

2018 SUPPLEMENTARY ANNUAL REPORT

Mercer Super Trust Uniting Church in Australia Beneficiary Fund (your plan)

Issued December 2018

Your 2018 Mercer Super Trust Annual Report is made up of two parts:

- **Part one** - (your Mercer Super Trust - Annual Report 2018) contains a general update on how the fund has performed and information on changes that may have impacted on your super for the year ended 30 June 2018.
- **Part two** - (this 2018 Supplementary Annual Report) contains updated information specific to your plan for the year ended 30 June 2018.

Both parts should be read in conjunction with each other. Where we refer to the annual report, we're referring to both parts collectively.

ABOUT YOUR PLAN

Membership numbers

At 30 June 2018 2,412

Plan assets

As at 30 June 2018[^] \$458,593,241

[^] This figure is prepared on a cash basis. This means that it does not allow for any accruals such as outstanding contributions or benefits due as at 30 June 2018.

YOUR PLAN STYLE

Your plan provides members with accumulation and/or defined benefit style super.

For members with accumulation style super, your super relates to the amounts contributed by you or in respect of you and by the Church, the investment returns (which may be positive or negative) of the investment options in which your super is invested less deductions for fees, taxes and any insurance premiums.

For members with defined benefit style super, generally some or all of your super relates to Notional Stipend and years of membership/service.

CHURCH SUPERANNUATION GUARANTEE CONTRIBUTIONS

By law, the Church is generally required to provide a minimum level of super for its Ministers - the Superannuation Guarantee (SG). There may be some circumstances where the Church is not required to meet the SG. The SG is the amount the Church must provide for each Minister, not a minimum amount to be contributed to each fund. The Church may provide the SG through more than one fund. The SG rates are set out below:

Period	SG - % of Ordinary Time Earnings (OTE*)
1 July 2017 to 30 June 2018	9.50%
1 July 2018 to 30 June 2019	9.50%

* OTE refers to your remuneration, which generally includes your regular salary or wage, any over-award payments, shift allowances, bonuses and commissions. It generally does not include overtime payments or benefits subject to fringe benefits tax.

The Church is only required to provide SG on OTE up to the maximum contribution base, which is \$52,760 per quarter for the year ending 30 June 2018 (\$54,030 per quarter for the year ending 30 June 2018) and is indexed on 1 July each year.

For Ministers with only accumulation style super, the Church will generally be required to make super contributions at least equal to the SG amount.

For Ministers with defined benefit style super, the benefits paid by the plan must be equal to or greater than a minimum level specified by your plan's actuary which is deemed to be equivalent to an employer contribution equal to the SG amount. Please see 'Financial position of the plan' for more information about employer contributions and the financial position of the plan generally.

YOUR PLAN'S RESERVE ACCOUNT

Your plan has a reserve account. This reserve account is maintained for the purpose of funding Death, Total and Permanent Disablement and Total but Temporary Disablement for applicable defined benefit members of the plan.

The plan's reserve account over the past three years as a percentage of net plan assets was:

Snapshot of the values at 30 June:

2018 [^]	2017 [^]	2016 [^]
0.140%	0.143%	0.149%

The reserve account is invested in the plans defined benefit option.

[^] prepared on a cash basis.

FINANCIAL POSITION OF THE PLAN

For members with defined benefit style super, the amount the Church contribution varies depending on the advice of an actuary. At least every three years, the plan's actuary prepares an investigation report that states how much the Church needs to contribute so that plan assets are expected (on the actuary's assumptions) to be sufficient to meet any super payouts now and in the future. For members with only accumulation style super, the Church will generally be required to make super contributions at least equal to the SG amount.

As at 30 June 2018, the value of the plan's assets was 100% of (i.e. equal to) the sum of all Ministers super payouts assuming all Ministers ceased the Ministry at that date. This means, the plan was in a satisfactory financial position at that date, as defined by superannuation legislation.

Since the last actuarial investigation, 30 June 2017, the Church has contributed in line with the contributions recommended by the plan's actuary.

In the event of your plan being wound up while the value of the plan's assets is lower than the sum of all Ministers super payouts assuming all Ministers ceased employment at that date, your actual super payout may be less than your leaving service payout (i.e. your leaving service payout may be reduced). Benefit entitlements of lifetime pensioners and former Ministers with retained benefits may also be reduced. However, the Church may choose to make an additional contribution at that time to make up the difference.

Note that the trustee has not been advised of any intention to wind up the plan at the date of this report - the above is provided for information purposes only.

*Note: A reference to Ministers in the above section includes defined benefit members, accumulation members and lifetime pensioners of the plan.

ACCRUED BENEFITS CALCULATION

As at 30 June 2018, the value of the plan's assets was 123% of (i.e. greater than) the plan's accrued benefits. As at 30 June 2018, the plan's accrued benefits amounted to \$374,943,083.

The plan's accrued benefits are:

- For accumulation members, the sum of their super payout assuming they ceased the Ministry at that date, plus
- For defined benefit members the actuarial present value at the valuation date of the amount required to meet the proportion of future benefit payments attributed to membership completed at the valuation date.
- For pensioners, the present value of their future pension payments.

The main assumptions used to determine the value of accrued benefits for defined benefit members and pensioners are shown below.

The plan's Actuary considers the following movements in the assumptions used to calculate the accrued benefits are reasonably possible for the reporting period:

Assumption	Rate used at 30 June 2018	Reasonably possible change	Amount of increase in accrued benefits	Amount of decrease in accrued benefits
Discount rate (or Investment earning rate)	6.20%	+0.5%		\$16,401,225
		-0.5%	\$17,968,819	
Salary adjustment rate	3.40%	+0.5%	\$3,486,882	
		-0.5%		\$3,327,569
Pension indexation rate	1.46%	+0.5%	\$8,122,969	
		-0.5%		\$7,626,985

POLICY COMMITTEE

Your plan has a policy committee made up of an equal number of member and Assembly representatives. This policy committee has been set up with members' interests in mind.

As at 30 June 2018 your representatives were:

Member elected	<ul style="list-style-type: none">• Mr Robert Locke(WA)• Mr Bruce Binnie (QLD)• Dr Alice McCleary (SA)
Employer-appointed	<ul style="list-style-type: none">• Rev. Robert Elkhuisen (Chair-VIC)• Mr Michael Anderson (NSW)• Rev Sharon Hollis

Appointment and removal of policy committee members

Member and Assembly representatives are appointed by the Assembly.

- Member and Assembly representatives generally serve for a term of four years and are eligible for renomination, subject to a maximum of three terms, unless otherwise agreed by the Assembly. You are entitled to see a copy of the 'Procedures for the Appointment of Members of the Policy Committee' for the plan. Call the Helpline on **1800 682 525** for more details.

Committee representatives can generally only be removed by the same procedure by which they were appointed; this therefore requires the involvement of the relevant nominating Synod and Assembly. Exceptions apply under superannuation law:

- death; or
- mental or physical incapacity; or
- their term of office expires; or
- if the representative ceases to satisfy a condition that the representative was required to satisfy to be eligible for appointment; or
- other circumstances described from time-to-time in superannuation law.

Filling casual vacancies

Casual vacancies are filled with nominations from the Synod/s corresponding to the position and the replacement is then chosen by the Assembly. If a casual vacancy isn't filled within 90 days, the trustee may, in conjunction with the employer committee, appoint a policy committee member on a temporary basis until the aforementioned process is completed.

CHANGE IN NET ASSETS IN YOUR PLAN TO 30 JUNE 2018

Net assets at 1 July 2017	\$441,249,958
Plus	
Net investment revenue	\$36,252,415
Employer contributions*	\$5,313,725
Member contributions	\$2,684,017
Government co-contributions	\$228,409
Transfers^	\$585,928
Insurance proceeds	\$0
Total revenue	\$45,064,494
Less	
Benefits paid	\$27,510,351
Administration fees	\$294,564
Group insurance premiums	\$23,667
Contributions and surcharge tax	-\$107,371
Total expenses	\$27,721,211
Equals	
Net assets #at 30 June 2018	\$458,593,241

* The amounts shown as employer contributions include any pre-tax or salary sacrifice member contributions.

^ Transfers includes: transfers in from other plans and net transfers from and to other MST plans.

This includes unallocated assets which may be used to pay plan expenses, insurance premiums and for any other purpose approved by the trustee. As at 30 June 2018 unallocated assets were equal to 67.6% of net plan assets.

This information has been prepared on a cash basis.

The financial information contained in this Supplementary Annual Report for your plan has not been audited. This information does form part of the full financial accounts for the Mercer Super Trust in which your plan participates. You can request a copy of the Mercer Super Trust full audited accounts and the auditor's report by contacting the Helpline.

This supplementary annual report has been issued by Mercer Superannuation (Australia) Limited (MSAL) ABN 79 004 717 533, Australian Financial Services Licence #235906, the trustee of the Mercer Super Trust ABN 19 905 422 981. Mercer is a registered trademark of Mercer (Australia) Pty Ltd (Mercer) ABN 32 005 315 917.

The information contained in this Supplementary Annual Report includes general product advice which has been prepared without taking into account the personal objectives, financial situation or needs of individual members. Before making any decisions about your super, you should consider the information in light of your own objectives, financial situation and needs and read and consider the current Product Disclosure Statement (PDS) and/or other member materials specific to your plan. Copies of these documents are available at mercersuper.com or by calling the Helpline on **1800 682 525**.

It is also recommended that you obtain advice from a licensed, or appropriately authorised, financial adviser.

You should be aware that the value of an investment in the Mercer Super Trust may rise and fall. Neither MSAL, Mercer nor any of the investment managers guarantees the investment performance, earnings or return of capital invested in the Mercer Super Trust. © 2018, Mercer LLC. All rights reserved.

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STATEMENT OF FINANCIAL POSITION OF YOUR PLAN AT 30 JUNE 2018

Assets (investment options)

Ready-made investment options	
Mercer SmartPath	\$480,380
Mercer Diversified Shares	\$4,789
Mercer High Growth	\$316,665
Mercer Growth	\$39,881,270
Mercer Moderate Growth	\$829,265
Mercer Conservative Growth	\$458,679
Mercer Cash	\$494,363
Select-your-Own investment options	
Mercer Australian Core Shares	\$25,805
Mercer Overseas Shares (Unhedged)	\$8,766
Mercer Hedged Overseas Shares	\$171,254
Mercer Overseas Small Companies	\$9,112
Mercer Emerging Markets	\$126,272
Mercer Property	\$24,940
Mercer Australian Listed Property	\$26,463
Mercer Overseas Listed Property	\$118
Mercer Socially Responsible Shares	\$126,163
Mercer Socially Responsible Growth	\$201,800
Indexed Australian Shares	\$70,586
Total	\$458,593,241