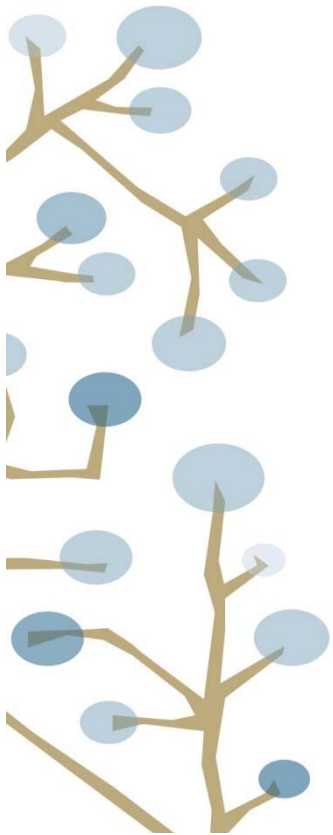


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Australia's Sovereign Wealth Fund



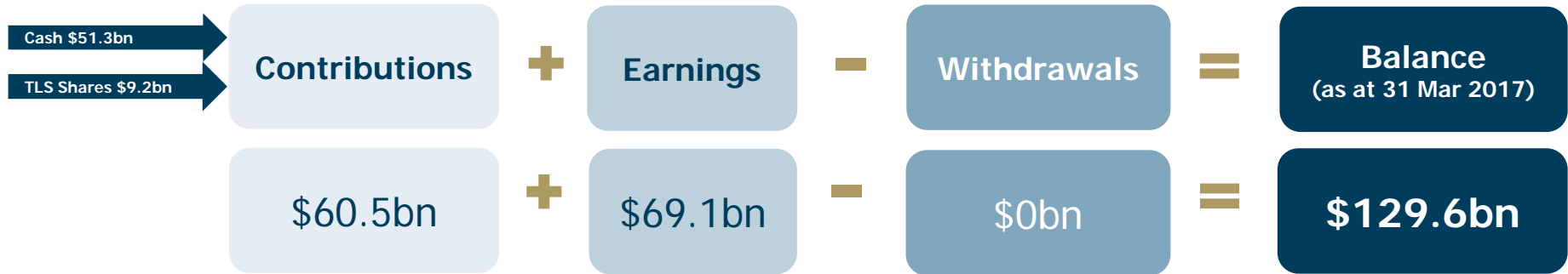
The Future Fund -

**investing for the benefit of future
generations of Australians**

Slide 1

The Future Fund balance remains significantly less than needed to match Commonwealth unfunded superannuation liabilities

Future Fund



Unfunded superannuation liability

2015-16 Budget estimate
(6% discount rate)

\$169.3bn

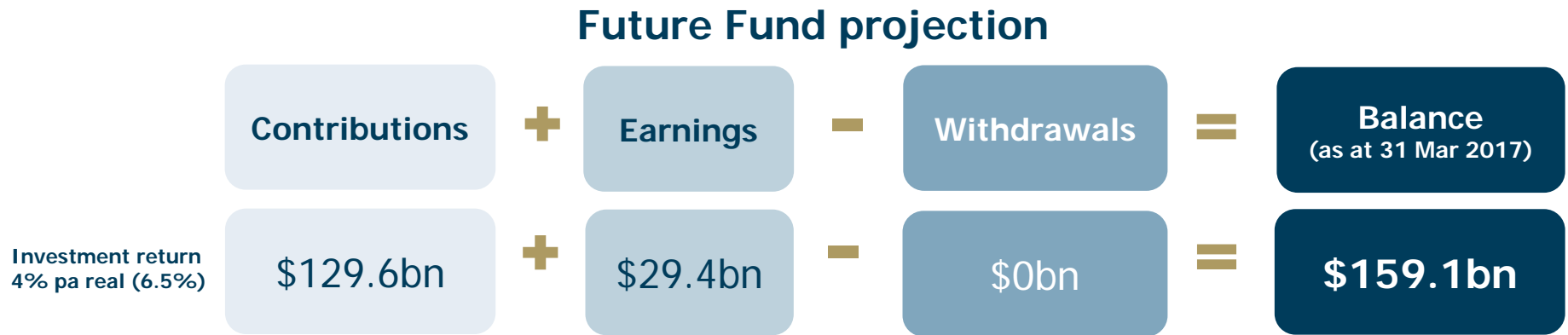
2015-16 Budget outcome
(2.7% discount rate)

\$314.2bn

Earnings of the Fund have exceeded expectations. Contributions have fallen far short of expectations.

Slide 2

The liability will be significantly greater than the Future Fund by 1 July 2020



Unfunded superannuation liability projection

Jun-2020 liability projection
(6% discount rate)

\$195bn

FFMA estimate of
Jun-2020 liability projection
(2.7% discount rate)

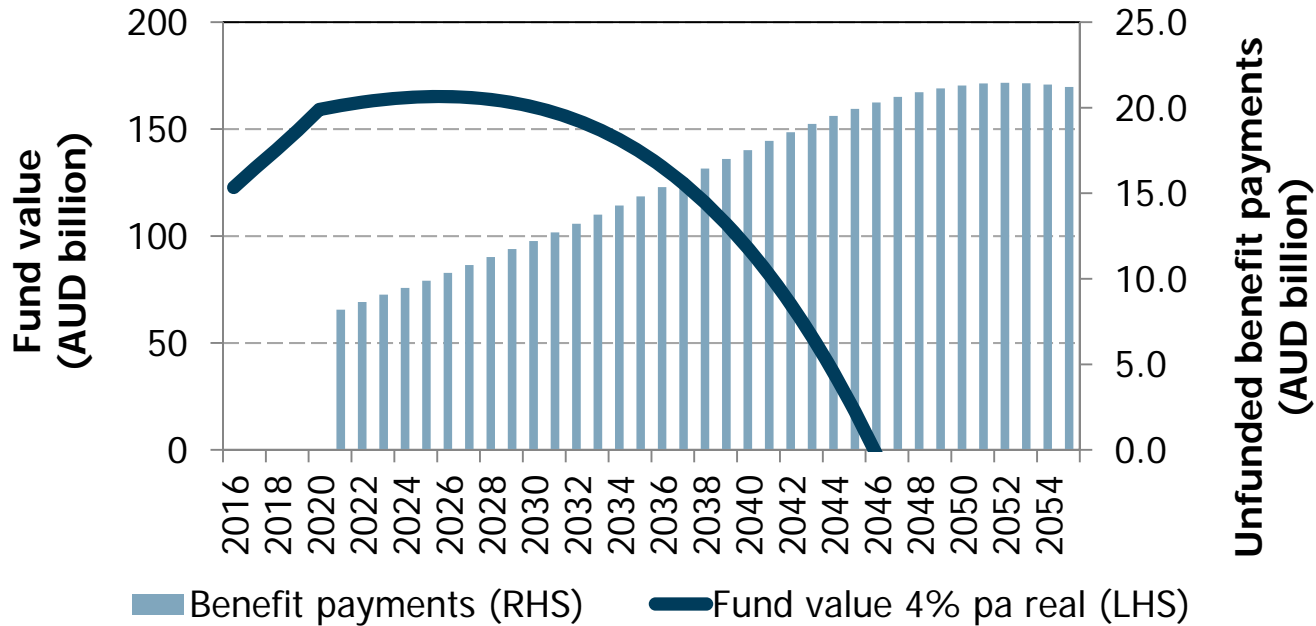
~\$340bn

Earnings of the Fund have exceeded expectations. Contributions have fallen far short of expectations.

Slide 3

If the full amount is drawn down from 2020-21 the Fund will be exhausted within one generation assuming a real investment return of 4% pa

Projected Fund value using actuary's unfunded super liability payment projections



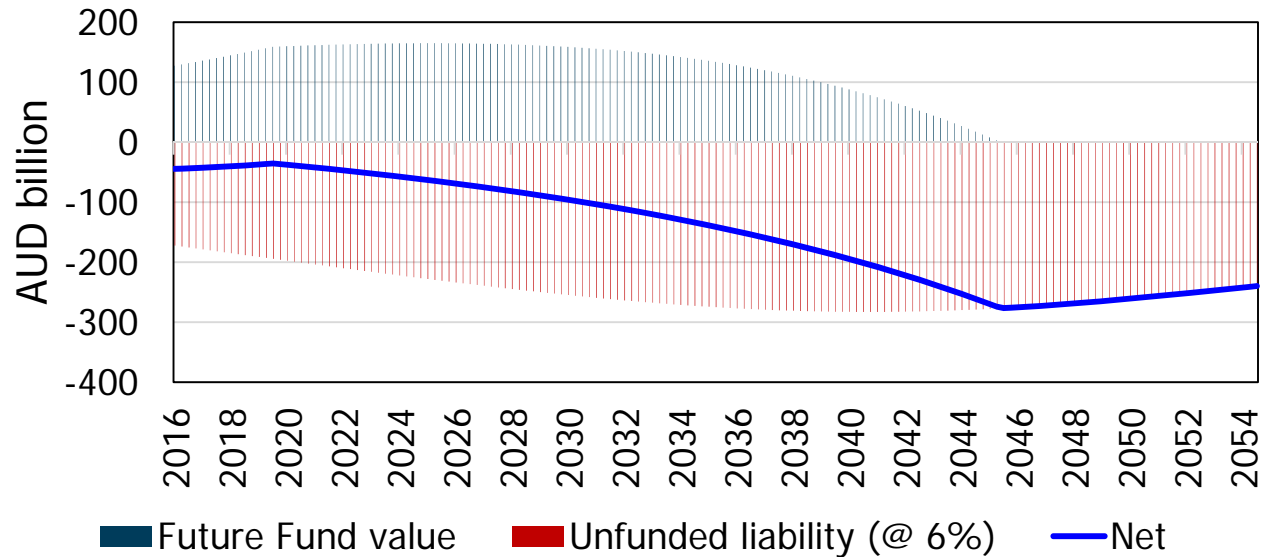
Slide 4

If the Government draws the full amount until the Fund is exhausted, the net liability remaining will be ~\$275bn

Projected Future Fund value compared to unfunded liability

Investment return = 6.5% pa (4% pa real)

Drawdowns commence 1 July 2020



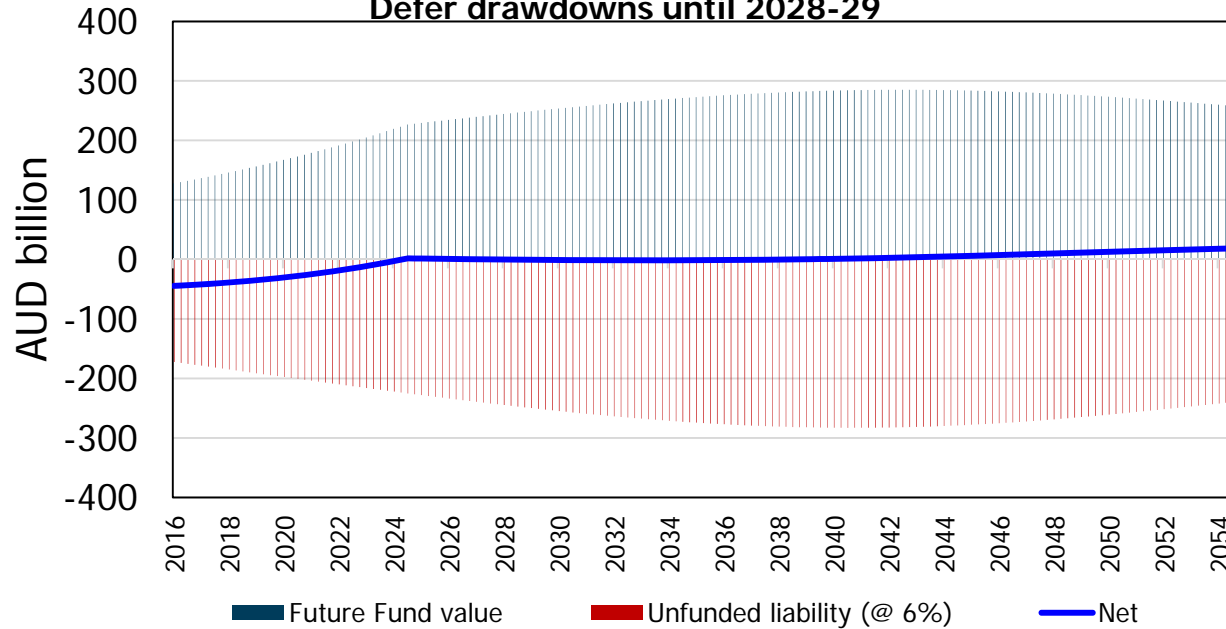
Slide 5

Deferring drawdowns until a later date (that depends upon the long-term expected return), would allow the Fund to meet all of the unfunded liabilities

Projected Future Fund value compared to unfunded liability

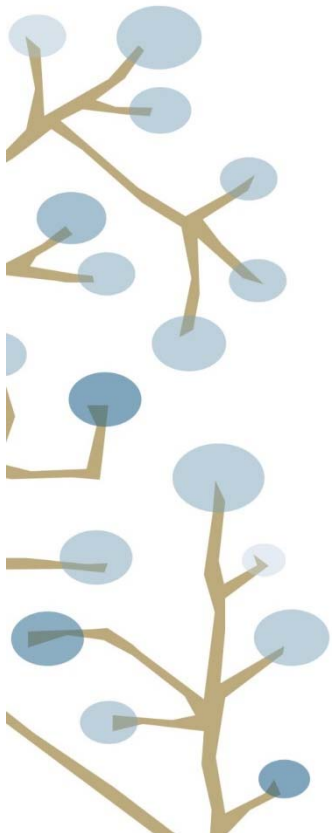
Investment return = 6.5% pa (4% pa real)

Defer drawdowns until 2028-29



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