

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS
REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS
SUPERANNUATION SECTOR

AMP

AMP177QW

This question follows on from the answer to AMP154QON, and the committee hearing that generated that Question on Notice. In the hearing, Mr De Ferrari told the Committee that the Eligible Rollover Fund AMP uses to house remediation funds that haven't been connected to an individual is 'capital guaranteed', meaning the funds accrue based on a crediting rate that is 'net of all fees and charges.' The tables provided to the Committee in AMP154QON set out the crediting rates for a range of accounts, and the fees for the ERF.

- a. As discussed in the committee, there are around 25,000 ERF accounts created to house remediation funds.
 - i. Please clarify whether these accounts are accruing at the credit rate solely, as Mr De Ferrari implied, or at a rate that is the sum of the relevant credit rate minus the relevant investment and administration fees.
 - ii. For example – is an account with between \$2,500 and \$10,000, with the 1 year crediting rate, increasing by 1.90% per annum? Or is it increasing at 0.06% per annum (ie $1.9 - (0.69 + 1.15)$).
 - iii. And is an account of less than \$2,500, with the 1 year crediting rate, accruing at 1.31% per annum, or decreasing by 0.53% per annum?
- b. If these accounts are increasing at the crediting rate, where are the investment and administration fees paid from?
- c. For these remediation based Eligible Rollover Funds, how many are:
 - i. <\$2,500
 - ii. >\$2,500 but <\$10,000
 - iii. >\$10,000
- d. For these remediation based Eligible Rollover Funds, how many have existed:
 - i. for less than three months
 - ii. for between three and six months
 - iii. for more than six months
- e. Is AMP still creating Eligible Rollover Funds to house new remediation amounts?
- f. When will this pool of remediation related Eligible Rollover Funds have been completely transferred to the ATO?
- g. Across those 25,000 or so Eligible Rollover Funds, what is the total amount that AMP has drawn from these accounts to cover the associated investment and administration fees, which are applied at the rates listed in AMP154QON?

Answer

As advised to the Committee during our appearance on 10 September, the AMP Eligible Rollover Fund (AMP ERF) is now owned and operated by Resolution Life. As such, we are unable to provide current product information, including account balances.

The crediting rates set out in AMP154QON are net crediting rates. That is, it is the earnings rate applied to an account after all investment and administration fees have been deducted.

Remediation in relation to superannuation, or where fees had previously been deducted from a superannuation account, must be retained within the superannuation system. For those customers we no longer hold a current superannuation account for, and we have been unable to make contact with, the ERF provides a secure repository whereby the remediation payment is preserved until it can be reunited.

AMP is awaiting the passing of legislative change that will allow us to transfer these superannuation remediation amounts directly to the ATO. Until this legislative amendment is passed, AMP will need to continue to utilise an ERF to make remediation payments to those customers.

For those ERF accounts created to facilitate superannuation remediation payments, approx. 17,000 were transferred by 30 June 2020 to the client's current super fund.