



Things you should know

MLC MasterKey Business Super
MLC MasterKey Personal Super
As at 30 June 2019

Every year brings change. You may have changed jobs or retired. Perhaps you've taken a sea-change, a tree-change, or simply a well-deserved holiday. You've celebrated, experienced life, adjusted and got on with the everyday.

Your super has changed too. In your annual statement you'll see the impact of market changes on your investments and the difference your ongoing contributions have made since this time last year.

We're committed to keeping you further updated with news of the changes we've made – and are making – across the product range you're in. Some will impact you personally now and some you may want to know more about for the future. We're getting on with it too.

New laws to protect your super

Fees and insurance premiums (if you have insurance cover through your super) are generally deducted from your super savings. For people with low balances and who no longer contribute to their super, their savings will reduce over time by these ongoing deductions.

The new Protecting Your Superannuation laws are designed to protect super savings, particularly for people with low balances. If you have a super balance of less than \$6,000, or have insurance attached to your super, it's worthwhile understanding these changes to assess how you might be impacted.

Also under the new legislation, exit fees are banned. This is a positive change that will affect all members, regardless of your fund balance.

These changes were effective **1 July 2019**.

Insurance in Super

If there are no contributions or rollovers made to your super account for 16 months, we're required to cancel any insurance cover attached to your account – unless:

- you tell us otherwise by going online to complete the form at mlc.com.au/superinsurance.

- a contribution (whether personal, spouse, employer or government mandated) or rollover is made to your account, or
- your employer is paying your insurance premiums separately.

This measure is designed to protect your super savings from diminishing with the ongoing deduction of your insurance premiums.

We'll send regular notifications to let you know that your account is inactive and your insurance in super is at risk of being cancelled. These letters will provide you with easy options to take if you'd like to keep your insurance. If you decide not to do anything and your super account reaches the 16 month inactive deadline, we'll send you a letter confirming your insurance cover has been cancelled.

If you think this change may impact you in the future and you're concerned about losing your insurance cover, or want to cancel or change your cover at any other time, contact us or see your financial adviser to discuss your options. You can also find out more about the insurance in super changes at mlc.com.au/superinsurance.

Note, if your insurance cover changed or was cancelled on or after 1 July 2019, your annual statement will still reflect your previous insurance details as your annual statement is for the previous financial year ending 30 June 2019.

ATO consolidation of inactive low balance accounts

If your super balance is less than \$6,000 and remains inactive for a period of 16 months or more, we'll be required to transfer it to the Australian Taxation Office (ATO). An inactive account is one where you haven't made any additional contributions or certain changes to it over that time.

To ensure your account remains active over any 16 month period and avoid the automatic transfer to the ATO, you must have either:

- had contributions or rollovers from other super funds paid into your account
- changed your investment options
- changed or elected to cancel your insurance cover (where your insurance is held within your super account), or
- made or amended a binding beneficiary nomination.

Pension and defined benefit accounts, and accounts with insurance cover attached are excluded from the new transfer rules.

We're currently working with the ATO to develop a process that will allow you to provide us with a written instruction to keep your account with us, if that's what you prefer.

Account transfers to the ATO will occur in April and October each year. If your account is impacted by this change, we'll contact you with more information.

If your super balance is transferred as part of this process, the ATO will consolidate your inactive account with one of your active super accounts or hold it for you until you claim it from them. For more information, go to ato.gov.au.

A 3% cap of fees and costs

The new legislation has also set a cap on the fees charged on accounts with low balances.

From 1 July 2019, if your account balance is below \$6,000, the total fees we charge cannot exceed 3% pa.

Removal of exit fees (including contribution split fee)

Another key measure introduced by the Government impacting everyone in super accounts that still feature them, is the removal of exit fees. This means that the \$75 fee that was generally charged when you made a full or partial withdrawal no longer applies.

A \$75 fee could also have been incurred if you transferred (or 'split') eligible contributions to your spouse, and we've removed that too.

We want to make fees as fair and equitable as possible so we've already made these changes, effective since **23 March 2019**.

MySuper

MySuper was introduced by the Government in 2011 to replace existing default super investment options. Designed to be simple in terms of overall investment strategy and lower cost by providing basic features, MySuper accounts are also easily comparable as they must each provide dashboards in a standardised format for members to review. (The MySuper dashboard is available online at mlc.com.au – just type MySuper Dashboard in the search panel to be taken to the relevant link).

In addition to being the default option for people who don't choose their super fund when they start a new job, you can also actively select the MySuper investment option for your super too.

If you're in MySuper with us you may already have read about some of the recent changes we've made, but if you need a reminder or are considering MySuper as an option for the future, we've set out the changes below.

Changes to the MySuper investment strategy

Prior to 23 March 2019, the investment strategy underpinning your account included a 70% allocation to growth investments and a 30% allocation to defensive investments, regardless of your age. This has now changed.

Effective **23 March 2019**, if you are

- **under age 55:** you now have a long-term allocation of 85% to growth investments and 15% to defensive investments.
- **at or over age 55:** your account will gradually increase its allocation to defensive investments, and decrease its allocation to growth investments.
- **age 65 or more:** your account will have a long-term allocation of 70% to growth investments and 30% to defensive investments.

Because of these changes, corresponding aspects of the overall investment strategy have been updated:

- the investment objective (what the new portfolios aim to achieve)
- the Standard Risk Measure (the estimated number of negative annual returns), and
- the Indirect Cost Ratio which has increased by up to 0.05% pa.

Also important to note is that the buy/sell spread has reduced to nil while the investment fee remains unchanged.

For details, please see the latest *Product Disclosure Statement* and *Investment Menu* at mlc.com.au/pds/mkbs

MySuper Standard Risk Measure – correction

Earlier this year we sent members invested in MySuper a brochure called Your Guide to MySuper. In it, the Conservative Growth portfolio (a component of the new MySuper option for members over age 55) was described as having a Standard Risk Measure (SRM) of medium to high, which means that between three and four negative annual returns can be expected in any 20-year period.

This was incorrect and the SRM for the Conservative Growth portfolio is actually medium. A medium SRM means that you can expect between two and three negative annual returns in any 20-year period.

Investment changes

How your money is invested is key to the results you get. Investing is a long-term strategy and that's why we regularly review the investment options we offer, to make sure they're performing as expected and are cost effective. Each individual fund manager also reviews their fund's performance and makes appropriate changes from time to time.

We'll always write to you directly if there are material or significant changes you need to know about as well as making the details available online. Where the changes are neither materially significant or adverse, we won't bother you directly although we'll still, of course, put the information online for you to read.

Some of the changes made over the last 12 months are set out below.

Reduction of investment fees to the following investment options:

- MLC Index Plus Conservative Growth Portfolio
- MLC Index Plus Balanced Portfolio
- MLC Index Plus Growth Portfolio

Reduction to the buy sell spreads of the following investment options to better reflect transaction costs:

- Platinum International Fund
- MLC Horizon 5 Growth Portfolio

- MLC Global Share Fund
- MLC Hedged Global Share Fund

Change to the investment objectives of the following investment options to better reflect how they're managed:

- Antares Elite Opportunities Fund
- Antares High Growth Shares Fund

Terminated funds:

- Arnhem Australian Equity Fund

The value of financial advice

Nothing beats specialist financial advice to make sure all aspects of your personal financial situation are considered before making decisions about your super and investments. Your financial adviser can review your investment strategy to make sure it still suits your investment objectives as well as help you understand any tax or other implications in your decision. After all, nobody wants to deal with an unexpected financial problem as a result of being uninformed.

We also recommend you obtain and consider the relevant *Product Disclosure Statement* before making any change to your account.

More support for you

We're always looking for ways to give you more information, at your fingertips.



The new **MLC app** gives you just that, keeping you up to date with your MasterKey super account whenever you want. If you've already registered for MLC Online, you can log in using your username and password. Not registered? Simply go to **mlc.com.au** or call us.



If you've been wondering if you have enough for retirement or the impact that making a few changes can make, such as additional contributions or setting your income goals, you'll want to look at our **Retirement Forecaster**. It's interactive and simple to use. Just go to **mlc.com.au/retirement** in the *Am I on track?* link to check it out and take the best of today into the future.

Important information

This is intended to provide general information only and has been prepared by NULIS Nominees (Australia) Limited ABN 80 008 515 633 (AFSL 236465) without taking into account your objectives, financial situation or needs. You should, before acting on this information, consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. We recommend you obtain financial advice specific to your situation before making any financial investment or insurance decision.

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