

REI Super Bulletin 2022

From your Industry Super Fund

Inside:

[Fund overview from the CEO](#)

[Investment update](#)

[Super Smart Cherie](#)

[Legislative Update](#)

[Manage your super online](#)



Putting our members first

As I complete my third year as CEO of your fund, I reflect back on the past year and the significant economic, political and financial uncertainty facing us all.

Lingering impacts from the Covid pandemic, the war in Ukraine, the global energy crisis, rising inflation and interest rates have led to sharp and unpredictable corrections in equity markets. Inflation remains a persistent problem in Europe and the US and it is clear that the Reserve Bank tightening cycle is far from over in Australia. Against this backdrop of ongoing uncertainty, it is important to remember that superannuation is a long-term strategy to help fund your retirement. The nature of our system with rules around preservation allows members to take a long-term view of both risk and returns. In this environment, our Balanced investment option returned -5.36% for the financial year ended 30 June 2022 compared with 20.0% for the financial year ended 30 June 2021. Whilst capital volatility can be unsettling, it is important to remember that the core fundamentals of super remain the same – long-term real growth based on a consistent investment strategy and objectives. We continue to provide members with strong, long-term investment returns with the

Balanced investment option achieving average net investment returns of 7.38% per annum over 10 years.

Investing in Infrastructure

Over the course of the past financial year we chose to reallocate a percentage of funds under management to Infrastructure assets for the first time, investing funds in the First Sentier Global Diversified Infrastructure Fund and the IFM International Infrastructure Wholesale Fund. These new infrastructure investments – airports, train lines, toll roads, energy pipelines, utilities and seaports - will provide members with exposure to long-term, consistent income producing assets whose underlying valuations are not subject to the same short-term volatility as global equity markets. It also means that your money is helping fund vital infrastructure for the benefits of current and future generations.

Reduction in fees and insurance premiums

As a result of our continued focus on reducing costs we were able to remove the fixed

monthly administration fee applicable to all super and pension accounts, effective from 28 October 2021.

We also reduced the percentage investment fee applicable to a vast majority of members' account balances, effective from 7 November 2021. Through careful negotiation with our insurer MetLife, we were also able to reduce premiums paid by members on income protection and death and total & permanent disablement cover from 1 December 2021. Pleasingly, we were also able to significantly improve the terms and conditions for members to access this insurance whilst recovering from significant illness. Finally, we made changes to permanent & total disablement rules to provide extra support to our members in part-time roles.

Government changes to the superannuation rules

From 1 July 2021, the superannuation guarantee contribution rate increased from 9.5% to 10.0% and from 1 July 2022 that rate increased to 10.5%.

'Administration fees will be reduced this year.'

From 1 November 2021 all employees became 'stapled' to one of their existing superannuation accounts. The rules around stapling are intended to reduce the chance of working Australians accumulating multiple superannuation accounts during their working lifetime and therefore avoid paying multiple sets of fees and insurance premiums. We believe that the change in Government at the May election is positive for superannuation and the Treasurer's early comments on superannuation indicate a balanced and even-handed approach to the super industry including acknowledging the important role funds played in managing the early release scheme.

Award winning insurance partner

Our insurance provider MetLife Australia won the award for best insurer at the 2021 Super Fund of the Year Awards in July 2021. This was the second consecutive win by MetLife Australia. In Australia MetLife covers over 1.6m lives and paid over \$533m in claims to policy holders in 2020.

Board Governance

The past year has been one of significant Trustee Board renewal with the retirement of independent director Emery Feyzeny,

and member-elected directors Neville Pozzi, Ian Armstrong and Greg Paterson. These vacancies provided an opportunity to renew our Trustee Board and we were delighted to welcome Craig Dunstan and Geoff Peck as new independent directors and Leanne Pilkington, Cassandra Mason and Nathan Jones as our new member elected directors. These Directors provide a great combination of expertise and experience as well as connections to the real estate industry.

Looking forward

REI Super has a long rich history as the super fund for the Real Estate Industry over 47 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.

Over the next twelve months you will see:

- The rollout of our in-house financial advice model which will provide members with access to support and education as well as financial advice.
- A new member online join experience as

well as an enhanced easy consolidation online experience.

- Improved member experiences as we streamline our technology and marketing activities.
- 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.

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.

Yours sincerely,

Jarrod Coysh

Chief Executive Officer



Investment update

A year of volatility in markets

The last 12 months have been a period of economic, political and financial uncertainty. Lingering impacts from the Covid pandemic, the war in Ukraine, the global energy crisis, rising inflation and interest rates in most major economies have led to sharp corrections in equity markets. Central banks have been aggressively raising interest rates meaning that bonds, a traditionally lower risk asset class, have also performed poorly. Energy and wage price pressures will continue to exaggerate the impact of supply chain disruptions on global inflation with the risk of recessionary conditions across the western economies. However, against this background of ongoing short term uncertainty, it is important to remember that, that superannuation is a long-term strategy to help fund your retirement over an extended investment horizon.

Superannuation is a long-term strategy

Members should expect four negative investment return years over any given twenty-year period. The last negative investment return year was during the COVID 19 recession. For the 12 months to 30 June 2022, our Balanced (MySuper) investment option had a net investment return of -5.36%.

Balanced Investment Option 7.38%

Per annum over 10 years

Average annual net investment returns over the past 10 years

The Balanced investment option invests mainly in growth assets with some interest-bearing defensive assets. It has the potential for high returns – demonstrated by the 20.0% net investment return for the previous 12 months ending 30 June 2021.

It is important to remember that the core fundamentals of superannuation remain the same – long-term real growth and this reinforces the need to focus on the long-term investment strategy and objectives. REI Super continues to provide members with strong, long-term investment returns with the Balanced investment option achieving

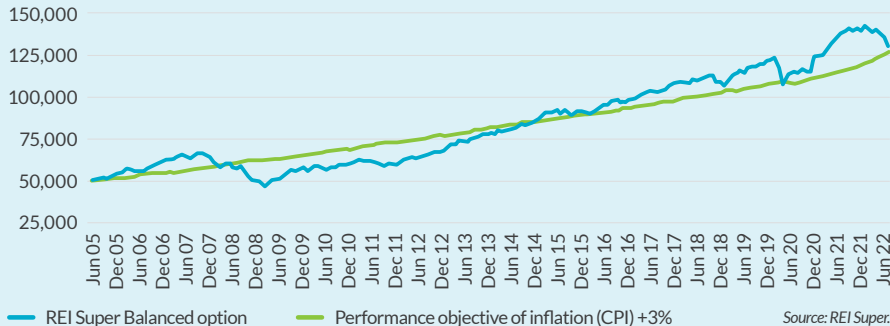
average net investment returns of 7.38% per annum over 10 years.

Think carefully before you act

During turbulent market conditions like this, it's important to keep focused on **long-term investment objectives**. As the COVID pandemic has shown us, markets can fluctuate wildly and reacting to short-term market movements could have a negative impact on your long-term retirement savings.

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.

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



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.

Cherie is Super smart

Cherie Walker is with Better Homes and Gardens Real Estate, Coast and Hinterland branch (Sunshine Coast area) and is the property manager and BDM. In less than a minute into our conversation it was plainly evident why she would be successful in this role.

'Property management comes second nature to me, I guess it's because I find it easy to relate to both owners and tenants. Having investment properties myself I understand what the needs and desires of owners are. When it comes to placing people into properties, I like to put myself in their shoes, to understand their requirements and be sure the

property is right for them. It must be a good fit for both the tenant and the owner, there are so many factors to be considered, and that's where experience comes into play.'

With more than 20 years industry experience, Cherie cut her teeth in real estate back in Sydney, before moving to the Sunshine Coast with her husband and family six years ago.

'It was a lifestyle choice for us, moving to the Sunshine Coast and setting up my husband's business here. It was time out of my career, but a great experience for all of us.'

'Speaking of time out of my career, between that and having 3 kids it certainly made a big difference to what I had in super compared to my husband. Unhappy with that, we got some advice and are now salary sacrificing for one thing, to make up some of that ground.'

'I've been with REI Super since I first started in real estate. I'm happy with the returns and the fact that it's a fund that caters specifically for our industry. Their communication is good, and I really appreciate the fact that you can call and speak to someone directly for information and advice.'

'I love interacting with people, and I love placing good people into great properties. I have to say, I love my job.'



Cherie Walker
REI Super member,
Better Homes and Gardens Real Estate
(Sunshine Coast)

Legislative update

With the change of government this year it is not expected that any significant changes will occur in Superannuation or Pension rules in the year ahead. That said, there are a great many members that will benefit from the few planned changes that come into effect 1 July 2022. In particular, increases to employer contribution rates and the removal of the threshold for employer contributions. Below is an overview of these changes – for more detailed information visit the ATO website.

SG INCREASE

2021
10%



2022
10.5%

Employer contribution rate increased to 10.5%

Previously 10%, the Superannuation Guarantee (SG) increased to 10.5% on 1 July 2022. This increase is the next in a planned series of increases to achieve 12% by 2025.

Removing the threshold for employer contributions

Removal of the \$450 per month threshold means that anyone earning less than \$450 per month from a single job will begin receiving super guarantee contributions from their employer from 1 July 2022.

Contribution caps remain the same as last year

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

The concessional cap (before tax, salary sacrificed contribution) is \$27,500.

The non-concessional cap (after tax contribution) is \$110,000.

Div 293 tax threshold remains at \$250,000

This is the additional tax on employer contributions for high income earners. In place since 2017 it is an additional 15% (total 30%) tax on concessional contributions.

Co-contribution rate remains at \$500 but thresholds increase


Co-contribution is a government incentive matching individuals after tax contributions to super, dollar for dollar, up to a maximum of \$500 for people with an income less than \$42,016. The amount decreasing progressively until it cuts out when income reaches \$57,016

Manage your super online


Your user-friendly online account makes it easy to take control of your super.


Simply login at reisuper.com.au and check it out.




Check your account balance



View investments


Check your personal and employer contributions


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Update your beneficiaries


Update your insurance


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Before making any changes to your investments in your REI Super account, we strongly recommend you contact our financial advice team to be certain you are making changes in your best interest.

No Better Location.

REI Super is the only super fund built by, and for real estate professionals. That means we understand you and your industry better than any other fund.

Make sure you're maximising your super.
Find out more at: reisuper.com.au/checklist

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Call between 8.30am and 7.00pm AEST. (Local call cost within Australia, calls from mobile phones may cost more.)

