FINANCIAL PLANNING NEWS

ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme | June quarter 2010

Fee reduction for Rollover and Account-Based Pension members

Schedule of Fees at 1 July 2010

Rollover & Account-Based Pension Scheme

Management fee:

Investment option	New Fee (%)*	Old Fee (%)
High Growth	1.00	1.62
Diversified	0.97	1.59
Balanced	0.92	1.56
Capital Guarded	0.88	1.52
Cash	0.72	1.25

* These fees may vary from time to time but cannot exceed 1% without written notice to members.

The Trustee of EISS has undertaken a review of the fees charged to members in all divisions and has made a number of changes to ensure that the fees are distributed on a fair and equitable basis.

The Trustee is pleased to announce that this review has resulted in a reduction in fees for all Account-Based Pension and Rollover Plan members effective 1 July 2010. The following table provides a comparison of the old and new fees for each of the five strategies.

If you have any questions about the fee changes please call Member Services on **1300 369 901** or your financial planner on **1300 883 788**.

Welcome. In this issue of Financial Planning NEWS you will find information on:

- The markets and you
- The Federal Budget
- 50% minimum pension drawdown
- The reduction in fees
- The latest from Fair Go
- Health and lifestyle tips
- What's on in NSW?

The 2010 Federal Budget and you

Wayne Swan in the May Federal budget announced a number of measures which concern people who are approaching or who are already in retirement. The following is a summary of the changes that might affect you:

$50,000 concessional contributions cap to continue beyond 2012

The Government has proposed to allow individuals age 50 and over with superannuation balances less than $500,000, to make concessional contributions of up to $50,000 per annum (indexed) after 1 July 2012. This will allow people to top up their super as they approach retirement as long as their account balance is under the threshold.

Super Guarantee for people over 70

Australians who continue working between the age of 70 and 75 will be eligible for the compulsory Superannuation Guarantee contributions (currently 9%) for the first time. At the moment people in this age bracket are limited to voluntary salary sacrifice contributions and/or personal post-tax contributions. This measure will take effect from 1 July 2013 and is aimed at providing an incentive for older people to remain in the workforce.

50 per cent tax discount for interest income

Commencing 1 July 2011, the Government has proposed to provide a 50% tax discount on up to $1,000 of interest earned by individuals.

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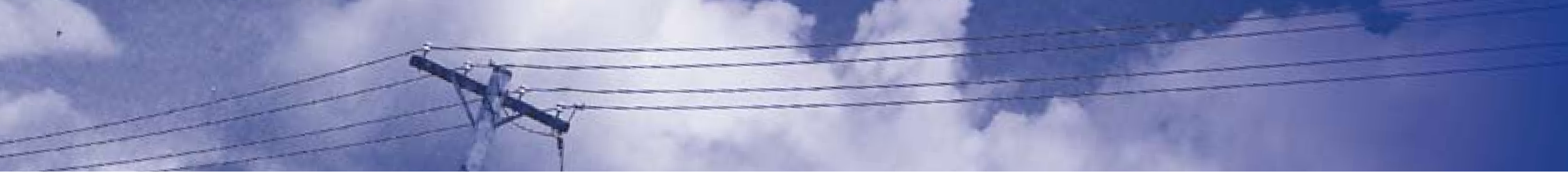


The 2010 Federal Budget and you continued...

This will include interest earned from bank accounts, term deposits, bonds and annuity products. The discount will be available for interest earned directly, or indirectly such as through a trust or managed investment schemes.

This may increase eligibility for some social security entitlements as it can reduce ATI (Adjusted Taxable Income). If you are unsure you should contact Centrelink or your financial planner for assistance.

Amendments to Senior Australian Tax Offset (SATO) and Low Income Tax Offset (LITO)

Workers and senior Australians will benefit from an increase in tax offsets in 2010/11–

- The low income tax offset increases from $1,350 to $1,500 so workers eligible for the full benefit will not pay any income tax on the first $16,000 of personal income.
- Senior Australians who are eligible for the low income tax offset and the senior Australian tax offset will pay no tax on income up to $30,685 for singles and $53,360 for the combined income of couples.

Reduction in personal income tax rates

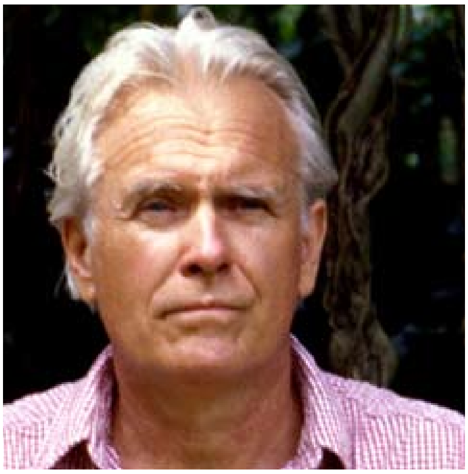
The Government has upheld its commitment to honour the previous Government's tax commitments. In the financial year 2010-11:

- The 30 per cent threshold will increase from $35,001 to $37,001; and
- The second top marginal tax rate will be cut from 38 to 37 per cent. The table below provides a comparison between the previous and new tax rates.

Current rates from 1 July 2009		Effective rates from 1 July 2010	
Taxable income ($)	Rate (%)	Taxable income ($)	Rate (%)
0 - 6,000	0	0 - 6,000	0
6,001 - 35,000	15	6,001 - 37,000	15
35,001 - 80,000	30	37,001 - 80,000	30
80,001 - 180,000	38	80,001 - 180,000	37
180,001+	45	180,001+	45

Note: excludes 1.5% Medicare Levy

When did you last review your financial plan?



While the most recent Federal budget contained fewer changes to super than many expected it is still a reminder of how important it is to review your financial plan so that it remains appropriate for changing circumstances.

We recommend that you review your plan at least once a year and we know how difficult it can be to do this on your own. For this reason you should consult one of our Review Planners who can help you either in person or over the phone at no additional cost.

It could be that your financial goals have remained while the world around you has been changing or it could be that your goals have changed too. In either case you should review your settings to make sure you are maximising your benefits and entitlements.

To speak to a review planner just call **1300 883 788** or send an email to **reviews@futureplus.com.au** to book a review.

Seminars

If you haven't retired yet, or your partner is planning to retire, why not attend a free pre-retirement planning seminar? Also, if you have family or friends that you think may benefit, please feel free to invite them along too.

To view our full calendar of forthcoming seminars, visit our website at **www.eisuper.com.au**

To attend one of our free financial seminars near you, call **1300 369 901**.

Alternatively you can book a seat by emailing: **info@eisuper.com.au**

It couldn't be simpler.

50% minimum pension drawdown relief extended

The Government waited until the last moment and on 30 June 2010 announced that the 50% reduction of the minimum drawdown requirement for account-based pensions will be extended to the 2010/11 financial year.

This measure, first introduced in February 2009, is aimed at those who wish to preserve their pension benefit so that they are in a better position to recover losses as markets recover over time.

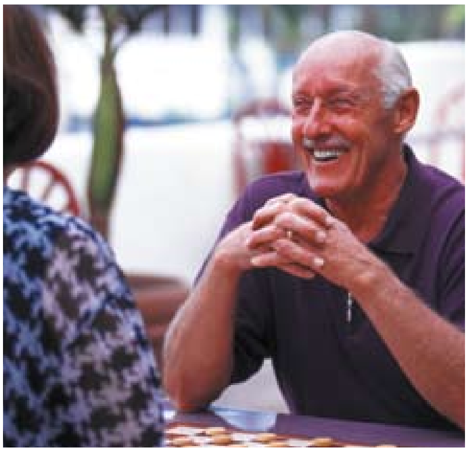
The age-based rates that will apply from 1 July 2010 are listed in the table:

Remember that the relief measure only applies to the minimum amount, so you are still able to draw down higher pension payments if you need to. It is also possible that a change in your pension drawdown amount may affect your Age Pension entitlement so you should check with your planner if you're unsure about your situation.

To reduce your pension drawdown or to find out more about the changes, please call **1300 883 788**.

Age on 1 July 2010	Minimum drawdown (as % of account balance on 30 June 2010)
Under 65	2.0%
65 to 74	2.5%
75 to 79	3.0%
80 to 84	3.5%
85 to 89	4.5%
90 to 94	5.5%
95 or older	7.0%

Does your financial plan let you sleep well at night?



The global financial crisis has been a reminder that investing can be a risky business.

All investments come with some degree of risk. Growth assets, such as shares and property, generally have the potential to earn higher returns but also have a higher risk of declining in value over the short term. Defensive assets, like cash and fixed interest, have a lower chance of capital loss but generally earn a lower return.

Each person has a different ability to stomach the risks of losing money in exchange for the chance of making money. This is called their risk tolerance and it is experienced in two ways. One is how much they can afford to lose without affecting their lifestyle or ability to reach their financial goals. The second is how much they can lose before they start feeling stressed or suffer sleepless nights.

Some people are very cautious and are willing to accept low to moderate growth in their investments if it reduces the chances of losing money. Some are more aggressive and will tolerate larger losses in the short term in order to achieve the highest possible return over the long term. Others fall somewhere in between.

So, it's not only important for your financial planner to understand your specific financial circumstances and needs when they draw up an investment plan for you, they also need to know what kinds of risk you will be comfortable with. That's why consultations with a FuturePlus Financial Planner include a series of questions about your risk tolerance.

This information – combined with knowledge of your assets, liabilities and income, retirement goals and retirement timeframe – will help the planner put together an appropriate investment strategy that makes sense for your stage of life and will allow you to sleep well at night.

If you feel that your current investment strategy is out of kilter with your tolerance for risk or if your financial circumstances have changed, please call **1300 883 788** to talk to one of our financial planners, at no additional cost to yourself.

Fair Go

Departure Lounge – Resorts Accommodation

Winter is here, so why not head north to warm up with a Departure Lounge winter escape. With more choice than ever, Departure Lounge is ready to send you on your next holiday or short break.

Members can **save up to 55%** with some fantastic winter specials at a range of Peppers, Mantra and BreakFree properties.

For couple escapes or family holidays, there is something for everyone!

Visit **http://www.eisuper.com.au/fairgo/departurelounge.asp** for more information and current special offers.

Get into shape

Feeling unfit? Well, there's no better time to start getting into shape than right now.

Physical activity is important because it makes you look and feel better, gives you more energy, enables you to sleep better and relax - and it's social and fun. It also helps to control your weight, blood pressure, cholesterol, diabetes and arthritis and it reduces the risk of heart disease, stroke and some cancers.

It is recommended that you should do at least 30 minutes of moderate intensity physical activity on most, preferably all, days to keep your heart, lungs, muscles and bones in good working order. If you can't do 30 minutes now, start with 10 minutes once or twice a day. After two weeks, make it 15 minutes twice a day and you will have reached your goal of 30 minutes a day.

You don't have to puff and pant or work up a sweat, but it is okay if you do. To get started, try a brisk walk, working in the garden or going for a swim. Also consider joining a Tai Chi or yoga class to improve your balance and help prevent falls.

Make a specific time each day to do these exercises, or fit them in whenever you can. If you can, also try to reduce the time you spend sitting for long periods.

For more on how to become more physically active, you can order the Choose Health: Be Active: A physical activity guide for older Australians, published by the Department of Health and Ageing and the Department of Veterans' Affairs. Just call **1800 500 853** for a free copy.

What's on in NSW?

The Dubbo Vintage Truck and Tractor Show

When: 6 – 8 August 2010

Where: Dubbo Showground, Dubbo

What: The Dubbo Vintage Truck and Tractor Show has trucks, tractors, steam tractor engines, cars and a fantastic display of stationary engines plus entertainment, memorabilia, food and refreshments.

Find out more: 0418 226 751

Hunter Valley Gardens Chocolate Festival - Exhibitions and Shows, Festivals and Celebrations

When: 7 – 8 August 2010

Where: Hunter Valley Gardens, 2090 Broke Road, Pokolbin

What: This amazing event will expose you to an unforgettable chocolate experience with fun activities and information for all the family inspired by chocolate. There will be display stalls with free entertainment, demonstrations, activities, competitions and prizes.

Find out more: www.hvg.com.au

Tullamore Agriculture Show

When: 13 – 14 August 2010

Where: Tullamore Showground, Tullamore

What: The annual Tullamore Agricultural Show offers all the usual pavilion exhibits, ring events, side show alley, livestock judging and the popular Dog Show. Plenty to see and do so come and enjoy a day out at a Country Show.

Find out more: 02 6893 7266

Bellingen Blues Festival

When: 20 – 22 August 2010

Where: Various venues in Bellingen. The three day Bellingen Jazz and Blues Festival gives you a live cross section of jazz and blues style music.There is jazz on the pavement by the pub and beside the council chambers,, cafés, a big band dance, cocktail party, with some night shows. The hallmark event is on Sunday. 'Jazz by the Riverside' with music and picnic on the banks of the Bellinger River.

Find out more: www.bellingenjazzfestival.com.au

The markets and you

Michael Block
General Manager, Investments,
FuturePlus Financial Services

May 2010 was a particularly bad month for shares with stocks around the world losing value. This has caused many people to think whether its time to get out of shares or hang on, particularly if they are close to retirement or scared of further losses.

There are many investment myths. For example, there is an old adage in the share market which says “sell in May and go away”. It is based on the idea that May to November (roughly the European and American summer) is not a good time for shares. However, this saying has no basis in fact as the May to November period is neither particularly good nor particularly bad for shares.

But there are some facts that we can rely on and they have been a good guide for a very long time.

The way that I like to look at it is that shares have for centuries followed a fairly stable upwards trend and for the most part it makes sense to have some in your portfolio and hold them for the long term. This trend is evident in the attached diagram showing Australian share prices from 1980 to 2010.

If we look back (admittedly it’s always easier with hindsight) it shows us that shares were above their long-term trend in 1987 and for those who could, it may have made sense to take a little risk off the table and reduce exposure to shares.

Similarly in 2007 the graph shows that shares were a very long way above their long-term trend and greatly overvalued. Like 1987 the lead-up to 2007 was a good time to sell and a bad time to buy. After the so-called global financial crisis in 2007 share prices fell below their long-term trend suggesting it was a good time to add to your shareholdings.

So where are we now?

Right now, share prices are within their long-term trend indicating that holding shares should result in an acceptable return over the long term.

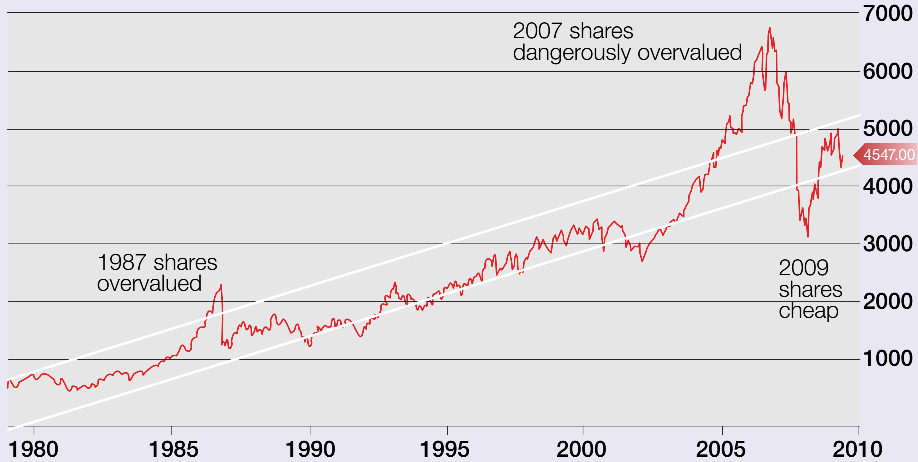
A general rule of investing is that you buy when prices are low and sell when prices are high. If we accept this advice now is a time to do nothing and just hold your long-term allocation in shares. This is because shares are not cheap enough to suggest adding to portfolios and only just above their average long-term price which does not indicate the sort of danger that would make one run away from the markets.

Of course, this trend is a long-term trend and does not suggest that we won’t see some more volatility in the next little while with so much uncertainty in the world.

I must emphasise this is advice from a funds management perspective and does not constitute personal advice as it does not take into account your personal objectives, financial situation or needs. Prior to making any investment decision you should consult your financial planner.

If you would like to discuss any of the topics raised by Michael Block with a financial planner please call **1300 883 788**.

All Ordinaries Index 1980-2010



Today shares are fair value and in the middle of their long-term trend.

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Office hours 8.30am - 5.00pm
Monday - Friday

*Bookings are essential. Phone 1300 883 788 to make an appointment.

What's happened in investment markets?

June quarter 2010

The main focus of economic news turned to Europe during the quarter with several countries including Greece, Spain, Portugal, Ireland and Italy facing doubts about whether they would be able to meet their debt obligations. Greece, in particular, had its debt rating cut to below investment grade as the risk of a default increased. This sparked a big sell-down in global share markets as concerns emerged about which companies had exposure to the debt of these nations and what effect it would have on the wider European economy.

Domestically, the overriding feature of the Australian economy seemed to be stability. Unemployment has levelled out at a rate of 5.2% by the end of June and the rate of inflation is within the Reserve Bank's target range. One worrying area of the economy is the rate of property price increases with numbers indicating a year-on-year increase of 20%. This has been one of the reasons the RBA has been inclined to raise interest rates. With a pull-back in the first home buyers grant and other housing initiatives, this rapid increase in prices is unlikely to continue, but how the housing market performs without artificial stimulus is something to watch out for.

In the US, there are still structural issues that need to be addressed before investors can start to believe in a sustained economic recovery. The level of household debt is still at very high levels and with unemployment remaining in the 9.5-10% range it is difficult to see this improving any time soon.

The market commentary below is provided to give an indication of the various factors affecting the investment performance of individual asset classes. It is based only on the gross performance of the relevant market index and no allowance is made for taxes or fees as they apply in your superannuation investment. It is provided merely as an indication of relative performance between asset classes and should not be used as a measure for judging the performance of your investment strategy.

Australian Equities

The Australian share market benchmark, the S&P/ASX200 Accumulation Index, returned -11.1% for the quarter. The market really struggled after a good start to the quarter with a 6.5% return in April. From there, though, it was all downhill with mainly macroeconomic news driving the market down as concerns emerged about the debt situation in some European states and its ramifications.

International Equities

International shares, like the domestic market, performed poorly after a positive start with the benchmark for global shares, the MSCI World ex-Australia Index, returning -11.8% on a currency hedged basis. The currency impact was significant in the quarter with the Australian Dollar falling against most of the major currencies, with the exception of the Euro. It is difficult to see where the markets will go from here but they are sure to be volatile for the next few months.

Listed Property

Australian Listed Property finished the quarter down with the S&P/ASX200 A-REIT Accumulation index returning -1.3%. This was a considerably better performance than shares in general as the property fundamentals limited the downside. Previously, listed property companies had received significant sell-downs due to their high levels of debt but, after significant capital raisings, investors were able to focus on the underlying property valuations, which have remained relatively stable and provided some growth.

Cash and Fixed Interest

There were a further two interest rate rises in the quarter with the Reserve Bank of Australia raising rates by 0.25% in April and May amidst concerns that the economy may be growing at too fast a rate following the general recovery. Rates are now at a level considered to be 'normal' as the stimulatory Government spending measures of last year have been progressively removed or wound back. There is scope for further rate rises but this is likely to be at a much slower pace than we have seen so far.

Short-term money markets produced decent returns with the UBS Bank Bill Index finishing up 3.6% for the quarter. Bond markets also produced significant returns over the quarter (particularly when compared with shares) with the UBS Australian Government Bond Index returning 4.1% as investors sought quality investments as a replacement for shares. Globally, government bond prices increased with the benchmark S&P/Citigroup World Government Bond Index (Hedged) returning 3.5% as the 'flight-to-quality' extended to global bond markets.

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