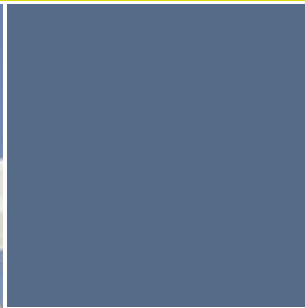




Annual Report 2004-2005



Take control of your super www.reisuper.com.au

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Highlights of the Year 2004 - 2005

Choice of fund commenced for those not covered under state awards at 1 July 2005

Another year of strong investment markets

Assets, individual and employer members all increased in 2004-2005

Usage of the Fund's website by members steadily increased

363 members of the Fund have obtained \$53.3 million in mortgage finance from Super Members' Home Loans.

The Fund joined other industry super funds in the 'Lifetime of Difference' campaign.

Looking ahead to 2005 - 2006

The Fund will:

Obtain its Australian Prudential Regulation Authority (APRA) license.

Extend the services to our members by providing wealth education seminars in capital cities.

Continue to respond to our members needs by undertaking surveys

Accelerate the use by our employers of our clearing house technology to send contributions electronically.

Seek opportunities for growth to provide further economies of scale and rigorously control costs.



A lifetime
of difference



Chairman's Remarks



It is my pleasure to present to you on behalf of the Board of Rei Super the Annual Report for 2004/2005.

The past year has been a busy year with a number of changes in super, and in Rei Super as well. Most importantly it has been another successful one for the Fund.

A significant amount of publicity surrounded the introduction of 'choice of fund' for up to 5 million Australians at 1 July 2005. It was also pleasing to see another year of strong investment markets providing significant real gains to members.

The Super Growth and Trustee Super Balanced investment options delivered a further 12.8% and 12.1% respectively. The board keeps a long term view in framing the investment objectives and strategy for the Fund's options. In the Trustee Super Balanced Option, for example, this means having a long term exposure of around 72% to growth assets like shares and property. These growth assets have again been a wonderful engine for delivering retirement benefits to our members in 2004-05.

I encourage members to take a close look at the investment results on page 2 of the report.

Other highlights during 2004-05 included the Fund assets grew strongly from \$376 million to over \$450 million, and are likely to soon reach the \$500 million mark. This was the result of strong investment results and an increasing number of members making voluntary additional

contributions to their accounts.

Growing the Fund enables us to offer more services at competitive cost. During the current year for example, we were able to negotiate lower fees on the Fund's investment arrangements, which led to a reduced level of fees to members.

The government also continued its super co contributions scheme. This means for some members (and I refer you to details on page 9) it is possible to get a 150% Government subsidy on your voluntary after tax super contributions!

For employers, the introduction of choice of fund measures may have had the effect of adding to their administrative burden. Rei Super was proactive in this area, and worked with our administrator to provide employers with 'clearing house' technology to enable them to send data and contributions to the Fund electronically. Several hundred employers now use this convenient facility.

On the legislation front, the Fund lodged its application to obtain an APRA license. All funds operating after 30 June 2006 will need such a license to demonstrate they have good systems and risk control processes in place. We are confident that the license will be forthcoming shortly. The Fund continues to further enhance the website www.reisuper.com.au.

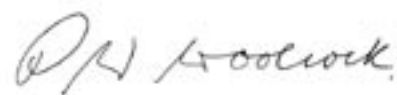
This is a great resource area for Super and we encourage all members to log on.

The Fund membership is now 30,061 plus 4,091 contributing employers. The board are delighted with this progress, and increasingly, property professionals other than real estate agents and their staff, are joining the Fund. We as a board of Trustees are ever mindful of the needs of all in the property industry.

In the new choice of fund environment, we spent much time talking to members and employers, to explain their obligations and choices and also participated in the campaign by other industry funds around "A Lifetime of Difference". This campaign was designed to reinforce to you, the members that as an "Industry Fund" we operate solely for your benefit and that all profits go to you the members.

I thank the Trustees, the Fund Secretary and his staff, together with service providers for the diligence they have exercised in managing our Fund over the past year.

Yours faithfully



P W Woolcock
CHAIRMAN

Investments

The Fund has four investment options, each one representing a different investment strategy. **Members can choose a single option or any combination of options.** Each option represents a different level of investment risk or volatility, together with a different likely level of future earnings.

The Trustee sets the overall investment objectives and strategy of each option in conjunction with the investment consultant Intech, who implement the strategy via investments in a variety of underlying Intech unit trusts.



Investment highlights for 2004 - 2005

The Fund again delivered significant real returns to members, with net crediting rates for the year as follows:

	SUPER GROWTH	TRUSTEE SUPER BALANCED	SUPER STABLE	SUPER CASH
	12.8%	12.1%	7.2%	3.7%

Investment performance of the Fund over the past five years

Year	Earnings \$	SUPER GROWTH			TRUSTEE SUPER BALANCED			SUPER STABLE*			SUPER CASH		
		CR	CPI	RR	CR	CPI	RR	CR	CPI	RR	CR	CPI	RR
2000-01	8 915 844	1.5	6.0*	-4.5	4.0	6.0*	-2.0	N/A	6.0*	N/A	4.0	6.0*	-2.0
2001-02	(17 981 489)	-13.3	2.8	-16.1	-4.9	2.8	-7.7	N/A	2.8	N/A	3.7	2.8	0.9
2002-03	(6 006 024)	-7.3	2.7	-10.0	-1.3	2.7	-4.0	N/A	2.7	N/A	4.9	2.7	2.2
2003-04	50 006 875	22.3	2.5	19.8	15.5	2.5	13.0	6.0	2.5	3.5*	2.7	2.5	0.2
2004-05	51 891 000	12.8	2.8	10.0	12.1	2.8	9.3	7.2	2.8	4.4	3.7	22.8	0.9
5 year average		2.9			4.9			N/A			3.8		

CR — Crediting Rate CPI — Consumer Price Index RR — Real Return *option introduced November 2003 •includes once only GST impact

Investment Options

	SUPER GROWTH	TRUSTEE SUPER BALANCED	SUPER STABLE	SUPER CASH
OVERALL OBJECTIVE	To provide members with a top performing diversified shares investment.	To provide members with a top performing growth-oriented diversified investment	To provide members with a top performing conservative diversified investment option.	To provide members with a secure investment that has a very high chance of capital being preserved over any 12 month period, after fees and tax.
INVESTMENT OBJECTIVES	To earn a rate of return, after tax and fees, that exceeds CPI by at least 4% per annum over the average time expected to be spent by members in the workforce.	To earn a rate of return, after tax and fees, that exceeds CPI by at least 3% per annum over the average time expected to be spent by members in the workforce.	To earn a rate of return after tax and fees that exceeds the CPI by at least 1% pa over rolling 3 year periods.	To earn a rate of return, after taxes and fees of at least CPI over rolling one-year periods.
RISK PROFILE	<p>HIGH</p> <p>The Super Growth investment option is designed for members who want higher potential returns and who are more comfortable with greater fluctuations in returns. This option invests only in growth assets (shares) and has the potential for the highest return over the long term. However, returns will vary and are expected in some years to be low or negative.</p> <p>To provide an illustration of the risk profile, based on the last 30 years of market data, this option would have delivered a positive return on average in around 4 out of every 5 years.</p>	<p>MEDIUM TO HIGH</p> <p>The Trustee Super Balanced investment option is designed for members who prefer to accept a medium to high potential return for medium risks. This option invests mainly in growth assets (shares and property), with some interest bearing assets (cash and bonds). It has potential for high returns over time due to the significant proportion of growth assets. However, returns will vary and are expected in some years to be low or negative, although to a lesser degree than the Super Growth option.</p> <p>To provide an illustration of the risk profile, based on the last 30 years of market data, this option would have delivered a positive return on average in around 5 out of every 6 years.</p>	<p>MEDIUM TO LOW</p> <p>The Super Stable investment option is designed for members who require more stable returns. This option invests mainly in interest bearing assets (cash and bonds), with some growth assets (shares and property). Returns have the potential to be higher than just investing in cash investments. Returns will vary and there is a still a slight possibility of delivering a negative return in any one year, but are likely to be more stable than options with a higher proportion to growth assets.</p> <p>To provide an illustration of the risk profile, based on the last 30 years of market data, this option would have delivered a positive return on average in around 20 out of every 21 years.</p>	<p>LOW</p> <p>The Super Cash investment option is designed for members who seek a lower potential return in exchange for low risk. Returns will be comparatively stable, with only a negligible risk of delivering a negative return in any one year.</p>
INVESTMENT MIX	<p>Australian shares 45%</p> <p>International shares 55%</p> <p><i>Allocations shown above may vary by ± 2%</i></p>	<p>Australian shares 35%</p> <p>International shares 27%</p> <p>Property 10%</p> <p>Australian bonds 13%</p> <p>International bonds 13%</p> <p>Cash 2%</p> <p><i>Allocations shown above may vary by ± 2%</i></p>	<p>Australian shares 13%</p> <p>International shares 10%</p> <p>Property 7%</p> <p>Australian bonds 25%</p> <p>International bonds 20%</p> <p>Cash 25%</p> <p><i>Allocations shown above may vary by ± 2%</i></p>	<p>Cash 100%</p>



Investment fine print

The 2004-05 investment year in review in detail



Our investment consultant, Andrew Korbel of Intech reflects on the last year's investment environment in detail:

In what seems like a case of déjà vu from the last financial year, Rei Super's Growth and Trustee Super Balanced Options achieved a double-digit return, recording 12.8% and 12.1% respectively for the financial year ending 30 June 2005, following on from the 22.3% and 15.5% for the previous financial year. Rei's Super Stable and Super Cash options also performed well, recording 7.2% and 3.7% respectively for the financial year. In this section we take a look at how the year unfolded and what members should be taking away from it.

Local heroes led the way in 2004/05

The 2004/2005 result was driven principally by the domestic asset sectors, with a very strong Australian sharemarket again providing the bulk of the financial year return. The Australian sharemarket posted its best financial year return since 1996/97. This year's 26.4%, following on from last year's 21.6% return, have been the strongest consecutive financial years for the Australian sharemarket since the mid 1980's. Similarly domestic Listed Property Trusts (LPTs) posted a return of 18.1% – the best return for this sector since 1996/97.

The Australian sharemarket was buoyed for much of the financial year by the robust economy. Strong corporate earnings helped market returns. Sentiment turned abruptly

in March and April, with the market down over 5% on concerns about world economic growth, as oil prices rose again. However, this was reversed in May and June, with the market closing the financial year near record highs.

International sharemarkets were more choppy, returning 9.8% in local currency terms. The first four months were flat, with concerns about the impact of rising oil prices on US economic growth and inflation. A rally in late 2004 was prompted by receding oil prices and a decisive result in the US election. However, more mixed news on the US economy and emerging concerns about the sustainability of Chinese growth in the short-term, began to weigh on world markets again. A rising Australian dollar over the year meant currency losses erased virtually all of the gains, leaving unhedged international share investors with a market return of just 0.1%. Over the course of 2004/05, the Australian dollar rose by between 9% and 11% against the US Dollar, Euro, Pound Sterling and Yen. This currency appreciation erased an estimated 2.5% from the typical growth-oriented super fund (with 70% in growth assets) returns.

Despite the slowdown in residential property prices after the Reserve Bank's monetary policy tightening, the institutional property market enjoyed another strong year.

LPTs had a very strong first half of the financial year, thanks to falling bond yields and further consolidation and corporate activity. Rising interest rates, profit-taking and some adverse stock specific issues meant LPTs lost ground for much of 2005, before rebounding strongly, rising 4.8% in June.

Australian bonds recorded a return of 7.8% for the year, a remarkably strong result given the strength of the economy and other financial markets as well as the Reserve Bank continuing to raise official interest rates during the year.

International bonds performed even better than their Australian counterparts, returning 12.3% on a hedged basis. International bond yields also surprised many by finishing the year lower than they started, despite the Federal Reserve consistently tightening US monetary policy throughout the year. Australian cash provided its usual reliable return, 5.6% gross in 2004/05.

What does this mean for Rei Super's members

The results of the 2004/05 financial year are certainly good news for superannuation investors. The Trustee would like to take this opportunity to educate members about their superannuation in the context of choice of fund. One issue that has arisen out of the new choice of fund era is the potential for members to make decisions that are not in their best long-term interests and this is of particular concern when it comes to the area of assessing their fund's performance. The table below compares the strong returns earned from sharemarkets, especially Australian, over the past two financial years with the results from the previous two years. From the tables we can see that:

- Over the four years, all sectors except international shares have returned at or

above their long-term expected levels, despite the ups and downs experienced along the way.

- Property has been a consistent top performer for these four years and generated returns well above long-term expected levels.
- Unhedged assets have underperformed hedged assets by almost 7% pa over the past four years.

It is important that members understand the approach the trustees of Rei Super have adopted in setting the asset allocation strategy. While some funds attempt to time moves in and out of different markets, based on their views on future moves and current valuations, Rei Super employs a relatively consistent asset allocation to the various sectors over time, that they are confident will deliver on the Funds' investment objectives over the long-term.

A fund that applies a long-term, 'steady as she goes' approach (similar to that adopted by Rei Super) can be reasonably relied on to display fairly stable asset allocation throughout the market cycle.

However, it is also important that members remember the long-term relative over and underweightings of their fund's strategy, and in evaluating a fund's performance consider the prevailing investment environment. For example, funds with a relatively high exposure to international shares, especially those with unhedged currency exposure, would be expected to have underperformed other funds in recent years. Similarly funds with a higher exposure to property will have benefited from its strong run in recent years. Members may remember that Rei Super believes in the long-term diversification benefits of a slightly higher exposure to overseas assets.

For funds that have applied a more active, market-timing strategy, members have less certainty as to their fund's asset allocation position, and are more dependent on the fund's ongoing market timing skill and judgement.

Many seasoned professional investors do not believe that market timing is a sustainable way of adding value.

Keeping it in perspective

Finally, while the past two years have demonstrated the benefit of keeping the faith in growth investing after the negative (or at least very low) returns of the previous two years, members should also be keeping perspective. Consecutive double-digit returns may be leading some members to think that this level of return should be expected going forward. However years with returns in the order of 15% should be expected about as often as negative return years, with a long run average return of around 7% per annum from a diversified growth-oriented strategy. Maintaining a diversified investment across a range of asset classes and fund managers is the proven recipe to achieve these kinds of results over the long-term.

Member investments are unitised

The assets of the Fund in each option are unitised and the Fund buys units on behalf of members when a contribution is received or sells units when a benefit is paid.

Units in a member's account are held at their redemption (or sell) value and this is the value shown on the website, provided in benefit estimates or on the annual statement of benefits.

There is a difference in the buy value and sell value of units, which reflects the transactions cost and market impact involved in buying or selling the underlying assets. The buy/sell spreads are: Super Growth 0.50% or 50 basis points; Trustee Super Balanced 0.40% or 40 basis points, Super Stable 0.18% or 18 basis points and Super Cash – zero.

The Fund uses cash flow wherever possible to pay benefits rather than redeem units, and this saving is retained in the Fund and distributed to members. Unit prices are calculated weekly by the Fund's custodian.

SECTOR	2 YEARS TO JUNE 2005 % PA	2 YEARS TO JUNE 2003 % PA	4 YEARS TO JUNE 2005 % PA	LONG-TERM EXPECTED % PA
Australian shares	24	-3	10	9
International Shares (hedged)	15	-13	0	9
International Shares (unhedged)	9	-21	-7	9
Listed property	18	13	16	8
Direct property	12	10	11	7
Australian bonds	5	8	6	5
International bonds (hedged)	8	10	9	5
Cash	5	5	5	4

All indices returns above are before fees and tax. Past returns are not a reliable indicator of future returns. Long-term expected returns' are derived from Intech's proprietary asset return assumptions, and represent our current estimate of long-term average returns expected over a 30+ year horizon.



Member Benefits



Insurance Benefits

Rei Super provides flexible cover for death and total and permanent disablement and also salary protection insurance. These benefits are provided via insurance policies with Hannover Life Re. They have been negotiated on group rates with the insurer using the buying power of Rei Super and the 'low risk' occupational profile of our members. As such, this cover is likely to be significantly cheaper than could be obtained as a retail customer of an insurance company.

These benefits are fully detailed in the Fund's Product Disclosure Statement (PDS) which is available from the Fund's website at www.reisuper.com.au or by calling 1300 13 44 33. The following provides a brief description.

Death Cover

Both active and inactive members are covered for death cover. The basic level of cover is one unit, and provides cover 24 hours a day, seven days a week.

Total & Permanent Disablement (TPD)

Members who work full-time also receive protection for total and permanent disablement. The basic level of cover is one unit. This cover provides protection for both members and their families. The cover is 24 hours a day, 7 days a week. The

protection applies even when the member is not at work. Refer to the Fund PDS for the full definition of total and permanent disablement.

Cover for active members costs \$1 per week per unit for death and disablement cover and for inactive members 0.75c per week for death cover only.

Basic Insurance, Additional Insurance and Underwriting

All new members must accept one unit of insurance cover unless they can show that they have a similar level of cover in place elsewhere. Under the Fund's group life policy, new members are automatically accepted for this cover without a medical declaration or examination. Up to **two** units of cover are available on joining the Fund without medical evidence.

Up to 10 units of cover are available, subject to medical clearance for cover in excess of two units on joining the Fund. Members may request an increase in their level of cover but acceptance depends on our insurer accepting the medical evidence provided. Each unit of cover costs \$1 per week. Details of insurance options can be obtained by calling 1300 13 44 33 or the website at www.reisuper.com.au

Salary Protection Insurance (SPI)

The Fund offers SPI to protect a member's income in the case of an accident and/or illness.

Members can insure up to 75 per cent of their salary. Salary includes commissions, retainers and bonuses. Each unit of cover provides a benefit of \$100 per week and costs \$13 per year.

If 75 per cent of your annual salary is for example \$52 000, then to provide cover for \$1 000 per week would cost \$130 per year.

For a brochure on SPI, call the Fund's Administrator on 1300 13 44 33. The brochure is also available on the website at www.reisuper.com.au

Available Member Finance

As an industry fund, Rei Super can offer via Members Equity a range of financial products for members.



Low Cost Home Loans

The Trustee has invested \$1 million in the Super Members' Home Loans program. Importantly, it allows Fund members access to very competitive variable and fixed rate housing and residential investment property finance.

There are no establishment fees and the lending criteria matches that of the major banks. If members qualify, they can refinance their existing loan.

Rei Super is one of over 100 superannuation funds participating in the program that is administered by Members Equity. Several hundred of our members already have mortgages arranged through this facility. Call Members Equity on 1300 654 990 for more information or visit their website at www.membersequity.com.au

Low Cost Business Loans

The Trustee has invested \$1 million in Super Business Loans. Super Business Loans provides very competitive finance for all business needs including vehicle leasing.

Call 1800 500 680 for more information or visit the website www.membersequity.com.au

		FROM 1 JULY 2004, IF YOUR PERSONAL SUPER CONTRIBUTION IS:			
		\$1,000	\$800	\$500	\$200
		YOUR SUPER CO-CONTRIBUTION WILL BE:			
YOUR INCOME IS:	\$28,000 or less	\$1,500	\$1,200	\$750	\$300
	\$32,000	\$1,300	\$1,200	\$750	\$300
	\$36,000	\$1,100	\$1,100	\$750	\$300
	\$40,000	\$900	\$900	\$750	\$300
	\$44,000	\$700	\$700	\$700	\$300
	\$48,000	\$500	\$500	\$500	\$300
	\$52,000	\$300	\$300	\$300	\$300
	\$56,000	\$100	\$100	\$100	\$100
	\$58,000	\$0	\$0	\$0	\$0

Important benefit – Government's co-contributions

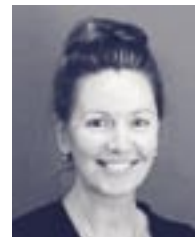
Get a 150% subsidy on your personal super contributions!

Remember that if you make personal contributions – you may be eligible for the Federal Government's co-contribution measures, if;

- your income and reportable fringe benefits are less than \$ 58 000 in a year.
- your employer makes superannuation contributions for you.
- you made a contribution (not salary sacrifice) into a superannuation fund.

- you are a permanent resident aged less than 71 at the end of the financial year in which you made a payment.
 - you are not fully or largely self-employed.
 - you lodge a tax return;
- then you are eligible for the co-contribution. The amount of the co-contribution depends on your income (including reportable fringe benefits) and your own superannuation contribution.

The above table shows some examples of the co-contributions you will receive under this scheme.



I just wanted to say how happy I am since we moved everyone over to REI Super. The Fund is always there to answer queries and I don't have to go through a half dozen receptionists. The form to fill out each month with our team's payment is really simple to use, and being able to EFT the funds is a breeze. I have a couple of people here who are in other super funds and it is no mean feat to pay their super each month. Running a busy office is hard enough without that. Thank you for coming out to see us. We are really grateful and happy with REI Super!"

Carlie Risk
REI Super Member
LJ Hooker

Rei Super Website Features

The Fund's website features include – Forms in a pdf format that can be downloaded and stored in your computer – Access to your personal details and account history for the previous and current financial year – The ability to update your personal information – The ability to switch your investments on line – Details of the latest weekly unit prices (available each Friday) – Latest news – Financial planning information.

If you haven't logged on to www.reisuper.com.au recently, we encourage you to do so to take control of your super.



Administration fees and charges

Administration fees of the Fund are deducted from members' account balances. Insurance premiums are also charged to each member with cover, according to the number of insurance units they have and are also deducted from the member's account. In addition, employer and pre tax member contributions are subject to tax and this is deducted from the member's account.

Administration Fees

FEES AND CHARGES	ALL MEMBERS
Administration Fee	\$1.20 per week
Asset administration fee	0.23% of assets
Funds Transferred into Rei Super	NIL
Voluntary Contributions Fee	NIL
Benefit Processing Fee (if applicable)	\$55
Family Law Split Fee	\$270

Investment Fees

In addition to the administration fees, investment management fees are paid to the investment managers managing the Fund's assets. The fees charged depend on the investment option chosen as follows during the 2004-05 year:

Super Growth	0.65%
Trustee Super Balanced	0.54%
Super Stable	0.41%
Super Cash	0.25%

During 2005-06 the Trustee has been able to further reduce the asset administration fee as a result of Fund growth, and from 1 October 2005 this has been reduced to 0.21%.

In addition investment fees on all the options have been reduced from 1 October as follows:

Super Growth	0.61%
Trustee Super Balanced	0.49%
Super Stable	0.39%
Super Cash	0.24%

Fund statistics

Net assets stood at \$451 million at 30 June 2005, up 20 per cent.

Benefits Paid

TYPE	2004-2005		2003-2004	
	NO.	\$('000)	NO.	\$('000)
Death (incl. Insurance)	13	514	18	483
TPD (incl. Insurance)	9	369	5	185
Retrenchment & Resignation	4 728	25 735	4 597	23 327
Retirement	683	14 383	701	10 331
Total	5 433	41 001	5 321	34 326

Membership statistics

	EMPLOYEE MEMBERS	EMPLOYER MEMBERS
1 July 2004	29 779	3 795
30 June 2005	30 061	4 091

Membership by State and Territory

	2004		2005	
	NUMBER	%	NUMBER	%
New South Wales	11 596	38.9	10 747	35.8
Victoria	11 031	37.0	11 634	38.7
Queensland	2 965	10.0	3 180	10.6
Western Australia	2 475	8.3	2 707	9.0
South Australia	365	1.2	370	1.2
Tasmania	731	2.5	791	2.6
ACT	315	1.1	317	1.1
Northern Territory	257	0.9	258	0.9
Overseas	44	0.1	57	0.2
Total	29 979	100	30 061	100

Almost 60 per cent of the members of the Fund are female.

Abridged Financial Statements Rei Super as at 30 June 2005

Abridged Statement of Financial Position as at 30 June

	2005 \$ ('000)	2004 \$ ('000)
Assets		
Investments	449 090	367 744
Contributions receivable	9	5 669
Cash at bank	8 198	4 211
Sundry debtors	46	1 547
Tax Assets	43	1 978
Total Assets	457 386	381 149
Less Liabilities		
Benefits payable	40	-
Sundry creditors	394	391
Provision for income tax	4 818	3 623
Provision for deferred income tax	1 084	802
Total Liabilities	6 336	4 816
Net Assets Available to Pay Benefits	451 050	376 333
Represented by:		
Liability for Accrued Benefits		
Allocated to Members' Accounts	450 952	371 485
Unallocated Amounts	98	4 848
Liability for Accrued Benefits as at 30 June	451 050	376 333

Abridged Operating Statement for the year ended 30 June 2005

	2005 \$ ('000)	2004 \$ ('000)
Revenue		
Net investment revenue	51 891	50 007
Contributions revenue	67 147	76 491
Transfers from other funds	16 381	13 473
Insurance proceeds	417	482
Other income	-	1 327
Total Revenue	135 836	141 780
Less Expenditure		
Contribution Surcharge	1 725	1 657
Group life premiums	1 574	1 271
Administration fees	1 088	961
Other general administration expenses	1 689	1 443
Total Expenditure	6 076	5 332
Benefits Accrued as a result of Operations before Income Tax	129 760	136 448
Income Tax Expenses	14 042	14 489
Benefits Accrued as a Result of Operations	115 718	121 959

The Financial Statements of the Fund have been audited and an unqualified auditor's report has been received.



Fund Administration

The Fund is administered by Mercer Human Resource Consulting (Mercer). Mercer are responsible for maintaining all Fund administration records, receiving contributions, paying benefits and attending to most administrative requirements of the Fund. Mercer also provide the transactional section of the Fund website which enables members to access their balances and undertake transactions on line.

Mercer use a range of sophisticated systems to assist with the smooth running of the Fund. In particular, all incoming correspondence is now imaged, and tracked on a work flow management system. This means we know when and where your enquiry or transaction may be at any time.

The administration team operate out of the Adelaide office of Mercer. The team members are:

ADMINISTRATION MANAGER Julie Ingham
WORK GROUP LEADER Julie Dale
FUND ADMINISTRATORS Steven Conlon,
Martin Letch, Jen St Jack, and Rachel Musci.

Fund Secretariat

Rei Super also operates a Fund Secretariat in Melbourn which is designed to oversee the operations of the Fund and the various service providers. Mal Smith is the CEO and Fund Secretary of the Fund. He is also the Public Officer of the Corporate Trustee and Complaints Officer for the Fund.

Eligible Rollover Fund (ERF)

The Superannuation (Industry) Supervision legislation allows the Trustee to pay a member's benefit to an eligible rollover fund once 28 days have elapsed after a benefit becomes payable and the member has not given a direction to the Trustee. Currently, the legislation also requires that the Trustee

must pay a member's benefit into an ERF if the member becomes a 'lost member'.

During the year, the Trustee has used the discretion provided by the legislation to rollover members' benefits into Australia's Unclaimed Super Fund (AUSfund) ERF. Members affected by this process are notified.

AUSfund is an eligible rollover fund where all accounts are protected. Member accounts transferred to AUSfund continue to receive interest, but insurance cover is not provided.

The ERF can be contacted as follows:

AUS FUND
PO BOX 2468 KENT TOWN SA 5071
TEL: 1300 361 798 FAX: 1300 366 233

Complaints

Rei Super has formally established and approved procedures for handling complaints from members. The procedure provides members with a mechanism to lodge complaints and to have them answered. In the first instance, complaints should be in writing and addressed to:

COMPLAINTS OFFICER
REI SUPER
LOCKED BAG 479 ADELAIDE SA 5001

The Complaints Officer will consider a member's complaint and respond in writing. If members are not completely satisfied with the response, or consider that they have been disadvantaged by a decision, they should

formally notify the Fund that they dispute the decision. In this case, their letter to the Complaints Officer should be headed "Notice of Dispute". The Fund will consider and respond to the notice of dispute within 90 days.

Members have a further avenue of redress if they do not receive a response within 90 days or are not satisfied with the response.

If the above procedures have been followed, members can then approach the Superannuation Complaints Tribunal for assistance with their dispute.

The Superannuation Complaints Tribunal can be contacted on 13 14 34.

Service Providers

The Trustees have appointed a number of specialist service providers to assist with the operation of the Fund. They are:

INVESTMENT ADVISOR AND IMPLEMENTED
INVESTMENT MANAGER

Intech Fiduciaries Limited

ABN 54 071 808 501

FUND ADMINISTRATOR AND ADVISOR
Mercer Human Resource Consulting

ABN 32 005 315 917

FUND ACCOUNTANT AND TAXATION ADVISOR

Sharyn Long Chartered Accountants

ABN 51 713 229 511

AUDITOR

Ernst & Young

ABN 75 288 172 749

BANK

ANZ

ABN 11 005 357 522

CUSTODIAN

BNP Paribas

ABN 71 002 655 674

INSURER

Hannover Life Re of Australasia Limited

ABN 37 062 395 484

SOLICITOR

G Banner Consulting Pty Limited

ABN 78 079 976 373

Introducing the voice of Rei Super

Helpline 1300 13 44 33

The Rei Super Helpline is open from 8.30am to 7.00pm Monday to Friday (national business days) and receives a broad range of enquiries from Fund members. Our Fund Administrator, Mercer, operates the Rei Super Helpline on our behalf. The Helpline is both the voice and the ears of the Fund, and so we thought members might want to learn a little about the Helpline staff and services.

Here is how the Helpline staff describe what they do:

“We range from age 27 to 57 and have an average of 6 years experience in super. As you would expect, we are all financially trained and industry accredited, but our particular strengths lie in listening to your questions and explaining ‘all things super’ in plain English (or one of 52 other languages covered by the Helpline services)

Last year we answered 21,547 calls from Rei Super members on a huge range of topics.

We aim to answer 80% of your calls within 30 seconds and resolve over 90% of these calls on the spot. Members speak

with real people empowered and trained to provide information.

Our state of the art technology allows us to give you the best possible service. If you are one of the few people who find yourselves in a queue, we give you the option to leave a message, which maintains your position in the queue and we automatically dial you back as soon as your turn comes up. Our members tell us how much they like this feature.

Our member management system records the last number you called from, and if you call us again, your call is automatically directed to the Helpline Consultant you spoke to last time. This means you can talk to

Frequently asked questions



I have lost track of my super from previous employment before I joined Rei Super. How can I find my lost super?

The Rei Super helpline recommends that the first place you check is the Lost Members Register which is maintained by the Australian Tax Office.

You can call the ATO Superannuation Infoline on 13 10 20 or log onto the website at www.ato.gov.au/super and conduct a search online using the 'SuperSeeker' option. The online search will require your name, tax file number and date of birth.

If you are on the Lost Members register, obtain details of the super fund involved, and contact that fund directly for further details of your benefit and their requirements to transfer the balance to Rei Super.

You can also access the AUSfund website at www.unclaimedsuper.com.au to see if they are holding any of your super.

I would like more information about my investment choice.

To view detailed information on your current investment option, log onto www.reisuper.com.au and follow these prompts:

- Click on the Explore your Super tab
- Click on Your Investments
- Click on Your Investment Mix

Information is also available in the Member Investment Policy & Strategy Booklet. Alternatively, call the Rei Super helpline on 1300 13 44 33. The Helpline staff will be pleased to assist with explaining the investment options, and can arrange for the details to be mailed to you.

And if I do not make an investment choice?

The Trustees of the Fund have selected the Trustee Super Balanced option for members who do not actively select an investment choice (referred to as the default option).

I have not accessed my super details before on the www.reisuper.com.au website. What information will the website provide?

With your member number and a valid PIN, you will be able to:

- View your account balance
- View recent contributions received, and details of amounts transferred into the Fund from previous super funds (under "Transfers in")
- Update your beneficiaries
- Change your address
- Select your own PIN for the website
- Change your investment choice

In addition to these functions, there is a wealth of information and investor education material under the headings 'Library' and 'Plan ahead'. Topics range from Asset Allocation to Superannuation Surcharge Tax to Wealth Creation.

someone familiar with your recent history and get your query resolved.

We can access your account and personal details and also assist you with more general super enquiries.

As part of your helpline service, if you need financial planning advice we can transfer you to an appropriate Adviser to resolve more detailed questions about Rei Super.

We confirm any personal financial advice in writing.

We have heard it all – so pick up the phone and call us – there is never a better time than today to sort out any super questions you have."

I have forgotten my PIN for the website.

Can you assist?

The Rei Super helpline can issue a replacement PIN over the phone provided you can answer a series of security questions including;

- member number
- date of birth
- current mailing address
- date that you joined Rei Super
- your nominated beneficiary or beneficiaries

A replacement four digit number will be provided, which will give you immediate access to the site.

It is also recommended that after logging on with this PIN, that you change your PIN. Click on the “Personal Details” tab at the top of the screen, and “Update PIN” and this will enable you to select your own four digit PIN for future use.

How do I roll over other super to my Rei Super account?

The Rei Super helpline recommends that you firstly contact your previous superannuation provider to confirm the applicable fees and charges that will be incurred. It is standard practice for super funds to charge a benefit payment fee to effect the transfer to another fund. However, some super products also incur a substantial penalty for rolling out of the plan prior to retirement age. For this reason it is advisable to check the fees and penalties your previous fund will be charging. Now follow these three simple steps.

STEP 1 Log onto www.reisuper.com.au and download the transfer form from the Fund website (no PIN required)

- Click on the “Forms Download and print” icon
- Select “Transfer of previous superannuation benefits form” located under member forms and print copy.

STEP 2 Complete the form, which requires full details of your previous superannuation fund membership. If possible attach a copy of your previous fund’s benefit statement.

A separate form is required for each of the previous funds holding a current balance that you wish to transfer into Rei Super.

STEP 3 Return the original completed form to: REI SUPER FUND ADMINISTRATOR, GPO BOX 4303, MELBOURNE VIC 3001

The previous fund will provide written confirmation once the balance has been transferred to Rei Super. You will also be provided with a written advice from Rei Super confirming receipt of the monies from your previous fund.



\$8 billion in super is lost!

Is some of it yours? Each year, millions and millions of superannuation contributions are reported to the ATO as lost because members change jobs and forget their old superannuation accounts. Then when they move and don’t advise their fund of their change of address, they become a lost member.

When this occurs, the super fund has to send their last known details to the Tax Office.

If you think that you may have lost contact with some of your super, you can check online at www.ato.gov.au/super

By providing some personal details and your tax file number, you can search the Lost Members Register, the Superannuation Holding Account Reserve and superannuation guarantee records.

If a possible match is found, the person conducting the search is provided with the name and contact phone number of the superannuation fund that provided the information to the Tax Office.

I am a member of Rei Super, but no longer work in the Real Estate industry.

Can my new employer contribute to Rei Super?

Yes. If you are a current member of Rei Super, your new employer is able to join Rei Super as a participating employer by completing:

- an employer application (a legal requirement of Rei Super); and
- a transfer of membership between participating employers form.

These forms can be downloaded from www.reisuper.com.au

There are no joining fees!

Trustee



The Trustee of the Fund and registered office is:

REI SUPERANNUATION FUND PTY LIMITED
(ABN 68 056 044 770)

LEVEL 5 EDS CENTRE

108 NORTH TERRACE ADELAIDE SA 5000

The Trustee Company is run by a board of directors, who have an overall responsibility for the management of the Fund and to ensure it is operated according to a significant amount of relevant legislation and according to the terms and conditions of the Trust Deed of the Fund which is the legal document which governs its operation.

The board meets quarterly to review the operations of the Fund and considers such matters as:

- performance of the Fund's investments and assessment of the investment strategy;
- administration of the Fund including receiving reports on administration and technical superannuation issues;
- payment of discretionary benefits relating to death or total and permanent disablement claims; and
- promotion of the Fund to members, employers and other interested parties.

The chairman, directors and officers at 30 June 2005 were:

INDEPENDENT CHAIRMAN (NON-VOTING)

Bill Woolcock

DIRECTORS

Ian Armstrong, David Cameron,

Helen Cunningham, John Greig, Michael

Kumm, Norm Meadows, Neville Pozzi,

Ken Searson (Independent), Beth Stratfold

CEO, FUND SECRETARY AND PUBLIC OFFICER

Mal Smith

All the directors, with the exception of the Independent Director are elected by the members of the Fund. Directors are elected for a four year term, with an election being held for half their number every two years. During July and August 2005 an election was held for the four director vacancies which were due and Ian Armstrong, John Greig, Michael Kumm and Neville Pozzi were all re-elected.

(above) Trustees: (standing left to right) John Greig, Neville Pozzi, David Cameron, Ian Armstrong, Michael Kumm, Ken Searson, Norman Meadows, (seated left to right) Helen Cunningham, Bill Woolcock, Mal Smith (CEO), Beth Stratfold.

(right) Administration Committee: (standing left to right) Norm Meadows, Helen Cunningham, David Cameron, (seated left to right) Beth Stratfold (Chairperson) and John Greig.

Board Committees

The board operate a number of committees who are sub groups of directors to focus on particular issues of importance to the Fund.

Administration Committee

The Administration Committee monitors the performance of and recommends the appointment of service providers, and monitors member feedback and responds to any administration complaints. During the year, amongst other tasks, the Committee reviewed the salary continuance insurance arrangements of the Fund and as a result, the contract was transferred from MLC to Hannover Life Re. The Committee also reviewed the performance of the Fund Administrator Mercer and reappointed them.



Death and Disablement Claims Committee

The Death and Disablement Claims Committee assists the board by handling death and total and permanent disablement claims between meetings. During the year the committee considered out-of-session claims for 24 members.

Compliance and Audit Committee

The objectives of the Committee are to ensure the internal control framework meets the needs of Rei Super through overseeing the compliance and audit functions. They are also required to ensure the objectivity and reliability of financial reports, and to assist the board in understanding its legal obligations and ensuring that Rei Super is compliant with all legislation and other government requirements.

During the year the Committee was extensively involved in the work associated with the Fund obtaining its APRA (RSE) license. This involved a review and analysis of the Fund's risk control framework and those of its service providers to ensure that members' benefits are managed with the highest level of security.



Death and Disablement Claims Committee: (standing left to right) Michael Kumm, David Cameron and (seated) Mal Smith.

Marketing Committee

The Marketing Committee assists the board of Rei Super in promoting the benefits of the Fund to members and potential members. During the year, with the introduction of the Choice of Fund legislation the Committee worked hard to ensure that members were aware of the full range of Fund features and benefits available.

Trust Deed

The Trust Deed was amended during the year to take account of the latest legislative changes, and in particular the new rules relating to eligibility for the payment of death benefits to those who are 'interdependent' financially on the deceased, and also to confirm the ability of the Fund to accept and allocate to members, the government's co contributions.

Trustee Responsibilities

The responsibility of trustees and their workload continues to grow. During 2004-05, elected trustees were paid directors' fees of \$2 194 per month, the independent trustee \$3 071 per month and the Chairman, \$3 949 per month.



Compliance and Audit Committee: (standing left to right) Grant Banner, Ken Searson, Ian Armstrong (seated left to right) Norm Meadows, Neville Pozzi (Chairperson) and Beth Stratfold.

Managing your Fund

Comprehensive performance standards for service providers have been established, which are designed to obtain the best possible service for members, and provide the means for the Trustee to monitor these services. The Trustee directors regularly review the standards against industry 'best practice'.

Trustee Indemnity Insurance

The Trustee has arranged a policy for Trustee Indemnity Insurance cover of \$10 million. This policy is designed to provide added protection for the Fund's assets.



Marketing Committee: (standing left to right) Neville Pozzi, Beth Stratfold, Michael Kumm, John Greig, (seated left to right) David Cameron and Ian Armstrong (Chairperson).

Legislative Issues



Contributions

Rei Super accepts:

- superannuation guarantee contributions;
- occupational superannuation contributions required under an Award or prescribed agreement or arrangement;
- voluntary contributions by an employer over and above the levels prescribed under Superannuation Guarantee and/or an Award or prescribed agreement or arrangement;
- voluntary member contributions;
- contributions from existing Category 1a members; and
- contributions on behalf of low income spouses of members.

Employers should base their contributions on their payroll records and should make at least the minimum contribution required by the Superannuation Guarantee (SG),

9 per cent, or the applicable award or enterprise agreement. Refer to the Australian Tax Office website at:

www.ato.gov.au for further details about SG and employer's obligations. The Rei Super website at www.reisuper.com.au also contains information regarding SG that is relevant to employers.

When does my employer need to make Superannuation Guarantee payments?

Rei employers are requested to pay contributions on a monthly basis.

As a minimum, legislation requires your employer to submit Superannuation Guarantee payments on a quarterly basis. Your employer has until the 28th of the month from the end of the quarter to complete Superannuation Guarantee payments.

QUARTER	SG PAYMENT DUE
1 July–30 September	28 October
1 October–31 December	28 January
1 January–31 March	28 April
1 April–30 June	28 July

Employers

During the year there was a further increase in the number of employers who made monthly contributions for their employees. As monthly contribution returns are sent to each employer, the Fund encourages monthly remittance of contributions. The Australian Tax Office continued its program of Superannuation Guarantee audits during the year. Employers should be aware that the

ATO has no discretion should an employer not comply with the Act. All employers should keep a copy of their contribution returns. Employers are required to comply with the Trust Deed.

Member Protection

In accordance with legislation, the Fund protects members' account balances of less than \$1 000. This means that the account balance of the 'protected member' will not be reduced by administration charges. Where applicable, other charges such as the Federal Government's contributions tax, surcharge tax and insurance premiums continue to be deducted.

Surcharge

The surcharge tax has been abolished from 1 July 2005. However, it does still apply to prior years of income. As it may take the ATO some time to assess your liability for surcharge, you may still receive an assessment in the future which relates to prior years. The Fund deducts any surcharge assessment payable from your account.

For 2004/2005, the surcharge commenced at an adjusted taxable income of \$99 710 at 0% and increased to 12.5% for an adjusted taxable income of \$121 075 or more.

The surcharge tax paid by Fund members in 2003/2004 was \$1 725 000.

Government Imposed Taxes and Charges

The Federal Government imposes the most significant taxes and charges levied on the Fund. Employer contributions on behalf of employees and before-tax contributions by employees are taxed at 15 per cent. Earnings on investments are also taxed at 15 per cent and capital gains tax depends on the asset and the length of time it is owned.

APRA or the Australian Prudential Regulation Authority as the government's superannuation regulator charges each superannuation fund a fee to fund its activities. In addition, the government imposes a levy known as the Financial Assistance Levy (FAL) to assist certain superannuation funds which are the victim of fraud. During the year Rei Super paid total fees to APRA and the FAL of \$214,000. Income tax paid for 2004/2005 was \$14,042,000 compared to 14,489,000 in 2003/04.

Preservation

Benefits payable in excess of \$200 must be preserved and paid into an 'Approved Deposit Fund' unless the member:

- has reached preservation age and has permanently retired from the work force.
- is permanently disabled;
- has reached age 65.

If one or more of these conditions can be satisfied, the benefit can be paid to the member. Proof of satisfying these conditions must be provided to the Fund Administrator. All superannuation contributions received after 30 June 1999 are preserved.

BIRTH DATE	PRESERVATION AGE
Before 1/7/60	55
1/7/60–30/6/61	56
1/7/61–30/6/62	57
1/7/62–30/6/63	58
1/7/63–30/6/64	59
After 30/6/64	60

Disclaimer

The information contained in this report does not constitute financial product advice. However, to the extent that the information may be considered to be general financial product advice, Rei Super warns that:

- Rei Super has not considered any individual person's objectives, financial situation or particular needs; and
- individuals need to consider whether the advice is appropriate in light of their goals, objectives and current situation.

Information provided in this report is correct as at 31 October 2005.

Complying Fund

Rei Super has complied with relevant superannuation legislation since it was introduced. This makes Rei Super a complying fund and ensures that members benefit from concessional tax advantages.

Regulated Fund

The Fund is a regulated superannuation fund. The Superannuation Industry (Supervision) Act 1993 and regulations govern the operation of superannuation funds in Australia. This annual report to members contains all the information and disclosures required by the legislation.

Portability

The Fund has been specifically designed with portability in mind. Members can retain their membership, and therefore their benefits in the Fund, whilst transferring between employers who are members of the Fund. For a period of up to 2 years after leaving employment, the Fund can accept voluntary contributions from a member. There are no charges for changing employment and retaining membership in the Fund. If members have a benefit from another fund they can transfer (roll-over) that benefit into Rei Super. There are no charges for having superannuation benefits rolled into the Fund. Members can also transfer their benefits to another fund when they change employer.



"I got caught up with the lure of big returns from a personally managed fund and switched to a private operator. Not only did I receive poor returns but also poor service. Since then I have changed back to REI Super. The returns are solid, the service is excellent and I have greater control of my options. I won't get caught again."

Adam Porteous
Rei Super Member
Licensee/Director Raine & Horne

