

Pension Update



Australian Government
Defence Force Retirement &
Death Benefits Scheme

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Pension Indexation Review

In June 2008 the Government announced a review of pension indexation arrangements for Australian Government Super schemes, including DFRDB pensions.

The review evaluated whether the current Consumer Price Index (CPI) indexation arrangements for DFRDB pensions should be changed.

The Government announced the outcome of the review of Pension Indexation Arrangements on 21 August 2009. The Government decided that there will be no changes to the indexation arrangements.

ComSuper will continue to administer DFRDB pensions in accordance to Government policy and index pensions in line with the Consumer Price Index (CPI).

For further information visit the Department of Finance and Deregulation website at www.finance.gov.au/superannuation/pension-indexation-review.html

Pre-July 1983 excess contributions

Use the checklist that follows to find out if you have tax deductible pre-July 83 excess contributions.

What are pre July 1983 excess contributions?

Contributions made to the DFRDB/DFRB before 1 July 1983 which, together with life insurance premiums (if any), exceeded an annual limit of \$1200. These contributions are called pre-July 1983 excess contributions.

What has changed?

Previously, if you had pre-July 1983 excess contributions you were able to claim these contributions as a tax concession directly from the Australian Taxation Office (ATO) when you submitted your income tax return (by completing the 'D9 field' of your income tax return).

From 2007–08 financial year onwards, we convert this amount into a tax free amount and show this on your payment summary. This reduces the DFRDB/DFRB income amount assessed for tax.

The ATO holds pre-July 1983 excess contribution records

If you previously claimed a deduction in the 'D9 field' of your income tax return, you need to send us this information or give us permission to get this information from the ATO.

What do I need to do?

- If you have not previously notified us of your pre-July 1983 excess contributions, and wish to have this amount converted into a tax free amount for the 2007–08 financial year onwards, you should follow the steps below:

Step 1: Find out if you have pre-July 1983 excess contributions that can be applied to your pension.

Checklist

Use this checklist to see if you are eligible:

- You paid in excess of \$1200 per year to superannuation or life insurance premiums, prior to 1 July 1983 and have pre July 1983 excess contributions recorded by the ATO.
- You did not take pre-July 1983 excess contributions as part of your lump sum on exit.

To have pre-July 83 excess contributions you must answer 'yes' to both of the above questions.

Step 2: If you haven't already told us about your pre-July 1983 excess contribution, please fill out the tax-free amount variation form **D83** at www.dfrdb.gov.au.

In the form you can either:

- Attach a letter from the ATO stating the value of your pre-July 1983 excess. You can request this letter from the ATO by phoning **13 10 20**. Please note we cannot accept documentation issued prior to 1 July 2007. Further instructions for obtaining this documentation are included in the **D83** form;
- or
- Give us permission to contact the ATO to find out your pre-July 1983 excess contributions.

Step 3: Processing your request

- When we receive your form we will first determine if you are eligible for the pre-July 1983 excess contribution tax concession.
- If you have elected for us to seek the information directly from the ATO this will happen (and will add time).



- We require a reasonable amount of time to seek confirmation from the ATO, once we have this information we will inform you about your eligibility.
- If you have pre-July 1983 excess contributions recorded by the ATO we will recalculate the tax-free component and reduce your taxable taxed component.
- You can then apply to the ATO for a reassessment of the tax you have paid in the 2007–08 and 2008–09 financial years.
- If you are over 60 your tax deductions may not change because you don't pay tax on either your tax-free or taxable taxed component.

Pensioner Services Online (PSO)

One of our services to DFRDB pensioners is the Pensioner Services Online (PSO) facility. This facility enables you to:

- access your payment summary and CPI letter
- view and update your personal information (including banking details)
- view your fortnightly pension payments
- view DFRDB contact details.

If you would like access to the service please call **1300 001 877** and we can give you an access number over the phone.

Why do I have to pay tax on my pension?

DFRDB pensions are considered income by the Australian Taxation Office (ATO) and therefore we are obliged to deduct tax from your pension according to the relevant Pay As You Go (PAYG) taxation tables.

Any tax concessions you may be eligible for will be taken into account each fortnight when calculating the amount of PAYG deductions from your pension payments unless you have advised us that you wish to claim these concessions on an annual basis through your income tax return.

If you think you should not be paying tax on your pension you will need to apply to the ATO for an assessment. You

can do this by completing a *PAYG income tax withholding variation (ITWV)* application form available at www.ato.gov.au and submitting it to the ATO.

Once the ATO has provided their assessment to you, you can forward this information to DFRDB and we will apply any changes to your tax on the next available payday.

Changes to periodic invalidity classification reviews

In the 2009 Federal Budget the Government announced that DFRDB pensioners in receipt of an invalidity pension will no longer have their invalidity classification periodically reviewed. However, the DFRDB Authority retains the right to review classifications if required.

If you are in receipt of an invalidity pension and would like to request a review of your current invalidity classification you can contact DFRDB on **1300 001 877** for further information.



What happens to my pension when I die?

In the event of your death, a family member should let us know by calling **1300 001 877**. We need to stop your pension payments as this will prevent overpayments which your family or estate would need to repay. Even if your spouse and/or children are eligible for a pension, your pension payments must stop before we assess any further benefits payable. If your family does not notify us of your death your pension payments will still be stopped as we conduct a regular matching process with all registered deaths in Australia. As soon as your family contacts us we will send them an application form. They then can apply for a pension and, if eligible, benefits will then commence for your family. Your eligible spouse and/or child/ren is entitled to receive a pension that is a percentage of the pension being paid to you at the time of your death. The application process may take time, so please ensure your family member is made aware that they must complete and return the application as soon as possible to minimise delays.

It is important to remember that you cannot determine by way of your Will or Testament who is eligible for a spouse or child's pension if you die. Eligibility will be assessed on the information provided in the application.

When your family member completes the application form they will need documents to prove their identity to us.

The list of documents on this page can be accepted as identification. Please take note of who can certify these documents. This information is on the application form. Correctly certified documents will ensure that there are no delays in processing the benefit.

Certified documents are required, you must provide one document from column A **or** one document from column B plus one document from column C. For example, your spouse could give us a certified copy of their Driver's licence (from column A) or a certified copy of their birth certificate (from column B), and a certified copy of an electricity bill (from column C).

A	B	C
Driver's licence or permit issued by State or Territory or foreign government	Birth Certificate or Birth Extract, issued by an Australian or foreign Government (either in English or accompanied by English translation prepared by an accredited translator)	Copy of a rates bill with the same address and name as on the application
Passport (current or expired by less than two years)	Australian Citizenship certificate	Copy of an electricity or gas bill with the same address and name as on the application
An identification or proof of age card issued by a State or Territory, containing a photograph	Citizenship certificate issued by a foreign country (either in English or accompanied by an English translation prepared by an accredited translator)	Copy of a tax return letter from the Tax Office with the same address and name as on the application
A national identity card, containing a photograph, issued by a foreign government (either in English or accompanied by an English translation prepared by an accredited translator)	Pension or other social security/DVA benefit card	A letter from Centrelink or DVA with the same address and name as on the application
	ADF Discharge papers	For a person under the age of 18, a letter from a school principal, within three months of application, stating the name of the student, residential address and period of time the student attended the school



How the Consumer Price Index (CPI) affects your pension

On the first payday in January and July each year, your pension is indexed in line with the Consumer Price Index (CPI).

The CPI takes into account a range of factors as set by the Australian Bureau of Statistics (ABS). These factors take into consideration a range of categories of goods and services, e.g. food, clothing, housing, health and transportation.

Once we know the CPI figures, we do a calculation (see below) to see if your pension is due for an increase. If the new CPI number exceeds the previous September (or March) CPI number, we increase your payment. If the new CPI number does not exceed the highest of these numbers there is no increase in the CPI rate.

How the CPI Pension adjustment is calculated

On 28 October 2009 the ABS announced a CPI change of 1.3% and the following calculation was made:

Calculate CPI increase

$$\frac{(\text{September 2009 CPI number}) - (\text{September 2008 CPI number})}{(\text{September 2008 CPI number})} \times 100 = \text{CPI change} \\ (\text{September 2008 to September 2009})$$

$$\frac{(168.6 - 166.5)}{166.5} \times 100 = 1.262\%$$

$$= 1.3\% \text{ (when rounded to the nearest tenth of one per cent)}$$

Therefore, on payday 14 January 2010, the part of your superannuation pension that is subject to CPI increases will be increased by 1.3%. If you would like more information about the CPI, please go to the ABS website at www.abs.gov.au.



Re-entry into the Defence Force

If you are planning to return to the Australian Defence Force on *Continuous Full Time Service (CFTS)* for any length of time, and do not make a valid election **before** your **first day of service** back in the Defence Force you will **automatically become a member of the MilitarySuper scheme**. This change is **final** and **irreversible** and you will be unable to ever return to the DFRDB Scheme as a contributor.

If you are currently receiving a DFRDB pension you **must** elect whether to contribute to DFRDB or MilitarySuper.

It is **your** responsibility to ensure that an election is made and lodged with ComSuper in time.

Scheme election depends on the nature and length of a re-engagement, either;

Reserve Forces in CFTS 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 in CFTS 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 before your first day of service:

- 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 Defence Force service without a break.

An exception to this applies for Members who are serving in the Reserves for less than 12 months, 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 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 and irrevocably become a member of MilitarySuper.

For Further Information

Please read the *Re-Entering the ADF fact sheet (DF09B)*. To make a scheme election you must fill out a *D100 form*. Both of these are available from the DFRDB website at www.dfrdb.gov.au

Unclaimed DFRDB Productivity Benefits

If you return to the Defence Force Reserve Forces in CFTS for less than 12 months, not only do you continue to receive your retirement pay, you also accrue a productivity benefit paid by Defence for this period of service.

The productivity benefit consists of a basic amount of 3% of your fortnightly super salary paid into DFRDB. Under recent legislative changes, you may also be eligible for a superannuation guarantee top-up payment to bring the total level of Defence contribution up to 9% of ordinary times earnings (OTE). This extra amount, if applicable, is paid to MilitarySuper as an Ancillary Benefit by your employer and will be shown on your annual MilitarySuper Member Statement.

To claim your productivity benefit at the end of your service, you must complete the *D10 form Application for Superannuation Productivity Benefit* available at www.dfrdb.gov.au. The D10 form also allows you to claim your MilitarySuper Ancillary Benefits at the same time.



If the productivity benefit is not claimed within two months of the completion of your service, ComSuper will send your DFRDB benefit to AMP Eligible Rollover Fund. Your MilitarySuper Ancillary Benefit will remain preserved in the scheme until you claim it.

If you have completed a Defence Force engagement of less than 12 months but you did not claim your productivity benefit, please complete the D10 form and lodge it with ComSuper to claim the benefit.

If you have any queries please contact ComSuper on **1300 001 877**.

We want your feedback!

One way that we measure our level of customer service is by sending a survey each year to a random selection of pensioners. If you have been selected to participate, you will find a survey in your pack. Please return the survey by **31 January 2010** in the reply paid envelope. For further information, call ORIMA Research on **1800 806 950** (free call).

If you don't receive a survey, but would like to give your feedback, call **1300 001 877** or email **pensions@dfldb.gov.au**. You can also write to us at the address at the back of this Pension Update.

If you are not satisfied with our service, you can either ask to speak with a supervisor or talk with a Complaints Officer. Contact details for any complaints are at the back of this Pension Update.

If you are still dissatisfied with our response or we cannot resolve your complaint within 90 days you can lodge a complaint with the Superannuation Complaints Tribunal (SCT) free of charge. The SCT is an independent organisation set up by the Government to resolve Superannuation related complaints. You can contact the SCT directly by:

Phone: 1300 780 808
Fax: 03 8635 5588
Email: info@sct.gov.au
Web: www.sct.gov.au

Do you need to update your address or banking details?

You can change your address or banking details at **Pensioner Services Online** or contact us using the details given on the back page of this Pension Update.

Please note that any address changes made after 10 June 2010 will not be processed for the July 2010 CPI mail out. If you have changed your address and have not let us know by this date, please make sure you have a mail redirection in place so you receive your July 2010 CPI pack. Your July 2010 pack will include your Payment Summary, which you will require in order to complete your income tax return.

Any bank or tax changes made after 10 June 2010 will not be effective until payday 15 July 2010.



Useful contacts

Australian Taxation Office (ATO)

The ATO can help with questions about your super and tax.

www.ato.gov.au

Personal tax enquiries: 13 28 61

Superannuation enquiries: 13 10 20

Centrelink

Contact Centrelink for information about the Age Pension, Pensioner Concession Cards, Widow B Pension, Wife Pension, Commonwealth Seniors Health Card and their Financial Information Service.

www.centrelink.gov.au

Retirement Services: 13 23 00

If you are deaf or have a speech impediment
13 36 77 (Voice and TTY) or 1800 555 677 (Voice and TTY)

Department of Veterans' Affairs (DVA)

Contact DVA for information about pensions and support services for veterans and their dependants.

www.dva.gov.au

General enquiries: 13 32 54

Defence Force Welfare Association (DFWA)

DFWA is an independent, national association working for the benefit of serving and former members and reservists of the Australian Defence Force.

www.dfwa.org.au

Postal address: PO Box 4166, Kingston ACT 2604

Phone: 02 6265 9530

Fax: 02 6265 9776

Email: **national@dfwa.org.au**

Returned Services League of Australia (RSL)

The RSL supports the well-being, care, compensation and commemoration of serving and ex-service Australian Defence Force members and their dependants.

For information on your nearest State or Territory Branch:

www.rsl.org.au

Legacy Australia

Legacy is a voluntary organisation of veterans, servicemen and women and other volunteers who are dedicated to the care of the dependants of Australian Defence Force members, after the death of a spouse or parent during service, and to Australian and Allied families after operational service.

www.legacy.com.au

Phone: 1800 534 229

Email: enquiries@legacy.com.au

How to contact us

Email: **pensions@dfrdb.gov.au**

Phone: **1300 001 877** from anywhere in Australia for the cost of a local call (additional charges apply to mobile phones).

We are available from 9:00 am to 5:00 pm Australian Eastern Standard Time (AEST) Monday to Friday.

Pensioners with a hearing impairment can use a special TTY facility: 02 6272 9827

Fax: 02 6272 9618

Postal address: DFRDB, PO Box 22, Belconnen ACT 2616

Street address: Unit 4 Cameron Offices, Chandler Street, Belconnen ACT 2617

Web: **www.dfrdb.gov.au**

Complaints

Phone: 1300 033 732

Email: **complaints@dfrdb.gov.au**

Postal address: Attention: Complaints Officer
PO Box 22, Belconnen ACT 2616