Helping your clients reach their retirement goals

Adviser information pack

Adviser use only

Contents

Get in touch with your business development manager if you have any questions. We're here to help.

Section 1

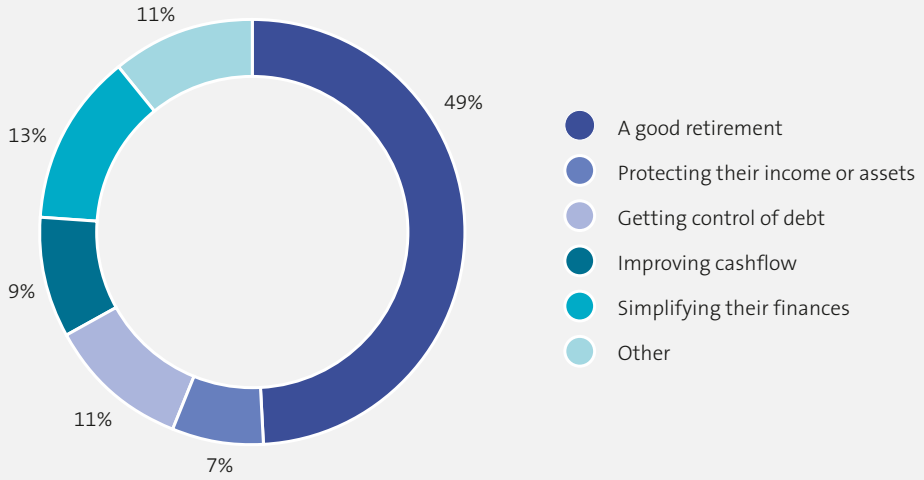
Why Australians need help with their retirement planning

Australians prioritise retirement advice now, more than ever

Retirement is one of the most important goals for advised clients

A poll of financial advisers in the AMP network, the largest in Australia, has found that almost 50 per cent of advisers said their clients were focused on achieving a good retirement – by far the most important goal for their clients.

What financial goal do new clients most often prioritise when seeking your advice?



Source: AMP Newsroom, Retirement the top priority for advised clients, 6 April 2018.

As Australians approach retirement, their needs are not being met

What customer research is telling us

- 44% of Australians do not feel prepared for retirement.[1]
- Mass affluent most concerned with having enough to buy the essentials, while HNW worry about regulatory changes and falls in financial markets.[1]
- Majority of Australians intend to seek some kind of advice before moving into retirement.
- Super funds are the #1 spot mass affluent individuals go to find information on retirement followed by financial planners and then accountants.
- There is no single view of what is the client solution – a client could obtain a range of outcomes, dependent on their engagement point (our product range overlaps).
- Australians find retirement complex ie deeming rates, assets and income test calculations.

According to National Seniors Australia[2]

- Financial comfort is relative and not defined by a single dollar figure.
- 53% worry about outliving their savings.
- Risk appetite conflicts with risk taking: of survey respondents who said they could not tolerate a loss of >5%, 25% were 100% invested in shares.

"Comfortable would be the right word and don't have the worries compared to some of my friends who suffered through the GFC ten years ago. A couple I know, who were doing very well at one point, but were really exposed to the GFC, I know a couple of people who had to keep working.

(male, retired 5 years)

"I think it is basically [that] we are meant to gamble in the share market. At the moment it is scary, and we are faced with things that we haven't in the past, and we have to have trust in the super fund.

(woman, retired 20 years)

This may lead to a client de-risking their investments over time by increasing the allocation of defensive assets within the portfolio, while decreasing the allocation to growth assets, which are higher risk. The impact of taking lower risk is also accepting lower returns which may be the side effect of this strategy is the lower return potential as defensive assets typically provide a more certain yet lower level of returns.

1 Investment Trends October 2019 Retirement Income Report.
2 National Seniors Australia survey (March 2019 report, n = 5,399).

Challenges Australians are facing when approaching retirement

Retirement can provide your clients the opportunity to do the things they have always dreamed of

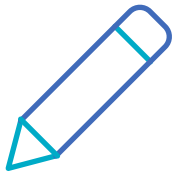
However, concerns around having enough money to fund their desired lifestyle, eligibility for the aged pension, downsizing, aged care planning, and managing the many risks associated with living in retirement (longevity and sequencing, market and inflation risks), demonstrates that **a good retirement is something that you have to plan for**.

Australians juggle many concerns as they approach retirement

Not having enough to live on, or to have the lifestyle they want

Cost of living and economic uncertainty affecting their buying power

Volatile market performance creating sequencing risk eating into their nest egg



Pension eligibility and government changes

Life after work

Retirement is instilling a new level of confidence, with almost two thirds of Australians aged 50 and over saying they are living their best years[1]. In this video we demonstrate this with some real-life stories. Three retirees talk about what their lives are like after work, including their fears, hopes and dreams for the future.

> Nothing like what I dreamt it'd be like – it's so much better.

1 **Source:** WPP Secrets & Lies, Ageless & Booming, 2019. National Seniors Australia and GCMA.

AMP strives to be number one in retirement, for you and your customers

AMP – your partner of choice for retirement

At AMP, we help our clients to save for, and live well in, retirement. We're well placed to help you support your clients' retirement goals through:

- Products from one of Australia's largest super providers[1].
- Services that can help drive practice efficiencies.
- Education tools and support from a dedicated business development team.
- Access to marketing and data and analytics to support the growth and retention of your business.

1 Analysis of Retail Managed Funds as at June 2020 – Marketer View, Plan for Life, September 2020.
2 2019 AMP Full Year results.

Section 2

Retirement advice case studies

Meeting retirement with confidence

Australians' main objectives for retirement are to have money for[1]:

Essential income needs

To meet their everyday needs like food, housing costs, bills, health, transport and clothes.

Lifestyle wants

To be able to live the lifestyle they want, like taking holidays, doing renovations or buying a new car.

Legacy & other

To be able to leave an inheritance, have an estate plan and be able to support their grandchildren's future.

1 Goals based investing, three broad categories, AMP Capital website December 2020.

Supporting your clients' retirement objectives

AMP has a number of solutions to support a range of retirement needs and objectives. For example, essential income needs could be supported like this.

Essential income needs

The investment solutions aim to deliver a more predictable, regular and sustainable income stream that's expected to rise with inflation over time.

Investment option
AMP Capital Income Generator Aims to provide regular and reliable income which also helps keep up with the cost of living.
MyNorth Retirement Fund Aims to provide steady and smooth returns over the longer term to help pay for retirement living expenses.
Annuities An income stream for life.
Term deposits Secure cash investments with guaranteed returns.
AMP Cash Management Trust Aims to provide a moderate regular income, a diversified portfolio and low risk.
Research Choice Objective-based Managed Portfolios Aim to provide income and modest capital growth with a focus on capital preservation.

Supporting your clients' retirement objectives

AMP has a number of solutions to support a range of retirement needs and objectives. For example, lifestyle wants could be supported like this.

Lifestyle wants

The investment solutions generally aim to grow people's wealth steadily over time, while looking to soften the impact of severe market falls.

Investment option
AMP Capital Multi-Asset Fund Aims to grow wealth steadily over time by providing a return above inflation with risk-mitigation strategies that aim to manage volatility within the fund.
MyNorth Guarantee Aims to help safeguard savings from market lows while helping grow wealth with annual growth lock-ins.

Supporting your clients' retirement objectives

AMP has a number of solutions to support a range of retirement needs and objectives. For example, legacy and other objectives could be supported like this.

Legacy & other

The investment solutions aim for higher growth for the long term.

Investment option
North Professional Growth / High Growth Fund Aims to provide moderate to high long-term returns, with the likelihood of significant fluctuations in the value of investment from year to year.
Research Choice Balanced, Moderately Aggressive, Aggressive Income Managed Portfolios Aims to provide steady income with less downside risk to the Research Choice accumulation range.
MyNorth Index Growth / High Growth Fund Aims to provide moderate to high growth long-term returns based on index movements, with the likelihood of significant fluctuations in the short term.
IndexPlus Growth / High Growth Managed Portfolios Aims to provide moderate to high long-term returns, with the likelihood of significant fluctuations in the short term.

Retirement advice case studies

Here are three examples of how, through advice, AMP can support different client personas and their retirement objectives.

They're designed to help with your retirement conversations, by providing possible advice solutions for different situations. The following are generic case studies provided for illustrative purposes only.

Case study	Retirement advice needs	Retirement objectives focus
	– How to manage excess funds in super – How to fund travel in early retirement – Estate planning considerations	LIFESTYLE WANTS LEGACY & OTHER
	– How to maximise the money they can invest in a tax exempt retirement phase pension	LIFESTYLE WANTS
	– How to meet essential income needs – Estate planning considerations	ESSENTIAL INCOME NEEDS LEGACY & OTHER

Case study one

Lyndall and her two daughters

Background

Lyndall's just retired. She's 65, single, with two financially independent adult daughters.

She's never received financial planning advice before, and needs some help working out how she can spend the first five years of her retirement travelling, plus maintain her lifestyle throughout her retirement.

Lyndall's finances

- Lyndall will need $100,000 pa for the first five years of retirement so she can travel.
- She has $1.9 million in super (all taxable) and is exploring her options to manage the $300,000 excess (over $1.6 million).
- She also receives approximately $10,000 pa of income from an investment.

Question one

Assuming Lyndall uses $1.6m of her super to start a retirement phase account-based pension. What options could she consider for investing her other $300k?

Considerations

When deciding whether to keep her $300k in super, or cash it out to invest elsewhere, Lyndall might like to consider:

1. Tax implications
2. Her investment strategy
3. Her estate plans

Case study one

Lyndall and her two daughters

1. Tax implications

The underlying tax rate will vary depending on how Lyndall invests it.

Income on assets inside super – will be taxed at a 15%, plus 10% tax on capital gains.

Income on assets invested outside super – will be taxed according to the chosen investment and whether:

- Income is taxed through the investor – in which case it will be taxed at the individual's marginal tax rates and will take SAPTO into account.
- Income is taxed within the investment – eg via an insurance bond where income/capital gains are taxed at up to 30%.

In Lyndall's case:

She already receives $10k from her other investments. The income she gets from her $1.6m pension is tax free and ignored when determining SAPTO.

- **If she invested the $300k outside super,** she could still earn a further $22,913 pa in assessable income and (ignoring other credits/offsets) qualify for the full SAPTO tax offset of $2,230. The offset will then reduce by 12.5c for every $1 she earns above $32,279 – cutting out completely at $50,119.
- **If she kept her investments in super,** the withdrawals would also be ignored when determining SAPTO.

General rule of thumb for personal tax

Withdrawing from super and investing outside tends to be more appropriate when the individual's average tax rate is less than 15%. Keeping money in super tends to be more appropriate where the individual's average tax rate is more than 15%.

Any general tax information provided is intended as a guide only and is based on our general understanding of taxation laws current at the date of publication. It's not intended to be a substitute for specialised taxation advice.

Case study one

Lyndall and her two daughters

2. Lyndall's investment strategy

When considering her investment strategies, it might be worth remembering the earnings in the retirement phase account-based pension (once started) are tax-free. They won't be counted towards the Pension Transfer Balance Cap.

So, there could be an argument for directing growth assets into her pension phase to grow in the tax-free environment. To manage the risk of these growth assets it may be appropriate to guarantee a portion such that market down turns can be managed.

Her more defensive assets could then be held in her super accumulation phase and/or an investment outside super. Especially if additional income beyond the minimum pension from the retirement account-based pension is required.

Case study one

Lyndall and her two daughters

3. Lyndall's estate plans

If Lyndall wants to consider her estate plan, some of the things to think about could be:

1. **Her beneficiaries –** eg her two children.
2. **The tax impacts of them receiving funds from either inside or outside super**
   - **Inside super** – lump sum death benefits paid to her children are subject to up to 15% tax (plus Medicare levy) on the taxable taxed element, and up to 30% (plus Medicare levy) on the untaxed taxable element (if any).
   - **Outside super** – if property is transferred to her children as a gift under the will, capital gains tax will be postponed until they then sell the asset. At the time of sale, the cost of the asset will be determined on:
     - If the asset was purchased before 20 September 1985. Here, the cost base is the asset value as at the date of death.
     - If the asset was bought after 20 September 1985. Then the cost base will be that of the deceased.
     - And if the asset is sold after being held for at least 12 months, then the 50% discount will generally apply.

She could also consider whether her estate may be contested, in which case she may prefer to have her money in non-estate assets like superannuation.

- **Assets held in superannuation are held in trust for the member, and don't form part of the estate.** So death benefits may be paid directly to their nominated beneficiaries (binding or non-binding), without waiting for the estate to be finalised.
- **Assets invested outside super will generally form part of the deceased's estate**, and will require the finalisation of the estate before proceeds are paid to beneficiaries. Also, the estate may be challenged, delaying the payment of the proceeds, and increasing the costs of finalisation.

Case study one

Lyndall and her two daughters

Question two

If Lyndall keeps the $300k in super, how could she structure her income draw-downs to get the $100k pa for her five years of travel?

Considerations

- The minimum pension withdrawal on Lyndall's $1.6m retirement phase account-based pension is normally $80k or 5%. Note, for 2020–21 only, the minimum pension payment has been halved to 2.5% or $40k, but Lyndall has elected to still draw the full $80k.
- She gets $10k of income from other sources.
- Her income shortfall is $10k.

In this case, Lyndall could take the extra $10k from her super. That way she can keep as much money in the tax-free retirement phase account-based pension as possible.

Rule of thumb

Clients may benefit from only drawing the minimum income levels from their tax exempt retirement phase account-based pensions. Supplementing their income needs from either:

- their accumulation account (if they have one)
- other non-super investments
- lump sum commutations from a pension (if they don't have an accumulation account or other investments).

This case study is illustrative only and isn't an estimate of the investment returns your client will receive, or fees and costs they'll incur. This case study is based on the following assumptions
(a) Drawdowns suggested in year 1 comply with superannuation laws current at the date of publication.
(b) No advice fees have been considered.

Case study two

Mark and Shayna

Background

Mark's 60, Shayna is 57. They'd like to retire in five years, but need help managing their super accumulation to make sure they're both eligible to transfer up to $1.6 million into their retirement phase account-based pension.

Mark and Shayna's finances

- Mark's employed full-time earnings are $150k pa. His current super balance is $1.8m.
- Shayna's employed full-time earnings are $70k pa. Her current super balance is $300k.
- Neither of them make any voluntary contributions to their super and haven't triggered any bring-forward non-concessional contributions in the past three years.
- They own their own home and have no mortgage.

Their estimated super accumulation in five years – when Mark reaches 65:

Estimated super balances in five years	Mark	Shayna	Total
Super	$2,351,059	$412,547	**$2,763,596**

Assuming their super keeps growing via their employer's contributions, plus earnings from a 70% growth portfolio (after-tax return of 4.86% pa, and no fees or charges applied).

Observations

We've estimated the Pension Transfer Balance Cap (PTBC) will be $1.7m in five years' time. This means Mark will have **$651,049** over the PTBC excess.

Mark might like to either hold it all in super under his name, cash it out tax-free to invest outside super **or** cash out $300k (tax-free) from his super, and give it to Shayna to make a non-concessional contribution (NCC) to her super.

- Shayna will be 62 years old by then, and can use the bring-forward rules to contribute the $300k to her super (she won't be able to make any new NCC's for three years).
- Mark then can hold the remaining $351,049 in super accumulation in his name, or cash it out tax-free and invest outside super.

Case study two

Mark and Shayna

Mark and Shayna could also consider proactive strategies to maximise the amount they can put in a tax-free retirement phase account-based pension.

For example, when using a transition to retirement (TTR) pension, they could take money out of Mark's super from age 60, and give them to Shayna so she can top up her super via NCC.

Here's how it could look:

Mark commences a TTR/NCAP with his $1.8m, and draws down pension payments of 5.5% pa over the next five years.

Shayna then uses the tax-free income payments to make non-concessional contributions each year as per the table below:

	Year 1	Year 2	Year 3	Year 4	Year 5
NCC	99,000	98,234	97,474	96,720	95,972

The NCCs made each year are under $100k, so Shayna won't trigger the bring-forward rule. Therefore, the estimated super accumulation and TTR/NCAP balances in five years (when Mark turns 65):

Estimated super balances in five years	Mark	Shayna	Total
Super	$69,017	$963,138	**$1,032,155**
TTR/NCAP	$1,731,441	–	**$1,731,441**
Total	$1,800,458	$963,138	**$2,763,596**

Table uses a 70% growth portfolio (after-tax return of 4.86% pa, and no fees or charges applied).

Case study two

Mark and Shayna

Results

They haven't increased their total balances in five years (compared to contributing without Mark's TTR pension) but have still made adjustments.

- Mark now has an excess of $100,458 (ie $31,441 in TTR and $69,017 in accumulation) at age 65, instead of $651,049, if they didn't use this strategy.
- He can also withdraw the $100,458 excess as a tax-free lump sum, and as Shayna's under 65, she can use it to make an NCC.

Then, by doing this:

- Mark can use $1.7m to start a retirement phase account-based pension with no excess.
- Shayna's super balance will become $1,094,579 and by the time she retires in three years, she'll also be under the indexed PTBC.
- All their super assets at retirement will remain in the tax-free retirement pension phase.

This case study is illustrative only and isn't an estimate of the investment returns your client will receive, or fees and costs they'll incur. This case study is based on the following assumptions
(a) 70% growth option selected by both Mark and Shayna earning 4.86% pa after tax and fees and applies to both super accumulation and TTR pension.
(b) No advice fees have been considered; and (c) All concessional and non-concessional contributions made are within government caps.

Case study three

Nick

Background

Nick, 66, is a single retiree who owns his home and has two adult children. He is seeking help from an adviser to give him peace of mind that he can maintain a comfortable lifestyle throughout his retirement and that his money will last.

Nick's finances

Nick's assets (excluding the home) total $615,000, broken down as:

- $550,000 in an account-based pension (ABP) – his risk profile is 50% growth.
- $50,000 in a cash management trust (CMT).
- $15,000 of lifestyle assets.

As his total assets exceed the $583,000 assets test cut-off threshold, Nick doesn't currently receive any Age Pension.

For a comfortable retirement, Nick needs an income of $45,000 pa, indexed at 2.0% pa.

Case study three

Nick

Results over 18 years – remaining in the ABP

Nick can achieve his net income requirement over his life expectancy, supplemented by the Age Pension from year three and onwards, as shown in the table.

Year	Net income	Age Pension	Assets counted
1	$45,000	$0	**$615,000**
2	$45,900	$0	**$595,220**
3	$46,818	$2,548	**$573,642**
4	$47,754	$5,126	**$552,714**
5	$48,709	$7,669	**$532,479**
6	$49,684	$10,180	**$512,912**
7	$50,677	$12,659	**$493,994**
8	$51,691	$15,110	**$475,702**
9	$52,725	$17,533	**$458,016**
10	$53,779	$19,932	**$440,918**
11	$54,855	$22,308	**$424,388**
12	$55,952	$24,663	**$408,407**
13	$57,071	$26,998	**$392,959**
14	$58,212	$29,316	**$378,026**
15	$59,377	$31,618	**$363,591**
16	$60,564	$33,043	**$349,638**
17	$61,775	$33,704	**$335,290**
18	**$63,011**	**$34,378**	**$319,740**

Assumptions:

The prospective financial information provided is based on the following assumptions.

- ABP invested with a 50% growth profile, earning 4.54% pa net of fees.
- CMT earning 0.50% pa.
- Age Pension rates and thresholds as at 20 September 2020 and indexed at 2.0% pa.
- No advice fees have been considered.

The information provided is not a reliable indicator of future performance in that it is predictive in nature and may be affected by inaccurate assumptions, unknown risks and other uncertainties.

Therefore, the prospective financial information may differ materially from the results ultimately achieved.

Case study three

Nick

Observations

If Nick remains in the ABP, then over his life expectancy of 18 years:

- He is ineligible for the Age Pension in the first two years due to the assets test, and becomes eligible from year three
- From years 3 – 13, the **assets test** is the dominant means test, and he can receive a part-pension.
- He's also eligible for the full Age Pension from year 16 onwards; and will still have assessable assets of $319,740 at the end of year 18.

How financial advice might improve his position

- Nick's financial adviser reviews and confirms the assets test is the **dominant test** in determining his Age Pension entitlement.
- Among a range of solutions discussed, his adviser suggests that Nick could manage his assets test position, and improve the age pension payable over his life expectancy, by rolling over some of his existing ABP into a lifetime annuity.
- 60% of the lifetime annuity purchase price is counted under the assets test until age 84, and 30% thereafter. This means there will be a 40% discount from day one. Furthermore, 60% of the annuity income is also counted under the income test.

Nick's hesitant to consider a lifetime annuity, as he has heard that if he were to die prematurely he may lose his capital, which would impact his estate.

Case study three

Nick

How financial advice might improve his position (continued)

Nick's adviser tells him there's more flexibility built into lifetime annuity products today, including:

- The ability to receive 100% of his capital if he were to die prematurely in the first half of his life expectancy. As his life expectancy is 18 years, his estate can still receive up to 100% of the purchase price if he were to die in the first 9 years, and a declining amount which reduces to nil when reaching year 18.

This flexibility helps Nick to feel more comfortable to proceed with a lifetime annuity option.

- His adviser suggests that consistent with his risk profile of 50% growth, Nick could roll out $100,000 (just over 18%) from his existing $550,000 ABP and use it to invest in a super-sourced lifetime annuity. Nick could also continue to have $450,000 in his ABP.
- The lifetime annuity will provide payment of $5,200 pa (no indexation).
- 60% of the annual income from the lifetime annuity, ie $3,120 in year 1, will be counted under the income test.
- Furthermore, under the assets test, 40% of the $100,000 purchase price is immediately discounted. 60% of the purchase price is counted as an asset until age 84, with 30% counted thereafter.

Case study three

Nick

Comparing the ABP/annuity option against ABP only

Nick can achieve his net income requirement over his life expectancy, supplemented by the Age Pension from year 2 and onwards, as shown in the table.

	This table shows the Age Pension payable under both options:		The assets counted by Centrelink under both options is shown here:	
Year	Age Pension – ABP and CMT	Age Pension – ABP, CMT and lifetime annuity year 15	Assets – ABP and CMT	Assets – ABP, CMT and lifetime annuity year 15
1	$0	$606	$615,000	$575,000
2	$0	$2,959	$595,220	$556,486
3	$2,548	$5,283	$573,642	$538,584
4	$5,126	$7,579	$552,714	$521,276
5	$7,669	$9,849	$532,479	$504,541
6	$10,180	$12,095	$512,912	$488,361
7	$12,659	$14,319	$493,994	$472,719
8	$15,110	$16,522	$475,702	$457,596
9	$17,533	$18,706	$458,016	$442,977
10	$19,932	$20,874	$440,918	$428,845
11	$22,308	$23,026	$424,388	$415,185
12	$24,663	$25,164	$408,407	$401,980
13	$26,998	$27,290	$392,959	$389,217
14	$29,316	$29,405	$378,026	$376,882
15	$31,618	$31,326	$363,591	$364,960
16	$33,043	$32,181	$349,638	$353,254
17	$33,704	$33,060	$335,290	$340,684
18	$34,378	$33,963	$319,740	$327,210
Total	**$326,787**	**$344,205 (+17,418)**		

Notes and assumptions:

To explore how the ABP/annuity option would compare to just having the ABP only, the following methodology has been applied:

- The same target annual net income (ie $45,000 in year 1, indexed by 2.0% pa) is obtained from both options over his life expectancy of 18 years:
- ABP drawdown determined after considering age pension (if any) and annuity income (if any); and
- We have then compared the total age pension paid and assets counted by Centrelink in the ABP/CMT/Annuity over 18 years from both options.

Case study three

Nick

Summary

The ABP/annuity option will provide access to the **Age Pension in year 1 and more Age Pension from year 2 to year 14** compared with the ABP only option. This will provide Nick with an **extra $17,418** over 18 years.

This is because less is counted from the annuity annually by Centrelink up to year 14 under the assets test.

This case study is illustrative only and isn't an estimate of the investment returns your client will receive, or fees and costs they'll incur.

Section 3

How MyNorth can help

MyNorth more than a platform

Here to support you, your business, and your clients

Help your business be more efficient

MyNorth offers a contemporary and automated platform to help you implement advice efficiently and reduce your cost to serve.

Help your clients through different life phases

MyNorth offers investment, super and pension products with flexible options to help you meet the changing needs of clients.

Help you with specialised support and education

Our dedicated team will provide you and your business with specialised support. You'll also get access to educational resources, news, and insights.

A snapshot of MyNorth Investment, Super and Pension solutions

MyNorth Investment

Accumulate wealth for life's big moments. Helps with individual, joint clients, trust, company and SMSF needs.

MyNorth Super

Grow super with a wide range of investment options. Easily transfer savings to MyNorth Pension.

MyNorth Pension

Helps clients live the lifestyle they want with a regular income stream, tax optimisation of super, estate planning and tax-free income (where applicable), set up a revisionary pension.

Wide range of investment choice

Investment solutions

MyNorth has investment options to suit clients at different stages of life.

- **Diverse range –** Over 450 managed funds, managed portfolios, Australian listed equities, cash and fixed income and term deposits.
- **Expertise –** Over 90 leading fund managers, with extensive industry experience, investment thinking and market insights.
- **Value –** Clients will only pay for what they choose to invest in from the Core, Select and Choice investment menus. They can blend these menus and access fee administration aggregation, fee caps and family benefits to build cost-effective portfolios.

Investment menu

Core

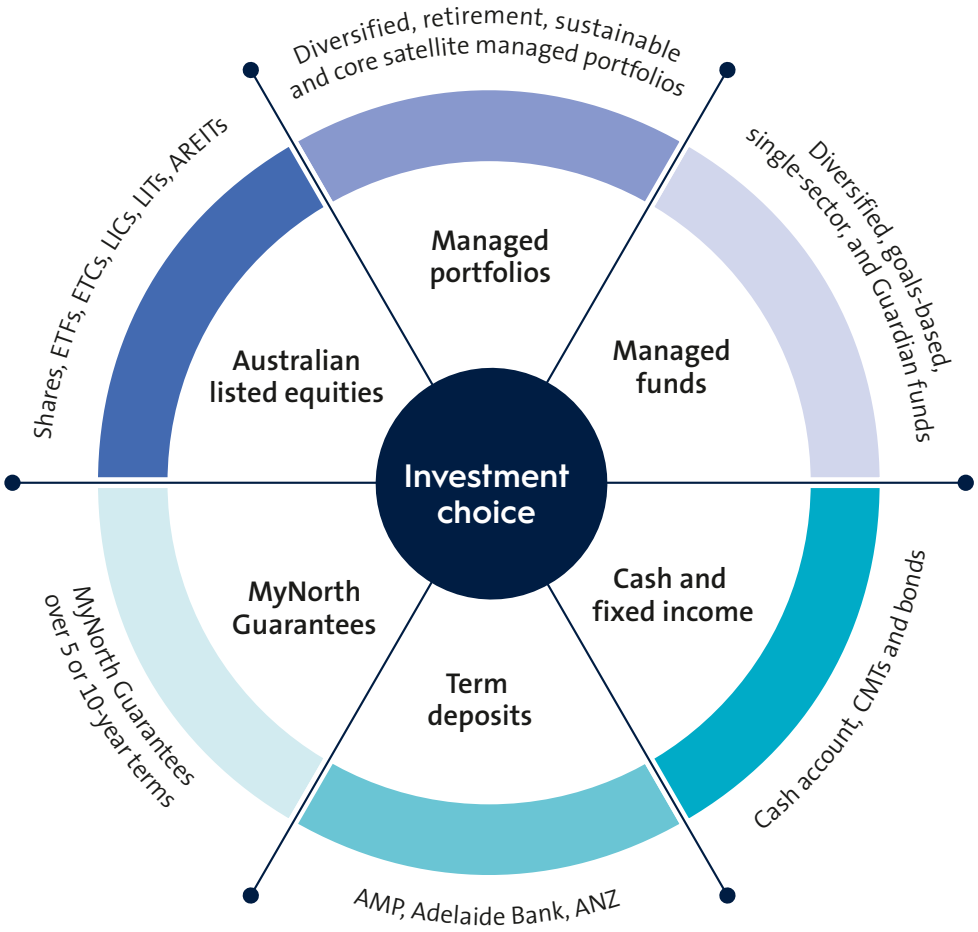
Simple and low-cost index and active investment solutions.

Select

A range of diversified, goals-based and single-sector options to suit most client needs, term deposits and selected managed portfolios.

Choice

A comprehensive and diversified menu that gives control and choice on a range of investments, including listed shares, ETFs, managed funds, managed portfolios, AREITs, LICs, LITs and exchange traded commodities.



MyNorth Managed Portfolios

MyNorth Managed Portfolios allows you to entrust investment management to experts, while you manage your clients' needs and goals.

Key benefits

Investment management

Experts construct and regularly manage diversified portfolios of assets to agreed objectives.

Transparency

Access regular performance, commentary, and trade reports from the investment managers on North Online.

Responsive

Experts can make changes to take advantage of opportunities and manage risks without needing to obtain client consent.

More client engagement

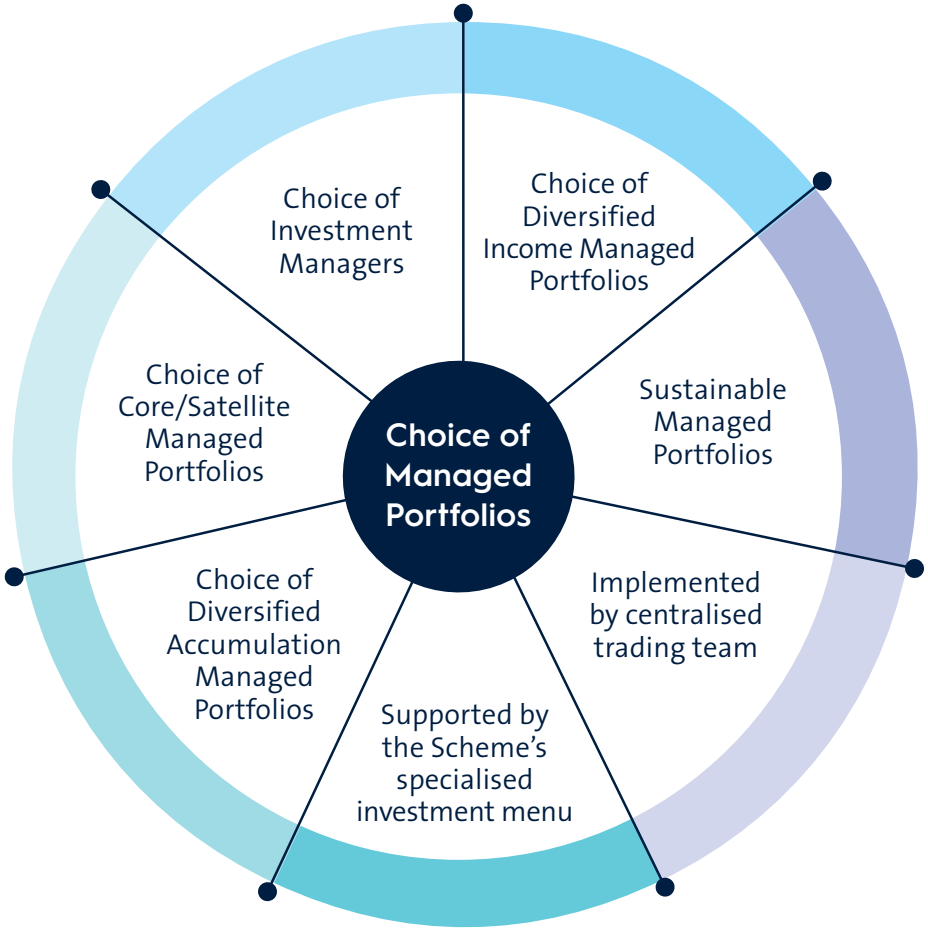
Get more time to spend with clients and work on strategies to help them achieve their goals.

Diversification

Managed portfolios invest in a range of asset classes to help enhance returns and minimise risk.

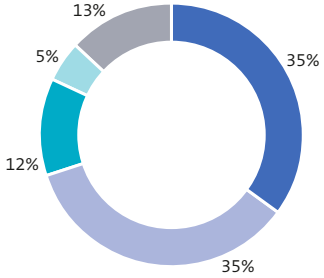
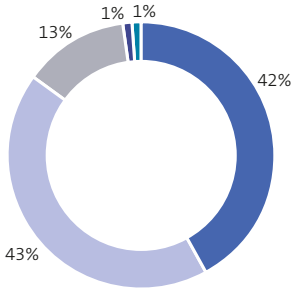
Client beneficial ownership

Underlying assets can be transferred or switched in or out of chosen managed portfolio(s).

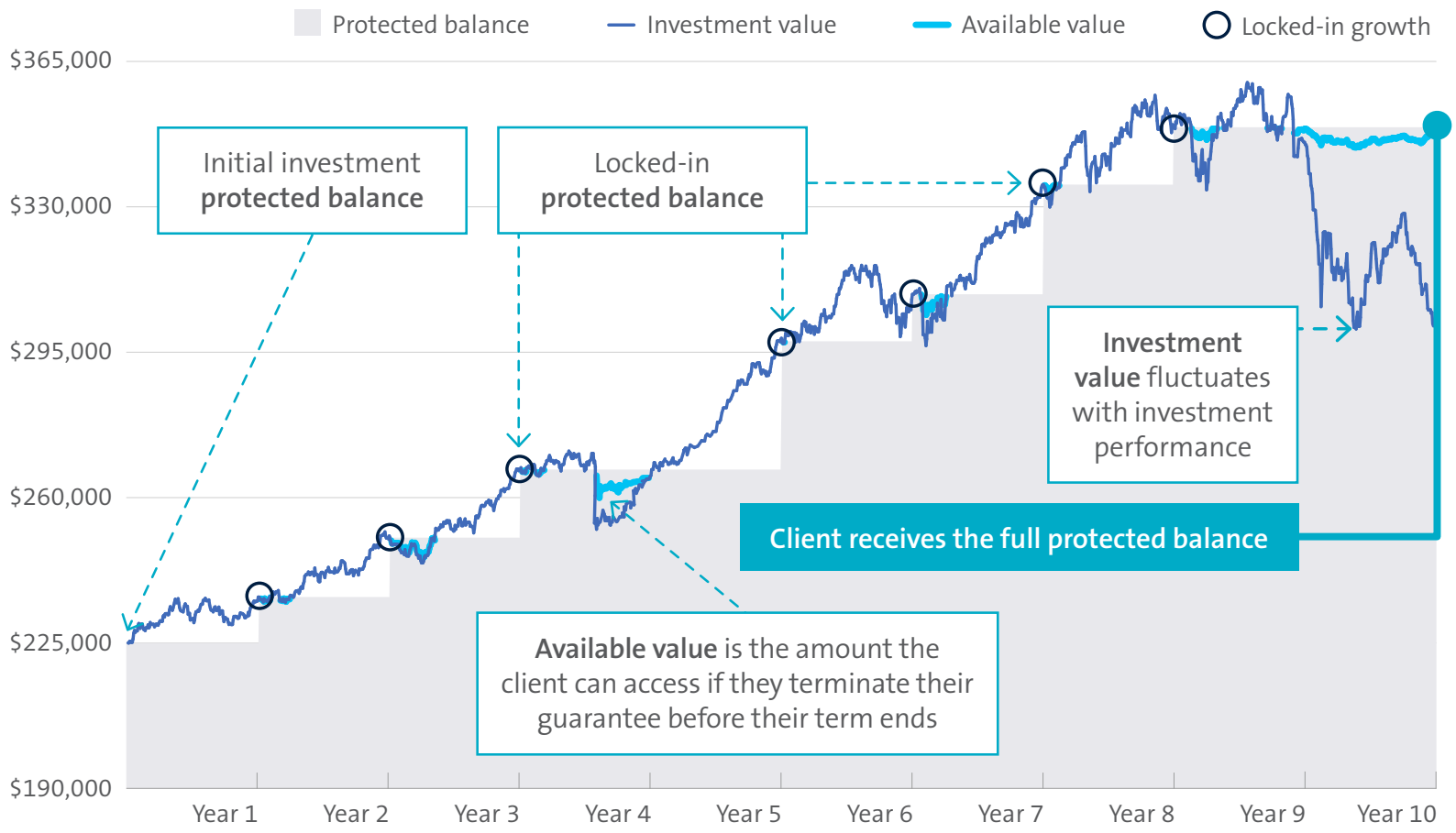


MyNorth Guarantees

Safeguard your clients' retirement from market lows and help grow their wealth with annual lock-ins.

	5-year guarantee	10-year guarantee
Protection of initial investment	✓	✓
Early access	✓	✓
Growth lock-in	Optional	✓
Vesting	Not available	Optional
Guarantee fees[i] calculated on the protected balance	1.25% pa 1.95% pa with optional growth lock-in	1.45% pa 1.85% pa with optional vesting
Savings invested in[ii]	MyNorth Guardian Max 85 Fund	MyNorth Guardian Max 100 Fund
Investment management costs	0.60% pa	0.63% pa
Income	Automatically reinvested into existing units	Automatically reinvested into existing units
Investment objective	To provide moderate growth over the medium to long term, with moderate fluctuations in value likely.	To provide moderate to high growth over the long term, with larger fluctuations in value likely.
Investment strategy	To primarily invest in a diversified mix of defensive and growth assets, with a long-term average allocation to equities of approximately 70%.	To primarily invest in a diversified mix of defensive and growth assets, with a long-term average allocation to equities of approximately 85%.
Investment range	This fund will rebalance allocations between equities and cash in response to market volatility. Equity exposure has a minimum of 11% and is capped at 85%.	This fund will rebalance allocations between equities and cash in response to market volatility. Equity exposure has a minimum of 14% and is capped at 100%.
Asset class allocation – long-term target ● Australian equities ● International equities ● Australian fixed interest ● International fixed interest ● Cash ● Australian fixed income ● International fixed income		
Key considerations for MyNorth Guarantees	(i) Guarantee fees are deducted from the cash account linked to the guarantee. Product administration fees, taxes and account fees may also apply – refer to the relevant PDS for more information. (ii) The actual asset allocation (for equities and cash) for the MyNorth Guardian Funds can vary at any point in time within the above pre-determined ranges due to market volatility, as per the investment objective of the funds. AMP also reserves the right to review the investment strategy limits annually, we'll let you know of any changes in advance. Refer to the MyNorth Guardian Investment Options PDS for more information.	

Example of 10-year guarantee with vesting



Things you need to know

This illustration does not account for the guarantee fees or tax liabilities attributed from the guaranteed investment over the life of the guarantee. The guarantee fee for the 10-year guarantee with vesting feature is 1.85% pa, based on the protected balance. While this hypothetical scenario illustrates a guarantee benefit payment at the end of the term, there are circumstances where the investment value will be greater than the protected balance at the end of the term and a guarantee benefit is not payable. This is for illustrative purposes only and not an indicator of actual performance or investment returns.

Retirement solutions to support client needs and objectives

MyNorth is an end-to-end investment solution that can meet a range of retirement needs.

To demonstrate this, following are some case study examples of how MyNorth can help clients with:

- A low super balance
- A medium super balance
- A high super balance

MyNorth case studies

Everyone's different – there's no one-size-fits-all when it comes to advice

So the following case studies are just some ideas to show how you might think about using the MyNorth platform and products to meet different types of client needs in retirement.

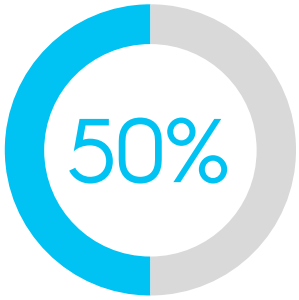
We'll look at three separate scenarios, but there are some common traits too

All the scenarios use a couple who are both aged 67 and in good health. They own and live in their property and have no debt. All of them have two adult children who are financially independent.

The difference is in the amount they'll have in their super, coming into retirement

Low balance

Cheryl and Bill

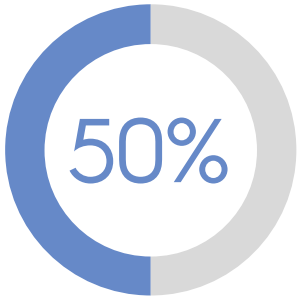


$300k

50% growth investor

Mid balance

Eve and Frank

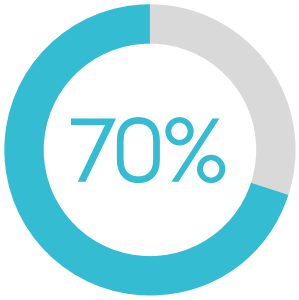


$750k

50% growth investor

High balance

Gert and Harry



$1.6m

70% growth investor

Assumptions used in all three scenarios

The prospective financial information provided is based on the below assumptions.

The information provided is not a reliable indicator of future performance in that it is predictive in nature and may be affected by inaccurate assumptions, unknown risks and other uncertainties. Therefore, the prospective financial information may differ materially from the results ultimately achieved.

Current thresholds

New Age Pension rules from 1 April 2017	Single		Couple	
	Homeowner	Non-homeowner	Homeowner	Non-homeowner
Maximum Age Pension entitlement ($ pa)	24,552	24,552	37,014	37,014
Asset test lower $	268,000	482,500	401,500	616,000
Asset test taper rate ($ pa)	0.078	0.078	0.078	0.078
Asset test upper $	583,000	797,500	876,500	1,091,000
Income test lower ($ pa)	4,628	4,628	8,216	8,216
Income test taper rate ($ pa)	0.50	0.50	0.50	0.50
Income test upper ($ pa)	53,732	53,732	82,243	82,243
Deeming limit $	53,000	53,200	88,000	88,000
Deeming rate 1 ($ pa)	0.25%	0.25%	0.25%	0.25%
Deeming rate 2 ($ pa)	2.25%	2.25%	2.25%	2.25%

Return projections and costs

Asset allocation	Return	Cost	Net
0%	1.60%	0.21%	1.39%
30%	3.43%	0.21%	3.22%
50%	5.53%	0.21%	4.32%
70%	5.64%	0.21%	5.43%
85%	6.48%	0.21%	6.27%
100%	7.35%	0.21%	7.14%

Sources: Centrelink, AMP.

Annuity

- Annuity meeting the DCAS schedule
- Paying income of 3.73% pa indexed
- Reversionary benefit

Low balance

Cheryl and Bill

Objective

ESSENTIAL INCOME NEEDS

Situation:

Current status: Cheryl and Bill's super balance is low at **$300k.**

Objectives: They want to be relatively comfortable in retirement with a consistent income over the next 20 years at least. After that, they'd like to continue to add to their Age Pension at a reduced rate.

What that means: For Cheryl and Bill, their annual income for 20 years is $52k. Then they'll need $10k pa (rounded) in addition to the Age Pension.

Risk profile: 50% growth.

Cheryl and Bill in a nutshell...

Date of birth	1 January 1953
Gender	Female and male
Marital status	Couple
Home ownership	Yes
Superannuation balance	$300,000
Risk appetite	50%
Retirement income needed pa (inclusive of other sources)	$52,000
Lifestyle assets valuations	$15,000
Index income to CPI	Yes

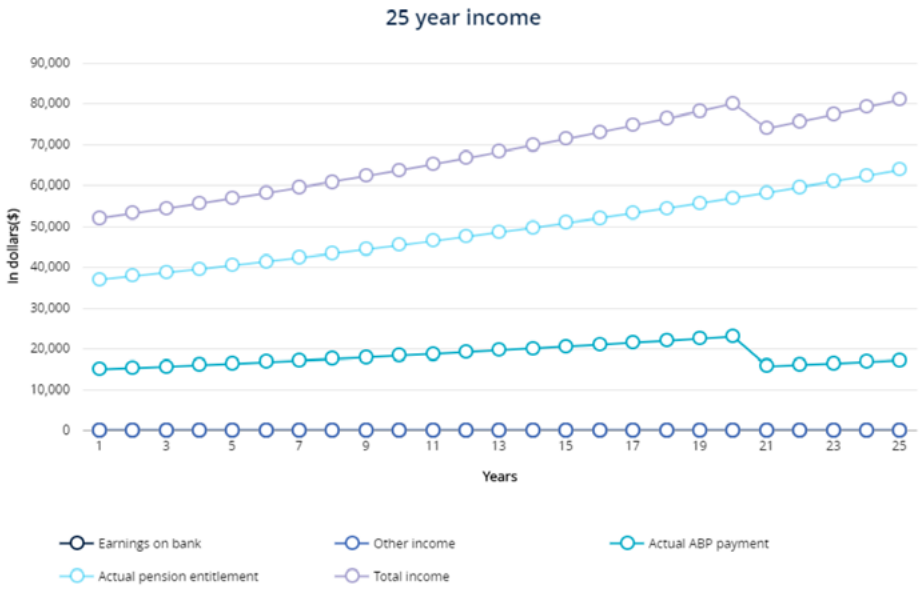
Low balance

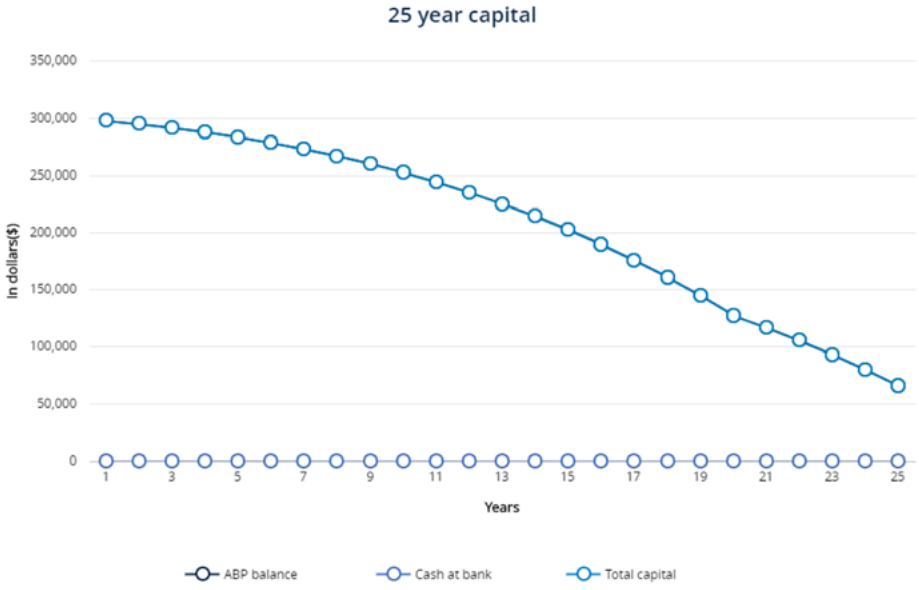
Cheryl and Bill

Using Cheryl and Bill's 50% risk tolerance as a base, a potential way to help them meet their objectives could be to:

– Invest $300k into an account-based pension (ABP) with an investment risk profile of 50% (GAE score of 50)[1].

In this scenario, here's how the income projection and capital position would look over 25 years.





*All values are estimations only

1 At a Growth Asset Equivalent (GAE) score of 50%, the licensee income projection after tax is 3.27%.

Low balance

Cheryl and Bill

Objective structure – year one

Portfolio structure year 1

	Investment	Initial capital	Income	Capital drawdown
Living expenses	Centrelink		$37,014	
	Working cash	$20,000	$280	$10,000
	AMP Cash Management Trust	$20,000	$280	$3,941
	Research Choice Moderately Conservative Income Portfolio	$260,000	$5,600	
Lifestyle expenses	-			
Asset reserve (legacy)	-			
Cash reserve	-			

Outcomes:

- Cheryl and Bill's objectives can be met.
- Allocating $20,000 to the working cash account and a further $20,000 to the AMP cash management fund guarantee that Bill and Cheryl's first two year of pension payments are locked in and there is no need to touch the investment in the managed portfolio.
- To meet their long-term growth needs the remainder can be invested in the Research Choice Moderately Conservative Managed Portfolio, an actively managed portfolio using Australia's leading fund managers.
- And the overall risk profile of 43% is within Cheryl and Bill's risk tolerance.

This case study is illustrative only and isn't an estimate of the investment returns your client will receive, or fees and costs they'll incur.

Mid balance

Eve and Frank

Objective

LIFESTYLE WANTS

Situation:

Current status: Eve and Frank's super balance is a mid balance of **$750k.**

Objectives: They'd like to have a comfortable retirement, and also travel every year over the next 10 years (with a budget of $10k pa for holidays).

What that means: For a comfortable retirement, the ASFA definition implies they'll need $62k pa. Eve and Frank also understand that funding their lifestyle will need capital drawdown, but they want to draw a line in the sand – meaning no matter what happens to the markets they'll always have approximately $5k more than the Age Pension provides.

Risk profile: 50% growth.

Eve and Frank in a nutshell...

Date of birth	1 January 1953
Gender	Female and male
Marital status	Couple
Home ownership	Yes
Superannuation balance	$750,000
Risk appetite	50%
Essential retirement income needed pa (inclusive of other sources)	$62,000
Lifestyle income pa (for 10 years)	$10,000
Cash at bank + term deposits	$25,000
Lifestyle assets valuations	$25,000
Index income to CPI	Yes

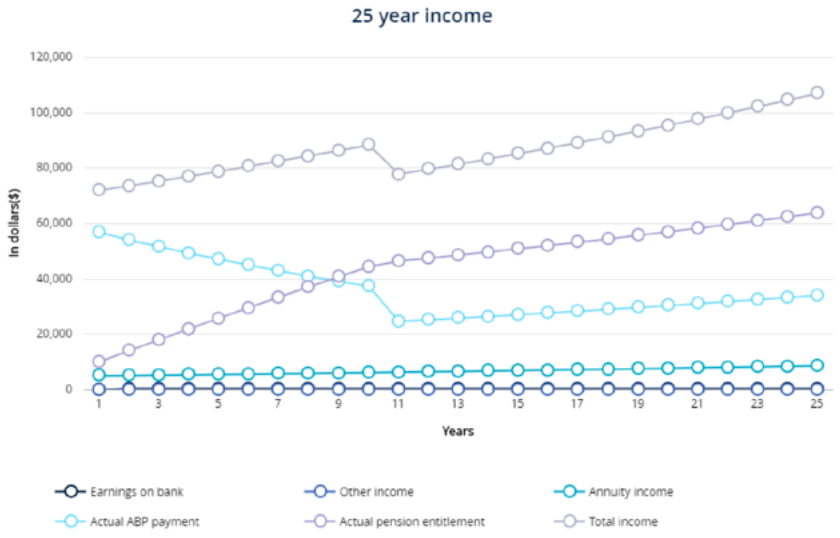
Mid balance

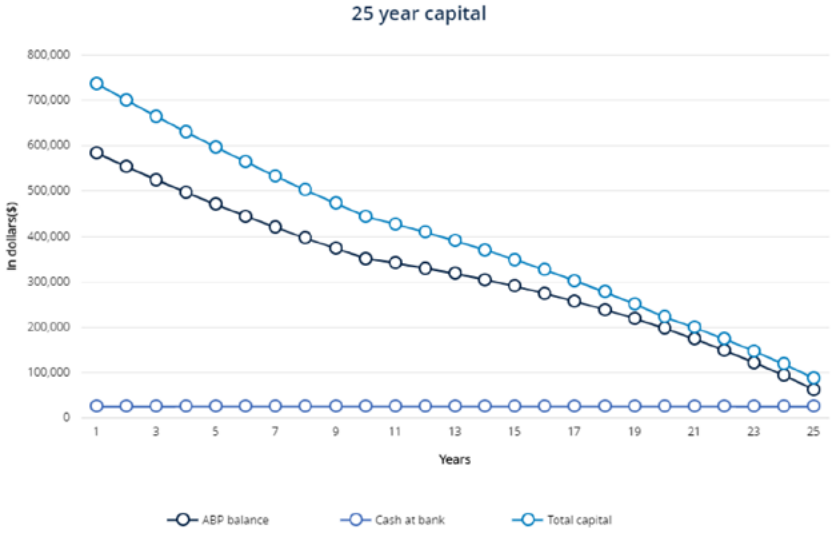
Eve and Frank

Using Eve and Frank's 50% risk tolerance as a base, one potential way to help them meet their objectives could be to:

- Invest $135k of their initial income into a complying annuity meeting the DCAS schedule.
- Invest the remaining $615k into an account-based pension (ABP) with an investment risk profile of 50% (GAE score of 70).
- To further improve their downside risk management they could consider investing 20% of the monies in the ABP into the MyNorth 5-year Guarantee. The monies invested in the guarantee will be protected from market losses and provides the potential to improve long-term returns based on the guarantee's exposure to balanced assets.

In this scenario, here's how the income projection and capital position would look over 25 years.





*All values are estimations only

Mid balance

Eve and Frank

Objective structure – year one

Portfolio structure year 1

	Investment	Initial capital	Income	Capital drawdown
Living expenses	Centrelink	-	$10,200	-
	Cash account	$50,000	$700	$40,000
	Annuity	$135,000	$5,000	-
	Cash Management Trust (CMT)	$80,000	$1,100	$6,000
	Income Generator	$125,000	$2,750	-
Lifestyle expenses	Research Choice Cautious Income Portfolio	$125,000	$3,000	-
	MyNorth 5-year Guardian Max 85	$100,000	$0	-
Asset reserve (legacy)	Research Choice Moderately Aggressive Income Portfolio	$110,000	$2,900	-
Cash reserve	Term deposit	$25,000	$350	$0

Outcomes:

- Eve and Frank's objectives can be met.
- The cash account and CMT provide support for the first two years of income.
- By year 9, the Centrelink payment increases to the point where income drawdown reduces from the ABP.
- At year 5, the guarantee matures and funds become available to support future spending.
- The overall risk profile is 50%, which is within Eve and Frank's risk tolerance.

This case study is illustrative only and isn't an estimate of the investment returns your client will receive, or fees and costs they'll incur.

High balance

Gert and Harry

Objective

LEGACY & OTHER

Situation:

Current status: Gert and Harry's super balance is high at **$1.6m.**

Objectives: Their income need – $90k pa, is based on their current earnings. They want to make sure they have enough money in reserve to remain untouched for at least 15 years. This will give them comfort around aged care and legacy planning.

What that means. Their rainy day reserve is $600k and they like the idea of having a lifetime income stream that can support around $49k of essential insurance costs.

Risk profile: 70% growth.

Gert and Harry in a nutshell...

Date of birth	1 January 1953
Gender	Male
Marital status	Couple
Home ownership	Yes
Superannuation balance	$1,600,000
Risk appetite	70%
Essential retirement income needed pa (inclusive of other sources)	$90,000
Cash at bank + term deposits	$50,000
Lifestyle assets valuations	$50,000
Index income to CPI	Yes

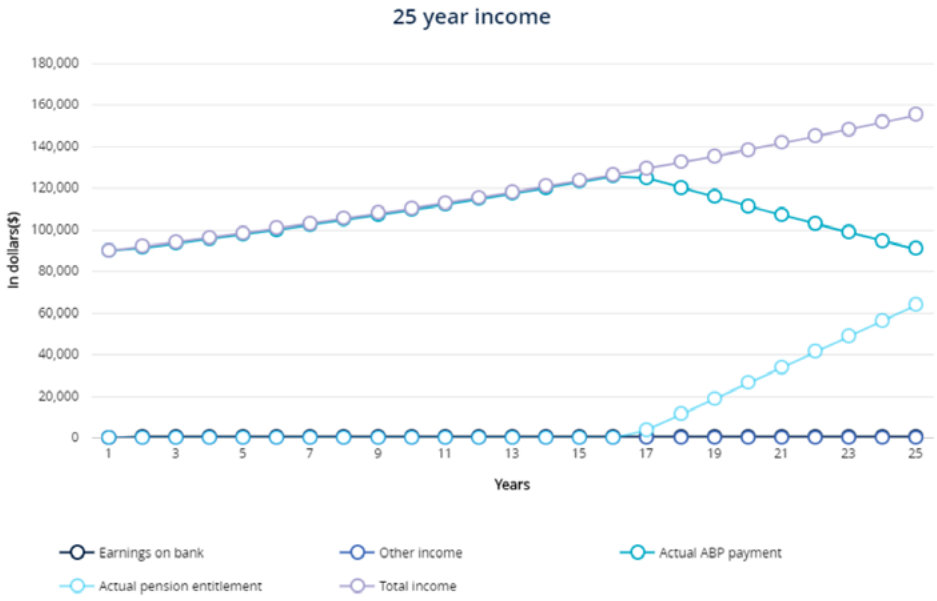
High balance

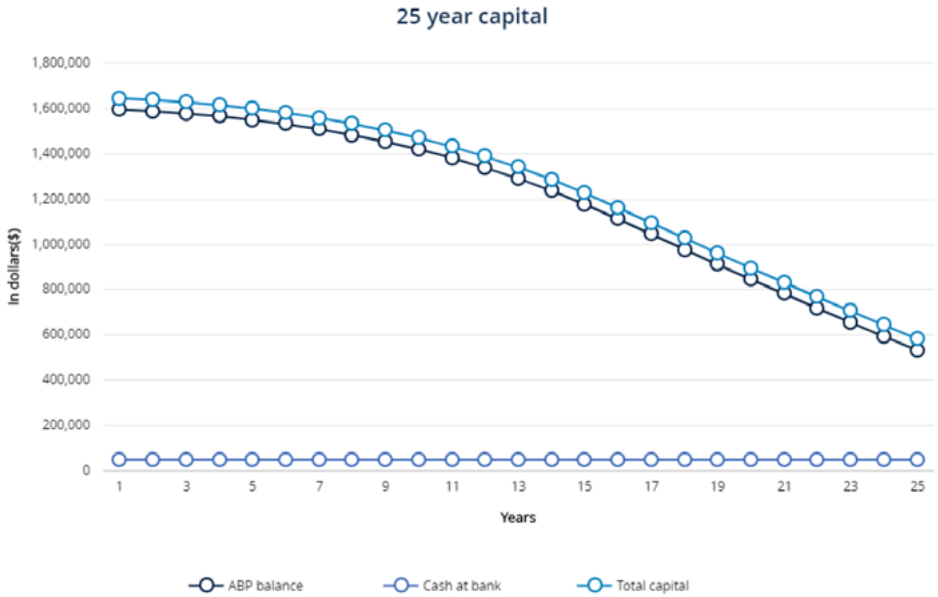
Gert and Harry

Using Gert and Harry's 70% risk tolerance as a base, one potential way to help them meet their objectives could be to:

- Invest the $1,600k into an account-based pension (ABP) with an overall investment risk profile of 70% (GAE score of 70).
- Allocate $320K to a long term 10-year MyNorth Guarantee within the ABP to provide downside protection while talking on risks to manage the longevity of the ABP capital.

In this scenario, here's how the income projection and capital position would look over 25 years.





*All values are estimations only

High balance

Gert and Harry

Objective structure – year one

Portfolio structure year 1

	Investment	Initial capital	Income	Capital drawdown
Living expenses	Centrelink		$0	
	Cash account	$100,000	$1,400	$60,000
	CMT	$50,000	$700	$0
	Income Generator	$250,000	$5,500	
Lifestyle expenses	Research Choice Balanced Income Managed Portfolio	$350,000	$8,500	
	MyNorth 10-year Guarantee Guardian Max 100	$250,000	$0	
Asset reserve (legacy)	MyNorth Index Growth	$550,000	$14,500	
Cash reserve	Term deposit	$50,000	$700	$0

Outcomes:

- Gert and Harry's objectives can be met.
- To meet their annual income need, the cash allocation allows for four years' funding.
- The Income Generator is also used to support living expenses.
- MyNorth Index Growth Fund is their long-term asset to create wealth while in retirement.
- Overall risk profile is 57%, which reflects the use of the guarantee to provide upside participation while removing downside risk, is within Gert and Harry's risk tolerance.

This case study is illustrative only and isn't an estimate of the investment returns your client will receive, or fees and costs they'll incur.

Section 4

How AMP can help with other retirement solutions

Challenger annuities – administered by AMP

It's now easier for you to build retirement solutions in one place.

AMP has an arrangement with Challenger to be the administrator of three annuity products:

- **Challenger Guaranteed Annuity (Liquid Lifetime) –** Creates a regular cashflow for life, regardless of how long clients live or how investment markets perform. The Annuity offers multiple liquidity options, so advisers can tailor it to meet clients' needs.
- **Challenger Guaranteed Annuity (Fixed Term) –** Creates a regular cashflow for a fixed term chosen by the client, regardless of how investment markets perform. It can give clients the flexibility to withdraw before the end of the investment term if their circumstances change.
- **Challenger CarePlus –** Designed for people who have been assessed as being eligible to receive Government-subsidised aged care services. It provides fixed monthly payments for life to assist with the ongoing cost of age care and pays 100%[1] of the amount invested to the estate or nominated beneficiary/ies of the client when they pass away. CarePlus can potentially increase a client's Age Pension entitlement and reduce their aged care costs[1].

Key benefits and features of the offer

You have access to consolidated reporting within Portal for clients' holdings – you benefit from having an online application process including pre-population of client data – clients will have a single view of all their Challenger annuities and AMP accounts through My AMP.

For more information, visit **amp.com.au/adviser/annuities**

1 If the policy owner is a resident of South Australia at the time of investment, the death benefit will equal 100% of the amount invested less the amount of state stamp duty paid by Challenger on their behalf.

SuperConcepts©

A leading innovator in SMSF services – delivering seamless and cost-effective solutions for trustees and the intermediaries who support them with over 30 years' experience in the SMSF market.

SuperConcepts delivers seamless and cost-effective SMSF solutions for your business.

The SuperConcepts team includes highly respected industry experts drawn from a diverse range of backgrounds including:

- leading global accounting firms
- financial services industry
- superannuation specialist companies
- the top four Australian banks
- the ATO
- SMSF innovators and thought leaders.

SuperConcepts combine their experience to provide outstanding service, deep insight and solutions.

© SMSF Administration Solutions Pty Ltd ABN 76 097 695 988, trading as SuperConcepts.

Market-leading SMSF services

Software

SMSF administration and accounting software solutions to streamline your SMSF processes

Administration

Powerful and efficient SMSF administration that's flexible enough to suit your business needs

Education

SMSF education to help you gain a competitive edge and improve your technical knowledge

18,400+
Administration funds

29,000+
Software funds

19.6 billion
FuA (administration)

SMSF AWARDS HIGHLY COMMENDED SMSF Software Provider 2017
SMSF AWARDS HIGHLY COMMENDED 2015
SMSF AWARDS INNER SMSF Administrator 2014
SELECTING SUPER RETIREMENT FULL SERVICE MULTICHOICE PRODUCT OF THE YEAR FINALIST 2016 RAINMAKER EXCELLENCE AWARDS

SELF MANAGED SUPER FUND AWARDS 2020 — ADMINISTRATION SOFTWARE SMSF ADVISER FINALIST CORE DATA
SELF MANAGED SUPER FUND AWARDS 2019 — ADMINISTRATION SMSF MEMBER WINNER CORE DATA; ADMINISTRATION SMSF ADVISER FINALIST CORE DATA; ADMINISTRATION SMSF MEMBER FINALIST CORE DATA

SuperConcepts SMSF opportunity

SMSFs

- Can provide control and flexibility.
- Can help clients build real wealth for retirement.
- Require careful management to stay compliant and reach investment goals.

For your business

Advisers (including accountants and stockbrokers):

- Are the first point of call for SMSF clients.
- Need expertise to guide clients through their SMSF journey.
- Help clients understand the regulatory environment, make wise investment choices and meet compliance obligations.

Why work with SuperConcepts

Efficiency – Cloud-based technologies and fully automated services.

Value – Competitive admin prices which can be tailored to suit you and your clients' requirements.

Expertise – Leverage the vast experience of SuperConcepts' SMSF specialists and support.

Flexibility – Range of services from basic to full concierge and everything in between.

Grow your clients' SMSFs

SuperConcepts' suite of market-leading SMSF services free up their clients to focus on what they do best. Their cost-effective, real-time solutions and practical advice help you simplify SMSF admin, creating greater efficiency and unlocking new commercial opportunities.

Flexible administration service

One stop shop for all your SMSF administration needs. Includes:

- SMSF set up and transfer
- Ongoing tax and compliance service
- Compliance monitoring and reporting
- Tax return preparation and lodgment
- 24/7 access to your clients' funds via our market leading Dashboard
- Establishment and administration of pensions
- Facilitation of audit
- Mail house service and electronic document storage.

Education courses popular with advisers

Specialist SMSF

Comprehensive industry-recognised, confers RG146 SMSF compliance.

SMSF Masterclass

Become expert in key areas of super and achieve a competitive edge.

TechEd Customised

Tailored SMSF education and technical assistance, to suit your specific needs.

SuperConcepts How we work with you

Choose your own path

No matter what kind of SMSF business you want to be, SuperConcepts can help you get there.

With SuperConcepts you'll have access to the tools your business needs to move seamlessly through one stage of growth to another — supporting you as you support your clients.

You can tailor their services to suit your needs, regardless of whether you:

- Want to focus solely on SMSF administration.
- Need to outsource some of your administration and keep some in-house.
- Would like to opt for full service administration and focus solely on delivering advisory services.
- Want to build your skillset or train key staff.
- Are a new entrant into the industry or a seasoned SMSF professional.

Take your SMSF business where you want to go

Join the thousands of professionals who have chosen SuperConcepts as their trusted SMSF partner

Get in touch
1300 038 389

Ask us a question
sales@superconcepts.com.au

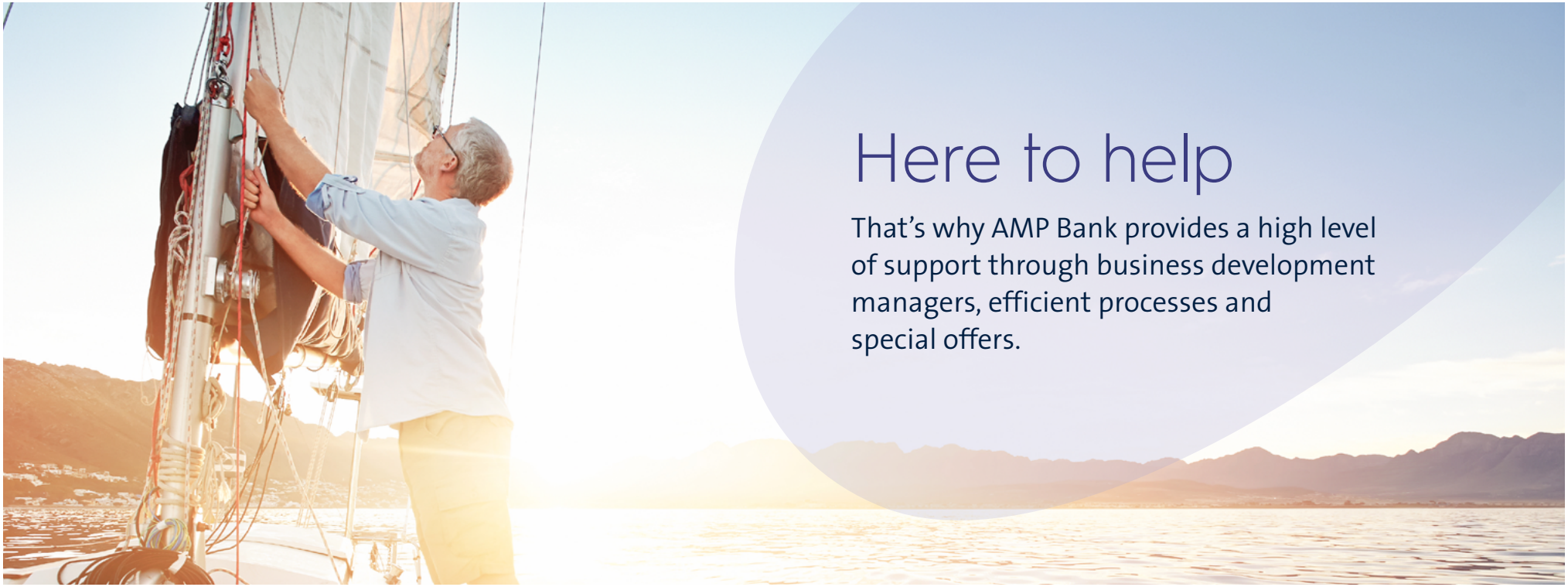
Find out more about us
superconcepts.com.au

How AMP Bank could play a role

A different kind of bank

AMP Bank wants your clients to pay off their debts and own their homes sooner – so they can use their wealth to fund other priorities, **like a comfortable retirement**.

That's why they offer deposit products at competitive rates, with flexible features to support a range of client needs. All accessible through a fast and reliable application process.



AMP Bank solutions for your clients' retirement needs

AMP Bank solutions	Details
Term Deposits	For clients planning a holiday or saving for a major purchase.
AMP Notice Account	Lets your clients deposit any amount and earn an interest rate that's calculated daily and paid monthly. Simply provide at least 31 or 180 days' notice (depending on product) of withdrawing funds.
AMP Saver Account	Your clients could reach their savings goals sooner with an AMP Saver Account. New account customers earn a bonus rate on top of the AMP Saver Account standard variable rate for the first four months.

AMP Bank cashflow solutions for SMSF	Details
AMP SuperEdge Cash Account	The AMP SuperEdge Cash Account is a simple way to manage your clients' self managed superannuation fund's (SMSF) cashflow.
AMP SuperEdge Saver Account	The AMP SuperEdge Saver Account gives your clients a competitive interest rate on their SMSF cash assets and easy access to their money.
AMP SuperEdge Pension Account	The AMP SuperEdge Pension Account gives your clients a competitive interest rate, while providing everyday access to pension funds. If your client is receiving a pension from SMSF, you can link a SuperEdge Pension Account to their AMP SuperEdge Cash Account.

Conditions may apply. For more information please click on the bank solution in the left-hand column.

Section 5

Support and tools

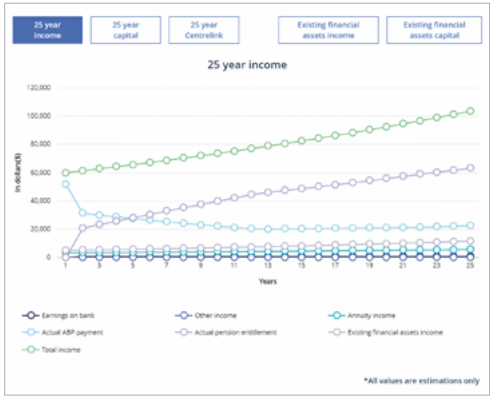
Retirement Modelling Tool

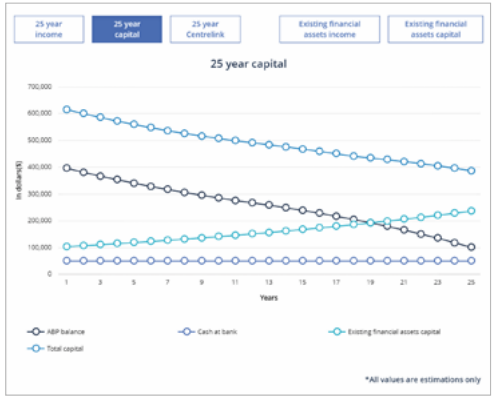
The Retirement Modelling Tool can help you design or validate a strategy to support your client's retirement income needs.

The Retirement Modelling Tool:

- Works through 900 scenarios and displays the ones that may fit your client's risk profile and meet their income and withdrawal needs.
- Spotlights the best mathematical scenario that may meet your client's needs.
- Shows the capital remaining at the end of the projection.
- Allows you to create a customised scenario with any combination of annuity and ABP at any risk profile.

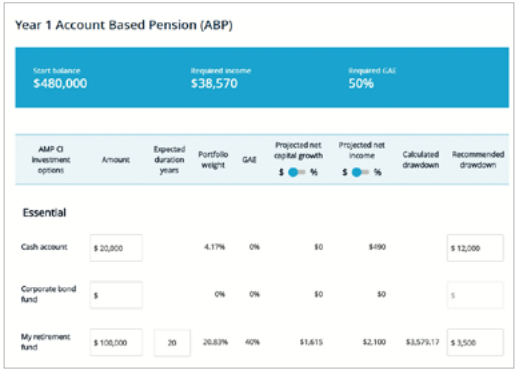
Analyse your client's retirement income, capital and Centrelink payments over 15 or 25 years





Model your client's best scenario

Develop the investment structure to achieve the client's scenario



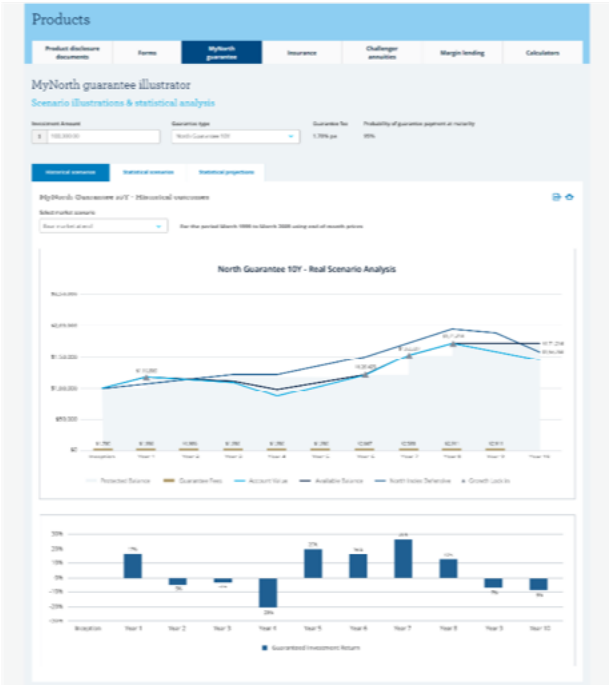
The Retirement Modelling Tool is available via quick links in North Online

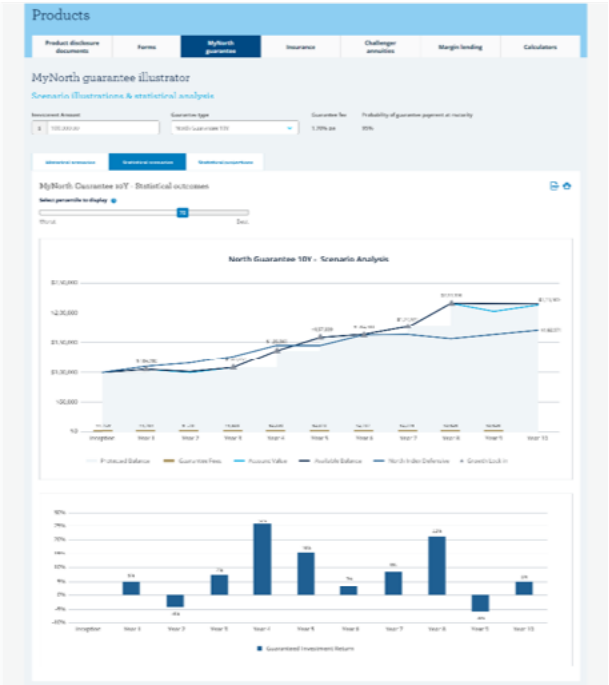
The retirement modelling tool and its outputs are for illustrative purposes and are only intended to provide factual information. It's not intended to constitute (or be a substitute for) professional financial advice.

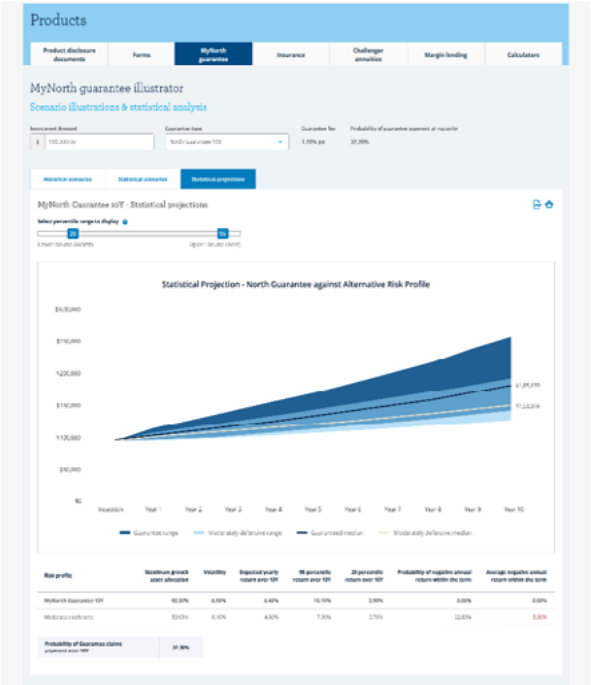
MyNorth Guarantee Illustrator

The MyNorth Guarantee Illustrator provides information on each guarantee, the outcomes a client would have expected using historical returns, or using current return and volatility assumptions hypothetical statistical projections.

MyNorth Guarantee Illustrator to complement the MyNorth Guarantees







The MyNorth Guarantee Illustrator and its outputs are for illustrative purposes and are only intended to provide factual information. It's not intended to constitute (or be a substitute for) professional financial advice.

Section 6

Links to more information

More information

amp.com.au/adviser

North Online > Product > Investment information

What you need to know

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This information is current as of December 2020.

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