

Your **financial planners**



State Super Retirement Fund

ABN 86 664 654 341

Annual Report **2009**

FOR THE YEAR ENDED **30 JUNE 2009**

Trustee: State Super Financial Services Australia Limited ABN 86 003 742 756



Australian Financial Services Licence No. 238430

STATE SUPER RETIREMENT FUND

The State Super Retirement Fund (ABN 86 664 654 341) comprises the following:

State Super Personal Retirement Plan

State Super Allocated Pension Fund

State Super Term Allocated Pension Fund

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IMPORTANT CLIENT INFORMATION

Are you aware of the following:

- ▶ Your relatives can rollover their lump sum payment into the State Super Personal Retirement Plan or the State Super Allocated Pension Fund regardless of whether they were a member of a New South Wales Public Sector or Commonwealth Public Sector Superannuation scheme.
- ▶ The State Super Investment Fund is available to you and your relatives for the investment of non-superannuation monies.

Investment Markets – The Year in Review

Over the past 12 months, ongoing turbulence associated with the Global Financial Crisis caused substantial volatility in investment markets. Originating from a combination of cheap credit and loose controls over lending practices, the crisis led to a marked increase in the perceived risk of failure of the entire financial system. The result was a severe contraction of leading economies around the world and sharp falls in financial markets.

Internationally, governments and central banks have responded through the provision of economic stimulus and the synchronised support of banking systems. In Australia, interest rates have been progressively reduced to levels not seen since the 1960s, and two significant fiscal packages have been introduced in an attempt to encourage domestic growth.

There are indications that financial stability has been restored. Financial conditions are improving and global equity markets staged a partial recovery in the last four months of the 30 June 2009 financial year. This rally has continued into the new financial year.

Investment Returns

The investment returns for each of the Funds of the State Super Retirement Fund (the 'Retirement Fund'), for the past 5 years are displayed on the following page, together with the annual inflation rate for each of those years.

Our Commitment to You

The past year has been a particularly difficult one for investors. We understand that you may be feeling concerned, especially if you have experienced a second consecutive year of negative returns.

In our experience, an important part of maintaining peace of mind is a clear understanding of how you may be affected by the current market. Please remember that your financial planner remains available to assist you through these uncertain times and to answer any specific questions you may have regarding your investments. If you have not already done so, we also encourage you to register for access to information exclusively available to our clients on our website. Simply go to www.ssfs.com.au click on 'Client Login' shown on the top right hand corner of the page and follow the prompts.

Delivering services that meet your needs and expectations as a client remain the focus of the Board and each employee of the Company. We look forward to continuing to help you achieve your financial goals both now and in the future.

Bruce Hogan
Chairman

Peter McKillop
Managing Director

28 August 2009

PERFORMANCE OF THE FUNDS

RETURNS OF THE FUNDS - YEARS ENDED 30 JUNE (Net of all fees and taxes)

State Super Personal Retirement Plan

Fund	Return*	2009	2008	2007	2006	2005
Growth	Annual (%)	-18.40	-11.61	16.32	14.63	11.87
	5 Year Return# (%)	1.48	8.40	9.62	3.46	0.86
Balanced	Annual (%)	-11.55	-7.72	13.09	11.20	10.37
	5 Year Return# (%)	2.53	7.18	8.46	4.64	3.23
Capital Stable	Annual (%)	1.94	-0.50	6.93	5.51	7.69
	5 Year Return# (%)	4.27	4.76	5.79	5.11	5.25
Cash	Annual (%)	3.89	5.51	4.63	4.07	3.46
	5 Year Return# (%)	4.31	4.16	3.62	3.23	3.19

State Super Allocated Pension Fund

Fund	Return*	2009	2008	2007	2006	2005
Growth	Annual (%)	-17.45	-12.75	17.20	17.15	13.09
	5 Year Return# (%)	2.26	9.40	11.19	4.73	1.72
Balanced	Annual (%)	-10.90	-8.45	13.89	13.29	11.71
	5 Year Return# (%)	3.29	8.21	9.92	5.87	4.12
Capital Stable	Annual (%)	2.27	-0.42	7.68	6.55	9.05
	5 Year Return# (%)	4.97	5.59	6.75	5.97	6.05
Cash	Annual (%)	4.48	6.31	5.39	4.72	4.61
	5 Year Return# (%)	5.11	5.07	4.59	4.25	4.30

State Super Term Allocated Pension Fund (commenced on 20 December 2004)

Fund	Return*	2009	2008	2007	2006
Growth	Annual (%)	-17.45	-12.75	17.20	17.15
Balanced	Annual (%)	-10.90	-8.45	13.89	13.29
Capital Stable	Annual (%)	2.27	-0.42	7.68	6.55
Cash	Annual (%)	4.48	6.31	5.39	4.75

Compound Average Annual Return.

* Returns are based on the movement in unit prices over the relevant period.

		2009	2008	2007	2006	2005
Inflation	Annual (%)	1.50	4.40	2.10	4.00	2.52

OUR APPROACH TO INVESTMENT MANAGEMENT

For the Retirement Fund, we operate a multi manager, multiple sector investment approach in which the assets of the Funds are managed by external specialist investment managers, through a series of discrete investment trusts known as Feeder Funds and Sector Trusts of which we are the trustee. This allows for diversification of investment style and the ability to use Investment Managers who have specific investment management expertise in a particular asset class.

Subject to the investment objectives of each Fund, the investment process involves several steps:

- firstly, we spread your investment across a range of asset classes such as cash, listed property trusts, Australian and international shares and fixed interest securities. These asset classes are available to you through a combination of the four investment options of Cash, Capital Stable, Balanced and Growth Funds;
- secondly, we establish a strategic asset allocation for each Fund, based on the investment objectives for that Fund. This strategic asset allocation is determined by the Trustee and maintained around these levels through regular re-balancing. These strategic asset allocations remain in place until they are reviewed, at least annually. Frequent re-balancing of the Funds means that the actual asset allocations of the Funds are maintained around their target allocations;
- thirdly, we appoint a range of Investment Managers with comparative strengths in particular asset classes, but who have complementary investment styles. This provides the opportunity to combine styles to produce consistent returns in different market conditions. As a consequence, the investment risk of the Fund is reduced through diversification; and
- finally, we continuously research and monitor incumbent managers as well as potential replacement managers.

We give effect to the investment strategy through the appointment of specialist Investment Managers (see below) to manage the assets of the sector specific investment schemes, known as Sector Trusts. Investment portfolios comprising a proportion of the assets of each Sector Trust are managed by one or more Investment Managers. Each investment manager has expertise in the particular asset class represented by the specific Sector Trust. Investment into the Sector Trusts is made via Feeder Funds each corresponding to the Cash, Capital Stable, Balanced and Growth investment options offered by the Retirement Fund. We are the Trustee of both the Sector Trusts and Feeder Funds.

Under the asset sector specialist investment structure, we may change the investment managers from time to time without notice to you.

SECTOR TRUSTS AND INVESTMENT MANAGERS

Cash This Sector Trust includes short term debt securities issued with a term to maturity of less than one year. The securities are issued or guaranteed by the Australian Government (or the Government of a State or Territory of Australia), Australian banks and other issuers of high credit quality.

Investment Manager:

- **Vanguard Investments Australia Limited**

Enhanced Cash This Sector Trust includes cash and investment grade higher yielding debt securities such as floating rate notes, mortgage backed securities, asset backed securities and corporate bonds. Investment grade securities are those rated at least BBB- by Standard & Poors or Baa3 or higher by Moody's.

Investment Manager:

- **Aberdeen Fund Managers Australia Limited**

Australian Fixed Interest This Sector Trust includes debt securities issued by the Australian Government or the Government of a State or Territory of Australia. It also includes investments in investment grade, higher yielding debt securities such as floating rate notes, corporate bonds and short-term securities.

Investment Managers:

▶ *Barclays Global Investors Australia Limited*

▶ *Colonial First State Investments Limited*

International Fixed Interest This Sector Trust includes debt securities issued by the government of a country outside Australia and non-government investment grade, higher yielding debt securities such as floating rate notes, corporate bonds, asset and mortgage backed securities and short-term securities. International fixed interest investments are hedged 100% to the Australian Dollar. In simple terms, this means that the portfolio is protected against the full impact of increases and decreases in currency rate movements.

Investment Managers:

▶ *PIMCO Australia Pty Limited*

▶ *Vanguard Investments Australia Limited*

Australian Listed Property Trusts This Sector Trust includes units or ordinary shares of property trusts and property related companies, which are listed on the Australian Securities Exchange.

Investment Managers:

▶ *Challenger Managed Investments Limited*

▶ *Vanguard Investments Australia Limited*

Global Listed Property Securities This Sector Trust includes units or securities of property trusts and property related companies which are listed on the Australian and recognised overseas securities exchanges. Global listed property securities are hedged 100% to the Australian Dollar.

Investment Managers:

▶ *Deutsche Managed Investments Limited (RREEF)*

▶ *LaSalle Investment Management (Securities), LP*

▶ *Cohen and Steers Capital Management Inc*

▶ *SG Hiscock & Company Limited*

Australian Equities This Sector Trust includes ordinary shares, preference shares and other equity securities of companies or trusts listed on the Australian Securities Exchange.

Investment Managers:

▶ *AllianceBernstein Investment Management Australia Limited*

▶ *Fidelity International Limited*

▶ *Barclays Global Investors Australia Limited*

▶ *Orion Asset Management Limited*

▶ *Vanguard Investments Australia Limited*

International Equities This Sector Trust includes companies listed on a recognised overseas securities exchange. Investments include ordinary shares, preference shares and other equity securities or derivatives of companies or trusts listed on these exchanges. Currently, international equities are hedged to a benchmark of 50% to the Australian Dollar. As this is a target, the actual level of hedging may change from time to time. State Street Global Advisors, Australia, Limited currently manages the hedging process.

Investment Managers:

▶ *AllianceBernstein Investment Management Australia Limited*

▶ *BlackRock Investment Management (Australia) Limited*

▶ *Walter Scott & Partners Limited*

▶ *Wellington Management Company, LLP*

CUSTODIAN

As Trustee of the Retirement Fund, we have appointed an independent organisation as Custodian to hold the assets of the Cash, Capital Stable, Balanced and Growth Funds including the assets of the Feeder Funds and Sector Trusts. We may replace the Custodian at any time without notice to you.

The current custodian for the Retirement Fund is JPMorgan Chase Bank N.A. ('JPMC'). The custodian is appointed pursuant to a custody agreement between us and JPMC.

JPMC's role as custodian is to:

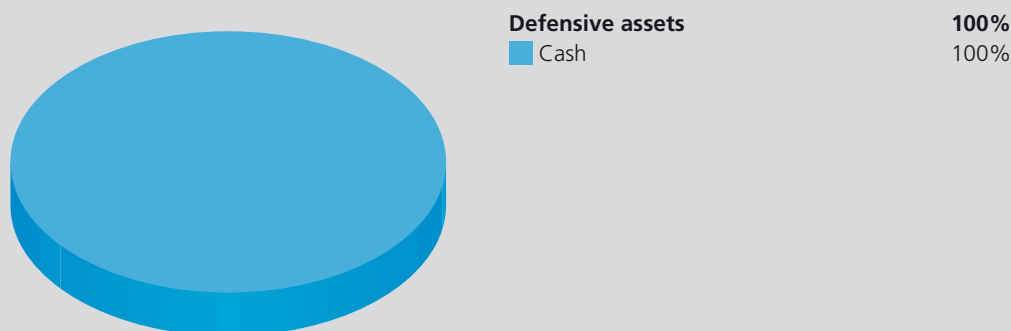
- ▶ hold the assets of the Retirement Fund and the discrete investment trusts in which the Cash, Capital Stable, Balanced and Growth Funds invest, on behalf of the Trustees; and
- ▶ perform certain administrative, accounting, monitoring and reporting functions, for both the Retirement Fund and the discrete investment trusts, in which the Retirement Fund invests.

JPMC has no supervisory role in relation to the operation of the Retirement Fund.

CASH FUND

Investment Strategy

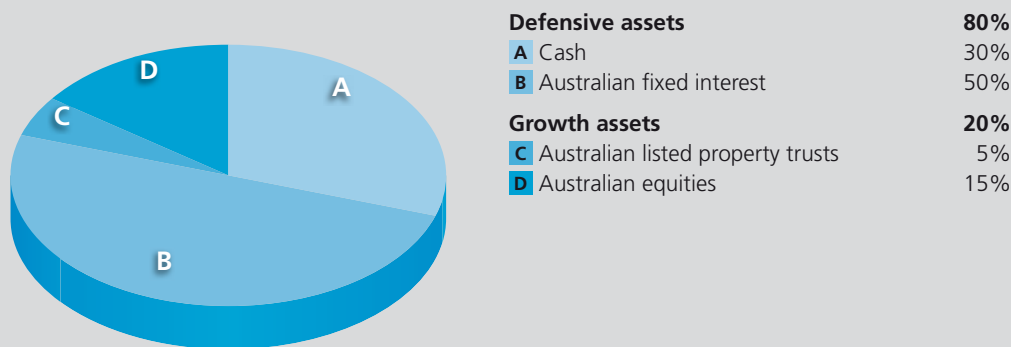
The Cash Fund invests in cash and short term debt securities with a maturity of less than one year. The securities are issued, guaranteed or otherwise supported by the Australian or State Governments of Australia (or their statutory authorities) or by Australian banks and authorised dealers in the short term money market. Derivatives, such as futures and options, may be used to facilitate trading or position a portfolio, but not to gear the Fund. The Fund's investment strategy is achieved by investing into the Cash Sector Trust via the Cash Feeder Fund.



CAPITAL STABLE FUND

Investment Strategy

The Capital Stable Fund primarily invests in a portfolio of Australian fixed interest securities and Australian cash with a combined exposure of no more than 20% in listed Australian shares and property securities. Derivatives, such as futures and options, may be used to facilitate trading or position a portfolio, but not to gear the Fund. The Fund's investment strategy is achieved by investing into the Sector Trusts via the Capital Stable Feeder Fund.

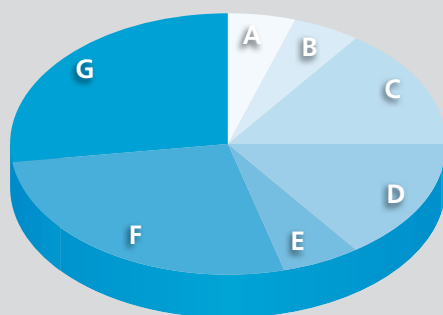


Note: Asset allocations may vary from time to time.

BALANCED FUND

Investment Strategy

The Balanced Fund primarily invests in a broad range of Australian and overseas investments including but not limited to Australian cash, fixed interest securities, listed property trusts, unit trusts and listed shares. Investments may include currency, futures and options contracts. Derivatives may be used to facilitate trading or position a portfolio but not to gear the Fund. The Fund's investment strategy is achieved by investing into the Sector Trusts via the Balanced Feeder Fund.



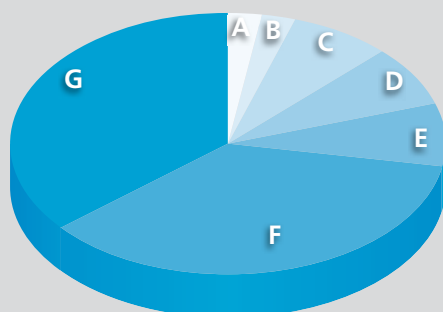
Defensive assets	40%
A Cash	5%
B Enhanced cash	5%
C Australian fixed interest	15%
D International fixed interest (100% hedged to the AUD)	15%
Growth assets	60%
E Global listed property securities (100% hedged to the AUD)	6%
F Australian equities	27%
G International equities (50% hedged to the AUD)	27%

Note: Asset allocations may vary from time to time.

GROWTH FUND

Investment Strategy

The Growth Fund is primarily invested in a broad range of Australian and overseas investments with a strong bias on capital growth. Such investments include (but are not limited to) listed shares and listed property trusts, interest bearing securities and deposits and futures and option contracts. Derivatives may be used to facilitate trading or position a portfolio but not to gear the Fund. The Fund's investment strategy is achieved by investing into the Sector Trusts via the Growth Feeder Fund.



Defensive assets	20%
A Cash	2.5%
B Enhanced cash	2.5%
C Australian fixed interest	7.5%
D International fixed interest (100% hedged to the AUD)	7.5%
Growth assets	80%
E Global Listed property securities (100% hedged to the AUD)	8%
F Australian equities	36%
G International equities (50% hedged to the AUD)	36%

Note: Asset allocations may vary from time to time.

The Retirement Fund has two divisions:

- the Accumulation Division comprising the Personal Retirement Plan (PRP); and
- the Pension Division comprising Allocated Pension Fund (APF) and Term Allocated Pension Fund (TAP)

On 20 September 2007 the Term Allocated Pension Fund closed. The closure meant that no applications for a Term Allocated Pension or non-commutable Term Allocated Pension were accepted on or after 20 September 2007.

State Super Financial Services Australia Limited is the trustee of the Retirement Fund.

TOTAL FEES & CHARGES

There are no entry or exit fees, and currently no switching fees, for clients investing in the Retirement Fund.

The fees and charges applicable to each of the Funds comprising the State Super Personal Retirement Plan, the State Super Allocated Pension Fund and the State Super Term Allocated Pension Fund are:

- calculated on the basis of the net asset value of each Fund at the end of each day and paid monthly; and
- reflected in the declared unit price each day.

The fees and charges cover:

- the financial planning service
- administration and management
- ongoing monitoring and advice
- the funds management service (including the fees paid to the external investment managers as well as the operating expenses of the trusts, including those of the underlying Feeder Funds and Sector Trusts)
- the fee payable to the independent Custodian

The total fees and charges payable by clients investing in the Retirement Fund were:

As at 30 June 2009	Cash Fund % p.a.	Capital Stable Fund % p.a.	Balanced Fund % p.a.	Growth Fund % p.a.
State Super Personal Retirement Plan	0.99	1.30	1.40	1.50
State Super Allocated Pension Fund	0.99	1.30	1.40	1.50
State Super Term Allocated Pension Fund	0.99	1.30	1.40	1.50

As at 30 June 2008	Cash Fund % p.a.	Capital Stable Fund % p.a.	Balanced Fund % p.a.	Growth Fund % p.a.
State Super Personal Retirement Plan	0.99	1.30	1.40	1.50
State Super Allocated Pension Fund	0.99	1.30	1.40	1.50
State Super Term Allocated Pension Fund	0.99	1.30	1.40	1.50

Fee Reduction

There have been a number of fee reductions during 2007/08 and 2008/09

- from 1 January 2008, the fees for the Capital Stable Fund, Balanced Fund and Growth Fund in the State Super Personal Retirement Plan, State Super Allocated Pension Fund and the State Super Term Allocated Pension Fund were reduced to 1.30%, 1.40% and 1.50% respectively.
- from 1 July 2008, you may be entitled to a rebate of the management costs that apply to your account(s) in the State Super Personal Retirement Plan, the State Super Allocated Pension Fund and the State Super Term Allocated Pension Fund. The rebate applies if you and your spouse have a total account balance of more than \$1,000,000.

Rebating of management costs

You may receive a rebate of the management costs payable on your investment in the State Super Personal Retirement Plan, the State Super Allocated Pension Fund, the State Super Term Allocated Pension Fund and the State Super Investment Fund (each, an eligible product). The rebate applies to the management costs on the total account balance that exceeds \$1,000,000.

Eligibility criteria

You are eligible for a rebate if:

- you and your spouse (married, de facto or same sex) have a total account balance of over \$1,000,000 in one or more eligible products on any business day during each six month period; and
- at any time during the six month period, you were invested in the Capital Stable Fund, the Balanced Fund and/or the Growth Fund; and
- you are invested in one or more eligible products on the date the rebate is paid – this means that if you are not invested in any eligible product on the date the rebate is paid, no rebate shall be paid to you (although your spouse may still be entitled to the rebate if he or she satisfies the eligibility criteria).

The six monthly periods are 1 October to 31 March and 1 April to 30 September.

Where your entitlement to a rebate is based on the total of your and your spouse's account balance, the rebate will be paid proportionately based on the account balance of each spouse on the date of payment.

The rebate will be allocated between the Funds that you are invested in on the date of payment. Accordingly, while the rebate represents a reduction in management costs of the Capital Stable Fund, the Balanced Fund and the Growth Fund each day in the six month period, part or all of your rebate would be paid to the Cash Fund if you are invested in the Cash Fund on the payment date.

We will normally pay the rebate within one month after the end of each six month period.

The rebate will be paid in the form of an allocation of additional units in the Funds that you are invested in at the date of payment of the rebate at the unit price for that day.

UNIT PRICES AND VALUATIONS

Investments in each Fund are represented by units in that Fund. Unit prices are based on the net value of the assets (assets minus liabilities) of the relevant Fund(s). Any rise or fall in the value of a Fund's investments is reflected in a corresponding rise or fall in the unit price.

Each Fund is required to be valued at least weekly, however we currently value each Fund as at the close of each business day. We may change this practice without notice. The unit price based on that valuation is the applicable unit price for that day.

Income earned on each Fund's investments accumulates within the Fund and is reflected in the unit price. No distribution of investment income is made directly to investors.

The assets referable to the funds are valued at market prices. Assets may rise or fall in value. In valuing assets, allowances by way of estimates are made for:

- ▶ provisions for tax on investment income realised and unrealised capital gains (including the effect of imputation credits and deferred tax on unrealised gains);
- ▶ any management fees; and
- ▶ any investment-related charges.

Currently, the issue price of a unit is the same as the redemption price of a unit. This is because we do not currently apply a buy/sell spread to the unit prices for the Retirement Fund. A buy/sell spread is effectively a fee that seeks to cover the costs incurred when buying and selling assets as a result of investments in or switches or withdrawals from a Fund. The trustee may choose to apply a buy/sell spread in the future. As the trustee does not apply a buy/sell spread, investors do not incur transaction costs when making investments in a fund or switches or withdrawals from a fund. Transaction costs are taken into account at the time the assets of a fund are valued and are reflected in unit prices. Should we propose to change this in the future, we will provide you with 30 days notice.

For your convenience, the latest unit price information is available 24 hours a day on our charge free unit price hotline on 1800 060 061 or our Internet site at www.ssfs.com.au.

SUSPENSIONS AND DELAYS IN UNIT PRICING AND TRANSACTION PROCESSING

Unit Pricing and investment applications, withdrawal or switch requests may be suspended or delayed for various reasons which are beyond the control of the Trustee.

The Trustee may suspend or delay unit pricing where, for example:

- ▶ a significant event or incident occurs that has the potential to affect the investment markets; or
- ▶ an event occurs that has the potential to affect unit prices (such as an external investment manager being unable to provide current unit prices).

The Trustee is not responsible for any losses caused by these suspensions or delays.

TRANSACTION PROCESSING APPLICATION, WITHDRAWAL AND SWITCH

TRANSACTIONS

We generally process application, withdrawal and switch requests each business day. If your application, withdrawal or switch request is received **before 5.00pm** Sydney time on any business day, it will be processed using the unit price applicable for that day. This price is not known until Business Day 2. It is important to consider this when making your transaction request.

The following table illustrates transaction processing timeframes and the applicable unit prices.

If received by 5.00pm Sydney time on Business Day 1	
Business Day on which processed	Business Day 2
Unit price used	Business Day 1

If we receive your application, withdrawal or switch request **after 5.00pm** Sydney time on a business day, or on a non-business day, we treat it as having been received before 5.00pm Sydney time on the next occurring business day and it will be processed using the unit price applicable for that next occurring business day.

Please note: if you ask for a unit price or investment valuation we can provide an historical unit price or investment valuation only.

At least two business days should be allowed after the processing of your withdrawal for the funds to be credited to your bank, credit union or building society account.

There may be situations where we delay or suspend the processing of investment application, withdrawal or switch transactions. This could occur, for example, because of the closure, termination or suspension of an external fund by an investment manager, where processing of a transaction would adversely affect the interests of others invested in a Fund or we are unable to realise sufficient assets to satisfy the transaction.

Please note that the Retirement Fund Trust Deed allows up to 30 days for the completion of any withdrawal request or switch.

ACCESSING INFORMATION ONLINE

Your Account Balance can be viewed online via our website located at www.ssfs.com.au. There is no charge for this service.

If you choose to use this service you will be issued with a unique password which in conjunction with your client code (provided to you by us at the time you first invested in the Retirement Fund), can be used to access your investment information at any time. Use of this service is subject to the terms and conditions listed on the www.ssfs.com.au website.

CONTRIBUTIONS

We can only accept contributions in accordance with superannuation law.

Contributions for which a tax deduction is claimed (either by your employer or, if you are eligible, by you) are called 'concessional contributions'. The amount of concessional contributions that can be made to your superannuation without being subject to additional tax was capped at \$50,000 in the 2008/09 financial year. This cap has been reduced to \$25,000 each financial year with effect from 1 July 2009. This limit will be indexed in future years.

As a transitional measure, if an investor turns 50 at any time from 1 July 2007 to 30 June 2012, the investor's concessional contributions cap for the year in which they turns age 50, is \$100,000. With effect from 1 July 2009 to 30 June 2012 this amount has been reduced to \$50,000 each financial year. This limit will not be indexed.

Concessional contributions in excess of these caps are subject to an additional 31.5% tax on top of the contributions tax rate of 15%. They are called 'excess concessional contributions'.

Personal 'after-tax' contributions are called 'non-concessional contributions'. Excess concessional contributions will also count towards your non-concessional contributions cap.

The non-concessional contributions cap for the 2008/09 financial year was three times the concessional contributions cap for that year. Therefore, the non-concessional contributions cap for the 2008/09 financial year was \$150,000. From 1 July 2009, the non-concessional contribution cap for each financial year will be six times the concessional contributions cap. As a result the non-concessional contribution cap for the 2009/10 financial year will remain at \$150,000.

If you are under age 65 in the relevant financial year, you will be able to 'bring forward' up to 2 years' worth of non-concessional contributions without exceeding the cap. For example, providing the 'bring forward' provision has not already been triggered, an investor could contribute \$450,000 in the 2008/09 financial year as a single lump sum, using up any allowable cap for that year and the following 2 years, without incurring additional tax. The 'bring forward' provision is automatically triggered as soon as non-concessional contributions exceed the non-concessional contributions cap for that year.

Non-concessional contributions in excess of the non-concessional contributions cap for that year will be subject to tax at 46.5%.

Where an excess concessional contribution or excess non-concessional contribution is made, the additional tax will be payable by the investor, not by the fund. In these circumstances the Australian Taxation Office ('ATO') will issue a release authority to the investor or, in some cases, directly to the Retirement Fund, allowing the withdrawal of an amount from your super account.

The Retirement Fund will pay the lesser of:

- ▶ the amount specified in the release authority; or
- ▶ your account balance; or
- ▶ the amount requested by you,

within 30 days of receiving a valid release authority. Note that the Retirement Fund may pay the withdrawal amount after the tax liability is due to be paid to the ATO.

For further information please contact your financial planner.

PRESERVATION

Preservation of your contributions is determined by year of birth. The table below sets out the age your contributions will be considered as being subject to preservation.

When were you born?	Preservation age
before 1 July 1960	55
between 1 July 1960 and 30 June 1961	56
between 1 July 1961 and 30 June 1962	57
between 1 July 1962 and 30 June 1963	58
between 1 July 1963 and 30 June 1964	59
born after 30 June 1964	60

For further information please contact your financial planner.

GOVERNMENT SUPERANNUATION CO-CONTRIBUTION SCHEME

If you are eligible and make personal superannuation contributions, the Government may match your contribution with a co-contribution up to certain limits.

Should the Australian Taxation Office pay a co-contribution to the Retirement Plan on your behalf pursuant to the Government's Superannuation Co-contribution Scheme, we will invest the co-contribution in accordance with your existing fund allocation at the time of receipt of the co-contribution. You will then be issued a transaction confirmation and may switch the investment into one or more other Funds at any time.

To find out more about the Superannuation Co-contribution Scheme, ask your financial planner.

INTRODUCTION OF CONTRIBUTION SPLITTING

The Government allows you to split superannuation contributions with your spouse in certain circumstances.

You will be able to split with your spouse any concessional contributions that are made to your account in the Retirement Plan.

The maximum amount that can be split is the lesser of:

- 85% of concessional contributions for a financial year; and
- the concessional contributions cap for the financial year.

Any contributions that are split will become taxable components in your spouse's account. Contributions can generally be split after the conclusion of the financial year in which they are made. Accordingly, contributions made between 1 July 2008 and 30 June 2009 can be split from 1 July 2009 to 30 June 2010.

For further information please contact your financial planner.

CHANGES TO MAXIMUM AND MINIMUM LIMITS FOR ALLOCATED PENSIONS

The amount you choose from an Allocated Pension or Pre-Retirement Allocated Pension must be at least equal to the minimum annual payment amount for that year, which is a percentage of your account balance calculated, in the first financial year at the start of your pension and in subsequent financial years, at the start of each year.

Your Account Balance will vary depending on factors such as:

- ▶ the amount of pension payments paid to you during the year;
- ▶ the net earnings of the Fund(s) in which you are invested; and
- ▶ any lump sum withdrawals made by you.

There is no maximum limit on the amount of pension payments you can receive from an ordinary Allocated Pension in a year. The maximum payment limit for a Pre-Retirement Allocated Pension is equal to 10% of the account balance at the time the pension commenced.

The maximum payment limit ceases to apply from the time you satisfy a condition of release. This means that, after satisfying a condition of release, you could make a lump sum withdrawal up to the amount of your account balance.

Any lump sum withdrawals from a Pre-Retirement Allocated Pension must not be taken into account when determining whether the maximum amount has been paid from your pension in that year.

When a pension commences on a day other than 1 July, the minimum payment limit in the first year are applied proportionately to the number of days remaining in the financial year that include and follow the commencement date.

You must receive at least one pension payment every financial year. If you invest on or after 1 June in any financial year, no payment is required to be made for that financial year, although a payment may be made by 30 June of that year.

If your minimum pension amount for a financial year has not been reached by the date of the last payment due to be made to you in the financial year, an additional payment will be made to ensure the minimum amount is paid.

If the maximum pension amount is reached during the financial year, the relevant payment will be reduced to ensure the maximum amount is not exceeded. No further pension payments can be made to you for that financial year.

As the calculation of pension minimum and maximum payment limits can be complex, we recommend that you consult with your financial planner on these changes.

ADDITIONAL CONDITION OF RELEASE – TERMINAL MEDICAL CONDITION

The superannuation law has been changed to include a new condition of release. The effect of this change is that a superannuation benefit can be paid to a person who has a terminal medical condition.

A person has a terminal medical condition if the following circumstances exist:

- (a) two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the person within a period (the certification period) that ends not more than 12 months after the date of the certification;
- (b) at least one of the registered medical practitioners is a specialist practising in an area related to the illness or injury suffered by the person;
- (c) for each of the certificates, the certification period has not ended.

Under recent legislative measures we will not reduce a lump sum benefit for tax where the benefit is paid in respect of a terminal medical condition.

CHANGES TO FEATURES OF TERM ALLOCATED PENSIONS

On 20 September 2007 the State Super Term Allocated Pension Fund was closed. The closure meant that we did not accept any applications for a Term Allocated Pension or non-commutable Term Allocated Pension on or after 20 September 2007. The closure of the State Super Term Allocated Pension Fund will not affect any Term Allocated Pensions or non-commutable Term Allocated Pensions issued before that date.

For further information please contact your financial planner.

ESTATE PLANNING MATTERS

DEATH BENEFITS AND NOMINATIONS

The following provides a summary of the current position on this matter as it relates to the Retirement Fund.

WHAT HAPPENS TO YOUR BENEFIT ON YOUR DEATH?

In the event of your death, your Account Balance will generally be paid as a lump sum (from the State Super Personal Retirement Plan) or as a lump sum and/or a pension (from the State Super Allocated Pension Fund or State Super Term Allocated Pension Fund) to either:

- one or more of your dependants; and/or
- the executor or administrator of your Estate.

A death benefit can only be paid as a pension to a child of yours who is less than 18 years of age; or being 18 years or more of age who is either financially dependent on you and is less than 25 years of age or has a disability.

If death benefits are being paid in the form of an Allocated Pension to a child, the benefit will be automatically cashed as a lump sum on the day that the child reaches age 25, unless the child is disabled.

PAYMENT TO YOUR NOMINATED BENEFICIARIES

If you wish to nominate beneficiaries, they must be a dependant or the executor of your estate. The following are dependants for this purpose:

- your spouse (legal or de facto); or
- your children (natural, adopted, step, ex nuptial); or
- a person who is financially dependent on you; or
- a person with whom you have an interdependency relationship, which is generally a close personal relationship between two people who live together, where one or both provides the other with financial support and where one or both provides the other with domestic and personal support.

From 1 July 2008, the definition of spouse for death benefits now includes same sex partners. Further, from 6 February 2009, the definition of child, as it applies to the Retirement Fund, includes biological children of a same sex partner.

To nominate one or more beneficiaries, you will need to complete the beneficiary nomination form available by contacting your nearest office of the Trustee.

You may change any aspect of your beneficiary nomination at any time by completing and lodging a new beneficiaries nomination form.

BINDING NOMINATIONS

You can indicate that your nomination(s) are to be binding on the trustee. Provided your binding nomination is current and valid at the time of your death, the trustee **is bound** to pay to the beneficiaries you have nominated the specified percentage of your Account Balance. Please note that special conditions apply in order for your binding nomination(s) to be valid. These include:

- ▶ a binding nomination must be witnessed and signed by two persons over age 18 who are **not** your nominated beneficiaries for this investment;
- ▶ a binding nomination is only valid for 3 years from the date it became effective, after which time it lapses. After that time, you must provide a fresh nomination to bind the trustee;
- ▶ your binding nominated beneficiaries must survive you;
- ▶ nominated beneficiaries must be dependants at the time of your death.

You may only give the trustee direction regarding the percentage of your account balance to be paid to your beneficiary(s). You cannot give directions as to the form of payment (that is, pension or lump sum). The form of the payment to your nominated beneficiaries will be at the trustee's absolute discretion.

NON BINDING NOMINATIONS

If you do not wish your nominations to be binding on the trustee, then the final decision as to whom your Account Balance will be paid rests entirely with the trustee. In making its decision, the trustee will take into account your non-binding nomination(s) and any directions regarding superannuation contained in your will but it is not obliged to pay any amount in accordance with your nomination(s).

COMBINED BINDING AND NON BINDING NOMINATIONS

You may combine binding and non-binding beneficiary nominations for your investment provided the percentages to be paid to all nominated beneficiaries add up exactly to 100%. In this case, provided the binding nomination is current and valid at the time of your death, the trustee is bound to pay that portion of your Account Balance to the nominated beneficiary(s). For the percentage of your Account Balance allocated to non-binding beneficiaries, the trustee will take into account your nomination and any directions regarding superannuation contained in your will, but the final decision as to whom that portion of your Account Balance will be paid, rests with the trustee.

TRUSTEE DISCRETION

The trustee has **absolute discretion** to pay your Account Balance to **any** of your dependants and/or to your Estate in any proportion to the extent that:

- ▶ you do not make any beneficiary nomination; or
- ▶ you make a non-binding nomination; or
- ▶ your binding nomination has lapsed or is otherwise invalid at the time of your death; or
- ▶ for the State Super Term Allocated Pension Fund, your nominated reversionary pensioner predeceases you.

COOLING OFF CHANGES

There has been a change to the start of the 14 day cooling off period. Accordingly if you change your mind about joining the Retirement Fund, you have a cooling off period to tell us in writing. This starts from the earlier of:

- the day you receive confirmation of your initial investment; or
- the end of the 5th business day after the day on which we issue units in the Retirement Fund to you.

Please refer to the Product Disclosure Statement for further information.

ENQUIRIES AND COMPLAINTS PROCEDURES

Arrangements for dealing with enquiries and complaints from clients are as follows:

- enquiries should be directed to a Client Service Officer at the nearest office of the Company.
- any complaint should be made in writing and sent to: The General Manager – Financial Planning, State Super Financial Services Australia Limited, GPO Box 5336, Sydney NSW 2001.

The Company will respond to your complaint as quickly as possible and will make every effort to resolve your complaint within 45 days.

All complaints are referred to the Company's Enquiries and Complaints Committee.

Any complainant who, at the end of 90 days after lodging a complaint in the above manner, remains dissatisfied may contact the Superannuation Complaints Tribunal from anywhere in Australia on 1300 78 08 08.

The Government has established the Tribunal:

- to provide a mechanism for the resolution of complaints about decisions of trustees of superannuation funds which relate to a member (as distinct from decisions of trustees which relate to the management of the fund as a whole); and
- to resolve the complaint by conciliation, and where unsuccessful, to review the decision of the trustee to which the complaint relates.

PRIVACY

The Company respects the confidentiality of your personal information. The way we handle personal information is regulated by the National Privacy Principles. If you ask us we will provide you with the personal information we hold about you, although there are some limited situations where we may not provide this information.

Why Do We Collect Personal Information?

The personal information we collect from you is used to establish and administer your account with us. We also use this information to enable us to provide you with financial planning advice and ongoing service.

FAMILY LAW

Family Law legislation allows for the splitting and 'flagging' of superannuation interests.

An interest in the Personal Retirement Plan may be split when parties to a marriage separate. The law sets down how superannuation assets will be valued and split for these purposes. An interest in the Personal Retirement Plan may also be 'flagged' which prevents the Trustee from making certain payments while these assets are flagged. Splitting or flagging can be achieved by an appropriately executed agreement between the parties to a marriage or by court order.

Amendments to the Family Law legislation were passed by Parliament, so that in all states and Territories of Australia, apart from Western Australia and South Australia, the Family Law legislation also permits superannuation to be split upon the breakdown of a de facto relationship (including same sex couples).

INDEMNITY INSURANCE COVER

The Company maintains professional indemnity insurance against liabilities incurred as a result of a breach of duty as Trustee of the State Super Retirement Fund.

NEED MORE INFORMATION?

Clients should contact a Client Service Officer at the nearest office of the Company should any other information regarding the operations of the State Super Retirement Fund be required.

FINANCIAL INFORMATION

The abridged Statements of Financial Position and Operating Statements for each Fund are set out on the following pages.

You should be aware that the Auditors have issued an unqualified Audit Report for the Financial Statements of the State Super Retirement Fund. Should you wish to obtain a full copy of the Financial Report including the Auditor's Report, you may do so by either:

- ▶ visiting our website at www.ssfs.com.au and going to **Our Products**, selecting **Financial Reports** and finally, selecting **State Super Retirement Fund (comprising PRP, APF and TAPF)**; or
- ▶ calling your nearest office of the Trustee, and a copy will be sent to you free of charge.

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Pension Division		Accumulation Division		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investments	4,721,339	4,475,117	1,624,115	1,830,984	6,345,454	6,306,101
Other Assets	134,465	395,353	90,853	240,541	225,318	635,894
Total Assets	4,855,804	4,870,470	1,714,968	2,071,525	6,570,772	6,941,995
Liabilities	15,545	2,458	17,373	52,143	32,918	54,601
Net Assets Available to Pay Benefits	4,840,259	4,868,012	1,697,595	2,019,382	6,537,854	6,887,394
Liability for Accrued Members' Benefits	4,840,259	4,868,012	1,697,595	2,019,382	6,537,854	6,887,394

RETIREMENT FUND BY INVESTMENT OPTIONS

	Cash		Capital Stable		Balanced		Growth		Total	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investments	1,177,205	877,553	1,309,692	1,282,092	1,828,186	1,872,857	2,030,371	2,273,599	6,345,454	6,306,101
Other Assets	39,339	53,992	58,646	63,253	61,346	211,058	65,987	307,591	225,318	635,894
Total Assets	1,216,544	931,545	1,368,338	1,345,345	1,889,532	2,083,915	2,096,358	2,581,190	6,570,772	6,941,995
Liabilities	12,010	19,856	5,902	8,541	7,326	13,265	7,680	12,939	32,918	54,601
Net Assets Available to Pay Benefits	1,204,534	911,689	1,362,436	1,336,804	1,882,206	2,070,650	2,088,678	2,568,251	6,537,854	6,887,394
Liability for Accrued Members' Benefits	1,204,534	911,689	1,362,436	1,336,804	1,882,206	2,070,650	2,088,678	2,568,251	6,537,854	6,887,394

ABRIDGED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009 (Continued)

	Cash		Capital Stable		Balanced		Growth		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Investments	846,163	629,233	1,028,127	959,051	1,354,721	1,307,749	1,492,328	1,579,084	4,721,339	4,475,117
Other Assets	19,770	28,133	37,955	38,236	37,185	133,381	39,555	195,603	134,465	395,353
Total Assets	865,933	657,366	1,066,082	997,287	1,391,906	1,441,130	1,531,883	1,774,687	4,855,804	4,870,470
Liabilities	4,549	2,458	3,483	1,955	3,494	(90)	4,019	(1,865)	15,545	2,458
Net Assets Available to Pay Benefits	861,384	654,908	1,062,599	995,332	1,388,412	1,441,220	1,527,864	1,776,552	4,840,259	4,868,012
Liability for Accrued Members' Benefits	861,384	654,908	1,062,599	995,332	1,388,412	1,441,220	1,527,864	1,776,552	4,840,259	4,868,012

	Cash		Capital Stable		Balanced		Growth		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Investments	331,042	248,320	281,565	323,041	473,465	565,108	538,043	694,515	1,624,115	1,830,984
Other Assets	19,569	25,859	20,691	25,017	24,161	77,677	26,432	111,988	90,853	240,541
Total Assets	350,611	274,179	302,256	348,058	497,626	642,785	564,475	806,503	1,714,968	2,071,525
Liabilities	7,461	17,398	2,419	6,586	3,832	13,355	3,661	14,804	17,373	52,143
Net Assets Available to Pay Benefits	343,150	256,781	299,837	341,472	493,794	629,430	560,814	791,699	1,697,595	2,019,382
Liability for Accrued Members' Benefits	343,150	256,781	299,837	341,472	493,794	629,430	560,814	791,699	1,697,595	2,019,382

ABRIDGED OPERATING STATEMENT FOR THE FINANCIAL YEAR END 30 JUNE 2009

RETIREMENT FUND BY DIVISION

	Pension Division		Accumulation Division		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Investment Revenue	(393,869)	(305,434)	(164,744)	(148,614)	(558,613)	(454,048)
Contribution Revenue	1,962,720	2,983,626	1,825,590	2,490,189	3,788,310	5,473,815
General Administration Expenses - Trustee fees	1,568,851	2,678,192	1,660,846	2,341,575	3,229,697	5,019,767
	52,854	55,645	19,095	27,705	71,949	83,350
Benefits accrued as a result of operations before tax	1,515,997	2,622,547	1,641,751	2,313,870	3,157,748	4,936,417
Income tax (expense)/benefit	24,802	15,686	(24,382)	20,247	420	35,933
Benefits accrued as a result of operations after tax	1,540,799	2,638,233	1,617,369	2,334,117	3,158,168	4,972,350

RETIREMENT FUND BY INVESTMENT OPTIONS

	Cash		Capital Stable		Balanced		Growth		Total	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Investment Revenue	57,859	58,677	41,422	7,008	(216,120)	(171,590)	(441,774)	(348,143)	(558,613)	(454,048)
Contribution Revenue	1,785,322	1,854,502	565,157	883,771	726,363	1,227,063	711,468	1,508,479	3,788,310	5,473,815
General Administration Expenses - Trustee fees	1,843,181	1,913,179	606,579	890,779	510,243	1,055,473	269,694	1,160,336	3,229,697	5,019,767
	10,779	7,878	15,719	16,044	20,537	25,473	24,914	33,955	71,949	83,350
Benefits Accrued as a Result of Operations Before Tax	1,832,402	1,905,301	590,860	874,735	489,706	1,030,000	244,780	1,126,381	3,157,748	4,936,417
Income tax (expense)/benefit	(4,550)	(5,296)	2,589	1,150	1,211	13,284	1,170	26,795	420	35,933
Benefits accrued as a result of operations after tax	1,827,852	1,900,005	593,449	875,885	490,917	1,043,284	245,950	1,153,176	3,158,168	4,972,350

ABRIDGED OPERATING STATEMENT FOR THE FINANCIAL YEAR END 30 JUNE 2009 (Continued)

PENSION DIVISION (Allocated Pension Fund and Term Allocated Pension Fund)											
	Cash		Capital Stable		Balanced		Growth		Total		
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	
Investment Revenue	42,249	40,879	31,853	3,375	(154,064)	(116,424)	(313,907)	(233,264)	(393,869)	(305,434)	
Contribution Revenue	725,043	657,898	348,877	563,068	442,562	775,606	446,238	987,054	1,962,720	2,983,626	
General Administration Expenses - Trustee fees	767,292	698,777	380,730	566,443	288,498	659,182	132,331	753,790	1,568,851	2,678,192	
	7,906	5,517	12,116	11,296	14,897	16,667	17,935	22,165	52,854	55,645	
Benefits accrued as a result of operations before tax	759,386	693,260	368,614	555,147	273,601	642,515	114,396	731,625	1,515,997	2,622,547	
Income tax (expense)/benefit	1,017	45	4,226	1,980	7,936	5,099	11,623	8,562	24,802	15,686	
Benefits accrued as a result of operations after tax	760,403	693,305	372,840	557,127	281,537	647,614	126,019	740,187	1,540,799	2,638,233	
ACCUMULATION DIVISION (Personal Retirement Plan)											
	Cash		Capital Stable		Balanced		Growth		Total		
	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000	
Investment Revenue	15,610	17,798	9,569	3,633	(62,056)	(55,166)	(127,867)	(114,879)	(164,744)	(148,614)	
Contribution Revenue	1,060,279	1,196,604	216,280	320,703	283,801	451,457	265,230	521,425	1,825,590	2,490,189	
General Administration Expenses - Trustee fees	1,075,889	1,214,402	225,849	324,336	221,745	396,291	137,363	406,546	1,660,846	2,341,575	
	2,873	2,361	3,603	4,748	5,640	8,806	6,979	11,790	19,095	27,705	
Benefits accrued as a result of operations before tax	1,073,016	1,212,041	222,246	319,588	216,105	387,485	130,384	394,756	1,641,751	2,313,870	
Income tax (expense)/benefit	(5,567)	(5,341)	(1,637)	(830)	(6,725)	8,185	(10,453)	18,233	(24,382)	20,247	
Benefits accrued as a result of operations after tax	1,067,449	1,206,700	220,609	318,758	209,380	395,670	119,931	412,989	1,617,369	2,334,117	

AS A CLIENT OF STATE SUPER FINANCIAL SERVICES YOU RECEIVE:

Advice to Meet Your Objectives

The Company's services are exclusive to all past and present NSW Public Sector and Commonwealth Public Sector employees and their families. Always acting in the best interests of clients by providing:

- Peace of mind
- Security of capital
- Money to live on

Complete Service

- Financial Planning
- Investment Management
- On-going monitoring and reporting

Diversification of Investments

The Company's investment products, namely, State Super Personal Retirement Plan, State Super Allocated Pension Fund and State Super Investment Fund, provide:

- Spread of Investments
- Diversification of Investment Managers
- Flexibility of switching between Funds

Competitive Fees

- No entry, exit or switching fees
- One management fee covering all services

Regular Reporting

- A personalised report every six months

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