

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

#### AMP

#### AMP12QON:

**Ms Bourguignon:** Generally we use our ERF to fund remediation. Generally when we're paying remediation for an issue and the remediation needs to remain preserved in super, we'll transition it into the ERF, then we'll contact clients and then we'll roll it over into their current fund.

**CHAIR:** When the money's sitting there, what's the performance, and what are the fee structures?

**Ms Bourguignon:** I'd need to get that information and come back to you.

...

**CHAIR:** Do the fee structures vary comparable to AMP's existing fee structures?

**Ms Bourguignon:** My understanding is it is a very low fee, but I would like to get that information for you.

#### ANSWER:

The AMP Eligible Rollover Fund (**ERF**) is both one of AMP's seven super funds and one of approximately 100 super products in our portfolio. It was established to receive low balance, lost and inactive super accounts, approved deposit funds, retirement savings accounts, remediation payments, and in some circumstances certain super payments from the ATO.

It invests in a capital guaranteed life insurance policy with AMP Life. AMP Life pays returns as 'crediting rates' after fees and tax. The rate varies by account size and is guaranteed never to be negative. All deductions or fees are taken into account in the crediting rate, and for this reason the fee structure is relatively unique. As a result, account balances are guaranteed never to fall, which is important given the purpose for which it was established.

#### Crediting Rate at 30 September 2019:

<b>Investment Performance (After Tax &amp; After Fees)</b>	<b>1-year (p.a.)</b>	<b>3-year (p.a.)</b>	<b>5-year (p.a.)</b>	<b>10-year (p.a.)</b>
Account Balance (\$0 to \$2,499.99)	1.1%	1.3%	1.5%	1.4%
Account Balance (\$2,500 to \$9,999.99)	2.1%	2.3%	2.5%	2.4%
Account Balance (\$10,000 to \$49,999.99)	2.3%	2.5%	2.8%	2.7%
Account Balance (\$50,000 and over)	2.5%	2.7%	3.0%	2.9%

#### Fee structures:

Investment fee	0.69% p.a. and reflected in the crediting rate provided.
Administration fee	0.65% p.a. to 2.36% p.a. based-on account balance and reflected in the crediting rate provided.