

ROBERT DE GRAAF  
FIRST SUPER MEMBER

# MORE ABOUT FIRST SUPER

1 November 2019

## IMPORTANT INFORMATION

This information should be read in conjunction with the First Super Product Disclosure Statement (PDS) dated 1 November 2019. You should consider this information and the information in the First Super PDS before making a decision to invest in First Super.

**This document contains a summary of some of the important rules that apply to the First Super superannuation fund (Fund). The rules of the Fund are located in the Trust Deed, insurance policies and the relevant law. In the event of any inconsistency between any document and the rules, the rules of the Fund prevail.**

### Approved MySuper Product

First Super is an authorised 'MySuper' product provider. MySuper is a Government legislated default superannuation initiative that must meet minimum standards in relation to benefits, investment strategy and fees. From 1 January 2014, unless an employee nominates a superannuation fund, all employers must provide their new employees with a MySuper product.

## INSIDE

1: Benefits paid by First Super to members	3
2: How a First Super member account works	5
3: Financial advice	6
4: Who manages First Super?	7
5: Fees and other costs	9
6: Taxation of super	13
7: Other important information	16



JANICE MCDONALD, AKD,  
FIRST SUPER EMPLOYER



# 1. BENEFITS PAID BY FIRST SUPER TO MEMBERS

First Super can pay the following benefits to you if you join the Fund and become a member.

## Withdrawal benefit

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

## Retirement benefit

When permitted by law, you can receive a retirement benefit. Your retirement benefit can be taken as multiple drawdowns. You may be able to draw on your retirement benefit by using a transition to retirement strategy, if you have reached your 'Preservation Age' and are still working. Otherwise, to begin drawing your retirement benefit:

1. for members who have reached their Preservation Age and are under 60 years of age, you must cease gainful employment and retire permanently from the workforce,
2. for members aged between 60 and 64, you must cease gainful employment with an employer,
3. for members aged 65 and over, access to the retirement benefit is available at any time.

Your Preservation Age depends on when you were born.

The following table sets out the relevant Preservation Ages:

Date of Birth	Preservation Age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
After 1 July 1964	60

## Death benefit: nominating beneficiaries

If you die while you are a member of the Fund, your Member account balance will be paid as a lump sum death benefit. In addition, any insured benefit may also become payable provided the Insurer admits a claim made for payment. Who will receive your death benefit when you die depends on the law and what you instruct us to do. You have three options:

1. Do nothing, in which case the Trustee will use its discretion to pay your benefit to one or more dependants or your legal personal representative (estate). (See the next column for the meaning of dependant.)
2. Complete a Binding Nomination (see the next column for more information)
3. Complete a Non-Binding Nomination (see the next column for more information).

**Binding Nomination of Beneficiary:** This allows you to provide a written instruction to the Trustee about who you wish to receive your benefit in the event of your death. The Trustee is legally bound to follow your instruction, provided that the nomination is legally valid and the person(s) nominated qualify for payment under the law as a dependant when the benefit is paid. A Binding Nomination is valid for three years and overrides any Non-Binding benefit nomination you have made.

**Non-Binding Nomination of Beneficiary:** This allows you to nominate the people you would prefer to receive your death benefit should you die while a member of the Fund. The Trustee will take this into account when making a payment, but will ultimately decide who should receive your death benefit according to the law. Payment will usually be made to one or more of your dependants or your legal personal representative.

## Who is a dependant?

Under superannuation law, a dependant is generally a child, spouse (including a de facto or same sex spouse) financial dependant, or a person with whom you have an interdependency relationship. Two people may have an interdependency relationship if:

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

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

## Terminal Illness benefit

If you are diagnosed as having a terminal illness while you are a member of the Fund, an amount equivalent to your death benefit (up to a maximum of \$5 million) may become payable while you are still alive, provided that the Insurer accepts your claim for payment.

## Total and Permanent Disablement benefit

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

## Income Protection benefit

Income Protection benefits (75% maximum rate) are available to members who apply for cover, it is underwritten, and whose claims are accepted by First Super's Insurer, plus up to 10% of salary to cover superannuation contributions to your First Super account.

## Insurance cover issued in error

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

## Financial Hardship & Compassionate benefits

The criteria set by the Government for payment of these benefits is summarised below. The Government may change these criteria at any time. To be eligible for a Financial Hardship benefit you must have:

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

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

Applications for a Compassionate benefit must be submitted to the Australian Taxation Office (ATO) and must relate to paying or meeting an expense of:

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

To apply for a Compassionate benefit please refer to the ATO website, or contact the ATO by phone on 13 28 65.

## Other benefits

First Super allows members to transfer super into an Allocated Pension at no cost. We have two types of Allocated Pension accounts:

- > Transition to Retirement Allocated Pension
- > Allocated Pension.

For more information about these products see the *Pension Product Disclosure Statement*. Generally:

- > a Transition to Retirement Allocated Pension can provide a tax-effective income stream while you are still working to help you ease your way into retirement,
- > an Allocated Pension lets you convert your super into regular income in retirement, while still allowing you to draw down lump sums when it suits you.

First Super can also offer assistance with financial planning.\* See 'Financial advice' on page 6.

\* Financial planning is provided by an authorised representative of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514). Complex plans may incur a higher fee. Offer may be varied or withdrawn at any time, please contact us for current information.

## Restrictions on benefit payments

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

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

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

## Payment restrictions

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

## 2: HOW A FIRST SUPER MEMBER ACCOUNT WORKS

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

The balance of your First Super account equals the total contributions and transfers paid into your First Super account, less tax, fees and charges, insurance premiums and any previous withdrawals or transfers out of your First Super account plus investment gains or losses.

Investment earnings (positive or negative) are calculated monthly and are applied to your First Super account when you leave or as at each 30 June after deduction of investment tax, fees and costs. If you leave the Fund between monthly earning rate declarations, an interim crediting rate is applied to your entire account balance.

The interim crediting rate reflects the estimated investment earnings of the Fund over the portion of the week before the withdrawal. Crediting rates, including interim crediting rates can be positive or negative depending on investment performance.

The Fund may commence crediting investment earnings (positive or negative) to member accounts in future. Should this occur it will not have a material effect on your benefit.

If you die while a member of the Fund, your First Super account will remain invested in the investment option(s) you used prior to your death until it is paid out.

The Trustee reserves the right to adjust investment earnings where it believes it would be unfair or a breach of fiduciary duty not to act to protect the interests of members of the Fund.

Each year you will receive two member statements representing your First Super account, one as at 30 June and the other as at 31 December. The member statement representing your First Super account at 30 June is sent to you after the Fund is audited, usually in September or October each year. By waiting until after the audit is complete we can be more certain that information sent to you is accurate.

First Super also produces an Annual Report which is made available on our website. Members and sponsoring employers can register to obtain a printed copy of the First Super Annual Report free each year by calling us on **1300 360 988** or emailing a request to **mail@firstsuper.com.au**

### Types of contributions

#### Employer contributions

In most cases, Superannuation Guarantee law requires an employer to contribute a percentage of your ordinary time earnings to superannuation. Currently, the Superannuation Guarantee is an amount equal to 9.5% of your annual salary (subject to salary cap).

If you join First Super, any employer contributions can be credited to your member account.

#### Contributions made by you

You can choose to contribute to your account yourself, in addition to contributions made by your employer. This is voluntary, not compulsory.

Voluntary contributions are an effective way to boost your super, and can be made from your after-tax pay or from your before-tax pay.

Before-tax contributions (salary sacrifice) are deducted by your employer and may reduce the amount of personal income tax you pay.

You can also consider downsizer contributions, spouse contributions, and spouse contribution splitting.

#### Government Co-contributions

Under the co-contribution scheme, the Government pays a contribution into the super account of eligible low to middle income earners who make after-tax contributions to super.

The level of co-contribution and income threshold limits applied can change without warning. Contact First Super for current information. For the 2019/20 financial year, the maximum co-contribution is \$500, applicable to eligible members with incomes up to \$38,564 a year. You may still receive a portion of the co-contribution if you earn up to \$53,564 a year.

#### Withdrawing super

Since the purpose of super is to accumulate retirement savings, you generally cannot withdraw your money from super until you retire permanently from the workforce, and after reaching Preservation Age.

The current preservation age is between 57 and 60, depending on your date of birth.

See pages 3 to 4, Benefits Paid By First Super To Members, for more details about withdrawing super benefits.



You should read the important information about contributing to super and the rules on withdrawing money from super before making a decision. Go to the *How super works* section of the Australian Securities and Investments Commission (ASIC) website at **moneysmart.gov.au**. The material relating to contributing to super and withdrawing money from super may change between the time when you read this Statement and the day when you acquire the product.

## 3: FINANCIAL ADVICE

First Super offers members a range of financial advice services from our Member Services Team, our local Coordinators, and Financial Advice Team. As an Industry Fund, First Super does not pay commissions to providers. Below is a list of the types of financial advice available to First Super members.

### General advice

You can obtain free general financial advice from a First Super Member and Employer Services Coordinator or from our Member Services Team. This advice will be general in nature and can provide you with information about insurance, investment options and member benefits provided to you by First Super; however, will not take into account your personal objectives, financial circumstances or needs. Call **1300 360 988** to speak to the Member Services Team or to make a time to speak with a Coordinator. Before acting on general advice, you should consider the appropriateness of the advice in regard to your personal circumstances.

### Limited (intrafund) advice\*

Our qualified Financial Planners can provide limited financial advice centred on investment strategy, levels of contributions, or the type of insurance cover that will suit you best. They can also help you to understand the benefits of a First Super Allocated Pension.

While we are able to provide some intrafund advice over the phone, we are required by law to provide most intrafund advice in writing. This is provided to you at no additional cost. If this advice becomes complex, there may be additional costs paid for on a fee-for-service basis.

### Comprehensive financial advice\*

We provide our members with access to licensed, commission-free Financial Planners who can help you plan for your retirement. You will be provided with a written financial plan based on your personal situation and your needs. First Super Financial Planners work on a fee-for-service basis, so you'll know what it will cost you up front. The fee-for-service cost may be able to be deducted from your superannuation account.

For advice about superannuation and related topics please contact the Member Services Team today on **1300 360 988**.



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RECLAIM & TIMBER  
FIRST SUPER MEMBER

\*Intrafund advice and full service financial advice is provided by an authorised representative of Industry Fund Services Limited (IFS) (ABN 54 007 016 195, AFSL 232514).



## 4: WHO MANAGES FIRST SUPER?

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

The Board of the Trustee is made up of a number of employer and employee nominated Directors and two Independent Directors.

- > Employee Directors are nominated by the Manufacturing Division of the Construction, Forestry, Maritime, Mining and Energy Union (CFMMEU)
- > Employer Directors may be nominated by employer associations or employers
- > Two Independent Directors are jointly appointed by the other Directors.

The Directors of the Trustee will change from time to time and the composition of the Board may also change over time. You will find details of the Board of Directors in the First Super Annual Report each year or visit [firstsuper.com.au](http://firstsuper.com.au).

### Role of BNP in management

BNP Paribas Securities Services has required inclusion of the following information in this document. First Super Pty Ltd advises that BNP Paribas Securities Services acts as a bare trustee in holding assets of the First Super superannuation fund.

The Trustee has appointed BNP Paribas Securities Services (ARBN 149 440 291) ('BNP or Custodian') as the custodian of the assets of Fund. The Custodian's role is limited to holding the assets of the Fund as agent of the Trustee. The Custodian has no supervisory role in relation to the operation of the Fund and is not responsible for protecting your interests. The Custodian has no liability or responsibility to you for any act done or omission made in accordance with the terms of the Custody Agreement. The Custodian makes no statement in this PDS and has not authorised or caused the issue of it. BNP has given and not withdrawn its consent to be named in this PDS.

Investments of the Fund do not represent investments in, deposits with or other liabilities of, BNP or any other member of the BNP group of companies (BNP Group). Neither BNP, nor any other member of BNP Group, in any way stands behind the capital value, nor do they guarantee the performance of the investment or the underlying assets of the Fund, or provide a guarantee or assurance in respect of the obligations of the Trustee or its related entities.

### Service providers<sup>#</sup>

First Super appoints professional advisors and service providers to assist in the day-to-day running of the Fund. These are appointed following a process of due diligence. At the date this document was prepared First Super used the advisors and service providers below.

Administration	Super Benefits Administration Pty Ltd*	
External Auditor	PricewaterhouseCoopers	
Internal Auditor	KPMG	
Insurer	MetLife Insurance Limited	
Asset Consultant	Frontier Advisors Pty Ltd*	
Legal Advisor	Madgwicks	
Tax Advisor	Ernst & Young	
Master Custodian	BNP Paribas Securities Services	
Actuary	Mercer (Australia) Pty Ltd	
Investment Managers	Eley Griffiths Group Pty Limited Industry Funds Management Pty Ltd*	Perpetual Investment Management Ltd Stafford Private Equity Pty Ltd

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

<sup>#</sup> Advisors and service providers may change from time to time.

## Reserves

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

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

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

The ORFR was funded by a transfer of funds from the administration reserve after the annual audit was completed for the 2013 financial year. Though initially invested in cash and fixed interest securities, the ORFR may be partially invested in the other assets, including listed shares and other liquid securities, at a future time. Please call First Super on **1300 360 988** to obtain current information.

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

From 1 July 2013, the Fund established a separate Operational Risk Financial Reserve (ORFR) to address potential losses arising from operational risks as required under superannuation legislation. There are specific guidelines and processes surrounding the operation and utilisation of this reserve which are contained with the Fund's Operational Risk Requirement Policy.



RILEY OSELAND,  
TEAL WINDOWS,  
FIRST SUPER MEMBER



## 5: FEES AND OTHER COSTS

This document shows fees and other costs that you may be charged. These fees and other costs may be deducted from your money, from the returns on your investment, or from the assets of the superannuation entity as a whole. Other fees, such as activity fees, advice fees for personal advice and insurance fees may also be charged, but these will depend on the nature of the activity, advice or insurance chosen by you. Entry fees and exit fees cannot be charged. Taxes, insurance fees and other costs relating to insurance are set out in another part of this document.

You should read all the information about fees and other costs because it is important to understand their impact on your investment. You may be able to negotiate<sup>#</sup> to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial advisor.

Type of fee	Amount	How and when paid
<b>Investment fee<sup>1,2</sup></b>	Balanced 1.20% Cash 0.03% Conservative Balanced 0.46% Growth 1.05% Shares Plus 1.12%	This is a cost of making investments. It is paid by the Fund and is deducted from the Fund's gross investment earnings before net earnings are credited to your account balance.
<b>Administration fee<sup>1</sup></b>	\$1.50 per week plus 0.05% of account balance \$94.88 p.a.	Deducted from your account on the last working day of each month and paid into the Fund's administration reserve.  This is the cost of operating the Fund. It is paid by the Fund and is deducted from the Fund's gross investment earnings before net earnings are credited to your account balance. The Fund claims a tax deduction for administration costs each year. The deduction is paid into the administration reserve.
<b>Buy-sell spread</b>	Nil	Not applicable.
<b>Switching fee</b>	Nil for the first two switches each financial year, \$30.00 for any subsequent switch in the year.	Deducted from your account when the switch is processed.
<b>Advice fees</b> – relating to all members investing in a particular MySuper product or investment option	\$6.06 p.a.	This is a cost of providing Intrafund advice and education to members. It is paid by the Fund and is <b>not</b> deducted from your account.
<b>Other fees and costs</b>		Please see 'Additional explanation of fees and costs' section (page 8) for further information.
<b>Indirect Cost Ratio (ICR)<sup>1,2</sup></b>	Indirect Cost Ratio* Balanced 0.04% Cash 0.00% Conservative Balanced 0.03% Growth 0.06% Shares Plus 0.08%	Indirect Cost Ratio is deducted from investment earnings before investment returns are declared. See 'Indirect Cost Ratio' across the page for further information.

<sup>1</sup> If your account balance for a product offered by the superannuation entity is less than \$6,000 at the end of the entity's income year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. Any amount charged in excess of that cap must be refunded.

<sup>2</sup> The investment fees and ICR are estimated for the financial year ended 30 June 2019 and may include performance fees. Because the investment fees and ICR are estimates based on the previous financial year's investment performance, fees and costs payable in respect of each future year may be higher or lower than disclosed.

\*Indirect Cost Ratio, see explanation in next section.

<sup>#</sup>The Fund is required by law to include this wording; however neither you or your employer may negotiate fees. No contribution fees are included in the fees of this product and the fees are not subject to negotiation.

Note: For an explanation of the terms used in this section, see pages 10 to 11.

The fees are inclusive of GST, less any input tax credits (and any applicable stamp duty if relevant).

## Additional explanation of fees and costs

### Defined fees

#### Activity fees

A fee is an activity fee if:

- a) the fee relates to costs incurred by the trustee of the superannuation entity that are directly related to an activity of the trustee:
- i) that is engaged in at the request, or with the consent, of a member; or
- ii) that relates to a member and is required by law; and
- b) those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an advice fee or an insurance fee.

#### Administration fees

An administration fee is a fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:

- a) borrowing costs; and
- b) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
- c) costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

#### Advice fees

A fee is an advice fee if:

- a) the fee relates directly to costs incurred by the trustee of the superannuation entity because of the provision of financial product advice to a member by:
- i) a trustee of the entity; or
- ii) another person acting as an employee of, or under an arrangement with, the trustee of the entity; and
- b) those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.

### Buy-sell spreads

A buy-sell spread is a fee to recover transaction costs incurred by the trustee of the superannuation entity in relation to the sale and purchase of assets of the entity.

### Exit fees

An exit fee is a fee, other than a buy-sell spread, that relates to the disposal of all or part of a member's interests in a superannuation entity.

### Indirect cost ratio (ICR)

The ICR, for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

Note: A fee deducted from a member's account or paid out of the superannuation entity is not an indirect cost.

### Investment fees

An investment fee is a fee that relates to the investment of the assets of a superannuation entity and includes:

- a) fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- b) costs that relate to the investment of assets of the entity, other than:
  - i) borrowing costs; and
  - ii) indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
  - iii) costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

Note: The costs referred to in paragraph (b) do not include transactional and operational costs referred to in paragraphs (b), (ea) and (eb) of the definition of transactional and operational costs.

### Switching fees

A switching fee for a superannuation products other than a MySuper product, is a fee to recover the costs of switching all or part of a member's interest in the superannuation entity from one investment option or product in the entity to another.

## Transactional and operational costs

Transactional and operational costs include:

- (a) brokerage
- (b) buy-sell spreads
- (c) settlement costs (including custody costs)
- (d) clearing costs;
- (e) stamp duty on an investment transaction
- (ea) where an asset is acquired other than through a financial market, any part of the acquisition price of the asset that exceeds the price at which the asset could have been disposed of;
- (eb) where an asset is acquired through a financial market, any part of the acquisition price of the asset that exceeds the bid price in the financial market that would apply without the acquisition having occurred either:
  - (i) immediately following the acquisition; or
  - (ii) if the acquisition was a part of multiple acquisitions reflecting a single and non-recurring instruction to acquire, after the last acquisition made in accordance with the instruction.

## Low balance account fee cap

If your account balance is less than \$6,000 at the end of the financial year, the total combined amount of administration fees, investment fees and indirect costs charged to you is capped at 3% of the account balance. If you only hold an account for part of the financial year the 3% cap will apply to your account on a pro rata basis calculated from the day you commence your membership of the Fund. Any amount charged in excess of that cap will be refunded.

## Activity fees

Activity fees that may apply to your account include Family Law fees.

## Family Law fees

The following fees apply for actions under the *Family Law Act 1975 (Cth)*:

- > **Request for information:** \$55.00, charged to the Member's First Super account if the Member makes the request, charged to the person making the request if requested by another party.
- > **Process a payment split:** \$55.00, charged to the Spouse account if established in the Fund, or paid by the Spouse if established elsewhere.
- > **Process a flagging agreement:** Nil

## What is paid to your advisor?

Commissions are not paid to advisors. You may elect to have a fee paid from your account to a properly qualified investment advisor for provision of advice about your interest in First Super. Please contact us should you wish to do this. The Trustee will refuse to permit payment of such a fee if it contravenes any law.

## Government tax and charges

### Applicable Government taxes and charges will be deducted from your First Super account.

These deductions will be shown on your annual member statement. Please see the 'Taxation of Super' section for more information. If applicable, the fees are shown inclusive of GST after applying reduced input tax credits, (which lower the effective rate of GST). Where it is possible to do so, the benefits of any tax deduction are applied to the benefit of members of the Fund in the form of lower costs or higher net earnings.

## Indirect Cost Ratio (ICR)

ICR changes from year to year depending on actual costs incurred. The ICR changes disclosed in the PDS relate to the 2017/18 financial year.

## Property Operating costs

These are additional costs paid or payable in relation to the holding of, or interest in, real property, but do not include borrowing cost, amounts paid or payable relating to the acquisition or disposal of real property or an interest in real property. It is not a management cost. The Property Operating Costs are shown below:

Investment option	Cost
Balanced	0.08% p.a.
Conservative Balanced	0.07% p.a.
Growth	0.07% p.a.
Shares Plus	0.07% p.a.

The Cash option has a nil property operating cost. The property operating costs comprise costs for the financial year ending 30 June 2018. Costs payable in respect of future years may be higher or lower.



## Investment performance fees

The following table shows all investment performance fees that may be paid to investment managers. The fees shown are not additional costs; any performance fees incurred have been included in the investment fees. These investment performance fees are not deducted from member accounts and do not affect administration fees. They are deducted from investment returns before crediting rates are declared.

Investment	Performance fee
<b>Allan Gray</b>	20% of the outperformance over the Standard & Poors / Australian Stock Exchange 300 Accumulation Index, subject to reaching a high watermark.
<b>Eley Griffiths Australia Equities</b>	15% of performance above the Standard & Poors / Australian Stock Exchange Small Ordinaries Accumulation Index plus 2% per annum subject to an annual maximum performance fee cap of 1.35% of the average value of the portfolio, a positive return and satisfaction of a high watermark condition.
<b>FIRE II International Property</b>	A performance fee of 10% of distributable proceeds, plus GST, is payable after the return of total aggregated Capital Contributions and Hurdle Return. The Hurdle Return is investment returns over 10% per annum.
<b>ROC Alternative Investment Trust III</b>	10% of realised returns on co-investments on a deal by deal basis.
<b>ROC Alternative Investment Trust IV</b>	10% of realised returns on co-investments on a deal by deal basis.
<b>Orbis Global Equities Fund</b>	25% of the outperformance over MSCI World Index ex-Australia, refundable at the same rate if the superior performance is subsequently lost. A maximum of 2% of accumulated performance fee will be paid each year, which is not refundable in the future.
<b>QIC Property Fund</b>	15% of the outperformance above the Mercer / IPD Diversified Property Fund Index, capped at 100% of the annual management fee.
<b>Stafford Australian Private Equity Mandate</b>	5% of any distribution above 10% per annum Cumulative Return Hurdle.
<b>Westbourne Infrastructure Debt</b>	12.5% of any Cumulative Realised Return above the Cumulative Return Hurdle, which is 4% performance (before fees and expenses) above the UBS Australian Bank Bill Index.

## Fee increases or changes

First Super reserves the right to change the fees charged at any time. Should fees increase, we will ensure you are notified in writing at least 30 days before any increase takes effect.

In addition to the fees shown above, the Trustee may also pay the following out of the Fund:

- > Any new, special, unexpected or increased tax, fee or levy required by the Government or a Government regulator
- > Any new, special, unexpected or increased cost passed on by a service provider
- > Any additional cost deemed necessary or appropriate by the Trustee for the proper operation of the Fund.

Where these are not met by fees charged to members, they will be reflected in ICR calculations.

## 6: TAXATION OF SUPER



### Don't pay more tax than you need to – provide your Tax File Number

If you don't provide your Tax File Number (TFN) to First Super, employer and salary sacrifice contributions will be taxed at the top marginal rate. Personal contributions cannot be accepted at all without a TFN. It is very important that you are aware of the consequences of not providing us with your TFN when you join First Super. However, you are not obliged to provide your TFN.

### Providing your Tax File Number (TFN)

**Under the Superannuation Industry (Supervision) Act 1993, your superannuation fund is authorised to collect your TFN, which will only be used for lawful purposes.**

These purposes may change in the future as a result of legislative change. The Trustee of your superannuation fund may disclose your TFN to another superannuation provider when your benefits are being transferred, unless you request in writing that the Trustee does not disclose your TFN to any other superannuation provider. It is not an offence not to provide your TFN. However, giving your TFN to your superannuation fund will have the following advantages (which may not otherwise apply):

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

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

### Tax on contributions

All employer contributions and pre-tax (salary sacrifice) contributions are subject to 15% contributions tax, which is deducted upon receipt by the Fund. From 1 July 2012, Division 293 tax will be applied to certain super contributions to reduce the concessional tax treatment of those contributions made for very high income individuals. The high income threshold is \$250,000. An individual's income is added to certain super contributions and compared to the high income threshold. Division 293 tax is payable on the excess over the threshold, or on the super contributions, whichever is less. The rate of Division 293 tax is 15%.

### Tax-free super for people over 60

A person aged 60 or over can take their superannuation retirement or withdrawal benefits tax-free either as a lump sum or a pension, subject to any cashing restrictions the Government may impose from time to time. This means you can pay less tax by leaving your money in super until age 60. Or, if you want to access part of your super before age 60, the tax arrangements for a Transition to Retirement Pension or an Allocated Pension can be beneficial. Contact us for information about First Super pensions.

### Approved MySuper Product

First Super is an authorised 'MySuper' product provider. MySuper is a Government legislated default superannuation arrangement that must meet minimum standards in relation to benefits, investment strategy and fees. From 1 January 2014, all employers must provide their new employees, who do not nominate a superannuation fund, with a MySuper product as their default superannuation arrangement.

### Concessional contributions

The limit is \$25,000\* a year for all ages.

- > Concessional contributions in excess of the cap are taxed at your marginal tax rate plus an interest charge to recognise that tax on excess concessional contributions is collected later than nominal income tax. You have the option to withdraw any excess concessional contributions from the Fund without penalty.

\* This limit is reviewed each financial year.

### Non-concessional contributions

For members aged 65 to 74 years, the limit is \$100,000 a year. (This is subject to the Work Test and Work Test Exemption. See [firstsuper.com.au/voluntary-contribution](http://firstsuper.com.au/voluntary-contribution) or contact **1300 360 988** for details.)

Members under 65 years may be eligible to contribute up to \$300,000 over a rolling three-year period, depending on their super balance.

- > You have the option to withdraw any excess non-concessional contributions from the Fund without penalty. Related earnings will be included in your assessable income and taxed at your marginal rate, less 15% tax offset.
- > Non-concessional contributions in excess of the cap may attract tax of 47% if they remain in the Fund.

### Government co-contribution

Low and middle-income earners who make eligible personal super contributions can have them matched by the Government. The Government will match each eligible dollar contributed by \$0.50 to a maximum of \$500 p.a.

The maximum entitlement reduces as income, less allowable business deductions, rises over \$38,564 until it reaches zero at \$53,564 in taxable income for the 2019/20 financial year.

## Tax on investment earnings

- > First Super investment earnings and capital gains may be taxed at up to 15%. This tax may be offset by deductions such as franking credits and expenses
- > Tax is taken into account when setting crediting rates so that crediting rates are quoted after tax and the benefit of tax deductions is passed onto members.

## Tax on lump sum retirement and withdrawal benefits

- > Benefits are tax-free from age 60.
- > When you become entitled to a benefit prior to age 60, part of the benefit may be taxable.
- > When you claim a benefit prior to age 60, First Super will give you a statement showing the breakdown of your benefit into tax-free and taxable. The tax-free component includes, for example, your personal after-tax contributions and an allowance for superannuation benefits arising from employment under old tax rules before July 1983. The taxable component forms the balance of your benefit, including employer contributions and investment earnings.
- > The tax-free component is always paid tax-free. If you are between preservation age and aged 59, you will also receive the taxable component tax-free up to a lifetime limit of \$210,000\*, with any amounts above that limit taxed at 17% including the Medicare levy. If you are under preservation age, the entire taxable component will be taxed at 22% including the Medicare levy.

Warning: Tax will be withheld at the top marginal rate (45% plus the Medicare levy) if First Super has not been given your TFN. See Providing your Tax File Number (TFN) on page 13.

\* This limit is applicable for the 2019/20 financial year and is indexed from time to time in line with annual movements in Average Weekly Ordinary Time Earnings (AWOTE).

## Tax on death benefits

- > Death benefits paid to dependants (generally limited to your spouse and minor children) are tax-free.
- > The 'tax-free component' of a death benefit paid to non-dependants will be tax-free.
- > The 'taxable component' of a death benefit paid to non-dependants will be taxed at special rates. For more information, contact the Australian Taxation Office (ATO) on 13 10 20.

## Tax on TPD benefits

A higher 'tax-free component' is likely to apply for TPD benefits than for retirement and resignation benefits. The proportions depend on a number of factors including your age and length of past and prospective eligible service at the date of payment. The amount is calculated for each individual at the date of payment. For more information contact the ATO on 13 10 20.

## Tax on Income Protection benefits

Income Protection benefits will form part of your assessable income and are taxed at your personal marginal income tax rate. Pay As You Go (PAYG) taxation is deducted from any payments made to you and a Payment Summary is issued annually so you can include these payments in your assessable income for the financial year.

## Tax on Income Protection benefits paid as super

If part of your Income Protection benefit is paid in the form of superannuation contributions, those contributions will be subject to 15% contributions tax, deducted on receipt by the Fund.

## Tax deductions for the self-employed

Some people are eligible for tax deductions on amounts contributed to superannuation that may have already been subject to tax. These may include:

- > employed people where their employer is not providing, and has no obligation to provide, superannuation contributions
- > entirely self-employed people
- > substantially self-employed people where, generally, the assessable (and any exempt) income plus reportable fringe benefits they receive, on which employer superannuation contributions are based, is less than 10% of their total assessable income.

In such cases, members must complete a copy of the ATO's *Notice of intent to claim or vary a deduction for personal super contributions* form (a deduction notice). This must be submitted to the Fund by the earlier of:

- > the time of lodgement of the person's tax return
- > the end of the financial year following the year the contribution was made.

The Fund must acknowledge receipt of this deduction notice. A Trustee can refuse to acknowledge a deduction notice in certain circumstances.

For more information contact the ATO on 13 10 20.

The information contained in this document may change at any time without notice. Please contact the Member Services Team on **1300 360 988** for current information.



## Important points about spouse contributions

If you make superannuation contributions for your low-income spouse, you may be eligible for a tax offset. This is subject to various conditions, including an income test for your spouse.

- > The spouse contribution tax offset applies only to people who are married or who are in a de facto relationship
- > To qualify for the tax offset, you must both be Australian residents and the spouse receiving the contributions must be under 65 years of age (or aged 65 to 69 and have worked for at least 40 hours during no more than 30 consecutive days in that financial year).

- > Spouse contributions are added to their tax-free component, which means they aren't subject to contributions tax and those contributions won't be taxed when the money is withdrawn from the Fund at retirement
- > Spouse contributions count towards the receiving spouse's non-concessional contribution cap
- > The usual superannuation restrictions apply in terms of access to benefits. If the receiving spouse has never worked, the money cannot be accessed until they reach age 65, or on death.

For more details contact the ATO on 13 10 20.



DEBBIE MAHER AND  
VICKI KEOGH, AKD,  
FIRST SUPER MEMBERS

## 7: OTHER IMPORTANT INFORMATION

### 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 Australian Taxation Office (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.

### It's your money, so stay in touch

It's important that you tell us if you change address so you continue to receive all the information issued by First Super. You can do this via our member portal, firstonline, at [firstsuper.com.au/login](https://firstsuper.com.au/login), or you can call, email or write to us. If we do lose track of you, because we don't have your current address, you will be classified as a 'lost member'. Your details will go on the ATO's Lost Members Register. The ATO can be contacted on 13 10 20.

### Lost members

A 'lost member' is a member who:

- > is uncontactable:
  - First Super does not have an address for the member;
  - Two written communications sent to the member's address have been returned unclaimed; and
  - First Super has not received a contribution or rollover for the member within the last 12 months; or
- > is inactive:
  - has been a member for more than two years;
  - joined First Super under a standard employer-sponsored arrangement; and
  - First Super has not received a contribution or rollover for the member within the last five years.

A member is not a lost member if:

- > within the last two years, First Super has verified that the member's address is correct and have no reason to believe that the address is now incorrect; or
- > the member is permanently excluded from being a lost member.

### Inactive low-balance accounts

A super account is an inactive low-balance account if:

- > the account has not received a contribution or rollover received for 16 months;
- > the account balance is less than \$6,000;
- > the member has not met a condition of release; and
- > there is no insurance on the account.

However, an inactive low-balance account is deemed to be active if any of the following have occurred within the last 16 months:

- > the member changed their investment options;
- > the member changed their insurance coverage;
- > the member made or amended a binding beneficiary nomination;
- > the member notifies the ATO in writing that they are not a member of an inactive low-balance account; or
- > First Super was owed an amount in respect of the member (e.g. unpaid employer superannuation guarantee contributions).

### Unclaimed money

First Super is required to transfer your account balance as unclaimed money to the ATO if:

- > You are over 65, First Super has not received a contribution or rollover for you within the last two years and it has been over five years since First Super last had contact with you and is unable to contact you after making reasonable efforts
- > The member has died, First Super has not received an amount in respect of the member for two years and is unable to ensure that your death benefit is received by the person who is entitled to receive it after making reasonable efforts and after a reasonable period of time has passed
- > You are a 'lost member' and your account balance is less than \$6,000
- > You are a 'lost member' and First Super has not received an amount in respect of you for 12 months and hold insufficient details to confirm the account owner
- > Your account is an inactive low-balance account.

In some instances, the benefits of former temporary residents who have left Australia and those of the non-member spouse under a Family Law payment split will also be classified as unclaimed monies and paid to the ATO.

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

If you wish to claim benefits that have become unclaimed super monies, visit the ATO's website at [ato.gov.au/super](https://ato.gov.au/super) or call them on 13 10 20.

If First Super is required to transfer your account to the ATO we will attempt to advise you of this.

### Temporary Residents (Departing Australia Super Payments)

In the event a former temporary resident has unclaimed superannuation, First Super relies on an ASIC exemption 2019/873 in relation to member accounts transferred to the ATO Commissioner under Division 3 of Part 3A of the Superannuation (Unclaimed Money and Lost Members) Act 1999. For more information please contact us.

## Eligible Rollover Fund

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.

We may transfer your account balance to the ERF if:

- > your account has not received a contribution or rollover in the previous 16 months, and
- > your account has a balance under \$6,000, and
- > you have not, during the previous 16-month period:
  - changed investment options;
  - changed insurance coverage;
  - made or changed a binding beneficiary nomination; or
  - expressly opted out of being declared inactive by providing a written notice to the Australian Taxation Office.

You can claim amounts sent to the ERF by contacting AUSfund:

**AUSfund Administration**  
**Locked Bag 5132**  
**Paramatta NSW 2124**  
**T: 1300 361 798**  
**E: [admin@ausfund.com.au](mailto:admin@ausfund.com.au)**  
**W: [www.ausfund.com.au](http://www.ausfund.com.au)**

## Effect of being sent to ATO or ERF

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

- > You will cease to be a member of First Super
- > Any insurance cover you had with First Super will cease
- > Your account becomes subject to the rules of the institution that received it.

## Privacy Statement

First Super takes the utmost care with your personal information and only collects information that is necessary for your membership. This information is used:

- > to establish your membership account;
- > to process contributions;
- > to enable benefit payments
- > for correspondence
- > to search for any unclaimed benefits you may have
- > to keep you informed about membership opportunities.

If you don't want us to contact you about these opportunities, please let us know in writing. The personal information First Super collects from you, or through your employer, includes your contact details, date of birth and Tax File Number. Over time this will be supplemented with financial and other information necessary to administer your First Super membership.

If we need to make a benefit payment to you, we will need further information from you such as identification documents. This is in order to ensure correct payment details. To assess your eligibility for insurance cover or for the assessment of a claim, more information may be collected from you or your medical practitioners or from your employer.

First Super will only collect such information with your consent. First Super has strict security measures in place and the staff members who handle your personal information have the knowledge, skills and commitment to protect it from unauthorised access or misuse.

First Super outsources the administration of its member and employer records to an external administration company, and contracts with life insurers and other service providers to provide services to you. They and other service providers may access and use your personal information for the purpose of performing agreed services on behalf of or in association with the Trustee.

Your personal information will not be used or disclosed for any other purpose without your consent, except where required or authorised by law. We are required by law to report specified transactions and suspicious activity to the relevant Government authorities. This includes obtaining and checking certain identity proofs before paying a benefit and, on other occasions, as specified in the relevant law.

As a member of First Super, you may ask to see the information held about your membership and to have it corrected if necessary. If you would like further details on the personal information that First Super holds and how it is used, call **1300 360 988**.

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**

You can find a copy of First Super's Privacy Policy here [firstsuper.com.au/privacy-policy](http://firstsuper.com.au/privacy-policy).



## About the information in this document and the PDS

If you would like more information about the Privacy Act or wish to complain about a privacy issue, you can contact the Office of the Australian Information Commissioner on **1300 363 992** or visit the website at **oaic.gov.au**.

All the information and documents that make up the PDS were up-to-date at the time of preparation. The Trustee will amend the PDS or withdraw it from circulation in the event of any material alteration occurring to information contained in the PDS.

This PDS is a summary. The rules governing the Fund are contained in a Trust Deed and legislation. Insurance benefits are also subject to the terms of an insurance policy(ies). A copy of the Trust Deed and insurance policy(ies) are available on request. In the event of a dispute the insurance policy(ies), Trust Deed and relevant law will prevail over the PDS.

If you invest in First Super and there is a change that affects your investment we will tell you about it. Where a change is not materially adverse we will notify you through our website **firstsuper.com.au**.

Where a change is materially adverse we will write to you or provide a publication that explains the change as soon as possible and, if practical, before the change occurs. Some changes such as a change in fees must be notified to you in advance. You can obtain a paper copy of information appearing on our website for no charge.

By becoming a member of the Fund, applicants agree to be bound by the Trust Deed and any amendments. Neither First Super Pty Ltd nor any service provider to the Fund guarantees the performance of the Fund, the repayment of capital or any particular rate of return.

Service providers named in this document had given and not withdrawn consent to be named at the date of publication.

The information contained in this document and the PDS is general information only and does not take into account your individual objectives, financial situation or particular needs. You should seek the advice of a professional investment advisor before making an investment decision. You should read the PDS before making any decision regarding this product.



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### Want to know more? We're here to help.

If you would like to join First Super or have any questions, please contact the Member Services Team today.

**Call:** 1300 360 988

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

**Write to:** First Super, PO Box 666, Carlton South, VIC 3053

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

### Keep in touch

It's important to tell us if your details change to continue to receive information issued by First Super.