

REI Pension Bulletin 2021

From your Industry Super Fund



Contents



Putting our members first

As I complete my second year as CEO of your fund, I reflect back on the past year and the enormous personal and economic impact that the coronavirus (COVID-19) pandemic has had on our members, their families, our industry and our fellow Australians.

Federal, State, and local governments announced unprecedented stimulus packages for individuals and business for specific industries and for specific causes such as mental health to lessen the financial and emotional impacts of the global COVID-19 pandemic. As this goes to print, our two largest states are locked down as we push to a new vaccine based 'living with Covid' way of life.

In response to the pandemic we developed and continuously updated our COVID-19 Information Hub to inform, educate and support our members and their families during these uncertain and difficult times. Further, we electronically distributed four separate letters to all our members and our call centre team remained on standby to support member queries whether that be about financial markets or the early release scheme. Both the Chair and I have advocated strongly to relevant State Premiers to release restrictions on the real estate industry as quickly as possible, given the way the industry, and our members, have demonstrated that they can operate in a sophisticated Covid-safe way.

While the COVID-19 pandemic impacted the global economy leading to an economic downturn and fears of a recession in Australia, financial markets rallied with the equities market in Australia increasing by 26.4% over the financial year ended 30 June 2021.

In this environment, I am delighted to confirm that our Balanced investment option returned 20% and our Growth investment option returned 28% for the financial year. REI Super was ranked the eighth best performing super fund for the financial year and one of a select few funds to post a return of 20% or more for our MySuper balanced product.

Effective from 1 October 2020 we also reduced Investment Fees and Costs across our investment options for our Super and Transition to Retirement members and for our Pension members to save our members money.

Government changes to the superannuation rules

The Federal Government announced two temporary changes to the superannuation rules. Firstly, the

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Putting our members first cont.

Government announced the early access to super scheme enabling members who meet certain criteria to withdraw up to \$10,000 up to 30 June 2020 and a further \$10,000 from 1 July up to 31 December 2020. Secondly, the Government announced a temporary relief measure for members who have a pension or a transition to retirement account by reducing the minimum drawdown payment amounts by 50% for the 2019/20 and 2020/21 financial years.

In response to the early access to super scheme, we had a total of 7,396 claims made by members totalling \$63.0m for the 12 months to 31 December 2020 (i.e. both tranches).

Changes to the member online experience

On 1 July we launched our new member online experience which included significant enhancements concerning the security of members' data. Available on web, mobile and tablet 24/7 the new member dashboard contains many new features and functionality to help you find and combine old super, nominate non-binding beneficiaries, apply for or adjust your insurance cover, switch investment options, vary pension payments and make lump sum withdrawals. We also added an extra security feature known as Multi Factor Authentication which combines your username and password with a temporary numeric code sent to you to confirm your identity and to keep your information safe and secure.

Looking forward

REI Super has a long rich history as the super fund for the Real Estate Industry for over 44 years. We are proud of our unconflicted governance model which combines independent and member elected Directors, all focussed solely on outcomes for members. We acknowledge the significant contribution that our industry makes to the economic life of the nation and are passionate about representing your views at both a State and Federal level.

'Administration fees will be reduced this year.'

Over the next twelve months you will see:

- A reduction in Administration Fees
- Improvements in the way we define and administer our Total and Permanent Disability insurance which will make it easier to claim
- A significant enhancement to the offering to members through a range of value-added services
- The strengthening of relationships with both the real estate Institutes and the large franchise groups to make super easy to administer
- The development of a range of additional services for employers that make running your business easier and more efficient.

Vale Helen Cunningham

In February this year, we were advised of the passing of Helen Cunningham, a prior Member-elected Director of the Fund and a member of the Death and Disablement Claims Committee from 2002 to 2014. Helen was a highly respected Director and a highly respected principal of LJ Hooker Epping and then LJ Hooker Roseville. Helen left an amazing legacy for our Members at REI Super.

Thank you

I would like to thank all our members and their employers for their continued support and contribution to the Fund. We acknowledge how important our industry is to the broader Australian economy and to the lives of everyday Australians. Thank you also to the Board of Trustees and the Trustee team for their continued focus on our members, particularly in response to the significant challenges our members faced over the past year.

I hope you and your families stay healthy and safe.

Yours sincerely,

Jarrod Coysh

Chief Executive Officer

Investment update

Record returns in an exceptional year

The 2020/21 financial year has delivered members the best ever one year annual net return for the Balanced (MySuper) investment option of 20.0% and 28.03% for the Growth investment option. Due in part to a remarkable recovery in global markets, this was delivered through the completion of a strategic review of investments and implementation of a restructure of our portfolio.

Key to the strategy was reducing our exposure to Australian equities early in 2021 on the back of strong returns, divesting from alternatives, taking our profits on exposures to emerging markets and US banks and increasing our exposure to industrial and consumer goods companies in Japan and the US, and European energy companies.

How the year unfolded

Recovery in the global economy from the shock of COVID-19 continued through 2020/21, culminating in an extraordinary rally in global sharemarkets. Much of the improving confidence around the global outlook has to do with governments and central banks responding quickly to the pandemic with significant fiscal and monetary stimulus along with the rapid rate of vaccination. More than 3 billion vaccines having now been administered globally. This has been key to global economies beginning to re-open, even though the number of cases of infection continues to rise.

Looking forward

Questions remain around the sustainability of the current economic momentum. There is increasing talk of inflation, which can lead to higher interest rates, and implications for the value of both shares and bonds.

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Investment update cont.

Economic indicators like inflation and GDP are notoriously difficult to predict, as are the actions of governments and central banks who are trying to influence them. That said, economic conditions look positive in the short term with rapidly rising vaccination rates and continued fiscal stimulus in place.

Many markets are now reaching all-time highs following a period of strong gains. This presents

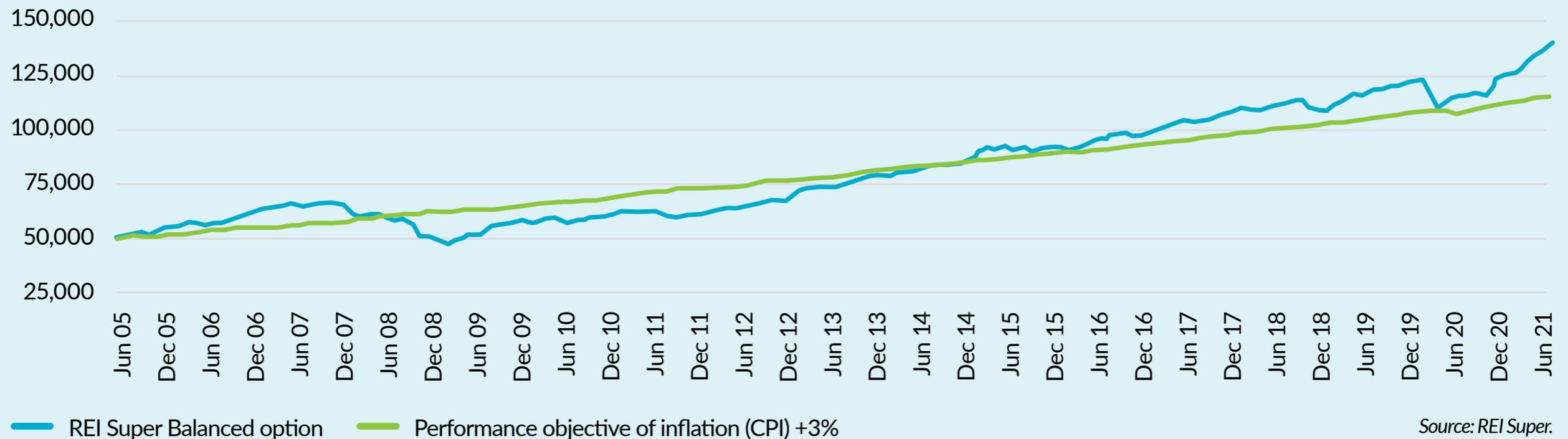
challenges when it comes to portfolio construction with many of the typical assets where we would look to base our investment strategy appearing fully priced. Opportunities do remain however, and this is where we continue to focus the portfolio's holdings.

Disclaimer: Future investment performance can vary from past performance, and you should not base your decision to invest in REI Super simply on past performance. Past earning rates are not an indicator of future earning rates. The investment returns of REI Super are not guaranteed, and the value of the investment may rise or fall.

Is your investment option right for you?

Take our **Risk profile quiz** to understand your appetite for risk versus reward then call us on **1300 13 44 33** for professional financial advice if considering a change.

How the Balanced (MySuper) option has performed against its objective (Value of \$50,000 over 16 years)



Source: REI Super.

Note: Benefits shown in the graph are net of investment fees and tax and expressed in today's dollars. No contributions paid in and no benefits paid out. Future investment performance can vary from past performance, and you should not base your decision to invest in REI Super simply on past performance. Past earning rates are not an indicator of future earning rates. Investment returns of less than one year should not be relied upon as any guide to future performance. The investment returns of REI Super are not guaranteed, and the value of the investment may rise or fall.

Legislative update

Changes coming into effect for superannuation and pension members in 2021 include increases to employer contribution rates, increased personal contribution caps and the ability to re-contribute amounts taken through COVID early release.

Employer contribution rate increased to 10%

Previously 9.5% since 2014, the Superannuation Guarantee (SG) employer contribution rate increased to **10% on 1 July 2021**. This year's increase is the next in a planned series of increases to achieve 12% by 2025.

Contribution caps increase

These are the annual limits on how much you can pay into super each year.

| Cap type | 2020/21 | 2021/22 |
|--|-----------|-----------|
| Concessional cap (before tax contributions) | \$25,000 | \$27,500 |
| Non-concessional cap (after tax contributions) | \$100,000 | \$110,000 |

Age restrictions for 'bring forward' arrangements increased

Eligible individuals aged under 67 years (previously under 65 years) can make up to three years' worth of non-concessional contributions in a single year – for 2021/22 this could be up to \$330,000.

Refer to the [Australian Taxation Office \(ATO\)](#) website for details about eligibility.

Excess contributions charge removed

Individuals who exceed their contributions cap will no longer be charged an excess contributions charge. Instead, they will be taxed at their marginal tax rate on any excess concessional contributions less the 15% tax already paid by their super fund.

Re-contribution of COVID early release of super

Individuals who accessed a COVID-19 early release of super (for 2019/20 and 2020/21) are able to re-contribute up to the amount they received without the contributions counting towards their non-concessional cap. Refer to the ATO website for full details.

Pension transfer balance cap increased

The balance cap is the maximum amount of super that you can transfer into retirement phase income streams during your lifetime. The cap has been \$1.6 million since 2017, however on 1 July 2021, it was indexed to \$1.7 million. Indexation means there won't be a single cap that applies to everyone.



Instead, every individual will have their own personal transfer balance cap of between \$1.6 and \$1.7 million, depending on their circumstances. Refer to the [ATO website](#) to find out how your transfer balance cap would be calculated.

Leon clearly loves life and makes the most of it

Adventurer, sportsman, businessman, family man and very obviously a man that loves a challenge. At eighty-one and a half (Leon proudly expressed that half) he is very active, playing golf and table tennis weekly and can still be found riding horses on occasion.

Born in Ascot Vale, Leon is a country boy at heart. His family moved to farmland 'a couple of miles city side of Dandenong', agisting racehorses when he was young and his early working life was in regional Victoria.

First job led to a world adventure

The Commonwealth Bank gave Leon his start and a skill set he could utilise throughout his working life. After several years with the bank, and moving around as they liked to do with staff – Leon at the age of 21 with '500 quid' in his pocket took off to see the world. Working in banks in England and Canada before coming back to Australia after 18 months away.

Then a 50 year career in real estate

Settling back in Geelong, Leon got a start with Cuthbertson's, a well-known family run agency. 'I was a jack of all trades and hands on with everything, I got to experience pretty much every aspect of real estate from a practical perspective. I spent 35 years working for Cuthbertson's before buying the business and running it with a partner for the next 15 years.'

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'My super gives me a tax-free monthly payment and I can access a lump sum any time I need.'



Leon Gleeson
REI Super member, Principal,
Nutrien Harcourts Kilmore

Leon clearly loves life and makes the most of it cont.

‘Real estate was a different world then, lots of family businesses. The name on the shingle was the name of the person who ran the business, and agencies often worked together, unlike the competitive way things are run today. The industry wasn’t regulated back then and there were some less than desirable practices going on with “weekend cowboys” out spruiking and selling land before going back to their real jobs during the week. Not a great look for the industry.’

Working on the industry, not just in it

‘Early on at Cuthbertson’s we had a visit from a representative of the Real Estate Salesmans Association from Melbourne. Concerned with what was going on in the industry and looking to raise the standard it struck a chord with me. Invited to Melbourne to learn more, I became a committee member on their board and ultimately State President of the union. There were many interesting experiences sitting in on cases in the arbitration and conciliation commission and representing members. It was a significant time for the industry, setting down professional standards and developing an award and mandatory education requirements – goodbye “weekend cowboys”.’

At the same time as a member of Geelong APEX and interested in local affairs, Leon was elected as a Councillor to the shire of south Barwon and after two years became Shire President.

Having studied and obtained his own real estate licence, he became involved with the Geelong REIV branch – for many years as Secretary and then elected to the REIV Board, and ultimately in 1997 he became the State President.

‘This was a terrific time for me but it could never have happened without the support and backing of my wife Stephanie and my business partner. So many fond memories, like when I used to take a sleeping bag with me to the offices in Melbourne. The institute would have paid for a hotel, but it was more practical on the couch in the president’s room. The cleaner used to wake me early in the morning with a cup of tea and I’d get up and freshen up in the men’s dressing room to start the day.’

Sold the business and put a lump sum into super

Not quite the retiring type, Leon sold the real estate business in 2008 but continued managing body corporates. Just 40 groups to begin with but ballooning out to 154 groups by 2012. This time selling up and retiring full time.

‘I was lucky at that time to be able to put a good amount into super; the rules were different then and that put me in a good position. I wouldn’t say I’m a wealthy man but I am comfortable. My super pension gives me a tax-free monthly payment and I can access a lump sum any time I need. Returns have been up and down over the years but is still a good return on my investment. This year was one out of the box which prompted me to write to our new CEO and congratulate him and the Board on the result. I was delighted to hear back from the Chair and CEO soon after.’



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