

# YOUR FUTURE



ENERGY INDUSTRIES®  
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme  
Accumulation and Executive Schemes - ABN 22 277 243 559

Financial year ending June 2011

## A message from Richard Powis, the new CEO



I'm delighted to have been appointed Chief Executive Officer of the Energy Industries Superannuation Scheme (EISS).

Many of you will know that I previously held the position of CEO of FuturePlus Financial Services, the administrator of your Scheme. Prior to this I served as CEO of Integral Energy for eight years, and have held positions on the Boards of several organisations in the energy industry, including the EISS Trustee Board. I firmly believe that these roles have provided me with a fully rounded insight into all aspects of EISS – from the decisions made in the Board Room and the administrative challenges faced to most importantly, the concerns and needs of you, the EISS members.

As you would know, the past twelve months have seen several changes within the energy industry. There have been some changes within EISS too.

You'll know by now that EISS has acquired full ownership of FuturePlus Financial Services. This has allowed us to focus our Client Relationship Management and Financial Planning services solely on EISS members. We've retained financial planning services in Sydney, Newcastle and Lismore. In addition and in further recognition of where the EISS membership is concentrated, we've employed planners in Port Macquarie and Nowra. These planners will serve members in the Northern and Southern regions of the state. Details on how to make an appointment with your local planner are contained within this newsletter.

It's been pleasing to have achieved a strong overall investment performance for the past financial year and we will continue to work hard to achieve solid, steady returns.

EISS is committed to ensuring that you are looked after as best we can while you're working and in your retirement, and that you're able to take sound financial advice and a healthy level of

## Welcome

In this issue you will find information on:

- The markets and you
- Discount Cinema tickets
- Tips on minimising your carbon footprint
- Fair Go
- Frequently Asked Questions
- Contribute to your inactive account
- Budget update
- What's happened in investment markets?

retirement funding with you when you retire.

We are continuing to move in the right direction with these goals. I look forward to keeping that momentum going.

## EISS sponsors Apprentice Awards



EISS has proudly sponsored the inaugural Essential Energy Apprentice Awards for 2011.

These awards recognise the outstanding achievements of apprentices and their commitment to safety and environment practices, academic excellence, workplace competency and personal development.

The 2011 awards identified the best of Essential Energy's regional apprentices, based on academic results and workplace performance.

Congratulations to all the winners, who each received a super contribution to their EISS accounts.



# The Markets and you

The June quarter was a particularly difficult period for markets, with shares around the world losing value. Whilst markets rebounded at the end of June in response to the passing of the Greek austerity package, the strong finish to the quarter wasn't enough to recover from earlier losses. Global share markets continue to be volatile, with potential macroeconomic risks, such as the euro-zone crisis, affecting market sentiment.



So, how can we make sense of this volatility? Benjamin Graham, one of the founding fathers of modern investment, sought to explain the behaviour of the share market with an allegory. In his 1949 book, *The Intelligent Investor*, Graham introduced us to a fickle character known as Mr Market.

Each day Mr Market arrives at the investor's door offering to buy or sell his shares at a different price. On most days, the price quoted by Mr Market

seems reasonable, but sometimes it is not. The investor is free to either agree with his quoted price and trade with him, or decide not to trade. Either way Mr Market returns each day to quote another price.

The point of this story is that the investor should not regard the whims of Mr Market as a determining factor when valuing the shares they own. Market prices are often a reasonable estimate of a share's fair value, but there are times when markets fluctuate greatly, alternating between extreme optimism and extreme pessimism.

This does not mean that we should ignore the market. Market fluctuations can be an indication that something has changed and deserves our attention.

That said, as investors we should seek to profit from market folly rather than participate in it. The fact that markets are driven more by mood swings than by rational thought presents patient investors with buying and selling opportunities. If Mr Market's price is unreasonably high, then patient investors have the opportunity to sell. On the other hand, if it is unreasonably low, then they have the opportunity to buy.

The important thing is that a patient and careful investor always makes a decision based on analysis and reason, rather than emotions such as greed or fear.

## With that in mind, how can we avoid getting caught up in the mood of the market?

It helps to a) focus on an investment's fundamentals and b) invest with a long-term perspective. Right now, if we take a long-term (i.e. greater than 5 years) perspective, share markets appear to be fairly valued, so Mr Market appears neither optimistic nor pessimistic. If we accept this reasoning, now would seem a good a time to do nothing and just hold our long-term allocation to shares.

Of course, taking a long-term view does not suggest that we won't see further volatility in the short-term. This is where Mr Market has been active so far this year. The mood of the market has alternated between optimism and pessimism. When this is the case, it can be quite a challenge, even for professional investors, to resist the temptation to make changes to an investment portfolio.

Remembering that Mr Market over-reacts can help us not to get carried away with the euphoria of rising markets nor the 'doom and gloom' of falling markets.

It should be emphasised that this is general advice from a funds management perspective only and does not constitute personal advice because 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.

## Annual Report online

Help us to reduce our costs and our impact on the environment by viewing the Annual Reports online. Go to the EISS website: [www.eisuper.com.au](http://www.eisuper.com.au)

The 2011 Annual Report will be available in December. If you would prefer to receive a printed copy in the mail, please call Member Services on 1300 369 901.



# Discounted cinema tickets to Fair Go members



Fair Go membership gives you access to the **Member Benefits Box Office**, which provides you with some great savings on movie tickets at most major

cinemas, including Hoyts, Village, Palace and Greater Union.

Purchasing your discounted movie tickets is easy. Simply go to [www.spendless.net.au/memberbenefits](http://www.spendless.net.au/memberbenefits) and order online. All payments are secure through the eWAY payment gateway.

Alternatively, you can order over the phone at the **Member Benefits Box Office** on **1800 352 600** (unless you're in Melbourne, where you should call **9822 9966**). Don't forget to quote "**Member Benefits**" to obtain your discount.

Please note, you must pre-order your movie tickets through the **Member Benefits Box Office** to qualify for your discount. Your ticket can then be exchanged for the movie session at the cinema you choose. Discounts are not given or recognised by the cinemas directly.

While you're visiting the Spendless website you may also like to take advantage of the discounts available to Fair Go members at the cinemas' candy bars.

You'll also find discounted tickets to Australian theme parks and other special offers.

## Tips on how to minimise your carbon footprint



Energy consumption has an impact on your pocket and the environment. Here are a few tips on how to live more efficiently.

- Unplug your appliances. Leaving appliances on standby can account for between \$11-15 in every \$100 on your bill. This can be avoided if you turn appliances such as TVs, stereos and computers off at the power point.
- For appliances that can't be turned off, like a fridge, make sure there is space for the air to circulate around it. Also, check the thermostat to make sure it is not making the fridge much colder than it needs to be, and ensure that the door seals are clean and that the door itself closes securely.

- When buying appliances check the energy-rating and also whether you might qualify for government rebates for purchasing a high energy-efficient appliance. Not only are energy efficient appliances cheaper to run, they are also good for the environment. For example, an energy-efficient fridge can save up to 4.5 tonnes of greenhouse gases over its lifetime. Visit [www.energyrating.gov.au](http://www.energyrating.gov.au) for more information.
- Try to fill the dishwasher and washing machine before using.
- Switch to compact fluorescent lights. Heating and cooling make up a substantial part of any power bill. These are tips for making your heating and cooling as efficient as possible.
- Insulate your roof to help moderate the fluctuation of temperature in your home. The money you save on your energy bill will repay the investment in a relatively short time.
- Close all external windows and doors when the air-conditioning is running and shade windows during summer to keep the heat out and during winter to keep the heat in.

- Use ceiling fans where possible as they are much cheaper to run than air-conditioning. If you have fans already turn them off when you leave the room as their cooling effect only works while you are in the room.
- If you are using an air-conditioner try not to set the thermostat too high or too low. When heating, each 1°C increase of the thermostat can save up to 10 per cent in power costs.
- Lowering the water heater thermostat, if possible to around 65°C, can also help reduce costs.
- Check your home's energy efficiency rating by going to the NABERS website at [www.nabers.com.au](http://www.nabers.com.au) which will also provide you with further suggestions about how to make your home as energy efficient as possible.

Finally, you should check that you are getting the best deal possible from your energy supplier. For more information about choosing the best energy supplier go to [www.industry.nsw.gov.au/energy/customers/choosing-supplier](http://www.industry.nsw.gov.au/energy/customers/choosing-supplier)

(Sources: Choice Online and the NSW Government Industry and Investment website Saving energy.)

## Fair Go - Departure Lounge



### Save up to 50% on accommodation

With more choice than ever, the Departure Lounge is ready to send you on your next holiday or short break.

As a member you can search and book discounted accommodation at Peppers, Mantra and BreakFree properties throughout Australia and New Zealand.

These rates are exclusive to members and can be booked up to 12 months in advance. Plus if you can't find a suitable special, you can still book the best available accommodation rate at any of our hotels, apartments, resorts and retreats.

To book, visit [www.eisuper.com.au/fairgo/departurelounge](http://www.eisuper.com.au/fairgo/departurelounge)

### Gift Cards

Whether you want to say "happy birthday", "I love you" or "thank you for all your hard work", a Peppers, Mantra or BreakFree Gift Card is the perfect gift and one they will always remember.

Peppers Retreats, Resorts and Apartments - Gift Cards  
[www.peppers.com.au/gift-cards](http://www.peppers.com.au/gift-cards)

Mantra Hotels, Resorts and Apartments - Gift Cards  
[www.mantra.com.au/gift-cards](http://www.mantra.com.au/gift-cards)

BreakFree Hotels, Resorts and Apartments - Gift Cards  
[www.breakfree.com.au/gift-cards](http://www.breakfree.com.au/gift-cards)

## Frequently Asked Questions



### What would happen to my super if I died?

None of us like to consider what would happen when we die, but it is something we all need to think about. We want to make sure that our loved ones will be looked after and for most of us our super benefit is one of our most significant assets.

It's also worth remembering that circumstances can change, so it's important that you review your individual situation on a regular basis to make sure that your death benefit arrangements are up to date.

#### **Leaving your super to your spouse**

The Trust Deed governing EISS is very specific about the payment of super death benefits. Firstly, if you have a legal or de facto spouse and you wish to have your benefit paid in full to your spouse, you do not need to do anything at all. Under the rules contained in the Trust Deed, your legal spouse will automatically become entitled to your benefit in the event of your death. You are not required to make any nominations for this to happen.

#### **Where you do not have a spouse**

If you do not have a legal spouse, the Trust Deed states that your benefit must be paid directly to your estate. This means that once we've paid your

estate your super should be distributed in accordance with your Will by the executor of your estate. Again, you do not need to make a nomination for this to happen, but you should ensure that you have made a Will and that it's up to date.

#### **Binding nomination**

You will only need to make a binding nomination if you don't want your current spouse to be the automatic recipient of your benefit. This might be the case for a number of reasons.

For example, a member might wish to leave some of his super to his current legal spouse, but also make sure that his children from a previous relationship receive some. In this case, the member should make a binding nomination, which confirms that his death benefit is to be paid to his estate, not directly to his current spouse. Provided this member has also made a Will, in which he's indicated how he'd like the benefit distributed and to whom, he would achieve his desire to look after those important to him.

A binding nomination is valid for 3 years, so it's important that you are aware of its expiry date. To help you remember the expiry date, it's printed on your EISS statements. It's also displayed on the 'beneficiaries' page of the EISS website, so if you've registered for web access you can keep an eye on it online.

The Binding Nomination form can be found in the 'Forms & documents' section of the EISS website:

[www.eisuper.com.au](http://www.eisuper.com.au)

#### **Further information**

Further information is available via the Nominating Beneficiaries fact sheet on the EISS website or via Member Services: **1300 369 901**.

## You can now contribute to your inactive EISS account



If you have an inactive account with Energy Industries Superannuation Scheme because you left your energy industry employer, you would know that in the past you were unable to make additional personal contributions to your account. This also meant that any insurance cover you held with EISS could only last for as long as your account balance could meet the cost of the monthly premiums.

### We've changed all that.

If you currently have an inactive account, or you leave your EISS employer in the future, you can continue to top up your account with personal (post-tax) contributions. Although EISS won't be able to accept contributions from a non-EISS employer, you can nominate your inactive account to receive rollovers from other super funds.

The good news for members who wish to retain their EISS insurance arrangements is that you can now keep your insurance running for as long as you like, provided you ensure that your account is sufficiently topped up to meet the cost.

For more information on inactive accounts or the insurance products offered by EISS, please call Member Services on **1300 369 901**.

# Budget update



While no major reforms to superannuation were announced in May's budget, a couple of proposed changes to existing policies were communicated.

### Excess Concessional Contributions tax relief

Currently, if a member exceeds the Concessional Contribution Cap of \$25,000 (currently \$50,000 for members aged 50 or above) by any amount, the excess amount is taxed at 31.5%. This, in addition to the 15% Contributions Tax originally paid on the contribution, gives a total tax of 46.5%.

In order to cater for members who might inadvertently breach the Cap, the government have proposed that members who breach the Cap by up to \$10,000 will be able to request a refund of excess contributions. The refunded

amount would be subject to tax at the member's marginal rate.

This concession applies only from 1 July 2011 onwards, not for previous financial years. Also, it will only apply once per member, so you should be as careful as ever when keeping track of your Concessional Contributions.

### Additional Cap allowance for some members.

From 1 July 2012, the Concessional Cap for members aged 50 or above is due to revert to the 'standard' Cap (currently \$25,000).

However, an additional amount of \$25,000 will be added to the standard Cap for members aged 50 or above who have an account balance of less than \$500,000.

For example, the current Cap would be \$50,000 (that is, the standard Cap of \$25,000 plus the additional \$25,000). If the standard Cap increases to \$30,000, due to indexation, the total Cap would be \$55,000.

More detailed information on how this would work has not yet been announced. We'll keep you updated as information becomes available.

For more detail about these and other changes included in the Budget please go to our website at [www.eisuper.com.au](http://www.eisuper.com.au)

## Check your account online

Members who've registered for online access to their accounts can obtain current information such as:



- Account balance
- Transaction history
- Chosen investment strategy
- Nominated beneficiary

This information is updated several times a day, so it's as up to date as if you'd phoned Member Services for it.

You can also view and amend your contact details online.

If you haven't yet registered for online access, visit [www.eisuper.com.au](http://www.eisuper.com.au) and follow the 'login' and 'register' prompts.

# What's happened in investment markets?

The 2010/11 financial year produced excellent returns from equity markets, in line with long-term averages. The Australian share market was up nearly 12%, albeit with a three month sell-off at the end of the year when markets retreated back by 4%.

Globally, returns from equity markets differed greatly depending on the currency in which it is being measured. During the year, the Australian dollar appreciated by 26.8% against the US dollar and against all other major currencies except for the Swiss franc. To give an example of the importance of currency for the previous financial year; if you take the global equity benchmark returns on an unhedged basis the return for the year was 22.3%. In hedged terms this becomes 2.7%.

Much of the positive returns in equity markets came despite a torrent of global economic uncertainty and natural disasters.

The US economy muddled through

the year without being able to provide much in the way of positive news. The US government reverted to thrusting significant stimulus measures into the economy in the form of the quantitative easing programme. Colloquially termed 'QE' this involves the government buying back previously issued financial instruments from private institutions, via newly created money, in the hope of providing additional liquidity to the economy. This in turn should encourage businesses to spend and increase consumer confidence.

The second of these initiatives ('QE2') concluded in June 2011, when the US Federal Reserve finalised the purchase of US\$600 billion worth of previously issued bonds. This was in addition to the previous programme, where an estimated US\$1.25 trillion worth of assets were purchased.

The market generally reacted positively to these initiatives and it was certainly a major contributory factor in the

performance of equity markets. Some, however, are still questioning what long-term effect this will have on the US economy and the risk of higher-than-average inflation is present, given the amount of additional money that has been pumped into the market.

Elsewhere, the European debt crisis continued to play on investors' minds as the problems we saw emanating from Greece spread to other European countries. Ireland, for example, received bail-out funds of approximately US\$115 billion, to avoid defaulting on its debt obligations. Fear resonated through markets as investors were speculating on which country would be next with Portugal, Spain or Italy seemingly the most likely.

It was, in fact, Greece which required a second bail-out package to the value of US\$112 billion, to aid in its debt repayments towards the end of the financial year.

Overall, investors will generally be happy with how the 2011 financial year played out. Returns in all major assets were in line with historical averages, implying that we may have entered into a more 'normal' period as markets consolidate after a tumultuous couple of years. It remains to be seen what the 2012 financial year will hold in store and there are certain economic issues that will need to be resolved before investors will be confident in a sustained recovery, but investors will certainly welcome more of the same.

## Investment performance as at 30 June 2011

Strategy	%p.a.
High Growth	10.35
Diversified	9.07
Balanced	7.78
Capital Guarded	6.72
Cash	4.00

Strategy	%p.a.
High Growth	-0.14
Diversified	1.14
Balanced	2.35
Capital Guarded	3.19
Cash	4.97

Investment returns shown are historical and future performance cannot be guaranteed. Investment returns can go up and down and past performance is not a reliable indicator of future performance.

### Regional office details:

Lismore Newcastle Nowra Port Macquarie Bookings are essential. Phone 1300 369 901 to make an appointment.

If you have any questions, feel free to contact Member Services on 1300 369 901 or visit [www.eisuper.com.au](http://www.eisuper.com.au)



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