

# Your top performing industry super fund

**7.5%**  
p.a.

Average 7.5%p.a. net return over last 3 years to 30 June 2012 for Trustee Super Balanced Option.

**The industry super fund for property professionals.**

\* source Chant West media release 25 July 2012 – Top 10 performing Growth Funds.



# Chairman's Message

“Another top performance from REI Super.”

## Investment review

The twelve month return for the Fund places REI Super in the Top 10 super funds performance for the year.\* With an average three year net return of 7.5% for the Trustee Super Balanced investment option, in which the majority of our members invest, this result reaffirms our strong investment performance.

REI Super members are well placed with their current diversified portfolio options to maximise investment opportunities, as well as provide capital preservation of their super assets.

For further details on investment returns for the various options and the investment environment, see page 8.

## Trustee Directors appointed

During the year, Jonathan Blocksidge from Queensland was appointed as a member elected Trustee, replacing David Cameron who retired.

John Bailey from Victoria and Helen Cunningham from New South Wales were re-elected as Trustees, and Beth Stratfold of South Australia was re-elected unopposed.

Emery Feyzeny was also appointed as an independent Trustee. Formerly a partner at KPMG, he joins the Fund with considerable expertise in governance and investment management.

## New Insurance upgrade

During 2011-12 the REI Super Board of Trustees undertook a detailed review of insurance arrangements. We are now able to offer members the benefit of increased automatic units of cover and provide for life-event increases. We have also increased the maximum level of death and disablement cover available to members.

Our new insurance scale reflects a life-stage approach, whereby the level of automatic cover increases during 'peak debt years', when many members are most likely to have higher financial commitments and dependants to provide for.

As your industry super fund, our insurance has been tailored to suit your needs –covering both retainer and commission income.

Your Board, Fund staff and service providers have all worked very hard over the past year in managing our Fund. On behalf of the Board I thank our CEO and his team for the diligence and dedication they have shown.

On behalf of the Board of Trustees, I am pleased to present the REI Super Annual Report for 2012 to members.

Yours faithfully,



Bill Woolcock  
Chairman



# CEO's report

“MySuper...new measures are designed to enhance transparency, security and value of super for Australians...”

## MySuper

'MySuper' is the government's response to a review of the superannuation system. From early 2014, super funds that can be chosen as a default fund (that is, the super fund into which employers enrol staff who do not select a fund) will have to meet certain requirements.

REI Super is already an approved default fund under both the Real Estate and Clerical Modern Awards, which cover most staff working in the real estate profession, and an REI Super account can be taken by members from employer to employer regardless of industry. We intend to continue to provide superannuation to members under the new 'MySuper' regime. The government's new measures are designed to enhance transparency, security and value of super for Australians, and are supported by REI Super.

We will keep members and employers informed about this reform through our regular e-news.

## Here to help you

REI Super members can speak to a qualified, salaried financial adviser over the phone if they would like assistance with understanding their investments, making an investment choice, reviewing their insurance cover, setting up salary sacrifice or other personal contributions.

I would encourage members to take advantage of our Helpline services as well as our [online calculators, tools](#) and [information](#) to make the most of their super investment.

## Employers and REI Super

REI Super offers employers a free clearing house, as well as other methods of electronic payment such as BPAY, to make super administration easier.

We are committed to providing information and advice to help you understand your obligations and various provisions of the Real Estate and Clerical Modern Awards.

Our regular employer e-news is available to ensure that you remain informed in order to comply with the various regulations and laws that affect you. If you would like to sign up to receive our e-news please go to our [website](#). Employers can also speak to our Helpline if they have a particular concern or question.

As your industry super fund we are a nominated default fund for employers in real estate, and we invite all employers in the real estate profession to partner with REI Super in providing superannuation to your employees.

REI Super is run only to benefit members, with low fees, a history of strong investment returns, and no commission paid to financial advisers or insurance companies.

We also offer [tailored insurance](#) to those working in real estate, covering both retainer and commission income.

Regards,



Mal Smith  
CEO



# New website

Our new refreshed website includes a range of features and information for members and employers.

## Features of our website include:

- > Members can now combine their super with REI Super using our online **consolidation tool**.
- > Members can **apply online** to increase their insurance cover (death, disablement or salary continuance) and receive in most cases immediate notification of assessment.
- > Employers and members can **sign up to e-news**, our regular email newsletters, to stay informed.
- > Interested members can **subscribe** to areas of the website, such as investment returns, to receive automatic updates when returns are published.

## The site now offers:

- > Weekly unit price updates
- > Regular investment commentary videos and publications
- > Our NEW **Product Disclosure Statements** (with application forms) and **Member Information Booklets** to download
- > Online access to **your account** – with your personal details, account balances and details of contributions paid to your account
- > Online **investment switching**.



## Be in the know with your super

Keeping up with investment markets, legislative changes and all the things you could or should be doing with your super is simple.

Sign up for **In the Know**, our regular email update for members. Make the most of your super by being In the Know!

**Employer Update** is the regular email information and advice bulletin for employers making it easy to manage your super requirements and stay compliant.





# REI Super – your Industry SuperFund

REI Super is one of the oldest industry-specific super funds in Australia. Since 1975 we have been the fund of choice for those working in real estate.

## The history of Industry Super

To find out more about the history of industry super and how this has benefited Australians, [watch this video](#).

## Low fees

Because REI Super is run only to benefit members, our fees are generally much lower than most retail funds. The fees you pay can greatly affect your final retirement payout. Over a lifetime, these figures could add up to thousands of dollars more for an Industry Super Fund member.

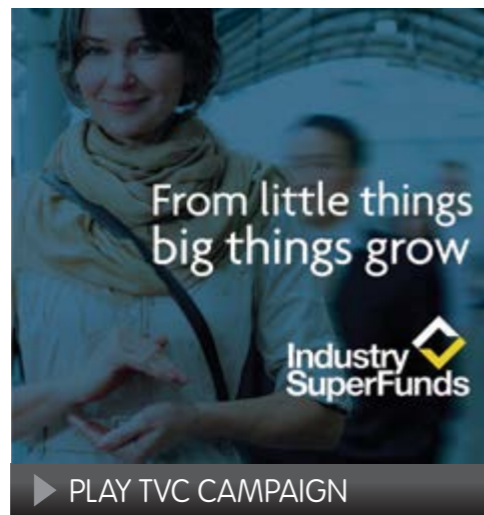
A study by SuperRatings in 2012, based on existing fee structures, concluded that REI Super would return on average \$77,609 more (in today's dollars) than the average retail super fund over a 40-year working life.\*

## Run only to benefit members

REI Super is an Industry Super Fund, run only to benefit members, and does not pay commissions to financial advisers, agents or insurance companies. There are no dividends to pay to shareholders.

## Strong performance

On average, Industry Super Funds have consistently produced stronger returns for their members than retail super funds run by banks and insurance companies. Industry Super Fund members have also paid less in fees to achieve this.



## Compare the pair

Average Retail Master Trust Member

\$ 3 1 9 , 9 3 2

Average REI Super Member

\$ 3 9 7 , 5 4 1

Being in an Industry SuperFund like REI Super  
could see you retire with a lot more super.\*

\* Past performance does not guarantee future returns. Based on a comparison of REI Super and a sample of 16 retail super funds as at 30 June 2012. (Source: Research by SuperRatings, commissioned by REI Superannuation Fund Pty Ltd ABN 68 056 044 770, AFSL 240569.) The comparison shows projected outcomes, applying current fees for REI Super's Trustee Super Balanced option over 40 years. Differences in fees may change in the future, and this would alter the outcome. The amounts are not predictions or estimates of actual outcomes. Outcomes will vary between individual funds. Research and modelling current at 30 June 2012 by Super Ratings, commissioned by REI Super. The above example is a comparison of two employees, aged 25, that assumes same starting account balance of \$15,000, same annual income of \$45,000; 2.5% inflation rate; 3.5% salary increase per annum; 9% superannuation guarantee contributions; no additional salary sacrifice or voluntary contributions; 15% contributions tax; taxes of 15% deducted; explicit costs deducted from members' accounts (e.g. member fees) subject to a 15% tax allowance; contribution fees, entry fees, additional advisor fees excluded from calculations. Consider your own objectives, financial situation and needs before making a decision about superannuation, because they are not taken into account in this information. You should consider the Product Disclosure Statement as a whole before making an investment decision.

# Market report

## Economic and market environment

The 2011-12 financial year was a volatile period for markets and we saw the returns of the different asset classes vary widely. Australian listed property delivered positive returns and bonds were the standout performer. Australian shares and global shares declined in value for investors over the year. Cash delivered a good result, despite the Reserve Bank of Australia cutting official interest rates during the year.

## Investment Strategy and Performance

Throughout the year, the Fund has selectively chosen investments which provided an opportunity to obtain solid longer-term returns. We gradually reduced our exposure to government bonds as yields hit record lows.

The diversified investment portfolios (Super Growth, Trustee Super Balanced, and Super Stable) have all been managed during the year towards the upper end of their range of cash holdings. This has helped to preserve members' capital in the event of market shocks, whilst also providing the flexibility to add exposure to growth-style assets should attractive long-term investment return opportunities emerge.

## Trustee Super Balanced

The Trustee Super Balanced portfolio, the Fund's default investment option, has achieved an average return of 7.5% over the 3-year period to 30 June 2012, which is above the investment objective for this portfolio. The return for the past twelve months has been 2.8%. This is a pleasing return given investment market volatility, with the Fund's investment strategy for this option focused on return and capital preservation over the full economic cycle.

## Investment outlook

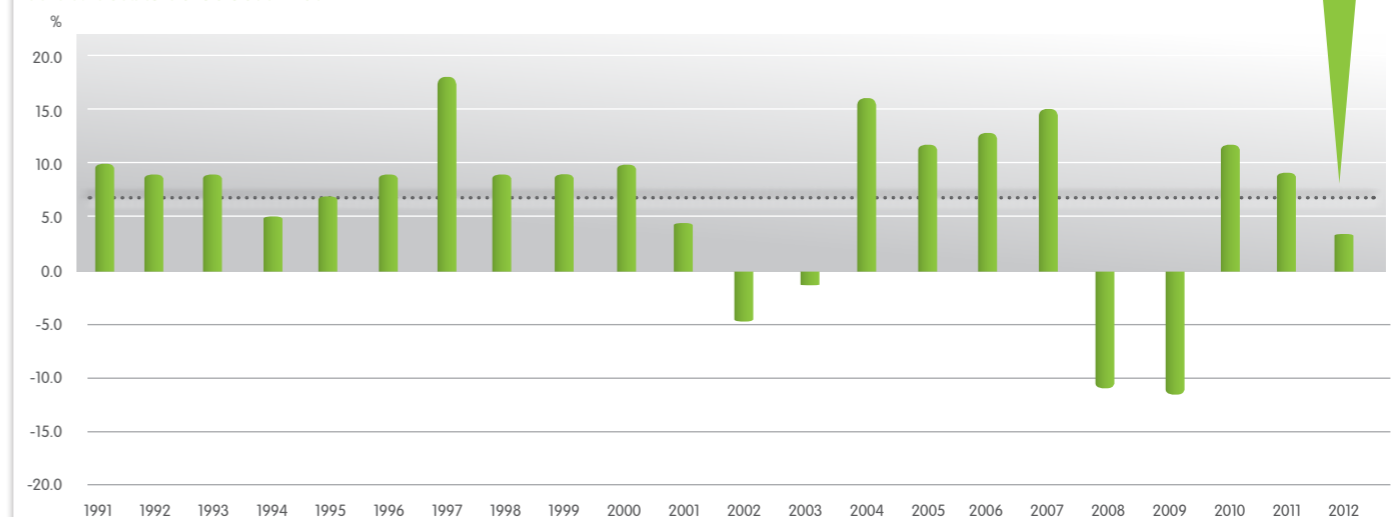
The longer-term outlook for investment markets remains clouded by the huge amount of debt that many developed nations continue to carry. Traditional defensive asset classes like government bonds are unlikely to deliver the same capital preservation and return diversification characteristics in the coming year as they have done previously, given how expensive they have now become.

Because of this outlook, the REI Super investment portfolios will maintain their broadly defensive profile, and we will look to add selectively to the portfolios' growth assets, as opportunities and value emerge.

To provide a view of REI Super's longer-term performance, the graph below shows the net performance of the Fund's Trustee Super Balanced option over the past 22 years, since the inception of this Option.

**“The Trustee Super Balanced default investment option achieved an average return of 7.5% over the 3-year period.”**

**REI SUPER TRUSTEE SUPER BALANCED OPTION**  
NET RETURNS TO 30 JUNE 2012



Past performance does not guarantee future returns, and investment returns of one year should not be relied upon as any guide to future performance.

# Market report continued

## REI Super's Investment Managers

REI Super's investment consultant, Ibbotson Associates Australia Limited (Ibbotson), ABN 54 071 808 501, appoints specialist investment managers for each asset class, and reviews these appointments continually in conjunction with the Fund Trustee. REI Super agrees strategic allocation benchmarks for each investment option in consultation with Ibbotson.

## Investment Managers

### The following managers had investment mandates terminated in 2011-12:

- > Atom
- > BlackRock
- > Perennial
- > PIMCO
- > Vanguard

### The following managers were appointed for new mandates in 2011-12:

- > Alternative Beta Partners
- > Barclays Bank
- > Barwon
- > BlackRock
- > Omega
- > Vinva
- > Zebra

### Investment Managers as at 30 June 2012

#### Australian Shares

- > Allan Gray Australia
- > Dimensional
- > Ibbotson High Alpha Trust
- > JCP Investment Partners
- > Northcape
- > Omega
- > Platypus
- > Vinva
- > Zebra

#### International Shares

- > Altrinsic
- > AQR
- > Axiom
- > Marathon
- > Omega
- > Sands Capital

#### Australian Property

- > Omega

#### International Property

- > CBRE Clarion

#### Australian Bonds

- > Omega

#### International Bonds

- > Colchester
- > Omega
- > PIMCO

#### Global Inflation Linked Bonds

- > Omega

#### Alternatives

- > Alternative Beta Partners
- > Barclays Bank
- > Barwon
- > Omega
- > Vanguard

#### Unlisted Property

- > ISPT

#### Cash

- > ME Bank
- > Omega

# Investment results

2011–12 has seen another year of positive returns for REI Super members.

The Trustee Super Balanced option (the default option most members are invested in) did well in 2011–12, and was rated a Top 10 performing fund\*.

## International fixed income market performance

Global bond markets enjoyed a strong year, as growing risk aversion saw many investors seek out government bonds as a safe haven.

## Australian fixed income market performance

Australian bond markets were one of the best-performing asset classes over the year, as government bond yields also fell to historic lows (and hence bond prices rose).

## Property market performance

Global property assets, both listed and unlisted, enjoyed a positive year, outperforming both domestic and international shares.

## Australian and international share market performance

Both Australian and overseas share markets had a mixed year.

\* Chant West media release 25 July 2012, Top 10 Performing Growth Funds.

**6.3%**  
pa  
Average net return  
over 22 years

For the Trustee Super Balanced option  
(where 90% of members invest)

### Investment results for year ended 30 June 2012

Investment Option	1 year (%)	3 years (% p.a.)	10 years (% p.a.)	Commencement date
<b>REI Super Fund</b>				
Super Growth	0.2	8.1	4.3	1 July 1998
Trustee Super Balanced	2.8	7.5	5.0	1 July 1990 <sup>#</sup>
Super Stable	3.8	6.3	n/a	1 November 2003
Super Cash	4.3	3.8	4.4	1 July 1998
<b>REI Super Elite Options</b>				
Australian Shares	-6.8	4.8	n/a	31 July 2006
International Shares	-3.0	7.1	n/a	31 July 2006
Australian Property	5.4	7.8	n/a	31 July 2006
Global Property	-1.8	14.3	n/a	31 July 2006
Fixed Income	10.9	8.8	n/a	31 July 2006
<b>REI Super Pension</b>				
Super Cash	4.3	4.2	n/a	31 October 2006
Super Stable	4.0	7.1	n/a	31 October 2006
Trustee Super Balanced	3.1	8.4	n/a	31 October 2006
Super Growth	0.0	9.1	n/a	31 October 2006
Australian Shares	-4.8	6.3	n/a	31 October 2006
International Shares	-2.2	8.5	n/a	31 October 2006
Australian Property	10.4	10.3	n/a	31 October 2006
International Property	4.6	20.0	n/a	31 October 2006
Fixed Income	11.8	9.8	n/a	31 October 2006

<sup>#</sup> Using comparable investment returns.

All returns are quoted net of fees and tax. Past performance is not an indication of future performance.



# Your investment options




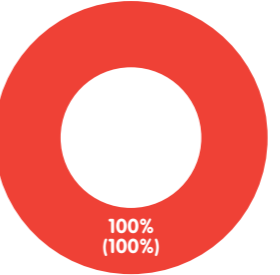
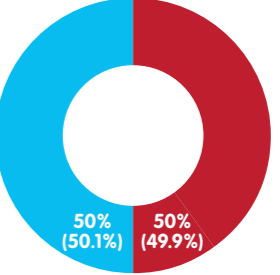






With REI Super, you can choose to invest in one, or all of our four investment options.

	Super Growth	Trustee Super Balanced	Super Stable	Super Cash
<b>Overall objective:</b>	To provide members with a top-performing growth-style diversified investment option.	To provide members with a top-performing growth-oriented diversified investment option.	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.
<b>Investment objective:</b>	To earn a rate of return, after tax and fees, that exceeds CPI by at least 4% per annum over rolling 10-year periods.	To earn a rate of return, after tax and fees, that exceeds CPI by at least 3% per annum over rolling 7-year periods.	To earn a rate of return, after tax and fees, that exceeds CPI by at least 1% per annum over rolling 3-year periods.	To match and, where possible, enhance performance relative to the CPI over rolling 3-year periods.
<b>Risk profile:</b>	<p><b>High</b></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, and has the potential for the highest return over the long term.</p> <p>However returns will vary, and are expected in some years to be low or negative.</p>	<p><b>Medium to High</b></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, with some defensive assets. It has potential for high returns over time, due to the significant proportion of growth assets.</p> <p>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><b>Low to Medium</b></p> <p>The Super Stable investment option is designed for members who require more stable returns. This option invests mainly in interest-bearing assets, with some growth assets. Returns have the potential to be higher than just investing in cash investments.</p> <p>Returns will vary, and there is a still a slight possibility of a negative return in any one year, but are likely to be more stable than for options with a higher proportion of growth assets.</p>	<p><b>Very Low</b></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>
<b>Investment mix:</b>				
<b>KEY:</b>	<ul style="list-style-type: none"> <li><span style="color: green;">■</span> Australian shares</li> <li><span style="color: red;">■</span> Global property</li> <li><span style="color: lightgreen;">■</span> International shares (hedged)</li> <li><span style="color: darkred;">■</span> Australian bonds</li> <li><span style="color: yellowgreen;">■</span> International shares (unhedged)</li> <li><span style="color: cyan;">■</span> International bonds (hedged)</li> <li><span style="color: orange;">■</span> Australian listed property</li> <li><span style="color: blue;">■</span> Infrastructure</li> <li><span style="color: yellow;">■</span> Australian unlisted property</li> <li><span style="color: purple;">■</span> Alternatives</li> <li><span style="color: lightblue;">■</span> Cash</li> </ul>			

\* Allocations shown above are actual asset allocations as at 30 June 2012 and may vary by +/-15%. The figures in brackets show the Fund's neutral or long term Strategic Asset Allocation position.

# Your Elite investment options

For members with an account balance over \$100,000, there are five additional single asset class investment options to choose from.

	Australian Shares	International Shares	Australian Property	Global Property	Fixed Income	
<b>Overall objective:</b>	To provide members with a top-quality, professionally managed, diversified Australian shares investment.	To provide members with a top-quality, professionally managed, diversified international shares investment.	To provide members with a top-quality, professionally managed, diversified domestic property securities investment.	To provide members with a top-quality, professionally managed, diversified global property securities investment.	To provide members with a top-quality, professionally managed, bond and fixed interest investment.	
<b>Investment objective:</b>	To earn a rate of return (gross of fees and tax) above the benchmark over rolling 5-year periods within a clearly defined risk profile. The benchmark is the S&P/ASX 300 Accumulation Index.	To earn a rate of return (gross of fees and tax) above the benchmark over rolling 5-year periods within a clearly defined risk profile. The benchmark is the MSCI All Country World ex-Australia Index with net dividends reinvested (50% hedged into \$A).	To match and, where possible, enhance performance relative to the benchmark (gross of fees and tax) over rolling 5-year periods. The benchmark is the S&P/ASX 300 Property Accumulation Index.	To earn a rate of return (gross of fees and tax) above the benchmark over rolling 5-year periods within a clearly defined risk profile. The benchmark is the UBS Global (ex-Australia) Property Investors Index (fully hedged into \$A).	To earn a rate of return (gross of fees and tax) above the benchmark over rolling 3-year periods. The benchmark is 50% UBS Government Bond (All Maturities) Index, and 50% Lehmann Global Aggregate (hedged into \$A) Index.	
<b>Risk profile:</b>	<b>High</b> The Australian Shares Option is designed for members who want higher potential returns and are more comfortable with greater fluctuations in returns. This option invests only in growth assets (Australian shares), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be negative.	<b>High</b> The International Shares Option is designed for members who want higher potential returns and are more comfortable with greater fluctuations in returns. This option invests only in growth assets (international shares), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be low or negative.	<b>High</b> The Australian Property 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 (Australian listed property), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be low or negative.	<b>High</b> The Global Property 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 (global property), and has the potential for high returns over the long term. However, returns will vary, and are expected in some years to be low or negative.	<b>Medium</b> The Fixed Income option is designed for members who require more stable returns. This option invests in interest-bearing assets (bonds), with possibly a small amount of cash. Returns have the potential to be higher than just investing in cash investments. Returns will vary, and there is the slight possibility of a negative return in any one year, but are likely to be more stable than options with a higher proportion of growth assets.	
<b>Investment mix:</b>	 100% (100%)	 100% (100%)	 100% (100%)	 100% (100%)	 50% (50.1%) 50% (49.9%)	
<b>KEY:</b>	 Australian shares	 International shares	 Australian property	 Global property	 Australian bonds	 International bonds

\* Allocations shown above are actual asset allocations as at 30 June 2012 and may vary by +/-15%. The figures in brackets show the Fund's neutral or long term Strategic Asset Allocation position.

# Switching investments

In the current investment climate, ongoing market volatility can cause concern to investors. If you are thinking of switching your investment option, we suggest that you consider the following:

## Understand your investment

Read about each investment option's short-term and long-term performance online, and learn about the investment objectives and strategy for each option.

## Get advice

Speak to our Helpline team on **1300 13 44 33** if you need help understanding the different investment options.

## Consolidate your super

By combining your other super funds into your REI Super account, you can save money on duplicate fees, insurance premiums and other charges. It also makes your super easier to manage.

## Approaching retirement?

There are a number of things to consider when planning for retirement. Consider speaking to one of our Helpline team or financial advisers, or using our online retirement planning tools. In addition REI Super offers **free seminars** for members on planning for retirement and understanding investments.

## REI Super members can choose how their super is invested

Members can select from four investment options, including three diversified investment options (with Elite members having an additional five single-sector options). Diversification provides flexibility to remain invested in key areas of opportunity, whilst also managing to reduce risk and preserve capital. The Trustees can vary the asset allocation between sectors within each diversified portfolio by up to +/-15% to actively manage the option's risk/return characteristics.

Members can nominate where their current balance, future contributions, ongoing or lump sums are allocated if desired.

## Choosing an investment option

To get the most out of your super, you need to choose the investment option which best suits your investment horizon, tolerance of risk and long-term goals.

Members can learn about each investment option's long-term objective and risk profile online, and also use the [online risk profile quiz](#) to assist them in determining the right investment option to suit their needs.

The majority of members are invested in the Trustee Super Balanced option. This is the default option, where members are invested if they do not make an active investment choice. This option contains a diversified exposure to both growth and defensive assets.

## Timing markets versus time in the market

Even investment experts find it difficult to pick market movements, and missing just a few productive days in volatile markets could have consequences for your retirement balance.

Assets with higher short-term volatility can have longer-term superior returns, but they may fluctuate more on a year-to-year basis.

In times of uncertainty, the long-term objective of super is important.

A conservative investment option may be the right choice in certain circumstances. That is likely to apply to people who have immediate or short-term commitments, and may not be investing their super for more than the short term. Their main objective is therefore capital preservation.

In all circumstances, we recommend that you take the time to learn about the different investment options and seek professional advice where necessary, such as from the REI Super financial advisers.

## Investment choice

Members can switch their investment option online.

1. Login to your account at [reisuper.com.au](https://reisuper.com.au) using your member number and PIN.
2. Click on 'Your investments'
3. From here, you can view your investment mix or change your investment choice.

Our Helpline can assist you in explaining the different investment options.

# Changing jobs? Take us with you.

Regardless of which employer or industry you go to, you can take REI Super with you. Your super and insurance cover benefits can remain in place, and we can continue to accept your new employer contributions.

As a current member of REI Super, your new employer can start making contributions to your account – so you need to provide them with your REI Super account details.

Simply provide your new employer with a [choice of fund form](#) or your REI Super account details.

If you have super accounts with other funds, you can combine (consolidate) your super into your REI Super account. There are no charges to roll your other super into REI Super. You can do this [online](#) or [download a form](#) from our website.

If you are not continuing in employment and your REI Super account has over \$1,000, you are able to remain in the Fund. The normal weekly administration fee applies. Your existing Death and Disablement cover will continue for a period of 12 months, regardless of your employment status. Contact the Fund for details.

## \$17 billion in lost super Is some of it yours?

### REI Super can help you find it

There is currently more than \$17 billion in lost super monies in Australia. Chances are, if you have changed address, employer or your name without notifying your super fund, then some of that \$17 billion could be yours!

You can search for any **lost super** online right now - it only takes a few minutes.

Or we can do it for you when you elect to combine all your super into REI Super using our online consolidation tool.

### Combine all your super into REI Super

Rolling all your super into REI Super has its advantages, saving on multiple fees, making it easier to manage, and investing your super the way you choose. To **combine all your super** into REI Super is easy, you can do it online right now.

When you do, remember to accept the option to have REI Super look for any lost super with the Australian Tax Office - **It's a FREE service** and you never know what we might find.



# REI Super Pension and Transition to Retirement

Pensions aren't just for pensioners! If you are 55 or older, you can access your super with an REI Super Pension, whether you're working, easing into retirement, or enjoying life after work.

## Key benefits of an REI Super Pension

- > No joining fee
- > Low ongoing fees, and no commissions paid to financial advisers
- > Online account access
- > Personalised customer service
- > Access to other member benefits such as financial planning
- > All investment earnings are tax-free
- > Withdrawals are tax-free after age 60
- > It is treated favourably for Centrelink Income Test purposes
- > In the event of your death, your remaining account balance will be distributed to your beneficiaries.

### What is an REI Super Pension?

Also known as an 'account based' pension, a super pension allows you to receive regular payments similar to a salary over a period of time from your account, while your funds remain invested with REI Super.

### Retired?

If you are fully retired and have reached your super preservation age (currently 55), then you can open a super pension account in addition to making lump sum withdrawals.

### How does a super pension work?

To be eligible to start an income stream, you must have reached your preservation age.

We recommend that members have a minimum starting balance of \$50,000 when establishing a pension. If your balance is under this amount, you may consider increasing it by consolidating other super funds into your REI Super account, or adding voluntary contributions. Please [contact REI Super](#) to discuss your financial needs.

You can choose your [pension payment amounts and frequency](#) and can change these as your circumstances change, provided that your new amount falls within government limits.

When you have fully retired or reached age 65, you will have the option of making lump sum withdrawals from your pension account at any time, in addition to receiving your regular payments.

REI Super will look after the administration and end-of-year reporting – you simply need to indicate your drawdown requirements.

### Still working?

You can choose a Transition to Retirement strategy, and start drawing down your super if you are still working but have reached your preservation age.





# REI Super Pension and Transition to Retirement continued

## How does Transition to Retirement work?

A Transition to Retirement strategy gives you flexibility in the way in which you approach retirement from the workplace.

It allows you to roll some or all of your super into an REI Super Pension account and draw on it as a pension (income stream) to supplement your income (subject to regulated thresholds). Members can use this strategy in two main ways:

- > to reduce their working hours, and use regular super pension payments to supplement their income
- > to continue working full-time, while salary sacrificing into their super. For some people, this can be a more tax-effective way to boost their super, because it can often reduce their income tax and result in a higher amount saved into their super.

We recommend that you get professional financial advice to help decide what is suitable for your individual needs. Contact the REI Super Helpline on **1300 13 44 33** to speak to one of our financial advisers.

## Do I have enough super to stop work?

The decision to retire permanently largely depends on whether you have the financial resources available to fund your retirement (which could be for over 20 years). Working out how much you will need in retirement is a good idea. You can use our retirement planning tools to:

- > calculate **how much super** you will have when you retire
- > estimate what **your future super** may be worth at retirement, factoring in additional contributions and different fees
- > estimate **how much you can save into super** until you retire
- > estimate what **your retirement income** will be, including the Age Pension where applicable.

If you think you might have enough and want to retire soon, there are some strategies you can use to save some tax.

You might also consider delaying your retirement until age 60, as all super payouts will then be completely tax-free.

## Retirement checklist

### To help get you started

Retirement may be a long way off, but as you can expect to spend 25% of your life in retirement, the sooner you start planning, the better off you will be. This simple checklist is a starting point to give you an idea of what you have or haven't already considered.

### Before you retire

- Have you decided on a retirement date?
- Do you know how much money you need to deliver the retirement income you want?
- Do you know what your Centrelink entitlements are?
- Do you know where all your super is?
- Have you considered whether you may have any lost super?

### In retirement

- Do you know what you plan to do with your time once you retire?
- Do you intend to work part-time?

Call REI Super on **1300 13 44 33** to speak to a financial adviser.

# REI Super Pension and Transition to Retirement continued

## What do I need to know about retirement?

Once you reach age 55, you can convert your super into a retirement income stream such as an allocated pension. The tax benefits are even greater when you reach 60.

## Think twice before cashing out your super

If you are aged 65 to 75, you won't be able to contribute to super unless you satisfy a work test.

Once your money leaves the super environment and is transferred to another investment, such as a bank term deposit, any income it generates is taxable at normal marginal tax rates (up to 45% plus Medicare levy). Rolling over into your REI Super Pension gives you many tax benefits.

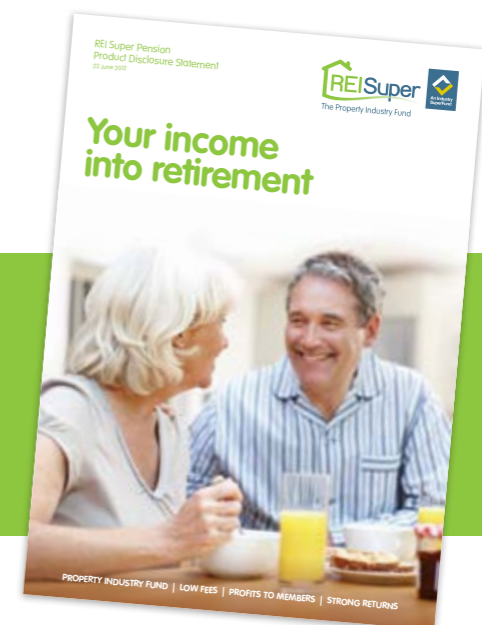
## Small business Capital Gains Tax concessions

If you own a small business and plan to sell that business to fund your retirement, you may be able to minimise (and possibly completely avoid paying) any capital gains tax on its sale, if you contribute the proceeds into your super. This is a complex strategy, and we recommend that you seek professional advice from an REI Super financial adviser.

You can also continue to contribute (using salary sacrifice) back into your super, to maintain or even grow your super balance for when you retire permanently.

## For more information on REI Super Pension

Contact the REI Super Helpline on 1300 13 44 33 to discuss your retirement needs, or download the REI Super **Pension Product Disclosure Statement**, which includes an **application form**. You can also order a copy by sending us your details by **email**.



# Insuring yourself through super

## REI Super has you covered

If, through illness or injury, you were unable to work for an extended period of time, who would pay your mortgage, car loan and bills? One of the most important benefits of superannuation is its ability to provide **cost-effective insurance**.

## REI Super offers members death, disablement and salary continuance cover

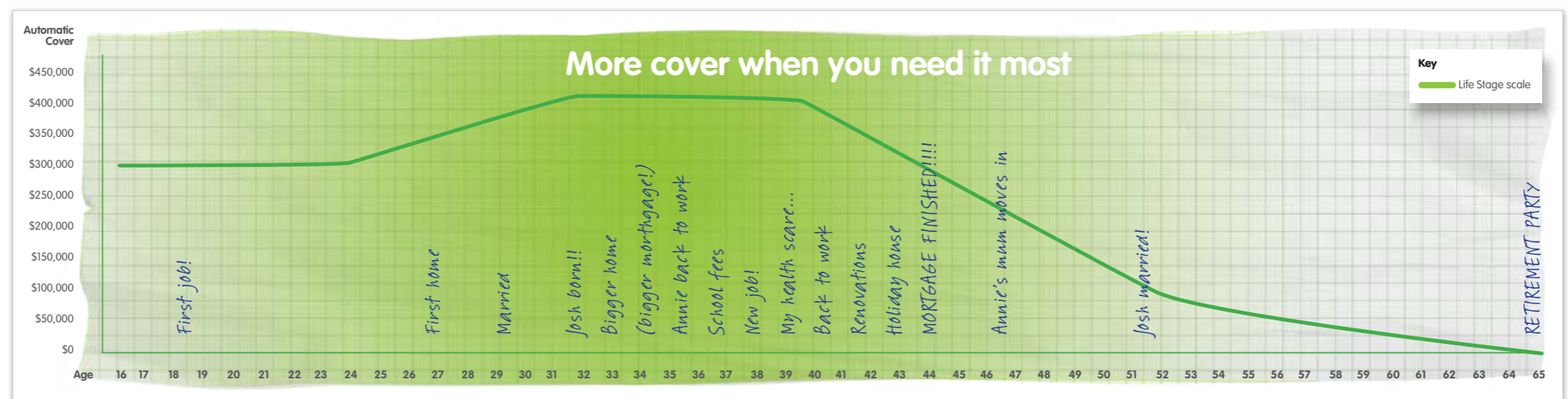
Premiums are paid out of your employer superannuation contributions, meaning that there is no impact on your cash flow.

Best of all, as an Industry Super Fund, REI Super pays no commissions to insurance companies or financial advisers, meaning that our premiums are very cost-effective. Use our online **insurance calculator** to calculate your premium.

**Apply online** to increase cover at any time.

REI Super Insurance		
Death Insurance	Total and Permanent Disablement Insurance	Salary Continuance Insurance
<ul style="list-style-type: none"> <li>&gt; Cover for death is available to all REI Super members*</li> <li>&gt; Up to \$2,080,000 cover available</li> <li>&gt; Up to \$624,000 cover automatically accepted on joining the Fund**</li> <li>&gt; Insured value cover based on age<sup>#</sup></li> <li>&gt; Available to age 65<sup>#</sup></li> <li>&gt; Payable as a lump sum to your beneficiaries if you die</li> <li>&gt; Terminal illness early payout available</li> <li>&gt; Life event cover increases for when your circumstances change</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Up to \$2,080,000 cover available</li> <li>&gt; Up to \$624,000 cover automatically accepted on joining the Fund**</li> <li>&gt; Available to age 65</li> <li>&gt; Payable as a lump sum when it is apparent that, due to illness or injury, you will never be able to return to work</li> <li>&gt; Life event cover increases for when your circumstances change</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Available to all members working 15 hours or more per week</li> <li>&gt; Insure up to 85%<sup>#</sup> of your three-year average income (including commissions), to a maximum of \$240,000 p.a.</li> <li>&gt; Available to age 65</li> <li>&gt; Payments commence after 90 days off work due to illness or injury<sup>†</sup></li> <li>&gt; Payments continue for up to two years</li> </ul>

\* Refer to the REI Super PDS. \*\* Depending upon age at commencement. # Including 10% compulsory employer SG contributions. † Additional options of 30 or 60-day waiting periods available to REI Super Elite members.



# REI Super Elite

## More choice

REI Super Elite is available to all members with an account balance over \$100,000 and provides a wide range of investment choice and flexible insurance options.

### REI Super Elite provides:

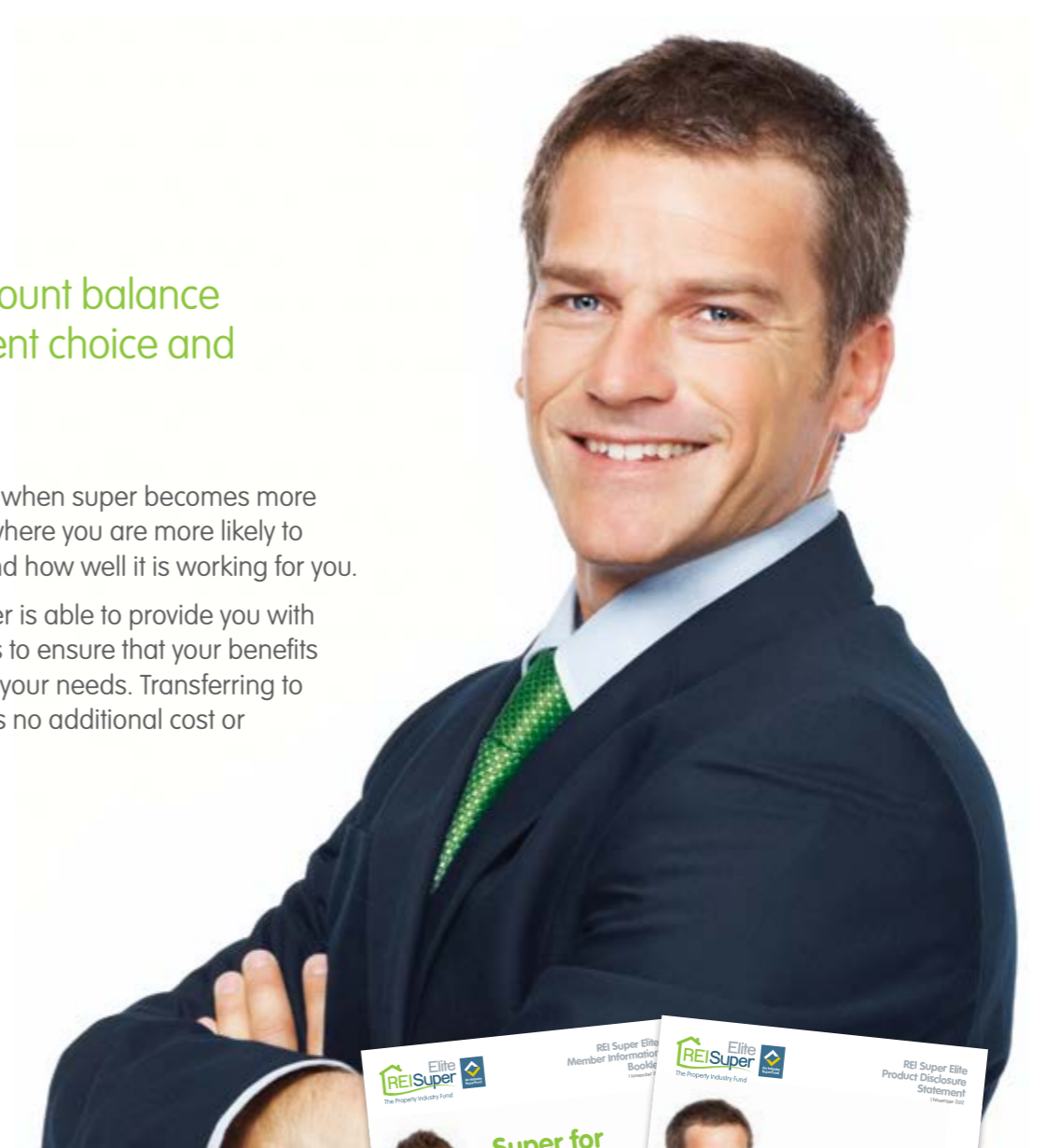
- > 3 diversified portfolio investment options
- > 6 single sector investment options
- > The flexibility to select any combination of options – and switch at any time, without a switching fee
- > Salary Continuance Insurance, with a choice of 30, 60 or 90-day waiting periods
- > Extensive Death and Total and Permanent Disablement Insurance – you can choose a fixed or age-related insured value
- > Retirement pension options to suit your retirement needs
- > Personal financial advice to tailor your REI Super Elite membership.

There comes a time when super becomes more important to you – where you are more likely to notice where it is, and how well it is working for you.

At this time, REI Super is able to provide you with additional resources to ensure that your benefits are tailored to meet your needs. Transferring to REI Super Elite entails no additional cost or obligation.

### For more information on REI Super Elite

Download a copy of the **REI Super Elite Product Disclosure Statement** and **Member Information Booklet** or call the Helpline on **1300 13 44 33** for more information.





# Growing your super

## Take REI Super with you when you change jobs

REI Super is the industry super fund for property professionals. When you leave employment with your current employer, you can continue to enjoy all the benefits of being a member with REI Super, regardless of which industry you work in.

## Pay less in fees – combine your super into your REI Super account

1. Go to our online **consolidation tool** and complete the details, including the name and account number of your other funds.
2. Print off the completed form and attach a certified copy of your ID.
3. Send it to us, and we'll take care of the rest!

There are no fees charged by REI Super for rolling in from other funds. You should check with your other funds if there are any exit fees applicable, or insurance cover that may cease upon rollout.



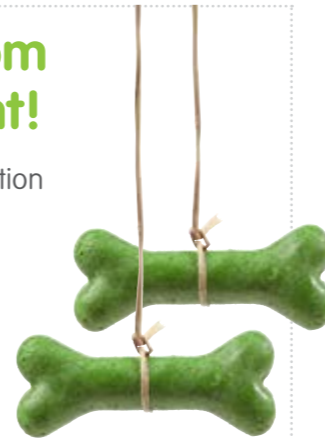
## Free money from the government!

The Government co-contribution scheme provides a super top-up of up to \$500 from the Government into your super account to help boost your super savings.

You may be eligible if you:

- > earn less than \$46,920 in 2012-13
- > make a personal contribution (not salary sacrifice) into your super account
- > are a permanent resident aged less than 71
- > earn at least 10% of your income through eligible employment, which may include self-employment
- > lodge a tax return.

You can make a personal contribution using BPAY, cheque or via employer deduction.



## Salary sacrifice – a super strategy

Salary sacrificing is the simple way to grow your super and save on tax.

If you earn over \$37,000 pa, salary sacrificing could be a great, tax-effective way to grow your super. Your contributions will be taxed at a lower, concessional rate, and your taxable income may also be reduced.

To see if salary sacrifice can work for you, enter your details in our **Salary Sacrifice Calculator**.

Typically, contributions you make to your super are made after you have paid income tax, at a marginal tax rate of up to 45%. Salary sacrificed contributions, on the other hand, are:

- > taxed at 15%, and
- > taken directly from your before-tax salary, and not considered part of your taxable income (however, you should be aware that amounts you salary sacrifice could be counted as income for other purposes).

The higher your income, the more money you could save.

**Important:** Concessional contributions (including salary sacrifice, SG contributions and other employer contributions) are capped at \$25,000 pa. If you exceed the cap in any given year, the excess contributions will be taxed at a rate of 46.5%. Concessional contributions under the cap are taxed at 15%.



# Managing your Fund

There are nine Directors on the REI Super Board. Besides one independent Director, eight are elected by members in accordance with the Rules for Member Representative Directors. There is also a non-voting independent Chairperson.

## Independent Chairperson (non-voting)

- > Bill Woolcock

## Directors at as 30 June 2012 were:

- > Ian Armstrong
- > John Bailey
- > Jonathan Blocksidge
- > Helen Cunningham
- > Emery Feyzeny (independent Director)
- > John Greig
- > Michael Kumm
- > Neville Pozzi
- > Beth Stratfold

The Fund also has six standing committees, comprising a number of Board members, to focus on particular issues of importance to the Fund.

Directors are required to undertake mandatory ongoing education and training.

REI Super's Directors are committed to further education and strategic analysis outside their direct management duties of Board meeting attendance, to ensure that the Board is best placed to evaluate the challenges and opportunities leading to the sound management of members' benefits.

Directors are expected to attend quarterly Board meetings, as well as various other meetings, committees and conferences, and to consider certain matters out of session as required.

## Directors' and Chairperson's remuneration was as follows:

	2011-12	2010-11
\$0-\$24,999	2	–
\$25,000-\$49,999	9	9
\$50,000-75,000	1	1

These amounts are benchmarked against suitable industry comparisons.

For 2012-13, the Board has resolved to hold Directors' remuneration at the same level as applied during 2011-12.



Back row: John Bailey, Helen Cunningham, Michael Kumm, Beth Stratfold, Neville Pozzi, John Greig.  
Front row: Emery Feyzeny, Jonathan Blocksidge, Bill Woolcock, Ian Armstrong, Mal Smith.

# Managing your Fund continued

## Board Committees as at 30 June 2012



Back row: John Bailey, Helen Cunningham, Michael Kumm.  
Front row: Jonathan Blocksidge, Neville Pozzi.

### Administration Committee

The Administration Committee monitors the performance of service providers and recommends their appointment, monitors member feedback, and responds to any administration complaints.



Back row: Michael Kumm, Helen Cunningham.  
Front row: Mal Smith, Jonathan Blocksidge.

### Death and Disablement Benefits Committee

The Death and Disablement Benefits Committee assists the Board by handling death and total and permanent disablement claims between meetings.



Back row: Beth Stratfold, John Greig.  
Front row: Emery Feyzeny, Ian Armstrong, Jonathan Blocksidge.

### Compliance and Audit committee

The objectives of the Committee are to ensure that the internal control framework of the Fund meets the needs of REI Super through oversight of the compliance and audit functions, to ensure the objectivity and reliability of financial reports, and to assist the Board in understanding its obligations and ensuring that REI Super is compliant with all legislative and other government obligations.

In particular, the Committee's objectives include a focus on assessing compliance with the conditions of the Fund's RSE and AFSL Licences.

The Fund is managed by the Trustee company REI Superannuation Fund Pty Ltd ABN 68 056 044 770.

The Fund began in 1975 as a service to all staff and members of the Real Estate Institute of Australia, and in 1991 was made available to the real estate industry across Australia, with the introduction of the superannuation guarantee and industry awards.

The Fund has a set of rules applying to the appointment and removal of Directors.

# Managing your Fund continued



Back row: John Bailey, Helen Cunningham, John Greig.  
Front row: Beth Stratfold, Neville Pozzi.

## Marketing Committee

The Marketing Committee assists the Board of REI Super in promoting the benefits of the Fund to members and potential members.



Back row: Michael Kumm, Mal Smith, John Greig.  
Front row: Ian Armstrong, Emery Feyzeny, Bill Woolcock.

## Investment Review Committee

The Investment Review Committee oversees the operation of the Fund's investment arrangements, with a particular focus on the Implemented Investment Consultant.



Back row: Michael Kumm, , Neville Pozzi..  
Front row: John Bailey, Mal Smith.

## Governance Committee

The Governance Committee oversees the Board's internal processes and operations, in accordance with industry best practice.

## Fund information

### Trust Deed

The Trust Deed is a legal document governing how the Fund operates and what benefits can be paid to members. During 2011-12, the Trust Deed was amended to take account of recent legislative changes.

### Trustee Indemnity Insurance

The Trustee has arranged a policy for Trustee Indemnity Insurance cover, which is designed to provide added protection for the Fund's assets.

## Service Providers

The Trustee has appointed a number of specialist service providers to assist with the professional and smooth operation of the Fund:

- > Fund Administration: Mercer Outsourcing (Australia) Pty Ltd
- > Investment Adviser: Ibbotson Associates Australia Limited
- > Taxation Agent and Adviser: Sharyn Long Chartered Accountants

- > External Auditor: Ernst & Young
- > Bank: ANZ Banking Group
- > Custodian: BNP Paribas
- > Insurer: MetLife Insurance Limited
- > Solicitor: G Banner Consulting Pty Ltd
- > Financial Advisers: Mercer Financial Advice (Australia) Pty Ltd



# Fees and other costs

## The costs of running the Fund are managed carefully

Administration fees are deducted from members' account balances each month. In addition, employer and pre tax member contributions (such as salary sacrifice) are subject to contributions tax, which is deducted from your account.

Investment management fees are paid to the investment managers for managing the Fund's assets, and these vary according to the investment option selected.

You should read all the information about fees and costs, because it is important to understand their impact on your investment. Please refer to the Fund's [Product Disclosure Statement \(PDS\)](#) for more information.

## Buy/Sell spread

Buy/sell spreads apply when contributions are made, when transfers are received, or when you switch from one investment option to another.

The buy/sell spread is a percentage of the amount involved (being contributed, transferred, switched or withdrawn) that is charged by the Fund to cover the costs associated with the transaction. These include fees charged by investment managers; brokerage, settlement and clearing costs; stamp duty; and other fees that would be incurred in buying or selling part or all of the underlying investments.

The buy/sell spread applicable to each investment option is shown in the following table. This fee is additional to the fees and costs detailed in the [Fees table](#).

## Buy/Sell spreads for the Fund's investment options are:

<b>Super Growth</b>	0.50% (50 basis points)
<b>Trustee Super Balanced</b>	0.40% (40 basis points)
<b>Super Stable</b>	0.22% (22 basis points)
<b>Super Cash</b>	Zero (0 basis points)
<b>Australian Shares</b>	0.60% (60 basis points)
<b>International Shares</b>	0.50% (50 basis points)
<b>Australian Property</b>	0.40% (40 basis points)
<b>Global Property</b>	0.70% (70 basis points)
<b>Fixed Income</b>	Zero (0 basis points)

## 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. Capital gains tax can also apply, depending on the asset and the length of time it is owned. Income tax paid by the Fund in 2011–12 was over \$11.8 million (2011: \$17.6 million).

As the Government's superannuation regulator, the Australian Prudential Regulation Authority (APRA) charges each superannuation fund a fee to fund its activities and provide supervision to the industry. During the year, REI Super paid \$267,000 in fees to APRA.

## Member Protection

Federal Government legislation limits the amount of fees and charges that can be applied to certain small superannuation account balances. If your account balance is less than \$1,000 at the end of a member

## Fee changes to REI Super

From 1 November 2012, the administration fee deducted from members' accounts will increase from \$1.50 to \$1.65 per week. The increase is required to cover increased costs incurred in the operation of the Fund, including the compliance costs associated with recent and future regulatory changes. The asset-based administration fee will also increase from 0.21% to 0.28%.

As an Industry Super Fund, the costs of operating REI Super are carefully managed. REI Super remains committed to providing you with a value-for-money industry super fund.

reporting period (30 June each year) or at your date of exit from the Fund, and your account includes any employer superannuation guarantee contributions, the Trustee currently applies this requirement to limit the total fees (excluding insurance premiums and taxes) charged to your account to be no more than the investment earnings credited to your account in that period.

## Insurance fees

The cost of insurance premiums is also passed on to members by deduction from their accounts. Please refer to the Fund's [PDS](#) for more details.

## Fee changes

The Trustee has the right to increase fees at any time. You will receive at least 30 days' notice of any increase in fees.

# Financial statements

Net assets: \$859M  
Membership: 31,248

	2012	2011
	\$ ('000)	\$ ('000)
<b>ASSETS</b>		
Investments	836,283	806,679
Cash at bank	9,417	10,413
Sundry debtors	881	619
Tax assets	18,125	17,500
<b>Total Assets</b>	<b>864,706</b>	<b>835,211</b>
<b>LIABILITIES</b>		
Benefits payable	4	34
Sundry creditors	2,440	3,016
Employee benefits	102	99
Provision for income tax	4,305	5,119
<b>Total Liabilities</b>	<b>6,851</b>	<b>8,268</b>
<b>Net Assets Available to Pay Benefits</b>	<b>857,855</b>	<b>826,943</b>
Represented by:		
Liability for Accrued Benefits		
Allocated to Members' Accounts	852,683	819,107
Unallocated Amounts	2,010	5,358
Operational Risk Reserve	3,162	2,478
<b>Liability for Accrued Benefits as at 30 June</b>	<b>857,855</b>	<b>826,943</b>

	2012	2011
	\$ ('000)	\$ ('000)
<b>REVENUE</b>		
Net investment revenue	18,508	74,208
Contributions revenue	87,912	89,591
Transfers from other funds	11,094	17,333
Insurance proceeds	2,130	3,224
Group life rebate	–	–
Other income	1	–
<b>Total Revenue</b>	<b>119,645</b>	<b>184,356</b>
<b>EXPENDITURE</b>		
Contribution surcharge	3	2
Group life and salary continuance premiums	2,488	2,356
General administration expenses	5,166	4,870
<b>Total Expenditure</b>	<b>7,657</b>	<b>7,228</b>
Benefits Accrued as a result of Operations before Income Tax	111,988	177,128
Income Tax Expenses	11,828	17,577
<b>Benefits Accrued as a Result of Operations</b>	<b>100,160</b>	<b>159,551</b>

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



# Legislative changes to super in 2011–12

This is a summary of some of the Federal Government's implemented and proposed changes to Australia's superannuation system announced in 2012.

## Changes to co-contribution scheme

The Government will reduce the matching co-contribution from 1 July 2012 to 50 per cent of the personal contribution (up to a maximum co-contribution of \$500). The maximum co-contribution reduces for incomes over \$31,920, until it ceases when income reaches \$46,920.

## Changes to concessional contributions

The maximum amount that can be contributed via concessional contributions (also known as salary sacrifice) is \$25,000 for 2012-13.

**Important:** This limit includes superannuation guarantee as well as any other employer contributions.

## Introduction of the Low Income Superannuation Contribution

From 1 July 2012, individuals earning up to \$37,000 will receive a refund of contributions tax, to ensure that they will be no worse off when receiving superannuation guarantee contributions from their employer.

The intention is to ensure that any tax deducted from concessional contributions (including personal deductible contributions, salary sacrifice and employer superannuation guarantee contribution) for those earning less than \$37,000 will be returned to their super account.

## Increase in Superannuation Guarantee

From 1 July 2013, the current 9% SG rate will increase to 9.25%, with incremental increases each year, becoming a full 12% in 2019.

Source: [Australian Tax Office](#)

## REI Super supports the Real Estate Institutes and other organisations



# Contact us

**1300 13 44 33**

Between 8.30am – 5.30pm AEST Mon-Fri  
(local call cost within Australia)

The REI Super Helpline can assist with a range of enquiries, including investment choice, insurance options and making contributions. We also have qualified, salaried financial advisers available.

**Web** [reisuper.com.au](http://reisuper.com.au)

**Fax** (03) 9245 5827

**Email** [reisuper@mercero.com](mailto:reisuper@mercero.com)

**Post** REI Super, GPO Box 4303,  
Melbourne VIC 3001

## Change of details?

If you change your mailing and/or email address, you should let us know. You can update your details online. Simply login to your account at [reisuper.com.au](http://reisuper.com.au) or call us on **1300 13 44 33**.

## Protecting your privacy

The Fund holds personal information about you (such as your name, address, date of birth and tax file number) in order to provide your super benefits. This personal information may be disclosed to the Fund's administrators and professional advisers, insurers, Government bodies, employers and other parties.

The Fund has a privacy policy that sets out in more detail the way your personal information is handled. If you would like a copy of the Fund's privacy policy, please contact the Fund's Privacy Officer or see our [website](#).

## If you have a problem

Most queries can be answered over the phone. If you are not satisfied with our response, REI Super has formally established and approved procedures for handling complaints. The procedures provide a mechanism to lodge complaints and to have them answered.

Complaints are preferred in writing and be addressed to:

The Complaints Officer  
REI Super  
GPO Box 4303  
Melbourne VIC 3001

The Complaints Officer will respond to a member's complaint in writing. If a member is not satisfied with the response, or considers that they have been disadvantaged by a decision, they should notify the Fund formally in writing and their letter headed with '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 if they are not satisfied with the response. The Superannuation Complaints Tribunal (SCT) can be contacted on **1300 884 114**.

## Stay in touch



REI Super provides members with up to date details on investment performance, changes to super, tips and strategies on all things 'super' on a regular basis at [reisuper.com.au](http://reisuper.com.au).

Members can register their email address to receive quarterly e-news and updates.

Members can also access a comprehensive range of online tools, calculators and resources, to better understand and manage their super. You can use the website to:

[Access your account online](#)

[Update your personal details](#)

[Apply for insurance online](#)

[Combine your super online](#)

[Make investment switches](#)

[Access online retirement planning, super and pension calculators](#)

[Download forms and publications](#)

[Go to reisuper.com.au](http://reisuper.com.au)

Disclaimer: The information in this annual report is for general information purposes only. It does not take into account your investment objectives, financial situation or specific needs, therefore it doesn't constitute personal advice on investment or financial matters. This information is provided by REI Superannuation Fund Pty Ltd ABN 68 056 044 770, AFSL 240569, RSE L0000314 Trustee of REI Super (ABN 76 641 658 449), SPIN REI0001AU, RSE R1000412. October 2012. REIS 33429