

## *Powering your super*

The APSS is exploring ways to empower members with even more choices and services in future

26 March 2021

## Frequently Asked Questions

### 1. Why does the APSS need to change?

- The APSS has a long and proud tradition of delivering value to its members. The Trustee is committed to upholding that tradition, while always seeking ways to strengthen and improve the way that our members' super is looked after.
- The decision to explore a merger is based purely and simply on our goal to support better retirement outcomes for members.
- We believe that a merger with a like-minded and growing superannuation fund would give APSS members access to more choices, services and support to achieve their own retirement goals, while continuing their existing APSS benefits on a strong and sustainable foundation.

## **2. Why is the APSS exploring a merger with Sunsuper's trustee?**

- We want our members to have the best financial outcomes in retirement. After an extensive review of potential merger partners in the super industry, we've selected Sunsuper as the preferred potential merger partner for our members. The initial phase of merger discussions isn't binding on the Trustee.
- The superannuation industry is consolidating through mergers into fewer, larger funds with better buying power ('economies of scale') to expand their services and strengthen their capabilities while keeping costs down for their members. Economies of scale in larger funds matter because members can access a broader range of options and services, which we believe are very likely to benefit members in the long run.
- Sunsuper itself is also in merger discussions with another major fund, QSuper, which would create one of Australia's largest super funds.
- With around \$8 billion of assets and nearly 30,000 members, the APSS is still considered a large and healthy fund. However, because the APSS closed to new employee members in 2012, its assets and member numbers will naturally reduce over time as members leave employment or retire, drawing down their super. So now is a good time to be exploring a potential merger from that position of strength.

### 3. Who is Sunsuper?

- Sunsuper ([sunsuper.com.au](https://www.sunsuper.com.au)) is one of Australia's largest superannuation funds looking after the retirement savings of more than 1.4 million members.
- Sunsuper's values and culture are closely aligned to APSS's, and it is one of the few funds in Australia with the skills and resources needed to manage defined benefits. This was a key requirement in the Trustee's decision to choose Sunsuper as a potential merger partner, as well as its wider range of member services and investment capabilities.
- Sunsuper has:
  - a track record of competitive long-term investment returns, with their Balanced investment option outperforming the industry average over 3, 5, 7 and 10 years<sup>1</sup>;
  - 100% dedication to its members – as a profit-for-member fund they return all of their profits to members in the form of better services and lower fees, not as dividends to outside shareholders; and
  - been named Chant West's 2020 Fund of the Year and SuperRatings' 2021 MyChoice Super of the Year. Since 2015, they've also held Canstar's highest 5-Stars Outstanding Value rating for superannuation<sup>2</sup>.
- Sunsuper Pty Ltd (ABN 88 010 720 840) as trustee of the Sunsuper Superannuation Fund (ABN 98 503 137 921) is sometimes confused with the Suncorp Group, which provides banking, superannuation and insurance products, but they are two completely separate organisations!
- In early March 2021, Sunsuper entered into a non-binding agreement with another large fund, QSuper, also to explore a merger. If Sunsuper and QSuper go through with their merger plans, and if the APSS in turn goes ahead too, then APSS members would become part of one of Australia's largest funds.

<sup>1</sup>Source: SuperRatings Fund Crediting Rate Survey – SR50 Balanced (60-76) Index, December 2020.

Past performance is not a reliable indication of future performance.

<sup>2</sup>For information about awards visit [sunsuper.com.au/awards](https://www.sunsuper.com.au/awards).

### 4. When would this merger happen?

- We are exploring this merger because we want to improve and strengthen superannuation for APSS members and, therefore, will only proceed with it after completing a detailed and careful review, which completely satisfies the Trustee that a merger is in APSS members' best interests.
- If that is indeed the outcome of the review, then we expect the actual merger would go ahead in 2022. The exact timing may be revised, and you would be informed of this timing along the way.
- Importantly, in the lead up to any merger, the APSS would continue to operate as usual and if, at any point, the Trustee decides that this merger is not in the best interests of APSS members, it would be suspended and the APSS would continue to operate as it does now.

## 5. If the merger goes ahead, does this mean Australia Post will no longer support super and defined benefits for its employees?

- Not at all. Australia Post would continue to stand behind and fund its employees' defined benefits under the new arrangement and those benefits would continue to build up with service and final average salary as it does today.
- Australia Post would also continue to pay administration costs and the cost of providing death and total and permanent disablement cover for employee members.
- The decision to explore a merger with Sunsuper's trustee is being made by the APSS Trustee, not by Australia Post. But the Trustee has, and would, continue to consult Australia Post as key decisions are made to ensure that any new arrangement has Australia Post's confidence and support.
- The Trustee's aims are aligned with Australia Post's, which are to have a sound and sustainable fund in which to be able to continue providing APSS members with superannuation benefits with wider services and choices and lower costs per member than the APSS could achieve in the long term.

## 6. How will this merger, if it goes ahead, affect me as a member?

The merger, if it goes ahead, would help APSS members in a number of ways, including:

- More investment choices (beyond the 4 choices you have now).
- Potentially lower administration fees in the long term (for non-employee members, as Australia Post pays these fees for employee members).
- Ability to have super contributions from other non-Australia Post employers or a future employer going into the same fund.
- Potential for greater ease of transacting and changing personal details, leveraging new online technology and capabilities.
- Wider and more flexible insurance options.
- Access to a wider range of in-person and online seminars and advice, and calculators to plan and manage your personal retirement strategy.

At the same time, your existing APSS benefits will be protected:

- **APSS Defined Benefits** would continue, using the same APSS defined benefit formula, with Australia Post continuing to support them at no cost to employee members.
- **APSS Member Savings, Rollover, Spouse, and Pension accounts** would simply transfer to the merged fund to operate in much the same way, with total flexibility to change those arrangements at any time as required.

## **7. Who would look after my super and protect my best interests if the merger goes ahead?**

- The APSS Trustee would hand over to the trustee of the merged fund, who would then be responsible for managing your super **after** a merger (if it proceeds).
- By 'merged fund', we mean Sunsuper or the combined fund created by the merger of Sunsuper and QSuper, if this proceeds.
- In either case, the trustee of the merged fund would then have the same legal duties of care to all members as the APSS Trustee currently has.
- Important factors in the selection of Sunsuper as a potential merger partner were the skills, diversity and expertise of Sunsuper's board and management, their governance structure and culture.
- On top of that, as a major participating employer, a 'Superannuation Committee' will be set up, including employee representatives to monitor the way that the merged fund's trustee manages the superannuation for employees of Australia Post and Associated Employers.

## **8. What happens to APSS defined benefits if the merger goes ahead?**

- If a merger goes ahead, your APSS defined benefits will continue under what's called a 'successor fund transfer'. This means that by law, the merger will only go ahead if you receive equivalent rights to your super benefits after the merger in the merged fund as you had before the merger.
- Therefore, [APSS Defined Benefits](#) would be maintained in the merged fund on equivalent terms as those applying in the APSS today. The amount of your defined benefit would not change at the date of transfer. The formula used to calculate your defined benefit would be the same after transfer as it is currently.
- Employee members would be placed in a special Australia Post division, set up in the merged fund to manage your defined benefits. Death/TPD cover would also continue as before at no cost to you.

Employee [Member Savings](#) accounts associated with APSS Defined Benefits would simply transfer across to comparable investment options in the merged fund to operate in much the same way as they currently operate, with members also able to select other investment options from a wider range of choices at any time.

## **9. I will be retiring in the next 12 months. How will this merger affect me?**

- If you retire before the merger and choose to end your APSS membership, then it won't affect you.
- If you retire and open up an APSS Pension account before the merger, then you would be transferred to a pension account in the merged fund on equivalent terms.
- If you retire at some point after the merger, there would be no impact on your retirement benefit. Equivalent pension and rollover product options would be available to you in the merged fund.
- If you retire or resign and an APSS Rollover account is opened for you before the merger, you would be transferred to an account in the merged fund on equivalent terms.

## **10. What happens to my Rollover/Spouse/Pension account if the potential merger goes ahead?**

- If you have a Rollover, Spouse or Pension account in the APSS at the time of the merger, it would be transferred across to the merged fund to operate in much the same way as it currently does, with flexibility to change those arrangements if you choose.
- Comparable investment options in the merged fund will be identified for each of the APSS investment option(s) you are currently invested in.
- If you have insurance in the APSS, you will continue to be insured in the merged fund if the merger proceeds. Additional information on your insurance cover, including detail of the options available to you, would be provided closer to the transition.

## **11. Can I refuse to move if the merger proceeds?**

- Individual members won't be able to refuse to transfer if the merger proceeds. However, as can be done now:
  - Rollover, Spouse or Pension members can transfer their Member Savings and/or Pension accounts to another super fund at any time.
  - Employee members with an APSS defined benefit can opt out and instruct Australia Post to contribute their super to another accumulation super fund from that point on at a 12% contribution rate for award employees, or the superannuation guarantee rate (currently 9.5%) for non-award employees.
  - Under the current rules of the APSS, members who opt out of an APSS defined benefit can only transfer their defined benefit balance to another fund once they leave employment with the Australia Post Group or its subsidiaries. So, if you chose to opt out of the APSS defined benefit, but are still employed by the Australia Post Group, your APSS defined benefit would be transferred as part of the merger.

## **12. Tell me more about the planned merger between Sunsuper and QSuper.**

### **How does this affect the APSS?**

- Sunsuper has recently confirmed that it is exploring a merger opportunity with QSuper. Both QSuper and Sunsuper are award-winning, profit-for-member funds, focused on maximising the retirement outcomes of their respective memberships. Such a merger (if it proceeds) would create a combined fund of around 2 million members and \$200 billion in assets, making it one of Australia's largest funds.
- Similar to our discussions with Sunsuper, this merger would only proceed if the trustees of Sunsuper and QSuper each determine that it is in the best interests of their members.
- We have taken into account the possibility of the Sunsuper/QSuper merger in our own detailed work to date and will continue to assess it as we undertake our detailed review.

### 13. How will you keep me informed and updated about this?

- The Trustee commits to keeping you updated regularly throughout the merger talks right through to the merge.
- The APSS website would contain the most up-to-date information about the merger.
- We would provide regular updates on [apss.com.au](https://apss.com.au) in the [Latest News](#) section.
- Your *Insight* [member newsletter](#) would include updates (comes out quarterly at the end of April, July, October and January).
- You would receive a personalised letter when there is a significant event, and you can view these on [apss.com.au](https://apss.com.au) in the [significant event notices](#) section.
- Closer to the actual transfer date, there would be member information seminars held at various facilities, offices and other locations throughout Australia (some may be available online), including Q&A sessions, and a dedicated 'micro' website with loads of information and detail.

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