

REI Super 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

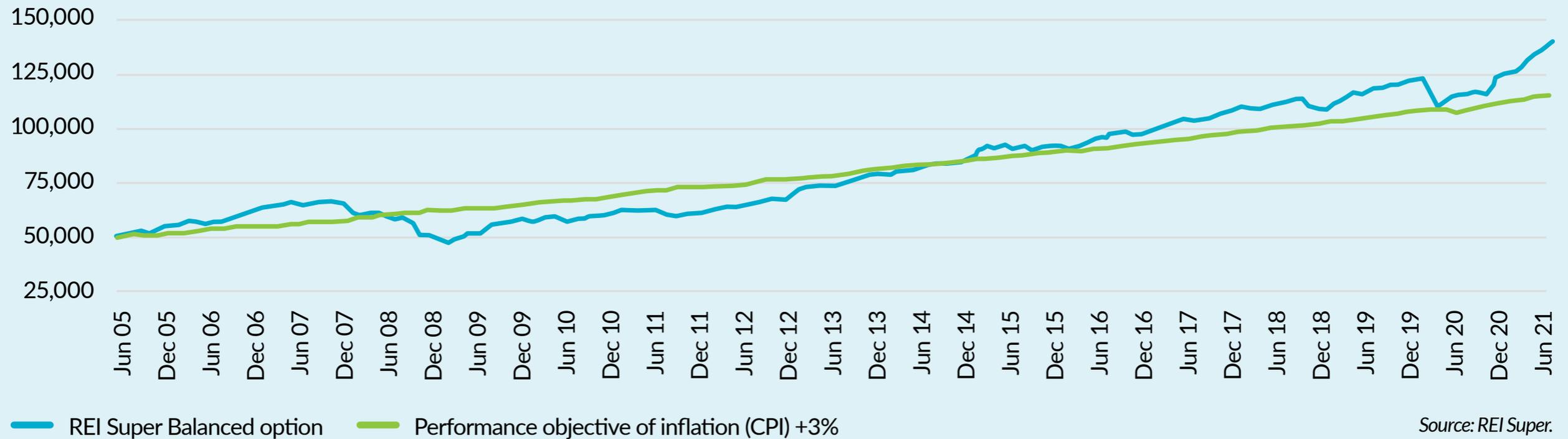
challenges when it comes to portfolio construction with many of the typical assets where we would look to base our investment strategy appearing fully priced. Opportunities do remain however, and this is where we continue to focus the portfolio's holdings.

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.

Early access to super

What was the real cost?

Covid times, lockdowns, loss of work etc. has meant hardship for many. We all have commitments; mortgages, loans, rent, and more – the bills keep coming in and have to be paid. Many of us have accessed our super to get by, but what is the real cost of doing that?

When the first \$10,000 tranche of the Early Release of Super Scheme was made available to members from 20 April 2020, the Australian share market had fallen by 23% from its pre-pandemic peak on 21 February 2020. Accessing super when markets are down consolidates losses. With the Balanced investment option achieving a one-year net return of 20.0%, that is an additional loss of \$2,000. If the member accessed the second tranche of an additional \$10,000 then this loss would have been greater.

In total, REI Super members who accessed the full \$20,000, amounted to \$36 million when the scheme concluded on 31 December 2020.

And it doesn't end there. The compounding interest lost* over time is significant when you consider the length of time that money is invested in super:

Estimated years	Total
In 10 years the cost is estimated to be:	\$3,064.00
In 20 years the cost is estimated to be:	\$6,811.00
In 30 years the cost is estimated to be:	\$11,320.00

Don't despair – you can rebuild

There are many ways to rebuild your super:

- Salary sacrifice is an easy way to grow super and there are tax advantages to be made also.
- Find and combine other super into your REI Super account.
- Add a little extra when you have extra, such as if you receive an ATO refund, if you earn a commission, if you make a profit on the sale of an investment asset or if you receive an inheritance.

Re-contribution

If you accessed a COVID-19 Early Release of Super, you are now able to re-contribute up to the amount you received without the contributions counting towards your non-concessional cap.

Visit the [ATO website](#) for further details.

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*Assumptions: starting balance of \$20,000.00, admin fee of \$86.00 p.a., admin fee of 0.25% p.a., net investment return of 5.50% p.a., tax of 15.00% p.a. and inflation of 2.50% p.a. in today's dollars. Note that these figures are illustrative only.

Looking for inspiration?

Look no further than Ingrid Filmer.

Ingrid is one of the fortunate few of us to know what they wanted to do very early on in life, and then go on to achieve great things in their chosen profession. Her passion for property management could only be surpassed by her passion for the business she manages, the people in it and their clients. Ingrid has a presence, a passion and an understanding of what it takes to succeed that is truly inspiring.

'I can still remember being 15 years of age, in Year 9, and being totally inspired by my mother's passion for property management. Mum was with Spotless in Canberra and I knew right from then that was what I wanted to do.'

Canberra was an ideal place to begin her career. In property management terms, it is a pretty small pond, but with that being said, it is full of big fish in the industry. While at university working through a banking and financial management degree, Ingrid started with the Property Council of Australia. This exposed her to some of the biggest players in the industry whose insight and knowledge has been invaluable in her personal and professional development.

Making a career move

Canberra essentially has only four major retail centres, so the career opportunity there to manage a large commercial centre was limited to say the least. So Ingrid packed up and moved to Melbourne.

'I knew nothing about Melbourne but was fortunate in my first role there with Jones Lang LaSalle to work under the direction of Chris Smith, who to this day has been a source of inspiration and a mentor. The confidence and training provided there led to being offered the role of Head of Management with Burgess Rawson at the ripe old age of 25.'

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Ingrid Filmer
REI Super member,
Managing Director, Burgess Rawson



Ingrid Filmer
REI Super member,
Managing Director, Burgess Rawson

Looking for inspiration? cont.

'Pretty daunting going from such a structured environment with systems and processes in place to a situation where I had to make the running, and with eight staff to manage. I learnt very early on that listening was one of the most important aspects of management, and surround yourself with good people, staff, consultants and your banker.'

Fast forward to 2012

Ingrid oversaw and negotiated the retirement of the founding principals and took this opportunity to reinvent the business and unite the state offices.

'This was an exciting and daunting time, managing the buyout of the principals, bringing on new equity partners and directors and refocussing the entire organisation. New blood is critical to growing the business, new partners are hungry for success and that drives outcomes. Surrounding yourself with consultants you trust that are at the head of their game and working with a bank that demonstrates confidence in your business is critical, employing people smarter than yourself where you can just makes sense.'

Looking after our greatest asset

'Our people are by far our greatest asset and it's my responsibility to ensure they are inspired to perform and have the tools and training to deliver in their roles.'

'With 10% or more of their salary going into super each year, it is likely to be their main source of income in retirement.'

As members we work with the Real Estate Institutes and the Property Council to deliver training where possible.

'Getting a start in commercial real estate can be difficult. To bring some of the brightest into the business we have implemented a Cadet program where over three years they are exposed to all aspects of the business, mentored and trained to be the best they can be.'

'This renewal ensures our business thrives and grows and provides opportunity for the next generation of equity partners to come through and an exit strategy for senior people to retire.'

'I see superannuation playing a critical role in this process also and encourage all our people to pay attention to their super. REI Super is our superannuation partner and has performed well for our people for many years. With 10% or more of salary going in each year, it is likely to be their greatest asset outside of the family home and their main source of income in retirement.'

Empowering women

'When I retire and have more time I would love to get involved in some way to help financially educate women. Many times I have said to friends and colleagues that a man is not a plan for retirement. It is so important we take responsibility for our own financial future. Marry for love, pay attention to your super, save and invest for your own financial security.'

Inspired by Ingrid's story?

Look to the future
and connect with
your super online at
reisuper.com.au

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We've recently refreshed the usability of your online account and added many new features. So now it's even easier to take control of your super. Simply login at reisuper.com.au and check it out.



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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.

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

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