OCTOBER 2022

STATE SUPER
SAS Trustee Corporation

Keeping members super informed

pensionVIEWS

State Super Pension members

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State Super update

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

Inaugural Member Meeting 2022 – register now

All members are invited to attend our online Member Meeting 2022. Hear from our Chair, Chief Executive Officer and other executives of State Super who will update you on our investment performance, objectives and the outlook for the year ahead. You will also have an opportunity to submit questions in advance about the operation of the Fund.

Date: Tuesday 13 December 2022

Time: 10.30am – 12.00pm.

How to register

- If you've already provided your email address, you'll automatically receive an invitation with the link to register.
- If you haven't previously provided us with your email, visit membermeeting.statesuper.registerevents.com.au

Annual Member Satisfaction Survey coming soon

Our annual Member Satisfaction Survey is coming up and we will be contacting members by phone in the coming weeks 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 annual research, together with the comments and insights that we receive from our members, has become an integral part of our future planning and will help us to continue to identify ways to improve the services we provide to you.

Get in touch

We welcome your feedback at any time via our online form at **statesuper.nsw.gov.au/help-centre/contact-us**

Secure Member login now with 2 factor authentication

Did you know you can keep track of your State Super benefits online via the secure member login on our website.

And this year we've introduced enhanced security features which means that 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 number 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.

Registering for online access enables you to:

- update or change your contact details
- view your current fortnightly pension (and last 2 payment details)
- view your taxation details
- view possible spouse entitlement.

To register, simply go to **statesuper.nsw.gov.au** and click on the Member Login link (top right corner) and complete the new user registration details.

If you have already registered but need to reset a forgotten password, simply click on the Member Login link and select "Forgotten your password?" where you can re-enter your details securely and request a new password to be sent via post or email.

Protecting yourself against scams

The basic guideline is, if in any doubt, refuse to provide personal details over the phone or via email

At State Super, we take the protection of our members' 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 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

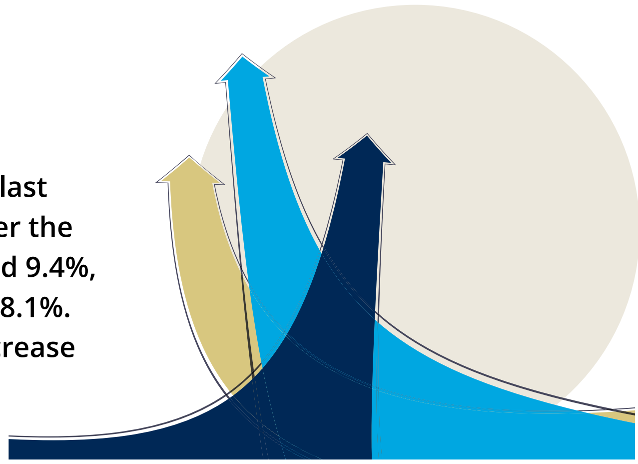
The basic guideline is, if in any doubt, refuse to provide personal details over the phone or via email or simply disconnect the call/do not reply to the suspicious email. You can always request something in writing or contact us via the details on the website **statesuper.nsw.gov.au/help-centre/contact-us**

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.

Investment overview

Inflation in the spotlight



After two decades of relatively low inflation in many world economies, a marked upswing has been recorded over the last 12 months. The US recorded a 9.1% increase in inflation over the year to June 2022 and over the same period the UK recorded 9.4%, the Euro Area 8.6%, South Korea 6%, India 7%, and Canada 8.1%. Australia was at the lower end of that spectrum with an increase of 6.1%, but significant pressures still threaten to push our rate higher over the remainder of the year.

Inflationary forces are likely to persist, at least over the near term, due to a combination of factors. These include energy and food price increases triggered by supply restrictions and the Russia/Ukraine war, COVID-19 lockdowns in China that have caused production slowdowns, strengthening post-COVID-19 demand levels that are outstripping supply chain capacity and labour market shortages that are putting upward pressure on wages.

In an effort to curb this inflation surge, central banks around the globe have intervened assertively by tightening monetary policy. Governments have also curtailed the levels of fiscal stimulus that were implemented to support economic activity during the pandemic.

Australia's Reserve Bank has been behind the curve in raising rates compared to other economies but has flagged their resolve to put the reins on inflation with continued rate increases over the remainder of the year.

These tightening conditions have also had an impact on economic growth with many world economies seeing a significant weakening in GDP over the course of 2022.

Inflation may have yet to peak and the upside potential for inflation may require a few rate rises to bring it into check.

Some challenging times lie ahead

Central banks have clearly signalled that putting a lid on inflation is a key priority, even if this risks a dip into recession in the process. Against a background of benign inflation over recent decades, it is proving difficult for forecasters to predict how inflation will track for the remainder of this year and into next year.

Inflation may have yet to peak and the upside potential for inflation may require a few rate rises to bring it into check.

Geopolitical conflict will continue to disrupt economic relationships as major economies including the US, the UK, the European Union, and Japan pursue bans on crude oil and coal imports from Russia. To mitigate the supply consequences of this action, several nations are releasing oil from their strategic reserves.

All these challenges are serving to dampen projections for GDP growth and the initial expectations at the start of 2022 are now being revised down by many countries for the remainder of this year and the next. The OECD are now projecting global growth to slow down to around 3% with a similar expectation for next year.

The Australian economy has some bright spots with unemployment now down below 4%, buoyant commodity prices and healthy levels of household savings, but this hasn't inoculated us from also having to revise our growth expectations. In its July statement on economic outlook the new Labor government moderated real GDP forecasts to 3.75% for 2021/22 and 3% for 2022/2023.

Another hot topic domestically is the decline in real wages over recent years. The inflation breakout has brought this issue into sharp focus and the pressure is growing from unions and employees for wage increases to alleviate cost of living pressures. The tight labour market will add further impetus to this campaign.

Outlook for markets

In the face of this short term uncertainty, it is important to keep a sense of perspective about medium and long term outcomes. If we 'zoom out' to look at growth trends in major indices over the last decade, the recent dips in markets are not nearly as significant as they might first seem. Looking forward to 2023 and beyond, markets still hold upside potential for those who are patient. Short term economic shakeups need to always be viewed in the context of longer term investment market trends.

Pension members to receive up to 5.3% increase

Each year in October the amount of your State Super pension is adjusted to reflect the percentage movement in CPI from one June quarter to the next June quarter. This adjustment has most often historically resulted in an increase in your pension, but it can be decreased if the CPI adjustment is negative (however, there is a cap on negative CPI rates so if the negative adjustment is less than 1.1%, the pensions will not be adjusted).

The legislation to index pensions to the CPI was introduced in the early 1970s following a period of significant inflation.

The movement in the CPI (All Groups Sydney Index) from 30 June 2021 to 30 June 2022 was 5.3%. **The adjustment rate for State Super pensions is therefore 5.3% for this year.**

State Super pensions will be adjusted from the first pension payday in October 2022, which is on Thursday 6 October this year. Pensions commencing during the first three quarters in the financial year receive a partial CPI adjustment, while no adjustment is made to pensions commencing in the final quarter.

Rise in national CPI

After two decades of relatively low inflation in many world economies, a marked upswing has been recorded over the year. Over the twelve months to the June 2022 quarter, the Australian CPI rose 6.1%. The annual rise in the national CPI is the largest since the introduction of the goods and services tax (GST).

This rise in costs is reflected in this year's increase to our pensions, being the largest increase in more than 20 years (in 2001 it was 6.3%).

What is the CPI?

Simply defined, the Consumer Price Index (CPI) measures the change in the price of a fixed basket of goods and services acquired by household consumers from one period to another. The Australian Bureau of Statistics (ABS) measures the cost of a set list of items in order to calculate a CPI rate for each of the eight State and Territory Capital Cities. They also calculate a weighted average of the eight Capital Cities, which is generally the CPI that we hear about in the media.

The CPI rate that is used to adjust your State Super pension each year is the All Groups Sydney Index which simply means it is a CPI rate based on Sydney prices and includes all the categories in the standard basket. The 11 categories included in the standard basket are:

• Health • Transport • Communication
• Recreation and culture • Education
• Insurance and financial services
• Food and non-alcoholic beverages
• Alcohol and tobacco
• Clothing and footwear • Housing
• Furnishings, household equipment and services

2021 - 2022 CPI highlights*:

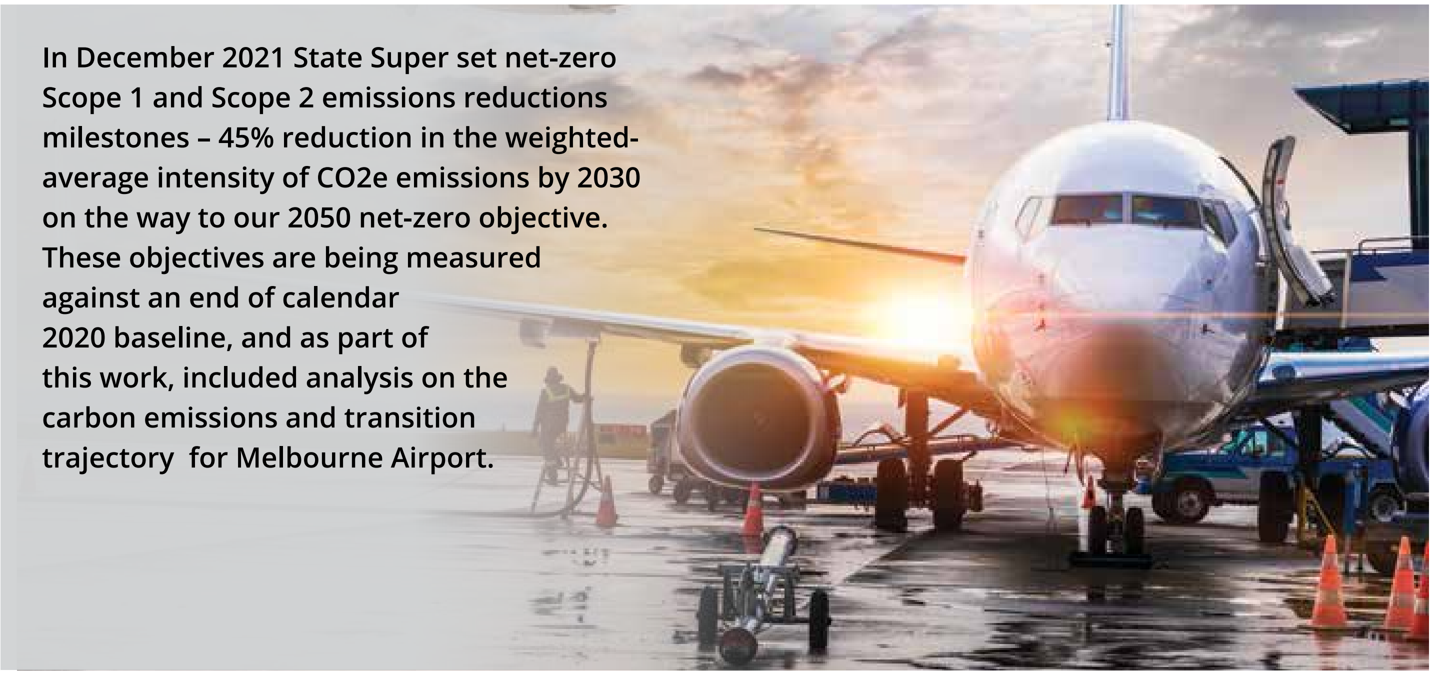
- Australia recorded an annual rise of 6.1%
- Sydney recorded an annual rise of 5.3%

In all capital cities, CPI changes over 12 months:

- New dwelling purchase by owner occupiers +20.3%
- Automotive fuel +32.1%
- Furniture +8.5%
- Vegetables +7.3%

Source: Australian Bureau of Statistics
abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/jun-2022

Melbourne Airport - helping us deliver on our Net-Zero promise



In December 2021 State Super set net-zero Scope 1 and Scope 2 emissions reductions milestones – 45% reduction in the weighted-average intensity of CO2e emissions by 2030 on the way to our 2050 net-zero objective. These objectives are being measured against an end of calendar 2020 baseline, and as part of this work, included analysis on the carbon emissions and transition trajectory for Melbourne Airport.

Melbourne Airport, one of Australia's busiest airports is part owned by State Super on behalf of our members and is situated on the land of the Wurundjeri Woi-wurrung First Nations people and Traditional Owners. In January 2022, Melbourne Airport committed to accelerate its net-zero scope 1 and scope 2 emissions reduction plan, by committing to be carbon neutral by 2025.

To support their net-zero ambition, the airport will rely on a recently commissioned 12-megawatt solar farm which is able to power up to 20 per cent of the Airports energy needs, or enough to power the four terminals.

The first element of that strategy has been delivered with a rooftop solar system installed in the Melbourne Airport Business Park. It features in excess of 4,000 solar panels spread across approximately 30,000 square metres of roof.

Other steps being taken to reach net zero include energy efficiency, implementation of a green Power Purchase Agreement ('PPA') from 2024 and retention of Large-scale Generation Certificates (LGCs) generated by the on-site solar farm. Melbourne Airport's new solar farm is one of the largest solar installations in the country and is the biggest undertaken by any of Australia's airports.

The airport expects that by 2030, more than 50 per cent of their energy requirements will be met by expanding the on-site solar generation facilities, with the remaining energy requirements procured through dedicated agreements directly linked to high-quality solar and wind farm developments in Victoria.

In addition to Scope 1 and 2 emission reductions targets, the Airport is focussing on developing a strategy for working with their customers to reduce scope 3 emissions. The strategy will see them work closely with airline and ground transport partners, airport tenants and broader supply chains to reduce emissions across the aviation industry supporting the global move towards decarbonisation.

The revised net-zero targets that Melbourne Airport has set, represent some of the most ambitious actions to address climate change by an Australian based airport.

Importantly, Melbourne Airport is working to achieve Level 1 and Level 2 Airport Carbon Accreditation – an independently verified carbon baseline for the airport and a carbon reduction strategy for benchmarking progress against the global aviation industry.

Working with management teams to ensure they are positioned strongly for a lower carbon economy continues to be a focus as we move towards delivering on our net-zero milestones announced in December.

The airport expects that by 2030, more than 50 per cent of their energy requirements will be met by expanding the on-site solar generation facilities.

It's never too early (or late) to get your affairs in order

Losing capacity to manage your affairs can leave you vulnerable.

Getting support with your estate planning gives you the opportunity to decide who will make financial, medical and personal decisions if you can no longer make them yourself, as well as who will look after your estate and receive your assets when you die.

With a good estate plan, you can feel confident that your wishes will be carried out and that your loved ones will be looked after.

Estate Planning is an essential part of planning for the future and it's never too early to get started.

"Working with a lawyer at Aware Super, I got everything in place to reflect my wishes. This meant I could focus on the health challenges I faced without additional worry".

Kay, Aware Super member

Our estate planning lawyers will take the time to understand your needs and tailor an affordable estate plan to help you achieve the outcomes you want.

Book an appointment today

Scan the QR code or book online at aware.com.au/estatebooking

1300 650 873 | retire.aware.com.au/statesuper

aware SUPER

Important estate planning tips every member should know

Having an estate plan is an essential part of planning for the future. Estate planning is about choosing who will make financial, medical and personal decisions if you can no longer make them yourself, as well as who will look after your estate and receive your assets when you die.

How does estate planning work?

Estate planning involves reviewing your personal, family and financial circumstances, and then documenting your decisions and choices in a legally valid way. The key legal documents you may need to put in place include:

- A will
- Power of attorney
- Enduring guardianship and health directives

Your pension benefit is treated differently than other assets so it's important to make sure you've got the correct documents in place.

What happens to your pension benefit when you die?

The pension you receive is unlike most pensions offered through retail and industry super funds. The same is true when it comes to the rules about how your death benefit is paid. In short, your pension death benefit will generally be paid to either your 'eligible' spouse or de facto partner. This may include same-sex partners.

Understanding who is entitled to your benefit when you die

It's important to understand who qualifies as your eligible spouse as part of the estate planning process. The legislation defines who is an eligible spouse or de facto partner and the trustee must adhere to the scheme legislation to determine who is entitled to your benefit when you die.

Without adequate planning, things can get complicated. For example, if you have started your SSS pension and since separated from your husband or wife, a new partner may not meet the definition of eligible spouse. And in fact if you were married to your spouse at the time you commenced your pension, and if you are still legally married to that person, they meet the definition for eligible recipient and can apply for the reversionary pension upon your death.

Where claims are made by more than one person, the Trustee will decide the most appropriate distribution of benefits amongst the claimants. The Trustee has a statutory discretion to determine to whom and in what proportion the pension benefit entitlement is payable. The total amount of the pension benefit payable to all eligible applicants shall not exceed the amount of a single pension benefit entitlement.

Why is it important to have a will?

If you don't have either an eligible spouse or de facto partner at the time of death, any death benefit entitlement will normally be paid to the legal personal representative of your estate to be distributed in accordance with your will or if you don't have a will in accordance with the intestacy rules. Unlike other super funds, State Super Scheme legislation does not allow for binding or non-binding nominations of a beneficiary.

Making a will can avoid expense and stress in the future

Having a valid and up to date will means less stress for your loved ones. Plus, you have the peace of mind that your wishes will be carried out. A person who dies without a will has died 'intestate'. This means their money and assets will be distributed in accordance with the intestacy rules of the state or territory where they live. In short, decisions about 'who gets what' are determined by what the law says. Administering an intestate estate can be complex, expensive and time consuming and can lead to complications including:

- Your money or assets going to a person you hadn't intended e.g. an estranged spouse or parent
- Delays in getting access to your assets and liabilities
- Complications in locating documentation e.g. getting hold of birth or marriage certificates for someone born overseas
- Dealing with paperwork from numerous government agencies

To be valid, a will must be properly completed, dated, signed and witnessed. Using a DIY will kit can leave you open to the risk that your will is not properly signed and witnessed and therefore invalid. In addition, depending on the words used, it may not effectively reflect your wishes.

A Power of Attorney is as important as a will

While a will ensures your assets are properly distributed after you die, a Power of Attorney ensures that someone you trust will look after your financial affairs whilst you're still alive. When you appoint an Attorney, they are allowed to make financial and legal decisions for you and sign legal documents on your behalf.

Appointing one or more people as Attorney has far-reaching implications so it's important to ensure the person you appoint is willing and capable – and that you seek legal advice before you make the appointment. A Power of Attorney can come in two forms:

- **Enduring Power of Attorney** – someone who can manage your assets when you no longer have the capacity to do so yourself.
- **General Power of Attorney** – for when you still have mental capacity, but you need someone to make financial and legal decisions in your absence. For example, if you go overseas.

How can I make sure my wishes are carried out relating to my health?

Appointing an **Enduring Guardian** is a good way to plan ahead for possible changes in your ability to manage everyday life. You can appoint one or more Enduring Guardians to make decisions about your care, accommodation, and health needs if you ever lose the capacity to make these decisions yourself.

A medical/health care directive sets out your preferences for future health care. It may include instructions about specific medical treatment you consent to or refuse, ensuring that your values and preferences are reflected in any future treatment. In NSW, such a written document is called an Advance Care Directive, but this name can vary between the States and Territories. In NSW, your Enduring Guardian will use your Directive as a guide when deciding on the type of care you would want.

You can choose more than one guardian and attorney, and you can revoke your decision at any time, as long as you have the capacity to do so.

Everyone needs an estate plan

We encourage you to see estate planning as a natural part of the financial planning process. It's an opportunity to give yourself the peace of mind that someone you trust will make decisions in your best interests if you're unable to do so yourself. It's also an opportunity to make sure that the assets you've worked hard for will be distributed as you wish.

Aware Super was the first super fund in Australia with a dedicated legal team that offers an estate planning service. The Aware Super estate planning service is a friendly, convenient and affordable way to make an estate plan.

Ask an Expert

Q1: I'm 67 and have been retired for some time. I recently received an inheritance; is there any way I can invest this into Super?

Changes that came into effect on 1 July 2022 mean that you can make personal contributions to super right up until 28 days after the month you turn 75. The contribution limits will still apply but you will no longer need to meet the work test. You would need to meet the work test or the work test exemption if you wished to claim a tax deduction for the personal contribution/s – however, as you have been retired for some time it is unlikely that you would meet this requirement.

The recent changes to the rules open a number of opportunities to get more money into Super and tax effective estate planning

Provided your Total Super Balance (TSB)* is less than $1.7m, an inheritance that you contribute to super will be made as a non-concessional contribution, which means there won't be any contributions tax to pay. Of course, you won't be able to make these contributions to your pension account, you will need to open an account with another complying super fund such as Aware Super and make the contributions to that fund.

If your TSB is less $1.48m then you can bring forward up to 3 times the non-concessional contribution cap, which means you will be able to make a non-concessional contribution of $330,000 in this financial year. If your TSB is between $1.48m and less than $1.59m then you can bring forward 2 times the cap and contribute up to $220,000 in this financial year, and if your balance is between $1.59m and less than $1.7m you will be able to access the annual cap of $110,000.

The SSS pension will be counted toward your TSB using a specific calculation. If your pension commenced before 30 June 2017, it will be the pension value on that date, annualised, multiplied by 16. If your pension commenced after 1 July 2017, it will be your first fortnightly pension value, annualised, multiplied by 16. As an example, a member who commenced their pension on 1 August 2018 and was receiving $1,800 per fortnight which equates to $46,928.57 per year (i.e. $1,800 x 365/14), the value counted toward their TSB will be $46,928.57 x 16 = $750,857.

The recent changes to the rules open a number of opportunities to get more money into Super and tax effective estate planning, it's worth talking over your options with an Aware Super financial planner.

* Your Total Superannuation Balance (TSB) for a financial year is the value of your money in the Superannuation system at the Assessment Date which is 30 June of the previous financial year.

Q2: If the family home is only in one spouse's name, can both claim a $300k downsizer contribution?

From 1 July 2022 a downsizer contribution can be made from age 60, so if you are both aged 60 or older, and the property being sold is the main residence for both of you, then you will both be able to contribute the proceeds of sale into your super up to the value of $300,000 each. This means that the downsizer contributions for a couple can be up to $600,000 provided that the property sold for more than this amount.

To be eligible for a downsizer contribution, one of you needs to have owned the property for a period of 10 years or more. The property must be within Australia and cannot be a caravan, houseboat, or mobile home. The property needs to have been the family home at some stage, and the owner must qualify for a full or partial CGT exemption.

The downsizer contribution can only be accessed for one property sale; however, each contributor can make several contributions with proceeds from that same property, provided the contributions are finalised within 90 days of settlement.

This type of contribution doesn't count toward the contribution caps (though it will be included when your total super balance is recalculated at the end of the financial year), and you do not need to meet the work test, so it can be a great way to get money into the concessionally taxed super environment. However, downsizer contributions do count towards your transfer balance cap which applies when you move super savings into the retirement phase, and will be considered in determining eligibility for the age pension.

You will need to complete and submit a "Downsizer contribution into super form" to your super fund either before or at the time the fund receives your contribution. Without the form, your contribution will be treated as a personal contribution and will count towards your contribution caps.

It's worth noting that you won't be able to make the downsizer contribution to your pension account, you will need to open an account with another complying super fund and follow their processes to ensure the contribution is accepted. It's also important to consider whether the decision to downsize the property may have an impact on any age pension entitlement.

To be eligible for a downsizer contribution, one of you needs to have owned the property for a period of 10 years or more.

Again, it's worth talking your plans over with an Aware Super financial planner who can provide you with advice tailored to your specific situation.

Go to **retire.aware.com.au/statesuper** or call 1800 620 305 to speak to a financial planner from Aware Super.

Your member benefits

STATE SUPER
SAS Trustee Corporation

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 pension members.

Customer service staff can meet with you via a virtual face-to-face video call. They can assist with general information about your scheme, superannuation rules, 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 652 113

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

There is also a wide range 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 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.

Update your contact details

Do we have your current contact details including email? So 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 current contact details. Many of our members now also prefer to receive information via email. Please make sure we have your up-to-date email address, so we can keep in touch.

How to update your contact details:

- Call State Super Customer Service on 1300 652 113.
- Complete STC Form 207 (available on our website) and mail it to us.

Contact us

1300 652 113

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