Retirement Base accounts where details will be provided by the Employer and are based on the greater of SG rate less 3% on Ordinary Time Earnings and 7.06% of Superannuation Salary.

In addition, the following contributions are also payable:

- Member 3% pa contributions (or 3.53% pa if salary sacrifice) of Superannuation Salary for Category A members;
- Contributions as described in the Employer Application Form to each member’s 3% pa Award Account and Employer Partially Vested Account (where applicable);
- Contributions to pay for the expenses charged to Defined Benefit members’ accumulation accounts where these have been agreed with the member;
- The Superannuation Guarantee contribution rate on bonus, if applicable; and
- Employer contributions of at least the Superannuation Guarantee rate in respect of Accumulation members.

The Employer Superannuation Guarantee contributions must be loaded to members’ accounts by the 28th day of the second month following the quarter end. The Employer contributions in respect of Accumulation members must be paid by the 28th day of the second month following the quarter end.

The recommended contributions will need to be reviewed prior to the next regular triennial actuarial investigation due with an effective date of 1 July 2022 if one or more of the notifiable events within the Funding and Solvency Certificate occur prior to that date as advised by the Trustee or Employer (unless, after reviewing the details of a specific event which would otherwise be classified as a notifiable event, the Actuary advises the Trustee in writing that such an event does not constitute a notifiable event).

Shortfall Limit recommendations

I have reviewed the Shortfall Limit of 100.0% (see Section 5) and propose that the Trustee retain the Shortfall Limit of 100.0%.

Insurance recommendations

I have reviewed these formulae (see Section 6) and confirm that, in my view, they remain appropriate.

Investment recommendations

Other than the SG minimum benefit and resignation benefit, the defined benefits are not impacted by the investment return. As a result, the financial position of the Plan and contribution requirements are particularly sensitive to the investment return achieved on the Plan's assets.

In my opinion the investment strategy is appropriate to meet:

- the long-term liabilities of the Plan;
- the expected lump sum benefits of Defined Benefit members on termination of employment; and
- a conversion to the Plan's Accumulation category on reaching their Normal Retirement Date.

Monitoring recommendations

I have reviewed the current practice of carrying out the regular actuarial investigation on a triennial basis and confirm that, in my view, it remains appropriate based on the current and expected financial position over the next 5 years.

Notwithstanding this, as discussed in the Material Risks section, closer and more regular monitoring of the funding position can help mitigate the risk of the Plan having one (1) remaining member.

Actuary's Statement for the Purposes of SPS 160

I have conducted a regular triennial actuarial investigation of the Retirement Wrap, BT Lifetime Super - Teradata Australia Pty Limited Plan (the Plan) as at 1 July 2019 covering the three year period to that date.

In my opinion:

- 1) As at 1 July 2019, the fair value of the net Assets of the Plan, based on the general ledger for the sub-plan, was \$32,318,354 and this is the value of assets used to determine the Employer contribution rate with an allowance for investment returns for the period from 1 July 2019 to 18 November 2019.
- 2) The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Actuarial Value of Accrued Benefits of \$31,471,680 as at 1 July 2019.
- 3) The value of the Assets of the Plan was adequate to meet the value of liabilities of the Plan in respect of the Minimum Requisite Benefits as at 1 July 2019.
- 4) The investigation disclosed the Plan was in a satisfactory financial position as at 1 July 2019. The Plan's financial condition has not fallen below the Shortfall Limit set by the Trustee at the valuation date.
- 5) The Plan has no liability in respect of current pensioners. Any member who has postponed retirement or deferred receipt of their benefit remains a member under the Rules and any relevant liability is included with that of other members.
- 6) I have recommended contributions to ensure that the assets will continue to be adequate to meet the liabilities of the Plan and I expect the Plan to remain in a satisfactory financial position as defined in the SIS Regulations.
- 7) All Funding and Solvency Certificates required to be obtained during the period of investigation were provided. I expect that an actuary will be able to certify the solvency of the Plan in any Funding and Solvency Certificate required during the three-year period following the valuation date.

Saffron Sweeney
Fellow of the Institute of Actuaries of Australia
Aon Limited

25 November 2019

Appendix A – Summary of Plan Rules

As set out in Section 11 of the Trust Deed for Retirement Wrap and subject to the Plan's Employer Application Form, the Trustee may review and amend contributions and/or benefits under the Trust Deed as long as the amendment does not reduce the benefits accrued to any member with respect to the period before the date of the amendment, unless the member or regulator has approved the amendment in writing.

Details of the benefits provided to members of the Plan are contained in the Employer Application Form dated 31 August 2007. To summarise, benefits provided to Defined Benefit Members (Category A members) are as follows.

Eligibility

Category A – A member who was admitted to the NCR Superannuation Plan prior to 1 July 1985 is a Category A Member

Plan structure

The Retirement Wrap, BT Lifetime Super - Teradata Australia Pty Limited Plan (the Plan) is a Defined Benefit plan and is constituted by a Trust Deed originally dated 30 October 1990.

All new entrants to the Plan join the Accumulation section. This, and the fact that the Plan provides Minimum Requisite Benefits to satisfy Employer obligations under Superannuation Guarantee arrangements, has ensured that an increased number of benefits are being calculated on an accumulation basis.

The Plan is a complying fund for the purposes of the Superannuation Industry (Supervision) Act 1993. This results in the Plan being taxed at the favourable rate of 15% on income net of allowable deductions.

Annual Review Date

1 July

Definitions

Normal Retirement Date (NRD)

65th Birthday

Early Retirement Date (ERD)

After age 55 with the consent of the Employer.

Salary for Superannuation Guarantee contributions

- In respect of the period before 1 July 2008, the member's salary from time to time, as defined in the Employer Application Agreement for the Plan, limited to the maximum contribution base as specified in the Superannuation Guarantee (Administration) Act 1992; and
- In respect of the period after 1 July 2008, Ordinary Time Earnings as defined in Section 6 of the Superannuation Guarantee (Administration) Act 1992, limited to the maximum contribution base as specified in the Superannuation Guarantee (Administration) Act 1992.

Superannuation Salary

The Salary as advised by the Employer to the Trustee with the agreement of the Member.

FPS

The average of the member's three (3) highest consecutive Superannuation Salaries determined at each Annual Review date in the final ten (10) years of a member's employment with the Employer.

Service

Membership

The most recent period of continuous service measured in years and complete months plus any period of Credited Membership, where applicable. Membership is altered by Fraction for the purposes of calculating multiples but not vesting.

Credited membership

Such an additional period of time as decided by the Employer.

Fraction

This is the proportion of a full-time working week worked and is varied if working hours change (for full-time employees the Fraction is 1).

Contributions

Member

Category A 3% pa post-tax (or 3.53% pa pre-tax)

Employer

Category A Balance of costs

Benefits

Normal Retirement Benefit (NRB)

The benefit payable on retirement after age 55 (with Employer's consent), or at age 65, is equal to:

The Supplementary Accumulated Credit;

Plus

The greater of:

i. $(\{\text{Membership prior to 1 April 1976}\} / 100 + \{\text{Membership from 1 April 1976}\} / 60) \times \text{FPS} \times \text{Discount Factor} \times \text{Pension Factor}$; and

ii. The sum of:

- Member Match B Account;
- Company Match B Account;
- Top-Up Account; and
- Retirement Base Account.

Less

Surcharge Account.

Supplementary Accumulated Credit

The sum of the Member Voluntary Account, the Salary Sacrifice Account, the Employer Partially Vested Account (fully vested) and the 3% Award Account.

Discount Factor

Equal to $(1 - 1.75\% \times \text{number of years and complete months until the member's 65th birthday})$.

Pension Factor

Based on the following table where interpolation between ages is performed:

Age at Retirement / Disablement	Pension Factor	Age at Retirement / Disablement	Pension Factor
50	12.80	58	11.30
51	12.62	59	11.11
52	12.43	60	10.93
53	12.24	61	10.74
54	12.06	62	10.55
55	11.87	63	10.37
56	11.68	64	10.18
57	11.49	65	10.00

Early Retirement Benefit (ERB)

The benefit is determined as for normal retirement, based on Membership and FPS at the date of retirement.

Late Retirement Benefit (LRB)

NRB with investment earnings plus Superannuation Guarantee contributions less tax, expenses and premiums, if applicable, accumulated with investment earnings after the NRD.

Death Benefit

The benefit payable on death is equal to:

The Supplementary Accumulated Credit;

Plus

The greater of:

- i. 4 times Salary at the date of death; and
- ii. The sum of:
 - Member Match B Account;
 - Company Match B Account;
 - Top-Up Account; and
 - Retirement Base Account.

Less

Surcharge Account.

Total and Permanent Disablement (TPD) Benefit

The TPD Benefit is the same as for the Death Benefit.

Total and Temporary Disablement Benefit

The benefit payable on TTD after a 6-month waiting period is equal to:

- $2/3$ x Salary payable for a maximum of two (2) years.

Leaving Service Benefit

On withdrawal from the Plan, where no other benefit is payable, the Resignation Benefit payable is the sum of:

- Member Voluntary Account;
- Member Match B Account;
- Top-Up Account;
- Retirement Base Account;
- 3% Award Account;
- Salary Sacrifice Account; and
- 10% of the Employer Partially Vested Account and the Company Match B Account for each complete year in excess of three (3) years to a maximum of 100%.

Less

Surcharge Account.

Surcharge Account

All benefits are offset by the Surcharge Account (if any). The Account is the accumulation, with investment earnings, of all surcharge amounts assessed for each member.

Additional Contributions Tax Account

All benefits are offset by the Additional Contributions Tax Account (if any). The Account is the accumulation, with investment earnings, of all additional contributions tax amounts paid by the Plan on behalf of the member.

Family Law Account

All benefits are also offset by the Family Law Account (if any). The Account is any amount paid to a former spouse (a family law split) accumulated at the rate determined by the Government Actuary which is calculated with reference to AWOTE + 2.5% pa from the date the split occurs to the date the non-spouse member's benefit is paid and then accumulated with investment earnings thereafter.

Partial Withdrawals

All benefits are offset by any partial payments made from the Plan accumulated with investment earnings.

Appendix B – Membership

Changes in membership 1 July 2016 – 1 July 2019

	Total
Active DB Membership at 1 July 2016	3
Plus	
New Entrants	0
Transfers from other funds	0
Transfers from other categories	0
Less	
Transfer to other funds	0
Transfers to other categories	0
Deaths	0
Total & Permanent Disablement	0
Early retirements	2
Normal retirements	0
Resignations	0
Retrenchments	0
Late retirements	0
Active DB Membership at 1 July 2019	1

In addition, there were 195 Accumulation members at the valuation date with total salaries of \$30,331,200.

Membership characteristics as at 1 July 2019

The main characteristics of the Plan's Defined Benefit membership at the valuation date are summarised in the following table. For comparison, active figures for the previous regular triennial actuarial investigation date (1 July 2016) are shown for comparison:

Defined Benefit active members	1 July 2016	1 July 2019
Number of members	3	1
Average age (years)	58.2	58.0
Average membership (years)	36.1	34.3
Total annual salary (\$)	799,291	448,932
Average annual salary (\$)	266,430	448,932

Quality of data

Member data was received electronically and was in good order for the purposes of preparing this Report. Defined Benefit individual membership data as well as asset information was reconciled to the last annual triennial actuarial investigation data.

Accumulation members' cash flow information was not available from the Administrator and therefore a full reconciliation on accumulation members' assets was not carried out.

We have relied on the asset information provided by the Plan administrator as at 1 July 2019 as audited financial statements of the Plan at that date are not available, however we understand that the financial statements of the Retirement Wrap as at 30 June 2019 have been audited.

Administration

No significant variations were detected between the method of calculation of benefits on the administration system and our calculations. The data received was adequate and appropriate for the purposes of the regular triennial actuarial investigation. Data checking included:

- Accrued and normal retirement multiples;
- Final average salary and consistency of salaries from year to year; and
- All benefit calculations at the valuation date (resignation, retirement, death and total & permanent disablement benefits).

Appendix C – Accounts and Summary of Assets

Accounts

The following is a summary of the General Ledger for the regular triennial actuarial investigation period 1 July 2016 to 30 June 2019. The final accounts of the Retirement Wrap, BT Lifetime Super for 30 June 2019 have received audit clearance.

	1 July 2016 to 30 June 2017 (\$)	1 July 2017 to 30 June 2018 (\$)	1 July 2018 to 30 June 2019 (\$)	1 July 2016 to 30 June 2019 (\$)
Plan Assets at start of period (A)	43,713,630			43,713,630
Accumulation accounts at start of period* (B)	39,260,709			39,260,709
Defined Benefit related Plan Assets at start of period (C) = (A) – (B)	4,452,921	3,675,753	2,823,505	4,452,921
Plus				
Member contributions	122,120	41,407	13,550	177,077
Investment income (including capital appreciation/depreciation)	390,376	364,462	196,962	951,800
Less				
Group Life premiums (net of rebates)	1,913	1,149	2,495	5,557
Benefits (net of insurance recoveries)	1,167,829	1,154,571	0	2,322,400
Administration and other charges	33,904	90,068	29,050	153,022
Income Tax	86,018	12,329	0	98,347
Defined Benefit related Plan Assets at end of period (D)	3,675,753	2,823,505	3,002,472	3,002,472
Accumulation accounts at end of period (E)				29,315,882
Plan Assets at end of period (F) = (D) + (E)	3,675,753			32,318,354

Summary of assets

Accumulation members and Defined Benefit members for non-defined benefit related assets, may invest their account balances in any option. Where an investment option is not chosen by Accumulation members, account balances are invested in the default MySuper option.

Defined Benefit members can invest their additional account balances in any option but all other account balances (ie those that relate to the Defined Benefit) are invested in the BT Multi-Manager Balanced Option.

The benchmark asset allocation of the BT Multi-Manager Balanced Option is as follows:

By Asset Class (based on benchmark asset allocation)	1 July 2016 (%)	1 July 2019 (%)
Australian Shares	29	29
International Shares	29	29
Property	10	10
Alternatives Asset - growth	2	2
Alternatives Asset - defensive	5	5
Australian Fixed Interest	5	8
International Fixed Interest	8	12
Cash	12	5
Total	100	100

Change in investment platform

We have been advised that the Plan assets will be migrated to a new Panorama platform on 1 February 2020. This will result in streamlining of investment options available from 1 February 2020. The option used by the Plan (BT Multi Manager Balanced) will cease and has been mapped to the Active Balanced option. The overall risk profile of these options is very similar, see benchmark asset allocation below.

By Asset Class (based on benchmark asset allocation)	Active Balanced Option (%)	BT Multi Manager Balanced Option (%)
Australian Shares	26	29
International Shares	32	29
Property	10	10
Alternatives Asset - growth	3	2
Alternatives Asset - defensive	6	5
Australian Fixed Interest	6	8
International Fixed Interest	12	12
Cash	5	5
Total	100	100

The asset valuation method is in accordance with Professional Standard 404 published by the Institute of Actuaries of Australia. There were no material qualifications identified in the latest audit report that impact on the value of assets.

Declared rate policy

The Declared Rate is determined to be applied to member accounts in the Defined Benefit Division of the Plan at the year ending 30 June, and the interim rate is applied to the date of a Defined Benefit member's exit during the year. The determination of the Declared Rate of the Defined Benefit Division of the Plan is governed by Rule 15.7 of the "Application – BT Lifetime Super – Employer Plan Defined Benefit Division" for the Plan as part of the Retirement Wrap.

The Declared Rate for the Plan for the period was:

By Option (%)	Year to 30 June 2017 (pa)	Year to 30 June 2018 (pa)	Year to 30 June 2019 (pa)	3 Years to 30 June 2019 (% pa)
BT Multi-Manager Balanced Option	9.8%	9.7%	7.0%	8.8%

Appendix D – Funding Method

Funding method

The funding method is the manner in which the Employer's recommended contribution rate is determined. In this regular triennial actuarial investigation I have calculated the recommended Employer contribution rate using an actuarial funding method called the Attained Age Normal method (AAN).

In this method an initial contribution rate is determined for each category which will be sufficient to meet the benefits which will accrue to current members at the valuation date in respect of their future service only.

The contribution rate is constructed so that it is expected to remain constant until the last current member leaves the Plan (assuming the assumptions made are borne out and remain unchanged).

Secondly, the value of current members' Actuarial Value of Accrued Benefits is compared to the value of assets. The future service contribution rates are adjusted in the light of any surplus or deficiency.

This is the same method as was used at the last regular triennial actuarial investigation.

The reason this method is chosen is so that the Employer can be provided with the long-term future cost of providing the benefits based on the current membership which should not vary substantially as it is a smoothed rate. The usage of surplus or funding of a deficit can then be over a time horizon that is considered suitable from both the Trustee and Employer's point of view.

Summary of method of attributing benefits to past membership

In order to determine if the Plan is in surplus or deficit it is necessary to determine what proportion of benefits payable in the future from the Plan are due to past service. The past membership components in respect of the current members are projected forward allowing for future assumed salary increases and then discounted back to 1 July 2019 at the valuation rate of interest assumption.

The past membership component for each type of benefit is:

Retirement Benefits

Based on a member's actual accrued retirement benefit multiple, pension factor and discount factor as at the date of valuation.

Death and Disablement Benefits

Based on a member's accrued retirement benefit multiple as at the date of valuation.

Resignation Benefit

Based on the accumulated contributions with investment earnings to the valuation date. Used as a minimum for Retirement and Death and Disablement Benefits.

Adjustments

Additional accumulation accounts for Defined Benefit members and Accumulation members' benefits (eg rollover, voluntary member contribution, etc.) have been added to the past membership liability at their face value and accounts such as the surcharge and/or family law liability account have been deducted.

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About Aon

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