



STATE SUPER
SAS Trustee Corporation

Pension NEWSLETTER

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2014

STC Update

Improving Funds Management in NSW

In case you missed the recent announcement on our website, here is an update on how STC is working with other NSW Government departments to improve the way STC's investments are managed.

The NSW Treasurer and the Minister for Finance and Services have announced that some funds management activities of SAS Trustee Corporation (STC), the Safety, Return to Work and Support Division (SRWSD) and NSW Treasury Corporation (TCorp) will be amalgamated within TCorp. The Ministerial media release can be found at <https://www.tcorp.nsw.gov.au/html/110314.cfm>.

The funds management activities to be amalgamated include the appointment of investment managers, due diligence, funds administration and operations, and reporting.

The amalgamation is being undertaken to obtain efficiencies and enhance investment outcomes by pooling the resources allocated to investment activities.

STC will remain the trustee for all the assets in the State Super fund and STC's trustee responsibilities will continue to include investment objectives, risk management and asset allocation. As a trustee STC is required to exercise its functions in the best interests of scheme members and beneficiaries.

The Government has appointed Mr Michael Cole as an independent expert to oversee the amalgamation. STC will work with Mr Cole and the other agencies over the coming months on the detailed planning and implementation of the changes.



Keep an eye out for updates on this and other STC announcements via the latest news section on our website www.statesuper.nsw.gov.au/news-and-publications/latest-news.

YOU SERVED YOUR COUNTRY WELL. BUT WHO SERVES YOU IN RETIREMENT?

State Super Financial Services was established by the Trustee of your superannuation scheme over 20 years ago to provide specialist financial advice to public sector employees. Now that you are retired, you and your family still have access to the specialist financial planning services that we have to offer.

While your State Super pension provides you with income security, there will still be times when professional financial planning advice will be of help. These may include selling an asset, investing the proceeds of an inheritance, or simply wanting to boost your savings.

By reviewing your situation and investment structure regularly with one of our specialist planners, you can be confident that you are taking advantage of the opportunities available to you.

If you're looking to get the most out of your money in retirement, we are ready to help. And no one understands your specific needs better than we do.

Book an obligation-free appointment today.
Call 1800 620 305 or visit www.ssfs.com.au

State Super Financial Services Australia Limited
ABN 86 003 742 756 | AFS Licence 238430



SERVING THE PEOPLE WHO SERVE AUSTRALIA

STATE SUPER
Financial Services
AUSTRALIA

CPI – what does it mean?

So you've just received your CPI letter... but what does it mean for you?

Most of us will have heard the term bandied around in the financial press for many years. We know it has something to do with inflation and how much more things are costing us today compared to a year ago but what does it really mean to you, and more specifically, in relation to your pension?

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 national CPI rate. They then calculate a CPI rate for each capital city.

The index used to adjust your State Super pension each year is the All Groups Sydney index which simply means it is based on Sydney prices and includes all the categories in the standard basket.

So, how does this affect my pension?

Each year in October the amount of your pension is adjusted to reflect the percentage movement in CPI from one June quarter to the next June quarter.

This adjustment helps ensure the income you receive through your State Super pension increases at a similar rate to prices and therefore helps you maintain your standard of living.


If you received the pension for the entire previous financial year (from 1 July 2013 to 30 June 2014) then you will receive 100% of this year's 2.8% CPI adjustment. If you only received the pension for part of the past financial year, you will receive a proportion of the CPI adjustment as below.


Portion of CPI adjustment received	Pension commencement date
100%	1 Jul 2013 and earlier
75%	2 Jul 2013
50%	2 Oct 2013
25%	2 Jan 2014
No adjustment	2 Apr 2014
	30 Jun 2014


What's in a CPI basket?


The 11 categories included in the all groups index


 Food and non-alcoholic beverages

 Alcohol and tobacco


 Clothing and footwear

 Housing


 Furnishings, household equipment and services


 Health

 Transport

 Communication

 Recreation and culture

 Education

 Insurance and financial services

These groups are divided into 33 subgroups. Those sub-groups are then divided into 87 expenditure classes which are then divided into approximately 1,000 elementary aggregates (a particular good or service). Finally, approximately 100,000 prices are collected in each capital city every quarter.

Source: www.abs.gov.au/ausstats/abs@.nsf/Lookup/6440.0Appendix102011



Lend a helping hand for a happier life

Australia is known as one of the most giving nations in the world, with an increasing number of Australians giving truth to that claim through their willingness to volunteer their time and talents. Many are discovering that volunteering not only makes a difference to the lives of others but also results in a greater sense of personal fulfilment for the volunteer as well.

According to the ABS 2010 Voluntary Work, Australia report, 6.1 million people were involved in some form of volunteer work in 2010. That's over one third of the population over the age of 18 in Australia and represents a significant contribution to the harmony and happiness of our society and the wellbeing of the people who are served by those volunteers.

The ABS report also tells us that volunteers come from a broad cross section of the community with a slight skew toward people outside capital cities and a slightly higher proportion of women (38%) compared to men (34%) giving their time.

While all age groups are well represented, there is a greater participation in the middle and older age groups. Involvement in volunteering peaks at 48% in the 45 to 54 age bracket for women, while men peak later at 46% in the 55 to 64 age group. Both genders maintain a healthy involvement in volunteering after those peaks, with just under 40% participating in the 65 to 74 age group and rates only starting to dip below 30% in the 75 plus age bracket.



Why do people do it?

A survey conducted by the sector's peak body, Volunteering Australia, identifies two key motivations for people becoming involved; the ability to make a difference in the community and the sense of purpose it gives the individual who is performing the work.

Other reasons people choose to volunteer include:

- the social contact it provides
- the opportunity to use or learn new skills
- a commitment to the cause or organisation that the person is giving their time to.

A win/win result

Those who are involved in volunteering generally support the notion that there is just as much reward in it for them as there is for the people they are serving or supporting. There is something special about joining with like-minded individuals and working for a cause that they believe deeply about. Friendships are formed and a sense of achievement is gained. It simply adds a new dimension to life that can't be achieved through any other activity.

An ideal activity for your retirement years

For those winding down their working lives or those who are already retired, volunteering can be a stimulating new focus in their lives, not to mention, a productive and satisfying way to use the increased free time they have. It's an opportunity to put a lifetime of experience to good use because the skills and knowledge you may possess are often in great demand in the volunteering sphere.

Many retirees also find that volunteering is of great benefit if retirement has resulted in a move to a new area or has resulted in a loss of the social networks that employment had provided. Volunteering can be an ideal way to make new connections and to help you put new purpose into your life.



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Something for everyone

There are many diverse volunteering opportunities available, so it is true to say there is something that will appeal to just about everyone. Think of all the children that play sport every weekend and the equally great number of adults involved in club activities. Not to mention the many community or welfare groups that service the underprivileged, disabled, elderly or have a focus on overseas aid. Religious groups too are often concerned with social welfare needs and can provide a platform for people to contribute their time and skills.

If those avenues don't strike a chord, then there are many other areas that may pique your interest. Children and youth organisations, arts and cultural activities, environmental or emergency services, educational institutions and service clubs are all heavily volunteer-driven areas.

Want to volunteer but don't know where to start?



A good first step is to jump online and visit www.volunteeringaustralia.org to get some inspiration. Here you can quickly identify areas of activity that match your abilities, desires and personality, as well as access links to state based volunteering bodies. Volunteering Australia can also be contacted by phone on **(02) 6251 4060** or by email on marketing@volunteeringaustralia.org.

Local councils, libraries and community or neighbourhood centres can also be useful access or information points, so start looking and enjoy the many benefits that volunteering can provide.



Time for a financial health check?

Most of us look forward to reviewing our finances as much as a trip to the dentist, but with the new year just around the corner now is the time to start.

To make it more manageable and less daunting, we've created a handy checklist of some of the most important things you should consider. Take a look through the different topics, you may be pleasantly surprised at how 'on top of your finances' you actually are.

Review your budget and stick to it!

Do you have a budget that you stick to most of the time or does it tend to fluctuate? Create a realistic budget that includes amounts for special rewards. You are more likely to be successful with a budget plan if you don't make it too ambitious, as temptation is certain to arise at times. For retirees, when you stop working and no longer receive an income from employment, it is especially important to remain disciplined to ensure your money lasts throughout retirement.

Let your money do the earning

Do you have sufficient funds set aside in case of emergencies? Are they earning a competitive interest rate? Can you easily access the funds when needed?

Is your retirement income enough?

Is your State Super pension sufficient to meet your living expenses? If not, do you have any alternative sources of income? Examples could include additional savings that could be used to create a superannuation income stream or rental income from an investment property.

Find out how you could benefit and/or save with Centrelink

Are you eligible for Centrelink benefits and are your investments structured to maximise any benefits to which you are entitled? With changes to how the Age Pension and Commonwealth Seniors Health Care (CSHC) Card will be assessed from 1 January 2015, now is the perfect time to discuss your eligibility for Centrelink entitlements with your financial planner. Eligible pensioners and certain concession card holders can also receive significant savings on prescription medicines, as well as cheaper utility and medical bills and discounts on public transport.

Get a handle on your debt

Are you in control of your debt? If you use a credit card, do you pay it off every month to avoid costly interest payments? Do you have a mortgage and is your pension income sufficient to meet the repayments? You may need to consider downsizing if you are retired and do not intend to work again. One way to improve your debt situation is to speak to your mortgage lender to see if you can get a discount on the interest rate they charge.

Review your taxes

Are your investments structured to meet your objectives as well as being tax effective? You should investigate tax concessions available in the super environment, as they can be very beneficial for retirees.

Do you have an investment strategy?

If you have money invested in the share market, does the chosen investment strategy allow you to sleep at night or do the ups and downs of the markets cause you stress? You should carefully consider whether your investments meet your objectives.

Start estate planning

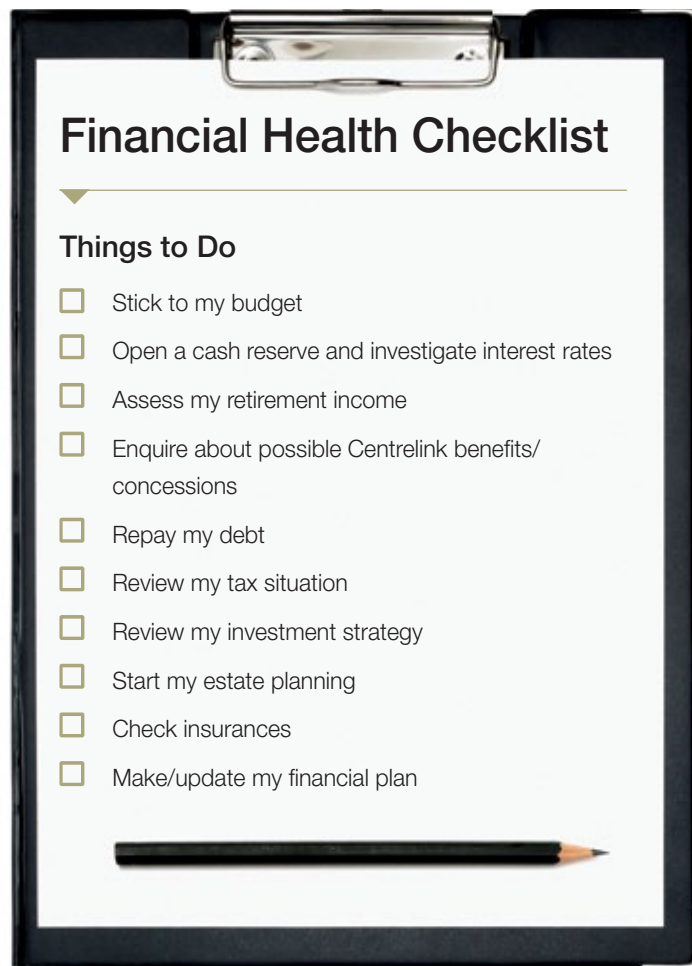
An estate plan includes your Will as well as any other directions on how you want your assets distributed after your death, such as a super death benefit nomination. You should ensure your estate planning preparations are up to date. The vital requirements of a complete estate plan are documents such as an Enduring Power of Attorney and Enduring Guardianship. These documents control how you will be cared for, medically and financially, if due to incapacity you become unable to make your own decisions in the future.

Are you covered?

Consider whether your insurances are suitable for your needs and whether you are getting a good deal. Important insurances that are still necessary when you are retired include home and contents, car insurance and private health insurance. Unless you have recently reviewed the deal you are getting, it may be worth seeing if you can get a better deal.

Make a financial plan

Do you have a financial plan in place that you regularly review and track your progress against? If not then a State Super Financial Services (SSFS) financial planner may be able to help you.



SSFS provides a wide range of financial planning services to current and former public sector employees and their families.

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

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For more information on the relationship between the SAS Trustee Corporation (STC) and State Super Financial Services, please refer to the end of this newsletter.



Will your loved ones be entitled to a pension?

Did you know your spouse or de facto partner may be eligible to receive a reversionary pension in the event of your death?

Death is not something we tend to want to think about let alone plan for, however it is important that we 'take care of business' so to speak in order to make sure our loved ones are looked after when we are no longer around. This may include having an estate plan in place, including writing or updating a Will or assigning a power of attorney along with having other important details arranged such as what happens to your assets.

Your State Super pension is no different and sits within that very important bucket of things to talk to your loved ones about in advance.

It is crucial that they understand what needs to be done at the time of your death to ensure they receive what they may be entitled to. This could help your loved ones during what can already be a very difficult time.

So what is a reversionary pension?

As a former public service employee, and contributor to a State Super scheme, your eligible spouse or de facto partner may be entitled to receive part of your pension in the event of your death. This is called a 'reversionary pension'. The rules around eligibility, the percentage of benefits they may be entitled to and what form of benefit can be received varies depending on which scheme you have been a member of.

How much could my spouse or de facto partner receive?

If eligible, the amount of pension payable to your spouse or de facto partner is calculated as a percentage of your pension. The percentage of pension they receive will vary depending on the rules of your specific scheme and personal situation. The general scheme entitlement amounts are outlined below.

Scheme	% of your pension they will receive*
SSS	66.6%
PSS	62.5%
SASS	62.5%**

* If more than one person applies for the reversionary pension, State Super will determine the distribution of the benefit among eligible applicants.

** It's important you check with Customer Service as to whether a reversionary pension benefit is payable and for the amount payable.

What about my children?

Your children may be eligible to receive a child pension in the event of your death. Eligibility and the age that pension payments are continued until are dependent on which scheme pension you received prior to your death.

If you don't know whether your loved ones will be eligible for a reversionary pension, make sure you contact us.



What do your loved ones need to do?

1

Let us know about the death

It's crucial that State Super is notified of the death of a member as soon as possible. This will prevent overpayments being made that will need to be paid back. It will also speed up any reversionary pension payments or other benefits that may be payable to your beneficiaries.

2

Provide the necessary documentation

You need to provide State Super with documentation when applying to receive a spouse or de facto benefit. A list of the documents you need to provide are included in the eligibility letter sent after we are advised of the death of a member.

3

State Super will determine if entitlements are payable

Once the correct information is provided, State Super will determine whether your spouse or de facto partner is eligible and, if they are, what pension they will receive.

4

For SSS only – will your spouse or de facto partner choose to commute to a lump sum?

If eligible, it is very important that an application to commute your pension to a lump sum is completed and sent to State Super within the times as specified in the scheme legislation.

Exchanging a SSS reversionary pension for a lump sum

! ONE CHANCE ONLY

If you are a SSS pension member, your spouse or de facto partner could make a **one off** decision to exchange or 'commute' their reversionary pension option in order to receive a lump sum payment. The timeframes related to choosing this option vary depending on their age at the time of your death. Understanding these timeframes is very important.

Age of spouse or de facto partner at the time of your death	Election period to commute to lump sum
55 years or older	Within six months of your death
Less than 55 years	Within six months of turning 55
Reversionary pension started before they turned 60 and have not elected to commute the pension to a lump sum	Within six months of turning 60

Important!

1. If your spouse or de facto partner starts receiving a SSS reversionary pension after the age of 60, and does not apply for a lump sum within six months of your death, they will not be able to do so and will continue to receive the reversionary pension.
2. If your spouse or de facto partner is less than 60 and does not elect to commute to a lump sum within the election periods that apply to them, they will have another opportunity to lodge an application to commute in the 6 months immediately before or after they reach age 60.

“But I’ve already commuted my pension to a lump sum”

If you have commuted all or part of your pension to a lump sum, your spouse or de facto partner may still be eligible to receive a reversionary pension. This is dependent on which pension scheme you were a member of.

Which schemes allow for reversionary pensions when a pension has already been commuted?

Previously commuted	Eligibility for reversionary pension		
	SSS	PSS	SASS
No	Yes – full reversionary pension	Yes – full reversionary pension	Yes** – full reversionary pension
Yes partially	Yes – full reversionary pension	*Yes – reduced reversionary pension	n/a***
Yes in full	Yes – full reversionary pension	No*	n/a***

* In the PSS scheme there is an additional pension that can be paid to a spouse or other dependent when death is caused by a hurt on duty injury, but that pension is calculated as the greater of 55% of the member's salary at exit or 62.5% of the pension payable at the former member's death.


** Pensions within the SASS scheme are not able to be commuted by the original member in part or in full. However, a reversionary pension may be available to your spouse or de facto if you were a member of the following schemes.


- Local Government Pension Fund
- Provident Fund
- Benefits Fund
- Railways Superannuation Account (Ten and a Penny Scheme)
- NSW Retirement Fund (If you elected for a reversionary pension when you started your pension)
- Transport Retirement Fund (If you elected for a reversionary pension when you started your pension)


*** Pensions within the SASS scheme are not able to be commuted by the original member in part or in full.

More Information


The following factsheets provide more information about eligibility for a reversionary or child pension and are located within each of the scheme's resources sections on our website www.statesuper.nsw.gov.au.


 **SSS Death of a scheme member after retirement**

 **SSS Exchanging your pension for a lump sum**

 **SASS Pension: Your Questions Answered**

 **SSS Child Pensions**

 **PSS Death Benefits**

 **SASS Death Benefits**

If you would like to apply for a reversionary or child pension you can find the relevant application forms within each of the scheme's resources sections on our website www.statesuper.nsw.gov.au.

Investment market overview 2013–14

The global economy

There has been steady improvement in the global economy this year, with economic activity strengthening, asset prices generally increasing and growth moving in a slow but more stable upward trajectory. The major developed economies have shown progressive improvement while for some emerging markets macro-economic challenges persisted as they were buffeted by volatile capital flows in the middle of the financial year.

The key challenge facing policy makers continues to be the sustaining of confidence levels to ensure the global recovery builds momentum.

US recovery continues

Off the back of strong performance in the June 2013 quarter, economic growth in the US has continued to improve, despite some patchy economic data and the impact of severe weather in March. The 12 month period to 30 June 2014 finished strongly with 76% of S&P 500 companies exceeding analyst's profit expectations. The tapering of the quantitative easing program is well progressed and the Federal Reserve has indicated that rapid interest rate hikes will be unlikely. This, together with positive expectations in housing, employment and household wealth should build confidence and help support economic growth.

Consolidation in China

The spike in growth in the second half of 2013 has cooled slightly, due to policy measures put in place to slow credit growth and increase the cost of capital. The challenge now is to limit the negative impact this could have on growth, especially exports and the expansion of infrastructure while avoiding introducing additional risk in an already risky Chinese real estate market.

Europe struggles on

The troubled Eurozone has finally seen some improvement over the last 12 months. There is still a long way to go, with issues such as low inflation continuing to cause concern, but steps are being taken to improve the situation. The financial year ended with a slight increase in GDP in the June quarter and even the stressed Mediterranean economies have registered positive growth, albeit very modest. The challenge that now faces parts of Europe is that of deflationary pressures and political unrest, with the Ukraine economy expected to contract by 5% by the end of 2014 and the Russian economy expected to grow by just 0.5%.

Impacts on the Australian market

The predominantly positive global backdrop has been of some benefit to Australia, as we look to transition the economy away from resources investment to resources export and toward other sectors, such as agriculture and services. When coupled with positive outcomes in advanced economies, our relationship with China has helped counter domestic weakness in business and consumer confidence resulting in a moderately healthy growth rate.

The AUD's persistently high exchange rate has not helped our terms of trade, but the Reserve Bank has sustained a low interest rate environment since the last reduction in August 2013 which has also helped support domestic activity and growth.

How have financial markets performed?

World share markets experienced another year of double-digit returns, with developed economies leading the race. The Australian share market followed this trend with the ASX 200 growing in value by 12.3% over the financial year.

Fixed income market returns also improved globally, with non-government bonds producing higher returns than government bonds. The Australian fixed interest market, however, did not perform as strongly as those overseas.

Member Services update

Making things easier for you

One of our top priorities is member education and our website is one of our greatest tools in making information about your scheme easy for you to access. That's why we've made some improvements to our website.

Take a look at our new forms and factsheets section

The new section makes finding the forms and factsheets you need quicker and easier. Simply go to your scheme site via our website at www.statesuper.nsw.gov.au and click on the forms and factsheets tab on the right of the landing page to see how we've improved this section for you.

We appreciate your feedback

So we can continue to improve our website, we would appreciate receiving your comments and suggestions. Please send us your feedback.

Do we have your current contact details?

It's very important we have your most up-to-date contact details so we can communicate important information regarding your pension payment and keep you abreast of any changes that could affect you.

You can update your contact details via any of the following methods

- Complete and return the enclosed form
- Log in to the secure Pension Member's Area on our website
- Call State Super Customer Service



Contact State Super



Phone

1300 652 113
8:30am to 5:30pm, Monday to Friday
(for the cost of a local call, unless calling from a mobile or pay phone)



Mail

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