



Police Superannuation Board – Report to Members 2014-2015

POLICE SUPERANNUATION BOARD

The Police Superannuation Board is responsible for the administration of the Police Superannuation Scheme. Funds SA is responsible for the management and investment of the Police Schemes.

Board Members

The Board consists of five members and met eleven times during the year ended 30 June 2015. The Board and Deputy members are listed below:

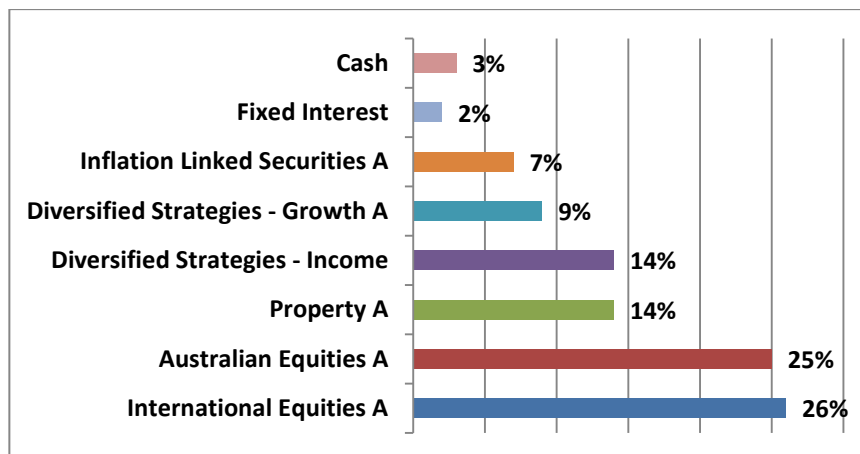
Mr Graeme Barton	appointed as Presiding Member by the Governor on the Minister's nomination. (Deputy Member Mr Garry Powell)
Chief Inspector Keryl Howie	appointed as Member by the Governor on the Minister's nomination. (Deputy Member Chief Inspector Julie Thomas)
Mr Ferdi Pit	appointed as Member by the Governor on the Minister's nomination. (Deputy Member Mr Neil Smith)
Sergeant Bernadette Zimmermann	appointed as Member by the Governor on the nomination of the Police Association of South Australia. (Deputy Member Sergeant Samantha Strange)
Senior Sergeant Thomas Scheffler	appointed as Member by the Governor on the nomination of the Police Association of South Australia. (Deputy Member Senior Sergeant Trevor Milne)

POLICE SUPERANNUATION SCHEME

The Police Superannuation Scheme is made up of the Police Superannuation Fund and the Police Employer Account. The value of the total assets of the Police Superannuation Scheme as at 30 June 2015 was \$1.42 billion compared with \$1.28 billion as at 30 June 2014.

Funds SA Investment Strategy

The allocation of the Scheme's assets by Funds SA as at 30 June 2015 is shown below:



For the 2014-2015 financial year Funds SA's net investment return, on a money weighted basis (net of investment fees and the Board's administration expenses), was 10 per cent for the Pension Scheme division.

The following table shows the investment returns (net of investment fees and the Board's administration expenses) achieved by Funds SA over the past 5 years.

Investment Returns						
Scheme	2011	2012	2013	2014	2015	5 years annualised
Pension	11.3%	1.7%	16.5%	14.8%	10.0%	10.7%

Police Superannuation Fund

The Police Superannuation Fund consists of the Pension Scheme division which provides pension benefits with a lump sum option. The Pension Scheme division was closed to new members on 31 May 1990.

For the year ended 30 June 2014, \$6.4 million (\$6.6 million in 2013-2014) was deposited into the Fund by members. The net investment income derived by Funds SA from investment of the Fund for the year ended 30 June 2015 amounted to \$44 million, compared to \$58.1 million in the previous year. An amount of \$15.5 million (\$14.8 million in 2013-2014) was paid from the Fund during 2014-2015 in respect of benefits for members of the Pension Scheme. As at 30 June 2015 the balance of the Fund stood at \$479 million. This compares with the total of \$444.1 million as at 30 June 2014.

Fund Crediting Rates

As the Pension Scheme provides defined benefits upon retirement, invalidity and death, these benefits are not affected by fund crediting rates. However, Fund crediting rates affect benefits payable to members who resign prior to age 50 and elect to take a cash withdrawal benefit equal to the balance of their member contribution account.

Member Contribution Accounts

The Board's end of year crediting rate policy is based on the actual returns (money weighted return net of investment fees and the Board's administration expenses), as advised by Funds SA.

The Board declared an end of year crediting rate of 10 per cent to be applied to member contribution accounts as at 30 June 2015. The following table shows the crediting rates by scheme declared by the Board over the past 5 years.

Member Contribution Accounts Crediting Rates						
Scheme	2011	2012	2013	2014	2015	5 years annualised
Pension	11.3%	1.7%	16.5%	14.8%	10.0%	10.7%

Police Employer Account

During 2014-2015 a total of \$27.3 million (\$28.6 million in 2013-2014) was deposited by SAPOL into the Police Employer Account to meet the Government's proportion of benefit payments. For the year ended 30 June 2015 the Government transferred a further \$59.9 million (\$64.7 million in 2013-2014) to the Police Employer Account for funding of future liabilities in respect of the Police Superannuation Scheme. The net investment income derived by Funds SA from investment of the Police Employer Account for the year ended 30 June 2015 amounted to \$85.1 million, compared to \$107.1 million in the previous year. An amount of \$65.9 million (\$63 million in 2013-2014) was paid from the Police Employer Account during 2014-2015 in respect of benefits for members of the Pension Scheme. As at 30 June 2015 the balance of the Police Employer Account stood at \$938.7 million. This compares with the total of \$832.6 million as at 30 June 2014.

Actuarial Review

During 2014-2015 the Employer and Fund's prescribed proportions of benefit payments for members of the Pension Scheme were 81 and 19 percent respectively in line with the recommendations made in the Actuarial Report as at 30 June 2011. The Government contribution for future service liabilities during 2014-2015 was 20.5 percent of member salaries in line with the recommendation in the above mentioned report.

The most recent actuarial review into the Police Superannuation Fund, based on the state of the Fund as at 30 June 2014, was carried out by Mr G Keen, FIAA and Mr B Watson, FIAA of Brett and Watson Pty Ltd. In line with the recommendations made in the Actuarial Report as at 30 June 2014, the Board determined the Employer and Fund's prescribed proportions of benefit payments for members of the Pension Scheme will change to 78 and 22 percent respectively, effective 11 July 2015. The Government contribution for future service liabilities during 2015-2016 will continue at 20.5 percent.

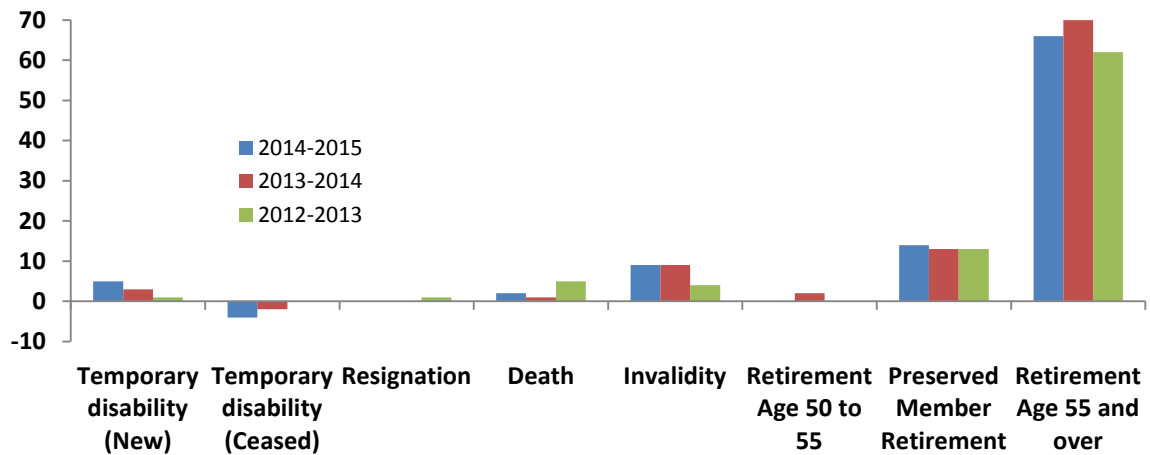
MEMBERSHIP

Police Officers, who commenced employment with SAPOL on or before 31 May, 1990 are members of the Pension Scheme.

The Scheme is closed to new Police Officers and as at 30 June 2015 had a total membership of 1,355, made up of contributors and preserved members as outlined in the chart below. The contributors to the Pension Scheme as at 30 June 2015 comprised 1,056 males and 204 females.

Members as at 30 JUNE			
Member Category	Pension Scheme	Total 2014/2015	Total 2013/2014
Contributors	1,260	1,260	1,339
Preserved	95	95	108
TOTAL	1,355	1,355	1,447

During 2014-2015 there was a total of 92 exits from the Pension Scheme (79 contributors and 13 preserved), a decrease of 10 on the previous year.



During 2014-2015 one contributor (2 in 2013-2014) resigned from SAPOL and elected for a preservation benefit.

PENSIONS

A total of 1,625 pensions (1,566 at 30 June 2014) were being paid under the Pension Scheme as at 30 June 2015.

INQUIRY AND COMPLAINT PROCEDURES

Members' inquiries or complaints (in writing) regarding police superannuation matters can be directed to the Police Superannuation Office. The Police Superannuation Board will consider all members' complaints. Members dissatisfied with the Board's decision in response to their complaint can obtain a review of the decision by:

- a) applying to the Board for a review of the decision; or
- b) pursuing the matter with the Police Association, Local Member of Parliament or State Ombudsman; or
- c) pursuing the matter with the District Court.

COMPLIANCE STATEMENT

The South Australian and Commonwealth Governments have entered into a Heads of Government Agreement to enable certain public sector schemes to be exempt from the Commonwealth's Superannuation Industry (Supervision) Act 1993. As a result of the Agreement, the schemes established under the Police Superannuation Act 1990 are, in terms of the Commonwealth legislation, exempt public sector schemes. In terms of the Agreement, the South Australian Government has made a commitment to ensure that the exempt public sector schemes conform with the principles of the Commonwealth's retirement incomes policy objectives.

MEMBER INVESTMENT CHOICE

Members of the Pension Scheme have the option to make additional voluntary contributions to Triple S, which provides members with eight investment options to choose from.

MEMBER INFORMATION

The Police Superannuation Board's website provides members with timely and effective communication regarding the Scheme and their benefits. The website includes an interactive facility to enable members to obtain superannuation benefit quotations online. Regular monthly articles on the Scheme appeared in the Police Journal and the Website.

Members seeking information regarding their superannuation should contact the Police Superannuation Office. Member information is available on the web, by telephone, personal interview by appointment or in writing upon receipt of a written request. Group information sessions (metropolitan and country) can also be arranged upon request through official channels.

Police Superannuation Office:

Ground Floor, 151 Pirie Street
 Adelaide SA 5000
 Telephone: 8204 2964, 8204 2965
 Fax: 8204 2303
 E-mail: admin@policessuper.sa.gov.au
 Website: www.policessuper.sa.gov.au

Extract from the Statement of Financial Accounts – Police Superannuation Scheme

STATEMENT OF NET ASSETS AS AT 30 JUNE 2015

	Note	\$'000	\$'000	2015 \$'000	2014 \$'000
INVESTMENTS					
Inflation linked Securities A		101,630			96,480
Property A		204,338			180,657
Australian Equities A		339,993			305,176
International Equities A		363,595			349,683
Fixed Interest		27,844			20,354
Short Term Fixed Interest		-			6,892
Diversified Strategies - Growth A		138,085			109,273
Diversified Strategies - Income		195,240			178,258
Cash		46,820			29,704
Total Investments	9		1,417,545		1,276,477
<i>Plus:</i>					
OTHER ASSETS					
Cash and cash equivalents		619			640
Contributions Receivable		580			504
Sundry Debtors		8			5
Total Other Assets			1,207		1,149
Total Assets				1,418,752	1,277,626
<i>Less:</i>					
CURRENT LIABILITIES					
Benefits Payable		966			729
Sundry Creditors		146			146
Total Liabilities				1,112	875
NET ASSETS AVAILABLE TO PAY BENEFITS				1,417,640	1,276,751

STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2015

	Note	\$'000	\$'000	2015 \$'000	2014 \$'000
NET ASSETS AVAILABLE TO PAY BENEFITS AT 1 JULY				1,276,751	1,090,041
REVENUE					
Investment Revenue			138,772		173,420
Other Income			37		31
CONTRIBUTIONS REVENUE					
Past Service Liability	10	59,900			64,700
Employer Contributions		27,335			28,553
Member Contributions		6,418			6,648
Government Co-Contributions		2			3
SG Contributions		1			-
Total Contribution Revenue			93,656		99,904
Total Revenue			232,465		273,355
EXPENSES					
Direct Investment Expense	6		(9,615)		(8,217)
Administrative Expense	6		(616)		(630)
BENEFITS PAID					
Pensions	11	(63,932)			(58,863)
Commutations		(9,726)			(11,054)
Lump Sums		(7,684)			(7,878)
Government Co-Contributions		(2)			(3)
SG Contributions		(1)			-
Total Benefits Paid			(81,345)		(77,798)
Total Expenses			(91,576)		(86,645)
NET INCREASE IN FUNDS				140,889	186,710
NET ASSETS AVAILABLE TO PAY BENEFITS AT 30 JUNE				1,417,640	1,276,751

FOOTNOTE:

The net assets available to pay benefits stated above are the net assets of the Police Superannuation Scheme (\$1.42 billion) which includes the net assets of the Police Superannuation Fund (\$479 million) and the net assets of the Police Employer Account (\$938.7 million).

AUDIT OPINION

As at the date of printing, the audit of the financial statements of the Police Superannuation Scheme for 2014-2015 had not been finalised.