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 AMP_AU

AMP reduces pricing on North Guarantee

AMP has reduced the cost of the North Guarantee, making it cheaper for customers taking out a new guarantee to access a solution to protect their capital in times of market downturn while still retaining exposure to market gains.

AMP's Director, Superannuation and Investment Platforms, Patricia Montague said the new fees made protecting the capital they've accumulated more accessible for new customers.

"AMP recognises that peace of mind and security is what people nearing retirement are seeking.

"The North Guarantee means customers can have exposure to investment markets and periodically lock in the growth opportunities that presents, while offering protection against loss of capital.

"While our new pricing makes the Guarantee option more attractive, we know that for many of our customers the opportunity to protect themselves and their families from the devastating impacts of falling markets close to retirement is priceless," Ms Montague said.

Increases in long term interest rates means AMP is able to offer new customers the guarantee more cheaply. Economic and market factors such as long term interest rates and market volatility are used to determine the price of the guarantee.

"Life expectancy is on the rise and there is a real risk that a market downturn could wipe out the savings of retirees or those close to retirement, who will also have a longer retirement to fund. The effect of sequencing risk can be damaging.

"The options available under the Guarantee mean a customer can ensure they will lock in income for life, regardless of market conditions," Ms Montague said.

The North Guarantee gives customers access to a range of investments while providing capital protection over flexible time periods.

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The North platform was a key growth driver in AMP's recent first quarter cashflows, with \$1 billion in net cash flows for the quarter, and approximately 10 per cent of flows were directed towards the North Guarantee. North AUM grew to \$10.7 billion at the end of March 2014. ✓

The new Guarantee fees for new accounts are:

Protected Growth guarantee

Term	Investment Strategy	Current fee	New reduced fee (effective 19 May)
10	Moderately Defensive	1.10%	0.95%
10	Balanced	1.50%	1.30%
20	Moderately Defensive	0.60%	0.50%
20	Balanced	0.90%	0.75%
20	Growth	1.30%	1.10%

Protected Investment guarantee

Term	Investment Strategy	Current fee	New reduced fee (effective 19 May)
6	Moderately Defensive	1.60%	1.50%
6	Balanced	2.00%	1.85%
8	Moderately Defensive	1.10%	1.00%
8	Balanced	1.50%	1.40%

Protected Retirement guarantee

	Investment Strategy	Current fee	New reduced fee (effective 19 May)
Single	Moderately Defensive	2.00%	1.30%
Single	Balanced	2.30%	1.60%
Joint	Moderately Defensive	2.70%	1.90%
Joint	Balanced	3.00%	2.20%

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