APRIL 2021

STATE SUPER
SAS Trustee Corporation

Keeping members super informed

superVIEWS

SSS/PSS
State Superannuation Scheme/ Police Superannuation Scheme

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State Super update

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

Annual Member Satisfaction Survey results are in

We would like to thank all our members who provided feedback as part of our 2020 annual member satisfaction survey, which was conducted in December last year.

We received very positive results in all areas of service delivery and when compared to the broader superannuation industry, our results sit well above the industry standard in overall satisfaction, telephone service, interview service, communication, annual statements, seminars and financial planning. You rated us highest for:

Seminars
8.7

Telephone Service
8.5

Financial Planning
(Aware Super)
8.4

Source: State Super Member Satisfaction Research 2020, Woolcott Research & Engagement. Ratings out of 10.

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 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 **www.statesuper.nsw.gov.au/help-centre/contact-us**

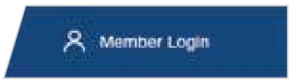
Have you registered for secure online access to your account?

Did you know you can keep track of your State Super benefits online via the secure member login?
You will have your own personal login details and password that you can change at any time, which means you are the only one who can access your information.

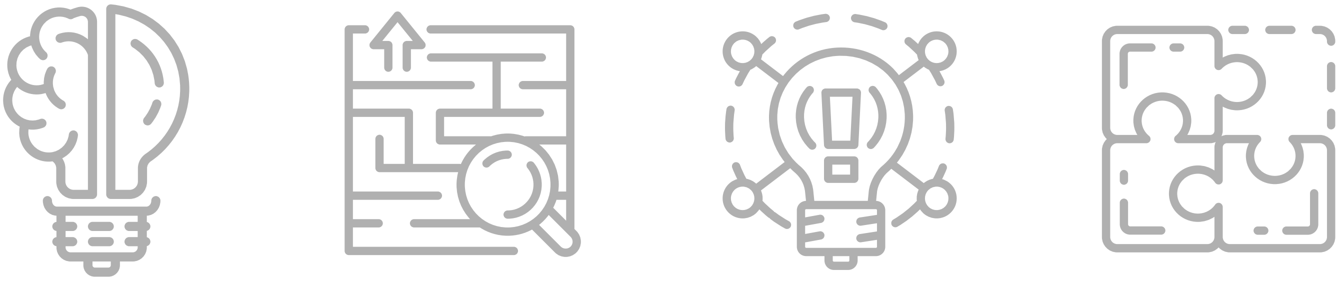
Registering for online access enables you to:

- update or change your contact details
- view and download your last annual statement
- access an online benefit estimate (SASS members)
- request an online benefit estimate (SSS and PSS members)

To register for online access, simply go to **www.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 email or post.



Member Advisory Forum provides insight into member views

The inaugural Member Advisory Forum in October 2020 was a virtual event that demonstrated State Super's ongoing commitment to connecting with members and providing a platform for sharing their views.

Views on public sector super

Curent and former members, including pension members, from the NSW Department of Education discussed the question "What insights from your experience as a teacher and a public sector superannuation scheme member should inform future retirement income policy?"

Key themes from the discussion on this topic were:

Super was an unknown factor in choosing a career

Super was not top of mind for these members when choosing their occupation and entering the workforce, but there was a suggestion that people attracted to public service may tend to value a greater sense of security.

Young workers must take an active interest in their super

Members think there is still low awareness of super and finances generally amongst young workers today. They believe it would make a real difference to a young person's future financial security if they understood the benefits of and how to approach their super.

High level of comfort from having a defined benefit pension

Forum attendees who were eligible for a pension believe their defined benefit pension provides comfort in times of uncertainty, and they have been able to reliably plan and adjust their lifestyle accordingly.

Limits could be placed on lump sum payments

While members value the income stream, they believe it is important that they have the choice of taking a lump sum. Some think there is value in restricting lump sums, but uncertainty around life expectancy makes this a bit difficult.

There could be some alternatives such as allowing lump sum at age 65-70 once a person has a better idea of their living situation. Or mandating that some (or all) of a lump sum be taken as an income stream, because some people will not manage their money as effectively.

Objective advice is needed five years before retirement

Members told us that the 5 years leading to retirement is when they began to attend seminars and see financial advisers. They believe that it's important to seek objective advice that is accurate and carefully explained to inform retirement planning. Without this advice, there is a risk of people acting without understanding the gravity of their decisions.

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

Views on responsible investment

Members also discussed the question, "What are the special requirements for a public sector superannuation fund on matters of responsible investment?" Key themes that came out of their discussions on this topic were:

Provide easy access to information

Members told us that as a public sector fund, State Super must lead by example and ensure transparency of its investments. We need to make it easy to find investment information that is easy to understand so that members can make informed decisions.

Long-term focus on more than financial best interests

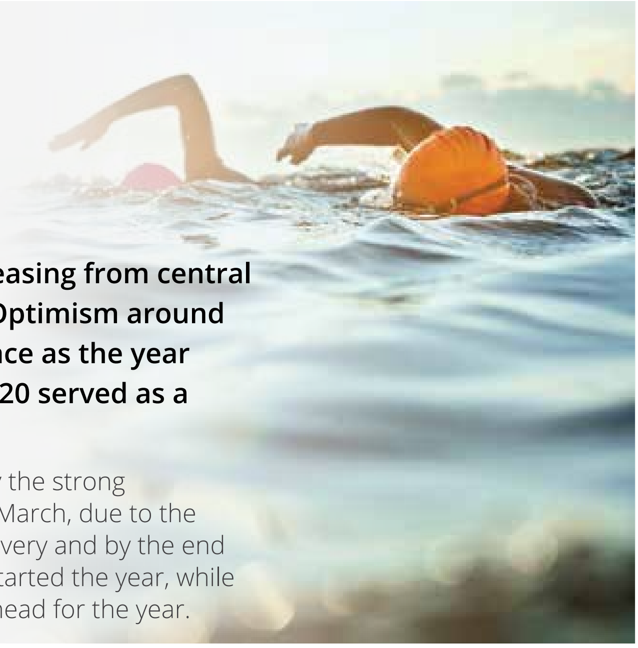
Members say there is a need to balance returns with social, environmental, and national sustainability. They know that some of these investments are long-term and this focus should include engagement with younger fund members to help them make the best decisions for their future.

Consider a broad definition of 'responsible'

Our members at the Forum told us that super funds should take a more strategic approach to future-proofing our economy, such as investing in our national research and development sector and investing in Australian companies.

Responsible investment also means environmental amenity, sustainability, quality, and equity. Investing in companies that have quality management, that genuinely care for their people and have a sense of 'Australian-ness' at their core.

Investment market overview



2020 - an unprecedented year

The year began with considerable uncertainty arising from the pandemic, as realisation of its magnitude began to emerge. Those early fears were soon moderated thanks to massive fiscal stimulus from governments, record low interest rates and quantitative easing from central banks and exceptionally rapid development of vaccines. Optimism around a quicker than expected global recovery then gathered pace as the year progressed, although a resurgence of infections in late 2020 served as a reminder of how quickly conditions can change.

The better than expected rebound in economies was pre-empted by the strong performance in share markets. An initial sharp decline took place in March, due to the steep economic downturn, but markets rallied in anticipation of recovery and by the end of the year the S&P/ASX 200 had almost recovered to where it had started the year, while in the US the S&P 500 reached record highs at around 500 points ahead for the year.

Confronting the economic challenges

COVID-19 will still hold potential to destabilise recovery over the coming year, especially in USA and Europe where successive waves of increase in infection, virus mutations and death rates have undermined re-opening. Offsetting such negative effects are the potential positive impacts of constrained demand being gradually released, ongoing stimulus measures and the vaccine rollout. The fertile environment created by low interest rates and inflation rates should also spur on recovery, so there is good cause for cautious optimism.

On the domestic front, our aggressive virus control measures and our relatively generous stimulus programs have positioned us well to bounce back into growth. Our exposure to China and other Asian markets also gives us a platform to recover, thanks to the resilience of economies in that region. For example, the Chinese economy posted growth of 2.3% for 2020, despite the sharp downturn at the start of the year.

Factors tempering this outlook include the ongoing trade tensions with China and some uncertainty over how well consumers and businesses will adapt to the phasing out of COVID-19 stimulus.

> *"Global market expectations on the whole should be positive and Australian shares are in a good position..."*

This may cause some patchiness in recovery, but the general outlook is for improvement over the course of this year and the Reserve Bank is forecasting GDP growth of around 3.5% for 2021.

The impacts on property have been mixed. The reduction in immigration and overseas student numbers has resulted in downward pressure on residential accommodation prices in the inner-city areas of Sydney and Melbourne, while the enforced surge on remote working has had the opposite effect on outer suburbs and regional centres.

Global trade dynamics

The global trade tensions of the past few years have persisted during 2020 and despite some positive developments, they are yet to be clearly resolved. The ongoing Brexit negotiations concluded in late December with the European Union and the United Kingdom agreeing to terms. The US-China trade war continued to escalate causing some collateral damage to Australia, as an increasingly strident Beijing implemented penalties on some Australian exports. The end of the Trump era may see a return to a more diplomatic tone from the new US Administration, but this is no guarantee that tensions won't persist for some time yet.

What will 2021 hold for markets?

While the revival in markets during 2020 may have restored some confidence, there is still real potential for short term corrections to occur this year - especially if sudden lockdowns occur due to COVID-19 outbreaks. Such events, however, are likely to only cause short-term volatility and the ongoing economic measures that garnered positive results last year will continue to underpin the growth in asset values in 2021.

Persistently low interest rates will also have the effect of driving demand on share markets, particularly if dividends and earnings yields continue to maintain a healthy margin over bank deposit returns. Global market expectations on the whole should be positive and Australian shares are in a good position to outperform other countries.

Investing in an energy-efficient train

State Super invests in a number of direct property and infrastructure projects on behalf of our members. These assets, which we hold over the long term, are designed to generate strong returns as well as providing protection when markets are turbulent.

You may be surprised that we have interests in infrastructure projects including toll roads, airports, seaports, energy pipelines, water distribution and more, with some of these assets located overseas.

Let's take a look at the award-winning **Arlanda Express** in Stockholm, Sweden which has some impressive environmental credentials.

The Arlanda Link was built to reduce the environmental impact caused by car and bus travel between Stockholm and Arlanda Airport and to support the sustainable growth of Sweden's largest airport.

Opened by the King and Queen of Sweden in November 1999, after the ribbon-cutting ceremony the royal couple travelled on the new Arlanda Express train in 18 minutes, halving the time taken with other travel options. Since that time, over 86 million passengers have travelled on the link between the city and the airport enjoying a uniquely efficient, comfortable, and environmentally sustainable transport alternative. The route is an integral part of Stockholm regional development. The energy efficient Arlanda Express runs six times an hour during peak periods with the journey taking a maximum of 20 minutes.

Travelling by train is beneficial for the environment as emissions are extremely low. Arlanda Express has been designated by the Swedish Society for Nature Conservation's eco-label "Good Environmental Choice". The trains are operated 100% on "green" electricity, meaning that the electricity comes from renewable energy sources, such as hydropower, wind power and biofuels.

Arlanda Express has a commitment to the environment which has led it to pioneer new technologies and standards for measuring environmental impact. This has included the adoption of a computer-aided train operation (CATO) system to help drivers optimise their energy efficiency. The Arlanda Express was one of the first train operators to use the CATO system, resulting in substantial reductions in energy consumption.

State Super is part of a consortium of institutional investors with substantial experience in making long-term investments in quality infrastructure businesses such as this around the globe. State Super holds approximately 37.5% of the shares in the consortium that owns Arlanda Express.

Facts:

Passengers carried: 3.2 million in FY19	C02 saved: 10,000t per year, compared to a car
Carbon neutrality achieved: early 2020	Manufacturer: Alstom Transport Ltd, Birmingham, England.
Number of trains: There are seven Arlanda Express trains.	Highest speed: Arlanda Express can operate at a maximum of 200 km/h.
Number of seats: There are around 200 seats per Arlanda Express train.	Accessibility: The middle car contains wheelchair-accessible areas, including a toilet with a changing table.
The trains were redesigned in 2006, when the interior was overhauled by Björn Borg International.	In 2010-2011 all trains were rebuilt and redesigned again. The project was carried out with the company iDesign.

Are you on track for the retirement you want?

Many of us think about retirement as a 'point in time' in the future. But if you're a few years away from that point in time, getting expert advice can make a big difference to how prepared you are for retirement - both emotionally and financially.

Remember, those who enjoy retirement the most are the ones who have planned it well.

Will my money run out? How much do I need to have saved to live the lifestyle I want in retirement? These are some of the questions most frequently asked by people when thinking about retirement.

Some of these questions are best addressed in the few years leading up to the retirement date, not just 'at the point' of retirement. Financial advice at this point is an important investment in peace of mind that you are getting your retirement right. The superannuation and tax systems are complex, and so are your scheme rules, so, working with an expert early can make a big difference to your retirement outcomes.

How does financial advice in the few years leading to retirement benefit you?

- It could help you uncover opportunities to maximise your benefit.
- Discussing the important questions early could help you save tax or prevent costly mistakes that could exceed the cost of the advice.
- Meeting with a planner can provide you with a reality check on whether there's a gap between what your expectations are, and what you can afford to do.
- You'll be able to put the right strategies in place and get the best outcomes for your retirement.

What can I expect at a first appointment?

As a State Super member, your first appointment with an Aware Super financial planner is free of cost or obligation. It's an opportunity to ask questions and confirm your understanding of how your scheme works, how any change to your working conditions such as working part time or

taking long service leave can have an impact on your super. It'll also give you an overview of how the broader retirement system works, and the opportunities and tax benefits of staying within super through retirement. Aware Super planners are as knowledgeable as they are approachable, so you can feel confident in the information they provide to support your decisions.

Partnering with an Aware Super financial planner for personal advice

The first appointment will give you a chance to consider the value in partnering with the planner to create a plan for you that is specific to your needs, goals and situation. There will be a fee for this personal financial plan, and the fee will be discussed with you before any work is commenced.

To prepare your financial plan the planner will take the time to get to know you and your priorities, and look at all the strategies you can consider between now and your retirement date to make sure you're in the best possible position when you stop working. Your planner will discuss not only your financial situation, but also look at other considerations that affect you holistically. They can also advise on your partner's financial situation, even if they are a member of another Super fund.

Some of the topics that will be considered and may be included in your personal financial plan:

- How much income you'll need to fund your lifestyle in retirement
- Understand all your sources of income, including any age pension entitlement
- How long your money will last in retirement using powerful modelling software
- Identify any gaps or shortfall in your retirement savings and your retirement plan, or consider whether you can retire earlier or spend more in retirement
- Help you understand the level of investment risk you are comfortable with and the investment strategies that are right for you
- Give you specific advice about your account to ensure your plans maximise your retirement benefit
- Give you advice about any investments outside your super
- Give you advice on what to do with unused leave balances, take it as leave or receive it as a lump sum
- Advice on paying down debt
- Making additional contributions to super
- Advice to ensure that your personal wishes will be followed in the event of your death and that you've minimised any tax beneficiaries may have to pay

The planner will document the advice and work with you to develop a step-by-step plan for the next few years right up to your retirement date. Importantly it will give you peace of mind that you are on track for a successful retirement.

If you've spent decades working, you can approach retirement with the confidence that you can afford to do the things you want and feel positive about this next stage of your life.

Remember, those who enjoy retirement the most are the ones who have planned it well.

For more information about a pre-retirement advice appointment:
Visit aware.com.au/advice
or phone 1800 620 305

aware SUPER

Ask an Expert

Q: I'm thinking of making some additional contributions to another super fund. How do I calculate how much of my SSS contributions count toward the $25,000 concessional contribution cap?

It's a good question and an area that many SSS members can trip up on, and unintentionally exceed the cap, because they haven't correctly factored in the notional concessional contribution made by their employer.

In general terms, concessional contributions are those for which 15% contributions tax is paid within the Superannuation fund. These are employer contributions, any salary sacrifice contributions, and any personal deductible contributions.

For SSS members, a notional calculation is used to determine the employer contribution toward the employer financed benefit. This calculation includes the basic benefit (BB) as well as the value of any additional employer contribution (AEC) where applicable. The notional calculation is based on your *superable salary* and a *benefit factor* determined by whether your scheme normal retirement age is 60 or 55.

Your *superannuation salary* is what was reported by your employer to State Super as at the last annual review day prior to the start of the financial year and includes your annual base salary or wages and workers compensation payments (if applicable). It may also include allowances that are paid while you are on leave, such as an allowance for additional qualifications. A shift loading may also be included if you are working more than 105 shifts per year

The benefit factor* used, depending on your scheme retirement age is:

"... If you reach this milestone during a financial year then an apportionment is required."

Retirement age 60:	0.048 (4.8%)	0.048 = 0.036 (SSS) + 0.012 (SANCS including BB & AEC)
Retirement age 55:	0.06 (6%)	0.06 = 0.048 (SSS) + 0.012 (SANCS including BB & AEC)

To demonstrate, a SSS member with a scheme retirement age of 60 plus a superable salary of $80,000, would have 4.8% used so that their notional employer contributions toward the cap will be $80,000 x 4.8% = $3,840. They will also then include their salary sacrificed personal contributions (say it resulted in $6,366) to calculate the total SSS contributions that count toward the cap. For this example, the cap used for SSS is $10,206 ($3,840 plus $6,366).

A member with a scheme retirement age of 55, also with a superable salary of $80,000, would have notional employer contributions toward the cap of $80,000 x 6% = $4,800. They will also then include their salary sacrificed personal contributions (say it resulted in $7,455) to calculate the total SSS contributions that count toward the cap. For this example, the cap used is $12,255 ($4,800 plus $7,455).

If you reach your scheme retirement age, you've maximised your SSS benefit (apart from salary increases) so your total benefit factor reduces to 1.2% to cover ongoing accumulation within SANCS (i.e. BB & AEC). If you reach this milestone during a financial year then an apportionment is required.

If you find that your total concessional contributions to SSS takes you over the $25,000 cap, then you are still deemed to be within the cap for your SSS scheme. Remember, a member can still exceed the concessional contributions cap if additional salary sacrifice or employer contributions are made to another fund.

*Calculations in this example apply to SSS members only. A different benefit factor calculation applies for PSS members

Q: I'll be 60 in a couple of months. I'm enjoying my work and am considering working beyond that date. Is it worth my while to do so, and how can I work out how much I'm losing out on by not starting the pension?

SSS members:

If you work beyond age 60 you are effectively forfeiting your SSS pension payments. Once you reach age 65, you can start receiving your SSS pension even if you continue to work, however you will have forfeited 5 years of pension payments. Understanding what the net financial benefit to you of continuing to work will depend on your own unique circumstances.

In general, members find that there may not be a significant difference between their net salary and their pension. If you consider a member with gross salary of $85,000 their net salary after tax is around $65,000. If their SSS pension entitlement is $50,000 per year, they are essentially only working for the difference of $15,000 per year. That's a low hourly rate for full time work.

If you receive salary increases after age 60 you will still be eligible for any new units offered which will be at the 5-year instalment rate. This will mean a higher pension in retirement. However, an analysis needs to be done to determine how long you would need to be paid the higher pension amount to make up for any pension payments forgone.

As an example, the same member receives a salary increase of 5% six months after their 60th birthday. This increases their pension entitlement from $50,000 to $52,250 per year. They have forgone 6 months of pension payment equivalent to $25,000 to receive the increase of $2,250 per year in pension when they eventually do retire. It would take roughly 11 years of receiving the higher pension in retirement to make up the pension forgone. From a strictly cashflow point of view, it is worth noting that they would have been receiving their salary over that time.

So, then the decision to weigh up is one of lifestyle and income. How does the option to continue working for the SSS employer compare with receiving the SSS pension and having either more time spent in retirement or potentially with another employer?

Other things to consider is that you will still be accruing your additional lump sum (basic benefit plus additional employer contribution where applicable) within your SANCS account. This will need to be weighed against any earnings if that lump sum had been invested over that time.

There may also be some personal taxation savings to delaying retirement into a new tax year, particularly if you have unused leave entitlements however that benefit also needs to be weighed up against how much pension would be forgone to achieve any saving.

Other things to expect when working beyond age 60 is that your contributions will reduce after your annual adjustment day (approximately half to two thirds). Ongoing contributions will help to pay off outstanding contributions on the instalment units.

In general, members find that there may not be a significant difference between their net salary and their pension.

PSS members:

For a PSS member the things to weigh up if you are considering working beyond are similar, although the calculations are slightly different. If you have reached age 60 and have at least 30 years of service, you would be effectively forfeiting your PSS pension entitlement for any period of work between age 60 and age 65.

If you are still working at age 65, you can then access your pension without resigning, however you will have forfeited 5 years of pension payments. Understanding what the net financial benefit to you of continuing to work will depend on your own unique circumstances.

In general, members find that there may not be a significant difference between their net salary and their pension. If you consider a member with a net salary after tax of $75,000 and their annual pension entitlement after a contributions tax adjustment is $64,000, they are essentially only working for the difference of an extra $11,000 per year. That's a low hourly rate for full time work.

If you receive salary increases after age 60, the pension benefit you would commence on increases meaning a higher pension in retirement. However, an analysis needs to be done to determine how long you would need to be paid the higher pension amount to make up for any pension payments forgone.

As an example, the same member receives a salary increase of 5% six months after their 60th birthday with over 30 years of service. This increases their pension entitlement from $64,000 to $67,200 per year. They have forgone 6 months of pension payment equivalent to $32,000 to receive the increase of $3,200 per year in pension when they eventually do retire. It would take roughly 10 years of receiving the higher pension in retirement to make up the pension forgone. From a strictly cashflow point of view, it is worth noting that they would have been receiving their salary over that time.

So, then the decision to weigh up is one of lifestyle and income. How does the option to continue working for the PSS employer compare with receiving the PSS pension and having either more time spent in retirement or potentially with another employer?

Other things to consider is that your contributions to PSS will continue and you continue to accrue your additional lump sum (basic benefit plus additional employer contribution where applicable) within your SANCS account. Again, this will need to be weighed against any earnings if that lump sum had been invested over that time.

There may also be some personal taxation savings to delaying retirement into a new tax year, particularly if you have unused leave entitlements however that benefit also needs to be weighed up against how much would be forgone to achieve any saving.

The bottom line is that understanding what you are giving up and what you are gaining by continuing to work beyond age 60 can be complex. An Aware Super financial planner can guide you through this analysis and provide you advice tailored to your individual situation.

Your member benefits

STATE SUPER
SAS Trustee Corporation

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

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

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

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

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

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

Member interviews - now on Zoom (video call)

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

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

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

Call to make an appointment -

SSS - 1300 130 096

PSS - 1300 130 097

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

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

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

Contact us

SSS: 1300 130 096

PSS: 1300 130 097

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