

Annual Member Meeting 2024

Questions answered during the meeting

Member question	State Super answer
<p>How is our super keeping up with inflation?</p>	<p>Inflation isn't just an economic buzzword; it plays a big role in how we manage your capital and protect its value over time.</p> <p>Our return objective for DC Growth is CPI (Consumer Price Index) +3%. In simple terms, that means we aim to grow your investments at a rate that outpaces inflation by 3%. So when inflation changes, your portfolio adjusts, generating higher returns to maintain its value in real terms.</p> <p>How do we do this? By investing in assets that can thrive in an inflationary environment. Take office real estate, for example. Many office leases have rents that are contractually linked to inflation. So, when inflation rises, those rents follow suit, providing a natural hedge or protection. Of course, supply and demand matter too, but this built-in feature helps protect returns.</p> <p>We also invest in equities—shares of companies—that can adapt to inflation. Businesses with strong pricing power can pass higher costs onto customers while maintaining their profitability. When you own a piece of these companies, their ability to navigate inflation helps protect and grow your capital too.</p> <p>What does this mean for you? It means your portfolio is built to handle inflation, so you don't have to worry about its eroding effects. Whether inflation is high or low, our goal is to deliver real returns that preserve and grow your wealth over time.</p> <p>In the end, managing inflation isn't about reacting to the headlines—it's about staying focused on the long term. By investing in the right assets, we're ensuring your portfolio remains resilient, adaptive, and positioned for a secure financial future.</p>
<p>Can our superannuation pensions be sustained if there was to be a depression/recession?</p>	<p>We saw one of the most significant falls in markets during Covid-19. In March 2020, it took the US S&P 500 only 22 trading days to fall 30% from its record high, making it the fastest drop of this magnitude in history. During the financial year 2021/22, State Super's portfolio did not go negative on a year-to-date basis, as our protective measures kicked in. We don't predict depressions, but we prepare as best as we can.</p>

<p>Can you explain the relationship between State Super and Aware Super?</p>	<p>As we saw in the video, State Super originally set up State Super Financial Services to offer financial planning advice for our members. This service then became StatePlus, which was purchased by First State Super in 2016. First State Super then had a brand name change to Aware in 2020.</p> <p>Aware Super financial planners have knowledge and expertise in financial planning and have been providing advice to our members for over 30 years. Their financial planners provide a wide range of personal financial planning and investment advisory services to current and former public sector employees and their families. They have knowledge of each of the State Super defined benefit schemes and can help you with your State Super benefit in the lead up to retirement and beyond.</p> <p>As a State Super member, your first appointment with an Aware Super financial planner is free of cost or obligation and you can meet either in person or talk to them on the phone. This first meeting is to find out what’s important to you and what you want to achieve, and they’ll explain any next steps, fees and charges before progressing.</p> <p>State Super doesn’t pay fees or receive commissions from Aware for financial planning and member seminar services provided to our members.</p>
<p>As State Super is not a public offer fund, are funds under management declining as members exit? If so, is there a point at which the performance of the SANCS and deferred components would be adversely affected?</p>	<p>Some of our funds under management are indeed declining and will continue to do so over the next 50 years. We have anticipated this and our investment strategies are designed to work well under exactly this environment. In fact most Super funds will experience this as well, and I am confident that State Super's investment strategies are already leading the way.</p>
<p>Can you provide an update on the governance and financial outlook of the fund?</p>	<p>We operate the fund largely on principles set out by APRA, following the policies, as best as we can, of other regulated Super funds in Australia. This provides the best governance framework within which to operate. In addition, we have a strong relationship with the NSW and Federal governments, on whom we rely for additional contributions. Each year the Board considers the Balance Sheet of the funds before signing off on the accounts.</p>
<p>Can you tell us about the renewable technologies that State Super is investing in?</p>	<p>As we navigate the global energy transition, investing in power grid infrastructure is critical. Reliable, efficient grids are the backbone of integrating renewable energy and ensuring a stable, sustainable future.</p> <p>Let’s start with some examples from our investment portfolio - Trane Technologies, a U.S.-based leader in HVAC (heating, ventilation, and air conditioning) systems and transportation refrigeration. Older air conditioning systems, especially those built before the 2000s, are energy guzzlers—consuming 30–50% more energy than modern, high-efficiency units. Upgrading can save households or businesses 1,000–1,400 kWh annually, cutting costs by \$150–\$400 per year while significantly reducing carbon emissions.</p> <p>Finally, closer to home, we have NOJA Power, a Queensland-based company transforming electricity distribution. As John mentioned, they have just last week won the 2024 Australian Export Award for “Sustainability and Green Economy”. Their auto-reclosing circuit breakers can restore power automatically after temporary faults, like a tree branch touching a powerline.</p>

	<p>This technology eliminates 80% of outages, reducing disruptions, lowering maintenance costs, and creating a more reliable grid. As Australia moves toward electrification, NOJA’s innovations are critical for building a resilient, cost-effective energy network.</p> <p>What unites these companies is their innovative approach to decarbonisation. From transforming HVAC systems to strengthening grids and rethinking energy distribution, they’re proving that sustainable solutions are not only achievable but commercially viable.</p> <p>These pioneers remind us that addressing climate change isn’t just about reducing emissions—it’s about reimagining industries and driving progress. Let’s continue to support and learn from them as we work toward a greener, brighter future together.</p>
<p>Why does State Super only have once-a-year adjustments to the Pension payments, rather than 6-monthly like the age pension?</p>	<p>The legislation to index pensions to the Sydney CPI was only introduced to the State Super schemes in the 1970s, following a period of significant inflation. The adjustment timeframe was also legislated as an annual change in percentage movement of the CPI from one June quarter to the next. The Trustee has no discretion in overriding the result of the CPI whether it be positive or negative. And it’s important to note that pensions paid from State Super schemes are not comparable to Centrelink pensions.</p>
<p>For members who have recently retired they may still need to receive their pensions for 40 more years. What is in place to ensure there is adequate funds and services provided to these members as the fund membership declines in the future?</p>	<p>As one of the oldest funds in the world, as well as one of the larger funds, we have learned how to manage over a very long time frame. Our financial discipline, our investment strategies and the relationship with the NSW and Australian governments give me confidence to plan to pay pensions until 2084 or beyond - when we think the last member will be still receiving pensions.</p>
<p>What happens to the Scheme and any funds remaining once all members have passed on? That is, once all contributing members and all deferred members have moved to pension phase and passed on.</p>	<p>Sometime around 2084, we will cease paying the very last member. At that time, the fund may be wound up and surplus funds may be distributed according to the laws and practices at that time.</p>

Additional member questions submitted (not answered during the live meeting)

Member question	State Super answer																												
<p>CEO referred to some annual returns on investments (growth, balance and conservative) over 10 years. I did not understand, or I missed, if any of those figures referred, specifically, to pension accounts. Can you please explain or confirm those returns?</p>	<p>We touched on the 10-year return for various options. This can be found on the website. https://www.statesuper.nsw.gov.au/investments/performance/declared-rates-over-the-last-10-financial-years</p> <p>However, return is only one component when assessing the performance. With State Super’s unique position – older demographic and liquidity requirement, it is equally important to look at the risk taken to achieve this return. This is called the risk-adjusted return. In this perspective, we have delivered strong risk-adjusted return using the SuperRatings database for all our options. Pension accounts operate differently, as their returns are linked to the Consumer Price Index (CPI) rather than investment performance. This means that pension account values are adjusted based on inflation rather than market returns.</p> <p>30th June 2024</p> <table border="1"> <thead> <tr> <th>Option</th> <th>Peer Group</th> <th>1Y Sharpe</th> <th>3Y Sharpe</th> <th>5Y Sharpe</th> <th>7Y Sharpe</th> <th>10Y Sharpe</th> </tr> </thead> <tbody> <tr> <td>DC Growth</td> <td>Balanced (60-76)</td> <td>29th / 166</td> <td>9th / 124</td> <td>2nd / 122</td> <td>1st / 109</td> <td>1st / 87</td> </tr> <tr> <td>DC Balanced</td> <td>Conservative Balanced (41-59)</td> <td>1st / 91</td> <td>1st / 61</td> <td>1st / 60</td> <td>1st / 54</td> <td>1st / 42</td> </tr> <tr> <td>DC Conservative</td> <td>Capital Stable (20-40)</td> <td>1st / 73</td> <td>1st / 59</td> <td>1st / 58</td> <td>1st / 55</td> <td>2nd / 42</td> </tr> </tbody> </table>	Option	Peer Group	1Y Sharpe	3Y Sharpe	5Y Sharpe	7Y Sharpe	10Y Sharpe	DC Growth	Balanced (60-76)	29 th / 166	9 th / 124	2 nd / 122	1 st / 109	1 st / 87	DC Balanced	Conservative Balanced (41-59)	1 st / 91	1 st / 61	1 st / 60	1 st / 54	1 st / 42	DC Conservative	Capital Stable (20-40)	1 st / 73	1 st / 59	1 st / 58	1 st / 55	2 nd / 42
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<p>Does State Super invest in cryptocurrency?</p>	<p>We do not invest in cryptocurrency. While cryptocurrency is part of the broader investment universe, institutional support remains limited, particularly in areas such as asset custody. Furthermore, cryptocurrencies currently carry significant regulatory risks. We will continue to monitor developments in this market.</p>																												
<p>Do you have investment opportunities for members like AMP? I’m in NZ and would love to invest a little in shares or stocks. Can you suggest something as there are so many scams out there.</p>	<p>We do not offer single stock options due to limitations in our administration system. However, we would be happy to connect you with a financial advisor at Aware for more tailored assistance. Please visit https://aware.com.au/state-super or call 1800 620 305 to speak to an Aware Super financial planner.</p>																												
<p>Where can I find information about where State Super has funds invested?</p>	<p>Information on State Super's investment strategies, investment performance reporting and investment policies can be found on the State Super website https://www.statesuper.nsw.gov.au/investments.</p>																												
<p>Can we track your investment totals and market areas that you invest in? Is any of this public knowledge? eg a website?</p>	<p>Information on State Super's investment strategies, investment performance reporting and investment policies can be found on the State Super website https://www.statesuper.nsw.gov.au/investments.</p>																												

<p>Can I get advice just before I retire in a couple of years' time?</p>	<p>Aware Super financial planners are State Super scheme specialists. They provide comprehensive financial planning services to State Super members, public sector employees and their families. Please visit https://aware.com.au/state-super or call 1800 620 305 to speak to an Aware Super financial planner.</p>
<p>What is phone number or person to call on death of beneficiary?</p>	<p>Please call the State Super Customer Service team on 1300 130 096 between the hours of 8:30am-5:30pm Monday to Friday (AEST).</p>
<p>How do you choose what's best for you to invest safely, without too many risks, being so close to retirement.</p>	<p>When selecting or reviewing an investment strategy, you should consider your personal objectives and financial situation. You should also consider seeking professional advice from a financial planner. An Aware Super financial planner can provide you with a wide range of financial planning advice. For more information about the services provided by Aware Super or to book an appointment call 1800 620 305 or visit https://aware.com.au/state-super.</p>
<p>I want to know when I can access the money to transfer to SMSF. 1. Can I transfer full amount to buy a property in full. 2. When can start to live in the property if I sell my family home to pay my off debt.</p>	<p>Customer service can only assist with questions about your superannuation scheme. A financial advisor would be able to help you with your questions.</p>
<p>If in grandfather clause can you take out 1st preserved benefit super tax free at 58.</p>	<p>From age 60, your superannuation is tax free if taken as a lump sum. Every payment you receive is split into a tax free and taxable component, you cannot elect to just take the tax free component at age 58. Superannuation is also subject to preservation rules. Customer service is available on 1300 130 095 to answer your specific questions.</p>
<p>Is it possible that the personal co-contribution increase at the same time as our pay rise is granted? Why do we have to wait until April the next year?</p>	<p>If the member is talking about her personal contributions changing in April: SASS legislation states that the new contribution rate is to commence each April based on the previous 31 December Superable Salary reported.</p>

<p>How often are deferred accounts updated?</p>	<p>Interest is applied to deferred accounts on a monthly basis, up to the time it is paid, this is reflected in the transaction listings on your annual statements.</p>
<p>Will it be possible to get up to date values of our superannuation online rather than having to wait once a year to get this information in a statement, which is already months out of date when we receive it?</p>	<p>Members are able to generate a benefit estimate via the secure website, or they can call customer service on 1300 130 095 and request a benefit estimate to be generated and sent to them by email or mail.</p>
<p>Can I still nominate a person to be a beneficiary to my superannuation.</p>	<p>Members of the State Super schemes have never had an option to nominate a beneficiary. Upon the death of a contributing member, the benefit is paid to an eligible spouse or to the estate of the late member.</p> <p>Upon the death of a pensioner, there is a benefit payable to an eligible spouse.</p>
<p>With the proposed changes to fees being reduced, are we going to receive the same level of service?</p>	<p>There are no proposed changes to fees for any of the State Super Superannuation Schemes.</p>
<p>Any update on benefits to second wife married after leaving Public Work NSW. Been married to second wife for 18 years.</p>	<p>There is a benefit payable to an eligible spouse after a pensioner passes away, however they had to be married or in a de facto relationship from the time of the pensioners retirement up to the date of the pensioners death. Refer to SSS Factsheet 11 "Death of a scheme member after retirement" or contact customer service on 1300 652 113.</p>
<p>Upon the loss of a loved one/partner, they may be placed in a situation of unexpectedly being assessed on an asset basis. Can State Super provide some form of spreadsheet that can assist the bereaved partner assess their financial situation?</p>	<p>This is not a service that State Super offer.</p>

<p>Are members required to close their SASS accounts and place the funds in another superannuation fund upon retirement?</p>	<p>When a SASS member retires, they can elect to defer their SASS benefit, have their benefit paid to them in cash or rolled over to a complying superannuation fund. Customer service is available to answer your questions about your specific situation on 1300 130 095.</p>
<p>I would like to have a zoom meeting instead of going all the way to Penrith with an adviser from aware. Why is this not offered?</p>	<p>Meetings with an Aware Super financial planners are available both in-person and online, for more information or to book an appointment please visit https://aware.com.au/state-super or call 1800 620 305.</p>
<p>What is being done to achieve gender equity on the management team?</p>	<p>We firmly believe that individuals from various backgrounds and with diverse perspectives contribute to better member outcomes, which is why we actively recruit diverse teams. At State Super, we highly value and promote diversity and inclusion, as reflected in our <i>Diversity and Inclusion Policy and Plan 2024</i>. We have significant female presence, with strong representation, both at the Board level and within the Executive Leadership Committee. Our commitment to this extends to our investee companies, where we advocate for increased diversity, not only on the board but also among the executive team and expect them to maintain a balanced gender composition.</p> <p>Our recruitment advertisements highlight our commitment to inclusivity, and we maintain balanced gender representation in our interview panels to ensure fairness. We encourage the use of flexible work arrangements, available to both leaders and employees. With strong backing from our Board of Directors and Executive team, we've encouraged the development of our female leaders and employees, enabling their professional growth through both formal education and attending conferences.</p>
<p>Which NSW government agency oversees State Super's risk management?</p>	<p>SAS Trustee Corporation.</p>
<p>What does "contribution funding framework to support full funding" mean exactly?</p>	<p>As you may know, the superannuation schemes are defined benefit schemes which pool the assets and liabilities of the 4 schemes. Every 3 years the Trustee produces a report (here) which updates the assets, liabilities and the funding position of the schemes. At present the Crown is targeting to achieve 100% funding of scheme liabilities by 2040. The Trustee is working with the Crown as the main employer contributor to develop a suitable contribution plan to ensure that the scheme liabilities are funded by this date.</p>
<p>What % of the SS investments relate to renewables?</p>	<p>State Super integrates ESG factors into its investment process (through appointment of external fund managers) to support long-term goals of sustainability and risk management.</p> <p>As part of State Super's investment to achieve sustainable outcomes, the chart below provides an overview of the portfolio exposure to renewable energy. This information is presented separately for both international and Australian equity holdings, along with their respective benchmarks.</p>

		Portfolio	Bench mark
	Exposure to Power Generation (as of Dec-24)		
	Renewables (fuel mix, % of generation)	Intl. equities vs MSCI World XXXX	25.1% 14.6%
		Aust. Equities vs ASX200	9.0% 6.5%