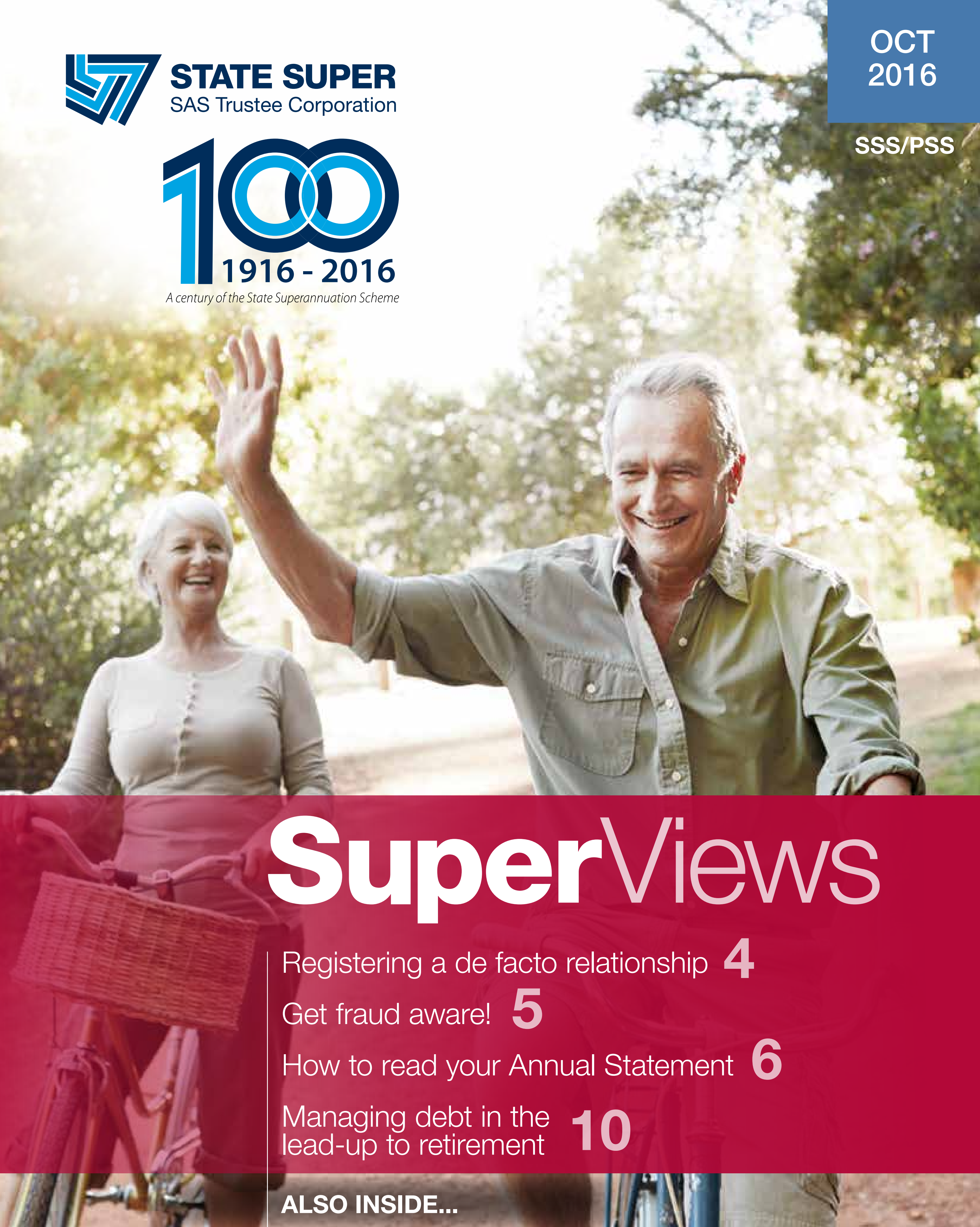
STATE SUPER
SAS Trustee Corporation

100
1916 - 2016
A century of the State Superannuation Scheme

OCT
2016

SSS/PSS



SuperViews

ALSO INSIDE...

State Super update

Successful sale of StatePlus

In June 2016, after more than 25 years of ownership, State Super accepted an offer from First State Super to acquire all of the shares in StatePlus (formerly known as State Super Financial Services). The acquisition by First State Super followed a rigorous sale process to ensure the best result for State Super and its members.

As an asset of the Pooled Fund it was important that the sale generated not only a good financial return for State Super but also maintained the quality of services to our members. We believe that the deal with First State Super delivers on both these points.

State Super will continue to have a strong relationship with StatePlus and is looking forward to continuing a long and mutually beneficial working relationship with First State Super. We have every confidence that First State Super will strive to ensure StatePlus continues to provide premium financial planning and advice services to State Super members.

Pillar Administration available for sale

In May 2016 the NSW Parliament passed a bill to officially put Pillar Administration (a state-owned superannuation administration business) on the market for sale.

Pillar Administration is State Super's member administration and customer service provider and one of our key service partners. Our commitment is to ensure, as far as possible, that the services provided to us as a Trustee and to our members are maintained both during and after the sale.

Federal Budget 2016

In May 2016 the Turnbull Government handed down its first Federal Budget, which contained a number of proposed changes to superannuation.

Much water has passed under the bridge since then and proponents and supporters from all arms of Government and society have provided their post-budget commentary. At the time of writing, none of the changes to superannuation announced in the May budget have been legislated.

As the Trustee of the State Super schemes we have, and will continue to, consult with the NSW Government to determine what this means for our members and how the measures may apply to the State Super schemes. We will communicate this information to you via the State Super website when it becomes available.

A full summary of the proposed changes relevant to State Super members was provided at the time the budget was handed down and is available via the Latest News section of the State Super website.

Keep an eye on the news!

These and other State Super updates and announcements are provided to members as they become available via the State Super website.
Visit the Latest News section at **www.statesuper.nsw.gov.au.**

Investment market overview

Domestic growth hobbles along

The Reserve Bank of Australia (RBA) has kept a firm hand on interest rates over the last 12 months, with the only movements being a 0.25% reduction in May and August 2016. This reflects the RBA's continued belief that stimulus is needed to support growth and domestic demand, and to help keep a lid on the exchange rate for the benefit of Australian exporters. Overall growth has been mildly positive, supported by reasonable domestic demand, and has resulted in a moderately positive labour market.

The chink in the armour appears to be business investment, which has been declining steadily since 2012. The major culprit has been the mining sector, while non-mining sector business investment has been patchy at best. In contrast, dwelling construction has been strong.

Positive signs continue in the U.S.

While not spectacular, U.S. GDP grew by an annualised rate of 1.2% during the second quarter of 2016. The manufacturing, employment and personal consumption sectors were among the brighter spots in the overall picture. The consumption sector, which accounts for more than two-thirds of economic output, expanded at a rate of 4.2% in the second quarter, its best gain since late 2014. The combination of slow growth and strong personal consumption was possible due to a reduction in inventories.

The 2015 oil price slump had a big influence on the sub-1% inflation rate of last year. However, for 2016, the subsequent partial recovery in oil prices could cause slightly higher inflation. Wage pressures are also starting to emerge in the U.S. and, as a result, the Federal Reserve is expected to slowly increase interest rates.

China continues to adjust

In 2015, as a way to stimulate China's economy, the central bank implemented credit easing policies in order to create liquidity in their banking system and increase lending. The policies seem to have borne fruit, with GDP reaching the predicted 6.5% range this year. This was supported by a drop in currency and strong retail sales. As the Chinese leadership has committed to doubling per capita disposable income between 2010 and 2020, the economy would need to grow on average by 6.5% between now and 2020, and authorities may need ongoing stimulus to deliver on their commitment.

> The longer term effect on markets is a lot more difficult to forecast, with many competing forces at play.

The Brexit shadow over Europe

GDP growth in Europe was just below 2% in 2015 and while original expectations were for a similar result in 2016, Brexit (Britain's decision to exit from the European Union) has resulted in a slight downward revision. Persistently low interest rates, low oil prices and the Euro's exchange rate have supported growth, while growing consumer demand, a reduction in unemployment and a gradual downward trend in European government debt and deficit are cause for hope. The shadow of Brexit, however, has added a layer of uncertainty and the spectre of bad loans is haunting Europe's banking sector. The cautiously optimistic outlook therefore remains fragile.

What the markets are doing

The predictable shock to markets when Brexit occurred was dramatic, but the bounce back was just as quick. The longer term effect on markets is a lot more difficult to forecast, with many competing forces at play. International equity markets hit a low point in February this year, but have since picked up. There may still be volatility to come, but expectations are for more moderate returns ahead. In the U.S. market, 2016 is expected to end up marginally more positive than last year, although the end of the year could be impacted by the outcome of the U.S. presidential election. At home, after a tough start to 2016 there is hope for continued improvement by the end of the calendar year.

Registering a de facto relationship

Did you know that if you are in a de facto relationship and something were to happen to you, the burden of proof rests on your partner in order for them to receive spousal entitlements to your State Super benefit after your death?

By registering your relationship, you could make the application process easier for your loved ones at what can be an emotionally challenging time.

The NSW Relationships register provides legal recognition for a couple regardless of their sex, age or prior marital status, through the registration of their relationship.

Who can register their relationship?

Adults who are in a relationship as a couple can apply to register their relationship provided at least one of them lives in NSW. Adults in both heterosexual and same-sex relationships are eligible to register. A couple does not have to live together to be eligible to register their relationship.

However, a relationship CANNOT be registered if either person is:

- under 18 years of age
- married to another party
- in another registered relationship
- in a relationship as a couple with another person, or
- related to the other by family.

What to consider before registering a relationship

Couples in registered relationships will be recognised as 'de facto partners' for the purposes of most legislation in NSW, and will also be subject to certain obligations or restrictions under NSW law.

This means people in registered relationships will be able to rely on their certificate of registration to access various entitlements, services and records under NSW law. Registered couples may also be able to access key benefits and rights more easily under NSW legislation.

In situations that are not governed by legislation, service providers may choose to accept registration of a relationship as proof of its legitimacy. State Super and its administrator accept registration of a relationship as proof of the legitimacy of that relationship and take this into consideration when determining spousal or death benefit entitlements.

How to register a relationship

To apply in NSW, partners need to complete an application form and make a statutory declaration stating that they:

- wish to register the relationship
- are either:
  - not married or in a relationship as a couple with anyone else, and are not related to each other by family, or
  - married in a same sex marriage that took place overseas
- are not in another registered relationship whether in NSW or in another Australian jurisdiction, and
- do or do not reside in NSW (at least one member of the couple must reside in NSW).

When applying, proof of identity is required for each person, along with payment of a fee ($213 at 18 April 2016).

Once an application is made, there is a 28-day cooling-off period in which either party can withdraw the application. After that time, the Registrar will register the relationship and issue the couple with a certificate.

Please note: The above process relates to NSW only, and the process and fees may vary in other states.

Can a relationship be unregistered?

If, for whatever reason, you decide that you no longer want the relationship to be registered, you can revoke the registration through the Registry of Births, Deaths and Marriages. There is an $80 fee in NSW and either or both parties can apply. Both parties do not need to agree to revoke the registration. There is a 90-day cooling-off period before the registration is revoked.

More information

For more information on how you can register your relationship, simply go to the Births, Deaths and Marriages website for the state you live in.

For NSW, the website address is www.bdm.nsw.gov.au/Pages/marriages/relationship-register.aspx

Get fraud aware!

How often do you check your superannuation statements? If your identity had been stolen would you recognise the signs?

So what do you need to look out for to ensure you protect yourself and your superannuation from fraud and identity theft?

Superannuation scams and identity theft

Super scams and warnings

- **Promotions for early access to your super** – accessing your super before age 55 (or later if you were born on or after 1 July 1960) – is illegal except in very limited circumstances.
- **Offers to 'take control' of your super** – i.e. suggestions that moving your money into a self-managed super fund (SMSF) may allow you to access the funds to pay off debts or buy something you really want. SMSFs must follow the same access rules as other superannuation funds.
- **Unlicensed operators** – always check to ensure the companies and individuals you deal with are licenced. If you are unsure, see ASIC's professional registers at ASIC Connect or APRA's Registrable Superannuation Entity Disqualification register.

Identity theft

Identity theft does happen, and most of the time its victims are oblivious to it. Thieves will collect your personal information by rummaging through garbage bins and rubbish tips in order to steal your letters, household bills and statements. So what should you be aware of?

- Amounts of money going missing from your bank accounts without explanation.
- Suddenly having an unexplainable bad credit rating.
- The amount of mail you receive decreases – this may indicate someone is stealing or redirecting your mail.
- An unknown caller pushes you to provide personal information and discourages you when you ask about the legitimacy of their request.
- You get a random email or call asking you to validate or confirm your personal, banking or superannuation details.

How to protect yourself

- Check credit card, superannuation and bank statements regularly to ensure early detection of any suspicious transactions. Contact your provider if you notice anything out of the ordinary.
- Shred all documentation that contains personal information (i.e. statements, applications etc.) before discarding.
- If possible, secure personal documents at home.
- Keep your details up-to-date with financial service providers to ensure your mail doesn't end up in the wrong hands.
- NEVER send money or give out personal details to people you don't know.
- If you receive a phone call from a superannuation fund, bank or other organisation, don't provide your personal details. Instead, ask for their name, the company they are calling from and a contact number so that you can call them back. Look up the organisation via an internet search and check that the phone numbers and details of the organisation are the same before returning the call.
- Never use a public computer for banking as your details will be stored on that computer.
- Keep your phone or other mobile devices in a safe place.
- Always type website addresses into your browser. Avoid clicking on links within an email.
- Be careful what information you provide on social networking sites.
- Enable security settings and install up-to-date anti-virus software on your phones and computers.

If you have any concerns regarding the security of your superannuation account, please contact the State Super Customer Service Team.

Are your details up to date with State Super?

Remember, it's important that we always have your most up-to-date details on file.

If you need to update your information or simply wish to check that the details we have on record are correct, please contact State Super on **1300 130 096** (for SSS members), **1300 130 097** (for PSS members), **1300 130 094** (for Deferred members) or email us at **enquiries@stc.nsw.gov.au**.

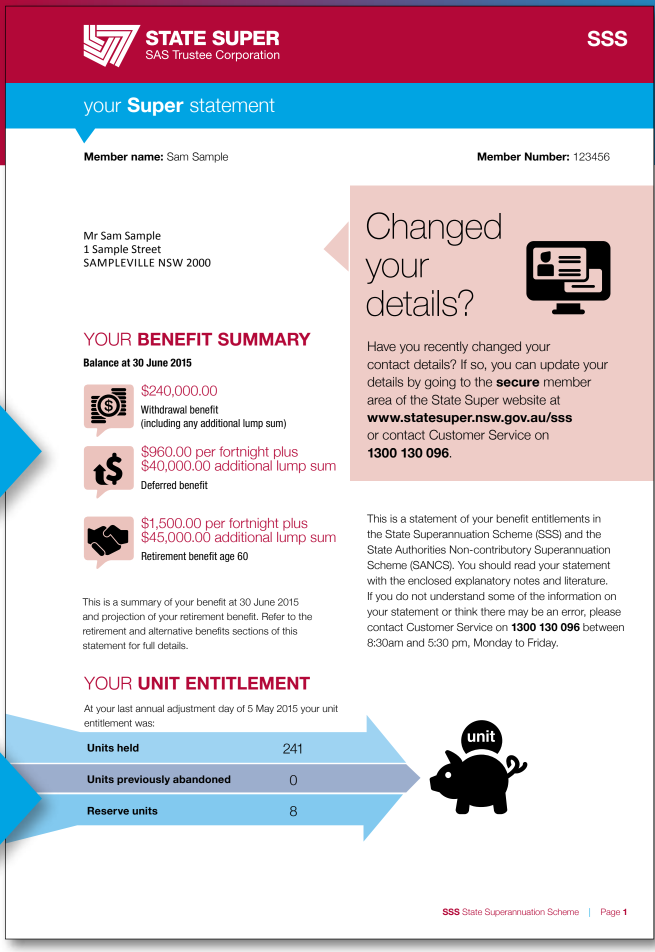
How to read your SSS Annual Statement

YOUR **BENEFIT SUMMARY**

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 retirement benefit if you are younger than your eligible retirement age.

YOUR **UNIT ENTITLEMENT**

Here's a quick snapshot of **your unit entitlements** including any units you have previously abandoned or paid for in advance (reserve units).



STATE SUPER
SAS Trustee Corporation

SSS

your **Super** statement

Member name: Sam Sample **Member Number:** 123456

Mr Sam Sample
1 Sample Street
SAMPLEVILLE NSW 2000

YOUR **BENEFIT SUMMARY**

Balance at 30 June 2015

$240,000.00
Withdrawal benefit
(including any additional lump sum)

$960.00 per fortnight plus
$40,000.00 additional lump sum
Deferred benefit

$1,500.00 per fortnight plus
$45,000.00 additional lump sum
Retirement benefit age 60

This is a summary of your benefit at 30 June 2015 and projection of your retirement benefit. Refer to the retirement and alternative benefits sections of this statement for full details.

Changed your details?

Have you recently changed your contact details? If so, you can update your details by going to the **secure** member area of the State Super website at **www.statesuper.nsw.gov.au/sss** or contact Customer Service on **1300 130 096**.

This is a statement of your benefit entitlements in the State Superannuation Scheme (SSS) and the State Authorities Non-contributory Superannuation Scheme (SANCS). You should read your statement with the enclosed explanatory notes and literature. If you do not understand some of the information on your statement or think there may be an error, please contact Customer Service on **1300 130 096** between 8:30am and 5:30 pm, Monday to Friday.

YOUR **UNIT ENTITLEMENT**

At your last annual adjustment day of 5 May 2015 your unit entitlement was:

Units held	241
Units previously abandoned	0
Reserve units	8

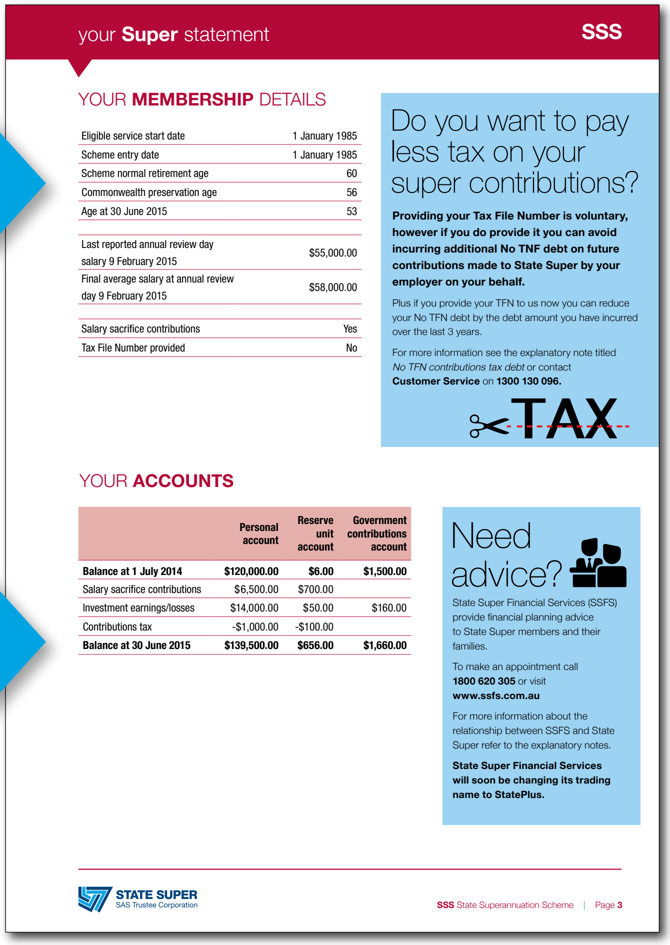
unit

YOUR **MEMBERSHIP DETAILS**

Here you will find **important information about your membership** such as your Scheme normal retirement age, reported salaries and whether you are salary sacrificing contributions.

YOUR **ACCOUNTS**

This section provides you with a summary of the **transactions that have occurred in your personal account** (and if applicable Additional Employer Contribution, Government contribution and reserve unit accounts) during the statement period.



your **Super** statement

SSS

YOUR **MEMBERSHIP** DETAILS

Eligible service start date	1 January 1985
Scheme entry date	1 January 1985
Scheme normal retirement age	60
Commonwealth preservation age	56
Age at 30 June 2015	53
Last reported annual review day salary 9 February 2015	$55,000.00
Final average salary at annual review day 9 February 2015	$58,000.00
Salary sacrifice contributions	Yes
Tax File Number provided	No

Do you want to pay less tax on your super contributions?

Providing your Tax File Number is voluntary, however if you do provide it you can avoid incurring additional No TNF debt on future contributions made to State Super by your employer on your behalf.

Plus if you provide your TFN to us now you can reduce your No TFN debt by the debt amount you have incurred over the last 3 years.

For more information see the explanatory note titled *No TFN contributions tax debt* or contact **Customer Service** on **1300 130 096.**

TAX

YOUR **ACCOUNTS**

	Personal account	Reserve unit account	Government contributions account
Balance at 1 July 2014	**$120,000.00**	**$6.00**	**$1,500.00**
Salary sacrifice contributions	$6,500.00	$700.00	
Investment earnings/losses	$14,000.00	$50.00	$160.00
Contributions tax	-$1,000.00	-$100.00	
Balance at 30 June 2015	**$139,500.00**	**$656.00**	**$1,660.00**

Need advice?

State Super Financial Services (SSFS) provide financial planning advice to State Super members and their families.

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

For more information about the relationship between SSFS and State Super refer to the explanatory notes.

State Super Financial Services will soon be changing its trading name to StatePlus.

STATE SUPER
SAS Trustee Corporation

How to read your PSS Annual Statement

YOUR **BENEFIT SUMMARY**

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 retirement benefit if you are younger than your eligible retirement age.


STATE SUPER
SAS Trustee Corporation

PSS

your **Super** statement

Member name: Samantha Sample

Member Number: 123456

Ms Samantha Sample
1 Sample Street
SAMPLEVILLE NSW 2000

YOUR **BENEFIT SUMMARY**

At 30 June 2015

$200,000.00
Withdrawal benefit
(including any additional lump sum and after debts)

$500,000.00
Deferred benefit
(including any additional lump sum and after debts)

$1,700.00 per fortnight plus + $60,000.00 additional lump sum (before debts)
Retirement benefit at age 60

This is a summary of your benefit at 30 June 2015 and projection of your retirement benefit. Refer to the retirement and alternative benefits sections for full details.

Changed your details?

Have you recently changed your contact details? If so, you can update your details by going to the **secure** member area of the State Super website at **www.statesuper.nsw.gov.au/pss** or contact Customer Service on **1300 130 097**.

This is a statement of your benefit entitlements in the Police Superannuation Scheme (PSS) and the State Authorities Non-contributory Superannuation Scheme (SANCS). You should read your statement with the enclosed explanatory notes and literature. If you do not understand some of the information on your statement or think there may be an error, please contact Customer Service on **1300 130 097** between 8:30am and 5:30pm, Monday to Friday.

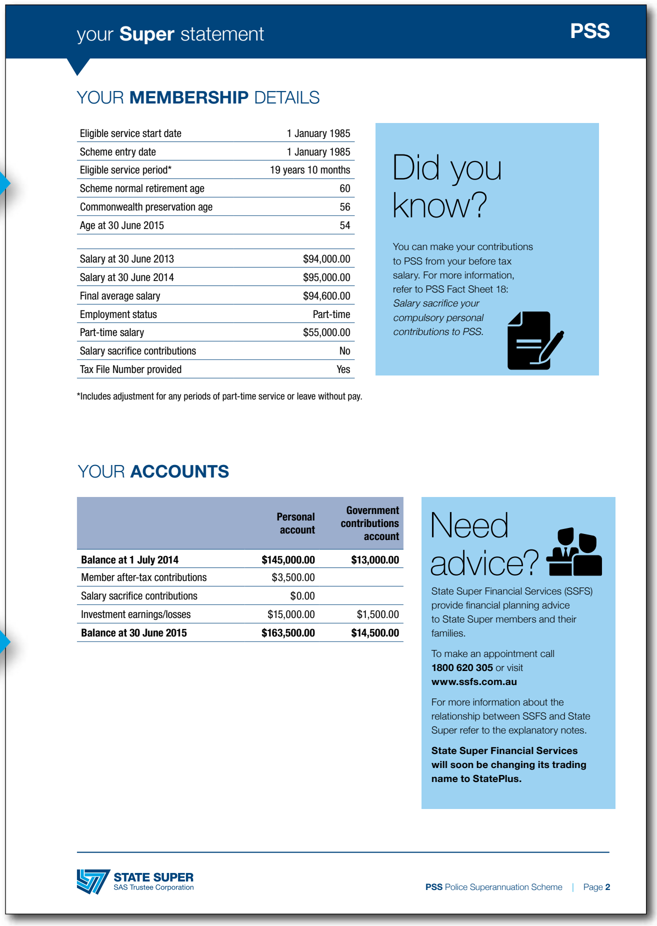
PSS Police Superannuation Scheme | Page **1**

YOUR **MEMBERSHIP DETAILS**

Here you will find **important information about your membership** such as your Scheme entry date, normal retirement age, reported salaries and whether you are salary sacrificing contributions.

YOUR **ACCOUNTS**

This section provides you with a summary of the **transactions that have occurred in your personal account** (and if applicable Additional Employer and Government contribution accounts) during the statement period.


your **Super** statement

PSS

YOUR **MEMBERSHIP** DETAILS

Eligible service start date	1 January 1985
Scheme entry date	1 January 1985
Eligible service period*	19 years 10 months
Scheme normal retirement age	60
Commonwealth preservation age	56
Age at 30 June 2015	54
Salary at 30 June 2013	$94,000.00
Salary at 30 June 2014	$95,000.00
Final average salary	$94,600.00
Employment status	Part-time
Part-time salary	$55,000.00
Salary sacrifice contributions	No
Tax File Number provided	Yes

*Includes adjustment for any periods of part-time service or leave without pay.

Did you know?

You can make your contributions to PSS from your before tax salary. For more information, refer to PSS Fact Sheet 18: *Salary sacrifice your compulsory personal contributions to PSS.*

YOUR **ACCOUNTS**

	Personal account	Government contributions account
Balance at 1 July 2014	**$145,000.00**	**$13,000.00**
Member after-tax contributions	$3,500.00	
Salary sacrifice contributions	$0.00	
Investment earnings/losses	$15,000.00	$1,500.00
Balance at 30 June 2015	**$163,500.00**	**$14,500.00**

Need advice?

State Super Financial Services (SSFS) provide financial planning advice to State Super members and their families.

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

For more information about the relationship between SSFS and State Super refer to the explanatory notes.

State Super Financial Services will soon be changing its trading name to StatePlus.

STATE SUPER
SAS Trustee Corporation

PSS Police Superannuation Scheme | Page **2**

Look out for **these symbols** on your SSS and PSS statement

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.

The new Additional Employer Contribution (AEC)

New to this year's statements is the inclusion of any Additional Employer Contributions that have been paid to your account (if eligible). The payments have been allocated to a new SANCS AEC account, and these amounts plus any accrued interest will be featured in various places such as the 'Your Accounts', 'Your Retirement Benefit' and 'Your Transactions' sections of your statement. More detailed information about the Additional Employer Contribution can be found in the Explanatory Notes of your statement.

Your investment earnings

Here you will find the fund earning rate for the 12 months ended 30 June. This rate is used to determine the investment earnings/losses that are applied to your personal and, if applicable, Government contribution and reserve unit accounts.

Your retirement benefit

If you want to see what your benefit will be when you retire, this is the section for you! You can find a breakdown of your benefit, projected to your normal retirement age and also to early retirement if you are under normal retirement age. If you are older than your scheme's normal retirement age then, rather than projections, you'll see the actual value of your benefit at 30 June. The total benefit amounts are based on factors such as how many units you have accrued (for SSS members), your salary, age and eligible service period (for PSS members) and whether you have any debts. Your benefits are calculated on the current reported salary we have on record.

Your alternative benefits

Here you can see a summary of the alternative benefits you are entitled to if you exit the scheme before your normal retirement age due to resignation, discharge, dismissal, retrenchment, invalidity or death. The alternative benefits you see will depend on the stage of membership you are in. For example, if you are older than your normal retirement age you will not see a deferred or withdrawal benefit (for PSS members) section in your statement.

Access to your superannuation benefits

To see more information on your Commonwealth preservation age, and a breakdown and explanation of the amounts available to you under what circumstances, take a look at the 'Access to your superannuation benefits' section.

Taxation information

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

Changes to your employment status

If you have made any changes to your employment, such as taking leave without pay or working part-time, you will find the details of the change here. This information will have been provided to State Super by your employer so it's important to keep an eye on this and ensure that the changes shown here are accurate and complete.

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 at all.

Your transactions

The transactions that occurred on your account during the statement period are listed here. This will include items such as management fees, contributions, and payments made to 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.

Need help understanding your annual statement?

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, you can contact the State Super Customer Service team on **1300 130 096** (for SSS members), **1300 130 097** (for PSS members) or **1300 130 094** (for Deferred members).

"I retired from work.
Not from life."

A StatePlus financial planner will work with you to create successful strategies to help you manage debt levels in the lead up to retirement. Such as whether it's beneficial to maximise your contributions or alternatively make extra payments towards your home. You could also consider options for debts in your scheme account and planning for your retirement income.

We all have retirement goals. As an expert in State Super schemes, a StatePlus financial planner can help you start planning how to retire life rich today.

Visit **stateplus.com.au/stories** to see Geoff & Michelle's whole story.

StatePlus

Formerly State Super Financial Services

Managing debt in the lead-up to retirement

We often hear the question, should I pay off my mortgage or contribute more to super? The answer will vary from person to person, but as a starting point, let's look at different types of debt.

'Good' debt vs 'bad' debt

Where debt is used to acquire investments such as shares or property, this is known as gearing and is often referred to as 'good' (or deductible) debt, due to the potential to claim a tax deduction for the borrowing as well as the fact that you have borrowed against an asset that can appreciate in value.

'Bad' debt is non-deductible debt, like borrowings for consumer goods such as cars and holidays or credit card debt. While a loan for the family home is non-deductible, it shouldn't necessarily be viewed as 'bad' debt because the value of your home can grow over time.

In any case, paying off non-deductible debt before deductible debt will usually be the most appropriate course of action for many people.

Strategies to pay down debt before retirement

If you start your retirement with a lot of debt, including scheme debts and personal debts, it can significantly impact your lifestyle in retirement. It's important to have a strategy to manage your debt levels, particularly in the five to ten years prior to retirement (although it's never too late or too early to act). Limiting the amount of debt you take into retirement can help keep your pension entitlement whole, thereby securing your full pension entitlement for life[1].

You should, however, also consider the potential benefits of directing spare savings to your super which could be greater than the interest savings you can achieve by increasing your mortgage payments. For SSS members, contributing more to super could mean picking up previously abandoned units or putting some money aside to pay the outstanding value of instalment rate units when you retire. For all PSS members and deferred SSS members, depending on your age and situation, this may mean contributing to another complying superannuation fund.

Other debts such as credit cards and personal loans can have a higher interest rate than your mortgage, so need to be considered separately.

Tips for managing debt

- Make loan repayments more often
- Consolidate your loans
- Draw up a budget
- Use taxation benefits
- Be careful of short-term lending facilities and 'interest-free' offers
- Keep some emergency money aside
- Pay your debts automatically.

You can exchange a portion or your entire pension for a lump sum to pay off debt

At retirement you may decide to take part of your benefit as a pension and part as a lump sum, which gives you the security of guaranteed income as well as the flexibility of having access to cash when you need it; for example, to pay off debt. There are specific timeframes in which you can commute your pension. Be sure to read the appropriate fact sheet so you understand the rules and timeframes.

What are the things you should consider when making this decision?

- Health and family history
- Estate planning considerations
- Lifestyle needs
- Amount of income required in retirement
- Need for capital
- Flexibility
- Market risk
- Taxation
- Social security benefits

Paying off the mortgage on your home as fast as possible is usually a sound financial strategy. But for SSS and PSS members it may make more sense to pay off outstanding scheme debts, and for active SSS or PSS members it can sometimes make better financial sense to maximise your scheme benefit by making additional contributions to another fund. Additionally, if you use a salary sacrifice arrangement to contribute to your scheme there can also be significant tax advantages.

[1] For deferred PSS members this can help keep your lump sum whole which provides more options for you to build and maintain an income stream, purchased outside of PSS, in retirement.

The earlier you focus on managing your debt, the better.

A StatePlus financial planner can work with you and provide you with financial advice that will help you successfully plan for retirement and manage your future.

To book an obligation-free appointment, call **1800 620 305** or visit **www.stateplus.com.au**.

Using your super money to pay debts is a common reason to cash out some of your super but that doesn't mean you have to commute all of it, or that this is the right decision for everyone. Some people find that they may be able to service debt with their higher retained pension, and retain the higher pension after debts are paid.

And don't forget, your SANCS benefit is always paid as a lump sum, so provided you have met a condition of release to enable the payment of your SANCS benefit, you can use it to pay off your scheme or other debts. If you're an active SSS member and have met a condition of release you can also use the benefit to pay the outstanding balance on instalment rate units or purchase abandoned units, which will increase your fortnightly pension for life.

Financial advice can help you build a plan for managing your finances

There are many things to consider if you want to reduce debt when approaching retirement:

- For SSS members, is it better to maximise your SSS contributions or should you abandon some units and make extra payments towards your home loan?
- Your options for income in retirement
- The impact your choice will have on debts in your scheme account
- Your ability to commence repayment of debts
- The structure of your assets and retirement funds
- The size of your debt
- Whether contributing more to super instead of paying off debt may provide a better outcome at retirement.

Case study: Bill and Pam reduce their debt before retirement

Bill had just two years to retirement when he and his wife Pam saw a financial planner to discuss if they could afford to retire. At the time, Bill was 58 and a member of SSS. Pam was 55 and working in the private sector.

Bill was not salary sacrificing his member contributions to SSS. He had not abandoned any units; therefore, he was maximising his SSS benefit. He could improve his cash flow, however, by simply salary sacrificing his member contributions. Pam was not making any personal contributions to her super.

They had a small mortgage on their home and were paying the minimum repayment level only. They also had approximately $10,000 owing on a credit card and a car loan of $5,000.

The planner gave them a budget planner to complete so that they would have a clear understanding of how much income they would need in retirement – this would have a direct impact on Bill's decisions in relation to how he would take his SSS benefit at retirement.

The key questions were, would Bill need to commute part of his pension to clear his debts and, if he did, would the remaining pension be enough to cover their living expenses in retirement?

The planner advised Bill to commence paying SSS contributions through salary sacrifice, and Pam to commence a Transition to Retirement (TTR) strategy with her super. The TTR payments and the increase in Bill's take-home pay helped to pay off the credit card debt within 15 months. The disposable income identified in the budget planner exercise was used to increase their mortgage repayments, while the car loan was also paid off before retirement.

By the time Bill reached his retirement age of 60, the couple had minimal debt remaining.

At retirement, Bill had the option to take a full pension, part pension/ part lump sum, or full lump sum. He had a family history of longevity, so he opted for the full pension, which would provide around 90% of the income they would need in retirement.

Bill also had outstanding contributions owing on his instalment rate units, which were taken up in the five years preceding age 60. His Basic Benefit (SANCS) lump sum was used to pay the outstanding instalment rate contribution debt and the balance was paid to his bank account to clear the remaining mortgage. This meant he did not need to commute part of the pension.

This article has been provided by StatePlus. For more information on the relationship between State Super and StatePlus, refer to the back page of this newsletter.

Member Services update

COMING SOON... A new State Super website

In January 2017, we will be launching our new look website.

But it doesn't just look different. We're also creating new interactive features that will make understanding your State Super scheme and benefits that little bit easier.

- **New retirement roadmap** – to help you prepare for retirement and access your State Super benefits we've developed a brand new section which pinpoints where you're at on your journey and directs you to relevant information. It also guides you to information when unexpected detours (for example redundancy or divorce) occur along the way.
- **Salary sacrifice calculators** – find out the difference salary sacrificing your contributions to SSS or PSS can make to the amount of tax you pay and the amount of income you take home.

You'll still find all of the information that you're used to including fact sheets, forms, information about the financial planning services available to you and the latest news from State Super. It will just be easier to find!

We'd love to receive your feedback and suggestions

Keep an eye out for the user feedback questionnaire on the new State Super website which will help us ensure it continues to develop and meet your needs.

You can also email your feedback and suggestions to us via the contact details below.

Contact us

Phone
1300 130 096 **SSS**
1300 130 097 **PSS**
1300 130 094 **Deferred members**

Website
www.statesuper.nsw.gov.au

Mail
State Super, PO Box 1229
Wollongong NSW 2500

Email
enquiries@stc.nsw.gov.au

SSS/PSSSV 1016