

# SuperViews

From the office of the  
Employee Representative  
SAS and FSS Trustee  
Corporation Boards



**Sandra Moait**  
Employee representative, FSS Trustee Corporation Board and general secretary of the NSW Nurses' Association



**Ron Davis**  
Employee representative, SAS Trustee Corporation Board and valuation manager with the State Valuation Office

## Many thanks to Beryl Ashe who has recently retired



**B**eryl Ashe retired in December 2001. We would like to thank Beryl on behalf of both the FSS Trustee Corporation (FTC) and the SAS Trustee Corporation (STC) for all her hard work and keen interest in the members of State Super and First State Super.

Beryl's philosophy of helping people, and her strong sense of social justice, has underpinned her entire working life. Her union career began as a delegate within a white goods manufacturing company, and led to the role of Senior Executive Officer of the Labor Council of NSW. She was Chairperson of the Labor Council's Public Sector Superannuation Committee for over 5 years before her appointment to the STC Board. During this time (and continuing during her appointment to STC), Beryl has led or been part of union delegations to the NSW Government on amendments required to public sector superannuation schemes.

Beryl became the full time employee representative on the STC Board in January 1996. She was also a deputy

board member of the FTC Board, a board member of State Super Financial Services Ltd, and a past board member of the Australian Institute of Superannuation Trustees.

Beryl has looked after the interests of members both at the big picture level — by being a Board member — as well as presenting regular seminars in Sydney and throughout NSW. Her commitment and excellence in this role were recognised by the superannuation industry at the Conference of Major Superannuation Funds in 2000, where Beryl was presented with the Trustee of the Year Award. Beryl has regularly travelled to all parts of NSW to give member seminars and answer questions. Feedback from these seminars has been used to provide the topics for *SuperViews* magazine.

Beryl has said, "I have greatly enjoyed my work with the STC Board, the opportunity to discuss superannuation with members, and to provide assistance in resolving member issues.

I really believe it is important to provide forums for people to discuss their concerns and financial futures." Beryl also noted her special concern that "women take an active part in reviewing their financial future, and wherever possible mentor each other in roles they have in business or community interests."

We wish Beryl the very best in her retirement. Thank you, once again Beryl, for all of the help you have given members.

## Frequently asked member questions

*"I'm moving interstate — do I need to leave FSS?"*

If you are moving interstate, you can still leave your super moneys in FSS, even although you will not be able to make further contributions, or continue your insurance cover, if you are not employed by a scheduled NSW Government employer. Your moneys in FSS become a deferred account. This means the amount you have in your account should continue to grow with investment earnings, less fees and charges. You will continue to receive information about your account from FSS, but please remember to let us know your current address!

## | FSS tops \$4 billion!

November 2001 saw First State Super's funds under management (FUM) exceed \$4.0 billion for the first time. As at 31 December 2001 FUM stood at \$4.6 billion, an increase of \$1.1bn or 31.6% since 31 December 2000.

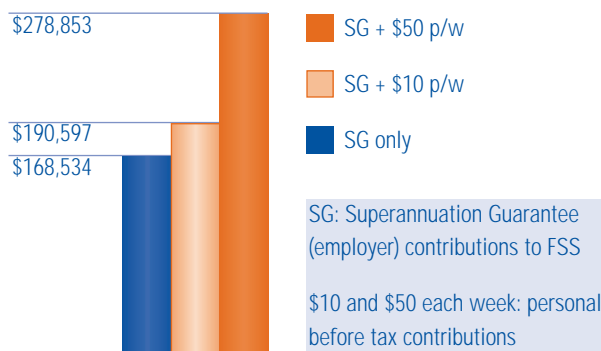
## Welcome to SANCS members transferred to FSS

Over 92,000 members transferred into FSS in December 2001 from SANCS (the State Super Non-contributory Superannuation Scheme). These new members now have the opportunity to select from the 5 investment strategies offered by FSS.

## Pay rise for Public Sector — use some to build your super account

Most NSW public sector employees will receive a pay increase of 3% effective 1 January 2002. For many people this will help reduce credit card debt, or perhaps allow increased saving for a holiday or children's school expenses. But think about putting some extra dollars into your FSS super account. As the graph below shows, an extra \$50 weekly can make a real difference to your super savings.

### An extra weekly contribution makes a difference to your lump sum over 20 years



#### Assumptions

Salary \$40,000 pa. Interest 7% pa (nett)  
Starting Balance \$10,000 Investment term: 20 years  
Superannuation Guarantee (employer) contributions are at 8% throughout period.

Source: State Super

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## | Check the web — look up your account when it suits you

### FSS members [www.firststatesuper.nsw.gov.au](http://www.firststatesuper.nsw.gov.au)

#### You can:

- Look up your account balance.
- Check transactions since your last statement.
- Advise a change of address.
- Take a look at details of our upgraded insurance cover.



#### How to get there:

- 1 Go to [www.firststatesuper.nsw.gov.au](http://www.firststatesuper.nsw.gov.au) and click on *member area*, then click on *access member details*.
- 2 Register for a new password by entering your personal details. You are then allocated a password.
- 3 You can log into your account at any time, once you have a password.

### SASS, SSS and PSS members [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au)

#### You can:

- Look up member details including your current contribution details.
- SASS members — your benefit points and contribution rate.
- SSS members — your current unit status. You can also request a benefit quote.
- See the salary being used to calculate your benefit quote.
- Check the maximum number of benefit points you could take up.
- Advise a change of address.



#### How to get there:

- 1 Go to [www.statesuper.nsw.gov.au](http://www.statesuper.nsw.gov.au) and click on *access member details*.
- 2 Register for a new password by entering your personal details. You are then allocated a password.
- 3 You can log into your account at any time, once you have a password.

## FSS unitisation on the way — reporting investment returns in unit prices

The computer system introduced in 1999, which drives the administration records of FSS, is a unit based system. However, to date, FTC (the Trustee) has not changed from reporting investment returns on a crediting rate basis to a unit price basis.

FTC is now considering a change to reporting investment returns in unit prices:

- This would be consistent with market practice, as all retail unit trusts and master trusts are unitised, and many superannuation funds are going that way.
- Members would be able to track their investment returns easily. By calculating the difference between the unit prices on any two dates, a member can work out the investment

return and compare it with the investment return of another investment trust or the change in the price of a share they are interested in.

Unitisation is simply the most effective way to provide investment return information. There is no change to the way a superannuation scheme is invested or administered. FTC will keep you updated of developments in FSS and unitisation.

## FSS death and invalidity insurance cover upgraded at no extra cost

FSS reappointed Colonial Mutual Life as its insurer in July 2001. Members have been offered a better deal for the same, or lower, cost. The improvements take effect from 1 July 2001.



### What are the improvements?

- If you are aged 50 or more, your insurance cover under the Basic option or the additional unit option has increased by 9%.
- If you have been insured continuously

through FSS for 8 years or more, your basic death benefit cover will be increased by 5%.

- If you become eligible for a total and permanent disability benefit as a result of the permanent loss of use of two limbs or the sight of both eyes or one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot) you will receive an additional benefit equal to 25% of the Basic unit of cover.
- You will be able to apply for up to 4 additional units of cover at \$4.17 per unit each month (previous maximum of 3 at \$5 per unit each month).
- All members — irrespective of their salary level — may apply for a

specified dollar amount of insurance instead of additional units of cover.

- Members can apply for basic and additional Death Only cover at reduced premium rates.
- Death Only cover may also be offered to any member who opts in early (ie. a member whose account balance is less than \$1,000 and who is not a police officer) and who is not accepted by the insurer for total and permanent invalidity insurance.

The information above is subject to terms and conditions. For more information, see the fact sheets on the web at [www.firststatesuper.nsw.gov.au](http://www.firststatesuper.nsw.gov.au) or telephone Customer Service on 1300 650 873.

### Does my employer continue to contribute to FSS when I am on leave?

**Paid leave** If you go on any form of paid leave (eg. annual, long service, parental or sick leave), your employer will continue to pay superannuation guarantee (employer) contributions into FSS.

**Unpaid leave** If you go on any form of unpaid leave (eg. leave without pay or unpaid sick leave), your employer does not make contributions to your super.

### If I am contributing, can I continue while I am on leave?

**Paid leave** If you go on any form of paid leave, your contributions will

continue to be deducted from your salary. You may advise your payroll officer in writing that you wish to either stop or restart contributing at any time.

**Unpaid leave** If you go on any form of unpaid leave and you have been contributing through regular payroll deductions, these contributions will cease while you are on leave.

During your unpaid leave, you can make contributions by completing the *Personal contributions and choice of investment strategy* form (copy available from the web or by telephoning Customer Service on 1300 650 873) and attaching a cheque as a lump sum contribution.

### What happens to my Death or Invalidity insurance while I am on leave?

If you have Death or Invalidity insurance (DORI), cover will continue during paid leave (eg. paid annual, long service, parental or sick leave) as long as salary, superannuation guarantee (employer) contributions and DORI premiums continue to be paid.

DORI cover will continue during periods of approved leave without pay or while you are receiving workers compensation payments provided you advise the administrator and authorise them to continue to pay the premiums on your behalf.

*Disclaimer: The information in this newsletter gives, by necessity, a general interpretation of the issues. Members should also seek advice from the appropriate authority on their individual circumstances before making any decisions which may affect their future.*

**The aim for both FSS and the Pooled Fund\* is to be competitive with other funds with similar risk profiles over 5 year rolling periods, and this has been achieved.**

\* The Pooled Fund comprises the State Authorities Superannuation Scheme, State Superannuation Scheme, State Authorities Non-contributory Superannuation Scheme, Police Superannuation Scheme and Deferred Benefits.

## Net investment returns for periods ended 31 December 2001

|                                  | 6 Months % | 1 Year % | 3 Years % pa | 5 Years % pa |
|----------------------------------|------------|----------|--------------|--------------|
| Pooled Fund                      | -2.0       | 2.0      | 6.9          | 9.4          |
| FSS Fund                         |            |          |              |              |
| High Growth                      | -2.8       | 0.1      | 6.0          | 9.8          |
| Diversified                      | -0.9       | 2.5      | 6.1          | 9.1          |
| Balanced                         | 0.5        | 3.6      | 5.8          | 8.4          |
| Capital Guarded                  | 1.6        | 4.3      | 5.3          | 7.5          |
| Cash Plus                        | 3.5        | 6.1      | 5.5          | 5.1          |
| Average Manager – Asset Weighted |            |          |              |              |
| High Growth                      | -1.5       | 2.6      | 8.3          | 10.0         |
| Growth                           | -0.1       | 4.1      | 7.1          | 9.5          |
| Balanced                         | -0.2       | 2.4      | 6.0          | 8.0          |
| Conservative Growth              | 1.5        | 4.4      | 5.2          | 6.9          |
| CPI (end Sept)                   |            | 2.5      | 3.4          | 2.2          |

Sources: Performance figures for Pooled Fund and FSS : JP Morgan

Average Manager — Asset Weighted figures from Intech Performance Surveys for strategies listed above.

## Market overview

Although investment returns were modest for the year, and disappointing for the 6 months ended 31 December 2001, these figures disguise a major rebound in equity markets around the world during the final quarter of 2001. To put it into perspective, the investment return generated by the average growth fund during the 3 months to 31 December 2001 was 6.7% (compared to -0.1% for the 6 months ended 31 December 2001). The rebound was largely driven by abundant liquidity worldwide and expectations that economic growth would accelerate in 2002.

## Review of FSS investment strategies and Pooled Fund

Looking back at 2001, it was one of those rare years where FSS Cash Plus was the best performing investment strategy within FSS. Over periods of 5 years and longer, the other investment strategies have generated average annual rates of return significantly higher than that of Cash Plus.

In the shorter term the performances of High Growth and Diversified in FSS have

lagged the returns of the respective average managers for those risk profiles. This was partly due to the 50% hedging policy, which has been in place for many years, and partly due to the combination of equity managers under-performing the average sector specialist. Both of these factors had a minimal impact on the Balanced and Capital Guarded investment options, which were highly competitive, compared with their respective average manager.

The market trends described above were also reflected in the Pooled Fund.

The aim for both FSS and the Pooled Fund is to be competitive with other funds with similar risk profiles over 5 year rolling periods, and this has been achieved.

## Looking ahead

The beginning of a new calendar year inspires fund managers and investors to look ahead, and try to forecast market conditions.

Overall, the managers used by FSS and the Pooled Fund expect a mild recovery in growth in calendar 2002 by historical standards. Factors which are likely to constrain the recovery include:

- overspending by some companies, for example telecommunications companies, many of whom purchased networks/spectrums at inflated prices, and
- the current high levels of consumer debt in both the US and Australia. These debt levels mean consumers are holding back on spending, rather than fuelling an economic rebound through buying more.

Inflation is not seen as a problem. On the contrary, some managers are worried about disinflation becoming a powerful force in 2002 as the effects of globalisation and lower oil prices spread through the economies. The possibility of disinflation — steadily falling prices — is a particular concern. When prices fall steadily, consumers will defer all but essential expenditure, thus reducing overall demand and economic activity.

Generally the outlook is benign, barring an escalation in the war on terrorism — but be mindful of the unknown. However, the unknown does not have to be a negative force; perhaps the most unpredictable factor in 2002 would be a positive surprise element, which brings better returns than 2001.