



Things you should know

MLC Wrap Super (including Series 2)

MLC Navigator Retirement Plan (including Series 2)

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

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

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 and mlc.com.au/pricesandperformance

Market volatility and buy-sell spread increases

When there is greater volatility in investment markets, there can be an increase in costs associated with buying and selling the underlying assets of an investment option—this is known as the buy-sell spread. In especially volatile times, these changes can occur daily. Any increase in the cost associated with buying, selling, or switching an investment will also be reflected in a lower valuation of your investment.

We recommend you contact your financial adviser if you're contemplating selling or switching.

You will need to keep up-to-date with current buy-sell spreads by checking each individual fund manager's website, or at *Managed investment news* on mlc.com.au

Fee changes

Introducing our Core Investment List—quality investments in a simple new fee structure

On **20 April 2020**, we launched the new Core Investment List feature in MLC Wrap Series 2 and MLC Navigator Series 2—which offers access to a focused range of quality investment options with a simple new administration fee structure. This new feature allows choice within your account, and could be cost effective for you too.

You can compare our new Core Investment List with the full Investment List in the Product Disclosure Statement.

If you have any questions, please speak with your financial adviser.

Other changes, reminders and updates

Introducing our new Custom Cash facility

Our new Custom Cash facility puts you firmly in the driver's seat by letting you set a maximum balance for your cash account. If your cash balance exceeds that maximum, we'll invest the excess according to the instructions you've set.

We'll check your cash account balance and invest the excess over your selected maximum, at the end of each month.

Speak to your financial adviser to add the Custom Cash facility to your account, or simply complete an *Update account details* form available at mlc.com.au

It's important to remember that even if you set up the Custom Cash facility, you'll still need to maintain the required minimum cash balance in your account.

Fortnightly pension payments now available

Helping you meet your regular financial commitments and your payment preferences, we're pleased to have introduced in **September 2019** the option to receive your pension payment every fortnight.

To make the change to a fortnightly pension payment, simply go to mlc.com.au and complete an *Update account details form*—or ask your adviser to request the change for you.

Changing the payment frequency to fortnightly will not impact how we calculate your total annual gross pension payments. We'll calculate the fortnightly amount and pay it into your nominated bank account, net of any required withholding tax on the days you've requested.

A reminder about low balance pensions

When the balance in your pension account **falls below \$3,000**, and so long as your investment options can all be sold to cash, we'll close your account and pay the balance (net of any withholding tax) to your nominated bank account—and of course we'll let you know if that happens.

If you hold any illiquid or suspended funds in your account that prevent us from making this payment (or making your mandated minimum pension payment), we'll move your account to a super account, and contact you to let you know the details. These assets may be able to be sold during a future period of redemption set by the fund.

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.



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 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) (**NULIS**) 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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