Product Disclosure Statement

Transition to Retirement Income Stream

Member Booklet

1 December 2019

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Level 21, 83 Clarence Street, Sydney NSW 2000
as trustee of the First State Superannuation Scheme ABN 53 226 460 365

Feel future ready

Contents

About this booklet

Please read this *Member Booklet* carefully. It outlines the features, benefits, costs and risks of investing in a First State Super transition to retirement income stream and it will help you compare our products with other products. This *Member Booklet Transition to Retirement Income Stream* (also called a Product Disclosure Statement) has been prepared by FSS Trustee Corporation (referred to in this *Member Booklet* as the 'trustee', 'we', 'us', 'our'), the trustee of the First State Superannuation Scheme (referred to as 'First State Super' or 'the fund'). It sets out information about our transition to retirement income stream.

This *Member Booklet* contains general information only and does not take your specific objectives, financial situation or needs into account. You should consider the information having regard to your personal circumstances. It is recommended that you consult a financial adviser if you require financial advice that takes your personal circumstances into account. You can check on a business or adviser by visiting the Australian Securities and Investments Commission's website at **moneysmart.gov.au**.

The information contained in this *Member Booklet* was accurate at the time it was written, but the information can change from time to time. If it is not materially adverse, the updated information will be available on our website at **firststatesuper.com.au/pdsupdates**. A paper copy of this *Member Booklet* and any updates is available free of charge by calling us on **1300 650 873**.

We may change any matter about First State Super without member consent, but in the case of an increase in fees and charges, we will notify members at least 30 days before the increase occurs.

This offer is only made to people receiving this *Member Booklet* (electronically or otherwise) in Australia. We are not bound to accept any application for a First State Super transition to retirement income stream.

We may add, close, or remove investment options; add or remove investment managers; or alter the objectives, ranges or benchmarks of an investment option or the Life Cycle strategy at any time. We will notify you about any material changes, although this may be after the change has occurred. If you have money in an investment option that the trustee decides to discontinue, you may have an opportunity to switch to any of our other investment options. Alternatively, we may switch your money to an investment option with a similar risk/return profile.

About your transition to retirement income stream

Starting a transition to retirement income stream provides you with regular income payments while you're still working, and allows you to ease into retirement on your own terms while keeping your savings in the superannuation environment.

Why invest in a transition to retirement income stream?

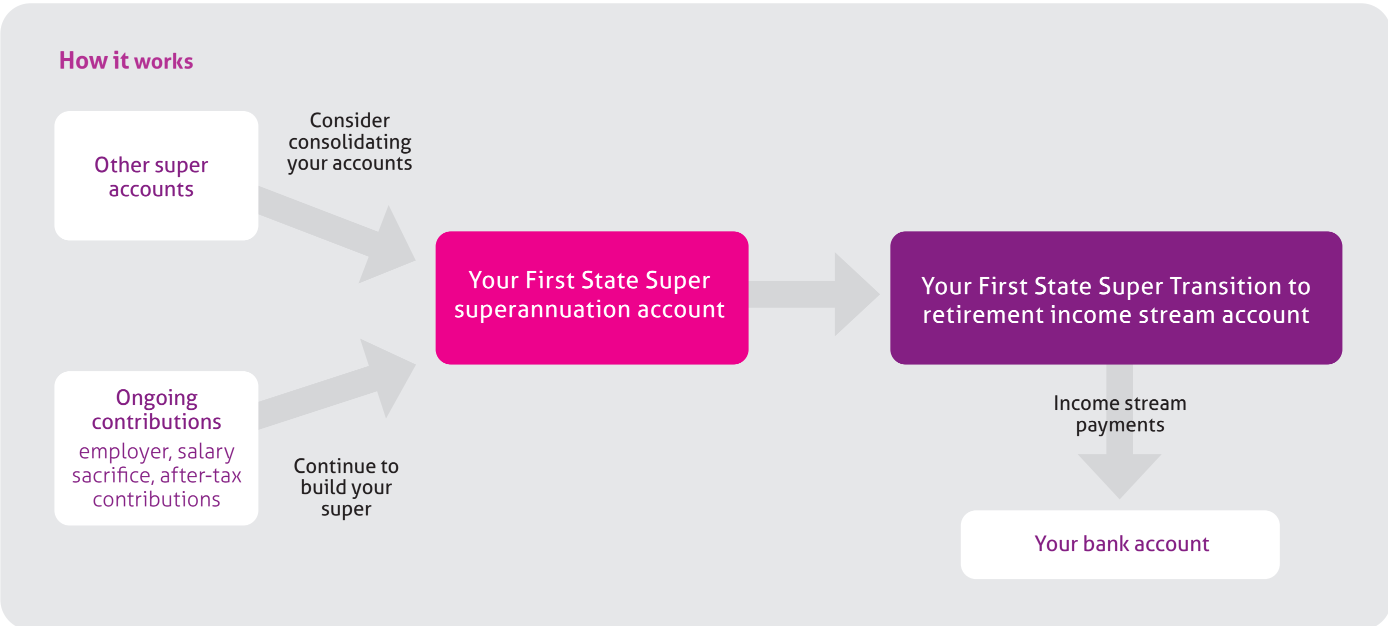
You might just love what you do, or you might need to work because of financial commitments. Or you might simply prefer to slowly dial down your day job rather than stop overnight. Either way, starting up a transition to retirement income stream may be a tax effective strategy. With a transition to retirement income stream you can continue to work and add to your super account, while also receiving regular payments from your transition to retirement income stream account.

How it works

Once you reach your preservation age (between 55 and 60 years old – see table on page 6) and are still working or looking for work, you may be able to set up a transition to retirement income stream account and transfer some of your super into it. You should consider the effect of any transfer of super monies, including any exit fees and loss of insurance arrangements. We will then make regular pre-determined payments directly into your bank account.

It means you'll have two accounts – your existing First State Super account, which will continue to receive contributions from your employer and any additional contributions you make, plus your transition to retirement income stream account, from which your regular income stream payments will be paid. The money in both accounts will continue to be invested in the super environment.

If you have reached your preservation age and are thinking about setting up a transition to retirement income stream, try the transition to retirement strategy calculator on our website to see the outcome of different contribution scenarios.



10 Reasons to choose a First State Super transition to retirement income stream

1 Tax effective

Your income stream payments are tax free from age 60. You also benefit from the tax advantages that apply to superannuation, such as concessionally taxed investment earnings. However, earnings on the assets supporting a transition to retirement income stream will generally be taxed at 15%.

2 Flexible payments

You choose your annual income amount, as long as you meet the minimum and maximum payment requirements. Under the current rules, the minimum amount you must draw is 4% of your account balance. You can't take more than 10% of your balance each year.

At the beginning of each year, we'll write to ask you how much you would like to receive for the coming 12 months. You can alter this amount at any time.

You elect how often payments will be made to your nominated bank account: fortnightly, monthly, quarterly, half-yearly or yearly, and you can receive irregular payments if needed provided you stay within the 10% annual maximum payment amount. Your payments are deposited directly into a bank account you nominate.

If you have more than one investment option, you can choose how your payments are drawn from the different options.

3 Investment options to suit your goals

Our 12 investment options give you a broad choice of risk-return combinations, from more conservative options that invest mostly in cash and fixed interest, through to options that offer greater growth potential from higher weightings to Australian and international equities. We also offer two socially responsible options for members who want greater certainty about the environmental and social impact of their investments.

If you don't want to choose your own investments, one of our five **pre-mixed** options might be suitable. These options hold a spread of investments so they are already diversified to help reduce risk. The mix of assets is adjusted over time to take advantage of market conditions.

Alternatively, you can create your own mix using our seven **single asset class** options.

No matter what you choose, you decide the proportion you would like to allocate to each option, and you can switch your investments at any time.

If you don't make a choice we'll invest your money in our **Life Cycle strategy**, which means you'll be invested in the Growth option before you turn 60, then the Balanced Growth option from 60 onwards. Compared to the Growth option, the Balanced Growth option has a smaller weighting to riskier asset classes such as Australian and international equities and a higher weighting to cash and fixed income investments. Applying this switch can therefore help reduce the risk of large market swings affecting your account balance. You can override the automatic switch at any time before you turn age 60.

Pre-mixed options

Choose an option with a mix of growth and income assets.

- High Growth
- Growth
- Diversified Socially Responsible Investment
- Balanced Growth
- Conservative Growth

Single asset class options

Tailor your own asset allocation to meet your needs.

- Australian Equities
- Australian Equities Socially Responsible Investment
- International Equities
- Property
- Australian Fixed Interest
- International Fixed Interest
- Cash

4 Investments that seek sustainable growth for the long term

As one of Australia's largest super funds, our investment decisions can have an impact on the economy and environment. Where possible, we look for investments that not only offer good returns but are sustainable, generate jobs, foster innovation and contribute to a more productive economy. Our size gives us the access to investments not available to smaller investors.

The investment team seeks to deliver value to members by focusing on:

- **Active and strategic asset allocation** to get the right mix of investment types.
- **High quality research** to support and improve investment decisions.
- **Managing select assets in-house**, which brings market insights and greater access to unique opportunities.
- **Active ownership and engagement** to drive positive change with companies we invest in.
- **Integrating Environmental, Social and Governance (ESG)** considerations into the investment process.

5 Competitive fees

We're an industry fund designed to deliver better financial outcomes for members, not shareholders. As one of Australia's largest superannuation funds, we use our size and stability to keep costs down.

6 Estate planning options

It's important to know who your transition to retirement income stream will be left to if you die. If you nominate your spouse as your **reversionary beneficiary**, they may continue to receive your regular pension payments as a retirement income stream. You can also make binding or non-binding nominations that specify who will receive a lump sum benefit from your transition to retirement income stream in the event of your death.

7 Financial advice to help you make the best decisions

We know retirement planning can be complex, which is why we offer advice over the phone, or face-to-face.

Our advice is fee-based. Once we assess your needs, we'll tell you exactly how much you'll pay for our advice – there are no hidden surprises.

8 Help getting started

You can use money from a number of sources to start your transition to retirement income stream, including other super funds and investments. But you'll need to pool your money in a single First State Super superannuation account first because you can't add to your transition to retirement income stream account once it's started. This can be a complicated process, so we have a team to assist with the paperwork if you use one of our advisers.

9 An easy transition when you retire

Your transition to retirement income stream will automatically convert to a retirement income stream once you have met a 'condition of release' without a cashing restriction and then there will be no limit on the amount you can take each year.

You meet one of these conditions of release when:

- you permanently retire; or
- you stop working at age 60 or later (even if you continue to work in another employment arrangement); or
- you turn 65; or
- you become permanently incapacitated or terminally ill.

However, your account balance at the time may count towards the $1.6 million (indexed) transfer balance cap.

10 Information to help you stay in control

You have online access to your account through our website, so you can monitor your account when and where you want to. You can view your balance, switch your investments, update your contact details, change your drawdown strategy and much more. Once your account is up and running it's easy to register at **firststatesuper.com.au/register.**

We keep you informed about upcoming changes and strategies through regular newsletters, emails and up-to-date articles on our website blog. You'll also find lots of investment information on our website, including how we look after your investments, our current top shareholdings and some of our private equity investments. You can also subscribe for a monthly investment update via email.

Understanding the risks

Whether you are considering setting up a transition to retirement income stream or deciding how much to draw down from your account, make the most of your investment by being informed and balancing the benefits with potential risks.

Investment risk

The value of your super may rise or fall. Your super is invested in the financial markets, so the movement of these markets will affect the value of your super. While you can choose between First State Super investment options ranging from very low to very high risk, all types of investment are subject to the risk of loss and their value can change quickly.

Other risks

- Changes to laws and regulations may affect the value of your income stream (for example changes to taxation rules) or when and how you can access your benefit. Changes to rules about how we are required to manage your benefit, may also adversely affect you. We will communicate information about material changes that affect your income stream.
- Fees and charges may increase, affecting your account balance. You will be given at least 30 days' written notice before any increase takes effect. This notice period does not apply to estimated investment fees. For more information on fees and costs, refer to the **Fees and costs** section starting on page 35.
- Investment earnings (which may be positive or negative) will also affect the balance of your transition to retirement income stream account. For more information see page 29.
- Your money can run out depending on how much you initially invest, the frequency and amount of your transition to retirement income stream payments and the investment returns you receive.
- During your membership, we may discontinue the investment option you are invested in, or make substantial changes to your chosen investment option. However, if this were to occur, you would receive notification and may have an opportunity to switch to any of our other investment options available at that time.
- The fund itself is exposed to certain operational risks. The Operational Risk Financial Requirement (ORFR) reserve provides funding for material losses that may arise from operational risks (unit pricing errors, major systems failures or other errors, or fraud against the fund).

Neither the trustee nor any other entity named in this *Member Booklet* guarantees the return of capital invested or the investment performance of First State Super. If you leave, you may get back less than the amount of rollovers paid in because of taxes, fees or poor investment returns.

Features and benefits at a glance

Minimum investment	$20,000
Eligibility/suitability	• Still employed (or looking for work), reached preservation age and have some restricted or preserved benefits • Want an income stream to supplement employment income
Income payments	**Minimum annual payments** • 4% of account balance at 1 July each year (prorated in the first year) **Maximum annual payments** • 10% of your account balance at 1 July each year
Lump sum withdrawals	No, unless you meet a condition of release (with no cashing restriction), you have an unrestricted non-preserved component or it is for a purpose permitted by law
Payment frequency	Choice of fortnightly, monthly, quarterly, half-yearly or yearly
Top-ups	No, however, you can maintain a super account where further contributions may be made
Tax treatment	**60 or over**: no tax is payable on income stream or lump sum payments **Under 60** (regular income payments): taxable component taxed at your marginal tax rate (plus Medicare and other applicable levies) **Under 60** (lump sum withdrawals): taxed at lump sum rates **Tax on earnings:** earnings on the assets supporting a transition to retirement income stream will be taxed at a maximum of 15%.
Investment choice/switches	Yes, you can choose/switch between 12 investment options
Payment drawdown options (if you have more than one investment option)	If you invest in more than one option, you can ask us to draw your payments from your investment options in one of three ways: 1. Pro-rata – your money is drawn from all your investment options in the same proportion as your money is invested at the date of deduction; or 2. Priority – you can nominate which investments your money is paid from first, second, third etc. You must nominate a priority for every option you are invested in; or 3. Percentage (only available online once you've applied and registered for online access) – you can nominate the percentage to be deducted from each of your investment options. If you don't make a valid choice, the pro-rata method will apply.
Estate planning/death benefit options	Three options available: • reversionary beneficiary • non-lapsing or lapsing binding death benefit nomination • non-binding death benefit nomination.

Setting up your transition to retirement income stream

There are a lot of things to think about before and after you set up your transition to retirement income stream. Things like combining any super accounts you might have into one account so the money you use is in one place. Deciding how much income you need and how often you need it. Nominating beneficiaries for your account. This chapter covers some of these areas.

Do you meet the age requirement?

To start a transition to retirement income stream you need to have reached your preservation age.

If your date of birth falls	Your preservation age is
Before 1 July 1960	55
Between 1 July 1960 and 30 June 1961	56
Between 1 July 1961 and 30 June 1962	57
Between 1 July 1962 and 30 June 1963	58
Between 1 July 1963 and 30 June 1964	59
After 30 June 1964	60

Note: Generally, temporary residents are not eligible to start a First State Super income stream.

Consolidate your super before you start

You can set up your First State Super transition to retirement income stream account using money from a number of different sources, including super sources (e.g. money from other super funds and other income streams) and non-super sources (e.g. the proceeds from the sale of shares and property).

Any non-superannuation money you wish to use to set up your transition to retirement income stream must first be deposited into a First State Super superannuation account, and contributions tax may be payable on entry to the superannuation system.

Amounts held in other super funds and other income streams are already in the superannuation system, but you may need to consolidate these different amounts into a single First State Super superannuation account before setting up your transition to retirement income stream account. This is important because once you set up your transition to retirement income stream account, the government rules do not allow you to make further contributions or transfers into this account. Once all the amounts are consolidated into a single First State Super superannuation account, the money can be moved into your transition to retirement income stream account and your payments can begin.

If you subsequently wish to add superannuation money to your transition to retirement income stream account, you can move the current balance of your existing transition to retirement income stream account back to a First State Super superannuation account, transfer or contribute the additional funds into this account, then set up a new transition to retirement income stream, however there may be tax consequences in doing so.

There is no age limit to transfer back into a super account, but age limits apply to certain contribution types into super. Please see the *Member Booklet Supplement: How super works* for more information.

You may need to maintain two accounts within the super system:

- your transition to retirement income stream account from which your regular income stream payments are deducted
- a super account for any super contributions made by you or your employer. You should consider all the information contained in the relevant super *Member Booklet* before making a decision. The *Member Booklet* is issued by FSS Trustee Corporation and is available on our website at **firststatesuper.com.au**.

You can consolidate your two accounts at any time by transferring your transition to retirement income stream account balance back to your super account, then transferring some or all of it to a new transition to retirement income stream account. There may be social security implications and you should consider seeking advice from a financial adviser before consolidating your accounts.

If you are not already a member of First State Super, you will first need to join as a personal member. Once your account is set up, you can use it to consolidate all amounts you wish to use to set up your income stream. You can find a copy of the *Member Booklet: Personal* on our website, at **firststatesuper.com.au/pds** or by contacting us on **1300 650 873**. The *Member Booklet* is issued by FSS Trustee Corporation (ABN 11 118 202 672, AFSL 293340) and contains the *Personal member application* form, or you can apply online. You should consider all the information contained in the *Member Booklet* before making a decision relating to the fund.

Before taking any super money out of your other super fund(s), you should check to see if there are any exit fees or penalties. You should also consider where any future employer contributions may be paid and the effect of any transfer of super monies on your insurance arrangements, because no insurance cover is available through your First State Super transition to retirement income stream account.

This may also be a good time to check for any lost super. You can use our online **search and combine** tool to search for your lost super. You can also add in any other accounts you'd like to transfer, and combine them all into your First State Super account. To search for your lost super, visit our website at **firststatesuper.com.au/combine**.

You won't be charged any fees to transfer your super from your First State Super superannuation account to a First State Super transition to retirement income stream account, or to transfer the balance of your transition to retirement income stream account back to a First State Super superannuation account (e.g. to consolidate your super accounts).

Note: If you apply for a partial transfer from your First State Super superannuation account to a First State Super transition to retirement income stream account, the amount will be deducted 'pro-rata' from your existing investment options in your First State Super superannuation account. If the amount requested as a partial transfer does not allow $1,500 to remain in your account, then the amount released will be your account balance less $1,500.

Consolidation checklist

Make sure all the amounts you wish to use to set up your transition to retirement income stream account are consolidated in a single First State Super superannuation account before you set up a transition to retirement income stream. The amounts you use to start a transition to retirement income stream may include:

- part or all of your First State Super superannuation account(s)
- amounts held in other superannuation funds
- an existing income stream account with another financial institution
- any lost super located through the Australian Tax Office (ATO)
- money from other investments e.g. the proceeds from the sale of a property or shares.

You must meet eligibility rules for certain contributions to super and should also consider the impact of the non-concessional (after tax) contribution cap (for 2019-20 financial year the cap is $100,000 per year or up to $300,000 over 3 years for those aged less than 65). Individuals with a balance of more than $1.6 million (indexed) will not be able to make non-concessional contributions.

Decide your annual income stream amount

There are a number of things you need to consider when working out how much you want to receive as regular income payments. These include:

- how long you want your transition to retirement income stream to last
- what you need to live on and your expenses
- any other income you are receiving
- how the payments may affect any social security entitlements.

In deciding your payment amount, you must also consider the minimum and the maximum payment limits.

When your transition to retirement income stream first starts, and at the start of each financial year thereafter, we will send you a letter informing you of the government's minimum and maximum income payment limits that apply to your account balance and what your new income stream payment will be for that financial year. You can then nominate how much (within the applicable government limits) you wish to receive in income payments for that year.

You may change the amount of your income payments at any time provided you stay within the allowable limits for your transition to retirement income stream. Please allow 15 working days for us to process your request to change your income payments.

Note: The retirement income calculator on our website can show you the annual maximum and minimum income payment amounts you may be paid from your transition to retirement income stream account. It is designed to help you decide the amount of income payments you would like to receive each year. Visit our website at **firststatesuper.com.au/retirementincomecalculator**.

Minimum payment limit

The government has set an annual minimum limit on the amount you must take as an income payment in any one financial year from your transition to retirement income stream account. The minimum limit is 4% of your account balance. A pro-rata minimum applies to members who start their transition to retirement income stream part-way through the year.

Except as discussed below, the account balance used to calculate your minimum amount is your account balance at each 1 July (the beginning of the financial year). We will automatically adjust your payments to meet the minimum limit if the amount you have requested falls below the minimum annual limit.

Note: The minimum limit (per annum) will always be rounded to the nearest $10.

Your minimum limit in the first year

If you start your transition to retirement income stream	Your minimum limit in the first year is
On 1 July of any year	4% of your opening account balance.
Between 2 July and 31 May in a financial year	4% of your opening account balance, calculated 'pro-rata' based on the portion of the year remaining. For example, if you start your transition to retirement income stream with only three quarters of the year remaining, your minimum limit will be 3% of your opening account balance.
In June of any year	N/A – no minimum limit applies for that financial year.

What happens in subsequent years?

At the beginning of each financial year, we will send you a letter informing you of your minimum and maximum limit for the new financial year. If you have previously chosen the minimum or maximum amount for your payments, we will automatically adjust your transition to retirement income stream payments on 1 July each year to the minimum or maximum amount and you won't have to do anything more. If you choose a specified amount you will receive this amount each year, provided it remains at or above the minimum limit and at or below the maximum limit amount, unless you advise us otherwise.

Minimum payment formula

Your account balance at 1 July multiplied by 4% (rounded to the nearest $10) equals the minimum amount that you must withdraw from your transition to retirement income stream account for that financial year.

Minimum quarterly payments will be this amount divided by four. Minimum monthly payments will be this amount divided by 12.

Maximum payment limit

There is a maximum limit on payments from a transition to retirement income stream. The maximum limit is 10% of your account balance at commencement or 1 July in any financial year. This limit will apply until you meet a condition of release with a nil cashing restriction, at which time your transition to retirement income stream account will be converted to a retirement income stream account.

Examples

If you start on 1 July

If you were 60 years of age on 1 July 2019 and you opened your First State Super transition to retirement income stream with $200,000, your minimum pension limit is 4% and the minimum amount will be $8,000 for the full financial year. The amount you take monthly, quarterly or half-yearly is simply this annual amount divided by the relevant payment frequency. So, if you want monthly transition to retirement income stream payments you divide $8,000 by 12, which is $666.67. You can take more than the minimum amount of $666.67 a month, but you cannot take less than the annual minimum amount of $8,000.

If you start after 1 July

If you open your transition to retirement income stream account on 1 January 2020, there are only six months or 181 days left in that financial year. Based on the above example, you will only have to take $3,970 (rounded to the nearest $10) for the remainder of the year or $661.67 per month calculated as follows:

$$\frac{\$8{,}000 \text{ x } 181 \text{ days remaining}}{365 \text{ days}} = \$3{,}967.12$$

Note: These examples are illustrative only and are based on the factors stated and should not be taken to contain or provide an estimate of the minimum amount you will receive.

The maximum limit applies regardless of when you commence or redeem your transition to retirement income stream. The maximum limit is not 'pro-rata' or reduced in any way if you commence or redeem your transition to retirement income stream part way through a financial year.

Irregular payments and lump sum withdrawals

You can take an irregular transition to retirement income stream payment, provided you do not exceed the maximum limit on payments. Irregular transition to retirement income stream payments will count towards your minimum payment amount.

You cannot normally make lump sum withdrawals from your transition to retirement income stream account unless you meet a condition of release (with no cashing restriction), you have an unrestricted non-preserved component or it is for a purpose permitted by law.

Example

Calculating the maximum limit

Let's say you start your transition to retirement income stream with a balance of $200,000. Your maximum limit will be calculated like this:

Maximum limit: $200,000 x 10% = $20,000

Note: The example is illustrative only and is based on the factors stated. The example should not be taken to contain or provide an estimate of the maximum amount you will receive.

What happens when my transition to retirement income stream becomes a retirement income stream?

There are a number of important differences between a transition to retirement income stream and a retirement income stream:

- there is no limit on the amount you can take as a pension each year (the 10% maximum limit no longer applies)
- there is no longer any restriction on withdrawals
- investment earnings are tax free (and there are no tax rebates on activity based fees charged to your account)
- the $1.6 million transfer balance cap applies (see page 32 for more information)
- some of the investment option objectives are different (because the earnings on a retirement income stream account are not subject to tax).

Your transition to retirement income stream becomes a retirement income stream when you:

- permanently retire
- leave an employer at age 60 or later (and you were not employed when you started your transition to retirement income stream or this occurred after you started your transition to retirement income stream)
- turn 65
- become permanently incapacitated or terminally ill.

These are known as 'conditions of release'. You need to notify us when these changes occur, except when you turn 65. Once you meet one of these conditions of release we will change your account from a transition to retirement income stream to a retirement income stream. That includes moving your account from taxed to untaxed investment options, which you will see as a switch on your account online.

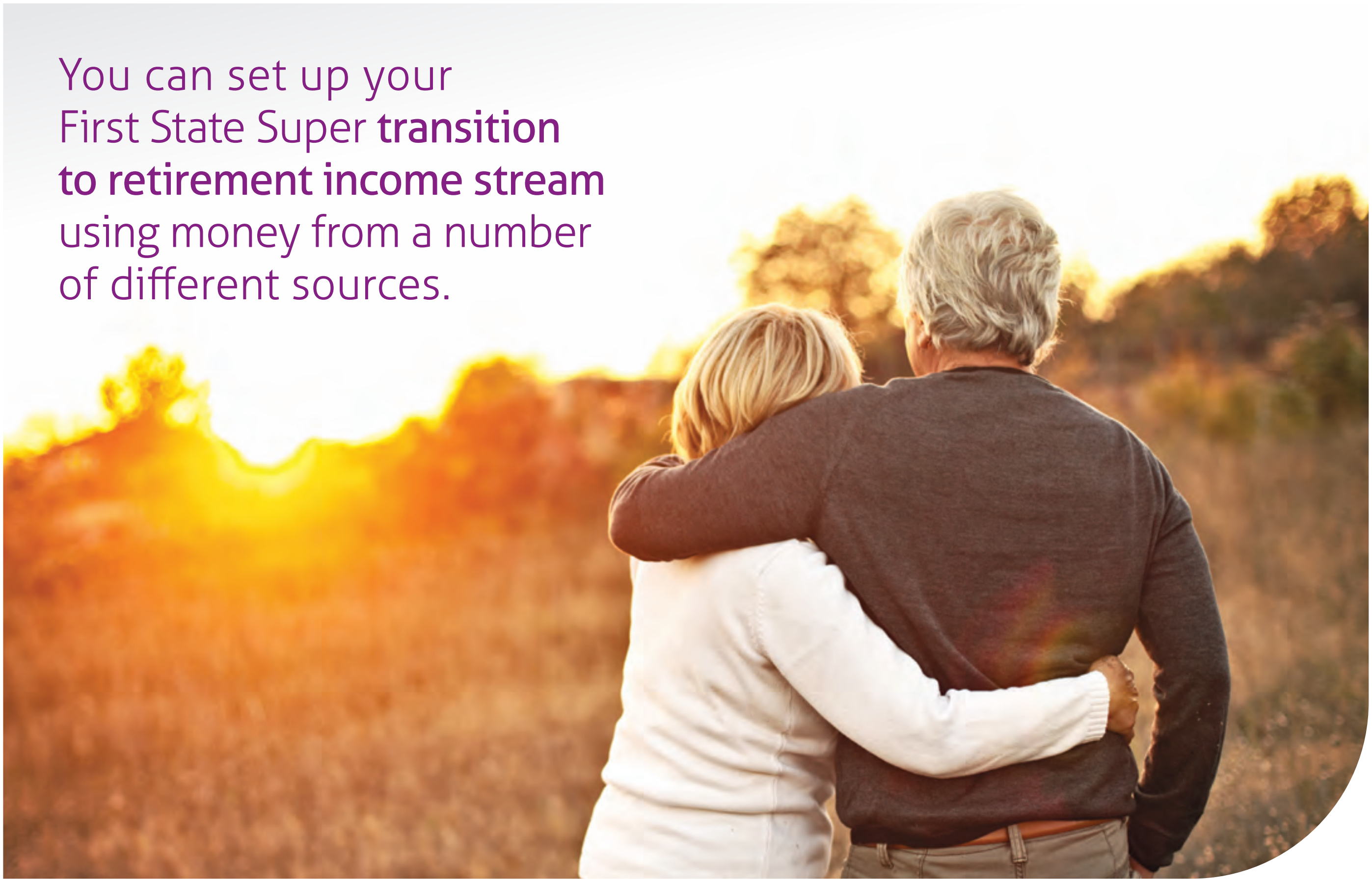
Once you reach 65, the minimum percentage limit on annual payments increases from 4% to the following percentage based on your age:

Age	Minimum limit (percentage)
65–74	5%
75–79	6%
80–84	7%
85–89	9%
90–94	11%
95+	14%

How long will your income stream last?

It is important to remember that you may not be paid a transition to retirement income stream for the rest of your life. Payments can only be made while there is money in your account. How long your transition to retirement income stream lasts depends on the amount of your initial investment, your income payment amounts, any lump sum withdrawals, fees, taxes and investment earnings (or losses) on your balance. These and other factors that impact on your payment are explained in the **Understanding the risks** section on page 4.

When your account balance is fully paid out, your account will close and, unless you have another income stream account or super account with First State Super, your membership will cease.



Payment frequency

Your income payments are made to your nominated bank, building society or credit union account:

- fortnightly by a Wednesday; or
- monthly by the 12th day of the month; or
- quarterly by the 12th day of September, December, March and June; or
- half-yearly by the 12th day of June and December. Alternatively, you may nominate the two months you prefer (six months apart) and payments will be made by the 12th day of those two months; or
- yearly by the 12th of June. Alternatively, you may nominate the month you prefer and payment will be made by the 12th day of that month.

If the payment day falls on a national or NSW public holiday or weekend, payment will be made on the prior business day.

Payment rules

- Payments can only be paid into an account in your name, or a joint account that includes your name.
- A payment must be made at least once each financial year, unless you start your transition to retirement income stream in June. (See **Your minimum limit in the first year** on page 8).
- If you invest in more than one option, you can ask us to draw your payments from your investment options in one of three ways:
  1. Pro-rata – your money is drawn from all your investment options in the same proportion as your money is invested (e.g. if you have 30% in High Growth and 70% in Growth, payments are made 30% from High Growth and 70% from Growth); or
  2. Priority – you can nominate which investments your money is paid from first, second, third etc. When your first choice has been fully drawn, we will draw your income payments from your second choice and so on. You must nominate a priority for every option you are invested in, otherwise we will not be able to accept your nomination; or
  3. Percentage (only available online once you've applied and registered for online access) – you can nominate the percentage to be deducted from each of your investment options.

  If you don't make a valid priority or percentage nomination, the pro-rata method will apply.
- Your transition to retirement income stream cannot be transferred to another person when you die, except to your reversionary beneficiary if you have nominated one for your transition to retirement income stream account (see page 11).

Lump sum withdrawals and one-off payments

There are several ways to withdraw additional or irregular amounts from your transition to retirement income stream and your payment is taxed differently, depending on which type of payment you choose. Depending on your instruction, one-off payments may be treated as:

- an irregular income payment up to your 10% annual amount – in this case, if you are aged less than 60 you may pay income tax on the payment, but you may be eligible for a 15% tax offset[1]; or
- a lump sum withdrawal from your unrestricted non-preserved monies – this is treated as a superannuation benefit payment and if you are aged less than 60 may be subject to lump sum tax[1]; or
- a combination of an irregular income payment and a lump sum withdrawal.

[1] If you are aged 60 or more any payments made to you are tax free.

Lump sum withdrawals and one off payments are electronically transferred to your nominated bank, building society or credit union account, net of any tax required to be deducted. The tax that applies to transition to retirement income stream payments is discussed in **Tax and your transition to retirement income stream** beginning on page 31.

If you wish to make a withdrawal, please use the *Withdraw or transfer your income stream* form which is available on our website at **firststatesuper.com.au/forms** or by calling us on 1300 650 873.

If you have more than one investment option and you make an irregular payment or withdrawal, you may nominate which investment option you would like the money to be paid from. If you do not make a nomination, the withdrawal will be deducted from all your investment options in the same proportion as your money is invested.

Rules for lump sum withdrawals

If you have existing unrestricted non-preserved amounts, or you satisfy a condition of release and your transition to retirement income stream becomes a retirement income stream, you will be able to make lump sum withdrawals from those amounts.

- If you would like to withdraw the full balance of your account, we are legally required to pay your minimum income payment amount for the relevant portion of that financial year. This means if you have not already received at least the minimum income payment in the financial year, then part of the full withdrawal payment must be taken as an income payment so that the minimum income payment requirement is met. The remaining amount can then be taken as either an income stream or lump sum payment.
- If you request a partial lump sum withdrawal, we must ensure that you retain sufficient balance in your account to meet the minimum limit for the full financial year, taking into account any income payments you have already received in the financial year.

Choose your beneficiaries

It's important to consider who you would like to receive any money left in your transition to retirement income stream account if you die.

Who gets your income stream if you die?

If you die while you have a transition to retirement income stream account, any balance will be paid as a death benefit to a beneficiary or beneficiaries. If you do not have a reversionary beneficiary nomination or a valid binding nomination in place we will decide how to distribute your death benefit (we will take your non-binding nomination into consideration and be guided by superannuation law). Your death benefit will normally be paid to one or more of your dependants or to your legal personal representative. Your death benefit will be your account balance at the time of payment less any applicable tax.

The treatment of death benefits can be complex. In particular, a lump sum death benefit is taxed differently from an income stream and a payment to a dependant is taxed differently from a payment to a non-dependant for tax purposes (see page 34 for information on the tax treatment of death benefits). In addition, there may be an impact on your social security entitlements, when you make or change a reversionary beneficiary. If you are unsure about how these rules apply to you, we recommend you obtain advice on the most effective way to plan your estate.

Anyone that you nominate should be a 'dependant' under superannuation law (see page 13) or your legal personal representative.

Unless you have made a valid reversionary beneficiary nomination, your account balance will automatically be transferred to the Cash investment option when we receive satisfactory proof of your death. Your account balance will remain invested in the Cash investment option until it is paid out in accordance with the fund's rules.

You have three death benefit nomination options for your transition to retirement income stream:

1. a reversionary beneficiary nomination
2. a binding nomination (lapsing or non-lapsing, see explanation on page 12)
3. a non-binding nomination.

1. A reversionary beneficiary nomination

- You can nominate your spouse (including a de facto spouse) to receive your regular pension payments as a retirement income stream after your death.
- You can do so when you commence a transition to retirement income stream by completing the **Reversionary beneficiary nomination** section of the member application form at the end of this *Member Booklet* or at any time thereafter by completing and returning an *Income stream death benefit nomination* form.
- Your reversionary beneficiary will receive a retirement income stream in the event of your death or they can choose to withdraw all or part of the transition to retirement income stream as a lump sum, provided the reversionary beneficiary nomination is valid and the death claim is approved by us.
- If you make a reversionary beneficiary nomination, it overrides any prior non-binding nomination that you have made, but not a binding nomination which you must first cancel using the *Income stream death benefit nomination cancellation* form before replacing it with another nomination.
- Once made, your nomination remains in place provided that the person nominated is still your spouse, and you do not separate on a permanent basis, unless you cancel, amend or change it.

- If your reversionary beneficiary dies before you do, this will invalidate your nomination. You can cancel your reversionary beneficiary nomination and make another beneficiary nomination.
- In the event of your death, if your reversionary beneficiary nomination is not valid, your transition to retirement income stream will be paid as a lump sum to one or more of your dependants or your legal personal representative as decided by us (guided by superannuation law).
- You cannot have a reversionary beneficiary nomination in place at the same time as a non-binding nomination or binding nomination.
- A reversionary beneficiary nomination ceases to be effective and valid if you separate on a permanent basis from your spouse.
- A reversionary beneficiary nomination does not need to be renewed.
- Upon reversion to a spouse under a reversionary beneficiary nomination, they have authority to manage the account in the same way as you, except that they cannot make a reversionary beneficiary nomination.
- In determining whether to nominate a reversionary beneficiary, remember that the retirement income stream amount that your spouse receives may count towards their $1.6 million (indexed) transfer balance cap if they maintain the reversionary income stream 1 year after your death.

2. A binding nomination

- A binding nomination directs us to pay your account balance to your chosen beneficiary or beneficiaries.
- It is binding on us as long as it is valid (see **Making a valid binding nomination** on this page).
- The death benefit payment is generally made as one or more lump sums.
- To make a binding nomination you must complete and return the *Income stream death benefit nomination* form[1], available on our website or by calling us.
- You can amend a binding nomination at any time by providing a new binding nomination, or you may cancel the nomination at any time by completing and returning the *Income stream death benefit nomination cancellation* form[1].
- If you decide to change your binding nomination (while it is still valid) to another type of death benefit nomination, you must first cancel your current binding nomination by completing and returning the *Income Stream death benefit nomination cancellation* form.
- It is important to review your binding nomination as your personal circumstances change to ensure that you maintain a valid binding nomination that reflects your wishes. You can choose to make your binding nomination either lapsing or non-lapsing:
  - A lapsing binding nomination will remain in force for three years from the day after it was first signed or last confirmed or amended (see the form for more details).
  - You may renew a lapsing binding nomination for a further three years. To do so, you must advise us in writing **before the original lapsing binding nomination expires**. Your request must be signed and dated, but does not need to be witnessed.
  - A non-lapsing binding death benefit nomination does not expire, so it **does not need to be confirmed every three years,** accordingly it is important to review your nomination regularly to ensure that it is still appropriate for you. A non-lapsing nomination only becomes binding when we consent to the nomination.

[1] Only members of the fund can make a binding beneficiary nomination and we can only accept original or certified copies of completed binding nomination or cancellation forms. Nominations made by attorneys under a power of attorney will not be accepted.

It is important to **review** your **binding nomination** as your personal circumstances change.

3. A non-binding nomination

- A non-binding nomination allows you to nominate your preferred beneficiary or beneficiaries to receive your death benefit.
- We will take your non-binding nomination into consideration when deciding how your benefit is distributed on your death (guided by superannuation law).
- It is not binding on us.
- The death benefit payment is generally made as one or more lump sums.
- It does not expire and does not need to be renewed.
- It can be changed or replaced with any other nomination.
- You can make a nomination using the *Income stream non-binding death benefit nomination* form or in the form of a signed and dated letter to the trustee.

Making a valid binding nomination

- You must ensure that the benefit split you stipulate for your nominated beneficiaries totals 100% .
- The *Income stream death benefit nomination* form must be signed and witnessed according to the instructions on the form and must be received and accepted by us.
- Your nominated beneficiary or beneficiaries must be dependants as defined under superannuation law (see **Who can you nominate?** on page 13 for definitions) or your legal personal representative.
- Your binding nomination will become invalid if one or more of your nominated beneficiaries dies or no longer meets the definition of 'dependant' under superannuation law at the time of your death – see **Who can you nominate?** on page 13 for more information.
- A lapsing binding death benefit nomination must be current at the date of death or still within the validity period (three years from the day after it was first signed or last confirmed or amended).

Note: You can amend or change your nomination type at any time by completing and returning an *Income stream death benefit nomination* or *Income stream non-binding death benefit nomination* form. If you have an existing binding nomination in place and wish to change to a non-binding or reversionary nomination, you must first cancel the binding nomination using the *Income stream death benefit nominationcancellation* form. These forms are available on our website at **firststatesuper.com.au/forms** or by calling us.

Who can you nominate?

You can only nominate your spouse as your reversionary beneficiary. However, with both a binding and a non-binding nomination, you can nominate more than one beneficiary if you wish, and you can choose the percentage of your account balance that each beneficiary should receive as a lump sum.

Each person you nominate must be your dependant (as defined by superannuation law) both at the date of your nomination and at the date of your death or your legal personal representative. So it is important to review your nomination when your circumstances change. Events such as marriages, divorces, births and deaths may change your preferences.

When you make a non-binding nomination you must nominate your dependant(s) (as defined by superannuation law) or legal personal representative. If you don't have any dependants, you may nominate another individual. We will only be able to pay that individual if you are not survived by any dependants and a legal personal representative is not appointed following your death. **We will decide how the benefit is distributed on your death but will have regard to your nomination**.

A dependant is **your spouse, your children or your other dependants** as described below.

Your spouse:

- a person who is legally married to you; or
- a person (whether of the same sex or a different sex) with whom you are in a relationship that is registered on a relationship register of a state or territory; or
- a de facto spouse (whether of the same sex or a different sex).

Your children:

- your natural children; or
- your spouse's children (see meaning of spouse above); or
- adopted, step and ex-nuptial children; or
- your children within the *Family Law Act 1975* (e.g. children under surrogate arrangements).

Your other dependants:

- a person we consider is financially dependent on you; or
- a person with whom you have an interdependency relationship, which is generally a person with whom you:
  - live; and
  - have a close personal relationship; and
  - provide financial support (or they provide financial support to you); and
  - provide domestic support and personal care (or they provide domestic support and personal care to you).

An interdependency relationship can also occur where two people have a close personal relationship, but the other requirements are not satisfied because either or both of them suffer from a physical, intellectual, psychiatric or other disability. In most cases, your parents and siblings are not considered to be your dependants, unless they are financially dependent on you or they are in an interdependency relationship with you.

Your legal personal representative:

- also known as an executor or administrator. Your legal personal representative can be nominated in a binding death benefit nomination to receive some or all of your benefit in the event of your death. They will distribute your benefit according to your Will, even if the beneficiaries under your Will are not dependants. If you do not have any dependants you should consider making a binding death benefit nomination and Will.

See page 34 for the different definitions of dependants for tax purposes.

Ensure your nomination is up-to-date

If at the time of your death you have in place a valid reversionary or binding beneficiary nomination, we will pay the death benefit in accordance with your nomination. However, circumstances may change which may cause your reversionary or binding nomination to become invalid such as in the case of divorce, death of a nominated dependant, a change in an interdependency relationship, or if a court order prevents the payment or affects the validity of the nomination.

Where there is no valid reversionary or binding beneficiary nomination, we must determine to whom and in what proportions your death benefit is to be paid, guided by the trust deed and superannuation law. We will aim to ensure our decision is fair and reasonable. We will consider relevant matters at the time of your death, including identifying and considering your dependants and the extent of their dependency.

To avoid any delay or confusion concerning the payment of your death benefit, we encourage you to make a reversionary or binding beneficiary nomination and to update it as needed, in particular when relevant circumstances in your life or in the lives of your dependants change.

How many nominations can you make?

You can only have one valid nomination in place for each transition to retirement income stream account. However, if you have started more than one transition to retirement income stream account with First State Super, you will need to treat each one individually when it comes to nominating who will receive your benefit if you die. This means you will need to nominate beneficiaries for each transition to retirement income stream account you hold.

Your investment options

When choosing an investment option, it's important to consider your personal objectives, financial situation and needs. Your choices range from conservative options that invest mostly in cash and bonds, to options that offer greater growth potential from higher weightings to shares and property.

First State Super gives you a choice of 12 investment options, each with a specified investment objective. You can invest in more than one option, and you can choose the proportion allocated to each.

You can also switch your investments at any time online (if you have registered for our online services), or by completing a *Change of income stream investment details* form. This form is available on our website or by contacting us.

Note: Any investment option choice you make on your *Transition to retirement income stream member application* form at the back of this *Member Booklet* will only apply to your transition to retirement income stream account, not your super account (if you have one).

Choose from 12 investment options

Our investment options include five pre-mixed options and seven single asset class options. Two of these options are socially responsible investment options.

Pre-mixed options

The pre-mixed options provide you with the benefit of diversification by being invested across different asset classes, investment styles and managers. The percentage allocated to each asset class varies, which means each pre-mixed option has a different potential return and risk profile.

The pre-mixed options are:

- High Growth
- Growth
- Diversified Socially Responsible Investment (SRI)
- Balanced Growth
- Conservative Growth.

Single asset class options

The single asset class options are invested in one type of asset only. These options allow you to take a greater degree of control over your account by choosing your allocation to one or more asset classes. However, some asset classes are not available as a single asset class option (e.g. infrastructure and private equity), so it may be difficult to obtain the same degree of diversification as the pre-mixed options. The risk and potential return of the single asset class options reflect the particular asset type in which they are invested.

The single asset class options are:

- Australian Equities
- Australian Equities Socially Responsible Investment (SRI)
- International Equities
- Property
- Australian Fixed Interest
- International Fixed Interest
- Cash.

Socially responsible investment options

First State Super members have access to a Diversified Socially Responsible Investment option and an Australian Equities Socially Responsible Investment option. While both options use positive and negative 'screens' to select investments, the Diversified SRI option holds a mix of asset classes (Australian and international shares, alternatives, fixed income and cash) while the Australian Equities Socially Responsible Investment option holds only Australian shares. See page 25 for more information on the approach used by First State Super in relation to socially responsible investment.

Life Cycle strategy

If you do not choose an investment option(s) in your application, your account balance will be invested in the Life Cycle strategy. This is:

- for members aged 59 and under – the Growth option
- for members aged 60 and over – the Balanced Growth option.

The Life Cycle options are pre-mixed investment options, so they are invested across a range of assets. This is called diversification and it can reduce the risk of loss if one particular asset class performs poorly. We select a mixture of assets for each Life Cycle option so that the risk profile and target level of return are appropriate, based on the age of members being placed in the Life Cycle strategy.

If you start a transition to retirement income stream account before age 60 and you do not exercise any investment choice, your account balance will initially be invested in the Growth option and will be switched to the Balanced Growth option when you turn 60. If you make an investment choice at any time you will need to review your choices from time to time because your account balance will not be automatically switched when you turn 60.

Note that any time you make an investment choice you become an "elected" member and the automatic Life Cycle strategy arrangement no longer applies. You will remain in your chosen investment option(s) until you choose otherwise.

Choice strategy

If you want more control over your super, or you wish to choose a different investment strategy to take into account investments you may have outside of super, you can choose your own investment option(s). Make sure you read all the information in this chapter before making a decision. You should choose investment options to suit your personal objectives, financial situation and needs and you should consider seeking advice from a financial adviser before you choose or change your investment option(s).

Important: We are not responsible for your investment choice and we do not review your investment choice. Please read the section on **The importance of diversification to manage investment risk** on page 29 and you may wish to consult a financial adviser before making any investment decisions.

Switching investments

You can switch the investment option for your current account balance at any time free of charge. You can switch either online (if you have registered for our online services) or by completing a *Change of income stream investment details* form. This form is available on our website or by contacting us.

If we receive a valid online or paper request from you to switch the investment option(s) for your current account balance before 4 pm (AEST/AEDT) on a business day[1], we will normally process it using the unit prices that apply for that business day[1] when they become available. You can cancel a switch request online before 4 pm (AEST/AEDT) on the day the switch request is effective.

[1] A business day is a NSW business day.

Make sure that you read all of the information in this *Member Booklet (Product Disclosure Statement)* before making an investment switch decision. You should choose investment options to suit your personal objectives, financial situation and needs and you should consider seeking advice from a financial adviser before you choose or change your investment option(s).

Rebalancing your investment options

If you are invested in more than one investment option, the percentage of your account balance in each option will change over time with market movements. This could also mean that the risk profile of your account balance changes. As a result, you may wish to rebalance your account periodically to bring the percentage invested in each investment option back in line with your original selection. This involves you switching a portion of your account balance from one option to another (see **Switching investments** on this page).

When you rebalance your account, you may be moving money from options that have performed well to options that have not performed as well. While this may seem counterintuitive, it's important to remember that it can be risky to rely too heavily on any one asset class. There is also the possibility that the asset class or investment option with the highest returns one year may not perform as well the following year.

If you invest in one of the pre-mixed options, we regularly monitor the allocation to the different asset classes and take care of rebalancing for you.

Important information about the investment options

Investment objectives

Each investment option has a stated objective which is the desired investment outcome for the option. Investment objectives vary with the level of risk associated with the assets that make up the option. Keep in mind when reviewing the options' objectives that they are not a forecast of future returns, or a prediction of the earnings on your investment.

For each pre-mixed option, the investment objective is to achieve investment growth above inflation (as measured by the Consumer Price Index) over rolling time periods.

By contrast, the investment objectives for the single asset class options are generally to track or outperform a relevant market benchmark or index, for example in the case of Australian Equities, the S&P/ASX 300.

We may change the investment objective of an investment option from time to time without notifying you.

Each pre-mixed option is invested in a range of assets

We have determined an appropriate split between growth and income assets for each pre-mixed option that is consistent with the option's risk level and is most likely to meet the option's investment objective.

- Growth assets have the potential to achieve capital growth over the medium to long term. They include Australian equities, international equities and alternative assets such as property, infrastructure, private equity, hedge funds and real return strategies. While in the long term these types of assets have the potential to produce higher returns, they can be more volatile (or risky) in the short term when compared with income assets and have a greater potential to produce negative returns in the short to medium term.
- Income assets (also known as defensive assets) generally provide an income stream and typically include bonds, cash and some alternative assets such as credit income investments. These investments are generally considered to be less risky than growth assets, but can at times produce a negative return.

For more information on what is included in each asset class, refer to the 'Asset class descriptions' section.

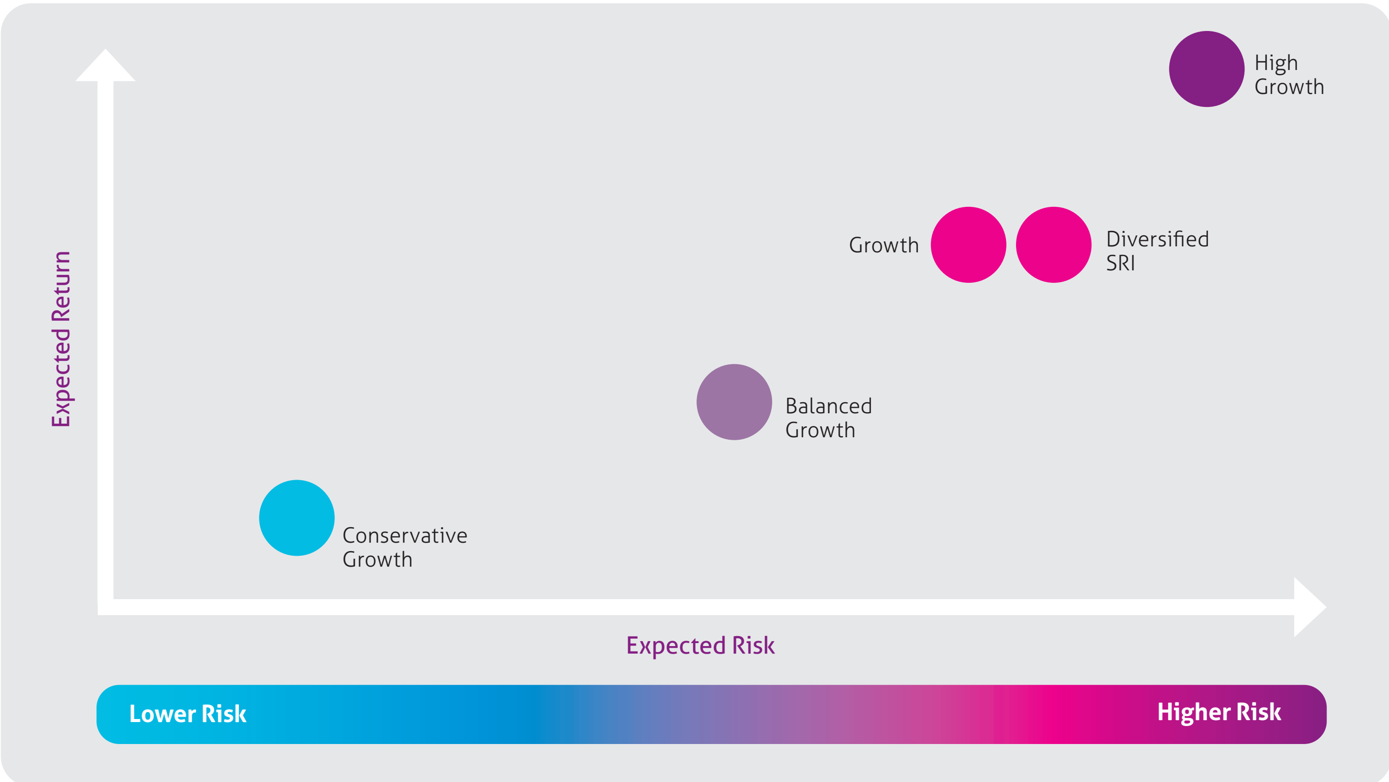
Strategic asset allocation

Each pre-mixed option is assigned a medium to longer term target asset allocation, known as the strategic asset allocation. We also establish asset allocation ranges which are the minimum and maximum amounts we can invest in each asset class. The strategic asset allocation and asset allocation ranges for each investment option, as at the date of this PDS, are shown in the investment option tables on pages 18 to 24. Note that each of the asset classes may include small cash balances for portfolio management purposes.

The actual asset allocation in place at a particular time may vary from the strategic asset allocation because we use an active asset allocation approach. This allows us to take advantage of market conditions by temporarily increasing or decreasing our exposure to a particular asset class (or a specific sector or geography within an asset class, e.g. US equities). This can help shield members from the risks of being overexposed to expensive markets and add incremental returns by increasing exposures to asset classes when they are attractive.

These deviations from the strategic asset allocation are generally in place for a short to medium term period and must be consistent with the investment objective and strategy of the option. While generally the actual asset allocation will be within the strategic asset allocation ranges, during an episode of significant market stress the actual asset allocation may be moved outside the ranges shown in the investment option tables.

> We may vary the strategic asset allocation and asset allocation ranges for an investment option from time to time without prior notice.
> The latest asset allocations can be found at **firststatesuper.com.au/investments**.



Note: The above graph provides a broad overview of the expected risk and return for the pre-mixed investment options for comparison.

It is illustrative only and is not a forecast or guarantee of the future returns of the investment options shown. Similarly, it should not be relied on as providing an accurate indication of the level of risk associated with any one option. Each option is subject to different types of risks and can be impacted by those particular risks to varying degrees depending on the nature of the option's investments.

For more information on each investment option refer to pages 18 to 24 of this booklet.

Foreign currency management

When investing in overseas assets such as international equities or fixed interest, returns reflect both changes in the value of the underlying investments, as well as currency movements. We may hedge some of the currency exposure back to Australian dollars in order to manage risk or enhance returns.

On each investment option profile we show the target foreign currency exposure and range. These amounts refer to the proportion of assets that are subject to foreign exchange rate movements. The remainder of the investment option is either currency hedged or denominated in Australian dollars.

We may change the currency exposure over time with the intention of improving the investment option's ability to meet its performance and risk objectives.

Standard Risk Measures

The investment option tables on the following pages show a **risk band, risk label and estimated number of negative annual returns over any 20-year period** for each investment option. This is known as the Standard Risk Measure, or SRM, and is based on a methodology developed by the industry so that consumers can compare investment options within and across funds. As shown in the table below, the risk measures range from 1 (being the lowest risk) to 7 (being the highest risk). The SRM of an investment option depends on the risk profile of the asset classes and investments that make up the option.

It's important to keep in mind that the SRM is not a complete assessment of all forms of investment risk. For instance, it does not take into account the potential size of a negative return, or the potential for a positive return to be less than a member may require to meet their objectives. In addition, it does not take into account administration costs.

Risk band	Risk label	Estimated number of years of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Our performance

We keep our website up to date with the latest investment performance for each investment option, as well as the daily unit prices. You will also be able to access regular updates on the investment performance of each of our investment options, or you can contact us for this information at any time.

Professional investment managers invest your money

We work with a panel of professional investment managers who specialise in different asset types to assist us in managing your super. A current list of managers by asset class is available on our website at **firststatesuper.com.au/whomanagesyoursuper**.

We also have a team of investment specialists who oversee our investment portfolios and manage a number of investments in-house. The investment team seeks to deliver value to members with an approach that focuses on:

- Active and strategic asset allocation to get the right mix of different investment types.
- High quality research to underpin and improve investment decisions.
- Managing select assets in-house, which brings market insights and greater access to unique opportunities.
- Integrating Environmental, Social and Governance (ESG) considerations into the investment process.
- Active ownership and engagement to drive positive change with the companies we invest in.

The team also performs a cash flow and portfolio re-balancing function for the pre-mixed investment options to help ensure each option is invested as closely as possible in line with the target asset allocations.

How the assets of the fund are held

We have appointed State Street Australia Limited as Custodian, whose role is to:

- hold the assets of the fund on our behalf,
- perform certain administrative, unit pricing, accounting, monitoring and reporting functions for the fund.

We may replace the Custodian at any time without notice to you.

Investment approaches

Investment managers use different approaches to select investments, with two of the main approaches, passive and active management, described below. No single approach is guaranteed to outperform all others in all market conditions.

Passive management

Also known as index managers, passive managers choose investments to form a portfolio that closely tracks a market benchmark (or index). Passive managers usually charge lower fees because they don't require extensive resources to select investments.

Active management

Active managers select investments which they believe will perform better than a market benchmark over the long term. They buy or sell investments when their market outlook alters or their investment insights change.

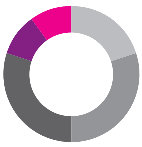
Pre-mixed options

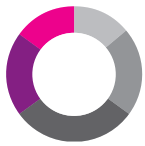
	Growth (MySuper Life Cycle option for members up to and including age 59)	**Balanced Growth** (MySuper Life Cycle option for members aged 60 and over)
Summary	Invests in a wide range of Australian and overseas investments with a bias toward capital growth via investments in growth assets such as Australian and international equities.	Invests in a diversified portfolio of income and growth assets with a slight bias towards growth assets such as Australian and international equities.
Investment objective[1]	CPI + 3.75% p.a. over rolling 10-year periods net of tax and fees.	CPI + 2.75% p.a. over rolling 10-year periods net of tax and fees.

Growth / income allocation[2]

	Growth: Target	Growth: Range	Balanced Growth: Target	Balanced Growth: Range
Growth assets	75%	55% – 95%	55%	35% – 75%
Income assets	25%	5% – 45%	45%	25% – 65%

Strategic asset allocation[2]





	Growth: Target	Growth: Range	Balanced Growth: Target	Balanced Growth: Range
Australian equities	20%	10% – 30%	14%	4% – 24%
International equities	30%	20% – 40%	21%	11% – 31%
Alternatives[3]	30%	10% – 50%	30%	10% – 50%
Fixed income	10%	0% – 25%	20%	0% – 35%
Cash	10%	1% – 45%	15%	1% – 60%
Currency exposure[4]	23%	0% – 40%	16%	0% – 31%

	Growth	Balanced Growth
Minimum suggested investment timeframe	Medium to long term (7 years)	Medium term (5 years)
Standard Risk Measure[5]	6 – High	5 – Medium to High
Estimated frequency of annual negative returns every 20 years[5]	4 to less than 6	3 to less than 4
Who might invest in this option?	This option may suit investors who can accept fluctuations in returns, including years of negative returns, but are seeking strong long-term returns.	This option may suit investors who can accept some years when returns are negative but who expect that, over the long term, returns will be well above inflation.

[1] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for information on investment objectives.

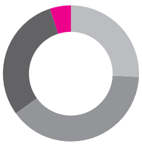
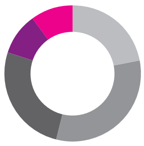
[2] We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. Refer to our website for the latest asset allocations.

[3] Alternatives can include both income and growth assets. Refer to the 'Asset class descriptions' section on page 26 for more information.

[4] These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the trustee may change the currency exposure targets or ranges from time to time. For further information, refer to the 'Foreign currency management' section on page 17.

[5] For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section or our website at **firststatesuper.com.au/investmentandrisk**.

Pre-mixed options (continued)

	High Growth	Diversified Socially Responsible Investment (SRI)
Summary	Invests in a wide range of Australian and overseas investments with a strong bias towards capital growth via significant allocations to growth assets such as Australian and international equities.	Invests in a wide range of Australian and overseas investments with a bias toward capital growth via investments in growth assets such as Australian and international equities. Note that this option excludes investments in companies operating in sectors recognised for having a high negative social impact. For more information, refer to the 'About the Socially Responsible Investment (SRI) options' section on page 25.
Investment objective[1]	CPI + 4.0% p.a. over rolling 10-year periods net of tax and fees.	CPI + 3.25% p.a. over rolling 10-year periods net of tax and fees.
Growth / income allocation[2]		
	Target / Range	Target / Range
Growth assets	95% / 75% – 100%	75% / 55% – 95%
Income assets	5% / 0% – 25%	25% / 5% – 45%
Strategic asset allocation[2]		
	Target / Range	Target / Range
Australian equities	26% / 16% – 36%	22% / 12% – 32%
International equities	39% / 29% – 49%	32% / 22% – 42%
Alternatives[3]	30% / 10% – 50%	26% / 10% – 50%
Fixed income	0% / 0% – 10%	10% / 0% – 25%
Cash	5% / 1% – 15%	10% / 1% – 45%
Currency exposure[4]	29% / 0% – 49%	24% / 0% – 42%
Minimum suggested investment timeframe	Long term (10 years)	Medium to long term (7 years)
Standard Risk Measure[5]	6 – High	6 – High
Estimated frequency of annual negative returns every 20 years[5]	4 to less than 6	4 to less than 6
Who might invest in this option?	This option may suit investors who can accept significant fluctuations in returns, including years of negative returns, in exchange for strong long-term returns.	This option may suit investors seeking strong long-term returns from socially responsible investments that can accept fluctuations in returns and the possibility of negative returns over the short term.

[1] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for information on investment objectives.

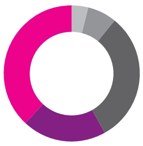
[2] We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. Refer to our website for the latest asset allocations.

[3] Alternatives can include both income and growth assets. Refer to the 'Asset class descriptions' section on page 26 for more information.

[4] These currency exposure targets and ranges refer to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the trustee may change the currency exposure targets or ranges from time to time. For further information, refer to the 'Foreign currency management' section on page 17.

[5] For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section or our website at **firststatesuper.com.au/investmentandrisk**.

Pre-mixed options (continued)

	Conservative Growth		
Summary	Invests in a range of income and growth assets with an emphasis on fixed interest and cash investments.		
Investment objective[1]	CPI + 1.0% p.a. over rolling ten-year periods net of tax and fees.		
Growth / income allocation[2]		Target	Range
	Growth assets	30%	10% – 50%
	Income assets	70%	50% – 90%
Strategic asset allocation[2]			
		Target	Range
	Australian equities	4%	0% – 14%
	International equities	7%	0% – 17%
	Alternatives[3]	31%	10% – 50%
	Fixed income	20%	0% – 50%
	Cash	38%	1% – 85%
	Currency exposure[4]	5%	0% – 17%
Minimum suggested investment timeframe	Short to medium term (3 years)		
Standard Risk Measure[5]	3 – Low to medium		
Estimated frequency of annual negative returns every 20 years[5]	1 to less than 2		
Who might invest in this option?	This option may suit investors who seek an investment with a low to medium risk of capital loss over the short to medium term, and modest capital growth over the longer term.		

[1] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for information on investment objectives.

[2] We may vary the asset allocation for an investment option from time to time. Each of the asset classes may include small cash balances for portfolio management purposes. Refer to our website for the latest asset allocations.

[3] Alternatives can include both income and growth assets. Refer to the 'Asset class descriptions' section on page 26 for more information.

[4] The currency exposure target and range refers to the proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time depends on market conditions and the liquidity needs of the investment option. In addition, the trustee may change the currency exposure target or range from time to time. For further information, refer to the 'Foreign currency management' section on page 17.

[5] For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section or our website at **firststatesuper.com.au/investmentandrisk**.

Single asset class options

	Australian Equities	Australian Equities Socially Responsible Investment (SRI)
Summary	Invests in wide range of companies listed on the Australian Securities Exchange (ASX). Note that this option is passively managed by an index-replicating manager.	Invests in wide range of companies listed on the Australian Securities Exchange (ASX). Note that this option excludes investments in companies operating in sectors recognised for having a high negative social impact. For more information, refer to the 'About the Socially Responsible Investment (SRI) options' section on page 25.[1]
Investment objective[2]	To track the S&P/ASX 300 Accumulation Index before taking into account fees, costs and tax.	To outperform the S&P/ASX 200 Accumulation Index over rolling 5-year periods, before tax and after taking into account fees and costs.
Strategic asset allocation	 Australian equities[3] — Target 100%	 Australian equities[3] — Target 100%
Minimum suggested investment timeframe	Longer term (10 years)	Long term (10 years)
Standard Risk Measure[4]	7 – Very high	7 – Very high
Estimated frequency of annual negative returns every 20 years[4]	6 or greater	6 or greater
Who might invest in this option?	This option may suit investors wanting strong long-term returns but who are prepared to accept full exposure to the ups and downs of investing in the share market, including the possibility of negative returns over the short term.	This option may suit investors wanting strong long-term returns from a portfolio of socially responsible Australian shares, but who are prepared to accept full exposure to the ups and downs of investing in the share market, including the possibility of negative returns over the short term.

[1] The Certification Symbol signifies that a product or service offers an investment style that takes into account certain environmental, social, governance or ethical considerations. The Symbol also signifies that the First State Super Australian Equities SRI option adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Superfund Option. The Certification Symbol is a Registered Trade Mark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and First State Super's methodology and performance can be found at www.responsiblereturns.com.au, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

[2] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for information on investment objectives.

[3] The asset class may include small cash balances for portfolio management purposes.

[4] For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section or our website at **firststatesuper.com.au/investmentandrisk**.

Single asset class options (continued)

	International Equities	Property
Summary	Invests in a passively managed portfolio of companies listed on global stock exchanges in developed markets. Note that this option is unhedged, and as such, will fluctuate both as a result of changes in the value of the underlying shares and currency movements.	Invests in a combination of global listed property securities and unlisted property investments. As at the issue date of this *Member Booklet Supplement* the trustee's target split was 65% listed property securities and 35% unlisted property investments.[2] Note that the listed portion of the option may be implemented via investments in listed Real Estate Investment Trusts (REITs) or through the use of derivatives.
Investment objective[1]	To track the return of the MSCI World ex-Australia ex-Tobacco securities Net Dividends Accumulation Index (unhedged) in Australian dollars before taking into account fees, costs and tax.	To outperform a combined index, namely the FTSE EPRA/NAREIT Developed Rental Index Net Dividends Reinvested (100% hedged) in Australian dollars and CPI + 5% p.a. over rolling 5-year periods, before tax and after taking into account fees and costs.
Strategic asset allocation	 International equities[3] — Target 100% Currency exposure[4] — 100% (i.e. unhedged)	 Property[3] — Target 100% Currency exposure[4] — 0% (i.e. fully hedged)
Minimum suggested investment timeframe	Long term (10 years)	Medium to long term (7 years)
Standard Risk Measure[5]	7 – Very high	6 – High
Estimated frequency of annual negative returns every 20 years[5]	6 or greater	4 to less than 6
Who might invest in this option?	This option may suit investors wanting strong long-term returns but who are prepared to accept full exposure to the ups and downs of investing in the share market and the impact of currency movements, including the possibility of negative returns over the short term.	This option may suit investors seeking strong returns over the medium to long term from property investments, but that are willing to accept fluctuations in returns and the possibility of negative returns over the short term.[6]

[1] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for information on investment objectives.

[2] We may vary the asset allocation for an investment option from time to time. Refer to our website for the latest asset allocations.

[3] The asset class may include small or residual cash balances for portfolio management purposes.

[4] The currency exposure target refers to the target proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time may be different due to market conditions and the liquidity needs of the investment option. In addition, the trustee may change the currency exposure target from time to time. For further information, refer to the 'Foreign currency management' section on page 17.

[5] For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section or our website at **firststatesuper.com.au/investmentandrisk**.

[6] Refer to the explanation of 'Property' in our Asset class descriptions section and note that listed property exposures also reflect security prices on listed markets.

Single asset class options (continued)

	Australian Fixed Interest	International Fixed Interest
Summary	Invests in a passively managed portfolio of Australian fixed interest investments such as government and corporate bonds.	Invests in a passively managed portfolio of international fixed interest investments such as government and corporate bonds. Note that the investments of this option are fully hedged, meaning they are protected against the impact of currency fluctuations on investment returns.
Investment objective[1]	To track the return of the Bloomberg AusBond Composite 0 + Yr Index, before taking into account fees, costs and tax.	To track the return of the Bloomberg Barclays Global Aggregate Float-Adjusted Index (100% hedged) in Australian dollars before taking into account fees, costs and tax.
Strategic asset allocation	 Australian bonds[2] — Target 100%	 International bonds[2] — Target 100% Currency exposure[3] — 0% (i.e. fully hedged)
Minimum suggested investment timeframe	Short to medium term (3 years)	Short to medium term (3 years)
Standard Risk Measure[4]	6 – High	6 – High
Estimated frequency of annual negative returns every 20 years[4]	4 to less than 6	4 to less than 6
Who might invest in this option?	This option may suit investors who seek returns that keep pace with inflation in the long term from a portfolio of Australian bonds, and are willing to accept fluctuations in returns and the possibility of negative returns over the shorter term. To learn more about bonds refer to the 'Asset class descriptions' section on page 26.	This option may suit investors who seek returns that keep pace with inflation in the long term from a diversified portfolio of global bonds, and are willing to accept fluctuations in returns and the possibility of negative returns over the shorter term. To learn more about bonds refer to the 'Asset class descriptions' section on page 26.

[1] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for more information on investment objectives.

[2] The asset class may include small cash balances for portfolio management purposes.

[3] The currency exposure target refers to the target proportion of assets that are subject to foreign exchange rate movements. The actual currency exposure in place at a point in time may be different due to market conditions and the liquidity needs of the investment option. In addition, the trustee may change the currency exposure target or range from time to time. For further information, refer to the 'Foreign currency management' section on page 17.

[4] The Standard Risk Measure is based on the estimated number of negative annual returns over a 20-year period and is not a complete assessment of all forms of risk. In particular, it does not take into account the size of a potential negative return. Despite the Australian Fixed Interest and International Fixed Interest investment options being assessed as having a Standard Risk Measure of '6 – High', when we assess the expected risk more holistically, the options are only expected to have a moderate level of risk. More information on the methodology used to determine risk measures and the estimated number of negative annual returns is available in the 'Standard Risk Measures' section or our website at firststatesuper.com.au/investmentandrisk.

Single asset class options (continued)

	Cash
Summary	Primarily invests in term deposits and other short-term debt securities with a maturity of less than one year. Note that this option is not guaranteed by the Australian Government or the trustee.
Investment objective[1]	To outperform the returns of the Bloomberg AusBond Bank Bill Index, over rolling 12-month periods, before taking into account fees, costs and tax.
Strategic asset allocation	 Cash — Target 100%
Minimum suggested investment timeframe	Short term (up to 2 years)
Standard Risk Measure[2]	1 – Very low
Estimated frequency of annual negative returns every 20 years[2]	Less than 1
Who might invest in this option?	This option may suit investors who seek a very low risk short-term investment with very stable but low expected returns. You should be aware that, depending on prevailing interest rates, the return you receive may not keep pace with inflation, which may mean there is little or no short-term real growth.

[1] The investment objectives do not constitute a forecast or guarantee of future performance or the future rates of return of the investment option. Refer to page 15 for information on investment objectives.

[2] For more information on the methodology used to determine risk measures and the estimated number of annual negative returns, refer to the 'Standard Risk Measures' section or our website at **firststatesuper.com.au/investmentandrisk**.

About the socially responsible investment (SRI) options

We offer the below socially responsible investment (SRI) options for members who want greater certainty about the environmental and social impact of their investments:

- Australian Equities Socially Responsible Investment (SRI); and
- Diversified Socially Responsible Investment (SRI).

Negative screens

A key feature of these options is that they exclude companies operating within sectors recognised for having a high negative social impact. This includes companies with material exposure[1] to the production or manufacture of:

- tobacco[2]
- nuclear power (including uranium)
- armaments
- gambling
- alcohol
- inhumane animal testing
- logging (of old growth forests)
- pornography.

With the combustion of fossil fuels being the main source of global greenhouse gas emissions, the SRI options also seek to limit exposure to companies which have a material exposure to the most carbon-intensive fossil fuels by excluding companies with more than a 20% exposure[3] to one, or a combination of, the following:

- mining thermal coal
- exploration and development of oil sands
- brown coal (or lignite) coal-fired power generation
- transportation of oil from oil sand
- conversion of coal to liquid fuels/feedstock.

To complement the above, our SRI options also exclude:

- Companies that source more than 20% of their operating revenues from:
  - the production and sale of fossil fuels, including thermal and coking coal, oil and natural gas.
  - the transmission/transport of fossil fuels for the purpose of exporting and or non-household use (e.g. power generation).
  - the production and sale of fossil fuels and who own or have the intention/purpose of exploration and/or development of proved or probable fossil fuel reserves.
- Companies substantively involved in unconventional coal seam gas extraction (fracking).
- Companies found to have been complicit in excessive or unauthorised emissions of carbon dioxide (CO_2) and other greenhouse gases.

[1] Material exposure constitutes more than 10% of total revenue.
[2] Note that direct investments in tobacco is excluded from all First State Super investment options.
[3] As measured by percentage of market capitalisation, or another appropriate financial metric.

Positive screens

In addition to applying the exclusion criteria outlined above, the SRI options seek to invest in companies that meet criteria in `sustainable' products and services or that have strong environmental, social and governance performance. This includes companies that rate well in one or more of the following areas:

- **Environmental considerations** – including efficient energy/ resource use and product stewardship (for example, where a company takes into account the lifecycle of the product, from manufacture to the extent to which the product can be recycled).
- **Social considerations** – including promoting indigenous relations and community involvement.
- **Governance considerations** – including meeting corporate governance guidelines on board structures and remuneration, and active participation in corporate engagement and governance initiatives.
- **Ethical considerations** – including upholding fundamental human rights, and articulating and implementing a code of conduct.
- **Labour standard** – including adhering to occupational health and safety, International Labour Organisation standards, working conditions and the exclusion of child labour.

Management of the SRI options

A list of the investment managers we use to manage our socially responsible investment options is available at **firststatesuper.com.au/whomanagesyoursuper**.

Note that each manager has its own socially responsible investment guidelines outlining what constitutes labour standards and environmental, social and ethical considerations, and a methodology for taking these standards and considerations into account when selecting, retaining and realising investments. Importantly, apart from the above screening criteria, we allow the managers some flexibility to determine the manner in which SRI considerations are implemented and have no pre-determined views about what they regard to be a labour standard or an environmental, social or ethical consideration.

We have absolute discretion to change the underlying investment managers and the SRI considerations that are taken into account in the investment process.

> Note that investment risk may be higher for the SRI options since they are not as well diversified due to the exclusion of specific industries like alcohol, gambling and fossil fuels, and have fewer investment managers than our standard investment options.

Asset class descriptions

Cash

Cash investments include a range of short and medium-term interest-bearing investments, such as term deposits, bank bills and treasury notes. Typically the least risky of all asset classes, cash is often chosen by investors who want to access their money in the short to medium term. However, while the risk of negative returns from cash investments is much lower than for other asset classes, expected returns are also lower. The buying power of your money may also be reduced as it may not keep up with inflation.

The value of a cash investment will fluctuate due to a number of factors, but primarily with the rise and fall in interest rates.

Fixed income (bonds)

A fixed income investment is a loan to a government, semi-government authority or large corporation in exchange for regular interest payments, plus repayment of the principal amount at maturity.

Interest is paid to investors over the life of the investment, usually at a fixed rate. However, for some bonds, the interest payments and/or principal are adjusted for the rate of inflation. These are known as 'inflation-linked bonds' and they are designed to help protect investors from inflation.

While fixed income investments such as bonds are usually less volatile than many other investments like shares, they may also have a lower expected return over the long term.

It is also important to note that fixed income investments are not without risk and do not provide a fixed rate of return like a term deposit. The fact that bonds are traded in a marketplace with buyers and sellers means they are exposed to price movements, and the possibility exists for low or negative returns from time to time.

Bond values are driven by prevailing interest rates and expected interest rate movements. In general, when interest rates rise, the market value of bonds tends to fall, and when interest rates fall, bond values tend to rise. This can have a significant impact on performance.

Our international fixed income investments will typically be 100% hedged, which means they are protected against the impact of currency fluctuations on investment returns.

Equities (shares)

Equities (shares) are a portion or share of a company that can be bought or sold on an exchange. Equities allow investors to access both large and small listed companies across a range of industries in Australia and overseas.

The return investors receive from investing in equities includes income in the form of dividend payments, as well as capital gains (and losses) from changes in the value of the underlying shares, and for international equities, currency movements.

Long term returns from equity investments tend to be higher than those achieved from property, fixed income and cash investments. But in the short term, their performance is more volatile and returns can be negative, making them a higher risk investment.

Various factors like consumer sentiment, commodity prices and company performance can all have an impact on a company's share price.

Note that our Australian and international equities asset classes can also include a small exposure to unlisted companies which are less liquid than listed companies.

Alternatives

Alternative assets include a wide range of investments such as credit income, property, infrastructure, private equity, hedge funds and real return strategies. Information on each of these investment types is provided below.

Credit income

Credit income covers a range of alternative debt investments. Like fixed income, credit income investments involve a loan to a borrower in exchange for regular interest payments, plus repayment of the principal amount at maturity. However, compared to traditional fixed income investments, the loans are typically to borrowers with a lower credit rating, and as a result, may command a higher rate of return to compensate the investor for the risk of default. Examples of credit investments include loans to unlisted infrastructure and real estate companies.

Property

Property investments include office buildings, shopping centres and industrial estates, as well as residential property such as apartment buildings and retirement villages. Investors can access property investments either directly or indirectly by purchasing units in a property trust (unlisted or listed).

Direct and unlisted property investment returns reflect a combination of rental income and capital growth, and are dependent on a range of economic factors such as interest rates and employment, as well as the location and quality of properties.

Listed property investments (often know as Real Estate Investment Trusts or REITs) are investments in their own right and their returns will also reflect changes in securities prices on listed markets, which will be different (and more volatile) than the returns earned from owning direct or unlisted property investments.

Property investments are subject to a moderate to high degree of risk and are typically most suitable for long-term investors seeking high growth over the medium to long term, who are willing to accept fluctuations in returns and the possibility of negative returns over the short term.

Infrastructure and real assets

Infrastructure assets are the utilities and facilities that provide essential services to communities. Examples include utilities (electricity, gas, water and communications), power (including renewables), transport (airports, seaports, toll roads and rail) and social infrastructure assets (hospitals, education facilities and community infrastructure such as a convention centre). New infrastructure sub-sectors which exhibit similar features to traditional infrastructure investments, for example land title registries, have also developed over time.

Due to their scale and importance, infrastructure investments typically have high barriers to entry, but generally offer investors a steady income stream, potential for capital growth over the long term, and lower volatility than other growth assets such as equities. However, there are risks. For example, change to government regulations, usage rates, and interest rates may affect their value.

Similar to property, investors can access infrastructure investments directly by investing in individual assets or indirectly via unlisted or listed pooled funds.

Private equity

Private equity includes investments in companies, both in Australia and overseas, that are not listed on a stock exchange. Such companies can include large established companies needing investment and expertise to support future growth plans, as well as smaller, rapidly growing businesses.

The private equity market is less efficient and less regulated than listed equity markets. This creates opportunities for skilled managers to add value. However, private equity investments are typically illiquid and high risk, and so are typically best suited to investors with a medium to long-term horizon.

Growth alternatives

The Growth alternatives asset class includes real return strategies and hedge funds. Unlike traditional fund managers which are often restricted to investing in a single asset class (e.g. Australian equities), these managers have a wider range of allowable investments and are able to utilise a combination of equities, bonds, currencies, commodities and other liquid asset classes. They can make investments in these asset classes via physical exposures or, more typically, via derivatives (see page 29 for additional details on the fund's use of derivatives). These managers aim to deliver returns above CPI or an official cash rate by dynamically moving around their exposure to the various asset classes. Many also aim to provide positive returns when traditional asset classes experience negative returns.

Risks of investing

The risk/return trade off

All investments involve a level of risk, and to grow your account over the long term, you need to take some risk. The key short-term risk is market volatility and the impact this can have on your account balance. The two main risks over the long term are that your savings are not enough to last your whole retirement, or don't keep up with the rising cost of living over time.

In general, investments that are volatile over short periods of time, such as Australian and international shares, grow more over longer periods. By contrast, investments like cash and fixed interest tend to produce more stable returns, but may not generate the returns you need to reach your retirement goals. This is often called the risk/return trade off and is a key thing to keep in mind when choosing an investment option.

If you are unsure about the level of risk appropriate to your needs and circumstances, you should seek financial advice.

Investment risks

Some of the most significant investment risks which can have an impact on your account include:

- **Inflation risk** – while your investment may produce a positive return, there is a risk that your savings do not keep up with the rising cost of living over time (inflation). One way you can help manage this risk is by investing in assets that are expected to generate returns in excess of inflation over the medium to long term. Each of our pre-mixed options have been designed to generate returns above inflation as measured by the Consumer Price Index (CPI).
- **Sequencing risk** – the timing and order of returns can be nearly as important as the size of the returns, making the sequence of returns a significant determinant of outcomes. Sequencing risk refers to the risk of poor investment returns at the wrong time, for example just before or at the start of retirement when your account balance is at its greatest. With this risk in mind, we automatically switch members in the MySuper Life Cycle strategy from the Growth to Balanced Growth option at age 60. For more information, refer to the 'Choose from 12 investment options' section on page 14.
- **Market risk** – market risk is the risk of loss due to the factors that affect an entire asset class or market such as the Australian share market. This includes economic conditions, government policy and investor sentiment. Maintaining a well-diversified portfolio across a range of asset classes can reduce, but not eliminate, the impact of market risk.
- **Security/asset risk** – individual investments such as shares, bonds and property assets are affected by risks specific to the investment. For example, the value of a company's shares may be impacted by a change in strategy, operations, or business environment, as well as merger and acquisition activity.

Other investment risks to consider include:

- **Timing risk** – there is a risk that, at the date of investment, your money is invested at higher market prices than those available shortly afterwards. Similarly, there is risk that, at the date you withdraw funds your investments are sold at lower prices than those that were recently available or would have been available shortly afterwards. Timing risk can also relate to trying to predict future prices in making investment decisions, for example when switching investment options.
- **Illiquidity risk** – the risk that an investment cannot be easily sold (converted to cash) without a substantial loss in value due to difficult or abnormal market conditions. This risk is greatest for investments that are inherently illiquid such as real property and infrastructure assets, as well as unlisted equity interests. We mitigate this risk through limiting investment in illiquid investments and regular monitoring of liquidity.
- **Interest rate risk** – changes in interest rates can have a negative effect on an investment's value or returns. For example, the cost of a company's borrowings can increase, reducing its profitability, or the income from a cash or fixed interest investment may be lower than expected.
- **Investment manager risk** – although we carefully research and monitor the investment managers we partner with, there is a risk that a particular manager will underperform compared to similar managers or their return objective. This could be because their view on markets is inaccurate, they lose key investment personnel, or because the environment is not favourable for their investment style.
- **Currency risk** – the value of our offshore investments may decrease because the currencies of the countries in which we invest decrease in value relative to the Australian dollar. We mitigate this risk by managing the currency exposure as described in the `Foreign currency management' section on page 17.

- **Counterparty risk** – there is a risk of loss where the counterparty to a contract cannot meet its payment obligations. For example, in the case of a fixed income security such as a bond, this includes the risk that the issuer doesn't pay back the money borrowed when it is due. This risk is mitigated by appointing investment managers with appropriate credit assessment skills and by imposing limits on individual counterparties.
- **Derivative risk** – investing in derivatives can involve additional risks. These include the possibility that the derivative does not perform as expected or that parties do not perform their obligations under the contract. As using derivatives may involve leverage, losses can be significant. We mitigate this risk by having limitations and controls in place and monitoring the use of derivatives.
- **Short selling risk** – short selling may be used when an investment manager believes an asset's price will fall. The manager borrows the asset from a lender, usually a broker, and sells it with the intention of buying it back at a lower price. If the price of the asset increases, the loss could be significant. This is different to investing directly in a security without borrowing where losses are generally limited to the value of the investment made. We mitigate this risk by restricting and monitoring the use of short selling by the managers we partner with.
- **Gearing risk** – gearing can be achieved by using loans (borrowing to invest), or investing in certain derivatives such as futures. Gearing amplifies the potential gains and losses of an investment which means fluctuations in the value of a geared investment will be larger compared to the same investment which is not geared. We mitigate this risk by limiting and regularly monitoring the amount of gearing in the investment options.

In order to minimise investment risk, it's important to diversify your investments.

You should seek financial advice if you are unsure about which investment option is best for you.

The importance of diversification to manage investment risk

Generally speaking, you can reduce the risk of your investment by spreading your money across a range of asset classes. This is called diversification. Diversification can reduce investment risk because asset classes tend to perform differently at different times in the economic cycle. By spreading your money across a range of asset classes, you also spread the risk of loss should a particular asset class or investment perform poorly.

You can diversify your investment by either investing in the pre-mixed investment options, which have a mixed portfolio of assets, or by investing in a variety of single asset class Investment options. However, you should keep in mind that by investing in the single asset class investment options, your super may not be as well diversified compared to our pre-mixed options. This is because not all asset classes are available as single asset class options (e.g. infrastructure or private equity).

Before choosing an investment option(s), you should assess your risk/return profile and the level of diversification you require. If you are unsure about the level of risk appropriate to your needs and circumstances, you can seek advice from a financial planner.

Use of derivatives

Derivatives, such as futures or options, are investment products whose value is derived from the underlying investment. For example, the value of a share option is linked to the value of the underlying share. Gains and losses from holding positions in derivatives can occur due to market movements.

Derivatives may be used:

- to manage risk (e.g. foreign currency hedging);
- for asset allocation purposes;
- as a way to implement investment positions efficiently; and
- to enhance returns.

Derivative contracts must not be held unless, at all times, there are sufficient assets to support the liability under each contract (i.e. derivatives cannot be used to leverage an investment option directly). We may also invest in unlisted trusts which employ leverage and derivatives with the objective of enhancing returns (e.g. hedge funds).

Responsible ownership

As a large investor, we must be mindful of the impact our investments make in markets, communities and on the environment, and are a signatory to the Principles for Responsible Investment (PRI) which promote sustainable investment. This reflects our belief that poor management of long-term environmental, social and governance (ESG) related risks by a company has the potential to impact our members' investment returns, and may also harm the broader community and environment.

Responsible ownership is an approach to investing that explicitly incorporates consideration of ESG issues into investment decisions to better manage risk and generate strong long-term returns.

Our approach to responsible ownership applies to the fund as a whole and consists of three main pillars:

Integration into the investment process – we actively incorporate ESG considerations into the investment due diligence, selection, and monitoring processes, and expect the investment managers we partner with to monitor ESG risks that relate to the funds' investments.

Share voting – we use our voting rights to support resolutions that seek to enhance value for our members across a range of areas such as board composition, executive remuneration plans, and climate-related disclosure and action. Information on our voting decisions are available on the website at **firststatesuper.com.au/about/governance-and-policies/proxy-voting**.

Engagement – we regularly talk with the companies we invest in to encourage them to improve their ESG policies and practices, and ensure they are focussed on generating long-term sustainable returns for our members. Note that although our approach is predominantly one of engagement rather than divestment, if engagement fails to address issues of significant concern, we may decide to exclude a particular company or industry from the fund's investments.

We allow our investment managers some flexibility to determine the manner in which ESG considerations are implemented and have no pre-determined views regarding what they regard to be a labour standard or an environmental, social or ethical matter, or how these matters should be incorporated into investment decisions, except as outlined below.

We have decided to exclude direct investment in those companies involved in the manufacture of cigarettes and other tobacco products from all of our investment options. Our decision to prohibit these investments was based on an assessment of the challenges and outlook for the sector, as well as the known adverse health effects of tobacco products. Note that the fund may have an immaterial, indirect exposure to tobacco companies. However, the exposure is regularly monitored to ensure that it remains immaterial and does not exceed the limit agreed by us.

You can read our Responsible Investment policy on our website at **firststatesuper.com.au/responsiblesuper** or you can obtain a copy without additional charge from us.

Tax and your transition to retirement income stream

The tax treatment of transition to retirement income streams can be complex. We recommend that you obtain taxation advice from your tax adviser or accountant for your personal circumstances. This section provides only a general description of the tax treatment of your transition to retirement income stream and was current at the date of preparation.

Tax when setting up your transition to retirement income stream

Generally, there is no tax payable when setting up your transition to retirement income stream account if you transfer money from one Australian superannuation fund or account to another.

However, if the amount transferred to your super account comes from a superannuation fund which has not been subject to tax (usually government retirement schemes) then the untaxed element of the taxable component up to $1.515 million[1] of that amount will be taxed at 15% on entry to the fund. For amounts over $1.515 million[1] the paying fund will deduct PAYG tax at the highest marginal rate (plus Medicare and other applicable levies) before sending the money.

[1] This amount is current as at 1 July 2019 and is subject to indexation in line with Average Weekly Ordinary Time Earnings (AWOTE), in increments of $5,000 (rounded down) each 1 July when the accumulated indexation reaches this amount.

Tax on investment returns

The investment earnings on your transition to retirement income stream account are taxed at a maximum rate of 15%. The actual tax rate of tax paid may be less due to the effect of various tax credits, deductions and offsets.

The amount of tax payable on investment earnings is taken into account when calculating the unit price for each pre-mixed and single asset class investment option. This does not show on your statement.

Tax position if you're over 60

If you are aged 60 or over, no tax is payable on your transition to retirement income stream payments or lump sum withdrawals – irrespective of whether or not you have provided your tax file number (TFN) (however, the payments may affect your social security benefits).

Tax position if you're under 60

If you are under age 60, your transition to retirement income stream payments may have a tax-free component and a taxable component. Tax is payable on the taxable component only. The tax treatment of the benefit depends on whether it is paid as an income stream/irregular income stream or lump sum. See **Tax file number declaration** and **What is the tax-free portion?** on page 32 for more information.

Tax file number declaration

If you are under age 60, you may wish to complete a *Tax file number declaration* form that allows us to determine the amount of PAYG tax that is to be deducted from your income payments. For convenience, we have incorporated the requirements of the form in the *Transition to retirement income stream member application* form. Alternatively, you can obtain a copy of the form from the ATO.

The completed form should be returned to First State Super, PO Box 1229, Wollongong NSW 2500.

It is not compulsory to supply your tax file number, but if you don't and you're under age 60, PAYG tax will generally be deducted from your payments at the highest marginal tax rate (plus Medicare and other applicable levies).

The importance of providing your tax file number

Under the Superannuation Industry (Supervision) Act 1993, the trustee is authorised to collect, use and disclose your TFN for the purpose of administering your superannuation and/or income stream.

We may disclose your TFN to another superannuation provider when your benefits are being transferred, unless you ask us in writing not to disclose your TFN to any other superannuation provider.

Declining to quote your TFN is not an offence. However, if you provide your TFN, it will have the following advantages:

- The fund will be able to accept all permitted types of contributions to your superannuation account.
- Other than the tax that may ordinarily apply, you will not pay more tax than you need to. This affects both contributions[1] to your superannuation account and income payments when you start drawing down your income stream.
- It will make it much easier to find different superannuation accounts in your name, and match your accounts in the fund, so that you receive all of your superannuation benefits when you retire.

[1] Once you have set up your transition to retirement income stream account, you cannot make further contributions to that account. However, you may be able to make contributions to a super account – see page 6 for details.

What is the tax-free portion?

The tax-free portion is calculated when your transition to retirement income stream account is initially set up. The tax-free portion is the tax-free amount used to start your transition to retirement income stream as a percentage of the total amount used to start your transition to retirement income stream. For example, if your initial tax-free amount is $50,000 and your total amount is $200,000, then the tax-free percentage of every payment would be 25% (i.e. $50,000/$200,000 as a percentage).

Once your tax-free portion is determined, this percentage will apply to every payment from your account (whether an income stream payment or a lump sum payment) so that the tax-free portion is a fixed percentage for the life of the account.

Calculating the tax-free amount

The tax-free component is made up of a 'contributions' segment and a 'crystallised' segment.

Contributions segment	Generally, the 'contributions' segment is made up of contributions made from 1 July 2007 which have not been subject to tax in a superannuation fund. Typically, this would comprise your non-concessional (e.g. after-tax) contributions and any government co-contribution.
Crystallised segment	The 'crystallised segment' is made up of concessionally-taxed components that existed before the taxation reforms of 1 July 2007. Generally, this amount will include any of the following that were applicable to you as at 30 June 2007: • pre-July 1983 component • concessional component • post-June 1994 invalidity component • capital gains tax exempt component • undeducted contributions since 1 July 1983.

When your transition to retirement income stream becomes a retirement income stream

When you reach 65 or satisfy a condition of release without a cashing restriction, your transition to retirement income stream will become a retirement income stream. The balance of your account at that time, plus any other amounts you have used to start (or hold in) a retirement income stream will count towards the transfer balance cap. The cap is $1.6 million[2] and amounts in excess of the cap generally need to be withdrawn and additional tax may apply.

The transfer balance cap does not apply to amounts in a transition to retirement income stream.

The transfer balance cap applies to the combined amount in all of your tax-free retirement income stream accounts; it is not a separate cap for each account. If the $1.6 million (indexed) cap is exceeded, we may be directed by the ATO to commute your income stream by the excess amount, including an amount for interest. You may pay additional tax on the notional earnings calculated by the ATO. The tax rate is 15% for your first breach and may increase to 30% for subsequent breaches.

If you start your retirement income stream and your total balance increases above the $1.6 million transfer balance cap solely due to investment earnings, you do not need to withdraw the excess.

[2] This amount is current as at 1 July 2019 and is subject to periodic indexation in line with the consumer price index, in increments of $100,000, when the accumulated indexation reaches this amount. The benefit of indexation is only available in respect of the limit which has not previously been used. For example, if you start a pension with $800,000 (half the limit) you will only be able to access or benefit from half the indexation which applies to the limit in the future.

What is the tax payable on transition to retirement income stream payments?

No tax is payable on the tax-free portion of your income payments.

If you are under age 60 the taxable component of your income payments will be taxed at your personal marginal tax rate (plus Medicare and other applicable levies), although a 15% tax offset may apply. The 15% tax offset is only paid on the taxed element of the taxable component.

PAYG withholding tax will be deducted from your income payments and paid by the fund to the ATO. If you are under age 60 and we do not have your TFN, tax will be withheld from the taxable component of your income payments at the highest marginal tax rate (plus Medicare and other applicable levies).

Example

Kathy is aged 58 years and has $400,000 in her super account. This amount includes a:

- tax-free component of $100,000; and
- taxable component of $300,000.

Kathy uses all of her superannuation to start her transition to retirement income stream on 1 January 2020.

The tax-free percentage of Kathy's superannuation when she starts her transition to retirement income stream would be:

$$\frac{\text{Tax-free component}}{\text{Total amount rolled in}} = \frac{\$100{,}000}{\$400{,}000} = 25\%$$

The **taxable** percentage of Kathy's income would therefore be 75%.

Kathy receives her first income payment of $3,000 on 1 February 2020. The tax-free component of this payment would be:

$3,000 x 25% = $750

The taxable component of Kathy's income payment would therefore be the remaining amount:

$3,000 – $750 = $2,250

The taxable component will be taxed at Kathy's marginal tax rate (plus Medicare and other applicable levies), however, it will also attract a 15% tax offset which will reduce the tax she has to pay.

Note: The example is illustrative only and is based on the factors stated. The example should not be taken to contain or provide an estimate of the tax you will pay. This example assumes that the taxable component is comprised solely of a taxed element.

What is the tax payable on lump sum withdrawals?

No tax is payable on the tax-free portion of your lump sum withdrawals.

If you are under age 60, tax is payable on the taxable component of your lump sum payment, at the following rates:

- Preservation age, but under age 60:
  - no tax is payable up to $210,000[1] (this amount includes all taxable lump sum payments received)
  - amounts over $210,000[1] are taxed at a flat rate of up to 15% plus Medicare levy.

A higher rate applies to untaxed elements of the taxable portion of a lump sum payment.

The low rate tax-free threshold is a lifetime limit and is reduced by the value of the low rate threshold used in any previous lump sum withdrawals.

PAYG withholding tax will be deducted from your lump sum withdrawals and paid by the fund to the ATO. If we do not have your TFN, tax will be withheld from the taxable component of your lump sum withdrawals at the highest marginal rate (plus Medicare and other applicable levies).

[1] This amount is current as at 1 July 2019 and is subject to indexation in line with AWOTE in increments of $5,000 each 1 July when the accumulated indexation reaches this amount.

Example

Using the example on the left, if Kathy decides to take a lump sum payment of $300,000 during the 2019-20 financial year, she will pay tax as follows:

Tax-free portion
25% x $300,000 = $75,000

Taxable portion (the remaining amount)
$300,000 – $75,000 = $225,000

Kathy can receive up to $210,000 of the taxable portion tax-free, but tax is payable on the remaining amount:

Taxable amount $225,000 – $210,000 = $15,000

Kathy will pay tax of 15% plus Medicare levy on the $15,000.

Note: The example is illustrative only and is based on the factors stated. The example should not be taken to contain or provide an estimate of the tax you will pay.

Tax on death benefits

Lump sum benefits

If the person receiving your death benefit is a death benefit dependant under taxation law (see **Death benefit dependant for tax purposes)**, the lump sum will be tax free. If the person is not a death benefit dependant, tax at a maximum rate of 15% plus Medicare levy on taxed elements and 30% plus Medicare levy on untaxed elements will be payable on the taxable component of the lump sum (this assumes that the beneficiary has provided their tax file number to the fund).

Where we make a payment to the member's estate/legal personal representative it will be paid as a pre-tax lump sum and the estate will be responsible for the tax treatment of the death benefit depending on the end-beneficiaries and their dependant status.

Reversionary income stream

If your death benefit is paid as a reversionary income stream, the income stream will be tax free if either:

- you are aged 60 or older at the time of death; or
- the reversionary beneficiary is aged 60 or older (at the time the income stream payments are made).

Otherwise, the reversionary beneficiary will generally pay tax as follows until they reach age 60 (after which the payments will be tax free):

- no tax will be payable on the tax-free component
- the taxable component will be included in the reversionary beneficiary's assessable income, but they will be entitled to a 15% tax offset
- if your transition to retirement income stream (in the form of a retirement income stream) reverts on your death to your spouse, the amount your spouse receives will count towards their $1.6 million (indexed) cap if they still hold the reversionary pension 12 months after your death.

Death benefit dependant for tax purposes

A death benefit dependant of a person who has died, is:

- the deceased's spouse or de facto or former spouse
- the deceased's child under age 18
- any person with whom the deceased had an interdependency relationship
- any other person who was financially dependent on the deceased just before their death.

Summary of tax treatment

The information in this summary table assumes benefits are comprised solely of taxed elements (i.e. superannuation that has already had tax paid on it within the fund).

Item	Rate of tax	
The amount you roll in (transfer) to set up your account	Nil (unless the rollover contains an untaxed element in the taxable component).	
Investment returns	Investment earnings derived on assets are taxed concessionally at up to 15%.	
Death benefits	No tax is paid on lump sum death benefits paid to a death benefit dependant as defined in the tax legislation (see **Death benefit dependant for tax purposes** above). The taxable component of a lump sum paid to a non-dependant is taxed at 15%[1], provided they supply their TFN. The taxation of a reversionary income steam depends on the ages of both the member and reversionary beneficiary.	
Payments	**Income stream**	**Lump sum**
Aged 60 or over	No tax (with or without your TFN).	No tax (with or without your TFN).
Under age 60	The taxable component is taxed at your personal marginal tax rate[1] (15% tax offset applies). However, if we do not have your TFN, tax is withheld on the taxable component at the highest marginal tax rate[1].	The taxable component is tax free up to $210,000[2] and 15%[1] on the remainder. If we do not have your TFN, tax is withheld on the taxable component at the highest marginal tax rate[1].

[1] Plus Medicare and other applicable levies.

[2] This amount is current as at 1 July 2019 and is subject to indexation in line with AWOTE in increments of $5,000 each 1 July when the accumulated indexation reaches this amount.

A transition to retirement income stream allows you to keep your money in the superannuation system, which means you continue to receive the **tax advantages** of superannuation.

Fees and costs

Did you know?

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

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You or your employer, as applicable, may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.moneysmart.gov.au) has a superannuation calculator to help you check out different fee options.

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 and advice fees for personal advice, may also be charged, but these will depend on the nature of the activity or advice chosen by you.

Taxes 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.

First State Super transition to retirement income stream

Type of fee	Amount	How and when paid
Investment fee[1,2]	An estimated percentage depending on your investment option. Ranging from 0.04% to 1.00% per year ($20 to $500 per $50,000).	Deducted from the assets of the option or the assets of underlying investment vehicles before the unit price for an investment option is determined.
Administration fee[2]	$52 per year ($4.33 per month) plus an asset-based administration fee of 0.40% per year ($200 per $50,000).	Deducted from your account at the end of each month or on exit. Fees for part of a month are calculated based on the number of days you were in the fund.
Buy-sell spread	Nil	The fund does not charge a buy-sell spread.
Switching fee	Nil	The fund does not charge a switching fee.
Advice fee relating to all members investing in a particular investment option(s)	Nil	No advice fee is charged for providing general and simple advice limited to your First State Super account.
Other fees and costs[3]	Comprehensive financial advice	! Additional fees may be paid to a financial adviser. The fees will depend on the complexity of the advice you are seeking. If you obtain complex financial advice from a planner in our financial planning business, you will be informed of the cost before you proceed. If you are issued with a Statement of Advice, it will contain details of the fees, which may be deducted from your account when the advice is received (or you may need to pay the fee directly). For more information see page 39.
	Family law application fee of $110	Payable to us by the person making the request for information at the time a request is made.
	Family law splitting fee of $88	Shared equally between both parties and deducted from each party's benefit at the time the benefit is split unless all of the benefit is going to the non-member spouse (in which case the non-member spouse pays the full fee).
Indirect cost ratio	Nil	All indirect costs are included in investment fees.

[1] Investment fees may vary from year to year and cannot be precisely calculated in advance. These are an estimate of the fees and costs of each option for the 12 months to 30 June 2019. Past costs are not a reliable indicator of future costs. The investment fees for all investment options are provided on page 37.

[2] If your account balance is less than $6,000 at the end of the financial year, the total combined amount of administration fees and indirect costs charged to you is capped at 3% of your account balance. Any amount charged in excess of that cap will be refunded.

[3] For more information on 'Other fees and costs' see the 'Activity fees' section on page 39.

Additional explanation of fees and costs

Investment fees

Investment fees reflect a broad range of fees and costs associated with the purchase/sale and ongoing management of investments of the fund and underlying investment vehicles. This includes fees paid to investment managers, as well as amounts paid to a variety of third parties such as our custodian, brokers and government authorities. These amounts are paid from the assets of the investment option before we calculate the unit price and are not deducted directly from your account.

The investment fees for each of the pre-mixed investment options (i.e. the High Growth, Growth, Diversified SRI, Balanced Growth and Conservative Growth investment options) also include the trustee's charge of 0.04% per year. This is a component of 'Other fees and costs'.

Investment fees may vary from year to year and cannot be precisely calculated in advance.

Important: The investment fees shown below are indicative only and are based on the fees and costs for each investment option for the 12 months to 30 June 2019, including several components which are estimates only. The actual amount you'll pay in future years will depend on the actual fees, costs and taxes incurred by us in managing the investment option.

Estimated investment fees (% per year)

Investment option	Investment management costs	Performance-related costs	Transaction costs[1]	Other fees and costs	Total investment fees
High Growth	0.35%	0.26%	0.11%	0.13%	**0.85%**
Growth	0.33%	0.25%	0.10%	0.12%	**0.80%**
Diversified Socially Responsible Investment	0.28%	0.10%	0.08%	0.13%	**0.59%**
Balanced Growth	0.28%	0.18%	0.08%	0.11%	**0.65%**
Conservative Growth	0.24%	0.14%	0.05%	0.11%	**0.54%**
Australian Equities	0.05%	0.00%	0.00%	0.04%	**0.09%**
Australian Equities Socially Responsible Investment	0.18%	0.00%	0.04%	0.05%	**0.27%**
International Equities	0.06%	0.00%	0.00%	0.03%	**0.09%**
Property	0.46%	0.27%	0.15%	0.12%	**1.00%**
Australian Fixed Interest	0.05%	0.00%	0.00%	0.03%	**0.08%**
International Fixed Interest	0.07%	0.00%	0.00%	0.12%	**0.19%**
Cash	0.03%	0.00%	0.00%	0.01%	**0.04%**

[1] The amounts shown above reflect an estimate of explicit transaction costs only. An estimate of implicit transaction costs is shown in the table on page 38.

Additional information regarding the different types of investment fees and costs is provided below and on pages 38 to 39.

Investment management costs

Investment management costs reflect fees paid to investment managers and a range of specialist investment consultants, as well as the costs of the First State Super investment team which is responsible for setting the fund's investment strategy and overseeing the fund's investment portfolios. These costs may be paid from the fund or deducted from underlying investment vehicles.

Performance-related costs

We have negotiated performance fee arrangements with a number of investment managers which are subject to change without notifying you. These costs may be paid from the assets of the fund or deducted from underlying investment vehicles. The estimated performance-related costs per option for the 12 months to 30 June 2019 are shown in the table above.

A performance-related cost may be payable once performance above an agreed level has been reached and is typically capped at an upper percentage limit. If performance-related costs are payable by the fund or an underlying investment they will increase the investment fees payable for that investment option. The method of calculation varies, but generally these fees are calculated as a percentage of the investment returns that exceed an agreed level of return. Investment managers with performance-related fee arrangements may also be entitled to a base percentage fee.

It is important to note that the amount of performance-related costs cannot be accurately predicted in advance. The actual amount of performance-related costs incurred in a particular financial year will depend on the allocation of our investment options to these investment managers and underlying investments, as well as the actual investment performance for the relevant year.

Transactional and operational costs

Transactional and operational costs are a broad category of costs that relate to the purchase/sale of the assets of the fund or an underlying fund or other investment vehicle.

These costs are deducted from the assets of the fund or the underlying investment vehicle, as relevant, when they are due and payable and are an additional cost to you.

Transactional and operational costs include both explicit and implicit costs. The amounts shown in the table above reflect an estimate of all explicit transaction costs incurred for the 12 months to 30 June 2019.

Explicit transaction costs include, but are not limited to, the following:

- **Brokerage** – the amount paid to a broker when buying and selling securities, for example shares on a stock exchange. In some overseas markets stamp duty is also payable in relation to share transactions which we consider a part of brokerage. While brokerage is an additional cost of investing, as a large institutional investor, First State Super is able to access wholesale brokerage rates which are generally cheaper than retail brokerage rates.
- **Clearing fees** – fees payable in relation to futures trades to a clearing house for facilitating settlement and reconciling orders between transacting parties (buyers and sellers).
- **Stamp duty** – a government tax paid on the legal transfer of property and certain other assets from one owner to another. As mentioned above, in certain countries stamp duty is payable in relation to equity transactions. However, the majority of the stamp duty incurred by the fund relates to investments in direct property and infrastructure where stamp duty costs can be significant.

- **Commissions** – a percentage of the sale amount paid to a selling agent, for instance, when a direct property investment such as an office building is sold. Like stamp duty, commission amounts can be substantial.
- **Buy/Sell spreads** – a charge incorporated into the application (buy)/redemption (sell) unit price of an investment product to cover the costs of transacting. Investments in certain external funds may attract buy/sell spread charges.
- **Due diligence costs** – the costs associated with researching a potential investment, for example legal and advisory costs.

In addition to explicit costs, implicit transaction costs are embedded in the price of certain investments. Implicit costs include bid/offer spreads, which are the difference between the price a buyer is willing to pay (the bid price) and the price a seller is willing to accept (the ask price) for a particular security. Bid/offer spreads may be incurred when converting one currency to another, as well as when buying and selling listed equities and fixed income securities such as bonds.

For listed securities, implicit costs may also include market impact, which refers to the effect an investor can have on the price when buying or selling an asset: typically an upward effect when buying, or downward effect when selling. In general, highly liquid securities result in lower market impact costs than less liquid securities. Many of these implicit costs are estimates as they are not known with certainty.

An estimate of implicit transaction costs for the 12 months to 30 June 2019 is provided in the table below which, together with the explicit transaction costs reported on page 37, make up the total estimated transactional and operational costs shown below.

Investment option	Estimated implicit transaction costs	Total estimated transactional and operational costs
High Growth	0.02%	0.13%
Growth	0.02%	0.12%
Diversified Socially Responsible Investment	0.04%	0.12%
Balanced Growth	0.03%	0.11%
Conservative Growth	0.02%	0.07%
Australian Equities	0.01%	0.01%
Australian Equities Socially Responsible Investment	0.09%	0.13%
International Equities	0.01%	0.01%
Property	0.06%	0.21%
Australian Fixed Interest	0.04%	0.04%
International Fixed Interest	0.04%	0.04%
Cash	0.00%	0.00%

It is important to note that past costs are not a reliable indicator of future costs and the amount of transaction costs will vary from year-to-year depending on the type, size and frequency of transactions. In general, illiquid asset classes such as property and infrastructure tend to have higher transaction costs (for example stamp duty) compared to more liquid asset classes like equities and fixed income. Similarly, actively managed portfolios that trade investments frequently tend to have greater transaction costs compared to passively managed strategies which replicate an index.

Other fees and costs

The amounts shown under the other fees and costs category reflects a range of other expenses associated with the fund's investments. This includes fees paid to the custodian to hold the assets of the fund, as well as amounts paid to accounting/audit and tax specialists to assist with the reporting obligations of the fund and underlying investments. It also includes the costs associated with the fund's securities lending program and the 0.04% trustee charge in relation to the pre-mixed investment options (i.e. the High Growth, Growth, Diversified SRI, Balanced Growth and Conservative Growth investment options). Finally, it includes the estimated costs associated with the use of over-the-counter (OTC) derivatives which, rather than being traded on a listed financial market, are private contracts traded directly between two parties. For example, a number of foreign investments are hedged to the Australian dollar via the use of currency forward contracts, a type of OTC derivative. This helps minimise the impact of currency fluctuations on investment returns.

Borrowing and property operating costs

Borrowing and property operating costs are an additional cost to you of investing in certain investment options. Borrowing costs include loan establishment costs and interest payments and are most significant for illiquid asset classes such as property and infrastructure where asset prices can be substantial. Property operating costs include a range of costs associated with managing property investments, for example council and water rates, utilities and lease renewal costs.

These costs are deducted from the income or assets of the fund or an underlying investment vehicle, as relevant, when they are due and payable.

An estimate of borrowing and property operating costs for the 12 months to 30 June 2019 is provided in the table below. Note that, except for the Property option, none of the single asset class options incurred borrowing costs or property operating costs for the period. It is important to note that past costs are not a reliable indicator of future costs and the amount of borrowing and property operating costs may vary from year to year.

Investment option	Borrowing costs	Property operating costs
High Growth	0.09%	0.07%
Growth	0.09%	0.06%
Diversified Socially Responsible Investment	0.08%	0.07%
Balanced Growth	0.06%	0.05%
Conservative Growth	0.05%	0.04%
Property	0.34%	0.33%

Additions or alterations to fees and charges

All fees and costs may be revised by us from time to time without member consent. For example, fees and charges may increase when there are changes in superannuation law, or there are increases in fees charged by our service providers. We may also introduce new fees and charges. We will give you at least 30 days prior notice if there is an increase in fees and charges or if a new fee or charge is introduced that affects your transition to retirement income stream account. This excludes investment fees which are estimates as the actual fees charged may be more or less than estimated.

Reserves

We maintain an administration reserve to manage the costs associated with the management of the fund. Interest earned on contributions received by us, but not yet allocated to members' accounts and administration fees deducted from members' accounts, are credited to the fund's administration reserve account. We use this account to pay the administrator's fees and any other administration and operating expenses of the trustee or fund. Any excess retained in the account is ultimately applied for the benefit of the membership as a whole.

We are required to maintain an Operational Risk Financial Requirement (ORFR) reserve. The ORFR reserve is held separately from members' accounts and the administration reserve. The ORFR reserve is only used to cover losses arising from operational issues.

Tax

For more information on the amount of tax payable, see **Tax and your transition to retirement income stream** from page 31.

Rebates and tax credits

Earnings on transition to retirement income stream accounts are subject to tax of up to 15%. If you have a transition to retirement income stream account, you receive a 15% rebate on amounts deducted from your account for fees, except for the administration fee and asset-based administration fee. The 15% rebate is credited to your transition to retirement income stream account at the time the fee is deducted. The tax benefit received by the fund for administration and asset-based administration expenses is retained by the fund.

Financial Planning

First State Super members have access to financial advice[1]. The fees charged for personal advice about your First State Super account are detailed below:

Service	Details	Fee
Personal advice limited to your interest in your First State Super transition to retirement income stream account	Single issue advice about investment choice, voluntary contributions, insurance and starting an income stream (limited circumstances).	No charge. We pay a fee to provide a limited advice service to all members. The cost of providing this service is covered by the administration fees paid by members.

If you obtain complex financial advice about your First State Super account, the fee for this advice will depend on the scope and complexity of the advice and may be deducted from your First State Super account when the advice is received, or you may need to pay for the advice directly. You will be informed of the fee before you proceed. If you are issued with an advice document, it will contain details of the fees. First State Super does not pay any commissions to advisers.

[1] When members receive advice, they receive it under our financial planning business' own AFS licence. Our financial planning business is wholly owned by FSS Trustee Corporation as trustee of the fund. You should read their Financial Services Guide before making a decision. For more information call 1300 650 873.

Activity fees

An activity fee is a fee for the particular service you choose to use and is not part of the ongoing management costs. The only activity fees that the fund currently charges are set out in this table:

Type of fee or cost	Amount	How and when paid
Family law fees		
Application for information fee: In the format specified under the *Family Law Act*.	$110	Payable to us by the person making the request for information at the time a request is made.
Splitting an account: This fee is for processing a Family Law payment split.	$88	The fee is shared equally between both parties and deducted from each party's benefit at the time the benefit is split unless all of the benefit is going to the non-member spouse (in which case the non-member spouse pays the full fee).

Defined fees

Below is a definition of the fees and costs that you may be charged:

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 exit fee, an advice fee or an insurance fee.

Note: A list of the activity fees charged is provided on page 39.

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.

Note: The administration fee is $52 per year ($4.33 per month) plus an asset-based administration fee of 0.40% per year.

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 exit fee, an activity fee or an insurance fee.

Note: You will only be charged an advice fee if you agree to receive personal financial advice from one of our financial advisers. The fees will be discussed and agreed with you at that time.

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.

Note: We do not currently charge a buy-sell spread on any of our investment options.

Exit fees

An **exit fee** is a fee to recover the costs of disposing of all or part of members' interests in the superannuation entity.

Note: We do not charge an exit fee.

Indirect cost ratio

The **indirect cost ratio (ICR)**, for an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the investment option, to the total average net assets of the superannuation entity attributed to the investment option.

Note: A dollar-based fee deducted directly from a member's account is not included in the indirect cost ratio. All indirect costs are included in the investment fees shown on page 37.

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;

   but does not include property operating costs.

Note: An estimate of these fees to 30 June 2019 for each investment option is provided on page 37.

Switching fees

A **switching fee** for a superannuation product 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.

Note: We do not charge a switching fee.

Example of annual fees and costs

The law requires all superannuation fund trustees to set out in a PDS an example of annual fees and costs that apply to a 'balanced investment option', which typically has a ratio of investment in growth assets to investment in defensive assets as close as practicable to 70:30. The example below allows you to compare 'balanced investment options' in different superannuation funds, regardless of what they are called.

First State Super's investment option which meets the definition of a 'balanced investment option' is the Growth investment option and an example of annual fees and costs for that option is set out below.

Example of annual fees and costs

Annual fees and costs

This table gives an example of how the fees and costs for the Growth investment option for this superannuation product can affect your superannuation investment over a one-year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE – the Growth investment option		**BALANCE of $50,000**
Investment fees[1]	0.80%	For every $50,000 you have in the superannuation product you will be charged $400 each year.
PLUS Administration fees	$52 ($4.33 per month) + 0.40%	**And**, you will be charged $252 in administration fees.
PLUS Indirect costs for the superannuation product	0.00%	**And**, indirect costs of $0.00 each year will be deducted from your investment.
EQUALS Cost of product[2]		If your balance was $50,000, then for that year you will be charged fees of **$652** for the superannuation product.

[1] These amounts reflect the estimated investment fees for the 12 months to 30 June 2019. The actual amount you'll pay in future years will depend on the actual fees, costs and taxes incurred by us in managing the investment option.

[2] Additional fees may apply.

Other things to know

This chapter covers a number of areas that may not be directly related to your transition to retirement income stream account, but they are important features of the product and your membership.

Cooling-off period

You have a 14-day cooling-off period to decide whether the First State Super transition to retirement income stream is right for you.

The cooling-off period starts on the date you receive your welcome letter, or five working days after we open your transition to retirement income stream account, whichever happens first.

You will need to tell us where to transfer any preserved or restricted non-preserved superannuation (which can only be transferred to another complying superannuation fund). You must provide details of the new fund within one month of the date you advise us that you wish to close your transition to retirement income stream account.

If you cancel your account, the amount returned to you or transferred to another fund may vary from the amount you invested because there may be changes in the value of the investment option in which your transition to retirement income stream account is invested (which could be either positive or negative).

We will also deduct any tax that may be payable on the amount you have invested and any payments made to you.

You may wish to obtain financial advice before exercising your cooling-off right as it may have tax implications.

How your transition to retirement income stream account works

How earnings are applied to your account

When you invest in a First State Super transition to retirement income stream, you buy a number of units in an investment option(s). The number of units you receive depends on the value of the units (the unit price) at the date they are bought.

The unit price for an investment option is calculated by dividing the net assets of the investment option by the total number of units issued in that option. If the investment option earns positive returns, the unit price will rise and consequently the value of your investment will rise. Conversely, if the investment option experiences negative returns, the unit price and the value of your investment will fall.

Amounts deducted from your account

Transactions that decrease the number of units you hold in your investment option(s) include:

- the deduction of administration fees
- the payment of any other service fees, including adviser service fees
- any income stream payments, or lump sum payments made or transferred out of First State Super, and any tax payable in respect of these payments
- any payment splits under a family law arrangement.

Your balance may also be adjusted for investment returns.

If your transition to retirement income stream account is invested in a number of options, deductions are made on a pro-rata basis from each option. You can choose the investment option from which you would like your income stream payments or any lump sum withdrawal deducted. The unit price applied to transactions is generally the unit price applicable for the day the transaction is processed.

The unit price for an investment option is calculated by dividing the net assets of the investment option by the total number of units issued in that option. If the investment option earns positive returns, the unit price will rise and consequently the value of your investment will rise. Conversely, if the investment option earns negative returns, the unit price and the value of your investment will fall.

Calculation of unit prices

Each First State Super investment option represents a portfolio of assets. The mix of assets depends on the investment objective of the investment option (see pages 18 to 23).

The unit price of each investment option is based on the net value of the assets in that option.

The net value is equal to the sum of the market value of the individual assets including any franking credits less tax, investment expenses, fees charged by external investment managers, amounts payable to the custodian and internal investment management costs.

Generally speaking, the unit price for each investment option is calculated each business day[1]. However, in certain circumstances, such as the closure of investment markets, a delay in an underlying manager issuing unit prices, or if an underlying manager delays or suspends transactions, we may suspend unit pricing because it may not be possible to calculate a fair unit price. The suspension of unit pricing could be for some time and we are not responsible for any losses caused by these delays.

[1] A business day is a NSW business day.

Example

If you have $200,000 to invest in the Balanced Growth investment option on 1 July when units in that option are valued at $1, you will start your transition to retirement income stream with:

Initial investment	$200,000
Value of units at 1 July	$1
Number of units bought	200,000

If, on 1 August, the unit price increases to $1.05 then you will have:

Number of units	200,000
Value of units at 1 August	$1.05
Value of your investment	$210,000

Note: The example is illustrative only and is based on the factors stated. The example should not be taken to contain or provide an estimate of the earnings you will receive.

Valuing the assets

Investments are valued regularly so that transactions can be processed at values that are fair and reasonable. Some investments, such as shares, fixed income and cash investments, are valued daily, while others are valued less frequently.

Listed investments such as shares are valued based on the end of day price quoted for the relevant exchange, for example the Australian Securities Exchange (ASX). Fixed income securities, which are not traded on listed markets, such as government and corporate bonds, are valued using market average prices from independent sources.

Assets valued less frequently than daily include investments in real property and infrastructure, private equity, and some hedge funds. The timing of the valuations for these assets varies, but is typically quarterly or monthly, with all assets valued at least on an annual basis. Valuations of these assets are carried out by registered valuers or under pre-determined valuation methods.

Social security and your transition to retirement income stream

When you purchase a transition to retirement income stream it may have an impact on social security benefits. You may wish to seek independent advice from a financial adviser in relation to how this may apply in your personal circumstances.

Qualifying for an age pension

In addition to an age requirement, two tests are applied to determine your eligibility for the age pension – the income test and the assets test. Your age pension entitlement will be determined using the test that delivers the lowest amount of age pension.

How to find out more

To find out more about Centrelink's income and assets tests, go to Department of Human Service's website, **humanservices.gov.au** or call Centrelink's Financial Information Service on 132 300.

Privacy

We are subject to the *Australian Privacy Principles of the Privacy Act 1988 (Cth).* We, and our administrator, collect and hold personal information relating to members. The member information we hold is used for administration purposes, the provision of financial planning advice and for promotional activities.

In some cases, we engage third parties to host electronic data (including data in relation to the services we provide) on our behalf. These data warehouses may be located overseas in countries including Germany, in the United Kingdom, United States and must have in place appropriate security and privacy protocols.

If we do not have all your necessary personal information, we may not be able to process an application from you or you may not receive certain benefits that you are entitled to as a member.

We take security measures to protect the personal information we hold. Your information is only accessible by fund personnel and authorised service providers of the trustee, including the administrator and insurer. Access to your details is protected, however your spouse/de facto may be entitled to obtain information about your super in certain circumstances (i.e. family law matters).

Our privacy policy contains information about how you may access and seek correction of your personal information, how you may complain about a breach of your privacy and other important information about how your personal information is collected, used and disclosed.

For further information about how your personal information is handled, please phone us on 1300 650 873 or visit **firststatesuper.com.au/privacy** to view our privacy policy. A paper copy of the policy can be provided free of charge on request.

When do I need to prove my identity?

Under the anti-money laundering and counter-terrorism financing (AML/CTF) legislation, we are required to obtain proof of identification before undertaking certain transactions and paying money out. The most common transaction requests include:

- applying for a benefit payment, which includes a transfer to another fund if you don't provide your tax file number or the other fund is a self-managed super fund
- advising a change of name
- opening an income stream account
- transferring to a Kiwi Saver account.

This means we need to identify you, executors of your estate and/or beneficiaries, or anyone acting on your behalf (such as under a power of attorney). Accordingly, we may be required to delay or refuse any request or transaction in relation to your account until we obtain proof of identity documentation. For further information about providing proof of identity, see the fact sheet *Providing proof of identity* on our website at **firststatesuper.com.au/factsheets**.

Family law

Federal legislation allows legally recognised couples to divide their superannuation upon the breakdown of their relationship. This means that:

- your spouse (or de facto partner[1]) can obtain information about your super (though we cannot provide your address or other details)
- a benefit payment flag can be placed on your account, which stops us from paying your benefit to you while the flag is in place
- your super may be split with your spouse (or de facto partner[1]) either by agreement or by a Court Order.

[1] This does not apply to de facto partners in Western Australia (WA). WA and the Federal government has announced that de facto couples in WA will be able to access these options, but at the time of issue, this announcement was not yet law.

Complaint resolution

Once we receive your complaint, we will respond and work with you to understand and promptly resolve the issue. You can make a complaint in the following way:

Telephone	1300 650 873 Monday to Friday 8.30am to 6.00pm (AEST)
International	+61 3 9131 6373
Online	firststatesuper.com.au/contact
Email	complaints_officer@firststatesuper.com.au
Fax	1300 722 072
Writing to	Complaints Officer First State Super PO Box 1229 Wollongong NSW 2500

We'll investigate your complaint and try to resolve it in 45 business days. If we can't respond fully in that time, we will keep you informed about the progress of your complaint. We have a maximum timeframe of 90 days to resolve your complaint. Our response will detail the outcome of the investigation and the reason for our decision. This process is free of charge.

If you are not satisfied with a death benefit or a decision on a total and permanent disablement claim you can ask us to review a decision in writing to:

The Disputes Manager,
FSS Trustee Corporation
PO Box R1827
Royal Exchange NSW 1225

If you're not satisfied with the response or have not received a formal response within 90 days of lodging the original complaint, you can contact the Australian Financial Complaints Authority (AFCA) in the following ways:

Online	www.afca.org.au
Email	info@afca.org.au
Telephone	1800 931 678
In writing	Australian Financial Complaints Authority GPO Box 3 Melbourne VIC 3001

Keeping you informed

Updates from First State Super

We will send you:

- a PAYG summary by 14 July each year (if you are under 60 at any time during the year)
- an annual review letter advising you of the new minimum and maximum amounts for your income payments
- details of your transition to retirement income stream for Centrelink purposes when you change your payment details or receive an irregular lump sum payment
- one statement each year that shows your transition to retirement income stream account balance and your transactions during the year
- our member newsletter twice a year.

You will also receive notification of any material changes or significant events.

Information available on request

As well as sending you regular information and answering your questions, we can provide you with further information including the fund's:

- Trust Deed and Rules
- latest audited accounts
- most recent annual report
- privacy policy
- rules for the appointment and removal of member representative directors and the independent director
- enquiries and complaints procedure.

If you would like paper copies of any of these documents, please contact us. There is no charge for this information.

Important information about the fund and the trustee, including trustee and executive remuneration, are available on our website at **firststatesuper.com.au/policies**.

Changing your details

At any time after joining First State Super, you can change your:

- investment choice
- income payment amount and the timing of payments (subject to government limits – see pages 8 and 9)
- bank account for receiving your income payments
- contact details and address (you can change your address online if you are registered)
- name (you will need to provide supporting documents certified by a solicitor or Justice of the Peace or other eligible signatory)
- beneficiaries.

Learning more about your superannuation

If you want to learn more about your transition to retirement income stream or superannuation, you can:

- arrange a personal interview by calling 1300 650 873
- attend a member seminar – visit our website for information about our seminar program.

The application process

It's easy to start your First State Super transition to retirement income stream

Step 1: Make sure you're informed

- Read this *Member Booklet.*
- Try the retirement strategy calculators on our website **firststatesuper.com.au/retirementcalculators**
- Get financial advice if you need assistance.

Step 2: Set up a First State Super superannuation account

You can only start a transition to retirement income stream account from a First State Super superannuation account. If you already have a First State Super superannuation account, you can skip this step.

If you don't have an existing First State Super superannuation account, you'll have to join the fund as a **personal member** so you have an account to deposit or roll money into to set up your transition to retirement income stream. You should read the *Member Booklet* for personal members before making a decision. The *Member Booklet* is available on our website at **firststatesuper.com.au/pds**. You can join online or fill in the application form at the back of the *Member Booklet*.

Step 3: Organise your money

If you are only using money already held in your First State Super superannuation account, you can skip this step. Remember, once you have opened your transition to retirement income stream account, you cannot make contributions or transfer money into it. So it's important to consolidate your money first.

- If you have money in another super fund(s) you want to invest in your transition to retirement income stream, you should transfer it into your existing super account. You can transfer monies in from your other fund(s) by using our search and combine tool found at **firststatesuper.com.au/combine**. Alternatively, you can nominate the amount(s) you wish to transfer on the membership application form, and we will arrange the transfer for you.
- You should also deposit into your existing super account any other money (personal contributions or non-super money) you want to use to set up your transition to retirement income stream account.
- If you currently have a transition to retirement income stream account or another super account with us that you want to combine to start your new transition to retirement income stream, you should transfer the balance(s) to the super account you will use to start your new transition to retirement income stream. You can nominate this on your membership application form, and we will arrange this for you after all other amounts have been consolidated.

Step 4: Apply to start your transition to retirement income stream

To apply for a transition to retirement income stream, you should complete the *Transition to retirement income stream member application*, and:

- nominate your income payments and provide a copy of your bank statement for the account you want those payments paid to (unless you have already provided a copy of your bank statement);
- if you are under 60, complete the *Tax file number declaration* (you should complete this form even if you don't want to provide your TFN because we need it for our records). It is not compulsory to supply your tax file number, but if you don't and you're under age 60, PAYG tax will generally be deducted from your payments at the highest marginal tax rate (plus Medicare and other applicable levies); and
- provide your proof of identity documents, unless you have already provided these and your name and address have not changed.

You should also consider:

- Choosing an investment option to suit your needs, which you can nominate on the membership application form.
- Making a reversionary beneficiary nomination or a binding death benefit nomination so you know who will get your account balance if you die. You can make a reversionary beneficiary nomination on the application form but you must complete an *Income stream death benefit nomination* form to make a binding death benefit nomination. This form is available on our website and from customer service.

Step 5: Send your documents to us

Send your completed form(s) and supporting documents to **First State Super, PO Box 1229, Wollongong NSW 2500**.

Investment glossary

Term	Meaning
Asset class	A category of investment, such as shares, cash or property.
Asset allocation	The percentage weighting to a particular asset class. For diversified options, asset allocations show how the option is spread across the different asset classes.
Benchmark	The standard or index the performance of an investment option is measured against (e.g. S&P/ASX 300).
Consumer Price Index (CPI)	A measure of inflation that compares the cost of living (i.e. goods and services) over time. CPI is calculated and reported by the Australian Bureau of Statistics.
Custodian	A financial institution that holds the investments of the fund on behalf of the trustee. The custodian is also responsible for managing transaction settlements, collecting income on investments and calculating unit prices.
Derivative	An investment instrument such as a future or option, whose value is derived from the value of an underlying asset. Some derivatives are traded on an exchange (e.g. equities futures), while others are privately traded directly between two parties. These are known as over-the-counter, or OTC derivatives, and include currency forward contracts used for currency hedging and interest rate swaps used to hedge interest rate exposures.
Franking credits	A type of tax credit that allows Australian companies to pass tax paid by a company onto its shareholders. It reduces the double taxation of dividends that can occur.
Hedge	An investment to reduce the risk of adverse price movements in an asset, for example as a result of unfavourable currency movements.
Investment objective	The desired performance outcome for the relevant option.
Listed investments	Investments that are bought and sold on a stock exchange (e.g. shares, exchange traded funds, and equities futures).
Strategic asset allocation	The long-term asset allocation percentage targets for each investment option.
Unit price	The cost for a unit of the investment option which is calculated by dividing the value of the option by the number of units available.
Unlisted investments	Investments that are not traded on an exchange, such as direct property or infrastructure investments.

Transition to retirement income stream member application

Use this form to open a First State Super transition to retirement income stream. Only members who have reached their preservation age but not age 65 are eligible to apply for a transition to retirement income stream. See page 6 of this *Member Booklet*.

Please use a dark pen and CAPITAL letters, or type directly into this form online, print and sign it and send it to us. Use (✗) to mark boxes.

If you have any questions, please call us on **1300 650 873**.

1. Your personal details

Title

Last name

Given name(s)

Date of birth

Male Female Other Unspecified

Residential address

Suburb State Postcode

Postal address (if different from residential)

Suburb State Postcode

Daytime contact number

Mobile number

Tax file number (please read 'The importance of providing your tax file number' on page 32 of this *Member Booklet* before providing your TFN)

If you are under age 60 you should provide your TFN on the *Tax file number declaration* following page 6. If you don't, you may pay more tax than necessary.

Email (for security reasons, please ensure that your nominated email address is your personal email address and not a role-based email address such as employee_title@company.com.au)

Please mark (✗) in **one** of the boxes below to tell us how you would like to receive information from us:

- ☐ Electronically, via email or online
- ☐ Paper copies, via mail.

You must be aged between your preservation age (see page 6 of this *Member Booklet*) and age 65 and be working (or looking for work) to start a transition to retirement income stream. Please mark (✗) in one of the boxes below to confirm your work status:

- ☐ I am still employed; or
- ☐ I am currently not working but I am actively looking for employment.

You must also have some preserved benefits to be eligible to start a transition to retirement income stream.

If you have left a paid employment arrangement after reaching age 60, please advise the date you last ceased paid employment:

Employer's name

If you left an employer after your 60th birthday and you are not currently working, your superannuation benefit is unrestricted non-preserved and you can start a retirement income stream. See our *Member Booklet* for retirement income stream members, available at **firststatesuper.com.au/pds** or by calling customer service.

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2. How will your transition to retirement income stream be set up?

Please mark (✗) in **one** of the three boxes below:

☐ I have an existing superannuation account with First State Super that I want to use to set up my transition to retirement income stream and I don't want to add any other money to this account before I start my transition to retirement income stream. *Provide your member number and account number below, then go to Section 4.*

☐ I have an existing superannuation account with First State Super that I want to add money to before I start my new transition retirement to income stream. *Provide your member number and account number below, then go to Section 3.*

☐ I don't have an existing superannuation account with First State Super. *You will need to open a superannuation account before we can start your transition to retirement income stream. This account will receive any contributions you wish to make, benefit transfers from other funds, and consolidations from existing First State Super accounts before we start your transition to retirement income stream. You can open a superannuation account online at **firststatesuper.com.au/join**, or complete the application form at the back of the Member Booklet for personal members. The booklet is available on our website and from customer service.*

Record your existing First State Super **member number** and **account number** below or attach your completed *Personal member application* form.

Member number

Account number F S S U

You can also request rollovers online at **firststatesuper.com.au/combine** using our **Search & Combine** tool or request any additional rollovers on a *Request to transfer benefits to First State Super* form.

3. If you want to add money before starting your income stream

3.1 If you want to add money from external super accounts to your First State Super account before starting your transition to retirement income stream

We can arrange the transfer of other super account balances to your First State Super account before you set up your transition to retirement income stream. You can nominate the super funds and the amount you wish to transfer and we will arrange the transfer.

☐ I have already arranged the transfer of super from external funds as follows:

Approximate amount $, , Name of fund

Approximate amount $, , Name of fund

☐ Please arrange for the transfer from the following external funds:

IMPORTANT!
Please ensure that you include your FROM fund's name, ABN, Unique Superannuation Identifier and your member number with them or we may not be able to process your request.

Details of external (FROM) fund (1)

Name of the other fund (your **FROM** fund)

Address of other fund

Suburb State Postcode

Fund ABN Unique Superannuation Identifier (USI)

Member number (in your **FROM** fund) Contact number

☐ Transfer my whole benefit; **or**

☐ Transfer the following part of my benefit: $, , .

3. If you want to add money before starting your income stream (cont.)

Details of external (FROM) fund (2)

Name of the other fund (your **FROM** fund)

Address of other fund

Suburb State Postcode

Fund ABN Unique Superannuation Identifier (USI)

Member number (in your **FROM** fund) Contact number

☐ Transfer my whole benefit; **or**

☐ Transfer the following part of my benefit: $, , .

If you have insurance through your external fund(s) it won't be automatically brought across to us when you transfer your benefit. Consider your insurance needs and apply to transfer across or replace cover in your superannuation account with us. Insurance isn't offered in the transition to retirement income stream.

Additional declarations for external transfers

- I understand that I may ask my FROM fund for information about fees or charges that may apply, or any other information about the effect this transfer may have on my benefits, and have obtained or do not require such information.
- I discharge the superannuation provider of my FROM fund from all further liability in respect of the benefits paid and transferred to First State Super.
- I request and consent to the transfer of superannuation as described in this form and authorise the FROM fund to give effect to this transfer.
- I authorise First State Super and its administrator to request and receive information from the FROM fund.
- I understand the benefits will be transferred to my superannuation account and not directly to my transition to retirement income stream.

3.2 If you want to contribute extra money before you start

Once you start a transition to retirement income stream, you can't add money to it. If there are any outstanding contributions that are to be added to your account before starting your transition to retirement income stream, please record the details here:

Approximate amount	Expected date of contribution
$, ,	/ /
$, ,	/ /

If you are combining superannuation accounts, it can take an extra 5 business days to complete. If you transfer the whole benefit, any insurance you hold will be cancelled and you will need to ensure that your employer contributes directly to another superannuation account.

3.3 If you want to combine other First State Super accounts

If you have any other First State Super accounts (including existing transition to retirement income stream accounts) you want to combine to start your new transition to retirement income stream, nominate the account and amount below.

Account number	Amount to transfer
	☐ Whole benefit **OR** $, ,
	☐ Whole benefit **OR** $, ,

We will transfer these amounts to your superannuation account just before we start your transition to retirement income stream.

4. How much do you want to invest in your income stream?

Remember to keep your superannuation account open (with a minimum of $1500) if your employer is still contributing for you or you have insurance you want to keep.

Once any other money you nominate in Section 3 has been added to your account, we will start your new transition to retirement income stream with the amount you nominate below. Please record the total amount you want to use to start your transition to retirement income stream (including amounts nominated in Section 3).

☐ My whole benefit

☐ My balance less $1,500 (to keep my account open): **or**

☐ The following amount $, , .

If you don't choose an investment option or you choose the Life Cycle strategy, you will be invested in the Growth option until your 60th birthday, when your balance will be automatically switched to the Balanced Growth option.

5. Investment options and drawdown choices

5.1 Your investment options

☐ **LIFE CYCLE STRATEGY**
If you choose the LIFE CYCLE STRATEGY, please do not fill in any of the CHOICE STRATEGY boxes below.

OR

☐ **CHOICE STRATEGY**
Please choose one or more of the investment options shown below by recording the percentage next to your chosen option(s). You can only nominate **whole percentages** and your total choices **must add up to 100%.**

PRE-MIXED		SINGLE ASSET CLASS	
High Growth	%	Australian Equities	%
Growth	%	Australian Equities SRI	%
Diversified SRI	%	International Equities	%
Balanced Growth	%	Property	%
Conservative Growth	%	Australian Fixed Interest	%
		International Fixed Interest	%
		Cash	%

If you don't make a choice, the pro-rata method will apply.

5.2 Your drawdown choices

If you invest in more than one option under the Choice strategy, you can choose how your regular payments are made.

☐ Pro-rata
Payments will be drawn from each investment option in proportion to the balance in each option.

☐ Priority
Your payments will be deducted in the order you nominate under Priority in the table below. When your first choice has been fully drawn, we will draw from your second choice and so on. **Please number all your chosen investment options**.

PRE-MIXED	Priority	SINGLE ASSET CLASS	Priority
High Growth		Australian Equities	
Growth		Australian Equities SRI	
Diversified SRI		International Equities	
Balanced Growth		Property	
Conservative Growth		Australian Fixed Interest	
		International Fixed Interest	
		Cash	

Percentage
This is only available online once your account is set up and you are registered for online access.

6. Reversionary beneficiary nomination (spouse only)

If you would like your transition to retirement income stream to continue to be paid to your spouse after you die, complete this section to nominate your spouse as your reversionary beneficiary. Alternatively, you can make a binding or non-binding death benefit nomination. The forms to complete to make either a binding or non-binding nomination are available on our website at **firststatesuper.com.au/forms**, and from customer service. See the **Notes** for more information.

Title | Date of birth (DD-MM-YYYY) | ☐ Male ☐ Female ☐ Other ☐ Unspecified

Spouse's last name

Spouse's given name(s)

7. Payment frequency and amount

Payment frequency

I would like to receive my income stream payments (mark ✗ to indicate your choice):

- ☐ Fortnightly (every second Wednesday)
- ☐ Monthly (12th of the month)
- ☐ Quarterly (12th of Sept, Dec, March, June)
- ☐ Half-yearly (12th of June and Dec **OR** nominate two months that are six months apart below)

  and

- ☐ Yearly (12th of June **OR** nominate your preferred month below)

First payment

It can take up to 10 business days once we have your form(s) and funds before we can make your first income stream payment.

If you would like to defer your first payment beyond this, please nominate the month you would like to first receive payment:

IMPORTANT!
See the **Notes** for information about minimum and maximum annual amounts.

- ☐ I would like to defer my first payment until the following month:

Payment amount

- ☐ Minimum annual amount
- ☐ Maximum annual amount
- ☐ Specific amount of $, . (gross amount per payment frequency)

8. Your bank account details

IMPORTANT!
We require a copy of your bank statement that shows your full name, BSB and account number.

Please nominate an Australian bank account for your payments to be paid to. You can only nominate an account that is held in your name, or held jointly in your name with other person(s).

Name(s) on account

Name of bank or financial institution

Name of branch

Bank account number

BSB number

- ☐ I have already provided a copy of a bank statement for this account OR
- ☐ I have included a copy of a bank statement for this account with this application form.

9. Proof of identity

IMPORTANT!
See the **Notes** for details of the people who are authorised to certify copies of your documents.

We require a **certified copy of proof of identity** (POI) document(s) before we can process your application. If you have already provided a certified copy of your POI document(s), you do not have to provide it again, unless it has expired, or your name and address have changed. If either of these has changed, you must provide a certified copy of an updated POI document(s) verifying the change(s).

- ☐ I have already provided POI documents and neither my name nor my residential address has since changed; or
- ☐ I have included the following POI documents with this application:
  - ☐ Certified copy of ONE of the following primary identification documents:
    - ☐ current Australian state/territory driver's licence containing my photograph
    - ☐ Australian passport (accepted up to 2 years of the expiry date)
    - ☐ current Australian state/territory proof of age card containing my photograph
    - ☐ current passport, similar travel document or national identity card issued by a foreign government or the UN, containing my photograph and either my signature or a unique identifier.
  - ☐ Certified copy of TWO secondary identification documents (see the Notes for details)

10. Privacy

The personal information provided on this form is collected by and held for First State Super by the fund administrator, Mercer Administration, in accordance with the Australian Privacy Principles of the *Privacy Act 1988* (Cth), for the purpose of administering accounts and providing services associated with fund membership. For further information about how personal information is handled, please call us on 1300 650 873 or visit **firststatesuper.com.au/privacy** to view the privacy policy (a hard copy of the policy may also be provided on request). The policy contains information about access to and correction of personal information, how a complaint can be made about a privacy breach and other important information about how personal information is collected, used and disclosed.

11. Declaration

- I have read and understand the First State Super *Member Booklet* for transition to retirement income stream members that contained this application form and accept the rules and risks outlined in the booklet and I agree to be bound by the trust deed and rules of First State Super.
- I confirm that I have received and accept the offer to join in Australia and I am not a temporary resident[1] of Australia.
- I confirm that all information supplied by me in my application is accurate and complete and I will notify the trustee immediately if any of this information changes.
- If I have requested the trustee arrange for the transfer of benefits from other fund(s), I make the additional declarations noted in Section 3.1 of the form.
- I have read and understand the First State Super privacy policy.

[1] A temporary resident is a holder of a temporary visa under the Migration Act 1958, other than a retirement visa holder (subclass 405 or 410), who is not a citizen or permanent resident of Australia or a New Zealand citizen.

Please sign and date form here.

Signature

Date signed (DD-MM-YYYY)

Send the form to this address.

12. Where to send your completed form

Return the completed form to **First State Super PO Box 1229 WOLLONGONG NSW 2500**. If you have any questions, please call us on **1300 650 873**.

IMPORTANT!

If you are under age 60, please complete the *Tax file number declaration* on the next page to avoid paying extra tax. If you would like to claim the Seniors and pensioners tax offset, you will also need to complete the Withholding declaration (NAT 3093), available from the ATO.

Save form | Print form | Clear form

Checklist

Before you send your documents, please make sure you have:

- ☐ Read and understood the *Member Booklet*.
- ☐ Opened a superannuation account (or attached an application to join) if you're not an existing member.
- ☐ Transferred funds online or nominated the fund(s) and amount(s) you would like us to consolidate for you before you start your transition to retirement income stream.
- ☐ Provided details of amounts you wish to contribute or consolidate from other First State Super accounts.
- ☐ Confirmed your investment and drawdown choice (if applicable).
- ☐ Nominated your chosen payment amount and frequency.
- ☐ Provided your bank account details and a copy of your bank statement or deposit slip, if you have not already provided it.
- ☐ Read, understood, signed and dated the Declaration.
- ☐ Attached copies of identification documents certified by an authorised person (unless already provided and your details haven't changed).
- ☐ Completed the *Tax file number declaration* if you're under age 60.
- ☐ Made a reversionary, binding or non-binding death benefit nomination and attached a completed copy of the relevant death benefit nomination form if you have made a binding or non-binding nomination.
- ☐ If you made personal contributions to First State Super this or last financial year, sent us your *Notice of intent to claim or vary a deduction for personal super contributions* form, if relevant. Once the contributions are used to start a transition to retirement income stream, you will not be able to advise us that you would like to claim a tax deduction for the contributions.

Tax file number declaration

This declaration is **NOT** an application for a tax file number.

To be signed by the PAYEE and returned to the PAYER

- Read all the instructions provided by the payer before you complete this declaration.

Payer First State Super **ABN (or WPN)** 53 226 460 365

1 What is your tax file number (TFN)?

2 What is your name?

Title: Mr ☐ Mrs ☐ Miss ☐ Ms ☐ Other

Surname or family name

First given name

Other given names

3 What is your home address in Australia?

Suburb/town

State/territory

Postcode

4 If you have changed your name since you last dealt with the ATO, show your previous name details.

Surname or family name

First given name

Other given names

5 What is your date of birth? Day / Month / Year

6 On what basis are you paid?

Full time employment ☐ Part time employment ☐ Labour hire ☐ Superannuation or annuity income stream ☒ Casual employment ☐

7 I am

An Australian resident for tax purposes ☐ A foreign resident for tax purposes ☐ A working holiday maker ☐

8 Do you want to claim the tax-free threshold from this payer?

No ☐ **Yes** ☐

Only claim the tax-free threshold from one payer at a time, unless your total income from all sources for the financial year will be less than the tax-free threshold. Answer no here if you are a foreign resident or working holiday maker, except if you are a foreign resident in receipt of an Australian Government pension or allowance.

9 (a) Do you have a Higher Education Loan Program (HELP), Student Start-up Loan (SSL) and/or Trade Support Loan (TSL) debt?

No ☐ **Yes** ☐ If **Yes** your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment

(b) Do you have a Financial Supplement (SFSS) debt?

No ☐ **Yes** ☐ If **Yes** your payer will withhold additional amounts to cover any compulsory repayment that may be raised on your notice of assessment.

DECLARATION by payee: *I declare that the information I have given is true and correct.*

Signature

Date

Day / Month / Year

N.B. There are penalties for deliberately making a false or misleading statement

Save form Print form Clear form

Instructions for completing the ATO's *Tax file number declaration* form

Information you provide in this declaration will allow your payer to work out how much tax to withhold from payments made to you.

Question 1

What is your tax file number (TFN)?

You should give your TFN to your employer only after you start work for them. Never give your TFN in a job application or over the internet.

The ATO and your payer are authorised by the Taxation Administration Act 1953 to request your TFN. It's not an offence not to quote your TFN. However, quoting your TFN reduces the risk of administrative errors and having extra tax withheld. Your payer is required to withhold the top rate of tax from all payments made to you if you do not provide your TFN or claim an exemption from quoting your TFN.

How do you find your TFN?

You can find your TFN on any of the following:

- your income tax notice of assessment
- correspondence the ATO sends you
- a payment summary your payer issues to you.

If you have a tax agent, they may also be able to tell you your TFN. If you still can't find your TFN, you can:

- phone the ATO on 13 28 61 between 8.00am and 6.00pm, Monday to Friday
- visit your nearest shopfront (phone the ATO on 13 28 61 to make an appointment).

If you phone or visit the ATO, they need to know they are talking to the correct person before discussing your tax affairs. The ATO will ask you for details only you, or your authorised representative would know.

What if you don't have a TFN?

If you don't have a TFN and want to provide a TFN to your payer, you will need to apply for one. For more information, visit ato.gov.au/tfn

Claiming an exemption from quoting your TFN

You can claim an exemption from quoting your TFN if you:

1. have lodged a TFN application form or made an enquiry to obtain your TFN. You now have 28 days to provide your TFN to your payer, who must withhold at the standard rate during this time. After 28 days, if you have not given your TFN to your payer, they will withhold the top rate of tax from future payments
2. are claiming an exemption from quoting a TFN because you are under 18 years of age and do not earn enough to pay tax, or you are an applicant or recipient of certain pensions, benefits or allowances from the:
   – Department of Human Services – however, you will need to quote your TFN if you receive a Newstart, Youth or sickness allowance, or an Austudy or parenting payment
   – Department of Veterans' Affairs – a service pension under the Veterans' Entitlement Act 1986
   – Military Rehabilitation and Compensation Commission.

If you want to claim an exemption for one of these reasons, please enter 1 or 2 in the box at Question 1.

Providing your TFN to your super fund

Your payer must give your TFN to the super fund they pay your contributions to. If your super fund does not have your TFN, you can provide it to them separately. This ensures:

- your super fund can accept all types of contributions to your accounts
- additional tax will not be imposed on contributions as a result of failing to provide your TFN
- you can trace different super accounts in your name.

For more information about providing your TFN to your super fund, visit ato.gov.au/supereligibility

Question 2-5

Complete with your personal information.

Question 6

On what basis are you paid?

Check with your payer if you are not sure.

Question 7

Are you an Australian resident for tax purposes?

Generally, the ATO consider you to be an Australian resident for tax purposes if you:

- have always lived in Australia or you have come to Australia and now live here permanently
- are an overseas student doing a course that takes more than six months to complete
- migrate to Australia and intend to reside here permanently.

If you go overseas temporarily and do not set up a permanent home in another country, you may continue to be treated as an Australian resident for tax purposes.

Foreign resident tax rates are different

A higher rate of tax applies to a foreign resident's taxable income and foreign residents are not entitled to a tax-free threshold nor can they claim tax offsets to reduce withholding, unless you are in receipt of an Australian Government pension or allowance.

To check your Australian residency status for tax purposes or for more information, visit ato.gov.au/residency

Question 8

Do you want to claim the tax-free threshold from this payer?

The tax-free threshold is the amount of income you can earn each financial year that is not taxed. By claiming the threshold, you reduce the amount of tax that is withheld from your pay during the year.

Answer **yes** if you want to claim the tax-free threshold, you are an Australian resident for tax purposes, and one of the following applies:

- you are not currently claiming the tax-free threshold from another payer
- you are currently claiming the tax-free threshold from another payer and your total income from all sources will be less than the tax-free threshold.

Answer **yes** if you are a foreign resident in receipt of an Australian Government pension or allowance.

Otherwise answer **no**.

If you receive any taxable government payments or allowances, such as Newstart, Youth Allowance or Austudy payment, you are likely to be already claiming the tax-free threshold from that payment.

For more information about the current tax-free threshold, which payer you should claim it from, or how to vary your withholding rate, visit ato.gov.au/taxfreethreshold

Question 9

a) Do you have a Higher Education Loan Program (HELP), Student Start-up Loan (SSL) or Trade Support Loan (TSL) debt?

Answer **yes** if you have a HELP, SSL or TSL debt. Answer **no** if you do not have a HELP, SSL or TSL debt, or you have repaid your debt in full. You have a HELP debt if either:

- the Australian Government lent you money under HECS-HELP, FEE-HELP, OS-HELP, VET FEE-HELP or SA-HELP.
- you have a debt from the previous Higher Education Contribution Scheme (HECS).

b) Do you have a Financial Supplement debt?

Answer **yes** if you have a Financial Supplement debt. Answer **no** if you do not have a Financial Supplement debt, or you have repaid your debt in full.

For information about repaying your HELP, SSL, TSL or Financial Supplement debt, visit ato.gov.au/getloaninfo

Have you repaid your HELP, SSL, TSL or Financial Supplement debt?

When you have repaid your HELP, SSL, TSL or Financial Supplement debt, you need to complete a *Withholding declaration* (NAT 3093) notifying your payer of the change in your circumstances.

Sign and date the declaration

Make sure you have answered all the questions, then sign and date the declaration. Give your completed declaration to your payer to complete.

Notes

Before you make a decision about investing in a transition to retirement income stream, you should read the current *Member Booklet*. The *Member Booklet* is available on our website and it is also available free of charge by contacting us.

Your tax file number details

Please make sure you read the information about tax file number (TFN) disclosure on pages 31 and 32 of this *Member Booklet*.

If you are 60 or more, you can provide your TFN in Section 1 of the application form.

If you are under 60, you will need to provide your TFN and answer the questions in the *Tax file number declaration* that follows page 6. Please read the notes on the back of this form before completing the form. If you don't provide your TFN on this form, we must tax the taxable component of your payments at the highest marginal tax rate (plus Medicare levy). The information you provide allows us to determine the amount of PAYG tax to deduct from payments made to you. It is not compulsory to supply your tax file number. If you need any help completing these questions give us a call or visit the ATO website www.ato.gov.au/forms and search for 'tax file number'.

How will your income stream be set up?

Your First State Super superannuation account

The money you wish to use to start a transition to retirement income stream must be held in a First State Super superannuation account before you can start a transition to retirement income stream.

If you have an existing superannuation account with us or you open a new account online, please provide your member and account numbers, otherwise attach a copy of your application to open a personal account. This is the account we will use to start your transition to retirement income stream.

Bring your money together (consolidate) before you start

You need a minimum of $20,000 to set up your First State Super transition to retirement income stream.

You can start a transition to retirement income stream using money from a number of different sources, including different super sources (e.g. money from other super funds and other income streams) and non-super sources (e.g. term deposits or the proceeds from the sale of shares and property).

If you have other super account balances or non-super money that you would like to use to set up your transition to retirement income stream, you should first bring all these amounts together into your First State Super superannuation account. You can transfer money from other super funds into your First State Super account online at **firststatesuper.com.au/combine**. Alternatively, you can nominate the super you want to consolidate on the form and we will arrange the rest for you.

Investment options and drawdown choices

Investment options

See **Choose from 12 investment options** on page 15 for information about the investment options available under the Life Cycle and Choice strategies.

Drawdown choices

If you invest in more than one investment option, you can choose which options your income payments will be drawn from first, second, third, etc. When your first choice has been fully drawn, we will draw your income stream from your second choice and so on. **You must nominate a priority for all your chosen options or we will not be able to accept your drawdown nomination.**

You can also draw income payments from your investment options as a percentage. You can only set this up online so you'll have to register for online access once your account has been set up then log in to your account to record your percentages.

If you don't choose either of these methods, the pro-rata method will be applied. This means payments will be drawn from your investment options in the same proportion that they are invested on the date the payment is made. For example, if you have 30% in High Growth and 70% in Growth, then 30% of your income stream payment will be drawn from the High Growth option, and 70% from the Growth option.

Reversionary beneficiary nomination

You can choose what happens to your transition to retirement income stream if you die. Your death benefit nomination options are:

- a reversionary nomination; or
- a binding nomination; or
- a non-binding nomination.

If you nominate your spouse as your reversionary beneficiary, your transition to retirement income stream will continue to be paid to your spouse (if your beneficiary is still your spouse at the time of your death and has not permanently separated from you). Your spouse has the option of commuting the income stream account and taking it as a lump sum. If your spouse changes, you can nominate your new spouse as your reversionary beneficiary by completing a new *Income stream death benefit nomination* form.

Alternatively, you can make either:

- a binding death benefit nomination. If the nomination is valid, it binds the trustee to pay your benefit to your nominated beneficiaries; or
- a non-binding nomination. A non-binding nomination records your beneficiary preferences but the trustee has the final decision about the distribution of your benefit.

Please refer to the *Member Booklet* for information on nominating beneficiaries. If you wish to make a binding or non-binding nomination, you must complete the appropriate nomination form available on our website at **firststatesuper.com.au/forms**, and from customer service.

Payment frequency and amount

Payment frequency

You can receive your payments fortnightly, monthly, quarterly, half yearly or yearly. If you start your transition to retirement income stream in the month of June, you can elect to start the payments in the following financial year.

It can take up to 10 business days once we have the form(s) (and money) to start your transition to retirement income stream before we can make your first income payment. However, if you need your first payment urgently, please contact us. You can also ask us to defer your first payment until later in the year if you are setting up your transition to retirement income stream in advance of needing payments. But remember, you must take at least the minimum payment amount for the financial year.

Payment amount

You can choose the amount of income stream payments you receive each financial year within certain minimum and maximum limits set by the government. The amount you nominate is a gross amount, i.e. before any tax is deducted (if applicable). You must nominate the amount you would like to receive each payment. We will send you a letter in July each year that tells you the minimum amount you must withdraw and the maximum amount you may withdraw (if applicable). After you receive this letter, if you want to change the amount, you must tell us the amount you wish to receive for that financial year.

Minimum and maximum payment limits

The minimum payment limit is calculated as 4% of your account balance rounded to the nearest $10. The minimum payment limit and account balance are calculated at the time the transition to retirement income stream starts, then on 1 July each subsequent year.

If you start your transition to retirement income stream part way through a financial year, the minimum payment limit for the first year will be reduced on a pro-rata basis based on the number of days between your transition to retirement income stream start date and the end of the financial year.

Your annual payment is limited to a maximum of 10% of your account balance at the start of the year (or in the first year, the account balance at the start date for the transition to retirement income stream). The maximum limit ceases to apply if you satisfy a condition of release with no cashing restrictions and convert your transition to retirement income stream to a retirement income stream. If you start your transition to retirement income stream part way through a financial year, the 10% maximum limit is not pro-rated. This means that the full annual maximum amount can be paid regardless of when during the year the transition to retirement income stream started.

Your bank account details

Under superannuation law, we must pay your transition to retirement income stream payments into an account in your name or a joint account you hold with another individual(s). We can't make payments to a third party bank account. To verify that the account meets this condition, unless provided to us previously, you must provide us with a copy of the part of your financial institution statement or passbook that contains your full name, address and your financial account details, including account number and BSB number. The easiest way to do this it to photocopy the account details section on your bank statement, or to provide us with a pre-printed deposit slip showing your account details. This confirmation helps prevent payments being made to the wrong account.

Proof of identity (POI)

We require a certified copy of your proof of identity (POI) documents before we can start your transition to retirement income stream. If you have already provided a certified copy of your POI document(s), you do not have to provide it again, unless either your name or your residential address has changed. If either of these has changed, you must provide a certified copy of an updated POI document(s) verifying the change(s).

Change of name

If you have changed your name, you must provide a certified copy of one of the following name change documents:

- marriage certificate or certificate of registration (if you are on the relationship register) issued by the Births, Deaths and Marriages Registration Office (ceremonial certificates cannot be accepted)
- deed poll or change of name certificate from the Births, Deaths and Marriages Registration Office. If you have reverted to your maiden name, we will require your marriage certificate (from the Births, Deaths and Marriages Registration Office) showing your original maiden name and your married name.

Change of residential address

If you have changed your residential address, you must provide a certified copy of a POI document showing your new residential address. If it is more convenient, you can provide the original (rather than a certified copy) of a recent notice issued by your local council or a recent utilities bill addressed to you at your current residential address.

Power of attorney

If you are starting a transition to retirement income stream on behalf of the member as the holder of their Power of Attorney, you must provide certified copies of POI documents for yourself and the member.

Updated and additional POI

We may request updated and/or additional certified POI documents at any time if we consider this is necessary for the security of our members' benefits.

Acceptable documents and certification

The primary and secondary documents we accept are shown below. The people who can certify these documents are also shown on the next page.

Providing certified POI is a three-step process:

1 Collect your originals

Collect your proof of identity document(s). We have listed the documents you can use below.

2 Photocopy your originals

3 Have your photocopies certified

Take your photocopies and your original documents to a person who can certify documents. A list of authorised certifiers and certification guidelines is included under **Certification of personal documents** on the next page.

You can provide:

Either:

A certified copy of one of the following documents:

- A current Australian state/territory driver's licence with your photograph
- An Australian passport
- A current Australian state/territory proof of age card containing your photograph
- A current passport, similar travel document or national identity card issued by a foreign government or the UN, containing your photograph and either your signature or a unique identifier*

Or:

One certified document from this list:

- An Australian birth certificate or extract issued by a state or territory
- A citizenship certificate issued by the Commonwealth
- A current Centrelink pension card that entitles you to receive financial benefits

AND

One certified document from this list:

- A notice issued by the ATO within the last 12 months that shows your name and current residential address and records an amount payable to or by you e.g. your last tax assessment
- A notice issued by a local council or utilities provider in the last three months showing the provision of services to you and your current residential address e.g. rates notice, electricity or water bill
- A notice issued by the Commonwealth or a state or territory government within the last 12 months showing your name and current residential address and the provision of financial benefits to you e.g. Centrelink letter.

* If the document is not in English, it must be accompanied by an English translation prepared by a translator accredited by the National Accreditation Authority for Translators and Interpreters Ltd (NAATI).

Certification of personal documents

All copied pages of original POI documents (including any change of name documents) need to be certified as true copies by an authorised person with the appropriate qualifications or registration (see below) who cannot be the owner or addressee of the document. The authorised person must sight the original and the copy to ensure both documents are identical, then make sure all pages have been certified by writing "I certify that this document is a true copy of the original", followed by their signature, printed name, qualification (e.g. justice of the peace, Australia Post employee, etc.) and date.

If you are in Australia

The following people can certify copies of the originals:

- Australia Post employee in charge of an office providing postal services (charges may apply)
- chiropractor
- dentist
- financial adviser or financial planner
- full-time or part-time teacher employed at a school or tertiary institution
- justice of the peace
- legal practitioner
- magistrate
- medical practitioner
- nurse
- optometrist
- pharmacist
- physiotherapist
- police officer
- psychologist
- veterinary surgeon.

Samantha Sample has provided a copy of her identification that includes her **signature**, **full name**, **date of birth** and **current residential address**.

The authorised person has sighted the original identification and confirmed that the copy is a true copy.

Details for the authorised person to include are full name, qualification, registration number (if applicable), date and signature.

"I certify that this document is a true copy of the original."

K Anderson

Name: Kate Anderson

Qualification: JP

Registration no: 123456

Date: 31 March 2017

If you are outside Australia

The following people can certify copies of the originals:

- consular staff at an Australia Embassy, High Commission or Consulate
- a public notary or other person authorised to administer an oath or affirmation or to authenticate documents in the country you are visiting or living in.

The professions listed under **If you are in Australia** can only certify documents outside Australia if:

- they are also authorised to certify documents in the overseas country you are visiting or living in, or
- if this is not the case, if they work or are registered in Australia.

Where your documents are certified outside Australia, the certifier must quote their registration number or the relevant law that qualifies them to authenticate your documents. If the document and/or the certification is not in English, it must be accompanied by an English translation prepared by a translator accredited by the National Accreditation Authority for Translators and Interpreters Ltd (NAATI).

Visit our website firststatesuper.com.au

Your personal account details[1]

- See your account balance
- See which investment option applies to your account
- Check your transactions
- Change your address, email and phone details
- Provide your tax file number
- See your statement(s)

Investments

- Unit prices
- Monthly and yearly member returns
- Investment market review

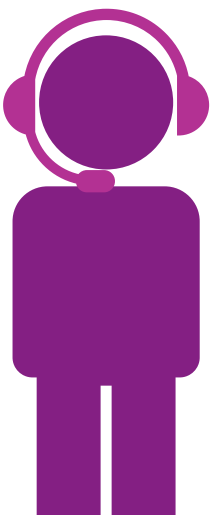
Calculators you might find useful

- Contributions calculator
- Transition to retirement strategy calculator
- Retirement income calculator
- Super projections calculator
- Savings calculator
- Budget calculator

Information

- Fact sheets on a variety of topics
- Latest newsletters
- Latest brochures

[1] You can choose to receive information from us online rather than by mail.



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