

Retirement Scheme

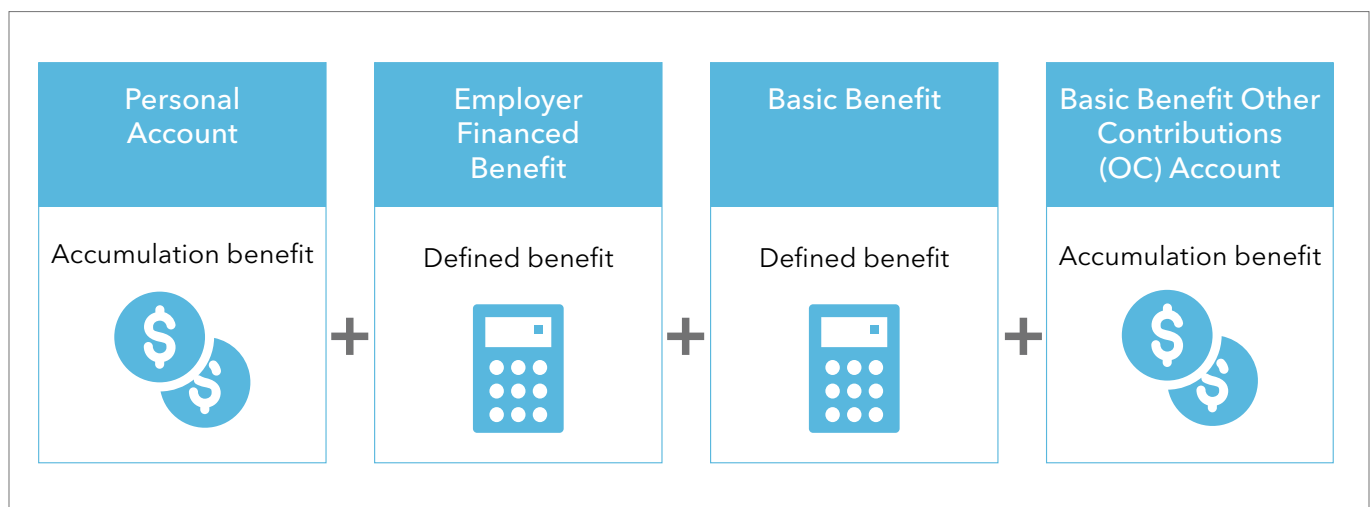
How Does the Retirement Scheme Work?

The Retirement Scheme is a split benefit scheme which contains both defined benefit and accumulation components. Generally, the Retirement Scheme pays a retirement benefit as a lump sum. During membership, both the member and employer contribute to fund a member's eventual benefit, which is payable upon retirement or on ceasing employment.

The account consists of the following components:

- **Contributor Financed Benefit** - this is the member funded portion and is the 1% to 9% of Superable Salary that the member elects to contribute. This account is also used for the payment of any Administration Fees or Additional Benefit Cover that may be payable in relation to the membership. Please note, members must contribute in order to meet their defined benefit obligations; and
- **Employer Financed Benefit** - this is the employer funded portion of the benefit and is a defined benefit amount. The final amount payable to the member will be calculated based on the member's reason for leaving employment with a Scheduled Employer, the Final Average Salary or Final Salary less contributions tax from 1 July 1988 and the number of benefit points accrued; and
- **Basic Benefit** - a non-contributory fully employer funded benefit. This is generally equal to 3% of either the Final Average Salary or Final Salary (depending on the circumstances of exit) for each year of service since 1 April 1988 (less 15% contributions tax from 1 July 1988); and
- **Basic Benefit - Other Contributions (OC) Account** - this is the accumulation component (if any) of the Basic Benefit. This account can be used for the purpose of making additional contributions and receiving rollover amounts from other super funds. This account is also able to accept Government co-contributions, spouse contributions and award contributions from employers. Please note, it is not compulsory to contribute to this account.

Retirement Scheme - Your Account



Your Account



Member funded



Contributor Financed Benefit

The amount a member contributes is between 1% and 9% of their Superable Salary. The Contributor Financed Benefit is the cumulative total of a member's monthly defined contributions, plus investment earnings, less any fees and taxes.



Employer funded



Employer Financed Benefit

The amount an employer contributes is calculated by the Scheme's actuary and is based on future funding requirements. The Employer Financed Benefit is calculated based on the number of benefit points you have accrued and is a function of the length of your contributory membership and your Final Salary or Final Average Salary.

The benefit points system is the link between contributions to your Contributor Financed Benefit and the Employer Financed Benefit.

Certain members may be able to receive this portion as a pension. Please refer to the 'Employer Financed Benefit (EFB) Pension' fact sheet for more information.



Benefit points system

For full-time employees, benefits are calculated in the following way:

- for each 1% of Superable Salary you contribute in a year, you generally accrue one (1) benefit point; and
- for most employment termination reasons, each benefit point you have accrued provides you with an Employer Financed Benefit of 2.5%¹ of either your Final Salary or Final Average Salary, depending on the circumstances of your exit. This employer component is subject to the 15% contributions tax from 1 July 1988.

For example, if by the Early Retirement Age (usually 58) you have contributed an average of 6% of Superable Salary over a period of 30 years, you would accrue 180 benefit points:

Contribution % rate	X	Length of contributory membership	=	Benefit points
6	X	30	=	180

The maximum number of benefit points is 180 and this provides the maximum Employer Financed Benefit of 4.5 times Final Average Salary (i.e. $180 \times 2.5\% = 4.5$), less 15% contributions tax from 1 July 1988. Please note, that accrued rates may vary for members of some of the older schemes.

¹ State Public Service Superannuation Fund is 3%

Your Account



Employer funded

Basic Benefit

Generally, equal to 3% of either your Final Average Salary or Final Salary for each year of service (since 1 April 1988 or the date you joined your employer if later) less 15% contributions tax.



Final Average Salary or Final Salary x Years of Service from 1 April 1988 x 3%

For example, if your Final Average Salary is \$100,000 and your service period is 25 years then:

- = \$100,000 x 25 x 3% = \$75,000
- = \$75,000 less 15% contributions tax
- = \$75,000 - \$11,250
- = \$63,750



Member funded

Basic Benefit - Other Contributions (OC) Account

This is an accumulation component which accepts top-up contributions, award contributions, Government co-contributions, spouse contributions and rollovers from other super funds.




The balance of your account is what you have contributed or rolled in plus any investment earnings.

This diagram is for illustrative purposes only, to show how the Retirement Scheme works generally. Your individual circumstances may differ. For further information, please contact us.

We're here to help

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