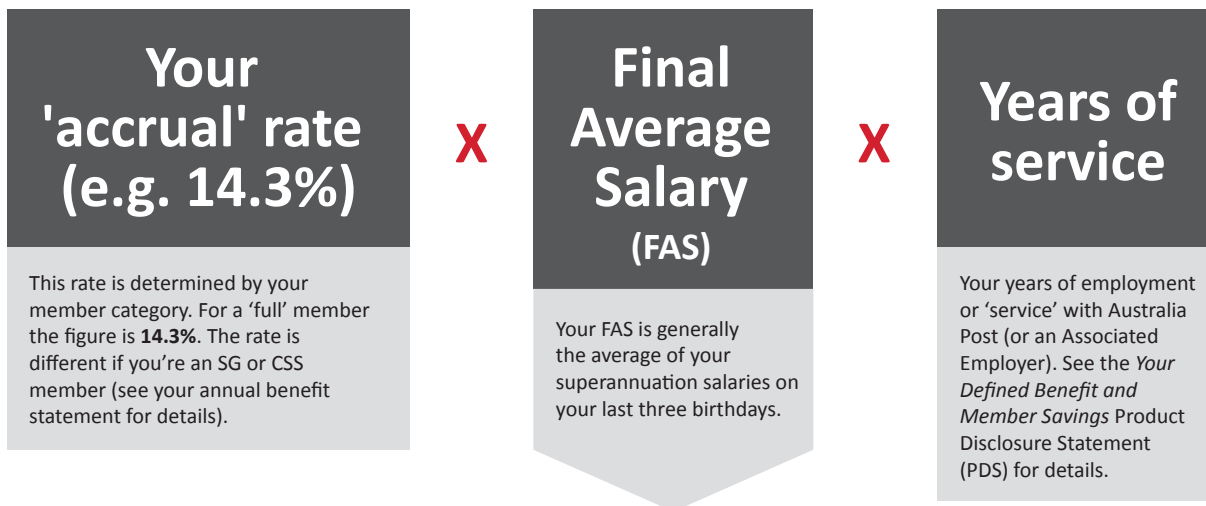


How does an APSS Defined Benefit work?

A defined benefit is a superannuation benefit that is worked out using a formula. It's defined by that specific formula. In this fact sheet, we provide a simple explanation of how that formula works for an APSS employee member entitled to the full '14.3%' APSS Defined Benefit.

The APSS Defined Benefit formula combines three elements, often expressed like this:



How to work out your FAS

Add together your last three years of super salary, then divide by three. For example:

\$55,300	+	\$56,000	+	\$57,000	=	\$168,300	÷ 3 =	\$56,100
2018 super salary		2019 super salary		2020 super salary		3 year total super salary		FAS

Calculating a 14.3% Defined Benefit – Simple example

Extending the above example, let's assume there are 8 years of full-time service. In this case, the APSS Defined Benefit can simply be calculated like this:

Membership type		FAS		Years of service		Defined Benefit
14.3%	x	\$56,100	x	8 years	=	\$64,178

NOTE: There are procedures in place to make sure your superannuation salary will generally not decrease if your pay decreases. As your FAS is made up of the average of your superannuation salaries on your last three birthdays, your benefit will also generally keep pace with inflation. To find out more about your superannuation salary, call the Australia Post 'People & Culture' hotline on **1300 363 772**, or contact your Payroll or HR Manager if employed by an Associated Employer.

How does an APSS Defined Benefit work? (continued)

Can it really be so simple?

Yes and no! It really is that simple if you've only ever been a 14.3% member with, for example, no probationary service, no service as an 'SG' Defined Benefit member, no pre-1 July 1990 service, and no 'catching-up' to do.

If one or more of those variables do apply to you however, the calculation of your benefit gets a bit trickier as there are more elements involved. That's why we use something behind the scenes called a 'multiple'. You may notice this on your annual benefit statement. It's a number generally derived by multiplying the percentage used in your formula (e.g. 14.3%) by your years of service, but adjusts for any part-time periods. For details on your specific benefit, please login at apss.com.au/MemberAccess to check your details, and go to *Product disclosure* under the *Publications & Forms* tab at apss.com.au to download the *Your Defined Benefit & Member Savings Product Disclosure Statement*.

APSS Defined Benefit in the event of death or total and permanent disablement

In the unfortunate event that you become totally and permanently disabled (TPD) or die, the benefit paid to you (or to your beneficiaries) will be at least the same as what would otherwise be paid had you retired or resigned on the date of TPD or death.

Some members are entitled to an additional death or TPD benefit

If you're a 14.3% member under age 60, an additional benefit will be paid on top of your defined benefit if you die or if you are confirmed to be TPD. This additional benefit is approximately equivalent to the defined benefit you would, under normal circumstances, receive if you remained an eligible employee member to age 60.

Extending the previous (page 1) example a little further, let's assume the 14.3% member died or suffered TPD at age 45, just over 14 years before their 60th birthday. As per the previous example, their super salary was \$57,000, and their FAS was \$56,100, resulting in a total benefit payable of \$180,748:

Years of potential membership from date of death or TPD to age 60	x	Member Category	x	Super Salary	=	Death/TPD Benefit
14.175		14.3%		\$57,000		\$115,540*

Plus APSS Defined Benefit (as calculated in the example on page 1 with adjustment as explained in the footnote below):

\$65,208**

Total APSS Defined Benefit in the event of death or TPD:

\$180,748

* This is the additional benefit that's payable in the event of death or TPD (i.e. it's in addition to other APSS benefits, including any member savings and, of course, the APSS Defined Benefit that would have been payable had this member, for instance, resigned rather than died).

** Super salary is currently used to calculate a death or TPD benefit for most 14.3% members. Because FAS is generally set equal to super salary in all death or TPD benefit calculations for 14.3% members, the APSS Defined Benefit in the example above is different from the amount the member would have otherwise received on leaving service. Using our previous example on page 1, the difference is calculated as follows: \$57,000 (super salary) - \$56,100 (FAS) = \$900 x 14.3% x 8 years = \$1,030. That \$1,030 is then added to the APSS Defined Benefit as calculated in the example on page 1 (\$1,030 + \$64,178 = \$65,208). Note that when you're over 58, this calculation uses your future FAS at age 60 rather than super salary, and assumes your current super salary remains unchanged to age 60.

Remember – different members have different benefits!

Death and TPD benefits are not the same across all APSS member categories. The example on this page is for a 14.3% member. If you're an 'SG' or 'CSS' member, please refer to your annual benefit statement and the relevant Product Disclosure Statement for details on how entitlements apply on death or TPD. Also, please remember that there are strict rules governing the payment of your APSS benefit if you suffer TPD. Don't assume it's automatically paid just because you can no longer work as a result of an illness or injury.

Important

This fact sheet contains general information about the Australia Post Superannuation Scheme (APSS). It is not intended to be financial product advice and does not take your personal circumstances into account. Before acting on any information contained in this document you should first consider its appropriateness to your own circumstances. You may wish to seek the advice of a licensed financial adviser. Neither PostSuper Pty Ltd (the Trustee) nor Australia Post or any Associated Employers holds an Australian Financial Services Licence and, therefore neither is licensed to provide you with financial product advice. Australia Post Superannuation Scheme (ABN 42 045 077 895) Issuer: PostSuper Pty Ltd (ABN 85 064 225 841) RSE Licence Number L0002714 APSS Registration Number R1056549. Issued: August 2020.