STATE SUPER
SAS Trustee Corporation

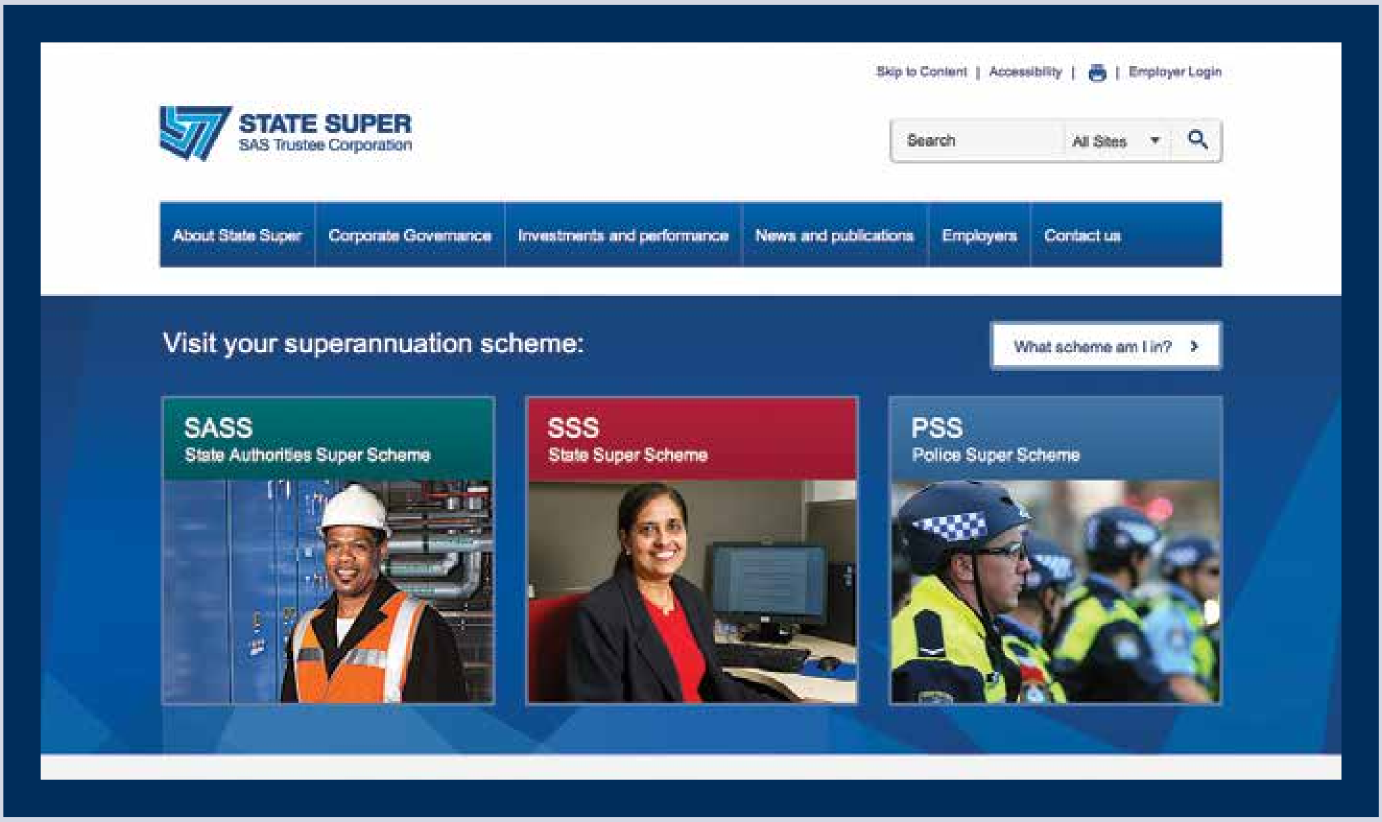
2013

Pension NEWSLETTER

Important information for you and your family

Inflation, indexation and your **pension income**

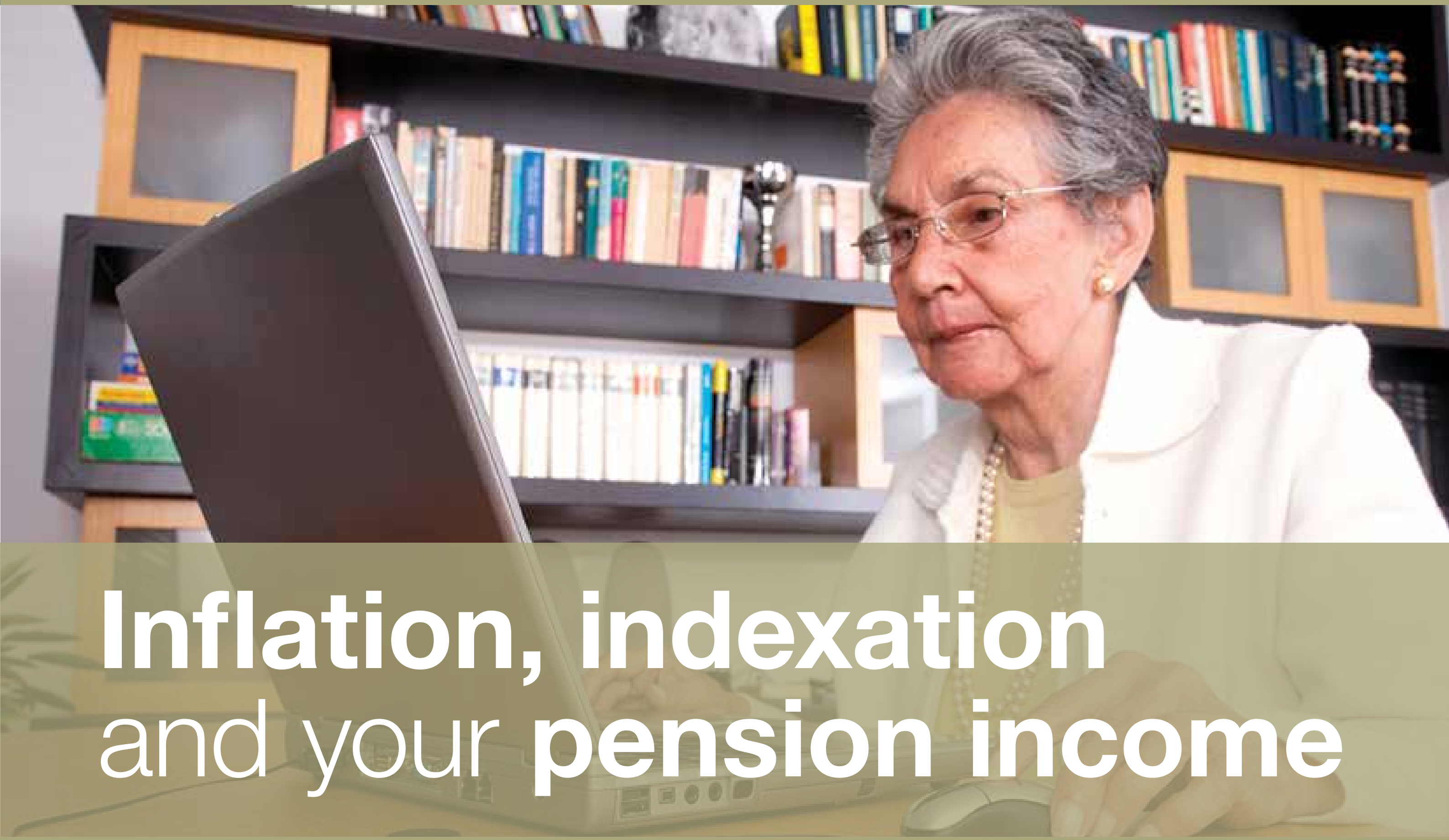
Visit the new State Super website



We recently launched a new website to help keep you informed about your pension entitlements and scheme rules.

To access information about your pension entitlements, simply visit **www.statesuper.nsw.gov.au**, click on the box for your scheme on the home page, then select the 'pension members' tab on your scheme's site.

To help us make the website even more useful, please email your feedback and suggestions to **enquiries@stc.nsw.gov.au** or call **1300 652 113.**



Inflation, indexation and your pension income

Your pension payment is indexed in line with the Consumer Price Index (All Groups Index for Sydney) on the first payday in October each year.

The Australian Bureau of Statistics (ABS) determines the CPI figure by measuring the price of a basket of goods and services including mortgage or rent costs, food, transport and energy costs at the end of each quarter. Your pension is adjusted each year in accordance with the percentage movement in CPI from June quarter to June quarter.

The CPI indexation percentage is calculated using the following formula:

$$= \frac{(\text{June 2013 CPI}) - (\text{June 2012 CPI})}{(\text{June 2012 CPI})} \times 100$$

$$= \frac{103.1 - 100.5}{100.5} \times 100$$

$$= 2.6\%$$

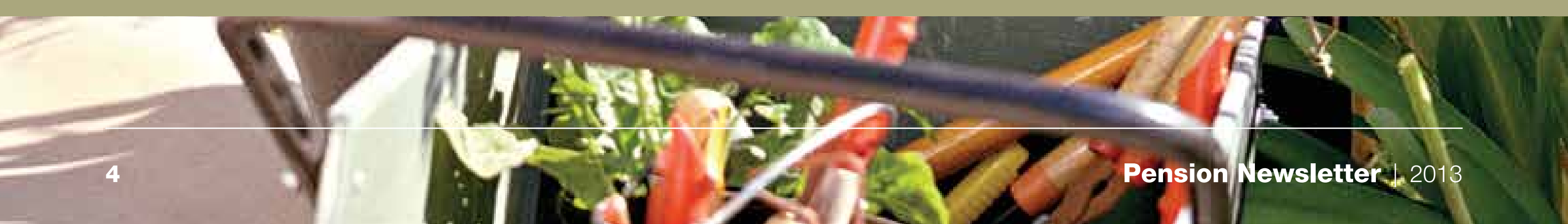
The CPI change is a percentage rounded to the nearest tenth of 1%.

If you were paid a pension for the whole of the financial year (since 1 July 2012), you will receive the full percentage of the CPI adjustment. If your pension commenced during the last financial year, your pension will be adjusted proportionately, in line with the number of full quarters paid. The table below outlines the CPI adjustment amounts.

If your pension commenced on or between these dates	You will receive this percentage of the full CPI increase	So, your CPI increase this year will be
Prior to 2 July 2012	100%	2.6%
2 July 2012 – 1 October 2012	75%	2.0%
2 October 2012 – 1 January 2013	50%	1.3%
2 January 2013 – 1 April 2013	25%	0.7%
2 April 2013 – 30 June 2013	No increase	No increase

Important information for you and your family

Will a pension be paid to your spouse or de facto partner after you die? Find out how to make sure your spouse or de facto partner receives what they are entitled to.



What is a reversionary pension and who can receive it?

In the event of your death, your spouse or defacto partner may be eligible for a reversionary pension. This means that part of your pension continues to be paid to your spouse or de facto partner – for the rest of their life. These payments are indexed to the CPI every year.

A 'spouse' is defined as the person you are married to and a 'de facto partner' is the person, of the same or opposite sex, with whom you have a relationship as a couple living together on a genuine domestic basis. You may have had this relationship registered under a state or territory law. But if not, living as a couple for a period of time will help you be recognised as being in a de facto relationship.

Generally, your spouse or de facto partner will only qualify for a reversionary pension if you were in the relationship before you retired and remained in that relationship until your death. However, there are two exceptions to this rule:

- if a child of that relationship was substantially dependent on you at the time of your death or not yet born when you died
- you retired due to invalidity and the relationship began before your normal retirement age and at least three years before your death.

What if I've commuted my pension to a lump sum?

If you are a State Superannuation Scheme (**SSS**) member who has commuted your entire pension to a lump sum, your spouse or de facto partner may still be able to receive a reversionary pension.

If you belong to the Police Superannuation Scheme (**PSS**), your spouse or de facto partner will not be eligible for a reversionary pension if you have commuted your entire pension to a lump sum. Also, if your death is a result of being hurt on duty, and your spouse or de facto partner chooses to be paid a lump sum, then they will receive this instead of the pension.

If you are a pension member of the State Authorities Superannuation Scheme (**SASS**), your spouse or de facto partner may receive a reversionary pension.

This may be the case if you were a former member of the:

- Local Government Pension Fund
- Provident Fund
- Insurance Fund
- Benefits Fund
- Railways Superannuation Account (Ten and a Penny Scheme)
- NSW Retirement Fund*
- Transport Retirement Fund.*

* If you elected for a reversionary pension when you started your pension.

For more information, please refer to SSS Fact Sheet *Death of a scheme member after retirement*, SASS Fact Sheet *Death Benefits* or PSS Fact Sheet *Death Benefits*, which are available on the State Super website, **www.statesuper.nsw.gov.au** under each scheme's 'Tools and resources' section. Alternatively, you can contact Customer Service on **1300 652 113**.

Can my children benefit?

If you are a SSS pension member or reversionary pension member, on your death your child may be entitled to a children's pension if they are under 18, or under 25 and in full-time education at an educational institution recognised by the Trustee.

If you are a PSS 'hurt on duty' pension member, on your death a child's pension may be payable until your child reaches 18 years, or 21 years if they remain a full-time student.

For information on children's pensions see SSS Fact Sheet *Child Pensions*, or PSS Fact Sheet *Death Benefits*, available from the State Super website at **www.statesuper.nsw.gov.au/sss/tools-and-resources/factsheets** and **www.statesuper.nsw.gov.au/pss/tools-and-resources/factsheets**.

If you are a SASS pension member and are a former member of the Local Government Pension Fund, Provident Fund, Insurance Fund and Benefits Fund, on your death a child's pension may be payable. For information on these entitlements, please refer to the State Super website, **www.statesuper.nsw.gov.au/sass/pension-members/child-pensions**, or call Customer Service on **1300 652 113**.

All children's pensions are indexed by CPI every year.

How much of my pension will my spouse or de facto partner receive?

The amount of pension payable depends on the rules of your scheme.

Scheme	Your spouse or de facto partner will receive this percentage of the pension you were receiving when you died
SSS	66.6%*
PSS	62.5%**
SASS	62.5%^

* If you are a SSS pension member and partially or fully commuted your pension for a lump sum at retirement, your spouse or de facto partner will receive the percentage of the pension you would have been receiving at the time of your death, had your pension not been commuted.

** If you are a PSS pension member, and your death is a result of being hurt on duty, your spouse or de facto partner will receive 55% of your salary at retirement, if this is a higher amount than the rate of the reversionary pension otherwise payable.

^ This amount applies if you are a former member of the Local Government Pension Fund, Provident Fund, Insurance Fund or Benefits Fund. It also applies if you are a former member of the NSW Retirement Fund or the Transport Retirement Fund and elected for a reversionary pension when you commenced your pension.

If you are a former member of the Railway Superannuation Account (Ten and a Penny Scheme) a small pension may be payable to your eligible spouse or de facto partner. Please visit the State Super website at **www.statesuper.nsw.gov.au/sass/pension-members** or call **1300 652 113** to find out the eligibility requirements.

If more than one person applies for the reversionary pension, State Super will determine the distribution of the benefit among the applicants.

Can my spouse or de facto partner get a lump sum benefit?

If you are a PSS or SASS pension member, your spouse or de facto partner will not be able to exchange their reversionary pension for a lump sum.

If you are a SSS pension member, the reversionary pension can be changed, or 'commuted', to a lump sum if your spouse or de facto partner chooses to do so within the times allowed by the scheme legislation. Most importantly, they can only make this decision once.

Time periods allowed for commuting a SSS reversionary pension

The age of your spouse or de facto partner at the time of your death	Election period to commute to a lump sum
55 years or older	Within six months of your death
Less than 55 years	Within six months of turning 55
Reversionary pension started before they turned 60 and your spouse or de facto partner has not previously submitted an election to commute their pension	Within six months of turning 60

Important: If your spouse or de facto partner starts receiving a SSS reversionary pension after the age of 60, and does not apply for a lump sum within six months of your death, they will not be able to do so and will continue to receive the reversionary pension.

Is there a minimum benefit that must be paid?

If you are a SSS member, the total of the payments made to you and your beneficiaries could be less than the withdrawal benefit that would have been payable at the time you retired. This might be the case if you don't have a spouse or de facto partner, or if the child's pension stops because of their age.

If this happens, the difference between the benefits already paid and the withdrawal benefit will be paid.

For more detailed information, please refer to SSS Fact Sheet *Death of a scheme member after retirement*, which is available on the State Super website at **www.statesuper.nsw.gov.au/sss/tools-and-resources/factsheets**, or contact Customer Service on **1300 652 113**.

What your spouse or de facto partner needs to do to claim their benefits

Step 1: Let us know about the death

It is very important your spouse, de facto partner, other family members or legal adviser contact State Super in the event of your death. As soon as possible, a family member, spouse or other representative should call State Super on **1300 652 113**.

This will help prevent overpayments, which might then have to be paid back. It will also speed up any reversionary pension payments or other benefits that may be payable to your family members.

If a SSS reversionary pension is payable, your spouse or de facto partner will need to be aware of the time limits for commuting the pension to a lump sum. These are shown on page 6.

Step 2: Provide the necessary documentation

On receiving an application for a spouse or de facto partner benefit, State Super will ask for a certified copy of the death certificate and the following documents to prove the relationship existed when you retired and continued until your death.

Relationship	Proof of relationship documents required
Married at the time of your death	• Certified copy of your marriage certificate • Proof of identity documents for your spouse (these are listed on the relevant application form)
De facto partner, not married at the time of your death	• Statutory declaration • Additional supporting documentation, such as statutory declarations from family and non-family members proving the existence of the relationship at the time of your retirement, and its continuation until your death • Proof of identify documents for your partner (these are listed on the relevant application form).

Step 3: Determination of entitlements payable

Once the documentation has been provided, State Super will decide if your spouse or de facto partner is eligible and, if they are, what pension they will receive. This will depend on whether they can satisfy the eligibility requirements.

Speak to a financial adviser if you have any questions

A State Super Financial Services (SSFS) financial adviser can help you and your family with information and advice about your scheme's reversionary pension entitlements. To speak to a SSFS financial adviser, simply call **1800 620 305**.

Note: SSFS is wholly owned by SAS Trustee Corporation (STC). However, STC is not responsible for the advice that SSFS provides. STC pays no fees to SSFS for the services it provides to members. STC is not a representative of SSFS and receives no commission when making referrals to this service.

A long life

Think about the great social and economic trends of the past few decades and what do you come up with? Globalisation? The technology revolution?

Here's one you might want to add – the incredible increase in life expectancies. According to the Australian Bureau of Statistics (ABS), between 1989 and 2009, Australian life expectancies rose by more than five years. In effect, we gained an extra year of life for every four years of life we lived.

The older you get the longer you have to live

The table to the right was compiled using the ABS' Life Expectancy calculator. Amazingly, life expectancy increases with age. If you live to 70, your life expectancy is higher than it was 10 years earlier, largely due to better aged care and because older Australians now have better diets and smoke less than they used to.

Current age	Female (years)	Male (years)
Life expectancy at 60	86.4	83.2
Life expectancy at 70	87.8	85.2
Life expectancy at 80	90.2	88.6

Source: ABS life expectancy calculator: www.abs.gov.au/websitedbs/c311215.nsf/web/Ageing

These numbers place Australians among the elite of long-lived nations. In 2011, we were placed equal fourth, with only the Swiss, Japanese and Spanish living longer.

Why we are living longer

It's estimated that Australian life expectancy increased by 25 years over the 20th century. In the early decades of the 1900s, it was the victory over infectious diseases that drove the change, with cleaner water, improved sewerage systems, better nutrition and mass immunisation helping to weaken the effect of diseases like diphtheria and typhoid. Child mortality dropped dramatically over this period.

Interestingly, the ABS estimates that the rate of life expectancy growth slowed in the 1950s and 60s as the nature of society's big killers changed. With better nutrition, sanitation and healthcare driving down the impact of infectious diseases, cancer and cardiovascular problems like heart attack and stroke became the biggest barriers to a longer life.

As the end of the 20th century approached, the balance shifted again. Better understanding of the underlying causes of cancer and cardiovascular disease saw a greater emphasis on healthier lifestyles and diets. At the same time, improvements in medical technology and treatments began to reduce the death rates from these chronic conditions.

Today, doctors and demographers agree that further boosts to our life expectancy will come from better management of the 'lifestyle killers' – obesity, alcohol, smoking and lack of exercise. While Australia ranks comparatively well in the battle against smoking, we have relatively poor rankings for obesity, alcohol and exercise.

The longer, healthier lives we enjoy today are already having major impacts on the structure of society and will make even more dramatic changes in the future. It also has a significant effect on health spending. The Productivity Commission suggests health spending will increase by 78% between 2009–10 and 2049–50 (as a percentage of gross domestic product). Older Australians will account for a large proportion of that extra spending.

How older Australia is changing Australia

Demographer Bernard Salt has written a number of articles and books on the ageing of Australia and its impact. One of his most commonly repeated themes is the adaptability of the Baby Boomer generation (described by the National Seniors Productive Ageing Centre as the 5.5 million Australians born between 1946 and 1965). He says that members of the Baby Boomer generation "have a habit of re-engineering every stage of the lifecycle through which they pass."

> "Today, doctors and demographers agree that further boosts to our life expectancy will come from better management of the 'lifestyle killers' – obesity, alcohol, smoking and lack of exercise."

We are already seeing this re-engineering taking place. Given longer life expectancies, retirement can now last more than 30 years. Better health means retirement is much more active and much more varied than it was even 20 years ago.

Many retirees spend some of that time volunteering with charities and community organisations. A 2013 survey by the National Seniors Productive Ageing Centre found nearly 45% of those surveyed had done voluntary work in the past year. On average, around 50% of those involved in voluntary work were volunteering at least weekly.

Interestingly those aged 60–69 participated more often in voluntary work, and did it more regularly than other age groups. The same Productive Ageing Centre report suggested that across the survey – which covers those aged 50 through to over 70 – more than 80% rated their health as good, very good or excellent, and only 2% rated their own health as very poor.

Where to from here?

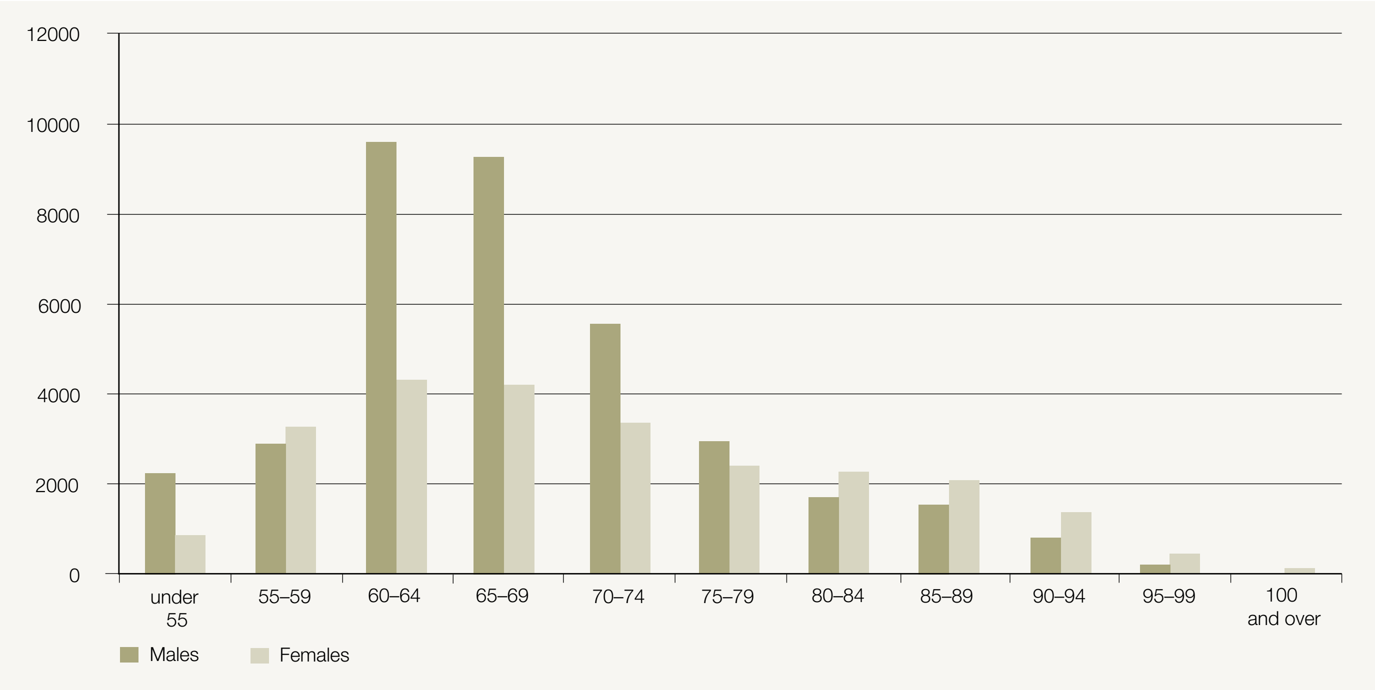
Many discussions of the ageing of Australia focus on the financial impacts – the added health and welfare costs and the changes required in our retirement incomes policy. Yet it's becoming ever more apparent that Australians are continuing to make a significant contribution to the economy, to the community and to their families, and all the evidence suggests this contribution will continue to grow.

Some facts and figures about State Super pension members

The article 'A long life' on page 8 highlights Australia's longer life expectancies. Figures from State Super's pension membership reflect some of those trends. Of the 61,251 pension members as at 30 June 2013:

- 89 members were older than 100
- 2,789 members were older than 90.

The graph below shows the age of pension members in all STC schemes as at 30 June 2013. As you can see, the majority of pension members are in the 60-64 and 65-69 age groups.



Number of members in each scheme

The following table outlines the number of members for each scheme who are either former employees receiving a pension or reversionary pension members.

Scheme	Former employees receiving a pension	Reversionary pension members (spouses and children)
SSS	43,873	6,967
SASS	2,659	1,235
PSS	5,731	786

The article on this page has been written by State Super Financial Services (SSFS).

STATE SUPER Financial Services AUSTRALIA
Your financial planners

Your money — working smarter and harder

Have you ever considered whether you're making the most of the other assets you may have — in addition to your SASS, SSS or PSS pension — such as savings or perhaps an inheritance, or whether your money could be working harder for you?

It's worth remembering many of us will be retired for more than 25 years, and how you structure your investments will play a significant role in the lifestyle you'll enjoy throughout your retirement. That's why it's so important you make sure you're taking advantage of strategies which could grow your savings over the long term, as well as providing you with opportunities to top up your income through access to Centrelink benefits and tax optimisation.

Missing out on social security benefits?

Understanding the complexity of the social security system is difficult and not helped by the constantly evolving rules and regulations. How you structure your investments will play an important role in determining your eligibility for social security support and associated benefits. You may find that you are in fact eligible for Centrelink but are simply not claiming these benefits. If it has been some time since you've reviewed your potential entitlements, now is the time to do so. Remember, as your circumstances change over time, your social security entitlements may also change.

Paying too much tax?

While no one likes paying tax, when you're retired it's particularly important to minimise the amount of tax you're paying on your investment income. Some traditional income sources, such as term deposits, are generally fully taxable and may not be the most tax effective investment for you.

There are a range of other options you could be considering — if you are under age 65 — which have significant tax advantages including tax-free earnings and a tax-free income after age 60. This has the potential to improve your investment outcomes in retirement.

Know where your opportunities are?

Established over 20 years ago by the Trustees of your super schemes, State Super Financial Services (SSFS) is here to provide you, and your family members, with expert financial planning advice and decision support. By reviewing your situation and investment structure regularly with a SSFS financial planner, you can be confident you're taking advantage of the opportunities which are available to you.

From over the phone advice through to the ability to meet face-to-face with a professional financial planner, SSFS offers a range of services to help ensure you and your loved ones remain on track to achieving the lifestyle you want now and in the future. For assistance or advice, simply give SSFS a call on **1800 620 305** or visit the website at **www.ssfs.com.au**

University superannuation **liabilities**

The most recent actuarial review of the State Super schemes dated 4 December 2012 has confirmed that, without additional contributions, the employer reserves in the State Super fund for each university are likely to become exhausted over the period from 2014–15 to 2021–22. A copy of the 2012 actuarial review can be found on the State Super website.

STC has written to each university to obtain agreement to a funding plan for additional employer contributions. The universities, however, have not been in a position to provide the funding plans due to ongoing negotiations between the Commonwealth and NSW governments over each government's share of the superannuation funding required from the universities.

The NSW Government advised in its Budget Papers released on 18 June 2013 that the negotiations over university superannuation are at an advanced stage. The budget papers indicated that New South Wales is prepared to fund a share that reflects a fair estimate of the State's funding responsibilities for university superannuation and that, together with the Commonwealth funding, this will ensure that the university employer reserves are not depleted.

STC has received an assurance from the NSW and Commonwealth governments that they will fund any shortfall of member benefits in 2013–14 pending a permanent resolution. STC is closely monitoring this issue and will inform members when a funding agreement is finalised.

As further information becomes available, STC will provide updates on the State Super website, **www.statesuper.nsw.gov.au.**

Do we have your current contact **details?**

State Super has a responsibility to protect the assets held in trust for future beneficiaries. This includes implementing necessary steps to ensure that the personal information we retain for benefit entitlement purposes is accurate and up to date.

It is therefore important that you notify State Super if any of your personal contact details have changed, including your residential address, phone number/s and the name and contact information of your next of kin.

To update your contact details simply:

- complete and return the enclosed form
- update your details online via the secure Pension Member's Area on the State Super website, **www.statesuper.nsw.gov.au**
- call State Super on **1300 652 113**

Contact details

State Super

Telephone: **1300 652 113** (for the cost of a local call, unless calling from a mobile or pay phone) 8.30 am to 5.30 pm, Monday to Friday

Address: State Super, PO Box 1229, Wollongong NSW 2500

Website: www.statesuper.nsw.gov.au

Email: enquiries@stc.nsw.gov.au

State Super Financial Services (SSFS)

Telephone: **1800 620 305**
8.45 am to 5.15 pm, Monday to Friday

Website: www.ssfs.com.au