



## Things you should know

MLC MasterKey Super and Pension Fundamentals  
As at 30 June 2020

It's comforting when you know how something works. It gives you confidence and a sense of control. We want you to feel the same way about your super—so that's why we've included this brochure with your annual statement. It's about the *things you should know* from the past year to give you that same feeling of security, comfort, and understanding of how your super works for you.

### The Coronavirus pandemic

It would be remiss of us not to mention the Coronavirus pandemic in this brochure. It has changed, for each of us, our way of working, social interaction and how we go about our day to day—whether shopping or holidaying or even a walk in the park. We hope that you and your family have stayed well.

There has also been an enormous impact on financial markets worldwide as they reacted sharply to the uncertainty created by COVID-19. In response, the Australian Government implemented a package of temporary changes to the treatment of superannuation, for those facing financial hardship because of the pandemic. These included reduced minimum drawdown rates for account based pensions to help mitigate investment loss, and temporary changes for the early release of super.

#### Application for early release of up to \$10,000 from super accounts

From 20 April 2020, eligible individuals could withdraw up to \$10,000 from their super both before 1 July 2020 and again in the period between 1 July 2020 and 24 September 2020.

#### Reduced minimum drawdown rates for retirees

A temporary 50% reduction in the minimum drawdown requirements for account based pensions was implemented for both the 2019/20 and 2020/21 financial years. This measure has been designed to assist retirees by reducing their need to sell investments to meet minimum drawdown requirements when market prices may be under pressure.

If you had previously elected the minimum drawdown rate, we automatically applied the reduced minimum to your account from 1 July 2020. This meant that from 1 July 2020, you've been receiving a lower pension payment.

To make a change to your pension payment, contact your adviser or call us.

To keep all members informed and help navigate this difficult period, we've kept our website updated with the latest information and Q&As regarding the Government's temporary superannuation changes. Go to [mlc.com.au/coronavirus](https://mlc.com.au/coronavirus)

You can also find more information, including details of the eligibility criteria for the early release of super and the reduced pension minimums, at [ato.gov.au/coronavirus](https://ato.gov.au/coronavirus)

## Fee changes

### Administration fee decrease for MasterKey Super and Pension Fundamentals

On 1 April 2020, we changed the way we calculated the administration fee on MasterKey Super and Pension Fundamentals accounts, effectively reducing fees on accounts over \$150,000 and delivering greater value to account holders with balances in this range.

The new fee tiers follow other repricing changes we made in 2019—both sets of changes are representative of our multi-year program to enhance and develop our product offer.

We've set out the changes below.

Prior to 1 April 2020		From 1 April 2020	
Up to \$200,000	0.30%	Up to \$150,000	0.30%
Balance over \$200,000	0.20%	Balance over \$150,000	0.10%
Maximum administration fee	\$2,500 pa	Maximum administration fee	\$2,500 pa

For more information on current fees refer to the relevant PDS.

## Insights into investment

Cash rates have been at historically low levels with the Reserve Bank of Australia (RBA) making successive cuts in the official cash rate over the past year. When official interest rates go down, interest payable on term deposits, savings accounts, cash funds, or the cash portion of other managed investments also go down.

In such a low interest rate environment, you won't necessarily receive the kind of return you may have expected on your investment in cash options within your super—whether in cash funds, or the cash portion of any managed funds you have.

Cash is a defensive asset class that may offer a modest return and some protection against volatile investment movements in shares and other growth assets, and you should consider the upside and downside of investing in cash during this low rate environment.

For more information on cash and market performance, you can stay up to date by regularly checking our Insights page at [mlc.com.au/insights](http://mlc.com.au/insights) and [mlc.com.au/pricesandperformance](http://mlc.com.au/pricesandperformance)

### Change to the Standard Risk Measure for MLC investment options

A Standard Risk Measure (SRM) describes the estimated risk of receiving a negative annual return on any of your investment options, over any 20-year period. It's not a complete guide, but it can help you compare the relative risk of different investment options before you buy, sell or switch funds.

The SRM for various MLC investment options has changed, which we've tabled on the right. And, to help you better understand the meaning behind the changes, we've also tabled the definition of each SRM.

These changes were effective 1 October 2019.

Investment menu Effective 1 October 2019	Previous SRM	Updated SRM
MLC Inflation Plus - Moderate Portfolio	Medium to high	High
MLC Horizon 3 Conservative Growth Portfolio	Medium	Medium to high
MLC Horizon 4 Balanced Portfolio	Medium to high	High
MLC Horizon 1 Bond	Very low	Low
MLC Diversified Debt Fund	Low to medium	Medium
MLC Property Securities Fund	High	Very high
MLC Global Property Fund	High	Very high
MLC Australian Share Fund	High	Very high
MLC Hedged Global Share Fund	High	Very high
MLC Cash Fund	Low	Very low
Vanguard Australian Fixed Interest Index Fund	Medium to high	Medium
Vanguard Australian Property Securities Index Fund	High	Very high
Antares Elite Opportunities Fund	High	Very high
Antares High Growth Shares Fund	High	Very high
Investors Mutual Australian Share Fund	High	Very high
Perpetual Wholesale Australian Share Fund	High	Very high
Perpetual Wholesale Ethical SRI Fund	High	Very high
Schroder Wholesale Australian Equity Fund	High	Very high
Vanguard International Shares Index Fund (Hedged)	High	Very high
<b>Effective 1 April 2020</b>		
Macquarie Income Opportunities Fund	Medium	Low to medium

SRM risk label	Estimated number of negative annual returns in any 20-year period
Very low	Less than 0.5
Low	0.5 to less than 1
Low to medium	1 to less than 2
Medium	2 to less than 3
Medium to high	3 to less than 4
High	4 to less than 6
Very high	6 or greater

## Investment Changes

How your money is invested is key to the results you get. Investment strategies are generally for the long-term 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.

Greater volatility in investment markets is also causing an increase in costs associated with buying and selling the underlying assets of an investment option, known as the buy-sell spread. This will increase the cost associated with buying, selling, or switching an investment and will also be reflected in a lower valuation of your investment.

This means the buy-sell spread on any investment options may fluctuate daily. We recommend you contact your financial adviser if you're contemplating selling or switching. If you don't have an adviser, you can call us.

You will need to keep up to date with current buy-sell spreads at [mlc.com.au/buysellsreads](https://mlc.com.au/buysellsreads)

Some of the other changes made over the last 12 months are set out below (but may not be applicable to all members). For more information on these changes, and to review the other changes to your investments you can refer to the PDS at [mlc.com.au/pds/mkspf](https://mlc.com.au/pds/mkspf) or go to [mlc.com.au/personal/important-updates](https://mlc.com.au/personal/important-updates)

### Reduced investment fees for the following investment options:

Investment Option		
	Before 1 October 2019 Investment fee (pa)	Current Investment fee (pa)
Altrinsic Global Equities Trust	1.25%	0.99%
MLC Inflation Plus Conservative	0.75%	0.65%
MLC Inflation Plus Moderate	0.90%	0.85%
MLC Inflation Plus Assertive	1.20%	0.95% <sup>1</sup>
	Before 1 April 2020 Investment fee (pa)	Current Investment fee (pa)
MLC Index Plus Conservative Growth	0.36%	0.29%
MLC Index Plus Balanced	0.38%	0.29%
MLC Index Plus Growth	0.39%	0.29%
	Before 2 March 2020 Investment fee (pa)	Current Investment fee (pa)
MLC Cash Fund	0.25%	0.24%

<sup>1</sup>From 7 May 2020 the investment fee has been further reduced to 0.93% pa

### Increased investment fees for the following investment options:

Investment Option		
	Before 1 October 2019 Investment fee (pa)	Current Investment fee (pa)
MLC Global Share Fund	0.85%	0.88%
MLC Hedged Global Share Fund	0.90%	0.96%

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

Investment Option			
	Before 1 October 2019 return objective (before fees and tax ie gross)	Current return objective – super and pre-retirement (net of investment fee and tax)	Current return objective – retirement pension (net of investment fee)
MLC Inflation Plus Conservative	3.5%	1.7%	2.0%
MLC Inflation Plus Moderate	5.0%	3.0%	3.5%
MLC Inflation Plus Assertive	6.0%	4.0%	4.5%

## Changes to the fee type for MLC investment options

Effective **7 May 2020**, the last remaining MLC investment options with a variable investment fee were changed to a fixed investment fee. Go to [mlc.com.au/personal/important-updates](https://mlc.com.au/personal/important-updates) for more detail.

## A change to the description of the Macquarie Income Opportunities Fund

This change was effective **1 October 2019**. For full details please refer to the latest *Product Disclosure Statement* (PDS).

## Other changes, reminders and updates

### Changes to Investment Protection

With MLC MasterKey Investment Protection you can protect one investment option in your MLC MasterKey Super & Pension Fundamentals account. This means your savings are protected if the market goes down and your investment still grows when the market goes up. You can choose from two types of protection - Protected Capital and Protected Income on eligible MLC Horizon and MLC Index Plus investment options.

MLC MasterKey Investment Protection is only available to you through a licensed financial adviser or through their authorised representative, so speak with your financial adviser for more information.

From **4 May 2020**, the Horizon 3 – Conservative Growth Portfolio was included as one of those eligible investment options.

Currently, Protected Income is available for fixed terms of 10 or 20 years or for Life. Effective **1 October 2020**, Protected Income for Life will not be available for any new applications.

The change will not impact members who have already selected Protected Income For Life on their accounts before this date.

All other fixed term periods of either 10 or 20 years remain available.

## Keeping up with communications

We want to take away the complexity and make it as simple as possible for you to get active with your super. Whether it's communicating better by email, personal opportunities to hear about your fund or further improving our online support, we're committed to making it easy for you to get involved.

Read about some of the ways you can stay up to date with your super here.

### Got the MLC app yet?



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

The MLC app gives you just that, keeping you up to date with your MasterKey accounts 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](https://mlc.com.au) or call us.

### 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 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.



### Retirement Forecaster

If you'd like to see 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](https://mlc.com.au/retirement) in the *Am I on track?* link to check it out and take the best of today into the future.

### Financial wellness seminars

Take a night off to invest in yourself! Our Financial Wellness webinars are available on demand, giving you access to industry experts and thought leaders as they discuss a great range of topics—from wellbeing and resilience at work, to working toward a happy and secure retirement.

To learn more go to [mlc.com.au/financial-wellness-series](https://mlc.com.au/financial-wellness-series)



### Important information

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