apss
AUSTRALIA POST SUPER SCHEME

Insight

News from the Australia Post Superannuation Scheme

Quarter ending March 2014

NEW APSS WEBSITE LAUNCHED!
(SEE ARTICLE ON PAGE 4)

The super gap

INSIDE THIS EDITION

Women and the super gap

When it comes to superannuation, women can face additional challenges regarding saving for retirement compared with men. Australia's superannuation system is based on the assumption that you'll work full-time for your entire working life - around 35 years. Women in Australia are generally expected to live longer than men, and typically take time off work throughout their time in the workforce to raise children or care for family members. Generally speaking, women are also paid less than men and make up a large proportion of part-time employees. Combined, these facts may mean inadequate retirement savings if you don't take action.

Here are some things you can do to help yourself:

Make personal contributions to super

If you are working, and can afford it, consider making personal contributions to your super. If you are an employee member, you

Cover story

Women and the super gap (continued)

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 is further boosted by the benefits of compounding which means that over time, you start to earn interest on interest.

Check your eligibility for co-contributions

The Government's co-contribution scheme is a payment that supplements personal contributions made from after-tax salary for those on low to middle incomes. If your income is less than $33,516 and you make personal contributions of $1,000 in a year to your super from your after-tax pay, you may be eligible for a Government co-contribution of up to $500. Smaller co-contribution amounts may apply if your income is between $33,516 and $48,516 for the year. All figures are based on the 2013-14 financial year and may change for later years. Visit the APSS website for more information.

Check your eligibility for the spouse tax offset

The spouse contribution scheme offers a tax offset for after-tax contributions made to your spouse's super, if your spouse is not working or has a low income. If your spouse's taxable earnings are less than $10,800 in a financial year and you make after-tax contributions to your spouse's APSS Spouse Account, you may be entitled to a tax offset of 18% of the first $3,000 you contribute (i.e. a maximum of $540). Smaller tax offsets may be claimed if your spouse's taxable earnings are between $10,800 and $13,800 in a financial year or if you make less than $3,000 after-tax contributions to your spouse's super. Once your spouse's taxable earnings are $13,800 or over, the tax offset is not available. For details on the full conditions you need to satisfy to receive the offset, visit the ATO website.

Split your super with your spouse

Superannuation splitting is another way to contribute to a spouse's super while they take time off work. It allows the transfer of before-tax contributions into your spouse's APSS Spouse

Cover story

Women and the super gap (continued)

Account. Before-tax contributions to super are taxed at a lower rate of 15%* compared with marginal income tax rates – provided you don't exceed contribution limits. These additional contributions, over time can help boost your spouse's super savings.

* Additional 15% tax may apply to very high income earners (i.e. whose income and before-tax contributions exceed $300,000 in a financial year).

Consolidate your super

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. 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.

Plan for retirement

You're likely to need a regular income for at least 20 years once you retire, and like most people you may be intending to fund your retirement through a combination of your super savings and the Government age pension. To get an idea of whether your retirement savings are on track, use the benefit projector on the secure section of the APSS website to estimate your future retirement savings. You can also adjust some of the calculator settings like your personal contributions, investment returns and retirement age to see what a difference this could make to your overall benefit.

Consider a transition to retirement to boost super savings

If you are aged 55 and over, a transition to retirement strategy like the APSS Pre-Retirement Pension (PREP) may help you top up your super before you permanently retire, while also drawing down on some of your existing super through regular pension payments. You can learn more about the APSS PREP by reading the fact sheet: *Getting ready for retirement*.

Keep your beneficiaries up-to-date

If you are getting divorced or separated, you should review any beneficiaries you have previously nominated to the APSS and update them accordingly. Making sure your loved ones are listed as beneficiaries will help the Trustee in determining how to distribute your APSS benefits if you die.

The challenge ahead

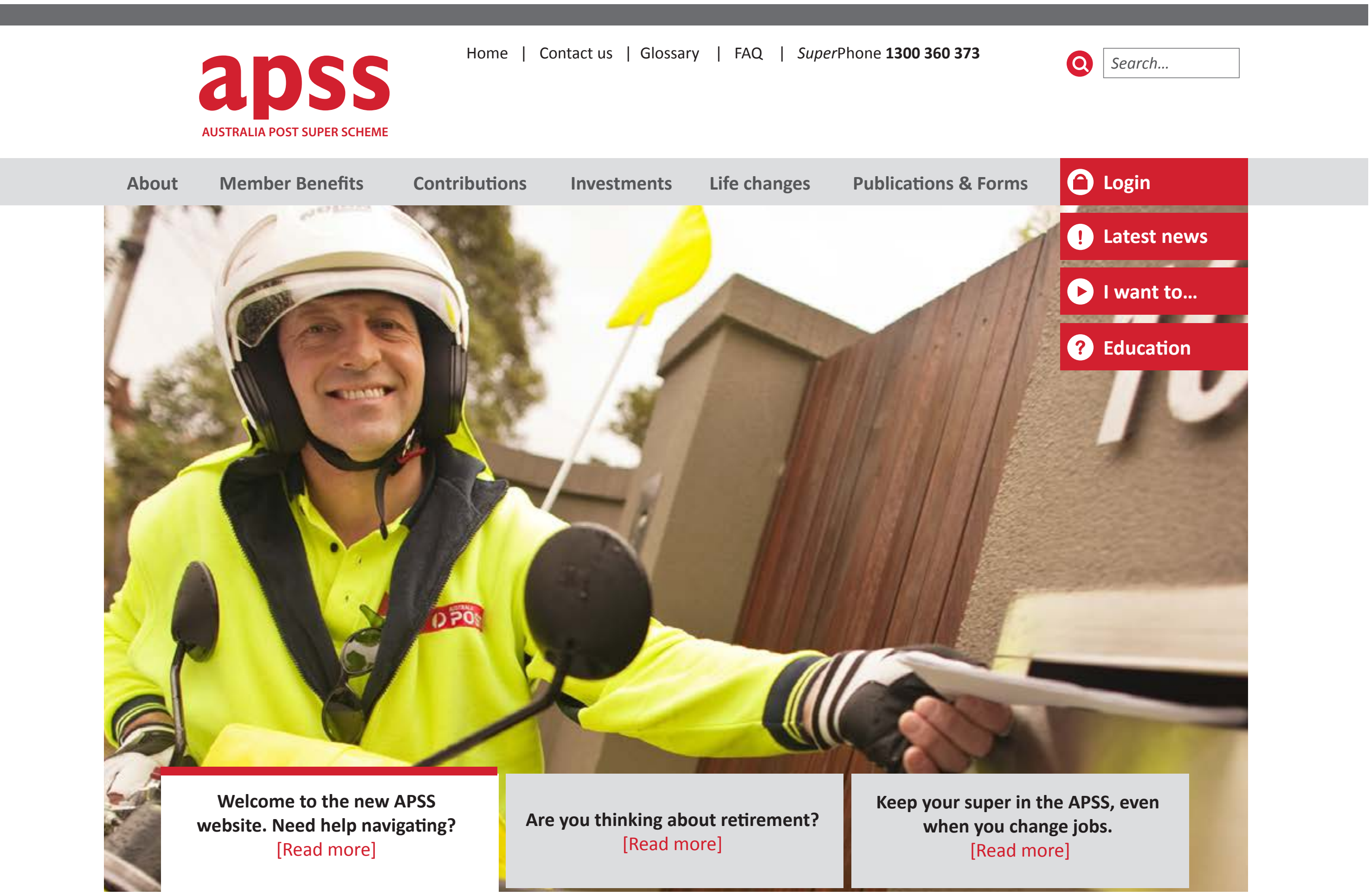
So, while women have some distinctive challenges when it comes to saving enough for retirement, it's up to you to take control and advantage of the opportunities outlined.

Super is a complex field and it's important to understand the opportunities and possibilities. The APSS recommends you get licensed financial advice to help create an overall plan for your retirement savings.

Need more information?

Call *Super*Phone on **1300 360 373**. Visit the website at **apss.com.au**. Get advice from a licensed adviser.

New website launched



Welcome to the new APSS website

The APSS website is divided into two sections, a bit like a bank website. The public site is accessible to everyone and the secure section is only accessible to APSS members by using personal login and PIN codes.

We've created a new public section to better serve your needs and expectations as well as to bring the current website into line with more contemporary standards. Here you will find general information about super and specific information about your benefits and super choices in the APSS.

What's new?

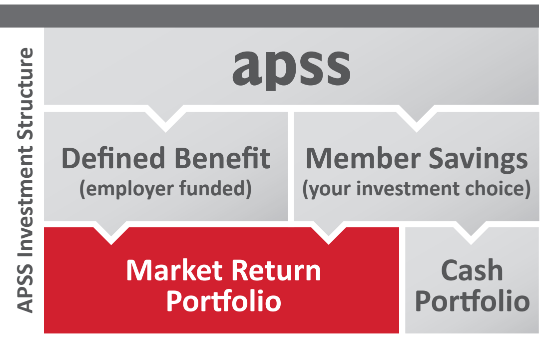
- New navigation menu plus search tool to help make the site easier to use.
- Latest industry news, as well as what's making news in the APSS.
- Access to educational tools and resources including new fact sheets on 'hot' topics.
- New content under 'Life changes' to help you better understand the decisions you need to make and the choices available to you in the APSS when your personal circumstances change.
- More links to other useful sites.

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 *Super*Phone 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.

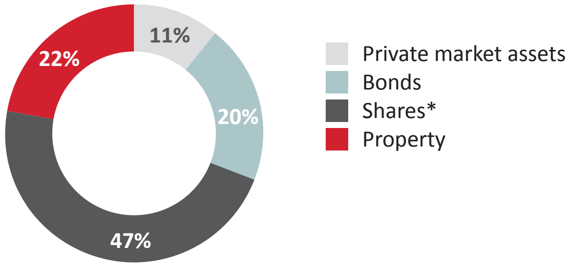


Market Return Member Savings Crediting Rates to 31 March 2014

	3 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)
Employee and Spouse Member Savings	1.19%	11.79%	8.32%	2.57%
APSS Rollover	1.19%	11.79%	8.32%	2.57%
APSS Pension	1.30%	12.96%	9.38%	3.14%

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 31 March 2014



* Currently invests 19% in public market shares and 28% in private market opportunities. 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

Market Return Member Savings earned a positive compound crediting rate of 1.2% over the March 2014 quarter, bringing the crediting rate for the past 12 months to 11.8%. The quarterly and yearly rates for Market Return Member Savings in APSS Pension Accounts are slightly higher because investment earnings are tax free.

The majority of the APSS Market Return Portfolio remains invested in private markets, including in private equity, property and other opportunities. The overall value of these investments continued to rise during the March quarter, helped by a growing investor appetite across global markets for "initial public offerings", where privately-owned companies are listed on a stock exchange. This activity was mirrored in the world of corporate expansion, where large companies acquire smaller companies to grow their businesses. The APSS's private market fund managers have taken advantage of these relatively buoyant market conditions to make a number of profitable sales and return the cash to the

Reminder

Under the new investment strategy for the Market Return Portfolio effective 25 June 2013, the portfolio now consists of new asset class categories. Asset classes are broad groupings of investments according to their expected return and risk, and whether they are traded in public or private markets. Each asset class has a different level of risk and return in the long term. Generally the greater the potential return in the long term, the greater the risk an asset class has.

The Market Return Portfolio

Behind the numbers (continued)

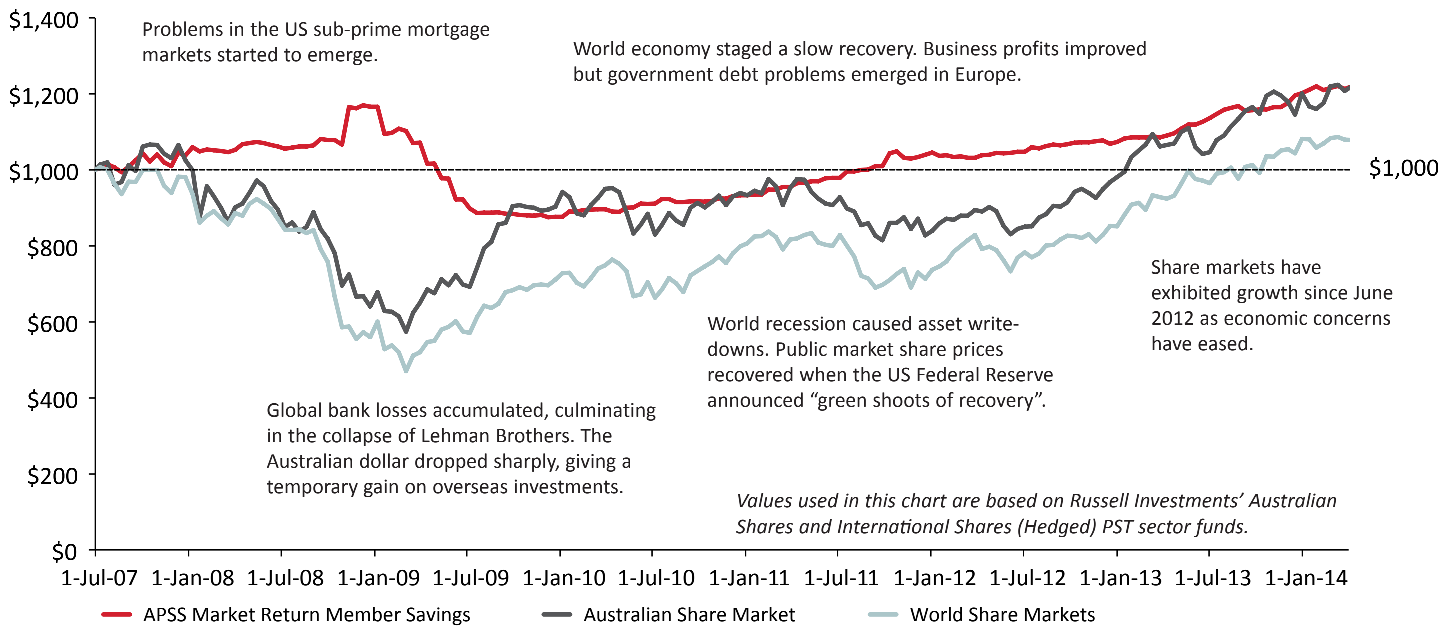
APSS. This cash is being deployed into public market investments.

The positive underlying trend in private market investment values was dampened over the quarter by the rising Australian dollar. It appreciated by 3%, from 89.5 US cents at 31 December 2013 to 92.2 US cents at 31 March 2014, affecting the value of investments held in the US, as well as other overseas markets. The APSS maintains an active currency management, or hedging, process, which alleviated some of the negative currency impact on the return.

Public market share returns were volatile over the quarter, delivering a small positive return overall. Investors were faced with a mixture of positive news – including healthy US economic growth, solid corporate profits and relative economic stability in Europe – and more worrisome news in the emerging economic regions – including some large financial failures in China and the political crisis in Ukraine. Share prices in developed markets ended the quarter slightly up, while in emerging markets they were generally down.

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.



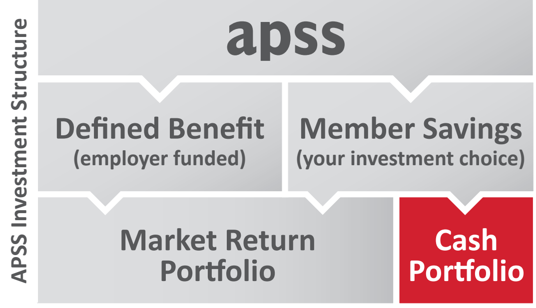
Important reminder: Past investment returns are not necessarily indicative of future investment returns.

Remember

You can contact the APSS by calling *Super*Phone on **1300 360 373** between 9am and 5.30pm (AEST) Monday to Friday or you can visit us online at **apss.com.au**

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 that means no negative crediting rates, but with an expectation of lower relative returns in the long term.



Cash Return Member Savings Crediting Rates to 31 March 2014

	3 mths	12 mths	3 yrs (p.a.)	5 yrs (p.a.)
Employee and Spouse Member Savings	0.50%	2.21%	3.01%	3.17%
APSS Rollover	0.50%	2.21%	3.01%	n/a
APSS Pension	0.59%	2.60%	3.61%	n/a

Rollover and Pension Cash Return crediting rates are available from 5 August 2009.

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.

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

Actual asset allocation for the quarter: Cash 100%

Behind the numbers

The Trustee expects that Cash Return crediting rates will be similar to the official cash interest rate set by the Reserve Bank of Australia (RBA), less investment fees and tax (where applicable).

The RBA kept the official cash rate at 2.5% per annum throughout the March quarter. Domestic economic growth remained subdued, although there have been recent signs of an improvement in consumer demand. Describing the current interest rate level as “accommodative”, the RBA has signaled that it is likely to keep the rate stable in the near future to stimulate economic growth. For the time being, that means that the Cash Return crediting rate is also expected to track along its recent, historically low levels.

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 *Super*Phone 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.