



FIRST SUPER ANNUAL REPORT 2014-15

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

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You can obtain a hard copy or register to receive a hard copy by calling
1300 360 988 or emailing mail@firstsuper.com.au.

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CO-CHAIRS' MESSAGE

The 2014-15 financial year again saw strong returns for members across all investment options other than cash.

First Super's investment strategy in 2014-15 delivered above performance benchmark returns to you and our other 70,000 plus members.

The outlook for this financial year and following years is not as certain. 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.

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

Your directors will take appropriate actions to balance the need to protect your superannuation investment whilst seeking reasonable returns.

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

CHALLENGES

It is not so long ago, that only a privileged few Australians such as politicians, public servants and bank executives and employees received superannuation. For many others such as machinists, timber mill workers and production workers, they received no superannuation at all.

In the 1980's occupational superannuation opened up superannuation to all.

Last year we informed members of the significant challenges that our fair and equitable superannuation system faced. Unfortunately, our fears proved well founded.

The Federal Government eliminated the low income superannuation contribution scheme. This will mean that around one in ten First Super members will miss out on \$2 million of government contributions to their accounts. We know that for low paid members this means a lot.

Further research has confirmed the effects of the Federal Government legislating to defer increasing superannuation contributions to 12%. As an example, a 25 year old member would be \$100,000 worse off when they retire. This, for an average member is a lot of money.

Meanwhile, the Federal Government has ruled out stopping the wealthy from using superannuation as a wealth maximisation strategy.

In a bright spot, the Senate voted down Federal Government proposals to allow large sections of the financial advice industry to continue to provide advice that suited the providers' interests rather than the clients'.

The next challenge your fund and other industry funds face, is the attack on the very thing that has enabled industry funds to consistently deliver better returns to their members than members of retail funds.

The Federal Government has announced that it intends to force funds to appoint more directors who don't have any links with their industries.

We fear this will mean that these new directors won't have any affiliation with the industries that you and other members are employed in and won't be committed to putting members first.

This threat goes to the heart of what makes First Super and other industry funds different from superannuation funds owned by banks and other financial institutions.

We exist to benefit members – not the investors that own those banks and their highly paid boards of directors and executives.

Your fund will continue to make an issue about these negative changes. We will continue to campaign on your behalf to receive 12% superannuation contributions and for members to receive the Low Income Superannuation Contribution.

We believe it is important that your superannuation savings are looked after by those who are committed to only your interests.

THE BOARD

During 2014-15 your Board continued with its Board renewal process. As foreshadowed last year, Lindsay Morling left the Board in February 2015 having served members' interests with great distinction as a director of TISS and

“ We believe it is important that your superannuation savings are looked after by those who are committed to only your interests. ”

then First Super, the merged fund from 2008. First Super's Board has always appreciated Lindsay's attention to detail and his ability to ensure that First Super remained focused on achieving the best outcome for members.

Julie George has replaced Lindsay as an employer director. Julie is known to many of us in our industries as she is the chair of ForestWorks – our industries' industry skills council. Julie has deep links to the timber product industry through her senior roles held in Hyne & Son.

In addition to Julie, Candy Broad joined the Board in April 2015 as a second independent director, bringing the total number of Board members to twelve. Candy is a former accountant and a minister in the government of Victoria holding four portfolios over seven years.

Both Julie and Candy bring to the Board considerable expertise in financial management, risk and governance.

THANKS & CONCLUSION

We welcome Julie and Candy, thank Lindsay for his diligent service and thank our fellow directors for conscientiously and diligently applying themselves to the ever increasingly complex task of safeguarding and prudently investing your retirement savings.

As we have noted in previous annual reports, First Super would not function effectively without the support of the trustee office and our service providers.

We thank AFA, CFMEU, FIAA, FIAT, TMA, TTIA, VAFI and employers for their support for First Super.

We also thank our service providers Superannuation Benefits Administration, Frontier Advisors, NAB Asset Servicing and MetLife for the service provided to our members.

Finally, we acknowledge the work of the Trustee office.

Allan Stewart & Michael O'Connor
Co-Chairs, First Super

CEO'S MESSAGE

2014-15 was another year of considerable activity for the Trustee.

First Super appointed BNP Paribas as its new custodian and unit pricing provider replacing NAB Asset Servicing. Appointment of BNP Paribas reduced the cost of this service and also provides First Super with access to the tools necessary to effectively manage investment risk.

We would like to thank NAB Asset Servicing for their work over many years providing valuable support to First Super.

During the year First Super also reviewed the provision of administration and investment advisory services. The Trustee is completing the procurement process for these important services.

Our administrator, Superannuation Benefits Administration (SBA), substantially upgraded its IT system. The benefits for members and employers from this upgrade have improved online functionality and the transactional environment. In addition, SBA introduced a clearing house which will make it substantially easier for employers to meet their contribution obligations.

We will continue our work with SBA to improve your online experience. We want to give you the ability to make the changes you want to you super, whenever you want.

But unlike other organisations, we are not trying to direct all members to the website. Our contact centre will continue to help you and is only a phone call away on 1300 360 988.

First Super made further progress during the year in improving the provision of financial advice to members. We remain committed to ensuring that members have the ability to receive face-to-face advice in locations convenient to them from financial advisers and planners. Our Financial Advice team always acts in the best interest of our members, and they do not receive commission payments.

This year First Super introduced the provision of intra-fund advice over the phone via our Service Centre. This advice solution caters to members seeking 'on the spot advice' about their First Super account. This phone based advice is available to all members free of charge.

Please feel free to call First Super on 1300 360 988 for this advice.

In October 2014, First Super strengthened its communications and marketing capacity by employing an in-house Marketing and Communications Manager. Using member funds in this way is necessary to support initiatives to improve member services, including member education seminars and providing objective advice and information.

We reintroduced member education seminars in June. Our first seminars focused on retirement planning and the initiative was a great success. We will expand this program and we will endeavour to continue our seminars in locations where members work and live.

On behalf of the Trustee office we'd like to thank you, our members, for making First Super a great superannuation fund and a place that we enjoy coming to work each day as we know that what we do will help you and your family build superannuation savings and receive income after you retire.

Bill Watson
CEO, First Super



“ 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 IS *YOUR* INDUSTRY FUND



First Super manages \$2.3 billion in member funds for over 70,000 members as at September 2015. 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.

PERSONALISED SERVICE AND ADVICE

We are committed to providing First Super members with high quality, personalised 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 First Super, your account 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 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.

DID YOU KNOW?

Small differences in both investment performance and fees and costs 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 mortgages 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 including no entry fee.

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 (%)	CPI Plus X% target ¹
Balanced — super	9.41	5.0
Balanced — pension	10.31	5.0
Conservative Balanced — super	7.34	4.3
Conservative Balanced — pension	8.15	4.3
Cash — super	2.65	2.3
Cash — pension	3.04	2.3
Growth — super	10.57	5.1
Growth — pension	11.89	5.1
Shares Plus — super	11.99	5.3
Shares Plus — pension	12.76	5.3

¹Source: Frontier Advisors First Super Look Back Review August 2015.

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. Members in the balanced, default option, have enjoyed an annualised return of 11.5% each year 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.

9.4%

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 week 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) 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 2015 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)	9.4	10.5	11.5	8.7	6.3	8.4	1 Jul 1988 [^]	9.4
Shares Plus	12	13.9	15.8	10.8	6.6	5.4	1 Mar 2001	12
Growth	10.6	12.2	13.8	n/a	n/a	12.2	14 Oct 2011	10.6
Conservative Balanced	7.3	8.1	9.2	7.9	n/a	5.5	1 Jul 1988	7.3
Cash	2.7	2.7	2.9	3.7	3.8	4.5	1 Mar 2001	2.7

[^]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)	10.3	11.7	12.9	9.8	7.2	7.4	18 Mar 2005	10.3
Shares Plus	12.8	15.3	17.3	11.9	7.6	7.6	1 Jul 2005	12.8
Growth	11.9	n/a	n/a	n/a	n/a	12.2	10 Aug 2013	11.9
Conservative Balanced	8.2	9.2	10.4	8.9	n/a	6.3	1 Jul 2008	8.2
Cash	3	3.1	3.4	4.4	4.4	4.4	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.

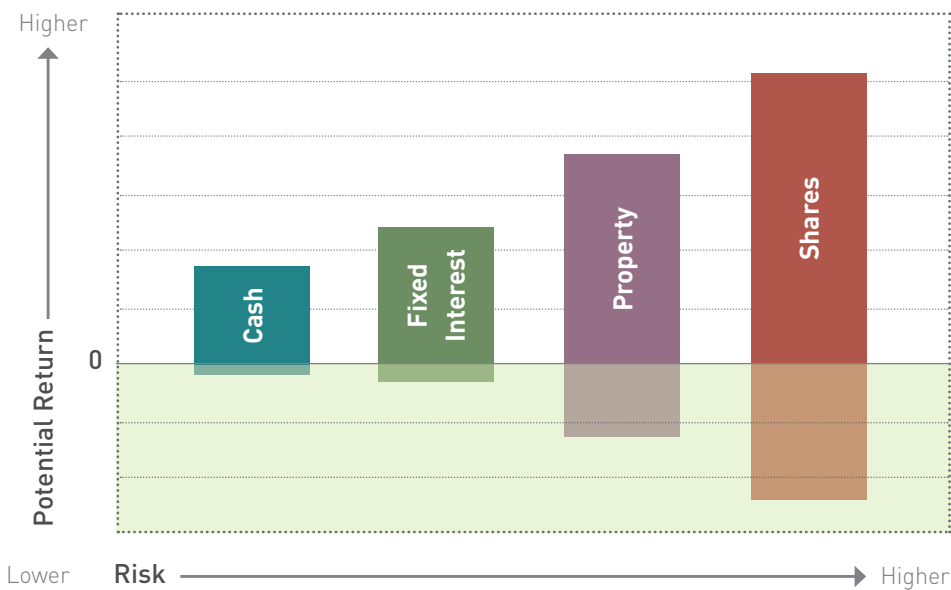


THE RISK/RETURN PROFILE OF THE MAIN ASSET CLASSES

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

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*.

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.

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

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.

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

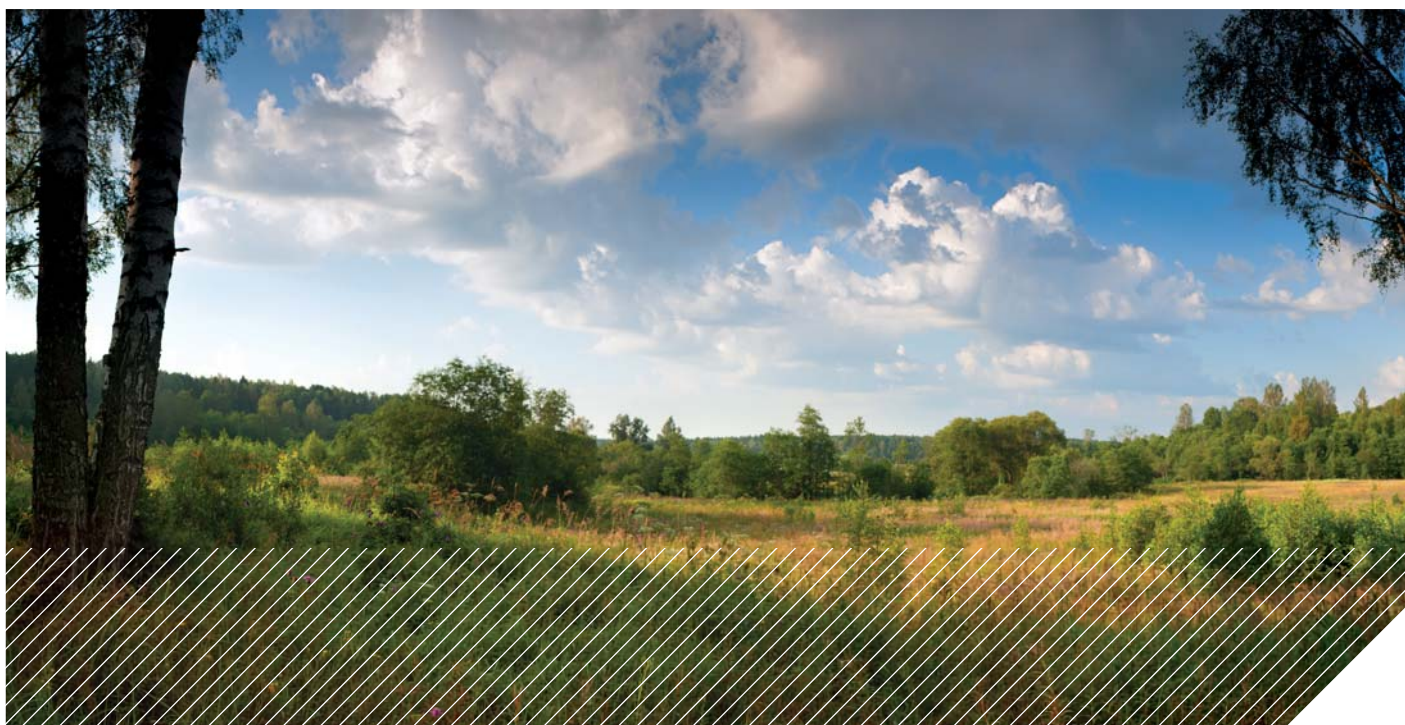
4.1 years

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	32.5	0 – 40
International unlisted equities	0.5	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
Total	100.0	



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	25 – 45
Australian unlisted equities	5.0	0 – 25
International listed equities	26.5	0 – 45
International unlisted equities	0.5	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
Total	100	

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

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

ASSET ALLOCATION AND RANGES

Asset Class	Target %	Range %
Cash	5.0	0 – 15
Australian fixed income	13.25	0 – 40
International fixed income	13.25	0 – 40
Australian listed equities	23	15 – 40
Australian unlisted equities	5.0	0 – 25
International listed equities	18.0	5 – 40
International unlisted equities	0.5	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
Total	100	

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	22.5	5 – 25
Australian fixed income	13.75	5 – 45
International fixed income	13.75	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
Total	100	

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
Total	100	

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 2015.

	30 June 2015 (\$,000)
Australian Equities	
Eley Griffiths Aust Equity Small Companies Mandate	37,586,204
IFM Enhanced Index Aust Equity Mandate*	161,700,301
Invesco Small Cap Aust Equity Fund	31,796,212
Allan Grey Australian Equity Fund	102,783,744
Perpetual Aust Equity Mandate*	162,975,011
Total Australian Equities	496,841,473
Australian Infrastructure	
IFM Aust Infrastructure Fund	83,922,911
PW Hastings UTA	14,549,608
Total Australian Infrastructure	98,472,519
Australian Private Equity	
First Trust Portfolio	91,687,550
Frontier Pty Ltd	330,000
ME Bank Ltd	29,924,387
Industry Super Holdings	12,743,522
ROC Partners Trust 4	17,025,049
ROC Partners Trust 3	9,384,196
PW Quay Australia 3 Fund	3,656,936
PW Quay Australia 4 Fund	1,978,664
Super Benefits Administration Pty Ltd	1,280,959
The New Daily	2,000,000
Total Australian Private Equity	170,011,264
Cash & Capital Guaranteed	
IFM Specialised Cash Fund	10,774,991
Short Term Cash Account* (Term deposits)	157,143,422
ME Bank – Cash	59,398,095
Total Cash	227,316,508
Fixed Interest	
IFM Specialised Credit Fund	64,480,618
Blackrock Indexed Aust Bond Fund	112,375,350
Blackrock Overseas Bond Index	48,605,800
IFM Credit Opportunities Mandate	33,602,276
Pimco DFI Unit Trust*	205,620,243
Timber Industry S/Sc – Sup Bus Loans	7,000,056
Westbourne Yield Fund No 1	36,227,432
Total Fixed Interest	507,911,775

	30 June 2015 (\$,000)
International Equities (Unhedged)	
BGI Unhedged World Ex Aust Equities Index	39,619,290
Capital Int Global Equities Unhedged*	130,220,877
Global Thematic Fund	88,701,940
Orbis Global Equity Fund*	125,864,919
Total International Equities (Unhedged)	384,407,026
International Equities (Hedged)	
Blackrock Hedged World Equities Index*	117,388,907
Total International Equities (Hedged)	117,388,907
International Infrastructure	
IFM International Infrastructure	91,939,692
Total International Infrastructure	91,939,692
International Private Equity	
IFM Global Unit Trust	2,101,471
Wilshire Pooled Superannuation Trust	11,302,012
Total International Private Equity	13,403,483
Property	
AMP Property Income Fund	133,577
Industry Super Property Trust No 1*	123,198,947
PW Fortius Active Property 1	7,795,089
PW Franklin International Real Estate 2	3,435,486
QIC Property Fund	73,770,877
Total Property	208,333,977

Total Investments

\$2,316,026,623

* 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 \$2.3 billion in funds under management and overseeing its investments on behalf of over 70,000 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.

\$170,686,034

The value of contributions made to First Super member accounts for the 2014-15 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 2015 were as follows:

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

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

Independent director	Committee representation
Bob Smith Member since 2008	Audit & Compliance (Chair) Nominations (Chair) Remuneration (Chair)
Candy Broad Member since 2015	Audit & Compliance

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 2015, First Super used the following advisors and service providers:

Actuary	Mercer (Australia) Pty Ltd
Administrator	Super Benefits Administration Pty Ltd*
External Auditor	PwC
Internal Auditor	KPMG
Insurer	MetLife Insurance Limited
Insurance Advisor	IFS Insurance Solutions Pty Ltd
Asset Consultant	Frontier Advisors Pty Ltd*
Legal Advisor	Madgwicks
Master Custodian	National Australia Bank Ltd
Tax Advisor	EY
Financial Planning	Industry Fund Services Pty Ltd
Coordinators	CFMEU FFPD

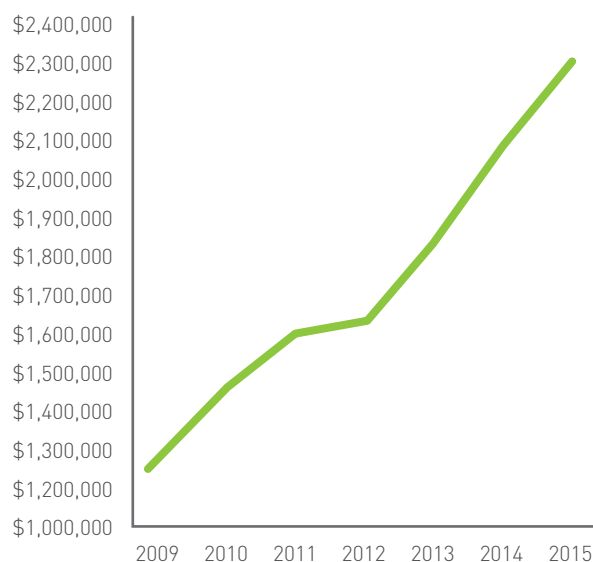
*First Super holds shares in this service provider as an investment.

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**.

Funds Under Management (\$'000)



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 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 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 & 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 2015 are as follows:

Role/Activity		Fees and Allowances
Co-Chairpersons		\$1,500 per calendar month or part thereof
Co-Chairpersons and Directors	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)
Associate Directors	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)
Workshops/Training Courses (Co-Chairs, Directors and Associate Directors)		\$1,100/day (plus \$1,000 for Interstate Allowance Rate where applicable)
Domestic Conferences (Co-Chairs and Directors)		\$1,100/day (No Interstate Allowance Rate)
International Conferences & Workshops (Co-Chairs and Directors)		\$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.
Representational Committees	AIST Chairs forums APRA consultations	\$2,250/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
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		\$1,100/day (plus \$1,000 for Interstate Allowance Rate where applicable)
Teleconferences		Fees not applicable

2014-15 ATTENDANCE AND REMUNERATION

Listed below are Directors' meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2015:

Director	Committee	Board (4 held)	Total PD HRs	Fees paid	Fees Paid to
Denise Campbell-Burns	5/5	4/4	8	\$22,660	CFMEU - FFPD
Candy Broad *	2/2	1/1	1	\$5,600	Candy Broad
Julie George **	3/3	2/2	170	\$26,170	Busi Culture
David Kirner	9/9	4/4	12	\$36,597	CFMEU - FFPD
Martin Lewis	12/13	3/4	23.75	\$51,227	Kylken Pty Ltd
Lisa Marty	6/7	4/4	24	\$33,330	Lisa Marty
Alex Millar	4/6	2/4	30	\$15,180	CFMEU - FFPD
Lindsay Morling †	3/4	1/2	8	\$16,610	Business Machines finance Co
Michael O'Connor	17/18	4/4	18.5	\$73,425	CFMEU - FFPD
Mike Radda	6/6	3/4	26	\$22,220	UCI Projects Pty Ltd
Bob Smith	12/12	3/4	15	\$81,037	Robert Patrick Smith
Allan Stewart	19/19	4/4	68	\$122,012	Allan Stewart and Associates Pty Ltd
Frank Vari	9/10	4/4	7.5	\$29,700	CFMEU - FFPD
				\$535,768	

* Candy Broad became a Director from 21 April 2015.

† Lindsay Morling resigned as Director from 1 February 2015.

** Julie George became a Director from 1 February 2015.

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 2015 was \$280,310.

FEES AND CHARGES

The fees and costs charged in the 2014-15 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>0.86%</td> </tr> <tr> <td>Growth</td> <td>0.69%</td> </tr> <tr> <td>Balanced</td> <td>0.61%</td> </tr> <tr> <td>Conservative Balanced</td> <td>0.42%</td> </tr> <tr> <td>Cash</td> <td>0.06%</td> </tr> </table>	Shares Plus	0.86%	Growth	0.69%	Balanced	0.61%	Conservative Balanced	0.42%	Cash	0.06%	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	0.86%											
Growth	0.69%											
Balanced	0.61%											
Conservative Balanced	0.42%											
Cash	0.06%											

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>0.95%</td> </tr> <tr> <td>Growth</td> <td>0.72%</td> </tr> <tr> <td>Balanced</td> <td>0.81%</td> </tr> <tr> <td>Conservative Balanced</td> <td>0.59%</td> </tr> <tr> <td>Cash</td> <td>0.08%</td> </tr> </table>	Shares Plus	0.95%	Growth	0.72%	Balanced	0.81%	Conservative Balanced	0.59%	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	0.95%											
Growth	0.72%											
Balanced	0.81%											
Conservative Balanced	0.59%											
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 2015. A copy of the audited Financial Statements is now available to download at firstsuper.com.au.

Statement of financial position	30 June 2015 (\$)	30 June 2014 (\$)
Assets		
Investments	2,316,026,623	2,132,610,911
Other Assets	6,104,713	5,462,340
Total Assets	2,322,131,336	2,138,073,251
Liabilities		
Trade and other payables	(5,957,105)	(7,129,257)
Benefits payable	(776,540)	(685,714)
Current tax liabilities	(13,660,342)	(11,715,097)
Total Liabilities	(20,393,987)	(19,530,068)
Net assets	2,301,737,349	2,118,543,183
Represented by liability for accrued benefits		
Member funds	2,284,778,179	2,090,414,734
Reserves	16,959,170	28,128,449
Liability for accrued benefits	2,301,737,349	2,118,543,183
Operating statement		
Revenue from investments	196,407,705	241,096,641
Revenue from contributions	170,686,034	161,241,201
Other revenue	18,156,685	17,100,900
Total revenue	385,250,424	419,438,742
Total expenditure	(31,331,976)	(30,317,881)
Benefits accrued before tax	353,918,447	389,120,861
Tax expense	(25,305,842)	(29,690,087)
Benefits accrued after tax	328,612,605	359,430,774

\$195,182,979

The amount of earnings distributed to member accounts for the 2014-15 financial year.

SUPERANNUATION UPDATE

4,281

Number of new members for 2014-15.

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 FOR THE 2015/16 FINANCIAL YEAR:

<p>Concessional Contributions (Before-tax contributions)</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>Non-Concessional Contributions (After-tax contributions)</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 2015-16 financial year, it would be $3 \times \\$180,000 = \\$540,000$.</p>

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

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



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 Superannuation Fund.

You may elect to withdraw up to 85% of the excess concessional contributions from your superannuation 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 superannuation an amount equal to their superannuation 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 superannuation fund.

GOVERNMENT CO-CONTRIBUTION THRESHOLD INCREASE

The income threshold for eligibility for a Government co-contribution increased to \$50,454 (up from \$49,488) for the 2015/16 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.

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

DEEMING TO APPLY TO ACCOUNT-BASED PENSIONS

From 1 January 2015, the deeming rules that apply to financial investments were extended to account-based income streams, also known as allocated pensions and account based pensions.

"Deeming" is used to calculate income for age pension, benefit and allowance payments.

This change ensures 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.

Here is how this change will affect individuals:

If you	Changes
Are receiving a pension or allowance and already hold an account-based income stream product on 31 December 2014	No change for the products you already hold on 31 December 2014. The deemed income from any new products you purchase from 1 January 2015 will be used to assess your entitlement.
Began or resume receiving income support from 1 January 2015	Your account-based income stream products will be assessed under the new rules, even if you were previously assessed under old rules.
Are receiving a pension or allowance and change or buy a new account-based income stream product from 1 January 2015	Your account-based income stream products will be assessed under the new rules, even if you were previously assessed under old rules.
Have a partner who holds a superannuation account-based income stream product and they are not receiving income support payments	The deeming rules apply to their product and are used when calculating your entitlement.

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 aged 56 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, 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, by contacting us on **1300 360 988** or by emailing us on 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 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 superannuation account 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 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 and must relate to paying or meeting an expense of:

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

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

Insurance 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 superannuation into regular income in retirement. ”

THE ALLOCATED PENSION

An Allocated Pension lets you convert your superannuation into regular income in retirement. You can choose the number of payments you wish to receive and their frequency, which can be 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 are 56 years of age or older, a Transition to Retirement Pension can help you ease your way into retirement without sacrificing your standard of living.

Depending on your circumstances, it may help you to:

- > **Reduce your working hours.**
If you want to cut back your hours of work, you can replace any income lost by drawing regular payments from your Transition to Retirement Pension.
- > **Increase your retirement savings.**
By making extra contributions to your super account via a salary sacrifice arrangement, you may increase your retirement savings.
- > **Pay less tax.**
If you are between 56 and 60 years of age, your Allocated Pension payments will be subject to tax. However, some of your payments may be tax-free and you’ll receive a 15% tax offset on any taxable proportion. Once you reach age 60, all of your Transition to Retirement Pension payments will become tax-free.

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

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

GOVERNMENT LIMITS ON PAYMENTS

Minimum annual payment:

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

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

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. 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 (\$)
2015	10,372,114
2014	10,092,202
2013	7,740,026

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 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 2015 was \$6,276,559.

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 \$2000* 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.

*This figure will change in the future.

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 2015.

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

W: unclaimedsuper.com.au

You can contact the ATO by calling 13 10 20 or by visiting 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
W: 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

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 2015 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.

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