

Annual Report 2014



A home for your super. **REI Super.**



The Property Industry Fund



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Established in 1975, REI Super is the industry super fund for real estate professionals. REI Super manages more than \$1 billion for over 30,000 members and is run only to benefit members.

Highlights

For the year ended 30 June 2014



ASSETS

\$1.12 billion

NET INVESTMENT RETURN

10.65%

Trustee Super Balanced (MySuper)

5-YEAR AVERAGE NET RETURN

9.53%

Trustee Super Balanced (MySuper)

SUPER GROWTH

13.06%

Net return



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 Limited ABN 68 056 044 770, Australian Financial Services Licence No. 240569, SPIN REI0001AU, RSE L0000314, REI Super ABN 76 641 658 449, RSE R1000412, MySuper unique number 76641658449129.

Download the REI Super mobile app!

View your super on the go



NEW!

VOLATILITY

Take the volatility out of your super

Perfect for over 55's

INVESTMENT OPTION **PREMIUM INCOME**



CHAIRMAN'S MESSAGE

Another strong year

10.65% pa

Net return

Trustee Super
Balanced
option

On behalf of REI Super's Board of Trustees I am pleased to present the REI Super Annual Report for 2014.

The Trustee Super Balanced (MySuper) option returned a net return after fees and tax of 10.65% for the year, with a five year average net return of 9.53%, which was well above the five year CPI (inflation) rate of 2.62%; ensuring members' savings are keeping well ahead of inflation, and growing in real terms.

Our Super Growth option achieved 13.06%, Super Stable 6.10% and Super Cash 1.82% net return for the year. Premium Income, launched October 2013, achieved 3.61% net return for the nine months to 30 June 2014.

We are extremely pleased with the performance to date of Premium

“REI Super investment includes a number of commercial properties, ensuring you are invested in property in your superannuation.”

We achieved this strong investment return over the last twelve months with a significant portion of the Trustee Super Balanced (MySuper) portfolio allocated to cash, as a defensive strategy. Between 14 % and 18% of total Fund holdings were in cash at different times over the last financial year, given our concerns as to share market volatility and our reluctance to invest in areas we thought were overvalued or presented higher risk than potential return.

Income. This option is designed to reduce volatility and provide a secure investment for our members aged 55 years and over, entering the draw down phase of the investment cycle.

Solid performance

Our Australian and international shares, as well as our commercial property investments, were major contributors to the solid performance of our portfolio.

Of course, the Fund continues to invest in a portfolio of high quality commercial properties via our holding in the ISPT Trust, ensuring appropriate exposure to this sector.

New Trustee Director

It was with great pleasure that I welcomed Greg Paterson to the REI Super Board of Directors in 2013. Greg replaces John Greig OAM, who stepped down from the Board after 21 years of service. Greg brings a wealth of knowledge as Executive Director of the Real Estate Employers' Federation, and joins a Board of Directors that is committed to providing a superior superannuation fund for our members.

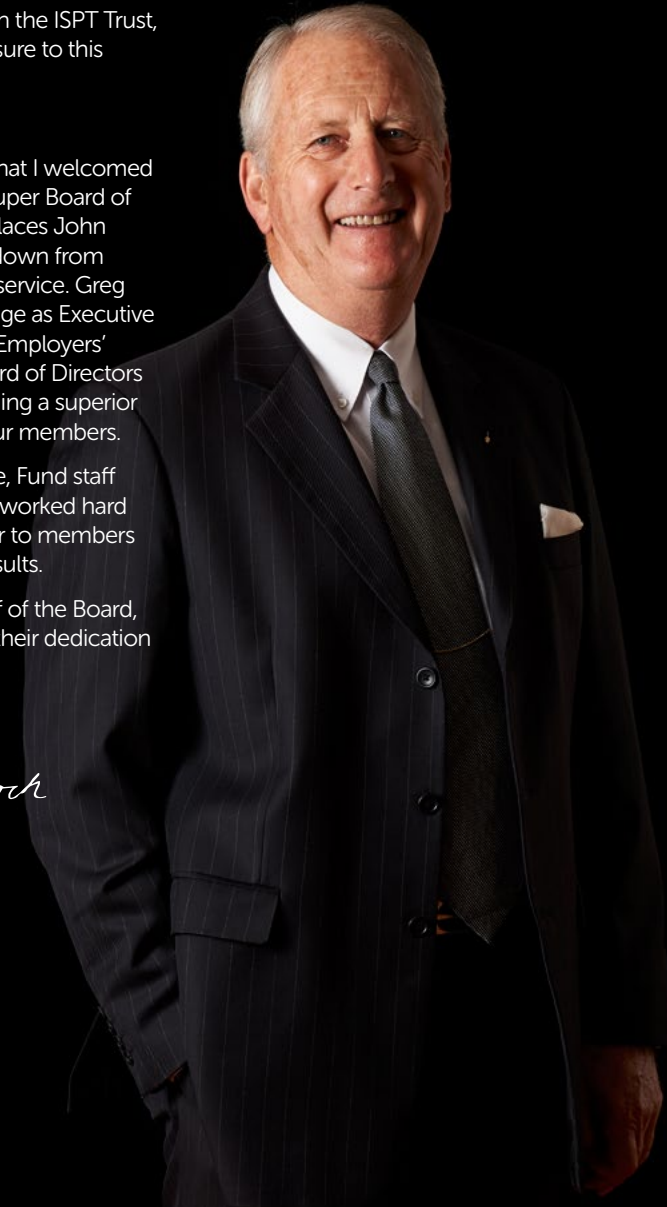
Your Board, Chief Executive, Fund staff and service providers have worked hard over the past year to deliver to members outstanding service and results.

As Chairman and on behalf of the Board, I thank the entire team for their dedication and work.

Yours faithfully



Bill Woolcock
Chairman



Working hard for you.

“Our aim is to take care of your super savings so that when the time comes to access your super, it is a sizeable nest egg.”

New developments and services

REI Super members are now able to access accounts via our mobile app, available in Google Play or the App store. This exciting new initiative will assist members who are on the go, enabling account access no matter where they are.

Enhancements for members

In addition to the introduction of the Premium Income investment option and the mobile phone app, we have been hard at work on improving service capabilities within our Helpline team, with enhanced data processing and management of records, as well as dealing with the introduction of new privacy legislation.

The level of service through our phone-based financial advisers has also increased. Our team of highly trained advisers will assist you with your superannuation questions,

helping to make the most out of your membership. Available to all members without obligation, I encourage you to take advantage of this service.

We trust these enhancements will greatly assist in improving our broader services to our members.

Stronger super

As a result of new regulatory reforms known as 'Stronger Super', a significant part of the year has also been focused on implementing a wide range of reforms behind the scenes.

Whilst we remain committed to keeping our costs low, and ensuring a modern, responsive and streamlined approach is taken in administering your super, these reforms will ensure the industry as a whole meets new standards, providing members with an overall improved superannuation system.

MySuper

MySuper came into effect on 1 January 2014. Employers must use a MySuper authorised fund, such as REI Super, as their default super fund. That is the super fund into which employers make superannuation contributions for staff who have not made a choice of fund.

Well-considered management

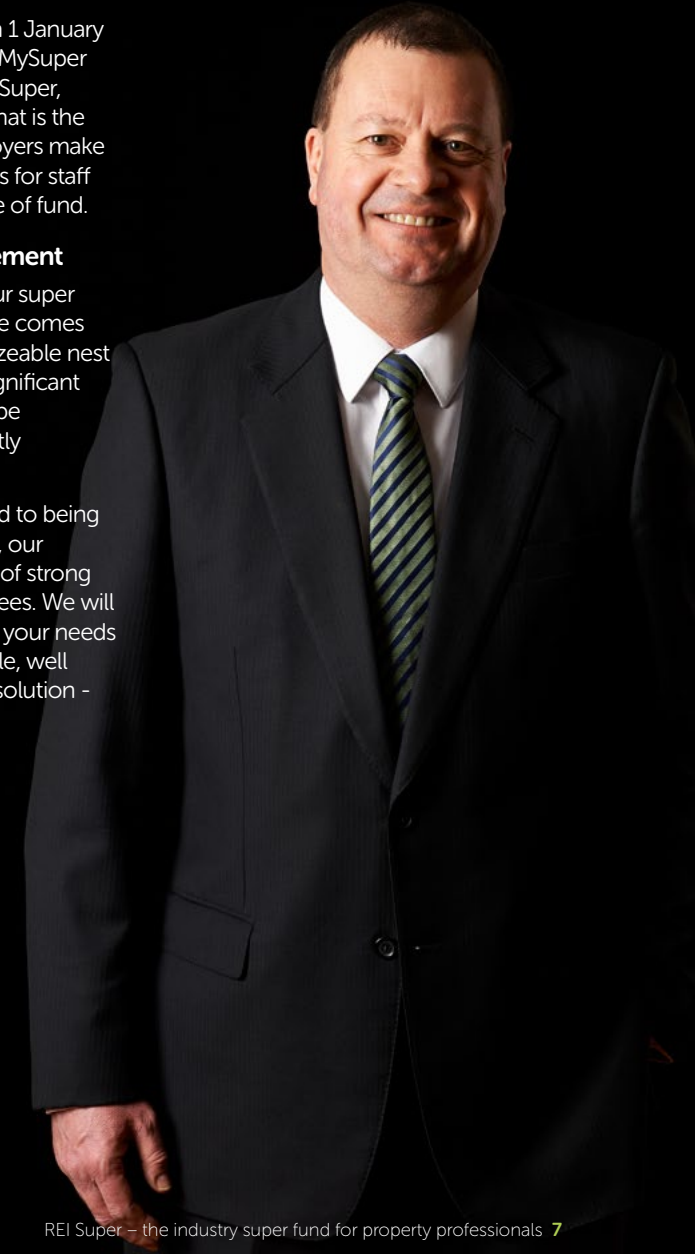
Our aim is to take care of your super savings so that when the time comes to access your super, it is a sizeable nest egg. For one of your most significant assets, the journey needs to be managed cautiously, prudently and without undue risk.

REI Super remains committed to being operated only to benefit you, our members. We have a history of strong investment returns and low fees. We will continue to be responsive to your needs and provide a modern, flexible, well performing superannuation solution - "a home for your super".

Regards,



Mal Smith
Chief Executive



Investment report

REI Super's Trustee Super Balanced option has delivered a strong 10.65%* net return for 2013/14, averaging a 5-year net return of 9.53%*.

Investment strategy and economic environment

Over the past five years, share markets have risen significantly. During this period, for those of you invested in the REI Super Trustee Super Balanced option, your super savings have grown by an average net compound rate of 9.53% per annum over the last five years and 10.65% net over the past year.

Solid returns all-round

This is well ahead of the long-term average returns of most investments, and comfortably ahead of the investment objective set by REI Super at CPI +3%. The longer-term performance of REI Super's default option is shown opposite, as well as the historical annual investment performance for this option. Our long-term Pension returns are also pleasingly strong for members who are invested in this pension option and drawing down on their super.

A changing investment environment

While high investment returns are always welcome, we're now in an environment where financial markets have risen so much that we consider them to be overpriced relative to their underlying value. This means there is the risk of paying too much for assets, which reduces potential to generate positive future growth in returns. It is now a much more difficult investment environment for those investors looking

to allocate savings to good long-term growth opportunities.

Responding to the challenge

In response to this challenging environment, we're being very selective as to the investments we hold. As a result, REI Super held more cash in the investment portfolios than normal (currently around 16% compared to a long-term average of just 5%), and we continue to take a disciplined and focused approach when selecting investments to ensure we meet the objectives.

Should markets continue to move higher, we will remain patient until such time as the opportunities for potential returns in growth assets is high enough to compensate for the risk of loss when investing in these assets classes. Predicting exactly when this will occur is difficult, but patience and discipline will allow us to take advantage as these opportunities eventuate.

In a current environment of uncertainty, with investment markets that are, in our opinion, above fair value, a more defensive positioning of your super portfolio helps protect your capital and deliver on these retirement goals.

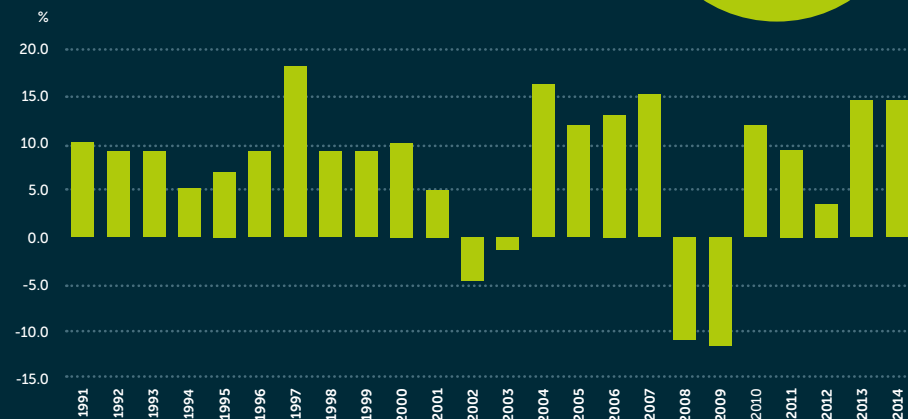
Investment performance

The Trustee Super Balanced (MySuper) option has seen another year of good returns, delivering a net return of 10.65% (net return of 11.97% Pension).

9.53%_{pa}
Average net return
over 5 years

Trustee Super Balanced Option

Net returns to 30 June 2014



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

The portfolio's significant exposure to growth assets (equities and property) has delivered another double digit return. Although the portfolio has been conservatively invested over the period as noted previously, the portfolio's significant exposure to growth assets (equities and property) has delivered another double digit return. Although the portfolio has been conservatively invested, our exposure to global shares, Australian REITs, and unlisted property and alternatives were the main drivers of performance.

The Super Growth option grew by 13.06% (net return) over the year (14.64% net return Pension). The portfolio holds a significantly higher exposure to both equity and property investments (listed and unlisted) which all performed well, driving this strong

growth. The portfolio also holds significant exposure to International shares which was a further contributor to performance.

The Super Stable option net return was 6.10% (7.16% net return Pension) over the last 12 months.

This return reflects the more conservative nature of the strategy, and the option maintains significant exposures to both cash and Australian bonds, both of which generated positive returns.

These are expected to deliver lower total returns than investments such as shares, but importantly can provide more protection from capital loss and deliver superior returns in more difficult markets.

*Net after fees and tax

Investment results

10.65%
pa
Net return
Trustee Super Balanced option

Investment results for year ended 30 June 2014					
Investment option	1 year (%)	3 years (% p.a.)	5 years (% p.a.)	10 years (% p.a.)	Commencement date
REI Super Fund					
Super Growth	13.06	10.31	11.06	5.98	1/7/1998
Trustee Super Balanced	10.65	9.29	9.53	6.09	1/7/1990 [#]
Super Stable	6.10	6.20	6.75	4.72	1/11/2003
Premium Income	3.61*	N/A	N/A	N/A	1/10/2013
Super Cash	1.82	2.90	3.14	4.03	1/7/1998
REI Super Elite					
Australian Shares	14.24	7.75	9.07	N/A	31/7/2006
International Shares	19.15	13.23	12.93	N/A	31/7/2006
Australian Property	11.89	12.99	11.36	N/A	31/7/2006
Global Property	11.78	7.62	13.66	N/A	31/7/2006
Bonds	5.08	6.45	6.95	N/A	31/7/2006
REI Super Pension					
Super Growth	14.64	11.44	12.42	N/A	31/10/2006
Trustee Super Balanced	11.97	10.39	10.72	N/A	31/10/2006
Super Stable	7.16	7.04	7.69	N/A	31/10/2006
Premium Income	4.34*	N/A	N/A	N/A	1/10/2013
Super Cash	2.40	3.28	3.64	N/A	31/10/2006
Australian Shares	16.81	9.64	10.70	N/A	31/10/2006
International Shares	21.35	15.55	15.02	N/A	31/10/2006
Australian Property	13.67	14.85	12.97	N/A	31/10/2006
Global Property	14.13	10.89	17.65	N/A	31/10/2006
Bonds	6.41	7.37	7.95	N/A	31/10/2006

[#] Using comparable investment returns. All returns are quoted net of fees and tax. Past performance is not an indication of future performance.

* 9 months from commencement date

Your super, your choice

Your super is designed to accumulate to support you in retirement. And once retired, you can draw down an income from your investment, with a choice of investment options to suit your circumstances.

How your super is invested can make a big difference in how much you have in retirement. Your choice of fund can impact on your final savings amount through a combination of fees, costs and investment returns.

Smart choice

That's why REI Super is a smart choice: our low fees, long-term investment returns and that we are run only to benefit members and do not pay commissions to financial advisers, means more of your super stays in your account and is invested for your future.

Grow your wealth

Most of us closely monitor the housing market, studying results in our local area to see how much the value of our homes has increased. As super is most likely one of the largest assets you own outright and is now the second largest asset of Australian households* (second only to their home), it is important to check how your super is invested, take advantage of the tax effective ways to grow your super and take control of your savings strategy. Even a small amount regularly added to your employer super contributions can make a huge difference. Super is a long-term investment and the effect of compounding investment returns can boost your super significantly.

*Source: Twenty years of the superannuation guarantee: The verdict Research report for CPA Australia August 2013

Investment leaders

Implemented consulting places responsibility for key day-to-day investment decisions in the hands of full-time investment professionals who are leaders in areas such as asset allocation, portfolio configuration, fund manager selection, investment monitoring and co-ordination.

The Trustee of REI Super has responsibility for monitoring the performance of the Implemented Consultant and to periodically examine alternative providers of such services.

The Trustees of REI Super retain full control over the type and number of investment options offered to members and sets the primary investment objectives for each investment option.

REI Super engages Ibbotson Associates Investment Trusts for almost all of its investments. This arrangement provides access to Ibbotson's best research and analysis, while reducing investment and operational risks. It also provides the Trustee with greater capacity to focus on higher level strategic issues for the benefit of members. Investments are continuously monitored to ensure that all aspects of the implemented investment consulting agreement are fulfilled.

Investment options



REI Super offers you investment options to cater for your own particular investment needs. You can choose how your super is invested from four diversified as well as single sector investment options.

You choose

You can invest in one option or a mixture, depending on your investment needs.

If you don't choose an investment option, your account balance will be invested in the Trustee Super Balanced option. This is known as the MySuper option.

Over 90% of REI Super members are invested in the Trustee Super Balanced option. This portfolio is invested across shares, property securities, unlisted investments, infrastructure, fixed interest securities and alternative investments.

Key attributes

- > Exposure to growth and income assets enhances returns and reduces volatility
- > Inclusion of high conviction managers enhances the investment return profile, by allowing manager skill to significantly contribute to performance
- > Diversified across managers, asset classes and strategies
- > Manager evaluation, selection and portfolio construction to deliver the investment objective maximises the

potential for enhanced long-term portfolio performance

- > Ability to identify exceptional managers throughout the world assisted by Ibbotson's access to global resources.

Understanding investment risk

Each investment option presents a different degree of investment risk (volatility), together with a different likely level of earnings (return) on the investment.

Investment risks include:

- > Changing economic cycles
- > Political events, wars and natural disasters
- > Investment market sentiment
- > Tax and legislation changes
- > Interest rates and currency relativity changes
- > Factors affecting particular industries, companies or securities.

The effects of this volatility on investments may mean that over a period they do not grow and may, in fact, fall in value.

“The new Premium Income option has performed well in its first 9 months, compared to its primary investment objective.”

Historically, growth assets such as Australian and overseas shares and property, carry a higher level of risk (volatility) over the short term, with the likelihood of higher returns over the long-term. None of the investment options is capital guaranteed, and their value may rise and fall.

When choosing your investment option, you may wish to seek professional financial advice as well as considering:

- > The amount of time your money will be invested before you retire
- > The level of investment earnings (return) you are hoping to achieve
- > The level of risk (volatility) that you are comfortable with.

When making investment decisions, the appointed investment managers take into account the expected return and performance of their investments depending on their own investment style.

The managers may, from time to time, consider social, ethical, environmental matters or labour standards of companies within the portfolio, where these may materially impact on the performance.

RISK PROFILE QUIZ

You can self-assess which investment option may be most appropriate using the risk profile quiz at reisuper.com.au, or members can speak to a financial adviser at no cost by calling **1300 13 44 33**.



Investment Managers

as at 30 June 2014

Australian shares:

Allan Gray, Dimensional, Ibbotson High Alpha Trust, JCP Investment Partners, Northcape, Omega, Platypus, Vinva, Zebra

International shares:

Altrinsic, AQR, Axiom, Dimensional, Marathon, Ibbotson International Shares High Opportunities Trust, Sands Capital

Australian property:

Industry Super Property Trust, Omega

Global property:

Omega

Australian bonds:

Omega

International bonds:

Colchester, Omega, BNY Standish

Alternative Investments:

Ibbotson Alpha Strategies Trust, Ibbotson Diversified Alternatives Trust, Ibbotson Global Trading Strategies Trust

Investment mandates terminated for the following investment managers 2013/14:

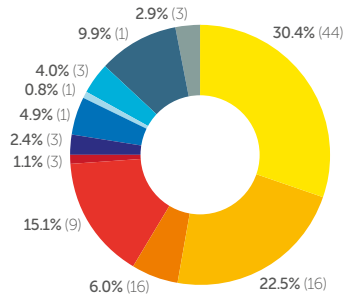
PIMCO, Alternative Beta Partners, Ashmore, Barclays, Barwon, ING Clarion

Investment managers appointed 2013/14:

BNY Standish, Ibbotson Alpha Strategies Trust, Ibbotson Diversified Alternatives Trust, Ibbotson Global Trading Strategies Trust.

Your investment options

With REI Super, you can choose to invest in one, or all of our 5 investment options.



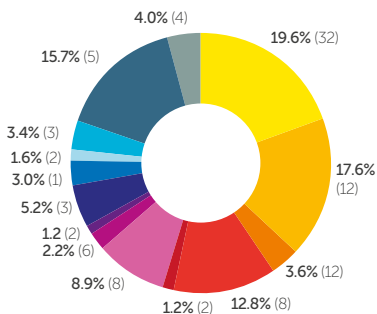
Super Growth

Investment objective:

To earn a rate of return, after tax and fees, that exceeds CPI by at least 4% per annum over rolling 10-year periods.

Risk profile: High

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. However returns will vary, and are expected in some years to be low or negative.



Trustee Super Balanced

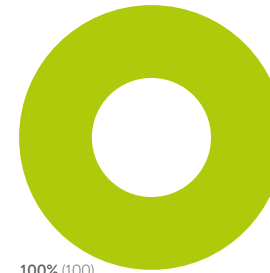
Investment objective:

To earn a rate of return, after tax and fees, that exceeds CPI by at least 3% per annum over rolling 10-year periods.

Risk profile: Medium to High

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.

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.



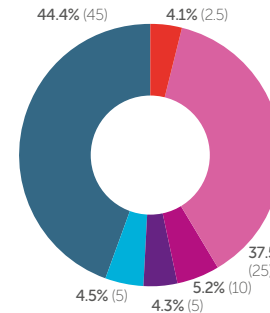
Super Stable

Investment objective:

To earn a rate of return, after tax and fees, that exceeds CPI by at least 1% per annum over rolling 3-year periods.

Risk profile: Low to Medium

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. Returns will vary, and there is 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.



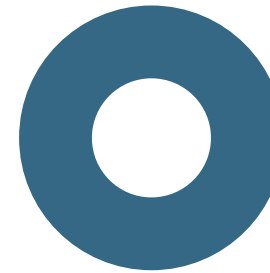
Premium Income

Investment objective:

To generate an income return above the cash rate, deliver an income stream and provide capital growth with a total return objective of CPI +1% over rolling 3-year periods.

Risk profile: Low to medium

The Premium Income investment option is designed to produce a regular and reliable income while preserving the underlying capital (savings) but with a degree of capital growth, ensuring that savings continue to grow in real terms.



Super Cash

Investment objective:

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. To match and, where possible, enhance performance relative to the CPI over rolling 3-year periods.

Risk profile: Very Low

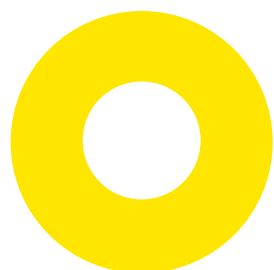
The Super Cash investment option is designed for members who seek a low potential return in exchange for low risk. Returns will be comparatively stable, with only a negligible risk of delivering a negative return in any one year.

Allocations shown above may vary +/- 15% except for Cash which is always 100% and Super Stable where allocation may vary +/- 30%. The figures in brackets show the Fund's neutral or long-term Strategic Asset Allocation position.

- Australian shares
- International property securities
- Inflation linked securities
- Global infrastructure
- International shares (unhedged)
- Property (unlisted)
- Alpha strategies
- Cash
- International shares (hedged)
- Australian bonds
- Global trading strategies
- Conservative growth
- Australian property securities
- International bonds
- Diversified alternatives

Elite investment options

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



100% (100)

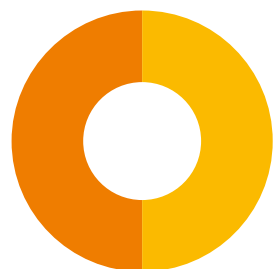
Australian Shares

Investment objective:

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.

Risk profile: High

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.



50.2% (50) 49.8% (50)

International Shares

Investment objective:

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).

Risk profile: High

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.

*Refer to the Elite Product Disclosure Statement for more information available at reisuper.com.au. Allocations shown above are actual asset allocations as at 30 June 2014 and may vary by +/-15%. The figures in brackets show the Fund's neutral or long-term Strategic Asset Allocation position.



100% (100)

Australian Property

Investment objective:

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.

Risk profile: High

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.



100% (100)

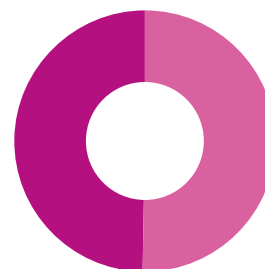
Global Property

Investment objective:

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).

Risk profile: High

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.



49.9% (50) 50.1% (50)

Bonds

Investment objective:

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.

Risk profile: Medium

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.

- Australian shares
- International shares (unhedged)

- International shares (hedged)
- Australian property securities

- International property securities
- Australian bonds
- International bonds

Three simple ways to grow your super

Consolidate your super and save

Do you find it hard to keep track of your super accounts? REI Super can help.

Consolidate your super

There are many benefits to consolidating your super accounts. In addition to making it easier to keep track and reducing your paperwork, you'll also save costs by paying fees on one account.

How to consolidate

There are three easy ways to consolidate your super:

- 1 Use the rollover form at reisuper.com.au
- 2 Login to your account at reisuper.com.au
- 3 Use our online rollover tool at reisuperconsolidation.com.au.

If your other super accounts are in a different surname because you've married or changed your name, you should attach a certified copy of your change of name document.

Then, simply send the completed form to us and we'll do the rest for you.

Great reasons to consolidate into REI Super

- ✓ **Strong investment returns**
- ✓ **One place – one account**
Don't lose it – it's your money!
- ✓ **Avoid multiple fees**
- ✓ **We'll do the work for you**
Contact your other fund, arrange the transfer and send advice when your monies are received.
- ✓ **We don't pay commissions**
If your other funds pay commissions to financial advisers, consolidating into your REI Super account can save you money.



Free super search service

\$18.2 billion! That's the amount of lost super held for just over six million people*.



It's your money

If you've changed jobs, done casual or part-time work, moved house or changed your name, then you could be one of the many Australians who have some lost or ATO-held super waiting to be found.

Finding your money is easy

REI Super offers a **FREE super search service for members.**

Complete a super search form available at reisuper.com.au and we'll conduct biannual searches on your behalf with the ATO to look for your money. *We'll contact you if we locate money on your behalf.*

You can also search for lost or ATO held super yourself using the 'Superseeker' search at ato.gov.au.

In addition there is the AUSfund database for unclaimed super that might also belong to you, found at unclaimedsuper.com.au.

Consolidating your super into your REI Super account is simple.

* Source Australian Tax Office, as at 31 December 2013
www.ato.gov.au/About-ATO/Research-and-statistics/In-detail/Super-statistics/Lost-and-ATO-held-super

Moving on? Stay with us

When you change jobs or even when you change careers, you can keep your REI Super account with you, growing your super savings as you go.

Your insurance cover will remain, your super account will continue to grow and you can keep your super together in one place. If your new job is a step up, be sure to review your insurance cover and adjust to suit your needs.

Your new employer will need your REI Super membership number and may ask for a letter of compliance. Simply go to reisuper.com.au and download the *Choice form* in the 'forms and publications' area.

Tip If you've downloaded the REI Super app your membership details are already on hand with everything you need when changing jobs.



Protect your greatest asset. **You.**



What would happen if you were sick or injured and unable to work?

Insuring through Super

It's easy to overlook one of the most important insurances of all - our income. A significant benefit of your REI Super membership is our cost-effective personal insurance - Death, Total and Permanent Disablement, or Salary Continuance.

Secure your income and provide for your family

Personal insurance through REI Super makes great sense and offers exceptional cover with low premiums, possible only through our determination to get the best protection for you.

Some personal insurance is automatically included as standard for eligible members. There is also the option of applying to increase your cover as your life events and financial commitments change.

Uniquely tailored for real estate professionals

Our tailored cover includes commission income, wages and salaries, as well as director's duties and fees, so that at every step in your real estate career and for every type of role, we have the cover to suit your needs.

Super help

Contact our Helpline on **1300 13 44 33** for any assistance you need, or you can refer to the *Insurance Guide* available at reisuper.com.au/pds.



SUPER INSURANCE BENEFITS



Super affordable

Premiums are paid from your super account and not your pocket, making it simple as well as affordable.



Easy to insure

You can apply online anytime to adjust your cover or add Salary Continuance at up to 85% of your income including commission*. It takes less than 10 minutes.



We don't pay commissions

As an industry super fund, we don't pay commissions to insurance companies, agents or financial advisers, making our premiums even more cost effective.

*Refer to the REI Super Insurance Guide at reisuper.com.au/pds. Includes 10% compulsory employer SG contributions.

CO-CONTRIBUTION PAYMENTS

Let the government boost your super!

How much of a boost could you get?



■ Required contribution ■ Maximum government co-contribution
Thresholds apply for the 2014-15 financial year. For information on the thresholds for the 2014-15 year check with the ATO.

The government will top up your after-tax personal super contribution through its co-contribution scheme.

If you earn under \$34,488 a year and contribute up to \$1,000, the government will top up your personal contribution by up to \$500.

Payments taper off until earnings reach \$49,488 a year. If you qualify, your co-contribution will automatically be paid into your REI Super account when your annual tax return is assessed.

Hundreds and thousands

Hundreds can become thousands of dollars when invested over the long-term, thanks to the wonder of compound interest and super as a tax

effective investment vehicle, coupled with REI Super's strong long-term investment returns.

Adding to your super is simple

Before-tax contributions

Adding to your super by salary sacrificing can mean tax savings as you pay only 15% contribution tax instead of your marginal tax rate, which can be up to 45%. You can save tax when money goes into super, and withdrawals after age 60 are tax-free. To make before-tax contributions, you'll need to ask your employer to set it up via payroll

deduction. You can do this on a regular basis or ad hoc, if you receive a large commission payment.

Annual limits apply to concessional contributions, which include salary sacrifice, SG contributions and other employer contributions.

Remember, all members can speak to a financial adviser at no cost about making personal contributions.

After-tax contributions

To make regular after-tax contributions, you can make a contribution via BPAY, direct debit arrangement or ask your employer to deduct them from your pay.

If you would like to make a lump sum contribution you can do so via BPAY or cheque. Annual limits apply.

Refer to the legislative updates section of this report for details on before and after-tax contributions.

Super help

If you need advice about extra contributions, you can call our Helpline at no cost or obligation on **1300 13 44 33**.



Two great options.

Benefits of a REI Super Pension

- ✓ No fee to open an account
- ✓ Low ongoing fees and no commissions
- ✓ Tax free investment earnings
- ✓ Tax free lump sum withdrawals after age 60[^]
- ✓ Flexible investment options
- ✓ Choose your payment amounts and frequency*
- ✓ Access to member benefits throughout retirement

*Subject to statutory minimum draw down thresholds
[^]Lump-sum withdrawals are not applicable for Transition to Retirement members

REI SUPER PENSION

Retiring? Enjoy a regular, secure income with tax-free earnings, giving your super additional time to grow.

Secure and regular income

With the REI Super Pension, you get a secure, regular income, all the benefits of flexible investment options to suit your changing needs, low fees and ongoing financial advice and assistance.

You can have flexible investment options to suit your retirement investment needs, and access to retirement planning services.

Receive regular payments

With REI Super you can remain a member for life.

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

Conditions apply to accessing your super and you should speak to a REI Super financial adviser to discuss your personal situation.

TRANSITION TO RETIREMENT

REI Super members can use a Transition to Retirement (TTR) strategy to provide flexibility and ease into retirement.

TTR allows you to roll some or all of your super into a REI Super Pension account and draw down as a pension to supplement your income.

You can use this strategy in two ways:

- › Reduce your working hours and use regular Super Pension payments to supplement your income
- › Continue working full time, whilst salary sacrificing into your super.

For some, this can be a more tax-effective way to boost super because it can often reduce income tax and result

in a higher amount saved into your super account.

Depending upon your needs and circumstances, there is a range of investment options to choose from with varying strategies around risk and returns, capital preservation and volatility. Options such as Premium Income, designed specifically for members aged over 55, provide for capital protection of your underlying balance whilst providing for regular income to draw down on, maximising the life span of your super savings.

More on Pension? Download the PDS at reisuper.com.au or call 1300 13 44 33

More on TTR? Call 1300 13 44 33 to speak to an adviser.

Managing your Fund

REI Super's Board of Directors as at 30 June 2014



Bill Woolcock
Independent Chairman
Investment Review Committee,
Marketing Committee,
Remuneration Committee

Michael Kumm
Member Elected Director
Administration Committee,
Death & Disablement Claims Committee,
Investment Review Committee, Governance Committee, Remuneration Committee



Neville Pozzi
Member Elected Director
Administration Committee,
Marketing Committee,
Remuneration Committee

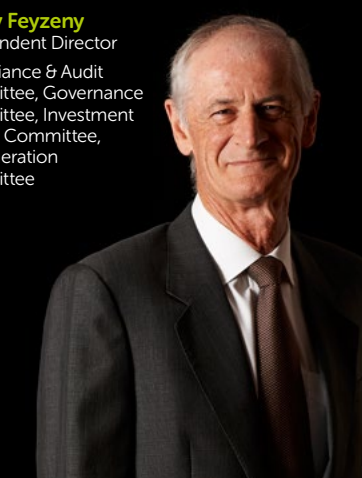


Greg Paterson
Member Elected Director
Compliance & Audit Committee, Investment Review Committee,
Marketing Committee,
Remuneration Committee

John Bailey
Member Elected Director
Compliance & Audit Committee
Governance Committee,
Marketing Committee,
Remuneration Committee



Emery Feyzeny
Independent Director
Compliance & Audit Committee, Governance Committee, Investment Review Committee,
Remuneration Committee



Ian Armstrong
Member Elected Director
Compliance & Audit Committee,
Investment Review Committee,
Remuneration Committee



Jonathan Blocksidge
Member Elected Director
Administration Committee,
Compliance & Audit Committee,
Death & Disablement Claims Committee,
Remuneration Committee



Helen Cunningham
Member Elected Director
Administration Committee,
Death & Disablement Claims Committee,
Governance Committee,
Marketing Committee,
Remuneration Committee



Beth Stratfold
Member Elected Director
Compliance & Audit Committee,
Marketing Committee,
Remuneration Committee



Directors' and Chairman's remuneration*

	2013-14	2012-13
\$0-24,999	0	0
\$25,000-49,999	9	9
\$50,000-74,999	0	0
\$75,000-100,000	1	1

*These amounts are benchmarked against suitable industry comparisons.

Directors' and Chairman's attendance

There were 4 board meetings held during the year. Listed below are the number of board meetings and committee meetings attended by each Director and the Chairman for the year.

Director	Board meetings	Compliance and Audit committee	Remuneration committee
Bill Woolcock	4/4	-	2/2
Ian Armstrong	3/4	3/4	2/2
John Bailey	4/4	4/4	2/2
Jonathan Blocksidge	4/4	4/4	2/2
Michael Kumm	4/4	-	2/2
Helen Cunningham	1/4	-	1/2
Greg Paterson*	2/4	2/4	1/2
John Greig*	2/4	2/4	1/2
Neville Pozzi	4/4	-	2/2
Emery Feyzeny	4/4	4/4	2/2
Beth Stratfold	4/4	4/4	2/2

*John Greig retired as Director 30 November 2013. Greg Paterson was appointed 1 December 2013.

The Trustee is responsible for the management of the Fund and for ensuring that the Fund is managed in accordance with the Trust Deed and the Superannuation Industry (Supervision) Act 1993 and Regulations. There are strict internal and government controls over the operation of REI Super. You can view the Trust Deed at reisuper.com.au/governance. At REI Super we are committed to Fund Governance, compliance and risk management. Our policies, processes and procedures reflect this commitment. You can view these at reisuper.com.au/governance. The Board has established six committees to assist in the oversight of the various functions and

operations of the Fund. All six committees report through to the Board. Directors are required to meet a minimum training standard within 12 months of joining the Board and annually complete a minimum of 20 hours of training. The Trustee has a conflicts management framework to ensure it identifies and takes all reasonably practicable actions to avoid, or manage, all potential and actual conflicts in its business operations. The policy is available at reisuper.com.au/governance. A Register of Relevant Interests and Duties is maintained and is available on the website. The Trustee holds indemnity insurance to protect the Fund from the costs involved in legal actions.



REI Super offers seminars, phone-based financial advisers, web resources, and in-person appointments for members.

Financial advice

Getting the right advice

Planning your wealth creation, and later your retirement, is essential. Who you rely on to advise and assist is a matter of importance. You don't want to be 'sold' a bunch of wealth creation ideas or take undue risk with your life savings during your post-work years.

Part of your membership with REI Super includes services to help you make important decisions and have advice from advisers who don't receive commissions, no matter the decision you make.

REI Super offers seminars, phone-based financial advisers, web resources, and in person appointments.

Still working?

If you're thinking about making additional contributions, learning more about your investment options, considering insurance, opening a spouse account or interested in Transition to Retirement, then you can speak to a financial adviser over the phone, attend a seminar or utilise the online resources available at reisuper.com.au.

In addition members can make face to face appointments with a financial adviser.

Retiring?

When considering whether to withdraw a lump sum, open a REI Super Pension account and start receiving a regular income from your super investment, or wondering about planning for your future retirement, you should take advantage of the financial services available to REI Super members.

There are no fees to open a REI Super Pension account and with the average Australian living for more than 20 years after retirement, and many over 30, you can't afford to be without the right advice.

You can speak to a financial adviser at no cost or obligation over the phone. Our financial advisers are salaried and fully qualified. They don't sell products and they don't earn commissions. This means you will get the information, answers and assistance you need.

There are also a range of tools and resources online.

Need financial advice?

Call REI Super on **1300 13 44 33** or visit reisuper.com.au.



Informative seminars

If you prefer, you can attend a seminar held in various locations across Australia. Topics covering planning for retirement, managing your finances in retirement, aged care planning for yourself or loved ones, as well as other seminars to suit every stage of your life.



Face to face financial advice

If you would prefer a little more guidance, then you can meet a financial adviser face to face. As our financial advisers do not earn commissions,

**“...our financial advisers do not earn commissions...
Your initial appointment is at no cost.”**

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

there is a fee for this service based on the time and complexity of your affairs. Your initial appointment is at no cost, and from there our advisers can work out what your needs are, the scope of the advice required and provide a quote. This is a more detailed process for those who would like someone to map out their financial future.

Find out more

If you have questions about your investment options, accessing your super, understanding super or your REI Super Pension, or details on how beneficiaries are treated, you can simply call us on **1300 13 44 33** or visit reisuper.com.au.

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 reisuper.com.au/pds for more information.

Investment fees

Investment fees apply when contributions are made, when transfers are received, or when you switch from one investment option to another.

The investment fees are 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 investment fees applicable to each investment option are shown in the following table. This fee is additional to the fees and costs detailed in the Fees table.

Investment fees:

Super Growth	0.56%-0.66% (56-66 basis points)
Trustee Super Balanced	0.40% (40-47 basis points)
Super Stable	0.31%-0.35% (31-35 basis points)
Super Cash	0.13% (13 basis points)
Australian Shares	0.46% (46 basis points)
International Shares	0.59% (59 basis points)
Australian Property	0.15% (15 basis points)
Global Property	0.71% (71 basis points)
Bonds	0.31% (31 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 2013/14 was \$22.2 million (2012/13: \$22.6 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 approximately \$168,000 in fees to APRA.

The Trustee estimates that the cost of complying with the Government’s *Stronger Super* measures (internal and external costs) was in the order of over \$300,000 during the 2013/14 financial year.

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: \$1.120b
Membership: 31,080

	2014	2013
	\$ ('000)	\$ ('000)
ASSETS		
Investments	1,114,620	980,381
Cash at bank	15,483	9,806
Sundry debtors	894	745
Tax assets	392	7,395
Total Assets	1,131,344	998,327
LIABILITIES		
Amounts payable	1,586	-
Sundry creditors	1,988	1,351
Employee benefits	110	117
Provision for income tax	6,909	4,205
Total Liabilities	10,539	5,673
Net Assets Available to Pay Benefits	1,120,751	992,654
Represented by:		
Liability for Accrued Benefits		
Allocated to Members' Accounts	1,108,573	986,466
Unallocated Amounts	9,372	3,652
Operational Risk Reserve	2,806	2,536
Liability for Accrued Benefits as at 30 June 2014	1,120,751	992,654

	2014	2013
	\$ ('000)	\$ ('000)
REVENUE		
Net investment revenue	119,933	136,305
Contributions revenue	102,084	89,309
Transfers from other funds	31,476	16,148
Insurance proceeds	5,934	2,995
Group life rebate	-	-
Other income	6	2
Total Revenue	259,433	244,759
EXPENDITURE		
Contribution surcharge	7	1
Group life and salary continuance premiums	4,378	4,461
General administration expenses	6,202	5,220
Total Expenditure	10,587	9,682
Benefits Accrued as a result of Operations before Income Tax	248,846	235,077
Income Tax Expenses	22,214	22,562
Benefits Accrued as a Result of Operations	226,632	212,515

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

2014 Legislative changes to super

Some of the changes to super in 2014

Increase to Superannuation Guarantee (SG)

From 1 July 2014, the compulsory SG rate increased from 9.25% to 9.5%.

Low Income Superannuation Guarantee (LISC)

LISC is a government superannuation payment of up to \$500 for low-income earners. If you earn \$37,000 or less a year, you may be eligible to receive a LISC payment directly into your super account. The Federal Government has proposed repealing the LISC in the 2014/15 Federal budget.

Concessional Contribution Limit

For the 2014/15 financial year, the concessional contribution cap increased to \$30,000 (\$35,000 for those aged 49 and over).

Non concessional contribution limit

For the 2014/15 financial year, the non-concessional contribution cap increases to \$180,000 with the bring-forward rule (3 years) increasing to \$540,000.

Maximum superannuation contribution base for SG purposes

For the 2014/15 financial year, the quarterly amount is \$49,430 and \$197,720 annualised.

Government Co-Contribution Scheme

For the 2014/15 financial year, the lower income threshold changed from \$33,516 to \$34,488 and the upper income threshold increased from \$48,516 to \$49,488. The maximum contribution amount of \$1,000 and maximum matching rate of 50% remain unchanged.

Refund of excess concessional contributions

If you exceed the concessional contribution cap from 1 July 2013 onwards, the Federal Government allows you to withdraw any excess concessional contributions from your super account. These will then be taxed at your marginal tax rate plus an interest charge.

MySuper

From 1 January 2014, employers must only use a MySuper authorised super fund when making contributions for staff who do not make a choice of fund. REI Super is MySuper authorised.

Contact us

1300 13 44 33

Between 8:30am and 7:00 pm (AEST)
Mon-Fri (local call cost within Australia)

reisuper.com.au

GPO Box 4303, Melbourne VIC 3001

Fax (03) 9245 5827

Online enquiry form

reisuper.com.au/contact

Join

To join REI Super download the PDS with *Membership Application form* at reisuper.com.au/pds or call us on **1300 13 44 33** to request a copy to be sent by post.

Register as an employer

To register and offer REI Super to your staff, as well as access our free clearing house, download an *Employer Application Form* at reisuper.com.au or call **1300 13 44 33** to request a copy.

Change of details

You can update your details online. Access your account at reisuper.com.au or call **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 which can be viewed at reisuper.com.au.

Problem?

Most queries can be answered over the phone. If you are not satisfied with our response, REI Super has a formal complaints handling procedure. This procedure provides a mechanism to lodge complaints and to have them answered. Details of how to lodge a complaint and where to send this to are available at reisuper.com.au/members/dispute-resolution.

REI Super supports Real Estate Institutes and other organisations



Contact us.

Visit reisuper.com.au or call **1300 13 44 33**

✉ admin@reisuper.com.au  facebook.com/reisuper



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