

# FIRST SUPER ANNUAL REPORT 2015-16

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THE INDUSTRY FUND FOR  
EMPLOYEES IN THE TIMBER,  
PULP & PAPER AND FURNITURE  
& JOINERY INDUSTRIES.

You can obtain a hard copy or register to receive a hard copy by calling 1300 360 988 or emailing [mail@firstsuper.com.au](mailto:mail@firstsuper.com.au).

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# CO-CHAIRS' MESSAGE

Dear members

We are proud to present First Super's 2016 Annual Report. We encourage you to read this annual report as it details your investment returns and many of the initiatives that the Fund has pursued during the year.

Your Board and fund are committed to putting our members first in every decision we make.

## INVESTMENT PERFORMANCE

Your fund delivered above target investment returns despite a turbulent investing year. Our Balanced (MySuper) default option, where the majority of accumulation members are invested, returned 5.24% and 5.73% for the Allocated Pension Balanced option for the year ending 30 June.

These above target returns were built on very strong returns in the two previous financial years. Members in the Balanced (default) option have enjoyed an annualised return of 8.7% each year for the last three years.

Your Board has reviewed the Fund's investment strategy and as for prior years, taking an active investing approach continued to benefit you and your fellow members.

Your Board continues to maintain the view that investing in active managers and in infrastructure, property and private equity produces superior net returns to members. This approach makes a marked difference to annual returns. Last year investment in Australian infrastructure returned above 16% and Australian private equity above 20%.

Your Board has taken into account that the medium term outlook for investment markets is lower returns, with increasing fluctuations creating the greater potential for negative returns.

It will take appropriate actions to balance the need to protect your superannuation investments whilst seeking reasonable returns. It is unlikely that there will be significant changes in investment strategy decisions next year.

If there are any significant changes in investment strategy we will inform you, our members, shareholders and stakeholders.

## GOVERNMENT POLICIES

In May's Federal Budget significant changes to superannuation were announced. The debate about changes has overshadowed other issues, which your Board believes are important for members.

While the Federal Government eliminated the Low Income Superannuation Contribution Scheme, they have now introduced the Low Income Superannuation Tax Offset (LISTO), which is expected to provide a benefit of up to \$500 per annum for over 3 million people. Many of First Super's members will benefit from this.

Reduction in annual concessional caps to \$25,000 per annum will affect members as many are making attempts to catch up for periods when they had no or low superannuation contributions by boosting their retirement savings by means of salary sacrifice arrangements and perhaps a transition to retirement pension.

Another issue is elimination of a benefit that refunds the contributions tax paid during a member's membership of the fund where the member dies. Our analysis of benefits paid to members' dependant beneficiaries shows that the benefit received increased by 11.7% on average. The Fund has written to members of parliament drawing their attention to this unfair measure and seeking their support to oppose amendments to tax legislation that would permit this.

## BOARD CHANGES

Allan Stewart has stepped down as Co-Chair of First Super having been the inaugural co-chair of First Super. Allan was replaced by Lisa Marty. Allan will continue to contribute to First Super as director.

Allan's contribution to the good governance of First Super as co-chair has been highly valued by his fellow directors and we and his fellow directors welcome his continuing contribution.

Lisa joined the Board in 2012 and is well known to many in the timber industry through leadership roles at the Victorian Association of Forest Industries, the Australian Forest Products Association and Skills Impact.

In September 2016, Martin Lewis resigned as a director of First Super having joined First Super as director when First Super was formed in 2008. Martin had previously served as a director of First Superannuation.

We would like to thank Martin for his many and varied contributions to First Super and its members. Martin has consistently ensured that First Super maintains its links with our industries.

## THANKS

2015/16 was another year of significant achievement for the First Super.

The Board would like to express its thanks to the Trustee office and service providers for the contributions that they have made to delivering great investment returns and member service.

**Michael O'Connor**  
Co-Chair, First Super



**Lisa Marty**  
Co-Chair, First Super



# CEO'S MESSAGE

As First Super's Chief Executive Officer, I am pleased to report that we have delivered strong investment returns this financial year as this is why we exist.

Our operations, governance and people at First Super are guided by one thing: putting members first. I hope the improvements we have made this year and the returns achieved demonstrate our ongoing commitment to providing you with the best possible value and service.

## MEMBER AND EMPLOYER SERVICING INITIATIVES

We remain committed to ensuring that members have the ability to receive over the phone and face-to-face financial advice in locations convenient to them. Our Financial Advice team always acts in the best interest of our members, and they do not receive commission payments.

We continue to deliver member education seminars, one-on-one meetings, insurance advice, investment advice, pension information and know-how on the issues that face employers providing Superannuation Guarantee (SG) for their employees are just a small part of the services our coordinators and financial advice team provide.

We are very pleased to advise that the clearing house solution provided by our administrator, Superannuation Benefits Administration (SBA) is off and running, making it substantially easier for our employers to meet their SG contribution obligations. This clearing house is free of charge to all First Super employers.

We hope that you have noticed the improvements we made to our online environment last year with the introduction of our new website and enhanced transactional capabilities.

## MEMBER INSURANCE

The Board has some very good news, rates for the cost of death, total and permanent disability insurance will reduce by over 5% effective 1 October 2016. The rates for income protection insurance will stay the same.

We feel that our ongoing relationship with MetLife Limited ensures we secure the best outcome for the benefit of our members both in terms of pricing, stability and the terms and conditions of our Policies.

Insurance premium reductions were achieved without any reduction in the quality of total and permanent disability insurance cover. The Board's approach differs from that taken by some other funds which have elected to reduce the quality of cover to pay for premium reductions.

The Board is committed to ensuring that members receive insurance quality cover at an affordable price.

## CONCLUSION

I hope that you find this update useful in providing an insight into what First Super has achieved for members and employers in the last financial year, and the opportunities and challenges our Fund and the industry superannuation movement faces at present and in the future.

I'd like to thank my colleagues in the Trustee office for their hard work during the year. It is a pleasure to work with a group of people who care about the job that they are doing for members such as you.

I'd also like to record my gratitude to our service providers, each of which makes our fund what it is and ensures that we are able to continue to put members first.

Happy investing.

**Bill Watson**  
CEO, First Super



# FIRST SUPER IS *YOUR* INDUSTRY FUND



First Super manages over \$2.4 billion in member funds for over 64,000 members as at July 2016. We offer superannuation, insurance and Allocated Pension Products including Transition to Retirement. As an industry super fund our profits are returned to you, our members, not to shareholders.

As the industry fund for all employees in the timber, pulp & paper and furniture & joinery industries, we are committed to providing our members with the benefits that enhance their long-term financial position, well-being and security.

## QUALITY SERVICE AND ADVICE

We are committed to providing First Super members with high quality service and advice. Our Service Centre is available to help you manage your super and inform you of your options. The Service Centre can help you arrange for a First Super Coordinator to visit your workplace. Our Coordinators are available to provide you with the information you require to better understand your super and our services.

We also offer members access to licenced financial planners who can help you plan for your retirement.

Call **1300 360 988** to talk to a Client Service Officer or to book a free initial consultation with a financial planner.

## INVESTMENT OPTIONS TO SUIT YOUR NEEDS

Your super can be a safe, low-cost and tax-effective way of saving for retirement.

First Super offers members five investment options with a varying mix of growth and defensive investments. You can invest your savings in one option or invest in a combination of options; the choice is yours. You can also change your investment options at any time, providing you have at least \$1,000 in your account.

### DID YOU KNOW?

Small differences in both investment performance and fees can have a substantial impact on your long-term returns.

# IMPORTANT INFORMATION FOR ACCUMULATION MEMBERS

## FLEXIBLE INSURANCE OPTIONS AT COMPETITIVE RATES

First Super provides you with flexible, comprehensive insurance options at competitive insurance rates. We understand how important it is that you and your family are protected if the unexpected were to happen.

### TYPES OF COVER

#### Death

Death cover provides a lump sum payment in the event of your death, or on diagnosis of a terminal illness. Amongst other things, it can help pay for your debts, funeral costs, or to help your family pay ongoing bills.

#### TPD

TPD cover provides a lump sum payment if you become totally and permanently disabled. Amongst other things, it can be used for your ongoing bills (such as mortgage and living expenses) and for your medical expenses.

#### Income Protection

Income Protection cover provides you with an ongoing payment of up to 85% of your income (depending on your level of cover) if you are unable to work for a long period because you are sick or injured. This way, you don't have to think about the bills, you only need to focus on getting better.

## HOW MUCH DOES IT COST?

Premiums for your insurance cover are paid out of your super account. Premiums depend on factors including age, gender and the level of risk in your occupation. 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 Product Disclosure Statement (PDS) for information on default insurance and for the terms and conditions that apply to insurance.

## PLANNING FOR RETIREMENT

If you are nearing your Preservation Age (the age at which you can access your super) and starting to think about retirement, First Super's Allocated Pension products allow you to stay with us through your working life and beyond. 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 fortnightly, 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.

If you have reached your Preservation Age and are still working, a First Super Transition to Retirement Allocated Pension can provide you with the flexibility to reduce your working hours and top up your income by drawing on your super. It can also be used to boost your super before you retire. As such, a Transition to Retirement Allocated Pension can be a powerful tax planning tool for wage and salary earners.

If you are over the preservation age and looking to retire permanently from the workforce, a First Super Allocated Pension can provide you with a regular income during retirement. You can even draw down lump sum amounts. To help you plan for your retirement, call our Service Centre on **1300 360 988** to discuss your options or make an appointment to see a financial planner.

### Preservation Age

Because the Government wants to encourage everyone to save for retirement, it provides tax savings for money invested in super. Since the purpose of super is to help you build up retirement savings, you generally cannot withdraw your money from super until you retire permanently from the workforce and after you have reached your preservation age.

Your preservation age depends on when you were born. If you were born before 1 July 1960, your preservation age is 55. Once you are 60 and retired, your money can be taken out of super tax free as a pension or lump sum.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

## DID YOU KNOW?

### As an industry fund, we offer low fees.

Nearly half of working Australians have multiple super accounts. We can help you rollover your super accounts – at no cost! Complete a Transfer your Super form and we'll do the rest!



# INVESTMENT PERFORMANCE

“ Last year members enjoyed another year of above target returns. ”

Last financial year was another year where members received returns above the investment return target.

Members enjoyed another year of above target returns.

Member investment option	Rate of return (%)	Target return <sup>1</sup>
Balanced — super	5.24	5.0
Balanced — pension	5.73	5.0
Conservative Balanced — super	4.71	4.3
Conservative Balanced — pension	5.27	4.3
Cash — super	2.48	2.3
Cash — pension	2.86	2.3
Growth — super	4.91	5.1
Growth — pension	5.53	5.1
Shares Plus — super	4.85	5.3
Shares Plus — pension	5.15	5.3

<sup>1</sup>Source: First Super Investing your Super booklet 1 October 2016.

The different rate of return between super and pension investment options is due to the fact that pension investment options earnings are not subject to the 15% superannuation tax.

These above target returns are off the back of very strong returns in the two previous financial years. Accumulation members in the Balanced (default) option, have enjoyed an annualised return of 5.24% for the last three years.

Allocation to specific asset sectors had a neutral effect on the Fund's performance. Outperformance in international equities (unhedged) and floating rate debt was offset by underperformance in Australian equities and cash, in which the Fund had a marginally overweight position relative to the Fund's strategic asset allocation.

Manager selection positively contributed to performance, with outperformance in Australian private equity, property, hedged international equities, floating rate debt and cash sectors. This was partially offset by underperformance by some Australian

equities and infrastructure managers.

First Super's private equity program through its manager Stafford Private Equity produced outstanding results as did PIMCO in international fixed interest. Pleasingly, also First Super's internal cash management strategies generated excess returns for members.

## OUTLOOK

The outlook for this financial year is more uncertain. Sudden declines in stock markets in August and continuing volatility for the remainder of August and into September do not augur well for another year of strong returns.

Slowdown in growth in China has both a direct effect on Australia's economy, the global economy and thus the Australian and international share and investment markets.

Our default option differs from other funds' default options in that it has a lower allocation to growth assets to reduce investment return volatility and provide capital protection in falling markets.

At present, First Super's Board is reviewing the Fund's investment strategy as the medium term outlook for investment markets is lower returns, with increasing fluctuations creating the greater potential for negative returns.

First Super's Board will take appropriate action to balance the need to protect our members' superannuation investments whilst seeking sustainable and reasonable returns.

We will keep members informed of significant investment strategy decisions through our website and quarterly emails.

5.24%

The Balanced (default) option return for the year

“ With First Super, you control how your super is invested. You can choose an investment mix that suits your risk profile and investment timeframe. ”

## CREDITING MEMBER ACCOUNTS

Your super account earns investment income at the Fund's declared crediting rate\*.

The crediting rate used will depend on the investment option(s) you have selected. Each month First Super will declare a crediting rate return for each investment option based on earnings and estimated fees and tax.

After the end of the financial year (30 June) or when you leave the Fund, First Super will adjust your account based on the accumulated weekly performance of each investment option after deducting tax and fees and allowing for reserves.

At the end of the financial year, the amount applied to your account is based on your average daily account balance and the related weekly performance for your investment option.

You should take into account that investment returns can fluctuate up or down and may be negative in some years. The actual returns are based on the performance of the underlying investments and First Super does not guarantee or promise any specific rate of return.

\* Crediting rates and interim earning rates may be positive or negative. If the crediting rate is positive your account grows. If the rate is negative, your account balance is reduced.

### Interim crediting rates

First Super also determines interim crediting rates of earnings that apply when members are paid a benefit during the year.

These interim rates are calculated based on the declared weekly crediting rates to the date of exit or withdrawal plus the estimated investment crediting rate for any part week up to the date of exit or withdrawal. If you leave the Fund, an interim crediting rate is applied to your entire account balance.

Below are the crediting rates for the financial year ending 30 June 2016 and prior periods.

Superannuation								
Investment Option	1 year % p.a.	2 year % p.a.	3 year % p.a.	5 year % p.a.	10 year % p.a.	Return since inception	Inception date	Return over CPI since inception
Balanced (default)	5.24	7.30	8.72	8.39	5.16	8.29	1 Jul 1988 <sup>^</sup>	9.4
Shares Plus	4.85	8.36	10.83	9.95	5.00	5.36	1 Mar 2001	12
Growth	4.91	7.70	9.74	n/a	n/a	10.63	14 Oct 2011	10.6
Conservative Balanced	4.71	6.02	6.97	7.35	n/a	5.43	1 Jul 2008	7.3
Cash	2.48	2.56	2.62	3.32	3.70	4.40	1 Mar 2001	2.7

<sup>^</sup>The composition of the Balanced option was fundamentally different prior to 1 July 1988.

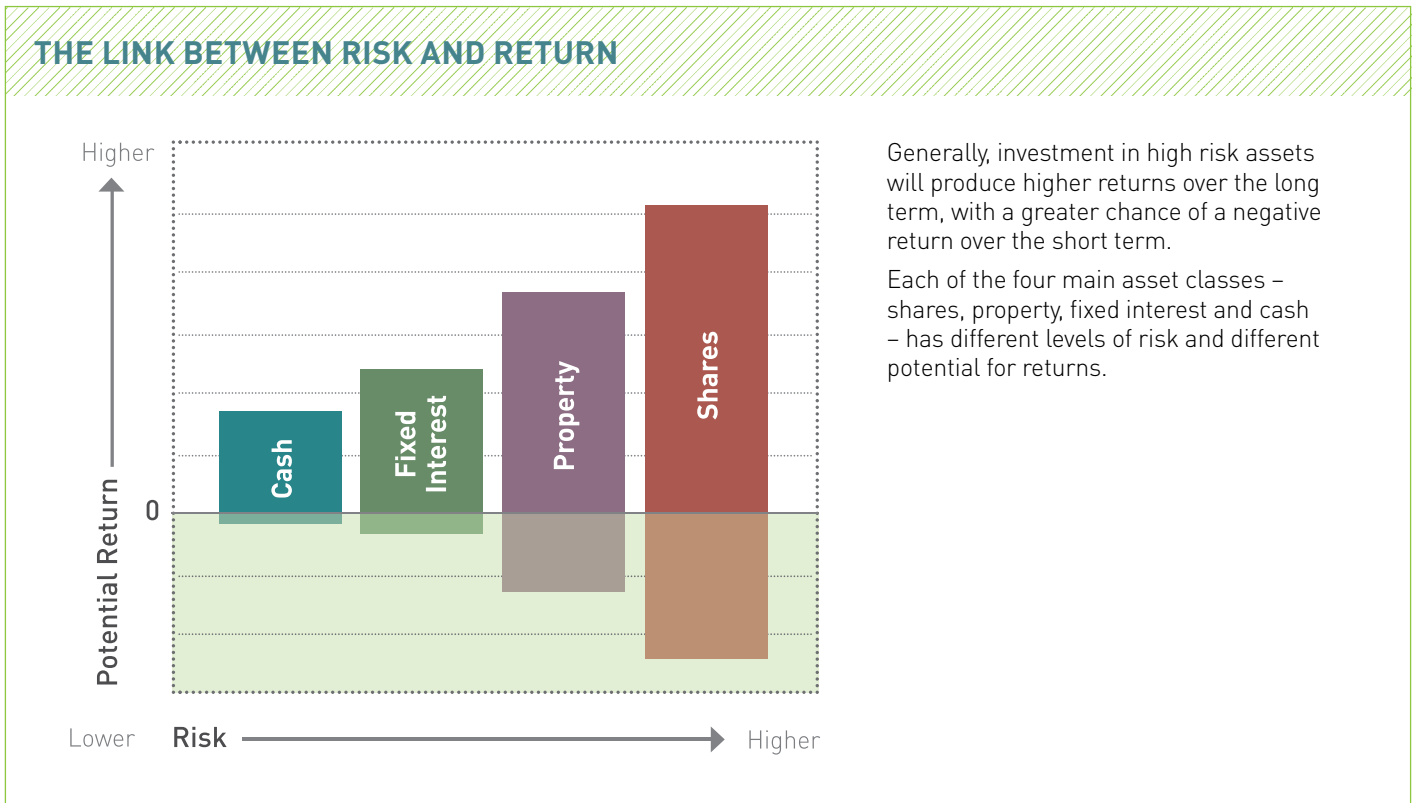
Pension								
Investment Option	1 year % p.a.	2 year % p.a.	3 year % p.a.	5 year % p.a.	10 year % p.a.	Return since inception	Inception date	Return over CPI since inception
Balanced (default)	5.73	8.00	9.65	9.43	5.95	7.23	18 Mar 2005	10.3
Shares Plus	5.15	8.89	11.79	10.93	5.77	7.35	1 Jul 2005	12.8
Growth	5.53	8.66	n/a	n/a	n/a	9.78	10 Aug 2013	11.9
Conservative Balanced	5.27	6.70	7.84	8.30	n/a	6.14	1 Jul 2008	8.2
Cash	2.86	2.95	3.04	3.88	4.29	4.22	1 Jul 2005	3

Note: 'N/A' indicates there were no similar investment options available 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 RISK/RETURN PROFILE OF THE MAIN ASSET CLASSES

This graph illustrates the relationship between higher returns and greater risk. It does not reflect the actual returns or risks.





# YOUR INVESTMENT CHOICE

First Super lets you choose how your super is invested. Members can choose to invest in any one or a combination of the following five investment options:

First Super members can choose to invest in any one or a combination of the following options:

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

You can mix your investment in any percentage split across the five investment options or you can choose to invest in just one option. The choice is yours.

## MAKING AN INVESTMENT CHOICE

Before making an investment choice you should consider your personal situation and understand the relationship between risk and return. This is essential to making an informed investment decision.

You can change your investment mix at any time, provided you have an account balance of at least \$1,000.

First Super provides all members with access to low cost financial planning services\*.

They work on a fee for service basis so you know what it is going to cost you up front. Your initial consultation is free.

Call **1300 360 988** for more information or to arrange for a financial planner to contact you.

\* Financial planning is provided by Industry Fund Services Pty Ltd (ABN 54 007 016 195 AFSL 232514)

## INVESTMENT OPTIONS

For more information, read the Investing your super booklet available at [firstsuper.com.au](http://firstsuper.com.au).

## USE OF 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.

## CHANGE TO ASSET CLASS NAMES

A change in Government legislation requires super funds to use standard terms to describe the assets classes in which they invest. While the new names provide less information than the old, the change has not significantly affected how or where First Super invests, only the names used.

The table below shows the old and new asset class names.

Old Asset class names	New Asset class names
Australian Equities	Australian listed equities
International Equities (Unhedged)	International listed equities
International Equities (Hedged)	International listed equities
Australian Private Equity	Australian unlisted equities
International Private Equity	International unlisted equities
Timber, Furniture and Pulp	Other
Australian Infrastructure	Australian unlisted infrastructure
International Infrastructure	International unlisted infrastructure
Property	Australian unlisted property
Australian Broad Based Bonds	Australian fixed income
International Broad Based Bonds	International fixed income
Floating Rate Debt	50% Australian fixed income/50% international fixed income
Cash	Cash

## SHARES PLUS

### 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 ten-year periods;
- > 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.

### Investor profile

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

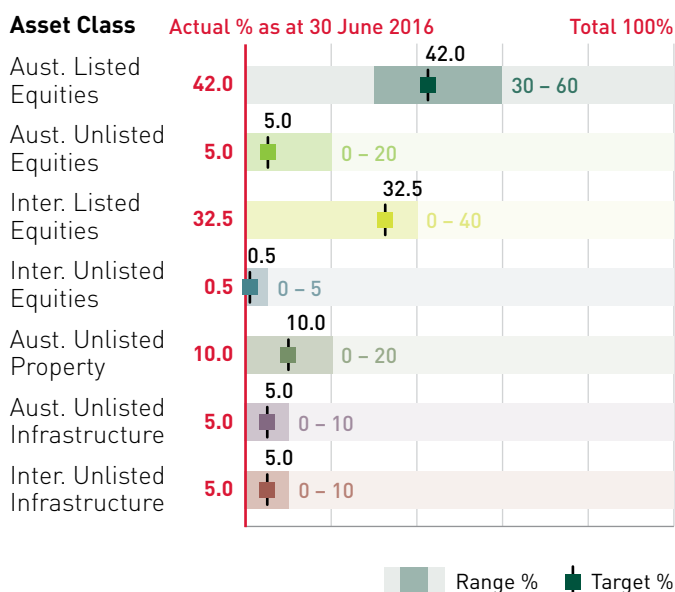
### Risk profile

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 over the long term.

### Standard risk

4.2 years **Risk band:** 6 **Risk label:** High

### Asset allocation and ranges



## GROWTH

### 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 ten-year periods;
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in six; 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.

### 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.

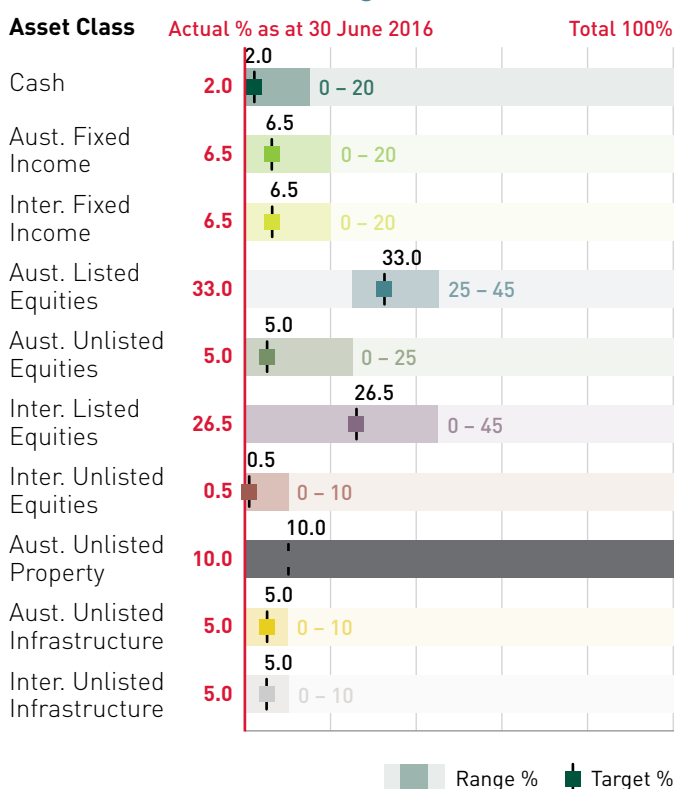
### Risk profile

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

3.5 years **Risk band:** 5 **Risk label:** Medium to high

### Asset allocation and ranges



## BALANCED (DEFAULT) - MySuper

### Objectives

- > 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 ten-year periods;
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in nine; 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.

### Investor profile

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

### Risk profile

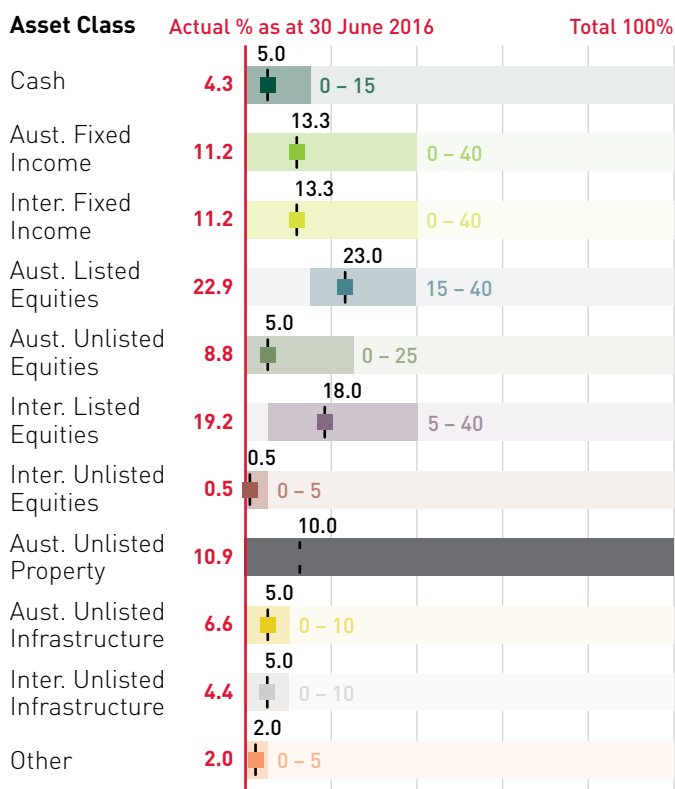
Designed to provide good growth over the mid to long term while reducing risk through diversification. Likely to slightly underperform against the First Super Shares Plus and Growth options over the long term.

### Standard risk

2.3 years **Risk band:** 4 **Risk label:** Medium

Range % Target %

### Asset allocation and ranges



## CONSERVATIVE BALANCE

### 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 ten-year periods;
- > 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.

### 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 super savings.

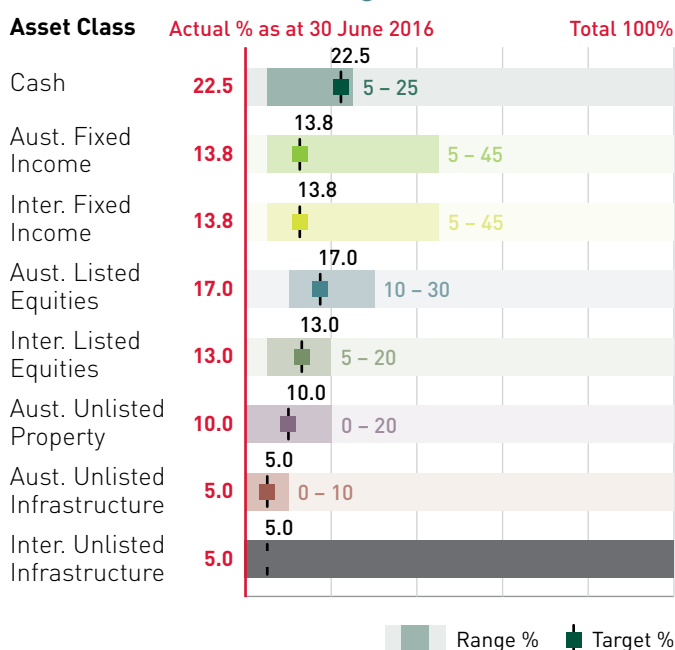
### Risk profile

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

1.2 years **Risk band:** 3 **Risk label:** Low to medium

### Asset allocation and ranges



Range % Target %



## CASH

### 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;
- > 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.

### 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.

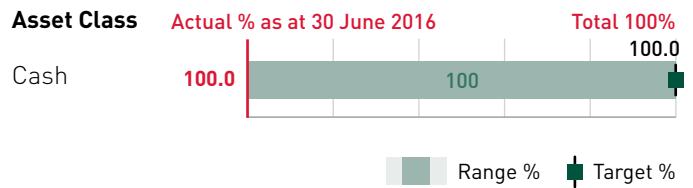
### Risk profile

Designed to provide very stable returns at the lowest end of the risk/return range. However, it is likely to underperform 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



INVESTMENTS HELD BY THE FUND



Listed below are the investment funds employed by First Super and the direct investments made for the financial year ending 30 June 2016.

	30 June 2016 (\$,000)
<b>Australian Equities</b>	
Eley Griffiths Aust Equity Small Companies Mandate	57,267,347
IFM Enhanced Index Aust Equity Mandate*	193,267,718
Invesco Small Cap Aust Equity Fund	
Allan Gray Australian Equity Fund*	138,894,429
Perpetual Aust Equity Mandate*	160,755,424
<b>Total Australian Equities</b>	<b>550,184,918</b>
<b>Australian Infrastructure</b>	
IFM Aust Infrastructure Fund*	102,249,795
PW Hastings UTA	47,243,059
<b>Total Australian Infrastructure</b>	<b>149,492,854</b>
<b>Australian Private Equity</b>	
First Trust Portfolio*	115,005,260
Frontier Pty Ltd	312,000
ME Bank Ltd	29,587,261
Industry Super Holdings	14,391,062
ROC Partners Trust 3	6,047,330
ROC Partners Trust IV	13,446,717
PW Quay Australia 3 Fund	2,355,750
PW Quay Australia 4 Fund	1,432,223
Super Benefits Administration Pty Ltd	1,280,959
The New Daily	20,000
<b>Total Australian Private Equity</b>	<b>183,878,562</b>
<b>Cash &amp; Capital Guaranteed</b>	
IFM Specialised Cash Fund	5,896,172
Short Term Cash Account* (Term deposits)	137,972,553
Cash	49,406,339
<b>Total Cash</b>	<b>193,275,064</b>
<b>Fixed Interest</b>	
IFM Specialised Credit Fund	82,111,021
Blackrock Indexed Aust Bond Fund	120,309,582
Blackrock Overseas Bond Index	53,095,110
IFM Credit Opportunities Mandate	21,740,457
PIMCO Global Bond Fund	72,875,511
PIMCO Target Return Fund*	141,572,882
ME Super Loans Trust	5,804,233
Westbourne Yield Fund No 1	17,464,191
<b>Total Fixed Interest</b>	<b>514,972,987</b>

	30 June 2016 (\$,000)
<b>International Equities (Unhedged)</b>	
BGI Unhedged World Ex Aust Equities Index	40,015,317
Capital Int Global Equities Unhedged*	131,578,959
Global Thematic Fund	78,427,179
Orbis Global Equity Fund*	128,754,213
<b>Total International Equities (Unhedged)</b>	<b>378,775,668</b>
<b>International Equities (Hedged)</b>	
Blackrock Hedged World Equities Index	85,321,876
<b>Total International Equities (Hedged)</b>	<b>85,321,876</b>
<b>International Infrastructure</b>	
IFM International Infrastructure	104,713,391
<b>Total International Infrastructure</b>	<b>104,713,391</b>
<b>International Private Equity</b>	
IFM Intl Private Equity 1	1,496,642
Wilshire Pooled Superannuation Trust	8,778,594
<b>Total International Private Equity</b>	<b>10,275,236</b>
<b>Property</b>	
ISPT Core Fund*	150,321,064
ISPT DOF 1	2,295,646
PW Fortius Active Property	277,468
PW Franklin International Real Estate 2	1,360,375
QIC Property Fund	96,443,619
<b>Total Property</b>	<b>250,698,172</b>

## Total Investments

# \$2,421,588,728

\* These assets represent 5% or more of the Fund.



# TAKING CARE OF FIRST SUPER



## THE TRUSTEE

The Trustee of First Super is a company, First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988, RSEL L0003049).

The Trustee is responsible for managing over \$2.4 billion in funds under management and overseeing its investments on behalf of over 64,000 members, in accordance with the Trust Deed and relevant legislation. The Trustee holds professional indemnity insurance. At the date this report was issued, the Trustee has not incurred any penalties under Section 38A of the Superannuation Industry (Supervision) Act 1993

## THE TRUSTEE BOARD

The First Super Trustee Board is comprised of five member representatives, five employer representatives and two independent directors. Directors are appointed to the Board following consideration of a nominee's suitability and qualifications. Member representatives are nominated to the Board by the CFMEU (Forestry and Furnishing Products Division) while employer representatives are nominated by employers or employer associations. Two independent directors were jointly appointed by the other members of the Trustee Board. The Co-Chair persons are elected annually by the Board. The Board generally meets four times a year and undertakes an annual review of its performance. Every second year an independent external review of the Board (and its committees) is commissioned.

# \$175,461,611

**The value of contributions made to First Super member accounts for the 2015-16 financial year.**

## BOARD COMMITTEES

The First Super Trustee Board has established committees to deal with issues and to make recommendations to the Board. Each committee generally meets four times a year, with additional meetings scheduled as required. The Directors of First Super and their committee representation as at 30 June 2016 was as follows:

Member representative	Committee representation
<b>Michael O'Connor (Co-Chair)</b> Member since 2008	Administration and Marketing Investment (Chair) Nominations Remuneration
<b>Denise Campbell-Burns</b> Member since 2014	Administration and Marketing Audit and Compliance
<b>David Kirner</b> Member since 2010	Audit and Compliance Investment
<b>Alex Millar</b> Member since 2008	Investment Remuneration
<b>Frank Vari</b> Member since 2008	Administration and Marketing Nominations

Employer representative	Committee representation
<b>Allan Stewart (Co-Chair)</b> Member since 2008	Administration and Marketing (Chair) Investment Nominations Remuneration
<b>Martin Lewis</b> Member since 2008	Audit and Compliance Investment Nominations
<b>Lisa Marty</b> Member since 2012	Administration and Marketing Audit & Compliance
<b>Mike Radda</b> Member since 2008	Investment
<b>Julie George</b> Member since 2015	Administration and Marketing

Independent director	Committee representation
<b>Bob Smith</b> Member since 2008	Audit and Compliance (Chair) Nominations (Chair) Remuneration (Chair)
<b>Candy Broad</b> Member since 2015	Audit and Compliance Investment Remuneration Nomination

## SERVICE PROVIDERS

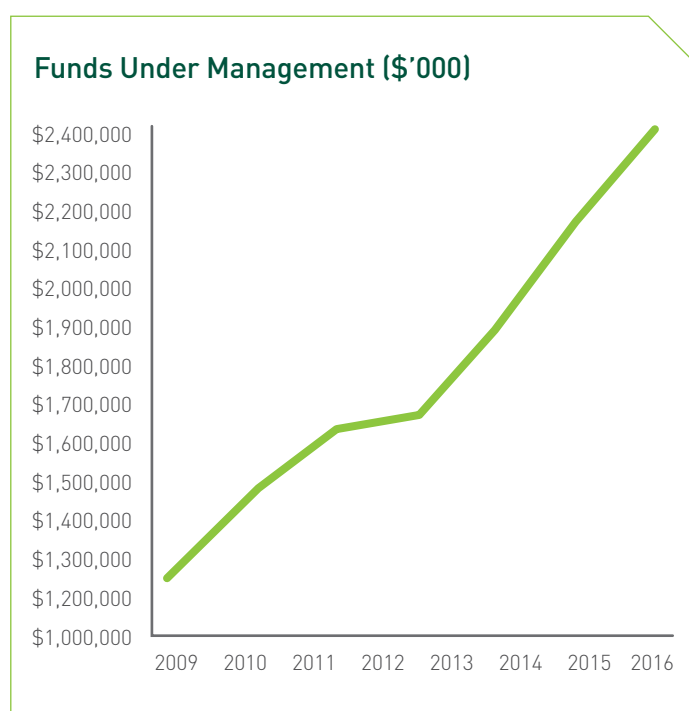
First Super work with a range of independent advisors and service providers to assist with running First Super on a day-to-day basis. Each advisor and service provider is appointed following a due diligence process. Advisors and service providers may change from time to time. As of 30 June 2016, First Super used the following advisors and service providers:

<b>Actuary</b>	Mercer (Australia) Pty Ltd
<b>Administrator</b>	Super Benefits Administration Pty Ltd*
<b>External Auditor</b>	PricewaterhouseCoopers
<b>Internal Auditor</b>	KPMG
<b>Insurer</b>	MetLife Insurance Limited
<b>Insurance Advisor</b>	IFS Insurance Solutions Pty Ltd
<b>Asset Consultant</b>	Frontier Advisors Pty Ltd*
<b>Legal Advisor</b>	Madgwicks
<b>Master Custodian</b>	BNP Paribas Securities Services
<b>Tax Adviser</b>	Ernst & Young
<b>Financial Planning</b>	Industry Fund Services Pty Ltd
<b>Coordinators</b>	CFMEU FFPD

\*First Super holds shares in this service provider as an investment.

## FIRST SUPER COORDINATORS

First Super's Coordinators are available to help you over the phone or visit you at your workplace to discuss the financial planning services available to you. For more information about First Super's Coordinators call **1300 360 988**.



# DIRECTORS' REMUNERATION REPORT



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

The fees paid to Directors are set and examined regularly by the Remuneration Committee. Independent advice may be sought from time to time to ensure Board remuneration is in line with the market. Based on information available, the Remuneration Committee is satisfied that the level of remuneration paid to First Super Directors is reasonable.

## DIRECTOR'S FEES

The fees paid to Directors are paid in respect of:

**Board meetings.** Covering preparation for and attendance at Board meetings. Payment includes an allowance for travel and accommodation for interstate Directors.

**Committee and subcommittee meetings.** Covering preparation and attendance at committee and meetings. Payment includes an allowance for travel and accommodation for interstate Directors.

**Workshop & training courses.** Covering Director participation in all approved workshop and training courses and relevant incurred expenses.

**Conferences.** Covering Director participation in approved conferences and relevant incurred expenses for travel and accommodation for interstate Directors.

**Extra Duties.** On occasion the Board may require Directors to take on extra duties. An additional fee may be paid to the Director at the Board's discretion.

## PROFESSIONAL DEVELOPMENT

On accepting a seat on the Board, all Directors are required to participate in a thorough induction program leading up to and following their appointment. All Directors maintain their skills and competencies by meeting the required professional development each year. Professional development may include participation in industry programs, seminars and conferences, relevant presentations at Board and committee meetings and other approved workshop and training courses.

## HOSPITALITY AND GIFTS

First Super Directors and Senior Management may on occasion accept hospitality and gifts within the constraints of the Hospitality & Gifts policy. All hospitality and gifts that are accepted are recorded in the Hospitality & Gifts Register. The Register is provided to the Audit and Compliance committee at each meeting and is published on the First Super website.



## BOARD FEES

The fees for the Directors of First Super have not increased since they were first established in 2008. The Directors' fees for the year ended 30 June 2016 are as follows:

Role/Activity		Fees and Allowances
<b>Co-Chairpersons</b>		\$1,500 per calendar month or part thereof
<b>Co-Chairpersons and Directors</b>	Board Meetings and Strategic Planning Day(s)	\$3,000/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
	Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$1,500/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
<b>Associate Directors</b>	Board Meetings and Strategic Planning Day(s)	\$2,250/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
	Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$1,125/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
<b>Workshops/Training Courses (Co-Chairs, Directors and Associate Directors)</b>		\$1,100/day (plus \$1,000 for Interstate Allowance Rate where applicable)
<b>Domestic Conferences (Co-Chairs and Directors)</b>		\$1,100/day (No Interstate Allowance Rate)
<b>International Conferences &amp; Workshops (Co-Chairs and Directors)</b>		\$1,100/day plus reimbursement of travel, accommodation and incidental costs as deemed appropriate by the Chair of the Remuneration Committee on advice from the CEO; or in respect of the Committee Chair, as deemed appropriate by the Co-Chairs of the Fund on advice from the CEO; with details of proposed or incurred costs reported to the next Board meeting.
<b>Representational Committees</b>	AIST Chairs forums APRA consultations	\$2,250/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
<b>Industry not for profit committees (Co-Chairs and Directors) where no fee or honoraria paid by organisation to Director and where the Director is required to represent the Fund</b>		\$1,100/day (plus \$1,000 for Interstate Allowance Rate where applicable)
<b>Teleconferences</b>		Fees not applicable

## 2015-16 ATTENDANCE AND REMUNERATION

Listed below are Directors' meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2016.

Director	Committee	Board (5 held)	Total PD HRs	Fees paid	Fees Paid to
Denise Campbell-Burns	6/8	3/5	16	\$29,480	CFMEU - FFPD
Candy Broad	9/12	5/5	49	\$44,800	Candy Broad
Julie George	6/6	5/5	39	\$54,179	Busi Culture
David Kirner	8/9	5/5	29	\$52,979	CFMEU - FFPD
Martin Lewis	8/10	5/5	25	\$54,629	Kylken Pty Ltd
Lisa Marty	7/8	4/5	52.5	\$39,930	Lisa Marty
Alex Millar	6/7	4/5	41.5	\$45,320	CFMEU - FFPD
Michael O'Connor	11/12	5/5	37	\$72,270	CFMEU - FFPD
Mike Radda	5/5	3/5	20	\$27,995	UCI Projects Pty Ltd
Bob Smith	7/7	5/5	21.5	\$61,944	Robert Patrick Smith
Allan Stewart	12/12	5/5	58.5	\$123,200	Allan Stewart and Associates Pty Ltd
Frank Vari	5/5	4/5	25	\$32,890	CFMEU - FFPD
				<b>\$639,617</b>	

Fees paid to interstate Directors include payment for travel and accommodation.

The total salary package of First Super's CEO for the year ending 30 June 2016 was \$340,249.

# FEES AND CHARGES

The fees and costs charged in the 2015-16 Financial Year are set out below.

## ACCUMULATION FEES AND CHARGES

Type of fee	Amount	How and when paid										
Investment fee	Nil	Not applicable.										
Administration fee	\$1.50 per week (\$78.00 p.a.) plus 0.05% per year of account balance.	\$1.50 is deducted from your account balance on the last working day of the month. 1/12 of 0.05% of your average account balance for the month is deducted on the last working day of the month. If you leave the fund, these fees are applied at the date of exit.										
Buy-sell spread	Nil	Not applicable.										
Switching fee	Nil for the first two switches, \$30 for any subsequent switch in the year.	Deducted from your account when the switch is processed.										
Exit fee	\$75.00 for full or partial withdrawals. Nil for retirement benefits, pension payments, death and disablement benefits, financial hardship and compassionate payments.	Deducted from your account when processed.										
Advice fees – relating to all members investing in a particular product or investment option.	Nil	Not applicable.										
Other fees and costs*												
Indirect cost ratio	<table border="0"> <tr> <td>Shares Plus</td> <td>0.81%</td> </tr> <tr> <td>Growth</td> <td>0.74%</td> </tr> <tr> <td>Balanced</td> <td>0.64%</td> </tr> <tr> <td>Conservative Balanced</td> <td>0.43%</td> </tr> <tr> <td>Cash</td> <td>0.08%</td> </tr> </table>	Shares Plus	0.81%	Growth	0.74%	Balanced	0.64%	Conservative Balanced	0.43%	Cash	0.08%	Indirect Cost Ratio is deducted from investment earnings before investment returns are declared. See 'Indirect Cost Ratio' in the PDS for further information.
Shares Plus	0.81%											
Growth	0.74%											
Balanced	0.64%											
Conservative Balanced	0.43%											
Cash	0.08%											

## ALLOCATED PENSION FEES AND CHARGES

Type of fee	Amount	How and when paid										
Investment fee	Nil	Not applicable.										
Administration fee	0.38% per year of account balance, capped at \$1,750 p.a.	Calculated and deducted from accounts at the end of each month based on average account balances during the month. This fee is capped at \$1,750 p.a.										
Buy-sell spread	Nil	Not applicable.										
Switching fee	Nil for the first two switches, \$30 for any subsequent switch in the year.	Deducted from your account when the switch is processed.										
Exit fee	Pension payments: Nil Lump sum withdrawals: First withdrawal is free, each subsequent withdrawal is \$75.00. Termination: Nil	Not applicable. Deducted from your account at the time of the withdrawal. Not applicable.										
Advice fees – relating to all members investing in a particular product or investment option.	Nil	Not applicable.										
Other fees and costs*												
Indirect cost ratio	<table border="0"> <tr> <td>Shares Plus</td> <td>0.81%</td> </tr> <tr> <td>Growth</td> <td>0.74%</td> </tr> <tr> <td>Balanced</td> <td>0.64%</td> </tr> <tr> <td>Conservative Balanced</td> <td>0.43%</td> </tr> <tr> <td>Cash</td> <td>0.08%</td> </tr> </table>	Shares Plus	0.81%	Growth	0.74%	Balanced	0.64%	Conservative Balanced	0.43%	Cash	0.08%	Indirect Cost Ratio is deducted from investment earnings before investment returns are declared. See 'Indirect Cost Ratio' in the PDS for further information.
Shares Plus	0.81%											
Growth	0.74%											
Balanced	0.64%											
Conservative Balanced	0.43%											
Cash	0.08%											

\* Other fees and costs may apply, such as Family Law fees, Advice fees for personal advice and Insurance fees. Please see PDS for more information.

# FINANCIAL INFORMATION

The following is an abridged version of First Super's Financial Statements for the financial year ending 30 June 2016. A copy of the audited Financial Statements is now available to download at [firstsuper.com.au](http://firstsuper.com.au).

Statement of financial position	30 June 2016 (\$)	30 June 2015 (\$)
<b>Assets</b>		
Investments	2,421,588,728	2,316,026,623
Other Assets	8,072,967	6,104,713
<b>Total Assets</b>	<b>2,429,661,695</b>	<b>2,322,131,336</b>
<b>Liabilities</b>		
Trade and other payables	(7,260,212)	(5,957,105)
Benefits payable	(1,561,805)	(776,540)
Current tax liabilities	(22,935,742)	(13,660,342)
<b>Total Liabilities</b>	<b>(31,757,759)</b>	<b>(20,393,987)</b>
<b>Net assets</b>	<b>2,397,903,936</b>	<b>2,301,737,349</b>
<b>Represented by liability for accrued benefits</b>		
Member funds	2,375,498,411	2,284,778,178
Reserves	22,405,525	16,959,171
<b>Liability for accrued benefits</b>	<b>2,397,903,936</b>	<b>2,301,737,349</b>
<b>Operating statement</b>		
Revenue from investments	128,066,821	196,407,705
Revenue from contributions	175,461,611	170,686,034
Other revenue	16,302,200	18,156,685
<b>Total revenue</b>	<b>319,830,632</b>	<b>385,250,424</b>
Total expenditure	(43,571,570)	(31,331,976)
<b>Benefits accrued before tax</b>	<b>276,259,062</b>	<b>353,918,447</b>
Tax expense	(19,067,488)	(25,305,842)
<b>Benefits accrued after tax</b>	<b>257,191,574</b>	<b>328,612,605</b>

# \$116,619,905

The amount of earnings distributed to member accounts for the 2015-16 financial year.

# SUPERANNUATION UPDATE

4,935

Number of new members for 2015-16.

## Schedule for increasing the Super Guarantee rate

Period	Super guarantee (%)
1 July 2015 – 30 June 2016	9.5
1 July 2016 – 30 June 2017	9.5
1 July 2017 – 30 June 2018	9.5
1 July 2018 – 30 June 2019	9.5
1 July 2019 – 30 June 2020	9.5
1 July 2020 – 30 June 2021	9.5
1 July 2021 – 30 June 2022	10
1 July 2022 – 30 June 2023	10.5
1 July 2023 – 30 June 2024	11
1 July 2025 – 30 June 2026 and onwards	12

## CONTRIBUTION LIMITS<sup>^</sup> FOR THE 2016/17 FINANCIAL YEAR:

<p><b>Concessional Contributions (Before-tax contributions)</b></p> <p>Including employer, salary sacrifice and personal contributions for which a tax deduction is claimed.</p>	<p>\$30,000 for those aged under 49 on the last day of the previous financial year.</p> <p>\$35,000 for those aged 49 or more on the last day of the previous financial year.</p>
<p><b>Non-Concessional Contributions (After-tax contributions)</b></p> <p>Including personal contributions made from after-tax pay and spouse contributions.</p>	<p>\$180,000*</p> <p>People aged under 65 years may be able to make non-concessional contributions of up to three times their non-concessional contributions cap for the year, over a three-year period. This is known as the 'bring-forward' option.</p> <p>The bring-forward cap is three times the non-concessional contributions cap of the first year.</p> <p>If you brought forward your contributions in 2016-17 financial year, it would be <math>3 \times \\$180,000 = \\$540,000</math>.</p>

### Want to know more?

For the latest information on changes that affect superannuation, go to the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au)

<sup>^</sup> These limits are reviewed each financial year and we will inform you of any changes to these limits, as proposed by the government.

\* Individuals over age 65 and satisfying the 'work test' can make non-concessional contributions of up to \$180,000 per year.





## WHAT HAPPENS IF YOU EXCEED THE CONTRIBUTION LIMIT?

### Concessional Contributions:

For contributions made after 1 July 2013 onwards, if the concessional contributions cap is exceeded, any excess concessional contributions will be included in the member's assessable income for the corresponding year and taxed at their marginal tax rate. In addition, the member will also be liable for the excess concessional contributions (ECC) charge.

An ECC will increase the member's tax liability on the excess contributions. This charge is applied to recognise that the tax on excess concessional contributions is collected later than normal income tax.

To reduce the tax liability, the tax office will apply a 15% tax offset to account for the contributions tax that has already been paid by your super fund.

You may elect to withdraw up to 85% of the excess concessional contributions from your super fund to help pay the income tax assessment resulting from excess concessional contributions.

### Non-Concessional Contributions:

The new procedure allows a choice for individuals to release from super an amount equal to their super contributions in excess of the non-concessional contributions cap (cap) plus 85% of an associated earnings amount, with the full earnings amount included in the individual's assessable income and taxed at the individual's marginal tax rate. The individual will be entitled to a non-refundable tax offset equal to 15% of the associated earnings amount.

Excess non-concessional contributions tax is imposed at the top marginal tax rate on excess contributions not released from your super fund.

## GOVERNMENT CO-CONTRIBUTION THRESHOLD INCREASE

The income threshold for eligibility for a Government co-contribution increased to \$51,021 (up from \$50,454) for the 2016/17 financial year. This is the income level at which the co-contribution cuts out. If an individual earns less than this amount and makes a contribution to super from their after-tax pay, the Government may contribute up to \$500 to their super tax free.

## AGE PENSION QUALIFYING AGE

Period within which a person was born	Pension age
1 Jan 1949 - 30 June 1952	65 years
From 1 July 1952 to 31 December 1953	65 years and 6 months
From 1 January 1954 to 30 June 1955	66 years
From 1 July 1955 to 31 December 1956	66 years and 6 months
From 1 January 1957 onwards	67 years

## NEW AGE PENSION ASSET TEST LIMITS

From 1 January 2017, the Asset Test Limits for the Age Pension will change to:

Levels For:	Full Pension (Assets Below)	Part Pension (Assets Below)
Single - Homeowner	\$250,000	\$542,500
Single - Non Homeowner	\$450,000	\$742,500
Couple - Homeowners	\$375,000	\$816,000
Couple - Non Homeowner	\$575,000	\$1,016,000

Pensioners will be subject to a new taper rate of \$3 for every \$1,000 above the new assets test free areas.

Income support recipients who lose their payment entitlement on 1 January 2017 as a result of the changes will be automatically issued with a Commonwealth Seniors Health Card. They will be exempt from the usual income test requirements for these cards indefinitely.

Source: Dept. of Human Services - 20th September 2016.

## SIGNIFICANT EVENTS NOTICE

### Insurance

First Super has some very good news, rates for the cost of Death and Total and Permanent Disability reduced by 5% effective from 1 October 2016. The rate for Income Protection will stay the same. We feel that our ongoing relationship with MetLife Limited ensures we secure the best outcome for the benefits of our members.

### Fees and costs disclosure

The Australian Securities and Investments Commission (ASIC) announced changes to the way fees are disclosed to improve transparency in the way fees and costs are disclosed in investments. We endorse regulatory changes to increase transparency and this is reflected in the Fees and Costs Section of the First Super Product Disclosure Statement. The Trustee has not increased the fees and costs it charges to your account. The main effect of the ASIC changes is that certain costs paid by the Fund must be shown as though they were fees charged to you.

# BENEFITS



## Benefits paid by the First Super Accumulation Division

“ You do not have to take a Withdrawal Benefit if you leave your current employer; you can keep your money in First Super. ”

### WITHDRAWAL BENEFIT

When you leave First Super, 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 First Super. In most cases, you can also choose to have future super contributions from different employers made to your First Super account.

### RETIREMENT BENEFIT

When you reach your preservation age, 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 still working and have reached your preservation age by using a transition to retirement strategy. Otherwise, to begin drawing your Retirement Benefit, you must generally reach:

- > your preservation age, and permanently retire from the workforce;
- > age 60 or over and cease gainful employment with an employer; or
- > age 65.

Your Retirement Benefit can be taken as multiple drawdowns.

### DEATH BENEFITS

If you die while you are a member of First Super, your member account balance will be paid as a lump sum. In addition, any Insured benefit may also become payable provided the Insurer admits a claim made for payment. Who will receive your Death Benefit when you die depends on the law and what you instruct us to do. You have three 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 (see page 24 for the meaning of 'dependant');
- (ii) Make a Binding Nomination of Beneficiary (see page 24 for more information); or
- (iii) Make a Non-binding Nomination of Beneficiary (see page 24 for more information).

## Binding Nomination of Beneficiary

This allows you to provide a written instruction to the Trustee about who you wish to receive your benefit in the event of your Death. The Trustee is legally bound to follow your instruction, provided that the nomination is legally valid and the person(s) nominated qualify for payment under the law when the benefit is paid. A Binding Death Benefit nomination is valid for three years and overrides any Non-binding Nomination of Beneficiary nomination you have made. A Binding Nomination of Beneficiary may be appropriate if your personal circumstances are stable.

## Non-binding Nomination of Beneficiary

This allows you to nominate the people you would prefer to receive your Death Benefit should you die while a member of First Super. 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 Non-binding Nomination of Beneficiary might be appropriate if your personal circumstances are unsettled. A form that allows you to make a Binding or Non-binding Nomination can be obtained from the PDS, our website [firstsuper.com.au](http://firstsuper.com.au), by contacting us on **1300 360 988** or by emailing us on [mail@firstsuper.com.au](mailto:mail@firstsuper.com.au).

## What is a dependant?

Under superannuation law, a dependant is generally a child, 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; 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.

To claim a Death Benefit your spouse, employer, legal personal representative or some interested party must notify First Super in the event of your death.

If you had insurance cover, First Super will lodge a claim with the insurer and pay the entire amount to the relevant party(s).

## TERMINAL ILLNESS BENEFIT

If you are diagnosed as having a terminal illness whilst you are a member of First Super, 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 TPD 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 super under 'Financial Hardship' or 'Compassionate' grounds. The criteria set by the Government for payment of these benefits are 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 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 Commonwealth department of Human Services at [www.humanservices.gov.au](http://www.humanservices.gov.au) 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](http://www.apra.gov.au).

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.

“ An Allocated Pension lets you convert your super into regular income in retirement. ”

### THE ALLOCATED PENSION

An Allocated Pension lets you convert your super into regular income in retirement. You can choose the number of payments you wish to receive and their frequency, which can be fortnightly, 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 have reached your preservation age, 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 have reached your preservation and are under 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 (based on current tax arrangements).

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 super account. Call us on **1300 360 988** or visit [firstsuper.com.au](http://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 accounts, 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
Under 65	4
65–74	5
75–79	6
80–84	7
85–89	9
90–94	11
95	14

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.



# GENERAL INFORMATION

## FUND RESERVES

The Trustee maintains a reserve for administration and operational purposes, such as paying costs and receiving investment income. The value of the reserve is generally between 0.1% and 0.9% of Fund assets and is invested in the Balanced investment option.

Year ending 30 June	Reserve balance (\$)
2016	11,713,491
2015	10,372,114
2014	10,092,202

From 1 July 2013 First Super established a separate Operational Risk Financial Reserve (ORFR) to address potential losses arising from operational risks as required under superannuation legislation. There are specific guidelines and processes surrounding the operation and utilisation of this reserve which are contained within First Super's Operational Risk Requirement Policy. The ORFR was funded by a transfer of funds from the administration reserve after the annual audit was completed for the 2013 financial year. Though initially invested in cash and fixed interest securities, the ORFR is now invested in the Conservative Balance option. The value of the ORFR at 30 June 2016 was \$6,572,185.

The Trustee also holds a statutory reserve of \$250,000 in a bank account.

Please call First Super on **1300 360 988** to obtain current information.

## 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.

The Trustee Derivative Charge Ratio did not exceed 5%.

## ELIGIBLE ROLLOVER FUND (ERF)

Government legislation sets out that a member is generally considered 'lost' if at least two written communications sent by the Fund to the last known address were returned unclaimed. Accounts that have not received a contribution or rollover for two years may be considered inactive.

Accounts that are lost or are inactive are sent either to the ATO or to an Eligible Rollover Fund (ERF) depending on the legislation at the time. Amounts such as:

- > lost super accounts of less than \$4,000\* and accounts that have been inactive for more than 12 months;
- > death benefits were unable to pay within two years of the date of the trustee receiving all relevant documents; and
- > accounts of temporary visa holders who have left Australia and can't be contacted; will be sent to the ATO.

\*From 1 January 2017, the account threshold will rise to \$6,000.

However if we receive money for a member without a valid application and we are unable to refund the money for any reason, the money will be paid to ASIC as an unapplied lost benefit.

If your account is or has been sent to the ATO, the ERF or to another fund for consolidation:

- > you will cease to be a member of FirstSuper;
- > any insurance cover you had with First Super will cease; and
- > your account becomes subject to the rules of the institution that received it.

Neither AUSfund nor the ATO offer insured benefits in the event of death or disability. Once transferred your money may be invested differently to First Super.

If First Super is required to transfer your account to the ATO, the ERF or another super fund we will attempt to advise you of this.

## 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.

## Trust Deed

**The Trust Deed contains the rules of First Super.**

**No changes were made to the Trust Deed for the financial year ending 30 June 2016.**

You can contact AUSfund at:

### **AUSfund Administration**

Locked Bag 5132

Parramatta NSW 2124

T: 1300 361 798

E: [admin@ausfund.net.au](mailto:admin@ausfund.net.au)

W: [unclaimedsuper.com.au](http://unclaimedsuper.com.au)

You can contact the ATO by calling 13 10 20 or by visiting [ato.gov.au](http://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**  
PO Box 666  
Carlton South VIC 3053

The Trustee may contact you during its investigation of your complaint. Once the investigation is complete, you will receive a written reply from the Trustee explaining the outcome of their investigation. If you are not satisfied with the outcome, you may choose to escalate your complaint to the Superannuation Complaints Tribunal (SCT). Established by the Government, the SCT is an independent tribunal charged with reviewing certain decisions made by Trustees. The SCT will seek to resolve your complaint through conciliation. If conciliation is unsuccessful, the SCT will make a final, binding judgement.

You can contact the SCT at:

**Superannuation Complaints Tribunal**  
Locked Bag 3060  
Melbourne VIC 3001  
T: 1300 884 114  
F: 03 8635 5588  
E: [info@sct.gov.au](mailto:info@sct.gov.au)  
W: [sct.gov.au](http://sct.gov.au)

If your complaint is outside the jurisdiction of the SCT, we suggest contacting the Financial Ombudsman Service (FOS) at:

**Financial Ombudsman Service**  
GPO Box 3  
Melbourne VIC 3001  
T: 1300 367 287  
W: [fos.org.au](http://fos.org.au)

## PRIVACY

First Super takes the utmost care with your personal information and collects only information that is necessary for your membership. If we share your information with other organisations, we ensure it is only for the purpose of administering your account or as authorised by you. A copy of our Privacy Policy is available on request. If you believe that a breach of your privacy may have occurred in relation to your First Super membership, write to:

**First Super Privacy Officer**  
PO Box 666  
Carlton South VIC 3053

## DID YOU KNOW?

First Super has always placed a very high priority on the protection of your privacy and the security and use of personal information you provide us. New Australian Privacy Principles, effective 12 March 2014, now impose even higher obligations on First Super, further ensuring your privacy and the security of your personal information.



This report was prepared by First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988, RSEL L0003049), Trustee of First Super Superannuation fund (ABN 56 286 625 181, RSER 1067385). The material in this report is a summary only. The rules of the Fund are located in the Trust Deed and relevant law. In the event of inconsistency between this report and the rules, the rules of the Fund prevail. This report was prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the material in light of your own objectives, financial situation or needs before making any decisions. You can obtain a copy of the Product Disclosure Statement by contacting us. Facts and figures appearing in this report were accurate at October 2016 but may change without notice.

## Contact us

If you require more information or assistance with your First Super account, please contact our Service Centre today.

<b>In person</b>	Level 3, 200 Arden Street North Melbourne VIC 3051	<b>Phone</b>	1300 360 988
		<b>Fax</b>	1300 362 899
<b>Mail</b>	PO Box 666 Carlton South VIC 3053	<b>Email</b>	mail@firstsuper.com.au
		<b>Website</b>	firstsuper.com.au