



Salary reduction provisions

The value of a member's Employer Financed Benefit is directly related to a member's salary.

Any reduction in salary can therefore result in an immediate reduction in the member's entitlements.

This Fact Sheet only applies to the Retirement and Defined Benefit Schemes (i.e. Divisions B and D respectively) and the options explained in this Fact Sheet may help some of these members.

Retention of higher salary

In some circumstances, a member's previous, higher salary can be retained for benefit purposes. This is referred to as a "Crystallisation" benefit.

Crystallisation

Members of any age who experience a single attributed salary* reduction of 20% or more qualify for a Crystallisation benefit.

A member who qualifies for a Crystallisation benefit may be able to protect the benefits accrued on their previous higher salary by exiting the Scheme without leaving their current employer, and using the higher salary to calculate their benefit.

Crystallisation separates the period of membership prior to the salary reduction from the period after the salary reduction. This helps ensure that the salary reduction doesn't unreasonably impact on the overall benefit that the member may receive.

* Their salary as a full-time worker or, if part-time, the salary they would earn if they were working in the same job full-time.

When does it apply?

Generally, approval for a Crystallisation benefit may be given where the salary reduction is due to the member's ill-health or to other 'special' circumstances, e.g. where a member is redeployed to a lower paid position for non-disciplinary reasons.

How is the Crystallised benefit calculated?

The benefit will be calculated as if the member had exited the Scheme and then deferred their benefit the day before the salary reduction took place. In other words, the previous higher salary will be used to calculate the benefit. The benefit will be deferred from the exit date and adjusted with the Scheme's investment earning rates.

A member's contribution amount also continues to be payable at the higher rate. The member's benefits and contributions will rise in line with any salary increases the member subsequently receives above the previous level.

How to apply

The member would need to write a letter to apply for the reduction. Although the employer's approval is not required, a member making an application under these provisions should do so through their employer as the employer must verify both the salary reduction and the reason for it.

Do members still accrue super after Crystallisation?

Yes, the member can elect to rejoin the Retirement Scheme for the remainder of their service and contribute for benefits in that Scheme based on their new lower salary.

Alternatively, they can join the Accumulation Scheme. If they do not make an election they will automatically become a member of the Accumulation Scheme.



ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

Fact sheet



Is there a time limit to apply for Crystallisation?

Generally, a member should apply for Crystallisation within 2 months after their salary is reduced. In some circumstances, a member can apply to the Trustee for approval of a late election.

When is a Crystallised benefit payable?

The benefit will be payable in the same way as when a 'normal' benefit is payable, ie when the member ceases employment or upon the member's death. Also payable at that time are any other benefits accrued in the period of lower-paid employment leading into retirement. Please note that in accordance with the Scheme rules, a cash termination benefit is available to any member who ceases employment due to resignation, dismissal or discharge before the Scheme's retirement age.

Any preserved component can only be paid when the member meets a condition of release under superannuation law.

Need further information?

For further information on the Scheme's salary reduction provisions and the options outlined in this fact sheet, please contact Member Services on 1300 369 901 between 9am and 5pm on any business day or visit our website at www.eisuper.com.au

Please note that the information contained in this document is of a general nature only and does not constitute personal advice as it does not take into account your personal objectives, financial situation or needs. Any advice in this document is provided by FuturePlus Financial Services Pty Ltd (ABN 90 080 972 630) as an Australian Financial Services Licensee (AFSL 238445) on behalf of the Trustee of the Energy Industries Superannuation Scheme, Energy Industries Superannuation Scheme Pty Ltd (ABN 72 077 947 285). Energy Industries Superannuation Scheme Pty Ltd is an APRA Registrable Superannuation Entity Licensee (ABN Pool A - 22 277 243 559 and ABN Pool B - 64 322 090 181).

Members should not rely solely on this information and should consider their own personal objectives, financial situation and needs before acting on this information. Prior to making any investment decision you should obtain and consider the relevant Product Disclosure Statement (PDS) pertaining to your Scheme membership and seek professional investment advice. Date issued: 4 December 2009.

0000-LGSS-12/09
2

This paper is Australian made and certified under Environmental Management Systems ISO14001

Energy Industries Superannuation Scheme Pty Ltd (ABN 72 077 947 285) (ABN Pool A - 22 277 243 559 and ABN Pool B - 64 322 090 181)

Sydney Office: Ground Floor, 28 Margaret Street, Sydney NSW 2000 **Postal Address** PO Box N835, Grosvenor Place NSW 1220

Tel: 1300 369 901 **Fax:** (02) 9279 4131 **Website:** www.eisuper.com.au