



Media release

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AMP offers a red-hot Super Cash rate to rival bank deposits

AMP is offering new and existing customers an incentive to put their cash into superannuation instead of bank deposits, with a Super Cash rate of 7.20* per cent per annum with Flexible Lifetime – Super.

People close to retirement age who opt to take advantage of the new rate will be able to benefit from tax effective returns within their super.

AMP Director Personal Wealth Management Andrew Hobern said superannuation is one of the most tax effective ways to save for retirement.

“Tax savings translate to extra money to help people build for a better retirement,” Mr Hobern said.

“The new AMP Super Cash rate is a great opportunity for anyone close to retirement age to use their cash to build their superannuation. Putting that extra bit of cash into super now can make a big difference to a person at retirement time.

“Significant savings can be made when investing cash in super due to a marginal tax rate of 15 per cent and if a person invests their spare cash now they’ll get a tax-free return at age 60.”

The benefits of investing in AMP Super Cash include:

- Competitive cash rate of return;
- Low risk investment option;
- Tax effective returns within the super and retirement income environment;
- Easy BPAY contributions for members;
- Great investment option for those with a short-term investment horizon wanting to take advantage of the tax effectiveness of super; and
- Tax-free withdrawal and easy access to funds, if you are age 60 or over.

As an added bonus, once you reach age 60 you can access your hard earned savings tax-free by converting your super into a special pension account.

Note:

*The rate is available through Flexible Lifetime - Super only. The crediting rate is 6.12 per cent per annum after super tax and fees. This rate is effective 4 June 2008 and may change at any time.

Media Enquiries

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Case study

Thomas is aged 57 and currently has bank deposits of \$20,000. He expects to be able to retire at age 60. He does not want to tie the funds up for a long period, as he may want to take an overseas holiday at some point in the future.

However, he will only need small amounts at any one time and he is happy to leave the balance of his funds in an investment vehicle to build for his retirement.

He is particularly concerned with the tax implications of investing this money.

Assumptions

- Thomas is aged 57;
- He can access his super funds now while still working through a transition to retirement strategy or he can wait and access his super benefits through an allocated pension completely tax-free in three years time;
- We are comparing an investment of \$20,000 in a bank deposit to a personal contribution into an AMP Flexible Lifetime – Super account;
- Thomas is considering three and five year investment periods;
- Cash investment returns: 7.9 per cent pa for bank deposit, 7.2 per cent pa (gross of 15 per cent tax) for super fund; and
- Marginal tax rates - 16.5 per cent, 31.5 per cent, 41.5 per cent and 46.5 per cent including Medicare levy.

3-year results

Marginal Tax Rate %	Non-Super \$	Super \$	Advantage to Super %
16.5	24,225	23,901	-1.3
31.5	23,426	23,901	2.02
41.5	22,903	23,901	4.36
46.5	22,645	23,901	5.55

5-year results

Marginal Tax Rate %	Non-Super \$	Super \$	Advantage to Super %
16.5	27,526	26,919	-2.22
31.5	26,030	26,919	3.40
41.5	25,069	26,919	7.37
46.5	24,599	26,919	9.42

Results

If Thomas invests his cash in super instead of a bank deposit he will be better off at most marginal tax rates. As an added bonus when he reaches age 60 he can convert his super account to an allocated pension account to receive his investment returns, completely tax-free.