

# YOUR FUTURE



ENERGY INDUSTRIES®  
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme  
Retirement and Defined Benefit Schemes - ABN 64 322 090 181

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 planners 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

## Welcome

In this issue of Your Future:

- The markets and you
- The latest from Fair Go
- Profile: Brent Madigan, Financial Planner
- Budget Update
- Frequently asked questions
- Investment performance
- Meet Peter Hogg, Head of Financial Planning
- What's happened in investment markets?

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 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.

## 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)

# Profile: Brent Madigan, Financial Planner



We're pleased to announce the arrival of Brent Madigan as the newest addition to the Financial Planning team.

Brent will provide Financial Planning services to the Northern NSW region and will base himself in Port Macquarie, where we have also established an office.

Brent started working with FuturePlus in April 2011 and has been busy meeting with EISS members since then.

Having worked in retirement planning for over 16 years, Brent has acquired a great knowledge of financial matters and has experience in providing planning services for all kinds of clients and situations, including NSW government employees,

self-funded retirees and Aged Pensioners.

This broad experience has obviously shaped Brent's approach to each financial plan he undertakes:

"Everyone is different and the best solution for your retirement is the one that suits your needs. There is no single solution to a member's retirement strategy"

We asked Brent to share with us some other views on financial planning.

## 1) What's the key to a successful retirement?

You should ensure you have a financial plan in place and that you review it at least every year.

## 2) What's the best question you've been asked by a planning client?

I don't think there is a best or worst question. Any question asked by a client is an important one, however basic it might seem. That's because it's a question about their own retirement - it's important to them, so it becomes important to me too.

## 3) OK then, what's the silliest question you've been asked?

There are no silly questions! The important thing to me is that my planning clients feel comfortable enough in our meetings to feel that they can ask me anything about the planning process. In fact, I'd like to think they'd feel sillier *not* asking about something which is on their mind!

## 4) What's your idea of a good financial planner?

To me, a good financial planner is one who is qualified, experienced and reliable. It's important that your planner is someone you feel you can trust and that they speak to you in a language you can understand.

## 5) Finally, what tip would you like to provide to EISS members looking to plan their retirement?

Don't try to buy meat at a greengrocer, don't ask for a haircut at the post office and certainly don't take financial planning advice from your golf partner (unless you happen to be teeing off with a qualified financial planner!).

To arrange an appointment with one of our qualified financial planners to discuss your retirement plan (not your golf swing) 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 (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.

At this stage, this is a proposal only and hasn't been formalised. More detailed information on how this would work has yet to be announced. We'll keep you updated as information becomes available.

# 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 many 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**

## 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.

## Investment performance

12 months to 30 June 2011

Retirement Scheme returns for the Contributor Financed Benefit

Strategy	%
High Growth	11.19
Growth	10.59
Diversified	9.42
Balanced	8.31
Capital Guarded	7.65
Cash	4.74

### Defined Benefit Scheme

Strategy	%
Defined Benefit Selection	11.09

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.

# Meet Peter Hogg, the new Head of Financial Planning



As a result of EISS acquiring full ownership of FuturePlus Financial Services, we have established a new financial planning team. I am delighted to have been appointed head of that team.

As those of you from the Newcastle area may know, I have been a FuturePlus financial planner, serving EISS members since 2007.

Although I've described the financial planning team as 'new' many of you will recognise some of the names on the team list opposite, who have accumulated between them nearly 25 years' experience in providing planning services to EISS members.

As head of the team I am looking forward to the challenge of ensuring that we continue to provide the high quality financial planning services you've come to expect from us.

One of our first priorities has been to examine how we may be more accessible to EISS members in regional NSW. So although the regional 'shop front' offices have not been retained, we are certainly seeking to retain a regional presence throughout the state. We started this process by retaining an office presence in Newcastle, Lismore and Sydney.

Since then, we have also established new planning operations in key locations such as Port Macquarie and Nowra, which now have serviced offices and financial planners.

Members can make appointments with our planners at these offices, or at their place of work, by calling our Member Services team on **1300 369 901**.

I am well aware that the energy industry will see significant changes over the coming year or so and I am fully confident that my team of dedicated planners can assist you through these changes.

We've established a new email inbox especially for financial planning matters and would welcome any queries, feedback or suggestions you may have. The address for the mailbox is above.

On behalf of the financial planning team, I welcome you to a new era for EISS financial planning. We look forward to assisting you in the months and years to come.

## New Financial Planning mailbox

The Financial Planning mailbox is a dedicated email inbox for financial planning related matters. The address is:

**[financialplanning@eisuper.com.au](mailto:financialplanning@eisuper.com.au)**

We would encourage you to use this mailbox for any suggestions or feedback you may have about our financial planning services.

## Your Financial Planning team

### **Peter Hogg**

Head of Financial Planning  
Hunter Region and Central Coast

### **Doug Matthews**

Financial Planner  
Western NSW and Sydney CBD

### **Pam Ingleton**

Financial Planner  
Greater Sydney Area

### **Brent Madigan**

Financial Planner  
Northern NSW

### **Sam Fletcher**

Financial Planner  
Southern NSW

### **Alicia Walker**

Senior Planning Support Adviser

### **Faraz Ali**

Planning Support Officer

# Start Planning for your retirement now

If you haven't already started, now is the time to start planning for your retirement.

EISS can offer you financial planning advice at no additional cost. Planning appointments can be arranged at the regional offices listed here, or at your workplace.

- Sydney
- Newcastle
- Port Macquarie
- Lismore
- Nowra

Bookings are essential, so don't delay, call **1300 369 901** to book your planning appointment.

# 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.

## 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)



ENERGY INDUSTRIES®  
SUPERANNUATION SCHEME

**Head Office**  
Ground Floor  
28 Margaret Street Sydney

**Postal address:**  
PO Box N180  
Grosvenor Place NSW 1220  
Office hours 8.30am - 5.00pm Monday - Friday

**T:** 1300 883 788  
**F:** 02 9279 4130  
[www.eisuper.com.au](http://www.eisuper.com.au)

This paper is certified under Environmental Management Systems ISO14001.