



Investing with Safety

- Money at Call accounts have risk factors often indicated by a credit rating of the provider organisations. These ratings do not guarantee a return of money but are only a credit rating agency's opinion, e.g. AAA means that the investment is considered more secure than AA. Ensure the rating refers to the product and not just the company offering it.
- The higher the return the higher the risk.
- Generally the higher the return the greater the restrictions (such as limits on withdrawals).

Taxation

Interest earned is fully assessable for income tax purposes in the year it is received. The interest saved on a loan, as a result of using an offset account or a redraw facility, is not assessable income and so it is not taxable.

Security and Risk

Some products used to hold funds which are required in the short term may be provided by subsidiary companies of financial institutions. While these organisations may have logos similar to their parent companies they are not the same. They often do not

carry the same guarantee as the parent organisation and may not even have the same credit rating. There is considerable competition for investors' funds and the use of logos and names similar to those of government organisations, parent companies and other respected bodies does not necessarily mean that funds lodged with the organisation will be safe.

Investors should seek to know with whom they are lodging their money, be aware of the costs associated with the products and understand how to manage risk associated with the investment before funds are lodged.

NICRI's publications '*Safety, Risk & Scams*' and '*Risk Meter*' explain various investment risks and the time frame generally considered suitable for the various asset classes.

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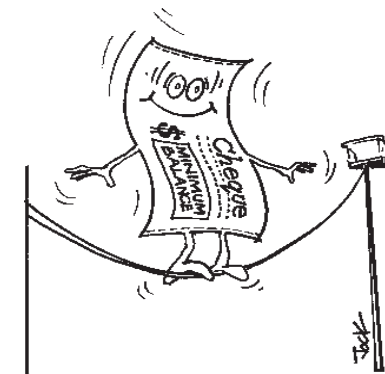
<http://reversemortgage.nicri.org.au>

<http://redundancy.nicri.org.au>

The National Information Centre on Retirement Investments Inc (NICRI) is an independent organisation funded by the Australian Government Department of Families, Housing, Community Services and Indigenous Affairs. NICRI provides a free independent source of investment information for consumers and works at arms length from Government and the financial services industry.

THIS PUBLICATION IS INTENDED AS A GUIDE ONLY AND IS NOT IN ANY WAY AN ENDORSEMENT OF ANY PRODUCT MENTIONED. READERS SHOULD NOT RELY ON THIS INFORMATION ALONE AS A BASIS FOR MAKING AN INVESTMENT. LAST REVIEWED 18/03/10

Money at Call



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Investment Product Series

INFORMATION CURRENT FROM 18/03/10



What is Money at Call?

Money at Call is money held in products that enable the investor to gain access to the funds at short notice and with minimum cost. The underlying assets of these products would be short term cash investments with a duration of 6 months or less.

The types of products include financial institutions accounts, Cash Management Accounts, high-yield savings accounts, Cash Management Trusts, Loan Offset Accounts and loan redraw facilities.

The security and access to money invested in these products is outlined in the Product Disclosure Statement (PDS) or terms and conditions document. These documents should be read and understood before investing. If confused, assistance should be sought from the provider, the National Information Centre on Retirement Investments Inc (NICRI), Centrelink's Financial Information Service (FIS) or Department of Veterans' Affairs Office.

Advertising might indicate that a particular product has a high security rating. The credit rating of the provider as well as the underlying investments of the product should be considered before money is lodged.

Products provided by well known organisations are usually considered low risk. It must be remembered this does not mean that money lodged is guaranteed.

Features

- Access to your funds is usually available immediately or within 24 hours by the following methods:
 - over the counter withdrawals;
 - withdrawals by mail;
 - telephone withdrawal facilities;
 - cheque book facilities;
 - cheque payments;
 - internet;
 - direct transfers into a bank account.

Fees for these methods may vary and should be detailed in the PDS or other documents provided.

- Income from other sources, including pension payments and dividends may be credited direct to most of these products.
- The interest rate offered may be higher with some products but restrictions on the access (eg 24 hours notice) or fees may apply.
- Where loan offset or redraw facilities are used, interest is not earned but interest payable on an associated loan is reduced.
- Methods of calculating interest can vary with the products, rates and options offered.
- Relatively low risk investments.

But Remember...

- Interest rates will go up and down as rates in the market change.
- Transaction costs may apply.
- Costs may be affected by balance or by client relationship with financial institution.
- Conditions may vary with product and financial institution.
- Branch counter access may be limited.
- There is no capital growth on investment though interest can be compounded.

Fees

- Low or nil entry or withdrawal fees may apply.
- Management fees may be charged on the account balance and are deducted before returns are added to accounts or account fees may be debited to balance if applicable.

Government Income Support

The full balance of the investment is assessed under the assets test. Income is assessed under the deeming rules.

For further details contact Centrelink's Financial Information Service, the Department of Veterans' Affairs or refer to NICRI leaflet *Deeming Accounts*.