



Welcome to Insight.

INSIDE THIS EDITION...

- **Investment results for the quarter and years ending September 2012**
- **“Behind the numbers” analysis of the quarterly investment returns**
- **Important news about protecting your super from fraud, and**
- **Changes to the super contribution limits for 2012-13**

Plus more inside.

Dear Members,

A warm welcome to the first issue of Insight, the APSS' new quarterly Member newsletter.

The Trustee of the APSS is committed to helping you achieve the level of super you may need to be financially secure during your retirement. We hope you will take the time to read Insight and that it helps you make informed decisions about your super today, for a better future.

Insight incorporates and replaces the APSS Quarterly Investment Update and contains a lot of useful information about your super in the APSS. We welcome your feedback and suggestions for topics you would like to see covered in future issues.

We hope you find it helpful, interesting and informative.

The APSS Trustee.

Important Note: This document is of a general nature and does not take into account your personal objectives, situation or needs. Before making a decision about your super in the APSS, you should seek professional financial advice tailored to your circumstances and read the relevant Product Disclosure Statement issued by PostSuper Pty Ltd (ABN 85 064 225 841).

Did you know?

Your defined benefit super in the APSS cannot reduce in value and is not affected by rises and falls in financial markets. This is because the formula used to calculate your super is based on your Final Average Salary and years of service and does not incorporate investment returns. The investment risk (i.e. the risk of low, variable or negative investment returns) is borne by your employer and not you as a Member. A defined benefit gives you peace of mind and certainty.

Your APSS Member Savings

Compound Crediting Rates to 30 September 2012.

		3 months	12 months	3 years (p.a.)	5 years (p.a.)
Employee and Spouse Member Savings	Market Return	2.0%	5.1%	6.5%	0.5%
	Cash Return	0.7%	3.5%	3.7%	4.2%
APSS Rollover	Market Return	2.0%	5.1%	6.5%	0.6%
	Cash Return	0.7%	3.5%	3.7%	n/a
APSS Pension	Market Return	2.4%	6.3%	7.9%	0.8%
	Cash Return	0.9%	4.2%	4.4%	n/a

The crediting rates shown above are **after** tax and investment costs. Pension members do not incur tax on investment earnings of their pension accounts. Crediting rates in the APSS are updated fortnightly on the *Crediting Rates* page of apss.com.au.

*APSS Rollover and Pension Cash Return Crediting Rates are available from 5 August 2009.

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

Behind the numbers:

Analysis of the quarterly investment returns to 30 September 2012

Market Return Crediting Rates

The cumulative crediting rates for Market Return Member Savings were positive over the September quarter.

Market Return crediting rates are based on the returns of the APSS Market Return Portfolio. The bulk of the portfolio is invested in private market assets, with the remainder in publicly-traded shares and bonds. All asset classes gained in value over the quarter, led by public market shares with returns of around 6% in the major markets and over 8% in Australia. The APSS' private market investments had a more moderate but positive return for the quarter. Renewed investor interest in shares was not at the expense of public market bonds, which also delivered gains across the quarter. Currency fluctuations had a minor negative impact, with the Australian dollar rising from 102 to 103 US cents.

Although the world economic growth outlook remains sluggish at best, investors appeared to draw some optimism in the past quarter from the commitment by Eurozone authorities to fix the debt crisis, tentative signs of a housing recovery in the US and the US Federal Reserve's latest monetary stimulus program, labelled 'Quantitative Easing Three'.

Cash Return Crediting Rates

Cash Return crediting rates are based on the returns earned by the APSS Cash Portfolio that is invested in high quality, bank-issued cash securities.

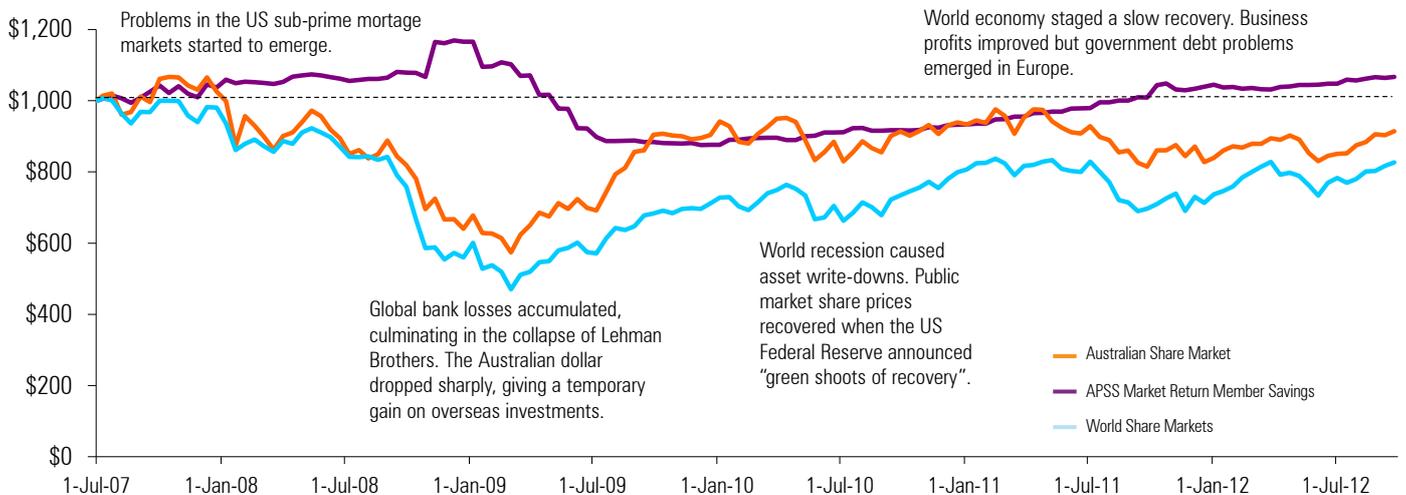
These yield interest rates close to the official cash interest rate set by the Reserve Bank of Australia (RBA).

The RBA lowered the official cash rate by 0.5% in May and by a further 0.25% in June and October, bringing it to 3.25% per annum, a relatively low value for Australia.

Remember

When comparing the official cash interest rate to the APSS Cash Return crediting rates, keep in mind that, with the exception of APSS Pension accounts, the APSS crediting rates are after the tax (up to 15%) on superannuation investment earnings has been deducted.

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.



Values used in the chart above 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.

Super News

Be on high alert for scams and investment fraud targeting Australian super fund members.

The Association of Superannuation Funds of Australia (ASFA) has recently published an article warning super members that fraudulent groups located offshore are targeting Australian superannuation fund members to tempt them into investing in worthless investments overseas.¹ In recent years, federal authorities identified more than 2,600 victims with at least \$113 million in savings lost.

Many victims of the fraud have lost their entire life savings – don't let this happen to you.

In response to the growing threat of fraud, the Australian Crime Commission board last year established a high-level multi-agency taskforce to disrupt and prevent the fraud threat. APSS members should be immediately wary if they are called at random with offers of an investment opportunity overseas that sounds too good to be true. Don't be afraid to hang up on suspicious callers and make sure you properly research any investment offers received. Many investment proposals will be accompanied by pushy sales techniques.

As a quick guide to spotting a potential fraud, the scammer will offer up:

- High, quick returns and sometimes tax-free benefits
- Share, mortgage or real estate investments, 'high return' schemes, option trading or currency trading.
- No risk or low risk investments as you can sell at any time, get a refund for non-performance, have insured or 'guaranteed' transactions or swap one investment for another
- Inside information, the opportunity to invest before a public float or discounts for early bird investors.²

More information regarding investment fraud can be found on the [MoneySmart](http://www.moneysmart.gov.au) website.

We encourage you to be vigilant about protecting your personal details and remember to keep your super information secure at all times.

1. ASFA website (<http://www.superannuation.asn.au>).

2. MoneySmart website (www.moneysmart.gov.au).

Important contribution changes to your super

Annual before-tax contributions limit into super is now \$25,000 for all ages

For the 2012-13 financial year, the before-tax (concessional) contribution limit into super for people aged 50 or over is reduced from \$50,000 to \$25,000 per annum, which is the same limit that applies to people under age 50. It is important that you monitor the contributions made into your super (before-tax and after-tax), because exceeding the applicable limits may mean you pay extra tax on your excess contributions.

How APSS investments are structured



If you currently work for Australia Post or an Associated Employer, you may have APSS Defined Benefit entitlements (either 14.3% or 9% depending on your employment category). **Defined Benefit super in the APSS is not affected by investment market returns.**

If you are an APSS Employee Member who makes additional contributions to your super or if you are an APSS Pension, Rollover or Spouse Member, you have an APSS Member Savings account.

APSS Member Savings accounts are affected by investment market returns.

If you are unsure about what type of benefit you have, check your Annual Benefit Statement or call SuperPhone on **1300 360 373**.

Your APSS Member Savings investment choices

APSS Member Savings offers choice between Market Return Member Savings, Cash Return Member Savings, or a blend of the two in a proportion that fits with your long-term financial goals.

The crediting rates of both investment options are determined with reference to the investment returns of the relevant APSS portfolio of assets. Virtually all investments carry some risk and it is important to understand the difference between the two portfolios:

Market Return Portfolio – invests in a broad range of shares, real estate and bonds comprising both listed (public) and unlisted (private) global assets. It has a higher relative risk and volatility than the Cash Return Portfolio with an expectation of higher returns over the long term. The APSS adopts strategies aimed at reducing the volatility of financial market and currency movements.

Cash Return Portfolio – invests in high quality cash deposits or bills and short-term interest bearing securities. This option is relatively low risk, with a capital guarantee that means no negative crediting rates, but with an expectation of lower relative returns.

Keep in mind

Most employees have the right to choose into which super fund their employer pays their compulsory super contributions. These are known as “Superannuation Guarantee” or ‘SG’ contributions.

APSS Employee Members may therefore decide to opt out of their Defined Benefit entitlements in the APSS and have their employer’s future SG contributions paid to another super fund.

Remember that if you decide to do this, you cannot opt back in to the APSS Defined Benefits in future.

How to contact the APSS

Call **SuperPhone 1300 360 373** Monday – Friday 9.00am – 5.30pm

Write to APSS, Locked Bag A5005, Sydney South NSW 1235 Fax (02) 9372 6288 Online at **apss.com.au**.

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 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 advices of a professional financial adviser. The APSS trustee does not hold an Australian Financial Services License and therefore is unable to provide you with financial product advice or guidance on your investment in the APSS.