

Annual Member Meeting 2023

Questions answered during the meeting

Member question	State Super answer
What are the measures that State Super has in place to ensure the security of my personal information and details? What preparations have been put in place in the event of a data breach?	<p>Keeping your personal information safe, keeps me awake at night.</p> <p>It's important to note that most of your personal information actually is managed by Mercer, as our administrator. We've got all the appropriate policies and control frameworks in place, but that doesn't stop us from continually checking and testing that they work. We do so by:</p> <ol style="list-style-type: none"> 1. Checking in with mercer about their controls, their multi-factor authentication processes, the way our Call Centre Staff converse with members, our internal audit of Mercer and State Super and our other providers, and so on... it's not perfect but we try to make sure it's enough. 2. I want to call out our call centre staff, who have foiled a number of attempts by asking that one more question that a fraudster cannot answer! 3. And finally, of course, should there be a breach, we have a 'playbook' for what we should do.
Do you have enough money in your funds to cover all our pensions, projected using a baby-boomer life span?	<p>Us baby boomers are living forever ... thankfully our actuaries have incorporated this into assessing liabilities. I ask them each year, and so far they've been right. So yes the liabilities incorporate the greater expected lifespans.</p> <p>Regarding funding, the NSW government – the largest of the 150 odd employers in our scheme, have been working with us to support our funding. I'm comfortable with where we are, and I can discuss our funding frameworks and liquidity windows – but that'll just bore you. Suffice to say, NSW, an economy comparable to that of Sweden, has the money.</p>
Global trends - do you expect a US recession and what will be the flow-on effect in Australia and on our funds?	<p>During a recession you might expect the stock market to always perform poorly, but this isn't always the case. The stock market often reacts to what investors think will happen in the future, not just what is happening right now. So, if investors expect a recession, the stock market might start falling before the recession begins and start rising before the recession ends.</p> <p>Also, our funds are diversified, with only about half in the stock market. The other half acts as a counterweight. Most importantly, your fund has done really well over the last 20 years – and we've seen a few recessions.</p>
How do you propose to out-perform inflation?	<p>Remember, our job is to beat inflation. Here's how we do it:</p> <ul style="list-style-type: none"> • hold a diversified portfolio in shares and bonds

	<ul style="list-style-type: none"> • Invest in Real Asset: • Invest in Inflation Linked Securities: <p>Over the term of our investment horizon, we've been good at beating inflation.</p>
How has the super fund performed post-COVID - For the last 2 years.	The Balanced option delivered an approximate annual return of 7.5% over the last three years. This performance is noteworthy, especially considering the initial COVID-19 market shock, which caused a significant 15% drop in the average portfolio.
What is State Super's position in relation to the proposed Federal Government's increase of taxation from 15% to 30% for those on a defined benefits superannuation deemed to be in excess of \$3m. How will the \$3m limit be determined?	<p>The Commonwealth Government has proposed a new 15% tax on individuals whose total superannuation balances exceed \$3 million. The new tax will commence from 1 July 2025 and will be applied to the earnings derived from the members balance in excess of \$3 million dollars. State Super is required to comply with all income tax laws applicable to superannuation.</p> <p>No legislation for the proposed change has been introduced into the Parliament so far, however a draft has been released for consultation that sets out how the government proposes to introduce the new tax. While specific detail of the valuation method used for defined benefit members is yet to be confirmed, it is the government's intention to apply the tax in a broadly commensurate manner to those in accumulation style funds.</p> <p>For both pensioner and active contributing members, the value of your State Super pension will be reported to the ATO each year, and added to any other superannuation interests that you hold. The ATO will then assess your total superannuation holdings and if they exceed \$3 million, the tax will be applied on those earnings that relate to the amount over \$3 million.</p> <p>For State Super pensioners, the ATO will issue a tax assessment directly to you and you will have 84 days to pay the assessment. For active members, if the only super you have is your State Super account, the tax debt will be deferred in full, and the ATO will send you a debt account creation notice, advising you of the amount of the debt. That debt will be payable when your State Super account is paid out to you. If you have both a State Super account and another accumulation account, the proportion of the tax that relates to the accumulation account will not be deferred, and you will be issued with a tax assessment for that amount which will be payable within 84 days.</p>
Please explain why the delay of annual reporting of statements has occurred.	<p>The 2023 member statements for members in most schemes were issued in October and November. Member statements for SASS members are expected to be mailed by mid-December.</p> <p>While this isn't our usual delivery timeframe, member statement delays following a system transition are not unusual. This is because trustees and their administrators take additional time to ensure the accuracy of member statements on the new system. We expect the 2024 Member Statements will be issued in the usual timeframe.</p>
What are your criteria for investing sustainably,	When we talk about investing in a way that's good for the environment and sustainable, we have a special approach that depends on the type of investment and its rules. We always follow our Investment and Responsible

<p>environmentally, ethically, etc.?</p>	<p>Investment Policy, and we also keep our Climate Principles in mind. These guidelines help us focus on making money for our members while also considering ESG (Environmental, Social, and Governance) factors.</p> <p>We have some basic rules that we stick to, and if an investment doesn't meet these, we won't put our money there. Our goal is to lower the risk that comes with ESG issues as much as we can, and we also try to invest in things that have positive ESG impacts, but only if we think those investments will also give us good returns. Let me give you two examples of how we do this:</p> <ul style="list-style-type: none"> • Melbourne Airport plans to eliminate the greenhouse gases it directly produces, and the ones linked to the energy it uses by 2025. To help achieve this goal, they've set up a massive solar farm generating 12 megawatts of power, which began operating in January 2022. This solar farm is the biggest of its kind in Australia and is located on the airport's premises. • Waste Management, a company based in North America, assists people by collecting trash and then converting it into energy. They also focus on using creative recycling methods to make materials reusable instead of being thrown away. <p>As people who invest for the long term, we believe that companies that handle their ESG (Environmental, Social, and Governance) stuff well are more likely to succeed and do better in the long run. We think that being actively involved and taking care of our investments helps not just the companies we invest in, but also us as investors and you, the State Super members.</p> <p>For State Super, being actively involved means we talk with companies, vote on important issues (that's what 'proxy voting' means), work with others, and push for policies that help companies become more environmentally friendly and sustainable in how they operate. We think this is really important for making sure these companies do well in the future.</p>
<p>What percentage of State Super investments overall are in sustainable energy industries?</p>	<p>We're investing in sustainable energy industries that could grow a lot because of their focus on low-carbon products and services. Think of things like electric vehicles and solar cell manufacturers. The amount we invest in these kinds of companies varies from 7% to 10%. This difference is because we have different investment options, and each option has its own level of involvement in the stocks of these industries.</p>
<p>Given the current international environmental and political crises, what ongoing steps does State Super take to ensure funds are invested ethically, i.e. socially responsible sustainable investing, and how does State Super assess what constitutes 'ethical investment'?</p>	<p>This is an important question on topics which are regularly discussed by the Board and various of the Board Sub-Committees.</p> <p>All our investments are made within State Super's Investment Framework and, as such, are evaluated by our investment team against our stated policies relating to such issues as climate change, modern day slavery and corporate governance. We have specific exclusions on investing in tobacco and controversial weapons, the details of which are defined in our Responsible Investment Policy. We also collect and monitor various asset specific ESG measures annually as well as engage with our investment managers on these matters.</p> <p>I talked earlier about the metrics which are being applied in tracking the desired reduction in carbon emissions from our portfolio. While less tangible,</p>

	<p>we are participating in various industry discussions around the development of measures for such related issues as biodiversity and slavery.</p> <p>That said, I should note that State Super is not an exclusionary ethical fund. Such ethical funds typically set very narrow investment guidelines with their members accepting that the associated excluded investments can have a material impact on investment returns.</p> <p>The primary duty of State Super is to meet its pension benefit obligations to members, and to achieve very high risk-adjusted returns on the members' defined contribution funds. We are delivering on that duty while applying our Responsible Investment policy.</p> <p>My opening remarks illustrated the steps which the Board will take if we are not satisfied with poor corporate behaviour. The Board and management team will continue to be alert to, and take actions, in situations that are not tolerable within our investment guidelines.</p>
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Additional member questions submitted (not answered during the live meeting)

Member question	State Super answer
SAS mentioned that it was selling some major investments eg Airport shares. Do you intend to reinvest in other large assets?	Due to our high average member age, our top priority is having enough cash to pay out benefits to our members as our investment pool decreases. This involves reducing the volatility of the portfolio and also selling investments that are not easy to turn into cash quickly. As a result, we're avoiding putting money into investments that are hard to sell and take a long time to pay off. Instead, we're looking for places to invest where we can see a return on our money in a short to medium term horizon. This strategy means we might miss out on some extra profits that come from real assets, but we're trying to make up for it by making smarter choices in other areas of our investment portfolio.
Do you invest in Cryptocurrencies on behalf of your members?	We do not invest in cryptocurrencies or digital assets.
What is the fund's VBI (Vested Benefits Index) and ABI (Accrued Benefits Index)?	Fund VBI and ABI (excluding asset disposal costs) as at 30 June 2023 as follows: VBI: 57.2% ABI: 57.7% Note that the VBI is lower due to some interaction effects of scheme rules on early exits.
Can I contribute to my super after retirement if so is there a limit?	Once you have retired and accessed your State Super benefit, you can no longer contribute to State Super, a financial advisor can answer your questions about how and when you can contribute after retirement.
I'm a widow and currently on SSS pension. If I ever	If you are in receipt of a SSS Spouse pension, then the pension will cease to be paid upon your death. If you contributed to SSS and are on a SSS retirement pension, a pension benefit from SSS is payable to an eligible spouse or de facto partner of a

<p>marry again, will my future husband be entitled to my super when I pass?</p>	<p>member who dies after retirement while on a scheme pension. A spouse or de facto partner of a deceased pension member will qualify for a benefit only if they were the pension member's spouse or de facto partner before the deceased pension member became entitled to a pension under the SSS Act and remained so until the death of the pension member. For further information, please refer to SSS Factsheet 11: Death of a scheme member after retirement or call customer service on 1300 130 096.</p>
<p>As a long term SSS member I assume my wife is eligible for a reversionary pension in the event of my passing, is that correct?</p>	<p>A spouse or de facto partner of a deceased pension member will qualify for a benefit only if they were the pension member's spouse or de facto partner before the deceased pension member became entitled to a pension under the SSS Act and remained so until the death of the pension member. For further information, please refer to SSS Factsheet 11: Death of a scheme member after retirement or call customer service on 1300 130 096.</p>
<p>My personal account has an identified error which requires my benefit to be recalculated based on a corrected exit salary. I've contacted STC on 9 occasions over the last 7 months yet the error has still not been corrected. Why? I'm now completely frustrated. What do I have to do to have this error corrected?</p>	<p>Your employer will need to provide an amended exit salary in order for your benefit to be recalculated. If this results in any additional benefit payable, Mercer the administrators of the State Super schemes will contact you for payment instructions.</p>
<p>Why is State Super's investment strategy changing in favour of liquid assets? Surely we need considerable long-term assets!</p>	<p>Due to our high average member age, our top priority is having enough cash to pay out benefits to our members as our investment pool decreases. This involves reducing the volatility of the portfolio and also sell investments that are not easy to turn into cash quickly. As a result, we're avoiding putting money into investments that are hard to sell and take a long time to pay off. Instead, we're looking for places to invest where we can see a return on our money in short to medium term horizon. This strategy means we might miss out on some extra profits that come from real asset, but we're trying to make up for it by making smarter choices in other areas of our investment portfolio.</p>
<p>As SSS is a closed fund, what difficulties will face SSS and the investment pool as the number of members declines to zero.</p>	<p>Refer to answer above.</p>
<p>Can we take part payment & lump sum at 65?</p>	<p>Presuming you are a SSS member, that would depend on if you were still working or in receipt of a SSS pension.</p>

	<p>If you commenced your pension at age 60 then there is no further option to commute any part of your pension to a lump sum.</p> <p>If you retired less than 6 months ago and have not previously exchanged any of your pension to a lump sum, you have a 6 month time frame in which you can elect to commute all or part of your pension. As long as your election is received within 6 months of pension commencement, you can elect to commute all or part of your pension within 18 months of your retirement. For further information, please refer to SSS Factsheet 14: Exchanging your pension for a lump sum or call customer service on 1300 130 096.</p>										
<p>How do you salary sacrifice your super?</p>	<p>Please contact your payroll area and they can arrange to have your contributions deducted from your salary by salary sacrifice.</p>										
<p>How are the Board members appointed, what are their salaries and who determines their remuneration packages?</p>	<p>We are governed under the Superannuation Administration Act 1996 (NSW) which provides:</p> <ol style="list-style-type: none"> 1. STC is to have a Board consisting of 9 members appointed by the Minister (currently the NSW Treasurer) 2. Of the members: <ol style="list-style-type: none"> a. 1 is to be appointed as Chairperson of the STC Board, and b. 4 are to be appointed as employer representatives, and c. 4 are to be appointed as employee representatives. 3. The members of the STC Board appointed as employee representatives are to be nominated by Unions NSW <p>The Board is remunerated under NSW Public Service Commissioner's Guidelines that are publicly available:</p> <p>www.psc.nsw.gov.au/sites/default/files/2022-08/11.2 - 2022-nsw_government_boards_and_committees_with_framework_classification_and_fees-23_august_2022.pdf which shows:</p> <table border="1" data-bbox="483 1176 1522 1352"> <thead> <tr> <th data-bbox="483 1176 683 1263">Board Name</th> <th data-bbox="683 1176 852 1263">Portfolio</th> <th data-bbox="852 1176 1070 1263">Remuneration: Chair (P/A)</th> <th data-bbox="1070 1176 1289 1263">Remuneration: Member (P/A)</th> <th data-bbox="1289 1176 1522 1263">Classification Group and Level</th> </tr> </thead> <tbody> <tr> <td data-bbox="483 1263 683 1352">SAS Trustee Corporation</td> <td data-bbox="683 1263 852 1352">Treasury</td> <td data-bbox="852 1263 1070 1352">\$73,357.00</td> <td data-bbox="1070 1263 1289 1352">\$38,700.00</td> <td data-bbox="1289 1263 1522 1352">A5</td> </tr> </tbody> </table>	Board Name	Portfolio	Remuneration: Chair (P/A)	Remuneration: Member (P/A)	Classification Group and Level	SAS Trustee Corporation	Treasury	\$73,357.00	\$38,700.00	A5
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SAS Trustee Corporation	Treasury	\$73,357.00	\$38,700.00	A5							
<p>Does State Super offer financial advice to its members?</p>	<p>State Super does not provide financial advice. Aware Financial Services (owned by Aware Super) provide advice to members of the State Super schemes. Members can book an advice appointment with them by calling 1800 620 305.</p>										
<p>Did State Super or any of its associated businesses make any donations to a political party or political campaign during the current or last financial year? If so, which political party or campaign and how much was donated?</p>	<p>State Super has not and does not make any donations to political parties or campaigns. State Super cannot comment about any associated businesses.</p>										
<p>I have left my super with State Super</p>	<p>Scheme legislation only allows members to actively contribute to any of the State Super schemes up to age 70. If your benefit is now deferred in the scheme, you can:</p>										

<p>untouched after you kicked me out of it when I reached 70. After that my employer is contributing to Aware super.</p> <p>What options I have? I know one option is to continue to leave it. Any other option. I just want the list of options. Not what I should do.</p>	<ul style="list-style-type: none"> • Leave your benefit deferred in the scheme (if you are working 30 hours or more); • Take your benefit as a cash payment; • Roll your benefit over to another complying super fund; • Roll your benefit over to another complying super fund and purchase an allocated pension.
<p>To access State Super account, is there an option of activation of the 2FA (2 Factor Authentication)?</p>	<p>Every time you log in a unique PIN number will be sent to your mobile phone or email address (we will use the details that are currently on file). You will need to enter the PIN which will then be validated. For members who do not have either a mobile number or email address on file, you will need to update your member details in order to use the new security features.</p> <p>Please call our customer service team on 1300 130 095.</p>
<p>re: Binding nomination. I believe this is far overdue and it should be addressed as a matter of priority and urgency.</p>	<p>Scheme legislation provides that a death benefit from a contributing member is payable to an eligible spouse. If there is no eligible spouse, the benefit is paid to the estate of the deceased member. You can update your will to ensure your benefit is distributed as per your wishes.</p>