

# REI Super Pension Bulletin 2023

From your Industry  
Super Fund

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# Putting our members first

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



The ongoing war in Ukraine, the global energy crisis, supply chain disruptions, rising inflation and interest rates have led to increasing costs of living for most Australians and volatility in financial markets. Against this backdrop of ongoing uncertainty, it is important to remember that superannuation is a long-term strategy to fund your retirement.

Despite this challenging environment, I am pleased to report that our MySuper Balanced option achieved a net investment return of 9.45% for the financial year ended 30 June 2023, and our Growth option achieved a net investment return of 13.77%. Our Balanced option is a diversified investment option that invests mainly in growth assets with some interest-bearing defensive assets. It has potential for high returns over time due to the significant

proportion of growth assets – Australian shares, International shares, global property securities, unlisted property, global listed infrastructure and unlisted infrastructure.

We continue to provide members with strong, long term investment returns with the Balanced option achieving average net investment returns of 6.84% per annum over 10 years.

## Investing in infrastructure and healthcare

Over the course of the year, we progressively invested a percentage of funds under management in 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,

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*'Our MySuper Balanced option returned 9.45%  
for the financial year ended 30 June 2023.'*

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.

We also chose to allocate a percentage of funds under management to the healthcare sector, investing funds in the Australian Unity Healthcare Property Fund. This new investment, in a diversified portfolio of healthcare assets – hospitals, medical, aged care operators, day surgeries, consulting rooms, rehabilitation units, radiology and pathology centres – will provide members with exposure to long term, consistent income producing assets with a longer-term opportunity for capital growth as the Australian population continues to age.

### **Government changes to the superannuation rules**

From 1 July 2022, the superannuation guarantee contribution rate increased from 10.0% to 10.5% and from 1 July 2023 that rate increased to 11.0%. It will continue to increase by 0.50% on 1 July each year until it reaches 12.0% in 2025.

On 28 February 2023, the Government announced its intention to legislate an additional tax of 15% on the earnings of superannuation funds with balances over \$3M, resulting in a doubling of the current concessional tax rate from 15% to 30%. The new tax will apply to unrealised gains in a superannuation fund and the \$3M member super fund threshold will not be indexed. This potentially creates significant problems for self managed super funds with large illiquid

property assets. The stated commencement date of the tax is 1 July 2025 with the first key date being 30 June 2026 which is the first-time superannuation fund balances would be aggregated and tested against the \$3M threshold. It is important to note that this new tax is a proposal only and is subject to a consultation process and then the Parliamentary process.

In the Federal Budget 2023-24 released on 9 May 2023, the Government announced that from 1 July 2026, all employers will be required to pay their employees' super at the same time as their salary and wages. Further, it was announced that the minimum withdrawal rate for retirees on a pension, reduced by 50% during the coronavirus pandemic, would return to pre-pandemic rates from 1 July 2023.

Continued on next page.

## Financial advice for Members

To significantly improve the experience of our members, we have built an in-house financial advice capability. From July 2022, our members have had access to in-house limited personal advice – investment options, voluntary contribution options, insurance through super requirements, nominated beneficiaries, transition to retirement and retirement savings adequacy. The number of members meeting with our in-house senior financial planner has been pleasing and the feedback has been very positive.

## Looking forward

REI Super has a long rich history as the super fund for the Real Estate Industry over 48 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:

- A new automated journey for members transitioning from accumulation phase to pension phase;
- A new chatbot functionality on our website to assist members and employers requiring immediate advice and support;
- A new SMS functionality to notify members, confirm transaction for members, and to increase the security of members' accounts;
- An improved ability to support, educate and advise our members requiring comprehensive financial advice and the introduction of e-advice to enable our members to select their own advice journey via member online;
- The rollout of Virtual Care, in partnership with our insurer MetLife, to offer our members access to a range of mental health support, expert medical opinions, clinician support and nutrition, fitness and recovery support via online or App, at any time, in any global location;
- The introduction of a Self-Managed Super Fund companion product, to provide investment options for members and real estate sector employees who

maintain a SMSF with the ability to access our investments in Australian shares, International shares, infrastructure, global property and healthcare investments;

- New website functionality to better inform and support our members and employers;
- The strengthening of relationships with both the real estate Institutes and the large franchise groups to make super easy to administer.

## 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 increasing costs of living pressures and economic uncertainty our members faced over the past year.

Yours sincerely,

**Jarrod Coysh**

Chief Executive Officer

# Financial advice insights

Nick Phillips –  
Senior Financial Planner, REI Super

Going into the interview with Nick, I wanted to know the most common questions he was asked and the typical problems he solved. When should I get super advice, as opposed to full financial advice? How should I be invested, what returns could I expect and how should I prepare for retirement? I was aiming for all the big answers right up front.

Nick listened carefully, acknowledging my questions with a nod or a knowing look until I had finished and invited him to respond.

## Pointing the compass

‘Most people come to me simply not knowing where to start, needing help to point the compass to begin. They may have jumped online and searched a few websites, read a financial self-help book, researched fund returns etc., but they just haven’t worked out how to apply that knowledge to their own situation. That’s where I come in, it’s my job to help members work through what’s important to them. What they want to achieve now and into the future and then explore the ways they can go about reaching those goals.’

‘Fortunately for most of us, our financial situations in earlier years are not overly complex, so the things we need to know about are pretty straightforward until you get to retirement. Which is great because most superannuation advice provided by REI Super

is at no additional cost. That advice covers off the important things you need to understand such as your tolerance for risk as part of your investment strategy to grow your funds, insurance needs to protect you financially if something unforeseen happens, tax saving options when making additional contributions and importantly nominating beneficiaries in the event of passing away.’

## Advice is a journey

One of the most important things Nick impressed upon me was that financial advice is a journey that continues throughout your life, it’s not just set and forget.

‘As life goes on, circumstances change, needs change and goals and aspirations shift. What’s right for you when you’re single can change if you have a partner, when you buy a house, if children come along, when careers shift, if you downsize or come into an inheritance. There are so many changes that can shift the needle and alter your situation.’

‘For that reason, before giving me a call, I encourage everyone to use the REI Super website as their ‘go to’ when circumstances change. It has a wealth of information, with easy-to-use online tools and resources to explore.’

## Get advice early

‘Retirement isn’t a word we refer to all that much these days, with so many of us continuing to work into our latter years in the business we love.’ The next chapter is how we view it now, and that is the time in life when you are looking to achieve the lifestyle you want and a regular income when you are no longer working full time.’

‘60 years of age is the magic number that opens up a wealth of opportunity for your super and super pensions. With so many things to take into consideration, it can be quite complex working through the options that are available to achieve your ultimate outcome - getting advice well ahead of this time is invaluable.’





# Investment update

## Rebound in super for REI Super members

For the 12 months to 30 June 2023, our Balanced (MySuper) investment option achieved a net investment return of 9.45%. This result was achieved by a higher exposure to listed assets – Australian shares and International shares – and a lower exposure to unlisted property. This is a very good result compared to a lot of other funds, big and small. Similarly, the Balanced Pension investment option achieved a net investment return of 10.97%.

Over the same period, our Growth investment option achieved a net investment return of 13.77% also driven by the option's higher exposure to strong performing listed assets. This is an excellent result.

## 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 12 months ended 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 long-

# Balanced Investment Option 9.45%

For the 12 months ended 30 June 2023.

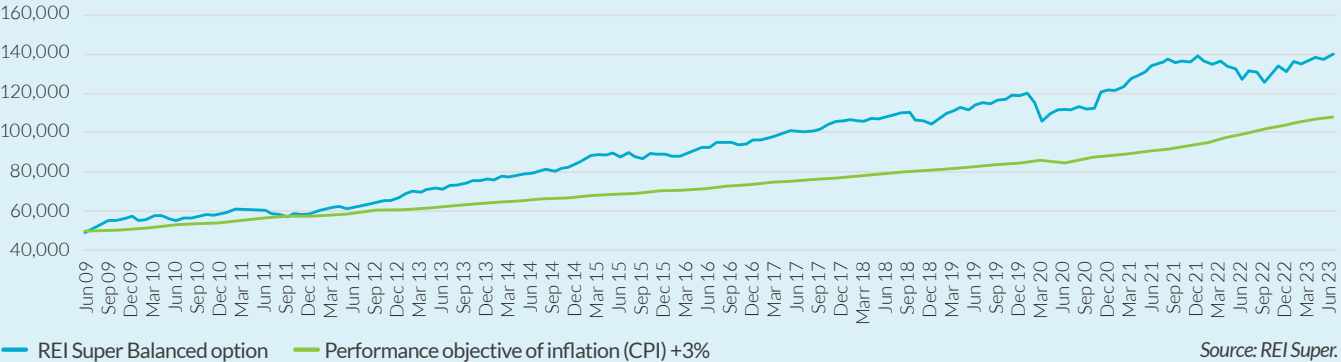
term investment strategy and objectives.

The Balanced investment option has a performance objective of returning at least CPI plus 3% per annum over 10 years.

REI Super continues to provide members with strong, long term investment returns with the Balanced investment option achieving average net investment returns of 6.84% per annum over 10 years.

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 14 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

**Superannuation has again come into focus for government in 2022 with several significant changes taking place throughout this year, and again in 2023. Changes that will benefit most members.**

In particular there are incremental increases to Superannuation Guarantee contributions annually through to 2025 and amounts that can be accessed in the First Home Super Saver Scheme have been significantly lifted.

Lowering of the age limit for Downsizer Contributions will mean many more members will be able to access this important initiative to boost retirement savings and make family size homes available to the market.

Removal of the work test for retired members aged 67-74 is an important change that will allow non-concessional, and salary sacrifice contributions to be made. Removal of the monthly income threshold means members now receive SG on all ordinary time earnings no matter how much they earn in a month.

## **Superannuation Guarantee (SG)**

From 1 July 2022, the superannuation guarantee contribution rate increased from

10.0% to 10.5% and from 1 July 2023 that rate increased to 11.0%. It will continue to increase by 0.50% on 1 July each year until it reaches 12.0% in 2025.

## **First Home Super Saver Scheme (FHSSS)**

From 1 July 2022 you can now withdraw up to \$50,000 of voluntary contributions per person to buy your first home. This is a significant increase up from \$30,000. Contributions are capped at \$15,000 per year for the scheme so you'll need to plan well ahead to attain the maximum draw down.

## **Monthly income threshold removed**

1 July 2022 saw the removal of the \$450 per month threshold employers had for paying Super Guarantee (SG) contributions. Members are now entitled to SG contributions on all ordinary time earnings no matter the amount.

Older members benefit from removal of the work test and the age change to bring forward rules for non-concessional contributions.

Older members now have much greater flexibility when making contributions to their super. From 1 July 2022 members aged 67-74 are no longer required to prove that they worked at least 40 hours in a 30-day period in that financial year to make a voluntary contribution. Also, they can now access the bring forward rule that allows members to make 3 years' worth of non-concessional contributions in one year without going over the cap.

## **Downsizer Contribution age limit reduced**

From 1 January 2023 members have been eligible to make a Downsizer Contribution from age 55. Previously this was 60 years of age. This allows individuals to contribute up to \$300,000 and couples \$600,000 to their



super from the proceeds of the sale of their home without affecting other caps.

### Freeze on minimum Pension draw down rates ended

From 1 July 2023 the temporarily reduced age-based minimum draw down rates on super pensions end and rates revert back to pre-pandemic levels.

The information contained in this article does not constitute financial product advice. REI Super does not give any warranty to the accuracy, completeness or currency of the information provided. Although REI Super makes every reasonable effort to maintain current and accurate information, you should be aware that there is still the possibility of inadvertent errors and technical inaccuracies.

# Manage your pension online

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

Simply login at [reisuper.com.au](https://reisuper.com.au) and check it out.



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account balance



View  
investments



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transactions



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personal details



Update your  
beneficiaries



Vary your  
pension payments



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



A photograph of a woman with short, light blonde hair, smiling broadly. She is wearing a vibrant red, textured knit sweater. She is holding a white ceramic mug with both hands. On her left wrist, she wears a dark brown leather watch with a white face. A gold chain necklace is visible around her neck. The background is softly blurred, showing green foliage and a white wall.

## Jan's journey to retirement is a blueprint for a great outcome.

Speaking with Jan about her recent retirement you can't help but be impressed with the way she has prepared. There are great take-outs here for everyone approaching this next phase in life that we can all learn from.

When I asked Jan what it was that brought her to the point of wanting to retire, her response was quite analytical.

'Well, it came to my attention one day that the average lifespan for a woman was around 83 years which meant I had perhaps 20 good years left if I maintained my current level of health and wellbeing. As much as I loved my career, (I have been 23 years in real estate and nearly 50 years in the workforce) and as everyone knows, you are on the go 7 days a week in our business. I really needed more time to do the things that are important to me and time to myself, but could I afford to retire?

Will I have enough to be self-sufficient?'

Disclaimer: Jan is a member of REI Super and is not authorised to provide advice on superannuation.

**Jan Tuckwell**  
Recently retired Member

*'The fact that REI Super's advice came at no cost to me was also attractive.'*

### Would I have enough?

'For the last 10 years, I had really made an effort to put as much into super as I could.

My finances were in order, I owned my home but was that enough?'

'I saw on the REI Super website that you can get advice on retirement planning from an in-house advisor. The fact that advice came at no cost to me was also attractive.

I had been thinking about retirement since the beginning of the year and I had lots of questions about how to go about implementing things.'

'Right from the first phone call, I was so impressed. My adviser Nick Phillips was terrific, he really listened to me. He not only answered all my questions, he brought up a number of things I hadn't considered and

worked with me over several sessions to make sure I was comfortable and understood where I was going. That advice gave me the knowledge and the confidence to make the leap.'

### What does retirement look like?

'It's quite an adjustment to begin. In real estate, you get used to structure, a diary that is full of appointments, a boss to answer to, a team to work with and so on. Now it's just up to me. I'm answerable only to myself, and it's up to me to structure my days.

I have time to read, which I enjoy, and I have taken up Tai Chi. I have a great network of friends that I catch up with regularly, and we can do things together during the day now, as many have also retired. Travel is something I want to do more of, but accommodation

is expensive when you are a single person, I may have to find a travel partner. It's a different kind of busy now, I'm very busy doing all the things I want to do.'


### Any advice for others thinking of retirement?

'Yes, very much so – get professional advice well ahead of time and make a plan. Especially if you are on your own. As a couple, you share ideas and experiences. As a single person, I found it very reassuring to get that advice. And if you can, ease down to retirement by cutting back to 2 or 3 days a week and give yourself the time and head space to transition to the next phase in life.'

Is there anything you'd do differently?

'Yes, I'd definitely put more money into super from an earlier age.'





# Maximise your pension.

To make sure you're  
maximising your pension, visit  
[reisuper.com.au/pension-checklist](https://reisuper.com.au/pension-checklist)

**1300 13 44 33 | [reisuper.com.au](https://reisuper.com.au) | [admin@reisuper.com.au](mailto:admin@reisuper.com.au)**

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



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