apss
AUSTRALIA POST SUPER SCHEME

Fact Sheet

Australia Post Superannuation Scheme ABN 42 045 077 895 **August 2020**

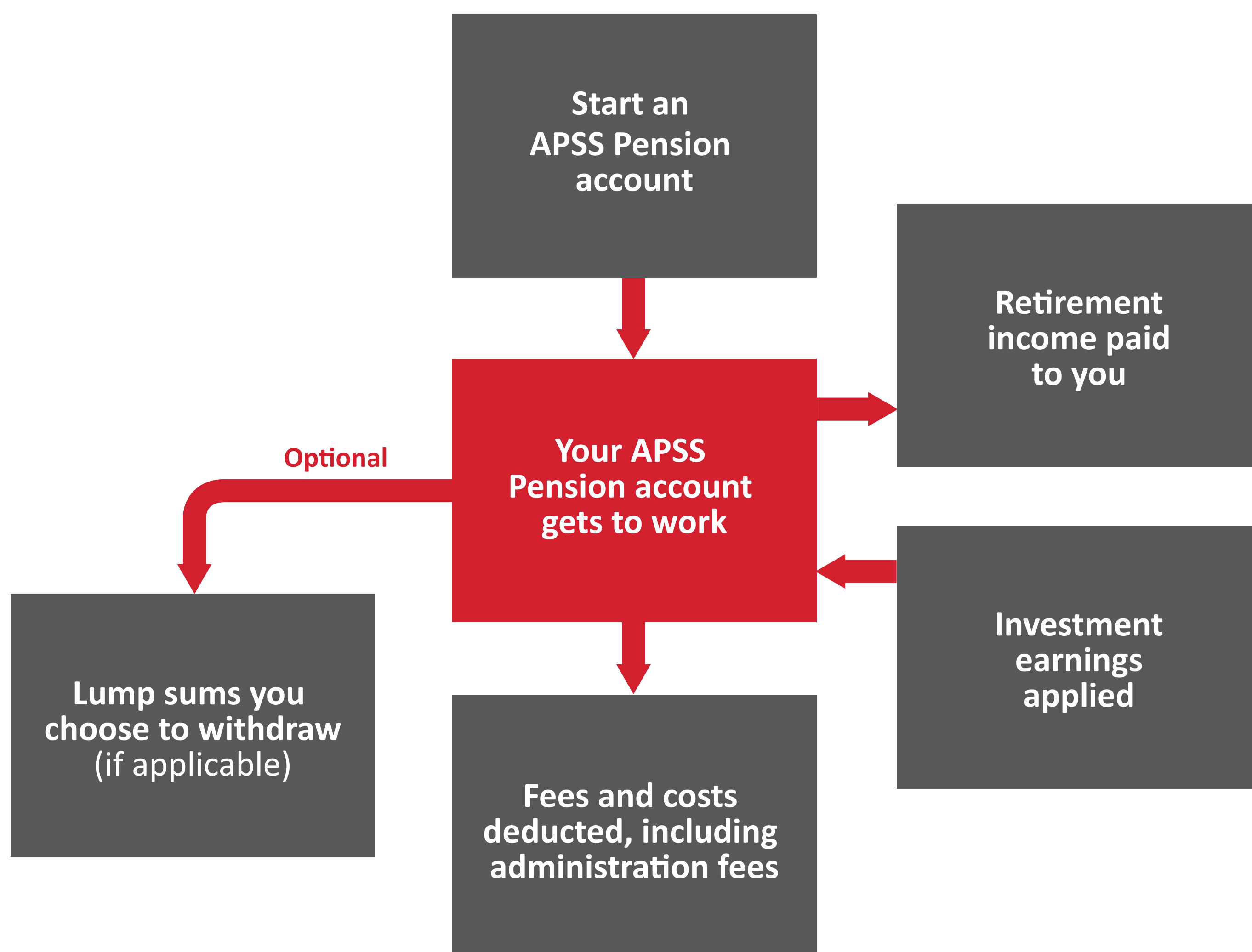
Flexible retirement income

How APSS Pension accounts work

When you retire and are no longer receiving a regular pay packet, where will you draw your income to pay for living expenses?

Once you've retired, an APSS Pension account offers you a flexible way to manage the income from your retirement benefit and continue your APSS membership, potentially for the rest of your life. An APSS Pension can also be used to transition to retirement. Let's take a closer look.

APSS Pension accounts are designed to give you flexibility and help you maintain your lifestyle when you're in retirement and no longer earning a salary. Instead, you earn income from your super benefit and any accumulated member savings. You can also use an APSS Pension before you go into full-time retirement if you're eligible to start a Pension account to transition to retirement. Here's a snapshot of how an APSS Pension account works.



Important!

This Fact Sheet only provides a broad summary of how an APSS Pension account works. For further details, including information about income payments, fees and lump sum withdrawals, download the *Your APSS Pension* Product Disclosure Statement (PDS), which can be downloaded at **www.apss.com.au** by clicking *Product disclosure* under *Publications & Forms.* Alternatively, call us on **1300 360 373** and we can send you a copy of the relevant PDS.

Start an APSS Pension account

To start an APSS Pension, or use it as part of a Transition to Retirement (TTR) strategy, you need to have at least $20,000 in the APSS and have reached your preservation age, which differs depending on when you were born:

Date of Birth	Preservation Age
Before 1 July 1960	55
From 1 July 1960 until 30 June 1961	56
From 1 July 1961 until 30 June 1962	57
From 1 July 1962 until 30 June 1963	58
From 1 July 1963 until 30 June 1964	59
On or after 1 July 1964	60

You can't contribute to an APSS Pension account in the same way you can to an APSS Member Savings account because no further contributions can go into a Pension account once the account's been opened. That means you need to think carefully about how much you need to invest before you start. However, you can always start another Pension account while you are still operating at least one active APSS account.

Retirement income paid to you

The income that is drawn from your APSS Pension account will be determined by the amount (within minimum and maximum limits) that you choose; and how often you choose to receive an APSS Pension income payment (twice per month, monthly, quarterly, or yearly).

The minimum limit is set by the Federal Government. The maximum limit only applies if you are using the APSS Pension account as part of a TTR strategy, but does not apply if you're permanently retired, you change jobs after age 60, or you have reached age 65.

You have the flexibility to change the amount and frequency (i.e. how often you get paid) at any time, as long as you provide your instructions at least 5 business days ahead of your next payment.

The law requires at least one payment be made per financial year, except if you open an account after 31 May, in which case you don't need to take an income payment for the month of June in that financial year.

Investment earnings applied

Investment earnings are applied to your Pension account based on the relevant crediting rate(s) for your chosen investment option(s). Positive earnings will ultimately be paid back to you as retirement income and build on previously credited investment earnings, as well as what's left of the account balance itself. This is called 'compounding', effectively 'interest building on interest', which can continue to grow your account even as you draw down from it.

However, your balance can also go down as negative investment earnings are applied, which has the effect of taking money out of the account. This is only relevant in the Conservative, Balanced and High Growth options. The Cash option is designed to avoid any capital loss, and wont have negative crediting rates while Australia Post provides the capital guarantee although it is expected to deliver lower returns over the longer term than the other three options.

Also be aware that indirect fees and costs are deducted from investment earnings before they are applied. Such fees and costs do not come out of your APSS Pension account directly, but rather are indirect costs factored into the crediting rates before they are declared.

Finally, remember that an APSS Pension account won't accumulate with additional contributions because the only contribution you can make is the one you make to start your APSS Pension account.

Important!

All investments carry risk and may rise and fall and past performance is not a guarantee of future returns or crediting rates. Unless you have chosen to have your account and future contributions to be 100% invested in the Cash option, the crediting rate may be negative at certain times – you bear the investment risk that your super account balance falls when investment returns are negative. You should also be aware that crediting rates are net of various investment fees and costs – see your PDS for details.

Administration fees deducted

Administration fees are deducted directly from Pension accounts (unless you happen to still be an employee member). Administration fees are currently $1.50 per week per account, plus 0.12% of your account balance each year. These are subject to certain fee caps. For example, the percentage-based administration fee of 0.12% is not charged on any amount of your account balance in excess of $750,000. Other 'indirect' investment fees and costs also apply to your account and may also be subject to a fee cap. For details regarding all the fees and costs, please read the *Your APSS Pension* PDS (referred to at the bottom on page 2).

Lump sum withdrawals

You may need to make a major purchase in retirement (e.g. buy a new car or pay for an unexpected medical expense), so you might need to make a lump sum withdrawal to cover that. However, please note that if you have an account as part of a TTR strategy, then you can't withdraw lump sums. Withdrawals of at least $1,000 (or up to $2,000 if the account balance is $2,000 or less) can be made from a Pension account as a lump sum at any time but be warned – a lump sum withdrawal that results in the closure of your account might accidentally cancel your APSS membership forever. By law, either a minimum pro-rata income payment must be made before paying a lump sum, or your remaining balance must be sufficient so that you can receive at least the Minimum Income Amount in the financial year (if you haven't already done so). See the *Your APSS Pension* Product Disclosure Statement for further details.

Want to start an APSS Pension?

Your first step is to read through the *Your APSS Pension* PDS, which can be downloaded at **apss.com.au** by clicking *Product disclosure* under *Publications & Forms*. Alternatively, call us on **1300 360 373** and we can send you a copy of the relevant PDS. The PDS provides all the details on eligibility, and the forms to complete to start your APSS Pension.

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.

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