

**Australia Post
Superannuation Scheme**

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<date>

<Member name>

<Member address>

<Member address>

Dear <Title> <Surname>

Notice of changes to the APSS Trust Deed

Please refer to the information overleaf for important updates to your benefits in the APSS.

Remember, before making any decision about your superannuation you should consider obtaining independent financial advice that takes into account your personal circumstances.

If you are unclear about any of the information provided or have any questions about this notice please call *SuperPhone* on **1300 360 373**.

Yours sincerely



APSS Member Services

Increase to the 9% Defined Benefit Accrual Rate

From 1 July 2013, the defined benefit accrual rate for 9% Defined Benefit Members will progressively increase in line with the Superannuation Guarantee (SG) Charge Percentage prescribed in the SG legislation. The SG Charge Percentage is currently prescribed to increase from 9% to 12% over seven years commencing from 1 July 2013.

The increase in the Defined Benefit accrual rate will apply to all Members who have 9% Defined Benefit entitlements (including Australia Post Non-Permanent, AaE and StarTrack Retail 9% Defined Benefit Employee Members).

Consistent with SG legislative changes, the increase will apply prospectively in relation to future service starting from 1 July 2013, and not past service. The planned increase in the Defined Benefit accrual rate and SG Charge Percentage is set out below:

Year commencing	Increase	DB accrual rate	SG Charge %
1 July 2013	0.25%	9.25%	9.25%
1 July 2014	0.25%	9.50%	9.50%
1 July 2015	0.50%	10.00%	10.00%
1 July 2016	0.50%	10.50%	10.50%
1 July 2017	0.50%	11.00%	11.00%
1 July 2018	0.50%	11.50%	11.50%
1 July 2019 and after	0.50%	12.00%	12.00%

These amendments will take effect from 1 July 2013, and the accrual rate will progressively increase until 1 July 2019 in line with the relevant changes to the SG legislation.

There is no change to the defined benefit accrual rate for 14.3% Defined Benefit Members (including Australia Post Permanent, AaE and StarTrack Retail 14.3% Defined Benefit employee members) or **CSS Members**.

Introduction of the Operational Risk Reserve (ORR)

Legislative amendments have been made which impose new obligations on all superannuation fund trustees from 1 July 2013 to maintain and manage financial resources to cover operational risks.

To comply with these requirements, the following proposals will be implemented for the APSS:

- The Trustee will meet the new operational risk financial requirements by establishing and maintaining a single segregated reserve within the APSS. This will be known as the Operational Risk Reserve, or ORR for short.

- It is proposed that the ORR will initially be funded over a three-year period (in line with APRA's prudential standard) by a combination of:
 - amounts deducted from APSS Defined Benefit assets (these amounts will be ultimately paid for by Australia Post and Associated Employers) and
 - amounts deducted from the investment returns of the APSS before Crediting Rates for Member Savings are determined – these are not deducted directly from Member's APSS account balances. The Trustee expects this amount to be in the vicinity of 0.25% spread over three years.

The Trustee is responsible for establishing and maintaining the ORR including establishing a framework for the reserve to be built up, managed and invested according to rules, procedures, strategies and plans of the Scheme and pursuant to the relevant legislative and APRA prudential requirements.

These amendments will take effect from 1 July 2013.

Other changes and clarifications

- Australia Post has informed the Trustee that Australian air Express Pty Ltd (AaE) has been sold to Qantas. As a consequence of this transaction, it was proposed that AaE would cease to be an 'Associated Employer' of the APSS and all AaE employee members and their benefits in the APSS would be transferred to another fund under a 'successor fund' transfer at some time in the future. Changes have been made to the Trust Deed to enable the Trustee to undertake a successor fund transfer in accordance with relevant legislative requirements.
- Additional technical changes have been made to the Trust Deed to confirm and clarify the current administrative practice regarding the payment of benefits and APSS Pensions for the small number of Employee Members who are aged 65 or over and who continue to work at Australia Post or an Associated Employer or who otherwise have 'unrestricted non-preserved' benefits in the APSS, where permitted by superannuation law.