

# FIRST SUPER ANNUAL REPORT

2018/19



# CONTENTS

- 03 Highlights 2018/19
- 04 Co-Chairs' Message
- 06 CEO's Message
- 08 About First Super
- 10 Taking care of members
- 20 Environmental, Social & Governance
- 22 Investments
- 30 Financials
- 32 Taking care of First Super
- 38 Superannuation update
- 41 General information



**Shen J Chen, Hazelwood & Hill,  
First Super Member**

# HIGHLIGHTS

2018/19



The facts and figures below summarise the Fund's activity and performance for the **2018/19** financial year.



**50,619** members



**\$3.24bn** funds under management



**15,559** employers



**\$218.86m** increase in member assets



**43** average member age



**\$236.69m** total value of contributions made to First Super accounts for 2018/19 financial year

## Insured benefits paid to members

**\$8.21m**

Total and Permanent Disability

**\$6.69m**

Death and Terminal Illness

**\$88,600**

Income Protection

**12,903**

Emails from members

**6,057**

Letters from members

**36,465**

In-bound calls from members



**90,444** website visitors

**163,433** website sessions

**2,343**

Outbound calls to members



# CO-CHAIRS' MESSAGE

Welcome to First Super's 2018/19 Annual Report. This report provides members, stakeholders and shareholders with information on First Super's activities during the past financial year.

The Fund's purpose is to support members in achieving a dignified retirement. Central to this is achieving the investment return targets for each investment option, providing death insurance and quality total and permanent disability cover and finally, allowing access to financial advice that is in each member's best interests.

We believe that First Super has achieved these objectives during the 2018/19 financial year.

In response to government changes to superannuation through the Protecting Your Super Package (PYS), the Fund ran member information campaigns to ensure that members made informed decisions about their insurance and whether to have their accounts transferred to the Australian Taxation Office.

The Federal Government now prevents superannuation funds from providing "opt-out" insurance to inactive members. It was also proposed to have low balance and young members (under 26 years of age) opt in to insurance.

It is the view of the Fund that these measures will disadvantage affected members. Many of our members who are under the age of 26 are in relationships and have children.

An analysis of the benefits paid to either members for total and permanent disability or to their families in the event of their passing indicates that these members and their families will be disadvantaged through the Protecting Your Super changes.

They won't have insurance inside superannuation when needed most.

The Fund will continue to provide members with appropriate advice and information to ensure that they and their families have appropriate insurance cover.

The overall effect to the Fund and its members from the PYS changes is an increase in costs and insurance premiums.

During the first half of the financial year, the Fund responded to requests for information from the Royal Commission into misconduct in Banking, Superannuation and Financial Services Industry. The Fund was not called to give evidence and it did not feature in any case studies.

## INVESTMENT RETURNS

Last year was a highly volatile period. There were several months where most investment options incurred negative returns. Pleasingly, at year end the accumulation Balanced option, in which most members are invested, returned 6.7% for the year and an average of 8.84% over the last ten years. Given the ups and downs during the year, we regard this as a great result.

Further on in this report are details of the investment returns for all accumulation and pension investment options.



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

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

### GOVERNANCE

Allan Stewart stepped down as a Director on 30 June 2019, having been a founding First Super Director when the Fund was created in 2008. Prior to this, Allan was a Director of the Timber Industry Superannuation Scheme. In all, Allan has contributed to building members' retirement savings for over 25 years. Allan also jointly chaired First Super following its creation.

Allan's contribution to the good governance of the Fund and ensuring that it met the highest levels of financial management and accountability has ensured that the Fund has been run only to the benefit of members and that returns have been maximised.

Aside from Allan's contribution to the Fund, Allan has played a leadership role in the timber industry chairing the Timber Trade Industrial Association and undertaking reviews of timber industry training and resource management.

We wish Allan well.

Allan has been replaced by Robyn Burns who brings to the Board significant manufacturing knowledge having held senior roles with Borg Manufacturing, a major player in our industries.

### ANNUAL MEMBERS' MEETING

This year, the Fund will hold its first Annual Members' Meeting. It currently holds shareholder annual general meetings, but the addition of a member annual meeting will provide members with an opportunity to hear directly from their Directors and the CEO on the operation and management of the Fund.

All members and their families will be provided with the opportunity to participate either through attending in person or participating through the webinar.

Details of the Annual Members' Meeting can be found online at [firstsuper.com.au/2019-AMM](http://firstsuper.com.au/2019-AMM) or by contacting our Member Services Team on **1300 360 988**.

### ACKNOWLEDGEMENTS

The Board acknowledges the support of a number of crucial service providers without whose efforts the Fund would not run. We acknowledge Superannuation Benefits Administration (SBA) which administers the Fund. The SBA team's effort in a number of member information campaigns has been critical to campaign success.

Frontier Advisors, our asset consultant, has again contributed to the excellent investment returns. During the year many members, their families, and employers received personal support and assistance from the Member and Employer Services Coordinators, employed by the Manufacturing Division of the Construction, Forestry, Mining, Maritime and Energy Union.

Finally, we acknowledge the support provided to the Board and members by the trustee office.

# CEO'S MESSAGE



Like previous years, 2018/19 was another busy year for the Fund.

There were several emerging issues such as the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, and substantial changes to member superannuation entitlements.

Members can rest assured that the Trustee office team got on with the job of ensuring that their interests remained first and foremost.

## RESPONDING TO NEW LEGISLATION

Dealing with the Protecting Your Super Package (PYS) legislation, announced by the Federal Government in the 2018 Budget, was the primary focus of the trustee office team and the administrator, Superannuation Benefits Administration (SBA), during 2018/19.

PYS has the following impacts on members:

- > Inactive members with account balances of less than \$6,000 would have their accounts transferred to the Australian Taxation Office (ATO);
- > A 3% cap on account fees was introduced for members with account balances of less than \$6,000 at the end of each financial year; and
- > Insurance was turned off for inactive members;

In response to PYS there were several member information campaigns, including:

- > Insurance inside super
- > Activating low-balance inactive members
- > Finding lost super
- > Government Co-contribution.

Over 16% of members who were at risk of losing their insurance elected to retain their insurance. This 16% retention result was due to a terrific team effort by both the trustee office, the SBA team and the Member and Employer Services Coordinators.

Our campaign to help members locate and consolidate their lost super was also very successful, with 1,078 members being reunited with almost \$18 million in just 15 weeks. The benefit to these members is that they now enjoy higher investment returns than if this money was left with the Australian Taxation Office.

Pleasingly, member satisfaction with the service provided by SBA's client member services team was very high with a net promoter score of 53%. This high score compares favourably to other financial services companies.

Our business development team brought onboard new employers, providing them with a seamless transition from their old funds to First Super.

In the background, the Governance and Risk Management teams ensured that the Fund achieved high levels of compliance and risk management. These functions are not the most glamorous in the superannuation industry, but they are the bedrock of well-run funds. External and internal audits were undertaken with no adverse outcomes.

## STAFF CHANGES

The restructure of our Financial Advice Team was completed during the year with engagement of two financial planners, Peter Pallis and Jayson Bruce, in March 2019. Peter and Jayson join Andrew Jewell in providing advice which is always in members' best interests.

Unlike many other funds, intra-fund advice provided by Andrew, Peter and Jayson is free of direct charge. I encourage members to avail themselves of intra-fund advice. The saving from seeing these gents for intra-fund advice is, more often than not, equivalent to or greater than a year's member administration fees.





**Bill Watson**  
Chief Executive Officer

The Trustee office also welcomed Brad Weldon, who assumes the role of Executive Manager for Member and Employer Services. Brad joined the Fund having worked for another profit-to-member fund in an executive role and ME Bank, in addition to a substantial period working in the financial services sector in the UK.

Also, during the financial year, several Member and Employer Services Coordinators retired. On behalf of the trustee office I would like to pay tribute to James Collins, Quentin (“Blinky”) Cook, Viv Murray and Frank Panozzo. It has been a pleasure working with each of these four terrific people who always worked tirelessly for members and their

families. There are not too many people who will go to these extraordinary lengths to make sure that our members and their families get their entitlements.

In conclusion, I’d like to thank my colleagues and our service providers who worked consistently hard to put members first during 2018/19.

We think First Super is a great fund and we’ll continue to demonstrate that through our collective efforts.

As in previous years, we’d like to thank you all for being members of First Super and entrusting us with your retirement dreams.



**Cameron Dixon, Hazelwood & Hill,  
First Super Member**

# ABOUT

# FIRST SUPER

First Super is an industry super fund run solely to benefit members. Originally set up for those working in the furniture and joinery, pulp and paper, and timber industries, today we welcome all employees regardless of their occupation or location.

## YOUR INDUSTRY SUPER FUND

First Super was founded when three industry super funds merged in July 2008:

- > Furniture Industry Retirement Superannuation Trust
- > Pulp & Paper Workers' Superannuation Fund
- > Timber Industry Super Scheme.

We are proud of this heritage, and retain strong links to the timber, pulp and paper, and joinery industries. Our products and services are designed to meet the needs of our members, employers and communities within these industries, as well as being suitable for our broader membership.

The Fund supports more than 50,000 members\*, who trust us to manage more than \$3.2 billion\* of their hard-earned retirement savings. We offer superannuation, insurance and allocated pension products, including Transition to Retirement.

## OUR PROMISE

As an industry super fund our profits are returned to our members, and not to shareholders. We work hard to provide you with financial security in retirement by investing your hard-earned money now, so you can enjoy the lifestyle you want later.

To us, being a super fund is more than just what happens when you stop working.

**We are committed to providing our members with the benefits that enhance their long-term financial position, well-being and security.**

As such, we provide the following as part of our promise to put members first:

- > The flexibility to choose from five investment options
- > Competitive fees
- > Low-cost insurance options to protect you and your family
- > Help with all your super needs, such as finding lost super and rolling your super into a single account
- > General advice on insurance, investment options and member benefits
- > Intra-fund advice at no additional charge
- > Full service financial advice from our licensed Financial Planners
- > Regular communications, so you know what's going on with your super
- > Workplace or home visits to provide information and answer individual questions
- > Seminars held across Australia on a range of topics
- > Secure account access any time and anywhere with firstonline
- > Low-cost banking products through ME.

## QUALITY SERVICE AND ADVICE

Everyone at First Super wants you to enjoy your retirement in the future, but we also want you to enjoy today. To us, being a super fund is more than just what happens when you stop working.

Your superannuation is important. We understand that the information and decisions required can seem overwhelming, and sometimes it's easy to put super in the "too hard" basket, or decide to worry about it later.

With this in mind, First Super is committed to providing our members with high-quality, personalised service and advice to make the most of your retirement savings.

Our Member Services Team can help you manage your super and inform you of your options. They can also help arrange for one of our Member and Employer Services Coordinators or Business Development Managers to visit your workplace. They are there to provide you with the information you need to better understand your super and to benefit from our services.

\*Figures correct as at 30 June 2019.



## FIRST SUPER STRATEGIC PLAN 2017 TO 2022

**Purpose:** Enable our members to attain and maintain a dignified retirement

**Five-Year Goal:** Create a sustainable fund where Funds Under Management are growing annually (3% p.a.)

Focus Areas	1 GROW NEW MEMBERS	2 ACTIVATE & RETAIN NEW & EXISTING MEMBERS	3 ACHIEVE INVESTMENT PERFORMANCE	4 RENEW LICENCE TO OPERATE (GOVERNANCE)
Organisation Objectives	We are the default fund for employers in the sector.	Our members are advocates for First Super	We will protect and grow our members' retirement savings	Our stakeholders are confident in the way we govern the Fund
Metrics / Success Measures	<ul style="list-style-type: none"> <li>&gt; By 2022, attract 4,500 new members with positive account balances on the 12-month anniversary of their membership.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Have a ratio of 1.25 active members to each inactive member.</li> <li>&gt; Convert 75% of members to pensions</li> <li>&gt; Roll-ins / roll-outs should equal industry fund average of 76%.</li> <li>&gt; 6% of members due to have their insurance cancelled retain it</li> <li>&gt; &gt;25% of new members have an account balance &gt;\$6,000 at the end of the financial year in which they join</li> <li>&gt; Achieve a Net Promoter Score of 28% or above.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Delivery of investment 'promises' outlined in the Investing Your Super disclosure statement.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Granted ongoing social licence to operate annually by                             <ul style="list-style-type: none"> <li>– Shareholders</li> <li>– Key stakeholders</li> <li>– APRA and ASIC</li> <li>– Staff</li> </ul> </li> </ul>

**Undertake business as usual activities to ensure the good running of the Fund.**

We also offer access to licensed financial planners who can help with planning for the retirement lifestyle you hope to achieve. And better yet, the first consultation is at no additional cost for members.

And when you reach the end of your working life, First Super is still here for you. You may choose to continue working. You may choose to reduce your hours, or stop working altogether. Whatever you choose, we have an allocated pension option to suit your needs.

### TOOLS & RESOURCES

First Super's website – [firstsuper.com.au](http://firstsuper.com.au) – has a range of resources and tools to help you better understand and make the most of your super.

With key information about how the Fund works, fact sheets and calculators, as well as news, events and newsletters – it's a one-stop shop for anything to do with super.

And First Super's member portal, firstonline, is a secure, easy and convenient way to manage your First Super account.

With firstonline you can:

- > View and update your personal details
- > Roll in your lost super accounts
- > Change or add Non-Binding Beneficiaries
- > View and download your account transaction history
- > Obtain an insurance quote
- > View your insurance details
- > View your investment options
- > Check your employer details.

You can also choose to receive your member statements, Fund updates, and news by email.

**If you want to register for firstonline, call our Member Services Team now on 1300 360 988 or visit the member portal at [firstsuper.com.au/firstonline](http://firstsuper.com.au/firstonline).**

# TAKING CARE OF MEMBERS

At First Super, we pride ourselves on how responsive we are to our members' and employers' needs. We offer many personal touchpoints – our service centre, our Member and Employer Services Coordinators in the field, our in-house financial planners, a dedicated manager for pension members, and our Business Development Managers.

## SERVICE CENTRE TEAM: GOING THE EXTRA MILE FOR OUR MEMBERS

First Super's Melbourne-based service centre, staffed by our team of client services officers, is the first point of contact for most members and employers who have questions or requests. During 2018/19 this hub of fund activity answered 36,465 calls, responded to 12,903 emails and received 6,057 pieces of correspondence.

Contact centres play a crucial role in members' perception of quality of service. Our service centre is managed by Matt Prigent, who is Manager of People and Process Improvement, and Martese Cassar, the Service Centre Operations Manager. Together, they continually develop the team's style of operation to best suit our membership base.

"Every decision we make for the service centre goes through the filter of 'Is this in the best interests of our members?'," Martese said. "For example, on occasion we receive an email from a member with very minimal information. A member contact such as this can get lost in a workflow system. However, we'll go the extra mile to identify that member and give them a call to get more information and find out how we can help them.

"On one occasion, a pension member was wanting to withdraw a lump sum from their account for a large purchase and needed it immediately. There is normally a lead time on such a request, but many people do not realise this. To help this member, we were able to push this request up the workflow queue and provide the payment in the timeframe she needed it.

"I think this level of personal, individual service is a big differentiator between First Super and some larger funds."

### The advantages of being smaller

Although we service around 50,000 members and over 15,000 employers, we are considered small compared to some of the largest industry super funds. But being smaller does have its advantages, particularly for the level and quality of personal service we offer.

Our service centre operates without an interactive voice response system, which is very unusual within the industry. After an initial welcome greeting, a member is connected directly to a client services officer, who is able to spend as long as needed to answer questions, provide general advice, discuss forms to be completed or undertake other transactions. Long waiting times and queues are very rare.

### Proactive calls engage members

In the past 12 months the service centre has been proactive in making more outgoing calls to members, whether it be in response to an email or letter or as part of an active marketing campaign. Campaigns are used to focus on goals, such as helping members provide their Tax File Number or updating contact details, all with the objective of helping members better manage their super.

Outbound calls have been crucial in reconnecting with members who have low balances or no recent account activity. New super rules that came into effect this year would have meant these accounts would be transferred to the Australian Taxation Office or could have lost their insurance cover.

Martese said: "We've found that our increase in proactive calls has reinvigorated and engaged members. They're very receptive to our calls and enjoy the one-on-one interaction. Calls have been very successful in reactivating members and having them opt to stay with First Super. One member we contacted was actually at risk of becoming inactive but ended up combining all their accounts into First Super. It's that personal touch we love to offer our members that keeps them with First Super."

First Super also has many members who drop into the office to lodge forms personally. "Through the phone calls and visits, staff end up knowing many members because you develop a relationship with them," Martese said. "It helps us connect with members and provide true personal service."



**“One member we contacted was actually at risk of becoming inactive but ended up combining all their accounts into First Super. It’s that personal touch we love to offer our members that keeps them with First Super.”**

**Martese Cassar, First Super Service Centre Operations Manager**



# TAKING CARE OF MEMBERS

## FINANCIAL ADVICE AND PLANNING: GUIDING OUR MEMBERS

First Super now employs financial planners as part of our in-house team. Members can access our financial planning services for limited personal advice on their First Super account only, or comprehensive personal advice covering their finances inside and outside the Fund, and as a couple.

Andrew Jewell, Peter Pallis and Jayson Bruce represent the new breed of financial planners. They work full time for First Super and their brief is simple: to provide members with financial advice that is in their best interests. There are no commissions to earn and no conflicts of interest: they are there only to help members to achieve a dignified retirement.

The team can offer both limited and intra-fund advice (which is at no additional cost to members as it is advice limited to their First Super account and products) and comprehensive advice (that takes into consideration the member's financial objectives and situation beyond their First Super account, for which there is a charge).

"We are in a unique position compared with a lot of other funds that have limited and comprehensive advice as two separate arms of their financial planning business. This can often lead to a disconnect in their advice service offering," Peter says. "We are in a position where we can genuinely look out for members' best interests and best outcomes."

At First Super, only licensed financial planners can offer personal financial advice, tailored to each member's personal situation. Other authorised staff members can provide general advice about superannuation, which does not take into account individual circumstances.

There is a very strict boundary between general and personal advice. Consequently, Andrew, Peter and Jayson receive referrals from the Member Service Centre, Member and Employer Services Coordinators, and the Business Development Managers. They provide their advice to members on the phone, by video conference, and face-to-face by appointment.

### Metropolitan and regional service to members

Another point of difference for First Super is that our financial planners regularly travel to regions where we have large concentrations of members. Andrew covers regional New South Wales, Peter regional Victoria with regular visits currently to Traralgon, and Jayson travels to Mount Gambier (South Australia) every four to six weeks, where he stays for a few days to meet members.

"This means we're on the ground, out and about in the local community, where our members work and live," says Jayson.

Our Financial Advice Team is also available to members in other locations. Andrew is the point of contact for those that reside in Sydney, while Peter and Jayson look after our members living in Melbourne, Adelaide and towns in other states.

### How our personal advice service works

"We start by having a general conversation with the member regarding what's on their mind about super, then share with them what they should know or consider. If they decide they want recommendations on what to do next, we explain the benefits of receiving personal advice," says Jayson.

"If they want to go ahead, we start discussing matters such as what's happening in their life at present. Their assets, liabilities, cash flow and desired retirement lifestyle to understand their current situation and objectives."

Any personal advice that Andrew, Peter and Jayson provide is detailed in a Statement of Advice.





**Our Financial Advice Team: Jayson Bruce, Andrew Jewell and Peter Pallis**

## CASE STUDY – SAVING A MEMBER \$26,500

Our financial planning service is available to members of all ages, although those approaching retirement tend to be the ones who access it most. Advice can be of particular benefit when people are planning milestone decisions around their late 50s or pension age.

“I gave some advice to a couple where the husband, a member, had just reached pension age and was looking to reduce his hours to a seven-day fortnight,” Peter recalls.

“His wife was a few years younger; with a three-year difference between their pension ages. The aim was to restructure their assets to maximise his age pension over time.

“After a comprehensive review of his finances, I made a series of recommendations. By following this plan, he would obtain an extra \$19,500 in age pension entitlements over the next three years. We saved him tax of \$2,340 in the 2018/19 financial year and about \$944 each year until his retirement in the next couple of years. He got a spouse contribution offset of \$540 for the 2018/19 financial year and he was going to get the Government Co-contribution of \$450 for the next three years.

“By asking for advice and talking to us, the member will end up with \$26,500 more in his pocket over the next three years.”

**That is how First Super can help members achieve a dignified retirement.**

# TAKING CARE OF MEMBERS

## MEMBER AND EMPLOYER SERVICES COORDINATORS: SUPERANNUATION COORDINATORS WORKPLACE VISITS ARE A VALUED SERVICE

First Super offers an invaluable service within the community where our members live and work. A team of Member and Employer Services Coordinators visit workplaces to provide information and assistance to employers, members and prospective members.

One of our Coordinators in Victoria, Angela Beer, is a regular visitor at many workplaces, where she helps employers with meeting their super obligations, setting up payments through First Super's free clearing house, SuperChoice, ensuring they have product disclosure statements on hand, and more.

For members and prospective members, she provides information and assistance with whatever might be needed, such as signing up new members, rollovers, insurance claims, changes to investments, lost super search, referral to a First Super Financial Planner, explanations of super law changes, and more.

Angela is always pleased to educate members and provide them with the necessary tools to ensure they're doing what they can to increase their retirement savings.

### Extraordinary lost super find

During a workplace member education session at a large employer worksite, Angela demonstrated how easy it was to use First Super's 'lost super' search tool on the website. Using the details of a member who had already completed a consent form, in a few minutes Angela found two lost super accounts – one containing \$100,000 and another with \$12,000.

"The look on her face – she literally jumped for joy and gave me the biggest hug," Angela said.

The larger 'lost' sum was the result of a court proceeding, which at the time the member had not understood because English was her second language. The member rolled both sums into her First Super account and in doing so will end up having a much better-funded retirement.

### Retail funds not all they're cracked up to be

"I love the fact that I can help people," Angela said. "The people in our industries are humble and hard-working, and it is heart-breaking to see how they have been so badly served by the retail funds. It's great to be able to help give people a better outlook for their future retirement."

Angela's job has been made a little easier in the past year because of the poor practices of retail funds uncovered by the Royal Commission\*.

"There has been more engagement and more knowledge among employees in the past year," she said. "I've been walking into workplaces and people are coming up to me to ask questions. They know the term 'retail fund versus industry fund' and they want to know what it means for them."

Angela met with a member who wanted to discuss the new Protecting Your Super Package legislation and what it meant for him. He had an inactive First Super account with about \$13,000 in it, plus default insurance cover, and a retail fund account that he had been a member of for 20 years with about \$23,000 in it. The member was dissatisfied with the retail fund earnings and his account balance.

On closer inspection of the member's other fund statements, Angela found he was being charged nearly \$4,000 per year for \$1.5 million of insurance cover (far more than he needed). His account was also attracting other fees of between \$1,500 to \$1,800 a year. The fund's annual earnings plus his employer super contributions did not even cover the costs of insurance and fees, meaning his balance fell every year.



**“I love the fact that I can help people. The people in our industries are humble and hard-working, and it is heartbreaking to see how they have been so badly served by the retail funds. It’s great to be able to help give people a better outlook for their future retirement.”**

**Angela Beer, Member and Employer Services Coordinator, Victoria**

By contrast, Angela showed him that his First Super account balance had continued to rise each year, despite no contributions going in and deductions for insurance.

With the retail fund being unresponsive to his enquiries, the member decided to reactivate his First Super account, and move his insurance, regular contributions and account balance into his First Super account.

With Angela’s assistance carrying out a lost super search online, he found two accounts with the Australian Taxation Office, which he subsequently rolled into his First Super account.

“The member was so grateful that he took the time to speak to me, and I was incredibly pleased to know that he’ll have a better retirement by doing so!” Angela said.

\* The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was conducted from late 2017 to early 2019 by Commissioner Justice Kenneth Hayne.

# TAKING CARE OF MEMBERS

## RETIREMENT AND PENSION SUPPORT: HELPING MEMBERS TO ACCESS THEIR SUPER

Retirement brings access to the largest lump sum of money most people will ever experience. It can be both exciting and overwhelming, but what do you do next? Start by talking with First Super's dedicated Superannuation Services Manager, Jennifer Burgoyne, who helps retiring members to set up and manage their pension accounts.

Jennifer Burgoyne works with First Super members when they've reached transition-to-retirement or full retirement and are ready to start accessing their super for a pension and other life adventures.

She is a veteran of the superannuation industry, having worked with First Super for 17 years and other super funds for many years before that. She's a reassuring and empathetic presence at the end of the phone who can answer your questions, provide general superannuation information, and knows all about the paperwork required to set up and manage your pension account according to government and fund rules.

"I think the thing we do well for our pension members is getting things done promptly," Jennifer said. "Because I'm focused on our pension members only, I can take their calls when they ring, and respond to emails and turn around their paperwork quickly too. I know they appreciate this level of service and being able to deal directly with a pension specialist."

"They do like having another person at the end of the phone; they know it will be me they speak to every time they call and that makes a big difference for them. I feel as though I actually build up a personal relationship with many members."

Jennifer finds that the paperwork associated with setting up, managing and accessing money in a pension account causes the most concern for members. She focuses on streamlining this paperwork, supporting them to complete forms properly, and providing explanations of what other documents are required.

### Transition to Retirement

First Super has more transition to retirement (TTR) members than allocated pension members, who are more limited in what they can do with their savings. Jennifer is able to answer their queries about the options open to them, so they can achieve the financial outcome they're looking for.

"I can answer most members' queries over the phone, and for more complex questions I refer them to our Financial Advice Team," said Jennifer. "In my experience, our members achieve the best outcome when they get personal advice from our financial planners about starting a TTR strategy or pension account. We work together so our members can maximise their savings and situation for a dignified retirement."


### Here for our members, through the good and the tough times

As well as helping members planning their retirement, Jennifer is also here to help during the tough times, such as when the death of a member throws those plans into disarray for the surviving spouse.

Having someone knowledgeable and sympathetic to speak with after a bereavement is also an important role that Jennifer plays. "It can be overwhelming for the surviving partner," Jennifer said. "They may have inherited a large sum of money and simply don't know what to do with it or where to start, particularly if the deceased spouse has been managing all the finances."

"I can get started on answering their questions and what needs to be done in terms of paperwork. I will often refer them to our in-house financial planners, as they may need specific financial advice relevant to their situation."





**In a typical day, Superannuation Services Manager Jennifer Burgoyne will help pension members with things such as:**

- > applying for an allocated pension
- > drawing down on a pension account
- > the issuing of correspondence and documentation
- > arranging or clarifying payments
- > telephone and email queries
- > requests to vary monthly income
- > requests for additional lump-sum funds
- > referrals to in-house financial planners
- > producing information for Centrelink.



# TAKING CARE OF MEMBERS

## BUSINESS DEVELOPMENT MANAGERS: CHANGING PERCEPTIONS ABOUT SUPER

First Super's Member Services teams visit workplaces around the country to show employers, members and prospective members that superannuation is not nearly as complex as they think.

Employees can sometimes put off getting their super in order because they believe it's too hard. Many employers, while keen to do the right thing by their employees, can often feel overwhelmed by the complexities of super too, especially the differences between a 'trusted' brand's retail fund and the benefits of an industry super fund.

It is the role of our Business Development Managers (BDMs) and Member and Employer Services Coordinators to visit employer workplaces to show employers and employees (whether First Super members or not) how easy superannuation really is. They do this through education and hands-on support.

Liz Hunt is our BDM for Victoria, Tasmania and South Australia, and Lee Surace is her New South Wales, Australian Capital Territory and Queensland counterpart. Over the past year Liz and Lee have each visited more than 100 workplaces around their states, both large and small. Not many super funds have representatives in regional locations, so it's with pride that they work with our Coordinators to look after employers and employees.

### Helping to make sense of super

A typical employer visit for Liz or Lee may result in them helping a payroll office set up super payments through First Super's free clearing house, SuperChoice. This system can also facilitate reporting to the Australian Taxation Office (ATO) through the Single-Touch Payroll system, ensuring they remain ATO compliant.

Liz and Lee may also work with HR managers or business owners to organise worksite visits where they and/or a Coordinator deliver education presentations to employees on super matters, such as consolidation of multiple accounts, fund choice, insurance, the importance of nominating beneficiaries and the differences between retail and industry super funds.

"We provide on-site support in the workplace, for both employers and their workers," Liz explains. "Some people don't know what to do to fix their super problems. But we care, and it's not hard to fix, it's often straightforward if you know what to do."

"If members meet us at an education session, or ring us, our Member and Employer Services Coordinators can either visit them at their workplace or outside of work and support them – for example, by helping them to fill in the paperwork to consolidate multiple funds."

### Retail vs industry funds

Presentations at work sites often draw a big reaction from the employee audience. Liz or one of her colleagues will usually explain the differences between a retail fund and an industry super fund and use First Super's net benefit calculator (at [firstsuper.com.au/compare](https://firstsuper.com.au/compare)) to compare returns between First Super and dozens of retail funds.

"Often people don't realise just how much better off they can be with an industry super fund. I find that it is a really powerful demonstration," Liz said.

"Since the Royal Commission\*, our message about industry super funds is finding a much more receptive audience, with employers asking us to help people compare their balances and, where appropriate, move out of retail funds. We've been able to do that for many of our employers and their workers, and they've been really surprised by how easy it has been."

\* The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was conducted from late 2017 to early 2019 by Commissioner Justice Kenneth Hayne.



**“We provide on-site support in the workplace, for both employers and their workers. Some people don’t know what to do to fix their super problems. But we care, and it’s not hard to fix, it’s often straightforward if you know what to do.”**

**Liz Hunt, First Super Business Development Manager for Victoria, Tasmania and South Australia**

### **In the past year**

A large regional employer decided it was time to switch its default fund from a retail fund to First Super. Liz said: “They undertook a review looking at things such as the performance of the fund, the fees charged, and the service offered. They wanted a super partner who actually visited their worksites to offer face-to-face services, not just to the employer in payroll but also to the members.

### **Our future**

“Some people say that my job will become obsolete and everything will be done over the internet, but the fact is that people are becoming more interested in their super and there is huge demand for personal service,” says Liz. “First Super understands this and that’s what we are set up to provide. That is where we make a real difference to our employers and members.”

# ENVIRONMENTAL SOCIAL & GOVERNANCE

First Super believes that consideration of environment, social and governance (ESG) risks and opportunities in the investment process is consistent with maximising our members' long-term investment returns while minimising their investment risk.

Incorporating ESG evaluation is integral to fulfilling First Super's fiduciary duty and meeting the sole purpose test, to act in the best interests of members.

During the 2018/19 financial year the Fund undertook several activities to ensure ESG risks are managed and opportunities realised.

## XPO LOGISTICS

First Super's major ESG priority during the year was the continuation of its engagement with its international equity manager, which holds around 20% of XPO Logistics – a New York stock exchange listed company. The purpose of this engagement is to mitigate investment risk.

First Super met with several of the manager's investment staff to encourage them to more aggressively engage with XPO to force it to address serious concerns and thus mitigate investment risk.

XPO Logistics is a major North American and European freight and logistics company that employs nearly 100,000 staff and contractors.

XPO has been subject to public criticism, adverse media reports, legislator comment and labour organisation campaigns due to substantial and sustained allegations of inadequate health and safety protections, poor labour practices, failure of adherence to International Labour Organization conventions and local labour laws, and use of poorly paid contract truck drivers.

It is First Super's belief that these practices, if true, are not good for XPO's employees nor for the continuation of XPO's social licence. In this connected age, companies are discovering that consumers have the ability to demand action where they are not meeting community expectations.

Damage to XPO's reputation will, in the medium to long run, adversely affect XPO's share price. Damage to XPO's share price flows on to First Super members through lower investment returns.

Over the past decade, XPO has created a lot of shareholder value. It can continue to do so but only if it addresses these substantial and sustained allegations. As a long-term investor, First Super believes that proactive engagement rather than divestment is the key to sustainable returns.

## PRIVATE EQUITY

During 2017, First Super's Board placed its Australian private equity program on hold due to concerns about the application of ESG principles within this asset class. The fund resolved to work with its private equity manager, Stafford Capital Partners, to develop an ESG compliant private equity program.

The problem that First Super is trying to solve is there is no Australian private equity product available which consistently applies ESG principles or any factor within those principles, such as labour rights, supply chain, modern slavery or occupational health and safety. Similarly, there is no private equity manager that has a transparent investment process that applies ESG principles.

First Super's Board approved a \$100 million private equity mandate that incorporates ESG principles into the investment process and has the following objectives:

- > to invest only in companies that demonstrate ESG best practice in their management, operations and stakeholder dealings;
- > to ensure due diligence is completed on all companies prior to investment, and monitored on an ongoing basis, to ensure compliance with strict ESG protocols;
- > to ensure that First Super's ESG Policy is acknowledged and applied in respect of private company investments;
- > to prevent companies with unmitigated ESG risks from forming part of First Super's investment portfolio;
- > to ensure that if an ESG issue arises in a portfolio company post investment, there is appropriate engagement with the manager to remedy the situation; and
- > to ensure that risk is mitigated by having private companies managed by a range of different private equity managers.

The new private equity program will commence during the 2019/20 financial year.





## BOARD DIVERSITY

First Super engaged with ASX 200 companies in which it holds shares on gender diversity. This was done through the Australian Council of Superannuation Investors (ACSI), of which First Super is a full member and upon whose board First Super Director Candy Broad sits, and through application of First Super's proxy voting policy.

First Super endorsed ACSI's continuing program to engage with ASX 200 companies that have no female directors. Through ACSI's efforts, four of the seven companies with whom we engaged appointed their first female directors. In addition, other companies have given commitments to address gender diversity.

To add weight to ACSI's engagement campaign and in support of the Fund's membership of the 30% Club, the Fund applied its policy of exercising its proxy votes against the re-election of the Board Chair or the Chair of a Nominations Committee (or equivalent) if less than 30 per cent of that board are female.

In the 2018/19 financial year, there were 419 director re-election motions within our portfolio across 160 unique companies. First Super voted against 12.6% of director re-elections due to either no female or fewer than 30% females on an ASX 200 board.

First Super continued to correspond with companies in which it invests when they are added to the S&P ASX200 index, or invested in by our equity managers. These letters detail First Super's commitment to the 30% Club initiative, our beliefs, and our voting policy. In the 2018/19 financial year First Super sent letters to 11 companies.

## BOARD AND EXECUTIVE REMUNERATION

First Super's view is that remuneration paid by Australian listed companies to their boards and executives is in many cases excessive, both in terms of annual increases and the overall amount paid.

In support of this view, First Super's policy is to vote against adopting annual remuneration reviews where either CEO and/or board remuneration increases by more than the annual percentage increase in Average Weekly Ordinary Time Earnings (AWOTE).

Last year, First Super voted against 82 (54% of) remuneration reports.

# INVESTMENTS

This section provides a review of First Super’s investment performance, our 2018/19 crediting rates, and a breakdown of where investments held by the Fund were allocated as at 30 June 2019.

First Super’s default investment option – the Balanced option – returned 6.7% for the 2018/19 financial year. For pension members, the Balanced option returned 7.16%.

Given the substantial increase in volatility in investment markets during the 2018/19 financial year, this was a solid result for our members.

Despite some asset classes not meeting expectations, and a number of managers within those asset classes underperforming, the Shares Plus investment option returned 7.91% for accumulation members and 8.23% for pension members. The Growth option returned 7.18% and 7.92% respectively.

The table below sets out earnings for all options within the accumulation and pension funds for the year ending 30 June 2019.

Investment option	Superannuation fund rate of return %	Pension fund rate of return %
Balanced	6.70	7.16
Shares Plus	7.91	8.23
Growth	7.18	7.92
Conservative Balanced	5.80	6.40
Cash	2.04	2.27



Teal Windows Employees,  
First Super Members and Employer

## ECONOMIC ENVIRONMENT

Global economic growth slowed further during 2018/19 and is facing even greater headwinds this financial year. While the US economy continued its record economic expansion post the global financial crisis, the outlook for the US is less positive. The effect of fiscal stimulus is dissipating, and import tariffs are impacting consumers through increases in the price of some consumer goods.

In Europe, the engine room of economic growth, Germany, is showing signs of a slowing economy creating the risk of a recession. Italy is one step ahead of Germany, with a very high likelihood of entering a recession. Finally, Brexit activity choked any confidence in the UK economy.

The outlook in emerging markets outside of China was and remains more positive, notwithstanding trade wars. The outlook for China is overly negative, fuelled by fears about the impacts of the trade war. Growth is stabilising and the housing market is showing signs of reaching a peak; this is positive rather than negative. Japan continues to stagnate, with declines in consumer confidence and manufacturing contracting.

It was a difficult year for investors. Concerns about lateness of investment cycle saw investors swinging between optimism and pessimism. Trade wars, geopolitics, interest rate reductions in Australia, and easing of monetary policy contributed to these sudden and pronounced mood swings. This resulted in negative investment returns in a number of months for most investment options.

An example of this volatility was Australian markets (ASX 200) falling by 6% in the month of October 2018 alone. By late December the fall was 11% from the start of October. But by the end of February 2019, all of these losses had been recovered. At the end of June 2019, the ASX had gained 6.8% over the year. In the US, the Dow Jones Industrial Average gained 9.6% for the same period.

We expect a continuation of volatility in the 2019/20 financial year, as the cycle lengthens and trade wars becoming increasingly fractious. The Australian economy will continue to be buffeted by the effects of further tariffs being imposed on the Chinese economy by the US Government.

## FIRST SUPER INVESTMENTS REVIEW

First Super went into the 2018/19 financial year carrying more cash than the strategic asset allocation target. We finished the year maintaining this overweight position.

Our rationale was to provide additional defensiveness, taking into account the lateness of cycle and the other external factors referred to above. An overweight cash position also allows flexibility if markets are stressed.

Being overweight cash did impact the Fund's overall performance, however the Board's view is this defensive position was appropriate given return targets for the investment options. The Fund will continue to maintain this overweight position.

First Super was not the only fund adopting a more defensive position by holding more cash. It will be much harder to optimise cash returns for members due to lower interest rates. This will continue to be the case in the future.

Several First Super managers experienced a difficult 2018/19, detracting 1.6% in performance for the Balanced option. This was most evident among some of the Fund's Australian equities managers, international equities managers, and Australian property and private equity. In the case of equities managers, equities markets did not suit their style of investing. Value managers underperformed growth managers during the year.

We continue to maintain conviction in investing member funds with active managers in preference to total allocations to index managers, as we believe that active managers can continue to exploit market inefficiencies. This belief has generated additional returns for members in previous financial years.

During the year, the Fund appointed a new international equities manager. C Worldwide was appointed as an international equity manager in April 2019, managing 25% of the Fund's international equity allocation. By the end of the financial year, we had re-weighted the international equity manager line-up.

## INVESTMENT STRATEGY

The Fund approved a new investment mandate in April with its private equity manager, Stafford Capital Partners, allocating \$100 million in funds. It is different from the previous private equity mandate in that investment opportunities will be critically evaluated through application of Environmental, Social and Governance (ESG) principles and factors.

A transparent investment process has been developed which will see Stafford Capital Partners evaluate these opportunities by assessing potential investee company application of the following social factors: labour rights, occupational health and safety, modern slavery considerations, and supply chains.

This will mean that the Fund will only permit its private equity capital to be invested in companies that demonstrate ESG best practices in their management, operations and stakeholder dealings.

Due diligence will be completed on all companies prior to investment and monitored on an ongoing basis to ensure compliance with strict ESG protocols. Finally, investee companies will be required to acknowledge First Super's ESG policy.

We will keep members informed during the year if there are any changes to investment strategy or other significant investment events.



## CREDITING MEMBER ACCOUNTS

Each First Super member's account earns investment income at the Fund's declared crediting rate\*. The crediting rate used depends on the investment option(s) selected. First Super will declare a crediting rate return each month for each investment option based on earnings and estimated investment fees and tax.

After the end of the financial year (30 June) or when a member leaves the Fund, First Super adjusts their 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 a member's account is based on their average daily account balance and the related weekly performance for their 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.

## 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.

\* 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.

# 6.70%

the return of First Super's  
Balanced option for  
2018/19

Below are the crediting rates for the financial year ending 30 June 2019 and prior periods.

Superannuation crediting rates						
Investment option	2018/19 financial year %	Past 2-year % p.a.	Past 5-year % p.a.	Past 10-year % p.a.	Return since inception %	Inception date
Balanced (default)	6.70	8.67	8.68	8.84	8.42	1 July 1988 <sup>^</sup>
Shares Plus	7.91	10.87	10.85	11.02	6.50	1 March 2001
Growth	7.18	9.51	9.59	n/a	10.72	14 Oct 2011
Conservative Balanced	5.80	6.86	6.92	7.69	6.00	1 July 2008
Cash	2.04	2.17	2.35	3.11	4.04	1 March 2001

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

Pension crediting rates						
Investment option	2018/19 financial year %	Past 2-year % p.a.	Past 5-year % p.a.	Past 10-year % p.a.	Return since inception %	Inception date
Balanced (default)	7.16	8.86	9.09	9.69	7.77	18 March 2005
Shares Plus	8.23	11.22	11.35	11.83	8.54	1 July 2005
Growth	7.92	10.50	10.64	n/a	10.91	10 Aug 2013
Conservative Balanced	6.40	7.62	7.69	8.62	6.74	1 July 2008
Cash	2.27	2.49	2.70	3.63	3.86	1 July 2005

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.

## YOUR INVESTMENT CHOICE

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

- 1 Shares Plus
- 2 Growth
- 3 Balanced
- 4 Conservative Balanced
- 5 Cash

You can mix your investment in any percentage split across the five investment options or choose to invest in just one option. You can pick what works best for your circumstances.

### 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.

### Investment options

For more information, read the *Investing Your Super* booklet available in the Forms and Resources section of [firstsuper.com.au](http://firstsuper.com.au).

### Use of derivatives

First Super allows some of its investment managers to use derivative instruments to help manage risk and for other defensive purposes. The managers must use derivatives within strict parameters.

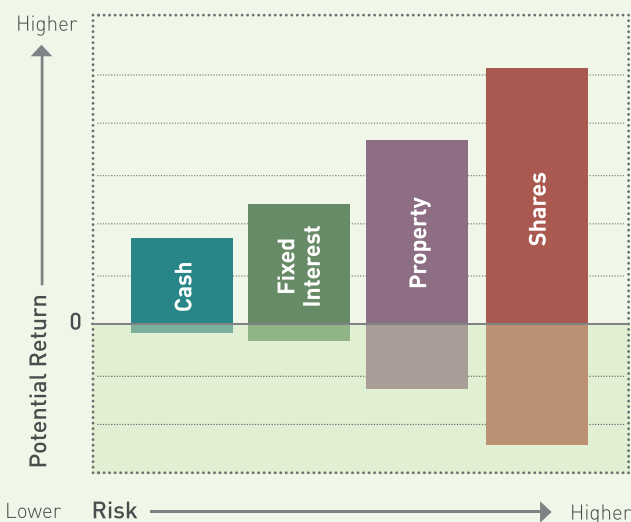
Derivative instruments are not used for speculative investing. The Trustee Derivative Charge Ratio did not exceed 5 per cent.

### Socially responsible investing

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

## 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.

\* First Super Financial Planners are authorised representatives of Industry Fund Services Ltd (IFS) (ABN 54 007 016 195 AFSL 232514).

## Investment options as at 30 June 2019

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

#### Investor profile

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

#### Risk profile

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

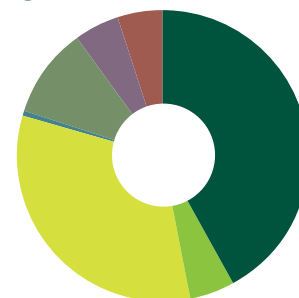
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS:** 4.4 IN EVERY 20 YEARS

**RISK BAND:** 6 **RISK LABEL:** HIGH

#### Asset allocation and ranges

Actual % as at 30 June 2019



Asset class	Actual	Range
● 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 Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%

### 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 five
- > 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.

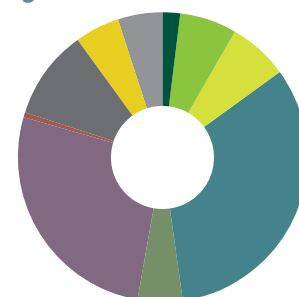
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS:** 3.7 IN EVERY 20 YEARS

**RISK BAND:** 5 **RISK LABEL:** MEDIUM TO HIGH

#### Asset allocation and ranges

Actual % as at 30 June 2019



Asset class	Actual	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	26.5%	0-45%
● International Unlisted Equities	0.5%	0-10%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%



## Investment options as at 30 June 2019

### Balanced

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

#### Investor profile

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

#### Risk profile

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

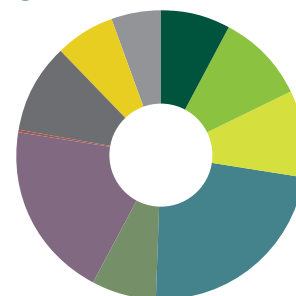
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS: 2.6 IN EVERY 20 YEARS**

**RISK BAND: 4 RISK LABEL: MEDIUM**

#### Asset allocation and ranges

Actual % as at 30 June 2019



Asset class	Actual	Range
Cash	8.0%	0-15%
Australian Fixed Income	9.9%	0-40%
International Fixed Income	9.8%	0-40%
Australian Listed Equities	23.0%	15-40%
Australian Unlisted Equities	7.1%	0-25%
International Listed Equities	19.8%	5-40%
International Unlisted Equities	0.2%	0-5%
Australian Unlisted Property	10.1%	0-20%
Australian Unlisted Infrastructure	6.8%	0-10%
International Unlisted Infrastructure	5.3%	0-10%

### 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 thirteen
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Conservative Balanced (41 – 59) Option Survey over rolling five-year periods.

#### Investor profile

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

#### Risk profile

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

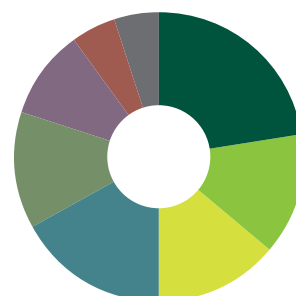
#### Standard risk

**LIKELIHOOD OF NEGATIVE RETURNS: 1.5 IN EVERY 20 YEARS**

**RISK BAND: 3 RISK LABEL: LOW TO MEDIUM**

#### Asset allocation and ranges

Actual % as at 30 June 2019



Asset class	Actual	Range
Cash	22.5%	5-25%
Australian Fixed Income	13.8%	5-45%
International Fixed Income	13.7%	5-45%
Australian Listed Equities	17.0%	10-30%
International Listed Equities	13.0%	5-20%
Australian Unlisted Property	10.0%	0-20%
Australian Unlisted Infrastructure	5.0%	0-10%
International Unlisted Infrastructure	5.0%	0-10%

## Investment options as at 30 June 2019

### 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 to being negligible
- > 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. This may be suitable for members intending to realise or reorganise their investments in the near future who want to avoid the possibility of a loss over that period.

#### Risk profile

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

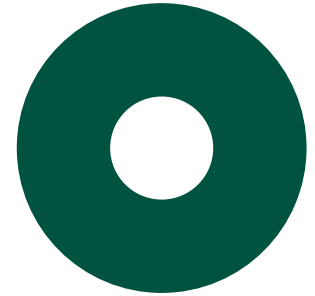
#### Standard risk

LIKELIHOOD OF NEGATIVE RETURNS: 0.0 IN EVERY 20 YEARS

RISK BAND: 1 RISK LABEL: VERY LOW

#### Asset allocation and ranges

Actual % as at 30 June 2019



Asset class	Actual	Range
● Cash	100%	0-100%



Riley Oseland, Teal Windows,  
First Super Member

## INVESTMENTS HELD BY THE FUND

First Super invests in a range of asset classes handled by leading Australian and international investment managers. Spreading your money across different asset classes effectively spreads the risk, reducing the likelihood of poor returns on the overall value of the investment.

	30 June 2019 \$
<b>Australian Equities</b>	
Eley Griffiths Aust Equities Small Companies Mandate	75,624,984
IFM Enhanced Index Aust Equity Mandate*	277,854,047
Allan Gray Australian Equity Fund*	176,444,490
Perpetual Aust Equity Mandate*	218,073,005
<b>Total Australian Equities</b>	<b>747,996,526</b>
<b>Australian Infrastructure</b>	
IFM Australian Infrastructure Fund	147,606,486
Utilities Trust of Australia	60,022,040
<b>Total Australian Infrastructure</b>	<b>207,628,526</b>
<b>Australian Private Equity</b>	
First Trust Portfolio	109,760,085
Frontier Advisors Pty Ltd	293,611
ME Bank Ltd	49,966,456
Industry Super Holdings	36,783,262
ROC Partners Trust 3	580,817
ROC Partners Trust IV	10,203,770
Stafford Private Equity 3	1,724,279
Stafford Private Equity 4	895,475
Super Benefits Administration	1,292,257
<b>Total Australian Private Equity</b>	<b>211,500,012</b>
<b>Cash &amp; Capital Guaranteed</b>	
IFM Transaction Cash Fund	6,313,700
Short Term Cash Account (Term Deposit)*	225,450,055
Cash	146,177,987
<b>Total Cash</b>	<b>377,941,742</b>

	30 June 2019 \$
<b>Fixed Interest</b>	
IFM Specialised Credit Fund	112,002,773
Blackrock Aus Bond Index Fund	136,178,876
Blackrock Global Bond Index Fund	58,079,196
IFM Aus Credit Opportunities Mandate	3,581,451
PIMCO Global Bond Fund	107,993,845
PIMCO Target Return Fund	153,943,582
ME Super Loans Trust	1,134,905
Westbourne Infrastructure Debt Fund 2	39,961,280
<b>Total Fixed Interest</b>	<b>612,875,908</b>
<b>International Equities (Unhedged)</b>	
Blackrock International Equities*	181,526,170
Capital Group Global Equity Fund	155,614,989
Orbis Global Equity Fund	145,890,697
C Worldwide Global Equity Fund	70,427,996
<b>Total International Equities (Unhedged)</b>	<b>553,459,852</b>
<b>International Equities (Hedged)</b>	
Blackrock International Index Fund Hedged	44,411,520
<b>Total International Equities (Hedged)</b>	<b>44,411,520</b>
<b>International Infrastructure</b>	
IFM International Infrastructure*	165,524,374
<b>Total International Infrastructure</b>	<b>165,524,374</b>
<b>International Private Equity</b>	
IFM International Private Equity 1	371,185
Wilshire Pooled Superannuation Trust	3,693,777
<b>Total International Private Equity</b>	<b>4,064,962</b>
<b>Property</b>	
ISPT Core Fund*	219,001,706
ISPT DOF1	60,663
Franklin International Real Estate 2	176,829
QIC Property Fund	97,238,344
<b>Total Property</b>	<b>316,477,542</b>

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

Total investments

**\$3,241,880,964**



# FINANCIALS

The following is an abridged version of First Super's Financial Statements for the financial year ending 30 June 2019.

A copy of the audited Financial Statements is now available to download at [firstsuper.com.au](http://firstsuper.com.au).

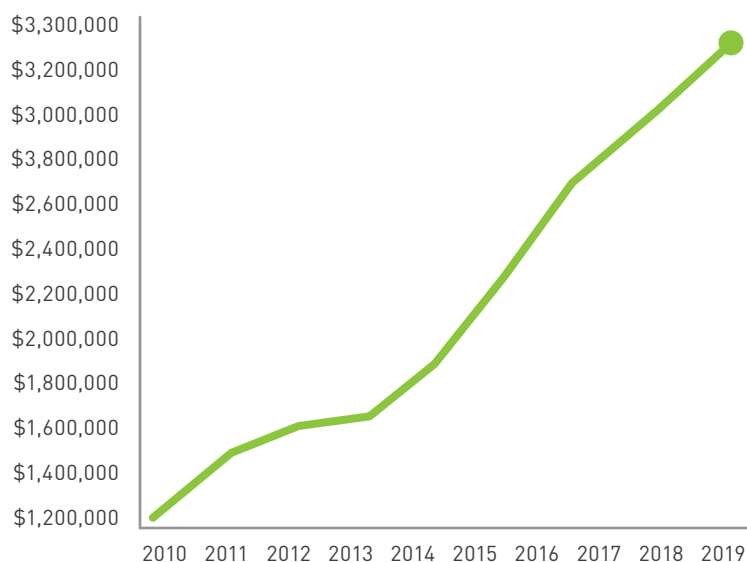
Statement of financial position	30 June 2019 (\$)	30 June 2018 (\$)
<b>Assets</b>		
Investments	3,241,889,174	3,012,548,251
Other assets	8,831,611	7,031,377
<b>Total Assets</b>	<b>3,250,720,785</b>	<b>3,019,579,628</b>
<b>Liabilities</b>		
Tax liabilities	50,397,193	37,969,894
Other liabilities	7,619,291	7,220,666
<b>Total liabilities</b>	<b>58,016,484</b>	<b>45,190,560</b>
Net assets available for members benefits	3,192,704,301	2,974,389,068
Members benefits	3,170,494,779	2,951,636,858
<b>Net assets</b>	<b>22,209,522</b>	<b>22,752,210</b>
<b>Equity</b>		
Operational risk reserve	8,444,531	7,979,146
Other reserves and undistributed earnings	13,764,991	14,773,064
<b>Total equity</b>	<b>22,209,522</b>	<b>22,752,210</b>

Income statement	30 June 2019 (\$)	30 June 2018 (\$)
<b>Superannuation activities</b>		
Investment income	222,137,435	293,439,689
Other income	1,804,019	1,713,669
<b>Total superannuation activities revenue</b>	<b>223,941,454</b>	<b>295,153,358</b>
<b>Expenses</b>		
Investment expenses	4,833,966	4,336,406
Administration and operating expenses	14,245,056	12,267,028
<b>Total expenses</b>	<b>19,079,022</b>	<b>16,603,434</b>
<b>Results from superannuation activities before income tax expense</b>	<b>204,862,432</b>	<b>278,549,924</b>
Income tax (expense)/benefit	(15,536,317)	(6,117,194)
<b>Results from superannuation activities after income tax expense</b>	<b>189,326,115</b>	<b>272,432,730</b>
Less net benefits allocated to members	(189,880,691)	(272,849,953)
<b>Operating result after income tax</b>	<b>(554,576)</b>	<b>(417,223)</b>

Total assets under management

**\$3,250,720,785**

### Funds Under Management (\$'000)



**\$3.25 billion**

the total value of First Super's assets as at 30 June 2019

**\$236,682,406**

the total value of contributions made to First Super member accounts for the 2018/19 financial year.

### Fund equity

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

Year ending 30 June	Reserves and undistributed earnings balance (\$)
2019	13,764,991
2018	14,773,064
2017	16,342,150

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 amounts in the table above exclude the ORFR.

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. It is now invested in the Conservative Balanced investment option. The value of the ORFR at 30 June 2019 is \$8,444,531, as detailed in the table below.

Year ending 30 June	Operational Risk Financial Reserve (\$)
2019	8,444,531
2018	7,979,146
2017	7,157,540

# TAKING CARE OF FIRST SUPER

Our Board of 12 Trustee Directors is responsible for the overall governance, risk management, investment strategy and strategic direction of First Super. Our Directors are obliged by law to act in the best interests of all members of the Fund.

## YOUR TRUSTEE

### The Trustee

The Trustee of First Super is a company, First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988). The Trustee is responsible for the efficient and prudent management of the Fund of which it is Trustee. It is responsible for managing more than \$3.2 billion in funds under management and overseeing its investments on behalf of over 50,000 members, in accordance with the Trust Deed and relevant legislation.

At the date this report was issued, the Trustee has not incurred any penalties under Section 38A of the Superannuation Industry (Supervision) Act 1993.

### Trustee insurance

The Trustee holds indemnity insurance providing cover to protect the Fund, its directors and officers from the costs and liabilities that may arise from legal action.

### 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 2019.

### The trustee office

First Super's day-to-day operations and the implementation of the Fund strategy are run from our office in Carlton, on the fringe of Melbourne's CBD. The trustee office is led by Chief Executive Officer Bill Watson. He is supported by Executive Manager – Governance Maxine Jacona, Executive Manager – Financial Advice and Education Andrew Jewell, and other colleagues in the trustee office.

### The Trustee Board

The First Super Trustee Board comprises five employee representatives, five employer representatives, and two independent directors. Directors are appointed to the Board following consideration of a nominee's suitability, skills and qualifications.

Employee representatives are nominated to the Board by the Construction Forestry Maritime Mining and Energy Union (Manufacturing Division) while employer representatives are nominated by employers or employer associations.

Two independent directors are jointly appointed by the other members of the Trustee Board. The Board members elect the Co-Chairpersons every three years.

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.

### Risk management framework

First Super's Risk Management Framework incorporates and defines the requirements and inter-dependencies between business operations, external influences, key enablers (people, policies, processes, tools, and technology), core risk and control activities, and governance protocols. This ensures all key risks are appropriately identified, weighted for importance, and effectively managed in accordance with industry standards and APRA requirements (specifically Prudential Standard SPS 220 Risk Management).

## Did you know?

Our Member Services Team handled more than 55,000 direct individual communications from members in the 2018/19 financial year.



## Board members and committees

The First Super Trustee Board has established committees to deal with particular areas of the Fund's management and to make recommendations to the Board, helping it to discharge its duties. Each committee generally meets four times a year, with additional meetings scheduled as required.

The Directors of First Super, their representation, and their committee membership as at 30 June 2019 were as follows:

Board Directors		
Board	Appointment date	Representation and nominating body
Michael O'Connor (Co-Chair)	1 July 2008	Employee – CFMMEU – Manufacturing Division
Lisa Marty (Co-Chair)	10 August 2012	Employer – Victorian Association of Forest Industries
Candy Broad	21 April 2015	Independent
Denise Campbell-Burns	19 March 2013	Employee – CFMMEU – Manufacturing Division
Tim Chatfield	22 September 2017	Independent
Julie George	1 February 2018	Employer – Kimberly-Clark Australia
Janet Gilbert	14 March 2017	Employer – Timber Trade Industrial Association
Scott McDine	1 September 2017	Employee – CFMMEU – Manufacturing Division
Alex Millar	1 July 2008	Employee – CFMMEU – Manufacturing Division
Mike Radda	1 July 2008	Employer – Australian Furniture Association
Allan Stewart	1 July 2008	Employer – Timber Trade Industrial Association
Frank Vari	1 July 2008	Employee – CFMMEU – Manufacturing Division

Board Committee Membership				
Administration and Marketing	Investment	Audit and Compliance	Remuneration	Nomination
<b>Lisa Marty (Chair)</b>	<b>Michael O'Connor (Chair)</b>	<b>Candy Broad (Chair)</b>	<b>Candy Broad (Chair)</b>	<b>Candy Broad (Chair)</b>
Michael O'Connor	Lisa Marty	Denise Campbell-Burns	Lisa Marty	Lisa Marty
Julie George	Allan Stewart	Julie George	Michael O'Connor	Michael O'Connor
Denise Campbell-Burns	Mike Radda	Tim Chatfield	Julie George	Allan Stewart
Scott McDine	Alex Millar		Alex Millar	Frank Vari
Janet Gilbert	Frank Vari			
Tim Chatfield	Candy Broad			

Allan Stewart completed his directorship as at 30 June 2019. Robyn Burns was appointed to the First Super Board as at 1 July 2019 as an Employer Representative Director nominated by the Australian Cabinet and Furniture Association.

## Service providers

First Super works with a range of independent advisors and service providers to assist with running its operations 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 2019, First Super used the advisors and service providers listed below:

Role	Company / Organisation
Actuary	Mercer (Australia) Pty Ltd
Administrator	Super Benefits Administration Pty Ltd*
External Auditor	PricewaterhouseCoopers
Internal Auditor	KPMG
Insurer	MetLife Insurance Limited
Insurance Advisor	IFS Insurance Solutions Pty Ltd
Asset Consultant / Investment Advisor	Frontier Advisors Pty Ltd*
Investment Managers	Eley Griffiths Group Pty Ltd Industry Funds Management Pty Ltd* Perpetual Investment Management Ltd Stafford Private Equity Pty Ltd
Legal Advisor	Madgwicks
Master Custodian	BNP Paribas Securities Services
Tax Advisor	Ernst & Young
Financial Planning	Industry Fund Services Pty Ltd
Member and Employer Services Coordinators	Construction, Forestry, Maritime, Mining and Energy Union (Manufacturing Division)

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



**Gregory Nelson, Greenshill Bros,  
First Super Member**

## DIRECTORS' REMUNERATION REPORT

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

The Remuneration Committee regularly examines and sets the fees paid to Directors. They may seek independent advice 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's Directors is reasonable.

### Directors' 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 sub-committee meetings

Covering preparation and attendance at committee and sub-committee meetings. Payment includes an allowance for travel and accommodation for interstate Directors.

#### Workshop and 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.

### Interstate travel

Directors travelling interstate for governance meetings and representation duties will be paid an Interstate Allowance Rate of \$1,000 for only one meeting on the first day and no additional interstate allowance rate for any other meetings held on the same or successive days. However, those directors shall be reimbursed for accommodation, meals and incidentals at the prevailing ATO reasonable travel rate applying to the location at which the meeting is held for second and subsequent days.

### Professional development

On accepting a position 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 workshops 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 and Gifts Policy. All hospitality and gifts that are accepted are recorded in the Hospitality and Gifts Register. The Register is provided to the Audit and Compliance Committee at each meeting and is published on the First Super website.



## First Super Directors' Fees and Allowances

The Directors' fees and allowances for the year ended 30 June 2019 are as follows:

Role/Activity		Fees and Allowances
<b>Co-Chairpersons</b>		\$1,500 per calendar month or part thereof
<b>Co-Chairpersons and Directors</b>	Board Meetings and Strategic Planning Day(s)	\$3,000/meeting
	Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$1,500/meeting
<b>Associate Directors</b>	Board Meetings and Strategic Planning Day(s)	\$2,250/meeting
	Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$1,125/meeting
<b>Workshops/Training Courses (Co-Chairs, Directors and Associate Directors)</b>		\$1,500/day
<b>Domestic Conferences (Co-Chairs and Directors)</b>		\$1,500/day
<b>International Conferences &amp; Workshops (Co-Chairs and Directors)</b>		\$1,100/day plus reimbursement of travel, accommodation and incidental costs as deemed appropriate by the Chair of the Remuneration Committee on advice from the CEO; or in respect of the Committee Chair, as deemed appropriate by the Co-Chairs of the Fund on advice from the CEO; with details of proposed or incurred costs reported to the next Board meeting.
<b>Representational Committees</b>	AIST Chairs forums APRA consultations	\$2,250/meeting (plus \$1,000 for Interstate Allowance Rate where applicable)
<b>Industry not for profit committees (Co-Chairs and Directors)</b> 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)
<b>Teleconferences</b>		Fees not applicable
<b>Travel</b>		Directors travelling interstate for professional development will be paid Interstate Allowance Rate of \$1,000 the first day's attendance. However, those directors shall be reimbursed for accommodation, meals and incidentals at the prevailing ATO reasonable travel rate applying to the location the meeting is held for second and subsequent days.

## 2018/19 Attendance and remuneration

Listed below are Directors' meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2019. The Construction, Forestry, Maritime, Mining and Energy Union is abbreviated to CFMMEU in the below table.

Director	Board	Committee	Total PD hrs	Fees paid <sup>1</sup>	Fees paid to
Candy Broad	5/5	12/12	69.5	\$89,689	Candy Broad
Robyn Burns <sup>2</sup>	N/A	N/A	7	\$5,500	Robyn Burns
Denise Campbell-Burns	5/5	8/8	40.5	\$38,696	CFMMEU – Manufacturing Division
Tim Chatfield	5/5	6/6	16.5	\$34,428	Timothy Chatfield
Julie George	5/5	10/10	22	\$51,941	Busi Culture Pty Ltd
Janet Gilbert	5/5	4/4	22	\$37,004	Janet Gilbert
Lisa Marty	5/5	12/12	21.5	\$81,594	Lisa Marty
Scott McDine	5/5	4/4	35	\$51,222	CFMMEU – Manufacturing Division
Alex Millar	5/5	3/6	27.5	\$31,664	CFMMEU – Manufacturing Division
Michael O'Connor	5/5	11/12	40	\$86,015	CFMMEU – Manufacturing Division
Mike Radda	4/5	4/4	17	\$19,800	Sterad Pty Ltd
Allan Stewart	5/5	6/6	37.5	\$50,532	Allan Stewart
Frank Vari	4/5	5/6	20	\$31,232	CFMMEU – Manufacturing Division
				\$609,317	

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

2. Robyn Burns was appointed to the First Super Board from 1 July 2019 to replace outgoing Employer Representative Director, Allan Stewart.

## 2018/19 EXECUTIVE REMUNERATION REPORT

The Executive Officers' remuneration for the year ending 30 June 2019 is as follows:

Executive Officers				
	Bill Watson	Maxine Jacona	Andrew Jewell	Laurie Kennedy
Position Held	Chief Executive Officer	Executive Manager Governance	Executive Manager Financial Advice and Education	Risk Manager
Paid – cash component	\$356,022	\$183,095	\$150,493	\$106,160
Superannuation contributions includes SG and salary sacrifice	\$24,978	\$17,394	\$14,297	\$17,505
Remuneration from related entities	nil	nil	nil	nil
Non-monetary benefit	nil	nil	nil	nil
Long service leave accrued	\$8,900	\$4,635	\$4,000	\$2,711

First Super Executives are not entitled to any other entitlements other than those listed.

Laurie Kennedy is employed on a part-time basis.

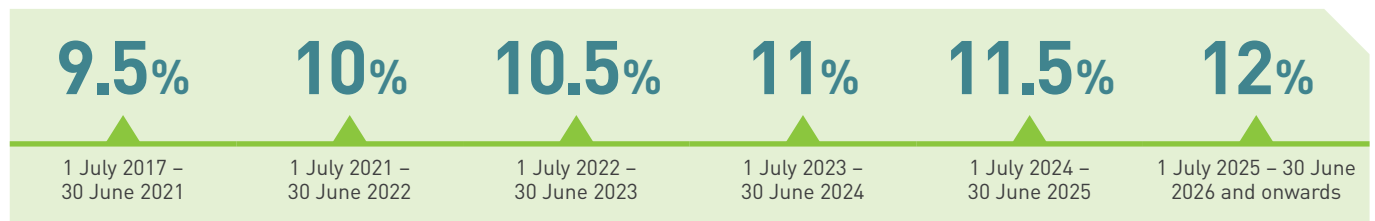
# SUPERANNUATION

## UPDATE

The following is a reminder of some of the key rates and thresholds for the 2019/20 financial year that are applicable to the superannuation and the Age Pension.

### SUPERANNUATION GUARANTEE RATE

Employers must contribute a minimum percentage of each eligible employee's earnings (ordinary time earnings) to a complying super fund or retirement savings account (RSA). Below is the current schedule for increasing the Super Guarantee rate.



### Contribution limits<sup>^</sup> for the 2019/20 financial year

Caps apply to contributions made to an individual's super fund in a financial year. If a person pays in more to their super fund than these caps, they may have to pay extra tax.

<b>Concessional Contributions</b> <b>(Before-tax contributions)</b> Including employer, salary sacrifice and personal contributions for which a tax deduction is claimed.	\$25,000 for all ages
<b>Non-Concessional Contributions</b> <b>(After-tax contributions)</b> Including personal contributions made from after-tax pay and spouse contributions.	\$100,000* 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. If you brought forward your contributions in 2019/20 the financial year, it would be 3 x \$100,000 = \$300,000.

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

\* Individuals over age 65 and satisfying the 'work test' can make non-concessional contributions of up to \$100,000 per year.

### GOVERNMENT CO-CONTRIBUTION THRESHOLD INCREASE

Low to middle-income earners who make a non-concessional contribution to their super fund from their post-tax earnings may be eligible for a co-contribution from the Australian Government.

The income threshold for eligibility for a Government co-contribution has increased to \$53,564 (up from \$52,697) for the 2019/20 financial year.

If an individual earns less than this amount and makes a contribution to super from their after-tax pay, the Government may also contribute up to \$500 to their super tax free.

#### Want to know more?

For the most up-to-date information on the rules that affect superannuation and any incoming changes, visit the Australian Taxation Office website at [www.ato.gov.au](http://www.ato.gov.au).





Ni Lau and Hei Hrang, Reclaim & Timber, First Super Members

## AGE PENSION UPDATES

If you were born between 1 July 1952 and 31 December 1953, the Age Pension age is 65 years and 6 months. See the table below to check your Age Pension age.

Period within which a person was born	Pension age
1 Jan 1949 to 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

## AGE PENSION ASSET TEST LIMITS

The Government has set limits to how much a person's assets can be worth before it affects their Age Pension amount. From 20 September 2019, the Asset Test Limits for the Age Pension were changed as follows:

Levels for:	Full Pension	Part Pension (Assets Below)
Single – Homeowner	\$263,250	\$574,500
Single – Non Homeowner	\$473,750	\$785,000
Couple – Homeowners	\$394,500	\$863,500
Couple – Non Homeowners	\$605,000	\$1,074,000

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

The Department of Human Services website has full details on Age Pension eligibility criteria, including age and asset test limits. Visit [www.humanservices.gov.au](http://www.humanservices.gov.au) and go to the 'Age Pension' section.

## SIGNIFICANT EVENTS NOTICE

First Super did not report any significant events in the 2018/19 financial year. Details of Significant Events Notices can be found on the 'Fund Statements' section of our website at [firstsuper.com.au/about us](http://firstsuper.com.au/about-us).



**Troy Garth, Reclaim & Timber,  
First Super Member**



# GENERAL INFORMATION

## CONTACTING FIRST SUPER

### Members

If you are a First Super member and need more information about the Fund or help with your account, contact our Member Services Team.

In person: 165 Bouverie Street, Carlton, VIC 3053  
Mail: PO Box 666, Carlton South, VIC 3053  
Phone: **1300 360 988**  
Fax: **1300 362 899**  
Email: **mail@firstsuper.com.au**  
Website: **firstsuper.com.au**

### Employers

If you are an employer offering First Super to your employees, you can get help by phoning our Employer Services Team on **1300 943 171** or emailing **employers@firstsuper.com.au**.

### Keep your details up to date

Be sure to let us know if you change any of your contact details: your address, phone number or email address. You can tell us about any changes easily by phoning our Member Services Team on **1300 360 988**. Alternatively, you can change update your details through the member portal, **firstsuper.com.au/login**.

Updating your contact details means that you will continue to receive your Annual Statement, other regular communications, and important information from First Super. Doing this will also prevent you being classified as a "lost member".

### Superannuation surcharge

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

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

### Transfer of accounts

First Super is bound by law to transfer super accounts that are "lost" or "inactive" to the Australian Taxation Office (ATO).

Government legislation sets out that a member is generally considered 'lost' if at least two written communications sent by a fund to the last known address were returned unclaimed. In addition, a super account may be considered inactive if it has not received a contribution or rollover for two years.

On occasion, First Super uses an Eligible Rollover Fund – AUSfund – for transfers, in particular for inactive accounts. We will not transfer your super account to the ERF without attempting to notify you first to give you the option to reactivate your account.

You can claim amounts sent to AUSfund using the following contact details:

#### AUSfund Administration

Locked Bag 5132, Parramatta  
NSW 2124  
T: **1300 361 798**  
E: **admin@ausfund.com.au**  
W: **www.ausfund.com.au**

Neither AUSfund nor the ATO offer insured benefits in the event of death or disability. Once transferred, the money may be invested differently to First Super, and you will no longer be a member of First Super.

### Temporary residents permanently leaving Australia

If a former temporary resident employee has left Australia and their visa has expired or been cancelled, First Super is required to pay their benefit to the ATO if it has not been claimed from First Super within six months of departure. Once transferred, the ATO will need to be contacted to make any claim. First Super relies on the Australian Securities and Investment Commission's relief from notifying or supplying an exit statement to a non-resident in these circumstances.

## 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**

First Super, 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 an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

### **Australian Financial Complaints Authority,**

GPO Box 3, Melbourne VIC 3001

[www.afca.org.au](http://www.afca.org.au)

[info@afca.org.au](mailto:info@afca.org.au)

**1800 931 678 (free call)**

## 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

## Privacy and compliance

First Super has always placed a very high priority on the protection of the privacy of our members and employers, and the security and use of personal information provided to us.

During the year there were no breaches of the Privacy Act 1988 as determined by the Privacy Commissioner, and there were no losses of member or employer data. First Super has not been subject to any significant fines or other sanctions for failure to comply with laws or regulations.

This report was prepared by First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988), Trustee of First Super Superannuation Fund (ABN 56 286 625 181). 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 as at 30 June 2019 but may change without notice.

First Super would like to thank the management and employees at Hazelwood & Hill, Reclaim & Timber, and Teal Windows for their participation in photography for this annual report.









## CONTACT US

If you require more information or assistance with your First Super account, please contact our Member Services Team.

**In person** 165 Bouverie Street  
Carlton VIC 3053

**Mail** PO Box 666  
Carlton South  
VIC 3053

**Phone** 1300 360 988

**Fax** 1300 362 899

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

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

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

Issued by First Super Pty Ltd ABN 42 053 498 472, AFSL 223988, Trustee of First Super ABN 56 286 625 181, 165 Bouverie Street, Carlton, VIC 3053