

Mercer Advice to DOT as Designated Actuary for the Future Fund in its Letter of 18 July 2019 – on Page 2 of the Attachment

These words on the second page of the attachment of the Designated Actuary to the Future Fund are pretty clear.

The target asset level for a particular financial year is intended to be my best estimate of the assets that would be required in order that, together with investment earnings on those assets, they would be sufficient to meet future unfunded benefit payments in respect of service rendered before the start of the year. As such, the discount rate used to calculate the present value of future payments needs to represent the expected investment return on Future Fund assets.