

# YOUR FUTURE



AUSTRALIAN PUBLIC SUPERANNUATION FUND  
ABN 76 829 356 693 - Silver

March 2004

## Your Superannuation Fund recorded great gains for July - Dec 2003

The recent recovery of the equities markets have supported a strong performance for your Fund in spite of a fall in bond prices



### What a year it's been!

Almost in mirror image to early 2003, the last six months of the calendar year have seen the growth based portfolios (portfolios with a significant allocation of investments to shares and property) benefit from the turnaround in share markets. The High Growth strategy was the stellar performer with an 8.8% return for the six months to December 2003. The Diversified and Balanced strategies also performed well, with 7.0% and 5.1% return rates respectively.

The more defensive portfolios with significant investments in bonds and cash have been impacted by the fall in bond prices as interest rates started climbing late in 2003. Despite this, the Capital Guarded portfolio did exceptionally well with a return of 3.2%, while Cash, with a return of 2.3%, reflected the defensive nature of this portfolio

### Where to from here?

As the economic growth began to accelerate in late 2003, the need for a stimulatory monetary policy with low short-term interest rates began to recede. Consequently the Reserve Bank of Australia (in November and again in December) raised official interest rates by 0.25% each time, becoming the first central bank to tighten rates in this cycle. This was carried out to provide a disincentive to the rapid growth in housing and consumer finance that had been encouraged by low interest rates of the last few years.

With the prospect of further interest rate rises, it will be interesting to see if the share market recovery will continue. However, the better investment results being recorded for 2003/04 to date provide a positive contrast to the last few years.

## From the Chair



I am delighted to report that your Fund's performance for the July to December 2003 period reflected the strong bounce back in the share markets around the world.

Of course markets are currently extremely volatile and negative international or domestic events may see a sharp reversal in performance. While we have taken measures to protect the Fund's performance against the climbing interest rates and fluctuating dollar, short-term performance is still likely to fluctuate significantly.

You would have received your annual report recently. This report is the most comprehensive we have produced to date, and I encourage you to call us if you need any clarification or additional information.

Your Fund has taken the decision to open an office in the Hunter region in 2004, ensuring that we are conveniently located to members in that area.

Please feel free to call Member Services on 1800 067 059 if you have any questions about your Fund, and I look forward to continuing to serve you.

Bernie Riordan  
CHAIR  
Chifley Financial Services Limited

# Good news for “low income earners”

## Explaining superannuation co-contributions

The Commonwealth Government recently introduced legislation to provide for a “superannuation co-contribution” for “lower income earners”. We have tried to explain some of the implications here.

### How do I know if I qualify for a co-contribution?

To qualify for a co-contribution:

- You must be making your superannuation contributions on an after tax basis;
- You will need to make these superannuation contributions (that will qualify for a co-contribution) directly into your account - contributions to spouse's account do not qualify.
- You should have “Total Income” (as determined by the ATO) of less than \$40,000 in the year you are seeking co-contributions.
- You must be eligible for employer superannuation contributions (e.g. you should be working during the period. If you are on leave without pay for the whole year, you will not be entitled to claim co-contributions).

### What do I need to do to have my eligibility for co-contributions assessed?

You don't have to do anything! Whether you are eligible or not, is determined by the ATO combining information from your tax return and from the Fund's Administrator. The ATO determines your eligibility based on your “Total Income”. This is calculated by adding the total of your “assessable income” and “reportable fringe benefits”.

The ATO then reviews details of any superannuation contribution provided by your Fund that may be eligible for a co-contribution.

Once the ATO has these two bits of information, they then determine whether you are eligible for a co-contribution and what the co-contribution amount will be.

### How much is the co-contribution?

The co-contribution is a matching contribution, dollar for dollar subject to a maximum of \$1,000. This maximum starts reducing once your “Total Income” reaches \$27,500 (down to zero once your income reaches \$40,000). The co-contribution examples table below gives you a guide.

### Who will pay the co-contribution?

The Commonwealth Government pays the co-contribution.

### When will this take effect and when will I receive my co-contribution?

The effective date is 1st July 2003. That is, the co-contributions apply to the current financial year. Some members will have already paid in sufficient personal contributions to attract some, or all of the available co-contribution.

The Fund will send in the required information to the ATO by 31 October 2004. When the co-contribution is paid to you depends on when you send in your tax return. Remember the ATO needs both pieces of information to determine who is eligible and how much needs to be paid. Given this, it is likely that any co-contribution payment will be made in 2005.

### How will I receive my co-contribution?

Any co-contribution payment will be made to the superannuation fund which reported the highest post tax superannuation contribution for you that year as a personal (post tax) contribution.

If this is the APS Fund, we will automatically receive and report any co-contribution amounts in your name.

### How will my co-contribution be taxed?

Superannuation co-contributions are tax-free - both on the way into and on the way out of the Fund.

For further information, please call Member Services on 1800 067 059.

### Co-contribution payment for various levels of income/contribution

	Total Income (p.a.)					
	Up to \$27,500	\$30,000	\$32,500	\$35,000	\$37,500	\$40,000 and above
<b>Example 1</b> Your after tax Contribution of \$500 p.a.	\$500	\$500	\$500	\$400	\$200	\$0
<b>Example 2</b> Your after tax Contribution of \$1,000 p.a.	\$1,000	\$800	\$600	\$400	\$200	\$0
<b>Example 3</b> Your after tax Contribution of \$2,000 p.a.	\$1,000	\$800	\$600	\$400	\$200	\$0

# Do you hold more than one superannuation account?

If you do, then you could be paying additional administration fees, which can accumulate into a large amount by the time you retire. If you don't want to waste your money, it pays to consolidate your super into one account. This is really easy to do. By having your entire super in the Australian Public Superannuation Fund, you will only pay one administration fee.

Another great reason to consolidate your super is that there are no entry or exit fees with the APS Fund, so you don't pay for changing your mind. The Fund's returns are among the best in the country, so why not make the

move today? As a bonus, you will also be able to keep track of your super easily. To consolidate your super, simply complete the enclosed transfer-in authority form, return it to us, and we will do the rest. It couldn't get any simpler.

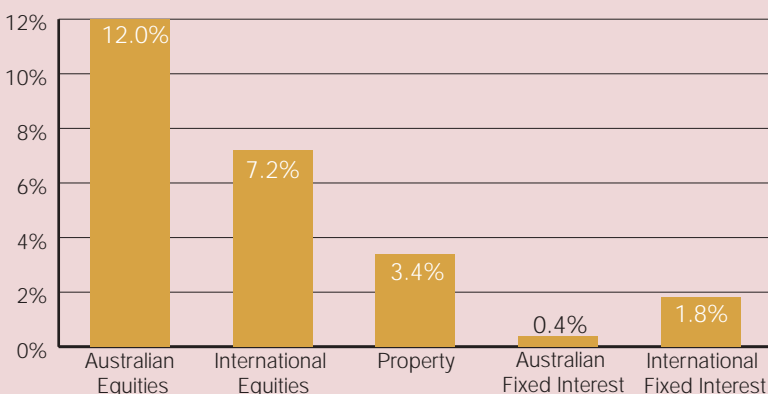
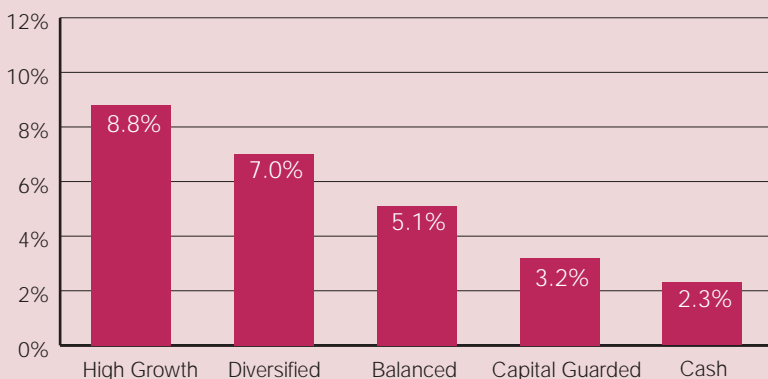
For more information, please call Member Services on 1800 067 059.

This article does not constitute personal advice and you should carefully consider your individual objectives and circumstances. You should also make enquires of your current superannuation fund/s as you may be liable to pay exit fees or lose an insurance benefit attached to your superannuation.

## New Regional Office

The APS Fund has taken the decision to open an office in the Hunter region in 2004, ensuring that we are conveniently located to members in that area. The Board is finalising discussions on the location of the office

### Australian Public Superannuation Fund's half yearly returns for July - Dec 2003



## Free financial seminars

Through Chifley Financial Services, we offer free informative seminars to members that are approaching retirement and members who are looking at building wealth. For a full listing of the years seminars please look at the website [www.chifley.com](http://www.chifley.com) or contact Member Services. To book your place in one of the free seminars below please contact Member Services on 1800 067 059.

### Retirement seminars

Date	Location	Time
<b>February</b>		
Tues, 10th	Campbelltown	8:45 am - 2:45 pm
Wed, 11th	Bankstown	4.45 pm - 8.15 pm
Thurs, 19th	Broken Hill	8:45 am - 2:45 pm
<b>March</b>		
Wed, 3rd	Sydney	4.45 pm - 8.15 pm
<b>April</b>		
Sat, 3rd	Wollongong	8:45 am - 2:45 pm
Tues, 6th	Tamworth	8:45 am - 2:45 pm
Wed, 7th	Moree	8:45 am - 2:45 pm
Thurs, 8th	Glen Innes	8:45 am - 2:45 pm
Tues, 20th	Merimbula	8:45 am - 2:45 pm
Wed, 21th	Bateman's Bay	8:45 am - 2:45 pm
Thurs, 22th	Nowra	8:45 am - 2:45 pm
<b>May</b>		
Wed, 5th	Windsor	8:45 am - 2:45 pm
Tues, 11th	Griffith	8:45 am - 2:45 pm
Wed, 12th	Wagga Wagga	8:45 am - 2:45 pm

### Wealth creation seminars

Day	Location	Time
Wed, 21st Apr	Rooty Hill	5.30 pm - 8.00 pm
Wed, 28th Apr	Gosford	5.30 pm - 8.00 pm
Wed, 5th May	Wollongong	5.30 pm - 8.00 pm
Wed, 12th May	Sydney	5.30 pm - 8.00 pm
Thurs, 13th May	Griffith	5.30 pm - 8.00 pm

# Investment markets review

By Max McKeough, Financial Markets Analyst at Deutsche Asset Management, December 2003

## Australian shares

After an uncertain start to the early months of 2003, equity markets turned around convincingly as investors' aversion to risk diminished. Shares returned strongly to favour after the mid-March low market point, outperforming fixed interest and property.

Measured by the S&P/ASX 200 Accumulation Index, the Australian share market returned 11.3% in the six months to 31 December and slightly over 5% in the final quarter of the year. The near 15% return for the whole of 2003 was the strongest annual performance since 1999.

The sharemarket rally was supported by an improving economic backdrop, both domestic and global, and a corresponding upturn in demand for commodities and mining stocks.

The Australian market was also restrained through the second half of the year by the resurgence of the local currency against the weakening US dollar. This became a concern for investors, particularly about

companies with US operations or US dollar income.

## International shares

Global equity markets staged a powerful rally in the final quarter of 2003, largely underpinned by evidence of an improving world economy and better than expected US corporate earnings. Thus the six months to December, and the year as a whole, were excellent periods for international share markets (in local currency terms) which, in many cases, recovered much of the ground lost in the previous two or three years.

## Fixed interest securities

In a volatile year for fixed interest investors, Australian bond yields rose (bond prices fell) across all maturities. Ten year yields increased steadily through the final quarter - dominated by stronger than expected economic data - from around 5.4% to 6.0%, before falling back to around 5.6% at year end. The Reserve Bank of Australia increased official rates on two occasions during the quarter, lifting the cash rate to



5.3%. As a result, 90 day bank bill (cash) yields also increased from 4.9% to 5.5% as the market anticipates further rises in official cash rates in 2004.

## Listed property trusts

After two years of consistent outperformance of the broader equity market, the listed property trust benchmark's return of 8.8% in 2003 failed to match the broader market's resurgence, particularly in the middle part of the year. However, the Listed Property Trusts (LPT) benchmark return of slightly more than 8.0% in the final quarter again bettered the broader market's 5.1%.

## Direct property

Total returns from direct property investment - stemming from high income yield and strong capital growth - nudged 10 year highs in the 12 months to September 2003. Capital growth was more the result of a change in relative pricing between property sectors than to any substantial change in underlying market conditions.

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Please note, the views and comments made in this article have been made by Deutsche Asset Management, and your Fund takes no responsibility for their accuracy. Please seek financial advice before making any investment decisions.