STATE SUPER
SAS Trustee Corporation

OCT 2016

DEFERRED

SuperViews

ALSO INSIDE...

State Super update

Successful sale of StatePlus

In June 2016, after more than 25 years of ownership, State Super accepted an offer from First State Super to acquire all of the shares in StatePlus (formerly known as State Super Financial Services). The acquisition by First State Super followed a rigorous sale process to ensure the best result for State Super and its members.

As an asset of the Pooled Fund it was important that the sale generated not only a good financial return for State Super but also maintained the quality of services to our members. We believe that the deal with First State Super delivers on both these points.

State Super will continue to have a strong relationship with StatePlus and is looking forward to continuing a long and mutually beneficial working relationship with First State Super. We have every confidence that First State Super will strive to ensure StatePlus continues to provide premium financial planning and advice services to State Super members.

Pillar Administration available for sale

In May 2016 the NSW Parliament passed a bill to officially put Pillar Administration (a state-owned superannuation administration business) on the market for sale.

Pillar Administration is State Super's member administration and customer service provider and one of our key service partners. Our commitment is to ensure, as far as possible, that the services provided to us as a Trustee and to our members are maintained both during and after the sale.

Federal Budget 2016

In May 2016 the Turnbull Government handed down its first Federal Budget, which contained a number of proposed changes to superannuation.

Much water has passed under the bridge since then and proponents and supporters from all arms of Government and society have provided their post-budget commentary. At the time of writing, none of the changes to superannuation announced in the May budget have been legislated.

As the Trustee of the State Super schemes we have, and will continue to, consult with the NSW Government to determine what this means for our members and how the measures may apply to the State Super schemes. We will communicate this information to members via the State Super website when it becomes available.

A full summary of the proposed changes relevant to State Super members was provided at the time the budget was handed down and is available via the Latest News section of the State Super website.

Keep an eye on the news!

These and other State Super updates and announcements are provided to members as they become available via the State Super website.
Visit the Latest News section at **www.statesuper.nsw.gov.au.**

Investment market overview

Domestic growth hobbles along

The Reserve Bank of Australia (RBA) has kept a firm hand on interest rates over the last 12 months, with the only movements being a 0.25% reduction in May and August 2016. This reflects the RBA's continued belief that stimulus is needed to support growth and domestic demand, and to help keep a lid on the exchange rate for the benefit of Australian exporters. Overall growth has been mildly positive, supported by reasonable domestic demand, and has resulted in a moderately positive labour market.

The chink in the armour appears to be business investment, which has been declining steadily since 2012. The major culprit has been the mining sector, while non-mining sector business investment has been patchy at best. In contrast, dwelling construction has been strong.

Positive signs continue in the U.S.

While not spectacular, U.S. GDP grew by an annualised rate of 1.2% during the second quarter of 2016. The manufacturing, employment and personal consumption sectors were among the brighter spots in the overall picture. The consumption sector, which accounts for more than two-thirds of economic output, expanded at a rate of 4.2% in the second quarter, its best gain since late 2014. The combination of slow growth and strong personal consumption was possible due to a reduction in inventories.

The 2015 oil price slump had a big influence on the sub-1% inflation rate of last year. However, for 2016, the subsequent partial recovery in oil prices could cause slightly higher inflation. Wage pressures are also starting to emerge in the U.S. and, as a result, the Federal Reserve is expected to slowly increase interest rates.

China continues to adjust

In 2015, as a way to stimulate China's economy, the central bank implemented credit easing policies in order to create liquidity in their banking system and increase lending. The policies seem to have borne fruit, with GDP reaching the predicted 6.5% range this year. This was supported by a drop in currency and strong retail sales. As the Chinese leadership has committed to doubling per capita disposable income between 2010 and 2020, the economy would need to grow on average by 6.5% between now and 2020, and authorities may need ongoing stimulus to deliver on their commitment.

> The longer term effect on markets is a lot more difficult to forecast, with many competing forces at play.

The Brexit shadow over Europe

GDP growth in Europe was just below 2% in 2015 and while original expectations were for a similar result in 2016, Brexit (Britain's decision to exit from the European Union) has resulted in a slight downward revision. Persistently low interest rates, low oil prices and the Euro's exchange rate have supported growth, while growing consumer demand, a reduction in unemployment and a gradual downward trend in European government debt and deficit are cause for hope. The shadow of Brexit, however, has added a layer of uncertainty and the spectre of bad loans is haunting Europe's banking sector. The cautiously optimistic outlook therefore remains fragile.

What the markets are doing

The predictable shock to markets when Brexit occurred was dramatic, but the bounce back was just as quick. The longer term effect on markets is a lot more difficult to forecast, with many competing forces at play. International equity markets hit a low point in February this year, but have since picked up. There may still be volatility to come, but expectations are for more moderate returns ahead. In the U.S. market, 2016 is expected to end up marginally more positive than last year, although the end of the year could be impacted by the outcome of the U.S. presidential election. At home, after a tough start to 2016 there is hope for continued improvement by the end of the calendar year.

Get fraud aware!

How often do you check your superannuation statements? If your identity had been stolen would you recognise the signs?

So what do you need to look out for to ensure you protect yourself and your superannuation from fraud and identity theft?

Superannuation scams and identity theft

Super scams and warnings

- **Promotions for early access to your super** – accessing your super before age 55 (or later if you were born on or after 1 July 1960) – is illegal except in very limited circumstances.
- **Offers to 'take control' of your super** – i.e. suggestions that moving your money into a self-managed super fund (SMSF) may allow you to access the funds to pay off debts or buy something you really want. SMSFs must follow the same access rules as other superannuation funds.
- **Unlicensed operators** – always check to ensure the companies and individuals you deal with are licenced. If you are unsure, see ASIC's professional registers at ASIC Connect or APRA's Registrable Superannuation Entity Disqualification register.

Identity theft

Identity theft does happen, and most of the time its victims are oblivious to it. Thieves will collect your personal information by rummaging through garbage bins and rubbish tips in order to steal your letters, household bills and statements. So what should you be aware of?

- Amounts of money going missing from your bank accounts without explanation.
- Suddenly having an unexplainable bad credit rating.
- The amount of mail you receive decreases – this may indicate someone is stealing or redirecting your mail.
- An unknown caller pushes you to provide personal information and discourages you when you ask about the legitimacy of their request.
- You get a random email or call asking you to validate or confirm your personal, banking or superannuation details.

How to protect yourself

- Check credit card, superannuation and bank statements regularly to ensure early detection of any suspicious transactions. Contact your provider if you notice anything out of the ordinary.
- Shred all documentation that contains personal information (i.e. statements, applications etc.) before discarding.
- If possible, secure personal documents at home.
- Keep your details up-to-date with financial service providers to ensure your mail doesn't end up in the wrong hands.
- NEVER send money or give out personal details to people you don't know.
- If you receive a phone call from a superannuation fund, bank or other organisation, don't provide your personal details. Instead, ask for their name, the company they are calling from and a contact number so that you can call them back. Look up the organisation via an internet search and check that the phone numbers and details of the organisation are the same before returning the call.
- Never use a public computer for banking as your details will be stored on that computer.
- Keep your phone or other mobile devices in a safe place.
- Always type website addresses into your browser. Avoid clicking on links within an email.
- Be careful what information you provide on social networking sites.
- Enable security settings and install up-to-date anti-virus software on your phones and computers.

If you have any concerns regarding the security of your superannuation account, please contact the State Super Customer Service Team.

Are your details up to date with State Super?

Remember, it's important that we always have your most up-to-date details on file.

If you need to update your information or simply wish to check that the details we have on record are correct, please contact State Super on **1300 130 094** or email us at **enquiries@stc.nsw.gov.au**.

Registering a de facto relationship

Did you know that if you are in a de facto relationship and something were to happen to you, the burden of proof rests on your partner in order for them to receive spousal entitlements to your State Super benefit after your death?

By registering your relationship, you could make the application process easier for your loved ones at what can be an emotionally challenging time.

The NSW Relationships register provides legal recognition for a couple regardless of their sex, age or prior marital status, through the registration of their relationship.

Who can register their relationship?

Adults who are in a relationship as a couple can apply to register their relationship provided at least one of them lives in NSW. Adults in both heterosexual and same-sex relationships are eligible to register. A couple does not have to live together to be eligible to register their relationship.

However, a relationship CANNOT be registered if either person is:

- under 18 years of age
- married to another party
- in another registered relationship
- in a relationship as a couple with another person, or
- related to the other by family.

What to consider before registering a relationship

Couples in registered relationships will be recognised as 'de facto partners' for the purposes of most legislation in NSW, and will also be subject to certain obligations or restrictions under NSW law.

This means people in registered relationships will be able to rely on their certificate of registration to access various entitlements, services and records under NSW law. Registered couples may also be able to access key benefits and rights more easily under NSW legislation.

In situations that are not governed by legislation, service providers may choose to accept registration of a relationship as proof of its legitimacy. State Super and its administrator accept registration of a relationship as proof of the legitimacy of that relationship and take this into consideration when determining spousal or death benefit entitlements.

How to register a relationship

To apply in NSW, partners need to complete an application form and make a statutory declaration stating that they:

- wish to register the relationship
- are either:
  - not married or in a relationship as a couple with anyone else, and are not related to each other by family, or
  - married in a same sex marriage that took place overseas
- are not in another registered relationship whether in NSW or in another Australian jurisdiction, and
- do or do not reside in NSW (at least one member of the couple must reside in NSW).

When applying, proof of identity is required for each person, along with payment of a fee ($213 at 18 April 2016).

Once an application is made, there is a 28-day cooling-off period in which either party can withdraw the application. After that time, the Registrar will register the relationship and issue the couple with a certificate.

Please note: The above process relates to NSW only, and the process and fees may vary in other states.

Can a relationship be unregistered?

If, for whatever reason, you decide that you no longer want the relationship to be registered, you can revoke the registration through the Registry of Births, Deaths and Marriages. There is an $80 fee in NSW and either or both parties can apply. Both parties do not need to agree to revoke the registration. There is a 90-day cooling-off period before the registration is revoked.

More information

For more information on how you can register your relationship, simply go to the Births, Deaths and Marriages website for the state you live in.

For NSW, the website address is www.bdm.nsw.gov.au/Pages/marriages/relationship-register.aspx

How to read your Annual Statement

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STATE SUPER
SAS Trustee Corporation

SASS Deferred

your **Super** statement

Member name: Sally Sample

Member Number: 123456

Sally Sample
1 Sample Street
SAMPLEVILLE NSW 2000

YOUR **BENEFIT SUMMARY**

Changed your details?

Have you recently changed your contact details? If so, you can update your details by going to the **secure** member area of the State Super website at **www.statesuper.nsw.gov.au/sass** or contact Customer Service on **1300 130 094**.

YOUR **BENEFIT SUMMARY**

Balance At 30 June 2015

$140,000.00
Immediate lump sum benefit (after debts)

$190,000.00
Deferred retirement benefit (after debts)

This is a statement of your benefit entitlements which are currently deferred in the State Authorities Superannuation Scheme (SASS) and the State Authorities Non-contributory Superannuation Scheme (SANCS). You should read your statement with the enclosed explanatory notes and literature. If you do not understand some of the information on your statement or think there may be an error, please contact Customer Service on **1300 130 094** between 8:30am and 5:30pm, Monday to Friday.

Here you'll find a summary of the **benefits you are entitled to** at the end of the statement period and a projection of your deferred retirement benefit if you are younger than your eligible retirement age.

...rities Superannuation Scheme | Page **1**

Here you will find a summary of all your **membership details** in one handy snapshot. The table includes information such as the date of your deferral, Scheme earliest retirement age and your Commonwealth Preservation age.

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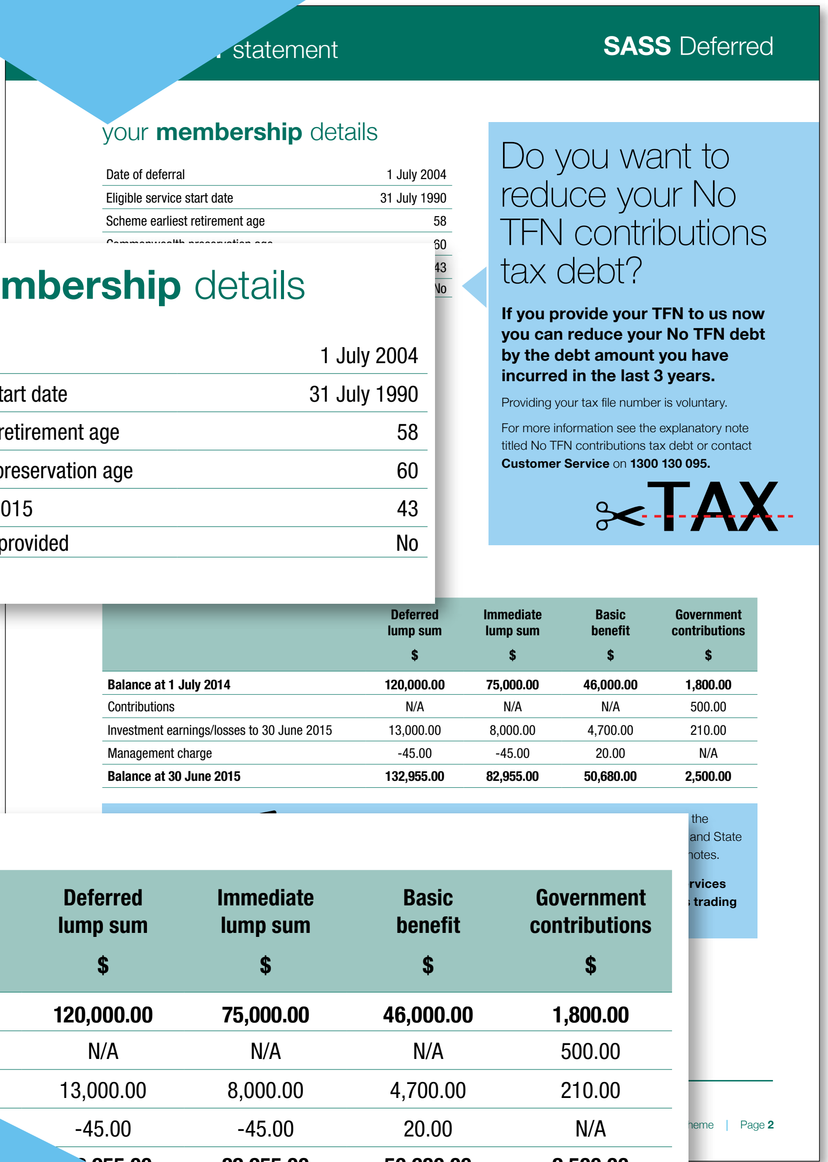

your **membership** details

Date of deferral	1 July 2004
Eligible service start date	31 July 1990
Scheme earliest retirement age	58
Commonwealth preservation age	60
Age at 30 June 2015	43
Tax File Number provided	No

Do you want to reduce your No TFN contributions tax debt?

If you provide your TFN to us now you can reduce your No TFN debt by the debt amount you have incurred in the last 3 years.

Providing your tax file number is voluntary.

For more information see the explanatory note titled No TFN contributions tax debt or contact **Customer Service** on **1300 130 095.**

TAX

YOUR **ACCOUNTS**

	Deferred lump sum $	Immediate lump sum $	Basic benefit $	Government contributions $
Balance at 1 July 2014	**120,000.00**	**75,000.00**	**46,000.00**	**1,800.00**
Contributions	N/A	N/A	N/A	500.00
Investment earnings/losses to 30 June 2015	13,000.00	8,000.00	4,700.00	210.00
Management charge	-45.00	-45.00	20.00	N/A
Balance at 30 June 2015	**132,955.00**	**82,955.00**	**50,680.00**	**2,500.00**

This section shows your different **account balances** and a summary of the transactions that have occurred during the year. All members under scheme earliest retirement age will have a deferred and immediate lump sum account, while those over scheme earliest retirement age will only have a deferred lump sum account showing. Depending on your situation, you may also have a basic benefit and/or Government contributions account showing.

continued overleaf

Look out for **these symbols** on your statement

If you see this symbol on your statement, it is highlighting **must know** information.

Important!

This symbol shows you where to find **more information** on a topic.

The new Additional Employer Contribution (AEC)

New to this year's statements is the inclusion of any Additional Employer Contributions that may have been paid to your account (if eligible). Any eligible member who deferred their benefit after 30 June 2013 has had an AEC amount added to their deferred basic benefit, and this amount is included in various places on your statement, such as the Your Accounts, Your Retirement Benefit and Your Transactions sections, as part of the basic benefit. AEC amounts will not be shown separately on future statements.

More detailed information about the Additional Employer Contribution can be found in the Explanatory Notes which accompany your statement.

Your investment choice details

Here you will find a snapshot of how your benefit is being invested and what investment choice changes you have made throughout the year. It's important to keep an eye on how your benefit is being invested. As you head towards retirement you may want to consider adjusting your investment strategy to ensure it is right for you.

Your retirement benefit

If you want to see what your total benefit will be when you retire, this is the section for you! You can find a breakdown of your benefit at your scheme's earliest retirement age (your deferred benefit) and also at 30 June (your immediate lump sum) so you can get an idea of how much you are entitled to now and in the future. If you have already reached your scheme's earliest retirement age, only your deferred benefit will show as you can now take your deferred benefit out of State Super at any time without affecting the value of your benefit.

Taxation information

Here you will find your eligible service period start date and your tax-free amount for tax purposes as at 30 June. If you have a Division 293 tax debt account, we will notify you in this section.

Access to your superannuation benefit

To see more information on your Commonwealth preservation age, and a breakdown and explanation of the lump sum amounts available to you under what circumstances, take a look at the Access to your superannuation benefit section.

Your debt accounts

If you have a debt account, for example, a surcharge or no TFN debt, it will show in the 'Your debts' section of your statement. If you do not have any debt accounts, this section will not appear at all.

Your transactions

The transactions that occurred on your account during the statement period are listed here. This will include items such as management and investment choice fees, along with payments made to debt accounts if they apply to you.

Fees and costs

A breakdown of the fees and costs you have been charged in the statement year are included in the 'Fees and costs' section of your statement. There is also a useful explanation of each of the possible fee types.

Need help understanding your annual statement?

You can contact the State Super Customer Service Team on **1300 130 094** if you need assistance locating particular information or if you don't understand some of the information contained in either your annual statement or the explanatory notes.

"I retired from work.
Not from life."

We know you have a lot of choices when it comes to retirement, but choosing to keep your money in super, rather than taking a lump sum, does have its benefits. You can elect to get a regular income, enjoy long-term tax benefits and also have the flexibility to access cash when you need to. That way you can live the lifestyle you want to live… and go wherever the road takes you.

We all have retirement goals. As an expert in the SASS scheme, a StatePlus financial planner can help you start planning how to retire life rich today.

Visit **stateplus.com.au/stories** to see Victor's whole story.

StatePlus

Formerly State Super Financial Services

Managing debt in the lead-up to retirement

We often hear the question, should I pay off my mortgage or contribute more to super? The answer will vary from person to person, but as a starting point, let's look at different types of debt.

'Good' debt vs 'bad' debt

Where debt is used to acquire investments such as shares or property, this is known as gearing and is often referred to as 'good' (or deductible) debt, due to the potential to claim a tax deduction for the borrowing as well as the fact that you have borrowed against an asset that can appreciate in value.

'Bad' debt is non-deductible debt, like borrowings for consumer goods such as cars and holidays or credit card debt. While a loan for the family home is non-deductible, it shouldn't necessarily be viewed as 'bad' debt because the value of your home can grow over time.

In any case, paying off non-deductible debt before deductible debt will usually be the most appropriate course of action for many people.

> There are some things to consider if you want to reduce debt when approaching retirement based on your individual situation.

Strategies to pay down debt before retirement

If you start your retirement with a lot of debt, including debts from your State Super account and personal debts, it can significantly impact your lifestyle in retirement. It's important to have a strategy to manage your debt levels, particularly in the five to ten years prior to retirement (although it's never too late or too early to act). Limiting the amount of debt you take into retirement can help keep your lump sum whole which will provide you with more options to build and maintain an income stream in retirement.

You should, however, also consider the potential benefits of directing spare savings to your super which could be greater than the interest savings you can achieve by increasing your mortgage payments.

Other debts such as credit cards and personal loans can have a higher interest rate than your mortgage, so need to be considered separately.

Tips for managing debt

Make loan repayments more often

Many home loans have a default repayment frequency of monthly. Consider making your repayments fortnightly instead of monthly as this can reduce the term of your loan and save a substantial amount of interest in the process. The interest savings arise because some of the loan is being repaid two weeks earlier than if the repayments were made monthly and the total annual repayment is higher. This assumes you pay half your current monthly repayment rate for 26 fortnights, and you're not reducing your fortnightly equivalent payment.

Debt consolidation

Many people build up a variety of different types of borrowings including a home, car and/or boat loan, credit cards and investment loans. By consolidating several loans you can often achieve a lower overall borrowing cost, allowing you to service your debt sooner, direct repayments to 'bad' debt first and save on interest – not to mention the fact that you may also be able to simplify your finances significantly.

Financial advice can help you build a plan for managing your finances

There are some things to consider if you want to reduce debt when approaching retirement based on your individual situation, such as:

- Your options for income in retirement
- Which debt you should focus on first
- Your ability to commence repayment
- The structure of your assets and retirement funds
- The size of your debt
- Whether contributing more to super instead of paying off debt may provide a better outcome at retirement.

The earlier you focus on managing your debt, the better.

A StatePlus financial planner can work with you and provide you with financial advice that will help you successfully plan your retirement and manage your future.

To book an obligation-free appointment, call **1800 620 305** or visit **www.stateplus.com.au**.

This article has been provided by StatePlus. For more information on the relationship between State Super and StatePlus, refer to the back page of this newsletter.

Case study: John, aged 56, now works in the private sector and is a deferred SASS member

At the age of 50 John met with a financial planner to assess whether he could afford to retire at 60. He was not making any additional contributions to his superannuation. He had a small mortgage on his home and was paying the minimum repayment level only; had approximately $10,000 owing on a credit card and a car loan of $5,000.

At the time of the meeting, John did not understand how much income he needed to cover living expenses even before retirement. The planner gave John a budget planner to complete so that he would have a clear understanding of how much income he would need both before and during retirement. This would have an impact on John's decisions in relation to what he could do with his benefits at retirement.

John completed the budget planner, which highlighted that he had disposable income above his general living expenses and debt repayments.

Using the disposable income identified in the budget exercise, the planner advised John to commence making additional contributions to his current super fund through salary sacrifice. The tax savings were used to help pay off the credit card, which resulted in the debt being extinguished within 15 months. He was also able to increase his car loan repayments, and, as a result, he was able to pay off his car loan a year earlier.

Now, at the age of 56, John has no other debt apart from his mortgage. The planner advised him to leave his benefit deferred in SASS until the scheme earliest retirement age of 58, as accessing it before that time may mean he receives the generally lower immediate lump sum benefit and forfeits the generally higher deferred retirement benefit. As John has a family history of longevity, he will need to use his lump sum to generate income in retirement, as well as provide access to capital to fund future capital expenditures like travel.

In addition John had approximately five months of Long Service Leave, which will be paid to him as a lump sum on retirement. These funds will be placed in a term deposit to provide a cash reserve to cover unexpected expenses.

Member Services update

COMING SOON... A new State Super website

In January 2017, we will be launching our new look website.

But it doesn't just look different. We're also creating new interactive features that will make understanding your State Super scheme and benefits that little bit easier.

- **New retirement roadmap** – to help you prepare for retirement and access your State Super benefits we've developed a brand new section which pinpoints where you're at on your journey and directs you to relevant information. It also guides you to information when unexpected detours (for example redundancy or divorce) occur along the way.
- **Investment section revamp** – gauge what type of investor you are, with our new investor profile survey. We're also improving how we display investment performance figures so they are easier for you to compare and understand.

You'll still find all of the information that you're used to, including fact sheets, forms, information about the financial planning services available to you and the latest news from State Super. It will just be easier to find!

We'd love to receive your feedback and suggestions

Keep an eye out for the user feedback questionnaire on the new State Super website which will help us ensure it continues to develop and meet your needs.

You can also email your feedback and suggestions to us via the contact details below.

Contact us

Phone 1300 130 094

Website www.statesuper.nsw.gov.au

Mail State Super, PO Box 1229
Wollongong NSW 2500

Email enquiries@stc.nsw.gov.au

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