MLC Annual Members' Meeting - Feb 18, 2025 | Transcript

Danielle Press – Welcome and Fund Update

Good afternoon, everyone, and welcome to the Annual Members' Meeting for the 2024 financial year.

I'm Danielle Press, and I'm the chair of NULIS Nominees (Australia) Limited, which is the trustee for MLC Super Fund. I'd like to begin by acknowledging the traditional owners of Country, both the Wurundjeri Woi-wurrung and Bunurong / Boon Wurrung peoples of the Kulin nation on whose land we are meeting today, and throughout Australia. We pay our respects to elders, past and present.

I'd also like to thank you, our members, for taking this time to listen and ask questions about your super. Especially those who might not have attended our previous annual meetings. NULIS is part of the Insignia Financial group of companies, one of Australia's largest wealth managers. We're proud to be looking after the retirement savings of over 750,000 MLC members. We really value everyone's input and engagement, so a big thank you to everyone for joining today.

This is, after all, your money that we're managing, and we really appreciate the trust you place in us. I'm honoured to represent NULIS at today's meeting, along with my colleagues, and it's worth pointing out that there are lots of others working behind the scenes, including a group of non-executive directors of NULIS. Everyone is working hard to uphold our statutory and fiduciary obligations, and ultimately to act in the best interests of you, our members. We've also benefited enormously from the support and leadership of our outgoing chair, Lindsay Smartt.

No one saw the pandemic coming in 2020, and Lindsay's oversight during that challenging period was crucial. On behalf of NULIS, I'd like to wish Lindsay all the best and thank him for his service and dedication. Today I will be summarising the year that was and discussing some of the vital work we have undertaken to improve our performance, our service to members, and our risk management. After this, you'll hear from our Chief Investment Officer, Dan Farmer, who will take you through the major events that shaped both Australian and global economies in 2024, the impact on investment markets, and most importantly, how your super has performed.

After Dan, you'll have the opportunity to ask questions about your super fund's performance, investment strategy, and anything else you would like to know in the Q&A session. I know several of you have submitted your questions in advance, and we thank you for that. You can also ask questions via your screen now. Two important bits of housekeeping with regard to those questions.

For privacy reasons, we will not be able to answer personal financial questions. And I encourage you to reach out to our contact centre with your personal questions. They'll be able to direct you to the appropriate person. Secondly, we will aim to answer as many questions as we can during today's meeting. Any questions we don't get to in this meeting will be published in our full response on our website within a month. Now let's get started.

Towards the end of 2024, we released the second edition of the Financial Freedom Report, which explores the financial wellbeing and what it means to Australians, to people like you, our members. This was a significant undertaking, compiling data from thousands of Australians of all ages, genders, and locations to better understand how Australians feel about their financial position.

If you haven't read the report, I encourage you to have a look. I don't want to go through it in too much detail, but I do want to discuss some of the bigger themes. Firstly, financial independence remains the most common goal among Australians. More so than the ability to take regular holidays or even to buy a home. And 70% of Australians believe that their financial wellbeing is critical to their mental and physical wellbeing as well.

So what else does financial wellbeing look like? We actually asked that question and while we got some pretty varied answers, there's one here that I think captures it pretty well: “Financial wellbeing is being able to meet my obligations to have savings and a good retirement plan, meaning that when I retire I’ll have enough money to live on instead of relying on the Government.” That speaks directly to our purpose as a super fund: to give you peace of mind that your retirement will be comfortable and well-funded. Our goal is to complete that part of your financial wellbeing puzzle for you.

2024 has not been without its challenges and ongoing conflicts weighing on markets and inflation, which continue to apply pressure more locally. What does all this mean for your fund's performance? Despite these challenges, it's been a strong year for returns, which we are very proud of. And in just a moment, you'll hear from Dan, who will go over that in more detail. We’ve also been working towards your financial well-being in other ways.

In March this year, a new financial accountability regime is being introduced by our regulators. And we've taken this as an opportunity to update the way we measure performance and assess risk. We also made several improvements to our products, including simplifying our fee structure and reducing the admin fee for over 500,000, or about 80% of our MLC MasterKey and Plum members. Changes like these are great news for our members and reflect our ongoing commitment to help you fund the lifestyle you want in retirement. As a super fund that's built on transparency and value, we're committed to keeping you informed about your fees and helping you take control of your retirement.

For information about how your fees work, visit mlc.com.au/fees or plum.com.au/fees. For those starting their retirement income, we're pleased to announce a record high MLC pension bonus rate of 1.25%. On top of that, MLC MySuper and all Trustee Directed Products within MLC Super Fund passed the 2024 APRA performance test. We've also made significant progress on our separation from the National Australia Bank, including moving systems over to Insignia Financial – MLC’s and Plum’s parent company.

That shift has improved the security of your account and will enable us to deliver even better service. Lastly, some of you may have noticed that MLC Life Insurance has rebranded to Acenda. MLC Limited, the insurer behind the insurance coverage held by our members, is not part of the Insignia Financial group of companies. However, as some of our members are insured through them, we wanted to keep you informed.

This rebranding won't affect your policy, and Acenda remains committed to providing the same quality, experience, and support. Soon, you'll hear how markets in your super fund have performed this year. But before I hand over to Dan, I'd like to remind you that within the Insignia Financial Group we have a number of financial advice practices. If you're unsure about what to do with your super, or maybe if you're nearing retirement and are unsure how to manage your money through that process, speaking to a financial planner might be a good place to start.

Remember, if you are ever in doubt about your super, whether you're looking for advice or just have a quick question about your fund, please talk to us. Our contact centre can put you in touch with the right people to answer your questions and help you get the most from your super. Finally, we'll address pre-submitted questions about recent publicity regarding our parent company, Insignia Financial Limited, and the agreement with SS&C Technologies to enhance our Master Trust business, during the Q&A segment. Thank you all again for your time today, and I'd like to welcome our Chief Investment Officer, Dan Farmer, to update you on the fund's results.

Dan Farmer – Investment and Market Update

Thanks, Danielle, and good afternoon everyone.

As Danielle mentioned, I'll be talking about the investment performance of our fund over the last year and what we have planned for the year ahead. 2024 has been a good year for most investment markets, and our funds have delivered healthy returns. To try and help explain why you have enjoyed this strong performance over the year, I'll aim to cover a few key topics.

First of all, we'll look at the key economic drivers over the past 12 months, how we positioned the fund to navigate through those conditions, the performance of your fund, and finally, the outlook for the economy, markets, and our fund in 2025. So, let's start by looking back on the economic themes that drove investment returns over the last year. Economic growth proved to be pretty resilient over the year, holding up well in the face of higher cost of living and interest rate pressures.

This provided a reasonable economic backdrop for shares and other high growth assets to perform well. Inflation remained one of the most talked about and important topics over the year. Inflationary pressures have been a big focus of markets really over the last three to four years.

If we think back to when high inflation first reemerged during the Covid period, after a 40-year dormancy, many economists expected higher prices to be transitory and that inflationary pressures would pass fairly quickly once Covid cleared up and our supply chains returned to normal. Now, while inflation has eased back from very high levels, the pace of decline has slowed and Australian households continue to feel the pinch through higher living costs. So, inflation in Australia has remained a bit higher than central banks are comfortable with, and this has kept interest rates higher for longer as the RBA works to push inflation rates back down. The most recent reading of Australian inflation was the December CPI data, showing price increases of 2.4% for the year.

Now, while that places inflation within the Reserve Bank's target range of 2 to 3%, this will likely turn out to be a temporarily low level driven down by electricity price rebates introduced earlier in 2024. And this is one reason why the RBA has been reluctant to cut official cash rates to date. Now, the US appears a little further advanced than Australia in its fight against inflation. The rate of inflation there has fallen more rapidly, allowing the Federal Reserve to make three cuts to the official cash rates over late 2024 and signal further modest cuts if inflation continues to behave.

So, overall, we expect inflation to moderate a little further over the next 6 to 12 months, but we think central banks may remain a little wary of inflation pressures persisting, and we may find a number of future cash rate cuts is less than many hoped for. Now, a few unknowns around the direction of inflation have cropped up following President Trump's re-election to office. And we'll touch on these later in our outlook section. So, what does all this mean for you, our members? Well, as I mentioned earlier, even in the face of higher for longer inflation, the global economy has been pretty resilient.

With its reasonably positive economic backdrop, we've seen share markets continue to deliver good returns. The roll out of AI and its potential applications has investors pretty excited. And we've seen stocks that are linked to these themes perform very well. This helped international share markets deliver exceptional returns of around 27% over the year, which boosted returns in our diversified funds that invest in global shares.

In addition to strong share markets, more defensive parts of our portfolio have also delivered healthy returns. Investment in fixed interest assets, which includes government bonds and corporate credit, delivered returns of around 5 to 6%. Now, while not as strong as shares, this level of return is considered healthy for these more defensive parts of our portfolio. In addition to markets being strong, we've also made several enhancements to the fund as part of our strategy to grow your savings.

The fund is really enjoying the benefits of scale through the acquisitions that we've been making in recent years. We’ve been able to build a really experienced investment team working on the fund. Our investment team, comprising over 45 people, is now managing 152 billion dollars on behalf of members across the Insignia Financial Group. And that's helped us build a stronger negotiating position with investment managers we use and access even more sophisticated opportunities from around the globe, all with the aim of improving diversification and long term returns of your fund.

We're pleased to share that this has contributed to a return of 11.3% for the MLC MySuper Growth Portfolio, for the year ending December 2024. This return is net of investment management fees and tax, and before administration fees. As our default investment option, this is where many of you are invested. This return is healthy when compared to other super funds.

If we look at the Super Ratings SR50 MySuper survey, which captures 45 prominent MySuper funds in Australia, the MLC MySuper Growth fund return of 11.30% comfortably outperformed the median or average fund return in the survey of 11.12%. More importantly, over longer, three- and five-year periods, the MLC My Super Growth fund is in the top quartile of fund performers, and is in the top five performing funds over five years. This demonstrates the strength of our approach, leveraging scale, expertise and collaboration to deliver tangible benefits for our members. We remain committed to ensuring your retirement savings are managed with care, insight and a focus on long term growth.

So, 2024 has been a strong year for returns, how do the prospects for 2025 look? The investment team constantly monitor investment markets, adhering to a well-established process to assess market conditions and outlook. Right now, our outlook for the year ahead is mildly positive, albeit with a few unknowns that could pose some risks. When it comes to the economy, our base case expectation is for a gentle expansion in the all-important US economy and for inflation to moderate a little further, allowing central banks to modestly lower cash rates. Given this supportive economic outlook, what might we expect to see from investment markets? Well, if we start with the share markets, which were a big driver of fund returns last year, the healthy economic growth we expect, coupled with further cuts to cash rates, is generally a good environment for shares.

Now, while this economic backdrop is supportive for shares, share prices have already risen sharply over the past year and much of the good news about the economy and corporate earnings is already “priced in,” as we say. This just means share markets generally look expensive compared to history, and this tempers our outlook for the share market returns in the year ahead. All in all, we're relatively neutral on shares, expecting modest positive returns, but unfortunately, we don't expect to see a repeat of the stellar returns of last year. Now, if we turn to the more defensive holdings in our portfolio and think about the outlook for bonds and fixed interest investments, here the outlook is even more dependent on the direction of inflation going forward.

The rate of interest received on bonds and credit securities has risen significantly with the onset of inflation, and income generated from these defensive assets is now far more attractive than it was four years ago. Just as an example, the yield on a ten-year US government bond at the end of December was around 4.55%, compared to a yield of only 0.9% on the same bond four years ago. Now there's a risk interest rates and yields could go higher, but we see the level of income received from these fixed interest assets as reasonably attractive. In addition to the better returns, if inflation continues to behave, our fixed interest holdings could provide improved diversification benefits to our fund.

Now, as with any outlook, events can crop up that cause a change of view and the team is constantly assessing and monitoring these. Now, I mentioned President Trump earlier. There's some uncertainty about what his second term will mean economically. The share market has initially reacted positively to his win and enjoyed a “Trump Bump” on the prospect of his government extending lower tax rates and pursuing a more business friendly deregulation agenda.

On the flip side, a number of President Trump's other campaign promises may pose a risk to our outlook. His touted trade policy, which threatens to impose hefty tariff increases on key trade partners like 60% tariffs on China and drastically reducing the level of illegal immigrants in the United States, are potentially inflationary and may ultimately crimp growth. Another factor which could influence returns next year is China, and what policies are announced to stimulate growth in its large economy. In November, China announced a 2.1 trillion Australian dollar stimulus package to give its sluggish economy a boost.

Now that's a lot of money and probably signals that China is willing to start spending again to boost its economy. But it appears more is needed to convince investors of a sustained pick up in the Chinese economy. So, as always, the future is never certain. But no matter what happens, we're keeping a sharp eye on things, and our investment team are more than capable of managing your money through any ups and downs that 2025 might bring.

So in closing, I'd really like to thank you all for listening today and more importantly, for trusting us to invest your money. Super is a long-term investment, and for most Australians, we know it's often one of the biggest assets they'll own. So it's a real privilege to have your trust. Our investment team works hard to generate the competitive returns we delivered in 2024 and manage your portfolio in line with our investment philosophy to help give you the life you want in retirement.

Every year in markets is different, and just as surely as there will be years like this where we deliver strong returns for our members, there will be no doubt be tougher periods ahead too. Regardless, I'm confident our team and our approach will continue to work on your behalf, no matter what the market conditions, to deliver the strongest results we can for our members over the long run.

Thank you once more for your time. I'll now hand you back to our chair, Danielle Press, to host the Q&A session.

Q&A Session – Danielle Press, Dan Farmer, Beth McConnell and Dave Woodall

Danielle: Thank you, Dan. I will now kick off the Q&A session and I'm going to start with one. Dan, Michele Bullock announced a 0.25% cut from the Reserve Bank today, reducing interest rates.

What does that mean for our members?

Dan: Well, I think it's generally a good thing for our members. Obviously, some members have mortgage rates. They'll see their mortgage rates go down today on that, on their home loans. And it does support the economy and stimulate the economy, and certainly addresses some of those cost of living pressures that we know are out there.

In terms of markets, look, the markets were expecting a cut today. So this hasn't been a surprise to markets. And the cut really fits with our view. Probably the interesting thing going forward is what happens next.

So we've had one rate cut to 4.1%. Typically, when you get one rate cut, you get more. And that's what the market will start focusing on. It's an interesting time at the moment.

We know labour markets are pretty tight here in Australia. There's still some inflation pressures bubbling away in the background. And when we look overseas, we know the US central bank, the Federal Reserve, is probably getting somewhere close to going to pause on its interest rate cut. So it's not an easy decision from the RBA from here.

They'll certainly be watching the data closely. And that's what the market will be focusing on: the probabilities of cuts going forward.

Danielle: Thanks for that. I was certainly very pleased personally to see it, and I'm sure many of our members would have been as well. As I mentioned earlier, we've received some questions during registration and more coming in now. Just a quick reminder that our answers we are providing this evening are for information purposes only, and are not financial advice. Throughout the Q&A session, we will be covering a range of topics related to your super and retirement.

If you would like more information on any of these, we encourage you to speak to your financial adviser, if you have one, to visit our website or to give us a call. We are here to help. Joining me today to address your questions is Dan, who you've just heard from, Beth McConnell, one of our Directors, and Dave Woodall, our CEO of Superannuation. All right.

Let's get started. We have a question here from Tow-feek and Ah-deh-GO-keh who have asked how helpful this Annual Members' Meeting is. And a question from Phillip who would like to know if members have the right to copy the meeting? I think I'm going to answer these ones. The Annual Members' Meeting is a key opportunity to update you, our members, on the fund's performance, initiatives, and changes that could affect your superannuation.

It's also a chance to ask questions and hear from our leadership team. Feedback from last year's event showed it did prove valuable. Provide valuable information and help members stay informed. We're committed to making this year's meeting just as insightful to support your retirement goals.

And to answer your question, Phillip. A recording of this meeting will be made available on our website within a month of the meeting. Right. Question number two is on cyber security.

There's been a significant increase in interest in this over the past year. And we've received many, many questions from our members about how we are making sure our members' personal information and assets are safe from identity theft and other forms of threat. But primarily from some of those cyber-crimes that we're seeing persisting through the economy. Beth, could you provide some insights?

Beth: Yes. Thanks, Danielle. This issue is absolutely front of mind for us, and I'm sure it is for all of you as well. So do let me start by saying that we are committed to protecting our members' personal information and money against the rising threat of cyber-crime. We do have a range of security measures in place that are guided by industry best practice, as well as meeting our regulatory and legislative requirements.

Measures such as multi-factor authentication, encryption of data, and firewalls. We also have intrusion detection systems and cyber threat intelligence monitoring. So we monitor for malicious activity through a 24/7 security operations centre. And we're continuing to evolve and to test our security capabilities, including those that are administered by third parties.

And we're always considering the threat of emerging issues such as the use of AI by criminals. And lastly, Danielle, I'll point out, just for members' information, that we have launched a Cyber Security & Scam Awareness webpage on the MLC website, and that has tips for staying safe online. So we encourage you to check that out.

Danielle: Thanks, Beth. We have had real interest in this multi-factor authentication. Dave, can you talk a little bit about what MLC and Plum funds are doing, please?

Dave: So the good news is that we have this capability. And to the points that Beth has made for both MLC and Plum funds, we've implemented two-factor authentication online.

And we have robust security checking procedures so that all of these measures are aligned to enhance the security and protect against the unauthorised access to your account. And as Beth has mentioned, we're always looking to improve and enhance the protection of our members' information. It's so critically important that we keep our members safe.

Danielle: Lah-VEE-eye has asked how my super is being used to my benefit or to his benefit? I can answer this question.

We invest your contributions to grow your balances over time, helping you build the savings you need for your retirement. Our fees are competitive so that more of your money stays in your account. You also have access to tools, calculators, education resources to help you make informed financial decisions and insurance options that are available to help protect you and your loved ones.

Danielle: And now, a question from Mary, who wants to know how she can track the growth of her super, Dave? Very important to do so.

Dave: So thank you for the question, Mary. Both MLC and Plum members can both see how their super is performing on our websites, or on the MLC app, or on the Plum app, and MLC MasterKey members can also track their super's growth by generating a variety of reports that are available online. If at any time you need help with these reports, please give us a call or speak to your adviser.

Danielle: Okay, a question from Paul who would like to know how our fees compare to other funds, Dave?

Dave: Well, look, thanks for the question, Paul. So our fees cover the costs of looking after and investing your super. And these can include administration fees and costs, investment fees and costs, and transaction fees and costs. Now generally when comparing the fees of different funds, it's best to consider the total fees and costs as sometimes the individual component fees can change over time. For example, in October last year, we reduced our percentage-based admin fee for MLC MasterKey and for Plum to a maximum of 0.15% per annum, which is competitive with large industry super funds, for example.

Now, if you're also part of a large employer plan with either MLC or Plum, your employer may well have also negotiated further lower admin fees, which may make your employer plan's fees even more competitive. If we look at the latest industry fee survey undertaken by Chant West, independent consultant, as at September of 2024, our new standard admin fee of 0.15% per annum is competitive with large industry funds such as Hesta, for example, at 0.15% or CBUS, for example, at 0.19%. Now, if you'd like to see an example of how that all comes together, total costs for a standard MLC MySuper member under age 55 with a balance of 50,000, visit our free education pages at mlc.com.au/fees or plum.com.au/fees.

Danielle: Thank you. We received a number of questions about the reason to remain with MLC or Plum. Those have come from Anil, Serena, and Aditi and a number of other members. Dave, can you explain some of the key benefits of being a member with us?

Dave: I'd love to. There are others on the panel. You can spread the questions around, but no, look to start with, look, we're a heritage brand with over 130 years of experience. And keeping your money safe is really critical. And something that we've been doing for over a century. And we put a huge amount of focus on putting members in touch with financial advice and support that they need, especially as you start to think about and plan your move into and through retirement.

And so this includes access to what we call financial coaches and general super advice at no additional cost. We also offer a range of online information, educational content, newsletters, tools, lots of information to help you get engaged and help you plan for your retirement. In addition, we've also recently launched the MLC Money View online tool and the Retirement Projector, both of which are very handy tools at helping you ask and answer the question: How much do I need? Now, these tools that are available to anybody that goes to the MLC website, you'll find them under the tab Advice and Tools. And lastly, I would just say we manage retirement savings for employees at nearly 100 of Australia's leading companies.

And that scale allows us to offer competitive fees and benefits. So I think you can be confident that we have your retirement savings working hard for you, and we're here ready to provide you with the guidance and support that you need as you move through your working life towards retirement.

Danielle: Thanks, Dave. I'm going to give you a break. We'll move on to sustainability. We have received a number of questions, from Kim Seema and Felicity and several other members about the role we're playing to address climate change, deforestation, and reducing investments in fossil fuel companies. Dan, these sound like they’re for you.

Dan: Thanks, Danielle. And thanks for those topical questions. As you'd expect, you know, while we consider many factors when we're choosing investments, we don't prioritise any investment because of sustainability considerations alone.

Now there's new legislation that now requires us to assess and report on climate risks, including adopting targets to lower carbon emissions across the portfolio. Now, that said, we believe engaging with companies is more effective than simply selling our shares to reduce emissions. You know, selling shares to potentially less sustainably focused investors could just take the pressure off of those companies. Instead, we actively work with select high-emission companies, where we have some influence to encourage change. And we really plan to extend this approach as we strengthen our risk assessment.

Danielle: Continuing on the topic, there are some questions from Glenda and Sebastian. Their questions relate to Australia's energy industry being world-leading with regards to the penetration of renewable energies, and how grid transformation and battery storage are key technology challenges. Is funding investment in Australian companies that drive this energy transformation being thought about?

Dan: The short answer is yes, it is. And look, thanks for that question. If we look at our unlisted infrastructure portfolio, which is a key building block in the MLC Super Fund, in there, we hold a variety of assets, both here in Australia and overseas. And assets that benefit from decarbonisation.

If we look at renewable energy specifically, that represents around 14% of our infrastructure portfolio, and it includes assets like Terra-Gen in California, Tilt Renewables here in Australia, Neon Renewables, the Macarthur Wind Farm and grid transformation and bio investments in AusNet, here in Victoria. And our most recent renewable investment was a wind farm down in Tasmania. So we really see decarbonisation and investment in energy transition as a multi-trillion-dollar opportunity. And we continue to look for attractive investment opportunities in the space.

Danielle: One final related question from Greg. And this one is for you as well, Dan. What investment asset classes, asset types, or companies are we excluding from the MLC investment options because of DEI or ESG reasons, and have they impacted performance?

Dan: Okay. Look, thanks for the question, Greg. And look, there's no formal exclusions of whole asset classes within the MLC investment options.

But at the industry level, we won't invest directly in tobacco manufacturing companies, which is part of our ESG considerations. Now, look, there may be times where there is a small amount of unintended or indirect exposure to tobacco manufacturing companies due to the use of say index options or futures, where our ability to exclude those investments is pretty limited. So the exclusion of tobacco companies has not impacted our strong performance of MLC MySuper or our choice options for members. And I think this is really borne out when you look back at the returns over the past ten years, which showed tobacco stocks have underperformed the broader market.

Danielle: Thank you. We've received several questions about retirement and superannuation. Members like Murali, Barry, Sharon, Rod, and Sonya are asking about the appropriate age to retire. How much super is needed for a comfortable retirement, and the latest estimates based on life expectancy? Some of our members were also wondering if they'll have enough super to cover, given the cost of living increases.

And are they on track for retirement? These are really important questions, Dave. Can you shed some light?

Dave: They're really important questions there. Big questions. The critical questions.

So I'll do my best. I would start with saying that you can typically access your super between the ages of 55 and 60, regardless of gender, but depending on when you were born, it's a sliding scale. Now, many people do retire within that age bracket, but at the end of the day, the right age to retire is a very personal question and really depends on your situation. But to give you some guidance, the ASFA Retirement Standard, according to that standard, the fortnightly expenditure for a single person aged 65 to 84 living a comfortable lifestyle is $1,996.

And for a couple, it's $2,798. Now, these estimates, these budgets assume that you own your house outright, so you are not paying rent and that you're relatively healthy. So you have low outgoings on health. Now, in contrast, the age pension payment, which is subject to an income and assets test, the minimum, sorry, the maximum basic rate per fortnight for a single person is just $1,047 and for a couple just $1,578.

And that assumes we're excluding some additional pension and energy supplements. So what those numbers demonstrate is depending on your aspirations around the lifestyle you'd like in retirement, the age pension alone might not be enough, and it's really important for you to plan and to have a plan for retirement so you can think about what your particular needs are going to be. So with this in mind, it's a big question that has a complex answer. We think that financial advice can help demystify this for you and can help you create a retirement plan that suits you and your lifestyle goals, and what sort of retirement you would like to have, and make sure that together, your super, the pension, and your other investments are all working together hard for you as you enter that retirement phase.

Now, if you have an adviser, please go speak to them. If you don't have one, we can offer support, general advice, at no additional cost. We've got a variety of tools and services that can support you through that process as well, from newsletters, webinars, seminars, digital tools, calculators, that together can help you start that process of better understanding what your financial needs and situation are going to be in retirement. So take action.

Danielle: Thanks, Dave. A lot of help available. We've received several questions about using superannuation to buy property, and members are asking if they can use part of their super to buy a house, or invest in land, or invest super in property generally, including a home within a retirement village. Beth, this continues to be a popular potential opportunity for super members. Can you clarify the options available?

Beth: Sure. Thanks, Danielle. Look, if you are a first home buyer, you might be able to take advantage of the government's First Home Super Saver Scheme.

It is important to note, though, that that scheme has specific rules around which contributions you can access, and the scheme is not available if you're considering buying an investment property. So again, please call us, visit our website, or speak with your adviser to find out whether this initiative can work for you.

Danielle: Thank you. Still on retirement, Dave, can you explain how the pension bonus works? And if there is a minimum that needs to be transferred to a pension account to qualify? Yep. Absolutely.

Dave: So the pension bonus is a one-time payment available to members who move from an MLC MasterKey or a Plum super account into an MLC MasterKey pension account. And so the bonus is really helping you kickstart your retirement. Last year, the bonus rate reached a maximum of 1.25%. There is no minimum transfer requirement.

There are some eligibility criteria that do apply. But there's no minimum transfer amount. So to get more information, have a look at our website mlc.com.au/pension-bonus or give us a call. That's a mouthful, but thank you.

Danielle: The next question that's coming in is with the federal election in 2025, Robert would like to know what our view is on whether changes may be made by either party to the tax-free pension age of 60. Given the government is always seeking ways to supplement balancing budgets, are self-funded pensioners in their sights?

Well, at this stage, Robert, neither party has proposed any changes. However, we will be closely monitoring this and we'll keep our members updated if there are any changes to that.

Danielle: Without going to a financial planner, Paul would like to know whether Plum has an allocated pension scheme. Dave.

Dave: Well, this one I can be brief and succinct. So, Paul, great question. And yes, Plum has a pension product.

It's called Plum Retirement Income, and it's designed and available exclusively for our Plum super members. Easy way. Great way to convert your lump sum super into a retirement income. We've got lots of information about that particular product on our website.

Danielle: Dave, another one for you. You're a popular man today. Jacalyn would like to know how she can get a health assessment on her super fund to see if it's working to its capacity.

Dave: Thanks for the question, Jacalyn. We can provide access to what we call experienced financial coaches who can offer general advice on a range of topics to help you better understand if your super is fit for purpose, and so you can make some informed decisions around maximising your journey to retirement. This is included in your membership at no additional cost, so I would encourage you to avail yourself of the service. Give us a call, visit the website, you can book in a phone or a video appointment, and the financial coach team will be happy to talk to you.

Danielle: Wonderful. Thank you. Beth. Sah-mah-DAH-rah has asked if there is a fee to talk to an MLC administrator.

Beth: Well, I can give a simple answer to that one too. And some good news. There is no fee for talking to MLC, so our team is here to assist you with any questions that you have and any support that you may need. So again, give us a call or send us a message online.

Danielle: Thank you. One that's a little more complicated. Dave, back to you. A question from Ah-KAN-sha seeking clarification on concessional and voluntary contributions.

Dave: Okay. Thank you. Good question. Important to know the difference and the opportunity to maximise what you can do.

So, first of all, concessional contributions are pre-tax, like your super guarantee that your employer pays. Perhaps salary sacrifice and personal deductible contributions. Now, for the 24/25 financial year, there is a cap on how much you can contribute, and that's $30,000. So remember that includes employer and any voluntary contributions you're making.

Now. Remaining within the cap is useful because it means that your contributions benefit from a reduced or concessional tax rate of 15%, much lower than many people's marginal tax rate. Now, non-concessional contributions are made from after-tax income and therefore are not taxed again within your super. Now, there's a different cap for non-concessional contributions.

And in the 24/25 year that was $120,000. So if you are able and if you're eligible, you can actually contribute under a three-year bring forward rule up to $360,000. So this can be very useful for people getting very close to retirement, to maximise the opportunity to use those caps.

Now, it can get a little bit complicated, so for more details on how you might leverage these caps in your own situation, speak to your adviser. Visit the website or give us a call.

Danielle: And Dave, another question on this complicated issue, actually, from Jayaprakash, who has asked whether additional funds can be added from a real estate sale to their super?

Dave: So I think the premise of the question is the odd, the concept of downsizing. So you may be able to boost your super balance by contributing the proceeds from the sale of your home using what we call the term is downsize a contribution.

And there are some eligibility requirements attached to it. However, it can be a very effective way of accessing some equity in your home and boosting your retirement savings. So this is a very powerful tool that is available. And to find out more about whether that can work for you or not. Guess what? Talk to your adviser. Visit our website or give us a call. But the downsize of contributions are really important strategy not to be missed. Absolutely.

Danielle: Thank you. Nicholas has asked why Plum agents do not help their members by suggesting ways to maximise their superannuation ties. Yeah. Okay.

Dave: Thanks for the question. Nicholas, sorry you had that experience. So I think what it probably relates to is that Plum can provide access to general advice. When you ring and we talk to you over the phone, but personal advice that's looking at your particular circumstances and optimising contribution levels needs to come from an appropriately qualified adviser.

There are a few things to consider that can help to sort of maximise your super, whether you're making additional contributions, regularly reviewing the investment options you're invested in. We do offer a range of investment options from conservative to high growth. And the key is really choosing one that fits your risk profile, your risk tolerance, and is aligned with your retirement goals. You know, if you're a younger person, perhaps a growth option might be more suitable if you're a little closer to retirement.

You might want a more conservative option that helps protect your capital and your savings. Again, though, for guidance around how to tailor and what to tailor, talk to our financial coaches. Available no additional cost. You book an appointment with us on the website or just give us a call.

Danielle: Thank you. Dan. We've received several questions from members about cryptocurrency, which remains a very popular topic. Are there plans to begin offering access to crypto investment opportunities?

Dan: It is a popular topic, and I guess how I'd answer that question is we're keeping a close eye and an open mind on Bitcoin and other cryptocurrencies, but at the moment we really view Bitcoin as a not now rather than a not ever sort of situation.

And you know, this decision really aligns with our investment philosophy and process which really carefully assesses and considers risks, benefits of assets we want to include in our portfolio. Now some big global financial players are getting involved in Bitcoin for a whole range of reasons. But we don't think simply following the crowd, is always the right move. And we believe it's really important, to come to our own conclusions through our own research and analysis.

Now, Bitcoin advocates often point to the strong past performance of Bitcoin. However, as we know, past performance is no guarantee of future performance. And so we don't see owning Bitcoin solely on the basis of its past good performance as a good argument to put it in the portfolio. One argument against Bitcoin is its extreme performance volatility or swings in performance.

If we look back over the past decade, bitcoin has suffered peak to trough falls of more than 50% on multiple occasions. And over the past three years alone, it's been about four times more volatile than the US stock market. So pretty volatile. On top of this high volatility, you know we're not yet committed Bitcoin is a good diversifier which consistently demonstrates low correlation to other investments we hold in the portfolio.

Bitcoin, you know, does appear to move with market sentiment, particularly in markets where exuberance how it's correlated to market movements. At the end of the day, you know, Bitcoin is speculative. Its value, you know, really purely comes from what the next person is willing to pay for it. And that's unlike shares or many other investments.

It doesn't, you know, produce cash flow, dividends or anything we can use to value in a traditional method. And similarly, Bitcoin is not yet widely accepted as a medium of exchange like the US dollar. So at the moment, it's just based on the hope that someone in the future is willing to pay a higher price for it.

Danielle: Thank you. So with crypto off the table for now, what about ETFs in gold and options?

Dan: Well, we do offer gold investments. Examples are the Global X Physical Gold ETF on the platform, the Vaneck Gold Bullion ETF, and you can also have direct investments in gold companies if you like.

Danielle: Thank you. We've received a few questions from Danny, Ian, Rishin, all about related party disclosures from our member notice of this meeting. Beth, you answered a similar question about related parties last year. So would you like to take this one?

Beth: Sure. Thanks, Danielle.

So related party payments occur when payments are made from the super fund to a related entity of the trustee of the fund. Because there are services provided to the trustee and these services support the delivery of benefits for our fund members. And these payments include things like investment management costs, marketing services, board fees, insurance services, financial planning, we've heard bit about tonight, and other types of member services. So, the NULIS Trustee is responsible for approximately 808,000 members.

And our related party payments equate to around $512 per member for the income year ending 30th June 2024.

Danielle: Thank you. We've also had a few questions from James, Yu Yu, and David about the payments to union sponsorships and for marketing. Beth, can you give some insights into that?

Beth: Sure. Well, let me start with the union aspect of that question. We don't make any payments to unions. And as you've indicated, you find a list of the expenditure that we have paid out of the fund for the past financial year, such as marketing and sponsorship expenses, as well as those related party payments we've just talked about in your Annual Member Meeting notice. So please have a look and you can see that online as well.

Danielle: Thank you. Rebecca asks what is the gender balance of the panel and our fund managers? Rebecca, I can help you here. Well, the gender balance on the panel is 50/50. As you can see.

While I don't have the exact figures, there is a recognised underrepresentation of female fund managers in the industry. Insignia Financial, the parent company of the trustee for MLC and Plum, is actively working towards increasing our gender diversity by encouraging equal participation and fostering an inclusion environment through initiatives like our Diversity, Equity and Belonging Strategy. Within this strategy, we have set targets for gender diversity in roles as well as targets for gender pay gap, in like for like roles. So as for the panel today or we've just talked about the panel today, but we are looking to have the equal representation in gender balance across our funds management team. If you'd like to read more about this, and our approach to the targets we are working on accessing this in the Insignia Financial Sustainability report I think it's called on insigniafinancial.com.au.

Alright I think we have time for one more question as it relates to the recent coverage. And it is relating to the recent coverage in the financial press regarding our parent company, Insignia Financial. Which I mentioned earlier, and several members have asked us to provide an update, an insight into the SS&C agreement for our businesses, as well as the recent takeover proposals. So again, I'll take this one.

In December Insignia Financial took an exciting step to engage SS&C Technologies to simplify and transform our Master Trust business. This engagement will help us deliver better and more effective services to you, our members. So once this agreement is finalised, Insignia plans to subcontract a range of administration and technology functions to SS&C. It will involve moving about a thousand Insignia team members and some of our technology to SS&C.

So this transfer will help support the continuity of services, operations and product knowledge for our members. Importantly, Insignia will oversee claims and compliance, making sure that we maintain a high level of care and services that our members expect. So this is expected to all happen around the middle of the year. We are really excited about the engagement with SS&C as it will help us enhance our operation and prioritise our member experience.

As for the private equity interest that we've been receiving, you may have seen in the media, Insignia Financial has received non-binding proposals from Bain Capital, CC Capital and Brookfield Capital Partners. Because all three proposals have similar terms, the board has decided to provide them the same limited due diligence access, so we will continue to update the market as required, but we won't be commenting on this process now that it’s underway. Okay. Well thank you everyone for your engaging questions during this Q&A session and your input is invaluable.

It allows us to help address the concerns while gaining a better understanding of what really matters most to you. For more details on anything we've covered today, you can explore our MLC and Plum websites, speak to your adviser or give us a call. It sounds like a continued theme. Any unanswered questions will be published along with their responses and a recording of this meeting, on our Annual Members’ Meeting website within one month.

You will receive a feedback survey after this meeting, and we would love to hear your thoughts on what worked well and what we can improve in the future. As the Chair of NULIS Nominees Australia Limited I would like to thank each of you for being here and for trusting us with your superannuation. Also, a special thanks to Dave, Beth and Dan for their contributions this evening. Thank you again for joining us and for your participation.

And I wish you all a great evening.

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