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DFRDB

Annual Report to Contributors
2007/08

Chairman's message

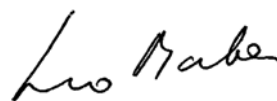
Deteriorating returns in global financial markets over the last year have served to reinforce the advantages of being a member of a superannuation scheme that offers defined benefits. This guarantee of known entitlements is reassuring in times of financial uncertainty.

During the year the DFRB and DFRDB scheme administrator, ComSuper, continued to implement system changes stemming from further revisions to the *Better Super* tax arrangements. ComSuper also embarked on a major project aimed at replacement of its existing administration systems by 2010.

Focus continued on improving Member communications to keep pace with expressed Member desire to understand more about their superannuation. An increasingly

important element of this is the provision of information through website delivery. The DFRDB website was relaunched with improved navigation and for the first time, online seminars. Authority members were therefore pleased to note strong results from customer satisfaction surveys undertaken during the year.

On behalf of Authority members I would like to acknowledge the ongoing efforts of ComSuper staff in serving our Members.



Leo Bator
Chairman of the DFRDB Authority



Snapshot of 2007/2008

Regulatory environment

The DFRDB is an Exempt Public Sector Scheme for the purposes of the *Superannuation Industry (Supervision) Act 1993* (the SIS Act). Though not subject to the prudential requirements in the SIS legislation, the DFRDB is, however, subject to the Tax File Number and rollover/transfer requirements in the SIS legislation that apply to public sector superannuation schemes. Decisions relating to the quantum of benefits payable to Members are subject to external review by the Administrative Appeals Tribunal (AAT) and in some instances by the Federal Court and Federal Magistrates Court.

Corporate Governance

ComSuper continued the development of an enhanced assurance framework covering operational, legislative, strategic and compliance risks.

Member services

The Authority approved expansion of Member communication services to cater for increasing demand by DFRDB Members to understand more about their superannuation. Details of these enhancements are mentioned later in this report.

Whole of Government initiative

Since late 2007, ComSuper has been participating in an interdepartmental working group set up to examine options for aligning and streamlining the delivery of services and benefit entitlements to ADF members and their families.

Areas for improvement being examined include increased interagency sharing of information, listing of agency services into a single document for Member reference and improved agency coordination, particularly in relation to Member medical discharges.

Looking forward

Other activities planned include:

- ongoing enhancement of communication, seminar and counselling programs for Members
- implementing proposed legislative changes relating to same sex relationships
- working with the successful tenderer to consolidate ComSuper's existing administration systems into a single platform by 2010.



DFRDB Authority Members

The DFRDB Authority is responsible for the general administration of the DFRB and DFRDB superannuation schemes. ComSuper administers the Schemes on a day-to-day basis.

Members of the Authority at 30 June 2008:

Mr Leo Bator, Chairman and Commissioner for Superannuation

Mr Brian Paule, Deputy Chairman (re-appointed from 15 February 2008)

Captain Jay Bannister, RAN, Nominee of the Chief of Navy (appointed from 15 February 2008)

COL Scott Hicks, Nominee of the Chief of Army (appointed 19 April 2008)

GPCAPT David Richardson, Nominee of the Chief of Air Force (appointed 19 July 2006)

The Authority meets regularly throughout the year and considers a range of scheme administration matters in areas such as compliance, communication and reporting. The Authority also reconsiders cases in instances where Members or their dependants are dissatisfied with the original decision made by a delegate.



Left to right: GPCAPT David Richardson, CAPT Jay Bannister, Mr Leo Bator, COL Scott Hicks, Mr Adrian Wellspring (Deputy to the Deputy Chairman).

Making tax returns easier

In 2007/08 ComSuper partnered with the Australian Tax Office in a pilot program to make preparing tax returns easier for Members in receipt of a DFRDB pension or other payment.

This year ComSuper is continuing to offer this facility. If a Member prepares their tax return after 1 August 2008 and lodges it electronically, the information from their DFRDB payment summary should be automatically populated in their tax return.

Tax File Numbers

From 1 July 2007 ComSuper has been unable to accept contributions from Members who had not provided their Tax File Number (TFN). Any Members who have not yet provided their TFN can do so by calling us on **1300 001 677** or submitting a completed *Provision of Tax File Number (DTFN)* form available at www.dfrdb.gov.au.

Resuming ADF full-time service

If you are currently receiving a DFRDB pension and are planning to return to the ADF, you must elect whether to contribute to DFRDB or MilitarySuper. If you do not make a valid election before your first day of service back in the ADF you will automatically become a Member of MilitarySuper. This membership is final and irreversible and you will be unable to return to the DFRDB Scheme as a Contributor.

Scheme election depends on the nature and length of a re-engagement.

Reserve Forces for less than 12 months

If you make a valid election to rejoin the DFRDB Scheme:

- you continue to receive your DFRDB pension
- you will not make contributions to DFRDB
- a productivity benefit will accrue at 9% for the period of service.

Reserve Forces for 12 months or more or the Permanent Forces for any full-time service

If you make a valid election to rejoin the DFRDB Scheme:

- your DFRDB pension will be CANCELLED
- you will make contributions to DFRDB
- your DFRDB pension will resume after your service ends. It will be recalculated based on your updated total years of service.

In either of the above situations

If you elect to join MilitarySuper, or you fail to make a valid election:

- your DFRDB pension will be SUSPENDED
- you will make contributions to MilitarySuper
- your DFRDB pension will resume, adjusted for CPI, when your period of service ends.

Extensions of engagements

You do not have to make another election if you extend or continue your period of ADF service without a break unless you complete a period of Continuous Full-Time Service (CFTS) of less than 12 months in the Reserves or don't have a break in CFTS and then change to either:

- the Permanent Forces, or
- CFTS for 12 months or more in the Reserves.

If this exception applies, you must make another scheme election before the first day of the extension or continuation of your current engagement. If you do not make an election within this time, you will automatically become a Member of MilitarySuper.

For further information

Please read the *Re-Entering the ADF fact sheet (DFo9B)*. To make a scheme election you must fill out a *D100* form which is available from the DFRDB website www.dfrdb.gov.au

DFRDB's identity protection strategy

Identity theft occurs when personal identification information is used, without permission, to commit fraud or other crimes. This information may include a person's name, address, date of birth, licence numbers and government identification numbers (such as a Defence Service Number or Tax File Number).

ComSuper takes the responsibility to safeguard your personal information very seriously. The Australian Government have established a number of regulations that ensure Government agencies protect your personal information, including policies on the verification of our Members' identities, the safe storage of hardcopy information and the security of computer networks. ComSuper complies with these requirements and has a rigorous internal control framework that ensures your privacy is protected.

Though the risk of becoming a victim of identity theft in Australia is still relatively small, it is important that all of us understand the potential consequences identity theft can have. Part of our identity protection strategy is to educate our Members on ways they can safeguard themselves. Some simple steps include:

- destroying all identifying information when disposing of personal papers, including bank statements, phone, electricity and gas bills
- not giving out personal information over the phone or by e-mail unless you have initiated the contact or are confident the caller is who they claim to be
- checking accounts and other records carefully, know when accounts are due; a late or missing account could mean a billing address has been changed and your identity has been stolen
- using a separate account with a low credit limit for internet transactions
- if you suspect your personal information has been compromised, call the Reporting Hotline on **6272 9700** or email **fraudcontrol@comsuper.gov.au**.

Anti-money laundering requirements for Members

Australia's recently introduced *Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Act 2006 (AML/CTF Act)* address the possible risk of money laundering and the potential threat to national security caused by the financing of terrorism. These reforms bring Australia into line with the internationally accepted Financial Action Task Force (FATF) standards.

The AML/CTF Act imposes obligations on businesses or individuals offering financial services and can include banks, credit unions, superannuation fund managers, foreign exchange dealers etc.

ComSuper is in the process of implementing a program to comply with the requirement to identify and manage the potential risks of money laundering and terrorism financing. The program is required to be ready by the end of 2008 and reported to the Australian Transaction Reports and Analysis Centre (AUSTRAC).

Though the legislation will have a minimal impact on Members, they can expect to be required to provide documentation (such as a certified copy of their driver's licence) when claiming a benefit. In return, Members will have a greater assurance that measures are in place to protect their benefit from fraud and other financial crimes.



Online services

Member Statements

Corporations law requires the DFRDB Authority to distribute Annual Member Statements by 31 December each year. The 2007/2008 Member Statements have been distributed well within this timeframe. The statements provide DFRDB contributors with equity figures, withdrawal benefits information and details of any surcharge debt where applicable. Since the introduction of Ancillary Benefits, eligible Members also receive a MilitarySuper Ancillary Benefit Statement and a copy of the MilitarySuper *About Your Statement Guide* for Ancillary Benefits.

Ancillary Members may care to refer to www.militarysuper.gov.au to view the MilitarySuper Annual Report to Contributing Members.

Go online! Go green!

From 2009 Members will be able to choose to view their Member Statement online and stop receiving paper. You can request an Access Number now by calling **1300 001 677**, or by returning an Access Number Application Form.

When your Member statement is available, we will send you a notification email. Once you have received this, simply logon to www.dfrdb.gov.au with your access number and click on Member Services. From here you can also calculate estimates and update your contact details. It's an easier way for you to manage your super and better for the environment.

Major upgrade to Member Services Online

During the year, DFRDB released a major upgrade to the existing Member and Pensioner Services Online (MSO and PSO). This upgrade enhances Members' ability to manage, view and update their superannuation online.

MSO has been enhanced to allow Members and Ancillary Spouses to:

- view and update personal details
- view investment details, unit price history and perform investment switching for Ancillary accounts
- view transaction history.

PSO has also been enhanced to enable retired Members to:

- view and update certain personal details
- view and update banking details
- view payment/superannuation details.

The new services enable Members and retired Members to complete many tasks that previously required the assistance of our Customer Service Centre and/or the completion and return of paper forms to ComSuper for action (e.g. investment switching). These online facilities, combined with DFRDB's existing service delivery channels, provide Members with 24 hour access, immediate response times and greater control over Member transactions. The new enhancements make the transition into managing finances online easy for Members.

Estimate your benefit with the i-Estimator

Currently Members can use the DFRDB i-Estimator to project their final benefit. This service has been changed to allow Members to pre-populate their own rank and salary details. This will allow Members more flexibility to choose their estimated rank and salary on exit. It will also cater for the unique salary determinations that have been implemented for some individuals. Enhancements to the i-Estimator are being planned for the future.

Improved website services

In 2007/2008 DFRDB launched improved online services for the DFRDB website and Member and Pensioner Services Online (MSO and PSO) (adjacent story).

Enhancements to the DFRDB website included:

- improved navigation
- improved look and feel
- improved accessibility
- introduction of online seminars
- improvements to MSO and PSO
- Glossary of Terms

Other new features on the website include: print-friendly versions of pages, news and events, a drop-down box providing direct access to pages, an updated site index and an FAQ page.

This year, the DFRDB website received 642 973 hits from throughout Australia. With advances in our online systems, we aim to give Members a view of how their funds are performing online and how they can forecast and estimate their future benefits.

In the coming year the Authority is considering ways to further improve online services to broaden the range of facilities for Members.

Online seminars

November 2007 saw the introduction of the first DFRDB online seminar titled *How does Invalidity Retirement cover work?* A further seminar, *Your family and Death Benefits* became available in March. The online seminars are aimed at improving Members' knowledge and understanding of the Scheme so Members are in a position to make informed decisions.

DFRDB is committed to providing value for money services and providing Superannuation expertise and accessibility to information about the scheme.

Since its launch, usage of the online seminar program has steadily increased. Overall there were 1677 visits to these seminars since November 2007.



About your accrued benefit


Check your personal details carefully and please notify us if they are incorrect. If you have a valid Access Number, you can personally update your details through Member Services Online (MSO).

The contributions you have made to the DFRDB Scheme during your membership are indicated here.

Your employer pays for a Productivity Benefit that accrues separately from other DFRDB benefits. The Productivity Benefit must be kept preserved until you reach your preservation age and retire from the workforce.

If you had a surcharge debt at 30 June 2008, it will appear in this section. Your Surcharge Debt can be paid in part or full during the period of your membership. Any surcharge amount outstanding at the time the benefits are claimed, will then be recovered. The outstanding surcharge debt at the end of each financial year will be charged interest at the 10-year Treasury Bond Rate. The bond rate for the 2007/2008 financial year was 6.255%.

Member Statement
at 30 June 2008

 Australian Government
Defence Force Retirement & Death Benefits Scheme

Your details

Name:	
Rank	Total period of effective service at 30/06/08:
ComSuper Reference Number:	Your salary for DFRDB purposes at 30/06/08:
Date of birth:	Notional retiring age (if applicable):
Current membership commenced on:	Tax File Number provided:

Your contributions

At 01/07/07	01/07/07 – 30/06/08	At 30/06/08

Plus your productivity benefit

Balance at 01/07/07	Contributions since 01/07/07	Interest since 01/07/07 – 30/06/08	Balance at 30/06/08

Minus surcharge debt

Surcharge debt at 01/07/07	Surcharge debt added during the year	Payments made during the year	Interest added during the year	Surcharge debt at 30/06/08

i-Estimator

Projections of future scheme benefits using different exit circumstances can be obtained from the 2008 i-Estimator. You can access the i-Estimator from the DFRDB website:
www.dfrdb.gov.au

Contact

Visit Unit 4 Cameron Offices Chandler Street Belconnen ACT 2617	Mail PO Box 22 Belconnen ACT 2616	Email members@dfrdb.gov.au
Phone 1300 001 677 Cost of a local call	Fax (02) 6272 9616	Internet www.dfrdb.gov.au

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Interest was paid at the rate of 5.01% p.a. for the period of 01/07/07 to 31/12/07 and at the rate of 6.33% p.a. for the period of 01/01/08 to 30/06/08 .

Your opening balances may be affected by backdated contributions made by your employer. The opening balance is reflective of your entitlement as at 12.00 am 1 July 2007.

Preservation Ages

Date of Birth	Preservation Age
Before July 1960	55
July 1960 to June 1961	56
July 1961 to June 1962	57
July 1962 to June 1963	58
July 1963 to June 1964	59
After June 1964	60



About your withdrawal benefit

This section represents your benefit if you have less than 20 years of service and is calculated as at 30 June 2008.

Resignation benefits include your compulsory 5.5% contributions made during your service, plus an Employer Component which comprises a Productivity benefit and a Super Guarantee Amount.

Withdrawal benefit

Resignation Benefits	At 01/07/07	At 30/06/08
Lump sum—Your contributions and gratuity if applicable		
PLUS		
Productivity Benefit (payable to a nominated rollover fund)		
PLUS		
Superannuation Guarantee amount (payable to a nominated rollover fund)		
Retirement Benefits	At 01/07/07	At 30/06/08
Full pension (per annum)—CPI Index—Portion		
PLUS		
Lump sum—Productivity Benefit (payable to a nominated rollover fund if you are below preservation age)		
OR		
Residual pension (per annum)—CPI Index—Full		
PLUS		
Lump sum—Commutation		
PLUS		
Lump sum—Productivity Benefit (payable to a nominated rollover fund if you are below preservation age)		

Note: For further details on calculations of benefit please refer to the DFRDB Book: About Your Scheme. Less surcharge debt reduction

Important

Benefit entitlements shown on this statement do not take into account any reduction due to an unpaid superannuation debt related to the purchase of past service.

Benefit entitlements shown on this statement include the Notional Retiring Age Reduction where applicable (this applies to Officers only).

If you were an Officer Member of the DFRB Scheme before 01/10/1972 you may be entitled to a higher rate of benefit on your retirement from the Defence Force in return for payment of additional contributions. To check your eligibility call 1300 001 677.

No fees or charges are deducted from your superannuation entitlements.

If you have any enquiries regarding your Member Statement or Scheme membership please call 1300 001 677.

Note: A DFRDB pension benefit may be suspended during certain period(s) of re-entry to the Defence Force.

This information provides a guide to your benefit entitlements as at August 2008. The benefits shown are based on your current record and may be subject to change should any of the details on which the information is based alters. You should seek a benefit estimate from DFRDB prior to withdrawing any part of your benefit.

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This section represents your benefit on completion of 20 years service, or 15 years service and having reached your retiring age for rank. This is calculated as at the 30 June 2008.

Full pension plus Productivity Benefit is shown.

Please note: A full pension will consist of a portion not subject to the Consumer Price Index (CPI). The portion not subject to the CPI is the difference between the Residual Pension amount and the Full Pension amount.

This section represents your benefit on completion of 20 years service, or 15 years service where you have reached your retiring age for rank. This is calculated as at 30 June 2008.

Residual Pension amount, plus Lump Sum Commutation, plus Productivity Benefit is shown.

If you elect to take the option of a commutation amount and a Residual Pension; the whole amount of the Residual Pension is subject to the CPI.

Please note:

- Commutation is the lump sum prepayment of part of your future retirement pay
- Commutation of a benefit results in a PERMANENT REDUCTION in your pension
- If you outlive your life expectancy your retirement pay is NOT restored to the pre-commutation rate.



Restoration of reversionary pensions

Prior to 1977, a DFRB or DFRDB pension payable to a widow ceased on their re-marriage. In some instances these pensions were later restored in full or in part when the person could demonstrate financial hardship or necessitous circumstances. Following a legislative amendment effective from 1 January 2008, widows are now entitled to full restoration of their pension, including those whose pensions were previously only partially restored.

If you know someone in this situation and whose pension has not already resumed, encourage them to contact ComSuper. Further information is on the DFRDB website at www.dfrdb.gov.au.

Counselling services

ComSuper provides individual counselling sessions on behalf of the DFRDB. At these half-hour sessions, Members can discuss superannuation options available, obtain benefit estimates and gain a better understanding of the DFRDB scheme. Seminar presenters attend all transition seminars across Australia. Please check our representatives' availability and a list of venues on www.dfrdb.gov.au.

If a Member is retiring, resigning or being medically discharged, they may want to consider booking an individual counselling session to discuss the options available to them. Please note that ComSuper representatives provide information only. If Members require financial advice, including assistance to help decide which option best suits their circumstances, they will need to seek assistance from a licensed financial advisor.

Ancillary options

DFRDB Members are entitled to make a range of additional contribution types under an ancillary package. These contributions, separate from DFRDB entitlements, are invested by MilitarySuper. You can choose to invest the contributions in any of five investment options. Earnings arising from these investments are reflected in daily unit prices. Types available include Government Co-contributions, Salary Sacrifice Contributions and Spouse Contributions. The full range, including terms and conditions, can be obtained through reading the MilitarySuper Product Disclosure Statement located at www.militarysuper.gov.au.

Contact us

By telephone

Contributors & Preserved Benefit Members
Call 1300 001 677

Retired Members
Call 1300 001 877

Members Overseas
Call the switchboard on +61 2 6272 9000

By email

Contributors & Preserved Benefit Members
Email your enquiry to
members@dfrdb.gov.au

Retired Members
Email your enquiry to
pensions@dfrdb.gov.au

By mail

DFRDB
PO Box 22
Belconnen ACT 2616

By fax

Contributors & Preserved Benefit Members
02 6272 9616

Retired Members
02 6272 9618

Complaints & FOI inquiries

Complaints 1300 033 732
Email: complaints@dfrdb.gov.au

FOI & Privacy matters 1300 033 732
Email: foi@dfrdb.gov.au

Visiting ComSuper

Unit 4, Cameron Offices
Chandler Street Belconnen ACT 2617