



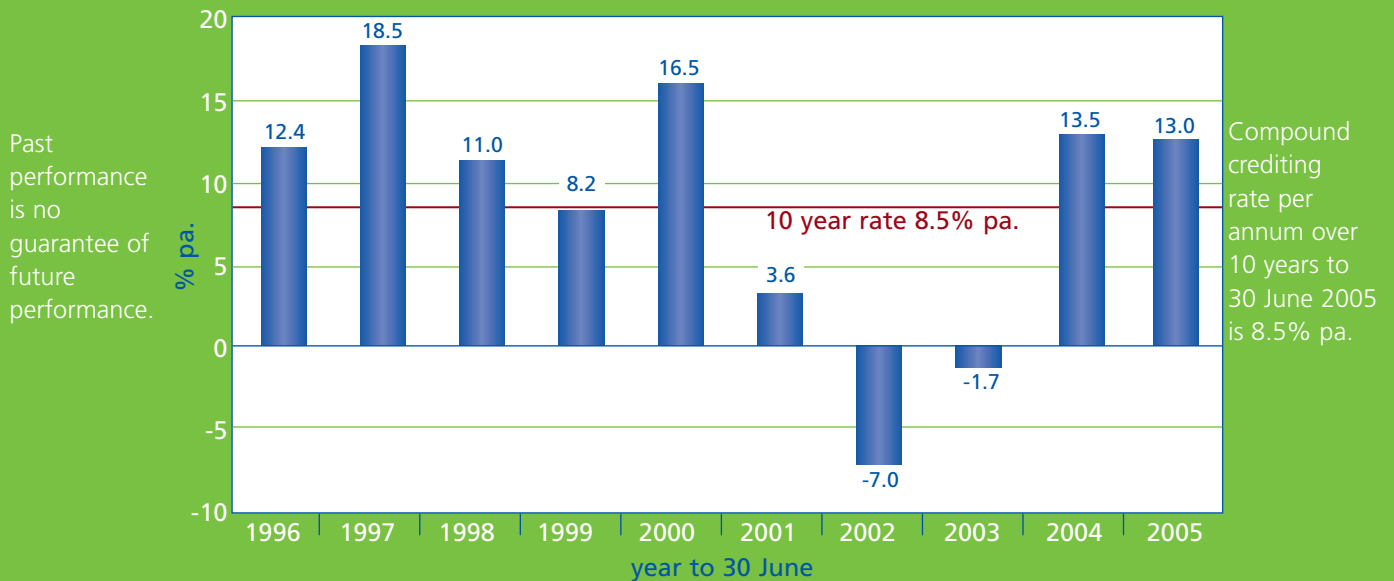
STATE SUPER
SAS Trustee Corporation

POOLED FUND

2004/05
REPORT TO MEMBERS

www.statesuper.nsw.gov.au

Growth investment strategy crediting rates



Source: The figures above are after allowance for tax and investment management expenses. Past returns are no guarantee of future returns.

See page 6 for more information about the Pooled Fund's investment performance.

Pooled Fund Key Facts

Member Statistics

- 60,776 active members in SASS.
- 28,593 active members in SSS.
- 3,706 active members in PSS.
- 16,574 Deferred Benefit members.
- 48,937 pensioners.
- 9,514 members received a Co-contribution payment.

Member Services

- 4,535 personal interviews conducted.
- 4,745 members attended a seminar.
- 7,821 items of correspondence received by post.
- 9,744 items of correspondence received by email.
- 126,885 telephone calls from members.

SASS Member Investment Choice

Funds under management in each strategy

	\$m
Growth	4,678.8
Balanced	74.4
Conservative Growth	32.0
Cash	19.8
Total	4,805.0

Registered Website Users

SASS	14,745
SSS	6,690
PSS	356
Deferred Benefit Members	453
Pensioners	3,611

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How to contact State Super **Outside back cover**

* The Trustee Board means the SAS Trustee Corporation (STC).

Keep track of your benefits on the web at

www.statesuper.nsw.gov.au

Register online as a user and view the updated 'Member Services' area.

- SASS and Deferred SASS members — look up your account balance.
- SASS members — check your contribution points.
- SSS, PSS and Deferred SSS and Deferred PSS members — request a quote or benefit estimate.
- See the salary being used to calculate your benefit.
- Look up or download your last Annual Benefit Statement.

A major review of the website has commenced so that soon it will be easier to access the information you need.



Chairperson's report — the year in review



For the second straight year, very favourable investment market conditions, particularly in Australia, assisted the generation of double digit investment returns.

The major investment strategy, Pooled Fund Growth Strategy, achieved 13.0% for the year.

The investment options for SASS members also achieved strong returns, with the Balanced Strategy earning 11.6%, Conservative Growth earning 9.3% and Cash earning 4.9% for the year. These investment returns were competitive with the median investment manager.

Throughout the year, the Trustee Board closely monitored the strategic asset allocation and implemented a number of changes to the Pooled Fund portfolio including:

- a reduction in the strategic allocation to direct property assets to 4.5%, with listed property securities making up a further 4.5% to give a total strategic property exposure of 9.0%;
- the implementation of a broader range of investment styles into the Australian equity sector with the introduction of enhanced index and long/short managers;
- an increase to 5% in the strategic allocation to mature infrastructure assets, although it is anticipated that limited available opportunities will mean that this target may take some time to achieve.

For the second straight year, very favourable investment market conditions, particularly in Australia, assisted the generation of double digit investment returns.

The Trustee Board welcomes the Commonwealth Government's proposal to eliminate surcharge tax on employer superannuation contributions made on or after 1 July 2005. However, members should be aware that surcharge will still apply to the 2005 financial year. Further, all existing surcharge debts will remain in defined benefit schemes and will continue to accrue interest, until the debt is paid.

The strong investment returns were the major factor in the growth during the year of the Fund's total net assets from \$24.2 billion to \$25.9 billion. This was achieved despite significant cash outflows resulting from benefit payments to members exceeding contributions received in the year by more than \$1.5 billion.

STC continues to improve its services to members. Early in the year, a project was undertaken to enable the Fund to accept Commonwealth Government Co-contributions into members' accounts. By year end, over 9,500 members had received Co-contributions totalling over \$4.5 million, an average of \$481 per recipient.

In previous years, STC has shared its executive team with FSS Trustee Corporation, the trustee of the First State Superannuation scheme. During the year, separate executive teams were established. This separation will enable the Executive to focus solely on the issues that impact on Pooled Fund Scheme members.

In conclusion, I thank the Trustee Board and the Executive staff for their ongoing commitment to the management of the Pooled Fund Schemes during another challenging year.

Michael Cole
Chairperson
September 2005

Your Trustee Board

Your Trustee Board is required to act in the best interest of scheme members. The SAS Trustee Corporation (STC) is the Trustee of the group of closed NSW public sector superannuation schemes, the State Authorities Superannuation Scheme (SASS), the State Superannuation Scheme (SSS), the Police Superannuation Scheme (PSS) and the State Authorities Non-contributory Superannuation Scheme (SANCS). The combined assets of these schemes are known as the Pooled Fund. STC holds all assets of the Pooled Fund in trust.

The functions of the Trustee Board include the administration of the schemes, the determination of disputes, payment of benefits, and the investment and management of funds. The Trustee Board and each Director are covered by professional indemnity insurance.

HOW YOUR TRUSTEE BOARD IS APPOINTED

The Directors of the Trustee Board are appointed by the Minister (currently the Treasurer of NSW). The Trustee Board consists of:

- An independent chairperson.
- Four employer representatives appointed by the Minister.
- Four employee representatives, nominated by Unions NSW.

To be eligible for appointment as chairperson, a person must have significant knowledge of, and experience in, the conduct of superannuation schemes, investments, financial management of public administration and be independent of employers and employees and their respective interests. To be eligible for appointment as an employer representative, a person must have a knowledge of, and experience in, the conduct of superannuation schemes, investments, financial management or public administration.



Michael Cole,
Chairperson,
Consultant.



Rod Harty,
Employee
Representative,
Advocate and Legal
Advisory Officer for
the Police
Association of NSW.



**Maree
O'Halloran,**
Employee
Representative,
President, NSW
Teachers Federation.



Ian Blair,
Employer
Representative,
Company Director.



**Michael
Lambert,**
Employer
Representative,
Company Director.



**Ouma
Sananikone,**
Employer
Representative,
Company Director.



Ron Davis,
Employee
Representative,
Full-time Board
Member.



Nick Lewocki,
Employee
Representative,
Secretary of the
Rail, Tram and Bus
Union.



Paul Scully,
Employer
Representative,
Company Director.

Investment Performance

SSS and PSS

Most benefits paid from SSS and PSS are defined benefits, which are not directly affected by the Fund's investment earnings. All moneys received in respect of SSS and PSS benefits are invested in the Growth investment strategy. This includes deferred SSS and deferred PSS benefits, as well as the lump sum SANCS Basic Benefit (including Commonwealth Government Co-contributions Account) and any superannuation guarantee shortfall amount. Member investment choice does not apply to any portion of SSS and PSS benefits.

SASS

Part of the benefits payable to SASS members are accumulation benefits, which are directly affected by the investment returns. These benefits include the Personal Account Balance and Commonwealth Government Co-contributions Account of SASS contributing members and the whole benefit of Deferred SASS members.

SASS members have a range of investment strategies which they may select for their accumulation benefit. These strategies are Growth, Balanced, Conservative Growth and Cash. The Growth strategy is the default strategy that applies if a SASS member does not make a choice.

For both SASS and Deferred SASS members, investment choice does not apply to the lump sum SANCS Basic Benefit, the Commonwealth Government Co-contributions Account and any superannuation guarantee shortfall amount.

INVESTMENT RETURNS

The crediting rates in recent times are set out in the table below:

Year Ended 30 June	Growth	Balanced	Conservative Growth	Cash	CPI
	% pa	% pa	% pa	% pa	% pa
2000	16.5				3.2
2001	3.6				6.0
2002	-7.0				2.8
2003	-1.7				2.7
2004	13.5				2.5
2005	13.0	11.6	9.3	4.9	2.5
Average 3 Years	8.0				2.6
Average 5 Years	3.9				3.3
Average 10 Years	8.5				2.5

These strategies were introduced in December 2003. Consequently there are no crediting rates for the full year ended 30 June 2004 or earlier.

These strategies were introduced in December 2003. Consequently there are no crediting rates for the 3, 5 or 10 year periods.

Note: The figures above are after allowance for tax and investment management expenses. Past returns are no guarantee of future returns. The Personal Account Balance and Commonwealth Government Co-contributions Account portion of a SASS member's benefit or the benefit of a Deferred SASS member is not guaranteed and the value of such accounts can go up or down with investment returns. SASS members are encouraged to seek professional advice before selecting an investment strategy to suit their personal circumstances.

INVESTMENT EXPENSES

Investment management expenses include funds management fees, custodial fees and the costs of managing the investment portfolio. These expenses are deducted from investment earnings, before the crediting rates are determined.

Investment Expenses as a % of Average Total Assets					
Year Ended 30 June	Growth	Balanced	Conservative Growth	Cash	
	% pa	% pa	% pa	% pa	% pa
2001	0.25				
2002	0.27				
2003	0.22				
2004	0.31	0.19*	0.18*	0.11*	
2005	0.29	0.20	0.22	0.12	

These strategies were introduced in December 2003.

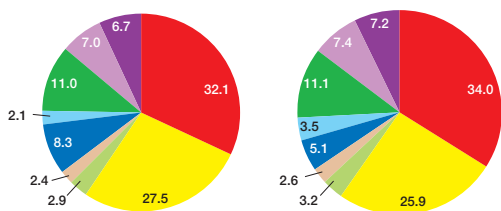
* Annualised for the 7 months from 1 December 2003 to 30 June 2004.

How is the Pooled Fund invested?

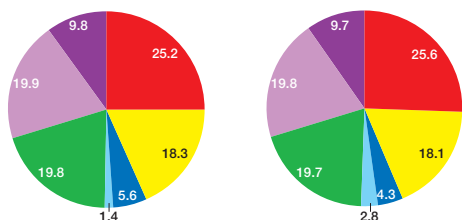
The Strategic Asset Allocation is the percentage of Growth assets and Income assets for each investment strategy. The proportions allocated to each strategy remain within a margin of plus or minus 5% of the percentages shown. However, the allocation to the asset sectors that make up these broader categories may change. The Fund's asset allocations are reviewed formally at least once a year and are constantly monitored throughout the year.

Actual Asset Allocation as at 30 June 2004 as at 30 June 2005

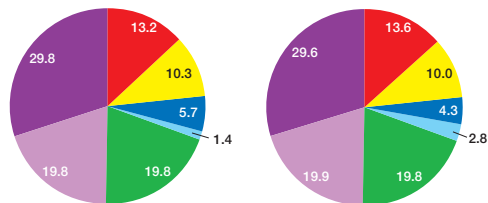
Growth Strategy



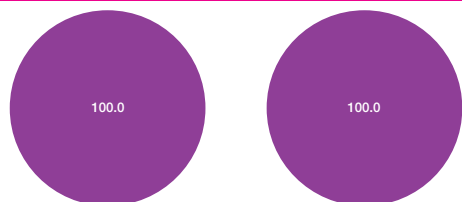
Balanced Strategy



Conservative Growth Strategy



Cash Strategy



Strategic Asset Allocation & Investment Objectives

Strategic asset allocation: 74.5% growth assets, 25.5% income assets.

Investment objectives:

Long term - to exceed the CPI plus 4.5% pa. over rolling 10 year periods.

Short term - to earn returns over rolling 3 year periods which rank in the top half of the Intech* Growth Super Survey.

Likelihood of a negative return: 2 in 8 years.

*Intech Asset Consulting Pty Ltd, an asset consulting firm which publishes surveys of the investment performance of superannuation fund managers.

Strategic asset allocation: 50% growth assets, 50% income assets.

Investment objective: to exceed the CPI plus 3.0% pa. over rolling 7 year periods.

Likelihood of a negative return: 2 in 12 years.

Strategic asset allocation: 30% growth assets, 70% income assets.

Investment objective: to exceed the CPI plus 2.0% pa. over rolling 4 year periods.

Likelihood of a negative return: 1 in 9 years.

Strategic asset allocation: 0% growth assets, 100% income assets.

Investment objective: to exceed the CPI plus 1.5% pa. over rolling 3 year periods.

Likelihood of a negative return: N/A

Note: The return objectives for the various investment strategies are expected to be earned with reasonable likelihood over the rolling periods specified. However, annual returns may be volatile and negative returns may occur in consecutive years. The above indicative likelihood of negative returns has been determined over a number of years.

Legend

- Australian Equities
- International Equities
- Unlisted Equities
- Mature Infrastructure

- Direct Property
- Listed Property Trusts
- Australian Fixed Interest
- International Fixed Interest
- Cash

Note:

Growth assets include shares, property and 50% of mature infrastructure assets.

Income assets include cash deposits, fixed interest securities and 50% of mature infrastructure assets.

How is the Pooled Fund managed?

Investment managers

All of the Pooled Fund's assets are managed by external fund managers who are appointed by the Trustee Board, on the advice of the asset consultant. The performance of the various fund managers is monitored throughout the year and managers may be added or replaced. At 30 June 2005, the Fund's investment managers were:

Australian Shares

AMP Capital Investors Limited
Barclays Global Investors Australia Limited
Deutsche Asset Management (Australia) Limited
GMO Australia Limited
Macquarie Investment Management Limited
Maple-Brown Abbott Limited
New South Wales Treasury Corporation
Perennial Value Management Limited
Perpetual Investment Management Limited
State Street Global Advisors, Australia, Limited
UBS Global Asset Management (Australia) Ltd

International Shares

BIAM Australia Pty Limited
Capital International, Inc.
Fidelity International Limited
New South Wales Treasury Corporation
State Street Global Advisors, Australia, Limited
Wellington Management Company LLP

Alternative Assets

Deutsche Asset Management (Australia) Limited

Property

DB RREEF Funds Management Limited
Vanguard Investments Australia Ltd

Australian Fixed Interest

Deutsche Asset Management (Australia) Limited
State Street Global Advisors, Australia, Limited

International Fixed Interest

State Street Global Advisors, Australia, Limited

Cash

State Street Global Advisors, Australia, Limited

Investment Reserves

The Trustee Board has determined that investment earnings will not be placed in an investment reserve. Consequently, all available investment earnings or losses, after providing for tax and investment expenses, are distributed to employers and members, based on a crediting rate which is determined monthly. Members exiting the Pooled Fund Schemes receive a daily crediting rate applicable since the last monthly rate was struck.

Derivatives

Derivatives, including futures and options, can be used by the Pooled Fund investment managers. However, the investment mandates clearly state that derivatives may only be used to facilitate efficient cash flow management or to hedge the portfolio against adverse market movements and cannot be used for speculative purposes or gearing the investment portfolio. During the year to 30 June 2005, the managers made limited use of derivatives.

Hedging

The Trustee Board's policy in regard to currency hedging as at 30 June 2005 is:

- international fixed interest: 100% hedged into Australian dollars.
- international equities: 25% hedged into Australian dollars, increasing to 30% during the 2005–06 financial year.
- international mature infrastructure: 100% hedged into Australian dollars.

Custodian

The Trustee Board has appointed JPMorgan Investor Services as custodian to hold the Pooled Fund's assets. In addition, the custodian values the Fund daily and monitors each investment manager's daily activity to ensure compliance with their investment mandate.

Large investments

During the year, there was no individual investment directly held by the Pooled Fund that exceeded 5% of the Pooled Fund's total investments.

However, the Pooled Fund held 5.5% of the Fund's total investments in the Emerging Managers Trust (managed by New South Wales Treasury Corporation), an unlisted unit trust, which engages a range of managers to manage Australian Share portfolios.

PASSIVE REBALANCING

The Pooled Fund passively rebalances the tradeable asset classes in the portfolio in a disciplined manner. Each day, after the portfolio is valued, the index manager, State Street Global Advisors, Australia, Limited reviews the asset allocation for each strategy. If a sector has deviated outside a set range relative to the target allocation, the manager reallocates funds between sectors to return allocations within the agreed range. This rebalancing process may involve the use of futures or derivatives.

Your Schemes at a glance

THE POOLED FUND (THE FUND)

STC holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS).
- State Superannuation Scheme (SSS).
- Police Superannuation Scheme (PSS).
- State Authorities Non-contributory Superannuation Scheme (SANCS).

BENEFITS

The amount of a member's benefit in a Scheme is mainly based on a multiple of their salary and years of membership. SASS also has an accumulation component — a benefit based on an accumulation of the member's contributions and interest, less applicable fees and insurance premiums.

Members of SASS, SSS and PSS pay contributions by way of an after tax payroll deduction. The SANCS benefit (apart from the Commonwealth Government Co-contributions Account) is fully employer financed.

SASS is a lump sum Scheme, however a limited number of members have a pension option. On retirement, SSS and PSS members gain access to a pension, with lump sum options.

COMPLIANCE

The Pooled Fund is an exempt public sector superannuation scheme under the Commonwealth *Superannuation Industry (Supervision) Act 1993* (SIS). The SIS Legislation treats exempt public sector superannuation funds as complying funds for concessional taxation and superannuation guarantee purposes.

In May 1996, the NSW Premier and Commonwealth Treasurer signed a Heads of Government Agreement. Under that Agreement, the NSW Government undertakes to ensure that the Pooled Fund Schemes will conform with the principles of the Commonwealth's retirement incomes policy relating to preservation, vesting and reporting to members and that members' benefits are adequately protected.

Amendments made to the Pooled Fund legislation in March 2004 enable the NSW Government to prudentially monitor and audit the Pooled Fund and the Trustee Board activities in a manner consistent with the prudential controls of the SIS legislation. These provisions are in addition to other legislative obligations on the Trustee Board and internal processes that monitor the Trustee Board's adherence to the principles of the Commonwealth's retirement incomes policy.

FEES

Schemes within the Pooled Fund have different management fees and charges. A substantial part of these fees and charges is paid by employers participating in each Scheme. Any fees and charges paid by members are deducted monthly from their accounts and are shown on their Annual Benefit Statement.

SCHEME MEMBER	MEMBER FEES AND CHARGES
SASS members.	\$45 pa.
Deferred SASS members.	\$45 pa. plus \$20 pa. where a member also has a Deferred SANCS account.
Deferred SSS or PSS members.	\$20 pa. where a member also has a Deferred SANCS account.
SASS and Deferred SASS members switching between investment strategies.	1 st switch in financial year is free. Each subsequent switch has a fee of \$25.
Spouse/Pooled Fund member requesting Family Law information.	\$275 (including GST): SASS, SSS and PSS members. \$110 (including GST): Deferred Benefit and Pensioner members.
Splitting a benefit for Family Law purposes — Pooled Fund member and spouse share the cost.	\$88 (including GST): half is deducted from the benefit of each spouse at the time of the benefit split.

Changes to your Scheme

The *Superannuation Legislation Amendment Act 2005* (proclaimed to commence on 8 July 2005) included a number of changes to the Scheme legislation.

POST EXIT SURCHARGE ASSESSMENTS

Regulations have been introduced to allow members of the Pooled Fund Schemes to have surcharge assessments which are received after date of exit from the Scheme measured against the surcharge cap. The surcharge cap is the maximum amount of surcharge that an individual member is required to pay personally. A member may choose to reduce their pension to pay this amount. The balance is paid by the employer.

ANTI-DETRIMENT PROVISIONS FOR DEATH BENEFITS

Where a death benefit is paid to a dependant, Commonwealth tax laws permit the contributions tax to be waived. Amendments to the Scheme rules allow the anti-detriment provisions to apply to deferred benefits, as the deferred benefit has already been reduced to offset the 15% tax on employer contributions. To the extent that a tax deduction is allowed to the Pooled Fund, the death benefit will be increased by the amount of tax credit available.

SSS INVALIDITY PENSIONS

Amendments to the *Superannuation Act 1916* allow an invalidity pensioner who has attained age 55 years to elect to take their pension as a pension for life. (This effectively means that the pensioner gives up any right to a commute the pension.) Once a pensioner is granted a pension for life, the provisions of the Act, which permit a pension to cease if the pensioner is recalled to employment service, do not apply.

FAMILY LAW PROVISIONS

On 28 December 2002, Commonwealth legislation took effect allowing superannuation interests to be divided following the breakdown of a marriage. Commonwealth legislation provides the basis for valuing a member's superannuation entitlement for this purpose. On review of the Commonwealth's valuation methods for determining the value of a superannuation interest, the Trustee Board considered that these were inconsistent with the benefit design of the Pooled Fund Schemes. As a consequence the Trustee Board has applied to the Commonwealth Attorney General seeking approval for alternative valuation methods to be adopted for SASS, SSS, PSS and SANCS.

It should be noted that for current Family Law requests for information, information as required under the Commonwealth legislation is provided to the parties so that a valuation of the interest can be determined by the parties. This valuation is currently based on the valuation methods specified by the Commonwealth legislation.

However, once the alternative valuation methods are approved by the Commonwealth Attorney General, new Family Law provisions will be legislated for the Pooled Fund Schemes and future requests for information will include a value of the interest in accordance with these changes.

Super surcharge amendments

The Commonwealth Government has recently passed legislation to remove the superannuation contributions surcharge tax. Effective from 1 July 2005, the surcharge will not be payable on employer superannuation contributions made, or employer termination payments received after this date.

However, it is important that you note the following:

- **Surcharge Debt at 30 June 2005**

If you had a surcharge debt prior to 30 June 2005, that debt will remain in your Scheme and will **continue to accrue interest** until the debt is paid. (Your 2004–05 Annual Benefit Statement shows your outstanding surcharge debt at 30 June 2005.)

- **Post 30 June 2005 surcharge assessments**

The Australian Taxation Office will continue to issue surcharge assessment notices for the 2004–05 year and for prior financial years from the 1996–97 year. If you receive any future surcharge assessments these will be applied to your debt account as appropriate.

- **Interest on outstanding debt**

Your surcharge debt will continue to accrue interest at the Commonwealth 10 year Treasury bond rate until the debt is paid. The 30 June 2005 bond rate was 5.11%.

- **Voluntary payments made to reduce debt**

Payments to reduce your surcharge debt may be forwarded to the scheme administrator at any time. The administrator is then required to adjust the outstanding amount accordingly.

- **Surcharge Cap**

Scheme legislation requires that the maximum amount deducted from your benefit for surcharge purposes is limited to a percentage of the post 20 August 1996 share of your employer-financed benefit. The percentage rate that will apply is based on the maximum surcharge rates set by the Commonwealth Government. These are 15% to 30 June 2003, reducing to 14.5% to 30 June 2004 and 12.5% to 30 June 2005. If all or part of the assessment exceeds your surcharge cap, the excess amount is paid from the relevant scheme employer reserve.

For more information about surcharge, please see the Fact Sheet STC 1 – *Information about the Commonwealth contributions surcharge tax*.

Overview of the Commonwealth Government's Co-contributions

The superannuation Co-contribution is a payment made by the Commonwealth Government to match certain personal contributions paid to a superannuation fund from 1 July 2003. Personal contributions include after tax payments made to a superannuation fund, such as employee contributions to SASS, SSS and PSS. Contributions made by a spouse and salary sacrifice contributions do not qualify as eligible contributions for Co-contribution purposes.

AM I ELIGIBLE TO RECEIVE THE CO-CONTRIBUTION?

If you were eligible to receive a Co-contribution payment in the 2003–04 financial year, you would have been notified by the Australian Taxation Office (ATO) of the applicable amount during the 30 June 2005 financial year.

Generally, the Commonwealth Government's Co-contribution will be payable for a financial year if you meet **all** of the following conditions:

- you make personal superannuation contributions from your *after tax* income during a financial year, and
- your total income* for the 2004–05 financial year was less than \$58,000**, and
- at least 10% of your total income* is attributable to employment, and
- you lodge an income tax return for the financial year, and
- you are less than 71 years of age at the end of the financial year, and
- you did not hold a temporary resident visa at any time during the year.

*Total income means assessable income plus reportable fringe benefits.

**Subject to indexation from 2007–08.

WHERE IS MY CO-CONTRIBUTION PAID TO?

Unless you have nominated a particular superannuation fund, the ATO will forward the Co-contribution amount to the superannuation fund where you made your personal contributions.

Co-contribution payments received in respect of SASS, SSS and PSS members, will be treated as undeducted contributions (i.e. contributions tax is not payable) and will be deposited to a Co-contribution account in SANCS. Details of Co-contribution payments received on your behalf have been included on your 2004–05 Annual Benefit Statement.

HOW IS THE CO-CONTRIBUTION CALCULATED?

The ATO will determine the applicable Co-contribution amount on the basis of your income tax return and the information that is provided by your superannuation fund.

For years ended 30 June 2005 and later:

- The Co-contribution is \$1.50 for every \$1 of personal contributions made in a financial year (subject to the maximum Co-contribution available).
- For annual incomes up to \$28,000**, the maximum Co-contribution for the 2004–05 and later years is \$1,500.
- For incomes above \$28,000**, the maximum (\$1,500) reduces by 5 cents for each dollar of income above \$28,000, so that it phases out completely at \$58,000**.

**Subject to indexation from 2007–08.

WHEN CAN I ACCESS THE CO-CONTRIBUTION PAYMENT?

Co-contribution payments are required to be preserved until you reach your preservation age (i.e. between ages 55 and 60) or meet a condition for earlier benefit release. Your Annual Benefit Statement will provide details of the benefit preservation requirements.

What members are asking

SASS – When can I access my super benefit?

The Commonwealth Government's preservation requirements set out when the preserved part of a superannuation benefit is able to be accessed. However, it is important to note that these are the minimum requirements. The rules of individual funds may impose greater restrictions on access to benefits than the Commonwealth requirements. In determining whether access to benefits is available, it is important to consider both the Scheme rules and the Commonwealth requirements together.

Generally, under the Commonwealth Government's requirements, preserved benefits may be accessed when you cease employment after age 60, or permanently retire from the workforce at or after your Preservation Age (i.e. between the ages of 55 and 60). You may also access your benefits from age 65 even if you continue to work.

Preserved benefits may be paid earlier in the event of invalidity or death. Special provisions also exist for payment of part or all of your preserved benefit on the grounds of severe financial hardship or compassionate grounds.

HOW MUCH OF MY BENEFIT IS PRESERVED?

Your Annual Benefit Statement details the preservation components of your current benefits and may include:

- a Preserved amount – this is the amount of your benefit entitlement at the Statement date (including your Basic Benefit and Commonwealth Government Co-contributions) **less** any Restricted and Unrestricted Non-Preserved Amounts.
- a Restricted Non-Preserved amount – this is the contributory benefit you could have received immediately if you had ceased employment on 1 July 1999. This amount remains fixed and is able to be accessed after you leave your current employment or on reaching age 65.
- an Unrestricted Non-Preserved amount – this amount can be accessed at any time and generally results from an earlier cessation of employment. This component will only apply if you are a deferred benefit member.

HOW DO THE COMMONWEALTH GOVERNMENT'S PRESERVATION RULES COMPARE WITH THE SCHEME RULES?

Under the Commonwealth Government's preservation rules, the earliest age at which retirement benefits become available is age 55. For those born after 30 June 1960, your Preservation Age gradually increases on a sliding scale from age 55 to 60.

The Scheme rules specify the ages at which retirement benefits are payable and the type of benefit you are entitled to in the event of your early retirement. The earliest age at which retirement benefits become payable for SASS members is age 58. However, some members who were transferred from other closed schemes may be eligible for a retirement benefit on leaving employment from age 55. Your Scheme eligible retirement age (i.e. age 55 or 58) is shown on your Annual Benefit Statement.

WHEN CAN I ACCESS MY SASS RETIREMENT BENEFIT?

- If you are **under age 55 and cease employment**, you are only able to access the Restricted Non-Preserved portion and the Unrestricted Non-Preserved portion of your benefit. However, under the Scheme rules, if you access the Non-Preserved part of your benefit, the Preserved portion of your benefit cannot remain in SASS and must be rolled over to another superannuation facility. As an alternative to withdrawing your benefit immediately from the Scheme, you may choose to defer your entitlement until payment at age 58.
- If you are **between 55 and 58 years and cease employment**, you are unable to access the SASS retirement benefit even though you may have reached your Preservation Age. The rules outlined above apply to the Non-Preserved portion of your benefit.
- If you are **over age 58 and cease employment**, you can access your full benefit entitlement. However, in accordance with the Commonwealth government's preservation requirements, you will also need to be permanently retired if you are still under age 60.

Note: The above scenarios assume your eligible Scheme retirement age is 58. You might want to seek professional financial advice before making a decision to access your benefit.

For more information, please refer to Fact Sheet STC 4 – *When can I be paid my superannuation benefit?*

What members are asking

SSS – When can I exchange my pension for a lump sum?

The SSS legislation includes strict timeframes within which you can elect to exchange (i.e. commute) all or part of your pension for a lump sum. These are dependent on **your age at the time your pension commences**.

It is important to note that you can only make **one** election to exchange your pension for a lump sum. Child or student pensions payable on the death of a member **cannot** be exchanged for a lump sum.

However, before you decide whether to commute all or part of your pension, you might want to seek professional financial advice.

Pension commencement date	Timeframe to submit an election	Earliest date of lump sum payment
< age 55 (i.e. applies only to retrenchment, invalidity, and spouse or de facto partner pensions)	(i) at any time between age 54 years and 6 months and 55 years and 6 months. OR (ii) if you do not apply during the period specified in (i), at any time between age 59 years and 6 months and 60 years and 6 months.	If your application is submitted within 6 months <i>before</i> you reach age 55 or 60, the earliest the lump sum is payable is on your 55 th or 60 th birthday.* If your application is submitted within 6 months <i>after</i> age 55 or 60, the lump sum is payable on the date of the receipt of your application.*
≥ age 55 to age 60 (i.e. applies to all pensions including spouse or de facto partner pensions)	(i) at any time in the 6 months immediately before or after your pension commences. OR (ii) if you do not apply during the period specified in (i), at any time between age 59 years and 6 months and 60 years and 6 months.	If your application is submitted within 6 months <i>before</i> your specified employment cessation date, the lump sum is payable on the employment cessation date.* If your application is submitted within 6 months <i>after</i> your specified employment cessation date, the lump sum is payable on the date of the receipt of your application.*
≥ age 60 (i.e. applies to all pensions including spouse or de facto partner pensions)	at any time in the 6 months immediately before or after your pension commences. Note: If you do not apply during the period specified above, there is no further opportunity to commute.	If your application is submitted within 6 months <i>before</i> your specified employment cessation date, the lump sum is payable on the employment cessation date.* If your application is submitted within 6 months <i>after</i> your specified employment cessation date, the lump sum is payable on the date of the receipt of your application.*

* You may nominate a specific date for the lump sum to be paid, provided it is on or *after* the earliest date of the lump sum payment and is *within 13 months* of the date on which you are eligible to receive a lump sum payment.

What members are asking

SSS – When can I exchange my pension for a lump sum? *continued*

CAN I RECEIVE MY LUMP SUM IN TWO PARTS?

You may request your lump sum payment to be made in two amounts on two separate dates. However, at the time you make your election, you must nominate the dates on which both payments are to occur. These dates must be within *13 months* of the date on which you are eligible to receive a lump sum payment.

AM I ABLE TO CANCEL OR CHANGE MY LUMP SUM ELECTION?

Generally, you are able to cancel or change your election *before* the lump sum is paid. However, if your request to amend the original election is received *after* the election period has expired, you will be required to provide evidence satisfactory to the Trustee that you are in good health.

An election to commute will be **cancelled automatically** if:

1. you die before the date on which your election is to take effect; or
2. you do not cease employment within 12 months after:
 - (a) reaching age 55, if you made an election *before* your 55th birthday, or
 - (b) the date you made your election, if you made an election on or *after* your 55th birthday.

HOW IS THE LUMP SUM CALCULATED?

The amount of fortnightly pension you elect to commute is multiplied by a factor to calculate the lump sum payable to you. This factor is dependent on your age at the date of commutation. At age 55 precisely, the lump sum factor is \$285 for each \$1 of fortnightly pension commuted. This factor reduces progressively to \$250 for each \$1 of fortnightly pension commuted at age 60.

HOW WOULD MY SPOUSE OR DE FACTO PARTNER'S POTENTIAL BENEFIT BE AFFECTED?

Although your pension is reduced by the amount of pension commuted, this does not affect the pension your spouse or de facto partner may be entitled to if you die before them. The spouse or de facto partner's pension is two-thirds of the full pension that you would have been eligible to receive at date of death.

A spouse or de facto partner's pension can be commuted to a lump sum on the same terms as a member's pension.

ARE THERE ANY OTHER CONDITIONS THAT MAY IMPACT MY DECISION TO COMMUTE?

The commutation rules are more complex if:

1. you apply to have your pension treated as a 'complying pension' for Reasonable Benefit Limit purposes;
2. you cease your current employment before age 60 but are not permanently retired from the workforce;
3. you intend to commute a portion of your pension to a lump sum to pay for outstanding debt amounts. Member debts may arise from surcharge tax assessments, Family Law splits, the previous early release of benefits on financial hardship or compassionate grounds, or contribution arrears.

HOW DO I OBTAIN MORE INFORMATION?

Further information can be obtained by contacting Customer Service. Alternatively, you may refer to the SSS Fact Sheet 14 – *Exchanging your pension for a lump sum* which is available on the State Super website.

New Statement layout — SASS, SSS and PSS

SASS, SSS and PSS Annual Statement 2005

STATE SUPER SAS Trustee Corporation

Member Name: Alan Brian Sample
 Mr Alan B Sample
 1 Denham St
 STONEY HOOK, NSW 2008

Member number/Number: 6397009

This is a Statement of your benefit entitlements with the SAS Trustee Corporation. You should read your Statement with the enclosed explanatory notes and Warnings. All information provided is as at statement date unless otherwise specified. If you do not understand some of the information in your statement or think there is an error, please contact Customer Service.

PERSONAL DETAILS

Date of Birth: xx/xx/xxxx
 Scheme Entry Date: xx/xx/xxxx
 Tax File Number Field: Yes/No
 Final Average Salary: \$xx,xxx.xx

ACCOUNT DETAILS

	Personal	Commonwealth Government Co-Contributions
Balance at 30 June 2004	\$ 99,999.99	\$ 99,999.99
Contributions	\$ 99,999.99	\$ 99,999.99
Investment earnings	\$ 99,999.99	\$ 99,999.99
Management charges	\$ 0.00	N/A
Balance at 30 June 2005	\$ 99,999.99	\$ 99,999.99

	Family Law Split	Early Release Debt	Surcharge Debt
Balance at 30 June 2004	\$ -99,999.99	\$ 99,999.99	\$ -99,999.99
Surcharge for amount deducted this year	N/A	N/A	\$ -99,999.99
Employment received	N/A	N/A	\$ 99,999.99
Early release amount paid	N/A	\$ -99,999.99	N/A
Family Law Split	\$ -99,999.99	N/A	N/A
Interest adjustment this year	\$ -99,999.99	\$ 99,999.99	\$ -99,999.99
Balance at 30 June 2005	\$ -99,999.99	\$ 99,999.99	\$ -99,999.99

Each year, you are provided with an Annual Benefit Statement that summarises your entitlements in the Scheme. Your Statement is an important document and should be read in conjunction with the enclosed **Explanatory Notes**.

This year, you will notice a major redesign of the Statement layout. These changes have been introduced to make it easier for you to read.

1. Personal Details

This section has been expanded to advise you of the personal information we have recorded. If any of the personal details information is incorrect or missing, it is essential that you advise Customer Service as it forms the basis for the calculation of your benefit entitlements. Alternatively, you may

update your personal information via the website.

2. Commonwealth Government Co-contributions

One of the main changes to the Statement layout is the addition of the Commonwealth Government Co-contributions account.

If a Co-contribution is received on your behalf, the amount will be credited to a Co-contribution account in SANCS.

Any adjustment or refund amount that has been requested by the Australian Taxation Office will also be included in this section. As Co-contribution amounts are required to be preserved, the outstanding balance will be paid to you when you exit the Scheme.

3. Investment Earnings

The Personal Account Balance and Co-contribution account of SASS contributing members and the whole benefit of deferred SASS members are directly affected by the Fund's investment performance. SASS members have access to four investment strategies. Details of the investment performance of the applicable investment strategy will be included on the first page of the Statement.

All moneys received in respect of SSS and PSS members are invested in the Growth investment strategy.

Investment earnings applied in respect of the Basic Benefit, Co-contributions and superannuation guarantee amounts for members of *all* Schemes are subject to the Growth investment strategy.

New Statement layout — Deferred Benefits

Deferred Benefit Annual Statement 2005
STATE SUPER SAS Trustee Corporation

Member Name: Mr Alan B Sample
Member Number: 000000

This is a Statement of your benefit which is currently deferred with the SAS Trustee Corporation. You should read your Statement with the enclosed explanatory notes and Minutes. If you do not understand some of the information on your statement or think there is an error, please contact Customer Service.

PERSONAL DETAILS

Date of Birth: 04/02/1950 Tax File Number (ATF): Yes/No
Date of Deferral: 04/02/2000

ACCOUNT DETAILS

	Deferred Lump Sum	Immediate Lump Sum	Basic Benefit	Commonwealth Government Co-contributions
		\$	\$	\$
Balance at 30/06/2005	10,000.00	10,000.00	10,000.00	10,000.00
Contributions				10,000.00
Investment earnings to statement date	10,000.00	10,000.00	10,000.00	10,000.00
Management charge rebate	10.00	0.00	0.00	N/A
Account adjustment	0.00	0.00	0.00	N/A
Early release amount paid	10,000.00	10,000.00	10,000.00	10,000.00
Management charge	-10.00	-0.00	-0.00	N/A
Balance at 30 June 2005	10,000.00	10,000.00	10,000.00	10,000.00
			Family Law Split	Surcharge Debt
Balance at 30/06/2005			-10,000.00	-10,000.00
Surcharge for amounts subject to your agreement			10.00	-10,000.00
Agreement interest			10.00	10,000.00
Family law split			-10,000.00	N/A
Interest adjustment this year			-10,000.00	-10,000.00
Balance at 30 June 2005			-10,000.00	-10,000.00

Also included on the front page are the 'Family Law Split,' 'Early release' and 'Surcharge' debt accounts.

4. Family Law Split

If your account is subject to a benefit payment split within the requirements of the Family Law Act, details of it will be shown here.

The applicable 'splittable payment' amount will be calculated in accordance with the payment splitting arrangements specified in the court order or superannuation agreement. The information will either be shown as a base amount or a percentage.

5. Early Release debt

Benefits that have been approved and paid on compassionate or severe financial hardship grounds will be shown in the Account Details section of the Statement.

6. Surcharge Debt

If you have a Commonwealth Government contributions surcharge tax liability, it will be shown here along with details of ATO adjustments, payments made and interest accrued on the outstanding balance.

The balance of any debt account (plus interest) will be deducted from any benefit entitlement that is eventually paid from the Scheme.

The **Benefits** sections of your Statement will include details of benefits payable in the event of resignation, retirement, retrenchment, dismissal or ill health, along with information on the **preservation components**. These are included in the subsequent pages of your Statement.

All benefits shown are subject to the Commonwealth's income tax and benefit payment requirements and will take into account any debt account that you may have (unless otherwise indicated).

The benefits payable will be determined strictly in accordance with the governing legislation that is applicable to the Scheme you're in.

What information is available?



WRITTEN INFORMATION

Details about the rules of each of the Pooled Fund Schemes and more detail about the information provided in this Report are provided through a series of Fact Sheets. For copies, either visit the website or contact Customer Service (see outside back cover for details).

PERSONAL INTERVIEW SERVICE

Please see the outside back cover for details about locations where free personal interviews are conducted.

PRE-RETIREMENT SEMINARS

Regular pre-retirement seminars are conducted throughout NSW. For details contact Valerie on (02) 9238 5930 or email stcseminars@statesuper.nsw.gov.au to make a booking or enquiry.

VISIT THE WEB

www.statesuper.nsw.gov.au

Information about your Scheme.

See the Fact Sheets.

Advise a change of address on the web or by mail.

FREEDOM OF INFORMATION (FOI)

Every effort is made to meet the reasonable expectations of members seeking information. At times, however, information of a confidential or sensitive nature may require an application under the *Freedom of Information Act 1989*. Please contact Customer Service (see outside back cover for details) to confirm that no other avenue for gaining information exists before deciding to apply under FOI.

PRIVACY

As a NSW Government body, the Trustee Board must comply with relevant legislation, including the *Privacy and Personal Information Protection Act 1998* (the Privacy Act) and, from 1 September 2004, the *Health Records and Information Privacy Act 2002* (HRIP Act).

The Trustee Corporation has developed a *Privacy Management Plan* (Plan) and, with the assistance of the scheme administrator, has implemented the policies and procedures set out in the Plan. A Privacy Statement is available to members which explains how the Trustee deals with members' personal and health information collected and used in the course of administering the Schemes. For a copy, visit the website or contact Customer Service (see outside back cover for details).

NEED HELP WITH ENGLISH?

For members who need help with the English language, Customer Service can make arrangements for information to be translated through the Government Interpreter Service.

يمكن أن "الخدمة الاستشارية" (Advisory Service) أيضاً تأمين ترجمة خطية للمعلومات للأعضاء الذين يجدون صعوبة باللغة الإنكليزية.

會員如果閱讀英語有困難，諮詢服務部可安排發放資料的譯本。

Per i contribuenti che hanno difficoltà nel comprendere l'inglese il servizio clienti può provvedere alla traduzione dei dati informativi.

Για τα Μέλη που δυσκολεύονται στα αγγλικά, η Υπηρεσία Πελατών μπορεί να κανονίσει για τη μετάφραση των πληροφοριών.

Đối với các thành viên gặp khó khăn về Anh ngữ, Dịch vụ Tư Vấn (Advisory Service) có thể giúp thu xếp để họ nhận được bản dịch tin tức.

KEEPING IN CONTACT WITH MEMBERS

The Trustee Board must ensure that its records of members' personal details are up to date and accurate. To achieve these aims, it may be necessary to disclose members' personal information to third parties. The Trustee Board takes steps to ensure that there is no unauthorised use or disclosure of members' information by those third parties. For more information on how members' information is protected, please visit the website, www.statesuper.nsw.gov.au

Financial reports

at 30 June 2005



To keep you informed about the financial position of your Fund, the following tables provide abridged financial information about the Pooled Fund's operations for the last 2 accounting periods to 30 June 2005. The financial report for the Pooled Fund for the year to 30 June 2005 has been audited by the Auditor-General of New South Wales. The audited financial report and the unqualified Auditor-General's report are available on request after they have been tabled in the NSW Parliament.

Statement of Net Assets			Statement of Changes in Net Assets		
	2005	2004		2005	2004
	\$m	\$m		\$m	\$m
Investments			Net Assets Available to Pay Benefits at Beginning of Financial Year	24,215.2	22,305.5
Short Term Securities	2,291.7	2,463.8	Investment Revenue		
Australian Fixed Interest	3,131.5	2,948.3	Short Term Securities	14.2	11.9
Australian Equities	10,808.4	8,887.6	Australian Fixed Interest	180.9	185.8
International Investments	7,525.3	7,477.0	Australian Equities	553.0	371.1
Property	2,223.3	2,454.3	International Investments	219.3	164.1
Total Investments	25,980.2	24,231.0	Property	187.0	238.0
Other Assets				1,154.4	970.9
Cash	3.4	(4.2)	Changes in Net Market Values	2,199.1	2,280.1
Receivables	242.8	219.3	Total Investment Revenue	3,353.5	3,251.0
Plant and Equipment	0.1	0.2	Investment Expenses	(59.4)	(65.9)
Sundry Assets	15.7	15.7	Net Investment Revenue	3,294.1	3,185.1
Tax Assets	58.6	113.9	Contribution Revenue		
Total Other Assets	320.6	344.9	Employer Contributions	331.5	325.9
Total Assets	26,300.8	24,575.9	Member Contributions	494.6	473.5
			Scheme Mobility Transfer	(7.6)	(0.3)
Less:					
Liabilities			Total Contribution Revenue	818.5	799.1
Payables	247.3	227.2	Other Revenue	3.9	1.7
Reserve Units	4.7	4.8			
Deferred Tax	147.8	128.7	Total Revenue	4,116.5	3,985.9
Total Liabilities	399.8	360.7			
Net Assets			Benefits Paid	(2,398.0)	(2,038.0)
Available to Pay Benefits	25,901.0	24,215.2	Superannuation Contributions Surcharge	(14.3)	(14.1)
			Scheme Administration Expenses	(34.8)	(36.5)
			Other Expenses	(1.3)	(1.5)
Comprising:			Total Expenses	(2,448.4)	(2,090.1)
Member Reserves	8,811.0	8,256.4			
Employer Reserves	15,899.8	14,915.6	Change in Net Assets Before		
Death or Invalidity Reserves	16.8	13.8	Income Tax	1,668.1	1,895.8
Deferred Benefit Reserves	1,173.4	1,029.4	Income Tax Benefit	17.7	13.9
Net Assets Available to Pay Benefits	25,901.0	24,215.2			
			Change in Net Assets Available to Pay Benefits After Income Tax	1,685.8	1,909.7
			Net Assets Available to Pay Benefits at End of Financial Year	25,901.0	24,215.2

How to contact State Super



ABN: 29 239 066 746



ABN: 80 976 223 967

CUSTOMER SERVICE

8.30 am to 5.30 pm, Monday to Friday for the cost of a local call (except from a mobile or pay phone)

State Authorities Superannuation Scheme (SASS)	1300 130 095
State Superannuation Scheme (SSS)	1300 130 096
Police Superannuation Scheme (PSS)	1300 130 097
Pensioners	1300 652 113
Deferred Benefits	1300 130 094

PERSONAL INTERVIEW SERVICE

For an interview appointment in Sydney, call (02) 9238 5540.

You can also arrange interviews at:

Newcastle (telephone: 1800 807 855)

Parramatta (telephone: 1800 626 000)

Port Macquarie (telephone: 1800 676 839)

Wollongong (telephone: 1800 060 166)

FAX SERVICE

(02) 4253 1688

INTERNET

www.statesuper.nsw.gov.au

EMAIL

enquiries@stc.nsw.gov.au

MAILING ADDRESS

For Customer Service and Pillar Administration:
PO Box 1229 Wollongong DC NSW 2500

For SAS Trustee Corporation (the Trustee Board) and the Office of the Full-time Board member:
PO Box N259, Grosvenor Place NSW 1220

COMPLAINTS AND DISPUTES

If you have a question about your account or benefits, initially contact Customer Service. If you are dissatisfied with an administrative action, you may lodge a complaint with the scheme administrator (Pillar Administration).

If you feel you have been unfairly treated or are disadvantaged by a decision of the scheme administrator relating to a benefit entitlement, you may lodge a notice of dispute with the Trustee Board. Send the notice to the **Manager Disputes and Appeals, SAS Trustee Corporation (STC), PO Box N259, Grosvenor Place NSW 1220.**

You may then be requested to clarify certain details relating to your dispute and to provide additional supporting evidence. Your dispute will then be referred to the Trustee's Disputes Committee for consideration.

You will be notified of the outcome of the Disputes Committee review.

If you are dissatisfied with the Trustee Board's review of that decision, you may lodge an appeal with the NSW Industrial Relations Commission (in Court Session) within 6 months of being notified of the outcome of the review, or within a further time allowed by the Commission.

(The Commonwealth Superannuation Complaints Tribunal does not action STC member complaints.)

This document contains general information. In preparing the document, SAS Trustee Corporation (STC) has not taken into account your objectives, financial situation or needs and, because of this, you should consider your personal circumstances and possibly seek professional advice before making any decision that affects your future. To the extent permitted by law, STC, its directors and employees do not warrant the accuracy, reliability or completeness of the information and exclude liability for any decision taken on the basis of information contained in or omitted from this report. STC cannot guarantee any particular rate of return and past investment performance is not a reliable guide to future investment performance.