

Premium Income
Perfect for over 55's

Take the

VOLATILITY

out of your super



Premium Income Investment Option

Specifically designed to deliver a more predictable annual return – and keep your super growing.

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reisuper.com.au


The Property Industry Fund



Introducing a new investment option for REI Super & Pension members

The journey to financial freedom is marked with uncertainty. Our new Premium Income investment option aims to smooth your ride, by filling the potholes that can damage your retirement savings. It addresses the needs of members who want to boost their investment without taking unnecessary risks.

Premium Income

Premium Income is focused on producing regular and reliable income, whilst preserving your underlying 'capital' (savings). Importantly, unlike a term deposit or cash, this option has been designed to include a degree of capital growth, to ensure that your savings continue to grow in real terms.

Reliability

Someone who is fast approaching retirement needs recurring and reliable income streams to protect their super and provide annual income for retirement living. Premium Income combines a conservative approach with selectively chosen assets to make the best of both worlds.

Graph 1 below shows how this portfolio would have performed over the 10 years to 2012. Of all the REI Super strategies containing growth assets, Premium Income would have delivered the most consistent return – and been the only strategy not to lose value during the global financial crisis (GFC).

REI Super believes this new investment option will suit a large number of members who need certainty, security and growth for their super savings.

Planning for when, not if

Market volatility is a certainty, but its timing is not. The Premium Income option has been specifically designed in our post-GFC environment for members who will need to access their super and cannot wait-out market downturns to see their savings recover.

The sustainability of your retirement savings (capital and income) is very dependent on what happens in the years immediately before and after you retire. This is one factor that cannot be controlled, but Premium Income provides protection from volatility at this key time.

Graph 2 opposite shows how market volatility at the time of retiring can affect your savings when you don't have any time to ride the market waves. It shows that an investor entering retirement just prior to the financial crisis on 30 June 2007 that Premium Income would have done a far better job in protecting the investors underlying investment (assuming an initial pension withdrawal rate of 5% p.a. adjusted for inflation).

Post-retirement

The effect of smoothing out returns and providing regular income is that your super could last longer in retirement.

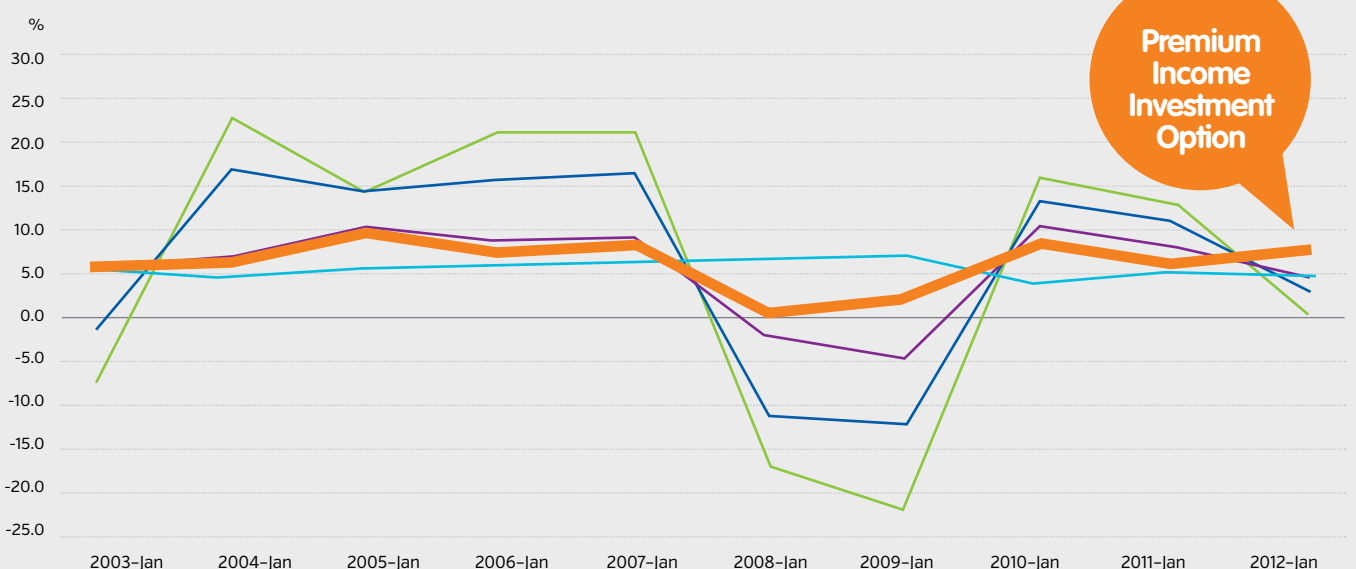
Graph 3 shows how this option has produced 5% pa real income from age 65 onwards in retirement, without the need to draw down on your underlying capital. In other words, your savings can provide greater security and certainty over a longer period of time.

Graph 4 demonstrates how the Premium Income option would have compared to other portfolio options over the 10 years to 2012, for an REI Super Pension member drawing down 5% pa from their pension. (See the Pension section of REI Super's website for details.)

The total returns generated by Premium Income are underpinned by its focus on generating income returns, and not being dependent on generating large growth returns.

The income returns alone from Premium Income would have consistently delivered outcomes better than investing in REI Super Cash, with the 2008 financial crisis the only exception.

1 YEARLY RETURN PROFILE



Premium
Income
Investment
Option



Premium Income would have been the only REI Super investment option containing growth assets to have avoided a negative return in the last 10 years."

New!

Premium Income Investment Option



Reduces market volatility



Reduces inflation risk



Balances income with growth

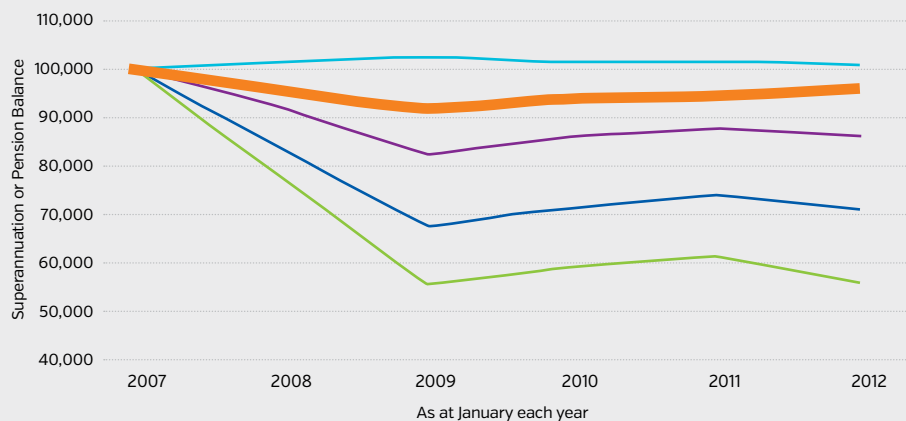


Helps your super last longer



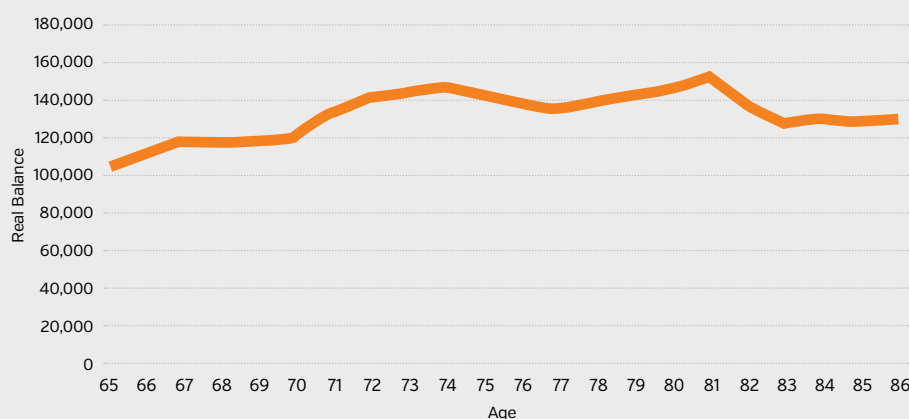
Perfect for over 55's

2 ENTERING RETIREMENT DURING A PERIOD OF HIGH VOLATILITY



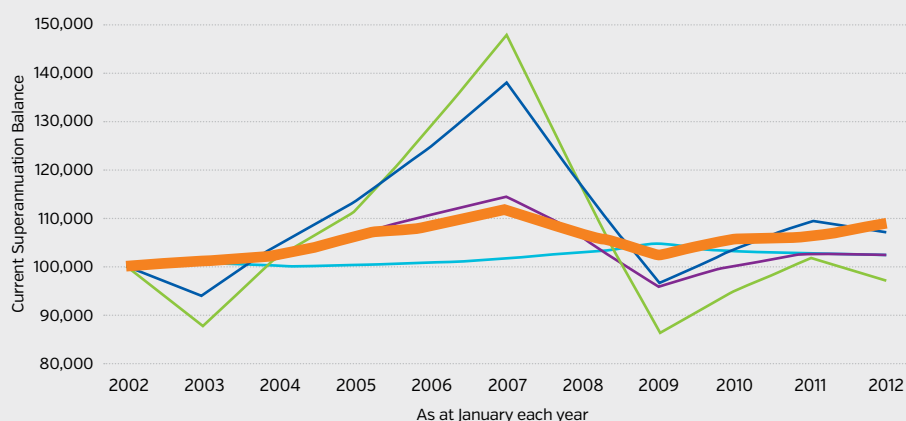
● REI Super Premium Income
● REI Super Trustee Super Balanced ● REI Super Growth ● REI Super Stable ● REI Super Cash
Past returns do not guarantee future returns

3 5% REAL INCOME WITHDRAWAL



● REI Super Premium Income

4 REI SUPER PENSION WITHDRAWAL 5% PA: OPTIONS COMPARED



● REI Super Premium Income
● REI Super Trustee Super Balanced ● REI Super Growth ● REI Super Stable ● REI Super Cash
Past returns do not guarantee future returns

Premium Income Investment Option

Specifically designed to deliver a more predictable annual return – and keep your super growing.

Investment strategy

As its name suggests, Premium Income invests in income-producing assets – with the remainder of the portfolio comprised of growth assets – in order to deliver a consistent income return to members.

What are 'income' assets?

Cash, Australian Government Bonds, Australian corporate bonds, Australian inflation-linked bonds, Australian bank loans, term deposits, International government bonds (hedged), international corporate bonds (hedged), international inflation-linked bonds (hedged), international bank loans.

What are 'growth' assets?

Australian listed property securities, international listed property securities (hedged), international infrastructure securities (hedged), Australian and international equity (both hedged and unhedged).

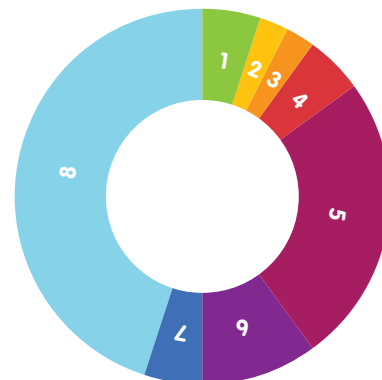
By using our existing Diversified Asset Allocation process, we can identify the most attractive income-producing assets from a risk-reward perspective. This means that we are focused on preserving members' capital investments and keeping risk levels low.

Investment mix

85% income assets/15% growth assets, with a variable of 30%. This means that growth assets can never exceed more than 30% of the portfolio, ensuring that members' savings are protected from extreme volatility.

Investment objectives

- The primary objective is to generate an income return above the cash rate and deliver an income stream.
- The secondary focus is to provide capital growth.
- The income derived is such that it can meet the monthly minimum pension payments for members in retirement.
- The total return objective is CPI + 1% over a rolling 3-year period, which would serve to preserve the underlying capital over the medium-term horizon (10 years or more).
- Low to medium risk – 1 to less than 2 negative returns over any 20-year period.



1. International Shares **5%**
2. Australian listed property **2.5%**
3. Global property **2.5%**
4. Infrastructure **5%**
5. Australian bonds **25%**
6. International bonds hedged **10%**
7. Global inflation linked securities **5%**
8. Cash **45%**
Total growth assets (shares, property, and alternative investment) **15%**

Making the switch to Premium Income is easy

Simply login to your account at reissuper.com.au using your membership number and PIN, then choose Premium Income as your investment option.

Can't remember your PIN? You can reset it online or call us on **1300 13 44 33** to create a new one.

Want more information or personal advice?

Then speak to one of our professional, qualified financial advisers.

Just call **1300 13 44 33** or email admin@reissuper.com.au with your name, contact details and when you would like us to call you back (AM or PM) between the hours of 8.30am to 7pm AEST Monday to Friday.