

REI Super Pension Bulletin 2024

From your Industry Super Fund

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Putting our members first

As I complete my fifth year as CEO of your fund, I reflect back on the past year and the ongoing economic, political and financial uncertainty facing us all.



Rising inflation and increased interest rates have led to increasing costs of living for most Australians and volatility in financial markets. Ongoing conflict in the Middle East and the Ukraine and the forthcoming US election continue to generate significant geopolitical instability. Against this backdrop of ongoing uncertainty, it is important to remember that superannuation is a long-term strategy to fund your retirement.

Despite this challenging environment, I am pleased to report that our Balanced (MySuper) investment option achieved a net investment return of 9.34% for the financial year ended 30 June 2024 which follows 9.45% for the prior year. Our Balanced product is a diversified investment option that invests mainly in growth assets with some interest-bearing defensive assets. It has potential for high returns over time due to the significant proportion of

growth assets – Australian shares, International shares, Global property securities, Unlisted property, Global listed Infrastructure and Unlisted Infrastructure.

I am also pleased to report that our Growth investment option achieved a net investment return of 12.80% for the financial year ended 30 June 2024, which follows 13.77% for the prior year. Our Growth product invests mainly in growth assets with limited defensive assets.

These returns show that we are big enough to perform and small enough to care about maximising the retirement savings of every one of our members. As well as good returns and competitive costs, we have demonstrated performance in delivering personalised service and in-house advice which is available to all members.

We continue to provide members with strong, long-term investment returns with the Balanced investment option achieving average net investment returns of 6.69% per annum over 10 years.

Disclaimer: Future investment performance can vary from past performance, and you should not base your decision to invest in REI Super simply on past performance.

'Our MySuper Balanced option achieved a net investment return of 9.34% for the financial year ended 30 June 2024.'

Investing in Infrastructure and Healthcare

Over the course of the year, we progressively increased the percentage of funds under management in Infrastructure assets via the Igneo Global Diversified Infrastructure Fund and the IFM International Infrastructure Wholesale Fund. These infrastructure investments – airports, train lines, toll roads, energy pipelines, utilities and seaports – will provide members with exposure to long-term, consistent income producing assets whose underlying valuations are not subject to the same short-term volatility as global equity markets.

We also progressively increased the percentage of funds under management in the healthcare sector via the Australian Unity Healthcare Property Trust. This investment, in a diversified portfolio of healthcare assets provides members with exposure to long-term, consistent income producing assets with a longer-term opportunity for capital growth

as the Australian population continues to age. During the year we progressively invested a percentage of funds under management in Private Credit assets for the first time, investing funds in the Revolution Private Debt Fund II and the IFM APAC Private Debt Fund. These new investments, in a fast-growing asset class – secured loans within private companies and leveraged buyout debt, public and private asset-back securities, and real estate debt – will provide members with exposure to long-term, consistent income producing assets whose underlying valuations are not subject to the same short-term volatility as global equity markets.

Government changes to the superannuation rules

From 1 July 2024, the superannuation guarantee contribution rate increased from 11.0% to 11.5%. It will further increase by 0.50% on 1 July 2025 when it reaches the legislated maximum of 12.0%.

On 28 February 2023, the Government announced its intention to legislate an additional tax of 15% on the earnings of superannuation funds with balances over \$3M, resulting in a doubling of the current concessional tax rate from 15% to 30%. The new tax will apply to unrealised gains in a superannuation fund and the \$3M member super fund threshold will not be indexed. This potentially creates significant problems for self-managed super funds with large illiquid property assets. The stated commencement date of the tax is 1 July 2025, with the first key date being 30 June 2026, which is the first time superannuation fund balances would be aggregated and tested against the \$3M threshold. This new tax has been consulted on and is now subject to the Parliamentary process.

Financial advice for members

To significantly improve the experience of our members, we have continued to expand our in-house financial advice capability.

Continued on next page.

From December 2023, our members have had access to full comprehensive financial advice as well as intrafund advice. The number of members meeting with our in-house senior financial planner has been pleasing and the feedback has been very positive.

Enhanced services for members

During the year, we introduced a new automated journey for members transitioning from accumulation phase to pension phase and we introduced a new SMS functionality to notify members, confirm transactions on members' accounts, and to increase the security of members' accounts.

We introduced and rolled out MetLife 360Health, in partnership with our insurer, offering our members access to a range of mental health support, expert medical opinions, clinician support and nutrition, fitness and recovery support via online or App, at any time, in any global location. I am pleased to advise that our insurer MetLife won the Money Magazine 2024 Award for Health and Wellness Cover of the Year.

Finally, we included a new chatbot functionality on our website to assist members and employers requiring immediate advice and support.

Looking forward

REI Super has a long rich history as the super fund for the Real Estate Industry over 49 years. We are proud of our unconflicted governance model which combines independent, and member-elected directors, all focussed solely on outcomes for members. We acknowledge the significant contribution that our industry makes to the economic life of the nation and are passionate about representing your views at both a State and Federal level.

On 1 July, we introduced a new Growth Plus option. This option invests almost entirely in growth assets with minimal defensive assets, and has the potential for the highest returns out of REI Super's investment options over its investment time horizon.

Over the next twelve months you will see:

- New website functionality to better inform and support our members and employers;
- The release of a series of podcasts and webinars on the value of financial advice to provide richer information, education and guidance for our members;

- An enhanced offering for our members transitioning to retirement and in retirement, including the introduction of a new longevity investment product for our members;
- The strengthening of relationships with both the real estate Institutes and the large franchise groups to make super easy to administer.

Thank you

I would like to thank all our members and their employers for their continued support and contribution to the Fund.

We acknowledge how important our industry is to the broader Australian economy and to the lives of everyday Australians. Thank you also to the Board of Trustees and the Trustee team for their continued focus on our members, who are at the heart of everything we do.

Yours sincerely,

Jarrold Coysh

Chief Executive Officer

Financial advice insights

The earlier you engage with super, the more you'll have when you need it.

Nick Phillips is a Senior Financial Planner at REI Super and an excellent communicator. He has a way of explaining complex financial concepts and strategies in a simple, easily digestible way, helping us to understand what we can do to maximise our super outcome.

He highlights how much better off you could be if you got involved with your super as early as possible.

'I recognise there are barriers for young people in particular, when it comes to engaging with super – fear, through lack of knowledge and not knowing where or when to start is one of them. Time to retirement is another – it can be decades away, and super could seem like something for later in life.' Nick says.

'Take the time to go online at reisuper.com.au and have a look around – there's a wealth of information available, or call us on **1300 1344 33** for over the phone super advice. It's free, and it can make a big difference to your super outcome.

'There are also other ways you can benefit from super now and improve your super balance significantly, other than just adding money.'

First steps

'The most important thing anyone can do with their super is get their investment strategy right early. This largely involves understanding risk over time.

'An example I use, is one about saving for the future. Using a supermarket example for investing, where your favourite brand of toilet paper is on sale at 50% off – would you just buy enough for the week, or would you take advantage of the sale and stock up, knowing it was not going to last?'

'The share market is like that. Over 30–40 years the share market has many "sales", where share prices rise and fall, with headlines like "\$50 Billion lost in the market today". That's where REI Super's investment team go to work on your behalf. If they see a "Bank's 50% off" scenario – they take advantage and stock up. When banks go back up in value, you benefit.

'Appetite for risk and trust in your fund's investment management are key. Take too little risk and you risk being left behind. Using another shopping example, twenty years ago, my weekly shop was under \$100 – today it's over \$300 – that's inflation. If I'd buried \$100 twenty years ago and dug it up today, it would still only be \$100, although what it buys today is significantly less than before. Our money has to grow and exceed inflation

Nick Phillips Senior Financial Planner, REI Super

if we are to get ahead - take no risks and you go backwards.'

Benefitting from super today

'Particularly for younger members super has a number of valuable benefits you can access right away. Low Cost income protection insurance and Total and Permanent Disability "TPD" insurance for a start. To find out more, visit reisuper.com.au/home/insurance

Save faster for your first home

The First Home Super Saver (FHSS) scheme introduced by the government allows you to save money for your first home inside super. To find out more about this great opportunity, visit reisuper.com.au/fhss

Medical advice with MetLife 360Health

As an REI Super member, you automatically have access to virtual medical advice for you, your partner, children, parents and parents-in-law at no additional cost. Find out more at reisuper.com.au/wellbeing

Disclaimer: Financial advice about your superannuation is offered under the Australian Financial Services Licence (AFSL) held by a third party authorised to provide financial product advice, and not by REI Superannuation Fund Pty Ltd. The financial advice will be provided by one of our employees, who are Authorised Representatives of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL/ACL#420367.



Strong option performance

Balanced (MySuper): 9.34%

Balanced Pension: 10.22%

Growth Pension: 13.90%

Investment update

REI Super delivers strong investment results in 2023/24

For the 12 months to 30 June 2024, our Balanced (MySuper) investment option achieved a net investment return of 9.34%. This result was driven by REI Super's higher exposure to domestic and international shares, which both performed strongly, combined with a lower exposure to unlisted property.

This is a very good result compared to a lot of other funds, big and small. Similarly, the Balanced Pension investment option achieved a net investment return of 10.22%. Over the same period, our Growth investment option achieved a net investment return of 12.80% also driven by the option's higher exposure to strong performing listed assets.

This is an excellent result.

Average annual net investment returns over the past 10 years

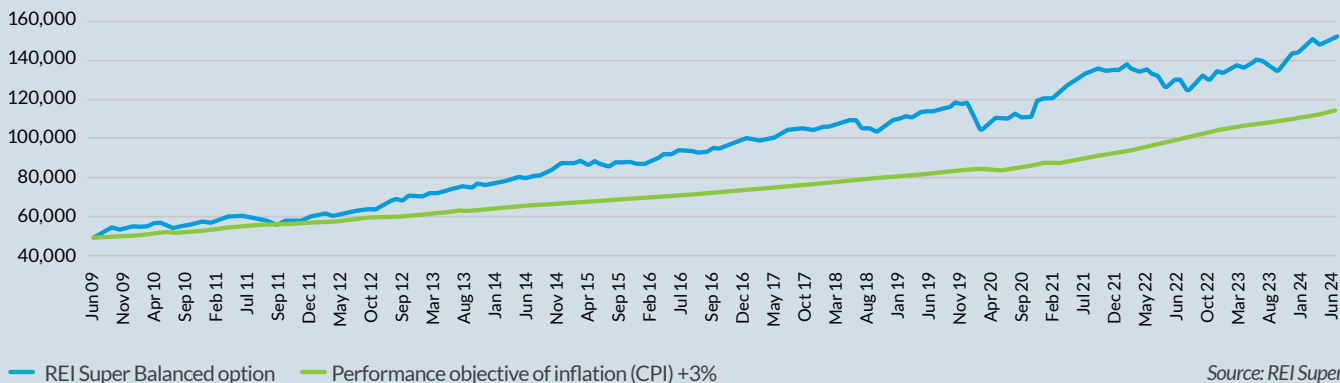
The Balanced investment option invests mainly in growth assets with some interest-bearing defensive assets. It has the potential for high returns – demonstrated by the 20.0% net investment return for the 12 months ended 30 June 2021. It is important to remember that the core fundamentals of superannuation remain the same – long-term real growth, and this reinforces the need to focus on long-term investment strategy and objectives.

The Balanced investment option has a performance objective of returning at least CPI plus 3% per annum over 10 years.

REI Super continues to provide members with strong, long-term investment returns, with the Balanced investment option achieving average net investment returns of 6.69% per annum over 10 years.

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How the Balanced (MySuper) option has performed against its objective (Value of \$50,000 over 15 years)



Source: REI Super.

Note: Benefits shown in the graph are net of investment fees and tax and expressed in today's dollars. No contributions paid in and no benefits paid out. Future investment performance can vary from past performance, and you should not base your decision to invest in REI Super simply on past performance. Past earning rates are not an indicator of future earning rates. Investment returns of less than one year should not be relied upon as any guide to future performance. The investment returns of REI Super are not guaranteed, and the value of the investment may rise or fall.

Legislative update

There are a number of positive changes to super commencing 1 July 2024, namely increases to employer contributions in the Super Guarantee (SG) and raised contribution caps.

These increases follow on from important changes over the last two years which include incremental increases in SG, increased withdrawal limits for the First Home Super Saver (FHSS) scheme, a reduction in the age limit for downsizer contributions and the removal of the \$450 per month threshold so that employers now pay SG on all eligible earnings.

Further increases to the Super Guarantee

On 1 July 2024 the Super Guarantee increased to 11.5% from 11.0% and will increase again on 1 July 2025 to reach the government's planned objective of 12%.

While these may seem like small amounts they will have a big impact over time on your final balance with investment earnings compounding each year and the tax concessions applied to super.

It's a good idea to go online occasionally to check on your super, see how investments



are performing, check that employer payments are made and that they are correct. Stay up to date, login here reisuper.com.au

Contribution cap increases

Contribution caps are the maximum amount of money you can contribute to super without paying additional tax.

Employer contributions and salary sacrificed amounts (amounts you arrange with your employer to take out before tax and pay to super) are known as concessional caps. With concessional caps you only pay 15% tax instead of your personal income tax rate which can be significantly higher. More

money for you and much more for your future.

As of 1 July 2024, the concessional cap increased to \$30,000 pa.

Non-concessional caps are amounts you can pay into super from money that you have that tax has been paid. This can be from savings, an inheritance or windfall of some kind.

As of 1 July 2024, this is now \$120,000 pa.

Bring forward and carry forward rules in super allow for additional amounts to be contributed above the amounts shown above in certain circumstances. To find out more about voluntary contributions go to reisuper.com.au/extra-contributions

Proposed changes

There are a number of changes to Super proposed in the May 2024 federal budget that will take effect in coming years.

On 1 July 2025, there will be a further increase to the Super Guarantee to 12%

and superannuation will be applied to the Commonwealth's Parental Leave Pay Scheme to help close the gender pay gap and increase the balances for women in retirement.

On 1 July 2026, 'Pay Day' superannuation payments will become compulsory. This measure will benefit members in a number of ways, with higher returns on more frequent contributions and make it easier to keep track of payments being made.

The information contained in this article does not constitute financial product advice. REI Super does not give any warranty to the accuracy, completeness or currency of the information provided. Although REI Super makes every reasonable effort to maintain current and accurate information, you should be aware that there is still the possibility of inadvertent errors and technical inaccuracies.

Expert medical support for you and your family at no additional cost

As an REI Super member, you automatically have access to virtual medical advice and support from the comfort of your own home. This service is also extended to your family, including your partner, children, parents and parents-in-law. This award-winning, confidential health service is without any additional costs.

Get access to expert knowledge and medical support to help improve your healthspan:

- Support to help you stay healthy, even when you are well
- Tools and services for when you're becoming unwell
- Support and recovery services during your claims process for when you need more than just financial support

Whatever stage of your health journey you're at, and whatever support you need, MetLife 360Health has you covered.

Find out more reisuper.com.au/wellbeing

Disclaimer: The information about MetLife products and services does not constitute financial, health or medical advice on the part of the 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.



Life 12 months on from retirement

This year we thought we would revisit Jan who featured in our Bulletin last year, to see how life was 12 months on from retirement. See how she has adjusted, how or if life had changed, and whether the plans she made are panning out.

Life has really changed

They certainly have. When we spoke with Jan last, she was just beginning to get used to the lack of structure in her day. Now that there wasn't the regimen of work, she was wondering how she would fill her time productively.

'Well, the truth is I really don't know how I found the time to work before (a little tongue in cheek I think). I have so much going on in my life! I have joined the throngs of "busy" retirees – my diary is full of appointments – some social, some fitness related, some health related and some dedicated to my elderly mother.

'I try to keep a balance, because if I don't look after my mental and physical health, I won't be there for the loved ones who need me.

'I have a large house to maintain, which has got me thinking about downsizing. That would be a nice boost to my super too – however, I love my neighbourhood, so I'll stay here for a few more years yet if I can manage.'

Disclaimer: Jan is a member of REI Super and is not authorised to provide advice on superannuation.

Jan Tuckwell
Recently retired member

'Get professional advice with REI Super.'

What about travel?

'Travel has always been on my agenda, but as I said last year, it can be very expensive and a bit daunting as a single person. This year, I had a short trip over to New Zealand, then on to Rarotonga for a wonderful "girls' trip" with 7 female friends before returning via New Zealand. Having an elderly mother in Australia, meant I couldn't go away for too long.

'Since my last interview with the REI Bulletin, I have re-partnered with someone I have known for many years. It is something I thought may not happen in my future – we are both retired and at the perfect stage in our lives to enjoy each other's company. We had a trip interstate together recently and had a wonderful time. I can certainly see more travel in our future.'

What's next for Jan?

'I am mindful that there are a lot of people doing it tough in Australia – people of all ages and all levels of society. People are pulling back on their spending and that is evident around my local region. The streets and restaurants don't appear to be as busy as they once were – a lovely restaurant in my suburb has just closed its doors due to skyrocketing rent and overheads.

'With that in mind, I am looking to do some volunteer work with disadvantaged people, so I can contribute to my community in some small way.'

Any tips for others looking to retire?

'Yes definitely. Prepare early, have a plan for what you want to do in retirement. Life sometimes throws some curveballs, so you have to be flexible. Don't wait till the day you

finish up to start planning, as you may end up floundering.

'Get professional advice with REI Super and it is very reassuring to know that you have explored the options and possibilities available to you now, and into the future. I recently checked in again with Nick Phillips on a couple of things – investments and strategies should be reviewed periodically.

'I like to go online to my REI portal every now and then to see how my investments are performing. I'm happy to say this has been a very good year, as I have managed to do everything I wanted on my regular super pension without taking any extra, and maintained my principle investment in the process.

'Happy days!'

Maximise your pension.

To make sure you're
maximising your pension, visit
reisuper.com.au/pension-checklist

1300 13 44 33 | reisuper.com.au | admin@reisuper.com.au

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



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