



Significant Event Notices

Whenever there is an important change to information disclosed in your APSS Product Disclosure Statement (PDS), a 'Significant Event Notice' (SEN) needs to be sent to you. Certain SENs must be sent at least 30 days before the 'event' in question, while others may be issued up to 12 months after the event. In a very busy year in superannuation, we've collated the changes that you need to know about in this one SEN rather than sending you multiple letters. If you have questions about these changes, just email sr@apss.com.au or phone 1300 360 373.

- Making it easier to hold on to your APSS membership from 1 March 2019
- Investment changes
- Changing the way we communicate with you

Making it easier to hold on to your APSS membership from 1 March 2019

Members leaving employment with Australia Post or an Associated Employer have always been given the option to remain in the APSS. To do this, they had to open an APSS Rollover Account and instruct us to transfer their benefits to that account within 60 days of us writing to them seeking those instructions. If they did not provide us with their instructions within 60 days, their benefits were transferred to the AMP Eligible Rollover Fund (the ERF) after the 60th day. If that happened, their APSS membership would have been cancelled, with no ability to reactivate it.

However, a new process started from 1 March 2019 that ensures when you eventually leave employment, you don't unintentionally lose your APSS membership if you don't provide us with your instructions.

Under this new process, if you do not provide us with your instructions within 60 days, the value of your final APSS Defined Benefit will be automatically transferred to a new APSS Rollover Account and invested in the default Balanced investment option. Any existing APSS Member Savings you have will also automatically transfer to your new Rollover Account, but will continue to be invested in the same investment option(s) that previously applied. You will also keep your member number.

Your new APSS Rollover Account will be an 'accumulation' account that does not provide any Defined Benefit and will not be based on a formula, so you will carry the investment risk. Your account balance will be made up of the money contributed, plus (or minus) investment returns, less fees and any applicable insurance costs and less any taxes that apply to you.

Importantly, upon ceasing employment, you will also cease to have insurance cover in case of Death or Total & Permanent Disablement (TPD). Although insurance cover may commence in your new APSS Rollover Account (if you are eligible), it could provide a lower level of cover than you are entitled to as an Employee Member and exclusions may apply. Administration fees will also apply from the date your new APSS Rollover Account is opened. Please note that any binding nominations you have made in the past won't continue – a new Binding nomination would need to be made.

A letter with more details, along with relevant product disclosure information, will be sent to you when, in the future, you cease employment at Australia Post or an Associated Employer. If you would like more information about the APSS Rollover Account before then, including the current fees and costs that apply, insurance arrangements and choices, please download the *Your Member Savings* PDS for Spouse and Rollover members and its accompanying *Guide to Your Member Savings*, which you can find on apss.com.au in the 'Product disclosure' section under the 'Publications & Forms' tab.

Investment changes

From February to June 2019, the Trustee approved a series of adjustments to the Defined Benefit portfolio, which impact the investment objectives and Strategic Asset Allocation (SAA) of the Defined Benefit portfolio.

Please remember, the Defined Benefit portfolio's investment return (i.e. crediting rate) has no financial impact on the APSS Defined Benefit for most members. This is because that entitlement is determined by a formula, rather than the investment returns of the portfolio.

The only exception is where a member has an 'Other Offset Account' (as explained below).

Investment objective changes

The Trustee's investment objective for that portfolio is to implement an investment strategy that has a high probability of allowing the APSS to pay benefits as well as other costs as needed. This objective remains unchanged, but the Trustee has adopted a lower 'return' objective for the investment strategy. That particular objective is to achieve a long-term average investment return of 4.5% each year (after taxes and costs), measured over rolling five-year periods. Previously, that objective was to achieve a long-term average investment return of 5.0% each year (after taxes and costs), measured over rolling five-year periods. Please note, we cannot guarantee that the long-term target will be met because investment returns are unpredictable.

This adjustment was made following a recommendation by the Scheme Actuary to reset and align the return objective of the Trustee's investment strategy for the Defined Benefit portfolio to the level of investment return currently

required to allow the APSS to pay APSS Defined Benefits to members and meet other financial obligations as needed. Again, please remember that your APSS Defined Benefit is determined by a formula, not the investment returns achieved by the Defined Benefit portfolio.

Strategic Asset Allocation changes

An adjustment to the SAA of the Defined Benefit portfolio was also required in order to target the 4.5% p.a. investment return. This adjustment, approved by the APSS Trustee on 7 June 2019, sees the SAA change for two asset classes as highlighted in the table on the next page.

As mentioned previously, these investment strategy adjustments pose no investment risk to your APSS Defined Benefit.

However, if you have an 'Other Offset Account' (see below), now or in the future, then these adjustments will have an effect on the rate of interest charged to it. In practice, because the adjustments are designed to 'de-risk' the Defined Benefit portfolio, the rate of interest should be lower than in the past. That should, in turn, reduce your risk because a lower rate of interest being charged to your APSS Offset Account should mean there's less to offset against your APSS Defined Benefit (i.e. giving you a bigger entitlement). However, there is no guarantee this will be the outcome because the future performance of asset classes cannot be predicted.

What is an 'Other Offset account'?

Because your Defined Benefit is calculated at the time it is to be paid based on a specific formula, it is not possible to deduct amounts from your Defined Benefit until it is paid to you. So we may set up an 'Other Offset Account' to record the amounts that need to be deducted from your benefit in the future.

You will have an 'Other Offset Account' if part of your APSS Defined Benefit is paid to you on compassionate grounds or due to severe financial hardship, or if you use some of your APSS Defined Benefit to commence an APSS Pension while still in employment.

Interest is charged on an Other Offset Account at the crediting rate calculated from the investment return of the portfolio of Defined Benefit assets.

| Asset Class | Previous | | New | |
|-----------------------------|------------|------------------|------------|------------------|
| | SAA | Range | SAA | Range |
| Public market shares | 40% | 30% - 50% | 30% | 20% - 40% |
| Private equity | 12% | 0% - 40% | 12% | 0% - 30% |
| Real assets | 15% | 0% - 25% | 15% | 0% - 25% |
| Alternative credit | 8% | 0% - 15% | 8% | 0% - 15% |
| Bonds | 20% | 10% - 30% | 30% | 20% - 40% |
| Cash | 5% | 0% - 20% | 5% | 0% - 20% |

Changing the way we communicate with you

Starting with this SEN, we are changing the way we communicate with our members. Here's what this important change in our communication approach will mean for you from September 2019:

- If we have your email address, or we receive an email address for you in the future, we'll provide you with important documents, information and notifications about your account electronically.
- You'll receive an email when important documents and other communications are available on our website or by logging in to your APSS MemberAccess account. We'll let you know where to find the information and how to access it.
- For any communications that have personal details, such as your annual benefit statement, we'll ask you to login to your APSS MemberAccess Account.

You'll receive all the same documents and information as before, but certain information about your account will no longer be sent to you in the mail unless you choose for it to be posted to you. Exceptions include your annual benefit statements and most letters concerning the administration of your account, which we will, for the foreseeable future, continue to provide to you in hard copy. If you would prefer to receive these documents and other future communications another way (such as in hardcopy), please let us know. Also, if you would like us to send these documents and other communications to another email address or postal address, please let us know and we will arrange this for you, at no cost. All you need to do is:

Email us at: sr@apss.com.au

Call us: 1300 360 373 between 9am and 5.30pm (Sydney time) weekdays (or if calling from overseas, please dial +61 2 8571 6780)

Write to us at: APSS, Locked Bag A5005, Sydney South NSW 1235

If you elect to receive these documents and other communications another way within 7 days of receipt of this notice, we will send them to you in hard copy, as your election will also apply to this SEN.

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 under the Investments tab. 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. You should also consider the Product Disclosure Statement that applies to your interest in the APSS, available at apss.com.au, together with the new information in this letter. If you have any doubts or require 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. The APSS Trustee has a relationship with State Super Financial Services Australia Limited, trading as 'StatePlus', a licensed provider of financial planning services (ABN 86 003 742 756, AFS Licence No. 238430). StatePlus is responsible for the advice given to APSS members under this arrangement. Issued: July 2019.

The APSS Trustee may give you any notices and documents required by law, including ongoing disclosures, by sending you an email to an email address you or your employer have provided for you, by sending you an email or other electronic communication providing a website reference or hyperlink text to the notice, document or information, or by making the notice, document or information available online or such other website as notified to you from time to time. You will not receive a paper copy of any relevant notice or document, except where the APSS Trustee chooses to give you a paper copy, or you request a paper copy. You can elect to receive these notices, documents and future communications in hardcopy or via another email or postal address by contacting us at any time. A notice or document sent to you from us by electronic communication will be deemed to have been received by you at the time the relevant electronic communication enters your information system. Please note that if you have already opted out of receiving this information electronically, we will continue to send it to you through the post.