



Frequently Asked Questions (FAQ)

MLC Cash

26 May 2023

MLC Cash is named the MLC Cash Fund in MLC MasterKey Investment Service Fundamentals, MLC MasterKey Investment Service and MLC MasterKey Unit Trust.

What is MLC Cash?

MLC Cash is a low risk investment designed to meet liquidity needs. It aims to produce a return above the RBA cash rate target (after fees and before taxes) over 1-year periods. The investment option may be suited to you if you want to invest in a low risk cash portfolio.

What is the rate shown online?

The rate shown on the website is the rate received from MLC Cash's investments in deposits with banks and has the investment fee deducted (0.13% pa for super and pension, up to 0.25% pa for investments). The online rate has not had administration fees or superannuation tax deducted (where applicable). The net rate you earn has administration fees and applicable tax deducted, and therefore will be lower than the online rate. Investment earnings in the super and transition to retirement pre-retirement phase are taxed at a rate of up to 15%. Retirement phase of pension is not taxed.

What rate do I receive?

The rate you receive will depend on the MLC MasterKey product through which you hold your investments in the MLC Cash Fund and may be affected by the total value of your account. To determine the net return you receive, you will need to identify the administration fee that applies to the product and understand how tax affects the fees and returns you receive if you hold MLC Cash in a superannuation or pre-retirement product. We publish a standard rate online which does not take into account any administration fees or taxes that may apply to you.

How do I determine the net rate that applies to me?



1. The online rate

As noted above, rates are published online separately for super/pension and investment products which are net of the investment fee charged.



2. Administration fees

Each MLC MasterKey product has a different administration fee structure which may include a percentage fee applied individually for each investment, a percentage fee based on the total value of your account and/or a fixed dollar fee.



3. Effect of tax

There are different tax treatments on investment earnings for super, Transition-To-Retirement pensions, retirement pensions, account-based pensions or investment (non-super) products.

- Super is taxed at a rate of up to 15%.
- Transition-to-retirement (TTR) pensions in the pre-retirement phase are taxed at a rate of up to 15% until you've met an eligible condition of release. At that time, you move to the retirement phase and the investment earnings are not taxed.
- Retirement pensions (also known as Account-based pensions) are not taxed.
- Earnings for investment products are not taxed by us but must generally be declared by you in the income tax return of the investor.

Where we apply tax for super and TTR pre-retirement pension earnings (which will be reflected in the daily unit price of the option), we will generally also apply a credit or offset of tax for the value of the administration fees we charge.

Tables A and B outline the calculation of net returns for all MLC MasterKey products.

The rates shown here may not reflect what is shown in your annual statement. Your annual statement may display some of the transactions separately.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns. For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000). You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs. You may be able to negotiate to pay lower fees. Please contact us or your financial advisor.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneySMART.gov.au) has a superannuation calculator to help you check out different fee options.

Important note

The information in this FAQ is a guide only, you should also refer to the relevant Product Disclosure Statement (PDS) or Financial Service Guide (FSG) available on mlc.com.au/forms_and_documents or call us on **132 652** between 8am and 6pm (AEST/AEDT) Monday to Friday to obtain a copy.

Table A – Super & Pension

Product/retirement phase	How to calculate the approximate net rate you receive (assumes you are 100% invested in cash)
<p>MLC MasterKey Super Fundamentals and pre-retirement phase transition to retirement MLC MasterKey Pension Fundamentals</p>	<p>Step 1) Refer to the online cash rate identified as “super & pension”</p> <p>Step 2) Deduct from the rate the applicable percentage administration fees:</p> <ul style="list-style-type: none"> • 0.30% pa for the first \$150,000 of your account balance • 0.10% pa for the remaining balance of your account balance <p>Plus 0.02% pa Trustee Levy*.</p> <p>Step 3) Deduct tax from the net result at the rate of 15%</p> <p>Note that if the balance of your total account is less than \$50,000, an additional fixed administration fee of \$78 pa (reduced by 15% tax) will be deducted from your account.</p> <p>Example: Assume online cash rate is 0.50% pa and account balance is \$49,999</p> <p>Step 1) 0.50% pa</p> <p>Step 2) reduce by 0.32% pa = 0.18% pa</p> <p>Step 3) reduce by tax @15% = net rate you receive is approx. 0.153% pa.</p> <p>The additional fixed fee will reduce your account balance by \$66.30 pa, being \$78 pa less 15% tax.</p>
<p>MLC MasterKey Pension Fundamentals (retirement phase) and MLC MasterKey Term Allocated Pension</p>	<p>Step 1) Refer to the online cash rate identified as “super & pension”</p> <p>Step 2) Deduct from the rate the applicable percentage administration fees:</p> <ul style="list-style-type: none"> • 0.30% pa for the first \$150,000 of your account balance • 0.10% pa for the balance of your account balance <p>Plus 0.02% pa Trustee Levy*.</p> <p>Step 3) No tax applies</p> <p>Note that if the balance of your total account is less than \$50,000, an additional fixed administration fee of \$78 pa will be deducted from your account.</p> <p>Example: Assume online cash rate is 0.50% pa and account balance is \$49,999</p> <p>Step 1) 0.50% pa</p> <p>Step 2) reduce by 0.32% pa = 0.18% pa</p> <p>Step 3) no tax = net rate you receive is approx. 0.18% pa.</p> <p>The additional fixed fee will reduce your account balance by \$78 pa.</p>
<p>MLC MasterKey Business Super (including Personal Super)</p>	<p>Step 1) Refer to the online cash rate identified as “super & pension”</p> <p>Step 2) Deduct from the rate the applicable percentage administration fees:</p> <ul style="list-style-type: none"> • 0.30% pa for the balance of your account balance, noting this fee amount may be discounted for your employer’s plan depending on size <p>Plus 0.02% pa Trustee Levy*.</p> <p>Step 3) Deduct tax from the net result at the rate of 15%</p> <p>Note that an additional fixed administration fee of \$78 pa (reduced by 15% tax) may be discounted for your employer’s plan depending on size.</p> <p>Example: Assume online cash rate is 0.50% pa and account balance is \$49,999</p> <p>Step 1) 0.50% pa</p> <p>Step 2) reduce by 0.32% (assuming no discount applied) = 0.18% pa</p> <p>Step 3) reduce by tax @15% = net rate you receive is approx. 0.153% pa.</p> <p>The additional fixed fee will reduce your account balance by \$66.30 pa, being \$78 less 15% tax.</p>

* You won't see these costs as direct charges to your account. They reduce the balance held in reserves used to cover certain costs related to the running of the MLC Super Fund.

Table B – Investments

Product	How to calculate the approximate net rate you receive (assumes you are 100% invested in cash)
MLC MasterKey Investment Service Fundamentals (MKISF) (Note MKIS and MKISF invest through to the MKUT MLC Cash Fund)	<p>Step 1) Refer to the online cash rate identified as “Investments” MLC Guarantees the net rate calculated at Step 1 will not be less than 0%.</p> <p>Step 2) The MKUT/MKIS investment fee of 0.25% pa is included in the online cash rate but the difference (MKISF investment fee is 0.20%) will be applied as rebates.</p> <p>Step 3) Deduct from the rate the applicable percentage administration fees:</p> <ul style="list-style-type: none"> • 0.40% pa for the first \$200,000 of your account balance • 0.25% pa for the balance above \$200,000 to \$400,000 • 0.20% pa for the balance above \$400,000 <p>If the balance of your total account is less than \$50,000, an additional fixed administration fee of \$78 pa will be deducted from your account.</p> <p>Example: Assume online cash rate is 0.50% pa and account balance is \$50,000 Step 1) 0.50% pa Step 2) reduce by 0.40% = 0.10% pa Step 3) no tax = net rate you receive is approx. 0.10% pa</p>
MLC MasterKey Investment Service (MKIS) (Note MKIS and MKISF invest through to the MKUT MLC Cash Fund)	<p>Step 1) Refer to the online cash rate identified as “Investments”</p> <p>Step 2) Deduct from the rate the applicable percentage administration fees: 0.55% pa for the MLC Cash Fund Note MLC guarantees the net rate calculated after Steps 1) and 2) to be not less than 0% If the account balance falls below \$10,000 in any one month you will be charged 0.11% per month on the difference between the account balance and \$10,000.</p> <p>Example: Assume online cash rate is 0.60% pa and account balance is \$50,000 Step 1) 0.50% pa Step 2) reduce by 0.55% = -0.05 Step 3) no tax = net rate you receive is 0% (noting the calculated rate is negative, but MLC guarantees that the rate will not be negative).</p>
MLC MasterKey Unit Trust (MKUT)	<p>Step 1) Refer to the online cash rate identified as “Investments”</p> <p>Step 2) Deduct from the rate the applicable percentage administration fees: 0.55% pa for the MLC Cash Fund Note MLC guarantees the net rate calculated after Steps 1) and 2) to be not less than 0%</p> <p>Example: Assume online cash rate is 0.50% pa and account balance is \$50,000 Step 1) 0.50% pa Step 2) reduce by 0.55% = 0% (noting the calculated rate is negative, but MLC guarantees that the rate will not be negative).</p>

* The information provided in this document is correct as at 30 September 2022.

Important information

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Note: You should obtain a Product Disclosure Statement (PDS) relating to the financial products mentioned in this communication and consider it before making any decision about whether to acquire or continue to hold these products. Target Market Determinations (TMDs) for relevant products are also required to be made available and considered by distributors. A copy of the PDS (or other disclosure documents) and TMD is available by searching for the applicable product at mlc.com.au or by calling us on 132 652. MLC MasterKey Investment Service (MKIS) is a closed product therefore a PDS/FSG and TMD are not required to be prepared by MLCI. However, the MLC Cash Fund is available to MKIS and MKISF investors through the MKUT PDS and MLC Cash Fund TMD.