SAS Trustee Corporation

Triennial Valuation as at 30 June 2024 for the STC Pooled Fund

October 2024

Nathan Bonarius FIAA
Authorised Representative (#1284864) of PricewaterhouseCoopers Securities Ltd

PricewaterhouseCoopers Securities Ltd ACN 003 311 617 ABN 54 003 311 617 Holder of Australian Financial Services Licence No 2445722
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Contents

Reliance and limitations

- PricewaterhouseCoopers Securities Limited (PwC) has prepared this report solely for SAS Trustee Corporation's (STC's) use and benefit in accordance with and for the purpose set out in PwC's agreement with STC dated 12 December 2022. In doing so, PwC has acted exclusively for STC and considered no-one else's interests.
- Our work does not constitute an audit in accordance with Australian Auditing Standards or a review in accordance with Australian Auditing Standards applicable to review engagements and accordingly no assurance is provided in this report.
- This report must be read in its entirety. Individual sections of this report could be misleading if considered in isolation from each other.
- The advice contained in this report is based on the circumstances of STC as a whole. It does not take into account the specific circumstances of any individual.
- Past performance is no guarantee of future performance and investment markets are volatile. PwC does not guarantee that any specific level of returns will be achieved.
- All reasonable care has been taken to provide member and investment data that are accurate. However, we have relied on a range of external sources for data. In particular we have relied on membership data provided by the Scheme administrator. We have carried high level reasonableness checks however we are unable to guarantee the accuracy of the data contained in this report.
- This report is not intended to be read or used by anyone other than STC. PwC accepts no responsibility, duty or liability:
  - to anyone other than STC in connection with this report
  - to STC for the consequences of using or relying on it for a purpose other than that referred to above.
- PwC makes no representation concerning the appropriateness of this report for anyone other than STC. If anyone other than STC chooses to use or rely on it they do so at their own risk.
- PwC is not obliged to provide any additional information or update anything in this report, even if matters come to our attention which are inconsistent with its contents.
- This disclaimer applies:
  - to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute; and
  - even if PwC consents to anyone other than STC receiving or using this report.

Nathan Bonarius FIAA
Superannuation and Investments Consulting
Authorised Representative (#1284864) of
PricewaterhouseCoopers Securities Ltd

Scope and background

The report meets SAS Trustee Corporation's legislative and compliance requirements as at 30 June 2024.

Area covered	Comments
Purpose and scope of report	• A triennial investigation and valuation of the State Superannuation Scheme (**SSS**), the State Authorities Superannuation Scheme (**SASS**), the Police Superannuation Scheme (**PSS**), and the State Authorities Non-Contributory Superannuation Scheme (**SANCS**), collectively known as the **STC Pooled Fund**. • Prepared at request of SAS Trustee Corporation (**STC**) to report on the operation and state of funding of the STC Pooled Fund and its constituent Schemes. • This report is as at 30 June 2024. • The previous report as at 30 June 2021, dated 18 October 2021, was prepared by Catherine Nance and Janice Jones of PricewaterhouseCoopers Securities Ltd.
Governing legislation	• State legislation governs each Scheme and determines the benefits of each Scheme. The individual Acts and Regulations governing the Schemes are listed in Section 8. • The Schemes are closed to new entrants. • We are not aware of any legislative changes since 30 June 2021 which impact the Pooled Fund benefits or liabilities.
Taxation and compliance	• The Schemes are exempt public sector superannuation Schemes (EPSSS). • STC complies with the Commonwealth retirement incomes policy where possible, in accordance with a Heads of Government Agreement signed by the NSW State Government. • The Schemes are treated as complying for concessional taxation and superannuation guarantee purposes.
Market events since preparation of valuation at 30 June 2024	• At the time of preparing the calculations for the valuation, the actual CPI for the year to June 2024 was not known. • The CPI increase for the year to June 2024 (published on 31 July 2024) was 3.8% as compared to our assumed rate of 3.7%. • A 3.8% CPI increase (0.1% in excess of our assumption) would increase the employer past liabilities of $52,934.3 million (as shown in this report) by approximately $47.1 million (0.1%). The asset coverage of employer past service liability will remain at 56%.
Statement of Compliance	• Our advice to you has been prepared in accordance with the Institute of Actuaries of Australia Code of Conduct. • The report has been prepared in accordance with Professional Standards 400, 402, 404 and 410 issued by the Institute of Actuaries of Australia, noting that some requirements are not applicable to EPSSS / partially unfunded schemes.
Date of issue	• 15 October 2024.

- We note that throughout the report, there are instances where totals may not reconcile, where this occurs it is due to rounding.

Executive Summary

Funding position and recommendations

A comparison of the employer funding position since the last triennial shows the asset coverage has fallen from 68% at 30 June 2021 to 56% at 30 June 2024. The General Government Sector the asset coverage reduced from 70% at 30 June 2021 to 56% at 30 June 2024.

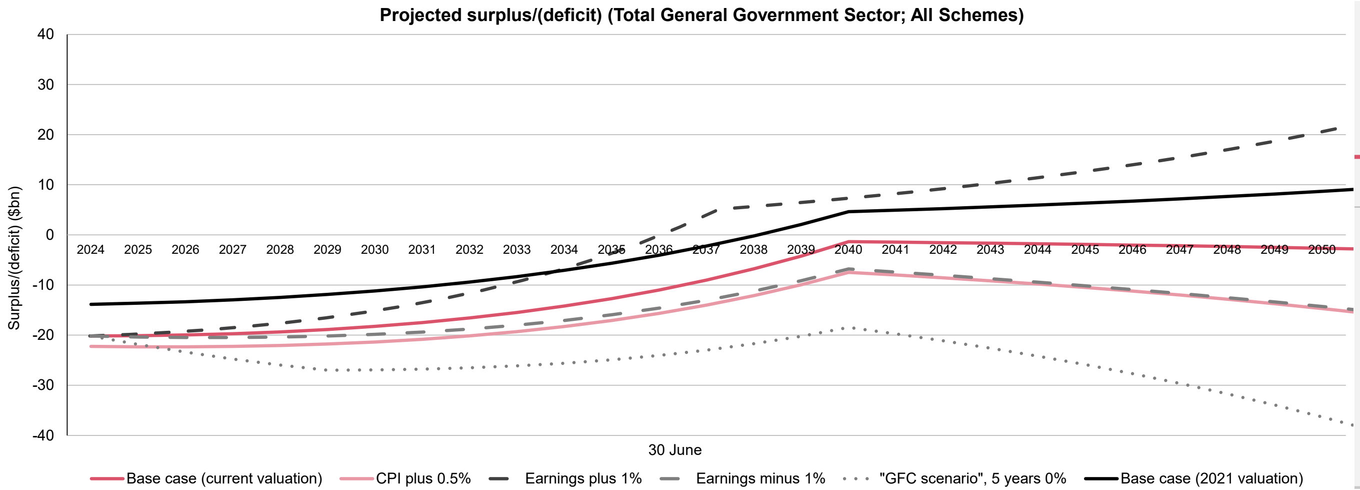
Sector	2024				2021		Sector recommendations (see page 26 for further details)
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m)[1] B	Employer Unfunded Liabilities ($m) B-A	Asset coverage B/A	Employer Unfunded Liabilities ($m)	Asset coverage	
General Government	45,998.7	25,907.0	(20,091.7)	56%	(13,012.3)	70%	Recommend to maintain current Crown funding plan and continue to review the funding position annually but redistribute funding between Schemes[2]. Non-Crown individual employer plans have been reviewed and documented separately.
Universities	3,354.3	422.3	(2,932.0)	13%	(2,881.4)	13%	No recommendation required.
PTEs/Other[3]	3,581.3	3,379.3	(202.0)	94%	129.6	104%	Individual employer plans to be reviewed and documented separately.
Total	**52,934.3**	**29,708.6**	**(23,225.7)**	**56%**	**(15,764.1)**	**68%**	

- The asset cover for the employer past service liabilities has reduced from 68% at 30 June 2021 to 56% at 30 June 2024. The value of unfunded liabilities has also increased from a $15.8b deficit at 30 June 2021 to a $23.2 deficit at 30 June 2024.
- This was due to a number of impacts, with noteworthy items including:
  - $4.2b deterioration in funding due to the higher than expected pension increases.
  - $0.5b deterioration in funding due to the lower than expected investment returns.
  - $1.9b deterioration due to updated financial and demographic assumptions following the 2024 experience review.
- The asset coverage varies significantly between Sectors:
  - The General Government Sector has an asset coverage of 56%. The NSW Treasury has budgeted contributions which are projected to bring the General Government Sector to fully funded by 30 June 2040[2]. Non-Crown General Government Sector contributions are made at an agreed level.
  - The Universities Sector has an asset coverage of 13%. Funding for this sector is in part through pay-as-you-go payments backed by the Commonwealth and NSW governments, and the lower asset coverage reflects this.
  - Public Trading Enterprises, Public Financial Corporations and Other employers (PTEs/Other) as a sector have an asset coverage of 94%. Contributions are made at an agreed level.

[1] The assets are consistent with the audited net assets in the financial statements but exclude the Employer Sponsor Receivable for PSS. See page 38 for details.
[2] Results commentary for the four Schemes in the STC Pooled Fund are set out in the body of the report.
[3] Public Trading Enterprises, Public Financial Corporations and Other employers Sector (PTEs/Other).

General Government Sector funding projection results

The General Government Sector employer funding position is projected to improve from the current deficit of $20.1b, to a deficit of $1.3b in 2040. However, there is significant variability in the projected outcomes under other scenarios.



Valuation	Scenario	Projected funding reserve/(deficit) ($b) 2040
2021	Base case	4.6
Current	**Base case**	**(1.3)**
	Earnings plus 1%	5.1
	Earnings minus 1%	(6.8)
	"GFC" (0% investment returns for five years)	(18.5)
	CPI plus 0.5%	(7.5)

- The NSW Government aims to fully fund all General Government Sector liabilities by 2040. See Section 4 for more details on the Crown's funding plan.
- The projected funding outcome has changed since the 2021 Triennial valuation from a projected funding reserve position of $4.6b in 2040, to a projected deficit at ($1.3b) in 2040 (allowing for the 'base case' Triennial assumptions for each valuation). We recommend continuing to monitor the funding position at 2040 annually via ALM process, in line with the practice in recent years.
- The deficit in 2040 under the base case scenario is mainly due to the increase in deficit in 2024 which was driven by higher than expected pension increases, lower than expected investment returns and changes to demographic assumptions. See Section 1 for more details on this.
- We have also included additional scenarios which illustrates that there is significant variability in the potential funding outcome (which allow for changes in assumed asset returns, with liabilities still based on the Triennial assumptions i.e. same as base case):
  - Projected investment earnings increased and decreased by 1% p.a.
  - A "Global Financial Crisis" (GFC) type downturn scenario in which investment earnings are assumed to be 0% p.a. for 5 years (from FY25 to FY29) then revert to the valuation assumption.
- The CPI plus 0.5% scenario illustrates the impact of increased CPI on the potential funding outcome. In this scenario, we have allowed for the impact on both liabilities and assets (i.e. liabilities based on higher CPI increase assumptions and the impact of higher benefit payments on assets).
- The scenarios illustrated in the projections are not intended to indicate upper or lower bounds of possible outcomes.

Key risks

The key risks faced by the STC Pooled Fund are investment risk and pension increase risk.

Level of risk

	Comments
Investment risk	• A key risk faced by STC Pooled Fund. • Moving to a more cautious investment strategy could reduce volatility to help mitigate this. However this would also result in lower expected investment returns and increased employer liabilities and costs. • Poor returns will have an immediate impact on the funding position.
Pension increase risk	• The Fund's pension increases are linked to Sydney CPI. RBA has adopted inflation target of 2-3%. Monetary policy is used to keep inflation within target. • The risk to funding is higher sustained long-term increases rather than isolated short-term volatility. • Strong pensioner presence in STC Pooled Fund (89% of liability) increases exposure to this risk.
Longevity risk	• Future life expectancies continue to increase. • Allowance for mortality improvements has been made in assumptions. • Strong pensioner presence in STC Pooled Fund (currently 89% of liability). This will also impact contributors who are eligible for pension benefits in the future.
Salary increase risk	• Employer has control over this. • Historically been less volatile than investments. • Contributors make up small proportion (11%) of liability so salary increase risk is relatively low and declining.
Catastrophe risk	• Death and TPD self-insured. • Potential for catastrophic event leading to multiple claims which could impact the Fund's liquidity. • This would be offset by pensioners (who could also be impacted).
Legislative risk	• Continual changes, such as increasing Superannuation Guarantee and APRA. prudential standards could increase costs. • However, strong governance may reduce risk.

Sensitivity

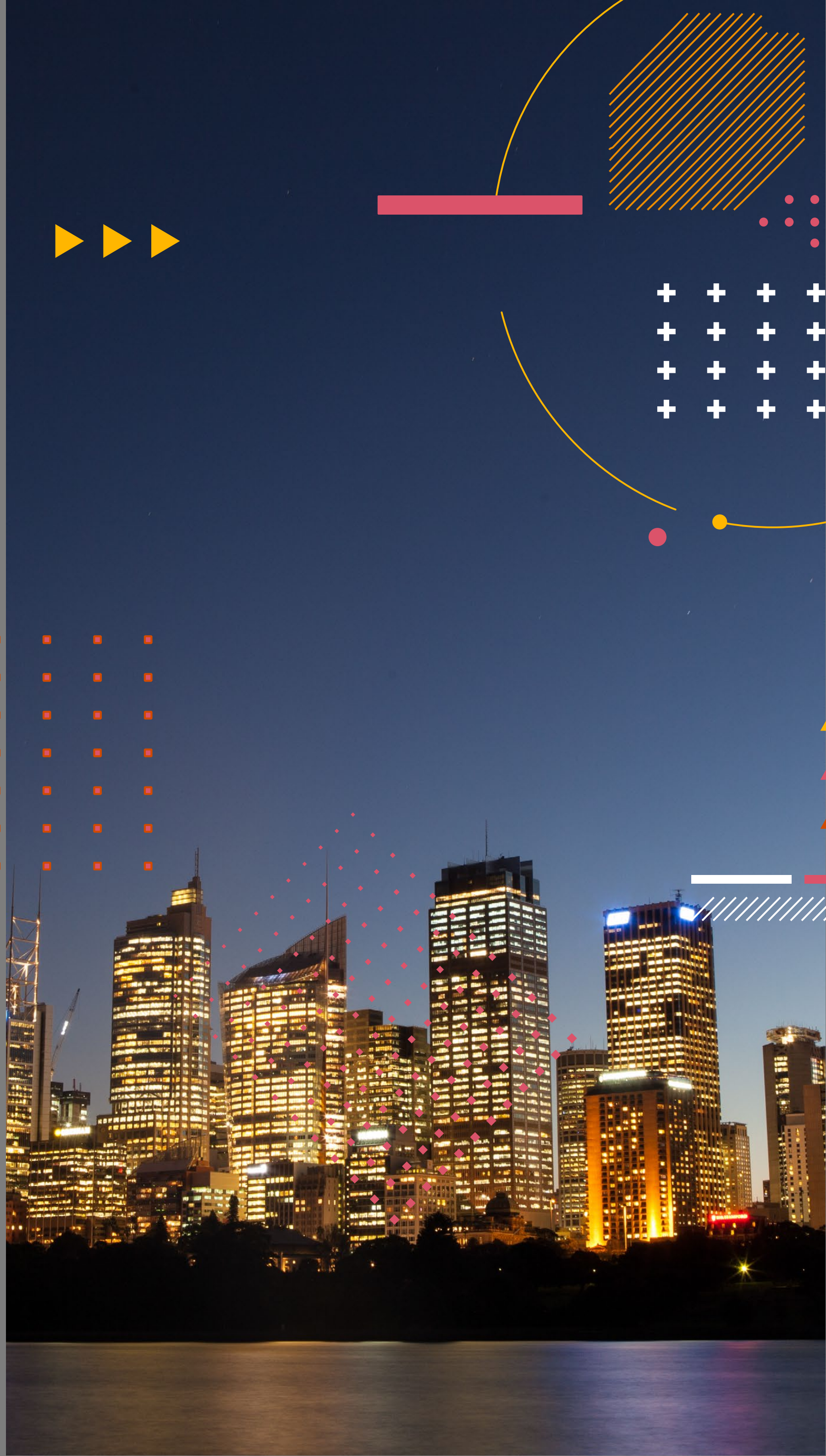
The employer past service liabilities of **$52.9 billion** would increase by:

Investment risk	1% p.a. decrease in investment returns	$4.8b 9.1%
Pension increase risk	1% p.a. increase in inflation	$4.8b 9.1%
Longevity risk	25% decrease in mortality	$2.8b 5.2%
Salary increase risk	1% p.a. increase in salary increase	$0.2b 0.5%

- The sensitivity results highlight the impact of a possible change in assumptions which relate to these four key risks. The above commentary considers risks in isolation, however, we note there are some interdependencies. For example, increased CPI results in a higher investment return objective which increases the risk of achieving the investment return objective.
- Note that these sensitivities reflect a possible alternative assumption rather than the size of the risk itself. As such, the variations shown in the sensitivity analysis do not indicate upper or lower bounds of all possible outcomes.
- Further breakdowns of these sensitivities, together with additional sensitivities, are shown on in Section 3.

1

Funding position



STC Pooled Fund funding position by Scheme (1 of 2)

The total past service liabilities are $60.7b. This is made up of $52.9b employer past service liabilities, $4.1b contributor reserves and $3.6b deferred reserves.

Scheme	Employer Past Service Liabilities (Accrued Benefits)				Contributor Reserve ($m)	Deferred Reserve ($m)	Total ($m)
	Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)			
SSS	215.9	114.1	36,553.4	36,883.4	340.4[DB]	-	37,223.8
SASS	4,028.3	-	2,378.7	6,407.1	3,494.4[DC]	3,023.9[DC]	12,925.3
PSS	403.6	9.2	8,141.0	8,553.9	134.2[DB]	-	8,688.1
SANCS	1,089.9	-	0.0	1,089.9	149.0[1,DC]	581.4[DC]	1,820.4
Total Past Service Liabilities (A)	5,737.8	123.3	47,073.1	**52,934.3**	4,118.0	3,605.3	**60,657.6**
Total Assets (B)[2]				**29,708.6**	4,118.0	3,605.3	**37,431.9**
Unfunded liabilities (B-A)				**(23,225.7)**	-	-	**(23,225.7)**
Asset coverage (B/A)				**56%**	100%	100%	**62%**

- The total assets are $37.4b, which is 62% of the total past service liabilities of $60.7b.
- The current deficit on the employer past service liabilities is $23.2b.
- The table above shows the split of these liabilities between the Schemes.
- A comparison of the employer past service liabilities with the previous valuation is shown on the next page.

[DB] SSS and PSS contributor reserves represent the member-financed portion of the defined benefit liabilities. These reserves are not subject to member investment choice.
[DC] SASS and SANCS contributor and deferred reserves are accumulation-style benefits. SASS contributor and deferred reserves are subject to member investment choice, whereas the SANCS contributor and deferred reserves are not subject to member investment choice.
[1] Includes SANCS Other Accounts such as government co-contributions, as well as Additional Employer Contributions. Further details are shown on page 38 and Appendix B.
[2] The assets above are consistent with the audited net assets in the financial statements but excludes the SASS Additional Benefits Reserve of $10.4m which is a self-insurance arrangement to cover the member portion of the SASS additional benefits and excludes allowance for the Employer Sponsor Receivable for PSS. Further details and a reconciliation are shown on page 38.

STC Pooled Fund funding position by Scheme (2 of 2)

The asset coverage for the employer past service liabilities has reduced from 68% at 30 June 2021, to 56% at 30 June 2024.

Scheme	2024				2021			
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m) B	Employer Unfunded Liabilities ($m) B-A	Asset coverage B/A	*Employer Past Service Liabilities ($m) A*	*Employer Reserve ($m) B*	*Employer Unfunded Liabilities ($m) B-A*	*Asset coverage B/A*
SSS	36,883.4	20,570.2	(16,313.2)	56%	34,024.9	23,000.8	(11,024.1)	68%
SASS	6,407.1	3,737.6	(2,669.5)	58%	7,044.1	5,147.9	(1,896.2)	73%
PSS	8,553.9	4,729.6	(3,824.3)	55%	7,514.4	5,002.6	(2,511.8)	67%
SANCS	1,089.9	671.2	(418.7)	62%	1,366.0	1,034.0	(332.1)	76%
Total	**52,934.3**	**29,708.6**	**(23,225.7)**	**56%**	**49,949.4**	**34,185.3**	**(15,764.1)**	**68%**

- The asset coverage for the employer past service liabilities has reduced from 68% at 30 June 2021, to 56% at 30 June 2024. The value of unfunded liabilities has increased from a $15.8b deficit to a $23.2b deficit.
- This was due to a number of impacts, with the main drivers including:
  - $4.2b deterioration due to higher than expected pension increases.
  - $0.5b deterioration due to lower than expected investment returns.
  - $1.9b deterioration due to updated financial and demographic assumptions following the 2024 experience review.
- Further details of the reasons for the movements are shown later in this section.
- The asset coverage by Scheme ranges between 55% (for PSS) and 62% (for SANCS).

STC Pooled Fund funding position by Sector (1 of 2)

The General Government Sector accounts for $46.0b in employer past services liabilities which is approximately 87% of the total.

Sector	Employer Past Service Liabilities (Accrued Benefits)				Contributor Reserve ($m)	Deferred Reserve[1] ($m)	Total ($m)
	Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)			
General Government	4,685.4	94.3	41,219.0	45,998.7	3,338.8	3,605.3	52,942.8
Universities	111.3	11.1	3,231.9	3,354.3	82.8	-	3,437.1
PTEs/Other[2]	941.1	18.0	2,622.2	3,581.3	696.4	-	4,277.7
Total Past Service Liabilities (A)	5,737.8	123.3	47,073.1	**52,934.3**	4,118.0	3,605.3	**60,657.6**
Total Assets (B)				**29,708.6**	4,118.0	3,605.3	**37,431.9**
Unfunded liabilities (B-A)				**(23,225.7)**	-	-	**(23,225.7)**
Asset coverage (B/A)				**56%**	100%	100%	**62%**

- The employers participating in the Pooled Fund are split into the following sectors:
  - General Government Sector – this Sector can be further split between Crown and Non-Crown Government entities
  - Universities
  - Public Trading Enterprises, Public Financial Corporations and Other employers (PTEs/Other).
- The General Government Sector accounts for $46.0b in employer past services liabilities which is around 87% of the total. Universities and PTEs/Other account for the remaining 13%.
- Detailed results by both Scheme and Sector are shown in Appendix E.

[1] All deferred reserves have been included under General Government, consistent with treatment in 2021 Triennial Review.
[2] Public Trading Enterprises, Public Financial Corporations and Other employers Sector (PTEs/Other).

STC Pooled Fund funding position by Sector (2 of 2)

A comparison of the employer funding position since the last triennial shows the asset coverage has fallen from 68% at 30 June 2021 to 56% at 30 June 2024. The General Government Sector the asset coverage reduced from 70% at 30 June 2021 to 56% at 30 June 2024.

Sector	2024				2021			
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m)[1] B	Employer Unfunded Liabilities ($m) B-A	Asset coverage B/A	*Employer Past Service Liabilities ($m) A*	*Employer Reserve ($m) B*	*Employer Unfunded Liabilities ($m) B-A*	*Asset coverage B/A*
General Government	45,998.7	25,907.0	(20,091.7)	56%	43,217.6	30,205.3	(13,012.3)	70%
Universities	3,354.3	422.3	(2,932.0)	13%	3,299.6	418.2	(2,881.4)	13%
PTEs/Other	3,581.3	3,379.3	(202.0)	94%	3,432.1	3,561.7	129.6	104%
Total	**52,934.3**	**29,708.6**	**(23,225.7)**	**56%**	**49,949.4**	**34,185.3**	**(15,764.1)**	**68%**

- The asset coverage varies significantly between Sectors:
  - The General Government Sector has an asset coverage of 56%. The NSW Treasury has budgeted contributions which are projected to bring the General Government Sector to fully funded by 30 June 2040[2]. Non-Crown General Government Sector contributions are made at an agreed level.
  - The Universities Sector has an asset coverage of 13%. Funding for this sector is in part through pay-as-you-go payments backed by the Commonwealth and NSW governments, and the lower asset coverage reflects this.
  - Public Trading Enterprises, Public Financial Corporations and Other employers (PTEs/Other) as a sector have an asset coverage of 94%. Contributions are made at an agreed level.
- Further details of the funding arrangements are shown in Section 4.

[1] The asset splits by sector have been estimated by taking the total assets from the financial statements and apportioning these in line with the asset splits taken from provisional asset data. As with the previous presentation, the assets and liabilities above exclude the SASS Additional Benefits Reserve of $10.4m, which is a self-insurance arrangement to cover the member portion of the SASS additional benefits, and excludes allowance for Employer Sponsor Receivable for PSS.
[2] NSW Budget FY24/25.

Pooled Fund unfunded liabilities reconciliation (1 of 2)

The employer funding position has deteriorated since 2021 by $7.4b, moving from a $15.8b deficit to a $23.2b deficit.

Movement in Employer Unfunded Liabilities ($m)

30 June 2021 unfunded liabilities	**(15,764)**
Expected change from June 2021 to June 2024	(203)
Lower than expected investment returns	(495)
Higher than expected pension increases	(4,214)
Higher than expected salary increases	(227)
Demographic and benefit payment experience	(410)
Other asset experience	9
30 June 2024 unfunded liabilities on 2021 basis	**(21,304)**
Increase in discount rate assumption	2,303
Increase in salary increase assumption	(189)
Increase in pension indexation assumption	(2,868)
Changes in demographic assumptions	(1,167)
30 June 2024 unfunded liabilities	**(23,226)**

Main reasons for movements

- The employer funding position has deteriorated by $7.4b versus an expected $0.2b
- Experience over the three years, contributed $5.5b (first section, moving from a deficit of $15.8b to a deficit of $21.3b). The main drivers were:
  - Lower than expected investment returns: 5.1% p.a. vs 5.7% p.a. expected[1].
  - Higher than expected pension increases: 5.0% p.a. vs 1.7% p.a. expected.
  - Higher than expected salary increase: 3.8% p.a. vs 2.7% p.a. expected[2].
  - Higher than expected benefit payments over the period.
  - Offset by higher than expected employer contributions, mostly due to revision in Crown Funding Plan. See page 26 for more detail.
- Changes in actuarial assumptions contributed $1.9b (second section, moving from a deficit of $21.3b to a deficit of $23.2b). The main drivers were:
  - Discount rate used to value future cashflows increased from 6.5% p.a. to 7.0% p.a.[3].
  - Both short term and long term salary increase assumption increased[4].
  - Both short term and long term pension increase assumption increased[5].
  - Changes in demographic assumptions, see next page for details.

[1] Asset returns of 5.1% p.a. based on Trustee Selection Strategy net of tax and expenses (but before any increase due to current pension income tax exemption), reconciliation includes net tax impact.
[2] Actual salary increases to 30 April 2024 plus 2 months roll forward: these are based on the average increase each year for people who remained contributors in the Scheme - this differs from the increase in the average salaries shown in Section 5. Expected salary increases: for simplicity we have excluded the impact of the promotional salary scale when estimating the salary increase experience item above. This promotional scale only has a minor effect as over 99% of contributors are now above the age range that this promotional scale is applied for.
[3] Discount rate quoted is for pensioners. Non-pensioner discount rates also increased by 0.5% p.a. from 5.7% p.a. to 6.2% p.a.
[4] Long term salary increase assumptions increased by 0.5% from 3.2% in June 2021 to 3.7% in June 2024. For details on short term salary increase assumptions, refer to page 43.
[5] Long term CPI increase assumptions increased by 0.5% from 2.0% in June 2021 to 2.5% in June 2024. For details on short term CPI increase assumptions, refer to page 43.

Unfunded liabilities reconciliation by Scheme (2 of 2)

The table below shows the movements in employer unfunded liabilities over the 3 years broken down by Scheme.

Movement in Employer Unfunded Liabilities, by Scheme ($m)

	SSS	SASS	PSS	SANCS	Total
30 June 2021 unfunded liabilities	**(11,024)**	**(1,896)**	**(2,512)**	**(332)**	**(15,764)**
Expected change	(948)	906	(134)	(27)	**(203)**
Lower than expected investment returns	(326)	(83)	(56)	(31)	**(495)**
Higher than expected pension increases	(3,294)	(195)	(724)	-	**(4,214)**
Higher than expected salary increases	(12)	(156)	(20)	(40)	**(227)**
Demographic and benefit payment experience	(165)	(197)	(34)	(13)	**(410)**
Other asset experience	919	(960)	15	35	**9**
30 June 2024 unfunded liabilities on 2021 basis	**(14,849)**	**(2,582)**	**(3,465)**	**(408)**	**(21,304)**
Increase in discount rate assumption	1,592	210	478	24	**2,303**
Increase in salary increase assumption	(6)	(134)	(13)	(36)	**(189)**
Increase in pension indexation assumption	(2,117)	(159)	(593)	0	**(2,868)**
Changes in demographic assumptions	(933)	(5)	(230)	2	**(1,167)**
30 June 2024 unfunded liabilities	**(16,313)**	**(2,669)**	**(3,824)**	**(419)**	**(23,226)**

Scheme level commentary on movements

- The explanations on the previous page apply across all Schemes. We discuss below the items for which we have further Scheme level commentary.
- The salary increase experience by Scheme over the 3 years was as follows: SSS 3.2% p.a. actual; SASS 3.9% p.a. actual; PSS: 3.7% p.a. actual; and Total 3.8% p.a. actual (all compared to 2.7% p.a. expected)[1].
- Scheme specific experience is generally reflective of the mix of pensioner or contributor membership and otherwise generally consistent. The differences by Scheme within other asset experience reflects the adoption of the 2021 Triennial recommendation to rebalance the crown funding plan contributions in proportion to the unfunded liabilities.
- The main items reflected in the changes in demographic assumptions are:
  - Decrease in standard pensioner mortality and applied mortality improvements from 2021 to 2024. This has increased the liability for all Schemes.
  - Decrease in male invalidity pensioner mortality and applied mortality improvements from 2021 to 2024 (male and female). This has increased the liability for all Schemes.
  - Pensioner mortality future improvements were updated to adopt 25-year mortality improvements for all future years. This has increased the liability for all Schemes.
  - Percentage married at death was decreased for males. This has decreased the liability for all Schemes.
  - See Section 7 for more details on the demographic assumptions.

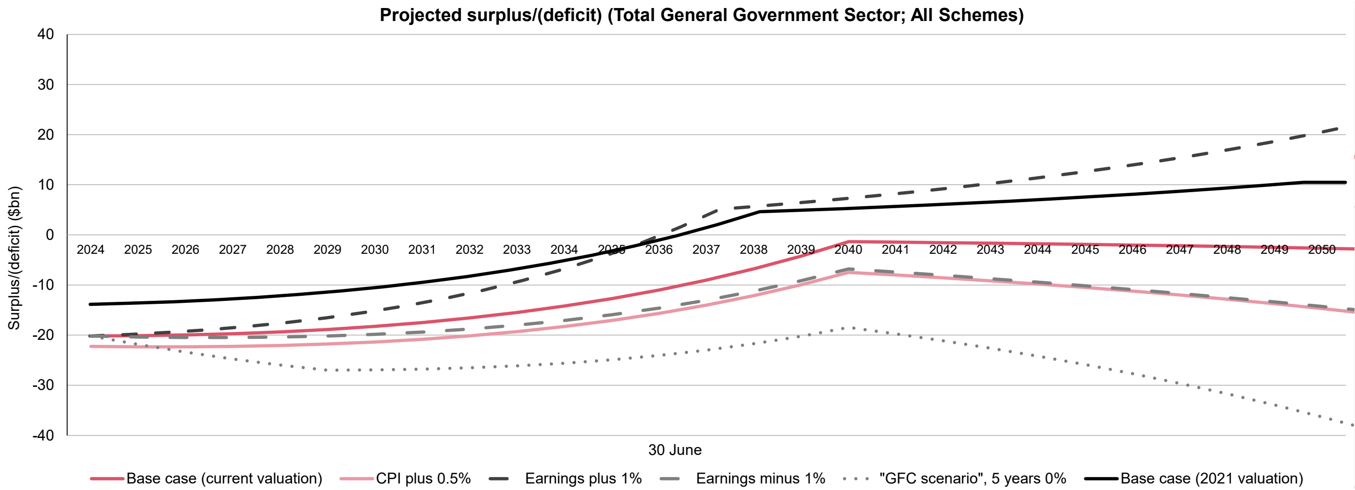
[1] See notes on salary increases on previous page.

2

Projections

General Government Sector funding projection results

The General Government Sector employer funding position is projected to improve from the current deficit of $20.1b, to a deficit of $1.3b in 2040. However, there is significant variability in the projected outcomes under other scenarios.



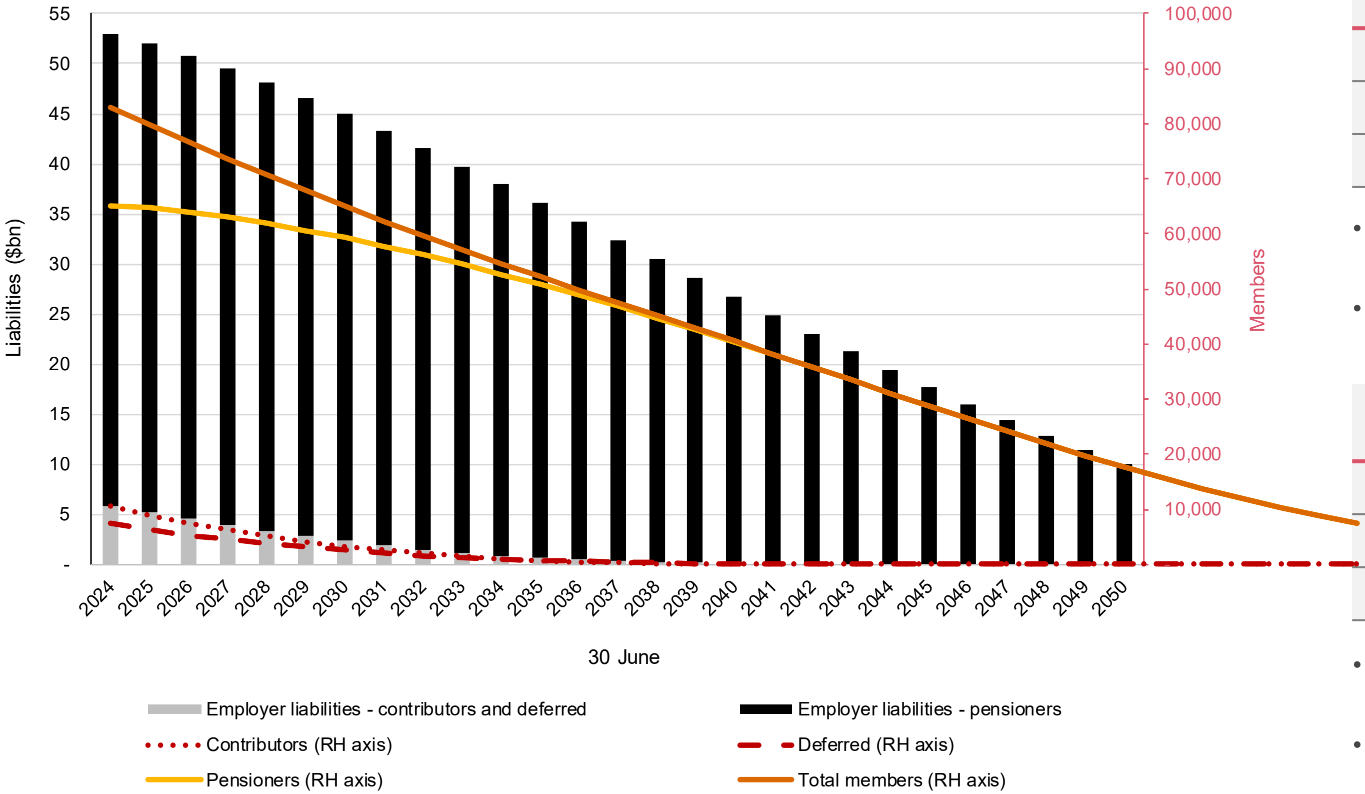
Valuation	Scenario	Projected funding reserve/(deficit) ($b) 2040
2021	Base case	4.6
Current	**Base case**	**(1.3)**
	Earnings plus 1%	5.1
	Earnings minus 1%	(6.8)
	"GFC" (0% investment returns for five years)	(18.5)
	CPI plus 0.5%	(7.5)

- The NSW Government aims to fully fund all General Government Sector liabilities by 2040. See Section 4 for more details on the Crown's funding plan.
- The projected funding outcome has changed since the 2021 Triennial valuation from a projected funding reserve position of $4.6b in 2040, to a projected deficit at ($1.3b) in 2040 (allowing for the 'base case' Triennial assumptions for each valuation). We recommend continuing to monitor the funding position at 2040 annually via ALM process, in line with the practice in recent years.
- The deficit in 2040 under the base case scenario is mainly due to the increase in deficit in 2024 which was driven by higher than expected pension increases, lower than expected investment returns and changes to demographic assumptions. See Section 1 for more details on this.
- We also include additional scenarios which illustrates that there is significant variability in the potential funding outcome (which allow for changes in assumed asset returns, with liabilities still based on the Triennial assumptions i.e. same as base case):
  – Projected investment earnings increased and decreased by 1% p.a.
  – A "Global Financial Crisis" (GFC) type downturn scenario in which investment earnings are assumed to be 0% p.a. for 5 years (from FY25 to FY29) then revert to the valuation assumption.
- The CPI plus 0.5% scenario illustrates the impact of increased CPI on the potential funding outcome. In this scenario, we have allowed for the impact on both liabilities and assets (i.e. liabilities based on higher CPI increase assumptions and the impact of higher benefit payments on assets).
- The scenarios illustrated in the projections are not intended to indicate upper or lower bounds of possible outcomes.

Total Pooled Fund projections

Membership is projected to be approximately 41,000 by 2040, of which almost all would be pensioners.

Projected liabilities[1] and membership[2]



Long term outlook

30 June	All members[2] ('000)	Liabilities[1] ($b)
2024	83	53
2027 (in 3 years)	74	50
2040	41	27

- The membership is predominantly pensioners reflecting the closed nature of the Fund.
- Projected pensioner members and liabilities as a proportion of the total are as follows:

30 June	Pensioners (% of all)	Liabilities (% of all)
2024	78%	89%
2027 (in 3 years)	86%	92%
2040	100%	100%

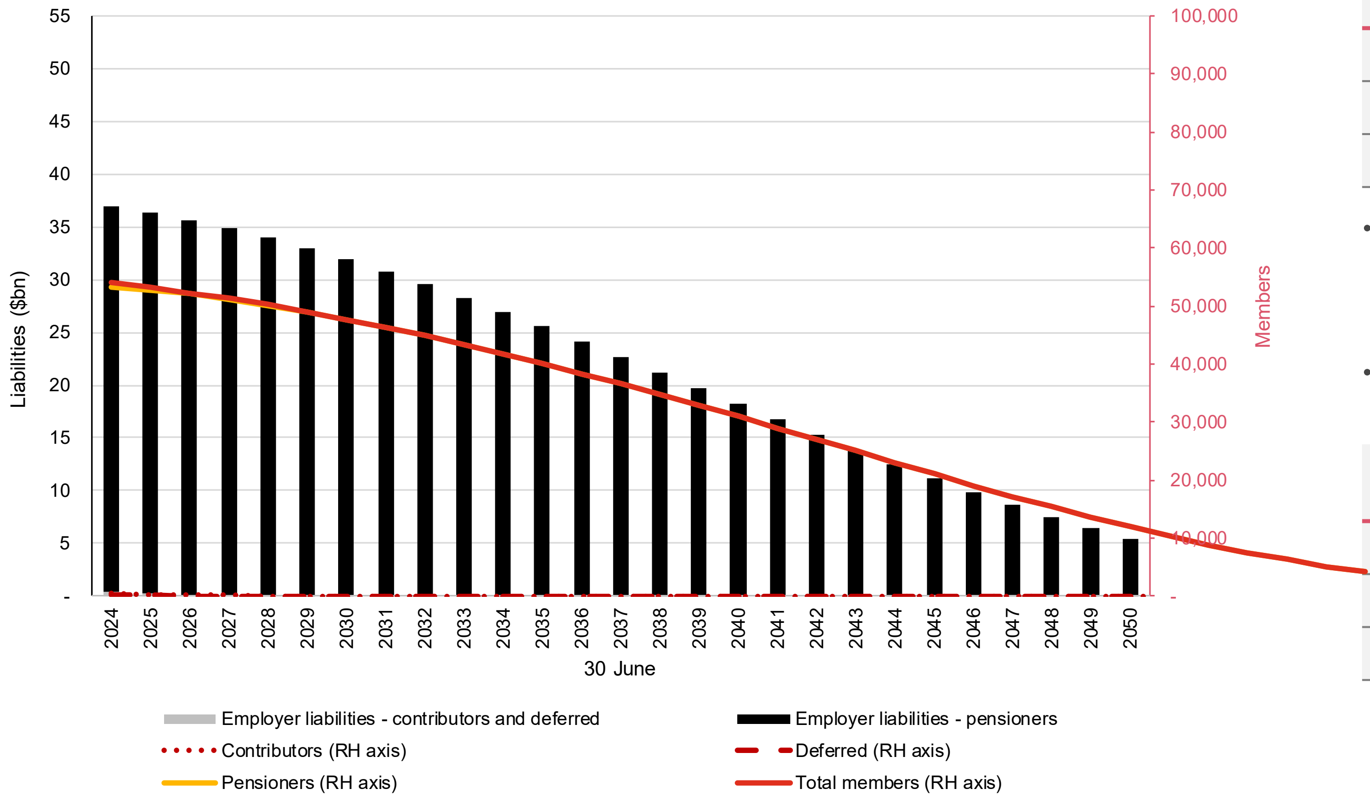
- We note that long term projections are sensitive to assumptions and actual member movements.
- The membership projection is broadly in line with that in the 2021 actuarial investigation.

[1] Projected employer liabilities shown in future dollars.
[2] Membership as at 30 June 2024 excludes fully commuted SSS pensioners. Their spouses are included from the point that they are projected to receive a pension payment in the future.

SSS projections

Membership is projected to be approximately 31,000 by 2040, of which all would be pensioners.

Projected liabilities[1] and membership[2]



Long term outlook

30 June	All members[2] ('000)	Liabilities[1] ($b)
2024	54	37
2027 (in 3 years)	51	35
2040	31	18

- The membership is predominantly pensioner reflecting the closed nature of the Fund. The Scheme was closed to new entrants since 1 July 1985.
- Projected pensioner members and liabilities as a proportion of the total are as follows:

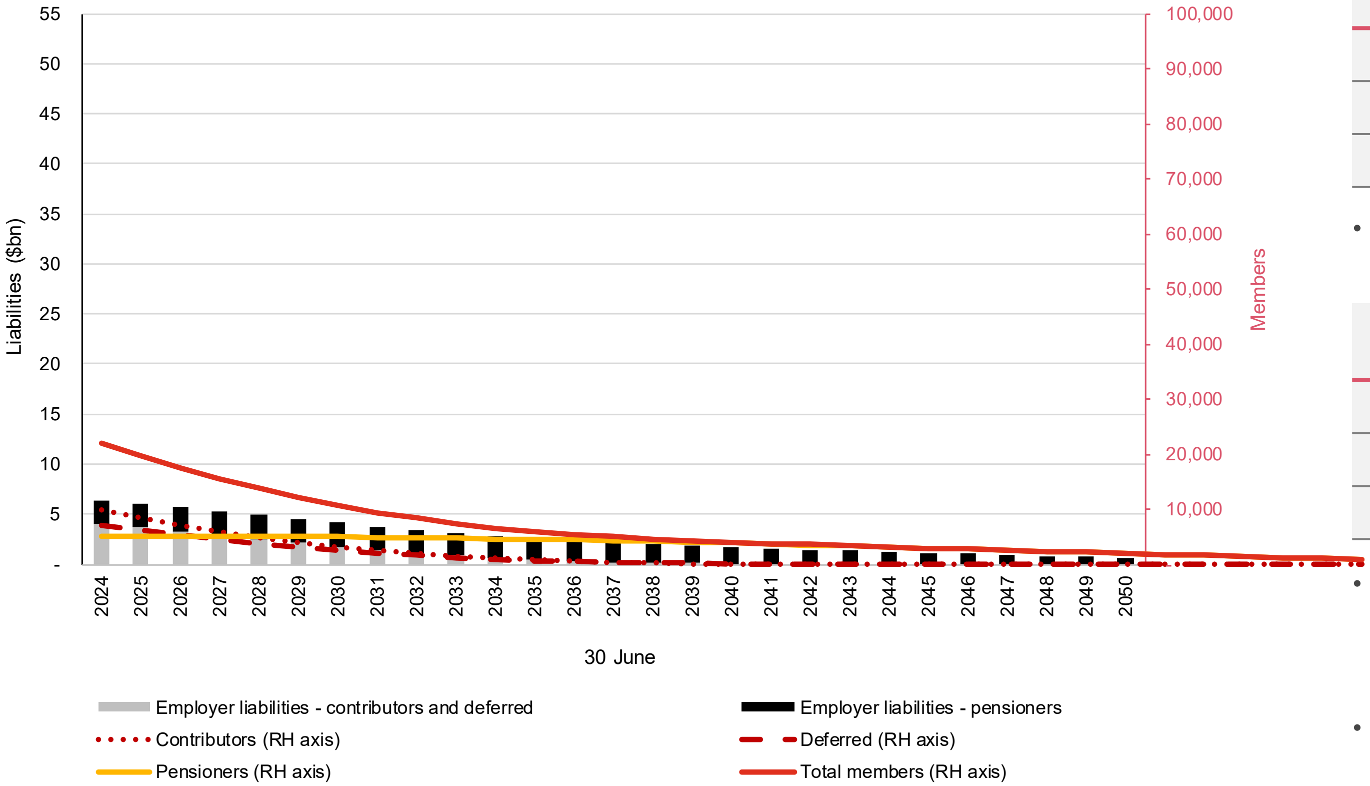
30 June	Pensioners (% of all)	Liabilities (% of all)
2024	98%	98%
2027 (in 3 years)	100%	100%
2040	100%	100%

[1] Projected employer liabilities shown in future dollars.
[2] Membership as at 30 June 2024 excludes fully commuted SSS pensioners. Their spouses are included from the point that they are projected to receive a pension payment in the future.

SASS projections

Membership is projected to be approximately 4,000 by 2040, of which 96% would be pensioners.

Projected liabilities[1] and membership



Long term outlook

30 June	All members ('000)	Liabilities[1] ($b)
2024	22	6
2027 (in 3 years)	16	5
2040	4	2

- Projected pensioner members and liabilities as a proportion of the total are as follows:

30 June	Pensioners (% of all)	Liabilities (% of all)
2024	23%	37%
2027 (in 3 years)	33%	46%
2040	96%	97%

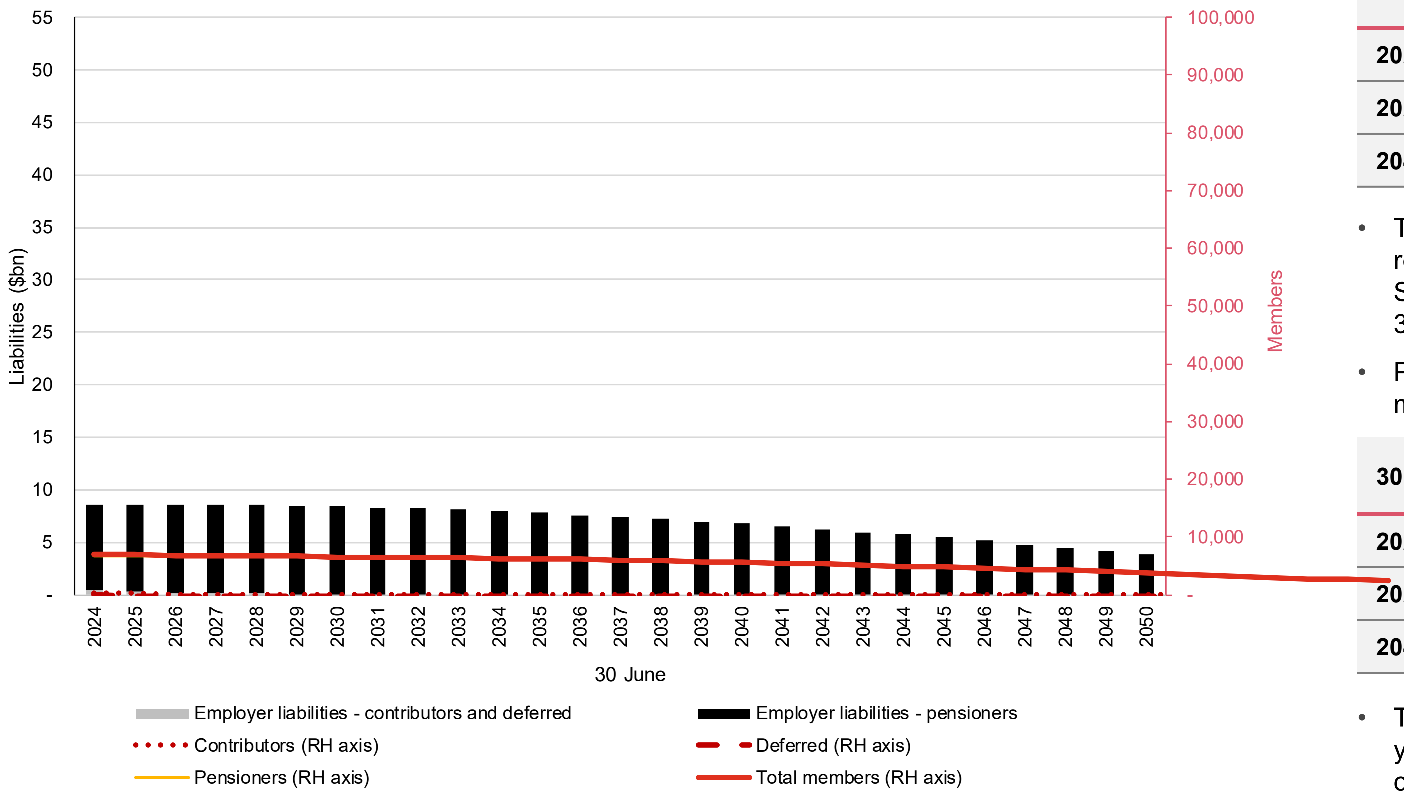
- As a large proportion of SASS members are not eligible for a pension benefit, membership is projected to decrease faster than the SSS and PSS Schemes which provide pension benefits.
- By 2040, the membership and employer liabilities are projected to have reduced by 82% to 4k and 74% to $1.7b (future dollars) respectively.

[1] Projected employer liabilities shown in future dollars.

PSS projections

Membership is projected to be approximately 6,000 by 2040, of which all would be pensioners.

Projected liabilities[1] and membership



Long term outlook

30 June	All members ('000)	Liabilities[1] ($b)
2024	7	9
2027 (in 3 years)	7	9
2040	6	7

- The membership is predominantly pensioner reflecting the closed nature of Scheme. The Scheme was closed to new entrants since 31 March 1988.
- Projected pensioners as a proportion of membership and liability is as follows:

30 June	Pensioners (% of all)	Liabilities (% of all)
2024	96%	94%
2027 (in 3 years)	99%	97%
2040	100%	100%

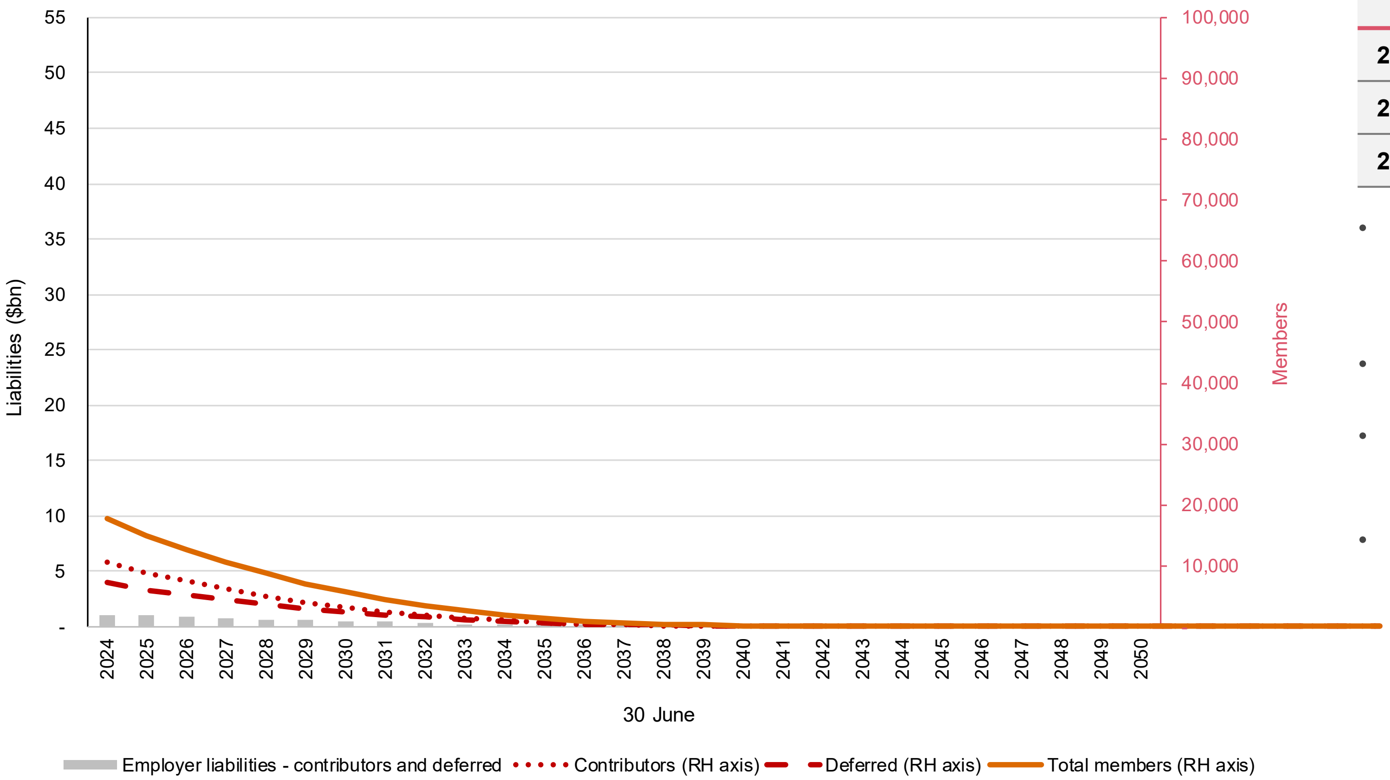
- The liability is projected to increase for a few more years before it begins to decline in 2027. This is a combined effect of continued accrual for contributors, and a relatively slow decline in pensioner members as a result of the low average age for PSS pensioners.

[1] Projected employer liabilities shown in future dollars.

SANCS projections

Membership is projected to be approximately 200 by 2040.

Projected liabilities[1] and membership



Long term outlook

30 June	All members ('000)	Liabilities[1] ($b)
2024	18	1
2027 (in 3 years)	11	1
2040	Less than 1	Less than 1

- SANCS membership is projected to reduce in line with the combined contributor/deferred exits for SSS, SASS and PSS, as these members are normally also SANCS members.
- All SANCS benefits are paid as a lump sum so there are no pensioners.
- In 3 years the membership and employer liability is projected to have decreased by 41% and 28% respectively.
- Membership and liability is projected to decrease to zero by 2047, once all members have retired.

[1] Projected employer liabilities shown in future dollars.

3

Risks and sensitivities

Key risks

The key risks faced by the STC Pooled Fund are investment risk and pension increase risk.

Level of risk

	Comments
Investment risk	• A key risk faced by STC Pooled Fund. • Moving to a more cautious investment strategy could reduce volatility to help mitigate this. However this would also result in lower expected investment returns and increased employer liabilities and costs. • Poor returns will have an immediate impact on the funding position.
Pension increase risk	• The Fund's pension increases are linked to Sydney CPI. RBA has adopted inflation target of 2-3%. Monetary policy is used to keep inflation within target. • The risk to funding is higher sustained long-term increases rather than isolated short-term volatility. • Strong pensioner presence in STC Pooled Fund (89% of liability) increases exposure to this risk.
Longevity risk	• Future life expectancies continue to increase. • Allowance for mortality improvements has been made in assumptions. • Strong pensioner presence in STC Pooled Fund (currently 89% of liability). This will also impact contributors who are eligible for pension benefits in the future.
Salary increase risk	• Employer has control over this. • Historically been less volatile than investments. • Contributors make up small proportion (11%) of liability so salary increase risk is relatively low and declining.
Catastrophe risk	• Death and TPD self-insured. • Potential for catastrophic event leading to multiple claims which could impact the Fund's liquidity. • This would be offset by pensioners (who could also be impacted).
Legislative risk	• Continual changes, such as increasing Superannuation Guarantee and APRA. prudential standards could increase costs. • However, strong governance may reduce risk.

Sensitivity

The employer past service liabilities of **$52.9 billion** would increase by:

Investment risk	1% p.a. decrease in investment returns	$4.8b 9.1%
Pension increase risk	1% p.a. increase in inflation	$4.8b 9.1%
Longevity risk	25% decrease in mortality	$2.8b 5.2%
Salary increase risk	1% p.a. increase in salary increase	$0.2b 0.5%

- The sensitivity results highlight the impact of a possible change in assumptions which relate to these four key risks. The above commentary considers risks in isolation, however, we note there are some interdependencies. For example, increased CPI results in a higher investment return objective which increases the risk of achieving the investment return objective.
- Note that these sensitivities reflect a possible alternative assumption rather than the size of the risk itself. As such, the variations shown in the sensitivity analysis do not indicate upper or lower bounds of all possible outcomes.
- Further breakdowns of these sensitivities, together with additional sensitivities, are shown on the next page.

Sensitivities in Employer Past Service Liabilities by Scheme

Details of the sensitivity results by Scheme are shown below.

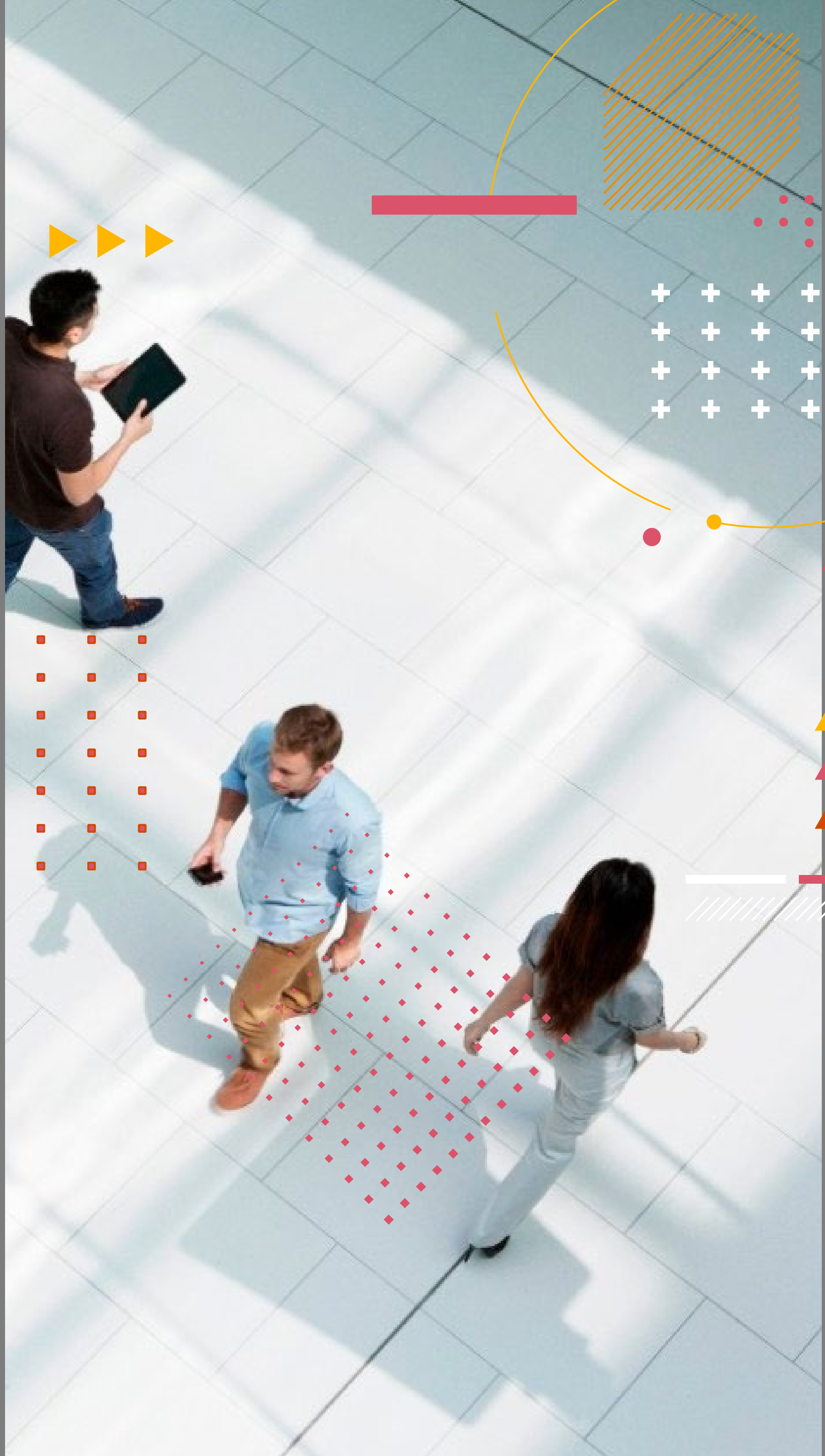
Employer Past Service Liabilities ($m)	SSS	SASS	PSS	SANCS	Total
Central assumptions	**36,883**	**6,407**	**8,554**	**1,090**	**52,934**
Investment return / Discount rate plus 1% (central assumption 7.0% p.a. / 6.2% p.a.) [1]	34,010 (-2,874 or -7.8%)	6,025 (-382 or -6.0%)	7,718 (-836 or -9.8%)	1,047 (-43 or -3.9%)	**48,800** **(-4,134 or -7.8%)**
Investment return / Discount rate minus 1% (central assumption 7.0% p.a. / 6.2% p.a.) [1]	40,205 (+3,322 or +9.0%)	6,841 (+434 or +6.8%)	9,554 (+1,000 or +11.7%)	1,136 (+46 or +4.2%)	**57,736** **(+4,802 or +9.1%)**
CPI increases plus 1% (central assumption 2.5% p.a.)	40,405 (+3,522 or +9.5%)	6,680 (+273 or +4.3%)	9,597 (+1,043 or +12.2%)	1,090 (+0 or +0.0%)	**57,772** **(+4,838 or +9.1%)**
CPI increases minus 1% (central assumption 2.5% p.a.)	33,800 (-3,084 or -8.4%)	6,171 (-236 or -3.7%)	7,672 (-882 or -10.3%)	1,090 (-0 or -0.0%)	**48,732** **(-4,202 or -7.9%)**
25% decrease in mortality (+1.9 years) (central assumption consistent with a life expectancy of 90.2 for a 65 year old) [2]	39,110 (+2,227 or +6.0%)	6,545 (+138 or +2.2%)	8,949 (+395 or +4.6%)	1,090 (+0 or +0.0%)	**55,694** **(+2,760 or +5.2%)**
25% increase in mortality (-1.5 years) (central assumption consistent with a life expectancy of 90.2 for a 65 year old) [3]	35,157 (-1,726 or -4.7%)	6,298 (-109 or -1.7%)	8,239 (-315 or -3.7%)	1,090 (+0 or +0.0%)	**50,784** **(-2,150 or -4.1%)**
Salary increases plus 1% (central assumption 4.56% / 3.80% / 3.78% / 3.80% / 3.7% p.a.) [4]	36,889 (+6 or +0.0%)	6,584 (+177 or +2.8%)	8,568 (+14 or +0.2%)	1,137 (+47 or +4.3%)	**53,179** **(+245 or +0.5%)**
Salary increases minus 1% (central assumption 4.56% / 3.80% / 3.78% / 3.80% / 3.7% p.a.) [4]	36,877 (-6 or -0.0%)	6,241 (-166 or -2.6%)	8,540 (-14 or -0.2%)	1,045 (-45 or -4.1%)	**52,703** **(-231 or -0.4%)**

- The changes in each row above are applied individually, while leaving the other assumptions unchanged.

[1] Central assumption for discount rate is 7.0% p.a. for all pensioners / 6.2% p.a. for other members.
[2] Assumes 25% decrease in base mortality assumption and applies mortality improvement factors for all future years in line with 2024 experience review. This results in 1.9 years increase in life expectancy for 65 year old.
[3] Assumes 25% increase in base mortality assumption and applies mortality improvement factors for all future years in line with 2024 experience review. This results in 1.5 years decrease in life expectancy for 65 year old.
[4] Central assumption 4.56% for FY2025, 3.80% for FY2026, 3.78% for FY2027, 3.80% for FY2028 and 3.7% p.a. thereafter.

4

Employer contributions



Employer contributions and recommendation

The current funding arrangements together with our findings and recommendations are set out below.

Sector	Current funding arrangement	Findings and recommendations
State Sector		
General Government Sector – Crown	• Due to the impact of COVID-19, the NSW government revised the Crown Funding Plan ("CFP") in 2021. Under the new plan contributions recommenced in FY23 following a 2 year contribution holiday, targeting full funding of all General Government Sector liabilities by FY40. Since FY23, the NSW Government has adopted a further revised CFP with contributions increased by \$0.4b in FY24 and indexed at 5% until FY2040. • The NSW Government will contribute \$1.73b in FY25 with the total value of contributions from FY25 to FY40 currently expected to be \$41.0b (nominal value). • We note the Fiscal Responsibility Act 2012 has not yet been amended to reflect the new target of 2040 instead of 2030. The NSW Treasury's FY22 to FY24 Budgets have affirmed this change.	• **The Crown funding plan was updated in September 2023 and was calibrated to hit full funding at 2040 on a 30 June 2023 basis. This was then verified by the latest ALM (dated 28 February 2024).** • **Funding projections in this review show that the General Government Sector is projected to be at a \$1.3b deficit at 30 June 2040 – see page 16. We recommend no change to the Crown funding plan until the results of the next ALM Review are available.** • **Recommendation: Maintain current Crown funding plan and continue to review the funding position annually and adjust as necessary.** • **Recommendation: Rebalance the Crown funding plan contributions by Scheme so that they are in line with the proportions of the General Government Sector employer unfunded liabilities: SSS 66.6%, SASS 12.2%, PSS 19.0% and SANCS 2.2%[1].**
General Government Sector – Non-Crown	• Previously agreed level of contribution for non-Crown employers is assumed to continue for the purposes of the projections in this report. • The Crown funding commitment above also covers this Sector.	• As above, the latest funding projections show that the General Government Sector is projected to be at a \$1.3b deficit at 30 June 2040. • Individual entity funding plans will be reviewed as at 30 June 2024 in October 2024 and recommendations will be provided separately.
Public Trading Enterprises (PTEs)	• Individual employer funding plans reviewed annually.	• Individual employer funding plans will be reviewed as at 30 June 2024 in October 2024 and recommendations will be provided separately.
Non-State Sector		
Universities	• Jointly funded by the NSW and Commonwealth Governments and the Universities on a pay-as-you-go basis[2].	• No recommendation required.
Other employers	• Individual employer funding plans reviewed annually.	• Individual employer funding plans will be reviewed as at 30 June 2024 in October 2024 and recommendations will be provided separately.

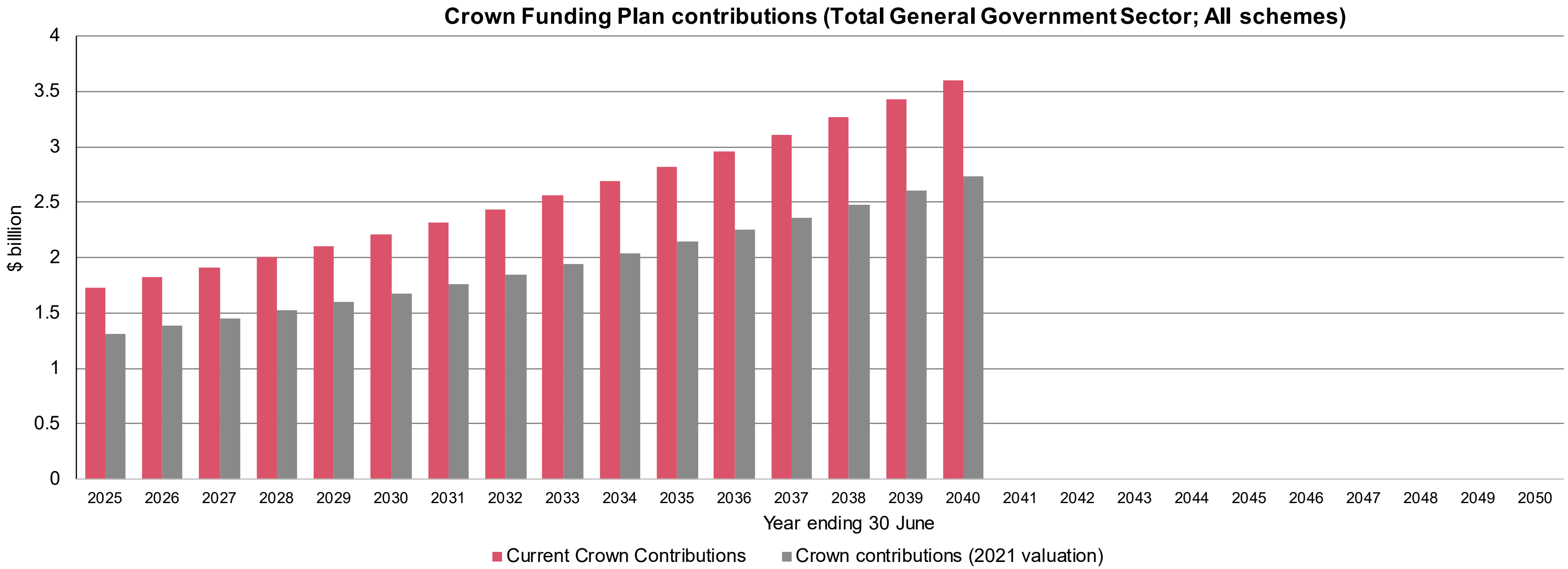
- In addition, the employer contributes up to 2.5% of salary (the actual rate varies depending if and when the member becomes eligible) until 30 June 2025 and this will increase as SG increases. This goes to a separate Additional Employer Contributions (AEC) accumulation account and does not impact the employer past service liability.
- The previous Triennial did not recommend any changes for the Crown funding plan, however this has continued to be kept under review and has changed over the period due to the economic impact of NSW Government's finances caused by COVID-19 (contribution holiday for FY21 and FY22). The funding plans for PTE and Other employers have been considered by the Trustee following each annual contribution review, and adjustments have been made to the funding plans as appropriate.

[1] Appendix E details the split of General Government Sector employer unfunded liabilities of \$20.1b by Scheme: SSS \$13.4b, SASS \$2.5b, PSS \$3.8b, SANCS \$0.4b.
[2] Refer to Appendix F for more detail on the agreement between NSW Government and the Commonwealth.

Crown Funding Plan

The Crown Funding Plan was revised post the 2021 triennial valuation. Under the revised plan contributions are expected to be $1.73b in FY25 and will grow at 5% p.a. until FY40.

The projected level of Crown Funding Plan (CFP) contributions for FY25 through to FY40 under the current contribution plan are:

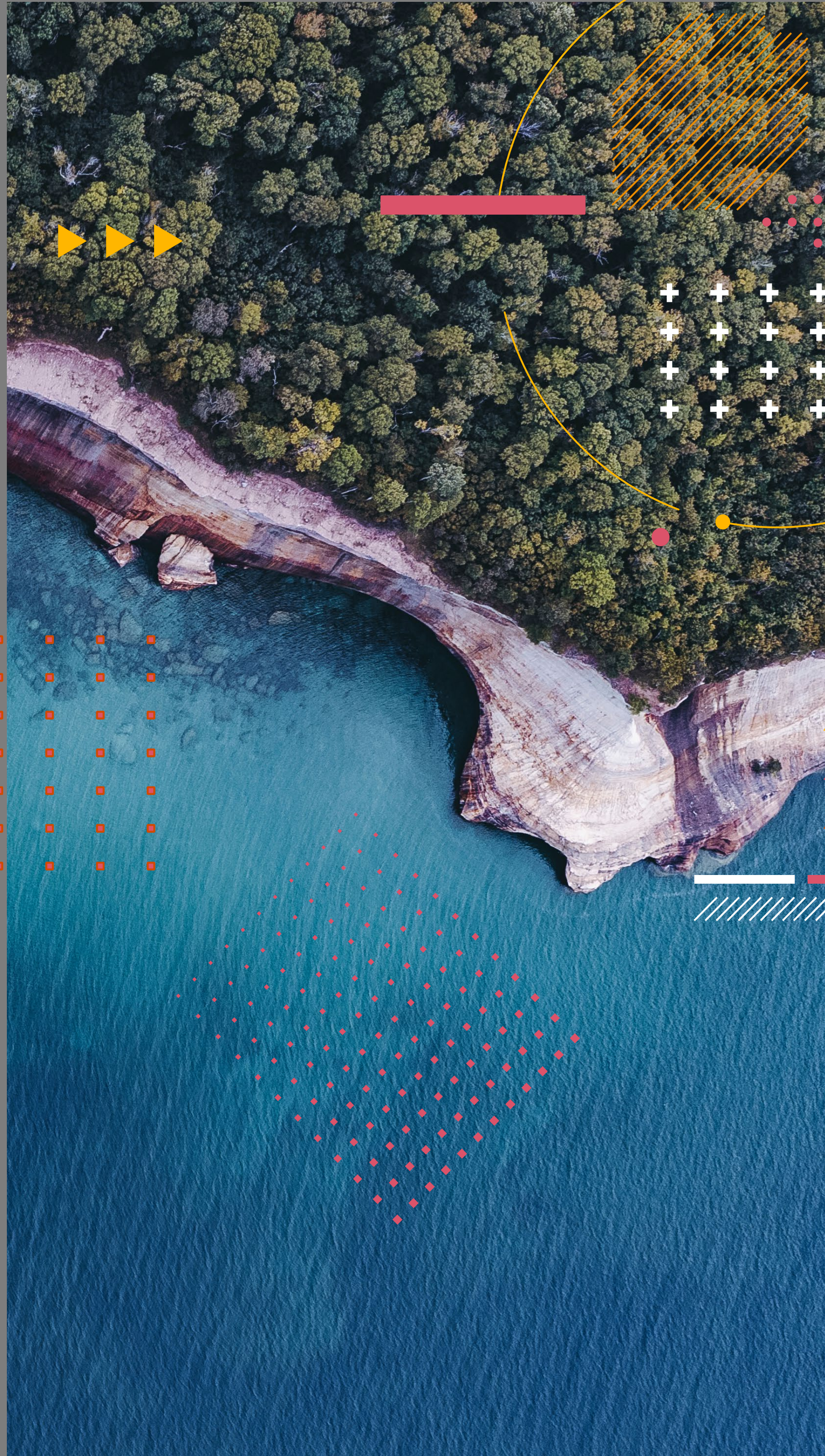


CFP contributions ($b)	Financial year ending 30 June															
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Current valuation	1.73	1.82	1.91	2.01	2.11	2.21	2.32	2.44	2.56	2.69	2.82	2.96	3.11	3.27	3.43	3.60
2021 valuation	1.32	1.38	1.45	1.52	1.60	1.68	1.76	1.85	1.94	2.04	2.14	2.25	2.36	2.48	2.60	2.73

- The total nominal contributions from 1 July 2024 to 30 June 2040 under the Current Crown Funding Plan is $41.0b, compared to $31.1b over the same period under the 2021 Plan.
- Due to the economic impact on the NSW Government's finances caused by COVID-19, the NSW government undertook a two year contribution holiday from 1 July 2020 to 30 June 2022, with contributions recommencing in FY23. To achieve full funding by 2040, higher nominal contributions than those outlined in the 2021 Plan were adopted.

5

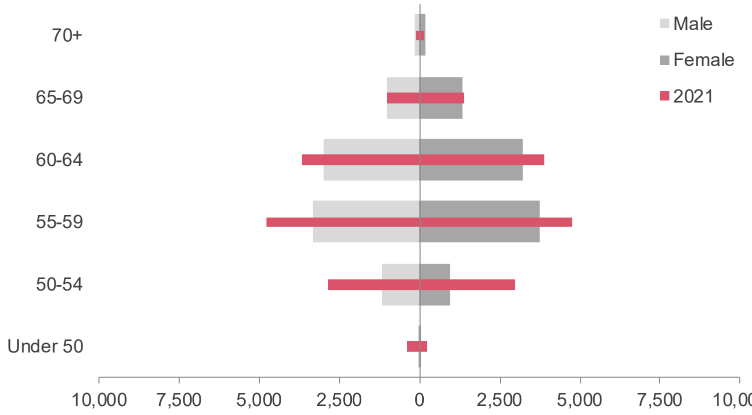
Membership



STC Pooled Fund membership[1]

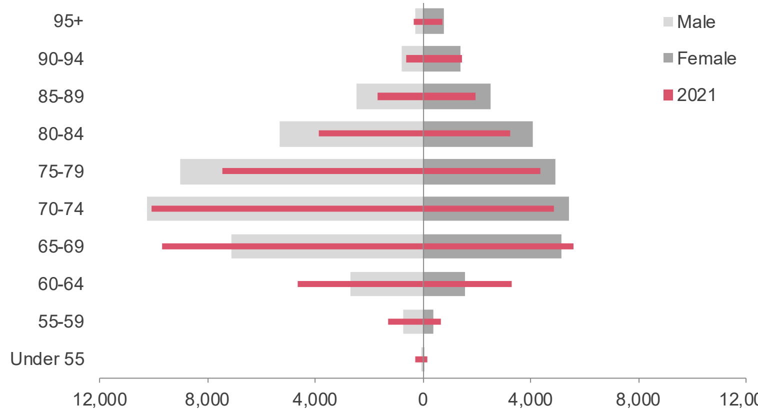
The total membership has decreased by 10.7% from 108,666 to 97,063 over the three year period.

Contributor and deferred membership



Contributors	2021	2024	Change
Membership	16,948	10,608	(37.4%)
Average age	58.1	59.4	1.3
Average service	32.7	35.0	2.3
Average salary[3]	$117,533	$132,030	12.3% (4.0% p.a.)[4]
Total salary[3]	$1,992m	$1,401m	(29.7%)
Deferreds[5]	**2021**	**2024**	**Change**
Membership	9,204	7,508	(18.4%)
Average age	58.2	60.1	1.9
Total	**2021**	**2024**	**Change**
Membership (incl SSS fully commuted pensioners)	108,666	97,063	(10.7%)

Pensioner membership[2]



Pensioners	2021	2024	Change
Current pensioners	66,297	64,789	(2.3%)
Average age	72.9	74.9	1.9
Average pension	$49,452	$57,782	16.8% (5.3% p.a.)
Total pension	$3,279m	$3,744m	4.5%
Fully commuted pensioners	16,217	14,158	(12.7%)

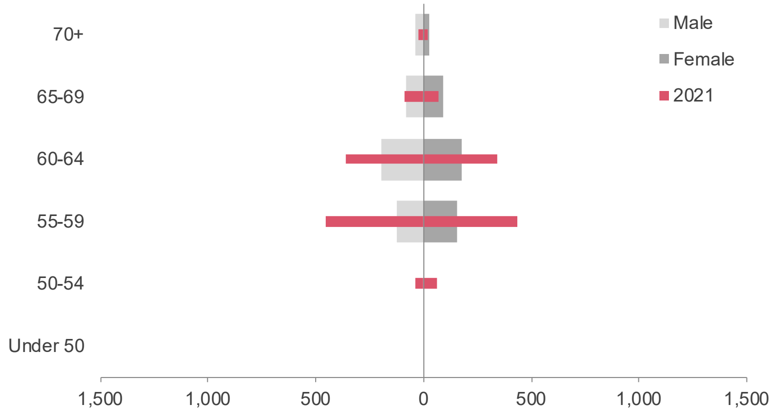
- There are 18,116 non-pensioners, 64,789 pensioners as well as 14,158 fully commuted SSS pensioners whose spouses are eligible for reversionary pension (97,063 total).
- The membership profile has changed considerably over the 3 years with 37.4% fewer contributors and 18.4% fewer deferred members.

[1] Based on SSS, SASS and PSS members using 30 April 2024 administrative data, projected to 30 June 2024 (as such figures may differ slightly to that in Annual Accounts). Contributory and deferred members are also generally in SANCS.
[2] Chart excludes the 14,158 SSS fully commuted pensioners.
[3] Full time equivalent salary.
[4] Change in average salary across all members. This differs from the average salary increase for in-force members shown in Section 1 and later in this Section.
[5] SSS deferreds who are currently receiving pension payments have been excluded from the deferreds count and included in pensioners.

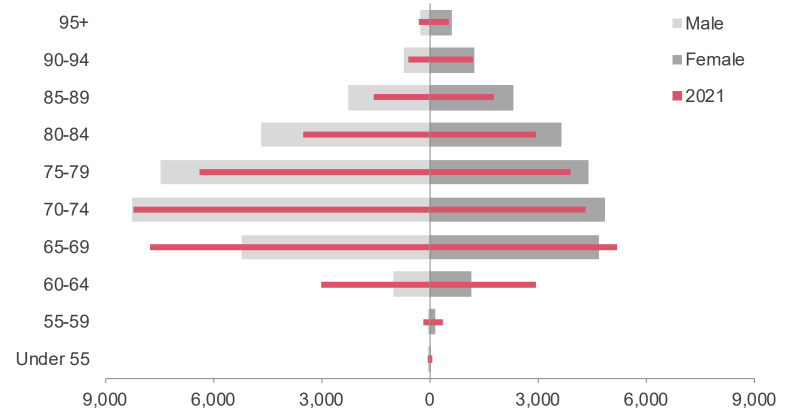
SSS membership

The total membership has decreased by 6.7% from 72,866 to 68,015 over the three year period.

Contributor and deferred membership



Pensioner membership[1]



Contributors	**2021**	**2024**	**Change**
Membership	1,310	519	(60.4%)
Average age	59.5	61.4	1.8
Average service	39.0	41.5	2.5
Average salary	$121,785	$128,051	5.1% (1.7% p.a.)
Total salary	$160m	$66m	(58.4%)
Deferreds[2]	**2021**	**2024**	**Change**
Membership	584	384	(34.2%)
Average age	60.7	63.4	2.7
Total	**2021**	**2024**	**Change**
Membership (incl SSS fully commuted pensioners)	72,866	68,015	(6.7%)

Pensioners	**2021**	**2024**	**Change**
Current pensioners	54,755	52,954	(3.3%)
Average age	73.6	75.7	2.1
Average pension[3]	$48,622	$56,670	16.6% (5.2% p.a.)
Total pension[3]	$2,662m	$3,001m	12.7%
Fully commuted pensioners	16,217	14,158	(12.7%)

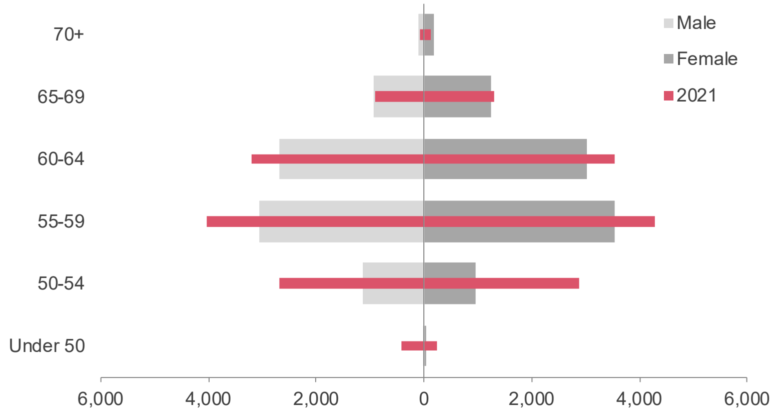
- The contributor membership for SSS has decreased significantly by 60.4% or 791 people. This is mostly due to retirements.
- SSS fully commuted (contingent) pensioner data was reviewed by the Fund administrator in 2022. There were no major updates made as a result and we note there is still a potential for:
  - new spouse pensions to commence payment and back payment of spouse pensions owed (both of which could act to increase liabilities)
  - contingent pension records which are no longer required and can be closed off without any payment (which could act to decrease liabilities).
- For context, the liabilities in relation to SSS contingent pensioners are currently valued at approximately $450m, less than 1% of total liabilities.

[1] Chart excludes the 14,158 SSS fully commuted pensioners.
[2] SSS deferreds who are currently receiving pension payments have been excluded from the deferreds count and included in pensioners. There were 236 such members in 2024 and 368 in 2021.
[3] Includes the preserved component of pension currently paid into a deferred account.

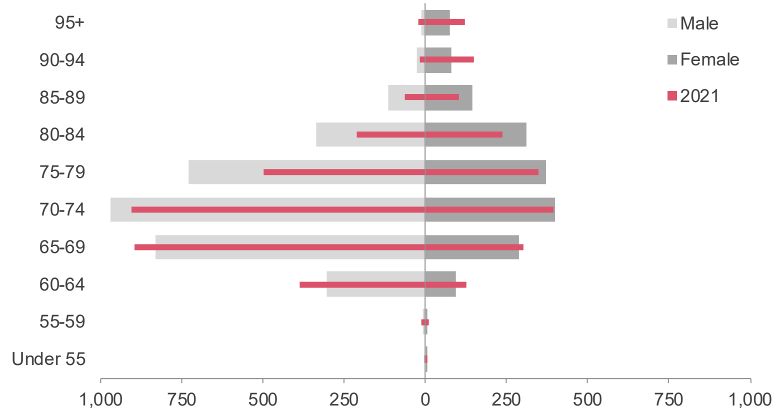
SASS membership

The total membership has decreased by 22.6% from 28,470 to 22,023 over the three year period.

Contributor and deferred membership



Pensioner membership



Contributors	2021	2024	Change
Membership	15,100	9,838	(34.8%)
Average age	58.1	59.4	1.3
Average service	32.0	34.6	2.6
Average salary	$115,932	$131,145	13.1% (4.2% p.a.)
Total salary	$1,751m	$1,290m	(26.3%)
Deferreds	**2021**	**2024**	**Change**
Membership	8,559	7,083	(17.2%)
Average age	58.0	59.9	1.9
Total[1]	**2021**	**2024**	**Change**
Membership	28,470	22,023	(22.6%)

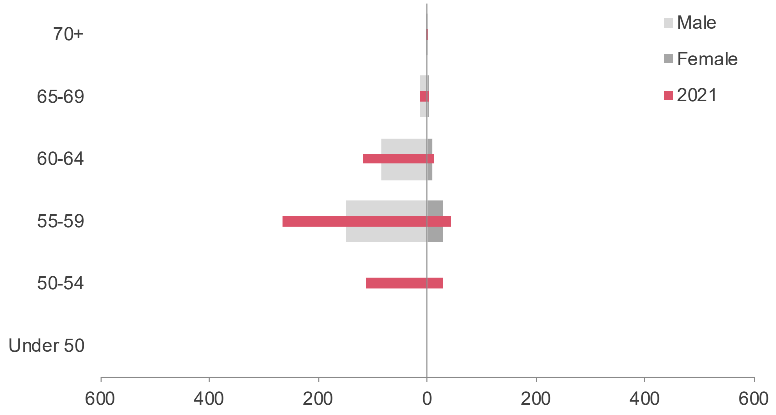
Pensioners	2021	2024	Change
Membership	4,811	5,101	6.0%
Average age	73.4	74.0	0.6
Average pension	$29,147	$35,590	22.1% (6.9% p.a.)
Total pension	$140m	$182m	29.5%

- SASS has seen the largest decrease in membership (22.6% decrease) which is a result of SASS members generally receiving a lump sum at retirement and ceasing to be members of the Fund (rather than receiving a pension and continuing their membership).
- Contributor and deferred membership for SASS both decreased significantly, with decreases of 34.8% and 17.2% respectively.

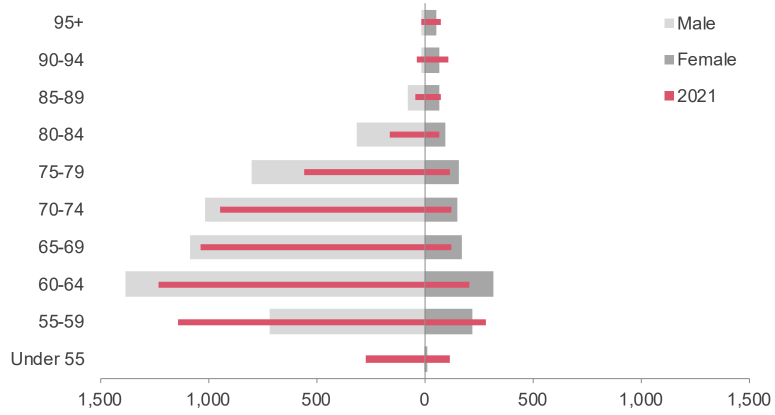
PSS membership

The total membership has decreased by 4.2% from 7,330 to 7,025 over the three year period.

Contributor and deferred membership



Pensioner membership



Contributors	2021	2024	Change
Membership	538	251	(53.3%)
Average age	57.1	58.8	1.7
Average service	36.0	38.2	2.2
Average salary	$152,129	$174,944	15.0% (4.8% p.a.)
Total salary	$82m	$44m	(46.3%)
Deferreds	**2021**	**2024**	**Change**
Membership	61	41	(32.9%)
Average age	59.1	61.9	2.8
Total	**2021**	**2024**	**Change**
Membership	7,330	7,025	(4.2%)

Pensioners	2021	2024	Change
Membership	6,731	6,733	0.0%
Average age	66.6	68.5	2.0
Average pension	$70,714	$83,344	17.9% (5.6% p.a.)
Total pension	$476m	$561m	17.9%

- The contributor membership for PSS has decreased significantly by 53.3% or 287 people. The main reason for exits of contributors over this period has been disablement, which makes up 65% of exits. See Appendix H for further details.

SANCS membership

The total membership has decreased by 30.9% from 26,032 to 18,001 over the three year period.

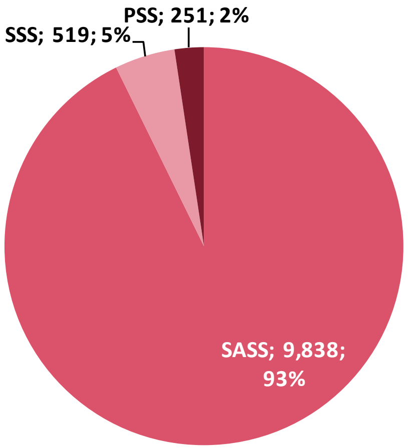
Membership	2021	2024	Change
Contributors	16,948	10,608	(37.4%)
Deferreds	9,084	7,393	(18.6%)
Total	26,032	18,001	(30.9%)

- In general SSS, SASS and PSS contributory and deferred members are also members of SANCS. As such the total Pooled Fund profile information on page 29 for contributory and deferred members, is also relevant for SANCS members.
- The differences between SANCS membership and the memberships of SSS, SASS and PSS are as follows:
  - The difference in deferreds is due to SSS members who are deferred but are currently receiving pension payments (they have been excluded from the SSS deferreds count, but are present in SANCS deferreds). This is offset by deferred members of SSS, SASS and PSS who don’t have a record in the SANCS administrative data.

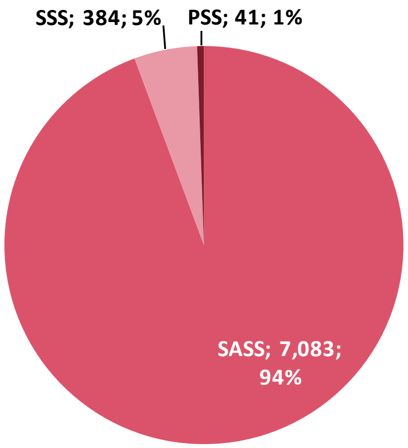
STC Pooled Fund membership by type

Contributors and deferred members are predominately part of SASS whereas majority of pensioners are part of SSS.

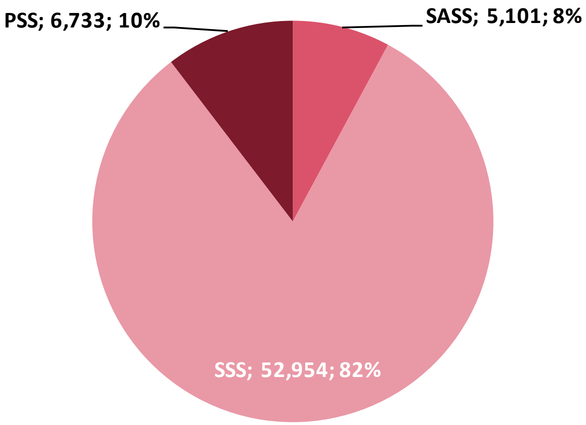
Contributors



Deferreds[1]



Pensioners[2]



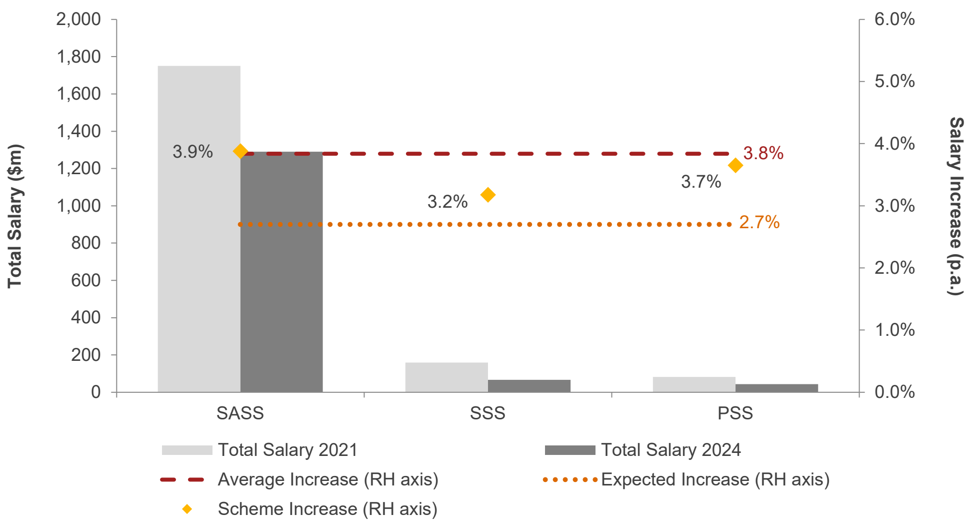
- SSS makes up 5% of the non pensioner members of the Pooled Fund, and 82% of the current pensioner members. In addition, there are 14,158 fully commuted SSS pensioners whose spouses are eligible for reversionary pension.
- SASS makes up 93% of the non pensioner members of the Pooled Fund, and 8% of the current pensioner members. We note that SASS deferred members have accumulation style benefits which accrues with investment returns and therefore no further employer funding is required.
- PSS makes up 2% of the non pensioner members of the Pooled Fund, and 10% of the current pensioner members.

[1] SSS deferreds who are currently receiving pension payments have been excluded from the deferreds count and included in pensioners. There were 236 such members in 2024.
[2] Chart excludes the 14,158 SSS fully commuted pensioners.

STC Pooled Fund – Salary and pension increases

The average salary increases for contributors over the last three years was 3.8% p.a., which is higher than the 2.7% p.a. expected increase. Pension increases were 5.0% p.a. which is higher than the 1.7% p.a. expected increases (after allowing for a reduced indexation following negative CPI for FY2021).

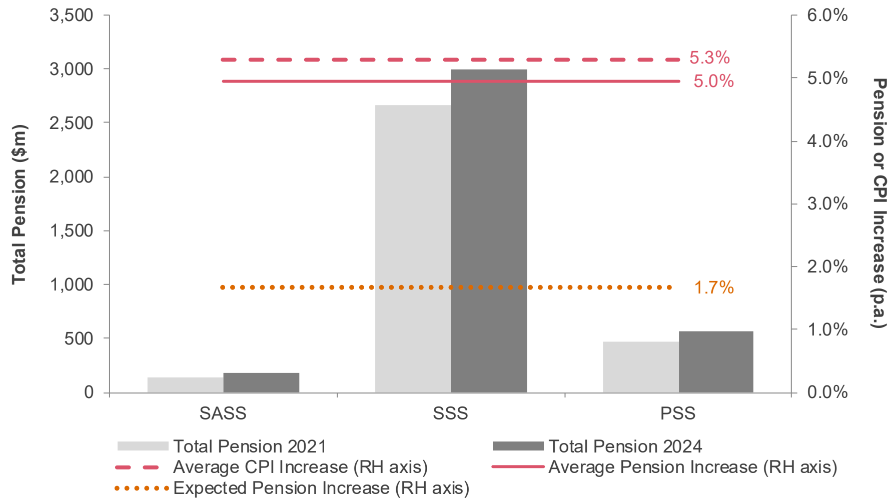
Contributor salaries[1]



- Average salary increases over the last three years for people who have remained in service have been 3.9% p.a. for SASS, 3.2% p.a. for SSS and 3.7% p.a. for PSS.
- This compares with expected salary increases of 2.7% p.a.
- The total salary roll has decreased by 30% across all three Schemes as the number of contributors have decreased by 37% over the 3 years.

[1] Actual salary increases to 30 April 2024 plus 2 months roll forward: these are based on the average increase each year for members who remained contributors in the Scheme - this differs from the increase in the average salaries shown in the pages above.
Expected salary increases: for simplicity we have excluded the impact of the promotional salary scale when estimating the salary increase experience item above. This proportional scale only has a minor effect as over 99% of contributors are now above the promotional scale age range.

Pensions



- The average CPI increase over the last three years was 5.3% p.a..
- Pension in each Scheme is indexed in line with the change in June CPI each year, except if the CPI decreases by less than 1.1% (i.e. between 0 and -1.1%) in which case no indexation adjustment is applied.
- If the pension was not adjusted during the year due to a decrease in CPI, this change is carried forward to offset any future pension increases.
- Negative CPI last occurred in 2020, with no indexation adjustment applied to pensions in that year.
- The actual CPI change was 4.1% for financial year ending 30 June 2021. However this was offset by a reduction of 1.0% for the negative CPI in 2020, and pension indexation of 3.0% was applied in 2021.
- The average pension increase over the last three years was 5.0% p.a. as a result.

1

STC Pooled Fund membership movements

Overall membership decreased by 10.7% from 108,666 to 97,063, reflecting the closed nature of the Fund.

	Contributors	Deferreds	Pensioners[1]	Total
30 June 2021	16,948	9,204	82,514	108,666
Exits[2]	6,345[^]	2,454	7,384	16,182
New entrants	5[3]	758	3,816[4]	4,579
30 June 2024	**10,608**	**7,508**	**78,947**	**97,063**
Change	(37.4%)	(18.4%)	(4.3%)	(10.7%)

^ See breakdown of contributor exits on the right

	Contributor exits breakdown
Deaths	55
Disablement	400
Resignations	350
Retirements	5,485
Retrenchments	55
Total	**6,345**

- The table above shows the total membership movements.
- Overall there were 16,182 exits and 4,579 entries. This includes double counting where there were movements between membership category.
- Further details of membership movements by Scheme are shown in Appendix H.

[1] Includes SSS fully commuted pensioners.
[2] Includes projected Fund exits between data date (30 April 2024) and valuation date (30 June 2024), but does not include movements between membership types during this 2 month projection period.
[3] Analysis of data showed 5 new entrants into contributors. These relate to SASS members who have crystallised their benefit due to a salary reduction and subsequently joined SASS as new members to continue accruing benefits based on their lower salary, rather than genuine new entrants.
[4] New entrants into pensioners include spouse pensions commencing following the death of original pensioner.

6

Asset, investments and insurance

Asset values

The total assets for the Pooled Fund are $37,442.3m including the $10.4m SASS Additional Benefits Reserve.

Assets as at 30 June 2024 ($m)	Employer reserves	Member reserves	Deferred benefit reserves	Total excl. SASS Additional Benefits Reserve	SASS Additional Benefits Reserves	Total
SSS	20,570.2	340.4	-	20,910.6	-	20,910.6
SASS	3,737.6	3,494.4	3,023.9	10,255.9	10.4	10,266.3
PSS	4,729.6	134.2	-	4,863.8	-	4,863.8
SANCS	671.2	149.0	581.4	1,401.6	-	1,401.6
Total	29,708.6	4,118.0	3,605.3	37,431.9	10.4	37,442.3

- The total net assets in the financial statements are $41,193m. This includes an allowance of $3,751m[1] for an Employer Sponsor Receivable which relates to the PSS deficiency. The total net assets in the financial statements excluding this receivable are $37,442m.
- STC also provided us with a separate breakdown of the net assets (excluding the PSS receivable), broken down to Scheme and reserves. The total assets in this breakdown ($37,442.3m) are broadly consistent with the assets in the financial statements referenced above, after the PSS receivable is excluded.
- In addition to the exclusion of the PSS receivables, for consistent with the liabilities, the total assets used in this report exclude the SASS Additional Benefits Reserve of $10.4m which is a self-insurance arrangement to cover the member's proportion of the SASS Additional Benefits (and this is subject to a further actuarial investigation). This results in total net assets of $37,431.9m.

[1] According to FY2024 SAS Trustee Corporation Pooled Fund Statutory Financial Statements. Note that this amount differs from the PSS unfunded liability amount given the difference between the 1056 liability and asset versus the triennial liability and asset.

Investment strategy

The majority of the Fund assets are invested in the Trustee Selection investment option.

- The Trustee has a documented Investment Policy Statement dated 20 June 2024. STC's primary investment objective is to achieve appropriate rate of returns within suitable risk parameters. In setting the investment objectives, the Trustee considers Scheme liabilities, the impact on the expected employer contributions, and the risk appetite of the employers.
- There are six investment options:

Investment options	% of Fund assets[1]
Trustee Selection (Defined Benefits – Growth)	80.0%
University – Cash	1.0%
Defined Contribution – Growth	14.2%
Defined Contribution – Balanced	3.2%
Defined Contribution – Conservative	1.2%
Defined Contribution – Cash	0.4%

- The Defined Benefit (Employer, and SSS and PSS member) reserves (except for Universities) are invested in the Trustee Selection investment option. See more details on the next page.
- The University sector reserves are invested in a Cash option. This option target a lower level of returns but with more certainty. The investment strategy is set according to the objectives set in the Memorandum of Understanding between the NSW Universities, State Super, NSW Government and Commonwealth Government. See more details in Appendix F.
- The Defined Contribution (member) reserves are invested in one of the four options (Growth, Balance, Conservative, Cash) to provide a range of investment options to meet a broad range of member risk appetites.
- We believe that the investment options are reasonable, considering the nature of the liabilities, the backing of NSW Government in addressing the shortfall, and also the Trustee's objectives.
- The Trustee's Investment Risk Appetite Statement dated 20 June 2024, states that as the Trustee strives to meet the objective to pay member benefits as they fall due, a high tolerance for real return, medium to high tolerance for sequencing risk and low tolerance for liquidity risk is placed. The Trustee has controls in place to monitor the performance. We believe that this policy is reasonable.
- Crediting rates are used to attribute the Scheme's investment returns to the different reserves. The crediting rates are produced for each of the investment options above. The Trustee has a Crediting Rate Policy dated 20 June 2023 in place which details how crediting rates are calculated and applied. The Trustee also has an Asset Valuation Policy (dated 20 June 2024), which includes a goal of supporting crediting rates to reflect fair asset values. Whilst we have not carried out a detailed review, we believe that the approach is reasonable.

[1] Fund splits by investment option above are based on total assets at 30 June 2023 in the STC 2022/23 Annual Report.

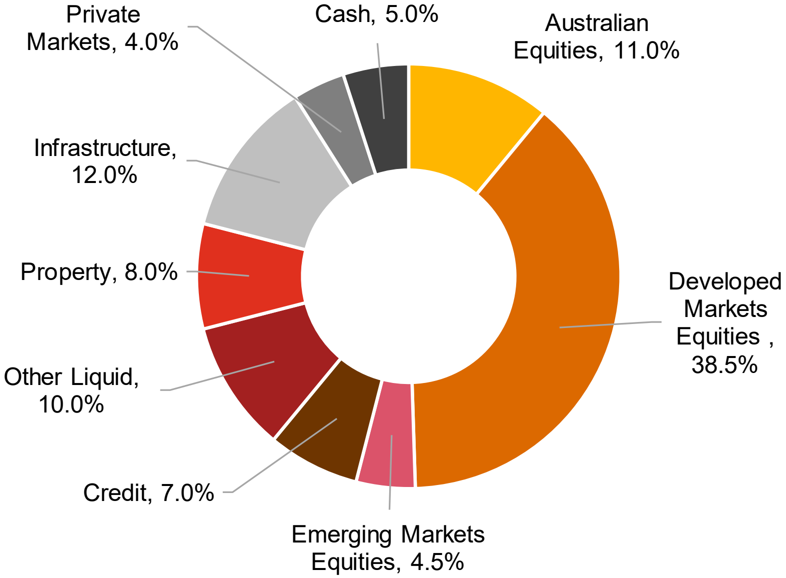
Investment Portfolio – Trustee Selection

In our opinion the investment strategy is reasonable and consistent with the Trustee's objectives, strategic asset allocation and the nature of the liabilities. The net return over the 3 year period was 5.1% p.a., which is lower than the expected return of 5.7% p.a. as at 30 June 2021.

Investment Objectives[1]

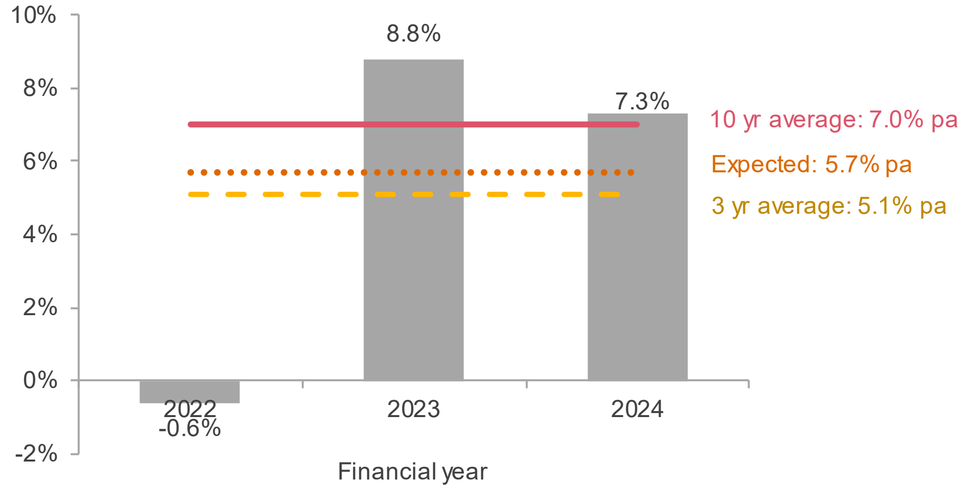
- Return objective of CPI + 3.7% p.a. over rolling 10 year periods, net of superannuation tax and fees.
- Asset allocation mainly "growth" (approx. 78% as at 1 July 2024)
- As at 30 June 2024, the assumed returns are 6.2% p.a. net of fees and tax for contributors and deferreds, and 7.0% p.a. gross of tax and net of fees for pensioners. This is higher than the 30 June 2021 assumptions of 5.7% p.a. net of fees and tax, and 6.5% p.a. gross of tax and net of fees.

Strategic Asset Allocation as at 1 July 2024[1]



[1] Investment Policy Statement, as approved by the Board on 20 June 2024.
[2] Investment returns in this chart are net of superannuation tax and fees, and before any increase due to exempt current pension income (ECPI).

Investment Returns (net of tax)[2]



- Return over the three year period (5.1% p.a. net of tax and fees) was lower than assumed long term return of 5.7% p.a. as at 30 June 2021.
- Over the last ten years returns have been 7.0% p.a. (net of tax and fees).
- We note that over the last ten years, the return objective has varied.

Death and disability benefits self-insurance arrangements

The STC Pooled Fund self-insures death and disability benefits. Benefits are met from the reserves, with backing from the State government. In our opinion, the insurance arrangements are adequate and in the best financial interests of the beneficiaries.

Insured benefits

- Death and Disability benefits for all Schemes as well the SASS Additional Benefits are self insured within the Fund.
- The self-insured liability is determined as the cost of death and disability benefits less existing funding.

Funding and actuarial management

- STC has an insurance management framework in place (dated December 2023) which outlines STC's obligations and processes in relation to the self-insured death and disability benefits.
- Each triennial valuation considers the death and disability experience, impact on funding position and employer contributions.
- The cost of the insured benefits are funded by the employers through the Employer Reserves, including 75% of the SASS Additional Benefits. The remaining 25% of the SASS Additional Benefits are member funded through the SASS Additional Benefits Reserve.
- A Death and Disability Pooling transfer is conducted annually to support the pooling of the death and disability experience between employers. The actual cost of the self-insured portion of the death and disability benefits are shared between employers in proportion to their expected claims, rather than each employer meeting the cost of the death and disability claims of their particular members only.
- The review of the SASS Additional Benefits Reserve and member levy is subject to a separate valuation which will be carried out following the completion of this triennial report. The last full valuation was carried out as at 30 June 2021 and interim reviews are carried out annually.
- We believe the current actuarial oversight undertaken for these arrangements are adequate.

Main risks

- Employer contributions include an allowance for expected claims.
- As such, normal variations in experience pose little risk.
- The main risk is high unexpected claims due to pandemics or other catastrophes.

Risk mitigants

- The benefits are underwritten by the State government, so little risk of genuine claims not being paid.
- The Fund has pensioners as well, who will also be impacted by pandemics etc., and as such this liability would be reduced, releasing assets so acting as a hedge.

Impact of higher claims

- Total self-insured benefits = $13.7b ($7.1b death, $6.6b disability).
- Expected annual cost of claims = $111m (0.8% of insurable liability).
- If claims for a year doubled the additional cost would be approximately $111m (representing a 0.2% increase in employer funded liabilities).
- This is immaterial compared to investment earning fluctuations.

Ad hoc review

- Taking the above into account, the circumstances that would require an actuarial review of the self insurance arrangements to be brought forward are as follows:
    - A material change to the Fund's structure or the benefits it provides to members
    - A change to the status of the State governments backing to meet benefit entitlements.

7

Assumptions, methodology and data

Economic assumptions

Since 2021 Triennial valuation, the discount rate increased by 0.5% p.a. and the CPI assumption increased by 0.5% p.a.. The gap between the discount rate and CPI remained the same.

Assumption	30 June 2021 triennial valuation	30 June 2023 AASB1056 valuation	31 December 2023 AASB1056 valuation	30 June 2024 triennial valuation
Discount rate				
Non-pensioner (taxed)	5.7% p.a.	6.2% p.a.	6.2% p.a.	**6.2% p.a.**
Pensioner (untaxed)	6.5% p.a.	7.0% p.a.	7.0% p.a.	**7.0% p.a.**
Rate of CPI increase				
Short term	1.0% for FY2021	6.65% for FY2023, 3.50% for FY2024, 3.00% for FY2025	4.00% for FY2024, 3.25% for FY2025	**3.7% for FY2024[1]**
Long term	2.0% p.a.	2.5% p.a.	2.5% p.a.	**2.5% p.a.**
Untaxed gap = pensioner discount rate less CPI	4.5% p.a.	4.5% p.a.	4.5% p.a.	**4.5% p.a.**
General salary increase				
Short term	2.7% p.a. to FY2026	4.45% for FY2024, 2.95% for FY2025, 2.74% for FY2026	5.74% for FY2024, 3.65% for FY2025	**4.56% for FY2025, 3.80% for FY2026, 3.78% for FY2027, 3.80% for FY2028**
Long term	3.2% p.a.	3.2% p.a.	3.2% p.a.	**3.7% p.a.**
Expenses	1.0% of benefit payments			**0.85% of benefit payments**

- The table above shows the economic assumptions agreed by the Trustee. An experience review was carried out and reported on separately in order to inform the economic and demographic assumptions, which are set as a best estimate.
- Pension liabilities are assumed to be backed by assets which are exempt from investment tax. Non-pensioner liabilities are assumed to be subject to investment tax and so a lower return is used.
- In terms of the economic assumptions, the key driver of the valuation is the difference between the discount rate and CPI increases.
- This difference (untaxed gap) has remained unchanged at 4.5% p.a. from the 30 June 2021 assumptions as both the discount rate and long term CPI assumption have increased by 0.5% p.a. As a result, there has been no material increase in liabilities due to the change in economic assumptions.
- Overall these economic assumption changes resulted in a \$0.7b (or 1.3%) increase[2] in the employer past service liabilities of \$52.9b.

[1] 2.8% actual for first 9 months of FY2024 (CPI inflation for Sydney) annualised.
[2] See page 13 for further details – amount shown is total of discount rate, salary, CPI and expense changes (+\$2,303m, -\$189m, -\$2,868m and +\$78m impacts respectively on the unfunded employer liabilities).

Demographic assumptions

The table below shows the key demographic assumptions as well as brief commentary on some of the recent experience seen at the time of both valuations.

Assumption	2021 triennial valuation changes	2024 triennial valuation changes
Standard pensioner mortality All Schemes	Consolidate assumptions across all Schemes and align them to a percentage of ALT 2015-17 (with mortality improvements to 2021) based on experience.	Decrease mortality assumption for males aged between 67 and 89 inclusive and apply mortality improvements from 2021 to 2024. Decrease mortality assumption for females across all ages until age 99 and apply mortality improvements from 2021 to 2024.
Invalidity pensioner mortality All Schemes	Align assumptions to a percentage of ALT 2015-17 based on experience.	Decrease mortality assumption for males across all ages until age 99 and apply mortality improvements from 2021 to 2024. Maintain 2021 valuation assumptions for female pensioners and apply 3 years of mortality improvements from 2021 to 2024.
Pensioner mortality future improvements All Schemes	ALT 2015-17 mortality improvement factors. The 25-year (or short-term) improvement factors for 6 years, then the lower 125-year improvement factors thereafter.	Adopt 25-year mortality improvements for all future years.
Pension take up SASS contributors	No change.	Increase the percentage take up rate for SASS contributors eligible for pension benefits in line with experience.
Pension commutation All SSS members	No change.	Decrease the commutation rate for original SSS pensioner and spouse SSS pensioner in line with experience.
Percentage married at death All Schemes	Increase percentage married for males in line with experience.	Decrease percentage married for males in line with experience.
Female spouse age difference All Schemes	No change.	Update assumption for female members to be 1 year younger than their spouse.
Standard retirement and hurt on duty PSS contributors	Extend hurt on duty invalidity retirements through to age 69 and adjust standard retirement rates accordingly.	Increase hurt on duty invalidity retirements and decrease standard retirement rates in line with experience.
Retirement SASS deferreds	Update in line with recent experience.	Update in line with recent experience.

- The changes in demographic assumptions above were made following the experience review, which was reported on separately. The table above summarises the changes to the demographic assumptions agreed by the Trustee. Further details on the assumptions are shown in Appendix I.
- The demographic assumption changes above resulted in a $1.2b (2.4%) increase in the employer past service liabilities of $52.9b. See page 13 for further commentary.

Valuation methodology

There are two main measures of the Fund's liabilities, Past Service Liabilities and Vested Benefits.

Measure	Comments
Past Service Liabilities (Accrued Benefits)	• The Past Service Liabilities are valued using the present day, discounted, value of the expected future benefit payments arising from membership completed prior to the valuation date. • The valuation of Past Service Liabilities is in respect of past service only, there is no account taken of benefits arising from future service or of any self-insured liabilities. • Past Service Liabilities have been calculated without applying a Vested Benefits minimum, consistent with the requirements of AASB1056. We note for SASS and SSS, Vested Benefits are higher than Past Service Liabilities, however this is immaterial. A breakdown of Vested Benefits is included in Section 8. • Subject to a minimum of the Minimum Requisite Benefit.
Vested Benefits	• For contributors, the Vested Benefit is equal to the resignation/retirement benefit. For members under the early retirement age, we have allowed for a proportion who will choose to defer their benefits rather than take a cash resignation benefit. This proportion is set out in the demographic assumptions for the Schemes – see page 78. • For deferred benefits and pensioners, the Vested Benefit is the same as the Past Service Liabilities. That is, it is valued using the present day, discounted, value of the expected future benefit payments arising from membership completed prior to the valuation date. • Not subjected to a minimum of the Minimum Requisite Benefit.
Details of approach	**Comments**
Approach to Apportionment of Benefits	• The valuation calculations project each benefit to the projected dates of exit, allowing for future accrual and salary increases. • These projected benefits are then multiplied by an apportionment factor in order to estimate the past service component, with the remainder used to estimate future service component. • The apportionment factor used allows for the service up to the valuation date, as a proportion of the projected of service up to the date of exit. • We have set out further details in Appendix A.
Roll forward methodology	• Membership data was provided by the Fund administrators as at 30 April 2024 and this has been relied on for our calculations. This data is summarised in Section 5. • We have rolled forward these results to 30 June 2024 allowing for expected experience in line with the triennial assumptions.

- The method above is in line with that used in the previous actuarial investigation.
- When considering funding plans we have projected forward the Past Service Liabilities, allowing for future accrual as well as contributions and other projected movements in assets. We believe that the valuation methodology above is appropriate given the nature of the Fund and the funding arrangements.
- Detailed Past Service Liabilities and Vested Benefits result are provided in Section 8 and Appendix E.

Valuation data

The table below details the data used for the valuations and data limitations.

Data	Comments
Membership data	• Membership data was provided by the Fund administrator as at 30 April 2024 and this has been relied on for our calculations. This data is summarised in Section 5. • We have undertaken high level checks of the data and we believe that the data is reasonable. However, we do not assume any responsibility for the accuracy or completeness of the data provided to us. • Monthly investment returns for FY2024 were provided by the Fund administrator. Our understanding is that STC approves these rates and this has been relied on for our calculations.
Data limitations	We have noted some minor data issues below: • SSS contributors Basic Benefit service ignores part time and leave without pay (LWOP) adjustments. This will potentially overstate the SANCS benefit for part time SSS members. Without further information, we have used the data without any adjustments. • PSS deferred members cash termination balance is not credited with the financial year to date return (i.e. for the 30 April 2024 data, the data is effective as at 30 June 2023). We have used the data without adjustments as the PSS deferred liability is immaterial (less than 0.1% of the 30 June 2024 Total Past Service liability). • SG shortfall data for PSS deferred members is in the SANCS deferred and PSS deferred data set, but the data is inconsistent. We used the PSS data set figures as agreed with STC previously. • The SSS fully commuted (contingent) pensioner data is potentially overstated. Investigations by the Fund administrator have been undertaken to improve the accuracy of this data in recent years. We have used the data without adjustments as the SSS contingent pension liability is immaterial (less than 1% of the 30 June 2024 Total Past Service liability).
Asset data	• We have allowed for assets at 30 June 2024, as set out in Section 6. • The audited asset data was provided by STC on 27 August 2024. • There was no material qualifications identified in the report.

8

Actuarial statements

Statements

The following statements are made in line with the STC Defined Benefit Matters Policy.

The STC Defined Benefit Matters Policy outlines STC Management's monitoring and review processes and funding arrangements for the Pooled Fund and its employers, to ensure the STC Schemes are maintained in accordance with their governing legislation and the Commonwealth's retirement principles. This policy considers Scheme legislation as well as relevant standards and guidance issued by APRA[1].

The information below is provided in line with Section 8 of the STC Defined Benefit Matters Policy.

- Summary of membership data – see Section 5.
- Overview of the STC Schemes – see Appendix A.
- Value of the assets and employer reserves – see Sections 1 and 6.
- Financial and demographic experience to date – see Sections 5 and 6, as well as the separate experience analysis report.
- Financial and demographic assumptions and funding method – see Section 7 as well as the separate experience analysis report.
- Value of the Past Service Liabilities (accrued benefits), Vested Benefits and minimum (SG) benefits by Scheme – see Section 1 as well as the next page.
- Projection of likely funding position during the three years following the valuation date by Scheme and employer – see Section 2 for General Government Sector projections. Projections by Scheme and Sector, as well as employer level funding results to be provided separately.
- Sensitivity of the valuation results to changes in key assumptions – see Section 3.
- Recommendation/s on the funding arrangements including the level of employer contributions for the three-year period immediately following the valuation date by Scheme and employer – see Section 4. We will also be carrying out a contribution review after this triennial valuation which will cover the Non Crown General Government Sector, PTEs and Other employers.

Additionally, the following statements are made in line with Section 8 of the STC Defined Benefit Matter Policy.

- In our opinion the assets of the Fund combined with the future contributions and earnings, as well as the backing from State Government, are sufficient to meet the liabilities of the Fund.
- In our opinion the funding arrangements for the Fund as a whole are adequate. Individual Non Crown General Government Sector entities, PTEs and Other employer funding plans will be reviewed as at 30 June 2024 in October 2024 and recommendations will be provided separately.

[1] Specifically Prudential Standard SPS 160 – Defined Benefit Matters (dated July 2013) (SPS 160.0); APRA guidance contained in Prudential Practice Guide SPG 160 Defined Benefit Matters (dated November 2013) (SPG 160.0); Reporting Standard SRS 160.0 Defined Benefit Matters (dated July 2015) (SRS 160.0); and Reporting Standard SRS 161.0 Self-Insurance (dated July 2015) (SRS 161.0). However the STC Defined Benefit Matters Policy also notes that as public sector superannuation fund that is not fully funded, STC is exempt from certain SPS 160.0 provisions.

STC Pooled Fund – other funding measures

The asset cover for the total Vested Benefits has reduced from 73% at 30 June 2021, to 61% at 30 June 2024.

Scheme	Employer Vested Benefits				Contributor Reserve ($m)	Deferred Reserve ($m)	2024 Vested Benefits ($m)	*2021 Vested Benefits ($m)*
	Contributors ($m)	Deferred ($m)[1]	Pensioners ($m)[1]	Total ($m)				
SSS	230.0	114.1	36,553.4	36,897.5	340.4	-	37,237.9	34,675.0
SASS	4,263.1	-	2,378.7	6,641.9	3,494.4	3,023.9	13,160.2	14,881.3
PSS	333.8	9.2	8,141.0	8,484.0	134.2	-	8,618.2	7,609.8
SANCS	1,156.2	-	-	1,156.2	149.0	581.4	1,886.7	2,251.7
Total Vested Benefits (A)	**5,983.2**	**123.3**	**47,073.1**	**53,179.6**	**4,118.0**	**3,605.3**	**60,902.9**	**59,417.7**
Total Assets (B)				**29,708.6**			**37,431.9**	**43,168.5**
Asset coverage (B/A)				**56%**			**61%**	**73%**

- The asset cover for the total Vested Benefit (excluding Minimum Requisite Benefits underpin) for the Fund has reduced from 73% at 30 June 2021, to 61% at 30 June 2024.
- Additionally, we have estimated the **Minimum Requisite Benefits (MRB)**[2] for the Fund to be $58.1b. The asset coverage of the MRB is 64%. The MRB split, where SANCS amounts have been included within the main Scheme values[3], is as follows: SSS $37.1b, SASS $12.6b, PSS $8.4b.
- Total Vested Benefit with MRB underpin is estimated to be $60.9b as at 30 June 2024 (estimated MRB impact of $0.02b or 0.04% of Vested Benefit excluding underpin). The asset cover is 61%[4].
- We have also estimated the **market value of the pension liabilities**. We have done this by allowing for a discount rate of 4.3% p.a. (instead of 7.0% p.a. used for the main results). This discount rate based on the Commonwealth 8 year bond yield. This increases the pensioner liabilities by 29% from $47.1b to $60.8b. Note we have not considered the market value of liabilities relating to future pensioners.

[1] Vested Benefit for deferred and pensioners was taken to be the Past Service Liabilities.
[2] For contributors: the MRB is calculated by the Fund administrators but was not available at the time of writing this report. Instead we estimated the MRB for contributors by rolling forward the 30 June 2023 MRB values provided by the Fund administrators.
[3] SANCS MRB is included in the main Scheme MRB, in line with MRB in administrative data provided ty the Fund administrators.
[4] We note that approximately 89% of contributors (or 99% of all members) have Vested Benefits that are at least 20% higher than their MRB (or will never be lower than their MRB for deferreds and pensioners) as at 30 June 2023.

Governing legislation

The following Act and Regulations govern the superannuation Schemes under STC.

Area covered	Legislation (as amended)
State Authorities Superannuation Scheme	• State Authorities Superannuation Act 1987 • State Authorities Superannuation Regulation 2020 incl. Transitional Regulations
State Superannuation Scheme	• Superannuation Act 1916 • Superannuation Regulation 2016
Police Superannuation Scheme	• Police Regulation (Superannuation) Act 1906 • Police Superannuation Regulation 2020
State Authorities Non-Contributory Superannuation Scheme	• State Authorities Non-contributory Superannuation Act 1987 • State Authorities Non-contributory Superannuation Regulation 2020

A

Appendix A

Summary of benefit design

SSS benefit design

The benefits provided by SSS are set out in the Superannuation Act 1916 and are summarised below.

Membership and contributions

- Closed to new members from 1 July 1985
- Benefit accrual ceases at age 70
- Members are entitled to units of pension based on salary and an allowance for CPI
- Compulsory contributions determined by salary at Annual Review Date. Units are picked up each year at a different rate depending on age and the sex of the member

Pensions

- All pensions (aside from spouse/child pensions) are reversionary. Reversionary pension is two-thirds of the member's original pension (before any commutation) on the member's death adjusted with CPI
- Pensioners can commute all or part of their pension once, but have multiple chances to do so (at pension commencement if 55 or over and at 60)
- Commutation does not affect the spouse's entitlement to a reversionary pension (they still receive two-thirds of the member's original pension before any commutation).
- Pensions are paid fortnightly and are indexed every October in line with CPI at June. Special rules apply when CPI decreases, see the legislation for further details

Retirement benefit

- Available from age 55
- Pension based on units
- For retirement between ages 55 up to 60 (except for females with a specified normal retirement age of 55) pension benefit is reduced based on service
- If a member has retired due to invalidity at any age, they are entitled to an immediate pension equivalent to the full retirement benefit they were contributing to as at their exit date

Death benefit

- Pension to eligible spouse equivalent to two-thirds of member's pension
- Child pensions paid to each eligible child/student
- Guaranteed minimum benefit of the lump sum resignation benefit applies (e.g. no spouse)

Retrenchment benefit

- If age 55 and over, retirement pension paid
- If under age 55:
  - Retrenchment lump sum benefit based on units (adjusted to reflect non-payment of contributions due to shorter service), service and age (no further benefit payable from the Scheme if this option is taken)
  - Deferred pension based on units (adjusted to reflect non-payment of contributions due to shorter service) and service. Payable from age 55, death, TPI or other release conditions
  - Retrenchment pension (s.37B option calculated by MAS) if aged between 50 – 55 (subject to agreement from the employer). Employer and employee agree to pay contributions up to age 55. Pension is paid from age 55

Resignation benefit

- If under age 55:
  - Immediate lump sum benefit of multiple of accumulation of personal contributions paid based on service
  - Deferred pension benefit based on units (adjusted to reflect non-payment of contribution due to shorter service) and service. Employer portion of pension indexed to CPI. Payable from age 55, death or TPI
- If age 55 and over, retirement pension paid

- All benefits are reduced for the impact of contribution tax for the period of service since the taxable date (1 July 1988). For more details, refer to the Superannuation Act 1916 and SSS Factsheets on the State Super website.
- All benefits are gross of any family law payments to non-member spouses.

SASS benefit design

The benefits provided by SASS are set out in the State Authorities Superannuation Act 1987 and are summarised below.

Membership and contributions

- Many previously existing public sector Schemes were transferred into SASS between 1988 and 1990. Some members retained benefits under previous fund, which differ from standard SASS benefits
- Closed to new members on 19 December 1992
- Benefit accrual ceases at age 70
- Members contribute between 1% – 9% of salary
- Members accrue 1/12th of a benefit point for every 1% of salary contributed for a whole month, up to an average of 6 benefit points for each year of membership and up to an overall maximum of 180
- SASS is a Hybrid Scheme – the member's personal account is accumulation style. Employer financed benefit is a defined benefit

Retirement benefit

- Available from age 58 (some members age 55)
- Lump sum benefit consisting of:
  - Contributor Financed Benefit (CFB) (accumulation of members contributions adjusted with interest) +
  - Employer Financed Benefit (EFB) defined benefit lump sum calculated at FAS x accrued benefit points x 2.5% (3% for ex-SPSSF members)
- FAS is final average salary (using exit salary and previous 2 years annual review)
- Members of some previous Schemes transferred into SASS have a pension option available on retirement on or after age 60

Resignation benefit

- For members with 10 years or more in SASS (i.e. all current contributors):
  - CFB + EFB calculated as up to 2.5% of the CFB for each year of Scheme membership (limited to the maximum benefit that an average contribution rate of 6% attracts)
  - Paid immediately subject to preservation rules and other early release conditions
  - A member that resigns and does not wish for the benefit to be paid immediately has the option to defer the benefit, to be paid at a later date
- Deferral:
  - Option of either the resignation benefit above or
  - Deferred benefit consisting of CFB + EFB calculated as FAS x accrued benefit points x 2.5%, (3% for ex-SPSSF members) reduced by a discount factor (currently 0.99 or 1% pa) to take account of the period of time by which the date of exit precedes the retirement age
  - Deferral benefit payable from age 58, Death, TPI or other release conditions
  - Once deferred, the member may elect at any time to take their immediate lump sum benefit (resignation/withdrawal) adjusted with investment earnings and administration fees. If the immediate lump sum is paid, DB benefit is no longer payable
  - Member can elect what investment strategy to be applied to CFB and EFB portion of DB while deferred

Death and Invalidity benefits

- Lump sum consisting of:
  - CFB + EFB calculated as FAS (subject to the minimum of final salary if before early retirement age) x accrued benefit points x 2.5% (3% for ex-SPSSF members)
- Benefit may be increased if member had Additional Benefit Cover and either die or becomes totally and permanently incapacitated before age 58 and prior to the reaching maximum 180 points
- Members of some of the previous Schemes transferred into SASS have a pension option available if medically retired under Total and Permanent Invalidity (TPI) or upon death in service
- Child pensions are payable to eligible children of some of the previous Schemes that transferred into SASS upon the death of the member in service

Retrenchment benefit

- At age 58 and over, retirement benefit paid
- If under age 58, lump sum consisting of:
  - CFB + EFB calculated at higher of final salary or FAS x accrued benefit points x 2.5% (3% for ex-SPSSF members)

- All benefits, except for the death benefit, are reduced for the impact of contribution tax for the period of service since the taxable date (1 July 1988). For more details, refer to the State Authorities Superannuation Act 1987 and SASS Factsheets on the State Super website.
- All benefits are gross of any family law payments to non-member spouses.

PSS benefit design

The benefits provided by PSS are set out in the Police Regulation (Superannuation) Act 1906 and are summarised below.

Membership and contributions

- Closed to new members on 1 April 1988
- Benefit accrual ceases at age 70
- Members contribute 6% of salary

Pensions

- All pensions (aside from spouse/child pensions) are reversionary, and spouse pension is 62.5% of the member's pension paid at the time of death (spouse is not entitled to any proportion of the member's pension that has been commuted previously)
- Pensioners can commute all or part of their pension once, but have multiple chances to do so (at pension commencement if age 55 and over and at age 60)
- HOD pensioners can also apply for a lump sum based on the prescribed portion of their pension under s.10C
- Pensions paid fortnightly and indexed every October in line with CPI at June. Special rules apply when CPI decreases and for child pensioners, see the legislation for further details.

Retirement benefit

- Available from age 55
- Pension benefit based years of service and final salary
- Retirement between age 55 up to 59, pension is reduced based on age

Invalidity benefit

- If not HOD and less than 20 years' service, lump sum paid equal to twice members salary at time of retirement
- If not HOD and more than 20 years service full time service, pension is a percentage of salary at exit (percentage based on years of service)
- If HOD, pension benefit is a percentage of final salary between 72.75% to 100% as determined by the Police Superannuation Advisory Committee (PSAC). Due to current legal considerations and for conservatism, we have assumed all HOD pensioners receive 100% of salary which is consistent with the assumption in the Triennial Review from 2015 onwards

Death benefit

- Death in service not due to HOD, lump sum benefit based on final salary and years of service to age 55
- If death in service due to HOD, eligible spouse receives a pension benefit of a percentage of the member's salary between 55% and 62.5% at STC's discretion. For conservatism, we have assumed all death in service spouse pensions will be paid at 62.5% of salary which is consistent with the assumption in the Triennial Reviews from 2015 onwards
- Additional child pensions paid to each eligible child
- A gratuity lump sum is paid to the deceased dependents in line with the Workers Compensation Act as determined by STC

Resignation benefit

- Immediate lump sum benefit of accumulation of member's contributions plus interest
- Can opt to defer benefit until a later date
- Deferred lump sum benefit calculated as the greater of 2.5 times member contributions without interest and early retirement benefit discounted for age at exit. This benefit is adjusted with CPI, payable from age 55 or upon death or TPI
- Once deferred, member can opt to take either the immediate lump sum or deferred lump sum benefit (if over age 55)

- All benefits, except for the Not Killed on Duty death benefit, are reduced for the impact of contribution tax for the period of service since the taxable date (1 July 1988). For more details, refer to the Police Regulation (Superannuation) Act 1906 and PSS Factsheets on the State Super website.
- All benefits are gross of any family law payments to non-member spouses.

SANCS benefit design

The benefits provided by SANCS are set out in the State Authorities Non-Contributory Superannuation Act 1987 and are summarised below.

Membership and contributions	Benefits	Minimum Requisite Benefit
• All members of SASS, SSS and PSS are also members of SANCS, with the exception of Sydney Grammar School • Members do not contribute towards SANCS • Other contributions (Government co-contributions, Additional Employer Contributions) are credited to the member's accumulation account	• SANCS benefits are paid or deferred at the same time as the member's SASS, SSS or PSS benefit • SANCS benefit calculated at 3% of FAS for each year of service from 1 April 1988 • If exit under age 55 due to retrenchment, death or invalidity, lump sum benefit calculated at 3% of final salary for each year of service from 1 April 1988 • FAS is final average salary (exit salary and previous 2 years annual review) • Member's SANCS benefit is paid out on all exits and is subject to preservation rules • SANCS accumulation account (Government co-contributions, Additional Employer contributions) paid on all exits	• Sum of SANCS and member's other fund benefits (SASS, SSS or PSS) are subject to the superannuation guarantee minimum • Any shortfall due is paid from SANCS

- All benefits, except for the death benefit, are reduced for the impact of contribution tax for the period of service since the taxable date (1 July 1988). For more details, refer to the State Authorities Non-Contributory Superannuation Act 1987 and factsheets on the State Super website.

Apportionment of benefits to employer past service liabilities

The approaches taken to apportion future benefit payments between employer past and future service liabilities are summarised below.

Scheme	Benefit	Employer past service liability component of benefit payable t years after valuation date	Notation
SASS	• All benefits	$\frac{ABP_0}{ABP_t}$ × (value of employer financed benefit payable at time t)	• ABP_0 = accrued benefit points at valuation date • ABP_t = accrued benefit points at time t
SSS	• Retirement • Retrenchment • Resignation	$\frac{PS_0}{PS_t}$ × (value of employer financed benefit payable at time t)	• PS_0 = years of service to valuation date, or normal retirement age if earlier • PS_t = years of service to time t, or normal retirement age if earlier • TS = years of service to normal retirement age
	• Death • Invalidity	$\frac{PS_0}{TS}$ × (value of employer financed benefit payable at time t)	
PSS	• Retirement • Resignation	$\frac{PS_0}{PS_t}$ × (value of benefit payable at time t)	• PS_0 = years of service to valuation date, or normal retirement age if earlier • PS_t = years of service to time t, or normal retirement age if earlier • TS = years of service to normal retirement age
	• Death • Invalidity	$\frac{PS_0}{PS_t} \times \frac{min(PS_t, 30)}{min(TS, 30)}$ × (value of benefit payable at time t)	
SANCS	• All benefits	$\frac{PS}{PS+t}$ × (benefit payable at time t) + $\frac{SGPS}{SGPS+t}$ × (SG top-up, if any)	• PS = years of service between 1 April 1988 and valuation date • $SGPS$ = years of service between 1 July 1992 and valuation date

- The apportionment of benefits to employer past service liabilities is determined in accordance with Professional Standard 402 (PS402), noting the following:
  - The SSS benefit design is a non-standard design and a different approach to apportionment has been applied which is allowable under section 6.5 of PS402.
  - PSS apportionment factor could alternatively be prorated over the period in which the benefit accrues (i.e. 30 years) rather than the total service, however given the PSS contributor benefits are not material (1% of total employer past service liabilities), we have elected to retain the approach used by the previous actuary and are satisfied that this would not impact funding considerations.

B

Appendix B

Financial structure of Schemes and reserves

Financial structure of Schemes and reserves

The Fund assets are made up of the following reserves.

Reserve	Applicable Scheme	Description
Employer reserve	• All	• The administrator maintains a notional account for each employer[1] in each Scheme to allow tracking of funding and contribution requirements. • Balance of employer contributions and net investment return less benefits, employer contributions tax and administration fees paid. • For SSS and PSS, the balance of member reserve is transferred in on member ceasing employment in the public sector as all benefits are paid from this reserve.
Member reserve	• All	• For each member: balance of member (contributor) contributions and net investment return less benefits paid or transferred (contributor financed portion). • For SSS, SASS and PSS, the account balance is paid on member ceasing employment to either the member, the employer reserve or the deferred reserve depending on the Scheme and exit type. • For SANCS, contributions includes government co-contributions (disclosed as member reserve for the purpose of this report) and Additional Employer Contributions (for eligible members in line with Superannuation Guarantee increases). • For SASS, the Scheme administration fee and member portion of the Additional Benefit levy is deducted (if applicable).
Deferred benefits reserve	• SASS • SANCS	• For each deferred member: transfer in of employer and member reserves when a member defers benefit on ceasing employment. Balance accrues with net investment return less benefits paid.
Death or invalidity reserve	• SASS	• Balance of Additional Benefits member paid levies and net investment return less the member financed portion of Additional Benefits benefit payments.

- Assets of the Schemes in the Fund are pooled for investment and related purposes such as tax calculations.
- Member investment choice is applicable to the SASS member reserve and member and employer portion of SASS deferred benefits reserve.

[1] A single account is maintained for all Part 3 employers (public health organisations).

C

Appendix C

Additional information on funding provisions and Crown guarantee

Legislative provisions covering employer contributions

There are legislative provisions covering employer contributions for each Scheme.

Scheme	Legislative provisions	Reference
SSS	• "(1) An employer listed in Schedule 3[1] must pay to the Fund in respect of each contributor that the employer employs an amount equal to a specified multiple of the contributions payable to the Fund by that contributor. (2) The specified multiple referred to in subsection (1) is a multiple that STC, with the concurrence of the Treasurer, periodically fixes in respect of the employer concerned"	• Superannuation Act 1916 – Division 7, Section 10AJ
SASS Part 1 (The Crown and other employers)	• "…the employer shall pay to the Fund an amount equal to a multiple of the contributions payable to the Fund by the contributor, being a multiple determined by STC, in relation to the employer, with the concurrence of the Treasurer." • "(1) Despite any other provision of this Part, STC may determine that the contributions payable by an employer specified in Part 1 of Schedule 1[1] in respect of a contributor are to be determined, or are payable, on a basis other than that set out in this Part. (2) STC may only make such a determination with the concurrence of the Treasurer."	• State Authorities Superannuation Act 1987 – Part 4, Section 31 • State Authorities Superannuation Act 1987 – Part 4, Section 34A
SASS Part 3 (Public health organisations)	• "…the employer shall pay to the Fund an amount equal to 1.0 (or such higher number as may be prescribed with the concurrence of the Treasurer) times the contributions payable to the Fund by the contributor while employed by the employer."	• State Authorities Superannuation Act 1987 – Part 4, Section 33
PSS	• No specific legislative provisions.	
SANCS	• …the employer shall pay to STC an amount equal to a percentage of the salary of the employee, being a percentage determined by STC, in relation to the employer, with the concurrence of the Treasurer."	• State Authorities Non-Contributory Superannuation Act 1987 – Part 3, Section 14

[1] Schedule 1 of the State Authorities Superannuation Act 1987 and Schedule 3 of the Superannuation Act 1916 both list employers for the Fund, which all fall under Part 1 (The Crown and other employers) or Part 3 (Public health organisations) of these schedules.

Existence of Crown guarantee

Prior to the 30 June 2012 valuation, the STC Executive obtained legal advice on the existence of any Crown guarantee on benefits. We have set out specific questions and a summary of the legal advice obtained below.

Question	Summary of legal advice obtained by the Trustee
Are the superannuation liabilities of all employers in the Pooled Fund covered by a guarantee of payment by the NSW Government?	• SSS – only in respect of privatised employers • SASS – only in respect of privatised employers and Part 3 (i.e. Public health organisations) employers • PSS – covered • SANCS – only in respect of privatised employers and Part 3 employers.
If the answer to the first question is no, which employers are not covered?	• SSS – no employers are covered except privatised employers • SASS – no employers are covered except privatised employers and Part 3 employers • PSS – not applicable • SANCS – no employers are covered except privatised employers and Part 3 employers
If the sub-fund of an individual employer has no assets, may the Trustee continue to pay benefits to members of that sub-fund?	• The Scheme Legislation does not empower the Trustee to continue to pay benefits (except for Part 3 employers)
If the sub-fund of an individual employer has no assets, must the Trustee continue to pay benefits to members of that sub-fund?	• The Scheme Legislation does not empower the Trustee to continue to pay benefits (except for Part 3 employers)

D

Appendix D

Current actuarial certificates

Appendix D – Current actuarial certificates

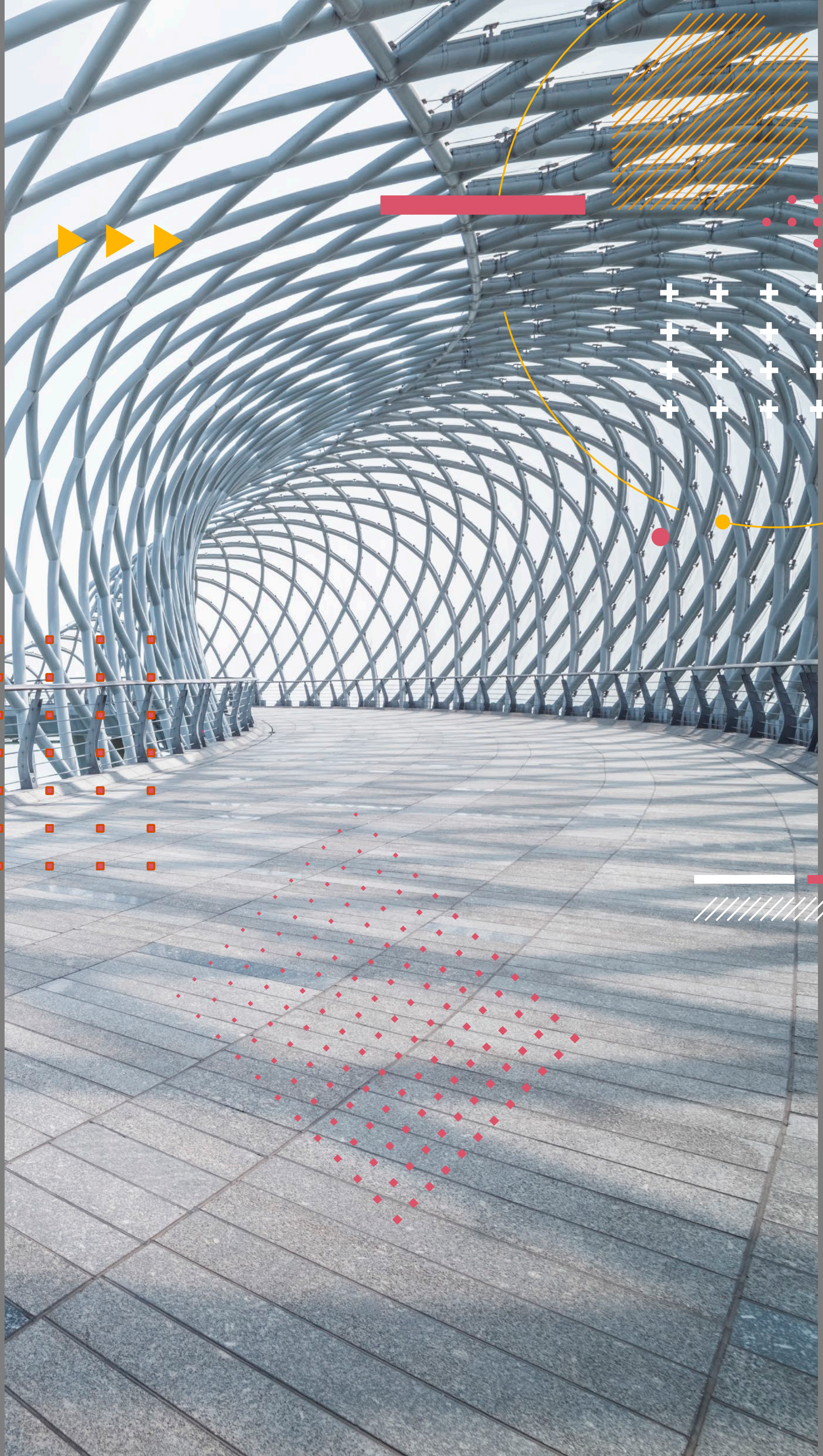
Below is a list of current actuarial certificates for STC.

Certificate	Certificate date	Effective period	Replacement date
Benefit certificate	30 April 2024	1 April 2024 to 31 March 2029	April 2029
Income Tax Assessment Act Section 295-390 Actuarial Certificate **Exemption of proportion of income attributable to current pension liabilities**	26 July 2024	The year of income covered by certificate is 1 July 2023 to 30 June 2024	July 2025
Income Tax Assessment Act Section 295-465(3) Actuarial Certificate **Deduction for Cost of providing Death and Disablement Funds**	26 July 2024	The year of income covered by certificate is 1 July 2023 to 30 June 2024	July 2025

E

Appendix E

Funding position by Sector and Scheme



General Government funding position

Employer past service liabilities are $46.0b. Asset coverage has reduced from 70% at 30 June 2021 to 56% at 30 June 2024.

Scheme	Employer Past Service Liabilities (Accrued Benefits)				Contributor Reserve ($m)	Deferred Reserve[1] ($m)	Total ($m)
	Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)			
SSS	175.0	85.1	31,348.1	**31,608.2**	285.0	-	**31,893.1**
SASS	3,212.8	-	1,729.9	**4,942.7**	2,788.3	3,023.9	**10,754.9**
PSS	403.6	9.2	8,141.0	**8,553.9**	134.2	-	**8,688.1**
SANCS	893.9	-	-	**893.9**	131.4[2]	581.4	**1,606.7**
Total Past Service Liabilities	4,685.4	94.3	41,219.0	**45,998.7**	3,338.8	3,605.3	**52,942.8**

Scheme	2024			
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m) B	Employer Unfunded Liabilities ($m) B-A	Asset coverage B/A
SSS	31,608.2	18,241.7	(13,366.5)	58%
SASS	4,942.7	2,491.5	(2,451.2)	50%
PSS	8,553.9	4,729.6	(3,824.3)	55%
SANCS	893.9	444.2	(449.8)	50%
2024 Total	45,998.7	25,907.0	(20,091.7)	56%
2021 Total	*43,217.6*	*30.205.3*	*(13,012.3)*	*70%*

[1] All deferred reserves have been counted under General Government, consistent with treatment in 2021 Triennial Review.
[2] Surcharge accounts have been included in SANCS Contributor Reserve.

Universities funding position

Employer past service liabilities are $3.4b. Asset coverage is 13% at 30 June 2024, reflecting the part pay-as-you-go funding approach backed by the Commonwealth and NSW governments.

Scheme	Employer Past Service Liabilities (Accrued Benefits)				Contributor Reserve ($m)	Deferred Reserve[1] ($m)	Total ($m)
	Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)			
SSS	8.4	11.1	3,216.5	**3,235.9**	13.7	-	**3,249.6**
SASS	81.1	-	15.4	**96.5**	68.2	-	**164.7**
PSS	-	-	-	**-**	-	-	**-**
SANCS	21.9	-	-	**21.9**	0.8[2]	-	**22.8**
Total Past Service Liabilities	111.3	11.1	3,231.9	**3,354.3**	82.8	-	**3,437.1**

Scheme	2024			
	Employer Past Service Liabilities ($m) A	Employer Reserve ($m) B	Employer Unfunded Liabilities ($m) B-A	Asset coverage B/A
SSS	3,235.9	354.0	(2,881.9)	11%
SASS	96.5	29.0	(67.4)	30%
PSS	-	-	-	-
SANCS	21.9	39.4	17.4	179%
2024 Total	3,354.3	422.3	(2,932.0)	13%
2021 Total	*3,299.6*	*418.2*	*(2,881.4)*	*13%*

[1] All deferred reserves have been counted under General Government, consistent with treatment in 2021 Triennial Review.
[2] Surcharge accounts have been included in SANCS Contributor Reserve.

PTEs/Other funding position

Employer past service liabilities are $3.6b. Asset coverage has reduced from 104% at 30 June 2021, to 94% at 30 June 2024.

Scheme	Employer Past Service Liabilities (Accrued Benefits) Contributors ($m)	Deferred ($m)	Pensioners ($m)	Total ($m)	Contributor Reserve ($m)	Deferred Reserve[1] ($m)	Total ($m)
SSS	32.6	18.0	1,988.7	**2,039.3**	41.8	-	**2,081.1**
SASS	734.5	-	633.5	**1,367.9**	637.9	-	**2,005.8**
PSS	-	-	-	**-**	-	-	**-**
SANCS	174.1	-	-	**174.1**	16.8[2]	-	**190.9**
Total Past Service Liabilities	941.1	18.0	2,622.2	**3,581.3**	696.4	-	**4,277.7**

Scheme	2024 Employer Past Service Liabilities ($m) A	Employer Reserve ($m) B	Employer Unfunded Liabilities ($m) B-A	Asset coverage B/A
SSS	2,039.3	1,974.5	(64.8)	97%
SASS	1,367.9	1,217.1	(150.9)	89%
PSS	-	-	-	-
SANCS	174.1	187.7	13.6	108%
2024 Total	3,581.3	3,379.3	(202.0)	94%
2021 Total	*3,432.1*	*3,561.7*	*129.6*	*104%*

[1] All deferred reserves have been counted under General Government, consistent with treatment in 2021 Triennial Review.
[2] Surcharge accounts have been included in SANCS Contributor Reserve.

Appendix F

Additional information relating to Universities

Alternative valuation for Universities

University liabilities valued on a long term cash basis instead of the valuation basis increases the employer past service liabilities by $1.2b, or 37%.

Investment return/discount rate assumption	2024 valuation basis	Cash basis
Non-pensioner	6.2% p.a.	2.55% p.a.
Pensioner	7.0% p.a.	3.0% p.a.

Scheme	2024 valuation basis		Alternative cash basis	
	Total Past Service Liabilities ($m)	Employer Past Service Liabilities ($m)	Total Past Service Liabilities ($m)	Employer Past Service Liabilities ($m)
SSS	3,249.6	3,235.9	4,476.9	4,463.2
SASS	164.7	96.5	183.8	115.6
SANCS	22.8	21.9	25.8	25.0
Total[1]	**3,437.1**	**3,354.3**	**4,686.5**	**4,603.7**

- The University Sector is funded on a pay-as-you-go basis[1], as such the University Employer Reserve assets are currently invested in the University Cash investment option.
- The University Sector accounts for 9% of the Total Employer Past Service Liabilities (based on the 2024 valuation basis). In the main reporting we have valued the liabilities using the same discount rate as the other Sectors at 6.2% p.a. for non-pensioners and 7.0% p.a. for pensioners.
- If we were to value the University employer past service liabilities using a discount rate consistent with a long term cash portfolio, the liabilities would increase by $1.2b or 37%.
- However given that the liabilities are funded on a pay-as-you-go basis, this is provided for information only.

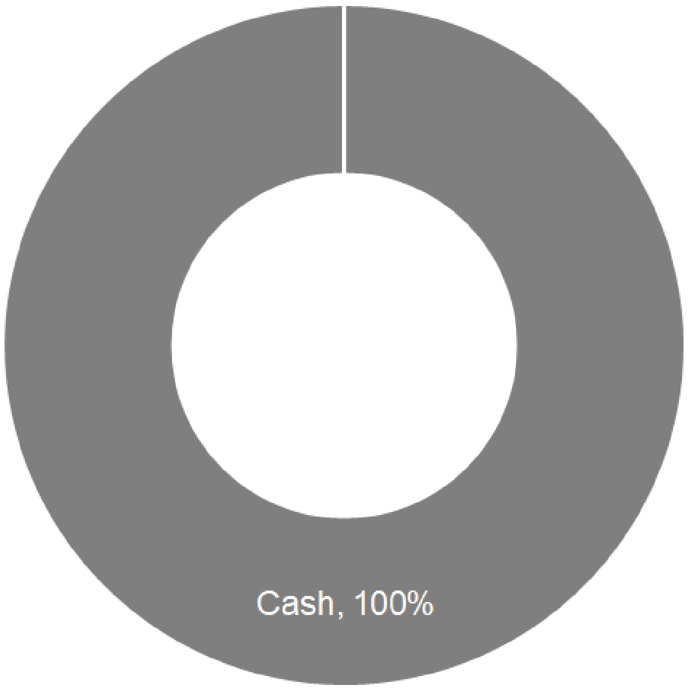
[1] The Commonwealth and NSW Governments entered into a Memorandum of Understanding (MoU) in December 2014. Under this the Commonwealth and NSW Governments have agreed to assist the universities with their unfunded superannuation liabilities through the provision of funds on a 78/22 per cent basis respectively. The universities will continue to contribute at their current rate of 17% of salaries per annum and further additional contributions in respect of ‘Excess salaries’ as set out in the MoU. The Commonwealth and NSW Governments will make payments to the Fund on a pay-as-you-go basis with the aim of maintaining a 1-year asset buffer at all times to meet expected benefit payments. We note University of NSW (UNSW) Australian Defence Force Academy (ADFA) made a top-up contribution of approximately $58m in 2021 to pre-fund all of ADFA’s past and future service liabilities.

Investment Portfolio – University Cash

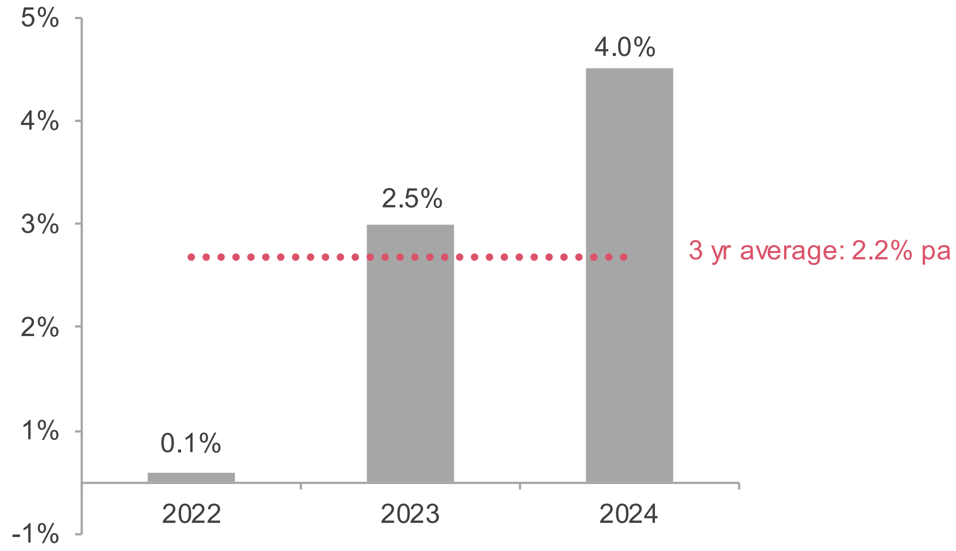
Investment Objectives

- Target is return of cash over a rolling 2 year period[1].

Strategic Asset Allocation as at 1 July 2024[1]



Investment Returns (net of tax)[2]



[1] Investment Objectives at 1 July 2024 from Investment Policy Statement – Approved by Board 20.06.2024.
[2] Investment returns in this chart are net of superannuation tax and fees, and before any increase due to exempt current pension income (ECPI).

Appendix G

Theoretical future service rates

Theoretical future service rates

The theoretical employer future service contribution rates as a percentage of salary calculated under the “Attained Age Normal” method and is set out below.

As at 30 June 2024		SSS	SASS	PSS	SANCS	Total
Employer Total Service Liability – contributors ($m)	**A**	220.4	4,216.0	415.5	1,222.0	6,073.9
Employer Past Service Liability – contributors ($m)	**B**	215.9	4,028.3	403.6	1,089.9	5,737.8
Employer Future Service Liability – contributors ($m)	**C = A - B**	4.5	187.7	11.8	132.0	336.0
Present value of 1% of future salary ($m)	**D**	1.0	55.0	1.0	57.0	
2024 employer future service contribution rate (% of salary)	**(C / D) / 0.877(%) [1]**	**5.3%**	**3.9%**	**13.0%**	**2.7%**	
2021 employer future service contribution rate (% of salary)		**7.5%**	**5.2%**	**28.9%**	**2.6%**	

- The “Attained Age Normal” method determines the contribution rate required to fund future service benefit accrual over the future working life of the contributors in the Fund. The calculation of the employer future service rate is set out above.
- The employer future service contribution rates have decreased for SSS, SASS, PSS and SANCS. Items that influence the rate includes:
  - Changes in the profile of the members considered in the future service rate.
  - Maximum benefit accrual – the rate will tend to decrease as contributors get closer to their maximum benefit accrual (particularly impacting PSS in recent years).
  - Any change in assumptions which impact the future service liability and present value of 1% of future salary.
  - Changes in the member reserves – for SSS members, changes in the members reserves can impact the employer future service contribution rate.
- The employer deficit on the total service liabilities can be calculated as the deficit on the employer past service liabilities of $23,225.7m (see Section 1) plus the employer future service liability of $336.0m (above), to give a total of $23,561.7m.

[1] Division by 0.87 in order to gross the results up to be on a pre contribution tax basis. Contribution tax is assumed to be 12.3% as it is net of tax deductions for expenses.

H

Appendix H

Membership movements by Scheme

SSS membership movements

SSS membership decreased by 6.7% from 72,866 to 68,015.

	Contributors	Deferreds	Pensioners[1]	Total
30 June 2021	1,310	584	70,972	72,866
Exits[2]	791^	232	6,625	7,648
New entrants	-	32	2,765[3]	2,797
30 June 2024	**519**	**384**	**67,112**	**68,015**
Change	(60.4%)	(34.2%)	(5.4%)	(6.7%)

^ See breakdown of contributor exits on the right

	Contributor exits breakdown
Deaths	2
Disablement	14
Resignations	34
Retirements	740
Retrenchments	1
Total	**791**

- The table above shows the membership movements for SSS.
- The contributor membership has decreased significantly by 791 or 60.4% p.a.

[1] Includes fully commuted pensioners.
[2] Includes projected Scheme exits between data date (30 April 2024) and valuation date (30 June 2024), but does not include movements between membership types during this 2 month projection period.
[3] New entrants into pensioners include spouse pensions commencing following the death of original pensioner.

SASS membership movements

SASS membership decreased by 22.6% from 28,470 to 22,023.

	Contributors	Deferreds	Pensioners	Total
30 June 2021	15,100	8,559	4,811	28,470
Exits[1]	5,267[^]	2,202	387	7,856
New entrants	5[2]	726	677[3]	1,408
30 June 2024	**9,838**	**7,083**	**5,101**	**22,023**
Change	(34.8%)	(17.2%)	6.0%	(22.6%)

^ See breakdown of contributor exits on the right

	Contributor exits breakdown
Deaths	53
Disablement	201
Resignations	316
Retirements	4,643
Retrenchments	54
Total	**5,267**

- The table above shows the membership movements for SASS.
- Out of all the Schemes under STC, SASS has seen the largest decrease in membership (overall 22.6% decrease) which is a result of SASS members generally receiving a lump sum at retirement and ceasing to be members of the Fund.

[1] Includes projected Scheme exits between data date (30 April 2024) and valuation date (30 June 2024), but does not include movements between membership types during this 2 month projection period.
[2] Analysis of data showed 5 new entrants into contributors. These relate to SASS members who have crystallised their benefit due to a salary reduction and subsequently joined SASS as new members to continue accruing benefits based on their lower salary, rather than genuine new entrants.
[3] New entrants into pensioners include spouse pensions commencing following the death of original pensioner.

PSS membership movements

Overall membership decrease of 4.2% from 7,330 to 7,025.

	Contributors	Deferreds	Pensioners	Total
30 June 2021	538	61	6,731	7,330
Exits[1]	287^	20	372	679
New entrants	-	-	374[2]	374
30 June 2024	**251**	**41**	**6,733**	**7,025**
Change	(53.3%)	(32.9%)	0.0%	(4.2%)

^ See breakdown of contributor exits on the right

	Contributor exits breakdown
Deaths	0
Disablement	185
Resignations	0
Retirements	102
Total	**287**

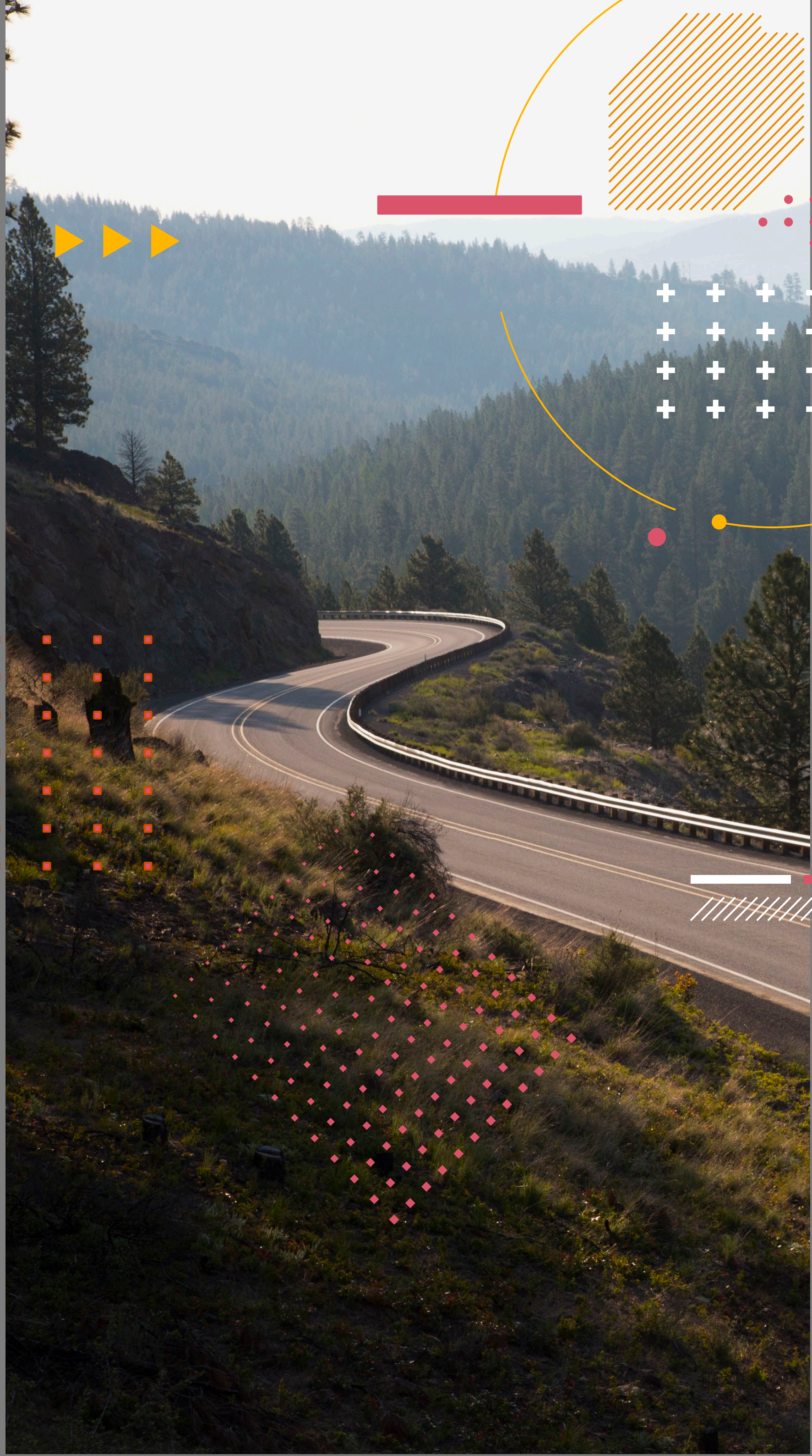
- The table above shows the membership movements for PSS.
- 65% of PSS contributor exits (185 out of 287) over the period from 30 June 2021 to 30 June 2024 were due to disablement.

[1] Includes projected Scheme exits between data date (30 April 2024) and valuation date (30 June 2024), but does not include movements between membership types during this 2 month projection period.
[2] New entrants into pensioners include spouse pensions commencing following the death of original pensioner.

I

Appendix I

Summary of demographic assumptions



Non age-based assumptions

Spouse age (exclude current spouse pensioners)

	Age difference (member age less spouse age)
Male member	4
Female member	-1

Commutation assumptions

	Proportion opting to take lump sum		Proportion opting to take pension
	SSS	PSS	SASS
Current contributor on becoming a new pensioner	2.5%	0%	65%*
Current deferred on becoming a new pensioner	2.5%	0%	N/A
Current original pensioner	2.5%	0%	N/A
Current and new spouse pensioner	33%	0%	0%

Note that for SASS members eligible for pension benefits, they forfeit pension rights if they chose to defer benefits.

* This is only applied to SASS contributors with pension option at retirement

Retrenchment assumptions

No allowance for retrenchments.

Other SASS assumptions

	After reaching maximum contribution rate
Maintain current current contribution rate	80%
Reduce contribution rate to 1%	20%

SSS contributor decrements

Age nearest	Death		Invalidity		Retirement			Resignation	
	Male	Female	Male	Female	Male	Female 55	Female 60	Male	Female
35	0.0004	0.0002	-	-	-	-	-	-	-
36	0.0004	0.0002	-	-	-	-	-	-	-
37	0.0004	0.0002	-	-	-	-	-	-	-
38	0.0004	0.0002	-	-	-	-	-	-	-
39	0.0004	0.0002	-	-	-	-	-	-	-
40	0.0005	0.0003	-	-	-	-	-	-	-
41	0.0005	0.0003	0.0058	0.0024	-	-	-	-	-
42	0.0005	0.0003	0.0063	0.0027	-	-	-	-	-
43	0.0006	0.0003	0.0067	0.0033	-	-	-	-	-
44	0.0006	0.0004	0.0075	0.0039	-	-	-	-	-
45	0.0006	0.0004	0.0084	0.0045	-	-	-	-	-
46	0.0007	0.0004	0.0086	0.0058	-	-	-	-	-
47	0.0007	0.0005	0.0091	0.0065	-	-	-	-	-
48	0.0008	0.0005	0.0105	0.0075	-	-	-	-	-
49	0.0009	0.0005	0.0123	0.0088	-	-	-	-	-
50	0.0009	0.0006	0.0144	0.0103	-	-	-	-	-
51	0.0010	0.0006	0.0151	0.0108	-	-	-	-	-
52	0.0011	0.0007	0.0156	0.0112	-	-	-	-	-
53	0.0012	0.0007	0.0179	0.0128	-	-	-	-	-
54	0.0012	0.0008	0.0201	0.0144	-	-	-	-	-
55	0.0014	0.0008	0.0224	0.0160	0.0390	0.6700	0.0300	-	-
56	0.0015	0.0009	0.0246	0.0176	0.0200	0.3300	0.0300	-	-
57	0.0016	0.0010	0.0268	0.0192	0.0275	0.1750	0.0300	-	-
58	0.0017	0.0011	0.0291	0.0208	0.0450	0.2400	0.0380	-	-
59	0.0019	0.0012	0.0313	0.0224	0.2700	0.2350	0.2300	-	-
60	0.0021	0.0013	-	-	0.7600	0.2950	0.7000	-	-
61	0.0024	0.0015	-	-	0.4200	0.2350	0.3400	-	-
62	0.0026	0.0016	-	-	0.2550	0.2900	0.2000	-	-
63	0.0029	0.0018	-	-	0.2350	0.0625	0.2000	-	-
64	0.0032	0.0019	-	-	0.3500	0.2500	0.3000	-	-
65	-	-	-	-	1.0000	1.0000	1.0000	-	-
66	-	-	-	-	1.0000	1.0000	1.0000	-	-
67	-	-	-	-	1.0000	1.0000	1.0000	-	-
68	-	-	-	-	1.0000	1.0000	1.0000	-	-
69	-	-	-	-	1.0000	1.0000	1.0000	-	-
70	-	-	-	-	1.0000	1.0000	1.0000	-	-

Note:

- SANCS contributor decrements are assumed to be in line with those for the main Scheme for the member.
- Female 60 relates to female SSS members with a retirement age of 60. Female 55 relates to female SSS members with a retirement age of 55.

SASS contributor decrements

Age nearest	Death		TPI (non-police)		TPI (police)		PPI (non-police)		PPI (police)		Retirement (Part 1 employers)		Retirement (Part 3 employers)		Resignation (Part 1 employers)		Resignation (Part 3 employers)		Deferral on resignation	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
35	0.0004	0.0002	0.0007	0.0002	0.0201	0.0201	0.0028	0.0006	0.0134	0.0134	-	-	-	-	0.0147	0.0161	0.0223	0.0292	85%	85%
36	0.0004	0.0002	0.0007	0.0003	0.0201	0.0201	0.0028	0.0009	0.0134	0.0134	-	-	-	-	0.0137	0.0151	0.0215	0.0268	85%	85%
37	0.0004	0.0002	0.0008	0.0003	0.0201	0.0201	0.0032	0.0009	0.0134	0.0134	-	-	-	-	0.0126	0.0144	0.0203	0.0244	85%	85%
38	0.0004	0.0002	0.0008	0.0003	0.0201	0.0201	0.0032	0.0009	0.0134	0.0134	-	-	-	-	0.0116	0.0137	0.0192	0.0221	85%	85%
39	0.0004	0.0002	0.0008	0.0003	0.0201	0.0201	0.0032	0.0009	0.0134	0.0134	-	-	-	-	0.0109	0.0130	0.0185	0.0202	85%	85%
40	0.0005	0.0003	0.0009	0.0003	0.0201	0.0201	0.0036	0.0009	0.0134	0.0134	-	-	-	-	0.0105	0.0123	0.0177	0.0186	85%	85%
41	0.0005	0.0003	0.0009	0.0004	0.0201	0.0201	0.0036	0.0012	0.0134	0.0134	-	-	-	-	0.0102	0.0116	0.0170	0.0175	85%	85%
42	0.0005	0.0003	0.0010	0.0005	0.0221	0.0221	0.0040	0.0015	0.0147	0.0147	-	-	-	-	0.0098	0.0109	0.0160	0.0168	85%	85%
43	0.0006	0.0003	0.0010	0.0005	0.0234	0.0234	0.0040	0.0015	0.0156	0.0156	-	-	-	-	0.0095	0.0102	0.0151	0.0165	85%	85%
44	0.0006	0.0004	0.0012	0.0007	0.0241	0.0241	0.0048	0.0021	0.0161	0.0161	-	-	-	-	0.0091	0.0095	0.0141	0.0161	85%	85%
45	0.0006	0.0004	0.0011	0.0008	0.0250	0.0250	0.0044	0.0024	0.0166	0.0166	-	-	-	-	0.0088	0.0095	0.0132	0.0161	85%	85%
46	0.0007	0.0004	0.0011	0.0010	0.0250	0.0250	0.0039	0.0025	0.0167	0.0167	-	-	-	-	0.0084	0.0095	0.0126	0.0161	85%	85%
47	0.0007	0.0005	0.0011	0.0011	0.0253	0.0253	0.0039	0.0028	0.0169	0.0169	-	-	-	-	0.0083	0.0096	0.0120	0.0161	85%	85%
48	0.0008	0.0005	0.0013	0.0013	0.0261	0.0261	0.0046	0.0033	0.0174	0.0174	-	-	-	-	0.0081	0.0097	0.0113	0.0161	85%	85%
49	0.0009	0.0005	0.0015	0.0015	0.0271	0.0271	0.0053	0.0038	0.0180	0.0180	-	-	-	-	0.0080	0.0099	0.0110	0.0161	85%	85%
50	0.0009	0.0006	0.0018	0.0018	0.0301	0.0301	0.0063	0.0045	0.0200	0.0200	-	-	-	-	0.0078	0.0101	0.0106	0.0161	85%	95%
51	0.0010	0.0006	0.0019	0.0021	0.0305	0.0305	0.0029	0.0024	0.0204	0.0204	-	-	-	-	0.0077	0.0103	0.0103	0.0161	85%	95%
52	0.0011	0.0007	0.0023	0.0025	0.0316	0.0316	0.0035	0.0029	0.0210	0.0210	-	-	-	-	0.0076	0.0105	0.0099	0.0161	85%	95%
53	0.0012	0.0007	0.0026	0.0028	0.0331	0.0331	0.0039	0.0032	0.0220	0.0220	-	-	-	-	0.0074	0.0109	0.0097	0.0161	90%	95%
54	0.0012	0.0008	0.0029	0.0032	0.0385	0.0385	0.0044	0.0037	0.0256	0.0256	-	-	-	-	0.0073	0.0119	0.0095	0.0161	95%	95%
55	0.0014	0.0008	0.0033	0.0036	0.0442	0.0442	0.0050	0.0041	0.0294	0.0294	-	-	-	-	0.0071	0.0130	0.0095	0.0161	95%	100%
56	0.0015	0.0009	0.0036	0.0039	0.0574	0.0574	0.0054	0.0045	0.0383	0.0383	-	-	-	-	0.0070	0.0140	0.0094	0.0161	100%	100%
57	0.0016	0.0010	0.0039	0.0043	0.0619	0.0619	0.0059	0.0049	0.0413	0.0413	0.0250	0.0500	0.0250	0.0250	0.0069	0.0140	0.0093	0.0161	100%	100%
58	0.0017	0.0011	-	-	-	-	-	-	-	-	0.0600	0.1100	0.0750	0.0750	-	-	-	-	100%	100%
59	0.0019	0.0012	-	-	-	-	-	-	-	-	0.0850	0.1100	0.1000	0.0750	-	-	-	-	-	-
60	0.0021	0.0013	-	-	-	-	-	-	-	-	0.1850	0.1850	0.1750	0.1750	-	-	-	-	-	-
61	0.0024	0.0015	-	-	-	-	-	-	-	-	0.1850	0.1600	0.1000	0.1250	-	-	-	-	-	-
62	0.0026	0.0016	-	-	-	-	-	-	-	-	0.1850	0.1600	0.1000	0.1250	-	-	-	-	-	-
63	0.0029	0.0018	-	-	-	-	-	-	-	-	0.1850	0.1600	0.1000	0.1250	-	-	-	-	-	-
64	0.0032	0.0019	-	-	-	-	-	-	-	-	0.3100	0.2850	0.2000	0.2500	-	-	-	-	-	-
65	0.0036	0.0021	-	-	-	-	-	-	-	-	0.4350	0.3850	0.4500	0.4000	-	-	-	-	-	-
66	0.0039	0.0023	-	-	-	-	-	-	-	-	0.3650	0.2350	0.2750	0.3000	-	-	-	-	-	-
67	0.0043	0.0025	-	-	-	-	-	-	-	-	0.2950	0.2350	0.2750	0.3000	-	-	-	-	-	-
68	0.0048	0.0028	-	-	-	-	-	-	-	-	0.2250	0.2350	0.2750	0.3000	-	-	-	-	-	-
69	0.0052	0.0031	-	-	-	-	-	-	-	-	0.5850	0.5850	0.7000	0.6000	-	-	-	-	-	-
70	-	-	-	-	-	-	-	-	-	-	1.0000	1.0000	1.0000	1.0000	-	-	-	-	-	-

Note: SANCS contributor decrements are assumed to be in line with those for the main Scheme for the member.

PSS and other contributor decrements

Age nearest	Death (not killed on duty)		Death (killed on duty)		Invalidity (not hurt on duty)		Invalidity (hurt on duty)		Retirement		Promotional salary scales (for all contributors)
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male & Female
35	-	-	-	-	-	-	-	-	-	-	2.4%
36	-	-	-	-	-	-	-	-	-	-	2.3%
37	-	-	-	-	-	-	-	-	-	-	2.2%
38	-	-	-	-	-	-	-	-	-	-	2.1%
39	-	-	-	-	-	-	-	-	-	-	2.0%
40	-	-	-	-	-	-	-	-	-	-	1.8%
41	0.0005	0.0003	0.0002	0.0002	0.0035	0.0035	0.0600	0.0600	-	-	1.6%
42	0.0005	0.0003	0.0002	0.0002	0.0043	0.0043	0.0650	0.0650	-	-	1.4%
43	0.0006	0.0003	0.0002	0.0002	0.0050	0.0050	0.0680	0.0680	-	-	1.2%
44	0.0006	0.0004	0.0002	0.0002	0.0062	0.0062	0.0680	0.0680	-	-	1.0%
45	0.0006	0.0004	0.0002	0.0002	0.0076	0.0076	0.0680	0.0680	-	-	0.8%
46	0.0007	0.0004	0.0002	0.0002	0.0077	0.0077	0.0680	0.0680	-	-	0.6%
47	0.0007	0.0005	0.0002	0.0002	0.0082	0.0082	0.0680	0.0680	-	-	0.4%
48	0.0008	0.0005	0.0002	0.0002	0.0095	0.0095	0.0680	0.0680	-	-	0.2%
49	0.0009	0.0005	0.0002	0.0002	0.0111	0.0111	0.0680	0.0680	-	-	-
50	0.0009	0.0006	0.0002	0.0002	0.0151	0.0151	0.0700	0.0700	-	-	-
51	0.0010	0.0006	0.0001	0.0001	0.0159	0.0159	0.0700	0.0700	-	-	-
52	0.0011	0.0007	0.0001	0.0001	0.0176	0.0176	0.0700	0.0700	-	-	-
53	0.0012	0.0007	0.0001	0.0001	0.0201	0.0201	0.0700	0.0700	-	-	-
54	0.0012	0.0008	0.0001	0.0001	0.0241	0.0241	0.0800	0.0800	-	-	-
55	0.0014	0.0008	0.0001	0.0001	0.0286	0.0286	0.0900	0.0900	-	-	-
56	0.0015	0.0009	0.0001	0.0001	0.0332	0.0332	0.1250	0.1250	-	-	-
57	0.0016	0.0010	0.0001	0.0001	0.0382	0.0382	0.1300	0.1300	-	-	-
58	0.0017	0.0011	0.0001	0.0001	0.0437	0.0437	0.1300	0.1300	-	-	-
59	0.0019	0.0012	0.0001	0.0001	0.0493	0.0493	0.1300	0.1300	-	-	-
60	-	-	-	-	-	-	0.2000	0.2000	0.3000	0.3000	-
61	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
62	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
63	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
64	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
65	-	-	-	-	-	-	0.2000	0.2000	0.4000	0.4000	-
66	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
67	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
68	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
69	-	-	-	-	-	-	0.2000	0.2000	0.2000	0.2000	-
70	-	-	-	-	-	-	-	-	1.0000	1.0000	-

Note: SANCS contributor decrements are assumed to be in line with those for the main Scheme for the member.

Deferred decrements

Age nearest	SASS retirements*		SSS retirements		PSS retirements	
	Male	Female	Male & F60	F55	Male	Female
55	0.0300	0.0300	-	1.0000	1.0000	1.0000
56	0.0300	0.0300	-	1.0000	1.0000	1.0000
57	0.0500	0.0500	-	1.0000	1.0000	1.0000
58	0.1500	0.1500	-	1.0000	1.0000	1.0000
59	0.1500	0.1500	-	1.0000	1.0000	1.0000
60	0.2000	0.2000	1.0000	1.0000	1.0000	1.0000
61	0.1500	0.1500	1.0000	1.0000	1.0000	1.0000
62	0.1500	0.1500	1.0000	1.0000	1.0000	1.0000
63	0.1500	0.1500	1.0000	1.0000	1.0000	1.0000
64	0.1500	0.1500	1.0000	1.0000	1.0000	1.0000
65	0.2500	0.2500	1.0000	1.0000	1.0000	1.0000
66	0.2000	0.2000	1.0000	1.0000	1.0000	1.0000
67	0.2000	0.2000	1.0000	1.0000	1.0000	1.0000
68	0.2000	0.2000	1.0000	1.0000	1.0000	1.0000
69	0.3000	0.3000	1.0000	1.0000	1.0000	1.0000
70	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

* These assumptions are new following the experience analysis, but do not affect the valuation of liabilities as SASS deferred benefits are purely accumulation in nature.

Note:

- SANCS deferred decrements are assumed to be in line with those for the main Scheme for the member.
- F60 relates to female SSS members with a retirement age of 60. F55 relates to female SSS members with a retirement age of 55.

Pensioner decrements (1 of 2)

Age nearest	Standard		Mortality Invalidity*		Spouse (gender of spouse)		Mortality improvements Short-term		Marital status Proportion with spouse	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
40	-	-	-	-	-	-	-	-	80%	55%
41	-	-	-	-	-	-	-	-	80%	55%
42	-	-	-	-	-	-	-	-	80%	55%
43	-	-	-	-	-	-	-	-	80%	55%
44	-	-	-	-	-	-	-	-	80%	55%
45	-	-	-	-	-	-	-	-	80%	55%
46	-	-	-	-	-	-	-	-	80%	55%
47	-	-	-	-	-	-	-	-	80%	55%
48	-	-	-	-	-	-	-	-	80%	55%
49	-	-	-	-	-	-	-	-	80%	55%
50	0.0010	0.0009	0.0025	0.0017	0.0010	0.0009	0.0148	0.0141	80%	55%
51	0.0011	0.0009	0.0027	0.0019	0.0011	0.0009	0.0161	0.0150	80%	55%
52	0.0012	0.0010	0.0029	0.0020	0.0012	0.0010	0.0173	0.0158	80%	55%
53	0.0013	0.0011	0.0031	0.0021	0.0013	0.0011	0.0184	0.0165	80%	55%
54	0.0014	0.0012	0.0034	0.0023	0.0014	0.0012	0.0195	0.0173	80%	55%
55	0.0015	0.0012	0.0036	0.0025	0.0015	0.0012	0.0205	0.0180	80%	55%
56	0.0016	0.0013	0.0039	0.0027	0.0016	0.0013	0.0215	0.0187	80%	55%
57	0.0017	0.0014	0.0043	0.0028	0.0017	0.0014	0.0225	0.0194	80%	55%
58	0.0018	0.0015	0.0046	0.0030	0.0018	0.0015	0.0235	0.0201	80%	55%
59	0.0020	0.0016	0.0049	0.0032	0.0020	0.0016	0.0245	0.0209	80%	55%
60	0.0021	0.0017	0.0053	0.0035	0.0021	0.0017	0.0255	0.0216	75%	55%
61	0.0023	0.0019	0.0057	0.0037	0.0023	0.0019	0.0265	0.0224	75%	55%
62	0.0024	0.0020	0.0061	0.0040	0.0024	0.0020	0.0275	0.0231	75%	55%
63	0.0026	0.0022	0.0065	0.0043	0.0026	0.0022	0.0284	0.0236	75%	55%
64	0.0028	0.0023	0.0070	0.0047	0.0028	0.0023	0.0291	0.0240	74%	55%
65	0.0030	0.0026	0.0076	0.0051	0.0030	0.0026	0.0297	0.0243	73%	55%
66	0.0033	0.0028	0.0083	0.0056	0.0033	0.0028	0.0301	0.0244	72%	55%
67	0.0038	0.0031	0.0090	0.0065	0.0038	0.0031	0.0302	0.0244	71%	55%
68	0.0045	0.0035	0.0099	0.0076	0.0045	0.0035	0.0303	0.0242	70%	55%
69	0.0052	0.0039	0.0110	0.0088	0.0052	0.0039	0.0301	0.0241	70%	55%
70	0.0061	0.0043	0.0121	0.0102	0.0061	0.0043	0.0299	0.0240	70%	55%

*A select mortality rate is assumed for the first year of invalidity: 5% for ages up to 39 and 2.5% for ages 40 and older.

Note: Following the most recent experience review in April 2024, long-term mortality improvement rates are no longer being used. Instead, short-term improvement rates are applied for all future years.

Pensioner decrements (2 of 2)

Age nearest	Mortality: Standard		Mortality: Invalidity*		Mortality: Spouse (gender of spouse)		Mortality improvements Short-term		Marital status Proportion with spouse	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
71	0.0071	0.0050	0.0135	0.0114	0.0071	0.0050	0.0295	0.0238	70%	51%
72	0.0083	0.0057	0.0151	0.0128	0.0083	0.0057	0.0291	0.0237	70%	47%
73	0.0097	0.0066	0.0168	0.0144	0.0097	0.0066	0.0287	0.0236	70%	43%
74	0.0113	0.0075	0.0188	0.0161	0.0113	0.0075	0.0282	0.0234	70%	39%
75	0.0131	0.0086	0.0210	0.0181	0.0131	0.0086	0.0277	0.0233	70%	37%
76	0.0153	0.0099	0.0259	0.0204	0.0153	0.0099	0.0271	0.0230	70%	35%
77	0.0179	0.0115	0.0292	0.0232	0.0179	0.0115	0.0264	0.0226	70%	33%
78	0.0210	0.0134	0.0330	0.0265	0.0210	0.0134	0.0256	0.0220	70%	31%
79	0.0247	0.0157	0.0375	0.0303	0.0247	0.0157	0.0246	0.0212	70%	28%
80	0.0291	0.0188	0.0427	0.0349	0.0291	0.0188	0.0235	0.0203	70%	26%
81	0.0344	0.0220	0.0488	0.0402	0.0344	0.0220	0.0222	0.0193	70%	24%
82	0.0406	0.0258	0.0558	0.0465	0.0406	0.0258	0.0208	0.0182	70%	22%
83	0.0480	0.0303	0.0640	0.0539	0.0480	0.0303	0.0193	0.0170	70%	20%
84	0.0566	0.0356	0.0733	0.0626	0.0566	0.0356	0.0177	0.0158	70%	18%
85	0.0667	0.0419	0.0839	0.0726	0.0667	0.0419	0.0161	0.0145	70%	16%
86	0.0784	0.0497	0.0958	0.0843	0.0784	0.0497	0.0144	0.0132	70%	14%
87	0.0917	0.0588	0.1090	0.0976	0.0917	0.0588	0.0128	0.0119	67%	12%
88	0.1068	0.0694	0.1237	0.1128	0.1068	0.0694	0.0114	0.0105	64%	10%
89	0.1235	0.0818	0.1393	0.1302	0.1235	0.0818	0.0100	0.0093	61%	9%
90	0.1415	0.0954	0.1556	0.1488	0.1415	0.0954	0.0089	0.0080	58%	8%
91	0.1555	0.1115	0.1710	0.1706	0.1555	0.1115	0.0079	0.0069	56%	7%
92	0.1698	0.1281	0.1868	0.1921	0.1698	0.1281	0.0072	0.0059	52%	6%
93	0.1845	0.1457	0.2029	0.2144	0.1845	0.1457	0.0065	0.0050	48%	5%
94	0.1996	0.1630	0.2195	0.2354	0.1996	0.1630	0.0058	0.0042	44%	4%
95	0.2151	0.1822	0.2151	0.2485	0.2151	0.1822	0.0052	0.0034	40%	3%
96	0.2311	0.2028	0.2311	0.2608	0.2311	0.2028	0.0045	0.0024	36%	2%
97	0.2477	0.2274	0.2477	0.2753	0.2477	0.2274	0.0037	0.0014	32%	1%
98	0.2649	0.2539	0.2649	0.2889	0.2649	0.2539	0.0028	0.0004	28%	0%
99	0.2826	0.2809	0.2826	0.2999	0.2826	0.2809	0.0018	-	24%	0%
100	0.3008	0.3083	0.3008	0.3083	0.3008	0.3083	0.0008	-	20%	0%
101	0.3188	0.3314	0.3188	0.3314	0.3188	0.3314	-	-	16%	0%
102	0.3348	0.3548	0.3348	0.3548	0.3348	0.3548	-	-	12%	0%
103	0.3507	0.3782	0.3507	0.3782	0.3507	0.3782	-	-	8%	0%
104	0.3666	0.4014	0.3666	0.4014	0.3666	0.4014	-	-	4%	0%
105	0.3822	0.4241	0.3822	0.4241	0.3822	0.4241	-	-	0%	0%
106	0.3977	0.4461	0.3977	0.4461	0.3977	0.4461	-	-	0%	0%
107	0.4128	0.4671	0.4128	0.4671	0.4128	0.4671	-	-	0%	0%
108	0.4276	0.4870	0.4276	0.4870	0.4276	0.4870	-	-	0%	0%
109	0.4420	0.5054	0.4420	0.5054	0.4420	0.5054	-	-	0%	0%
110	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	-	-	0%	0%

www.pwc.com.au