STATE SUPER
SAS Trustee Corporation

SuperViews

OCT
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SASS

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Your Annual Statement explained

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Time for a financial health check?

What's **new...**

In case you missed the recent announcements on our website, here are some updates from us.

Funds management update

In March 2014, the NSW Government announced its intent to amalgamate the funds management activities of the state's financial assets within NSW Treasury Corporation (TCorp).

State Super (STC), in collaboration with TCorp and the Safety, Return to Work and Support division (SRWSD) have embarked on the Amalgamation Project to assess how funds management activities of the state's financial assets might be consolidated within TCorp. For STC, this relates to funds management of assets underpinning the defined benefit component of the SASS, SSS, PSS and SANCS schemes (except those relating to universities).

The STC Board will assess a proposal by TCorp to provide certain investment related services in relation to the assets underpinning the defined benefit components of the SASS, SSS, PSS and SANCS schemes. The assessment will be conducted using specific criteria to ensure that STC continues to comply with relevant legislation and is able to meet its statutory and general law obligations, including the duty to perform its powers and duties in the best interests of the beneficiaries of the schemes.

It is anticipated that in order to continue to meet its regulatory and fiduciary obligations, STC will retain responsibility for investment governance including setting investment objectives and strategy, risk management, asset allocation and the appointment, oversight and performance monitoring of third party investment managers such as TCorp.

Managing university superannuation assets

Defined benefit assets of the SASS, SSS and SANCS schemes relating to the universities will continue to be managed by STC so as to ensure that the investment strategies for each university meets the specific liabilities and funding arrangements required at an individual level.

STC understands that a Memorandum of Understanding (MOU) between the Commonwealth and State Governments regarding the funding of university superannuation is to be signed. We expect that this will lead to the Governments funding the university liabilities on a pay as you go basis, once a reserve hits one year.

In anticipation of this MOU, STC has transitioned university assets from the current long-term, growth focussed strategy into two newly formulated strategies that meet the specific needs of these reserves. Initially, university funds will be invested in a diversified option with a three-year return objective to ensure both the liquidity and return requirements of universities' reserves are addressed. Once the reserve for an individual university reaches an amount equivalent to one year of expected cash flow for that university, the related assets will be transitioned to the new cash option to ensure the assets are sufficiently liquid to facilitate benefit payments to members.

Investment review changes

STC undertook its annual review of the investment strategy for the Pooled Fund in June 2014 and made the following changes effective 1 July 2014.

Change to the return objective for the Cash Strategy

STC has revised the return objective for the Cash Strategy, from CPI+0.75% p.a. over rolling three-year periods to CPI+0.25% p.a. over rolling three-year periods. This change reflects official cash rates being in line with expected inflation levels, and STC's view that the expected return for the asset class and therefore the Cash Strategy is expected to be lower than historically experienced.

Strategic asset allocation changes

STC has also marginally decreased the strategic asset allocation to Australian equities in favour of International equities across the Growth, Balanced and Conservative Strategies. In addition, this year's review also resulted in a shift away from other alternatives and towards Australian fixed interest. These asset allocation changes have been introduced to enhance and protect the strategies and do not adversely affect the risk and return profiles (Standard Risk Measures) of each of the strategies over their respective time horizons.

Keep an eye out for further updates on these and other STC announcements in the latest news section on our website **www.statesuper.nsw.gov.au/news-and-publications/latest-news**

Take your benefit points to the max!

Are you maximising your benefit points?

Now's the time you can elect to change your contribution rate!

For every 1% of your current salary you contribute to SASS, you also secure an additional employer-financed benefit of approximately 2.12%* of your final average salary for when you retire – and the contributions you make to SASS also earn you investment returns.

Your scheme was designed to provide you with flexibility throughout the various stages of your life. While you can contribute between 1–9% each year, maximising your employer-financed benefit is based on making an average contribution of 6% per year. The maximum benefit points you can reach after 30 years of full time fund membership is 180 points.

If you are not contributing at the maximum rate, you may not receive the entire employer-financed benefit you could be entitled to come retirement.

You can change your contribution rate once a year by completing and returning a contribution rate election form **by 31 December** (your actual contributions will not change until the following 1 April).

If the time is right for you to change your contribution rate, simply use the election rate form that was enclosed with your Annual Statement pack and return it in the reply paid envelope provided.

Beat the 31 December deadline
Increase Your Contribution Rate Now!

*This amount is after the reduction for the tax on employer contributions payable by the fund since July 1988. If you joined the scheme prior to 1 July 1988, the employer contributions tax is not applicable to the part of your benefit that accrued prior to 1 July 1988.

Investment market overview 2013–14

The global economy

There has been steady improvement in the global economy this year, with economic activity strengthening, asset prices generally increasing and growth moving in a slow but more stable upward trajectory. The major developed economies have shown progressive improvement while for some emerging markets macro-economic challenges persisted as they were buffeted by volatile capital flows in the middle of the financial year.

> The key challenge facing policy makers continues to be the sustaining of confidence levels to ensure the global recovery builds momentum.

US recovery continues

Off the back of strong performance in the June 2013 quarter, economic growth in the US has continued to improve, despite some patchy economic data and the impact of severe weather in March 2014. The 12 month period to 30 June 2014 finished strongly with 76% of S&P 500 companies exceeding analyst's profit expectations. The tapering of the quantitative easing program is well progressed and the Federal Reserve has indicated that rapid interest rate hikes will be unlikely. This, together with positive expectations in housing, employment and household wealth should build confidence and help support economic growth.

Consolidation in China

The spike in growth in the second half of 2013 has cooled slightly, due to policy measures put in place to slow credit growth and increase the cost of capital. The challenge now is to limit the negative impact this could have on growth, especially exports and the expansion of infrastructure while avoiding introducing additional risk in an already risky Chinese real estate market.

Europe struggles on

The troubled Eurozone has finally seen some improvement over the last 12 months. There is still a long way to go, with issues such as low inflation continuing to cause concern, but steps are being taken to improve the situation. The financial year ended with a slight increase in GDP in the June quarter and even the stressed Mediterranean economies have registered positive growth, albeit very modest. The challenge that now faces parts of Europe is that of deflationary pressures and political unrest, with the Ukraine economy expected to contract by 5% by the end of 2014 and the Russian economy expected to grow by just 0.5%.

Impacts on the Australian market

The predominantly positive global backdrop has been of some benefit to Australia, as we look to transition the economy away from resource investment to resource exports and toward other sectors, such as agriculture and services. When coupled with positive outcomes in advanced economies, our relationship with China has helped counter domestic weakness in business and consumer confidence resulting in a moderately healthy growth rate.

The Australian Dollar's persistently high exchange rate has not helped our terms of trade, but the Reserve Bank has sustained a low interest rate environment since the last reduction in August 2013, which has also helped support domestic activity and growth.

How have financial markets performed?

World share markets experienced another year of double-digit returns, with developed economies leading the race. The Australian share market followed this trend with the ASX 200 growing in value by 12.3% over the financial year.

Fixed income market returns also improved globally, with non-government bonds producing higher returns than government bonds. However, the Australian fixed interest market did not perform as strongly as those overseas.

State Super's performance

State Super was well positioned to benefit from the lift in global share markets that flowed from improved investor confidence.

As the year progressed, a number of changes were made to the portfolio composition to improve the blend of managers and strategy diversification. The Fund benefited from the improved returns flowing from its holdings in property and infrastructure and increased holdings of cash when the markets corrected in the last quarter of the year.

The Fund also moved from a position of being relatively fully hedged on the Australian Dollar throughout the year to unhedged in the last quarter, through the active currency overlays program in place. This added to returns as the Dollar weakened against global currencies in the early part of 2013–14. The hedging level was progressively increased in the second half of the financial year.

The declared return to members for the four investment strategies as at 30 June 2014 are as follows:

Strategy	Crediting rate over 12 months	Crediting rate over 5 years	Crediting rate over 10 years or since inception
Growth	12.3%	9.4%	7.0%
Balanced	10.7%	8.6%	6.9%
Conservative	8.1%	7.1%	6.3%
Cash	2.5%	3.6%	4.4%

Investment Choice … What's your strategy?

Did you know you can choose how the personal contributions you make to SASS are invested?

You can choose to invest your contributions into one of our four investment strategies – Growth, Balanced, Conservative or Cash – or you can choose to invest in a mixture of investment strategies as long as the total proportions equal 100%.

Is your strategy still right for you?

Over 85% of SASS members are currently invested in the Growth Strategy. This represents members at very different career and life stages, from those nearing retirement through to those with considerably more time left in the workforce. As your retirement gets closer, you may find your tolerance for market volatility changes and another investment strategy may be more appropriate for you.

Not sure which strategy you are invested in?

If you haven't previously chosen an investment strategy, your account balance and contributions will be invested in the SASS default strategy which is the Growth Strategy.

Find out which strategy you are invested in by:

- checking your latest Annual Statement
- accessing your online member account via **www.statesuper@nsw.gov.au**
- calling Customer Service.

Important

You can change your investment strategy up to once per month and the change will be processed on the last day of that month (if received before the 25th of the month). The first switch in each financial year is free of charge. For every additional switch made within a financial year, a fee of $25 will be charged.

It's **Annual Statement** time again…

State Authorities Superannuation Scheme (SASS) Statement 2014

STATE SUPER
SAS Trustee Corporation

Member Name: **Member Number:**

This is a statement of your benefit entitlements 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. All information provided is as at statement date unless otherwise specified. If you do not understand some of the information on your statement or think there is an error, please contact Customer Service on 1300 130 095.

PERSONAL DETAILS

	Scheme entry date:	1 May 1986	Age at 30 June 2014:	46
	Tax File Number held:	Yes	**Contribution rate:**	**6.00%** — 1
	Part-time salary (if applicable):	$41,335	Points earned per year:	3.0000
4 —	Final average salary:	$81,737	Contributed benefit points:	118.2651
	Salary at 31 Dec 2013:	$82,670	Maximum benefit points:	166.0000 — 2
	Salary at 31 Dec 2012:	$79,873	Accrued benefit points:	118.2651
	Monthly contribution:	$206.66	Prospective benefit points:	0.0000
			Eligible retirement age:	58 — 3

CONTRIBUTION ELECTION - If you wish to alter your contribution percentage from 1 April 2015, you should complete the enclosed SASS contributions rate election form and return it in the reply paid envelope provided.

	ACCOUNT DETAILS	**Personal**	**Government contributions**
		$	**$**
	Balance as at 30 June 2013	**119,178.90**	**1,307.71**
5 —	Member after tax contributions	0.00	N/A
	Salary sacrifice contributions	4,836.18	N/A
	Government contributions	N/A	0.00
	Investment earnings/losses to 30 June 2014	14,881.62	161.30
	Contributions tax	-725.42	N/A
	Management charge	-45.00	N/A
	Investment switch fee (if applicable)	0.00	N/A
	Additional benefit cover premium (if applicable)	0.00	N/A
6 —	Additional Benefit Cover premium refund	0.00	N/A
	Balance at 30 June 2014	**138,126.28**	**1,469.01**

	Early release debt	**Surcharge debt**
	$	**$**
Balance as at 30 June 2013	**0.00**	**0.00**
Surcharge tax assessed/adjusted this year	N/A	0.00
Repayment received	N/A	0.00
Early release amount paid	0.00	N/A
Earnings adjustment this year	0.00	0.00
Balance at 30 June 2014	**0.00**	**0.00**

7 — **Not assessed for additional benefit cover** - For more information about death and invalidity cover, please refer to SASS Fact Sheet 4 *Optional additional benefit cover* or contact Customer Service on 1300 130 095.

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What your statement is telling you about your retirement

1 Your contribution rate

Contribution rate: The percentage of your annual salary that you currently contribute to SASS (between 1% and 9%). Each 1% you contribute is equal to 1 contributed benefit point.

Your contribution rate plays an important role in determining your final benefits.

2 Your benefit points

Contributed benefit points: These are the benefit points you have accumulated by contributing a percentage of your salary each year.

Maximum benefit points: The maximum benefit points that may be accumulated from years of service. This can be calculated as below:

6 points X years of service* (cannot exceed 180 points).

* for a full time employee without any periods of leave without pay.

Accrued benefit points: The lower of your contributed benefit points and maximum benefit points. Your accrued benefit points are used to calculate your employer financed retirement benefit as below.

2.5%* X Accrued benefit points X Final average salary

Note: Former State Public Service Superannuation Fund (SPSSF) members receive 3%* of their final average salary.

* Approximately 2.12% (or 2.55% for former SPSSF members) after the tax on employer contributions.

Important

Are you maximising your benefit?

If your contributed benefit points are less than your maximum benefit points, it means you have been accruing less than the maximum number of points allowed.

If you want to change your contribution rate, complete and return the *Contribution rate election form* included in your Annual Statement pack.

3 Your eligible retirement age

Eligible retirement age: The earliest age at which retirement benefits are payable from your scheme. For most members, this will be the age of 58.

For some members whose original scheme gave them the option of retirement at age 55, retirement benefits continue to be payable from age 55.

4 Your salary

Final average salary (FAS): The average of your full-time equivalent salaries at your exit date and at 31 December in the two preceding years.

Your FAS is used to calculate your employer-financed benefit at retirement.

On your statement, a final average salary is calculated for 30 June 2014 (using the assumption that your salary has not changed since your last reported salary). This FAS is used to calculate the benefit estimates and entitlements provided in your statement.

5 Before-tax and after-tax contributions

You can make member contributions from before-tax income (salary sacrifice), after-tax income or a combination of both. Your statement sets out your after-tax and salary sacrifice contributions for 2013–14.

Remember Commonwealth Government contribution limits apply.

6 Additional benefit cover

Additional benefit cover provides an additional benefit if you die or suffer total and permanent invalidity (TPI). A good way to tell if you are covered is to see if there is a value next to the item titled 'Additional benefit cover premium' on your statement. The amount of additional benefit you are covered for is calculated as below.

Prospective benefit points X 4% X Higher of final salary and FAS

Prospective benefit points: The benefit points you would have (with additional benefit cover) potentially earned between the date of death or TPI and your earliest retirement age which is 58 in most cases. This projection is based on your average contribution rate at the date of death or invalidity.

7 Not assessed for additional benefit cover

If you are under age 58 (or 55 for ex-SPSSF members) and your statement includes the message 'Not assessed for additional benefit cover', it means you haven't previously applied for this cover.

Most members who have not applied for additional benefit cover can still do so.

More Information

For full details, refer to the explanatory notes attached to your Annual Statement.

The Road to Retirement

SASS

It's important to get a good picture of where you are along the road to retirement and where you want to be so you can set clear goals which should enable you to live the kind of life you want when you finally reach Retirement Street.

What's your next destination?

Here are a few of the important scheme milestones you will pass on your road to retirement.

58

You are generally eligible for your SASS retirement benefit from age 58 onwards once you have left employment.

Check the eligible retirement age on your Annual Statement.

RETIREMENT 10+ YEARS

Generally, at this stage people have a higher tolerance for market volatility and are more accepting of investment risk in order to achieve higher returns because there is still time to recover from market losses.

Consider wealth accumulation and investment strategies that help grow your savings while taking your individual objectives and lifestyle into consideration.

Check that you're on track to maximise your benefit. If not, now's the time to think about catching up.

Important

- If you transferred into SASS when your original scheme closed, you may be eligible for a retirement benefit on leaving employment from age 55.
- If you have an option to take your employer-financed benefit as a pension, it does not apply if you retire before you turn 60.
- Access to your full retirement benefit is governed by Commonwealth provisions and your preservation age.

RETIREMENT 5 YEARS OR LESS

Revisit your investment strategy annually. As retirement gets closer, your appetite for market volatility and your need for capital preservation – rather than capital growth – are likely to change.

If you're invested in a higher-risk Growth Strategy, consider whether this is still the most appropriate option for you. Think about what you want to achieve in retirement.

Understanding yourself and what you want to achieve in life are essential prerequisites to a successful financial plan.

Once you reach age 65 you can choose to exit from the scheme, even if you are still working.

You can choose to receive the payment of your accrued benefit immediately, or leave it deferred within the scheme (as a lump sum only) and have it paid to you at a later date.

From age 70 onwards you can no longer be a contributing member of SASS.

The scheme can no longer accept contributions and you will cease to accrue new benefits. You will now need to withdraw or defer your benefit, which can only remain deferred if you are working at least 30 hours per week.

You must exit the scheme (withdraw or defer your benefit) regardless of whether you are still working.

Need advice?

If you're looking for personal advice, an appointment with a financial planner may help you set clear and achievable goals via a financial plan.

State Super Financial Services provides a wide range of financial planning services to current and former public sector employees and their families.

To make an appointment call **1800 620 305** or visit **www.ssfs.com.au**.

Did you know?

If you exit the scheme and are still working your employer will need to pay Superannuation Guarantee contributions to another fund on your behalf.

More info

Customer Service can answer some of the questions you have around your scheme entitlements and eligibility.

Go to **www.statesuper.nsw.gov.au/sass** and visit the Resources section to access fact sheets and our salary sacrifice calculator.

Log in to your online member account and get a benefit estimate so you can see how you are tracking with your benefit points.

We're here to help

Retirement is exciting for some and scary for others. Being prepared and knowing where your next turn is can help you plan for retirement and maybe even alleviate some of that worry.

Time for a financial **health check?**

Most of us look forward to reviewing our finances as much as a trip to the dentist, but with the new year just around the corner, now is the time to start.

To make it more manageable and less daunting, we've created a handy checklist of some of the most important things you should consider. Take a look through the different topics, you may be pleasantly surprised at how 'on top of your finances' you are.

Review your budget and stick to it!

Do you have a budget that you stick to most of the time or does it tend to fluctuate? Create a realistic budget that includes amounts for special rewards. You're more likely to be successful with a budget plan if you don't make it too ambitious, as temptation is certain to arise at times. Financial discipline requires commitment and a financial planner can provide guidance on how to manage your finances more effectively.

Let your money do the earning

Do you have sufficient funds set aside in case of emergencies? Are they earning a competitive interest rate? Can you easily access the funds when needed?

Boost your super

Are your State Super benefits likely to provide you with sufficient income to meet your needs in retirement? Are you on track to maximise your entitlements? If not contributing a little extra to your super now can have a significant impact in retirement. Salary sacrificing additional contributions can boost your retirement savings and reduce income tax. If you're not sure if your income will be sufficient, if you are maximising your entitlements or if salary sacrifice is right for you consider seeking financial advice.

Get a handle on your debt

Are you in control of your debt? If you use a credit card, do you pay it off every month to avoid costly interest payments? Do you have a mortgage and are you in a position to make more than the minimum repayments? One way to improve your debt situation is to speak to your mortgage lender to see if you can get a discount on the interest rate they charge.

Review your taxes

Are your investments structured to meet your objectives and be tax effective? You should investigate tax concessions available in the super environment, as they can be beneficial for many individuals.

Do you have an investment strategy?

If you have money invested in the share market, does the chosen strategy allow you to sleep at night or do the ups and downs of the markets cause you stress? You should consider whether your investments meet your objectives and your tolerance for risk.

Are your SASS benefits invested in the right investment option for you? If you haven't made a selection previously, your benefits will be invested in the default strategy (Growth Strategy). You can change your investment choice at no cost once a year, so if your current strategy is not right for you, now may be the time to change.

Are you covered?

Are you protecting your most important asset – your income earning ability – in case you suffer an injury or illness that prevents you from working? It is also important to have appropriate insurances in place for death, total and permanent disability and trauma.

Are your private health insurances and general insurances such as home and contents and car insurance suitable for your needs? If you have not reviewed your insurances lately, it may be worth seeing if you can get a better deal.

Start estate planning

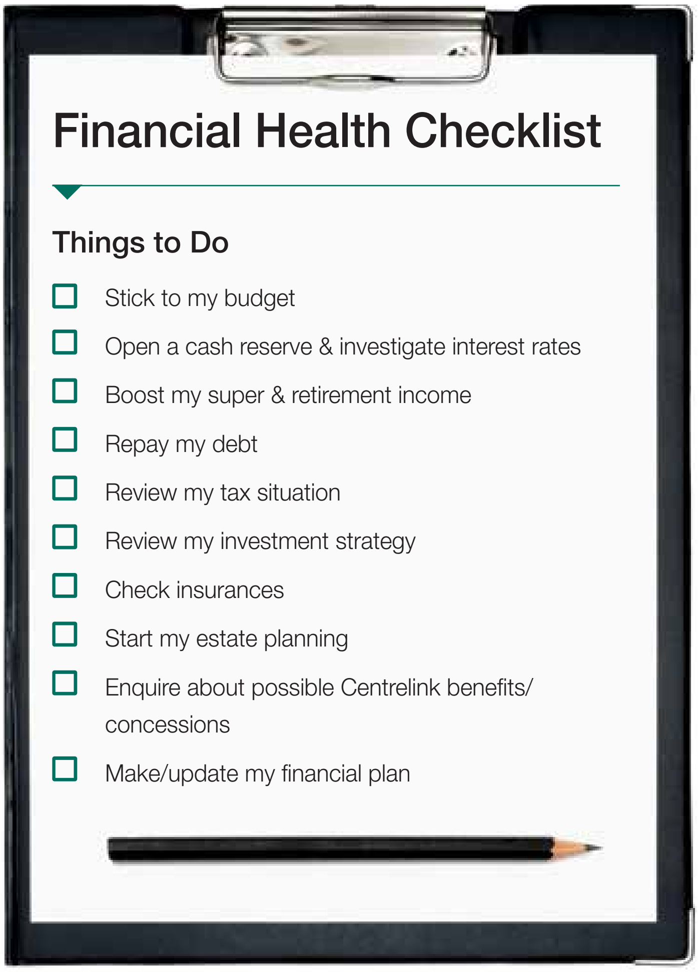
An estate plan includes your Will as well as any other directions on how you want your assets distributed after your death, such as a super death benefit nomination. You should ensure your estate planning preparations are up to date. The vital requirements of a complete estate plan are documents such as an Enduring Power of Attorney and Enduring Guardianship. These documents control how you will be cared for, medically and financially, if due to incapacity you become unable to make your own decisions in the future.

Find out how you could benefit and/or save with Centrelink

If you are on a low income are you eligible for Centrelink benefits and are your investments structured to maximise any benefits to which you are entitled?

Make a financial plan

Do you have a financial plan in place that you regularly review and track your progress against? If not, then a State Super Financial Services financial planner may be able to help you.



NEED ADVICE?

State Super Financial Services provides a wide range of financial planning services to current and former public sector employees and their families.

To make an appointment, call **1800 620 305** or visit **www.ssfs.com.au.**

Member Services update

Making things easier for you

One of our top priorities is member education and our website is one of our greatest tools in making information about your scheme easy for you to access. That's why we've made some improvements to our website.

Take a look at our new forms and fact sheets section

The new section makes finding the forms and fact sheets you need quicker and easier. Simply go to the SASS site via our website at **www.statesuper.com.au/sass** and click on the forms and fact sheets link on the right of the landing page to see how we've improved this section for you.

We appreciate your feedback

So we can continue to improve our website, we would appreciate receiving your comments and suggestions. Please send us your feedback.

Do we have your current contact details?

It is very important that we have your most up-to-date contact details so that we can communicate important information regarding your benefit and keep you abreast of any changes that could affect you.

You can update your contact details via any of the following methods

- Complete STC Form 207: *Update your contact details* (available on our website) and mail it to us.
- Log in to your online member account via our website.
- Call State Super Customer Service.

Read the 2013–14 Report to Members online at www.statesuper.nsw.gov.au – available from 31 October 2014

Contact State Super

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