

# Super tips for your 50s



## INSIDE THIS EDITION

- Investment results for the quarter ending 30 June 2015
- “Behind the numbers” analysis of the quarterly investment returns
- Important considerations for different life stages: *Super tips for your 50s*
- New Retirement Simulator and website secure section launched

### The second in a series of articles to highlight important considerations about super at different ages.

By the time you hit your fifties, retirement is often starting to become more front of mind. Whether you are planning for retirement or still have some time, you might want to start thinking about consolidating and growing your super for your long-term financial future.

You may be in a position where your kids have grown up, left home and you are lucky enough to have your mortgage under control. Regardless of your circumstances, by the time you're in your fifties, we encourage you to start thinking about forming a well-informed superannuation plan so that you can work towards achieving the lifestyle you want in retirement.

The APSS recommends that you seek the input and advice of a licensed financial planner to help you understand your personal super decisions, and the long term impacts that a decision you make now might have on your retirement outcomes.

# Cover story

## Super tips for your 50s

Whether you are married or single, with or without children, by the time you are in your fifties you may be starting to think about when you will retire, whether you will have enough, and what your lifestyle will be like in retirement. It's now time to start preparing for a better retirement sooner rather than later.

Some of the things you should ask yourself are:



### Will I have enough super when I retire?

The APSS can provide you with a number of useful resources to help you plan your retirement. Our new *Retirement Simulator* allows you to test the impact of different contribution rates, investment allocations and retirement ages on your super savings.

The *Retirement Simulator* can help you decide whether you should be making changes to your current arrangements to reach the retirement outcomes you desire. The reports generated by the *Retirement Simulator* can be shared with your licensed financial advisor to assist in your retirement planning.

Refer to the article on page 4 for more information about the APSS *Retirement Simulator*.

As reported in the last edition of Insight, to enjoy a 'comfortable' retirement lifestyle (as defined by the Association of Superannuation Funds of Australia), single members who retire at Pension Age, would need a balance of approximately \$430,000, and couples would need a balance of approximately \$510,000. If your living standards are more modest, then the lump sum requirements may be lower. See [www.superannuation.asn.au](http://www.superannuation.asn.au) for more information about ASFA's retirement standards.

### Should I be making personal contributions?

If you are an employee member, you can make personal contributions from either your before-tax salary or after-tax salary into your APSS Employee Account. If you are a spouse or rollover member, you can make after-tax contributions into your APSS Spouse or Rollover Account. Any additional contributions you can afford to make are further boosted by the benefits of compounding which means that over time, you start to earn interest on interest. There are however, limits on the amount of contributions that can be made to super in each financial year that are taxed concessionaly. See the fact sheet Superannuation taxes for more details.

### Do I have super in other funds?

If you've had more than one job, it's quite likely you have more than one super account. Consider consolidating super from other funds into the APSS, as well as any lost super that you may have. Doing this may save you money on fees and make it easier to track by keeping your super in one place with one lot of paperwork.

Combining your super accounts can be a fast and easy way to boost your retirement savings. You can use the *Transfer other super into the APSS* form to get started, or call SuperPhone on

# Cover story



## Super tips for your 50s (continued)

**1300 360 373** today to help you get your super sorted. You can also go to the ATO's website and use the **SuperSeeker** tool to search for any lost super accounts or unclaimed super you may have.

Before rolling your accounts over though, it's important to consider any exit fees, changes to your insurance cover or loss of benefits or investment options that may result from closing your other super accounts.

### Should I transition to retirement strategy?

When you reach your preservation age, the government provides tax benefits to help you prepare for the end of your working life and retirement. You may be able to move your money from your super into a transition to retirement strategy such as an APSS Pre-retirement Pension, or PREP for short. An APSS PREP account lets you receive some of your super as a pension while you're still working.

When you are ready, the APSS offers the benefits of a regular income stream which could help you manage your spending more easily. To learn

more, please read the fact sheet *Getting ready for retirement* and the information in *Your APSS Pension PDS* available at [apss.com.au](http://apss.com.au).

### Are my investment choices suitable?

It's important that your super is working as hard as possible to help your nest egg grow. To achieve the lifestyle you'd like in retirement and help your super grow, you can choose an investment allocation that suits the level of risk you're prepared to take from either the APSS Cash Return or Market Return investment options or a combination of the two.

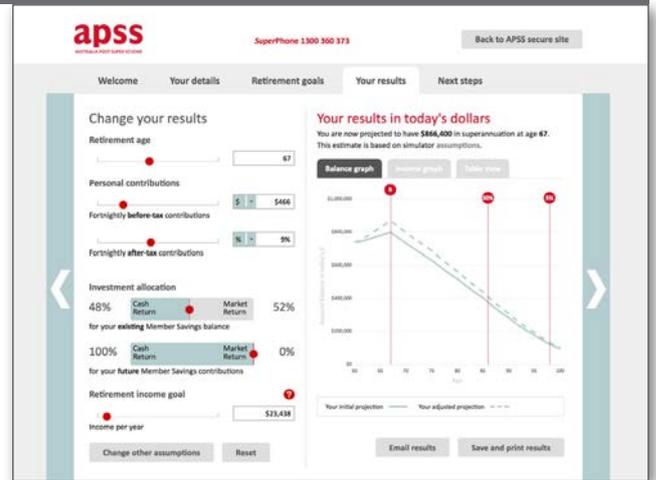
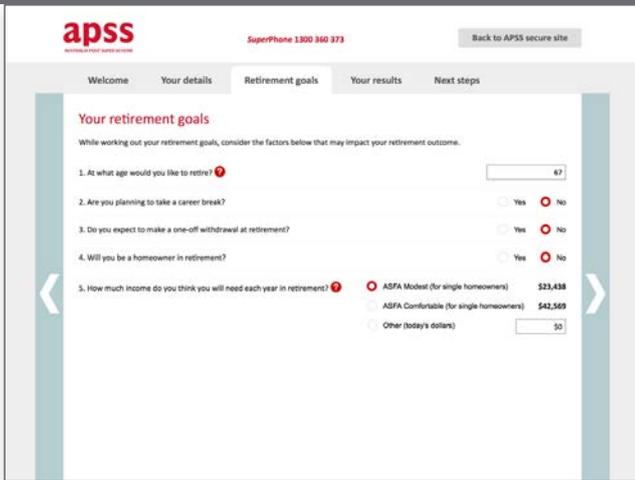
Historically, an investment option with a higher allocation to riskier assets may often, over the long-term, outperform a more conservative investment strategy, such as cash (but remember that past investment returns are not necessarily indicative of future investment returns).

If you're unsure about your investment choices, retirement age or contribution rates the APSS recommends that you speak to a licensed financial advisor.

## Important

If you need assistance with any of the tips listed above, please contact the APSS SuperPhone on **1300 360 373** and one of our highly trained representatives will be able to assist you.

# New online tools



## Introducing the new APSS Retirement Simulator and secure website update

We are delighted to announce the launch of two key resources to make managing your super with APSS even easier.

The APSS Retirement Simulator is an illustrative calculator designed to help you understand what your future superannuation benefits might be. It can show you how your superannuation balance could grow over time and project how much annual income you may be able to draw down during retirement.

The Retirement Simulator can also help you to identify any gap between your projected superannuation savings position at retirement and the balance you may need to meet your retirement goals, and show the impact of changes you could make to help you reach those retirement goals.

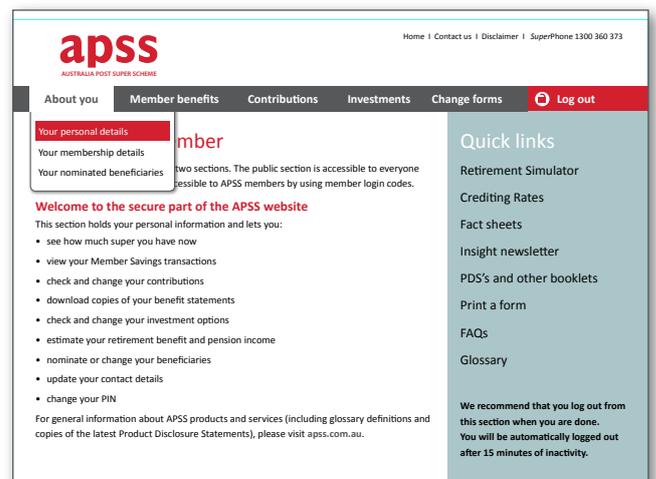
The reports generated by the Retirement Simulator can be printed out or emailed to discuss with your licensed financial advisor.

The other great new tool that is now available for members is the updated secure section of the APSS website. Remember, the APSS website is divided into two sections, a bit like a bank website.

The public site is accessible to everyone, but the secure section which contains your personal information is only accessible by you using an APSS personal login and PIN code.

Last year we updated the public website to bring it into line with more contemporary standards. This year we have updated the secure section in a similar way, and to make it easier for you to navigate and access your personal information.

We hope you enjoy using the new Retirement Simulator and secure website and welcome any feedback that you may have.

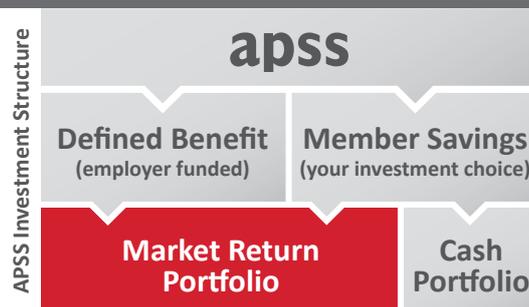


## Help and contacts

If you have any trouble finding anything, or have a question about your super, you can either email us directly from the **Contact us** link at **apss.com.au** or call **SuperPhone** on **1300 360 373** between 9am and 5.30pm (AEST) Monday to Friday.

# The Market Return Portfolio

The crediting rates for Market Return Member Savings are determined by reference to the investment returns of the Market Return Portfolio. The APSS Market Return Portfolio invests in a broad range of shares, real estate and bonds comprising both listed (public) and unlisted (private) global assets. The Market Return option has a higher relative risk and volatility than the Cash Return investment option with an expectation of higher returns over the long term. The APSS adopts strategies aimed at reducing the impact of volatility in financial markets and currency markets.

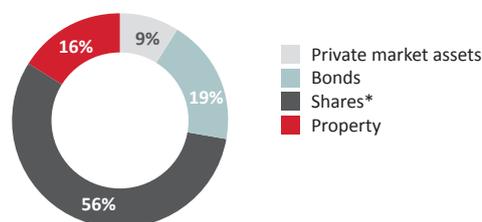


## Market Return Member Savings Crediting Rates to 30 June 2015

	3 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)
Employee and Spouse Member Savings	1.47%	12.89%	10.39%	9.11%
APSS Rollover	1.47%	12.89%	10.39%	9.11%
APSS Pension	1.98%	15.26%	11.71%	10.60%

The compound crediting rates shown above are after investment costs and tax (where applicable). Pension members do not incur tax on investment earnings of their APSS Pension Accounts.

## Actual asset allocation for the quarter ending 30 June 2015



\* This asset class is made up of 28% public market shares and 28% private market shares. Remember, the Trustee intends to scale down the private equity investments in the Market Return Portfolio over time and this asset class will ultimately consist of public market shares only.

**Important reminder:** Past investment returns are not necessarily indicative of future investment returns.

## Behind the numbers

The cumulative Market Return Crediting Rate was 1.5% over the June quarter, bringing the crediting rate for the financial year ending 30 June 2015 up to a satisfying 12.9%. The crediting rates for APSS Pension Accounts are slightly higher because investment earnings are not taxed.

The financial year came to a volatile end in the global capital markets, as investors took stock of the deterioration of Greek bailout negotiations in

Europe and a sharp drop in Chinese share prices. These markets form a small proportion of global share markets, and an even smaller percentage of the APSS Market Return Portfolio, so the impact is minimal. There is, however, the potential for a ripple effect from events in these countries.

The market turbulence in June followed two months of gains for public market shares, with the net result being a slightly negative public market share return for

## Reminder

\* In June 2013, the Trustee amended the investment strategy for Market Return Member Savings and the assets held in the APSS to pay defined benefits (both of which are currently invested in the Market Return Portfolio), increasing the Market Return Portfolio's target allocation to public market investments and reducing the portfolio's target allocation to private market investments, without reducing the long-term expected investment returns. The transition is expected to take several years and is designed to ensure that the APSS has liquid assets to pay benefits now that it is closed to new Australia Post employees, while continuing to meet the long-term growth objectives of members who choose Market Return Member Savings.

# The Market Return Portfolio

## Behind the numbers (continued)

the June quarter overall. The Australian share market was one of the poorer performing share markets in the quarter, with a net return of -6.5%. Prices also fell across global bond markets in June, leading to a slight negative quarterly return for the APSS's bond investments as well.

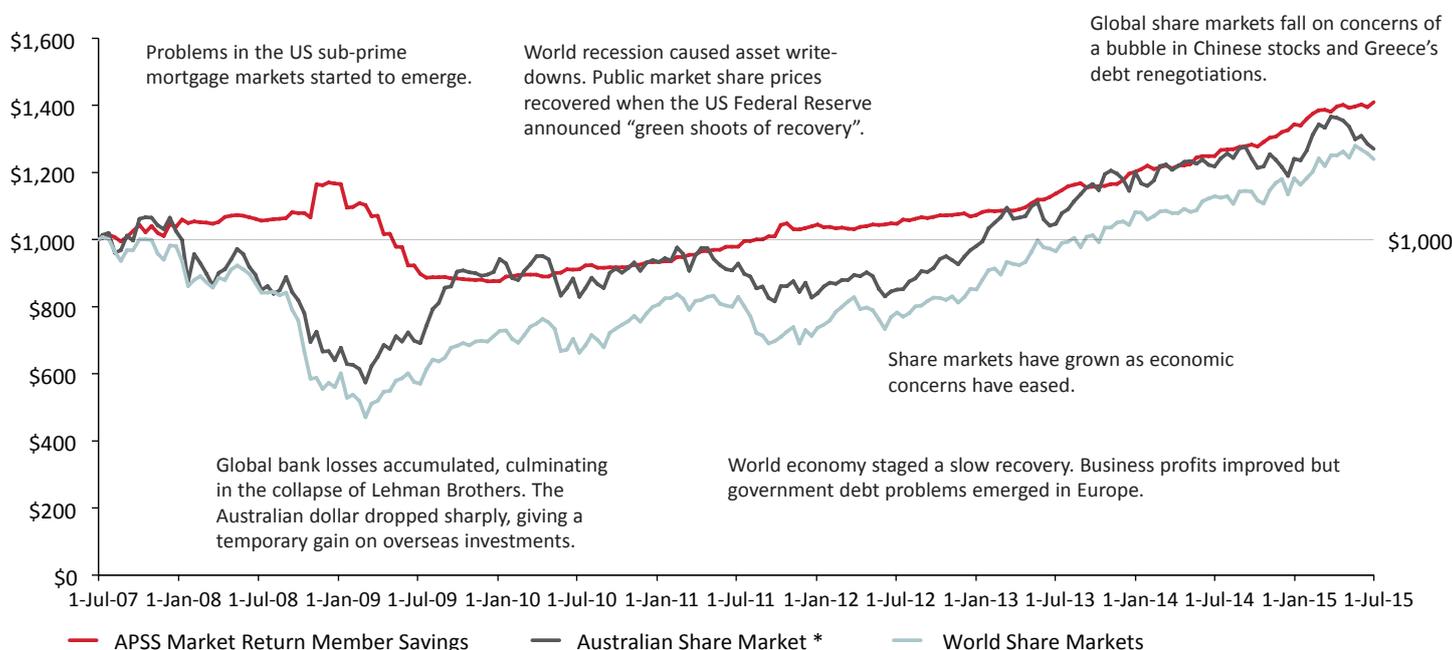
Private market investments currently form approximately half of the APSS Market Return Portfolio. They fared significantly better than public market share and bonds in the June quarter, gaining over 3% in total. In the United States, where a high proportion of these investments are held, a steadily improving economic outlook and thriving technology industries

have tended to outweigh any concern about events in Europe and China. Technological innovation, especially but not exclusively in the US, has led to the creation of new, fast-growing companies that have drawn intense interest from investors. As early investors in many of these companies, the APSS's private equity fund managers have been taking advantage of these conditions to post good gains.

The Australian dollar wobbled in value but ended the June quarter close to its starting value against the US dollar and other major currencies, with little net impact on the quarterly crediting rate.

## How we compare

How \$1,000 in APSS Market Return Member Savings would have changed in value since 1 July 2007 compared to the same amount invested in publicly-traded Australian and overseas share markets.



\* Australia Share Market reflects returns from Russell Australian Shares for period prior to 30 September 2014 and Russell After-Tax Australian Shares Unit (for Superannuation Investors) thereafter.

Values used in this chart are based on Russell Investments' Australian Shares and International Shares (Hedged) PST sector funds.

**Important reminder:** Past investment returns are not necessarily indicative of future investment returns.

# The Cash Portfolio

The crediting rates for Cash Return Member Savings are determined by reference to the investment returns of the Cash Portfolio. The APSS Cash Portfolio invests in high quality cash deposits or bills and short-term interest bearing securities. The Cash Return option is therefore relatively low risk, with a capital guarantee provided by Australia Post that means crediting rates will not be negative, but with an expectation of lower relative returns in the long term.



## Cash Return Member Savings Crediting Rates to 30 June 2015

	3 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)
Employee and Spouse Member Savings	0.45%	2.13%	2.28%	2.94%
APSS Rollover	0.45%	2.13%	2.28%	2.94%
APSS Pension	0.53%	2.50%	2.74%	3.52%

The compound Crediting Rates shown above are after investment costs and tax (where applicable). Pension members do not incur tax on investment earnings of their APSS Pension Accounts.

## Behind the numbers

The Cash Return Crediting Rate follows the official cash interest rate set by the Reserve Bank of Australia (RBA). In May, the RBA lowered the official interest rate from 2.25% to a historical low of 2.0%, stating that Australia's economy needs the support of low interest rates to improve its economic growth rate, which has trended below its long-term pace since the end of the mining boom.

**Actual asset allocation for the quarter: Cash 100%**

**Important reminder:** Past investment returns are not necessarily indicative of future investment returns.

## Remember

When comparing the official cash interest rate to the APSS Cash Return Crediting Rates, keep in mind that, with the exception of the APSS Pension Accounts, the crediting rates are shown after tax is paid on investment earnings.

## How to contact the APSS

Call *SuperPhone* on **1300 360 373** between 9am and 5.30pm (AEST) Monday to Friday or visit us online at **apss.com.au**. Write to APSS, Locked Bag A5005, Sydney South NSW 1235 or Fax (02) 9372 6288.

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. 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. APSS's crediting rates are calculated fortnightly and are published on **apss.com.au**. The information contained in this publication 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 doubt or required further assistance you may wish to seek the advice of a professional financial adviser. The APSS Trustee does not hold an Australian Financial Services Licence and therefore is not licensed to provide you with financial product advice. Issued: 28 July 2015.