the lump sum scheme

ELECTRICITY INDUSTRY SUPERANNUATION SCHEME

secure your future

Everything you need to know about your super

DIVISION 2 - MEMBERS BOOKLET

ELECTRICITY
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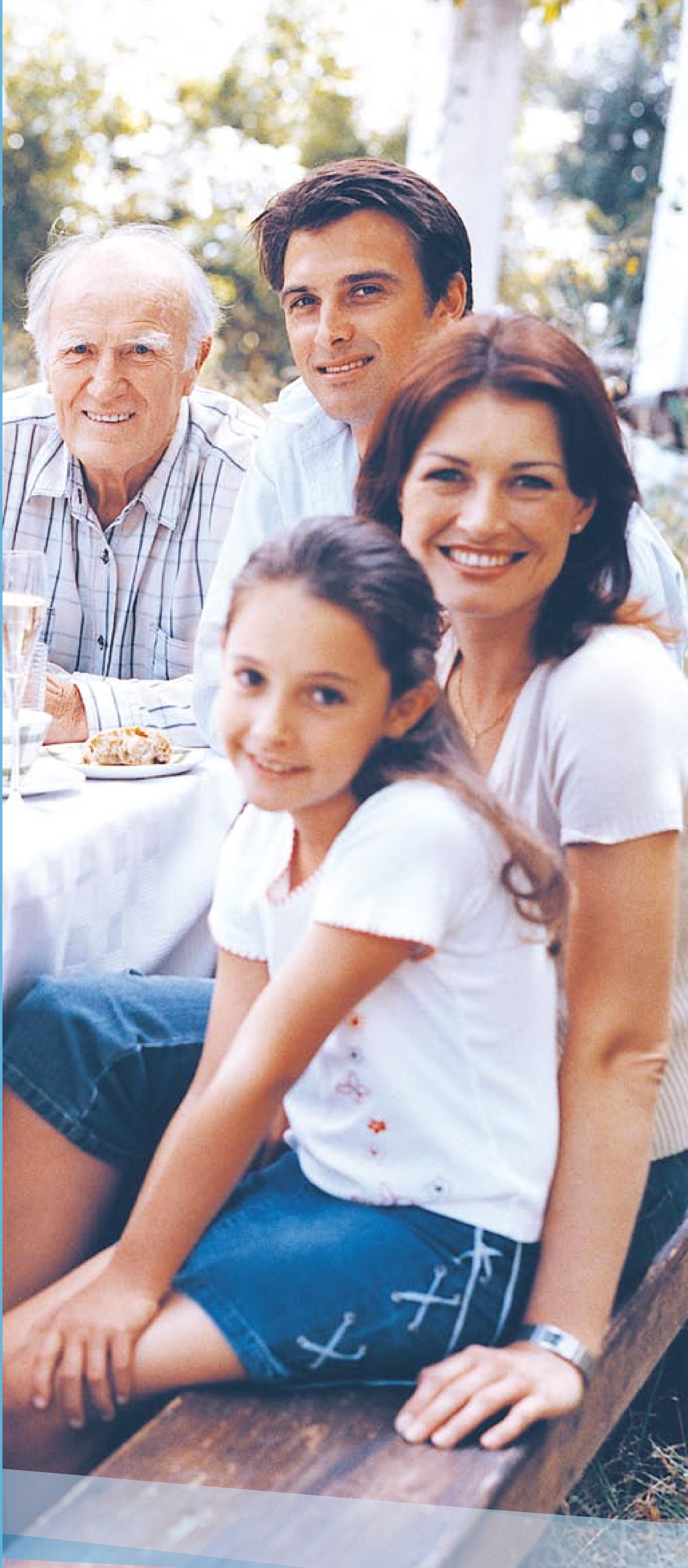

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Adding power to your financial future

Financial security is important to all of us. Your employer helps you achieve that security through the Lump Sum Scheme.

The attractive benefits provided by the Lump Sum Scheme are designed to give you - and your family - security during your working life and later when you retire. The money you contribute to EISS attracts a substantial employer subsidy. In addition, the Lump Sum Scheme provides a tax-effective way of helping you invest your financial resources.

A major objective of the Lump Sum Scheme is to provide a benefit for your retirement. If on retirement you had to rely on the social security system alone, you would almost certainly experience a large drop in your standard of living. The Lump Sum Scheme can help you maintain that standard of living.

In the event of your invalidity or death, membership of the Lump Sum Scheme can provide long-term security for you and your dependants. If you leave your employer before retirement age, there is a generous resignation benefit which is generally well in excess of the minimum benefits required by the Commonwealth Government.

This booklet describes the benefits provided by the Lump Sum Scheme. It contains important information for you and your family, so please read it carefully.

BENEFITS INCLUDE

- A personal and accessible industry superannuation scheme that understands the needs of its members.
- The flexibility for personal contributions to build on your retirement benefit (ie on top of benefits paid for by your employer).
- The certainty of defined benefits, that are generally based on your salary at retirement.
- Most administration fees paid for by your employer.
- The choice of investment options.
- The ability to specify those dependants (or legal personal representative) to whom your death benefit is to be paid.
- The security of disability benefits in certain circumstances to provide you with an income while you're injured or sick and unable to work.
- Access to a secure and easy to use website with all your details.
- EISS staff are on call to answer any questions you may have.
- Access to an income stream when you retire, with possible tax advantages.

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the lump sum scheme made easy

EISS RULES

This booklet has been prepared as a guide to help you understand the main features of the Lump Sum Scheme. It should not be taken as covering all conditions of the Lump Sum Scheme. The Trust Deed and the EISS Rules govern all matters relating to the operation of EISS and the detailed provisions regarding the payment of benefits. Any benefit to which you are entitled will be determined in accordance with the provisions of the EISS Rules. The Trust Deed and the EISS Rules are the final authority should there be a discrepancy between this booklet and the Trust Deed and EISS Rules.

SUPERANNUATION BOARD

The Electricity Industry Superannuation Board (the "Superannuation Board") is the trustee of EISS appointed pursuant to the Electricity Corporations Act 1994. The Superannuation Board is responsible for the management and administration of EISS. The members of the Superannuation Board are elected by EISS members, appointed by United Trades and Labor Council of South Australia and appointed by the Participating Employers. The Chairman of the Superannuation Board is appointed by other members of the Superannuation Board. The Superannuation Board must follow the terms of the Trust Deed and EISS Rules.

GENERAL

The information contained in this booklet is subject to change from time to time. This guide is current as at February 2009. The Superannuation Board recommends that if you intend to act in reliance upon any information contained in this booklet you should first consult a licensed or appropriately authorised financial advisor.

WHAT IS A DEFINED BENEFIT?

In the Lump Sum Scheme, part of your retirement benefits are 'defined benefits'. But what is a defined benefit?

It means that some or all of your benefit is determined by a formula based on your salary close to retirement, rather than being an account balance.

HOW IS THIS DIFFERENT TO ACCUMULATION STYLE BENEFITS?

In most super funds, benefits are based on account balances maintained in the fund – those funds are known as 'accumulation funds' (like Division 5 of the EISS, or everybody's Voluntary Contribution Account). Benefits in an accumulation fund are generally based on the balance of contributions made to the fund and the investment earnings on those contributions (other amounts may also be added or taken off the account such as fees).

Whether or not you'll get a bigger benefit from a defined benefit scheme or an accumulation scheme depends on a number of things, including how your salary has increased compared to how investment returns have gone. If your salary has done well, your defined benefit may be bigger. However, if investment returns have done well, an accumulation benefit may result in a higher benefit.

An important difference between these benefits is in who carries the risk. With a defined benefit, the member gets a certain benefit, and the employer is required to pay for it.

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the lump sum scheme made easy *continued*

If investment returns are high, the member gets the same benefit, and the employer doesn't have to pay as much. But if investment returns are low, the member gets the same benefit, and the employer may have to pay more. In other words, the employer carries the investment risk, and the member has more certainty.

With an accumulation benefit, everybody knows what is going in (ie the member and employer contributions are generally set as a percentage of salary), but the amount of the benefit is affected by how well the investments do. If the returns are high, the benefit is higher. If the returns are low, the benefits are lower. In other words, the member carries the investment risk, and the member has less certainty.

COMPLEXITY

The other key area of difference is in how simple (or not) each benefit type is.

The calculation of accumulation benefits are generally quite simple. An accumulation benefit is like a bank account, except the investment returns are likely to vary more and monies are preserved until retirement. All accumulation funds look much the same.

Defined benefit funds are generally more complex. The amount that is paid out can depend on the member's age and circumstances. Whether the member resigns at 54 or retires a day later at 55, the amount can change - this is the way benefits are structured under the EISS Rules.

So it is important that you read this booklet and the Division 2 Rules to know what you are eligible for. If you are not sure, ask. If you still do not understand, please ask again. EISS contact details appear at the top of the page.

UNDERSTANDING SALARY

Both your contributions and your benefits are related to your 'Salary'. For the Lump Sum Scheme purposes, 'salary' generally means your ordinary salary or wage, including average shift loadings and permanent loadings. It does not include payment for overtime or higher duties, area or other separate allowances, bonuses or commissions. See the definition of 'Salary' in the Glossary for further details.

If your salary is increased retrospectively in respect of a period longer than three months, this increased salary will only be considered to be your 'Salary' under the EISS Rules for the part of the retrospective period that exceeds the first three months.

Some employees are employed under contract either for a specified time or for a specified task. If this applies to you and your employer also classifies you as a 'Contract Employee' for the purpose of the EISS Rules, the Salary used to calculate your contributions and benefits will be determined by your employer.

Lump Sum Scheme members get the combination of an account balance (which is generally made up of your contributions and interest allocated in respect of those contributions less fees and taxes), plus a lump sum that is calculated by reference to your salary at retirement (so there may be benefits in hanging around until the next pay rise).

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contributions

This is a complicated subject.
If you don't understand, ring up the Scheme and say so.
We will be happy to explain your benefits to you.

YOUR STANDARD CONTRIBUTION OPTIONS

You have the advantage of flexible contribution rates. You can choose to contribute at one of the following standard rates:

- 1.5% of Salary
- 3% of Salary
- 4.5% of Salary
- 6% of Salary

You can also contribute at one of the higher rates, ie:

- 7.5% of Salary
- 9% of Salary.

The amount that your employer contributes to your benefit may be influenced by the rate at which you contribute to the Lump Sum Scheme. In general, you get the highest benefit paid for by your employer if you average 6% as your standard contribution rate (assuming you haven't worked part-time at any time). Therefore, to the extent that your average contribution rate exceeds 6%, your employer's contribution may not be affected.

The higher contribution rates are therefore generally used by members to 'catch-up' on earlier periods when contributions have been less than 6%. But you could also use them if you think that you may need to lower your contribution level later on or to make additional contributions towards your retirement.

The more you contribute, the more you will gain from both the accumulation of your own contributions and from your employer - up until you have reached the 6% average. Once you have reached this contribution rate average, the gain will come only from the accumulation of your extra contributions and interest in respect of those contributions.

See page 11 for more information on the way in which your contributions can affect the amount that your employer must contribute to your benefit.

Note: For certain members who transferred from the Electricity Trust of South Australia Retiring Gratuities for Wages Employees Scheme (1962) (RG Scheme), the calculation of the average contribution rate assumes that contributions were made at 3% during membership before 6 October 1986 (provided that the member pays the appropriate contribution).

CHANGING YOUR CONTRIBUTION RATE

You have the opportunity to change your contribution rate from time to time. This gives you financial flexibility. You can contribute at one of the lower rates in years when you have a lot of commitments, such as a home loan or family costs. Then later, when the pressure eases, you can use the higher contribution rates to boost your benefit and 'catch-up' for the times when you contributed at the lower rates.

Please note that you cannot 'catch-up' for any period of employment before you joined the Lump Sum Scheme.

CAN I CEASE CONTRIBUTING?

You may stop contributing from time to time. However this will affect the level of your benefits. One of the reasons for this is that

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contributions *continued*

if there is any period during which you were not contributing, this will reduce the maximum amount that your employer will have to contribute towards your benefit. You cannot pay 'catch-up' contributions to make up for any period when you were not contributing.

Should death or invalidity occur while you are not contributing, the benefit payable may be substantially less than had you been contributing at that time. For this reason, it is advisable to contribute at least 1.5% to ensure a higher level of financial protection for you and your family.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

You can contribute more by making 'additional voluntary contributions' (AVCs).

AVCs cannot be used as 'catch-up' contributions – that is, they do not affect the amount that your employer must contribute towards your benefit. They are a way of saving your own money until retirement in an efficient manner.

Depending on your payroll office, you can make AVCs at a level that is a multiple of 1.5% of your Salary or by one-off lump sum payments at any level (subject to the Superannuation Board's approval). These payments may also be paid direct to EISS via cheque.

AVCs may be stopped or varied at any time.

AVCs are credited to your 'Additional Voluntary Contributions Account' (as well as certain other amounts, such as amounts rolled into the Lump Sum Scheme from other superannuation funds). This account operates like a bank account (but you cannot make withdrawals), with investment earnings being allocated, and fees and taxes being debited (other amounts may also need to be debited to your account). Your Additional Voluntary Contributions Account balance is payable as a lump sum when you leave employment.

YOUR CONTRIBUTION ACCOUNT

Your Contribution Account works in much the same way as a bank account (but you cannot make withdrawals). All your contributions (other than your AVCs) are credited to your account. Investment earnings are allocated in respect of those contributions each year at a rate declared by the Superannuation Board, based on the earnings of your chosen investment portfolio and certain taxes. Tax, fees and other amounts are either taken into account in the rate of investment earnings allocated or are debited directly to your Contribution Account. This can be seen on your annual statement.

HOW ARE CONTRIBUTIONS PAID?

Member contributions are generally paid as deductions from your after-tax pay. Your employer then forwards these amounts to the Superannuation Board.

If your employment arrangement allows for salary sacrifice, you may - with the agreement of your employer - have your contributions made from pre-tax pay. You should seek financial advice before deciding whether to make salary sacrifice contributions.

Different taxation arrangements apply if you make contributions from your pre-tax pay as opposed to your after-tax pay.

If your contributions are not paid, the Superannuation Board has the power to treat you as if you had chosen to stop contributing and will adjust your benefits accordingly.

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investment choice

An important part of your superannuation is the way the money is invested and the investment returns achieved.

You can have a say in how your Contribution Account and Additional Voluntary Contributions Account is invested. This section gives you details on the EISS investment strategies and the investment options available for you to choose from.

LIMITS ON CHOICE

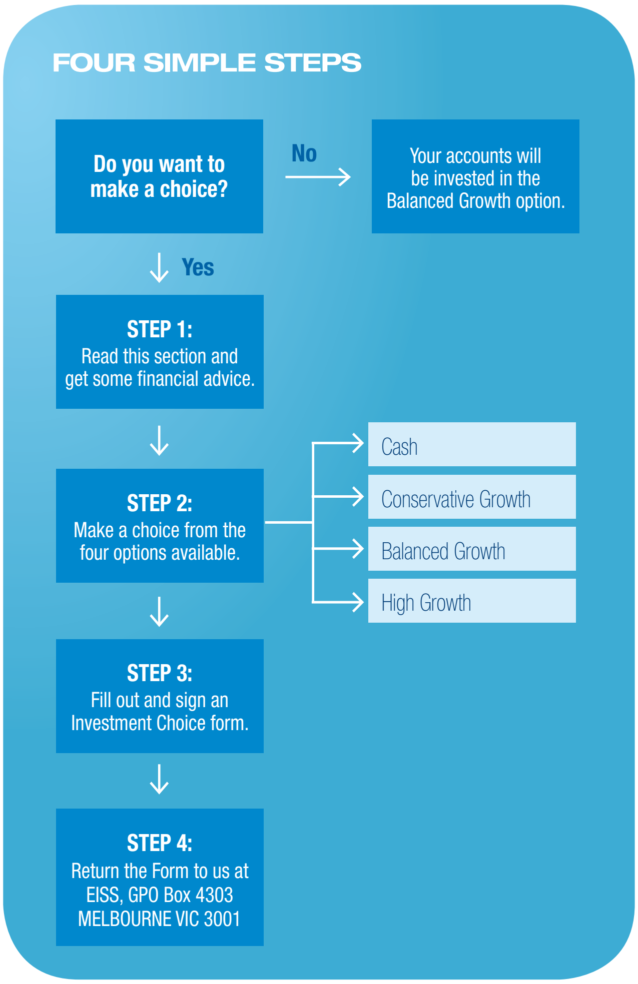
You have 4 options for your AVCs and rollovers. For the rest of your Contribution Account, you can choose between either the Balanced Growth or Cash investment options.

WHAT IS THE BEST INVESTMENT STRATEGY?

Unfortunately there is no one answer to this question which would be suitable for everyone - nor is there a “correct” answer. Investments which generally give higher returns also carry higher risk.

Over a number of years, it may be best for you to invest most of your superannuation in shares and property, but there is a risk that, just before you retire, the share market falls and your retirement benefit loses value!

You may then think that you should have selected that your superannuation be invested in low-risk defensive options all along. But if you had done this, in most years you may find that you would have earned less.



WHAT SHOULD YOU DO?

You need to make a choice that you are comfortable with and is suitable for your investment objectives and risk profile. You may wish to speak to our financial advisers on our Helpline, or seek external financial advice. We can direct you to a financial planner if you wish. If you don’t make a choice, your accounts will be invested in the Balanced Growth option. There is more information on this option (and the others) later in the booklet.

CHANGING YOUR INVESTMENT CHOICE

You can make up to four switches in any 12 month period without charge. Any more switches will attract a $50 fee.

TIMING

Any switch you make will take effect from the beginning of the following month, provided you return your form at least one week before the end of the month.

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investment choice *continued*

INVESTMENT STRATEGIES

There are two broad styles of investment strategy:

GROWTH STRATEGY

Growth assets typically are Australian shares, overseas shares and property. This type of investment carries the most short term risk, but has potentially the highest long term return. It could be the most appropriate strategy for those who are investing for the long term and want to protect, as best they can, the buying power of their savings against inflation.

In the short term, rates of return from growth investments can be expected to vary widely, with a significant chance of negative returns over a one-year period. For those with patience and a long-term time horizon, they are likely to produce the best results.

DEFENSIVE STRATEGY

On the other hand, the defensive style of investment uses fixed-interest bonds and short-term deposits. The most defensive investment is "cash", where the money is normally invested in short-term fixed interest bonds.

The risk of losing any of your original investment is extremely low, with returns being stable and assured for short-term needs. The risk that you have with this very conservative type of investment is that you could fail to meet your income goals for retirement, particularly when you have a long investment period ahead of you.

HOW DO THESE STYLES AFFECT YOUR CHOICES?

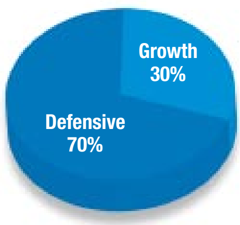
Most investment options are a mix of these two broad strategies, ranging from all growth to all defensive. This is the case in EISS. The options available are detailed in the following charts.

INVESTMENT OPTIONS

There are four investment options that you can choose from:

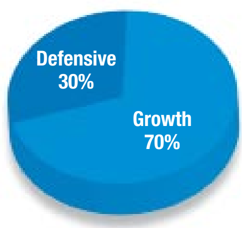
CASH

Objective
This option aims to exceed the consumer price index and similarly invested funds over rolling annual periods.
Strategy
This option is fully invested in short term fixed interest investments, and has a very conservative investment risk profile.
Management Fees
0.17% (deducted from the returns credited to your account)



CONSERVATIVE GROWTH

Objective
This option aims to exceed the consumer price index by 2% pa over three years, and to exceed the return on its benchmark portfolio over three years.
Strategy
This option is around 30% invested in growth investments, and has a moderately conservative investment risk profile.
Management Fees
0.42% (deducted from the returns credited to your account)



BALANCED GROWTH

Objective
This option aims to exceed the consumer price index by 3% pa over five years, and to exceed the return on its benchmark portfolio over three years.
Strategy
This option is around 70% invested in growth investments, and hence has a moderately aggressive investment risk profile.
Management Fees
0.72% (deducted from the returns credited to your account)

HIGH GROWTH

Objective
This option aims to exceed the consumer price index by 4% pa over five years, and to exceed the return on its benchmark portfolio over five years.
Strategy
This option is fully invested in growth investments, and has a very aggressive investment risk profile.
Management Fees
0.72% (deducted from the returns credited to your account)

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benefits

The main benefits provided through the Lump Sum Scheme generally consist of the following four components:

1. The **balance in your Contribution Account.**

2. Your **'main employer-financed benefit'**. Your employer meets the cost of this part of your benefit. In most situations, this is based on a formula, that depends upon the number of 'Contribution Points' you build up while you are a member of EISS and upon your 'Final Salary'. This 'Final Salary' is, in most cases your annual salary at the time you leave the Scheme, which gives you valuable protection from inflation (see the Glossary for further details).

3. Your **'Additional Benefit'**. This is based on your period of membership since 1 July 1992 (measured in completed months) and on your Final Salary. It is not related to your rate of contributions and applies even if you stop contributing.

4. The **balance of your Additional Voluntary Contributions Account** – as mentioned above, this will represent the balance of any AVCs that you have paid and rollovers you have made to the Lump Sum Scheme, and investment earnings in respect of those amounts. Debited to this account is the amount of any surcharge (and interest on that surcharge) EISS has paid for you and other amounts (including negative investment earnings, taxes and fees).

LIMIT ON BENEFITS

The main employer-financed benefit is subject to salary-based limits. For retirement at age 60, the limit is 4.5 times your Final Salary. Lower figures apply on retirement at earlier ages. At age 55 and under, for example, the limit on the main employer-financed benefit is 3.86 times your Final Salary.

FURTHER BENEFIT

You may also receive a further benefit, depending upon your circumstances. If you would like to know whether you are entitled to a further benefit, please contact EISS. Examples of the further benefits that may be available are set out as follows.

1. Further benefit depending on when you joined the Lump Sum Scheme
   - If you were previously a member of the old ETSA Occupational Superannuation Scheme and joined the Lump Sum Scheme before 1 July 1992, you will also receive an amount which represents the benefit transferred from the old ETSA Occupational Superannuation Scheme. This will consist of your balance in the ETSA Occupational Superannuation Scheme as at 1 July 1992 and investment earnings allocated in respect of that amount.
   - If you joined the Lump Sum Scheme after 1 July 1992 you may have a balance derived from your membership of the old ETSA Non-Contributory Superannuation Scheme which covers the period between the later of the date you joined your employer and 1 January 1988 to the date you joined the Lump Sum Scheme. To this balance, investment earnings are allocated. The balance is paid out when you leave EISS.

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benefits *continued*

2. Further benefit if you transferred from the RG Scheme
   - If you transferred from the RG Scheme, you may have special benefits in recognition of your RG Scheme membership, as follows:
     (a) The balance of your contributions to the RG Scheme and interest allocated in respect of those contributions (RG Scheme Member Component). This forms part of the balance in your Contribution Account and is therefore paid out when the normal Contribution Account balance is paid.
     (b) Your RG Scheme employer-subsidy may be added to your main employer-financed benefit, the total of which is subject to a maximum amount. The maximum amount may depend upon what type of benefit you become entitled to, but are usually comparable with the salary based limits on benefits under the RG Scheme, eg 4.9 times Final Salary at age 60, reducing to 4.2 times Final Salary at ages 55 and under.

TAX OFFSET

An amount referred to as the 'Tax Offset' is taken off all benefits from the Lump Sum Scheme before they are paid, and before any benefit tax is payable. This amount recognises that after privatisation of electricity corporations participating in EISS, EISS became a taxed superannuation fund; prior to privatisation, EISS was an untaxed fund. Following this change, EISS began paying tax on taxable contributions and investment income and the tax on members' end benefits was reduced. The Tax Offset means your benefit after all taxes should be no lower than you would have received from EISS as an untaxed fund. For more information, see page 40.

WHAT ARE CONTRIBUTION POINTS?

The main employer-financed benefit depends upon the number of your 'Contribution Points'. Each month of paying contributions at 6% of your Salary (or if you are not a full-time employee, your full-time equivalent Salary) 'earns' you one Contribution Point.

With flexible contributions, you don't have to contribute at the rate of 6% of Salary for your entire period of Lump Sum Scheme membership. If you contribute at a higher rate (up to 9%) or at a lower rate (down to 1.5%), you earn proportionately more or less than one Contribution Point per month, as the table alongside shows:

Your contribution rate (applied to full-time salary)	Build up of Contribution Points per month
1.5%	0.25
3.0%	0.50
4.5%	0.75
6.0%	1.00
7.5%	1.25
9.0%	1.50

However, there is a maximum number of Contribution Points you can build up. This maximum equals the number of months during which you were both employed and contributing to the Lump Sum Scheme (however, if you were both employed and contributed for only part of a month, then you

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benefits *continued*

can only accrue part of a point for that month). If you contribute for, say, 20 years, your number of months of contributing is 20 x 12, ie 240 and the Maximum Number of Contribution Points you can accrue is 240 (assuming you were employed full-time throughout that period). This maximum can be achieved by contributing an average of 6% of your Salary.

There is also another maximum that applies to Contribution Points. This is referred to in this booklet as the 'Overall Maximum Number of Contribution Points'. If you cease employment at age 60 or over, the Overall Maximum Number of Contribution Points applicable to you is 420. If you cease employment at any time from age 50 up to age 60, the Overall Maximum Number of Contribution Points applicable to you will be lower.

Example

An example helps explain how contribution points and flexible contribution rates work together. Let's imagine that you join the Lump Sum Scheme at age 25. The table shows how flexible contribution rates could be used to build up the maximum salary-linked benefit by retirement at age 60. In this example the contribution rates are applied to full-time Salary and employment is continuous.

HOW CONTRIBUTION POINTS BUILD UP

Age	Situation	Contribute	Contribution Points		
25–29	Buying a house: need cash	3% for 48 months	(48 x 0.50)	=	24
29–34	Starting a family: need even more cash	1.5% for 60 months	(60 x0.25)	=	15
34-38	Receive a promotion: decide to increase contribution rate	4.5% for 48 months	(48 x 0.75)	=	36
38–42	Recognise need to increase contributions to build up retirement income	6% for 48 months	(48 x 1.00)	=	48
42–51	Move to a higher salary: see need to catch up past lower contributions	7.5% for 108 months	(108 x 1.25)	=	135
51–60	Housing loan paid off, retirement near: boost super contributions to gain the maximum employer subsidy.	9% for 108 months	(108 x 1.50)	=	162
Total Contribution Points (after contributing for 35 years or 420 months)					**420**

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your retirement benefits

RETIREMENT AT OR AFTER AGE 60

Retirement should be a time when you can relax and take a well-earned rest, free from financial worries. To help make this possible, the Lump Sum Scheme provides a lump sum benefit.

On retirement at or after age 60, the benefit is a cash lump sum consisting of:

1. The **balance in your Contribution Account** at retirement,
   plus

2. Your **main employer-financed benefit,** which, in most cases, is calculated as:
   $$4.5 \times \frac{\text{Your Contribution Points}}{420} \times \text{Final Salary**}$$
   plus

3. Your **'Additional Benefit'** which is calculated as:
   3.4% x Final Salary** x each complete month of membership of the Lump Sum Scheme after 1 July 1992 (expressed in years)***
   plus

4. The balance of your Additional Voluntary Contributions Account (see page 7 for details)
   less

5. The Tax Offset (see page 40 for an explanation of what this is)

FURTHER BENEFIT

In addition, you may receive a further benefit which depends upon when you joined the Lump Sum Scheme, and if you transferred from the RG Scheme. See page 11 for details.

If you are entitled to receive an 'RG Scheme Employer Component' as part of your benefit, the aggregate of the RG Scheme Employer Component and the main employer-financed component of your benefit is subject to a maximum amount, being 4.9 times your Final Salary.

NOTES

* As mentioned earlier in the booklet, the Overall Maximum Number of Contribution Points which can be used when calculating the main employer-financed benefit is 420. Thus the maximum main employer-financed benefit is 4.5 times your Final Salary.

** See Glossary for explanation of how 'Final Salary' is determined.

*** The formula for the Additional Benefit assumes you have remained in full-time employment for that period during which you were a member of the Lump Sum Scheme after 30 June 1992. Should you have been employed on a basis other than full-time at all during that time, your benefit will generally be adjusted in proportion to your hours worked.

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benefits *continued*

EXAMPLE

Bruce joined the Lump Sum Scheme at age 30. He retires at age 61, by which time he has built up a total of 345 Contribution Points. Of his 31 years of membership, 30 years (ie 360 months) are after 1 July 1992.

His Final Salary on the day he retires is $60,000 and the balance in his Contribution Account stands at $100,000. He also has $10,000 in his Additional Voluntary Contributions Account. Bruce has remained in full-time employment since becoming a member of the Lump Sum Scheme. Bruce would therefore receive a retirement benefit (before tax) of:

1. The balance in his Contribution Account, ie $100,000 ***plus***

2. The main employer-financed benefit: 4.5 x 345/420 x $60,000 = $221,785 ***plus***

3. The Additional Benefit: 3.4% x $60,000 x 30 = $61,200 ***plus***

4. The balance of his Additional Voluntary Contributions Account = $10,000 ***less***

5. Tax Offset

This gives him a retirement benefit of $392,985 before the Tax Offset is taken off. In addition, he will receive his accumulation from the old ETSA Occupational Superannuation Scheme. If this is $3,000, his total benefit will be $395,985 (before the Tax Offset is applied to his benefit).

EARLY RETIREMENT

You may retire early at any time from age 55 and receive an early retirement benefit from the Lump Sum Scheme.

The early retirement benefit is calculated in the same way as the retirement benefit for members aged 60 and over. However, the early retirement benefit will be lower.

The main reason for this is that there has not been as much time to build up member contributions, Contribution Points and service.

Another reason relates to the main employer-financed benefit (which is the second component of the retirement benefit set out on page 13). There is an Overall Maximum Number of Contribution Points which can be used when calculating the main employer-financed benefit. This Overall Maximum Number of Contribution Points is 420 points for members who retire at age 60 or over, but a lower maximum would apply for a member who retires from the age of 55 up to the age of 60. The Overall Maximum Number of Contribution Points, and thus the maximum main employer financed benefit, are as follows:

Age	Overall Maximum Number of Contribution Points	Overall maximum main employer-financed benefit (being a multiple of Final Salary)
55	360	3.86
56	372	3.99
57	384	4.11
58	396	4.24
59	408	4.37
60+	420	4.50

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benefits *continued*

Intermediate figures are used where the age at retirement is not an exact number of years. Note that this is the Overall Maximum Number of Contribution Points. The Individual Maximum Number of Contribution Points based on the number of months during which you have contributed still applies.

EXAMPLE

Joan retires early on her 57th birthday after 34 years' membership which commenced on 1 July 1992, the day she commenced employment. She has built up 400 Contribution Points, but the Overall Maximum Number of Contribution Points applicable when retiring at that age is 384.

Her Final Salary at the date of retirement is $50,000 and the balance in her Contribution Account stands at $90,000. She also has $10,000 in her Additional Voluntary Contributions Account.

Joan's early retirement benefit (before tax) would be:

1. The balance in her Contribution Account, ie $90,000 ***plus***

2. The main employer-financed benefit:
   4.5 x 384/420 x $50,000 = $205,714 ***plus***

3. The Additional Benefit:
   3.4% x $50,000 x 34 = $57,800 ***plus***

4. The balance of her Additional Voluntary Contributions Account of $10,000 ***less***

5. Tax Offset

This gives a total early retirement benefit from the Lump Sum Scheme of $363,514 (before applying the Tax Offset).

FURTHER BENEFIT

As with retirement at age 60, if you transferred from the RG Scheme, then the following may also apply:

- the part of your Contribution Account balance known as your 'RG Scheme Member Component' , is also paid, and

- your 'RG Scheme Employer Component' is added to your main employer-financed benefit, with the result being limited to a multiple of your Final Salary. The only difference to the age 60 calculation is that the limit is 4.2 at age 55, rising uniformly to 4.9 at age 60

See page 11 for further details.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

your resignation benefits

If you resign from your employer before age 55, you will receive a benefit from the Lump Sum Scheme.

The same arrangements and benefits apply if you are dismissed by your employer before age 55.

If you are 55 or over and resign or are dismissed, the retirement benefit will be payable.

RESIGNATION

If, before age 55, you resign from your employer (or are dismissed), you have three options. You can:

1. take a benefit in cash equal to the balance of your Contribution Account and have an employer-financed benefit transferred to another approved superannuation fund (this option is referred to as the 'cash plus rollover' option); ***or***
2. leave a benefit in the Lump Sum Scheme; ***or***
3. transfer a benefit to another approved superannuation fund, such as a new employer's fund.

The way your resignation benefit is calculated will depend on the option you choose.

You must notify the EISS of your choice in writing within three months of ceasing employment. If you fail to do so, you will be deemed to have chosen Option 2 and your benefit will be preserved in EISS.

OPTION 1: CASH PLUS ROLLOVER

If you choose the 'cash plus rollover' option, the amount you will be paid in cash will equal the balance in your Contribution Account on the day you leave your employer.

The employer-financed benefit to be transferred to another superannuation fund represents the minimum amount necessary for your employer to satisfy its obligations under the Superannuation Guarantee (SG) legislation. This minimum amount comprises the balance of your employer's notional contributions at the level required under the SG Legislation as from 1 July 1992 (and investment earnings in respect of those contributions) less an amount that represents your share of the costs of providing benefits in EISS (eg insurance costs). (This benefit is referred to as the Minimum SG Benefit in this booklet).

From 1 July 2002, the notional employer contribution rate used to work out your Minimum SG Benefit is 9%* of your salary. The salary used in this calculation is your ordinary times earnings, up to the maximum set out in the SG Legislation (eg $31,180 per quarter for the 2008/2009 financial year).

OPTION 2: LEAVING YOUR BENEFIT IN THE LUMP SUM SCHEME

If you choose to leave or are deemed to have left your resignation benefit in the Lump Sum Scheme, it must be preserved there until a time of your choice between your 55th birthday and your 65th birthday (or until your earlier death or total and permanent incapacity for work).The benefit payable to you under this option will equal:

For more Scheme Info:
Phone 1300 307 844 or visit
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your resignation benefits *continued*

1. The balance in your Contribution Account as at the date your benefit is paid, ***plus***

2. Your main employer-financed benefit^, calculated as:
   4.5 x Your Contribution Points/420 x Indexed Salary^^ ***plus***

3. Your 'Additional Benefit', calculated as:
   3.4% of Indexed Salary for each year of membership of the Lump Sum Scheme after 1 July 1992 and up to the date of resignation, ***plus***

4. The balance of your Additional Voluntary Contributions Account (see page 7 for details on your Additional Voluntary Contributions Account) ***less***

5. The Tax Offset (see page 40).

OPTION 3: TRANSFERRING TO ANOTHER FUND

If you want to transfer your resignation/ dismissal benefit to another approved superannuation fund, your benefit will consist of:

1. The balance in your Contribution Account at the date of resignation, ***plus***

2. The main employer-financed benefit^ equal to twice the balance in your Contribution Account (excluding any balance referable to your RG Scheme contributions) ***plus***

3. Your Additional Benefit, calculated as:
   3.4% of Final Salary for each year of membership of the Lump Sum Scheme after 1 July 1992 ***plus***

4. The balance of your Additional Voluntary Contributions Account (see page 7 for details on your Additional Voluntary Contributions Account) ***less***

5. The Tax Offset (see page 40).

When transferred to another approved fund, your benefit must be preserved in accordance with Government requirements.

NOTES FOR OPTIONS 2 & 3:

^ The main employer-financed benefit under Option 2 or Option 3 cannot exceed either of the following amounts:

- twice the Contribution Account balance you would have built up if you had contributed at the standard rate of 6% of Salary (being your full-time Salary or full-time equivalent Salary if you were not employed full-time) throughout your membership of the Lump Sum Scheme up to the date of ceasing employment,

or

- 3.86 times your Salary immediately before ceasing employment (adjusted further to reflect changes in CPI since ceasing employment where Option 2 is selected).

A different formula applies to work out the main employer-financed benefit if the benefit becomes payable on your death.

^^ 'Indexed Salary' is your annual salary at the date of ceasing employment (or if you were not working full-time, the full-time equivalent salary), increased to the time the benefit is paid to reflect changes in CPI.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

your resignation benefits *continued*

FURTHER BENEFIT

Note that the previous options may also include one of the further benefits which depend upon whether you joined the Lump Sum Scheme **before** or **after** 1 July 1992 – see page 10.

WHAT SHOULD YOU THINK ABOUT WHEN DECIDING WHAT BENEFIT TO TAKE?

DO YOU NEED TO RECEIVE SOME OF YOUR SUPER IN CASH?
Option 1 allows you to do so, but is usually the smallest benefit. Also, if you take the money out of EISS as cash, you will generally pay tax on it if you are not aged 60 or over.

WHAT IS THE HIGHEST BENEFIT?
Your choices are based on different formulae and will therefore produce different benefit amounts. They will only equal each other under unusual circumstances.

WHAT RETURNS WILL YOU EARN ON YOUR BENEFIT?
If you take Option 3 and transfer a benefit to another fund, the investment returns you will get will be determined by the rules governing that fund . If you take Option 2, part of your benefit gets credited with EISS investment returns and the rest is increased in line with the CPI. This will affect the value of your benefit in the future.

If you transferred from the RG Scheme, then the following may also apply:

- under all Options, the balance in your Contribution Account from your own contributions to the RG Scheme is paid as part of your Contribution Account balance, and
- under Options 2 and 3, the main employer financed benefit, cannot exceed either:
  - twice the Contribution Account balance you would have built up by contributing at 6% of Salary throughout the period you were contributing under the Division 2 Rules (excluding any balance referable to your 'RG Scheme Member Component'), plus your 'RG Scheme Employer Component' , or
  - 4.2 times your salary immediately before ceasing employment
- under Option 2, the 'RG Scheme Employer Component' is added to the main employer-financed component of your benefit. The total of these two components is subject to a maximum amount, being 4.2 x Indexed Salary. Note that a different maximum applies where a benefit is paid out upon your death.

MAKING YOUR CHOICE

Only you can decide which option is best for you. When making your decision, you will need to consider your personal circumstances and goals and it may be desirable to consult a reputable financial adviser. After you leave your employer you have three months to decide how you want to treat your resignation benefit. If you do not notify EISS in writing of your choice within that time, your benefit will automatically be preserved in the Lump Sum Scheme (ie Option 2). You then cannot access your super until you turn 55.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

your resignation benefits *continued*

EXAMPLE

Bill resigns after having been in the Lump Sum Scheme for 15 years. By his resignation date, Bill has built up 105 Contribution Points and he is earning an annual salary of $60,000. He has a balance of $50,000 in his Contribution Account and his Minimum SG Benefit is $25,000. The balance in his Additional Voluntary Contributions Account is $10,000.

If Bill chooses Option 1, he would receive (before tax) in cash $60,000 - the balance in his Contribution Account and Additional Voluntary Contributions Account at the date of resignation - and his preserved component would be $25,000. Thus his total benefit would be $85,000 (before being reduced by the Tax Offset).

But if Bill chooses Option 2 - to leave his resignation benefit in EISS - the benefit (before tax) would equal:

1. The balance in his Contribution Account, ie $ 50,000, ***plus***

2. The main employer-financed benefit: 4.5 x 105/420 x $ 60,000 = $ 67,500 ***plus***

3. The Additional Benefit: 3.4% x $ 60,000 x 15 = $ 30,600 ***plus***

4. The balance in his Additional Voluntary Contributions Account: $10,000 ***less***

5. The Tax Offset.

This gives Bill a total resignation benefit (before tax) of $158,100 (before being reduced by the Tax Offset).

Under option 2, the benefit is calculated as at the date the benefit is paid. Therefore, if Bill, for example, must wait a number of years before requesting payment, the benefit amount would be different. It is important to remember that the balance in Bill'sContribution Account will continue to have investment earnings allocated to it
and the salary used to calculate the main employer-financed benefit is indexed in line with CPI, until Bill can take the benefit in cash. The Tax Offset would also be calculated and applied at this later time.

On the other hand, if Bill chooses under Option 3, to transfer his resignation benefit his benefit would equal:

1. The balance in his Contribution Account, ie $ 50,000, ***plus***

2. Twice that amount, ie $100,000, ***plus***

3. The Additional Benefit: 3.4% x $ 60,000 x 15 = $ 30,600 ***plus***

4. The balance in his Additional Voluntary Contributions Account: $10,000 ***less***

5. The Tax Offset.

This gives Bill a resignation benefit (before tax) of $190,600 (before being reduced by the Contribution Tax Offset) which he must transfer into an approved superannuation fund, such as his new employer's fund, to be set aside for retirement.

Please note that this is an example only. Option 3 will not always result in a higher benefit. The option that would be best for you should be considered by having regard to your individual circumstances.

CASH/PRESERVATION CHANGES

Please note that preservation rules may, in future, limit the extent to which you can access your benefit in cash before age 60.

For more Scheme Info:
Phone 1300 307 844 or visit
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your retrenchment and voluntary separation benefits

A lump sum benefit is available if you are retrenched by your employer, or if you take a voluntary separation package before age 55.

'Retrenchment' is defined in the EISS Rules to mean termination of employment by your employer, except:

- termination on account of invalidity, or
- dismissal on account of conduct, performance or loss of qualification that is necessary for the proper performance of duties.

It includes termination of employment of a contract employee by the employer prior to the expiration of the contract for reasons other than conduct or performance.

'Voluntary Separation' is defined in the EISS Rules as the termination of employment upon acceptance of a voluntary separation package offered by your employer.

If you leave employment after age 55 for any reason except death, you receive a retirement benefit (see pages 13-15).

WHAT IS THE AMOUNT OF THE BENEFIT PAID ON RETRENCHMENT OR VOLUNTARY SEPARATION?

The benefit options available on retrenchment or voluntary separation before age 55 are worked out in the same way as the Options 2 and 3 which are available upon resignation - refer pages 16-19 (with the main employer-financed benefit component also being subject to a maximum amount, as set out under the heading "Notes for Options 2 and 3" on page 17).

The only difference to Option 3 is in the way you can access your benefits.

As with resignation, if you take 'Option 2', all of your benefit must be preserved in the Scheme.

If instead you take 'Option 3', the transfer arrangements will depend upon whether your employment has terminated due to retrenchment or voluntary separation.

PAYING YOUR OPTION 3 BENEFIT ON RETRENCHMENT

If you are retrenched and take the Option 3 benefit, all components (except your Additional Benefit) may be taken in cash. Your Additional Benefit must be transferred to another approved superannuation fund (which is then subject to preservation rules). The Tax Offset will be split, with some taken off the cash part and some taken off the transferred part.

For more Scheme Info:
Phone 1300 307 844 or visit
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your retrenchment and voluntary separation benefits *continued*

EXAMPLE

Suppose that Bill in the previous example is retrenched, rather than resigns.

His Option 3 benefit (before tax) comprises:

• his Contribution Account balance	$50,000
• *plus* his main employer-financed benefit	$100,000
• *plus* his Additional Benefit	$30,600
• *plus* his Additional Voluntary Contributions Account balance	$10,000
	= $190,600

On retrenchment, he could take $160,000 (less the relevant portion of the Tax Offset) in cash and transfer $ 30,600 (less the remaining portion of the Tax Offset) to another fund where it will be preserved.

Alternatively he could take Option 2 and preserve his benefit in EISS. The Tax Offset will be applied upon the preserved benefit becoming payable.

PAYING YOUR OPTION 3 BENEFIT ON VOLUNTARY SEPARATION

Upon termination of your employment due to voluntary separation, you can elect to have your whole benefit preserved in the Lump Sum Scheme or to have the whole benefit payable under Option 3 transferred to an approved superannuation fund where it will be subject to preservation rules as apply to the other fund.

Unlike the Option 3 benefit available on retrenchment, there are no parts of the benefit that may be immediately taken in cash from EISS. You may be able to cash some parts of your benefit after transfer, but that will depend on the rules governing the other fund.

EXAMPLE

Suppose that Bill takes a voluntary separation package instead of being retrenched.

Now the entire amount of the Option 3 benefit of $190,600 (less the Tax Offset) must be transferred to another fund, but some of it may be able to be cashed from the other fund. The rest must be preserved.

Again, in his particular circumstances, he is unlikely to take the Option 2 preserved benefit.

Note: Preservation rules may, in the future, limit the extent to which you can access your benefit in cash before age 60.

MAKING YOUR CHOICE

You have three months from the date you leave your employer to decide how you want to take your benefit.

If you do not notify EISS in writing within that time, your benefit will automatically be left in EISS, ie you will be treated as having elected the Option 2 benefit available on resignation - refer page 14.

Things that you should take into account are the same as if you resigned. See page 18 for details.

For more Scheme Info:
Phone 1300 307 844 or visit
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your disability and invalidity benefits

The Lump Sum Scheme does more than help you save for retirement. It also provides valuable financial help in the event of disability or invalidity during your working life.

The disability and invalidity cover applies 24 hours a day, 7 days a week, at work, at home, or anywhere else while you remain with your employer.

The Superannuation Board relies on medical advice and reports and information provided by you and your employer in making decisions concerning the payment of disability and invalidity benefits. The Superannuation Board may seek further medical evidence and may decide to arrange for you to be medically examined by a doctor or a specialist of its choice. All costs for medical reports requested by the Superannuation Board for this purpose will be paid for by EISS.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

your disability and invalidity benefits *continued*

YOUR TEMPORARY DISABILITY PENSION

The Superannuation Board may pay you a temporary disability pension while you are under age 55 if the Superannuation Board is satisfied that you are temporarily or permanently incapacitated for work. This pension is intended to help you where you have used all your sick leave entitlements.

AMOUNT

The disability pension is normally an amount equal to two-thirds of your Salary. If you were not employed on a full-time basis before becoming disabled, a salary based on your average hours of work (excluding overtime) over the last three years during which you contributed to EISS will apply.

EXAMPLE

Jane is granted a temporary disability pension. Her fortnightly salary was $900 immediately before ceasing work due to her disability. She was employed on a full-time basis. Therefore she would receive a disability pension of:

two-thirds of $900 = $600 a fortnight.

WHEN IS A DISABILITY PENSION PAYABLE?

The Superannuation Board may pay you a temporary disability pension if it is satisfied that you are temporarily or permanently incapacitated for work (and that such incapacity will last more than one week).

Generally, this pension is payable for up to 12 months. It will stop before that time if you recover, reach 55, die or you become entitled to another benefit under the Lump Sum Scheme (including if your employment terminates because you are permanently disabled, in which case you would be paid the appropriate benefit from EISS).

Furthermore, you are not permitted to receive a disability pension for the same disability for an aggregate period of more than 18 months in any single three-year period. You are not required to contribute to the Lump Sum Scheme while you are receiving a temporary disability pension. But you still accumulate Contribution Points as though you continued to contribute at the same rate you were contributing immediately before receiving the disability pension.

No pension is payable in respect of a period for which you are entitled to sick leave, worker's compensation, or are on annual or long service leave. If you are able to work in another available position with your employer which offers at least 80% of the salary you were entitled to receive before becoming disabled, you will not be entitled to a disability pension whether or not you take up the alternative position (provided you could reasonably be expected to take up that other position).

For more Scheme Info:
Phone 1300 307 844 or visit
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your disability and invalidity benefits *continued*

If you are receiving income from remunerative activities engaged in by you, the disability pension will be reduced if your total income (which would include the disability pension), exceeds the Salary you would have been paid if you continued to work. The pension will be reduced by the amount of the excess.

Ability to Resume Work with your Employer

You must tell the Superannuation Board if you believe that your health is sufficiently recovered for you to take up your old position.

YOUR BENEFIT ON INVALIDITY

This benefit is a cash lump sum. It is payable if, you are under age 55 years and your employment terminates on account of invalidity determined in accordance with one of the following:

Scenario 1: Your employer terminates your employment because you are considered, based on medical and other relevant evidence, to be totally and permanently incapacitated for any employment.

Scenario 2: The following conditions are met:

1. the Superannuation Board is satisfied (before you cease employment) that your invalidity stops you from carrying out the duties of your present job and that no suitable alternative (offering at least 80% of your current salary) is available with your employer that you could reasonably be expected to take; ***and***
2. you also have been off work for at least 12 months and receiving either sick pay, worker's compensation or the temporary disability pension on account of the invalidity; ***and***
3. your employer terminates your employment or you resign from employment.

Scenario 3: The following conditions are met:

1. you have left employment, and have been continuously off work for at least 6 months as a result of illness or injury that occurred while you were employed; ***and***
2. the Superannuation Board must be satisfied (on the basis of medical and other relevant evidence to its satisfaction) that due to your ill-health, you are unlikely to ever again work in gainful employment for which you are reasonably qualified by education, training and experience; ***and***
3. insurance proceeds must be payable and received by the Superannuation Board in respect of you in the circumstances set out above (ie in this Scenario 3) .

BENEFIT AMOUNT

If you are 55 years or older, upon termination of your employment on the grounds of your invalidity you would receive your retirement benefit.

For members younger than 55 years, the calculation of the invalidity benefit will depend on whether your employment was terminated in accordance with Scenario 1 or 2 or whether it was terminated in accordance with Scenario 3.

For more Scheme Info:
Phone 1300 307 844 or visit
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your disability and invalidity benefits *continued*

Scenario 1 and Scenario 2

For members younger than 55 whose employment is terminated in accordance with Scenario 1 or Scenario 2 and were contributing to the Lump Sum Scheme immediately before the commencement of their invalidity, the invalidity benefit is made up of the following parts:

1. the greater of:
   - **the balance in your Contribution Account** at the date you leave your employer; and
   - **twice your Adjusted Salary**#

   plus

2. your main **employer-financed benefit,** calculated as follows:

$$\frac{3.86 \times \text{Your Potential Contribution Points to age } 55^{\#\#} \times \text{Final Salary}}{360}$$

   plus

3. your **Invalidity/Death Additional Benefit**###, calculated as:
   3.4% x Final Salary x the 'Potential Number of Years of Contributing to the Lump Sum Scheme after 1 July 1992'####.

   plus

4. the balance in your Additional Voluntary Contributions Account (see page 7 for details on your Additional Voluntary Contributions Account),

   less

5. the Tax Offset (see page 40)

Scenario 3

For members younger than 55 whose employment is terminated in accordance with Scenario 3 the invalidity benefit is equal to the lowest of:

1. the benefit applicable under Scenario 1 and Scenario 2;

2. the lump sum that would be payable to your spouse upon your death (see page 29), assuming that you died on the day you became entitled to the invalidity benefit; and

Under Scenario 3, if the amount received from EISS's insurer in respect of you for this benefit is reduced by the insurer, then your benefit shall be similarly reduced.

FURTHER BENEFIT

In addition, you may receive one of the further benefits which depend upon whether you joined the Lump Sum Scheme **before** or **after** 1 July 1992 - see page 10.

If you transferred from the RG Scheme, then you may be entitled to be paid:

- the balance of the part of your Contribution Account balance known as your 'RG Scheme Member Component'– this is paid as part of your Contribution Account balance,
  and

- your 'RG Scheme Employer Component' – however, the total of this component and your main employer-financed benefit is subject to a maximum amount, being 4.2 times your Final Salary (plus an additional amount if you were contributing at the time of ceasing employment due to your invalidity).

See page 11 for further details.

For more Scheme Info:
Phone 1300 307 844 or visit
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your disability benefits *continued*

NOTES FOR INVALIDITY BENEFIT

Your 'Adjusted Salary' will equal your Final Salary if you were employed on a full-time basis throughout your membership up to the date of termination of employment. Otherwise, it will be your Final Salary reduced to reflect the extent of your employment expressed as a proportion of full-time employment,

Your 'Potential Contribution Points to Age 55' equals:

- the Contribution Points you have built up at the date of invalidity;
  plus
- the Contribution Points you would have built up between that date and age 55 if you had contributed in future at the rate of 6% of Salary.

This assumes you were in full-time employment throughout your membership of the Lump Sum Scheme prior to becoming entitled to the invalidity benefit. If this is not the case, the 'Potential Contribution Points to Age 55' would be less. Also, if you are entitled to receive weekly worker's compensation payments in relation to your invalidity, your 'Potential Contribution Points to Age 55' would be calculated differently.

The overall maximum number of 'Potential Contribution Points to Age 55' which can be used in calculating the main employer-financed benefit is 360.

Therefore the maximum main employer-financed benefit is 3.86 times your Final Salary.

The formula for the 'Invalidity/Death Additional Benefit' assumes you have remained in full-time employment for that period during which you were a member of the Lump Sum Scheme after 30 June 1992. Should you have been employed on a basis other than full-time at all during that time, your benefit will generally be adjusted in proportion to your hours worked.

Your 'Potential Number of Years of Contributing to the Lump Sum Scheme after 1 July 1992' equals:

- the number of months (expressed in years) during which you have contributed to the Lump Sum Scheme after 1 July 1992;
  plus
- the number of months (expressed in years) between the date you became entitled to the invalidity benefit and your 60th birthday.

OTHER CONDITIONS

As mentioned above, if you are receiving or are eligible to receive worker's compensation payments because of your invalidity, your invalidity benefit will be adjusted to reflect this.

Further, the full invalidity benefit will not apply if your invalidity arises from a condition that was identified as an exclusion at the time you joined the Lump Sum Scheme.

For more Scheme Info:
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your disability benefits *continued*

Also, if you were not contributing to theLump Sum Scheme immediately prior to the termination of your employment on the grounds of your invalidity, the invalidity benefit could be substantially lower.

EXAMPLE

A serious illness leaves George a permanent invalid. Forty-five year old George had worked full-time since becoming a member of the Lump Sum Scheme and was earning $50,000 a year at the time of suffering his illness.
He had contributed to the Lump Sum Scheme for 15 years and built up 180 Contribution Points. His Contribution Account had a balance of $50,000 and he had an AVC balance of $30,000. Because he was contributing immediately before becoming an invalid, his benefit would equal:

1. The greater of:
   - The balance in his Contribution Account, ie $50,000

   and
   - Twice his Adjusted Salary of $50,000, ie $100,000

   plus

2. The main employer-financed benefit:
   3.86 x 300@@/360 x $50,000
   = $160,833
   plus

3. The Additional Benefit:
   3.4% x $50,000 x 30@@
   = $51,000
   plus

4. The balance of his Additional Voluntary Contribution account, ie $30,000
   less

5. The Tax Offset

Therefore, George's total invalidity benefit (before tax) would equal:
$100,000 + $160,833 + $51,000+$30,000
= $341,833 (less the Tax Offset)

NOTES FOR EXAMPLE

@ George's 300 'Potential Contribution Points to Age 55' are calculated as the sum of:

- the 180 Contribution Points he had built up at the time of invalidity,
  and
- the 120 Contribution Points he would have built up if he had been able to contribute to the Lump Sum Scheme at the rate of 6% of salary for a further 10 years until age 55.

@@ His 30 'Potential Number of Years Contributing to the Lump Sum Scheme after 1 July 1992' are calculated as the sum of:

- the 180 month (ie 15 year) past period of contributing,
  and
- the 180 month (ie 15 year) period remaining until age 60.

George's benefit will vary depending on his salary at the date he retires due to his illness.

For more Scheme Info:
Phone 1300 307 844 or visit
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death benefits

Death benefits are designed to provide financial help for your dependants when they need it most. For this reason, the way the benefits are calculated and the form in which they are paid will depend on your personal circumstances at the time of death. Common cases are covered in the following section.

The death benefit applies 24 hours a day, 7 days a week, at work, at home, or anywhere else while you remain with your employer.

Note that the full benefit will not apply should you die of a condition which was identified as an exclusion at the time you joined the Lump Sum Scheme.

DIFFERENT BENEFITS

Different benefits are payable, depending on your family circumstances when you die. The benefit payable will depend on whether:

- you have a spouse †
- you have 'eligible children' ††
- you have one or the other
- you have neither

† Note that a de facto spouse will qualify as a spouse if he or she is recognised to be your 'domestic partner' under the Family Relationships Act 1975 (SA). In order to be 'domestic partners', the Act requires you to have a 'close personal relationship' (within the meaning of the Act) and either to have lived together for three consecutive years (or for three years over a four year period), or to have been the parents of a child (and living together at the relevant date).

For more Scheme Info:
Phone 1300 307 844 or visit
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death benefits *continued*

†† Children are 'eligible children' if they are:

- under 16; or
- between 16 and 25 and in full-time education.

The following description of the way in which your death benefit will be paid assumes that the Superannuation Board does not hold a current 'Binding Nomination of Beneficiaries' form in respect of you. If the Superannuation Board does hold such a form, your death benefit will be paid to the persons nominated on the form (provided they are valid nominations). Please see page 32 for more information on binding nominations.

BENEFIT PAYABLE TO YOUR SPOUSE

If you are 55 or more years old, and leave a spouse but no eligible children, the benefit paid to your spouse would equal your lump sum retirement benefit (as if you had retired on the date of death), with one variation should you die before age 60.

The variation is that Additional Benefit is calculated as 3.4% of Final Salary for the potential number of years of contributing to the Lump Sum Scheme after 1 July 1992, including the number of years between your date of death and your 60th birthday.

If you are less than 55 years old (or are 55 or over and have eligible children), your spouse would receive a benefit consisting of:

1. If you were contributing at the time of death, the greater of:
   - the **balance in your Contribution Account** at the date of death; and
   - **twice your Adjusted Salary** (see page 26)

   or

   If you were not contributing at the time of death, the **balance in your Contribution Account** at the time of death

plus

2. Your **main employer-financed benefit** calculated as:

$$\frac{3 \times \text{Your Potential Contribution Points to Age 60}^{\wedge} \times \text{Final Salary}}{420}$$

plus

3. Your **Invalidity/Death Additional Benefit** (see page 25 for the formula used to calculate this component).

plus

4. The balance in your Additional Voluntary Contributions Account (see page 7 for details on your Additional Voluntary Contributions Account)

NOTES ON DEATH BENEFIT PAYABLE TO YOUR SPOUSE

^ Your 'Potential Contribution Point to Age 60' equals the Contribution Points you have built up at the date of death plus the contribution points you would have built up between that date and age 60 if you had contributed in future at the rate of 6% of Salary. This assumes you were in full-time employment throughout your membership of the Lump Sum Scheme prior to your death. If this is not the case, the 'Potential Contribution Points to Age 60' would be less.

The overall maximum number of 'Potential Contribution Points to Age 60' which can be used in calculating the main employer-

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death benefits *continued*

financed benefit is 420. This means the maximum main employer-financed benefit is 3 times your Final Salary.

If your spouse is entitled to worker's compensation payments because of your death, your 'Potential Contribution Points to Age 60' will be calculated differently.

FURTHER BENEFIT

In addition, your spouse may receive one of the further benefits which depend upon whether you joined the Lump Sum Scheme **before** or **after** 1 July 1992 – see page 10.

If you transferred from the RG Scheme, then your spouse may be entitled to be paid:

- the balance of the part of your Contribution Account balance known as your 'RG Scheme Member Component'(which is paid as part of your Contribution Account balance,
  and
- your 'RG Scheme Employer Component' however, the total of this component and your main employer-financed benefit is subject to a maximum amount, being 3 x Final Salary.

EXAMPLE

Suppose that George (in the previous example) had died while in the service of his employer just as he was about to retire on the ground of invalidity. He is survived by a wife, but no children. He was contributing to the Lump Sum Scheme when he died.

No invalidity benefit would then be paid, as he had not retired, but George's widow would be eligible for a cash lump sum benefit of:

1. The greater of:
   - the balance in his Contribution Account, ie $50,000
     or
   - twice his Adjusted Salary of $50,000, ie $100,000

   plus

2. The main employer-financed benefit:
   3 x 360√*/ 420 x $50,000
   = $128,571
   plus

3. The Additional Benefit:
   3.4% x $50,000 x 30
   = $51,000
   plus

4. The balance of his Additional Voluntary Contribution Account: $30,000

This gives George's widow a lump sum of:
$100,000 + $128,571 + $51,000 + $30,000
= $309,571

NOTES

√ George's Potential Contribution Points to Age 60 take account of potential contributions to age 60. The 360 figure is calculated as the sum of:

- the 180 Contribution Points at the date of death,
  and

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

death benefits *continued*

- the 180 Contribution Points he would have built up if he had been able to contribute to EISS at the rate of 6% of salary for a further 15 years until age 60.

The benefit payable to George's widow will vary depending on George's salary at the date he dies.

There is no Tax Offset payable on death benefits.

BENEFITS PAYABLE TO YOUR CHILDREN

In addition to the cash lump sum for your spouse, EISS provides pensions for 'eligible children'. As mentioned above, to be an 'eligible child', a child must be less than 16 years old, or a full-time student less than 25 years old. Pensions are payable both to natural and adopted children and to children for whom you assumed parental responsibilities, cared and maintained up to your death. A pension payable to an eligible child is only paid during the period of dependency.

If you die, leaving a spouse with three or fewer eligible children, each child would receive a pension of:

$$\frac{5\% \times \text{Your Potential Contribution Points to Age 60} \times \text{Final Salary}}{420}$$

If you die, leaving a spouse and more than three eligible children, the maximum amount payable to all eligible children upon your death will be equal to the total pension payable to three eligible children. That is, the eligible children would share the maximum amount payable in equal shares.

Any pensions payable to eligible children will be indexed in line with CPI.

EXAMPLE

Let's assume that George, our member in the previous example, also had two children - a fourteen year-old school pupil and a nineteen year old full-time university student. Each would be eligible for an annual pension of:

5% x 360∞/420 x $ 50,000
= $2,143, or $ 82 a fortnight.

WHAT IF YOU HAVE NO SPOUSE, BUT HAVE ELIGIBLE CHILDREN?

If you die and leave no spouse, but leave three or fewer eligible children, each of the children would receive three times the pension as calculated above – ie the following formula would apply;

$$\frac{15\% \times \text{Your Potential Contribution Points to Age } 60^{\infty} \times \text{Final Salary}}{420}$$

If you die leaving no spouse and more than three eligible children, the maximum amount payable to all eligible children will be the aggregate pension payable to three eligible children. - the eligible children would share the maximum amount payable in equal shares.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

death benefits *continued*

EXAMPLE

If George's children became orphans because of his death, they would each receive a pension of:

3 x $82 = $246 per fortnight.

In addition, a lump sum would be paid to your estate. If you were contributing at the time of death, this equals the greater of the balance in your Contribution Account at the date of death (excluding any RG Scheme contributions) and twice your Adjusted Salary∞∞ immediately before your death.

∞ See page 29 for information on how to work out your 'Potential Contribution Points to Age 60'.

∞∞ See page 26 for an explanation of Adjusted Salary.

If your eligible children are entitled to worker's compensation payments in consequence of your death, the pension will be reduced so that the aggregate equals the pension that would have been received had there been no entitlement to worker's compensation payments.

FURTHER BENEFIT

One of the further benefits listed on page 10 may also be payable.

If you transferred from the RG Scheme, your eligible children may be entitled to:

- an amount referable to your 'RG Scheme Member Component'; and
- your 'RG Scheme Employer Component', (in equal shares).

See page 11 for more information.

WHAT IF YOU HAVE NO DEPENDANTS?

If you die and leave no spouse or eligible child, a death benefit will be paid to your estate. It will then be distributed as set out in your will (if you have one). In such an instance, the death benefit is a cash lump sum calculated in the same way as an early retirement benefit (ie as if you had retired on the date of your death).

WHAT IF THERE IS MORE THAN ONE ELIGIBLE SPOUSE?

If a lawful spouse and a domestic partner both qualify for a spouse benefit, the benefit will usually be shared between them in a manner determined by reference to the respective periods of cohabitation.

CAN YOU SPECIFY WHO RECEIVES YOUR BENEFIT?

Yes. You can make a 'Binding Nomination of Beneficiaries' which tells the Superannuation Board to whom it should pay any lump sum benefit payable on your death – however, you may only nominate certain persons to receive a benefit on your death (ie your dependants and your legal personal representative). There is more information about making binding nominations set out on the 'Binding Nomination Form'. If the Superannuation Board holds a current, valid 'Binding Nomination of Beneficiaries' Form in respect of you, the amount of the benefit will be the same as if you had not nominated a beneficiary – however the persons who will receive the benefit may differ.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

fees

EISS is a non-profit fund, run for the benefit of members. The Superannuation Board aims to keep costs low and any fees that are payable are set to cover costs, nothing more. In fact, EISS is one of the cheaper funds for members around.

WHAT YOUR EMPLOYER PAYS

You may not realise that, as a member of the Lump Sum Scheme, your employer pays most regular administration fees. This means that you don't pay the following fees:

WHAT YOU DON'T PAY FOR

Fee	Cost to you
Making a contribution	None
Transferring money in from other super funds	None
Exit from EISS	None

DID YOU KNOW?

Small differences in fees and investment performance can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your balance rather than 1% could, based on certain assumptions, reduce your final return by up to 20% over a 30 year period (eg. reduce it from $100,000 to $80,000).

You should consider whether such things as superior investment performance or better member services justify higher fees and costs. You should also consider that higher fees and costs don't automatically mean better investment returns or member services. This is the sort of thing that you may wish to discuss with your financial advisor.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

The following shows the fees that you do pay from your account:

fees *continued*

WHAT YOU DO PAY FOR

Fee	Cost to you		How and when paid
Some of the ongoing administration and insurance costs	30% of the administration and insurance costs or approximately 0.14% of assets		Deducted every year from the crediting rates on your accumulation benefits. No fees are deducted from your defined benefits.
The cost of changing your investment option	First four changes per year are free, then $50 per change		Taken from your account following the option change.
Investment management fees (the cost of investing your money with EISS)	This depends on the investment option you choose. The fees are approximately: • Cash option: 0.17% • Conservative Growth option: 0.42% • Balanced Growth option: 0.72% • High Growth option: 0.72%		This fee is deducted from the investment returns credited to your account. The fees are a percentage of your account balance, and are directly based on the fees charged by EISS's investment managers.
Splitting contributions (the cost of transferring contributions into your spouse's super account)	$73.89 as at 1 January 2009 (indexed annually with inflation)		Deducted from your account whenever you transfer contributions to your spouse's account
Family Law Act related payments	Processing and responding to a Declaration and Application for Information form (ie the fees for information provided about your account if you need it for a divorce settlement)	$100.00 for each date calculated	Payable by the applicant and must accompany a Declaration and Application for Information form. Cheques must be made payable to Electricity Industry Superannuation Scheme.
	Splitting a benefit under a splitting agreement or order	$500.00. This fee is split between the parties (ie $250.00 each)	Generally split equally between the parties and deducted from: • your account; and • the non-member's payment entitlement, once the split has been completed
	Flagging a benefit under a flagging agreement or order	None	
	Removing a flag under a flag lifting agreement or court order	None	

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

what are the special arrangements with benefits

FAILURE OF AN EMPLOYER TO PAY CONTRIBUTIONS

Your employer is legally obliged to make contributions to EISS. If, however, after following all available legal remedies the Superannuation Board is unable to obtain the required contributions from an employer, then:

- where a benefit is payable from EISS to a member employed by that employer, the Superannuation Board may withhold the part of the benefit which relates to the unpaid contributions; and
- the Superannuation Board may adjust the benefits of members employed by that employer to take into account the unpaid contributions.

SALARY REDUCTIONS

Should there be a reduction in your salary due to either a change in salary classification or a change in your permanent shift roster, but not due to a change to part-time employment, the EISS Rules give you the option of protecting your benefits.

The EISS Rules allow you to elect one of the following options:

1. Contribute as though your salary had not changed

- You may choose to keep contributing based on your Salary before the reduction in Salary, but adjusted to allow for movements in salaries and variations to your employer's salary classifications since then ('Notional Salary'). This means that the amount in your Contribution Account will continue to build up at the same rate as previously. You must notify the Superannuation Board in writing within one month of the reduction having occurred.
- In the calculation of any benefit, instead of the 'Final Salary' being used, your benefit will be determined by reference to your Notional Salary .

If your actual salary increases above the Notional Salary, your contributions and benefits will revert to being determined by reference to your actual salary.

If you have selected this option in respect of more than one reduction in salary, a special formula would apply to determine the salary with respect to which your benefits would be calculated.

Note that an election to contribute as though salary had not changed is not available where the reduction in salary results from a disciplinary action.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

what are the special arrangements with benefits *continued*

2. Contributing at your reduced salary level

Alternatively you could contribute on the basis of your reduced salary. In that case the 'Final Salary' used in the calculation of your benefits will be based on the higher of:

- your actual Final Salary at the time your employment terminates, and
- a formula which takes into account your salary before the reduction (adjusted to allow for movements in salaries since then) and your actual salary at the time your employment terminates.

This means that the main employer-financed benefit of your benefit which accrued before your salary was reduced retains its value in the final calculation of your benefit on leaving your employer.

PART-TIME EMPLOYMENT AND CASUAL EMPLOYMENT

Should you have been employed on a part-time or casual basis at all throughout your membership of the Lump Sum Scheme, your benefits will differ to those set out in this booklet. Your benefit will generally be adjusted in proportion to your hours worked.

LEAVE WITHOUT PAY

The following arrangements for member contributions apply to periods of leave without pay:

- Leave without pay for two weeks or less is treated as a period during which contributions are payable.
- For leave without pay of more than two weeks, up to 12 months, contributions must be paid at the level at which contributions were made before the leave commenced, unless you receive the Superannuation Board's approval not to contribute.
- For that part of any leave without pay in excess of 12 months, the approval of both the Superannuation Board and your employer is required if you do not wish to contribute.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

tax and superannuation

HOW IS SUPER TAXED?

So that super is an attractive investment that encourages people to save, it's subject to many tax concessions. This generally results in individuals having to pay less tax than they would if their money was invested outside super. This makes super one of the most tax effective forms of investment and a great way to save for retirement.

TAX ON CONTRIBUTIONS

When being paid into EISS, some contributions are taxed and others are not, depending on how the money has been taxed prior to entering EISS.

Employer and other contributions which are tax deductible to you or your employer (concessional contributions), such as superannuation guarantee contributions and salary sacrifice contributions, are subject to tax concessions, ie they only attract tax of 15%. Individuals can receive concessional contributions of up to $50,000 per year (indexed) while still enjoying this concessional rate. A transitional limit of $100,000 (indexed) applies to individuals over 50 years of age until 30 June 2012.

Concessional contributions in excess of this limit are taxed at 46.5% (ie 15% plus 31.5% excess concessional contributions tax). Concessional contributions in excess of the concessional contributions cap are also included in non-concessional contributions, which are discussed below.

Non-concessional contributions, which are generally after-tax contributions (but may also include concessional contributions that are in excess of the concessional contributions cap), are not taxed when paid into EISS because they've already been subject to income tax.

The non-concessional contributions cap is $150,000 per person per year or $450,000 over three years for members under age 65. If you make non-concessional contributions in excess of the cap, these excess contributions may not be accepted into EISS and may be returned to you. Excess non-concessional contributions are taxed at 46.5%.

If you earn under $58,000 and make non-concessional contribution to EISS, you may be entitled to receive a Government co-contribution of up to $1,500. This co-contribution is not taxed.

DEFINED BENEFITS AND CONTRIBUTION LIMITS

The cost of your defined benefit counts towards the concessional contribution limit. This is based on an assumed annual value of the employer-financed part of your defined benefit.

See the website for further details.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

tax and superannuation *continued*

TAX ON INVESTMENT EARNINGS

Investment earnings are taxed at a rate of up to 15% . This tax (along with investment management fees) is deducted from the crediting rate, allocated to your additional voluntary contributions and rollovers. Tax is not deducted from crediting rates applied to your Contribution Account.

TAX ON WITHDRAWALS

Super withdrawal benefits paid in cash from EISS will generally be tax free for those aged 60 and over. This includes both lump sum and pension payments. For those aged under 60 years and eligible to receive their benefit, the tax treatment of lump-sum withdrawals is a lot simpler than it used to be.

The 'tax free component' of the benefit will be tax free. The tax free component generally consists of the contributions you made from your after-tax income after 30 June 1983 and an amount that represents the portion of the benefit that accrued prior to 1 July 1983.

The tax treatment of lump-sum withdrawals for members under 60 years is outlined below:

Components	Tax Treatment
Tax free	Tax free
Taxable	• If aged under 55, taxed at 21.5% • If aged between preservation age and 59 years, the first $140,000 tax free and the rest taxed at 16.5% • If aged over 60 years – tax free

If you receive an income stream from EISS, different tax treatment applies. We recommend that you seek professional financial advice.

FURTHER INFORMATION

The Australian Taxation Office (ATO) website, www.ato.gov.au/super, has a lot of information on super and tax. Alternatively you can contact EISS on 1300 307 844 or www.eiss.superfacts.com

TRANSFERRING MONEY TO YOUR SPOUSE'S ACCOUNT

Contribution splitting allows you to transfer a portion of your taxed splittable contributions (these are contributions that have been taxed in EISS such as employer contributions and salary sacrifice contributions) to your spouse. Untaxed contributions (eg. your after-tax personal contributions or Government co-contributions) can generally not be split. There are also other amounts that cannot be split including amounts transferred into EISS from another superannuation fund.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

tax and superannuation *continued*

Contribution splitting is available to both de facto and married couples (but not same-sex couples).

There is a maximum splittable amount per year. For concessional contributions (these are employer and other contributions which are tax deductible to you or your employer), in general, up to 85% can be directed to your spouse's account.

An application to split contributions can generally only be made at the end of the financial year for the previous year. To split your contributions you must complete an application form, available from EISS. Once we have processed your application we will pay the split amount to your spouse's super fund or Spouse Account.

If you are an EISS member who is employed by a Participating Employer, you may nominate your spouse to join EISS. If the Superannuation Board accepts your spouse as a member of EISS, a Spouse Account will be opened for your spouse. Contribution splitting may be a less attractive strategy for many people due to the abolition of limits on benefits and abolition of tax on most super benefits.

Other terms and conditions apply to contribution splitting. Please contact EISS for further information.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

the 'tax offset'

The Tax Offset is an adjustment to your benefit when it becomes payable from EISS.

It is a way of addressing changes to the taxation of EISS that happened when EISS ceased to be an untaxed scheme on 1 July 2000.

WHAT WERE THE CHANGES TO EISS?

Most super funds ('taxed funds') in Australia are taxed in 3 ways:

1. On the way in:
   Employer contributions and salary sacrifice member contributions are taxed at 15%

2. In the Scheme:
   Investment earnings are taxed at 15% (with allowance for deductions)

3. On the way out:
   Benefits are taxed in a complicated way (this is actually a tax on the member, not the fund) depending on age and amount

However, some Government schemes (such as the ETSA contributory and non-contributory schemes before 1 July 2000) are known as 'constitutionally protected funds' or 'untaxed funds'. This is because only the benefit is taxed when paid to the member, not the fund itself. But, the tax on benefits is higher than for benefits received from a taxed fund.

From 1 July 2000, EISS lost 'constitutional protection' and as a result, moved from being:

- 'an untaxed fund' with higher taxes on end benefits

to being:

- a 'taxed fund' with lower taxes on end benefits, but tax on employer contributions and investment earnings.

SO THE TAX ON BENEFITS WENT DOWN, BUT WHY IS THE TAX OFFSET NEEDED?

Before 1 July 2000, EISS didn't pay tax at all, and the members paid tax on their benefits at a higher rate than benefits received from most other super funds.

Now, EISS pays tax on contributions and returns, and the members pay less tax on their benefits.

If the Tax Offset was not applied, the members would get higher net of tax benefits (due to less tax on benefits), but the cost of EISS would go up (due to the tax that is now paid by EISS). Pursuant to the Electricity Corporations Act 1994 the Treasurer made amendments to the EISS Rules to require benefits to be reduced for the purpose of avoiding or reducing an increase in the cost to employers of funding EISS as a result of EISS becoming a taxed fund. This is known as the Tax Offset.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

the 'tax offset' *continued*

A simple example may make this clearer.

Suppose your retirement benefit is a lump sum of $100 and the benefit tax would have been 31% (pre-1 July 2000) or 16% (on 1 July 2000).

Before 1 July 2000, you would have received $100 on retirement, and paid $31 in tax, leaving you $69 in your pocket.

Once EISS became taxed, EISS has had to pay a total of $15 in tax by the time you retire. If your gross benefit was still $100, your benefit tax would have been on 1 July 2000 $16, giving you $84 in your pocket, ie without the Tax Offset you would be $15 better off and giving EISS an extra cost of $15.

So in accordance with the EISS Rules, the Superannuation Board is required to deduct a Tax Offset of $15 from your benefit, leaving you with $69. This pays for the $15 of tax that EISS has already paid - and you are no worse off, because your net benefit is unchanged.

Further, since 1 July 2007, if you are over 60 years your net benefit will be $85 because you will receive your benefit tax-free.

HOW DOES IT WORK?

The steps involved will depend on whether you are to receive a pension or a lump sum. For a lump sum the Superannuation Board must:

1. Calculate the gross benefit according to the EISS Rules
2. Calculate the net benefit assuming it was paid from an untaxed fund (ie before 1 July 2000) (the EISS Rules set out the tax rates to be used for this purpose)
3. Calculate the gross benefit payable from a taxed fund on 1 July 2000 that would give the same net benefit arrived at in step 2 – this is done using the net benefit from item 2 and adding back an amount representing tax at rates set out in the EISS Rules.

The Tax Offset is the difference between 1 and 3.

The Tax Offset does not apply to lump sum death benefits.

For pensions, the steps involved are similar to determine the Tax Offset. However, rather than using the tax rates set out in the EISS Rules, the personal income tax scale applicable at the time the pension commences (assuming no other taxable income is received by the member) and the taxation laws that applied on 1 July 2000 are used. There is no cap that applies to the Tax Offset applicable to pensions.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

the 'tax offset' *continued*

APPEALING THE CALCULATION OF THE TAX OFFSET?

The Electricity Corporations Act 1994 provides for you to be able to formally appeal to the Superannuation Board in writing in certain circumstances. You must be able to show that you are receiving a lower benefit after tax than you would have received had EISS not lost constitutional protection using the tax rates applicable on the day EISS lost constitutional protection (ie 1 July 2000).

Alternatively, you may consider requesting that your benefit be calculated as if EISS was still an untaxed fund. If the Superannuation Board approves your request, your benefit won't be reduced by the Tax Offset, but you will pay the higher tax rates on your benefit.

If you are considering either course of action, we would urge you to first discuss it with your financial adviser and EISS.

WHERE IS MORE INFORMATION AVAILABLE?

You can talk to EISS office on 1300 307 844, or via email on inquiries @electricsuper.com.au.

We recommend that you put your queries in writing, as the matter is complex, and this reduces the likelihood of there being any misunderstanding.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

further essential super scheme information

LEGAL BASIS FOR EISS

The Lump Sum Scheme is a division of the Electricity Industry Superannuation Scheme. The Trust Deed governs the whole of EISS, while separate rules made pursuant to the Electricity Corporations Act 1994 determine the way in which each division of EISS, like the Lump Sum Scheme, must function. The Lump Sum Scheme is governed by a set of rules known as the Division 2 Rules.

THE ELECTRICITY INDUSTRY SUPERANNUATION BOARD

The purpose of EISS is to provide financial superannuation benefits to members. The Superannuation Board is appointed to ensure that EISS fulfils this purpose and is properly administered in accordance with the provisions of the EISS Rules. The Superannuation Board is made up of nine members;

- four members are appointed by the Participating Employers;
- two members are elected by EISS members;
- two members are appointed by the United Trades and Labor Council of South Australia;
- one is an independent chairman appointed by the eight other members of the Superannuation Board.

Regardless of how Superannuation Board members are appointed, they are all required to manage EISS in accordance with the Trust Deed and EISS Rules.

There must be at least one man and one woman amongst the Superannuation Board members appointed by the employers.

There must also be at least one man and one woman amongst the Superannuation Board members elected by members.

PROTECTION AND INDEMNITY OF SUPERANNUATION BOARD

The members of the Superannuation Board are indemnified out of the EISS assets for all expenses and liabilities, which they personally incur in administering EISS. However this does not include liabilities arising from a Superannuation Board member's personal fraud or willful misconduct, willful neglect or willful default.

TRUSTEE INDEMNITY INSURANCE

The Superannuation Board takes out trustee indemnity insurance to protect itself, the individual Superannuation Board members, and the EISS assets, to the fullest extent possible. The cost of this insurance is paid from EISS assets.

INFORMATION ON REQUEST

EISS can provide you with further information on EISS's operations as well as answering your general questions. Information available on request includes a copy of:

- EISS's Trust Deed as set out in the Electricity Corporations Act 1994;
- Relevant extracts from the EISS Rules;
- The latest audited EISS accounts and annual report; and
- EISS's enquiries and complaints procedure. The full EISS Rules can be inspected at the office of EISS during normal business hours.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

further essential super scheme information *continued*

INFORMATION FROM MEMBERS AND EMPLOYERS

The Superannuation Board can require you, your employer, or both to provide any information that it reasonably requires for the operation of EISS.

INVESTMENT OF SCHEME ASSETS

The Superannuation Board is responsible for the investment of EISS assets. The assets may be invested in government securities, shares, property and a variety of other investment categories and the Superannuation Board may appoint professional investment managers to invest part or all of the assets on its behalf. The Superannuation Board has an investment policy that sets out the investment objectives and strategies for EISS.

WITHDRAWAL OF MONEY FROM EISS

There are times when you would like to get some of your super out, but you have not become entitled to receive a benefit from EISS. However, the only time this is possible is when you are in "severe financial hardship" or on compassionate grounds. This means you must have either been on a government benefit for a significant period (6 months if you are under age 55 years) and unable to meet living expenses, or you are in danger of not being able to pay your mortgage, or something similar. If you would like to know whether you may be eligible, please contact EISS.

LOANS FROM EISS

Your EISS benefits cannot be assigned to another person, or used to arrange a loan (either directly from EISS or as security).

AUDIT OF EISS

The accounts of EISS must be independently audited each year.

WORKER'S COMPENSATION PAYMENTS

If during your employment you receive worker's compensation payments, contributions will be payable as if the weekly payments were salary.

BENEFIT STATEMENT

Each year you will receive a personal benefit statement giving information about your current benefits and the way your Contribution Account and your Contribution Points have built up over the year.

RULE AMENDMENTS

The EISS Rules can be changed by the Superannuation Board.Employer approval is required for any change which increases the liability of an employer.

WITHDRAWAL OF YOUR EMPLOYER FROM THE SCHEME

Your employer cannot withdraw from EISS without the consent of all members of EISS employed by your employer.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

complaints & privacy

COMPLAINTS

At EISS, we work hard to ensure that you will not have cause to complain. However, if you are not satisfied with any aspect of your membership with EISS and you wish to make a formal complaint, you can write to:

Complaints Officer
EISS
Level 2, 157 Grenfell St
Adelaide SA 5000

The Complaints Officer will investigate your complaint and inform you in writing of the results of the investigation.

If you are not satisfied with EISS's handling of your complaint or its resolution, you may contact the Superannuation Complaints Tribunal ("SCT"). The SCT is an independent body set up by the Federal Government to assist members or their beneficiaries to resolve certain superannuation complaints. The SCT may be able to help you resolve your complaint, but only after you have used EISS's own complaints-handling process.

If the SCT accepts your complaint, it will usually try to resolve the matter through conciliation by helping to bring both parties to a mutual agreement. If this is unsuccessful, the complaint is formally referred to the SCT for determination. You should first call to find out whether the SCT can handle your complaint, and the type of information you need to provide. You can contact the SCT on 1300 780 808. The address for correspondence is:

Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne VIC 3001
Tel: 1300 780 808

Visit www.sct.gov.au for more information

YOUR PRIVACY

In order to provide you with your superannuation benefits, EISS needs to hold personal information about you that identifies you as a member. This typically includes your name, address, date of birth, gender, occupation, salary, tax file number and any other required information. EISS will collect this information either from you or your employer.

Your personal information may be disclosed to EISS's administrator and professional advisers, insurers, government bodies, your employer and other parties as required. This includes the trustee of any other superannuation fund to which you may transfer.

By becoming a member of EISS you are taken to have consented to the disclosure of your personal information as above. If you do not provide EISS with your personal information, EISS may not be able to provide you with the superannuation benefits and choices to which you would otherwise be entitled.

At any time you can check your personal details held by EISS and make changes. Consistent with the legislation, there are some circumstances where you may be denied access to information. EISS's Privacy Officer will advise if any of these circumstances apply. EISS abides by the National Privacy Principles under the Privacy Act 1988 and has adopted a privacy policy which sets out in more detail the way in which it handles member's personal information. A copy of this document is available by contacting the EISS's Privacy Officer.

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

frequently asked questions

WHO MANAGES EISS?

The Electricity Industry Superannuation Board is responsible for running EISS under the Electricity Corporations Act 1994. The Superannuation Board employs staff and outsources certain functions to professional service providers to assist it in running EISS.

HOW DO I KNOW HOW MUCH MY SUPERANNUATION BENEFIT HAS GROWN?

You will receive an annual personal benefit statement. This will detail the year's contributions and interest allocated to your Contribution Account, and your Additional Voluntary Contributions Account. Information about your account and EISS is available by logging on to EISS website.

DOES THE INVALIDITY AND DEATH BENEFIT APPLY IF I AM INJURED OR DIE OUTSIDE WORKING HOURS?

The invalidity and death benefit applies 24 hours a day, 7 days a week, at work, at home, or anywhere else while you remain with your Participating Employer. However, in order to be eligible for the invalidity benefit, you must not have reached 55 years of age.

CAN THE RULES GOVERNING EISS BE CHANGED?

Yes, the Superannuation Board can change the EISS Rules if it considers it appropriate to do so. Employer approval is required for any change that increases the liability of an employer.

HOW CAN YOU CONTACT EISS OR THE SUPERANNUATION BOARD?

You can talk to EISS office on 1300 307 844 or via email on inquiries@electricsuper.com.au.

EISS office is located at:

Level 2
157 Grenfell Street
Adelaide SA 5000

For more Scheme Info:
Phone 1300 307 844 or visit
www.eiss.superfacts.com

glossary

CONTRIBUTION POINTS
has the meaning set out on page 11;

DIVISION 2 RULES
means Division 2 of the EISS Rules, as varied or replaced from time to time;

EISS
means the Electricity Industry Superannuation Scheme;

EISS RULES
means the rules made under the Trust Deed that apply to EISS, as varied or replaced from time to time;

FINAL SALARY
has the meaning given to it in the Division 2 Rules. It is generally:

(a) in the case of a member employed on a full-time basis – the member's Salary;

(b) in any other case, the Salary that the member would have been receiving had he or she then been employed on a full-time basis,

immediately before the member ceases employment (expressed as an annual amount);

LUMP SUM SCHEME
(also referred to as "Division 2") means the division of EISS operated in accordance with the Trust Deed and the Division 2 Rules;

PARTICIPATING EMPLOYER
means an employer who participates in EISS;

RG SCHEME
means the Electricity Trust of South Australia Retiring Gratuities for Wages Employees Scheme (1962);

SALARY
means the salary used for superannuation purposes and has the meaning given to it in the Division 2 Rules. In summary, other than for a contract employee, it is the ordinary salary or wage of a member. It includes average shift work loadings, any permanent loading, experience payment, service pay, special payment, leading hand rate and makeup of salary or wage payments under the Workers Rehabilitation and Compensation Act 1986. It does not include payment for higher class duties temporarily performed, overtime, area or other allowance, bonus, commission or any retrospective increase in salary (except where salary is increased retrospectively for a period exceeding three months - the increased rate is deemed to be the salary from the expiration of the period of three months after the day the salary is increased). For a contract employee, 'Salary' is determined by the employer. Special rules apply if a member's salary decreases;

TAX OFFSET
has the meaning set out on page 11;

TRUST DEED
means the trust deed in Schedule 1 of the Electricity Corporations Act 1994;

SCT
means the Superannuation Complaints Tribunal;

SUPERANNUATION BOARD
means the Electricity Industry Superannuation Board who is responsible for the management and administration of EISS.

Issued by the...
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