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ASX / Media Release

Thursday, 26 July 2018

MLC Trustee switches off Plan Service Fee and refunds members

Please find attached a media statement from MLC Trustee, NULIS, regarding the Plan Service Fee (PSF) changes.

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Media Release

MLC Trustee switches off Plan Service Fee and refunds members

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MLC's superannuation Trustee, NULIS, will stop deducting the Plan Service Fee from MLC MasterKey Personal Super (MKPS) member accounts from 30 September 2018 and all MKPS members will be fully refunded for Plan Service Fees paid while in the product.

Chief Executive Officer of MLC Super, Matthew Lawrance, explained the fee is being refunded because MLC did not clearly communicate to MKPS members that the fee could be turned off if they no longer wanted access to general advice. Less than five per cent of MKPS members currently pay the Plan Service Fee.

"We introduced the Plan Service Fee in 2012 at a time of huge change in the industry, and absolutely intended it to be the right fee for MKPS members to access general financial advice to help them manage their super.

"As advisers moved away from commission-based remuneration, the Plan Service Fee allowed us to make the fee structure in MKPS simpler, more transparent and easier to understand. It gave members greater visibility of their adviser fees, replaced commission payments that had previously been bundled into administration fees and allowed members to agree the level of fee with their adviser.

"MKPS members regularly received the contact details of their financial adviser through communications such as their annual statements, but where we let our members down is that we did not clearly explain that they could elect to not have this service and they could turn off the fee. This is why we will fully refund MKPS members for any Plan Service Fees paid while in the product.

"We still believe in the importance of financial advice for our members, so even though this fee is being turned off, members will still be able to contact their adviser, or access a range of alternative sources of general advice from MLC either online or over the phone.

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“My message to advisers in light of this is that we will work with you through this change as we continue our focus on delivering the best possible services for our members,” Mr Lawrance said.”

MLC has decided to refund members directly even though the Trustee did not retain these fees – as the Trustee passed these fees onto financial advisers. Approximately 305,000 members will receive a refund, with the average refund being approximately \$220 per member, plus interest. The impact of this was partly provided for in NAB’s 2018 Half Year Results. The remainder will be provided for during the second half of NAB’s 2018 financial year. Given existing provisions the impact on second half 2018 earnings is not material.

In addition, the Plan Service Fee will also be switched off for members of MLC MasterKey Business Super (MKBS) on 30 November 2018. After this time, no MLC products will have a Plan Service Fee attached.

Today’s announcement follows ongoing discussions between the Trustee and ASIC, with the Trustee working with the regulator in order to achieve the right outcome for our members.

MLC will be writing to all affected members over the coming months.

ENDS

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