

4 March 2022

## Significant Event Notice: Merger to proceed, with Australian Retirement Trust

*This Significant Event Notice (SEN) is for Non-Member Spouses of the APSS with a base amount entitlement to their former spouse's APSS Defined Benefit.*

The Australia Post Superannuation Scheme (**APSS**) and Australian Retirement Trust are proceeding with the planned merger announced in March 2021. Once all legal requirements are met, the merger will see the transfer of APSS benefits and members to Australian Retirement Trust. This is expected to take place on 30 April 2022.

This SEN is for Non-Member Spouses who have a base amount deferred Family Law Split entitlement to a former spouse's APSS Defined Benefit. In this SEN, PostSuper Pty Ltd (**Trustee**) provides the information that you, as a Non-Member Spouse of the APSS, need to know about this merger, which will result in the transfer of all APSS members and their benefits to Australian Retirement Trust.

### Background

If you've been following our updates on [apss.com.au/powering-your-super](https://apss.com.au/powering-your-super), you will know that the APSS and Sunsuper have been exploring, in detail, a potential merger since signing a non-binding agreement in March 2021.

The signing of that agreement followed careful consideration by the Trustee of the many options to benefit members. Sunsuper has recently joined with another major fund, QSuper, to form one of Australia's largest super funds, Australian Retirement Trust. Ultimately, the Trustee determined that pursuing a merger with a large and growing super fund like Australian Retirement Trust was in the best financial interests of APSS members in the long term by offering the best of both worlds – the protection of existing APSS benefits while opening up a significantly wider range of services, choices and opportunities for members.

Following a detailed review, and careful analysis and due diligence conducted since signing the initial agreement, the Trustee has now determined that APSS members' interests would be better served by merging the APSS into Australian Retirement Trust rather than continuing the APSS as a stand-alone super fund.

The Trustee has therefore made the decision to formally proceed with the merger. This decision will result in the transfer of all APSS members and their benefits to Australian Retirement Trust (ABN 60 905 115 063) on 30 April 2022 and ultimately, the winding up of APSS.

### **How will the merger occur?**

The merger will proceed under what is known as a 'Successor Fund Transfer' (SFT). An SFT allows a trustee to legally transfer members, beneficiaries and their benefits, without their consent, from one regulated superannuation fund to another where certain strict legal requirements are met. In particular, the trustees of both the transferring fund (i.e. APSS) and the receiving fund (i.e. Australian Retirement Trust) must be:

satisfied that the transferring member's rights to benefits upon transfer are on an overall basis at least equivalent to those offered in the current fund in respect of the benefits; and

of the opinion that the transfer will be in the best financial interests of members of both funds when considered as a whole.

Subject to finalising all legal and administrative requirements, it is expected that the transfer will occur on 30 April 2022 but, if this date changes, you will be sent an updated notice.

### **Why is APSS transferring to Australian Retirement Trust?**

With around \$8 billion of assets and nearly 30,000 members, the APSS is a large and healthy super fund. However, because the APSS is closed to new employee members, its assets and membership will naturally reduce over time as members draw down their super. So now is the right time to ensure that APSS benefits continue to be managed on a strong and sustainable foundation long term.

### **About Australian Retirement Trust**

Australian Retirement Trust is the super fund formed through the merger of Sunsuper (i.e. the fund we started our merger discussions with), and QSuper. It is one of Australia's largest super funds taking care of over \$200 billion in retirement savings for more than two million members.

Australian Retirement Trust is a 'profit for members' fund that is committed to working in members' best interests. Unlike the APSS (which is a corporate 'non-public offer' fund for the employees and spouses of Australia Post and Associated Employers), Australian Retirement Trust is a 'public offer' fund, meaning that membership is open to anyone out in the public who wants to join and meets the relevant criteria.

Australian Retirement Trust offers its members benefits and services such as:

Strong, long-term returns, with the Australian Retirement Trust Super Savings Balanced investment option adopting the investment strategy of the Sunsuper Balanced investment option, which returned 10.2% p.a. over 10 years to 31 December 2021.<sup>1</sup>

Administration fees among the lowest in the industry.<sup>2</sup>

Tools and advice to help members feel on top of their super.

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<sup>1</sup> Past performance is not a reliable indicator of future performance. The Australian Retirement Trust Super Savings Balanced option has adopted the pre-merger investment strategy of the Sunsuper Balanced option.

<sup>2</sup> Investment fees and costs also apply. Compare investment fees at [australianretirementtrust.com.au/about/why-choose-us/lower-fees](http://australianretirementtrust.com.au/about/why-choose-us/lower-fees).

24/7 account access through a secure member portal and an app.

Australian Retirement Trust Rewards program offering rewards and everyday discounts.

The Trustee Board of Australian Retirement Trust will have six Member Representative Directors; five Employer Appointed Directors and two Independent Directors. The Board will initially include two Independent Directors and move to three Independent Directors within four years of the merger. The APSS Trustee has three Member Representative Directors, three Employer Representative Directors and one Independent Director.

Please visit [australianretirementtrust.com.au](http://australianretirementtrust.com.au) for more information.

### **What does this mean for you?**

As a Non-Member Spouse, you have a benefit entitlement in the APSS as a result of a Formal Agreement or Family Law Court Order, which allocated an amount to you in respect of your former spouse's APSS benefit. Your entitlement is to an agreed dollar amount (referred to as a 'base amount split') and is calculated according to Family Law legislation. Importantly, while you have a benefit entitlement in the APSS, you are not a member of the APSS, rather you are referred to as a 'Non-Member Spouse'.

As you may be aware, your former spouse has an entitlement to an APSS defined benefit. A defined benefit is a superannuation benefit that is worked out using a formula (based on your former spouse's Final Average Salary on their last three birthdays and their years of service). Because, your former spouse has an APSS defined benefit, the splitting of your former spouse's APSS benefit was deferred.

Ordinarily, a deferred 'base amount' split of an APSS defined benefit interest would occur when the defined benefit eventually becomes payable to your former spouse, usually on their resignation or retirement. You would then become entitled to the specified amount of your former spouse's APSS benefit payable at that time, adjusted using the rate of Average Weekly Ordinary Times Earnings (AWOTE) plus 2.5%, as prescribed by legislation, for the period up to the transfer. This 'adjusted base amount' would then be paid to you (i.e. if you have satisfied a condition of release), or transferred to your nominated superannuation fund if your entitlement is still required to be preserved.

**However, the merger of APSS with Australian Retirement Trust will trigger a payment split, meaning that your deferred Family Law split (adjusted base amount) will become payable at the time of the transfer (i.e. you don't need to wait for your former spouse to resign or retire for the payment split to occur).**

The effect of this payment split will be as if your former spouse had resigned on the transfer date. This means that at the time of transfer, the value of your base amount split (adjusted using the rate of Average Weekly Ordinary Times Earnings (AWOTE) plus 2.5%, as prescribed by Family Law legislation, for the period up to the transfer) will be deducted from your former spouse's accrued APSS defined benefit and the split amount will be allocated to you at that time within Australian Retirement Trust. To effect the payment split, a new *Super Savings Accumulation account* will automatically be opened for you with Australian Retirement Trust. The opening balance of your new *Super Savings Accumulation account* will be the amount of your adjusted base amount. Your adjusted base amount will be invested in the Australian Retirement Trust Lifecycle Investment Strategy, Australian Retirement Trust's default 'MySuper' investment option, unless you provide different instructions to Australian Retirement Trust

after the merger date. You will receive a confirmation letter when your adjusted base amount split is transferred to the Australian Retirement Trust.

**Example**

Jill works for Australia Post and is an APSS Defined Benefit Member with an accrued APSS defined benefit of \$100,000 as at the transfer date. Jack is a Non-Member Spouse and has a benefit entitlement in the APSS associated with Jill's APSS defined benefit. Jack's entitlement is to a deferred 'adjusted base amount' split of \$50,000\*, as at the transfer date.

On the transfer date, the value of Jack's adjusted base amount split is deducted from Jill's accrued APSS defined benefit. A new *Super Savings Accumulation account* is opened for Jack in Australian Retirement Trust, with an opening balance of the \$50,000.

\* The Family Law legislation prescribes the calculation of your adjusted base amount. Currently the Australian Government Actuary calculates the rate of adjustment as an annual rate of 2.5 percentage points above Average Weekly Ordinary Times Earnings (AWOTE), which is the percentage change in the original estimate of full-time adult ordinary time earnings for all persons in Australia.

Please note that your interest in your new *Super Savings Accumulation account*, will be an 'accumulation' style superannuation benefit – it will not be a defined benefit interest. Your *Super Savings Accumulation account* balance will be made up of the money contributed, plus (or minus) investment returns, less fees, any applicable insurance costs and taxes. You will carry the investment risk in this arrangement.

When a new *Super Savings Accumulation account* is opened for you, you will become a member of Australian Retirement Trust. As a Non-Member Spouse in the APSS, you have not enjoyed the benefits of APSS membership (such as, eligibility for insurance, the ability to contribute your own money to the APSS or to make your own investment choices) and you have not incurred administration fees. As a member of Australian Retirement Trust, this will change and you will have access to a range of options, choices and member services to help you manage your super, including:

**Ability to contribute:** Your *Super Savings Accumulation account* will be able to accept contributions from your employer (including salary sacrifice contributions), as well as voluntary contributions and rollovers from other funds. See the *Super Savings Guide* for more information regarding contributing to your *Accumulation account*.

**Investment choice:** You will have access to a wide range of investment options, so you can choose how your account balance is invested. Until you make a choice, Australian Retirement Trust will invest your *Accumulation account* balance in the Lifecycle Investment Strategy. See the *Super Savings Investment Guide* for more information on your investment choices.

**Flexible insurance cover:** You will be able to apply for Tailored Death and Total & Permanent Disability (including Total & Permanent Disability Assist) or Tailored Income Protection cover. Please note that insurance premiums will apply and will be deducted from your *Accumulation account* balance. See the *Super Savings Insurance Guide* for more information regarding your insurance options.

**Access to your money:** Superannuation is intended to ensure you have money saved for your retirement. For this reason, you generally can't access your super until you satisfy a condition of

release. Although you are free to move your super around the super system (i.e. from one complying fund to another), you generally can't get your hands on your money until you have reached your preservation age. Once you reach your preservation age, you can make lump sum withdrawals, or set up an *Australian Retirement Trust Income account* (a pension account), which will let you receive regular income payments.

**Make death benefit nominations:** In the unfortunate event of your death, the Australian Retirement Trust Trustee will pay your death benefit to your eligible beneficiaries. You will have the ability to nominate your beneficiaries (either as a preferred or a binding nomination). See the *Super Savings Guide* for more information on your choices.

**You should also be aware that fees and other costs will apply to your new *Super Savings Accumulation account*.**

Please see the *Super Savings Product Disclosure Statement* and *Guide* for details regarding the applicable fees, including administration fees.

Finally, it is important to note that when full processing resumes after the transfer, you will also have the option of closing your new *Super Savings Accumulation account* created for you in Australian Retirement Trust, and rolling your money over to another fund of your choice.

For details on how Australian Retirement Trust Super Savings Accumulation accounts work, including the applicable fees, insurance and other options available, go to [australianretirementtrust.com.au/pds](http://australianretirementtrust.com.au/pds) to download the latest PDS/guides.

### **Do I have to do anything?**

The transfer of your split payment will be automatic. However, we encourage you to read the information set out in this letter. At the end of this letter, there's information on where you can find out more via APSS and Australian Retirement Trust contact points. To learn more, visit [australianretirementtrust.com.au](http://australianretirementtrust.com.au).

### **Privacy**

APSS takes its privacy obligations seriously and is committed to ensuring the security of your personal information. You can access APSS' Privacy Policy at [apss.com.au](http://apss.com.au) by clicking the 'Privacy' link in the website footer. You can access the Australian Retirement Trust Privacy Policy at [australianretirementtrust.com.au/privacy](http://australianretirementtrust.com.au/privacy).

## APSS services during the transition to Australian Retirement Trust

### Limited services apply from 22 April to mid-May 2022

In order to facilitate the efficient and accurate transfer of all records to Australian Retirement Trust, it is necessary to suspend some APSS services for a limited period before and after the transfer date. You will be able to contact the APSS as normal between 22 April 2022 and 29 April 2022.

Full processing won't resume in Australian Retirement Trust until all records have been transferred, loaded, reconciled and formally signed off. Australian Retirement Trust expects that full processing should resume about 10 business days after transfer.

During the limited service period, you will not be able to request a rollover of your entitlement or make an investment choice. You will need to wait until full processing resumes in Australian Retirement Trust before a rollover or investment switch can be processed.

### Urgent payments during the transition

If you need an urgent payment to be made (e.g. due to financial hardship or on compassionate grounds), please call:

- Australian Retirement Trust on 1800 652 643 (from 2 May to mid-May)
- Australian Retirement Trust on 13 11 84 (from mid-May).

### Who to contact if you need help or to find out more

APSS	AUSTRALIAN RETIREMENT TRUST
<b>UNTIL 5.30PM ON 29 APRIL 2022</b> <b>Email:</b> sr@apss.com.au <b>Phone:</b> 1300 360 373 Monday to Friday, 9.00am – 5.30pm (Sydney time)	<b>FROM 2 MAY 2022</b> <b>Email:</b> apsstransition@australianretirementtrust.com.au <b>Phone:</b> 1800 652 643 (Australian Retirement Trust's special transition hotline) Monday to Friday, 8:00am to 6:30pm (AEST)

Yours sincerely



**APSS Member Services**

Australia Post Superannuation Scheme (ABN 42 045 077 895) Issuer: PostSuper Pty Ltd (ABN 85 064 225 841) RSE Licence Number L0002714; Australian Financial Services Licence No. 530677; APSS Registration Number R1056549. Important Note: All investments carry risk and may rise and fall. International investing involves additional risks, including the risk of currency fluctuations. Diversification does not ensure a profit or protect against a loss in a declining market. Past performance is not a guarantee of future returns or crediting rates. The information contained in this letter is of a general nature, is not intended to be financial product advice and does not take your personal financial circumstances into account. Before acting on any information contained in this document you should first consider its appropriateness to your financial circumstances. If you have any doubts or require further assistance you may wish to seek the advice of a professional financial adviser. The APSS Trustee is not licensed to provide you with financial product advice regarding your interest in the APSS. The APSS Trustee may give you any notices and documents required by law, including ongoing disclosures, by sending you an email to an email address you or your employer have provided for you, by sending you an email or other electronic communication providing a website reference or hyperlink text to the notice, document or information, or by making the notice, document or information available online or such other website as notified to you from time to time. You will not receive a paper copy of any relevant notice or document, except where the APSS Trustee chooses to give you a paper copy, or you request a paper copy. You can elect to receive these notices, documents and future communications in hardcopy or via another email or postal address by contacting us at any time. A notice or document sent to you from us by electronic communication will be deemed to have been received by you at the time the relevant electronic communication enters your information system. Please note that if you have already opted out of receiving this information electronically, we will continue to send it to you through the post. Please note that the Trustee of Australian Retirement Trust is not responsible for the preparation of this SEN and does not provide advice or a recommendation in relation to this document.