STATE SUPER
SAS Trustee Corporation

Keeping members super informed

superVIEWS

SASS Deferred
State Authorities Superannuation Scheme

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State Super update

Keeping you informed on the latest news and updates at State Super

Healthcare members share their views

State Super has now completed two Member Advisory Forums and the feedback to date from members has been extremely positive. Late last year we spoke with members from the Department of Education and this year we hosted a group from the Healthcare professions.

CEO John Livanas said about the Forums, "This is a tremendous opportunity to hear directly from public sector employees. Bringing our members together with their peers, for an animated discussion about superannuation related issues. As each person shared, others contributed their thoughts, or asked questions. Members were also able to ask me their own questions directly during the Q&A. We've learned a great deal and will continue to bring members together before consolidating and sharing the results."

> *It's an event that brings like-minded people together; workers from the same industry who had never met before, who were able to enjoy a robust conversation and express their own opinions.*

Nada Siratkov, General Manager, Member Engagement added, "We've realised that this Forum is more than a vehicle for seeking member views. It's an event that brings like-minded people together; workers from the same industry who had never met before, who were able to enjoy a robust conversation and express their own opinions. It is a success for our members and for State Super."

Both Forums were virtual events and demonstrated State Super's commitment to connect with members. The event provides members with a platform to discuss two important superannuation related topics; 1. The impact of public sector super on career and retirement and 2. Responsible investment.

Some key insights include –

- Superannuation did not play a role in choosing their career path or deciding to enter the public service but once members became aware of the benefits of their scheme and began taking a deeper interest in superannuation more generally, they were incentivised to remain in the public service.
- They believe there is value in younger people engaging early with super instead of it becoming a focus later in one's career.
- Forum attendees who were eligible for a pension believe their defined benefit pension provides comfort in times of uncertainty, and they have been able to reliably plan and adjust their lifestyle accordingly.
- Members told us that it is vital to receive accurate information at crucial junctures, like at the start of your career as well as when transitioning into retirement.
- Our members told us that super funds should take a more strategic approach to future-proofing our economy, such as investing in our national research and development sector and investing in Australian companies.
- Members say there is a need to balance returns with social, environmental, and national sustainability. They know that some of these investments are long-term and this focus should include engagement with younger fund members to help them make the best decisions for their future.

There are likely to be further Forums in 2022, followed by the completion of a White Paper that summarises all member discussion themes that will be published on our website.

If you are interested in participating in a future Member Advisory Forum, email your full name, and current or previous job title to info@statesuper.nsw.gov.au and we will respond with the event details. Places are limited, so be sure to contact us as soon as possible.

Protecting yourself against scams

At State Super, we take the protection of our member's personal and financial information very seriously, and you can play a key part by keeping your account information safe and secure.

Personal and financial details

Have you been contacted and asked for your bank account details so that a payment of a benefit or payment of a pension can be processed? If so, you may have been targeted by scammers.

To ensure you are speaking to a State Super customer service team member be aware that;

- We will always advise you that the call is being recorded for training and coaching purposes
- We willingly provide our names and where we are calling from
- If we're unable to get in touch, we will leave a telephone number (which you can verify by checking the State Super "Contact us" website page) and a reference number for you to quote when you call us back

The basic guideline is, if in any doubt, refuse to provide personal details over the phone or via email or simply disconnect the call/do not reply to the suspicious email. You can always request something in writing or contact us via the details on the website www.statesuper.nsw.gov.au/help-centre/contact-us

Scammers can also try to obtain information via email/SMS or provide you with genuine looking documentation. If you receive an unexpected message that asks you to click a link, **DO NOT click on the link.** Always sign into your financial accounts by typing the address directly into your browser.

If you have already passed on personal information, either over the phone or via email, that has you concerned, please get in touch so we can place additional security measures on your account.

SCAM Alert: Self-Managed Super Fund rollovers

Be wary if you are cold called or emailed to set-up a self-managed superannuation fund (SMSF), particularly with the promises of high returns. The scheme can include being asked to transfer funds to a new SMSF, but instead the rollover is transferred to bank accounts controlled by scammers.

If you have been contacted by any person or company encouraging you to open an SMSF always undertake your own independent enquiries via the Australian Securities and Investment Commission (ASIC) asic.gov.au/

Or, to learn more about how to spot the latest superannuation scams and where to report them, visit the ASIC moneysmart government website moneysmart.gov.au/how-super-works/superannuation-scams

> *Always sign into your financial accounts by typing the address directly into your browser.*

Annual Member Satisfaction Survey - have your say

Our annual Member Satisfaction Survey is coming up and we will be contacting members by phone in the coming months to have their say.

Thanks to everyone who participated and provided feedback in our last survey, which again gave us very positive results in all areas of service delivery when compared to the broader superannuation industry.

This research has become an integral part of our future planning and will continue to identify ways to improve the services we provide to you.

We also welcome your feedback at any time via our online form at www.statesuper.nsw.gov.au/helpcentre/contact-us

Mid-year investment overview

A tumultuous time

The first half of the year was an eventful period as the impacts of COVID-19 continued to dominate headlines and reverberate throughout the world economy. While vaccine uptake has calmed the threat in many areas, outbreak spikes and the rise of new strains have hampered the efforts of health authorities and limited the ability for economic activity to return to normal.

Fiscal stimulus has been employed to varying degrees across the globe with positive effects in terms of facilitating an economic bounce back. Political dynamics have been volatile, with prime examples being the Capitol riots in the USA and the continued tension between China and major western economies, including our own

Despite the challenges over the last six months, international institutions are upgrading their growth expectations with the IMF projecting 6 percent growth in 2021 – a dramatic shift from a contraction of -3.3 percent in 2020.

Markets forging ahead

Markets so far this year have continued their random activity amidst the pandemic chaos and fears of economic calamity. The S&P 500 index, for example, finished the first half of 2021 up by 14.4 percent, while the ASX200 rose by over 11 percent for the same period.

We saw markets quick to rebound even in the early gloomy stages of the pandemic last year and their ability to look beyond negative economic news has persisted through 2021. This optimism has been reinforced by positive company profit growth, fiscal stimulus measures and continuation of accommodative monetary policy from central banks. Whether this trend continues will in part be influenced by perceptions of markets being over-valued, the inevitable withdrawal of fiscal stimulus and the potential for a rise in bond yields.

Listed property has also recovered well from the crash of 2020, while unlisted property has remained relatively stable during the entire pandemic period, despite the pressures being felt in the office and retail sectors.

Global recovery exceeds expectations

Vaccine roll out has been the central focus in underpinning economic recovery so far and this will continue to be the case for the remainder of the year. Developed countries have largely seen good vaccination rates, although there are some notable exceptions including Japan and Australia. Developing economies in regions such as Africa and South America, however, are running behind with their programs and several are experiencing major infection spikes which will ultimately hamper the recovery process.

On the political front, Joe Biden's election has provided a more predictable and stable policy footing, although his administration faces significant hurdles in calming political and trade disputes with China. Biden's ramping up of fiscal stimulus has been a major factor in making US recovery more rapid than expected and the benefits of this have a direct growth impact across the globe.

Monetary policy across most central banks has remained accommodative to support economic activity, although there are some rumblings over the prospects for rising inflation and volatility in bond yields. The US in particular has seen some inflation spikes recently, although this could be largely specific to pandemic related causes. Such rises are less evident in other economies. The US Federal Reserve has indicated the potential for rate rises earlier than previously forecast, though committees within the Reserve show a dispersion of views on the path of these rate projections.

Any tightening of monetary policy is more likely to be gradual and may not start occurring until 2023 in the US and Australia and may be even further away in Europe and East Asian economies such as China and Japan.

International trade has shown pleasing recovery on the back of increasing demand. Exporting giants, such as China and other East Asian economies are benefiting from this and, in turn, this is stoking demand for commodities

that input into their manufacturing. This is resulting in healthy prices for commodities including oil and iron ore.

Australia bouncing back

Australian economic activity and GDP has bounced back from the pandemic more strongly than initially predicted and this has led to future expectations being revised upwards by the Reserve Bank. GDP growth is now forecast to be 4.75 percent over 2021 and 3.5 per cent over 2022. A lot of this recovery is due to businesses responding to pandemic related tax incentives on machinery and equipment investment, as well as higher commodity prices and persistently low interest rates.

Employment rates are recovering almost to pre-pandemic levels, although wages growth is still in the doldrums. A key factor in how well recovery will proceed from here is the propensity for spending. Household wealth has been increased strongly on the back of housing price increases and a marked increase in savings in recent times, but this now needs to translate into increased spending in order to fuel more positive economic outcomes.

Outlook for markets

While there are potential negative influences on market performance and the environment is still a volatile one, the general outlook is for markets to maintain constructive outcomes over the near-term.

Buoyant business conditions and positive sentiment surrounding domestic and global recovery will help underpin the trend. Countering these factors is the prospect of inflation hikes and the potential for stocks to become over-valued, but on balance the expectations are upbeat.

This bodes well for State Super members, who have already experienced a pleasing improvement in returns over the last 12 months. We will continue to skilfully manage our funds to maximise outcomes for members, while retaining sophisticated and prudent risk management strategies.

Member investment choice strategies to 30 June 2021

	1 year	2 year	3 year	5 year	10 year
Growth	14.3%	7.7%	7.7%	8.3%	8.6%
Balanced	8.9%	5.8%	5.8%	6.2%	7.2%
Conservative	5.6%	4.3%	4.4%	4.5%	5.6%
Cash	0.1%	0.5%	1.0%	1.3%	2.1%

Important: Past performance is not a reliable indicator of future performance.

The crediting rates shown have been rounded to one decimal point and are shown as an annual rate. Actual crediting rates are declared monthly to four decimal places. The annual rate is the compounded monthly rates.

Taking advantage of changes to super laws to maximise your retirement savings

On 1 July the Federal government increased several superannuation limits to enable people to put more money into super. We summarise these changes and explain how you can take advantage of them to maximise your retirement savings.

Limit for pre-tax contributions raised to $27,500

The maximum pre-tax contribution (the 'concessional cap') has increased from $25,000 to $27,500. This is the maximum amount you and your employer can put into super in a year from your pre-tax income, while paying only 15% tax. Any amounts you contribute above $27,500 are taxed at your marginal tax rate.

Why this matters

Depending on your income, you're likely to be paying more than 15% income tax. The more you can put into super within that $27,500 limit, the less tax you'll pay.

Note that you can't make any further contributions to your SASS Deferred account, but you can take advantage of your unused cap by making contributions to another superannuation scheme.

What's included?

Pre-tax contributions include:

- super guarantee contributions (SGC) from your employer
- personal deductible contributions
- any salary sacrifice contributions you make
- notional employer contributions to defined benefit schemes
- in some cases, employer-sponsored insurance cover paid for through super contributions.

Carrying forward unused caps

If you didn't reach your concessional cap from the last financial year and or previous years since 2018/19, you can carry this forward to increase your cap for this year. This applies if you had a Total Super Balance (TSB) of less than $500,000.

For SASS Deferred members, the Accumulation Phase Value (APV) will be used by the ATO to calculate your TSB. Refer to your annual statement for the withdrawal benefit as at 30 June 2021 to see the APV that will be reported to the ATO.

For example, let's say you have a super balance of $280,000 and contributed $20,000 last year. You'd have $5,000 of the 'unused' cap to add to this year's cap, so you could put up to $32,500 into super this year while paying only 15% tax ($27,500 + $5,000 = $32,500).

Limit for after-tax contributions raised to $110,000

As well as pre-tax contributions, you can contribute money you've already paid tax on. These are called 'non-concessional contributions', and this year the cap for these has increased from $100,000 to $110,000

You can only make non-concessional contributions if:

- you had less than $1,700,000 in super on 30 June 2021 (up from $1,600,000 last year)
- you're under 75, and
- if you're 67 or older (from 65 last year) you pass the work test or meet the work test exemption. To pass the work test you must have worked at least 40 hours within a 30-day period at some point during the financial year.

Why this matters

In effect, you can now put up to $137,500 into super in a single financial year. This is a tax-effective way to save, because when you retire and commence a retirement income stream, earnings and payments after age 60 will be tax free.

Bringing forward future caps

You can also bring forward up to three years' worth of future non-concessional caps (i.e. $330,000). This enables you to put a significant lump sum into super in one year (for instance, if you sold an investment property, proceeds of a term deposit or money received from an inheritance).

This applies if:

- you're under 67 for at least one day of this financial year, and
- you had less than $1,480,000 in super on 30 June 2021.

If you have more than $1,480,000 in super, your bring-forward amount will depend on your super balance, but will be between zero and $220,000.

Tax benefits to non-dependents

If any non-dependent beneficiaries receive some or all of your super benefit if you die, non-concessional amounts won't be taxed when they receive the payment.

Super Guarantee Contributions increased to 10%

The previous requirement for employers to pay 9.5% of salary as Super Guarantee contributions has increased to 10%. If you're receiving SG contributions, this means your employer will be contributing 10% of your annual gross salary to super from 1 July 2021.

Depending on your salary and whether you're making salary sacrifice contributions, you may want to check that this increase doesn't push you over your concessional contribution cap. If you exceed your concessional contribution cap, the excess contributions will be taxed at your marginal tax rate instead of the 15% concessional tax rate.

Limit on retirement income stream balances increased

Once you have reached preservation age and met a Commonwealth condition of release such as permanent retirement, terminating an employment arrangement after age 60 or turning age 65, you can rollover your super into a retirement income stream and start paying yourself an income from it. This is tax-effective, because the earnings within the income stream account do not attract any tax and after age 60 the amounts you take as income are tax-free.

This is called the 'retirement income phase' and the maximum amount you can transfer into the income stream is limited by a Transfer Balance Cap (TBC). The general cap has just increased from $1,600,000 to $1,700,000. Whilst a retirement income stream isn't available within SASS, you could commence one by rolling over your SASS deferred account to another Super fund where this type of account is available.

If you've already started an income stream since 1 July 2017, your personal cap will be somewhere between $1,600,000 and $1,700,000. The ATO can tell you what your personal cap is.

Pre-retirement income streams that you may commence after your preservation age are not impacted by these limits and also have a different tax treatment. For example, the fund would still pay tax on its earnings whilst the income drawn would be tax free if you are over 60.

Government plans to introduce super fund 'stapling'

If you change jobs after 1 November 2021 and don't specify a super fund for your new employer, they will have to make super contributions to your current fund, rather than starting a new plan for you in their default fund.

In effect your super fund is 'stapled' to you wherever you go. This is designed to prevent people who change jobs ending up with small balances (and paying fees) in multiple super funds.

It's important to note that your SASS deferred account is an exception to this planned change. You and future employers are not able to make additional contributions to your SASS deferred account. Instead, you will have the option to open an account with another Super fund of your choice, or if you don't have another account your employer will open an account on your behalf with its default Super fund provider, and make your SG contributions to that fund.

The value of good advice

In summary, these changes enable you to put more into super and get better tax concessions in retirement.

We realise that understanding the significance of these changes to your personal situation isn't easy. This is why we suggest you discuss these changes with your **Aware Super financial planner.** Your planner is an expert in retirement and can help you take full advantage of the revised limits so you can maximise your retirement income.

Call **1800 620 305** to speak to a financial planner from Aware Super (previously known as StatePlus).

Ask an Expert

Q: "I'm 61 and planning to retire next year. With the property prices booming I'm thinking about downsizing the family home and buying a cheaper property on the South Coast. How much of the proceeds can I contribute to my Super?

There are a couple of ways to contribute wealth unlocked through selling the family home into Super, but you can't make these additional contributions to your SASS Deferred account, you'd need to open an account with another Super fund.

The first way is through a downsizer contribution which is a tax-free one-off contribution to Super of up to $300,000 using the proceeds of the sale of your main residence. Each spouse can make a downsizer contribution, which means up to $600,000 per couple of the sale proceeds can be contributed toward Super provided you both meet the age criteria, which is currently age 65. The age restriction is proposed to be lowered to age 60 from 1 July 2022.

The advantage of this type of contribution is that it does not count towards your annual concessional or non-concessional contributions caps. They also aren't subject to the $1.7 million total super balance restriction or the work test, and there's no requirement to buy another home.

Making the decision to downsize the family home should be made as part of a broader and wholistic retirement plan.

It's important to plan ahead to meet strict criteria. These include but are not limited to; having owned the property that sold for at least 10 years and it needs to have been yours or your spouse's main place of residence at some point in time. The sold property must be in Australia and the downsizer contribution needs to be made within 90 days of settlement. Check with your Super fund to ensure that you complete the right forms before you make the contribution.

If you don't meet the criteria for a downsizer contribution, or you have more of the proceeds to contribute then you can always use your non-concessional contribution limits to make additional tax-free contributions to Super. This limit can be used to contribute any money from outside Super such as the proceeds of an investment property, an inheritance or proceeds from a maturing term deposit. Every individual can contribute $110,000 per year to Super as after-tax contributions provided you have less than $1.7 million across all your Super accounts.

You can also bring forward non-concessional contribution limits from future years and use them in a shorter time period. If you meet all the eligibility criteria*, the bring-forward rules allow you to make non-concessional contributions of up to three times the annual general contributions cap in a single year, that's up to $330,000 in total over the 3 financial years.

Making the decision to downsize the family home should be made as part of a broader and wholistic retirement plan, taking into account your lifestyle change, whether retirement is affordable as well as any impact to future age pension entitlements. It's a good idea to seek guidance and support, and it's certainly an area that an Aware Super financial planner can give you advice on.

* You can access the bring forward rule if your total balance in Super is less than $1.48 million. If you have between $1.48 million and $1.59 million then you can bring forward a maximum of 2 years non-concessional contributions limits of $220,000. If your total balance in Super is more than $1.59 million and less than $1.7 million then you will be limited to $110,000 non-concessional contribution per annum.

Q: I'm 60 and my husband and I own our own home. I'm planning to retire in the next 5 years. I have $200k deferred benefit within SASS. I'd like to know how my benefit will be treated by Centrelink in determining my age pension entitlement?

You can apply for an age pension once you reach age pension age. The qualifying age has been increasing from 65 to 67 years since 1 July 2017. As your birthday is after 1 January 1957 your age pension age is 67.

Centrelink apply the assets and income test to determine how much pension you are entitled to. The rate of pension that you will receive is based on which test provides the lower amount of pension. From age pension age your SASS deferred account is counted towards the asset and income tests. If you rollover your SASS account into an account based pension, the value of the account will count towards the tests both before and after age pension age. This difference can be important if you have an older spouse who applies for the age pension before you, because Centrelink assess you and your partners income and assets together.

Assets test

The assets test is based on how much you and your partners assets are worth. It includes your super and retirement income accounts as mentioned above, as well as assets you own such as a car, business assets, investment properties and financial assets such as cash, shares and term deposits. Importantly it excludes the family home. The total value of the assessable assets will determine whether you are entitled to full or part age pension under the asset tests. There are different limits that apply to homeowners and non-homeowners and these are included in the table below.

Current Assets Test Thresholds - effective 1 July 2021

	Situation	Full Age Pension Assest less than:	Part Age Pension Assets between:	No Age Pension Assets exceed:
Single	Homeowner	$270,500	$270,500 and $588,250	$588,250
	Non-homeowner	$487,000	$487,000 and $804,750	$804,750
Couple (combined)	Homeowner	$405,000	$405,000 and $884,000	$884,000
	Non-homeowner	$621,500	$621,500 and $1,100,500	$1,100,500

If you have assets that are above the full pension entitlement level, then your age pension is reduced by $3.00 per fortnight for every $1,000 of assets above that level. You have no entitlement to a pension once they reach the No Age Pension level.

Continued overleaf

Ask an Expert

◥ *Continued from page 9*

Income test

Your age pension entitlement under the income test is determined by the other income you receive. Most types of income are taken into account when determining your age pension entitlement including financial investments, employment income, income from sole trader or partnership business, net rental income from investment properties as well as income from outside Australia.

Importantly, the first $300 in income per fortnight earned by an individual pensioner from personal exertion is not counted toward the income test under the "Work Bonus" rules.

Some financial investments including your Super, term deposits, shares and managed funds are "deemed" to earn a set percentage of income based on their current value, regardless of what actual income they earn.

Current Deeming Thresholds and Rates - effective 1 July 2021

Single	Couple	Rate
Value of first $53,600 of financial assets	Value of first $89,000 of financial assets	Deemed to earn 0.25%
Value of financial assets over $53,600	Value of financial assets over $89,000	Deemed to earn 2.25%

If your SASS deferred account was your only financial investment, then it would be deemed to earn 0.25% p.a. for the first $89,000 ($222) and then 2.25% p.a. on the balance over $89,000.

Current Income Test Thresholds - effective July 1 2021 (fortnightly income figures)

	Full Age Pension	Part Age Pension	No Age Pension
Single	Income up to $180	Income between $180 and $2,085.40	Income more than $2,085.40
Couple (combined)	Income up to $320	Income between $320 and $3,192.40	Income more than $3,192.40
Couple (combined) separated through illness	Income up to $320	Income between $320 and $4,130.80	Income more than $4,130.80

For every $1 you earn per fortnight above the full pension limit, your pension is reduced by $0.50 until you reach the no pension limit at which point you have no pension entitlement.

The Centrelink website at **www.servicesaustralia.gov.au/individuals/centrelink** is a good source for step by step assistance.

Understanding your sources of income including a full or part age pension entitlements either at the start of retirement or through retirement, can be an important part of a financial plan. Partnering with an Aware Super financial planner can help you to understand and plan for all the sources of income available to you throughout your retirement, and give you advice to help you decide the right time to retire, and how to make your money last throughout retirement.

Call 1800 620 305 to speak to a financial planner from Aware Super (previously known as StatePlus).

Your member benefits

STATE SUPER
SAS Trustee Corporation

Sign up for a webinar to learn more about your scheme.

State Super seminars are now online! Join a Webinar presented by qualified financial planners from Aware Super (previously known as StatePlus). They can help you understand how to maximise your superannuation and plan for the future. Aware Super financial planners are specifically trained in your superannuation scheme.

Our webinar is presented in two 45-minute sessions and will help you to:

- learn more about your scheme – how it works, what your choices are and how to make the most of your available benefits
- understand how and when the decisions you make about your employment and superannuation can affect your retirement benefits
- understand the Centrelink rules and the benefits you could be eligible for
- find out how a financial plan can help you make the most or you super

Easy-to-follow instructions are provided on how to join and participate online from the comfort of home.

To make a booking to attend one of our webinars, call **1800 620 305** or go to **www.statesuper.nsw.gov.au/help-centre/seminars** where you can view dates and times that are convenient for you.

Member interviews - now on Zoom (video call)

Interview Services using the Zoom video call platform are available by appointment from 9.00am to 5.00pm Monday to Friday.

State Super's free Interview Service is available to all current and deferred benefit members as well as pension members.

Customer service staff can meet with you via a virtual face-to-face video call. They can assist with general advice about your scheme, superannuation information, even completing administrative forms or other paperwork. Easy-to-follow instructions will be supplied to help you join your video interview.

Call to make an appointment -

1300 130 094

Of course, you can contact us by phone for assistance any time during business hours.

There is also a myriad of information available on our website. Details about the rules, benefit entitlements and membership conditions of each of the State Super schemes are provided in a series of fact sheets.

To download a form or fact sheet, go to **www.statesuper.nsw.gov.au/help-centre/forms-and-factsheets** and search for the name or document number or scroll through your scheme's documents to find what you need.

Contact us

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