

APRIL 2020



Keeping members super informed

superVIEWS

SSS/PSS

State Superannuation Scheme/ Police Superannuation Scheme



In this issue.....

02 Introducing Member
Advisory Forums

04 Celebrating history

06 COVID-19 crisis and
our members

also inside...

State Super update

**Investment market
overview**

Ask an expert

Your member benefits

State Super update



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

Member Satisfaction results are in!

We would like to thank all our members who provided feedback as part of our 2019 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 investments, telephone and interview service, communication, statements, seminars and financial planning.

This annual research, together with the comments and insights 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.

	State Super 2019	National Average 2019
Overall satisfaction	7.9	7.9
Investment performance	8.0	7.7
Telephone service	8.1	7.5
Interview service	8.7	7.1
Communication	8.0	7.7
Annual Statement	8.2	8.0
Website	7.8	7.9
Seminars	8.9	7.3
Financial Planning	8.6	7.5



We welcome your feedback at any time via our online form at www.statesuper.nsw.gov.au/help-centre/contact-us

New – Invitation to join our Member Advisory Forums

In an environment that is experiencing enormous change, there is an opportunity for you to come together with likeminded peers.

Our new Member Advisory Forums will give you this opportunity – to discuss your concerns and opinions and share your views with us on superannuation, retirement and more.

In late 2020, we will be inviting participation from members in the greater Sydney area. If demand is strong, we will also roll out our Member Advisory Forums to regional areas.

There is no obligation to participate but we hope you will consider joining us and contributing to this exciting new initiative.



If you would like to register to be included email info@statesuper.nsw.gov.au and provide your full name and member number.

Initially, we will be inviting participation from members in the greater Sydney area. If demand is strong, we will also roll out our Member Advisory Forums to regional areas.

2020 Investment overview

Keep a level head during turmoil

Geopolitical developments, natural disasters and the Covid-19 crisis in the early part of this year present risks to economies and markets, so it is important to maintain a clear perspective and balance in assessing what this may mean for markets both short term as well as over the longer term.



2019 a year of healthy returns

Generally speaking, 2019 turned out to be a bumper year for those invested in equity markets. While growth and profits faltered marginally, the persisting accommodative monetary policy settings, low inflation and the fiscal stimulus in key countries such as China was enough to keep equity market growth ticking along around the globe. The fact that the year started from a low base, (thanks to the market slide of late 2018), helped results look even better. Looking ahead, we expect increased volatility in share markets.

The US trade brawl with China has been calmed for now with the signing of phase one of a trade deal. This suggests that any catastrophic expectations may be avoided, although there is still potential for volatility in the relationship between the world's two biggest economies. The Iran conflict has similarly failed to see any threats to oil supply materialise and markets will be keen to see this remain the case.

A hard Brexit is also a potential threat this year, but there is some hope that free trade talks with Europe will help avoid this.

The COVID-19 Virus outbreak is another left-field threat to confidence and economic activity globally and while experience from previous pandemics suggests that worst case scenarios will often not eventuate, there will almost certainly be an impact on economic growth, at least in the short term. We are carefully monitoring developments as the impact still remains an unknown.

Back home, the unprecedented bushfires were (in the short term) a blow to our already fragile economic growth, especially in sectors such as tourism and agriculture. This is now being exacerbated by the COVID-19 Virus which is having a significant adverse impact on the education and tourism sectors. We expect these drags on the domestic economy will be countered by further interest rate reductions and likely resumption of fiscal spending as the year rolls on.

..." these drags on the domestic economy will be countered by further interest rate reductions and likely resumption of fiscal spending as the year rolls on."

Focus on fundamentals

Global growth expectations for 2020 are now marked down from prior estimates due to COVID-19 and the prevailing low-interest, low-inflation environment sees no signs of being disrupted. Continuing fiscal stimulus and possible quantitative easing programs will be required to support the economy and market expectations.

Australian growth may be below par relative to many other countries, due to such factors as weaker housing construction, consumer spending and the drought. Continued growth in infrastructure spending and mining investment, as well as further reductions in interest rates, should help offset these risks to the domestic economy.

A balanced outlook

On the whole, markets can expect ongoing support from monetary and fiscal policy, although there may be increased short-term volatility. This by no means flags any sense of complacency with regard to our prudent and active management of fund risks, which remains a key plank of our strategy.



On 8 October 2019, State Super marked the occasion of our 100-year anniversary with a reception at the magnificent Mitchell Galleries at the State Library of New South Wales.

CEO John Livanas greets 100-year old member Dr Betty Hall



It was a venue filled with history – over 300 original artworks from the Library's unique collection of landscape and portrait painting focused on Sydney and New South Wales. And it was a great reminder of our own history of looking after the State's public sector employees.

Business partners, members, staff and media attended the event – including a very special guest member, Dr Elizabeth (Betty) Hall, who was also celebrating her 100th birthday!

State Super Chairperson, Nicholas Johnson, opened proceedings with some reflections on the conditions and expectations in Australian society that led to the pension fund being founded back in 1919.

“100 years ago, was a time of great economic disruption, of accelerating political change, and of radical social experiments...”

“100 years ago, was a time of great economic disruption, of accelerating political change, and of radical social experiments, with impassioned heroes striding the political stage leading debates to put those new ideas into practice” he said.

“Not surprisingly, political thinking in Australia was influenced by the wave of British immigrants, bringing European ideas for improving the working conditions and supporting workers' expectations for better lives. And so, an idea whose moment had come... creating a decent pension plan for NSW government workers in their old age”.

NSW Treasurer, the Hon. Dominic Perrottet, followed as guest speaker. He remarked that “The history of State Super can teach us important lessons about the very nature of public service itself.

Behind the finances, the numbers and the spreadsheets State Super is really in the business of providing people with something priceless – the peace of mind knowing that their future is more secure and that their service is recognised, valued and appreciated by a grateful state”.



Dr Elizabeth (Betty) Hall

Mr Perrottet went on to announce the State Super Academic Scholarship Program to support research into improving future retirement incomes.

State Super is one of Australia's oldest and largest superannuation funds and the Scholarship Program has been developed as part of the Fund's 100-year Anniversary celebrations.

State Super Chief Executive Officer, John Livanas, said the superannuation industry needs to look at how it can best provide a stable income stream for people in retirement over the long term.

“We want to safeguard the financial future of our members. We need to keep evolving and look for new ways to maximise the benefits for our members in a challenging economic environment,” said Mr Livanas.

“The aim of the Scholarship Program is to foster research in several



"We want to safeguard the financial future of our members. We need to keep evolving and look for new ways to maximise the benefits for our members in a challenging economic environment,"

NSW Treasurer, Dominic Perrottet with State Super Chair Nicholas Johnson

priority areas including; innovation in superannuation, the future of pensions in the Public Sector and what this means for attracting and retaining talent."

Over its one hundred years of operation, State Super has led the way in investments and services to members.

"State Super's focus is on delivering financial surety for its members by achieving strong investment returns," said Mr Livanas.

"The aim of the Scholarship Program is to foster research in several priority areas including; innovation in superannuation."



Some of the State Super team – Sheila Rebeiro, Leanne Lock and Kate Langton

"Our focus, right from the start, has been on supporting our members. At the end of the fund's first year of operation, it had about \$800,000 in investments.

Today, 100 years since we began, the State Super Pooled Fund is now one of the largest superannuation funds in Australia with assets totalling around \$44 billion."



For information about the State Super Academic Scholarship visit www.statesuper.nsw.gov.au

"State Super's focus is on delivering financial surety for its members by achieving strong investment returns."



State Super would like to assure our members that they can keep in touch with us in these difficult times.



We will continue to provide services and support to members, many of whom are in professions that are heavily involved in helping the community during the COVID-19 crisis, particularly our health care workers, police, teachers, transport workers and other public servants.

In addition to our usual scheme information, important factsheets and forms, the State Super website provides updates on investment strategies, monthly investment performance figures and other news. Visit www.statesuper.nsw.gov.au

The State Super Customer Service Centre is open 8.30am to 5.30pm Monday to Friday (AEST).

For SSS members call 1300 130 096 and PSS members 1300 130 097.

Please call for any assistance you may need with scheme rules, benefit estimates or other administration of your account. Alternatively, you can email enquiries@stc.nsw.gov.au.

Important – Early Release of benefit on compassionate grounds

The Federal Government has recently announced a stimulus package to combat economic pressures facing Australians in the battle against COVID-19. The package includes measures providing for the early partial release of superannuation benefits in certain circumstances. Under this initiative, members can request access of up to \$10,000 of their benefit this financial year (2019/20) and up to \$10,000 next financial year (2020/21 - only up to 24 September 2020) if they meet the eligibility criteria.

The legislative changes introduced by the Federal Government allowing

these payments to be made do not require defined benefit schemes to offer these payments. However, State Super has decided to make these early release payments available to members where they meet the eligibility criteria announced by the Government. For more information regarding eligibility conditions, please visit: www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/early-access-to-your-super/. State Super is now working to ensure that all changes necessary to enable an early release payment can be made in the timeframe as set out by the ATO.

Effect on future benefit entitlements

The early release of part of your superannuation benefit will reduce the amount of the scheme benefits you will receive in the future.

If you are a current contributor, a debt account (adjusted for interest) will be created. The accumulated debt will be deducted from your benefit when it is either deferred in the scheme or is paid to you e.g. at retirement age. The debt will be deducted from the SANCS benefit first. Details of your debt account will be shown on your Annual Statement.

If you are a deferred member, your benefit will be reduced when the early release payment is made. Details of your deferred benefit reduction will be shown on your Annual Statement.

You may want to seek financial advice to help you determine if this option is suitable for your personal circumstances.

Important note: Your early release payment on compassionate grounds can only be made if you provide written consent to a reduction in your scheme benefits to offset the early release.

What should I do if I want to apply for an early release payment?

- ▼ In the first instance, we recommend you call one of our team in the State Super Customer Service Centre (or email enquiries@stc.nsw.gov.au) so they can explain the effect on your retirement benefit by taking an early release payment. They will also guide you to the relevant consent documentation – see “Important note” above
- ▼ Should you still wish to proceed, you will need to make an application directly to the ATO via the myGov website. If you meet the eligibility conditions and the ATO approves your application, they will notify us directly.

Please check for updates at www.statesuper.com.au.

Financial Advice

As a State Super member, you and your family can access a range of services over the phone with a professional financial planner at StatePlus. Simply call **1800 620 305** to arrange an appointment.

The latest government advice on COVID-19

Please ensure you rely on the latest information and advice on COVID-19 for the New South Wales community and businesses by visiting the NSW Government health website preview.nsw.gov.au/covid-19 or the Federal Government website www.health.gov.au/



Retire Life Rich

Retirement is exciting – but planning for it is not easy. Let our experts guide you.

Preparing for retirement is exciting – but it can be complicated. Understanding your scheme rules and taking advantage of opportunities can make a big difference to your retirement. That's why getting the right advice now could make a big difference to the lifestyle you have in retirement.

At StatePlus, we are experts in SSS and know the ins and outs of planning for a successful retirement. With over 26 years of experience helping hard working public sector Australians just like you navigate their superannuation, we'll help you understand your options to ensure you meet your retirement goals.

From planning the best time to retire, to your ideal retirement lifestyle, and making the most of your SSS benefit, we've got you covered.

To ensure you are getting the most out of your SSS, book into a free seminar today.
Visit stateplus.com.au or call 1800 841 633.



StatePlus

Formerly State Super
Financial Services

Part time work is the new retirement plan



For some people, the idea of retirement can't come soon enough – no more alarm clocks and plenty of time to yourself. While for others, retirement evokes thoughts of boredom, growing old and concerns about having enough retirement savings. The key is to find a balance in retirement that works for you.



Embrace the new “aged” workforce

Over the past 40 years, Australia has experienced strong economic performance, supported by a growing population.

Over the next 40 years, Australians will live longer thanks to improvements in healthcare. They'll be more active, allowing many older Australians to remain in the workforce and community for longer, and enjoy a more active and fulfilling retirement. According to the Intergenerational Report (produced by The Commonwealth of Australia 2015) over 17 percent of the workforce will be aged over 65 by 2054-55, providing a huge opportunity for Australia to benefit from their increased wisdom and experience.

The federal government recognises the need to keep older Australians in the workplace for longer. Those born between 1 January 1954 and 30 June

1955, now have to wait until they turn 66 before they can receive the age pension. The age pension is also set to increase to age 67 by 2023.

Reducing your working week in the lead up to retirement

If you're reducing your working hours in the lead-up to retirement, it may allow you adjust to this major life change and give you time to try out new activities while you're still working. For many people, this makes for an easier transition into retirement.

Yet for others, working part time may support working longer and delaying retirement while freeing up time for hobbies and carer responsibilities.

To supplement their take home pay when they reduce working hours, some super funds allow members to use money from their super through a transition to retirement income stream.

It is important to note that this is not a feature of the SSS or PSS scheme.

If you are considering working permanent part time with your employer, it's important to understand and consider the impact on your SSS or PSS retirement benefit.

> Continued on page 10

The federal government recognises the need to keep older Australians in the workplace for longer.

Ask an expert

Q: I'm a contributing SSS member and would like to reduce my work week to 3 days permanent part time. What is the impact to my SSS retirement benefit?

If you choose to move to permanent part-time work, your unit entitlement will be re-calculated to take account of the reduction in full-time service you will no longer be giving your employer.

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 your benefit on retirement. You will not have the opportunity to recover those units.

An additional consideration for those members who work shifts is that you will still need to work the required number of shifts to retain a shift loading in your superable salary. If you are planning to work part time in the lead up to retirement, not working the required number of shifts

to maintain a loading may further reduce your exit salary.

There may be alternative ways of reducing working hours that will not reduce your benefit at retirement. These include strategies to use leave days, such as long service leave, or short absences of leave without Pay. These strategies may appear complex but can be quite effective in achieving the best outcome for you, so it's worthwhile talking your plans over with a financial planner that understands the SSS scheme.

There may be alternative ways of reducing working hours that will not reduce your benefit at retirement

Part time work is the new retirement plan - continued



Changing retirement trends

Look after your mental and physical health in semi-retirement

Psychologists have long known that our desire to keep busy has important benefits for both mental and physical health. According to a study¹ published in the Journal of Occupational Health Psychology, data from the 12,000+ participants showed those who continue to work in a role related to their previous career enjoy better general mental health compared with their retired peers. But switching to a new career may not be so stress-free. Familiarity is usually more beneficial for both income and wellbeing.

Still, for many people work is an important part of their identity and that work creates a sense of meaning and purpose. This strong connection with career means that working part time can help keep that sense of accomplishment.

Be part of the gig economy

Many Australians prefer contract, temporary or freelance work over permanent positions. It's become known as 'the gig economy' and is increasingly popular in a surprising number of industries across a range of roles from administrative to executives.

Gig workers help manage skills or labour shortages, providing organisations with easy access to intellectual property. And while many think the younger generation is behind the move towards more flexible working, older workers are equally keen to set their own schedules and choose an alternative work environment.

Importantly, the flexibility of this way of working helps balance other retirement activities such as hobbies, travel and caring responsibilities.

Supplementing your income in retirement

Perhaps the most obvious reason to work part time in retirement is to supplement your retirement income.

If you are planning to rely on the aged pension as a source of income in retirement, the government's recent changes to the work bonus that came into effect from 1 July 2019 will be of interest.

The Work Bonus was introduced to make it more financially beneficial for those above Age Pension age to keep working by providing a concession on employment income.

It increases the amount you can earn from work before it affects your age pension entitlement. From 1 July 2019, the first \$300 of fortnightly work income is excluded from the pension income test. This means a single pensioner can earn up to \$474 made up of \$300 from employment plus \$174 from other sources, before it will impact their age pension entitlement under the income test.

The good news for those with irregular incomes is that any unused amount of work bonus accumulates into your work bonus balance up to a maximum of \$7,800, and can be offset against future income from employment.



Talk to StatePlus about your plans

Retirement isn't one size fits all. Everyone has their own idea of what their retirement should be. It's a good idea to seek financial advice to work out how to achieve your retirement goals and find the right work/life balance. Go to stateplus.com.au or call **1800 620 305**.

¹American Psychological Association Press Release, 13 October 2009

For many people, work is an important part of their identity and that work creates a sense of meaning and purpose.





Ask an expert

Q: *What are some of the smart ways I can maximise my salary for superannuation purposes at retirement or exit? Why is timing important?*

Taking a proactive approach to the salary at retirement is one of a number of strategies to maximise your scheme, because it will be used in the calculation of your retirement benefit. Your superable salary at retirement is referred to as your exit salary and is reported by your employer to State Super on your last day of employment.

Your exit salary includes your annual base salary or wages and workers compensation payments (if applicable). It may also include allowances for working shifts, higher duties or for additional qualifications. Overtime, bonuses, expenses, leave loading and travel allowances are not included.

A good example of a way to maximise your final salary is timing your retirement for after a significant salary increase, so that the higher salary at retirement is included in the calculation. But remember, you need to be employed for at least one day on the new pay period for which that higher salary applies.

If you are a shift worker, planning your retirement to make the most of a shift loading can also be important to maximising your final salary. If you work a minimum of 105 (8 hour) penalty shifts in a year you may be eligible to have a loading added to your superable salary. This loading counts towards your

superable salary but depends on the number and duration of shifts worked. If you work 10 or 12 hour shifts, a calculation is done to give these shifts the same value. (for example 12 hours = 1.5 shifts).

Different employers will apply shift loadings differently, so it's important to communicate with your employer in the years leading up to retirement to understand how shift loading and allowances are applied in your specific circumstances.

If you receive a higher duties allowance for a continuous period of more than 12 months, and are still receiving it at exit, the allowance should be included in your exit salary. It's important to remember that if you are returned to your substantive position within the year then the lower salary will likely be used in the calculation.

The same concepts apply for your basic benefit which uses final average salary in the calculation of your lump sum. FAS

is calculated using an average of your superable salary from three dates, the date of your exit and the two preceding annual review days. It is therefore important that the three highest figures you are able to achieve using those three dates are used.

As each individual and employer is different, if allowances and/or shift loading applies to you, and you are not confident with how it will be treated by your employer, we suggest that you seek appropriate advice from a financial planner who understands your scheme.



Go to stateplus.com.au or call 1800 620 305.

“A good example of a way to maximise your final salary is timing your retirement for after a significant salary increase...”

Your member benefits



STOP PRESS
COVID-19 update - in coming months seminars will be offered as online "webinars" and our Interview Service conducted by phone.

Sign up for a seminar

State Super seminars are presented by qualified financial planners from StatePlus on our behalf. They can help you understand how to maximise your superannuation and plan for the future. StatePlus planners are specifically trained in your superannuation scheme.

Our seminars 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 of you super.

To make a booking to attend a seminar call **1800 620 305** or go to **www.statesuper.nsw.gov.au/sss/tools-and-resources/seminars**, where you can view dates and locations for seminars at a time and place that is convenient for you.

Visit our Interview Service at Clarence Street Sydney


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


Interview Services are available by appointment only from 9.00am to 5.00pm on Fridays.

Interviews take place at the Trustee's office, centrally located at **83 Clarence Street** in the city. Customer service staff can meet

with you face-to-face to assist with general advice about your scheme, superannuation information, even assist with completing administrative forms or other paperwork.

Call us to make an appointment at **Clarence Street** and at StatePlus locations (**Parramatta, Newcastle and Wollongong**).

 **SSS - 1300 130 096**


 **PSS - 1300 130 097**

If you don't have time to visit, information is 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. For copies, visit **www.statesuper.nsw.gov.au**


Need help with English?


For members who need help with English, Customer Service can arrange for information to be translated through the Government Interpreter Service.


Contact us

 **SSS: 1300 130 096**

 **PSS: 1300 130 097**

 **State Super, PO Box 1229 Wollongong, NSW 2500**

 **www.statesuper.nsw.gov.au**

 **enquiries@stc.nsw.gov.au**

Please note that SAS Trustee Corporation (STC) is not licensed to provide financial product advice in relation to State Super Schemes. Reasonable care has been taken in producing the information in this document and nothing in this document is intended to be or should be regarded as personal advice. In preparing this document, STC has not taken into account your objectives, financial situation or needs. You should consider your personal circumstances and seek professional advice before making any decision that affects your future.

State Super Financial Services Australia Limited, trading as StatePlus, is the holder of an Australian Financial Services Licence 238430, ABN 86 003 742 756. StatePlus is a 'for profit' financial services organisation which also provides financial planning advice. StatePlus is wholly owned by FSS Trustee Corporation (ABN 11 118 202 672 and AFSL 293340) as trustee of the First State Superannuation Scheme (ABN 53 226 460 365). StatePlus has its own Board and Management team. State Super does not pay any fees to StatePlus for the financial advice and member seminar services it provides to State Super members. State Super is not a representative of StatePlus and receives no commission when making referrals to StatePlus for financial planning services. Neither State Super nor the New South Wales Government take any responsibility for the services offered by StatePlus, nor do they or StatePlus guarantee the performance of any service or product provided by StatePlus.