

# Significant Event Notice



This notice is to provide an update on some changes that may affect your REI Super membership. The first relates to changes to insurance with your super account and the second is an update to our total investment fees and costs.

## Change to life insurance cover under Putting Members' Interests First reforms

From 1 April, 2020, new legislation comes into effect which may impact you.

- The new laws remove life insurance cover from your superannuation where your superannuation balance has not been \$6,000 or more from on or after 1 November 2019. For low account balances, this means REI Super will be required to turn off your insurance cover on 1 April 2020 unless you elect to keep the cover.
- For new members who are under 25 and begin to hold a new superannuation account from 1 April 2020 will not be provided with insurance cover unless they specially elect in writing to have cover.

### Why is this happening?

In September 2019 the Federal Government passed legislation to support the "Putting Members' Interests First" reforms. These reforms follow on from the Protecting your Super reforms which came into effect on 1 July 2019.

These new reforms come into effect on 1 April 2020 and aim to ensure that members' superannuation balances are not unnecessarily eroded by insurance premiums by requiring superannuation trustees to only provide insurance on an "opt-in" basis.



## The benefits of life insurance through your super

The benefits of life insurance cover through your super, include:

- ✓ we work with our group life insurer to negotiate discounted bulk insurance rates for our members;
- ✓ as we are a profit-to-member super fund, you only pay for what it costs to provide the life insurance cover; and
- ✓ your insurance premiums are deducted from your super account each month, not your take-home pay. So payments are hassle free.

## The risks of having life insurance through your super

Having life insurance through your super is a risk in the following ways:

- ⚠ the cost of insurance premiums are deducted from your super balance, reducing the money available for your retirement.
- ⚠ you should check that the insurance is not dependent on a work test or condition that you are unable to satisfy. You can view the Insurance Guide on our website.
- ⚠ if you have multiple super accounts, you may have other insurance, which not only means multiple fees eroding your superannuation balances, but also may impact on your insurance cover. You should consider consolidating all of your super into one account to benefit from one set of fees.

## Some things to consider

- do you have a partner or dependants who rely on your income?
- do you need to pay your mortgage or any other debts such as child care, education and living expenses?

If you do, you may wish to seek financial advice if you are unsure whether to keep your cover.

## How to elect to keep your Insurance Cover

We are able to maintain your life insurance cover should you wish. If you are impacted, we will send you a letter in the coming months advising that we are obliged to 'turn off' your insurance.

We will provide you with instructions on how to keep your insurance. It will only take a minute of your time should you wish to maintain your cover.

## Your life insurance cover continues until it is turned off

Your rights to be covered by insurance remain unaffected until the end of the period for which premiums have been charged or the expiry date of the term of your insurance contract except where you are impacted by the *Protecting Your Super* legislation whereby your account balance is less than \$6,000 and your account is inactive.

## Unsure whether to keep your insurance, if you are impacted?

If you are unsure about whether or not you should keep your insurance, you should seek your own advice.

You can access independent information on the ASIC's MoneySmart website to help you determine if and how much insurance you should have, or you can access advice via your superannuation account by calling our Helpline on **1300 13 44 33**.



## Update on investment fees & costs

As a result of our latest review of our member fees and costs, our total investment fees and costs will change from 1 January 2020.

### Outcome

Our total investment management fees, comprising of both investment fees and indirect costs relating to the investment management of superannuation, for both Super and Pension products, will change on or after 1 January 2020 as outlined below. You will note that in many cases, the new total fees and costs will be less.

### Super

Investment Option	Current Fees/Costs Investment Fees & Costs			After 1 Jan 2020 Investment Fees & Costs			Total p.a. Difference
	Investment Fee pa*	Indirect Cost Ratio pa (ICR)^	Total pa	Investment Fee pa*	Indirect Cost Ratio pa (ICR)^	Total pa	
<b>Growth</b>	0.50%	0.44%	0.94%	0.52%	0.26%	0.78%	-0.16%
<b>Balanced (MySuper)</b>	0.47%	0.43%	0.90%	0.50%	0.28%	0.78%	-0.12%
<b>Stable</b>	0.38%	0.36%	0.74%	0.43%	0.21%	0.64%	-0.10%
<b>Premium Income</b>	0.32%	0.09%	0.41%	0.38%	0.07%	0.45%	+0.04%
<b>Australian Property</b>	0.26%	0.00%	0.26%	0.26%	0.00%	0.26%	
<b>Australian Shares</b>	0.22%	0.00%	0.22%	0.23%	0.00%	0.23%	+0.01%
<b>Bonds</b>	0.33%	0.09%	0.42%	0.33%	0.07%	0.40%	-0.02%
<b>Global Property</b>	0.30%	0.07%	0.37%	0.31%	0.11%	0.42%	+0.05%
<b>International Shares</b>	0.23%	0.06%	0.29%	0.24%	0.08%	0.32%	+0.03%
<b>Cash</b>	0.15%	0.08%	0.23%	0.15%	0.05%	0.20%	-0.03%

^ The Investment fees above represent the Trustee's reasonable estimates for the 2019/20 financial year and will vary from year to year depending on the underlying asset mix of each investment option.

\* The ICRs above reflect the Trustee's reasonable estimates of the actual indirect costs incurred by the underlying investment vehicles used by the Fund over the 2018/19 financial year. Past fees and costs may not be a reliable indicator of future fees and costs.



## Pension

Investment Option	Current Fees/Costs Investment Fees & Costs			After 1 Jan 2020 Investment Fees & Costs			Total p.a. Difference
	Investment Fee pa*	Indirect Cost Ratio pa (ICR)^	Total pa	Investment Fee pa*	Indirect Cost Ratio pa (ICR)^	Total pa	
<b>Growth</b>	0.44%	0.46%	0.90%	0.48%	0.19%	0.67%	-0.23%
<b>Balanced</b>	0.43%	0.38%	0.81%	0.47%	0.24%	0.71%	-0.10%
<b>Stable</b>	0.36%	0.34%	0.70%	0.41%	0.21%	0.62%	-0.08%
<b>Premium Income</b>	0.32%	0.11%	0.43%	0.38%	0.10%	0.48%	+0.05%
<b>Australian Property</b>	0.26%	0.00%	0.26%	0.27%	0.00%	0.27%	+0.01%
<b>Australian Shares</b>	0.27%	0.08%	0.35%	0.28%	0.06%	0.34%	-0.01%
<b>Bonds</b>	0.33%	0.10%	0.43%	0.33%	0.14%	0.47%	+0.04%
<b>Global Property</b>	0.30%	0.09%	0.39%	0.31%	0.13%	0.44%	+0.05%
<b>International Shares</b>	0.23%	0.08%	0.31%	0.24%	0.12%	0.36%	+0.05%
<b>Cash</b>	0.15%	0.08%	0.23%	0.15%	0.05%	0.20%	-0.03%

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You don't need to do anything as a result of the changes to the investment fees and costs, however, if you need assistance we're here to help. If you have any queries or need further information please call us on **1300 13 44 33** or internationally on **+61 3 8687 1834** between 8.30am to 7.00pm (AEDT) Monday to Friday (except for national public holidays) or email us at [admin@reisuper.com.au](mailto:admin@reisuper.com.au).

Yours sincerely,

**Jarrod Coysh**

Chief Executive Officer



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