

FINANCIAL PLANNING NEWS



ENERGY INDUSTRIES®
SUPERANNUATION SCHEME

Energy Industries Superannuation Scheme

June quarter 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 that of 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

Inside this issue of Financial Planning NEWS:

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- Meet Financial Planner Brent Madigan
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- What's on in NSW?
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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.



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 and follow the 'login' and 'register' prompts.

Meet the Planning Team – Brent Madigan



In the last edition of Financial Planning News we announced 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 small changes to existing policies were communicated.

Pension drawdown relief extended (but amended) for the 2011/12 financial year

For the past couple of years, due to the global financial crisis, the Government had reduced the minimum drawdown amounts for account based pensioners by 50%.

You would know from the 'pension payment amount' letter sent to you in June that the relief is continuing for this

financial year, but that the minimum drawdown amount has increased to 75% of the normal requirement.

It is proposed that the relief will be discontinued altogether from 1 July 2012.

Additional Cap allowance for some members

It is proposed that 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.

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. As this may affect Rollover Plan or Account Based Pension members who are still working, we'll keep you updated as information becomes available.

What's on in NSW?



Mudgee Readers Festival

When: 20 & 21 August 2011

Where: Quality Parklands Resort & Conference Centre, Mudgee

What: The Readers Festival has been established to celebrate the joy of reading. With a wide range of authors and writing styles (usually including something for the children) the festival is an opportunity to sit back, let an author's life and work wash over you and enjoy panel discussions between authors.

Find out more:

www.mudgeereadersfestival.com.au

Spring Festival of Flowers,

When: 1 – 30 September 2011

Where: Hunter Valley Gardens, Hunter Valley

What: The Spring Festival of Flowers is an event designed to immerse visitors in a visual and sensory experience they will never forget. With over 25,000

annuals, demonstrations, entertainment and displays this event provides a stunning view and hands on experience for all visitors.

Find out more: www.hvg.com.au/events/events-listing/details/24

Wagga Wagga Show

When: 29 – 30 September 2011

Where: Wagga Wagga Showgrounds

What: Take the whole family along to enjoy the fun and excitement of the annual Wagga Wagga Show. With a comprehensive range of exhibits, full ring events, fireworks and an extensive sideshow alley there's something for everyone to enjoy.

Find out more:

www.waggashow.org.au

Darling Harbour Fiesta

When: 30 September to 3 October 2011

Where: Darling Harbour, Sydney

What: Now in its 18th year, Fiesta will continue its exciting tradition of presenting Latin American music and dance. Adding spice to Fiesta will be a delicious range of Latin American and Spanish food stalls, offering a variety of traditional culinary treats such as paella, tacos, Columbian coffee, Spanish churros and Argentinean alfajore cookies.

Find out more:

www.darlingharbour.com/sydney-Things_To_Do-Calendar-Darling_Harbour_Fiesta.htm

Zoo Grooves 1 October 2011

When: 1 October 2011

Where: Taronga Western Plains Zoo, Dubbo (African Picnic Grounds)

What: Zoo Grooves is a fun filled family day out with great live entertainment, animal encounters and free activities for the kids. The event also helps support the Zoo's conservation work, with the 2011 event supporting the Tasmanian Devil.

Find out more: www.taronga.org.au

Dorrigo Folk and Bluegrass Festival

When: 21 – 23 October 2011

Where: The Dorrigo Folk and Bluegrass Festival is rated highly on the festival circuit for folk and bluegrass followers. It features some of the best home-grown talent in both folk and bluegrass genres. It's a three day event, with camping available in the showground. Special programs are run for children.

Find out more:

www.dorrigofolkbluegrass.com.au



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

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.

Financial Planning Update

from Peter Hogg, Head of Financial Planning



Welcome to the new financial year.

This year the financial planning industry is expected to undergo some substantial reform, particularly for those who rely on high fees and significant commissions from their financial planning clients.

As an organisation providing 'no additional cost' financial planning services, we believe we already offer a high quality, highly competitive and affordable financial planning solution to our members and we'll continue to do so.

In the last edition I reported that we were seeking to enhance our regional presence, starting with an office and

financial planner in Port Macquarie. I'm pleased to report that operations are now up and running in Port Macquarie, with a new office, from which new financial planner Brent Madigan will service the Northern NSW region. We've provided a profile of Brent elsewhere in this issue.

The good news doesn't stop there, however. We've also been busy establishing a new office in Nowra and have already recruited financial planner Sam Fletcher. Sam has been working in Nowra for a boutique financial planning company for the past 6 years. I'm delighted that he has decided to join FuturePlus and bring his significant knowledge and experience to benefit members of EISS.

Many thanks to those members who have used the new Financial Planning mailbox to send in their suggestions and feedback. Your comments are appreciated, so please keep them coming.

To make a financial planning appointment, or to speak to a financial planner, please contact our Member Services team on **1300 369 901**.

The Financial Planning team and I look forward to meeting with you soon.

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**

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

Fair Go - Dell Computers



Dell is the world's leading computer systems company.

You can shop confidently with Dell, knowing you're getting the latest PC technology deals at a great price.

With a huge range of products and designs and local, expert support included with every PC, Dell is the smart choice for your technology needs.

As an added benefit, Fair Go Members enjoy savings of **UP TO 10%*** on Dell selected products!

Visit our Fair Go website

www.eisuper.com.au/fairgo/TelcoandIT/Dell.asp and follow the links to get your special member coupon code and get the right PC for you.

Dell makes computing easy!

*Dell's coupon terms and conditions apply.



What's happened in investment markets?

Economic news

The market was hit during the last quarter, with significant sell-offs in equity markets as investors became increasingly nervous about the European sovereign debt issues.

The Greek debt crisis continued throughout the quarter as it was announced that Greece would require a second bail-out package in order for the nation to service its debt obligations.

The Greek Prime Minister George Papandreou fought a legislative battle to introduce an austerity plan and withstood a confidence vote, staving off default. He won parliamentary approval to implement a €78 billion (US \$112 billion) package that was a condition of receiving further European Union (EU) aid. Markets rallied in response to the passing of the austerity package, but the Greek people didn't take the news so well, taking to the streets to riot.

Despite the passing of the austerity package, the risk of further trouble remains. Greece's debt is unsustainable and is due to surpass 160% of Gross Domestic Product (GDP) in the months to come. The austerity plan does not reduce this debt. Greece cannot finance its own budget deficit and will run out of money by mid-July without financial help from the rest of the EU and the International Monetary Fund.

In addition to this, the quarter saw the end of the quantitative easing programme (QE2) in the US. This policy was designed to increase liquidity in the market to encourage corporate and consumer spending. Markets reacted positively when the programme was first announced, but less favourably when

it was wound up. US Federal Reserve Chairman Ben Bernanke has hinted in several speeches that a further round of quantitative easing is unlikely, which worried investors. Despite the near-zero interest rates in the US, there is still little by way of consumer spending and economic growth.

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 to 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 -4.0% for the quarter. This was the result of significant sell-offs, as investors became increasingly nervous about the sovereign debt crisis emanating from Europe. Australia suffered worse than the majority of developed markets due to concerns over the sustainability of Chinese growth amidst interest rate increases in China.

International Equities

International equities performed similarly to the Australian market, with the benchmark for global shares, the MSCI World ex-Australia Index, returning -2.9% on an unhedged basis. The continued

appreciation of the Australian dollar helped this, however, with the hedged version of the benchmark returning -0.5%. As well as the European concerns mentioned above, the US economy is still on shaky ground and despite a strong start to the quarter, the US market only just returned positive performance, with the quarter finishing up at 0.1% in local currency.

Listed Property

Australian listed property finished the quarter up with the S&P/ASX200 A-REIT Accumulation marginally down, with a return of -0.5% as property provided protection from the falling equity market. Globally, the returns were even better as the standard global listed property benchmark (the FTSE EPRA/NAREIT Developed Total Return Index) returned 2.9% on a currency hedged basis, as investors sought returns in an otherwise low-return environment.

Cash and Fixed Interest

Interest rates in Australia remained at 4.75% during the quarter as the Reserve Bank of Australia deemed the current rate to be consistent with that for achieving its target rate of inflation.

Short term money markets produced average returns with the UBS Bank Bill Index finishing up 1.2% for the quarter. Meanwhile, government bonds proved to be a safe-haven for investors with returns of 2.4% and 2.7% for Australian and global government bonds respectively.

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