Defined Benefit Scheme

Product Disclosure Statement

1 October 2020

About the Product Disclosure Statement (PDS)

This PDS is issued by Energy Industries Superannuation Scheme Pty Limited ABN 72 077 947 285, RSE Licensee L0001373 and AFS Licence 441877 as trustee for Energy Industries Superannuation Scheme Pool A ABN 22 277 243 559, RSE R1004861 and Pool B ABN 64 322 090 181, RSE R1004878 ('the Scheme' or 'EISS'). This PDS relates to the offer of interests in Divisions C and D of Pool B. Throughout this document the Trustee may be referred to as 'EISS', 'EISS Super', 'the Trustee', 'we', 'us' or 'our'.

You should consider the PDS before making a decision about investing in the Defined Benefit Scheme. This PDS refers to a particular product and is designed to assist you in making an informed decision about investing in the Defined Benefit Scheme.

The information contained in this PDS is current as at the date of issue, is of a general nature only and does not take into account your personal financial objectives, situation or needs. You should consider obtaining financial, taxation and/or legal advice which is tailored to your personal circumstances before making a decision to invest in the Defined Benefit Scheme.

The defined benefit component of your interest in the Defined Benefit Scheme is calculated in accordance with a set formula and is not subject to investment risk. The Defined Benefit Scheme Other Contributions (OC) Account and deferred member benefits contain investment-type features and are subject to investment risk including loss of income and capital invested. We do not guarantee the performance of the Defined Benefit Scheme.

The offer in this PDS is only available to persons receiving this PDS in Australia (electronically or otherwise). Please note we are not required to accept an application.

Information contained in the PDS may change from time to time. Upon joining, any changes that are not materially adverse will be communicated to you via our regular member communications or via our website eisuper.com.au. You can also request a copy of any updated information at any time which will be provided to you free of charge by contacting us.

We're here to help

1300 369 901
between 8am and 8pm
(AEST) Monday to Friday

EISS Super
GPO Box 7039
Sydney NSW 2001

eisuper.com.au

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About the Scheme

The Scheme is a regulated and complying super fund that operates according to the provisions of the Trust Deed dated 30 June 1997, as amended. The Scheme is regulated primarily by the Superannuation Industry (Supervision) Act 1993 (Cth) and is also subject to regulation under the Superannuation Administration Act 1996 (NSW).

We are an APRA Registrable Superannuation Entity. We engage external experts such as accountants, actuaries, administrators, auditors, custodians, investment advisers, investment managers and lawyers to assist with our obligations.

You can find important information required to be disclosed under super law, including our Trust Deed and remuneration for executive officers and directors at **eisuper.com.au/governance-and-disclosures**.

EISS Super

Established in 1997, with origins dating back to 1919, we are committed to working hard for our members so they can enjoy the retirement lifestyle they deserve.

Historically, EISS was exclusively available to the energy industry in NSW. Then in 2013, we opened our fund to everyone so they could join a multi-award winning industry super fund, run only to benefit members. We are responsible for managing over $5.5 billion for more than 21,000 members.[1]

Defined Benefit Scheme

The Defined Benefit Scheme is a defined benefit type scheme for certain employees within the energy industry in NSW. Subject to limited exceptions specified in the Superannuation Administration Act 1996 (NSW), the Defined Benefit Scheme is closed to new employees.

Your employer contributes to the Defined Benefit Scheme on your behalf. Your benefit on retirement is directly related to your unit entitlement, as dictated by your Superable Salary on retirement. The Defined Benefit Scheme provides benefits in the event of your leaving employment with a Scheduled Employer or on your death or invalidity. If you are no longer employed by a Scheduled Employer, in certain circumstances you may retain your benefits in the Defined Benefit Scheme as a deferred member.

Superannuation is a long term investment designed for retirement.

1 As at 30 June 2020.

1. How the Defined Benefit Scheme works

Who can join?

The Defined Benefit Scheme is closed to new members, except for members commencing employment with a Scheduled Employer of the Defined Benefit Scheme, and who transfer from the State Superannuation Scheme (SSS) or the Local Government Super Defined Benefit Scheme.

If you wish to join the Defined Benefit Scheme under these conditions, you must commence employment with a Scheduled Employer within three (3) months of leaving your previous employer. In addition, you must elect to join the Defined Benefit Scheme within two (2) months of commencing with the Scheduled Employer.

How does your account work?

The Defined Benefit Scheme is a split benefit scheme which contains both defined benefit and accumulation components. Generally, the Defined Benefit Scheme pays a retirement benefit as a lifetime pension and a lump sum.

Pension benefit

During your membership, both you and your employer contribute to pension units in order to fund your eventual pension, which is payable upon retirement or when you cease employment.

Your pension benefit consists of two components:

- **Personal Account** – this is the member funded portion of your pension benefit and contributions made are used to partially fund 'units' of pension. Units are paid for concurrently with a small amount paid for each unit over the full term of your 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 your pension benefit. These contributions are also used to fund the same pension units you are contributing towards.

The final pension benefit payable to you will be calculated based on your reason for leaving employment with a Scheduled Employer, your final salary and the units purchased throughout the life of your membership in the Defined Benefit Scheme.

Please note, your pension benefit may be converted to a lump sum, for more information please refer to the 'Benefits' section on page 10.

Lump sum benefit

Your lump sum benefit is called the Basic Benefit.

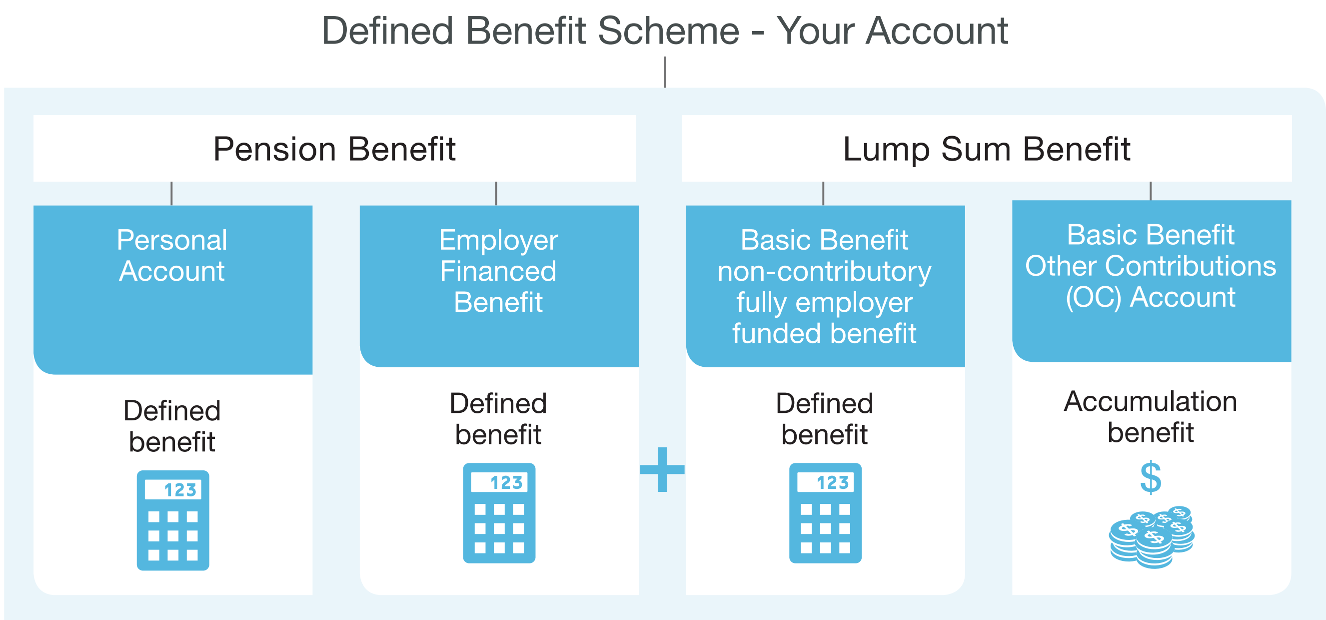
The Basic Benefit is made up of two (2) components:

- **Basic Benefit – a non-contributory fully employer funded benefit:** this is generally equal to 3% of either your Final Average Salary or Final Salary (depending on your circumstances of exit from the Defined Benefit Scheme) 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 your Basic Benefit. This account can be used for the purpose of making additional contributions and rolling over 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.

Please note, your lump sum benefit cannot be amalgamated with your pension benefit.

In accordance with Defined Benefit Scheme rules, you cannot generally leave the scheme while you remain an employee of a Scheduled Employer unless you attain age 65, in which case you can leave regardless of your employment status.

Please note, you cannot contribute to the Defined Benefit Scheme once you reach age 70.



The Defined Benefit Scheme is a split benefit scheme which contains both defined benefit and to fund units which can be either converted to a fortnightly lifetime pension or withdrawn as

Pension Benefit

Member funded

Personal Account

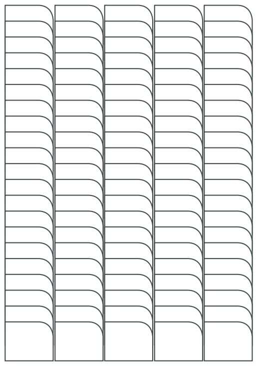
The amount a member contributes depends on the number of units they are entitled to and are contributing towards. Members are entitled to one (1) unit for each $260 of Superable Salary they earn plus an additional 31 units.[1]

Employer funded

Employer Financed Benefit

The amount an employer contributes is calculated by the Scheme's actuary and is based on future funding requirements to ensure that the lifetime pension obligations are met.

Units



Units are paid for concurrently with a small amount paid for each unit over the full term of scheme membership.

How do units convert to a fortnightly lifetime pension?

Nominal pension entitlements	x	number of units	–	15% contributions tax	=	Fortnightly pension payment

For example, if a member retires with a unit entitlement of 100 (fully paid) they would receive a fortnightly pension of:

= $5.50 x 100 – 15% contributions tax

= $550 – 15% contributions tax

= $550 – $82.50 = $467.50 fortnightly pension payments.

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

1 As at the date of this PDS.

accumulation components. Contributing members and their employers make contributions a lump sum upon retirement.

Lump Sum Benefit

Employer funded

$

Basic Benefit – non-contributory fully employer funded benefit

Generally, equal to 3% of either your Final Average Salary or Final Salary for each year of service 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 transferred in.

$

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

=

$ lump sum

Contributions

The amount you contribute to the Defined Benefit Scheme depends on the number of units to which you are entitled and are contributing towards.

The Government limits the amount of contributions you can make without paying additional tax, for more information on the caps refer to page 28.

Unit entitlement

A unit entitlement is the number of units that you are entitled to contribute toward or receive as a benefit and is based on your current Superable Salary. The entitlement is calculated using a formula which takes into account changes in the Consumer Price Index (CPI).

For information on unit entitlement, please contact us.

Contribution rates

The contribution rates increase according to the age at which contributions commence and are called 'Rate for Age' units. Units are paid for concurrently with a small amount paid for each unit over the full term of scheme membership. The cost of each unit of pension is calculated to ensure that the unit is fully funded by the time the member reaches their Normal Retirement Age.

Contributions are payable every four (4) weeks into your Personal Account. There are 13 four week periods each year and these are known as 'Contribution Periods'. If you do not pay the correct amount of contributions which are due each four week period, your account may fall into arrears and any arrears must be paid before any benefit can be paid to you from the Defined Benefit Scheme.

For example, if upon commencing membership you are a 40 year old male entitled to 100 units, then your contribution amount would be calculated as follows:

Units	x	Rate for Age contribution rate per unit	=	Contribution amount per period until you reach Normal Retirement Age
100	x	$1.60	=	$160.00

If in the following year you become entitled to an additional 20 units, then your contribution amount would increase as follows:

Units	x	Rate for Age contribution rate per unit	=	Contribution amount per period until you reach Normal Retirement Age
100	x	$1.60	=	$160.00
20	x	$1.70	=	$34.00
		Total contribution	=	$194.00

Please note, that where new units are taken up within five (5) years prior to reaching Normal Retirement Age they are not paid for on a Rate for Age basis, as this would result in very high contribution rates in the last few years. These units are paid for on an extended instalment plan over a five (5) year period and are called 'Instalment Rate' units.

The Instalment Rate payable assumes the new unit(s) will be paid in full over five (5) years. The rate is determined by dividing the full cost of the unit over the remaining 65 contribution periods (5 years x 13 periods = 65 periods to retirement).

As you will be paying a flat rate to pay off one unit of pension in five (5) years, any additional new unit entitlements during this period will not be fully paid at your Normal Retirement Age. This outstanding balance must be paid or offset against your benefit before your benefits can be paid. For more information, please refer to the 'Debts to the Defined Benefit Scheme' section on page 14.

Rate for Age unit table

Contribution amount per period for members who joined the Defined Benefit Scheme on or after 1 July 1963			
Age next birthday	**Male ($)**	**Female retiring at age 55 ($)**	**Female retiring at age 60 ($)**
26	0.68	0.86	0.62
27	0.72	0.90	0.64
28	0.76	0.96	0.68
29	0.80	1.02	0.72
30	0.86	1.10	0.76
31	0.90	1.16	0.80
32	0.94	1.24	0.84
33	1.00	1.32	0.90
34	1.06	1.42	0.94
35	1.10	1.50	1.00
36	1.16	1.62	1.06
37	1.24	1.74	1.14
38	1.30	1.88	1.20
39	1.40	2.02	1.28
40	1.50	2.20	1.38
41	1.60	2.40	1.46
42	1.70	2.62	1.58
43	1.84	2.90	1.70
44	1.98	3.22	1.84
45	2.12	3.60	2.00
46	2.32	4.06	2.18
47	2.52	4.64	2.38
48	2.76	5.38	2.62
49	3.06	6.38	2.90
50	3.40	7.76	3.22
51	3.84	**Minimum instalment $8.22 Full cost $534.40**	3.64
52	4.38		4.16
53	5.06		4.82
54	5.98		5.70
55	7.26		6.92
56+	**Minimum instalment $7.58 Full cost $493.28**		**Minimum instalment $7.22 Full cost $468.80**

Annual Review Day

Each year your unit entitlement is reviewed based on your current Superable Salary. The employer reports your Superable Salary at the Annual Review Day to us and the unit entitlement is calculated. Annual Review Days are based on your date of birth as follows:

Date of birth	Annual Review Day
Between 1 July and 31 December	9 February
Between 1 January and 30 June	28 July

Superable Salary

For all members[1] Superable Salary includes the sum of:

- your remuneration, salary or wages;
- a loading in respect of any shift allowance (within certain limits);
- other allowances payable in money that are included within the value of leave paid on termination of employment (within certain limits);
- weekly workers compensation paid to the member as from the date the weekly workers compensation commences to be paid (within certain limits); and
- if approved employment benefits are provided to the member, the cost of providing the approved employment benefits, as determined by the employer.

Specifically excluded from the definition of Superable Salary are the following amounts or allowances:

- an amount paid as overtime or as a bonus or as an allowance instead of overtime;
- a relieving allowance paid for less than one (1) year;
- an expense allowance or an allowance for travelling, subsistence or other expenses;
- an equipment allowance; and
- an amount paid for rent or as a residence, housing or quarters allowance.

For more information, please contact us.

[1] Special arrangements for determining a member's Superable Salary apply to executive officers. Any questions about the appropriate salary to use for contribution purposes should be referred to your employer or to us.

Election notices

You will be sent an election notice annually notifying you of your unit entitlement and if applicable you will be given the opportunity to make an election with respect to any new units you have become entitled to.

Please note, you must contribute for units up to a contribution rate that is equal to 6% of your salary. However, you are not obliged to contribute for new units that will cause your contributions to exceed 6% of your salary.

For example, you may elect not to pay for all or some of the new excess units and these units are known as 'Abandoned Units'. Where you do not make an election, contributions will be required for all units.

Members can elect to voluntarily contribute for previously Abandoned Units at any Annual Review Day. In some circumstances, members may be required to take up previously Abandoned Units in order to take their contributions up to 6% of their salary.

Members should ensure that they understand the implications of abandoning units and the impact to future benefit entitlements. For more information on Abandoned Units, please refer to page 7.

Annual Adjustment Day

The Annual Adjustment Day is the day that any new units which you become entitled to (and elect to contribute towards) as a result of the annual review become payable. The Annual Adjustment Days are as follows:

Date of birth	Annual Adjustment Day
Between 1 July and 31 December	5 May
Between 1 January and 30 June	21 October

We will notify relevant employers of the contribution amount payable and this amount will be deducted from the first pay day on or after the relevant Annual Adjustment Day from your salary.

The amount deducted from your pay will depend on whether a pre or post-tax election has been made. If you contribute from your pre-tax salary the amount will need to be grossed up to allow for the 15% contributions tax that must be paid in the Defined Benefit Scheme on concessional contributions.

For example, if you elect to contribute $100 post-tax, an amount of $117.65 would be required to be paid pre-tax. This then ensures that when the 15% contributions tax is deducted from the $117.65, $100 will be available to be allocated to your account, please see the calculation below:

$117.65 – ($117.65 x 15% = $17.65) = $100

To calculate the pre-tax value, simply multiply any post-tax amount by 1.17647.

Generally, contributions for a particular unit are payable from the time that contributions commence for that unit until you exit the Defined Benefit Scheme and become entitled to payment of a benefit.

Abandoned Units

Units which you have elected not to contribute towards are known as Abandoned Units. Abandoned Units have a notional value of $3.30 per fortnight, less any applicable contributions tax, once you commence a pension. In contrast, units which you contribute towards have a notional value of $5.50 per fortnight.

Please note, although Abandoned Units may be taken up at any Annual Adjustment Day, the full notional value of the units will not apply where a pension becomes payable within 2.5 years of the Abandoned Units being regained by you and the following circumstances apply:[1]

- early voluntary retirement pension;
- invalidity pension; or
- contributing member spouse pension.

Please note, future benefits could be reduced if you abandon units.

[1] In circumstances where members are required to take up previously Abandoned Units in order to take their contributions up to 6% of their salary, these units are treated as full units in the case of invalidity or death.

Reserve Units

Members can only contribute for the number of units to which they are entitled. The Reserve Unit system allows members to contribute in advance for units, in anticipation of substituting them for normal units that they may become entitled to at a later date. The maximum number of Reserve Units that can be taken during the period of scheme membership is eight (8).

Reserve Units can be substituted for normal units once the reserve units have been held for ten (10) years (or one (1) year if age 50 or more). Once substituted, contributions paid towards Reserve Units are transferred into the Personal Account. Contributions then continue at the original Reserve Unit rate.

Please note, if you exit the Defined Benefit Scheme without having substituted your Reserve Units for normal units, you will receive a refund of reserve unit contributions together with interest.

Salary reductions

Generally, a reduction in Superable Salary results in a reduction in unit entitlement. If you are in this situation you have the following options:

- continue to contribute for the number of units based on your previous higher Superable Salary, or
- elect to reduce your contribution rate to the level appropriate to your new entitlement.

In limited circumstances, the higher Superable Salary may be used in the calculation of your entitlements, these circumstances are:

- a reduction in Superable Salary due to ill health; or
- a reduction in Superable Salary due to a restructure by a Scheduled Employer, where the reduction is 20% or more.

Reductions due to ill health

Where you suffer from ill health, you can apply to retain your pre-reduction Superable Salary for the purposes of calculating your benefit. The effect of this retained unit entitlement is that there is no reduction in unit entitlement and the value of your entitlements continues to be based on that unit entitlement and contribution rate. The retained unit entitlement continues to apply until such time as additional units become available because of any increases in your actual Superable Salary.

We have some discretion to approve the retention of a member's pre-reduction Superable Salary in certain circumstances. However, such approval is unlikely to be given unless exceptional circumstances apply.

If you wish to apply for retention of unit entitlement under these provisions you should do so through your employer, as it is necessary for your employer to verify both the reduction and the reason(s) for it.

Reductions of 20% or more

If your full-time Superable Salary (or equivalent full-time salary if employed on a part-time basis) reduces by 20% or more, you have the option to crystallise your entitlements based on your pre-reduction Superable Salary.

Your entitlement would then remain in the Defined Benefit Scheme as a deferred benefit.

You can then elect to either:

- join the Retirement Scheme as a new member (with the lower Superable Salary applied); or
- have future super contributions paid by your employer into EISS Super. This is the default option if no election is made.

Part-time employment

Part-time employment reduces your unit entitlement in line with your employment arrangements and service.

A deduction factor is calculated to determine your unit entitlement. This deduction factor takes into account the difference between the total period of your scheme membership that you would have achieved on a full-time basis and that which would be achieved on a part-time basis.

Your contributions payable are based on the reduced unit entitlement. Where you change your employment hours or move to full-time employment, the unit entitlement will be recalculated to reflect the actual period of service given as a proportion of potential full-time service.

If you are considering moving to part-time employment you should contact us to determine what changes may apply to your account.

Leave Without Pay (LWOP)

There are two types of Leave Without Pay (LWOP): 'Approved' and 'Non-approved'.

If you take any form of LWOP you are required to continue to pay the previous contribution rate during your period of leave.

Approved LWOP

The most common types of approved LWOP are maternity leave and sick leave. Secondment to a non-scheduled employer may also be treated as Approved LWOP whilst employers may also declare leave for certain other purposes e.g. for full-time study.

Approved LWOP counts as 'service' for the purpose of the Defined Benefit Scheme and contributions continue to be payable on the same basis as if you were not on LWOP. You can apply to defer the payment of those contributions until you return to work. In cases of Approved LWOP, the employer will continue to pay the employer liability. If you are considering applying for approved LWOP, please contact us for more information.

Non-approved LWOP

This is any period of LWOP that is not Approved or Authorised. Any period of more than five (5) days non-approved LWOP does not count as service for Basic Benefit purposes and no entitlements will accrue in respect of that period.

However, if the period of non-approved LWOP is more than three (3) months you have the option for the period to count as service. If you request this option, your employer may ask you to pay them the cost of providing employer financed benefits for that period. If you do not request the period to be counted as service, you will not be asked to pay for the Employer Financed Benefit, however your unit entitlement will be permanently reduced to offset the non-payment of employer financed benefits for the period of LWOP. If you are considering applying for non-approved LWOP, please contact us for more information.

Rollovers and transfers in

The Defined Benefit Scheme accepts rollovers or transfers of benefits from other complying super funds, approved deposit funds, rollovers from the Australian Taxation Office (ATO) from Superannuation Holding Accounts Special Account (SHASA) which exclude SG, rollovers or transfers from other complying super funds as a result of SuperMatch, as well as super split amounts resulting from a Family Law settlement or order and super lump sum payments.

Rollovers and transfers in will be credited to your Other Contributions (OC) Account.

Government co-contributions

The Government may make contributions to the super account of an eligible income earner.

To be eligible for a Government co-contribution for the 2020/21 financial year you must:

- have a total income of less than $54,837 (including assessable income, reportable employer super contributions and fringe benefits);
- earn 10% more of your total income from eligible employment and/or running a business;
- are a permanent resident under 71 years of age at the end of the financial year;
- have supplied us with your tax file number (TFN);
- lodge your tax return;
- have not exceeded your non-concessional contributions cap in the relevant financial year; and
- your total superannuation balance is less than $1.6 million.

Spouse contributions

You may receive spouse contributions into your account. These contributions will be credited to the Other Contributions (OC) Account which will count towards your non-concessional contributions cap. Refer to page 28 for additional information on contribution caps.

Benefits

Benefits are payable from the Defined Benefit Scheme in either a pension, lump sum or a combination of both. Most benefits are based on the number of units to which you are entitled. This, in turn, is based on your Superable Salary at any given time - the higher the Superable Salary, the higher the unit entitlement.

Each unit represents a nominal pension entitlement of $5.50 (less 15% contributions tax on the employer component) per fortnight at Normal Retirement Age.

The Defined Benefit Scheme will provide you with benefits payable in the following circumstances:

- Retirement;
- Early voluntary retirement;
- Invalidity;
- Death;
- Retrenchment; and
- Resignation, discharge or dismissal.

The amount payable is dependent on the reason for exit and the options are outlined in the table on page 10.

It is recommended that you obtain full details of the options available to you and then seek professional financial advice before making a decision.

Please note:

- a portion of your benefit may be subject to compulsory preservation rules and subject to meeting a condition of release; and
- all employer-financed benefits (other than lump sum death benefits) are reduced because of the tax imposed on employer contributions since 1 July 1988.

For example, if the Employer Financed Benefit is $250,000 and the total period of service is 30 years and service since 1 July 1988 is 26 years, then the reduction would be calculated as follows:

Employer Financed Benefit	x	(service since 1 July 1988 / total service)	x 15%
= $250,000	x	(26/30)	x 15%
= $250,000	x	0.87	x 15%
= $32,500			

Overview of benefit payment options from the Defined Benefit Scheme

	Benefit		
Reason for exit	**Pension – fortnightly pension for life and indexed in line with CPI**	**Cash Withdrawal[1]**	**Deferred Benefit option**
Retirement – retirement after Normal Retirement Age.	Pension based on unit entitlement at retirement age plus the Basic Benefit.[2] You can elect to regain any units previously abandoned, plus any additional units that have become available since your last 'Adjustment Day'.[3] Retirement pensions are fully or partly commutable.	You can be paid the Cash Withdrawal benefit in lieu of your retirement pension[4] plus the Basic Benefit.	n/a
Early voluntary retirement – prior to Normal Retirement Age.	Pension discounted according to your age at retirement plus the Basic Benefit.[2] Retirement pensions are fully or partly commutable.	You can be paid the Cash Withdrawal benefit in lieu of your retirement pension[4] plus the Basic Benefit.	n/a
Invalidity - employment is terminated on the grounds of invalidity before reaching Normal Retirement Age.	Fortnightly pension based on unit entitlement that would have been payable at retirement age plus the Basic Benefit.[2] You can elect to receive any additional units that have become available since your last 'Adjustment Day' as full units.[3] Invalidity pensions are fully or partly commutable upon reaching age 55.	You can be paid the Cash Withdrawal benefit in lieu of your invalidity pension[4] plus the Basic Benefit.	n/a
Death – Contributing member	If you are a contributing member when you die and have reached Normal Retirement Age, a fortnightly pension is payable to an eligible spouse equal to 2/3 of the pension that would have been payable if you had retired at the time plus the Basic Benefit. If you have not reached Normal Retirement Age when you die, a fortnightly pension is payable to an eligible spouse equal to 2/3 of the invalidity pension that would have been payable if you had left employment on the grounds of invalidity at the time plus the Basic Benefit.	If you are a contributing member when you die, your benefit can be paid as a Cash Withdrawal benefit in lieu of a pension[3] plus any Basic Benefit.	n/a
Death – Pensioner	If you are a pensioner when you die, a fortnightly pension is payable to an eligible spouse equal to 2/3 of the maximum pension entitlement of the pensioner at the date of death. Please note, part of the pension may also be commuted and paid as a lump sum.	If you are a pensioner when you die, your benefit can be paid as a Cash Withdrawal in lieu of a pension[4] plus any Basic Benefit.	n/a
Retrenchment – before reaching age 55	Retrenchment pension benefit is calculated on a case by case basis by the Defined Benefit Scheme's actuary plus the Basic Benefit.	You can be paid the Cash Withdrawal benefit in lieu of your retrenchment pension[4] plus the Basic Benefit.	You can defer your benefits and leave them in the Defined Benefit Scheme.
Resignation, discharge or dismissal – before reaching age 55[5]	n/a	You can be paid the Cash Withdrawal benefit plus the Basic Benefit.	You can defer your benefits and leave them in the Defined Benefit Scheme.

1 Please note, if you elect to be paid a Cash Withdrawal benefit there is no reversionary pension option to an eligible spouse. The payment of any benefit is also subject to preservation rules and meeting a condition of release. For more information, please see the 'Preservation' section on page 15.
2 See page 2 for information regarding the Basic Benefit.
3 Contributions will be payable in respect of these units and arrangements need to be made to pay the outstanding balance before a benefit can be paid. For more information on 'Debts to the Defined Benefit Scheme', please refer to page 14.
4 In some cases the value of the Cash Withdrawal benefit may be higher than the commutation value of the pension otherwise payable.
5 For more information, please refer to the 'Resignation, discharge or dismissal' section on page 12.

Pensions

Retirement pension

Generally, the retirement pension is calculated depending on your unit entitlement which is based on your Superable Salary at retirement date plus the Basic Benefit. The pension payable has a notional value of $5.50 per fortnight (less the applicable 15% contributions tax) for each contributory unit at retirement.

You can elect to regain any units previously abandoned, plus any additional units that have become available since your last Annual Adjustment Day and receive full benefit for these units. Contributions will be payable in respect of these units and arrangements need to be made to pay the outstanding balance before a benefit can be paid. For more information, please refer to the 'Debts to the Defined Benefit Scheme' section on page 14.

For example, if a member retires with a unit entitlement of 100 (which are all fully paid for) they would receive a fortnightly pension of:

nominal pension entitlement	x	contributory units	-	15% contributions tax	=	fortnightly pension
= ($5.50 x 100)			-	15% contributions tax		
= $550			-	$82.50		
= $467.50						

Retirement pensions have a reversionary spouse pension entitlement, please refer to the 'Spouse pension upon death of a member' section in the next column.

Early voluntary retirement pension

If you have a Normal Retirement Age of 60 and retire between ages 55 and 60, you are entitled to a retirement pension discounted according to your age at retirement plus the Basic Benefit.

There are two ways in which the pension payable may be calculated and the higher of the two will be used. Essentially both calculations are based on the pension payable at Normal Retirement Age, discounted according to the period remaining to Normal Retirement Age.

Retirement pensions have a reversionary spouse pension entitlement, please refer to the 'Spouse pension upon death of a member' section in the next column.

Invalidity pension

You may qualify for an invalidity pension if your employment is terminated by your employer on the grounds of invalidity before reaching Normal Retirement Age and provided that we are satisfied that you are permanently unable to perform the duties that you performed before suffering the invalidity.

The pension payable has a notional value of $5.50 per fortnight (less the applicable 15% contributions tax) for each contributory unit at retirement (less any previously Abandoned Units regained within the 2 ½ years prior to retirement) and for any additional units that have become available since the last Annual Adjustment Day. Each abandoned unit has a notional pension value of $3.30 per fortnight (less the applicable 15% contributions tax).

Invalidity pensions are fully or partly commutable upon reaching age 55.

Invalidity pensions have a reversionary spouse pension entitlement, please refer to the 'Spouse pension upon death of a member' section below.

Spouse pension upon death of a member

The death benefit payable from the Defined Benefit Scheme will depend on your circumstances at the time of death.

Pension benefits are payable to an eligible spouse upon the death of a member or pensioner. A spouse may be a legal spouse, de facto spouse or same sex partner. Please note, that in the case of the latter two, we will require evidence that the claimant for a spouse benefit was in a bona fide relationship with the deceased.

If you die while you are a contributing member, a person is only required to be your spouse at the time of your death to be entitled to receive a spouse pension. However, upon the death of a pensioner, a spouse is eligible if:

- in the case of an invalidity pensioner, they became the pensioner's spouse;
  - before the invalidity pension commenced being paid; or
  - at least three (3) years before the pensioner's death and before the pensioner reached Normal Retirement Age; and
- in any other case, they became the pensioner's spouse before the pensioner became entitled to a pension; and
- in all cases, they remained the pensioner's spouse at all times up until the pensioner's death.

In the case of a contributing member, a spouse pension is equal to two thirds (2/3) of the pension that would have been payable if the member had retired on the grounds of invalidity at that time plus the Basic Benefit.

In the case of the death of a pensioner, a spouse pension equal to two thirds (2/3) of the maximum pension entitlement of the pensioner at the date of death plus any retained Basic Benefit (which was previously preserved and had not met a condition of release).

It should be noted that:

- a pensioner is taken to include a former member who has fully commuted to a pension;
- the pension entitlement is taken to be the full Consumer Price Index (CPI) indexed value of the original pension entitlement, irrespective of any amounts commuted; and
- no spouse benefit is payable where a former member elected to take a full Cash Withdrawal benefit in lieu of a pension benefit.

Spouse pensions have commutation options. For more information, please refer to the 'Commutations' section on page 13.

Pensions may also be payable in respect of any dependant children (up to 18 years of age or full-time students up to the age of 25 if attending an approved institution) of a deceased member or pensioner. For more information, please contact us.

If there is no spouse or children's pensions payable on the death of a contributing member, the resignation (Cash Withdrawal) benefit is payable to your Legal Personal Representative.

Retrenchment pension

If you are retrenched (or accept a voluntary redundancy offer) after reaching age 55 and prior to your Normal Retirement Age you are entitled to an early retirement benefit. For more information, please see the 'Early voluntary retirement pension' section on page 11.

If you are retrenched before reaching age 55 you can either take a retrenchment pension which is calculated on an individual basis by the Defined Benefit Scheme's actuary, defer your benefit or take a retrenchment lump sum.

Resignation, discharge or dismissal

On termination of employment before Normal Retirement Age where no other benefit is payable, you have two options:

- take a Cash Withdrawal benefit; or
- leave your entitlements in the Defined Benefit Scheme as a deferred benefit.

Please note, if you elect to be paid a Cash Withdrawal benefit, you could forego a proportion of the employer-financed benefit accrued during your membership in the Defined Benefit Scheme.

Cash Withdrawal benefit

Regardless of your reason for exit, an alternative option is to take payment of a Cash Withdrawal benefit in lieu of your pension. In some cases, the value of the Cash Withdrawal benefit will be higher than the commutation value of the pension otherwise payable.

The Cash Withdrawal benefit comprises:

- the accumulation of your contributions and any investment earnings in your Personal Account;
- an Employer Financed Benefit - calculated as approximately 1/40th of your Personal Account for each year of membership (less the 15% contributions tax payable from 1 July 1988); plus
- the Basic Benefit.

Please note, the value of the Cash Withdrawal benefit is capped, the value (excluding the Basic Benefit) cannot exceed the capitalised value of the pension that would be payable had you been age 55 at exit. For members who have attained age 55, the value cannot exceed the capitalised value of the pension that would be payable had they elected to retire at their current age.

In the case of retrenchment, the Cash Withdrawal/lump sum benefit is the higher of an amount calculated on the basis of your unit entitlement at exit or the Cash Withdrawal benefit that would otherwise be payable.

You should be aware however, that where a Cash Withdrawal benefit is paid, no further benefits are payable from the Defined Benefit Scheme to your beneficiaries, e.g. no spouse benefit will be payable in the event of your death.

Please note, any benefit payment is subject to compulsory preservation rules and meeting a condition of release.

It is highly recommended that if you are considering this option you should seek professional financial advice.

Deferred Benefit option

The deferred benefit available on retrenchment, resignation, dismissal or discharge comprises:

- a pension payable from your Normal Retirement Age, or a reduced pension payable from age 55 if your Normal Retirement Age is 60, based on your unit entitlement at exit; plus
- the Basic Benefit.

The pension is maintained as two components: an employer-financed component and a member-financed component.

The employer-financed component is indexed in line with the CPI (All Groups, Sydney) whilst it is deferred, but the member- financed component is not indexed.

The deferred benefit will be paid (subject to preservation rules and meeting a condition of release):

- on reaching Normal Retirement Age;
- on reaching age 55, at a reduced rate if you have a Normal Retirement Age of 60;
- on total and permanent disability; or
- on death.

If you take this option you retain the right to take the current value including any investment earnings of the Cash Withdrawal, retrenchment or lump sum amount at any time prior to reaching retirement age (subject to preservation rules and meeting a condition of release).

Please note, if you choose this option, you may forego a relatively high proportion of the employer-financed benefit accrued during your membership in the Defined Benefit Scheme.

Basic Benefit

A Basic Benefit is not immediately payable on cessation of employment, it is required to be preserved until a condition of release is met. This includes reaching the 'preservation age', but may be paid earlier on death, total and permanent invalidity (subject to conditions) or in certain other limited circumstances.

The Basic Benefit is based on Final Salary or Final Average Salary whichever is higher, in the event of death, retrenchment or permanent invalidity (partial or total) prior to age 55, otherwise it is based on Final Average Salary.

Generally, a period of leave without pay in excess of five (5) days will not count as service for Basic Benefit accrual purposes.

Minimum Superannuation Guarantee (SG) Benefit

All Employer Financed Benefits accrued from 1 July 1992, must meet the requirements of the Superannuation Guarantee (SG) legislation. Basically this means that the value of those benefits must at least equal the amount that would have accrued had the employer paid SG contributions into an accumulation super fund. The Defined Benefit Scheme has actuarial certification that will in all circumstances enable your employer to satisfy the requirements of the SG legislation through its participation in the Defined Benefit Scheme.

The actuarial certification for the Defined Benefit Scheme also specifies your Minimum Requisite Benefit in accordance with the SIS Regulations. Where the amount of the benefits payable to you (in accordance with the rules of the Defined Benefit Scheme) is less than the Minimum Requisite Benefit, your benefit will be adjusted to be equal to the Minimum Requisite Benefit. This amount is known as the 'shortfall'.

Minimum Guaranteed Benefit

The rules of the Defined Benefit Scheme provide that a Minimum Guaranteed Benefit is payable in respect of your Defined Benefit Scheme account. This Minimum Guaranteed Benefit, irrespective of the type of benefit payable, is an amount calculated as the Cash Withdrawal benefit that would otherwise be payable from the Defined Benefit Scheme at the time of termination of your employment.

In some cases, for example, members taking a Cash Withdrawal benefit or a lump sum retrenchment benefit, the members will receive an amount equal to the Minimum Guaranteed Benefit which is payable immediately (subject to the preservation rules).

In other cases, the total benefit paid might be less than the Minimum Guaranteed Benefit. Where this occurs, the difference between all the benefits paid and the Minimum Guaranteed Benefit is paid from the Defined Benefit Scheme. For example, this could be due to the death of a current member or pensioner. In this case, the difference between the benefits paid and the Minimum Guaranteed Benefit would be paid to your spouse or estate.

The total benefits paid may include:

- pension payments to the member, their spouse and any eligible children; plus
- lump sum payments, including any commutation of pension.

This Minimum Guaranteed Benefit is a requirement of the rules of the Defined Benefit Scheme and is separate to the Minimum Requisite Benefit rules in the SIS Regulations that are outlined in this section.

Commutations

A commutation is the exchange of a fortnightly pension for a lump sum. The rate of exchange is the Commutation Factor. This factor depends on the age at which the commutation occurs as follows:

Commutation Factors

Commutation on exact birthday[1]	Commutation Factor
55th birthday	285
56th birthday	278
57th birthday	271
58th birthday	264
59th birthday	257
60th birthday	250

1 The Commutation Factor reduces daily, for more information please contact us.

The factor decreases further if a pension is paid after reaching age 60 or if a member retires after reaching age 65.

All, or part, of a pension may be commuted and the commutation does not in any way affect the spouse pension that would otherwise be payable in the event of your death.

For example, if a member retires at age 58, has a pension of $500 and commutes the entire pension, the lump sum would be calculated as follows:

Lump sum	= fortnightly pension commuted x commutation factor = $500 x 264 = $132,000

The election options available are as follows:

- If you are a pensioner under age 55 (e.g. in receipt of either an invalidity, retrenchment, or spouse pension) you have two opportunities to lodge an election to commute all or part of your pension:
  - the first is on reaching age 55 and you may specify an effective date of the commutation between your 55th birthday and 13 months after that birthday. Elections can be lodged during the 12 month period commencing six (6) months before your 55th birthday; and
  - the second is on reaching age 60, but only if no part of the pension was previously commuted. Elections can be lodged during the 12 months, commencing six (6) months before your 60th birthday and may specify a date of effect between that birthday and 13 months later.
- If you are a member who has retired prior to reaching age 60, you also have two opportunities to commute all or part of your pension:
  - the first is on retirement and the second is on reaching age 60 but only if no part of the pension was previously commuted. Elections to take up the first option can be made any time between the age of 54 years and six (6) months and six (6) months after retirement. The election can take effect up to 13 months after retirement. Elections cease to have effect, however, if you do not retire within 12 months after reaching age 55 (if the election is made before age 55) or within 12 months after

making the election (if the election is made after reaching age 55).

- If you retire after reaching age 60, you have only one opportunity to lodge an election to commute all or part of your pension. The election may be lodged up to 12 months before retirement but no later than six (6) months after retirement and may take effect up to 13 months after retirement.

You may also elect to commute your pension in two parts, some now and some later. If you elect to commute your pension in two parts, both parts of the lump sum must be taken within 13 months of the date of effect of the election.If you have not taken the second part of your lump sum by that time, the election is automatically revoked and you have no further opportunities to commute. In this case, you will continue to receive pension for the part you have not commuted. You may revoke or amend the second part of your election to commute, but you must do this before the 13 months has expired.

Special age provisions for members 65 or over

At any time after reaching age 65, you have the option of terminating your active membership of the Defined Benefit Scheme and can be paid all of your total benefit or you may leave your Basic Benefit balance in the Defined Benefit Scheme as a deferred benefit even though you have not retired.

Your employer would then be required to make SG contributions to EISS Super up until the time you terminate employment.

Once you have reached age 67, in order to continue being a contributory member of the Defined Benefit Scheme, you must meet the Federal Government's work test rule, which means that you must work at least 40 hours in 30 consecutive days during each financial year after your 67th birthday.

If you do not meet this rule, you cannot continue to contribute to the Defined Benefit Scheme and must be paid your benefit.

On reaching age 70 you can no longer contribute to the Defined Benefit Scheme and you must receive your benefit.

Debts to the Defined Benefit Scheme

You may still owe some contributions when you cease employment due to retirement, invalidity or if you die while contributing. In the case of retirement, this debt could be due to one, or more, of the following:

- the outstanding balance on Instalment Rate Units, please refer to the 'Contributions' section on page 5;
- the full cost of any new units taken up at retirement;
- the full cost of any previously Abandoned Units; and/or
- any Surcharge Debt, please refer to the 'Surcharge' section on page 29.

In the case of invalidity or if you die while contributing, the debt could be due to one or more of the following:

- you being able to contribute for new units offered upon medical retirement;
- you may have arrears of contributions arising from a period of sick leave without pay, prior to your actual retirement;
- an additional contribution due on Instalment Rate Units which needs to be 're-cast' (i.e. converted to 'rate-for-age' units); and
- any Surcharge Debt, please refer to the 'Surcharge' section on page 29.

You may choose from the following options as payment towards your outstanding contributions:

- a lump sum payment;
- payment from your Basic Benefit entitlement (where you are entitled to receive it);
- a Reserve Unit refund;
- part of the commuted lump sum amount applied against the debt;
- arrears of pension; and/or
- a combination of the above.

Please note, in the case of an invalidity pension or if you die while contributing, for any new units accepted, payment is only required for one contribution period. Previously Abandoned Units may not be regained unless you are over your Normal Retirement Age.

What happens in the event of your death?

In the Defined Benefit Scheme, if you do not make a binding nomination, the rules of the trust deed provide that your Basic Benefit Other Contributions (OC) Account benefits are to be paid to one or more of your dependant(s) and/or to your Legal Personal Representative (LPR) as the Trustee determines. You can choose how your Basic Benefit OC Account is paid in the event of your death. You will need to provide a valid binding nomination which provides details of your dependant(s) (which includes your spouse) and/or your LPR.

Under super law, we must pay your benefit in accordance with your valid binding nomination regardless of whether your circumstances have changed, so it is important that you keep it up to date. However, if you do not make a choice or your nomination is not valid, your benefit will be paid to one or more of your dependant(s) (which includes your spouse) and/or your LPR as we determine.

All other benefits paid from the Defined Benefit Scheme will be made to the current spouse or via the estate of the deceased member in accordance with the rules of the Trust Deed.

Who can be classified as a dependant?

A dependant is defined under super law as including:

- your spouse, which includes:
  - a person to whom you are married;
  - a person who although not legally married to you, lives with you on a genuine domestic basis in a relationship

as a couple (regardless of whether you are of the same or opposite sex); or
  - a person with whom you are in a relationship that is registered under the Relationships Act 2008 (Vic), Relationships Act 2003 (Tas), Marriage Equality (Same Sex) Act 2013 (ACT), Relationships Register Act 2010 (NSW) or the Civil Partnerships Act 2011 (QLD);
- your child, which includes:
  - an adopted child, step child or an ex-nuptial child;
  - a child of your spouse;
  - a child born to a woman as a result of an artificial conception procedure while that woman was married to you or was your de facto partner; or
  - a child who is your child because of State or Territory legislation giving effect to a surrogacy arrangement;
- any other person who in our opinion, was wholly or partially financially dependent on you at the time of your death; and
- a person with whom you had an interdependency relationship at the time of your death. An interdependency relationship is one where two persons, whether or not related:
  - have a close personal relationship; and
  - they live together; and
  - one or each of them provide the other with financial support; and
  - one or each of them provides the other with domestic support and personal care.

Who can be classified as your Legal Personal Representative?

A LPR is the executor of your estate (generally as indicated in your will) or the administrator of your estate (the person appointed by the court to administer your estate if you die without a will).

Making a binding nomination

The person(s) you nominate as a beneficiary must be a dependant, your LPR or a combination. If you have a valid binding nomination in place, then in the event of your death, we are bound to pay your account balance in accordance with that nomination.

For a binding nomination to be valid, the following conditions must be met:

- your nomination must be in writing and given to us;
- each person you nominate must be either a dependant or your LPR at the time of your death;
- the proportion of benefit that would be paid to the person(s) is certain or readily ascertainable from your nomination;
- you must sign and date your nomination in the presence of two (2) witnesses who are over the age of 18 and are not nominated as a beneficiary;
- the two (2) witnesses must sign and date a declaration stating that they were in your presence when you signed and dated your nomination; and
- your nomination must be renewed (or amended) at least every three (3) years and be valid as at the date of your death.

You may amend, confirm or revoke your nomination at any time by completing the Binding Nomination form which is available at **eisuper.com.au/nominate** or by contacting us.

Continuity of membership

Upon ceasing employment with a Scheduled Employer, you may request continuity of contributory membership where you have commenced employment with another Scheduled Employer (or re-commenced with the same employer) and:

- the new period of employment has commenced no later than three (3) whole calendar months following the month in which the original employment ceased; and
- you have not been paid a benefit or any part of a benefit, following the employment termination; and
- we have granted approval of continuity.

Continuity of membership may also occur where you have moved to or from a Local Government Super (LGS) employer or a participating State Superannuation Scheme (SSS) employer, subject to the same conditions specified above.

Where a former member is seeking continuity via the LGS Defined Benefit Scheme or SSS, the approval of the applicable trustee is required.

Preservation

Your super benefit may contain preservation components. Your annual member statement will set out the preservation components of your benefit.

Preservation components

Preserved benefits

This is the amount of your benefit that can only be accessed if you meet a condition of release as specified by super law. Since 1 July 1999, all new contributions to super and investment earnings accruing from that date are preserved.

Restricted non-preserved

This component of your benefit can only be withdrawn and taken in cash when you cease employment with an employer who has contributed to the Defined Benefit Scheme.

Your restricted non-preserved benefit is the amount (if any) that you would have been able to withdraw and take in cash if you had left the Defined Benefit Scheme on 1 July 1999.

You cannot accrue additional restricted non-preserved benefits and any investment earnings are preserved which means the amount of your restricted non-preserved benefit remains the same over time.

Unrestricted non-preserved

This is the amount of your benefit that you can withdraw and take in cash at any time. We also keep a record of the amount (if any) that you would have been able to withdraw without any restrictions at 1 July 1999, in accordance with the preservation rules.

This amount will only exist when you meet a condition of release or if you have rolled over an unrestricted non-preserved benefit from another super fund.

Where your benefit is to be paid as a pension, the lump sum value of the cashable value (both the restricted and unrestricted non-preserved amount) will be converted into an equivalent cashable fortnightly pension value. Please note, any trust deed restrictions on payment also have to be satisfied.

The restricted non-preserved amount, plus any unrestricted non-preserved amount, will remain the maximum amount that you will be able to take in cash on leaving the Defined Benefit Scheme before satisfying a condition of release.

If you exit the Defined Benefit Scheme due to invalidity, your cashable amount will be equal to the value of the invalidity pension on 1 July 1999 unless you satisfy a condition of release.

When are preserved benefits payable?

Preserved benefits may be accessed when you meet a condition of release. The conditions of release are:

- on permanent retirement from the workforce at or after your 'preservation age';
- on leaving employment on or after age 60;
- on reaching age 65, regardless of whether you are still working (however you must cease contributory Defined Benefit Scheme membership if you wish to access any benefits other than the Basic Benefit and Other Contributions (OC) Account;
- on total and permanent incapacity;
- if you entered Australia on an eligible temporary resident visa and you subsequently permanently depart Australia;
- when the Australian Taxation Office (ATO) gives us a release authority to pay excess contributions tax to the ATO;
- on death; or
- you are suffering from a terminal illness.

You may be eligible to cash all or part of your benefit:

- on the grounds of severe financial hardship, please refer to eisuper.com.au for more information; or
- on compassionate grounds following written approval from the ATO for payment of a specified amount.

Early access to your benefit (for 2020/21 financial year)

If your employment has been affected by Covid-19 you may be able to access some of your accumulation benefit early to assist with financial distress. Eligible members can access up to $10,000 of their super in the 2020/21 financial year provided they apply before 31 December 2020. The early access payment is tax free and won't affect Centrelink or Veterans' Affairs payments.

To find out if you're eligible to apply for temporary early access to your super you will need to apply online through the myGov website. The ATO will then assess your eligibility and advise you and us of the outcome. For further information please contact us or visit the ATO website.

Early withdrawals can have a long-term impact on your super balance. Please consider talking to one of our financial planners before making a decision.

Preservation age

Your preservation age is the age at which you are eligible to access your preserved benefits due to retirement. Your preservation age will be between 55 and 60, depending on your date of birth, please see the table below:

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 to 30 June 1961	56
1 July 1961 to 30 June 1962	57
1 July 1962 to 30 June 1963	58
1 July 1963 to 30 June 1964	59
On or after 1 July 1964	60

2. Risks of super

As a member of the Defined Benefit Scheme, your pension payable from the scheme is based on a formula and therefore generally not subject to standard investment risks.

Your Other Contributions (OC) Account and deferred member benefits are invested into the Defined Benefit Selection investment option.

Defined benefit complexity risk

The Defined Benefit Scheme is a complex product and certain calculations and decisions made may impact the amount available to you at retirement. For this reason, we recommend that you seek professional financial planning advice where appropriate to ensure the best outcome for you.

Regulatory risk

There are significant risks that need to be considered when investing in super, including super laws and policies that may change in the future and may affect your benefit, investment strategy or your ability to access your benefit.

Technology risk

To the extent permitted by law, EISS Super accepts no responsibility should your online account be unavailable for transacting. We reserve the right to temporarily change, suspend or to cancel operations in your online account without prior notice.

In the event your online account is not available for transaction requests, we will endeavour to provide an alternative to members who wish to transact. We accept no responsibility for delays caused by the use of any alternative system.

As with any service that uses technology, there is some risk that the administration systems hardware and software may fail, causing a delay in the processing and reporting of your account. We do not accept responsibility if this were to happen. We have sought to address this risk and the risks associated with other unforeseen circumstances by implementing a disaster recovery plan and ensuring that relevant service providers also have disaster recovery and business continuity arrangements in place. This includes manual process and nightly backups of our systems and data.

You should be aware that the internet is not a completely reliable transmission medium. We shall not have any liability for any data transmission errors such as data loss or damage or alteration of any kind, including, but not limited to, any direct, indirect or consequential damage, arising out of the use of the services provided herein.

Investment risks

Investment risk is the risk that the value of your investment and the level of returns that you will receive will vary. It is important to understand that past performance is not an indicator of future performance. Returns are not guaranteed and you may lose some of your money as a result of your investment.

There is a relationship between the amount of risk a person is willing to take and the potential return they may receive on their investment.

In general, investments which potentially earn higher long term returns e.g. equities also carry higher short term risk. Not only may the rate of return of the investment vary but also the value of the investment can rise and fall more sharply than other investments. Typically, investments that potentially earn a lower return over the long term e.g. cash, fixed interest and bonds, are less likely to fluctuate in the short term.

Factors such as interest and exchange rates, government policy and the state of domestic and world economies may have an impact on financial markets and therefore your investment. In the case of listed securities such as shares and listed property trusts, other influences include world political events and the performance of world share markets. It is important to note that the returns from listed investments reflect the market forces of supply and demand and investor sentiment.

The principle of diversification is where you spread your investment between more than one asset class. The intended result is to achieve more stable investment returns, in other words, the total returns of a diversified portfolio should not fluctuate as much as the returns from investing solely in one asset class. Further diversification may be added by spreading money across a group of specialist fund managers within an asset class.

The value of your investment can fall as well as rise. Even where your investment does not fall in value, it may not perform according to your expectations.

Asset class risk

Risks for individual asset classes include:

- **Australian equities** – Specific risks relating to individual companies include profits and dividends being below expectations, adverse management changes or reassessment of the outlook for the company or industry. The market value of equities can also fluctuate.
- **International equities** – Global economic trends, individual country risk factors as well as specific risks relating to individual companies will affect the price. There is also currency risk (except to the extent that the risk is managed by foreign currency hedging). Capital gains may occur when the Australian dollar depreciates against other currencies and capital losses may occur when the Australian dollar appreciates.
- **Infrastructure** – Risks include the construction of new infrastructure projects, locational factors, lack of use of the infrastructure asset, declining asset values and realised losses when infrastructure assets are sold. Infrastructure may also attract some of the risks associated with share market volatility. Other risks include delays in obtaining planning approvals, potential environmental impacts and leasing arrangements.

- **Property** – Risks include vacancies, locational factors, unprofitable property development activities, declining property values and realised losses when properties are sold. Property will also attract some of the risks associated with share market volatility. Other risks include delays in obtaining required approvals, construction, leasing and market risk.
- **Alternative assets** – Alternative assets can involve exposure to all of the risks applying to the traditional asset classes described in this section. In addition, some alternative assets are illiquid and can also involve the use of derivatives.
- **Private equity** – Specific risks relating to individual assets or companies include profits and income distributions being below expectations, changes in management of the underlying companies and a reassessment of the industry or economic outlook. Company re-development and new strategies not being implemented efficiently can also create risk. This asset class is not liquid so accessing funds quickly is not always possible.
- **Fixed income** – Whilst these investments pay a set amount of interest income over time, market value can fluctuate. Overall returns over short-term periods can be negative. The market value will fall if yields rise. Fixed interest investments are also subject to credit risk.
- **Cash** – Whilst it is unlikely that the market value of a cash investment will decline, longer-term returns are generally lower than other assets.

Credit risk

Investment in debt securities or other debt instruments can be subject to default risk. For example, where we buy a bond that has a regular coupon (interest) payment and a capital repayment (the money you get at the end of the period of the bond), there is a risk that the organisation that issued the bond (credit issuer) may default on the interest payments, the capital repayment or both.

Bond investments with a non-investment grade credit rating (that is Standard and Poor's rating of BB+ or lower) are subject to increased risks, compared with investment grade securities.

Currency risk

Generally, a portion of the assets are invested internationally and therefore can be affected by currency movements. This means that the value in AUD of international assets will vary as the value of currencies and exchange rates change.

A currency manager is used to manage our foreign currency exposure. The foreign currency exposure will vary from time to time.

Derivatives risk

We have a policy that is applied when approved investment managers trade in derivatives. Derivatives can be used for many purposes, including hedging to protect an asset against market fluctuations, reducing costs of achieving a particular market exposure and maintaining benchmark strategic asset allocations.

Risks include:

- **Price** – The risk that changes in prices in the market underlying a derivative contract or in the derivative contract itself, are adverse to the position held.
- **Leverage** – The risk that by creating greater exposure to a market than that of the assets backing the position, losses will be magnified.
- **Liquidity** – The risk that a derivative position cannot be reversed.
- **Default** – The risk that the other party does not meet its obligations.

Inflation risk

Although the investment may produce a positive return, when you compare this to the increase in the cost of living, you may find that your return hasn't been able to keep up with inflation, effectively reducing your purchasing power. You need to balance risk against returns in order to achieve your investment goals.

Interest rate risk

Cash, cash-like securities and debt securities investments are affected by interest rate movements. Capital gains can be earned from debt securities investments where interest rates are falling and capital losses can occur when interest rates are rising. The risk of capital gain or loss tends to increase as the term to maturity of the investment increases.

Liquidity risk

Some investment strategies hold assets which are 'illiquid'. If we invest in illiquid assets, we may not be able to sell the investment at short notice or we may need to sell our investment at a discount or a loss if we need to 'cash out' quickly. Examples are property, private equity and infrastructure. Listed investments can also be illiquid where there is not an active market for the securities such as shares in smaller companies.

Diversifying across a range of investments and limiting holdings in potentially illiquid investments may help you manage the risks of illiquid investments.

Market risk

General economic conditions both in Australia and elsewhere in the world affect markets. Changes in government policies, interest rates, inflation, technological developments and demographic changes all affect investment markets as a whole, causing the value of investments to rise and fall. We have no way of accurately predicting what will happen and how this will affect the markets.

How do I understand and manage my investment risk?

Whilst you can never fully eliminate the risk associated with an investment, there are a number of different ways in which you can minimise the potential risk.

Obtain professional advice

Investments are complicated and whilst the risk profile of an investment may be an indication of the risk associated with that investment, it is recommended that you seek professional advice before deciding which investment strategy best suits your needs.

Regularly review your investment

Your individual circumstances may change and as a result your selected investment may no longer be suitable. If you do think that your investment is no longer best serving your needs, you should obtain professional advice to review your investment choice.

Invest for the long-term

Super is a long-term investment and moving between investments on a regular basis may do more harm than good. You should consider remaining in your selected strategy for at least the minimum investment timeframe suggested for the investment strategy.

Please note, investing for the suggested investment timeframe will not eliminate risk.

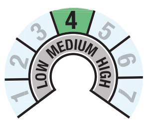
Read all of the information

It is important that you read all of the information associated with the investment. Risk profiles can be an indicator as to the volatility of an investment, but you should also be aware of where your money is being invested to understand how the various risks may have an impact on your investment.

3. How we invest your money

The Defined Benefit Scheme offers the Defined Benefit Selection investment option which invests in multiple asset classes.

Defined Benefit Selection

Investment return objective	This investment option aims to achieve a return of 4.7% p.a. over 10 years (after fees and taxes).	
Description	The Defined Benefit Selection invests a predominant proportion of its funds in growth assets such as Australian and international equities. Because the emphasis is on growth, you should keep in mind that there may be what financial professionals call 'short-term volatility' in this investment option. In other words, the value of the investment may fluctuate over the short to medium term.	
Strategic Asset Allocation[1]		
Asset Class	**Target**	**Range**
Australian Equities	17%	5-30%
International Equities	27%	10-55%
Infrastructure	10%	0-30%
Property	10%	0-30%
Private Equity	2%	0-15%
Alternatives	7.5%	0-20%
Fixed income	23.5%	10-50%
Cash	3%	0-15%
Growth Assets	61%	35-75%
Defensive Assets	39%	25-65%
Minimum timeframe	Long term – at least 10 years.	
Level of investment risk[2]	 Medium, the estimated number of negative returns in a 20 year period is 2-3 years.	

1 Strategic Asset Allocation may change from time to time within the asset class ranges.
2 The level of investment risk is based on statutory reporting standards. Please refer to the 'Level of investment risk' on page 21.

Level of investment risk

The Standard Risk Measure (SRM) is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period.

The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail the size of a negative return or the potential for a positive return to be lower than a member requires to meet their objectives. Further, it does not take into account the impact of fees and costs or tax on the likelihood of a negative return.

You should ensure that you are comfortable with the risks and potential losses associated with your chosen investment option. Below is a table that outlines the labelling used in the SRM:

Standard Risk Measure

Risk band	Risk label	Estimated number of negative annual returns over any 20 year period
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

Review of investments

We regularly review the investments and may from time to time make changes e.g. to the asset allocation ranges, the assets and the investment objective. Where significant changes are made , we will notify members either via **eisuper.com.au**, in the EISS Super Annual Report or by writing to you directly.

Ethical investing

We try to achieve ethical investing by encouraging our appointed investment managers to incorporate environmental, social and governance (ESG) considerations into their investment decision making process.

We do not take into account any specific labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments in any of the investment options. However, there is an expectation that the chosen investment managers will consider such issues when investing.

Energy Investment Fund (EIF)

EIF is a wholesale investment trust through which the majority of the assets of the Scheme are invested. The trustee of EIF is EIF Pty Limited, a wholly owned subsidiary of Energy Industries Superannuation Scheme Pty Limited, which is the trustee of the Scheme.

We, through our ownership of EIF Pty Limited, are responsible for selecting and managing the investment managers which collectively manage the assets of EIF.

We adhere to the guiding principle that several carefully selected investment managers will over any reasonable period, produce:

- greater consistency;
- lower volatility and risk; and
- better results.

Diversification

The assets are allocated to a range of investment managers, which ensures diversification of both investments as well as investment managers. The actual investment managers used to manage the assets of EIF will change from time to time, as will the value of the assets that they manage. Updated details will be provided in the EISS Super Annual Report.

Investment returns

Up-to-date information about the investment returns will be set out in the EISS Super Annual Report available at **eisuper.com.au/annual-reports**. Information about recent investment performance is also available at **eisuper.com.au/performance** or by contacting us. You should be aware that past performance is not a reliable indicator of future performance.

Unit pricing

When you invest in the Defined Benefit Selection investment option through your Other Contributions (OC) Account (including when you make a contribution), units will be issued to you.

The number of units issued will be dependent on the amount you have to invest and the unit price on the date of investment. Similarly, when you exit e.g. request a benefit payment, the value of the amount withdrawn is dependent upon the unit price on the date of withdrawal.

We apply forward unit pricing for most transactions, including contributions and transfers in. This means that the unit price for a particular Business Day (the 'Valuation Date') is the net asset value of the investments on that day divided by the total number of units on issue on that day. The net asset value is the valuation of assets in the Defined Benefit Selection as determined on the Valuation Date after allowing for fees, taxes and other costs.

With a policy of forward unit pricing, the unit price on a particular day is not known at the time a transaction is submitted but is subsequently calculated once the valuation is complete. In contrast, for transactions such as withdrawals, the latest available unit price is used.

There may be times when unit prices are not able to be calculated on a particular day because it is not practical to value the units on that day. For example, this may occur in times of extreme market volatility. If unit prices are not calculated on a particular day, we may suspend transactions.

Unit prices may rise as well as fall. Unit prices may fluctuate on a daily basis in line with changes in the market value of the assets held in an investment option. We do not guarantee the repayment of capital or any particular rate of return.

Please note a 'Business Day' is a day that the Australian Securities Exchange is open for trading in Australia.

Reserves

We hold and maintain reserves to protect member benefits. These reserves can be used for unit price adjustments or any other event that, in our opinion is in the best interest of members.

Operational Risk Financial Requirement (ORFR) Reserve

The Operational Risk Financial Requirement (ORFR) Reserve complies with prudential requirements and can only be utilised for the purpose of rectifying losses to members and/or beneficiaries of the Scheme caused by operational risk events such as incorrect benefit payments due to human or system error, unit pricing errors and loss of data.

Trustee Costs Reserve

The Trustee Costs Reserve was established as a general reserve to protect member investments against losses resulting from strategic, operational and reputational risk events that are not covered by the ORFR Reserve.

4. Fees and other costs

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

Your employer may be able to negotiate to pay lower administration fees[1].

Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (**moneysmart.gov.au**) has a superannuation fee calculator to help you check out different fee options.

1 The above Consumer Advisory Warning is government prescribed wording. Lower fees cannot be negotiated with us.

Overview

This section shows fees and other costs that you may be charged.

These fees and costs may be deducted from:

- your money;
- the returns on your investment; or
- the Scheme assets as a whole.

Other fees such as activity fees and advice fees for personal advice may also be charged but these will depend on the nature of the activity or advice chosen by you.

Entry and exit fees cannot be charged.

Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Changes to Fees and Other Costs

If changes are made to the fees and other costs then updated fee information will be available at **eisuper.com.au/feesandcosts** or by contacting us on **1300 369 901**. Material changes will be notified in writing directly to members.

The information in the 'Fees and Costs' table can be used to compare costs between different superannuation products.

Fees and Costs

Type of fee	Amount	How and when paid
Investment fee	0.32% p.a.	This is deducted from the assets of the investment option and reflected in the daily unit price.
Administration fee	0.47% p.a.	This is deducted from the assets of the investment option and reflected in the daily unit price.
Buy-sell spread	Nil	n/a
Switching fee	Nil	n/a
Advice fees relating to all members investing in a particular investment option(s)	Nil	n/a
Other fees and costs[1]		
Indirect cost ratio (ICR)	0.21% p.a.	This is deducted from the assets of the investment option and reflected in the daily unit price.

1 For information about other fees and costs, please refer to the 'Additional explanation of fees and costs' section on page 25.

Example of annual fees and costs for the Defined Benefit Selection

This table gives an example of how the fees and costs for the Defined Benefit Selection investment option can affect your superannuation investment over a one year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE		Balance of $50,000
Investment fees	0.32%	For every $50,000 you have invested you will be charged $160 each year.
PLUS Administration fees	0.47%	And, for every $50,000 you have invested you will be charged $235 each year.
PLUS Indirect costs	0.21%	And, indirect costs of $105 each year will be deducted from your investment.
EQUALS Cost of product	If your balance was $50,000, then for that year you will be charged fees of $500.[1]	

1 Additional fees may apply.

Additional explanation of fees and costs

Investment fee

A fee that relates to the investment of the assets of a superannuation entity and includes:

- fees in payment for the exercise of care and expertise in the investment of those assets (including performance fees); and
- costs that relate to the investment of assets of the entity, other than:
  - borrowing costs; and
  - indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
  - costs that are otherwise charged as an administration fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

We rely on the information provided by the investment managers to calculate the Investment fee using actual amounts and, where the actual amount is not known and cannot reasonably be known we use estimates. We have made enquiries to obtain the most complete information available.

Administration fee

A fee that relates to the administration or operation of the superannuation entity and includes costs that relate to that administration or operation, other than:

- borrowing costs; and
- indirect costs that are not paid out of the superannuation entity that the trustee has elected in writing will be treated as indirect costs and not fees, incurred by the trustee of the entity or in an interposed vehicle or derivative financial product; and
- costs that are otherwise charged as an investment fee, a buy-sell spread, a switching fee, an activity fee, an advice fee or an insurance fee.

Indirect Cost Ratio (ICR)

The Indirect Cost Ratio (ICR), for a MySuper product or an investment option offered by a superannuation entity, is the ratio of the total of the indirect costs for the MySuper product or investment option, to the total average net assets of the superannuation entity attributed to the MySuper product or investment option.

These costs are referred to as indirect costs because these are not deducted directly from your account, instead these costs indirectly reduce your investment value or return.

We rely on the information provided by the investment managers to calculate the ICR using actual amounts and, where the actual amount is not known and cannot reasonably be known we use estimates. We have made enquiries to obtain the most complete information available.

Performance Fees and Performance Related Fees

We do not charge a performance fee directly in any of our investment options. Some of the investment managers that we use may charge performance related fees when they outperform an agreed performance benchmark. The fees that investment managers may receive and performance benchmarks that their performance is measured against vary from time to time. It is not possible to accurately estimate future performance-related fees because of the nature of fluctuating investment markets, each investment manager's actual performance and their contractual arrangements. Performance-related fees are not directly deducted from member accounts. Performance-related fees are an indirect cost and form part of the Investment fee or ICR detailed in the 'Fees and Costs' table on page 24.

Tax

Refer to section 'How super is taxed' on page 28 for information on the tax applicable to your benefits. The benefit of tax deductions is passed onto members in the course of netting off these tax benefits against taxable income, as available to the fund.

Adviser Remuneration and Advice fee

A fee is an advice fee if:

- the fee relates directly to costs incurred by the trustee, or the trustees, of a superannuation entity because of the provision of financial product advice to a member by:
  - a trustee of the entity; or
  - another person acting as an employee of, or under an arrangement with, a trustee or trustees of the entity; and
- those costs are not otherwise charged as an administration fee, an investment fee, a switching fee, an activity fee or an insurance fee.

We can provide financial advice to members. Our financial planners are paid a salary and do not receive bonuses or commissions. Planner remuneration forms part of the Administration fee. You may choose to obtain your own financial advice and incur a separate advice fee for that financial advice.

If your investment is made through a licensed financial planner, depending on your circumstances and the type of advice provided, your financial planner may charge you a percentage or a dollar based fee for their advice. On your instruction, this fee may be deducted from your OC account.Please note, advice fees are set by negotiation between you and your financial planner. If you are issued with a Statement of Advice from a financial planner, it will include details of the fees and costs of your financial planner.

Any advice fees paid to your financial planner are in addition to any indirect costs. Importantly, not all advice will incur an advice fee and in many cases, we will still be able to provide you with financial advice at no additional cost, depending on the type and scope of advice provided.

Transactional and Operational costs

Transactional and operational costs include the following:

- brokerage;
- buy-sell spread;
- settlement costs (including custody costs);
- clearing costs;
- stamp duty on an investment transaction;
- costs incurred in or by an interposed vehicle that would be transactional and operational costs if they had been incurred by the superannuation entity to which the superannuation product or investment option relates; and
- for a superannuation product does not include borrowing costs or costs that are indirect costs related to certain derivative financial products.

Some, but not all, transactional and operational costs are included in the ICR.

Borrowing Costs

Borrowing costs for a superannuation product are costs that relate to a credit facility that is not a derivative financial product that is provided to the superannuation fund trustee, or an interposed vehicle or a trustee of an interposed vehicle in or through which the property of the superannuation fund is invested. The costs of derivative financial products are disclosed separately - either as indirect costs or investment fees.

The Trustee invests in interposed vehicles that incur borrowing costs. The amount borne by the particular investment options varies and those amounts are set out in the table on page 27. Borrowing costs are recovered from the revenues of the particular investment prior to the distribution of any earnings from the investment.

These borrowing costs do not form part of the ICR, so is an additional cost for members.

Property Operating Costs

Property operating costs for a superannuation product are amounts paid or payable in relation to the holding of or interest in real estate assets.

The Trustee also invests in interposed vehicles that either hold real estate or have an interest in real estate. The amount of property operating costs borne by the particular investment option varies and are set out in the table on page 27.

Property operating costs are recovered from the revenues of the particular investment prior to the distribution of any earnings from the investment. These property operating costs do not form part of the ICR, so is an additional cost for members.

Table of Performance-Related Fees, Transactional and Operational Costs, Borrowing Costs and Property Operating Costs

The following table is a breakdown (to the extent known or estimated) of performance-related fees, transactional and operational costs, borrowing costs and property operating costs. Some of these fees and costs are included in the ICR, while others are not. Costs not included in the ICR include certain implicit transactional and operational costs, the costs of certain derivative financial products, borrowing costs and property operating costs. Implicit transactional costs include bid-ask spread, which is the difference between the price paid for acquiring an asset and the price that would be payable if it were disposed of.

Performance related fees, transactional and operational costs, borrowing costs and property operating costs by investment option (%)

Costs included in the ICR			Costs not included in the ICR		
Investment option	**Performance related fees**	**Transactional and operational costs**	**Transactional and operational costs**	**Borrowing costs**	**Property operating costs**
Defined Benefit Selection	0.01%	0.07%	0.07%	0.09%	0.07%

Activity fees

A fee is an activity fee if:

- the fee relates to costs incurred by the trustee, or the trustees, of a superannuation entity that are directly related to an activity of the trustee, or the trustees:
  - that is engaged in at the request, or with the consent, of a member; or
  - that relates to a member and is required by law; and
  - those costs are not otherwise charged as an administration fee, an investment fee, a buy-sell spread, a switching fee, an advice fee or an insurance fee.

Request for Family Law information fee

This fee is for the provision of information about a member's account in relation to a family law split. The Trustee does not charge a fee for this service.

Benefit split fee

This is a fee associated with a family law court split. The Trustee does not charge a fee for this service.

Other defined fees

Buy-sell spread: A fee to recover transaction costs incurred by the trustee, or the trustees, of a superannuation entity in relation to the sale and purchase of assets of the entity.

Switching fee: A fee to recover the costs of switching all or part of a member's interest in a superannuation entity from one class of beneficial interest in the entity to another.

Exit fee: A fee, other than a buy-sell spread that relates to the disposal of all or part of a member's interests in a superannuation entity.

The Trustee does not charge a buy-sell spread, switching fee or exit fee.

Alterations to fees and costs

Fees are determined and reviewed regularly by us. We may vary the fees without your consent but where required to, will provide you with at least 30 days notice in advance of any increases to fees and costs.

The fees and costs are for the financial year ending 30 June 2020. The Trustee has estimated the fees and costs based on the information available to it at the time of issue of this PDS. The fees and costs may change for the financial year ending 30 June 2021. The extent of any changes is not reasonably quantifiable at present.

5. How super is taxed

Taxation rules that apply to super can be complicated. The following overview of the tax treatment is a guide only and represents our understanding of taxation law as at the date of this PDS. You should seek professional taxation advice which is specific to your circumstances to understand the impact of tax on your super.

Types of super tax

Contributions tax

Contributions tax is 15% and is levied on all concessional contributions and untaxed amounts rolled over from another fund.

Concessional contributions

Concessional contributions are contributions which are paid by your employer as either part of their obligatory requirements or on your behalf out of your pre-tax salary. Concessional contributions are taxed at 15% provided you have supplied the Defined Benefit Scheme with your TFN.

Concessional contributions in the Defined Benefit Scheme include:

- Notional Taxed Contributions (NTC) representing the notional employer contributions for the Employer Financed Benefit and the employer funded component of the Basic Benefit;
- Award based or additional employer contributions; and
- Salary Sacrifice contributions.

Special rules apply to work out the amount of concessional contributions in defined benefit funds. For more information, please refer to the Defined Benefit Scheme 'Contribution caps' fact sheet, available at **eisuper.com.au/factsheets**.

Concessional contributions cap

There is a cap on the amount of concessional contributions that you and/or your employer can make in a financial year.

The concessional contributions cap is $25,000 per financial year for all individuals regardless of age. The cap is indexed to increase periodically.

Amounts exceeding the concessional contributions cap

Amounts in excess of this cap will be included in your assessable income and taxed at your marginal tax rate, with an offset allowed for the 15% contributions tax already deducted within the fund. If the Australian Taxation Office (ATO) notifies you that an additional tax amount is to be paid for amounts in excess of the cap, you can nominate to release monies from your Other Contributions (OC) account (if you have one) to pay the liability or you can pay the ATO directly. If you do not have an OC account or the balance of your OC account is not large enough, you will need to pay the excess contributions tax from your own money.

Unused concessional contributions cap carry-forward

You may be able to increase your concessional contributions in a financial year by applying previously unused concessional contribution cap amounts. The following rules apply:

- since 1 July 2018, unused concessional contribution cap amounts could be accrued;
- you can access carry forward unused cap amounts if your total super balance was less than $500,000 on 30 June of the previous financial year; and
- you can carry forward unused cap amounts for up to five (5) financial years.

For more information about concessional contributions and the cap, please refer to the 'Contribution Caps' fact sheet at **eisuper.com.au/factsheets**.

High Income Contributions Tax

If your adjusted taxable income is greater than $250,000 in a financial year, you will effectively pay an additional 15% tax on concessional contributions up to the concessional contributions cap. If your income, excluding your before tax contributions, is less than $250,000, but the inclusion of your before tax contributions causes your income to exceed $250,000, the additional tax will only apply to the portion of your before tax contributions that are above $250,000. For more information, please visit **ato.gov.au**.

Non-concessional (after tax) contributions

Non-concessional (after tax) contributions include personal and spouse contributions. These contributions are not taxed when allocated to your account. There is a cap on the amount of non-concessional contributions you can make in a financial year.

You can generally contribute up to the annual non-concessional contribution cap of $100,000 if your total super balance (across all super and pension accounts) at 30 June of the previous financial year is less than the general transfer balance cap (currently $1.6 million).

If you are under age 65, you may be able to 'bring forward' up to three years of non-concessional contributions[1].

Once you are over age 67 you need to satisfy the work test, however you cannot bring forward future contributions.

The table below outlines the 'bring forward' rules for the 2020/21 financial year.

1 There are changes proposed to the 'bring forward' rules as part of the 2019/20 Federal Budget measures which are subject to pending legislation, yet to be released.

Total balance held in super and pension

Total balance on 30 June 2020	Maximum Non-concessional Contributions cap for the first year	Bring-forward period
< $1.4m	$300,000	3 years
$1.4m to < $1.5m	$200,000	2 years
$1.5m to < $1.6m	$100,000	None
$1.6m	Nil	n/a

If you exceed this cap, you can elect to have the excess amount refunded and 85% of any associated earnings. The full amount of associated earnings will be added to your assessable income and taxed at your marginal tax rate with a 15% tax offset.

If you choose not to have the excess refunded then the excess will be taxed at the highest marginal tax rate which is currently 47% (this includes the 2% Medicare levy).

Acceptance of non-concessional contributions

The following conditions need to be satisfied for you to make non-concessional contributions:

- your TFN must have been supplied to the Defined Benefit Scheme. If your TFN has not been supplied the contribution will not be accepted and will be refunded; and
- between ages 67 and 70,[1] you will need to satisfy the work test which requires that you have worked at least 40 hours in a period of not more than 30 consecutive days during the financial year to which the contributions relate.

1 Persons aged 70 or more cannot contribute to the Defined Benefit Scheme.

Transfer Balance Cap

In simple terms, the transfer balance cap means that you cannot transfer more than $1.6 million in any single pension account or across multiple pension accounts (excluding TTR pension accounts). If you exceed this cap:

- you will become liable to pay excess transfer balance tax on deemed earnings on the excess amount above the cap; and
- you will have to remove the excess amount (plus any deemed earnings) by either rolling the amount to a super account or withdrawing it from the pension account.

Defined benefit pensions

As commutation restrictions apply to Defined Benefit Scheme pensions, special rules apply. The 'special value' of these pensions for the purpose of the transfer balance cap is calculated by multiplying your annual pension payments by 16. Where a pension is given a capital value of over $1.6 million (i.e. more than $100,000 p.a.), you will not be required to commute the excess amount of your pension from the retirement phase. However in order to maintain a similar taxation outcome, the amount of the annual pension payment above $100,000 p.a. for those over age 60 will become subject to income tax. Specifically, 50% of your pension payments that exceed $100,000 p.a. will be included in your assessable income and will be taxed at your marginal tax rate.

If you have additional funds in a non-defined benefit retirement pension account, such as an account-based pension, the special value of your defined benefit pension and the balance of all other retirement pension accounts needs to have a total value of under $1.6 million. If the combined value is above $1.6 million, you will have to remove the excess amount (plus any deemed earnings) in the non-defined benefit pension account by either rolling the amount to a super account or withdrawing it from the pension account.

Tax on investment earnings

Tax is generally levied on investment earnings at a maximum of 15%. However, the actual rate of tax may be reduced due to certain tax credits and rebates available to the Scheme.

Goods and Services Tax (GST)

Contributions to and withdrawals from the Defined Benefit Scheme are not subject to GST. However, we may pay GST on certain services required in the process of managing the Scheme, such as fees paid to investment managers. In respect of some of those GST amounts paid by us, we can claim back 75% or 55% (depending on the item) of the GST paid as a reduced input tax credit, effectively lowering the amount of any GST paid.

Surcharge

The Federal Government has abolished the surcharge levy upon high income earners from 1 July 2005. However, any assessments received for periods prior to this date remain payable to the Defined Benefit Scheme as we have already paid these amounts to the ATO on your behalf. Any Surcharge Debt amounts will be deducted from your benefit at the time of exit.

Non disclosure of your Tax File Number (TFN)

Once you become a member of The Defined Benefit Scheme you should ensure that you provide us with your TFN as soon as possible. This will allow us to accept all types of contributions to your account and apply the standard rates of tax to them.

If you do not provide us with your TFN, employer contributions made on your behalf may be taxed at the highest marginal rate inclusive of Medicare levy. Additionally, we will not be able to accept personal contributions from you. You may also incur additional tax on any withdrawals you make from your account as a consequence of not providing us with your TFN.

If you decide to provide us with your TFN later, you may be able to have the additional tax paid refunded if your TFN is provided within four (4) years of the tax being deducted and you are still a member of the Defined Benefit Scheme.

Invalidity benefits

An additional invalidity tax free concession may apply to an invalidity benefit provided that the illness or injury is deemed to be total and permanent.

Applicants will be asked to produce evidence of total and permanent invalidity, as required by superannuation law, in order to qualify for this tax concession.

Terminal illness benefits

No tax is payable on a benefit for a member who has been approved for a payment under the Terminally ill condition of release.

Applicants will be asked to produce evidence of terminal illness, as required by superannuation law, in order to qualify for this tax concession.

Tax on pension payments and lump sum withdrawals

The tax treatment depends on your age and tax components.

Pension payments are taxed on a Pay-As-You-Go (PAYG) basis. However, part or all may be tax-free depending on your age, eligibility for tax offsets and the income tax-free threshold.

Age 60 or over?

If you are age 60 or over, no tax is payable on your pension payments up to $100,000 p.a. or lump sum withdrawals and these don't need to be declared when you lodge a tax return.

Under age 60?

If you are under age 60, tax on the taxable component of your pension payments or lump sum payments may be payable.

Tax-free component

The tax-free component of your super is generally made up of your non-concessional contributions plus any crystallised tax-free amounts at 30 June 2007. If your super is released due to permanent incapacity, the tax-free component will be increased if you are under age 65. No tax is payable on the tax-free component.

Taxable component

The taxable component is the balance of your super lump sum less the tax-free component. The taxable component is taxed depending on your age and how the payment is made.

Tax on pension payments

The table below shows how the taxable component of defined benefit pensions is taxed:

Your age	Tax on the taxable component
Under preservation age	Marginal tax rate plus Medicare levy
Preservation age or over but under age 60	Your marginal tax rate inclusive of Medicare levy less 15% tax offset applies
60 or over	No tax for the first $100,000, then 50% of the income above is taxed at marginal tax rates

15% pension tax offset

If you are aged between preservation age and 60 then you may be entitled to a 15% tax offset on the taxable component of your pension payments.

The 15% tax offset reduces your tax liability on your pension payments. For example, if you have elected to receive a pension of $10,000 and your tax-free portion is 25%, the assessable amount is $7,500 for tax purposes. Based on these amounts, a tax offset of $1,125 (15% of $7,500) will reduce the tax you need to pay.

There is no tax offset if you are under preservation age unless you are totally and permanently disabled.

Tax on lump sum withdrawals

Lump sum payments may contain a tax-free and a taxable component and are subject to different tax rates depending on your age, the components and the amount withdrawn, as outlined in the table below:

Your age	Tax on the taxable component
Under preservation age	Up to 22% inclusive of Medicare levy.
Preservation age or over but under age 60	Up to $215,000[1] - 0%. Over $215,000[1] Up to 17% inclusive of Medicare levy.
60 or over	No tax

1 Figure based on 2020/21 financial year.

Social Security

Social security benefits depend on individual circumstances. Pension benefits may not only affect your social security entitlement, but also those of your spouse and/or dependants who may receive a benefit or pension after your death. You should seek advice from a suitably qualified professional about how this may affect you.

The pension payments are assessed under the income test less any deductible amounts. The deductible amount is capped at 10% of your gross payment. Please note the capping does not apply to Veterans' Affairs pensioners. The capital used to assess the pension is not assessed as an asset.

Tax on death benefits

Tax payable on death benefits depends on whether the benefit is paid to a 'dependant' or 'non-dependant' and whether the benefit is paid to them as a lump sum or an income stream.

Dependants

For tax purposes, a 'death benefit dependant' may be:

- a spouse (including a de facto spouse, same sex spouse or a former spouse);
- a child of the deceased under age 18;
- a person with whom the deceased had an interdependency relationship with at the time of the death; or
- a person who was dependent on the deceased at the time of death.

No tax is payable on the tax-free component of a death benefit. The taxable component may be subject to tax as follows:

Tax on death benefits - lump sum payments paid to dependants

Age of deceased	Age of recipient	Maximum tax rate
Any age	Any age	0%

Tax on death benefits - paid as an income stream to dependants

Age of deceased	Age of recipient	Maximum tax rate
60 and above	Any age	0%
Below 60	60 and above	0%
Below 60	Below 60	Marginal tax rate plus Medicare levy less 15% tax offset

Non-dependants

If someone is not a dependant for tax purposes, the taxable component of a death benefit payment to a non-dependant may be subject to tax as follows:

Tax on death benefits - lump sum payments paid to non-dependants

Age of deceased	Age of recipient	Maximum tax rate
Any age	Any age	15% plus Medicare levy

Death benefits cannot be paid to a non-dependant as an income stream.

We recommend that you seek advice from your financial planner about how the tax laws apply specifically to you and your spouse, estate and dependants.

6. Other information

Member statements

Your member statement will show the balance of your account as at the statement date, provide information on net investment earnings and a list of all transactions that have taken place during the statement period.

Annual Report

We provide members with an EISS Super Annual Report which provides information on the management and financial condition of the Scheme including the investment performance. The EISS Super Annual Report is available at **eisuper.com.au/annual-reports** or by contacting us to request a free copy.

Complaints

We strive to provide a high standard of member service. If however, you are dissatisfied with the service you receive or a decision which affects you, you may lodge a complaint with us by writing to:

Complaints Resolution Officer
EISS Super
GPO Box 7039
Sydney NSW 2001

Alternatively, you can email **complaints@eisuper.com.au** or contact us.

If we do not resolve your complaint to your satisfaction, external dispute resolution is available to you. We will provide you with the details in our complaints process.

Protecting your privacy

We are required to comply with relevant privacy laws.

The personal information that we collect is used to process your application, administer your account(s), provide you with services and conduct research about how to improve our services and products.

If you do not give us your personal information or provide us with incomplete or inaccurate personal information, we may not be able to provide you benefits and services.

Unless required or authorised by law, we will only provide your personal information to authorised service providers who use the information to administer your account and provide services to you on our behalf such as our administrator, auditors, lawyers and insurance providers.

Your personal information will not be sent outside Australia except in instances where you are permanently relocating overseas to New Zealand and request that we transfer your superannuation benefits. A limited number of transactions may also be processed outside Australia in certain circumstances on an exceptions basis.

Ordinarily, we do not send your personal information overseas.

For more information, please refer to our Privacy Policy available at **eisuper.com.au/privacy** or contact us. Our Privacy Policy includes information about how you may access your personal information, correct any personal information that may be incorrect and how you may complain about a possible breach of privacy.

Family Law

The Family Law Act 1975 takes account of superannuation entitlements when negotiating settlements resulting from marriage breakdowns and for the 'splitting' of those entitlements between the parties involved. For further information, please read the Family Law fact sheet available at **eisuper.com.au/factsheets** or call us.

Anti-Money Laundering and Counter-Terrorism Financing

We do not accept cash nor do we make payments to third parties where we are not authorised to do so by the regulator or by a Court of law.

To meet our legal obligations and to manage our money laundering and terrorism financing risks, we must be reasonably satisfied that you are who you say you are, especially when you request any type of withdrawal from your account. This is in addition to our business requirements to be satisfied that you are the owner of your account and that the instruction we have received is valid.

At a minimum, we must verify your full name and date of birth, especially when you request any type of withdrawal. We may seek additional information to meet our obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

Additionally, we are required to monitor your transactions for the purpose of identifying, having regard to money laundering or terrorism financing risk, any transaction that appears to be suspicious within the terms of the legislation. Suspicious matters include suspicions about your identity, tax evasion, offence against a Commonwealth, State or Territory law, proceeds of crime, money laundering, terrorism financing or transactions that have no apparent economic or visible lawful purpose. We employ both human judgement and data analysis to identify such transactions.

We will report any such suspicious matters plus any threshold transactions or international funds transfer instructions to the regulator, AUSTRAC.

7. Glossary

Annual Adjustment Day	This is the day that contributions for any new units taken up by a member, following their Annual Review Day, are payable from.
Annual Review Day	A members unit entitlement is reviewed each year on the Annual Review Day. The Annual Review Day for a member is based on their date of birth and is as follows: ▪ for members born between 1 January and 30 June the Annual Review Day is 28 July; and ▪ for members born between 1 July and 31 December the Annual Review Day is 9 February.
Basic Benefit – non-contributory fully employer funded benefit	Super benefits accrued by members in addition to their contributory scheme benefits. The basic benefit is calculated at 3% of final average salary or final salary (depending on the circumstances of exit) for each year of service from 1 April 1988. This portion is financed by the employer. The Basic Benefit also includes the Other Contributions (OC) account – please see Other Contributions (OC) account.
Commutation factor	This is the factor which determines what each dollar of pension is worth if converted to a one off lump sum payment. The factor varies according to a members age.
Contributing member	A member who contributes to the Defined Benefit Scheme.
Contribution period	Refers to when contributions are payable. There are 13 four weekly contribution periods each year and most periods consist of 28 days.
Contribution rate	This refers to the amount a member must contribute for their units. The contribution rate is based on a members age, gender and the time which the member commences paying for their units, year of entry into the Defined Benefit Scheme and for females, their elected retirement age.
Defined benefit	The benefit based on a member's Final Salary or Final Average Salary upon exit from employment.
Early Voluntary Retirement	This is retirement between the ages 55 and prior to a member reaching the age of 60.
Employer Financed Benefit	The part of a benefit that is financed by employer contributions.
Final Salary	The amount of annual Superable Salary payable to an employee on their exit date.
Final Average Salary	The average of the annual superable salaries paid to an employee on their exit date and on the Annual Review Day for the preceding two years.
Instalment Rate	The rate at which new units are paid for, when these units are taken up within the last five years before Normal Retirement Age. The rate is determined by dividing the full cost of the unit by the number of periods remaining until retirement (5 years x 13 periods = 65 periods to retirement).
LWOP	Leave without pay.
Minimum Benefit	The minimum amount that is paid as a withdrawal benefit at the time that a member ceases employment.
Minimum Requisite Benefit	All Employer Financed Benefits accrued from 1 July 1992, must meet the requirements of the Superannuation Guarantee (SG) legislation. This means that the value of those benefits must equal the amount that would have accrued had the employer paid SG contributions into an accumulation super fund.
Normal Retirement Age	This is 60 years for men and either 55 or 60 for women depending on the age at which they elected to retire at when they joined the Defined Benefit Scheme.
Other Contributions (OC) Account	This is the accumulation component of the Basic Benefit. Members wishing to contribute additional amounts to their accounts, contribute these additional contributions to the Other Contributions (OC) account.
Personal Account	The part of a benefit financed by employee contributions.
Reserve Units	Reserve units allow members to contribute in advance for units, in anticipation of substituting them for normal units that they may become entitled to later.
Retrenchment	Retrenchment occurs when the employer compulsorily terminates the members services, or the member accepts an offer of redundancy, on the grounds that; ▪ the employer no longer requires the member's services and, on termination of that service, does not propose to fill the member's position; ▪ the work that the member was engaged to perform is completed; or ▪ the amount of work that the employer requires to be performed has diminished and it is necessary for the employer to reduce the total number of employees.
Salary sacrifice	A contribution made to super from an employees pre tax income. Salary sacrifice contributions reduce your taxable income and are known as concessional contributions upon entry into the super fund.