



STATE SUPER
SAS Trustee Corporation

OCT
2015

DEFERRED

REVEAL...
your new **Annual
Statements**
are here!

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State Super update



The NSW Government's Amalgamation Project

As previously communicated, the NSW Government announced its intent to amalgamate the funds management activities of the State's financial assets within NSW Treasury Corporation (TCorp) in March 2014. For State Super, this relates to the defined benefit¹ (DB) assets within the STC Pooled Fund.

In response to this, over the past year, State Super has been assessing the benefit and suitability of outsourcing certain funds management activities to TCorp.

After a full due diligence process, the State Super Board resolved to appoint TCorp as an outsourced service provider of certain funds management activities in relation to DB assets. This arrangement became effective on 15 June 2015.

TCorp now provide funds management services in relation to the Trustee Selection Strategy (formerly called the Growth Strategy), which primarily invests the DB assets. TCorp's services include undertaking functions such as recommending investment managers, conducting due diligence, funds administration and operations and reporting activities.

State Super will maintain the resources and staff required to continue to meet our regulatory and fiduciary obligations, which include retaining responsibility for member

services and investment governance (including setting investment objectives and strategies, risk management and asset allocation) for all the State Super investment strategies. State Super will also continue to manage the four member investment choice strategies (Growth, Balanced, Conservative and Cash) in which SASS defined contribution² (DC) assets are primarily invested and the two university investment strategies (University Conservative Diversified³ and University Cash) in which university employer reserves are invested.

What does this mean for members?

There is no change to benefit design or entitlement and all benefits will continue to be paid in accordance with the relevant scheme legislation. All assets, whether they are member or employer funded will remain in the State Super Pooled Fund and the strategy they are currently allocated to (other than the DB assets which sit within the Trustee Selection Strategy).

About TCorp

New South Wales Treasury Corporation (known as TCorp) is the central borrowing authority for the State of New South Wales. In addition to TCorp's role as the central financing authority for the State of New South Wales, TCorp is also a manager of asset and liability portfolios on behalf of clients, providing financial risk management and investment management services to the NSW Government and its constituent businesses.

2015 Federal Budget update

Legislation has now been passed which changes how defined benefit income will be taken into account under the Social Security income test from 1 January 2016. If you have a pension option as part of your SASS membership, these changes may affect you. Please visit the News section on our website via www.statesuper.nsw.gov.au for more information.

1. Defined benefit assets are the assets within the STC Pooled Fund that support employer reserves which are held in order to meet the New South Wales (NSW) Government's obligation to provide defined superannuation benefits.

2. Defined contribution assets are the assets within the STC Pooled Fund that support contributions made by members.

3. Prior to 1 September 2015 the University Conservative Diversified Strategy was called University Diversified.

Investment market overview

Domestic growth

Growth in the first half of 2015 was at the lower end of expectations, prompting the Reserve Bank of Australia (RBA) to make two rate reductions each of 0.25% during this period. The signals were mixed domestically, with housing construction and consumer spending being the positives (thanks largely to low interest rates), and weak business investment the negative. In a speech given at the time, RBA Governor, Glen Stevens, hinted at the limitations of monetary policy to drive growth in isolation and the need for more robust public spending on infrastructure to support growth and confidence.

The Australian dollar depreciated, especially against the U.S. dollar, on the back of falling commodity prices and lower interest rates. This helped support net export figures and provided a positive offset to weaker domestic demand.

The U.S. Federal Reserve is expected to commence raising interest rates later in the year in response to a more buoyant economy

U.S. optimism

Falling unemployment and growth in wages were two of the tell-tale signs that the U.S. economy was heading in the right direction. After weak first quarter growth in 2015, partially due to harsh winter conditions, a rebound was expected for the rest of the year, propelled by the service and housing sectors and increases in consumer spending and business investment.

The U.S. Federal Reserve is expected to commence raising interest rates later in the year, in response to a more buoyant economy. It has been widely telegraphed that the Federal Reserve would increase interest rates when the economy has reached a sustainable growth path. When U.S. interest rates actually increase it should come as no surprise to global financial markets.

Chinese reductions

The Chinese slowdown continues to cause some concerns as it makes the transition from dependence on fixed asset investment to an economy underpinned by domestic consumption. Nevertheless the Chinese authorities have a number of policy levers available to them to stimulate the economy, should this be needed. The stock market tumble that occurred mid this year was a result of a significant increase in margin lending accounts earlier in the year. Many investors, retail investors among them, borrowed heavily to invest in the stock market. To avoid the volatility in the stock market spilling over into the economy, Chinese authorities have stepped in with extraordinary interventions to halt the slide, including the suspension of trading and moving against short selling.

The impact on the Chinese economy is uncertain, but expected to be minimal, because less than 10% of consumers are invested in equities.

Europe battles on

A modest return to growth is pleasing, as are budget restraint and other economic reforms, but the turmoil over Greece in the middle of this year has overshadowed these developments. The protracted discussions about debt refinancing have been temporarily concluded. Greece averted an exit from the Eurozone by agreeing to a package of austerity reforms. This opened the door to European support for Greek banks and negotiation of debt relief. It is difficult to envisage a sustainable solution to Greece's debt problem without some level of debt forgiveness.

What the markets are doing

The dramas in both Greece and China resulted in increased market volatility around the globe, but the impact is fading. Corrections will occur from time to time, which is common in investment markets. It is important not to overreact to short-term events, but to maintain a disciplined investment approach. Despite increased market volatility at the end of the financial year, the investment returns generated by all of State Super's diversified investment options were well ahead of their respective objectives for the year ended 30 June 2015.

Expectations on returns in the short-term should be kept modest, however, returns are expected to start heading in the right direction leading to a positive outlook for the longer term.

State Super's performance

Despite an uncertain global market, STC achieved competitive investment returns for the year ending 30 June 2015.

Equity markets were highly volatile towards the end of the financial year as investors reacted to the debt situation in Greece and the negative impact the increase in marginal loans (the practice of borrowing money to invest) has had on the Chinese stock market. Nevertheless, it was another year of strong performance for each of State Super's investment strategies.

STC was more heavily invested in international equities in comparison to Australian equities, which meant we were well positioned to benefit from the lift in global share markets that flowed from improved investor confidence for most of the year. STC's investments in international assets also benefited from the fall in the Australian dollar that occurred during the year.



...it was another year of strong performance for each of State Super's investment strategies.

The declared return to members for the four investment choice strategies as at 30 June 2015 are as follows:

Strategy	Crediting rate over 12 months	Crediting rate over 5 years	Crediting rate over 10 years
Growth	10.2%	9.6%	6.7%
Balanced	8.9%	8.7%	6.6%
Conservative	6.9%	7.1%	6.0%
Cash	2.4%	3.3%	4.1%



Introducing your **NEW** Annual Statement



We've made understanding your benefits easier...

Page 1

STATE SUPER
SAS Trustee Corporation

SASS Deferred

your **Super** statement

Member name: Sally Sample Member Number: 123456

Sally Sample
1 Sample Street
SAMPLEVILLE NSW 2000

Changed your details?

YOUR BENEFIT SUMMARY

Balance At 30 June 2015

- \$140,000.00**
Immediate lump sum benefit (after debts)
- \$190,000.00**
Deferred retirement benefit (after debts)

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

State Superannuation Scheme | Page 1

Look inside for more **useful tips** on how to read your new statement and find **the information you need.**

Your Annual Statement explained

Page 2

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

your **Super** statement
SASS Deferred

your **membership** details

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

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

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

Providing your tax file number is voluntary. For more information see the explanatory note No TFN contributions tax debt or contact Customer Service on 1300 130 095.

your **membership** details

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

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

YOUR ACCOUNTS

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

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

continued overleaf

Here you will find a **snapshot of how your benefit is being invested** and what investment choice changes you have made throughout the year.

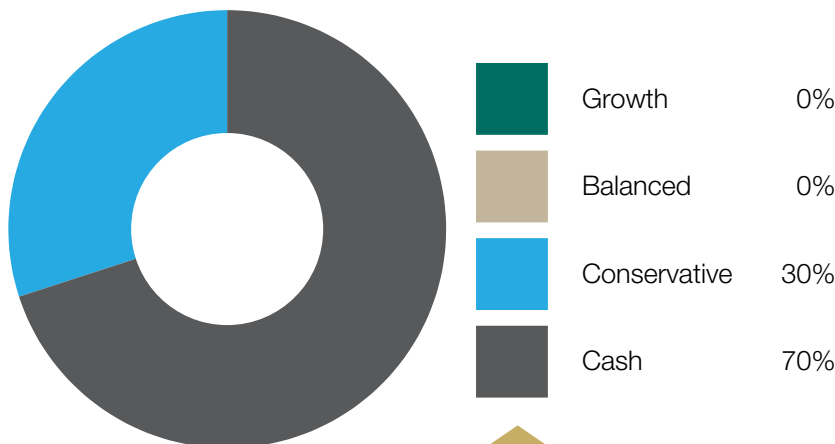
YOUR INVESTMENT CHOICE DETAILS

	Growth	Balanced	Conservative	Cash
Allocation of your personal account at 1 July 2014	100%	-	-	-
Election 31/10/2014	-	-	100%	-
Election 31/03/2015	100%	-	-	-
Election 31/05/2015	30%	40%	30%	-
Election 30/06/2015	-	-	30%	70%
Allocation of your personal account at 30 June 2015	-	-	30%	70%

During the year, your SASS benefit which excludes the basic benefit, Superannuation Guarantee shortfall and/or Government contributions (if applicable), was invested in the following strategies.

Your preserved benefit includes the basic benefit and, if applicable, any Superannuation Guarantee shortfall and/or Government contribution amounts. These benefits are preserved in the State Authorities Non-contributory Superannuation Scheme (SANCS) which does not offer member investment choice. The SANCS amounts are invested in the Growth strategy.

Allocation of your personal account at 30 June 2015



IS NOW THE RIGHT TIME FOR YOU TO CHANGE?

Reviewing your investment choice strategy regularly is important. With SASS, you can change your investment choice selection once a year **at no charge**.

For more information refer to SASS Fact Sheet 15: *Choosing an investment strategy*.



It's important to **keep an eye** on how your benefit is being invested. As you head towards retirement you may want to consider **adjusting your investment strategy** to ensure it is right for you.

Your Annual Statement explained – continued

Look out for these symbols!

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



Important!

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



YOUR RETIREMENT BENEFIT

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

FAMILY LAW SPLIT



If you have a Family Law split (either pending or already paid), you will have a Family Law split section shown on your statement. If you have a pending Family Law split at 30 June, this section will show you the amount that is still to be processed.

TAXATION INFORMATION

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

ACCESS TO YOUR SUPERANNUATION BENEFIT

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

Fee	Amount	
Preserved	\$70,000.00	 You cannot access this until you reach your Commonwealth preservation age and meet a condition of release.
Restricted non-preserved	\$45,000.00	 You cannot access this until you resign from your current employment.
Unrestricted non-preserved	\$0.00	

Your Commonwealth Preservation age is

55



YOUR DEBT ACCOUNTS

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

YOUR TRANSACTIONS

A list of the transactions that occurred on your account during the statement period are provided in this section. This will include items such as management and investment choice fees, along with payments you have made towards any debt accounts, if they apply to you.

FEES AND COSTS

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

Fee	Amount	
Direct management fees included in the transaction list	-\$70.00	
Indirect costs of your investment	-\$4,500.00	➤ This approximate amount has been deducted from your investment and includes amounts that have reduced the return on your investment but are not charged directly to you as a fee.
Total fees you paid	-\$4,570.00	➤ This approximate amount includes all the fees and costs which affected your investment during the period.

Explanatory notes about your 2015 SASS statement

The Explanatory notes are an accompaniment to your statement and provide further detailed information to help you understand your statement.



Need help understanding your new Annual Statement?

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



We're moving forward



At State Super Financial Services we're taking a fresh look at how we do things. Over the last year we focused on delivering an even better experience to our clients while we prepare for the future and make sure we move with the times.

An important step in this journey has been to refresh our brand.

We're excited to have a new brand that looks and feels more like we do – **generous, knowledgeable and positive**. We want to share our brand story with you.

Our brand story

Our core values have always been clear to us. We have deep roots in the public sector and we are proud of our heritage. Our commitment to putting **our clients' interests first** has always been our priority.

We know from our clients, that our planners have an impact well beyond the financial. As part of our brand

development we wanted to capture what it is about our culture that provides this positive experience and has helped us win our clients, **trust and loyalty**.

Our new brand has been developed based on our values, culture and the insights and feedback from our clients, staff, planners and partners. We hope you like the result as much as we do.

Our new look

Our trading name is changing from State Super Financial Services to **StatePlus**.

The development of a new name has allowed us to both acknowledge our heritage and look to our future. The word 'State' references not only our foundation, but also our deep expertise in mastering financial matters for our clients in the public sector. And 'Plus' refers to our flexibility to **go that extra mile** to meet the needs of our clients.

“Quality financial planning advice changes lives. It improves wellbeing and fulfils personal and financial goals that would otherwise go unachieved. The right advice can reduce feelings of uncertainty, providing peace of mind for individuals throughout their life.”

*Michael Monaghan, Managing Director
State Super Financial Services*

Our new logo and colours reflect our generosity of spirit and positive outlook on wealth management and life. The colour orange is warm, optimistic and friendly. And we have chosen photography that enables us to tell the unique stories of our clients’ **fulfilling and enriching lives.**

A new website

Our website will have a great new look. It will be easier to view on a mobile and tablet and there’ll be insights and education designed especially for retirees or those thinking about retirement.

State Super Financial Services (SSFS) was established by the Trustee of your superannuation scheme over 25 years ago to provide specialist financial planning advice to public sector employees and their families. With over 60,500 clients, SSFS has helped thousands of people just like you to achieve their lifestyle goals now and throughout retirement. To find out how SSFS can help you get the most out of your money in retirement call **1800 620 305**.

Watch this space

Our new website will be rolled out at the end of October. You can find out more at **www.stateplus.com.au/preview**. If you are already a client of SSFS, it’s important to remember that your trusted planner will continue working with you. Your investments won’t change and you can still do all the things you do now.

For more information on the relationship between State Super and SSFS, refer to the back page of this Newsletter.

The choice is yours!

Did you know you can choose how all of your deferred SASS benefit is invested?

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

Is it time to review your investment strategy?

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 you start to near retirement, 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...

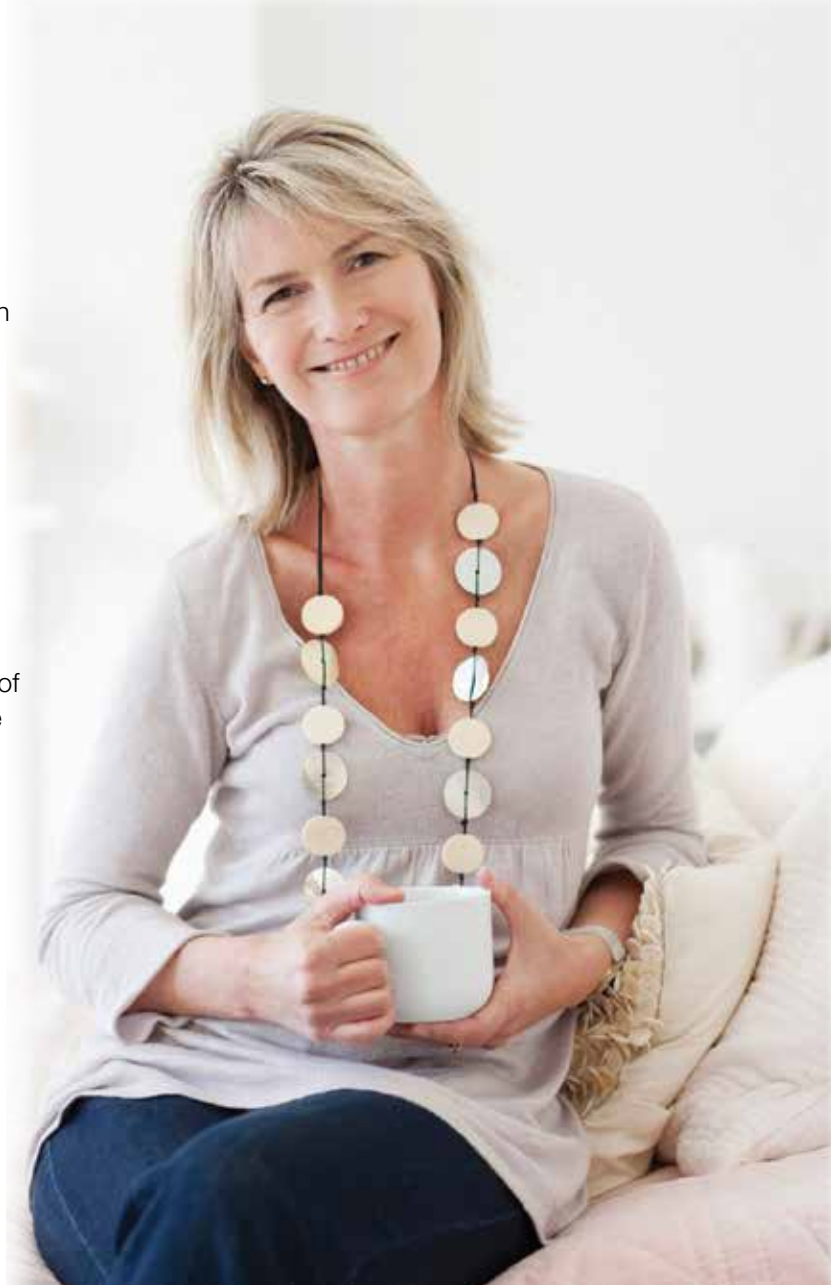
If you haven't previously chosen an investment strategy, your account balance and contributions will be invested in the SASS default strategy which is the Growth Strategy.

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.

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.

*Investment choice does not apply to a deferred SANCS benefit (which may include the basic benefit, Commonwealth Government co-contributions and Superannuation Guarantee shortfall amounts).



The importance of planning for aged care



Did you know ?

- Approximately 45% of people over age 70 will use aged care services at some time in their future.
- Accommodation payments can range from \$350,000 to \$550,000.

Aged care is a growing issue facing many Australians. Whether you're making decisions for a parent, elderly relative, partner or planning ahead for your own needs, getting the right advice is important.

All too often, we fail to make any preparations for moving ourselves or a loved one into an aged care facility potentially causing emotional turmoil for everyone involved. Planning ahead for aged care can help:

- ensure the right outcome for yourself or your loved one
- remove unnecessary stress
- limit the potential for family conflict

With an ageing population, the demand and cost for aged care is increasing

Currently, more than two million people in Australia are aged 70 and over, and approximately 45% of these will use aged care services at some point in the future. With an ageing population, the demand and cost for aged care is increasing. So, we all need to carefully consider how we will be affected and how we will access the help we need now and in the future.

For anybody entering aged care, planning ahead can have a significant impact on their options for lifestyle and comfort, entitlement to the Age Pension and the fees paid to access aged care services.

The earlier you can start planning, the more lifestyle choices you and your loved ones may have, such as receiving care in your own home in order to maintain independence, as well as strategies to fund the costs involved.

While the Government generally subsidises a significant portion of aged care costs, the fees for a residential aged care service tend to be significant and require careful planning before you reach the point where a decision needs to be made.

There are four types of fees that may be payable in regards to residential aged care:

- **Accommodation payments** – this pays for the bed/room at the care facility (i.e. accommodation cost) and can range from \$350,000 to \$550,000 in regional and capital cities. Payment options for accommodation costs are flexible, they can be made upfront, periodically or a combination of the two. In some cases, a refund may be available for upfront payments when the person leaves the facility.

- **Basic daily care fees** – this covers living costs such as meals, electricity, cleaning and laundry services. This fee is payable by everyone and is set at 85% of the basic Age Pension rate for a single person.

- **Care fee** – This is an additional daily contribution towards the cost of care that some clients may be required to pay, depending on their level of assessable assets and income.

- **Extra or additional services** – This may be an optional fee for residents for 'hotel-like' services to increase a resident's comfort of stay, such as a bigger room, choice of menu, glass of wine with dinner, daily newspaper and recreational activities.

Strategies to manage costs and plan a transition into aged care can be implemented, but it is important you get advice early as these strategies may require some lead time in advance of moving into the aged care facility.

If you're planning your retirement or helping a family member deal with the challenges as they age, State Super Financial Services can help.

For more information on the relationship between State Super and SSFS, refer to the back page of this Newsletter.

Do we have your current contact details?



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

How to update your contact details:

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

Contact us



Phone
1300 130 094



Website
www.statesuper.nsw.gov.au



Mail
State Super, PO Box 1229
Wollongong NSW 2500



Email
enquiries@stc.nsw.gov.au

Pre-retirement seminars

State Super seminars are presented by qualified financial planners from State Super Financial Services who can help you understand how to maximise your superannuation and plan for your future.

Our seminars will help you to:

- learn about what you need to do now to maximise your super
- determine when is the right time to retire
- understand Centrelink rules and the benefits you're eligible for
- find out how a financial plan can help you make the most of your super.

To make a booking to attend one of our seminars, simply visit statesuper.nsw.gov.au/seminars, where you can also view dates and locations for other seminars or call **1800 620 305**.

Please note that SAS Trustee Corporation (STC) is not licensed to provide financial product advice in relation to State Super Schemes. Reasonable care has been taken in producing the information in this document and nothing in this document is intended to be or should be regarded as personal advice. In preparing this document, STC has not taken into account your objectives, financial situation or needs. You should consider your personal circumstances and seek professional advice before making any decision that affects your future.

State Super Financial Services (SSFS) who will be trading, as StatePlus, is a 'for profit' financial planning organisation wholly owned by the State Super Schemes as an asset held within the STC Pooled Fund. However, SSFS has its own Board and Management team which is separate from the State Super Trustee. SSFS is the holder of Australian Financial Services Licence 238430, ABN 86 003 742 756. State Super does not pay any fees to SSFS/StatePlus for the financial advice and member education services it provides to State Super members. State Super is not a representative of SSFS/StatePlus and receives no commission when making referrals to financial planning or member education services. Neither State Super nor the New South Wales Government take any responsibility for the services offered by SSFS/StatePlus, nor do they or SSFS guarantee the performance of any service or product provided by SSFS/StatePlus.