

SuperViews

From the office of the
Employee Representative
SAS Trustee
Corporation Board



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Check your Benefit Statement

By now you should have received your 2008 Benefit Statement and Report to Members in the mail. You should take the time to check your statement to ensure it reflects your circumstances.

You should confirm your:

- date of birth
- salary
- contribution rate
- Scheme entry date (the date you joined your Scheme or your Service Start Date)
- Tax File Number held (you may have supplied it but it may not be recorded correctly on your data file or be a valid TFN according to the ATO)
- Benefit Points (SASS members)
- Eligible Retirement Age (for SSS members this is your normal retirement date of 55 or 60 or Maturity Age for deferred benefit members)
- Date of Deferral (for members with a deferred benefit in their Scheme)

These details affect the calculation of your benefits. If you think something on your statement is not recorded accurately or not quite right, you should contact Customer Service and discuss your concerns with them.

Rough ride on investment markets

No doubt you've heard a lot about the "global financial crisis" and the effect that's having on our economy, let alone superannuation returns.

The defensive investment measures implemented by STC's Investment Committee amid concerns about the investment environment have proved beneficial as detailed in the Investment Update on the back page.

While any loss is unfortunately still a loss, the investment return for the Growth Strategy achieved second quartile performance for the year to 30 September 2008 of minus 11.1%.

At the time of writing, October has been a bad month with little on the horizon indicating the extreme falls and rises we've been experiencing recently will be ending during the short term.

Remember, the STC Growth Strategy is a well constructed, diversified portfolio designed to take advantage of various asset sectors over the longer term. Despite the last 12 months, the Growth Strategy has returned 8.5%pa over the last five years.

I would urge members who are uncertain about the investment strategy that best suits their needs, to contact a professional financial planner for advice.

| SASS Additional Benefit cover

One of the features of SASS is Additional Benefit cover which provides enhanced death benefits as well as providing coverage for the Total and Permanent Invalidation benefit.

Depending on your age and other individual circumstances, Additional Benefit cover can provide a significant boost to death and invalidity entitlements. In the example we've set out below, the death benefit payable with Additional Benefit cover is some 48% higher than the normal SASS death benefit payable.

Your Benefit Statement shows whether you have Additional Benefit cover.

The Additional Benefit on death or Total and Permanent Invalidation essentially makes up for the years a member could have been accruing Benefit Points up to their Eligible Retirement Age* had they not died or become eligible for the Total and Permanent Invalidation benefit. It is based on the Benefit Points a member would have normally accrued by their Eligible Retirement Age based on their Average Contribution Rate at the date of death or total and permanent invalidity.

Once your application for Additional Benefit cover has been approved and coverage starts, it can only cease when you reach your Eligible Retirement Age or when you reach the maximum limit of 180 Accrued Benefit Points.

How is it calculated?

To illustrate how Additional Benefit Cover works we have set out a standard Death Benefit calculation for Harry and the same calculation if he'd had Additional Benefit cover at the date of death.

Harry's personal details are:

Age at date of death:	45
Years of membership:	19
Eligible Retirement Age:	58
Final Average Salary:	\$58,000
Final Salary:	\$59,000
Average contribution rate over his 19 year membership:	7%
Accrued Benefit Points:	114
Balance of Personal Account:	\$117,173
Surcharge Tax Debt or other SASS debts:	Nil
Commonwealth Government Co-contribution:	Nil

* Your Eligible Retirement Age is shown on your Benefit Statement and is age 58 for most SASS members. Some members who transferred into SASS from an earlier scheme retain an Eligible Retirement Age of 55.

Death Benefit payable without Additional Benefit cover:

The full balance of Harry's Personal Account in SASS **\$117,173**

plus

The employer-financed benefit of 2.5% of the **higher** of Final Salary (\$59,000) or Final Average Salary (\$58,000) for each Accrued Benefit Point at the date of death (114), so:

$2.5\% \times \$59,000 \times 114 =$ **\$168,150**

plus

The Basic Benefit equal to 3% of Final Salary (\$59,000) for each year of membership from 1 April 1988 (19 years) as Harry was less than 55 years of age at the date of death, so:

$3\% \times \$59,000 \times 19 =$ **\$33,630**

Total Death Benefit payable: \$318,953

Death Benefit payable with Additional Benefit Cover:

The Additional Benefit is an extra 4% of the higher of Harry's Final Salary or Final Average Salary for each Prospective Benefit Point from the date of death to age 58.

Using Harry's personal details above, we know he was aged 45 and had been contributing to SASS for 19 years at an average 7% a year, accruing the maximum of six Benefit Points a year. Harry had 13 years of prospective membership at the date of death before he would have turned age 58 (ie $58 - 45 = 13$ years' prospective membership).

His Prospective Benefit Points are therefore calculated as:

Six Benefit Points x 13 years = 78 Prospective Benefit Points

Because Harry already had 114 Accrued Benefit Points at the date of death, the 78 Prospective Benefit Points provided by the Additional Benefit cover take his total Benefit Points over the maximum SASS limit of 180.

Therefore Harry's Prospective Benefit Points are capped at 66, making a combined total of 180 Benefit Points (114 Accrued Benefit Points plus 66 Prospective Benefit Points = 180).

The 66 Prospective Benefit Points provided by his Additional Benefit cover are worth 4% of the higher of Harry's Final Average Salary (\$58,000) or Final Salary (\$59,000); so:

$4\% \times \$59,000 \times 66 = \$155,760$

2

Visit us on the web at:

www.statesuper.nsw.gov.au

or phone Customer Service:

SASS 1300 130 95; SSS 1300 130 96; PSS 1300 130 97

Death Benefit payable with Additional Benefit cover:

The full balance of Harry's Personal Account in SASS =	\$117,173
plus	
The employer-financed benefit of 2.5% x \$59,000 x 114 =	\$168,150
plus	
The Basic Benefit of 3% x \$59,000 x 19 =	\$33,630
plus	
The Additional Benefit cover of 4% x \$59,000 x 66 =	\$155,760
Total Death Benefit payable with Additional Benefit cover:	\$474,713

How much does it cost?

Your employer pays 75% of the cost of Additional Benefit cover. The amount you pay is based on your age and the dollar amount of cover as per the table below:

AGE NEXT BIRTHDAY	ANNUAL LEVY RATES PER \$1,000 of Lump Sum \$	AGE NEXT BIRTHDAY	ANNUAL LEVY RATES PER \$1,000 of Lump Sum \$
Up to 25	0.30	42	1.40
26	0.30	43	1.47
27	0.30	44	1.50
28	0.40	45	1.60
29	0.40	46	1.60
30	0.47	47	2.00
31	0.47	48	2.40
32	0.47	49	2.80
33	0.47	50	3.20
34	0.50	51	3.60
35	0.60	52	4.40
36	0.80	53	5.20
37	0.80	54	6.10
38	1.00	55	7.10
39	1.20	56	7.90
40	1.27	57	8.90
41	1.30	58	9.90

A monthly levy is deducted from the Personal Account of those members who have Additional Benefit cover calculated as:

$$\text{Additional Benefit amount} \div 1000 \times \text{rate for age from table} \div 12 \times 0.25$$

Using Harry's details in the example above:

$$\$155,760 \div 1000 \times \$1.60 \div 12 \times 0.25 = \$5.20 \text{ a month}$$

Prior to applying, you can contact Customer Service who can provide a quote on the cost of your Additional Benefit

cover. Your share of the cost of having Additional Benefit cover is deducted from your SASS Personal Account and is shown on your Benefit Statement each year.

How do I apply?

To apply for Additional Benefit cover, download and complete the Application for Additional Benefit cover form from the State Super website or call Customer Service and a form will be sent to you. Once your application for Additional Benefit cover has been approved and coverage starts, it can only stop when you reach your Eligible Retirement Age or when you reach the maximum limit of 180 Accrued Benefit Points.

Note: the examples shown illustrate how the Death Benefit and Additional Benefit cover is calculated. While commonly accepted assumptions have been used, the value of your Personal Account is dependent on your level of contributions, your investment strategy choice and the resultant investment gains or losses achieved during your SASS membership. For further information, you should refer to your own Benefit Statement and to the following Fact Sheets which are available on the website:

SASS Fact Sheet 4: Optional Additional Benefit Cover

SASS Fact Sheet 8: Death Benefit

SASS Fact Sheet 7: Invalidity Retirement Benefit

Keep track of your benefits on the web at:

www.statesuper.nsw.gov.au

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

- Use the Salary Sacrifice calculators to work out what's best for you
- SASS members – check your benefit points and contribution rate
- SSS, PSS and Deferred SSS and PSS – request a quote or benefit estimate
- See the salary used to calculate your benefit estimate
- Look up your last Benefit Statement
- Download Fact Sheets, SuperViews newsletters, forms and the latest investment information

Visit us on the web at:

www.statesuper.nsw.gov.au

or phone Customer Service:

SASS 1300 130 95; SSS 1300 130 96; PSS 1300 130 97

What began a little over a year ago as the sub-prime crisis in the US – heralding the start of a long slide on world stockmarkets – evolved into a global credit freeze as investment banks collapsed and world money markets dried up.

It's fair to say that over the last two months, the world's financial system came close to collapsing. A global rescue package of historical proportions was launched to free up markets and inject funds into the system to keep it going. In the meantime, pessimism reigns with extreme volatility the order of the day:

- oil dropped from \$147 a barrel to \$80 in three months
- the Aussie dollar hit US\$0.98 cents and within three months had fallen to 65 cents
- the US stockmarket moved 900 points in a day
- Iceland was declared bankrupt

The damage done by the sub-prime/credit crunch crisis and the speed with which it unfolded was unprecedented. Central banks and governments around the world were forced to put in place a range of rescue packages valued at more than a trillion US dollars. These monetary and fiscal policy responses will help to solve the crisis, but it will take time before the effects flow through the global financial system to the underlying economies and until that happens confidence is unlikely to return in a meaningful way.

4

From a domestic point of view, Australia's banking system in particular - and the overall economy generally - appears to be in better shape than most other countries. While a global recession may be underway, any recessionary effects in Australia may prove comparatively mild.

Asset Sector Index Returns (before allowance for tax and fees)

To 30/9/ 2008	1 Month %	1 Year %	3 Years % per annum	5 Years % per annum
Australian Shares (S&P/ASX 200)	-9.8	-26.8	4.0	12.4
International Shares (unhedged)	-3.6	-16.7	-0.4	3.9
International Shares (hedged)	-10.8	-25.0	-0.9	5.8
Listed Property Trusts	-5.8	-40.4	-3.5	6.2
Australian Fixed Interest	1.3	8.4	5.5	5.5
International Fixed Interest (hedged)	0.6	9.4	6.2	6.8
Cash	0.6	7.7	6.7	6.2

STC's Investment Performance

The big slides on world stockmarkets have negatively impacted market-linked investments, and State Super has not been immune.

STC's Growth Strategy return for the year to 30 September 2008 was -11.1%, the Balanced Strategy -5.6%, the Conservative Growth Strategy -0.2% while the Cash Strategy returned 6.4%.

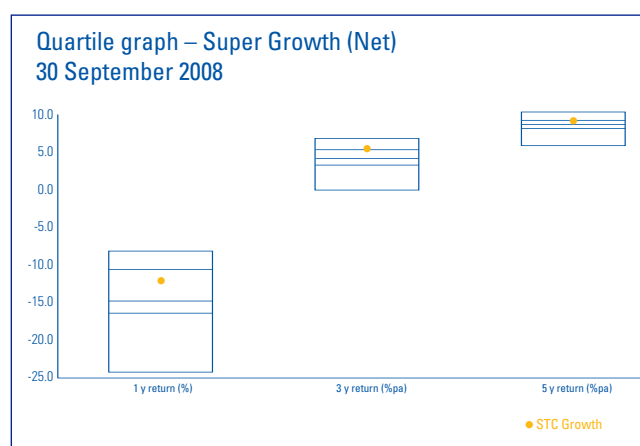
Periods ended September 2008

Crediting Rates/Strategy	3 Months %	6 Months %	1 Year %	3 Years % pa	5 Years % pa
Growth	-2.2	-4.0	-11.1	4.6	8.5
Balanced	-0.5	-1.7	-5.6	4.8	N/A
Conservative Growth	1.0	0.6	-0.2	5.3	N/A
Cash	1.7	3.4	6.4	5.6	N/A
CPI	1.2	2.7	5.0	3.6	3.2

Past performance is no guarantee of future performance. The Trustee does not guarantee the performance of any product.

There has been no change to STC's strategic asset allocation but as previously reported, STC's Investment Committee had been concerned about the investment environment for several years and introduced a number of defensive measures including increasing direct infrastructure investments featuring stable cash-flows such as water and gas utilities. Additionally, exposure to property has been broadened by including global unlisted property. The allocation to cash was also increased and the global bond portfolio was invested in sovereign bonds only, which has proved beneficial in the current investment environment.

The portfolio also benefited from a high level of strategy diversification within each asset class. STC employs a large number of specialist investment managers, who in turn are broadly diversified across countries, industries and securities.



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