APRIL 2022

Keeping members super informed

superVIEWS

SSS/PSS

State Superannuation Scheme/ Police Superannuation Scheme

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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 2021 annual member satisfaction survey, which was conducted in December last year.

We received positive results in important areas of service delivery and when compared to the broader superannuation industry, our results sit well above the industry standard for investment performance, telephone service, interview service, communication, annual statements, seminars and financial planning.

You rated us highest for:

Seminars
8.5
National Average 7.0

Financial Planning
8.4
National Average 7.3

Interview Service
8.3
National Average 6.8

Source: State Super Member Satisfaction Research 2021, 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**

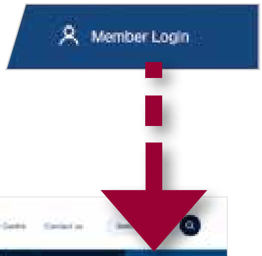
Have you registered for secure online access to your account?

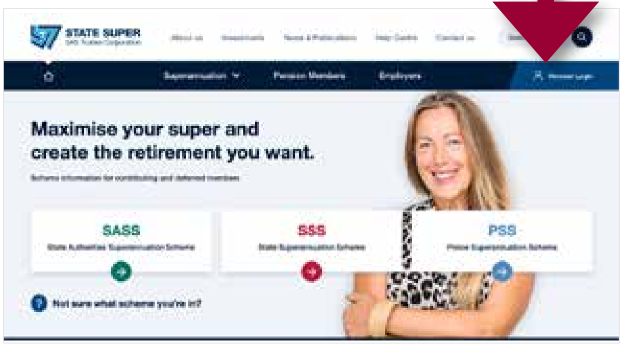
Did you know you can keep track of your State Super benefits online via the secure member login area? You will have your own personal login details and password that you can change at any time, which means you are the only one who can access your information.

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

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.

Additional Employer Contribution (AEC)

In October 2021 a regulation was tabled in the NSW Parliament that increased the Additional Employer Contribution (AEC) contribution rate to 1.0%, an increase of 0.5% from the previous rate. This increase was made following an increase of 0.5% in the Superannuation Guarantee (SG) rate - from 9.5% to 10% - from 1 July 2021.

We are now working to update systems and processes to enable the additional AEC amounts to be paid and allocated to accounts. As the AEC rate increase has been backdated to 1 July 2021, this update will include amounts that were payable from 1 July 2021. You can expect to see this change to your account by the end of this financial year.

Member Advisory Forums continue to provide insights

Our third Member Advisory Forum in November 2021 included members from a wide range of public sector roles. The forum, which was again held as an online event, was well received by members with 73% confirming that they would encourage other members to attend similar forums.

Views on public sector super

Members shared their insights on their experience of being part of a public sector superannuation scheme. Key themes from the discussion were:

Superannuation is a marginal consideration in choosing a career: For most people, superannuation did not play a role in choosing their career path or deciding to enter the public service.

Retaining public servants: Once members became aware of the benefits of the SASS scheme and began taking a deeper interest in superannuation more generally, they were incentivised to remain in the public service to continue accessing its superannuation benefits.

Value of informal advice: Many members highlighted how life events and informal conversations with peers and family members sparked their interest in superannuation. These informal discussions have been extremely valuable in informing decision-making about one's finances.

Value of professional advice: It is critical for members to receive accurate, financial information to inform their decision-making, particularly where decisions have long-term implications.

Views on responsible investment

Members also discussed the importance of Responsible Investment and what it means for a public sector superannuation fund. Key themes on this topic were:

Importance of responsible investment: Members broadly agreed that super funds play an important role in making responsible investments and they should be guided by an ethical investment strategy. Members spoke about the role of super funds in promoting positive social and environmental outcomes.

Transparency and investment decision-making processes: Members were interested in the process undertaken by State Super to direct investments and to engage with the companies they invest in. Some members suggested that there is value in providing members with choices about how to invest their money (i.e. to opt in or out of specific investments).

Balancing trade-offs: Members appreciate the tension that may arise when trying to balance the need to maximise returns and to invest ethically. One member spoke about the important role of governance in helping to strike the right balance between maximising returns and maintaining stability.

Defining responsible investment: Members see responsible investment through the following dimensions:

- Environmental sustainability - combatting climate change, investing in renewables and clean energy
- Investing in Australian-based companies and start-ups, to support the local economy
- Promoting positive social outcomes –including investing in affordable housing.

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.

Investment market overview

2021 – restoring a growth trajectory

After riding out the threat from the COVID-19 Delta variant in mid-2021, economic growth has largely gathered momentum across the globe in the latter half of the year. Vaccination uptake and easing of restrictions have allowed some return to normality, although the Omicron variant has prolonged disruption to some extent.

Household savings, healthy employment figures and continued fiscal and monetary stimulus have buoyed the growth of advanced nations. Importantly for Australia, annual GDP is close to 4 per cent in September 2021 thanks to increased net exports.

Equity markets continued their generally upward trend across 2021, but the inflationary rumblings, central banks tapering off asset purchases and the potential for tighter monetary policy resulted in a market correction at the start of 2022.

Inflation emerging

The emergence of inflationary pressures has taken some of the shine off the generally positive economic indicators and has given markets some jitters. The inevitable supply chain disruptions resulting from COVID-19, increasing wage pressures and a surge in commodity prices have been key culprits in this development.

Coal, gas and oil prices have spiked over the latter half of 2021 and into 2022, thanks to increasing demands in Europe and China, and the current conflict between Russia and Ukraine and the resulting sanction impositions.

On the domestic front, the inflationary trend has been less pronounced than other advanced economies with the CPI increasing by 1.3% in the December quarter on the back of increases in fuel, construction costs and consumer durable costs.

What will 2022 hold for markets?

The spectre of inflation is being perceived by many as the greatest cause for concern going forward. It is important to acknowledge however the recent upticks in inflation across the globe have occurred against a backdrop of benign inflation over recent years. This may serve to heighten fears of an inflation break-out, but it is important to be aware of what factors are driving the rise and how transient these factors may turn out to be.

Strong global demand, accommodative monetary policy and constraints in supply will certainly continue to put upward pressure on inflation, but central banks in advanced economies generally still expect these pressures to moderate and for inflation to remain within acceptable target levels in 2022. The potential flow-on effects that inflation could have on interest rate rises is understandably sparking fear in consumers and equity markets alike, but while some central banks have already edged up rates, prevailing wisdom suggests that US interest rates will start rising in March 2022 and Australia later in 2022 or even 2023.

Australia's major trading partners should see healthy growth in GDP over the year and financial conditions will remain conducive to business growth. On the risk side of the equation, potential twists in the COVID-19 saga remain a possibility and geopolitical risk of conflicts continues to loom.

The correction in share markets at the start of this year should not be cause for alarm. We know that sentiment can often exaggerate movements in the short term, but 2022 still holds significant potential for worthwhile gains, albeit not expected to be of the same magnitude as the last couple of years.

While business conditions and economic growth are expected to underpin market performance, there may be a greater level of volatility along the way, thanks to inflation, interest rates creeping up and the scaling down of quantitative easing. Investors need not be too concerned, however, as these factors are unlikely to stifle a buoyant market too dramatically.

State Super sets 2050 net-zero greenhouse gas emissions objective for its $43 billion portfolio

State Super, one of Australia's largest superannuation schemes with $43 billion in assets, has announced its net-zero CO2e goal across its investment portfolio, in its Pooled Fund, by 2050.

Furthermore, under the Board-approved plan, formulated with input from external experts, State Super will also set a milestone of a 45% reduction in the weighted-average intensity of CO2e emissions by 2030 by revenue against an end of calendar 2020 baseline, on the way to the 2050 net-zero objective.

The targets were determined with regard to the goals of the Paris Agreement, and were approved by the Board after consideration of our role as trustee and relevant regulatory, environmental, legal and investment factors.

As part of the robust process, a CO2e emissions baseline for the Pooled Fund as at 31 December 2020 was established with the assistance of Mercer. State Super intends to adjust the portfolio over time to ensure its emissions decline progressively in line with the agreed targets. In doing so, State Super is prioritising its pathway for emissions reduction to 2030.

As the majority of baseline emissions are represented in the listed equities portfolio, efforts will be focused on driving further emissions reductions in this portfolio while also progressing decarbonisation of its alternatives and real assets. State Super will work closely with its Master Investment Manager and its fund managers and continue strong engagement with the companies and managers of the assets we hold. In addition, the trustee will continue to evolve and refine its longer-term strategy, including via insights revealed with the continuing improvement of market data.

State Super's Chair, Nicholas Johnson, said, "As outlined by the world's leaders and scientists at the COP26 climate summit in Glasgow, the risks arising from climate change are ever-increasing. Indeed, it is now widely recognised that climate change is more than just an environmental or ethical issue; it presents unprecedented financial risks.

"It has become abundantly clear therefore, that in acting in the best financial interests of members, superannuation trustees must respond to the investment risks associated with climate change and seek to mitigate them. It is equally important for them to realise investment opportunities that will come from the transition to a low-carbon economy, including from new technologies, initiatives and policies over short-, medium- and long-term investment horizons," said Mr Johnson.

In underscoring the case for the adoption of the net zero objective, State Super's Chief Executive Officer, John Livanas, said, "We have undertaken a significant program of work to ensure the climate change risk management strategy announced today, and the net zero objective for State Super's investment portfolio, are aligned with the best interests of our members and their risk-adjusted returns."

"Importantly, many of our members have actively engaged with us about their expectations for climate change risk to be effectively managed. We understand and appreciate their views. In addition, science experts and data from the Intergovernmental Panel on Climate Change also show it makes the best financial sense to act now."

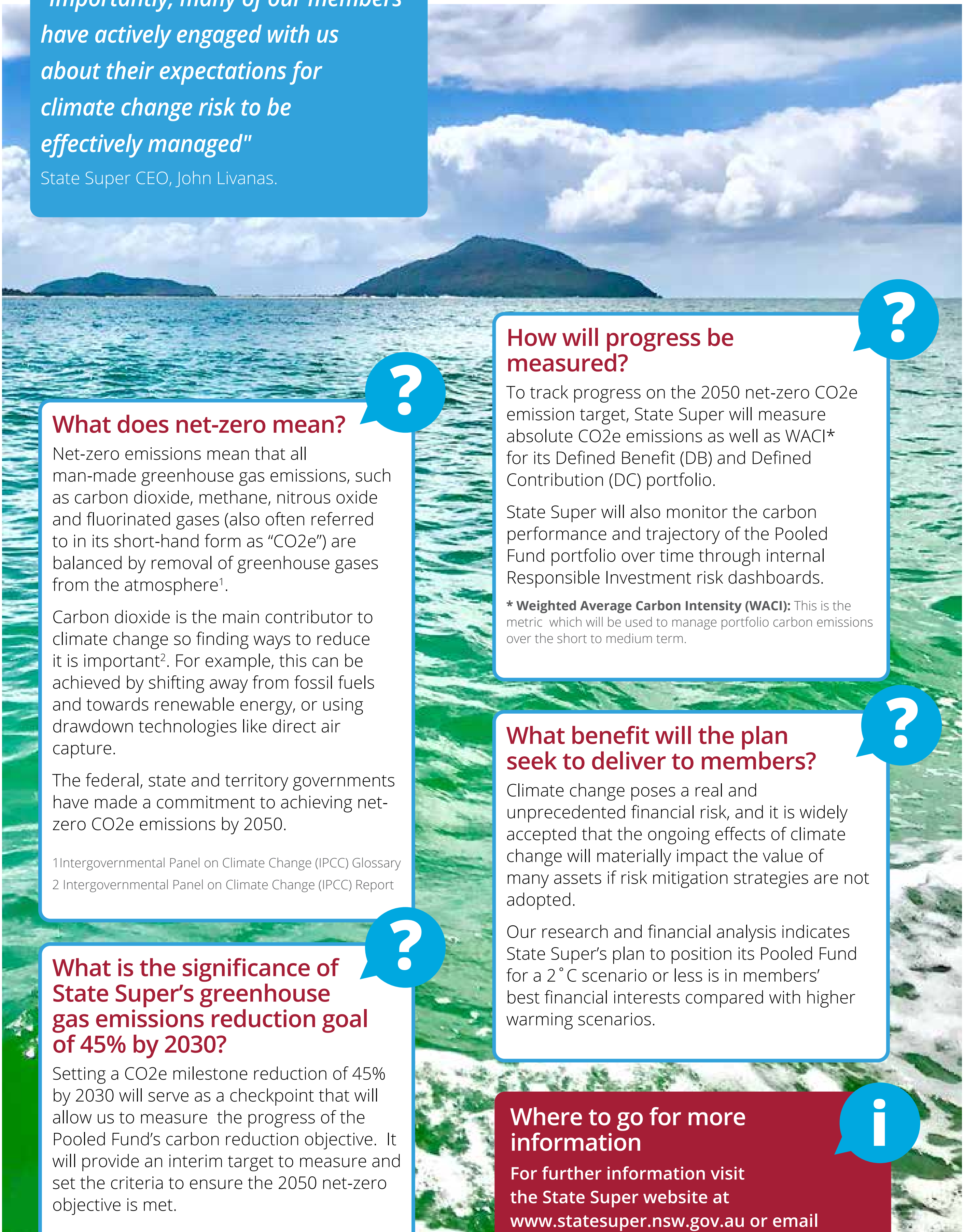
"We will update our Board and State Super members regularly on the decarbonisation of our investment portfolio," he said.

* When referring to direct emissions State Super includes both Scope 1, which covers emissions from owned or controlled sources, and Scope 2, covering emissions from the generation of purchased electricity, steam, heating and cooling consumed by reporting companies.

Note - reference to CO2e emissions. Please note, the use of the term "CO2e" throughout this article has been used as a short-hand term for greenhouse gases, which include, for example, carbon dioxide, nitrous oxide and methane.

"Importantly, many of our members have actively engaged with us about their expectations for climate change risk to be effectively managed"

State Super CEO, John Livanas.



What does net-zero mean?

Net-zero emissions mean that all man-made greenhouse gas emissions, such as carbon dioxide, methane, nitrous oxide and fluorinated gases (also often referred to in its short-hand form as "CO2e") are balanced by removal of greenhouse gases from the atmosphere[1].

Carbon dioxide is the main contributor to climate change so finding ways to reduce it is important[2]. For example, this can be achieved by shifting away from fossil fuels and towards renewable energy, or using drawdown technologies like direct air capture.

The federal, state and territory governments have made a commitment to achieving net-zero CO2e emissions by 2050.

1 Intergovernmental Panel on Climate Change (IPCC) Glossary

2 Intergovernmental Panel on Climate Change (IPCC) Report

What is the significance of State Super's greenhouse gas emissions reduction goal of 45% by 2030?

Setting a CO2e milestone reduction of 45% by 2030 will serve as a checkpoint that will allow us to measure the progress of the Pooled Fund's carbon reduction objective. It will provide an interim target to measure and set the criteria to ensure the 2050 net-zero objective is met.

How will progress be measured?

To track progress on the 2050 net-zero CO2e emission target, State Super will measure absolute CO2e emissions as well as WACI* for its Defined Benefit (DB) and Defined Contribution (DC) portfolio.

State Super will also monitor the carbon performance and trajectory of the Pooled Fund portfolio over time through internal Responsible Investment risk dashboards.

*** Weighted Average Carbon Intensity (WACI):** This is the metric which will be used to manage portfolio carbon emissions over the short to medium term.

What benefit will the plan seek to deliver to members?

Climate change poses a real and unprecedented financial risk, and it is widely accepted that the ongoing effects of climate change will materially impact the value of many assets if risk mitigation strategies are not adopted.

Our research and financial analysis indicates State Super's plan to position its Pooled Fund for a 2˚C scenario or less is in members' best financial interests compared with higher warming scenarios.

Where to go for more information

For further information visit the State Super website at www.statesuper.nsw.gov.au or email enquiries@stc.nsw.gov.au

Are you re-thinking your work arrangements?

For many Australians, work will never be the same again. Offering much more than a pay cheque, work is often an important part of our lives, socially and emotionally. And for public sector employees your decisions about work can have a significant impact on when and how you retire.

In this article we look at why so many Australians are re-considering their current work arrangements and how decisions you make about work could impact your SSS benefit.

Flexibility is the new norm

"You're on mute" has become a part of daily conversations for many Australians. Our lives have changed and we're all getting used to a 'new normal'. Working from home was once the exception and for many, it has become the rule. It's not just the private sector getting comfortable with flexible arrangements, governments are also opting for flexible working and adopting new technologies during the pandemic.[1]

Working from home isn't available to everyone, but research does show that most of us want to keep more flexibility at work.

Once a **nice to have** is now a **must have**

55% of employees say that, whether or not they can work flexibly will impact if they will stay in a role.[2]

Our priorities have shifted, and work is no exception

For many of us, a prolonged period of change has pushed us outside of our comfort zone and made us re-assess what's really important in life.

These new priorities have meant that more of us want to scale back and work part-time to enjoy more work-life balance. In fact, work-life balance remains the top priority for Australians seeking a new job, and the second biggest reason for leaving.[3]

While Australia ranks as having one of the highest ratios of part-time workers in the world, this trend is likely to continue post-pandemic and thanks to other trends such as job-sharing which is becoming increasingly popular in the public sector.[4]

Common reasons for not expecting to be with the same employer in 12 months' time:

A job change

Other employment

Retirement

Moving to study

Travel.[5]

Australians are restless

While living through a pandemic has made us more introspective, it has also made some of us contemplate a new career path. According to one survey, 65% said the pandemic had made them rethink the place that work should have in their life and 56% percent said it made them want to contribute more to society.[6]

1 https://www.jll.com.au/en/trends-and-insights/workplace/governments-lean-into-flexible-work
2 https://www.gartner.com/en/insights/future-of-work
3 https://www.gartner.com/en/newsroom/press-releases/2021-12-09-gartner-hr-survey-finds-australian-employees-less-wil
4 https://www.hrmonline.com.au/topics/hr-strategy-planning-and-measurement/rise-in-part-time-work/
5 https://www.theaustralian.com.au/inquirer/great-resignation-is-more-likely-to-be-a-small-reshuffle/news-story/9169a3b51bea58cd7a21e960dc330088
6 https://www.gartner.com/en/articles/employees-seek-personal-value-and-purpose-at-work-be-prepared-to-deliver-

While most of us have found it safer to 'sit tight' during uncertain times, things are changing. Research shows that 38% of Australian workers are looking at leaving their current employer in the next 12 months[7] and 60% are 'open to looking for a new job in the next year'. [8]

Some trends are not just pandemic related

One trend that has been around for some time is deferring retirement and working for longer. More part-time work opportunities and a desire to stay connected to our working lives and colleagues has left us reluctant to retire before we're ready. Not being able to travel overseas during the pandemic has no doubt provided an added incentive to keep working. By 2060, almost 20% of over 65s are expected to be still working – four times more than in 1989-90.[9]

Understanding the impact on your Super

If you're thinking about making changes to your working arrangements, it's crucial to understand the impact it could have on your end benefit. We've covered some common scenarios below:

Working part-time

◥ For SSS members, it's important to understand that moving to permanent part-time work will permanently reduce the number of units you are entitled to and therefore the benefit at retirement. You will never be able to recover these units.

Across Australia, approximately 2 in 5 of all current roles and half of all newly created roles are part-time.[10]

◥ If you're a shift worker or shift allowance recipient, you still need to work a minimum number of shifts to get the minimum loading, no matter how many days a week you work. The minimum shifts are not pro-rated, so reducing your shifts may impact your final benefit.

Retiring early

◥ If you are considering retiring before your Normal retirement age in SSS, be informed about how much you are giving up in the form of a higher pension amount.

◥ If your SSS pension doesn't cover your lifestyle spend in retirement, you may also need to consider the timeframe between retiring and becoming eligible to apply for the age pension. Funding the gap could drain your savings and/or leave you needing to look for other sources of income in retirement.

Long service leave

◥ Taking long service leave at half pay can be a strategy to extend your period of service whilst giving you flexibility and more time back for the things you want to do. Bear in mind that your scheme contributions need to continue at the full-time rate and if you are a shift worker, you will need to maintain the same number of shifts to retain the loading added to your superable salary.

Why good advice matters

Making changes to your work arrangements can have a big impact on your finances and your end benefit for retirement. Seeking advice from a specialist in the SSS scheme can help you navigate important work decisions and get the best outcome – both now and in the future.

Aware Super financial planners are specialists in the SASS scheme. Call 1800 620 305 to book your appointment today.

7 https://www.pwc.com.au/important-problems/future-of-work/what-workers-want-report.pdf
8 https://www.theaustralian.com.au/inquirer/great-resignation-is-more-likely-to-be-a-small-reshuffle/news-story/9169a3b51bea58cd7a21e960dc330088
9 https://www.treasury.nsw.gov.au/sites/default/files/2021-06/2021-22_nsw_intergenerational_report.pdf
10 https://www.hrmonline.com.au/topics/hr-strategy-planning-and-measurement/rise-in-part-time-work/

Ask an Expert

Q: I know I can't nominate a beneficiary for my SSS benefit but what I want to know is when I start my pension, at what point the relationship with my de facto is recognised by the scheme. Do I need to have been in a relationship with them before my normal retirement age or from the point I commence my pension?

As you quite rightly point out, the scheme rules determine who the trustee will pay your death benefit when you die. Unlike other Super funds, you can't nominate a beneficiary.

With the two exceptions listed below, a spouse or de facto partner[1] will qualify for a benefit if the relationship commenced before the member started the SSS pension and continued until the member died.

The two exceptions where a spouse or de facto partner may be eligible for a death benefit even though the relationship started after the member commenced their pension are:

1. Where there is a child born of the relationship with the pension member, and the child was dependent on the member at any time, or there is a child of the member who was conceived before the member died and born alive after the pension member's death. If the relationship existed for at least three years before the pension member's death, the full spouse pension is payable to the eligible spouse or de facto partner. In the case of a relationship that existed for less than three years, the pension is reduced on a pro rata basis.

2. In the case of an invalidity pension member, the relationship with the spouse or de facto partner commenced before the pension member reached their normal retirement age and for at least three years before the pension member's death.

There are situations where more than one person may meet the definition and make a claim for the death benefit. For example, if you are legally married to a person and in a de-facto relationship when your pension commences, and that arrangement continued until the time of your death. In these situations, the Trustee will decide the most appropriate distribution of the death benefit.

1. An eligible spouse or de facto partner is: • the widow or widower of the deceased, or • a person (whether of the same or a different gender) in a registered relationship or interstate registered relationship with the deceased within the meaning of the Relationship Register Act 2010, or •a person (whether of the same or a different gender) who was in a de facto relationship, within the meaning of the Interpretation Act 1987.

Call 1800 620 305 to speak to a financial planner

An Aware financial planner is an expert in your scheme and can help you maximise your contributions to Super. Go to retire.aware.com.au/statesuper or call 1800 620 305 to speak to a financial planner from Aware Super (previously known as StatePlus).

Q: I was retrenched from my role at age 52 and I elected the deferred age 55 retirement option. What are my options to commence my SSS pension?

If you have met a condition of release[1] under the Commonwealth Rules you can commence the "Mature age 55 years pension" unrestricted from age 55 and access your additional lump sum (SANCS benefit) either by cashing it out or rolling it over to another Super fund or a combination of both. But given your Commonwealth preservation age is older than your scheme maturity age, it's unlikely that you will have met all the conditions.

If you have not met a condition of release, then from age 55 you can apply to have the non-preserved component paid to you as a pension, this is normally the smaller component of your benefit. This portion is unrestricted and could also be converted to a lump sum.

You will have a couple of options regarding your preserved component:

1. You can have the preserved component paid as a pension that accumulates within your SSS account until you meet a Commonwealth condition of release.

The preserved pension which is annually adjusted for changes in the cost of living, will be paid into an account within SSS. The balance of the account is invested by the Trustee and the investment earnings / losses less management fees are added to the balance of the account. Once you have met a condition of release, the balance of the account will be paid to you and the previously preserved component of your pension will then commence being paid to you fortnightly.

2. Have the preserved component of your pension paid to you but give up your rights to have it converted into a lump sum.

Without meeting a condition of release the only way to have the preserved pension paid directly to you is to commence a non-commutable income stream within SSS. This means giving up any rights to exchange the pension for a lump sum. This will also have implications for your eligible spouse or de facto partner[2], and their ability to exchange a reversionary pension to a lump sum when you die.

You will only be able to cash out your SANCS benefit, which includes the basic benefit, when you have met a condition of release.

Preservation age		
Date of birth	**Preservation age (years)**	**Earliest Access**
Before 1 July 1960	55 years	Eligible now
1 July 1960 and 30 June 1961	56 years	Eligible now
1 July 1961 and 30 June 1962	57 years	Eligible now
1 July 1962 and 30 June 1963	58 years	May be eligible
1 July 1963 and 30 June 1964	59 years	1 July 2022
After 30 June 1964	60 years	1 July 2024

1. Commonwealth condition of release requirements are: A) cease employment from age 60, B) retire permanently (no intention of working 10 hrs or more a week) at or after your preservation age (see table), C) Reach age 65, even if you continue to work, D) become permanently incapacitated or die, E) Meet the criteria for the benefit (usually a portion) to be released on financial hardship or compassionate grounds.

2. An eligible spouse or de facto partner is: • the widow or widower of the deceased, or • a person (whether of the same or a different gender) in a registered relationship or interstate registered relationship with the deceased within the meaning of the Relationship Register Act 2010, or •a person (whether of the same or a different gender) who was in a de facto relationship, within the meaning of the Interpretation Act 1987.

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 60-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 Monday to Friday.

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

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PSS: 1300 130 097

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