

# First Super

putting members *first*



## Annual Report | 2013-14



Photo: With special thanks to Hancock Victorian Plantations



The industry fund for workers in the timber, pulp & paper and furniture & joinery industries.

You can obtain a hard copy or register to receive a hard copy every year by calling **1300 360 988**.

Issued by First Super Pty Ltd ABN 42 053 498 472, AFSL 223988, RSEL L0003049



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# 80

**The average life expectancy for men born today. For women, it's 84.**

Enjoy your retirement by ensuring your super lasts the distance. Call us on **1300 360 988** to find out how.

# Co-Chairs' message

Last financial year has been another terrific year for First Super's members.

As a consequence of strong manager performance, investment option returns, with the exception of cash, exceeded their annual benchmark targets.

It was pleasing to see that our Growth option which is similar to other funds' default option returned more to our members last financial year than many other funds' default options and well above SuperRating's median fund return of 12.7%.

## Challenges

Looking forward, occupational superannuation faces a number of attacks upon the superannuation system's fairness.

We are proud that First Super plays a significant role in collecting, investing and growing members' retirement savings.

Without industry funds like First Super, the Superannuation Guarantee (SG) system, and the industrial campaign for superannuation in the 1980s, the overwhelming majority of First Super's members would have no superannuation at all and would have to rely exclusively on Australia's pension system.

The current federal government has recently launched a number of attacks at the heart of the superannuation system.

These attacks are:

- Deferring increases in SG contributions until next decade – which would leave a 25 year old member \$100,000 worse off at retirement.
- Eliminating the low income superannuation contribution scheme – this scheme meant that low income earners were not penalised by super tax.
- Winding back the future of financial advice reforms – reforms necessary because of malpractice in the financial advice industry. The recent Commonwealth Bank financial planning scandal reminds us why this is necessary.
- Threatening funds with changes to their governance structures. This has the potential for funds governing bodies to forget that funds are here to ensure that all the profit goes to members.

First Super will, with other industry funds and community organisations, campaign to ensure that our superannuation system remains one of the three pillars in Australia's retirement income system.

## Board renewal

Last financial year and this financial year marks another period of Board renewal.

Kevin Millie retired as a director in December 2013. Kevin was one of the founding directors of First Super and was a director of the Pulp and Paper Workers fund, one of the three funds that merged to create First Super.

We acknowledge Kevin's contributions to the good governance of First Super, particularly in relation to ensuring that First Super, the trustee office and First Super's service providers keep members first.

We welcomed Denise Campbell-Burns to the First Super Board in February 2014 as Kevin's replacement. Denise came to the First Super Board well prepared and credentialed having been appointed First Super's initial associate director in 2012.

Lindsay Moring has advised the Board that he intends to retire from the Board this coming December. On behalf of the Board we would like to acknowledge Lindsay's contribution to First Super. Like Kevin Millie, Lindsay is a founding director of First Super having been a director of TISS, one of the three successor funds, since 2001.

Part of Board renewal is agreement by the Board to appoint an additional independent director during this financial year and to work towards having three independent directors during the 2015/16 financial year.

## Conclusion

We thank our fellow directors for their diligent contributions to First Super's governance, to keeping our investment managers on their toes and to ensuring that the Trustee office and First Super's service providers remain focussed on putting members first.

“First Super continues to put members first.”

We also thank employer associations and the CFMEU for their contributions to First Super's vitality and success.

And we thank our service providers, who have each contributed to First Super's continuing excellent performance.

Finally, we acknowledge the work of the Trustee office.

First Super continues to put members first. Our goal is to ensure we are the superannuation fund of choice for employers and workers within:

- the timber, pulp and paper and furniture and joinery industries and their families.
- clearly defined communities such as rural and regional Australia.

<b>Michael O'Connor</b> Construction Forestry Mining & Energy Union National Secretary	<b>Allan Stewart</b> Timber Trade Industrial Association President
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30 June  
2015

**Target date for businesses with 20 or more employees to meet the SuperStream requirements when sending superannuation contributions on behalf of their employees.**

First Super can help you meet the SuperStream standards. Call us on **1300 360 988**.



# CEO's message

This year First Super has introduced a number of initiatives to improve our service to members and employers.

Firstly, we conducted a survey to establish how well we meet members and employer's needs. We found that, overall, members and employers are happy with our service, but there are areas where First Super and its wholly owned administrator, Superannuation Benefits Administration, can improve.

We have taken action to respond to this feedback. Our administrator is finalising an upgrade to the administration system. This will deliver substantial improvements to members when they access their accounts. For employers, it will be easier to make online contributions. Our administrator will also introduce initiatives to enable employers to meet their SuperStream requirements.

Secondly, First Super has introduced a monthly email newsletter that provides information on fund performance and investment market outlook. Selected investment managers will be featured in this newsletter so you can understand who is looking after your retirement savings.

A third initiative was the introduction of a quarterly email newsletter for members with information on superannuation and money related topics.

In a further initiative, First Super agreed to support *The New Daily*, an online newspaper that provides news and educational material on financial markets, superannuation and general news. It is emailed to members six days a week.

One challenge during 2013/14 was that First Super had to increase its administration fees for accumulation fees from \$1.35 per week to \$1.50 per week and introduced an asset fee of 0.05% of funds in a member's account.

This is the first increase in administration fees in early six years. To put it in context, for a member with \$50,000 invested in First Super, the cost of us managing their money increased by 63 cents per week.

This year, First Super has taken an active role and participated in industry forums and committees. We want to ensure that

“ We want to ensure that the industry fund movement remains true to its core purpose. ”

the industry fund movement remains true to its core purpose - to create retirement savings for members in an economical manner.

This is a significant challenge for industry funds as they grow and become larger and more corporate. We are not banks and our job is to ensure that manager fees are kept low and fund staff are not paid like fund managers or people working in retail superannuation and banking industries.

**Bill Watson**  
CEO



## Did you know?

First Super is run only to benefit members.

# First Super is *your* industry fund

First Super is proud of our industry heritage. We design our products and services to meet your needs, as well as support and invest in your industry and the communities in which you work and live.

First Super manages \$2 billion in member funds for over 72,000 members. We offer superannuation, insurance, Transition to Retirement and Pension products. As an industry super fund our profits are returned to you, our members, not to shareholders.

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

## Personalised service and advice

We are committed to providing First Super members with high quality, personalised service and advice.

Our Contact Centre is available to help you manage your super and inform you of your options.

The Contact 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 First Super, your account and our services.

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

Call **1300 360 988** to talk to a Contact Centre staff member or to book a free initial consultation with a financial planner.

## Investment options to suit your needs

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 choose to invest in a mix of options; the choice is yours. We also make it easy to change your investment options at any time, providing you have at least \$1,000 in your account.

Your super can be a safe, low-cost and tax-effective way of saving for retirement. We use our size and strength to ensure our members pay low investment management fees.

## 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 worst happens.**

### 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.

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**.

## Did you know?

As an industry fund, we offer low fees, including no entry fee, and we don't pay commissions to financial advisors.

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 age 55 and starting to think about retirement, First Super's allocated pension products allows you to stay with us through your working life and beyond.

If you are age 55 or over and still working, a **First Super Transition to Retirement Allocated Pension** can provide you with the flexibility to reduce your working hours and make up for lost 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 (between 55 and 60, depending on when you were born) 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.

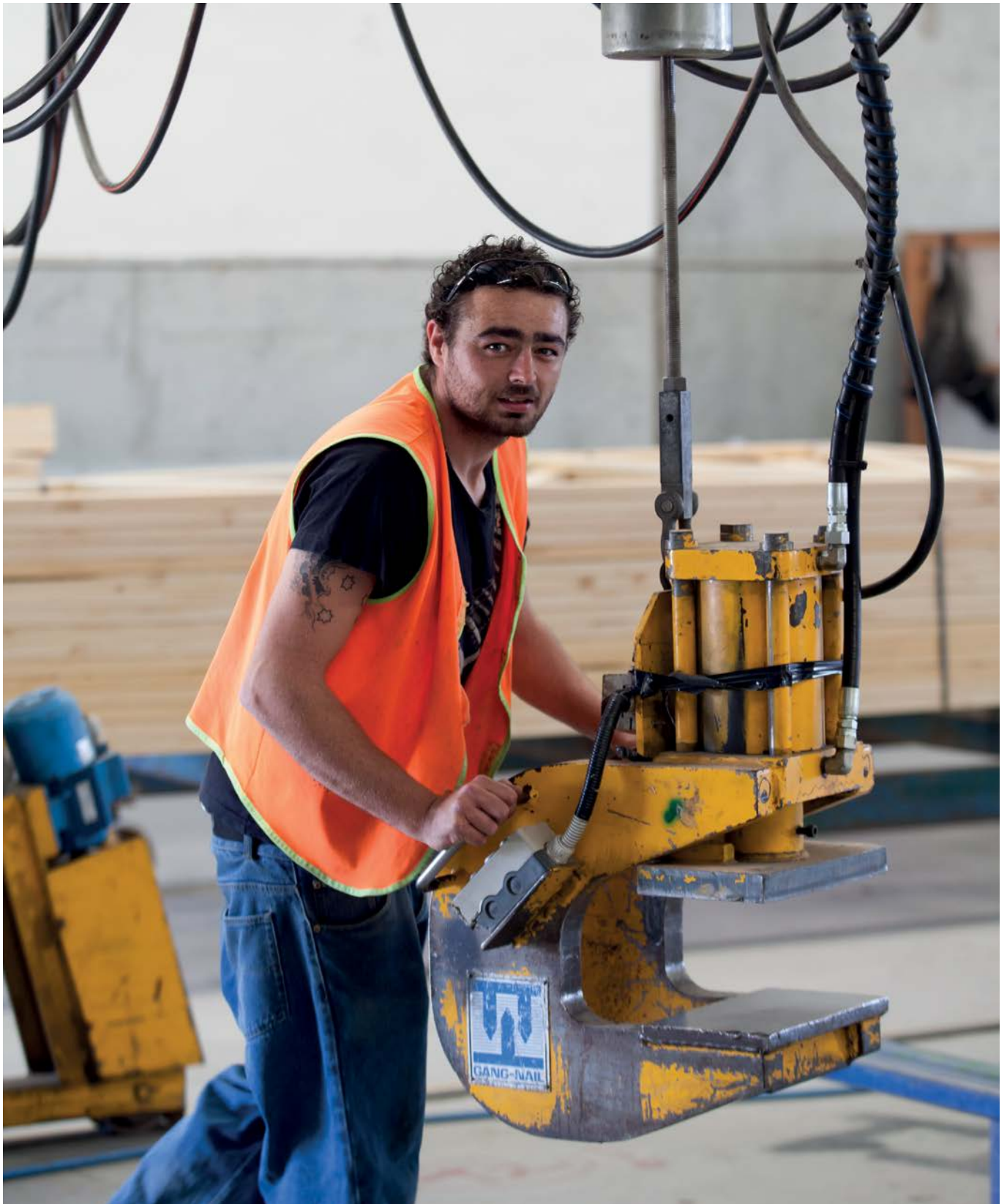
To help you plan for your retirement, call our Contact Centre on **1300 360 988** to discuss your options or make an appointment to see a financial planner.

# 3

**On average, Australians have three separate super funds.**

Let us help you consolidate your super accounts – free of charge! Complete a consolidation form and we'll do the rest!

# Investment performance





First Super's investment options performed strongly in the 2013/14 financial year.

The Balanced option, the investment option held by the majority of our members, earned 11.60% after tax. This marks a second consecutive year of double-digit returns for First Super's default option. This result can be attributed to:

- positive investment returns across all major asset classes in 2013/14 with the standouts being Australian Shares (returning 17.3%) and Hedged International Shares (returning 23.9%), and
- strong investment manager performance with:
  - all but one of First Super's active Australian and international equity managers beating their performance benchmarks set by First Super's Board of Directors;
  - First Super's private equity fund managers generating excess returns by the successful listing of some of their investments in the Australian Stock Exchange;
  - two out of three infrastructure investments producing above benchmark returns; and
  - strong performance by two real estate managers.

First Super's other investment options with a range of asset classes also performed strongly, exceeding their performance benchmarks.

The Growth option, which has a similar asset allocation to many other super funds' default options, returned an

excellent 13.93%. The Shares Plus option returned 15.93% for the year to 30 June 2014 and the Conservative Balanced option returned 8.90%. Record-low interest rates saw the Cash option returned 2.73%\*.

### Outlook

Predicting future investment returns is not for the faint hearted, particularly after two years of strong returns with many share markets approaching record highs.

First Super's Board of Directors actively monitors economic conditions, investment returns and manager performance to ensure that investment risk is managed and, as a consequence, members' investments are best placed to achieve the investment return objectives.

First Super's Directors continue to maintain the view that First Super's default investment option with a lower allocation to growth assets than many other funds have for their default options, provides members with a lower likelihood of negative returns in a falling market.

This more conservative approach has been taken following feedback from members.

First Super's Growth option is also more similar to many other funds' default options as it contains a higher allocation to growth assets. This option should provide members with higher returns in rising markets but also has a greater likelihood of negative returns in a falling market.

\* Past performance is not a reliable indicator of future performance.

11.60%

The Balanced  
(default) option  
return for the year

## Crediting member accounts

Your super account earns investment income at First Super's declared crediting rate\*. The crediting rate used will depend on the investment option(s) you have selected.

Each week, First Super will declare an interim crediting rate return for each investment option based on earnings and estimated fees and tax. After the end of the financial year (30 June), First Super will adjust your account based on the accumulated weekly performance of each investment option after deducting tax, fees, allowing for reserves and adjustable costs.

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 earns money. If the rate is negative, the amount in your account is reduced.

## Interim crediting rates

First Super determines weekly interim crediting rates of earnings that apply when members are paid a benefit during the year. These interim rates are calculated based on the accruable 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 2014 and prior periods.

Superannuation								
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	Inception date	Return over CPI since inception
Balanced (default)	11.60	12.6	9.1	9.0	6.6	8.4	1 Jul 1988*	5.4
Shares Plus	15.93	17.8	11.0	11.2	6.9	4.9	1 Mar 2001	2.1
Growth	13.93	15.5	n/a	n/a	n/a	12.7	14 Oct 2011	10.4
Conservative Balanced	8.90	10.2	8.2	8.5	n/a	5.2	1 Jul 1988	2.8
Cash	2.73	3.1	4.0	3.9	4.1	4.7	1 Mar 2001	1.9

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

Pension								
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	Inception date	Return over CPI since inception
Balanced (default)	13.02	14.2	10.4	10.3	n/a	7.0	18 Mar 2005	4.2
Shares Plus	17.83	19.7	12.3	12.3	n/a	7.0	1 Jul 2005	4.2
Growth	10.30*	n/a	n/a	n/a	n/a	10.3*	10 Aug 2013	7.6*
Conservative Balanced	10.17	11.5	9.4	9.6	n/a	6.0	1 Jul 2008	3.6
Cash	3.22	3.6	4.5	4.6	n/a	4.5	1 Jul 2005	1.7

\*Rate is for the period 10 August 2013 (inception) to 30 June 2014 and is therefore not annualised.

**Note:** 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 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.





Photo: With special thanks to Hancock Victorian Plantations

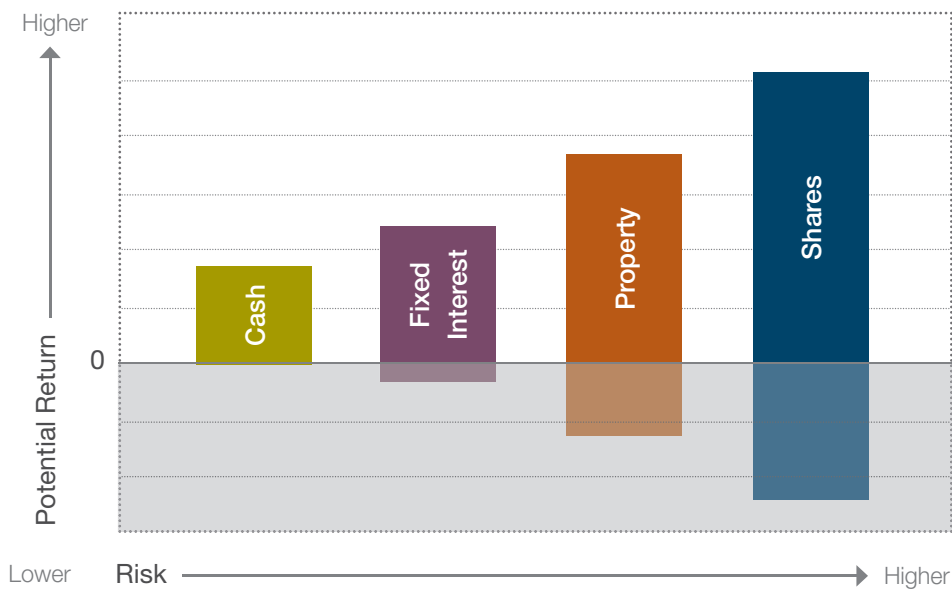
## The risk/return profile of the main asset classes

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

### The link between risk and return

Generally, investment in high risk assets will produce higher returns over the long term, with a greater chance of a negative return over the short term.

Each of the four main asset classes – shares, property, fixed interest and cash – has different levels of risk and different potential for returns.



# Your investment options

With First Super, you control how your super is invested. Our mix of growth investments and defensive investments offers you an investment mix that suits your risk profile and your investment timeline.

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 option)
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. Our financial planners receive no commissions\*. 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)

## Did you know?

You are now able to have the cost of personal financial advice deducted directly from your super account.

## Investment options

For more information, read the *Investing your super IBR* 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 superannuation 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 superannuation 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 in the longer term.

### Standard risk

4.1 years

**Risk band:** 6

**Risk label:** High

### Asset allocation and ranges

Asset Class	Target %	Range %
Cash	0.0	0 – 5
Australian fixed income	0.0	0 – 5
International fixed income	0.0	0 – 5
Australian listed equities	42.0	30 – 60
Australian unlisted equities	5.0	0 – 20
International listed equities	32.0	0 – 40
International unlisted equities	1.0	0 – 5
Australian listed property	0.0	0 – 20
Australian unlisted property	10.0	0 – 20
International listed property	0.0	0 – 20
International unlisted property	0.0	0 – 20
Australian listed infrastructure	0.0	0 – 10
Australian unlisted infrastructure	5.0	0 – 10
International listed infrastructure	0.0	0 – 10
International unlisted infrastructure	5.0	0 – 10
Commodities	0.0	0 – 5
Other	0.0	0 – 5
<b>Total</b>	<b>100.0</b>	





## 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

3.4 years

**Risk band:** 5

**Risk label:** Medium to high

### Asset allocation and ranges

Asset Class	Target %	Range %
Cash	2.0	0 – 20
Australian fixed income	6.5	0 – 20
International fixed income	6.5	0 – 20
Australian listed equities	33.0	25 – 45
Australian unlisted equities	5.0	0 – 25
International listed equities	26.0	0 – 45
International unlisted equities	1.0	0 – 10
Australian listed property	0.0	0 – 20
Australian unlisted property	10.0	0 – 20
International listed property	0.0	0 – 20
International unlisted property	0.0	0 – 20
Australian listed infrastructure	0.0	0 – 10
Australian unlisted infrastructure	5.0	0 – 10
International listed infrastructure	0.0	0 – 10
International unlisted infrastructure	5.0	0 – 10
Commodities	0.0	0 – 5
Other	0.0	0 – 5
<b>Total</b>	<b>100.0</b>	

## Balanced (default option)

### 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 ten; 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 superannuation along with diversification across asset classes.

### 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

2.0 years

**Risk band:** 4

**Risk label:** Medium

### Asset allocation and ranges

Asset Class	Target %	Range %
Cash	4.0	0 – 15
Australian fixed income	14.5	0 – 40
International fixed income	14.5	0 – 40
Australian listed equities	22.0	15 – 40
Australian unlisted equities	5.0	0 – 25
International listed equities	17.0	5 – 40
International unlisted equities	1.0	0 – 5
Australian listed property	0.0	0 – 20
Australian unlisted property	10.0	0 – 20
International listed property	0.0	0 – 20
International unlisted property	0.0	0 – 20
Australian listed infrastructure	0.0	0 – 10
Australian unlisted infrastructure	5.0	0 – 10
International listed infrastructure	0.0	0 – 10
International unlisted infrastructure	5.0	0 – 10
Commodities	0.0	0 – 5
Other	2.0	0 – 5
<b>Total</b>	<b>100.0</b>	

## Conservative Balanced

### 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 superannuation 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 under perform 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 %
Cash	20.0	5 – 25
Australian fixed income	15.0	5 – 45
International fixed income	15.0	5 – 45
Australian listed equities	17.0	10 – 30
Australian unlisted equities	0.0	0 – 5
International listed equities	13.0	5 – 20
International unlisted equities	0.0	0 – 5
Australian listed property	0.0	0 – 20
Australian unlisted property	10.0	0 – 20
International listed property	0.0	0 – 20
International unlisted property	0.0	0 – 20
Australian listed infrastructure	0.0	0 – 10
Australian unlisted infrastructure	5.0	0 – 10
International listed infrastructure	0.0	0 – 10
International unlisted infrastructure	5.0	0 – 10
Commodities	0.0	0 – 5
Other	0.0	0 – 5
<b>Total</b>	<b>100.0</b>	

## 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 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 %	Range %
Cash	100.0	100%
Australian fixed income	0.0	0
International fixed income	0.0	0
Australian listed equities	0.0	0
Australian unlisted equities	0.0	0
International listed equities	0.0	0
International unlisted equities	0.0	0
Australian listed property	0.0	0
Australian unlisted property	0.0	0
International listed property	0.0	0
International unlisted property	0.0	0
Australian listed infrastructure	0.0	0
Australian unlisted infrastructure	0.0	0
International listed infrastructure	0.0	0
International unlisted infrastructure	0.0	0
Commodities	0.0	0
Other	0.0	0
<b>Total</b>	<b>100.0</b>	



# Investments held by the Fund

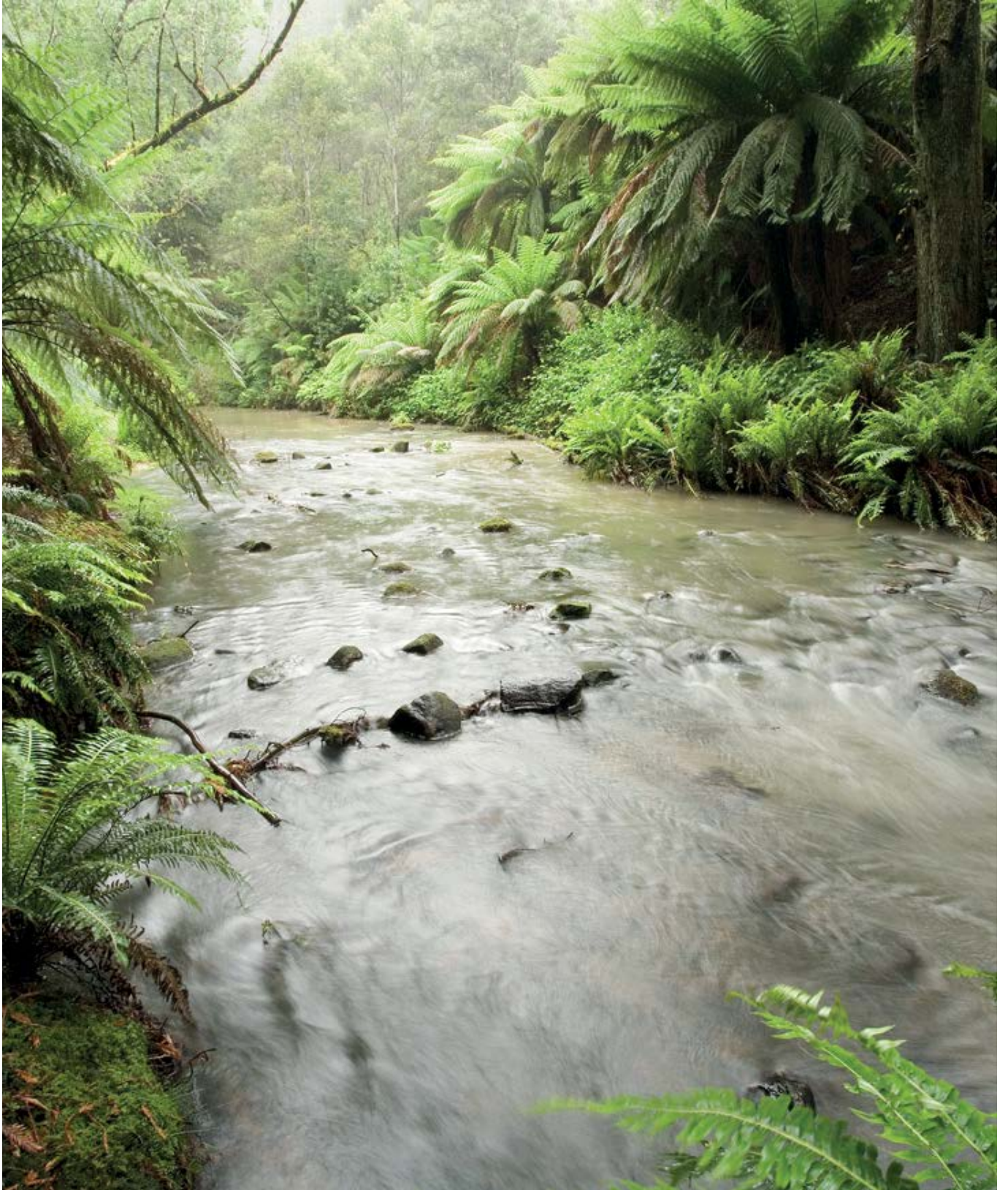


Photo: With special thanks to Hancock Victorian Plantations



Listed below are the investment funds employed by First Super and the direct investments made for the financial year ending 30 June 2014.

	30 June 2014 (\$,000)
<b>Australian Equities</b>	
BT Australian Equity Mandate	—
Eley Griffiths Aust Equity Small Companies	35,900,084
IFM ENH Index Aust Equity Option*	153,788,110
Invesco Small Cap Aust Equity Fund	35,179,650
Orbis SM Australian Equity Fund	103,159,965
Perpetual Aust Equity Mandate*	155,571,947
<b>Total Australian Equities</b>	<b>483,599,756</b>
<b>Australian Infrastructure</b>	
IFM Fund	82,838,053
PW Hastings UTA	12,403,966
<b>Total Australian Infrastructure</b>	<b>95,242,019</b>
<b>Australian Private Equity</b>	
First Trust Portfolio	56,029,450
Frontier	337,000
IFBT	37,946,287
Macquarie Alternative Investment Trust 4	18,700,532
Macquarie Alternative Investment Trust 3	12,136,419
PW Quay Australia 3 Fund	4,059,581
PW Quay Australia 4 Fund	2,349,572
Super Benefits Administration Pty Ltd	1,565,237
The New Daily	1,000,000
<b>Total Australian Private Equity</b>	<b>134,124,078</b>
<b>Cash</b>	
IFM Transaction Cash Fund	27,942,754
Short Term Cash Account*	202,641,959
<b>Total Cash</b>	<b>230,584,713</b>
<b>Fixed Interest</b>	
Alternative Fixed Income Fund	32,210,178
Blackrock Indexed Aust Bond Fund	106,387,556
Blackrock Overseas Bond Index	46,072,528
IFM Credit Opportunities	61,235,363
Pimco DFI Unit Trust	193,993,966
Timber Industry S/Sc – Sup Bus Loans	9,156,059
Westbourne Yield Fund No 1	41,940,566
<b>Total Fixed Interest</b>	<b>490,996,216</b>

	30 June 2014 (\$,000)
<b>International Equities (Unhedged)</b>	
BGI Unhedged World Ex Aust Equities Index	31,475,350
Capital Int Global Equities Unhedged	103,914,951
Global Thematic Fund	71,861,572
International Equity Transistion	—
Orbis Global Equity Fund	106,129,462
<b>Total International Equities (Unhedged)</b>	<b>313,381,275</b>
<b>International Equities (Hedged)</b>	
Blackrock Hedged World Equities Index	105,311,613
<b>Total International Equities (Hedged)</b>	<b>105,311,613</b>
<b>International Infrastructure</b>	
FR Amp Strategic Infrastructure Trust EUR	9,072,242
IFM International Infrastructure	64,950,310
<b>Total International Infrastructure</b>	<b>74,022,532</b>
<b>International Private Equity</b>	
IFM Global Unit Trust	2,317,796
Wilshire Pooled Superannuation Trust	10,429,913
<b>Total International Private Equity</b>	<b>12,747,709</b>
<b>Property</b>	
AMP Property Income Fund	2,484,957
Industry Super Property Trust No 1*	112,079,989
PW Fortius Active Property 1	6,443,081
PW Franklin International Real Estate 2	2,735,019
QIC Property Fund	68,857,434
<b>Total Property</b>	<b>192,600,980</b>

## Total Investments

# \$2,132,610,891

\* 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 approximately \$2 billion in funds under management and overseeing its investments on behalf of 72,000 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 one independent director.

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.

One Independent director is 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 subcommittees) is commissioned.

# \$9,066,248

The value of contributions made to First Super member accounts for the 2013/14 financial year.

## Board subcommittees

The First Super Trustee Board has established subcommittees to deal with issues and to make recommendations to the Board. Each subcommittee generally meets four times a year, with additional meetings scheduled as required.

The Directors of First Super and their subcommittee representation as at 30 June 2014 were as follows:

Member representative	Subcommittee representation
<b>Michael O'Connor</b> (Co-Chair) Member since 2008	Administration & Marketing Audit & Compliance Investment (Chair) Nominations Remuneration
<b>Denise Campbell-Burns</b> Member since 11 February 2014	Administration & Marketing
<b>David Kirner</b> Member since 2010	Audit & Compliance Investment
<b>Alex Millar</b> Member since 2008	Investment
<b>Frank Vari</b> Member since 2008	Administration & Marketing Nominations Remuneration

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

Independent director	Subcommittee representation
<b>Bob Smith</b> Member since 2008	Audit & Compliance (Chair) Nominations (Chair) Remuneration (Chair)

## 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 2014, First Super used the following advisors and service providers:

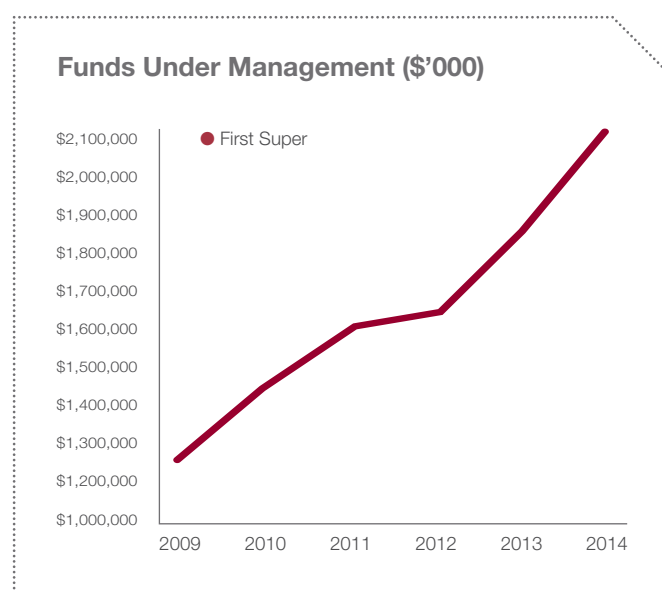
<b>Actuary</b>	Mercer (Australia) Pty Ltd
<b>Administrator</b>	Super Benefits Administration Pty Ltd*
<b>External Auditor</b>	KPMG
<b>Financial Advisor</b>	Industry Fund Financial Planning
<b>Internal Auditor</b>	Ernst & Young
<b>Insurer</b>	MetLife Insurance Limited
<b>Insurance Advisor</b>	IFS Insurance Broking Pty Ltd
<b>Asset Consultant</b>	Frontier Advisors Pty Ltd*
<b>Legal Advisor</b>	Madgwicks
<b>Master Custodian</b>	National Australia Bank Ltd
<b>Tax Advisor</b>	Ernst & Young

\*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



Photo: With special thanks to Hancock Victorian Plantations

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.

**Subcommittee meetings.** Covering preparation and attendance at subcommittee 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 chair 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 subcommittee 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 & Compliance subcommittee 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 Director's fees for the year ended 30 June 2014 are as follows:

	Co-Chairs (\$)	Directors (\$)
Board meetings intrastate	5,250	3,000
Board meetings interstate	6,350	4,100
Committee meetings intrastate	2,250	1,500
Committee meetings interstate	3,350	2,600
Workshops & training courses intrastate	1,350	1,350
Workshops & training courses interstate	1,350	1,350
Workshops & training courses – expenses	1,100	1,100
Conferences – per day	1,100	1,100
Reference committees	Reimbursement of expenses	Reimbursement of expenses

## 2013/14 attendance and remuneration

Listed below are Director's meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2014:

Director	Board meetings	Committee meetings	Professional development hours	Remuneration (\$)	Payments made to:
Denise Campbell-Burns*	3/3	2/2	20.75	30,030	CFMEU-FFPD
David Kirner	6/6	8/8	46.5	57,497	CFMEU-FFPD
Martin Lewis	5/6	8/8	36.5	59,290	Kylken Pty Ltd
Lisa Marty	5/6	4/4	31.75	29,000	Lisa Marty
Alex Millar	5/6	4/4	40.5	33,220	CFMEU-FFPD
Kevin Millie†	2/2	2/2	1	13,530	CFMEU-FFPD
Lindsay Morling	6/6	7/8	32.75	55,470	Lindsay Morling
Michael O'Connor	6/6	16/18	43.75	92,510	CFMEU-FFPD
Mike Radda	3/6	4/4	20.5	20,130	UCI Projects Pty Ltd
Bob Smith	6/6	18/18	17	93,852	Bob Smith
Allan Stewart	6/6	18/18	53.25	146,102	Allan Stewart & Associates Pty Ltd
Frank Vari	5/6	4/4	24.75	31,790	CFMEU-FFPD
<b>Total Remuneration</b>				<b>\$619,820</b>	

\* Denise Campbell-Burns became a Director from 11 February 2014.

† Kevin Millie resigned as a Director from 13 December 2013.

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 2014 was \$270,000.

# Fees and charges

The fees and costs you may be charged are set out below.

These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole.

You should read all of the important information about fees and costs because it is important to understand their impact on your investment.

## Did you know?

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

Type of fee	Amount	How and when paid										
<b>Investment fee</b>	Nil	Not applicable										
<b>Administration fee</b>	\$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.										
<b>Buy-sell spread</b>	Nil	Not applicable.										
<b>Switching fee</b>	Nil for the first two switches, \$30 for any subsequent switch in the year.	Deducted from your account when the switch is processed.										
<b>Exit fee</b>	\$75 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.  Not applicable.										
<b>Advice fees</b> – relating to all members investing in a particular product or investment option.	Nil	Not applicable.										
<b>Other fees and costs*</b>												
<b>Indirect cost ratio</b>	<table border="0"> <tr> <td>Shares Plus</td> <td>0.77%</td> </tr> <tr> <td>Growth</td> <td>0.61%</td> </tr> <tr> <td>Balanced</td> <td>0.68%</td> </tr> <tr> <td>Conservative Balanced</td> <td>0.50%</td> </tr> <tr> <td>Cash</td> <td>0.09%</td> </tr> </table>	Shares Plus	0.77%	Growth	0.61%	Balanced	0.68%	Conservative Balanced	0.50%	Cash	0.09%	The Indirect Cost Ratio is not deducted from member accounts. It is deducted from investment earnings before investment returns are declared.
Shares Plus	0.77%											
Growth	0.61%											
Balanced	0.68%											
Conservative Balanced	0.50%											
Cash	0.09%											

\* 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 2014. 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 2014 (\$)	30 June 2013 (\$)
<b>Assets</b>		
Investments	2,132,610,911	1,897,008,572
Other Assets	5,462,340	12,996,179
<b>Total Assets</b>	<b>2,138,073,251</b>	<b>1,910,004,751</b>
<b>Liabilities</b>		
Trade and other payables	(7,129,257)	(4,728,205)
Benefits payable	(685,714)	(471,585)
Current tax liabilities	(11,715,097)	(8,783,858)
<b>Total Liabilities</b>	<b>(19,530,068)</b>	<b>(13,983,648)</b>
<b>Net assets</b>	<b>2,118,543,183</b>	<b>1,896,021,103</b>
<b>Represented by liability for accrued benefits</b>		
Member funds	2,090,414,734	1,878,272,911
Reserves	28,128,449	14,748,192
<b>Liability for accrued benefits</b>	<b>2,118,543,183</b>	<b>1,896,021,103</b>

Operating statement	30 June 2014 (\$)	30 June 2013 (\$)
Revenue from investments	241,096,641	247,114,624
Revenue from contributions	161,241,201	153,806,972
Other revenue	17,100,900	12,796,576
<b>Total revenue</b>	<b>419,438,742</b>	<b>413,718,172</b>
Total expenditure	(30,317,881)	(28,399,827)
<b>Benefits accrued before tax</b>	<b>389,120,861</b>	<b>385,318,345</b>
Tax expense	(29,690,087)	(30,583,353)
<b>Benefits accrued after tax</b>	<b>359,430,774</b>	<b>354,734,992</b>

# \$213,459,700

The amount of earnings distributed to member accounts for the 2013/14 financial year.

# Super update



There were a number of changes to superannuation during the year, as well as a number of Government announcements that may impact superannuation.

## New schedule for increasing the super rate

The legislated minimum contribution rate that employers must make to superannuation (known as the Superannuation Guarantee rate) increased from 9.25% to 9.5% for the 2013/14 financial year. The rate will remain at 9.5% until 1 July 2021 and then increase by 0.5% a year, reaching 12% on 1 July 2025.

## Changes to contribution limits

The amounts that individuals can add to superannuation at lower tax rates increased on 1 July 2014. For 2014/15, the limits are:

<b>Before-tax contributions</b> Including employer, salary sacrifice and personal contributions for which a tax deduction is claimed.	\$30,000 for those aged under 49 on 30 June 2014. \$35,000 for those aged 49 or more on 30 June 2014.
<b>After-tax contributions</b> Including personal contributions made from after-tax pay and spouse contributions.	\$180,000 or \$540,000 in a three year period up to age 65*. The period starts from the first year an individual adds more than \$180,000 to their superannuation after tax.

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

# 3,828

The number of new members for 2013/14.

## Option to withdraw excess after-tax super contributions

Individuals who have made after-tax (non-concessional) contributions from 1 July 2013 that exceed the non-concessional contributions cap are to be given the option to withdraw the excess amount plus earnings on the excess. Currently, contributions that exceed the cap are taxed at the top marginal income tax rate.

Individuals who choose to leave their excess contributions in their fund will continue to incur excess non-concessional contributions tax.

## Government co-contribution threshold increase

The income threshold for eligibility for a Government co-contribution increased to \$49,488 (up from \$48,516) for the 2014/15 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 superannuation tax-free.

## Medicare levy increase

The Medicare levy increased from 1.5% to 2% of taxable income from 1 July 2014. The increased levy will be applied to certain superannuation payments.

## Temporary budget repair levy introduced

For those earning more than \$180,000 a year, a temporary levy of 2% applies from 1 July 2014 to 30 June 2017. The levy will be charged on the income over \$180,000, not on the whole amount.

The budget repair levy impacts a number of superannuation tax rates that are based on the top marginal rate, such as the tax on contributions where an individual does not provide their fund with their Tax File Number. In this case, a tax rate of 49% will be applied, reflecting the additional 2% budget repair levy and the increase in the Medicare levy.

## Proposed increase in the Age Pension qualifying age

The Government intends to increase the Age Pension qualifying age from 67 to 70 year at a rate of six months every two years, commencing on 1 July 2025. This change follows on the currently scheduled phased increase in the pension age from 65 to 67 years by 1 July 2023.

The Government will also index pensions to inflation from 1 September 2017.

## Deeming to apply to account-based pensions

“Deeming” is used to calculate income for age pension, benefit and allowance payments. Under current Centrelink rules, income received from account-based pensions attracts a non-assessable portion, which loosely recognises that part of these pension payments represents a return of capital.

In comparison, other financial investments are subject to “deeming” rules that attribute a fixed rate of return to these investments, irrespective of how much income they actually produce.

From 1 January 2015, deeming will be extended to account-based pensions, including allocated pensions. This is intended to ensure that people with similar financial assets will be treated consistently under the income support system. The total income will then be used to work out how much pension, benefit or allowance is paid.

# \$35,000

The maximum amount individuals aged 49 or more can contribute (before tax) to super before incurring extra tax. For individuals aged under 49 the maximum is \$30,000.

## 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)



# Benefits



## Benefits paid by the First Super Accumulation Division

### 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.

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

### 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 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 23 for the meaning of ‘dependent’);
- (ii) Make a Binding Nomination of Beneficiary (see page 23 for more information); or
- (iii) Make a Non-binding Nomination of Beneficiary (see page 23 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 [www.firstsuper.com.au](http://www.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;
- 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;
- 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 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 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 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.

# 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. In addition, First Super holds liquid assets of not less than \$250,000, as a condition of its Licence issued by APRA.

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

Year ending 30 June	Reserve balance (\$)
2014	28,129,169
2013	17,748,192
2012	10,967,020

From 1 July 2013 First Super has 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 with 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 may be partially invested in the other assets, including listed shares and other liquid securities, at a future time. The value of the ORFR at 30 June 2014 was \$6,121,000. Please call First Super on **1300 360 988** to obtain current information.

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

## 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.

## 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.

## 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 2014.**

You can contact AUSfund at:

AUSfund Administration  
PO Box 2468  
Kent Town SA 5071

**T:** 1300 361 795

**F:** 1300 366 233

**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 780 808  
**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.

## Contact us

If you require more information or assistance with your First Super account, contact us

### In person

Level 3, 200 Arden St  
North Melbourne  
VIC 3051

### Mail

PO Box 666  
South Carlton  
VIC 3053

### Phone

1300 360 988

### Fax

1300 362 899

### Email

[mail@firstsuper.com.au](mailto:mail@firstsuper.com.au)

Photo: With special thanks to Hancock Victorian Plantations



[firstsuper.com.au](http://firstsuper.com.au)

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. Should you 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 2013 but may change without notice.