

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

AMP

AMP13QON:

CHAIR: So one of the seven funds you get a report on monthly, but you don't know its performance. Do you know if it was at the top of performance or at the bottom of performance?

Mr Wade: I'd have to check, sorry. I'll have to take that on notice.

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.

ERF Performance at 30 September 2019:

Investment Performance (After Tax & After Fees)	1-year (p.a.)	3-year (p.a.)	5-year (p.a.)	10-year (p.a.)
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%

AMP's ERF is the only capital guaranteed Eligible Rollover Fund available in Australia. As a unique offering, peer group comparisons on performance are not possible. As a benchmark, however, the ATO credits members accounts with CPI, and for accounts over \$2,500 AMP ERF has performed better than CPI, even after allowing for tax and fees.