

First Super



Annual Report 2011–12

Industry super for workers in the timber, pulp & paper and furniture & joinery industries



If you are viewing this report online, you can obtain a free paper copy from us by calling 1300 360 988.



First Super is your industry fund

First Super is the industry fund for workers in the timber, pulp & paper and furniture & joinery industries, their families and their communities:

As an industry fund First Super:

- ✓ Has low fees
- ✓ Pays no commissions
- ✓ Is run only to benefit members

Be super smart and avoid expensive mistakes

Your super can be a safe, low-cost and tax-effective way of saving for retirement if you make the most of it. But not all super is the same. You're sitting on a large nest egg, so don't be surprised if the vultures start to circle.

As your savings grow, you may be approached by financial planners working with banks or the super funds owned by the big banks promising you higher returns.

Unlike First Super, which is run for the benefit of members, these funds are run to generate profits for their shareholders and may charge high entry fees or exit fees which can really eat into your savings, leaving you worse off at retirement.

You should also be wary of anyone that claims you can withdraw your super early. Except in special circumstances such as severe financial hardship, permanent incapacity or on compassionate grounds, it is illegal to withdraw your super before age 55 and doing so can lead to large tax fines.

How to avoid big mistakes

- Ask lots of questions and check the facts
- Compare the real cost of fees and charges
- Understand what the fund is invested in and the risks and historical returns
- Don't be pressured or rushed into making a change
- Get professional advice. If you aren't comfortable or don't understand, don't go ahead.

Get advice from the professionals

First Super members can access independent financial advice from a licensed financial planner. There is no cost for your first meeting. Additional advice will be provided on a fee-for-service basis. A special \$250 flat fee basic financial planning service is available to members aged 45+ or to any members facing redundancy.

Call 1300 360 988 to speak to our Financial Planner.*

*Financial planning is supplied by Industry Fund Financial Planning (IFFP). IFFP is a division of Industry Fund Services Pty Ltd – ABN 54007 016 195, AFSL 232514. Complex plans may incur a higher fee. Offer current at October 2012 but may be varied or withdrawn at any time.



You may register to receive a printed copy of the Annual Report by mail each year by calling 1300 360 988.

Co-Chairs' message

While First Super was a top five performer in 2011-12*, difficult economic conditions in Europe and the USA were reflected in quite low investment returns.

The Board's decision to maintain a defensive investment strategy worked as planned. The 2.5% return for Balanced option members (majority of the Fund) contrasted with negative returns for many other super funds. Since the global financial crisis First Super's Balanced option returned an average 6.7% p.a., well ahead of some of the funds run by big banks (see table).

The lower risk Conservative Balanced option returned 4.4%. The Cash option returned 5.4%, an outstanding result.

The higher risk Shares Plus option recorded -1.3% for 2011-12, but returned +7.0% p.a. over the last 3 years. A new Growth option was recently added.

Commentators have questioned the value of superannuation when major funds have delivered "less than bank interest" over recent years.

But spreading your super across shares, property, infrastructure, bonds and cash is expected to deliver better returns than bank interest over the longer term.

Investing through superannuation also has tax advantages. The average tax rate on First Super's earnings for 2011-12 was 9.33%. Savings account interest is taxed at marginal rates, which for many working people is 32.5%, 37%, or higher.

Your super options

Members do have investment choices. It's your super and you can decide how you want it invested.

We encourage members to speak with a First Super Financial Planner about your superannuation and insurance options. Our planners regularly visit workplaces and regional centres, or are available by phone. Your first

consultation is free. The Board has also continued the special \$250 flat fee basic financial planning service to members aged 45+ or any members facing redundancy.

Protect your super

There are plenty of accountants, or financial planners who represent the big banks and the retail super funds they own, who will tell you that you would be better off investing with their guidance. Members should ask themselves: whose interests will they really put first – yours or theirs?

As Co-Chairs, we can confidently reassure you that the Trustee Board acts totally in your interests and remind members;

- First Super does not take or pay commissions.
- First Super does not charge high fees to pay huge executive salaries or dividends to shareholders.

Some of our members who have been enticed into higher cost funds have quickly switched back to First Super when they've learned what the real costs are compared to our low fees.

Even if you leave your job or our industry, you can stay with First Super. So be aware and seek advice should you consider changing superannuation funds. Once again we remind members that general advice provided by First Super is free.

Protect your family

A high priority of your Board is to ensure that members have adequate insurance to protect themselves and their families should the worst happen. First Super's new group insurance contract has many new features.

Members can now fix their amount of death and total & permanent disability (TPD) cover, apply for additional cover or to transfer any other death & TPD cover to First Super.

The new insurance benefits are explained later in the Annual Report. Again, you are encouraged to discuss your insurance needs with a First Super financial planner. It is a simple as picking up the phone and making a call.

More changes to super

Recent and proposed Federal Government changes to superannuation are explained in this Annual Report.

They include a new super contribution tax payment of up to \$500 annually for low income earners (taxable income below \$37,000) which in effect means that for those members concessional contributions to their super fund will be tax-free.

First Super will keep you informed of any changes that affect you.

Supporting our industries

First Super continues to sponsor and support industry events and awards and invest in the timber, pulp & paper and furniture industries.

We'd like to thank you, our members and employers, for your continued support of your industry fund.

Your Board remains committed to you its members and will continue to work hard to improve services while carefully investing your retirement savings in what is still a challenging environment.

Michael O'Connor

Construction Forestry
Mining & Energy Union,
Forestry & Furnishing
Products Division

Allan Stewart

Timber Trade
Industrial Association

Positive returns in a difficult environment

First Super's defensive investment strategy worked as planned in 2011-12, delivering modest but positive returns for the Balanced (default) option in a difficult investment environment. The default option of many other super funds recorded negative results.

The First Super Board has confirmed continuation of the defensive strategy for the Balanced option, in which 95% of members are invested. When sharemarkets are rising First Super's Balanced option may not perform as strongly as other funds; but when times are tough the risk of incurring losses is lower than that for a lot of other default investment options.

The Conservative Balanced option delivered good returns in 2011-12, while the Cash option was an outstanding performer.

2012 Returns

Super Members

2012 and long-term crediting rates for each investment option (% p.a.)

Investment Option	1 year % p.a.	2 years % p.a.	3 years % p.a.	5 years % p.a.	10 years % p.a.	Return since inception	Date of Inception
Balanced (default)	2.5%	4.6%	6.7%	-0.6%	5.4%	8.0%	1/07/1988*
Shares Plus	-1.3%	3.7%	7.0%	-3.7%	4.4%	2.8%	1/03/2001
Growth	N/A	N/A	N/A	N/A	N/A	5.1%	14/10/2011
Conservative Balanced	4.4%	5.9%	7.3%	N/A	N/A	2.8%	1/07/2008
Cash	5.4%	4.9%	4.4%	4.2%	4.6%	5.0%	1/03/2001

*The composition of the Balanced option was fundamentally different prior to 1 July 1988.

Pension Members

2012 and long-term crediting rates for each investment option (% p.a.)

Investment Option	1 year % p.a.	2 years % p.a.	3 years % p.a.	5 years % p.a.	Return since inception	Date of Inception
Balanced (default)	3.1%	5.3%	7.7%	-0.1%	5.1%	18/03/2005
Shares Plus	-1.1%	4.2%	7.7%	-3.3%	3.7%	1/07/2005
Conservative Balanced	5.2%	6.7%	8.3%	N/A	3.3%	1/07/2008
Cash	6.3%	5.8%	5.2%	4.9%	4.8%	1/07/2005

Note: 5 and 10 year rates are based on the crediting rates for similar investment options in the former Timber Industry Super Scheme up to 30 June 2008 and First Super since. 'N/A' indicates there were no similar investment options available 5 or 10 years ago. Rates are not guaranteed and may not be the same as those allocated to your account for reasons including the date you joined and the timing of contributions. Past performance is not a reliable indicator of future performance.



New insurance arrangements a big win for members

First Super has negotiated improved insurance arrangements for members, appointing MetLife Insurance Limited, part of the international MetLife group of companies, as our new insurer.

Beginning 1 July 2012, improved terms, conditions and insurance options will help ensure you and your family are protected should the unexpected occur and you suffer death, total and permanent disability or loss of income due to sickness or injury.

How you can benefit

DEATH AND TPD COVER

You can now:

- apply to fix the amount of your cover so it doesn't decline over time
- apply for a fixed amount of Death & TPD cover
- apply to transfer any other Death & TPD cover you have to First Super
- maintain Death & TPD cover until your 70th birthday.*

* Special TPD definition applies from age 65.

INCOME PROTECTION COVER

- Premiums reduced by around 10%
- Apply to transfer any other Income Protection cover you have to First Super

AUTOMATIC COVER

4 units of Death and TPD insurance will be automatically provided to all members from 1 October 2012 unless you tell us that you do not want this insurance cover.

MEMBERS AGED 65-70 YEARS

From 1 October 2012, TPD cover will be available until age 70. Under the previous policy, it would have lapsed at age 65. Conditions apply.

APPLY FOR ADDITIONAL COVER ONLINE

In most cases, you'll receive an immediate decision.

Please note: You can cancel or reduce your default cover at any time by calling 1300 360 988 or emailing us on mail@firstsuper.com.au

LIKE TO KNOW MORE?

Further information is contained in the Product Disclosure Statement (PDS) and Insurance guide, available for download at www.firstsuper.com.au or contact us on 1300 360 988 or via email at mail@firstsuper.com.au and we'll send you a copy.

You're with a top performing super fund

Even during the recent difficult investment environment, First Super remains one of Australia's top performing super funds.

Around 95% of First Super members have their super invested in the Balanced Option (the default option), so chances are you're one of them. This option has returned 2.5% for the 12-months to 30 June

2012, 6.7% p.a. (2009-2012) since the global financial crisis, 5.4% p.a. over the past 10 years and 8.0% p.a. since it was established in 1988.

Returns vary considerably from year to year, so you should look at performance over as long a period as possible. You should also compare your investment with investments of the same type in the overall market, taking into account that your super fund returns are *after tax* has been paid.

Compare the results

Mercer Consulting (Australia) Pty. Ltd., an independent actuarial company, compared the investment performance of a selection of different super funds selected by First Super. The following table compares the performance of First Super's Balanced investment option at 30 June 2012:

Fund	Investment Options	Returns to 30 June 2012 (% p.a)			Estimated Fees per year*
		1 year %	3 year %	5 year %	
First Super	Super Fund Balanced	2.5	6.7	-0.6	\$412
AMP	Custom Super Balanced Growth	-1.3	4.6	-2.9	\$1,090 - \$1,315
BT Lifetime Super	Balanced Returns	-0.2	5.2	-1.5	\$920
Colonial First State	Rollover and Superannuation Diversified	-1.9	4.6	-2.6	\$935 - \$1,135
MLC	Masterkey Super Balanced (MLC Horizon 4)	0.6	6.4	-1.2	\$1,028 - \$1,278
OnePath	Integra Super Optimix Balanced	-3.0	4.4	-2.5	\$990

*Estimated fees are based on an account balance of \$50,000 with total contributions of \$5,000 during the year and are sourced from product disclosure statement for each fund.

Disclaimer

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party. The information provided is not intended to convey any guarantees as to the future performance of the investment products discussed. Past performance does not guarantee future results and the information provided does not constitute individualised investment advice.

The information in this document is intended as general information only. The information does not take into account any individual persons circumstances, financial objectives or needs. You should not consider acting on the information provided in this document. The above tables do not contain all the information needed to evaluate the funds and you should also obtain the product disclosure statement from the relevant provider and seek professional advice as appropriate. You should consider your own circumstances, financial objectives, financial situation and needs.

This does not constitute an offer or a solicitation of an offer to invest or disinvest from any of the funds shown above.

Strong results for pension members

Your money doesn't stop working when you do which is why First Super offers a Transition to Retirement Pension Account (Transition Account) and Pension Account for members who are approaching retirement or have retired.

Why choose a First Super Pension?

- It provides a regular income stream
- You choose how much money you get and how often
- You choose how your money is invested
- Low fees and no commissions
- It's tax-effective

The First Super Pension is also a strong performer, with the Balanced option returning 3.1% for the 12-months to 30 June 2012 and 7.7% p.a. over the past 3 years. For more information, call **1300 360 988** or download the Pension Guide (PDS) at www.firstsuper.com.au

It's your super to invest as you want

First Super accumulation and pension fund members can choose how their super is invested. You can choose to invest in one or a combination of the following five investment options, provided you have an account balance of at least \$1,000:

- 1 Shares Plus
- 2 Growth
- 3 Balanced (default option)
- 4 Conservative Balanced
- 5 Cash

You can split your super to make up your own mix in any percentage split across the five investment options that totals 100%. This flexibility enables you to tailor how your super is invested, to more

closely fit your individual needs and attitude to risk

For example, you could choose to split your investment:

- 50% in Balanced and 50% in Shares Plus; or
- 25% in Cash and 75% in Conservative Balanced.

Making an investment choice

Before you make a choice, read about the risks and returns for each investment option and consider your personal circumstances.

If you are close to retirement age, you might prefer a low-risk, low-

return option. If you have much of your working life ahead of you, choosing an option with a greater level of risk may increase the chances of growth over the longer term.

Call **1300 360 988** and speak with a First Super Financial Planner for advice on the investment choice option that may be best suited to your situation and attitude to risk.

The investment options available to First Super members are summarised below.

Shares Plus

INVESTOR PROFILE

This investment option is likely to appeal to members with a long-term view of their superannuation savings and/or who are prepared to accept higher risk in the search for higher returns.

OBJECTIVES

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 4.0% per annum over rolling seven year periods;
- To confine the chance of the rate credited to members falling below zero in any

financial year to less than one in five; and

- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings High Growth (91-100) Option Survey over rolling five year periods.

RISK PROFILE

The Shares Plus option is likely to provide a high degree of volatility and fluctuations in returns and is at the high end of the risk/return range. The risk may increase by the nature of overseas investments, which means that this option is subject to the considerable extra risk of currency fluctuations and international events. It is likely to

outperform the other investment options offered in the longer term.

Standard risk: 4.0 years

Risk band: 6

Risk Label: high

ASSET ALLOCATION AND RANGES

Asset Class	Target %	Range %
Australian Equities	42.0	32 – 52
International Equities	32.0	22 – 42
Australian Private Equity	5.0	0 – 10
International Private Equity	1.0	0 – 5
Australian Infrastructure	5.0	0 – 10
International Infrastructure	5.0	0 – 10
Property	10.0	0 – 20

Growth

INVESTOR PROFILE

This option is likely to appeal to members who are prepared to accept higher investment risk in the search for higher returns, but also wish to reduce the risk of very large investment losses by diversifying into some defensive assets.

OBJECTIVES

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.75% per annum over rolling five year periods;
- To confine the chance of the rate credited to members falling

below zero in any financial year to less than one in seven; and

- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five year periods.

RISK PROFILE

The Growth option is likely to provide a high degree of volatility and fluctuations in returns. It has a lower investment risk/return profile than the Shares Plus option because it has a higher exposure to defensive assets. Over the long term it is likely to outperform the other investment options except for Shares Plus.

Standard risk: 3.3 years

Risk band: 5

Risk Label: Medium to high

ASSET ALLOCATION AND RANGES

Asset Class	Target %	Range %
Australian Equities	33.0	23 – 43
International Equities	26.0	16 – 36
Australian Private Equity	5.0	0 – 10
International Private Equity	1.0	0 – 5
Australian Infrastructure	5.0	0 – 10
International Infrastructure	5.0	0 – 10
Property	10.0	5 – 15
Fixed Interest	13.0	5 – 15
Cash	2.0	0 – 5

Balanced (default option)

INVESTOR PROFILE

This investment option is likely to appeal to members seeking mid to long-term growth of their superannuation along with diversification across asset classes.

OBJECTIVES

- To achieve an investment return (after tax and investment expenses) that exceeds inflation as measured by the Consumer Price Index, by at least 3.5% per annum over rolling five year periods;
- To confine the chance of the rate credited to members falling below zero in any financial year to less than one in ten.

RISK PROFILE

Designed to provide good growth over the mid to longer term while reducing risk through diversification. Likely to slightly under-perform against the First Super Shares Plus and Growth options over the long term.

Standard risk: 2.2 years

Risk band: 4

Risk Label: Medium

ASSET ALLOCATION AND RANGES

Asset Class	Target %	Range %
Australian Equities	24.0	14 – 34
International Equities	18.0	8 – 28
Australian Private Equity	5.0	0 – 10
International Private Equity	1.0	0 – 5
Timber, Furniture and Pulp & Paper investments	2.0	0 – 5
Australian Infrastructure	5.0	0 – 10
International Infrastructure	5.0	0 – 10
Property	10.0	0 – 20
Fixed Interest	28.0	16 – 36
Cash	2.0	0 – 10

Conservative balanced

INVESTOR PROFILE

Members investing for the short to medium term who want a more secure option with less chance of fluctuations than the Shares Plus, Growth or Balanced options and/or members looking for lower risk options for their superannuation savings.

OBJECTIVES

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by increases in the Consumer Price Index, by at least 3.0% per annum over rolling five year periods;

- To confine the chance of the rate credited to members falling below zero in any financial year to less than one in fifteen; and
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Conservative Balanced (41 - 59) Option Survey over rolling five year periods.

RISK PROFILE

Designed to provide more stable returns than the Shares Plus, Growth or Balanced options. It is at the lower end of the risk/return range and is likely to underperform against the Shares Plus, Growth or Balanced options over the medium to long term.

Standard risk: 1.1 years

Risk band: 3

Risk Label: Low to Medium

ASSET ALLOCATION AND RANGES

Asset Class	Target %	Range %
Australian Equities	17.0	10 – 24
International Equities	13.0	6 – 20
Australian Infrastructure	5.0	0 – 10
International Infrastructure	5.0	0 – 10
Property	10.0	0 – 20
Fixed Interest	30.0	25 – 45
Cash	20.0	2 – 25

Cash

INVESTOR PROFILE

Members investing for the short term and/or those who want a secure option with a low chance of investment fluctuations. May be suitable for members intending to realise or reorganise their investments in the near future who want to avoid the possibility of a loss over that period.

OBJECTIVES

- Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by increases in the Consumer Price Index, by at least 1.0% per annum over rolling five year periods;

- To confine the chance of the rate credited to members falling below zero in any financial year being negligible; and
- Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Cash Option Survey over rolling five year periods.

RISK PROFILE

Designed to provide very stable returns at the lowest end of the risk/return range. However, it is likely to under-perform all other investment options offered over all but the shortest periods.

Standard risk: 0.0 years

Risk band: 1

Risk Label: Very low

ASSET ALLOCATION AND RANGES

Asset Class	Target %
Cash	100.0

Full details of the investment options available are contained in the Product Disclosure Statement (PDS), available for download at www.firstsuper.com.au or contact us on 1300 360 988 or via email at mail@firstsuper.com.au and we'll send you a copy

Investments held by the Fund

The following list shows the investment funds employed by First Super and the direct investments made as at 30 June 2012:

	June 2012 \$
Australian Equities	
<i>Listed Equities</i>	
BT Australian Equities	97,493,139
Eley Griffiths Small Co Mandate	27,181,772
IFM Enhanced Indexed Australian Equities	96,840,560
Invesco Small Cap Australian Equity	28,796,661
Perpetual Australian Equity	96,474,853
Orbis SM Australian Equity Fund	50,768,808
Total Listed Equities	397,555,793

Australian Private Equity	
Frontier Advisers Pty Ltd	309,355
Quay Australia First Trust Portfolio	12,221,300
Industry Super Holdings Pty Ltd and Members Equity Bank Pty Ltd	24,852,964
Macquarie Alternative Investment Trust 3	14,326,820
Macquarie Alternative Investment Trust 4	25,084,853
ING Private Capital Fund 1	170,000
Macquarie Alternative Investment Trust	209,018
Quay Australian 3 Fund	6,637,518
Quay Australian 4 Fund	2,189,499
Super Benefits Administration Pty Ltd	1,565,237
Total Australian Private Equity	87,566,564

International Equities	
<i>International Equities (Unhedged)</i>	
BlackRock Unhedged World ex Australia Equities Index	52,988,652
Capital International Global Equity Unhedged	84,979,584
Deutsche Investments Australia Ltd	45,444,934
International Equity Transition	5
Orbis Global Equity Fund	70,714,201
Total International Equities (Unhedged)	255,773,415

International Equities (Hedged)	
Blackrock Global Equity Hedged	1,646,040
Total International Equities (Hedged)	1,646,040

	June 2012 \$
International Private Equity	
IFM Global Unit Trust	3,861,552
Wilshire AU PR Market PST G	5,466,790
Wilshire AU PR Market PST H	856,752
Wilshire AU PR Market PST J	3,039,884
Wilshire AU PR Market PST K	1,400,205
Total International Private Equity	14,625,183

Other	
Forestry Investment	350,064
Total Other	350,064

Australian Infrastructure	
IFM Fund	66,209,718
Hastings UTA	9,918,411
Total Australian Infrastructure	76,128,129

International Infrastructure	
AMP Strategic Infrastructure Trust EUR	8,554,787
IFM International Infrastructure	35,456,621
Total International Infrastructure	44,011,408

Property	
AMP Property Income Fund	7,871,331
AMP Direct Property	36,364,625
ISPT Development Opp Fund 3	4,547,196
Industry Super Property Trust No 1	91,813,796
Fortius Active Property 1	5,836,216
Franklin International Real Estate 2	2,191,304
QIC Property Fund	58,186,467
Total Property	207,810,935

Fixed Interest	
IFM Alternative Fixed Income Fund	27,351,283
BlackRock Indexed Australian Bond Fund	97,512,269
BlackRock Overseas Bond Index	41,004,044
PIMCO DFI Unit Trust	173,108,626
Super Loans Trust (Members Equity Bank)	15,477,681
IFM Credit Opportunities	66,704,220
Westbourne Yield Fund No.1	46,449,216
Total Fixed Interest	467,607,339

Cash	
CFS - Wholesale Premium Cash Fund	9,972,978
Short Term Cash Account	106,083,996
Total Cash	116,056,974

Total Investments	1,667,485,804
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Investment Performance and your account

Investment earnings (positive or negative) are calculated monthly for each investment option. After the end of the financial year (30 June), your account is adjusted, based on the accumulated monthly performance of each investment option after deducting tax and fees.

If you are paid a benefit during the year, an interim rate of earnings (positive or negative) will be applied to your entire account balance at the time you take your payment (this does not apply to regular pension payments). Interim rates are based on the declared monthly returns to the date of exit or change, plus the estimated investment returns for any part-month up to that date.

The long-term crediting rates of the Fund are shown in the following tables.

Super Members

2012 and long-term crediting rates for each investment option (% p.a.)

Investment Option	1 year % p.a.	2 years % p.a.	3 years % p.a.	5 years % p.a.	10 years % p.a.	Return since inception	Date of Inception
Balanced (default)	2.5%	4.6%	6.7%	-0.6%	5.4%	8.0%	1/07/1988*
Shares Plus	-1.3%	3.7%	7.0%	-3.7%	4.4%	2.8%	1/03/2001
Growth	N/A	N/A	N/A	N/A	N/A	5.1%	14/10/2011
Conservative Balanced	4.4%	5.9%	7.3%	N/A	N/A	2.8%	1/07/2008
Cash	5.4%	4.9%	4.4%	4.2%	4.6%	5.0%	1/03/2001

*The composition of the Balanced option was fundamentally different prior to 1 July 1988.

Pension Members

2012 and long-term crediting rates for each investment option (% p.a.)

Investment Option	1 year % p.a.	2 years % p.a.	3 years % p.a.	5 years % p.a.	Return since inception	Date of Inception
Balanced (default)	3.1%	5.3%	7.7%	-0.1%	5.1%	18/03/2005
Shares Plus	-1.1%	4.2%	7.7%	-3.3%	3.7%	1/07/2005
Conservative Balanced	5.2%	6.7%	8.3%	N/A	3.3%	1/07/2008
Cash	6.3%	5.8%	5.2%	4.9%	4.8%	1/07/2005

Note: 5 and 10 year rates are based on the crediting rates for similar investment options in the former Timber Industry Super Scheme up to 30 June 2008 and First Super since. 'N/A' indicates there were no similar investment options available 5 or 10 years ago. Rates are not guaranteed and may not be the same as those allocated to your account for reasons including the date you joined and the timing of contributions. Past performance is not a reliable indicator of future performance.

The Fund offered four investment options from 1 July 2008. Other than the Conservative Growth option, which was completely new, each of these was a continuation of a pre-existing investment option within the old Timber Industry Superannuation Scheme (TISS). Figures are shown as percentage return per annum. Accumulation investment performance history is shown as performance per annum.

Operations of the fund

The Trustee

The Trustee of First Super is First Super Pty Ltd (ABN 42 053 498 472 AFSL 223988, RSEL L0003049), which is responsible for ensuring that the Fund is managed in accordance with the Trust Deed and the relevant law. First Super is a regulated fund, required to be audited and to lodge an annual return with APRA each year.

The Trustee holds professional indemnity insurance. At the date this report was issued, the Trustee had not incurred any penalties under s 38A of the *Superannuation Industry Supervision Act 1993*.

The Board of Directors

At 30 June 2012, the Directors of First Super were:

Member Representatives

Michael O'Connor (Co-Chair)
David Kirner
Alex Millar
Kevin Millie
Frank Vari

Employer Representatives

Allan Stewart (Co-Chair)
Peter Bennett (resigned 26 June 2012)
Martin Lewis
Lindsay Morling
Mike Radda

Independent Director

Bob Smith

The Co-Chair persons are elected annually by the board. Biographies and details by Directors' other directorships and significant positions will be available from November 2012. Copies are available on request by calling 1300 360 988.

The Trustee Board is currently made up of five Directors nominated by the CFMEU (Forestry and Furnishing Products Division), five nominated by employer associations and employers and one Independent Director. Directors are appointed by the Board after considering the qualifications and suitability of nominees.

Committees

The Trustee has established subcommittees to deal with issues and make recommendations to the full Board.

The Board and Committee Charters will be available on the First Super website from November 2012. Copies are available on request by calling 1300 360 988. The Board meets five times a year. Subcommittees generally meet four times a year. Additional meetings may be scheduled if required.

The Board undertakes an annual review of its performance and the performance of subcommittees. Every second year, an independent external review of the performance of the Board and its Committees is commissioned.

The Nominations Committee is responsible for succession planning, and reports to the Board on such matters.

Service providers

First Super appoints professional advisers and service providers to assist in the day-to-day running of the Fund. These are appointed following a process of due diligence. At 30 June 2012, First Super used the following advisers and service providers:

Administration: Super Benefits Administration Pty Ltd

Member of Employer Servicing: CFMEU Forestry & Furnishing Products Division

External Auditor: KPMG

Internal Auditor: Ernst & Young

Insurer: OnePath Ltd (Changed to MetLife Insurance LTD on 01 July 2012)

Investment Adviser: Frontier Investment Consulting Pty Ltd

Master Custodian: National Australia Bank Ltd

Tax Adviser: Ernst & Young

Actuary: Mercer Consulting (Australia) Pty. Ltd

Advisers and service providers may change from time to time.

Reserves

A reserve has been maintained for administration and operational purposes only, such as paying costs and receiving investment income.

The value of the reserve at 30 June each year for the past 5 years is shown below:

Date	Reserve
30 June 2012	\$10,967,020
30 June 2011	\$15,127,326
30 June 2010	\$15,827,246
30 June 2009	\$6,748,812
30 June 2008	\$3,079,552

The reserve is invested in the Balanced investment option. In addition, the Fund holds liquid assets of not less than \$250,000, as a condition of its Licence issued by APRA.

Directors' and Officers' Remuneration Report

The Directors of First Super Pty Ltd are paid for the work they do as Directors, though in some cases payment is made to a Director's employer to compensate it for time spent by the Director managing the business of the Trustee and Fund.

The level of fees paid is examined by the Remuneration Committee, which may seek independent advice from time to time. Based on information available, the Remuneration Committee is satisfied that the level of remuneration paid to Directors is reasonable.

Fees paid to Directors are paid in respect of:

- **Board Meeting Payments.** This covers preparation for and attendance at Board meetings. These payments include an allowance for travel and accommodation for those Directors required to travel interstate to attend meetings – i.e. Directors who have to travel interstate to attend a meeting are required to pay for their travel, accommodation and meal costs from the director's fees that they receive.
- **Subcommittee Meeting Payments.** This covers preparation for and attendance at subcommittee meetings. These payments include an allowance for travel and accommodation for those Directors required to travel interstate to attend meetings – i.e. Directors who have to travel interstate to attend a meeting are required to pay for their travel, accommodation and meal costs from the director's fees that they receive.
- **Workshop & Training Course Payments.** This covers Directors' participation in approved workshops and training courses. An additional payment is made to cover relevant expenses.
- **Conference Payments.** This covers Directors' participation in approved conferences. These payments include an allowance for travel and accommodation for those Directors required to travel interstate to attend conferences.
- **Extra Duties Payment.** From time to time, the Board may ask individual Directors to devote extra time or to undertake extra duties. Directors who undertake these tasks at the Board's direction may be paid a fee for doing so.

Training and professional development

Directors are required to undertake an induction process leading up to and following their appointment. Directors are also required to maintain their skills and competencies by participating in industry programs, seminars, conferences, relevant presentations at Board and committee meetings and other training and professional development activities. Directors and officers are required to undertake a minimum of eight hours of professional development each year to maintain their skills and competencies, but are expected to complete not less than 15 hours.

Reimbursement of expenses

Directors may also be reimbursed for expenses associated with undertaking their duties and attending to the business of the Trustee and Fund. As noted above, however, Directors must fund their travel and accommodation relating to attendance at Board and committee meetings and conferences from the fees paid to them for these events.

Directors' and CEO Remuneration Table for the year ended 30 June 2012

Note: The general rates of Directors' fees have not been increased since they were first established effective 1 July 2008).

Director & CEO Remuneration Table for the year ended 30 June 2012	
Role	Fees (inc Travel and Accommodation costs)
Co-Chairs:	
- Board Meetings – Intrastate	\$5,250/meeting
- Board Meetings – Interstate	\$6,350/meeting
- Committee Meetings – Intrastate	\$2,250/meeting
- Committee Meetings – Interstate	\$3,350/meeting
- Ad-hoc or Sub Committee – Interstate	\$2,250/meeting
- Ad-hoc or Sub Committee – Interstate	\$3,350/meeting
- AIST Chairs Forum – Interstate	\$2,250/meeting
- AIST Chairs Forum – Interstate	\$3,350/meeting
Other Trustee Directors:	
- Board Meetings – Intrastate	\$3,000/meeting
- Board Meetings – Interstate	\$4,100/meeting
- Committee Meetings – Intrastate	\$1,500/meeting
- Committee Meetings – Interstate	\$2,600/meeting
- Ad-hoc or Sub Committee – Intrastate	\$1,500/meeting
- Ad-hoc or Sub Committee – Interstate	\$2,600/meeting
Workshops/Training Courses (Co-Chairs & Trustees):	
- Intrastate	\$1,350/day
- Interstate	\$1,350/day
- plus for expenses	\$1,100/meeting
Conferences (Australia)	\$1,100/day
International Conferences & Workshops	\$1,350 per day plus reimbursement of travel, accommodation and incidental costs as deemed appropriate
Company Secretary / CEO total salary package	\$279,500

It is intended that this table will be published on the First Super website and updated to reflect any changes that are approved by the Board.

Directors' meetings attendance record for the year ended 30 June 2012

Director	Board meetings	Attendance	Committee meetings	Attendance	Professional development hours
Michael O'Connor	5	5	12	12	65.75
Allan Stewart	5	5	12	12	47.50
Peter Bennett	5	3	4	2	78.75
David Kirner	5	5	8	8	20.75
Martin Lewis	5	5	12	8	41.25
Alex Millar	5	3	4	2	32.50
Kevin Millie	5	4	4	4	28.00
Lindsay Morling	5	5	8	6	20.25
Mike Radda	5	3	4	4	29.50
Bob Smith	5	5	4	4	32.25
Frank Vari	5	5	4	4	56.75

Peter Bennett resigned on 26 June 2012.

Martin Lewis transferred from the Audit & Compliance and Administration Committees to the Investment Committee in May 2012

Directors' fees paid for the year ended 30 June 2012 (including GST where applicable):

Director	Amount \$	Payment made to:
Michael O'Connor	80,850.00	CFMEU-FFPD
Allan Stewart	108,900.00	Allan Stewart & Associates Pty Ltd
Peter Bennett	15,883.00	Peter Bennett
David Kirner	54,285.00	CFMEU-FFPD
Martin Lewis	51,752.63	Martin Lewis
Alex Millar	20,900.00	CFMEU-FFPD
Kevin Millie	37,015.00	CFMEU-FFPD
Lindsay Morling	48,300.00	Lindsay Morling
Mike Radda	23,760.00	UCI Projects Pty Ltd
Bob Smith	56,870.00	Bob Smith
Frank Vari	43,890.00	CFMEU-FFPD
	542,405.63	

Hospitality and Gifts

Directors and senior management of First Super may from time to time accept hospitality and gifts within the confines of a strict Hospitality & Gifts Policy. Hospitality & Gifts that are accepted are recorded in a Hospitality & Gifts Register which is provided to the Board's Audit & Compliance Committee at each meeting.

It is intended to publish information about Hospitality & Gifts received by directors or management on the Fund's website.

Financial Information

Abridged Financial Statements for the 2011–12 financial year

The audit of the financial statements is complete, and a clear audit opinion has been received. Copies of the audited financial statements, Actuarial Report, Trust Deed or any other prescribed documentation are available upon request.

Statement of Financial Position as at 30 June 2012	30 June 2012 (\$)	30 June 2011 (\$)
Assets		
Investments	1,671,178,419	1,634,203,628
Other assets	22,114,222	17,938,555
Total assets	1,693,292,641	1,652,142,183
Liabilities		
Trade and other payables	(5,025,810)	(4,441,550)
Benefits payable	(308,347)	(612,975)
Current tax liabilities	(9,500,095)	(7,751,755)
Total liabilities	(14,834,252)	(12,806,280)
Net assets	1,678,458,389	1,639,335,903
Represented by liability for accrued benefits		
Members' funds	1,667,241,369	1,623,958,577
Reserves	11,217,020	15,377,326
Liability for accrued benefits	1,678,458,389	1,639,335,903

Operating Statement For the period ended 30 June 2012	30 June 2012 (\$)	30 June 2011 (\$)
Revenue from investments	42,414,700	106,093,935
Revenue from contributions	160,164,924	182,917,454
Other revenue	11,935,300	13,441,779
Total revenue	214,514,924	302,453,168
Total expenditure	(20,225,765)	(19,735,829)
Benefits accrued before tax	194,289,159	282,717,339
Tax expense	(18,131,510)	(24,926,482)
Benefits accrued after tax	176,157,649	257,790,857

A copy of the full audited financial accounts is available on request (call 1300 360 988) or may be downloaded from www.firstsuper.com.au

Changes to Super

Over the last 12 months the Commonwealth Government has announced a large number of changes affecting superannuation. Not all were law at the time this report was produced, so you should seek up-to-date information before acting on information contained in the report. If you are unsure about how superannuation changes might affect you call **1300 360 988** and ask to speak to a First Super Financial Planner.

Changes announced by the Government that may affect First Super are summarised below.

Superannuation Guarantee

The Government intends to increase the Superannuation Guarantee from 9% to 12% in small increments from 1 July 2013 to 1 July 2019. It also intends to remove the Superannuation Guarantee age limit of 70 with effect from 1 July 2013. Both changes are linked to implementation of the Minerals Resource Rent Tax.

Superannuation contributions for low income employees

A new contribution of up to \$500 (not indexed) will be provided by the Government for individuals with an adjusted taxable income of up to \$37,000 if they satisfy certain other conditions. This is intended to be a rebate of the 15% contributions tax on Superannuation Guarantee contributions and applies to contributions made from 1 July 2012. This means that in effect, qualifying low-income earners SG contributions will be tax-free.

Refund of excess concessional contributions

Effective from 1 July 2011, people who breach the concessional contributions cap by \$10,000 or less can request the excess contributions be withdrawn from their super fund and refunded to them. These amounts will be taxed at the recipient's marginal tax rate.

Co-contribution reduction

The superannuation co-contribution has been reduced to 50¢ for each \$1 contribution an eligible person makes from their after-tax income (subject to conditions).

The new maximum co-contribution is \$500 a year if total income is less than \$31,920 a year. The co-contribution also reduces for those earning up to a maximum of \$46,920. The co-contribution is based on assessable income, reportable fringe benefits and reportable employer superannuation contributions, less any deductions for carrying on a business.

Reportable Employer Superannuation Contributions

Employers have been required to report details of employees' reportable employer superannuation contributions from 1 July 2009. Reportable employer superannuation contributions include salary sacrifice contributions and voluntary employer contributions over which an employee has some control.

The Government has amended the definition of Reportable Employer Superannuation Contributions retrospectively back to 1 July 2009. This change may mean that the amount reported reduces for some members. If this happens, you should consider lodging an amendment to your tax return to take advantage of any reduction in the reported amount. Reportable employer superannuation contributions are taken into account when assessing eligibility for government benefits.

First Super cannot advise you on whether this measure affects you or not. You should speak with your employer, accountant or tax adviser.

Super Reform

The Government is implementing a raft of legislation that will substantially change the superannuation system. This involves several elements including:

- A new licensing system to allow funds to offer a “MySuper” product. MySuper products will have to meet special rules relating to fees and charges. MySuper products are intended to be simple products with lower costs and reduced member services intended for use by members who don’t want a say in managing their super. MySuper products will be available from some time in 2013, and many members will be automatically transferred into a MySuper product unless they elect to do otherwise.
- The Government regulator (APRA) will be given powers to impose prudential standards on superannuation funds, affecting how funds are managed. Many of these requirements are not new, but constitute more detailed instructions on how particular activities must be carried out. It is not expected that the prudential standards will have any adverse effects on First Super or First Super members.
- New restrictions will be imposed on how members can access advice about super from their super fund. This includes limiting the use of general fee income to partially pay for investment advice that is available to all members. Generally, the cost of investment advice will have to be billed to the person receiving the advice. While this is expected to result in more fairness between members, it may also lead to a reduction in the services some funds can provide to members.
- The Government is introducing new data and reporting protocols for use by the superannuation industry. The changes are intended to result in increased efficiency by standardising some superannuation administration practices and the way that employers pay contributions to superannuation funds.
- The Government will require super funds to use tax file numbers (TFNs) to locate and consolidate multiple accounts held by members. This will result in lower overall costs for some members, but may result in loss of some insurance benefits for others.
- From 1 July 2012, employers have been required to provide information on an employee’s payslip about the amount of super actually paid into the employee’s super fund account during the pay period. From 1 July 2013, super funds will be required to either issue six monthly statements which show contributions made, or report electronically to members on whether they have received or not received any super contributions for that quarter.

Benefits

Benefits paid by the First Super Accumulation Division

Withdrawal Benefit

When you leave the Fund, we will pay a Withdrawal Benefit, which is the balance of your Member Account. You do not have to take a Withdrawal Benefit if you leave your current employer; you can keep your money in the Fund. In most cases, you can also choose to have future super contributions from different employers made to your First Super account.

Retirement Benefit

When permitted by law, you can receive a Retirement Benefit. Your Retirement Benefit can be taken as multiple drawdowns. You may be able to draw on your Retirement Benefit if you are aged 55 or over and still working, by using a Transition to Retirement strategy. Otherwise, to begin drawing your Retirement Benefit, you must generally reach:

- your preservation age (currently age 55), and permanently retire from the workforce;
- age 60 and cease gainful employment with an employer; or
- age 65.

Death Benefit

If you die while you are a member of First Super, your account balance will be paid as a lump sum. In addition, any insured Death Benefit may also become payable, provided the Fund's insurer accepts a claim for payment. Who will receive your death benefit when you die depends on the law and what you ask us to do. You have two available options:

- (i) Do nothing, in which case the law requires the Trustee to pay your benefit to your dependants or estate or, if neither exists, to another person; or
- (ii) Complete a Non-binding Nomination of Beneficiary form.

A Non-binding Nomination of Beneficiary form allows you to nominate your preferred beneficiary or beneficiaries. The Trustee will take this into account when making a payment, but will ultimately decide who should receive your Death Benefit according to the law. Payment will usually be made to one or more of your dependants or your legal personal representative. A Binding Nomination of Beneficiary

form directs The Trustee to pay your Death Benefit to the nominated person(s) provided that it is legal for the Trustee to do so.

Under superannuation law, a dependant is generally a child, a spouse or a person with whom you have an interdependency relationship. Two people may have an interdependency relationship if:

- they have a close personal relationship;
- they live together;
- one or each of them provides the other with financial support; and/or
- one or each of them provides the other with domestic support and personal care.

An interdependency relationship may also exist where there is a close personal relationship between two people who do not satisfy other criteria because either or both of them suffer from a physical, intellectual or psychiatric disability. Examples of interdependency relationships may include:

- same-sex couples who reside together and are interdependent;
- siblings who reside together; or
- an adult child who resides with and cares for an elderly parent.

Terminal Illness Benefit

If you are diagnosed as having a terminal illness whilst you are a member of the Fund, an amount equivalent to your Death Benefit may become payable while you are still alive, provided that the insurer accepts your claim for payment.

Total & Permanent Disablement Benefit

If you become totally and permanently disabled (TPD), the balance of your First Super account may become payable. In addition, any insured TBD Benefit may also become payable if the Insurer accepts your claim for payment.

Income Protection Benefit

Income Protection Benefits are available to members who decide to apply for cover and whose claims are accepted by First Super's insurer. Generally, this insurance provides a benefit of up to 85% of your salary if you are unable to work due to temporary illness or injury.

Financial Hardship & Compassionate Benefits

You may be able to access some of your superannuation account under 'Financial Hardship' or 'Compassionate' grounds.

The criteria set by the Government for payment of these benefits is summarised below.

To be eligible for a Financial Hardship Benefit, you must have:

- Been in receipt of a specified Commonwealth income support payment (e.g. Newstart Allowance) for a continuous period of 26 weeks and be unable to meet immediate family living expenses; or
- Reached your superannuation preservation age; and
- Received Commonwealth income support payments for a cumulative period of 39 weeks after reaching preservation age and not been gainfully employed on a full-time, or part-time, basis on the date of the application.

Applications may be lodged with the Trustee and will be assessed according to the relevant law. Approval is not automatic.

Applications for a Compassionate Benefit may be submitted to the Australian Prudential Regulation Authority (APRA) and must relate to paying or meeting an expense of:

- treatment and transport for you or a dependant concerning life-threatening illness or injury, acute or chronic pain, or acute or chronic mental disturbance;
- modifying your home or motor vehicle if you or a dependant has a severe disability;
- palliative care for you or a dependant, or the death, funeral or burial expenses of a dependant;
- mortgage payments to prevent your lender selling your home; or
- similar grounds.

To apply for a Compassionate Benefit, please contact the Australian Prudential Regulatory Authority at www.apra.gov.au

Insurance issued in error

Insurance cover issued in error is invalid. If you have been allocated any insurance cover by First Super and it is subsequently discovered you were ineligible to receive it for any reason, all premiums paid will be refunded to your account along with an allowance for any investment earnings lost.

Benefits paid by the First Super Allocated Pension Division

First Super offers two allocated pensions:

- An Allocated Pension, and
- A Transition to Retirement Allocated Pension.

The Allocated Pension

An Allocated Pension lets you convert your superannuation into regular income in retirement. You can choose the number of payments you wish to receive and their frequency, which can be monthly, quarterly, half-yearly or yearly.

You can also draw down lump sums when it suits you. The minimum lump sum withdrawal is \$1,000 – and a lump sum withdrawal cannot occur until you have received at least one regular income payment. This is a legal requirement that cannot be waived.

The government has made rules about the amount you can draw down in a year, and these are summarised below under the heading 'Government Limits on Payments'.

The Transition to Retirement Allocated Pension

The Transition to Retirement Allocated Pension can give you a tax-effective income stream while you're still working, but there are restrictions on the amount you can withdraw. These are explained below.

If you are 55 years of age or older, a Transition to Retirement Pension can help you ease your way into retirement without sacrificing your standard of living. Depending on your circumstances, it may help you to:

- **Reduce your working hours.** If you want to cut back your hours of work, you can replace any income lost by drawing regular payments from your Transition to Retirement Pension.
- **Increase your retirement savings.** By making extra contributions to your super account via a salary sacrifice arrangement, you may increase your retirement savings.
- **Pay less tax.** If you are between 55 and 60 years of age, your Allocated Pension payments will be subject to tax. However, some of your payments may be tax-free and you'll receive a 15% tax offset

on any taxable proportion. Once you reach age 60, all of your Transition to Retirement Pension payments will become tax-free.

When you permanently retire, your Transition to Retirement Pension will convert to an Allocated Pension – but if you decide before then that you want to stop your Transition to Retirement Pension you can roll the balance of your account back into your First Super Accumulation Account.

Call us on 1300 360 988 or visit www.firstsuper.com.au to download a copy of the First Super Allocated Pension PDS.

Government limits on payments

Minimum annual payment: For both Allocated Pensions Payments, at least one payment of a minimum amount must be made at least once a year. The minimum amount is a percentage of account balance by the age shown below.

Age	Annual percentage of account balance
55–64	4
65–74	5
75–84	6
85–94	10
95+	14

But: the Government has announced a temporary 75% reduction in the minimum drawdown amount that members must take. This arrangement may change again without notice.

Contact us on 1300 360 988 for more information.

Maximum payment: For the Transition to Retirement Pension, the maximum that can be withdrawn in any year equals 10% of your account balance at the start of each year. This means that if you have \$100,000 in your account, you can withdraw a maximum of \$10,000 over the year. There is no limit on the maximum withdrawal amount for Allocated Pensioners.

Other important information

Value of your member account

The value of each First Super member's investment is recorded in your member account. Except for the Income Protection Benefit, benefits paid out by the Fund are paid from or include the balance of your member account. The balance of your member account equals:

- the total contributions and transfers paid in,
- less tax, fees and charges, insurance premiums and any previous withdrawals or transfers out of the account
- plus investment gains or losses. Investment earnings (negative or positive) are calculated monthly and applied to your account when you leave the Fund, make a partial withdrawal or on 30 June or each year. All investment earnings are declared after deduction of investment tax, fees and costs.

How to claim a benefit

Please contact us if you would like to claim a benefit or to enquire about setting up an Allocated Pension.

Accumulation Division members should note that the Government has placed restrictions on when you can claim superannuation benefits. In general, access depends upon the 'preservation' classification that applies. There are three classes of preservation:

- (1) **Unrestricted non-preserved benefits:** These are benefits that are generally rolled over from another superannuation fund, but could have been cashed previously; they can be paid to you at any time.
- (2) **Restricted non-preserved benefits:** These benefits are not preserved, but they cannot be cashed until you leave service with your current employer or are otherwise eligible.
- (3) **Preserved benefits:** All contributions and earnings paid or accruing from 1 July 1999 are preserved in the superannuation system until an approved benefit can be paid, (for example, through retirement, death, disability or commencement of an Allocated Pension).

Preservation of benefits is complex, and the Government may change the rules from time to time. You can contact the First Super Trustee for up-to-date information.

Payment restrictions

The Fund is subject to a range of legislation, some of which means that benefit payments cannot be made to any person unless that person provides sufficient identification material to comply with the *Anti Money Laundering and Counter Terrorism Financing Act 2006 (Cth)*.

Insurance

Accidents do happen. People get sick. First Super's insurance can help you to minimise the financial impact on you and your family. You can get the death, disability (TPD) and income protection insurance cover you need without the hassle or cost of doing it yourself.

Types of cover

Death: is a lump sum benefit paid if you die or are diagnosed with a terminal illness. This money can help pay for your funeral, cover your debts and provide for your dependants.

TPD: is a lump sum benefit paid if you suffer a total and permanent disability. The money can help cover the long-term costs of a disability, including medical treatment, ongoing care and modifications to your home.

Income Protection: is a monthly benefit that replaces up to 85% of your income if you can't work because of sickness or injury. These payments can help you pay your day-to-day expenses.

How much does it cost?

Premiums for these insurance packages are paid out of your super account. Premiums depend on factors including age, gender and the level of risk in your occupation. At the date this report was published, premiums for Death and TPD insurance started at as little as \$1.17 per week per unit of cover.

You can find out how much insurance you currently have, and how much it costs, by checking your annual super statement or by calling First Super on **1300 360 988**.

You can also apply to increase your cover up to \$2 million.

Please see the PDS for information on default insurance and for the terms and conditions that apply to insurance.

TRUST DEED CHANGES

The Trust Deed contains the rules of the Fund. There were no changes to the Trust Deed during 2011-2012.

DERIVATIVES

First Super and external investment managers may use derivative investments to help manage risk and for other defensive purposes. Derivative investments are not used for speculative investing. Where derivative investments are used, the Trustee considers the associated risks and controls that are in place by monitoring the managers' Risk Management Statement and preparing its own.

SOCIALLY RESPONSIBLE INVESTING

Labour standards and environmental, social or ethical considerations may be taken into account in the selection, retention or realisation of investments.

SUPERANNUATION SURCHARGE

The superannuation surcharge payable by high income earners on contributions and termination payments made on or after 1 July 2005 has been abolished. However, the ATO continues to send assessments relating to prior years. Should First Super receive such an assessment, we will deduct the charge directly from your account.

PROTECTING YOUR BENEFIT

Commonwealth Government regulations protect the benefits of members with superannuation account balances of less than \$1,000. Normally, fees for small account holders may not exceed the amount of earnings credited to your account. But in times of a negative investment return, the amount charged may be up to \$10 in direct fees. This ensures that your investment is usually protected and does not get eroded by fees and charges. Tax and insurance premiums will, however, continue to be deducted from your account, regardless of your balance, until it reaches zero.

ELIGIBLE ROLLOVER FUND (ERF)

In accordance with superannuation legislation, First Super has nominated an Eligible Rollover Fund (ERF) to receive the accounts of lost members or members with small, inactive accounts. Our nominated ERF is Australia's Unclaimed Super Fund (AUSfund).

The Government has provided for lost and inactive members with an account balance of \$200 or less to be transferred to the ATO instead of an ERF. However, being transferred to AUSfund or the ATO may affect your benefits in other ways because:

- You will cease to be a member of First Super; and
- Any insurance cover you had with First Super will cease.

Neither AUSfund nor the ATO offers insured benefits in the event of death or disability and may have a different investment strategy to First Super. If your benefit is transferred to AUSfund or the ATO, you will become subject to the governing rules the operations of either AUSfund or the ATO.

If First Super can provide AUSfund with current contact details, it will send you its current Product Disclosure Statement (PDS). You can also ask AUSfund for a copy of its PDS.

If First Super is required to transfer your account to the ATO, the ATO should make efforts to contact you. Both AUSfund and the ATO will generally protect accounts from erosion due to any administration levy or fees.

You can contact AUSfund at:

AUSfund Administration
PO Box 2468
Kent Town SA 5071

T: 1300 361 798 (for the cost of a local call)

F: 1300 366 233 (for the cost of a local call)

E: admin@AUSfund.net.au

W: www.unclaimedsuper.com.au

You can contact the ATO by calling 13 10 20 or visiting www.ato.gov.au

COMPLAINTS

The Trustee has established a procedure to deal fairly with member complaints. All complaints will be handled in a courteous and confidential manner, and will be properly considered and dealt with within 90 days. If you believe you have a complaint, please write to:

Superannuation Complaints Officer
c/o First Super
PO Box 666
Carlton South VIC 3053

Once the Trustee has investigated your complaint, you will receive a written reply explaining the Trustee's decision. If you are not satisfied with this decision, you may choose to take your complaint to the Superannuation Complaints Tribunal (SCT).

The SCT is an independent body established by the Commonwealth Government to review certain types of Trustee decisions. If the SCT accepts your complaint, it will attempt to resolve the matter through conciliation, which involves assisting you and the Fund to reach a mutual agreement.

If conciliation is unsuccessful, the SCT will make a determination, which is binding. Time limits apply to making certain complaints, particularly in relation to Death & Total and Permanent Disablement benefits, so you should approach the SCT promptly if you are dissatisfied with the decision of the Trustee.

If you wish to find out whether the Tribunal can handle your complaint and the type of information you would need to provide, you can contact the SCT at:

Locked Bag 3060, Melbourne VIC 3001
T: 1300 884 114
F: 03 8635 5588
E: info@sct.gov.au
W: www.sct.gov.au

If your complaint is outside the jurisdiction of the SCT, you might be able to take it to the Financial Ombudsman Service (FOS). FOS can be contacted at:

Financial Ombudsman Service (FOS)
GPO Box 3
Melbourne VIC 3001
T: 1300 780 808
W: www.fos.org.au

This service is provided to you free of charge.

PRIVACY

First Super has arrangements in place to protect the privacy of members' personal information, which will only be shared with other organisations for the purpose of administering your account or as otherwise authorised by you. A copy of our Privacy Policy is available on request.

PROVIDING YOUR TAX FILE NUMBER (TFN)

Under the Superannuation Industry (Supervision) Act 1993, your superannuation fund is authorised to collect your TFN, which will only be used for lawful purposes. These purposes may change in the future as a result of legislative change.

The trustee of your superannuation fund may disclose your TFN to another superannuation provider, when your benefits are being transferred, unless you request the trustee of your superannuation fund in writing that your TFN not be disclosed to any other superannuation provider.

It is not an offence not to quote your TFN. However giving your TFN to your superannuation fund will have the following advantages (which may not otherwise apply):

- (i) your superannuation fund will be able to accept all types of contributions to your account/s;
- (ii) the tax on contributions to your superannuation account/s will not increase;
- (iii) other than the tax that may ordinarily apply, no additional tax will be deducted when you start drawing down your superannuation benefits; and
- (iv) it will make it much easier to trace different superannuation accounts in your name so that you receive all your superannuation benefits when you retire.

You may provide your TFN orally or in writing (including electronically). Your annual Member Benefit Statement shows whether you have supplied your TFN. If you have not supplied us with your TFN but would like to do so, please contact us on **1300 360 988**.

Need more information?

For information or assistance regarding your super account, contact us:

Call: **1300 360 988**

Web: www.firstsuper.com.au

E-mail: mail@firstsuper.com.au

Fax: 1300 362 899

Address: Level 3, 200 Arden St
North Melbourne, Vic 3051

TALK TO SOMEONE WHO KNOWS

First Super's Coordinators are available to help with more complicated issues. They can speak with you over the phone or visit your workplace. First Super's Financial Planner is also available to discuss the financial planning services available to you.

We will provide you with any information you reasonably require to understand your benefit.

This includes, but is not limited to:

- benefit quotes
- the trust deed
- audited accounts
- insurance policies
- product disclosure statements, and
- the Risk Management Plan.

You can also obtain a printed copy of this annual report or the PDS at no charge by contacting us.

NEED HELP TO GET YOUR FINANCES ON TRACK?

A financial planner can help you to:

- better manage your money
- sort out your super
- achieve your financial goals (such as reduce debt, increase savings)
- identify your insurance needs, to help protect you and your family
- access your super when you turn 55
- make the most of a redundancy payout
- plan for your retirement and access government benefits.

Our financial planners receive no commissions for signing you up to a particular product or service; they work on a fee-for-service basis, so you'll know what it's going to cost you up-front.

Your initial consultation is free. First Super members aged 45+ or any member facing redundancy can access a \$250 fixed fee service for basic financial plans.*

* Financial planning is supplied by Industry Fund Financial Planning (IFFP). IFFP is a division of Industry Fund Services Pty Ltd – ABN 54 007 016 195, AFSL 232514. Complex plans may incur a higher fee. Offer current at October 2012 but may be varied or withdrawn at any time.



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